

# Allianz Global Investors Fund

Hong Kong Prospectus – June 2019

Société d'Investissement à Capital Variable

**ALLIANZ GLOBAL INVESTORS FUND**  
Société d'Investissement à Capital Variable  
(the “Company”)

**Notice to Shareholders**

Date: 13 November 2019

**IMPORTANT: This notice is important and requires your immediate attention. If you have any questions about the contents of this notice, you should seek independent professional advice.**

The Board of Directors of the Company accepts responsibility for the accuracy of the contents of this notice. Unless otherwise defined in this notice, capitalized terms used in this notice shall have the same meaning as those used in the Company’s Hong Kong prospectus dated 10 June 2019 and amended by the first addendum dated 13 September 2019 (the “HK Prospectus”).

Dear Shareholders,

We are writing to inform you that the following changes will become effective on 23 December 2019 (the “Effective Date”), unless otherwise specified:

**1. Amendments to reflect requirements under the revised Code on Unit Trusts and Mutual Funds**

The Company and certain of its sub-funds (the “Sub-Funds”) are authorised by the Securities and Futures Commission in Hong Kong (“SFC”)<sup>1</sup> and hence are subject to the applicable requirements under the Code on Unit Trusts and Mutual Funds (“Code”) issued by the SFC. The Code has been revised.

The following key changes will be made to the Hong Kong offering documents to reflect applicable requirements under the revised Code:

A. Enhancement of disclosures on net derivative exposure

The Hong Kong offering documents will be amended to include disclosures on the maximum net derivative exposure arising from derivative investments. The net derivative exposure of each Sub-Fund is calculated in accordance with the requirements and guidance issued by the SFC, which may be updated from time to time.

With the exception of Allianz Global Fundamental Strategy, the net derivative exposure of each Sub-Fund may be up to 50% of the Sub-Fund’s Net Asset Value.

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<sup>1</sup> SFC authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors

B. Other amendments – other amendments and enhancement of disclosures to reflect the requirements of the revised Code include the following:

- (a) enhanced disclosures on the use of fair value adjustment;
- (b) enhanced disclosures on temporary suspension of calculation of NAV;
- (c) amendments to reflect the requirements under the revised Code on investments in underlying schemes;
- (d) amendments to reflect the requirements under the revised Code on transactions with connected persons and soft commissions;
- (e) enhanced disclosures on custodial risk; and
- (f) enhanced disclosures on the use of liquidity risk management tools.

## 2. Amendments to the Hong Kong Restriction

The Hong Kong Restriction applies to all Sub-Funds authorised by the SFC (with appropriate modifications in respect of certain Sub-Funds (where applicable) as may be disclosed in the HK Prospectus). To reflect the Sub-Funds’ net derivative exposure and investments in instruments with loss-absorption features, the Hong Kong Restriction will be amended as follows with effect from the Effective Date:

Present Definition	New Definition
<p>- means that a Sub-Fund (1) may invest in financial derivative instruments for efficient portfolio management (including for hedging) but will not invest primarily or extensively in financial derivative instruments for investment purposes, and (2) to the extent a Sub-Fund invests in Debt Securities, it may not invest more than 10% of its NAV in Debt Securities issued by or guaranteed by any single country with a credit rating below Investment Grade or unrated. A “single country” shall include a country, its government, a public or local authority or nationalized industry of that country.</p>	<p>- means that – irrespective of a Sub-Fund’s specific Asset Class Principles, its individual investment objective and its individual restrictions which fully continue to apply - (1) a Sub-Fund’s net derivative exposure may be up to 50% of its NAV; and (2) to the extent a Sub-Fund invests in Debt Securities, it may not invest more than 10% of its NAV in Debt Securities issued by or guaranteed by any single country with a credit rating below Investment Grade or unrated; and (3) to the extent a Sub-Fund is deemed to be a Bond Sub-Fund or a Multi-Asset Sub-Fund (as defined pursuant to Appendix 1, Part B of this HK Prospectus) it may invest less than 30% of its assets in instruments with loss-absorption features (including contingent convertible bonds, senior non-preferred Debt Securities, instruments issued under the resolution regime for financial institutions and other capital instruments issued by banks or other financial institutions), of which a maximum of 10% of the respective Sub-Fund’s assets may be invested in contingent convertible bonds.</p> <p>A “single country” as referred to in sentence 1 Alternative 2 shall include a country, its</p>

Present Definition	New Definition
	government, a public or local authority or nationalized industry of that country.

With effect from the Effective Date, the definition of “Debt Securities” in the HK Prospectus will be revised to include the reference to instruments with loss-absorption features, and the risk related to instruments with loss-absorption features will be inserted in the HK Prospectus.

### 3. Changes in relation to Allianz Tiger (to be renamed as Allianz Asia Innovation)

The name, the investment objective and the investment principles of Allianz Tiger will be changed as part of a re-positioning and modification exercise of this Sub-Fund. Following our regular review of the Company’s range of funds (which we aim to ensure they remain pertinent for investors as the investment markets evolve), we have decided to make the changes set out below to allow the potential for different investment range.

#### A. Change of investment objective and consequential change of name of the Sub-Fund

Currently, the investment objective of Allianz Tiger is to provide long-term capital growth by investing in the equity markets of the PRC, Hong Kong, Singapore, the Republic of Korea, Taiwan, Thailand, Malaysia and the Philippines. The Sub-Fund currently utilizes a long/short equity strategy which seeks to enhance returns irrespective of broad equity market conditions.

With effect from the Effective Date, the investment objective will be changed to provide long-term capital growth by investing in Asian equity markets excluding Japan, with a focus on companies related to the development of innovative products and services. Consequently, the name of the Sub-Fund will be changed to Allianz Asia Innovation.

The change of investment objective of the Sub-Fund is to (1) expand the geographical areas that the Sub-Fund primarily invests, (2) re-position the Sub-Fund as a theme fund with a focus on the development of innovative products and services, and (3) reflect that the Sub-Fund will no longer utilize a long/short equity strategy.

Companies related to development of innovative products and services means corporates where areas of innovation include, but are not limited to, (i) product innovation: changes in the things (products or services) which an organization offers, (ii) process innovation: changes in the ways in which products and services are created or delivered, (iii) position innovation: changes in the context in which the products or services are introduced, and (iv) paradigm innovation: changes in the underlying industries which frame how an organization operates.

As a result of the change of investment objective, the Sub-Fund will be subject to the following risks:

- a. As a result of the expansion of the geographical areas the Sub-Fund primarily invests in, the Sub-Fund may be subject to country and region risk in the additional areas the Sub-Fund primarily invests in after such expansion. The Sub-Fund’s investments focus on Asia excluding Japan, which may increase the concentration risk. Consequently, the Sub-Fund is particularly susceptible to the adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events and risks of these countries and regions, or of companies based and/or operating in these countries and regions. The Net Asset Value of the Sub-Fund may be more volatile than a diversified fund.
- b. The Sub-Fund focuses its investments on development of innovative products and services, which may increase the concentration risk. Consequently, the Sub-Fund is particularly susceptible to adverse development and risks in these innovative products and services that

influence each other or companies of such innovative products and services. The Net Asset Value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

Companies in the areas of innovative products and services may be in their preliminary stage of development with smaller business scale and shorter operating history and are therefore characterised by relatively higher uncertainty and volatility in price performance when compared to other economic sectors or areas. Companies in such areas also face intense competition which may have an adverse effect on profit margins. The Net Asset Value of the Sub-Fund which invests in such companies may therefore be more volatile.

- c. The Sub-Fund is re-positioned as a theme fund. Theme funds have a limited investment universe which results in risk arising from limited diversification compared to broadly investing funds. The more specific the respective theme is the more limited the investment universe and the greater the risk arising from limited diversification is. Risk arising from limited diversification can increase the impact of the development of individual securities acquired for the respective fund. In addition, theme funds may acquire Equities of companies which are also related to other themes in case of companies being active in various themes. This may include Equities of companies which are – at the time of acquisition – only related to a minor part to the respective theme if such companies - pursuant to the portfolio manager's discretionary assessment – will likely materially increase the importance of such segment of their business activities. This may result in deviations of the performance of the respective fund compared to the performance of reference financial indices reflecting the respective theme.

**B. Change of investment restrictions and expected/maximum proportion of the Sub-Fund's Net Asset Value in Total Return Swaps ("TRS") and Contracts for Differences ("CFDs")**

The investment restrictions of Allianz Tiger will be changed such that it will no longer achieve its investment objective via a market neutral long/short equity strategy (by using derivatives, in particular TRS). For the avoidance of doubt, the Sub-Fund may still enter into TRS from the Effective Date. With effect from the Effective Date, the aggregate expected exposure to TRS and CFDs will be decreased from 30% to 0% of the Sub-Fund's Net Asset Value, and the aggregate maximum exposure to TRS and CFDs will be decreased from 40% to 30% of the Sub-Fund's Net Asset Value. The expected exposure is not a limit and the actual percentage may change over time depending on factors including, but not limited to, market conditions, subject to the aforesaid aggregate maximum limit.

With effect from the Effective Date, at least 70% of the Sub-Fund's assets will be invested in equities of companies related to the development of innovative products and services in Asian equity markets excluding Japan.

**C. Clarification on the Use of Financial Derivative Instruments of Allianz Tiger**

The Hong Kong offering documents currently provide that Allianz Tiger may invest extensively in financial derivative instruments for efficient portfolio management purposes (including hedging) and/or investment purposes. In addition, the level of commitment leverage of Allianz Tiger is expected to be between 0% and 40% of its Net Asset Value. To reflect the derivative usage of Allianz Tiger in light of the SFC's requirements on calculation of net derivative exposure, the Hong Kong offering documents will be amended to provide that the net derivative exposure of Allianz Tiger may be up to 50% of its Net Asset Value.

**D. Change of valuation day of Allianz Tiger**

To better reflect the location of the investments of Allianz Tiger, with effect from the Effective Date, the Valuation Day of the Sub-Fund will be changed as follows:

	<b>Prior to the Effective Date</b>	<b>From the Effective Date</b>
Valuation Day	each day banks and exchanges in Luxembourg are open for business	each day banks and exchanges in Luxembourg and Hong Kong are open for business

For the avoidance of doubt, there is no change to the Dealing Day of Allianz Tiger.

#### **4. Application of swing pricing mechanism**

The Investment Manager may need to accommodate significant purchasing, selling and/or switching activity by investors which result in high transaction costs associated with a Sub-Fund's portfolio trades and as a result, the Sub-Fund may suffer reduction of the NAV per Share ("**dilution**").

Therefore, in order to reduce the dilution impact and to protect existing Shareholders' interests, a swing pricing mechanism ("**Swing Pricing Mechanism**") is currently adopted in respect of certain Sub-Funds as disclosed in the HK Prospectus. With effect from the Effective Date, the Swing Pricing Mechanism may be adopted across all Sub-Funds.

If on any Valuation Day, the aggregate net investor(s) transactions in Shares of the affected Sub-Fund exceed a pre-determined threshold, as determined as (i) a percentage of that Sub-Fund's net assets or as (ii) an absolute amount in that Sub-Fund's base currency from time to time by the Company's Board of Directors based on objective criteria, the NAV per Share may be adjusted upwards or downwards to reflect the costs attributable to net inflows and net outflows respectively ("**Adjustment**") if the Board of Directors consider it is in the best interest of the investors. The net inflows and net outflows will be determined by the Company based on the latest available information at the time of calculation of the NAV.

The Swing Pricing Mechanism may be applied across all Sub-Funds. However, the Swing Pricing Mechanism is currently only applied to certain Sub-Funds which are explicitly mentioned on the website <https://regulatory.allianzqi.com>. This website has not been reviewed by the SFC and may contain information of funds which are not authorised by the SFC.

The value of the Adjustment will be reset by the Company on a periodic basis to reflect an approximation of current dealing costs. The estimation procedure for the value of the Adjustment captures the main factors causing dealing cost (e.g. bid/ask spreads, transaction related taxes or duties, brokerage fees etc.). Such Adjustment may vary from Sub-Fund to Sub-Fund and will not exceed 3% of the original Net Asset Value per Share. The value of the Adjustment is determined by the Management Company's valuation team and approved by an internal swing pricing committee. On a regular basis (minimally twice a year) the value of the Adjustment is reviewed by the Management Company's valuation team and the review results are approved by the swing pricing committee.

The value of the pre-determined threshold, which triggers the application of the Adjustment and the value of the Adjustment are dependent on the prevailing market conditions as measured by several commonly used metrics (e.g. implied volatility, various indices etc.).

The application of the Swing Pricing Mechanism will have no impact on the processing or settlement timeline for subscription, switching and redemption in respect of the affected Sub-Funds.

As a result of the above changes, the Sub-Funds to which swing pricing mechanism applies are subject to swing pricing risk. The size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying assets and the valuation

method adopted to calculate the value of such underlying assets of the Sub-Fund. The value of Adjustment reflects the estimated dealing cost of a Sub-Fund. If the estimation of costs is not accurate, the application of the Swing Pricing Mechanism may not achieve the desired results.

## 5. Change of investment management arrangement of Allianz Global Dynamic Multi Asset Strategy 50

Due to an internal re-allocation of resources within the Allianz Group, with effect from the Effective Date, the Management Company will partially delegate its investment management functions to Allianz Global Investors Asia Pacific Limited as Investment Manager.

## 6. Change of investment objectives and restrictions

With effect from the Effective Date, the investment objectives and restrictions of a number of the Sub-Funds of the Company will be changed in the manner as set out in the table below:

Name of the Sub-Fund	Nature of Change	
	Present Investment Objective / Restrictions	New Investment Objective / Restrictions
Allianz American Income	<b>Clarification of the investment universe of the Sub-Fund</b>	
	Min. 70% of Sub-Fund assets are invested in Debt Securities from the US and / or from companies which are constituents of either the ICE BofAML U.S. Corporate Master Index or the ICE BofAML U.S. High Yield Master II Index.	Min. 70% of Sub-Fund assets are invested in Debt Securities from the US.
Allianz European Equity Dividend, Allianz Europe Equity Growth Select, Allianz Europe Equity Growth	<b>Change of Investment Restrictions</b>	
	PEA (Plan d'Epargne en Actions) Restriction applies	PEA (Plan d'Epargne en Actions) Restriction applies. The PEA status will be revoked (i.e. the Sub-Fund will not be PEA eligible) two months after the United Kingdom's effective withdrawal from the European Union.
Allianz Global Dividend	<b>Addition of Investment Restrictions</b>	
		- Taiwan Restriction applies
Allianz Global Sustainability	<b>Clarification of the Investment Objective</b>	
	Long-term capital growth by investing in global equity markets of developed countries with a focus on sustainable business practices (namely, business practices which are environmentally friendly and socially responsible) and which the Investment Manager believes may create long-term value. The Investment Manager may engage in foreign currency overlay and thus assume separate foreign	Long-term capital growth by investing in global equity markets of developed countries in accordance with the Sustainable and Responsible Investment Strategy (SRI Strategy) which considers various criteria regarding social and environmental policy, human rights, and corporate governance. The Investment Manager may engage in foreign currency overlay and thus assume

Name of the Sub-Fund	Nature of Change	
	Present Investment Objective / Restrictions	New Investment Objective / Restrictions
	currency risks with regard to currencies of OECD member states, even if the Sub-Fund does not include any assets denominated in these respective currencies.	separate foreign currency risks with regard to currencies of OECD member states, even if the Sub-Fund does not include any assets denominated in these respective currencies.
	<b>Enhancement of Investment Restrictions</b>	
		- SRI Strategy applies
Allianz Income and Growth	<b>Clarification of Investment Restrictions</b>	
	- Taiwan Restriction applies	- Taiwan Restriction applies, except for the relevant restriction specified for High-Yield Investments Type 1/High-Yield Investment Type 2
Allianz Little Dragons	<b>Removal of restrictions on the weighted average market capitalization of the portfolio of the Sub-Fund</b>	
	- Under normal market situations the Investment Manager expects to maintain a weighted average market capitalization of the portfolio of the Sub-Fund between 60% and 250 % of the weighted average market capitalization of the securities in the MSCI AC Asia ex Japan Mid Cap Index. In addition, the weighted average market capitalization of the portfolio has to be above the market capitalization of the smallest security and below the market capitalization of the largest security in the MSCI AC Asia ex Japan Mid Cap Index.	
Allianz Thematica	<b>Addition of Investment Restrictions</b>	
		- Taiwan Restriction applies
Allianz US Short Duration High Income Bond	<b>Change and/or Addition of Investment Restrictions – (i) Change to clarify the investment universe of the Sub-Fund and (ii) addition of Taiwan Restriction</b>	
	- Min. 70% of Sub-Fund assets are invested in corporate bonds from the US or whose issuers are constituents of the ICE BofAML 1-3 years BB-B US Cash Pay High Yield Index	- Min. 70% of Sub-Fund assets are invested in corporate bonds from the US - Taiwan Restriction applies, except for the relevant restriction specified for High-Yield Investments Type 1/High-Yield Investment Type 2



Please refer to the section “II Definitions” of the HK Prospectus for details of the SRI Strategy and the Taiwan Restriction.

## 7. Change of reference portfolios

The Management Company calculates the global exposure of a number of Sub-Funds of the Company using the relative Value-at-Risk approach.

With effect from the Effective Date, the reference portfolio of Allianz All China Equity will be changed from MSCI All China Equity Index to MSCI CHINA ALL SHARES INDEX.

## 8. Change in relation to publication of suspension notice

Currently, a notice of any suspension of the calculation of the NAV will be published by the Company in the South China Morning Post and Hong Kong Economic Journal and also on [hk.allianzgi.com](http://hk.allianzgi.com), unless otherwise agreed with the SFC.

With effect from the Effective Date, such notice will only be published on [hk.allianzgi.com](http://hk.allianzgi.com), unless otherwise agreed with the SFC. Note that the website has not been reviewed by the SFC.

## 9. Addition of disclosures on benchmark indices

The Hong Kong offering documents will be updated to align their wording to Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (as amended from time to time) and to bring their wording into conformity with the Questions and Answers on the Benchmarks Regulation (BMR) issued by the European Securities and Markets Authority last updated on 11 July 2019.

The Hong Kong offering documents will be revised to provide that certain Sub-Funds are managed in reference to a benchmark. Where the Hong Kong offering documents provide that a Sub-Fund is managed in reference to a benchmark (“**Benchmark Index**”), the Benchmark Index plays a role (i) as reference for formulating the Sub-Fund’s portfolio composition, and/or (ii) for measurement and comparison of the Sub-Fund’s performance. However, due to the active management approach adopted by the investment manager, the performance of the Sub-Fund and the performance of the Benchmark Index may differ. For the avoidance of doubt, there will be no change to the investment objectives, policies or processes as a result of the insertion of the Benchmark Index.

## 10. Change in risk management process of certain Sub-Funds

The Management Company will calculate the global exposure of each Sub-Fund. The Management Company will use for each Sub-Fund either the commitment approach, the relative Value-at-Risk approach or the absolute Value-at-Risk approach.

With effect from 29 November 2019, the approach used in the risk management process of certain Sub-Funds will be changed as follows:

Name of the Sub-Fund	Present approach	New approach
Allianz American Income	Relative Value-at-Risk	Absolute Value-at-Risk
Allianz Asian Multi Income Plus	Relative Value-at-Risk	Commitment Approach

<b>Name of the Sub-Fund</b>	<b>Present approach</b>	<b>New approach</b>
Allianz China Multi Income Plus	Relative Value-at-Risk	Commitment Approach
Allianz Europe Income and Growth	Relative Value-at-Risk	Absolute Value-at-Risk
Allianz Income and Growth	Relative Value-at-Risk	Absolute Value-at-Risk
Allianz US Equity Plus	Relative Value-at-Risk	Commitment Approach
Allianz US High Yield	Relative Value-at-Risk	Absolute Value-at-Risk
Allianz US Short Duration High Income Bond	Relative Value-at-Risk	Absolute Value-at-Risk

### **Implication of the changes**

Save as otherwise disclosed in this notice, the changes detailed in this notice will not (i) result in an material change to the features and risks applicable to the Sub-Funds, (ii) result in other changes in the operation and/or manner in which the Sub-Funds are being managed. The changes detailed in this notice will not materially prejudice the existing Shareholders' rights or interests. There will be no change in the fee structure and fee level of the Sub-Funds following the implementation of the changes detailed in this notice. The costs and/or expenses incurred in connection with the changes detailed in this notice will be borne by the Management Company.

If you are not happy with the above changes, you may redeem your Shares free of charge by submitting a request to the HK Representative in accordance with the procedures contained in the HK Prospectus. Please note that your distributors or similar agents might charge you transaction fees. You are advised to contact your distributors or similar agents should you have any questions.

The Hong Kong offering documents (including the HK Prospectus and/or product key facts statement of the affected Sub-Funds) will be updated to reflect the above changes, other miscellaneous and clarificatory amendments. The updated Hong Kong offering documents will be available from the HK Representative for inspection free of charge and on the website (hk.allianzgi.com) on or around the Effective Date. Note that the website has not been reviewed by the SFC.

If you have any questions about the contents of this notice or your investment, please consult your financial advisor or you may contact the HK Representative at 27th Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong (telephone: +852 2238 8000 and fax: +852 2877 2566).

By Order of the Board of Directors  
**Allianz Global Investors Fund**  
*Société d'Investissement à Capital Variable*

**ALLIANZ GLOBAL INVESTORS FUND**  
Société d'Investissement à Capital Variable  
(the "**Company**")

**Notice to Shareholders**

Date: 2 October 2019

**IMPORTANT: This notice is important and requires your immediate attention. If you have any questions about the contents of this notice, you should seek independent professional advice.**

**The Board of Directors of the Company accepts responsibility for the accuracy of the contents of this notice. Unless otherwise defined in this notice, capitalized terms used in this notice shall have the same meaning as those used in the Company's Hong Kong prospectus dated 10 June 2019, as amended and supplemented from time to time (the "Prospectus").**

Dear Shareholders,

We are writing to inform you of the following changes in respect of the Company and its sub-funds.

**Change of Depositary, Fund Accounting, NAV-Calculation, Registrar, Transfer Agent and Paying and Information Agent**

State Street Bank Luxembourg S.C.A. ("**SSBL**") currently acts as Depositary as well as Fund Accounting, NAV-Calculation, Registrar, Transfer Agent and Paying and Information Agent in respect of the Company and its sub-funds. SSBL and its affiliates are referred to collectively as "State Street".

As part of an internal restructuring with the aim to streamline State Street's banking entity structure across Europe, SSBL will merge into its affiliate State Street Bank International GmbH (the "**Merger**") subject to the registration of the Merger in the commercial register by the local court of Munich, which is expected to be on or around 4 November 2019 (the "**Effective Date**").

As a result of the Merger, State Street Bank International GmbH, acting through its Luxembourg Branch (the "**New Depositary**"), as legal successor of SSBL and by operation of law, will assume all assets and liabilities of SSBL and the same duties and responsibilities as SSBL, and will have the same rights and obligations under the existing agreements between the Company and SSBL without the need to re-enter into any agreement.

State Street Bank International GmbH was established on 19 January 1970 under German law as "Gesellschaft mit beschränkter Haftung". State Street Bank International GmbH is a joint stock company with its registered office located at Brienner Str. 59, 80333 Munich. As at 31 December 2018 its shareholders' equity amounted to EUR 109.3 million.

State Street Bank International GmbH is registered at the Munich register court under the register number HRB 42872. It is a regulated banking entity which is supervised by the European Central

Bank, the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank. State Street Bank International GmbH, Luxembourg Branch was established on 1 October 2009 and has been approved by the CSSF to act as depositary for Luxembourg investment funds (in particular UCITS funds), and is specialized among others in the areas of depositary, fund administration and related services. The New Depositary is subject to the supervision by the CSSF.

State Street Bank International GmbH is part of the State Street business group, of which the listed mother company is State Street Corporation.

With effect from the Effective Date, the New Depositary will act as Depositary as well as Fund Accounting, NAV-Calculation, Registrar, Transfer Agent and Paying and Information Agent in respect of the Company and its sub-funds. The retirement of SSBL will only take effect at the same time as the New Depositary takes up office. All the functions and operations which are currently put in place for the Company and its sub-funds and performed by SSBL will be unaffected by the above changes and remain unchanged after the above changes.

The above changes will not result in any change to the features and risks applicable to the Company and its sub-funds. Nor will the above changes materially prejudice the existing investors' rights or interests. In addition, except for the above changes, there is no change in the operation and/or manner in which the Company and its sub-funds are being managed. There are no changes in the sub-custodial arrangement or the delegation of safekeeping duties as a result of the above changes.

There will be no change in the fee structure and fee level of the Company and its sub-funds following the implementation of the above changes. The costs and/or expenses incurred in connection with the above changes will be borne by the Management Company.

If you are not happy with the above changes, you may redeem your Shares free of charge by submitting a request to the HK Representative in accordance with the procedures contained in the Prospectus. Please note that your distributors or similar agents might charge you transaction fees. You are advised to contact your distributors or similar agents should you have any questions.

The Hong Kong offering documents (including the Prospectus and/or product key facts statement of the sub-funds of the Company) will be updated to reflect the above changes. The updated Hong Kong offering documents will be available from the HK Representative for inspection free of charge and on the website ([hk.allianzgi.com](http://hk.allianzgi.com)) in due course. Note that the website has not been reviewed by the SFC.

If you have any questions about the contents of this notice or your investment, please consult your financial advisor or you may contact the HK Representative at 27th Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong (telephone: +852 2238 8000 and fax: +852 2877 2566).

By Order of the Board of Directors  
**Allianz Global Investors Fund**  
*Société d'Investissement à Capital Variable*

**Allianz Global Investors Fund  
Société d'Investissement à Capital Variable**

**(the “Company”)**

**FIRST ADDENDUM**

**Important**

*If you are in doubt about the contents of this document, you should consult your stockbroker, bank manager, accountant, solicitor or other independent financial adviser. This Addendum should be read in conjunction with and forms part of the Hong Kong Prospectus dated 10 June 2019 for the Company (the “Prospectus”). All capitalized terms in this Addendum have the same meaning as in the Prospectus, unless otherwise defined herein.*

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Unless otherwise specified below, the changes stated below shall be made to the Prospectus with effect from 13 September 2019:

**I. Amendments to Allianz Asian Multi Income Plus**

The following row under the sub-section headed “**3. Multi-Asset Sub-Funds**” of Appendix 1 on page 125 of the Prospectus shall be deleted in its entirety and replaced with the following:

<b>Sub-Fund</b>	<b>Investment Objective</b>	<b>Investment Restrictions</b>
Allianz Asian Multi Income Plus	Long-term capital growth and income by investing in Asia Pacific equity and bond markets.	<ul style="list-style-type: none"><li>• Sub-Fund assets may be invested in Emerging Markets</li><li>• Min. 70% of Sub-Fund assets are invested directly in accordance with the investment objective</li><li>• Max. 85% of Sub-Fund assets may be invested in Equities in accordance with the investment objective</li><li>• Max. 85% of Sub-Fund assets may be invested in Debt Securities in accordance with the investment objective</li><li>• Max. 60% of Sub-Fund assets may be invested in High Yield Investments Type 1</li><li>• Max. 30% of Sub-Fund assets may be invested in the China A-Shares market</li><li>• Max 10% of Sub-Fund assets may be invested in the China B-Shares market</li><li>• Max. 30% of Sub-Fund assets may be held in deposits and/or invested directly in Money Market Instruments and (up to 10% of Sub-Fund assets) in money market funds</li><li>• Duration: below 10 years</li><li>• Hong Kong Restriction applies</li><li>• Taiwan Restriction applies</li><li>• GITA Restriction for Multi-Asset Sub-Funds applies (min. 51%)</li></ul>

## II. Amendments to Asset Class Principles for Equity Sub-Funds

The last bullet point under the first paragraph under the sub-section headed “**1. Equity Sub-Funds**” of Appendix 1 on page 104 of the Prospectus shall be deleted in its entirety and replaced with the following:

- “• Where a theme and/or a sector is referred to in the investment objective (or in the investment restriction), a Sub-Fund will (or if specifically restricted in its investment objective or investment restrictions, will not) make investments which have exposure or connection to such theme and/or sector. Such investments include Equities of companies that either (i) are included in publicly available financial indices (if any) or in segments (if any) as defined by the Global Industry Classification Standard – (GICS®) which refer to such theme and/or sector, (ii) currently generate (either directly or indirectly) a material part of their business activities (sales, profits or expenses) in such theme and/or sector, (iii) currently (either directly or indirectly) engage in the respective theme and/or sector and will likely – pursuant to the portfolio manager’s discretionary assessment – materially increase the importance of such engagement on short-term or mid-term, or (iv) have substantial direct or indirect participation by way of ownership in the companies as described under (i) to (iii) above. The scenarios as described under the aforesaid item (iii), and consequently item (iv) in respect of the companies under item (iii), may also include Equities of companies with exposure or connection to the respective theme and/or sector on an ancillary basis (i.e. Equities of companies which have exposure or connection to themes and/or sectors as not referred to in the investment objective (or in the investment restriction) (“**such other themes and/or sectors**”) even if the exposure or connection to such other themes and/or sectors are more material than the exposure or connection to the theme and/or sector which is referred to in the investment objective (or in the investment restriction)).”

## III. Addition of VAG Investment Restriction

The investment restriction “VAG Investment Restriction applies” shall be inserted as the last bullet point in the third column “**Investment Restrictions**” in the table in the section “**Part B: Asset Class Principles and Sub-Funds’ Investment Objectives and Investment Restrictions**” of Appendix 1 for the following Sub-Funds:

- Allianz All China Equity
- Allianz Asia Pacific Equity
- Allianz Emerging Asia Equity
- Allianz Global Agricultural Trends
- Allianz Global Artificial Intelligence
- Allianz Global Dividend
- Allianz Global Equity
- Allianz Global Equity Unconstrained
- Allianz Global Hi-Tech Growth
- Allianz Global Metals and Mining
- Allianz Global Small Cap Equity
- Allianz Global Sustainability
- Allianz Global Water
- Allianz Hong Kong Equity
- Allianz India Equity
- Allianz Indonesia Equity
- Allianz Japan Equity

- Allianz Korea Equity
- Allianz Little Dragons
- Allianz Thailand Equity
- Allianz Thematica
- Allianz Tiger
- Allianz Total Return Asian Equity
- Allianz US Equity Fund
- Allianz US Equity Plus
- Allianz Selective Global High Yield

#### IV. Amendments to dealing details

The following rows under the section headed “**APPENDIX 2 DEALING DETAILS**” on page 130 of the Prospectus shall be deleted in their entirety and replaced with the following:

Sub-Fund	Base Currency	Valuation Day	Use of Fair Value Pricing Model
Allianz Global Dynamic Multi Asset Strategy 50	USD	Luxembourg, Germany, Hong Kong and New York	√
Allianz Global Equity	USD	Luxembourg and United Kingdom	√

#### V. Definitions

1. The definition of “**Dealing Day**” under the section “II DEFINITIONS” on page 6 of the Prospectus shall be deleted in its entirety and replaced with the following:

**“Dealing Day**

means a Hong Kong Business Day which is also a Valuation Day, on which Shares may be issued, redeemed, converted or transferred.”

2. The definition of “**PEA (Plan d’Epargne en Actions) Restriction**” under the section “II DEFINITIONS” on page 10 of the Prospectus shall be deleted in its entirety and replaced with the following:

**“PEA (Plan d’Epargne en Actions) Restriction**

means that a Sub-Fund – irrespective of its specific Asset Class Principles, its individual investment objective and its individual investment restrictions which fully continue to apply – is permanently physically invested with a minimum of at least 75% of its Sub-Fund assets in Equities of corporate issuers with their registered office in an EU Member State and/or in the EEA that has signed a tax agreement with France (and/or in Equities of corporate issuers with their registered office in the UK which have been subscribed or acquired before the withdrawal of the United Kingdom from the European Union without an agreement concluded in accordance with Article 50 of the EU Treaty which shall remain eligible for a period defined by order of the French Minister for Economic Affairs and which may not exceed three years) and is therefore PEA (Plan d’Epargne en Actions) eligible in France.”

## VI. Miscellaneous

1. The paragraph under the sub-section headed "**Board of Management**" on page 2 of the Prospectus shall be deleted in its entirety and replaced with the following:

"William Lucken  
Ingo Mainert  
Dr. Wolfram Peters  
Karen Prooth  
Tobias C. Pross  
Dr. Thomas Schindler  
Petra Trautschold  
Birte Trenkner"

2. The second paragraph under the section "**IV MANAGEMENT OF THE COMPANY**" sub-section "**2. DEPOSITARY**" on page 18 shall be deleted in its entirety and replaced with the following:

"The Depositary was incorporated as a société anonyme under the laws of Luxembourg on 19 January 1990. On 31 December 2018, its paid up share capital amounted to EUR 65.0 million."

3. The risk factor "**Leverage Risk**" on page 56 of the Prospectus shall be deleted in its entirety and replaced with the following:

### "**Leverage Risk**

Certain Sub-Funds seek to provide leveraged returns by making use of derivatives such as swaps, options and future-contracts to accomplish the Sub-Fund's investment objective. Depending on the purpose of derivatives used, the use of leverage (based on derivatives) can cause leveraged Sub-Funds to be more volatile and subject to higher price movements than the same portfolio would have without any derivatives. The use of leverage may result in losses which are caused by leveraged positions. At the same time, the combined investments (including all derivative and non-derivative positions) will result in an overall (economic) exposure that is in line with the Sub-Fund's investment objective."

13 September 2019



## IMPORTANT INFORMATION FOR INVESTORS

**Important – If you are in any doubt about the contents of this HK Prospectus, you should seek independent professional financial advice.**

This HK Prospectus comprises information relating to the Company, which is an open-ended investment company with variable share capital incorporated under the laws of the Grand Duchy of Luxembourg as a Société d'Investissement à Capital Variable on 9 August 1999 under the name DRESDNER GLOBAL STRATEGIES FUND, which was changed to Allianz Dresdner Global Strategies Fund with effect from 9 December 2002, and further changed to Allianz Global Investors Fund with effect from 8 December 2004.

The Board has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no further material facts, the omission of which would make misleading any statement herein, whether of fact or opinion, as at the date of publication. The Board accepts responsibility accordingly. However, neither the delivery of this HK Prospectus nor the offer or issue of Shares shall under any circumstances constitute a representation that the information contained in this HK Prospectus is correct as of any time subsequent to such date. This HK Prospectus may from time to time be updated. Intending applicants for Shares should ask the HK Representative if any supplements to this HK Prospectus or any later prospectus have been issued.

**All decisions to subscribe for Shares are deemed to be made on the basis of the information contained in this HK Prospectus and supplementary documentation, and in the latest annual and semi-annual reports of the Company, which are available from the HK Representative. Investors may contact the HK Representative for any queries or complaints in relation to any Sub-Fund. The HK Representative will respond to any enquiry or complaint in writing.**

**HK Representative:  
Allianz Global Investors Asia Pacific Limited  
27/F, ICBC Tower, 3 Garden Road, Central, Hong Kong  
Tel: +852 2238 8000 Fax: +852 2877 2566**

**hk.allianzgi.com**

***The value of, and income from, Shares in a Sub-Fund may rise and fall, and investors may not recover the amount originally invested. Before investing in a Sub-Fund, investors should consider the risks involved in such investment (see Section XI, headed "Risk Factors").***

No person is authorised to give any information or to make any representations concerning the Company other than as contained in this HK Prospectus and in the documents referred to herein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in this HK Prospectus shall be solely at the risk of the investor. Please note that the website [hk.allianzgi.com](http://hk.allianzgi.com) has not been reviewed by the SFC.

*The Company and the Sub-Funds referred to in this HK Prospectus are authorised by the SFC under Section 104 of the SFO. This HK Prospectus has been authorised by the SFC. Such authorisation is not a recommendation or endorsement of the Company or the Sub-Funds by the SFC, nor does it guarantee their commercial merits or their performance. Neither does it mean the Company or any Sub-Fund is suitable for all investors, nor is it an endorsement of its suitability for any particular investor or class of investors. This HK Prospectus is published in English and Chinese.*

*Prospective investors should inform themselves as to: (a) the possible tax consequences; (b) the legal requirements; and (c) any foreign exchange restrictions or exchange control regulations or requirements (which they might encounter) under the laws of the countries of their respective citizenship, incorporation, residence or domicile and which might be relevant to the subscription, holding or disposal of Shares.*

*This HK Prospectus does not constitute an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not lawful or in which the person making the offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.*

*Neither the Management Company nor the Company has been, or will be, registered under the U.S. Investment Company Act of 1940, as amended, and investors will not be entitled to the benefits of such registration. The Shares have not been, or will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or qualified under any applicable state statutes and may not be offered, sold or transferred in the United States (including its territories and possessions) or to or for the benefit of, directly or indirectly, any U.S. Person (as that term is defined in Regulation S of the Securities Act), except pursuant to registration or an exemption. The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful.*

*The Company, the Nominee and/or the Transfer Agent, for the purpose of FATCA compliance, may be required to disclose personal data relating to certain U.S. persons and/or non-participant foreign financial institutions to the U.S. Internal Revenue Service or local tax authorities.*

*Since the operations of the Sub-Funds are carried in Luxembourg, all investors investing in the Sub-Funds through the HK Representative will have their Shares dealt with via a nominee arrangement (see Section V5.5, headed “**Nominee Service**”). The Nominee, a Cayman Islands entity, will provide nominee services to facilitate investments in the Sub-Funds. In November 2013, the Cayman Islands Government entered into an intergovernmental agreement with the United Kingdom (“**Cayman IGA**”) to which the Nominee is subject. For the purpose of complying with the Cayman IGA, the Nominee may be required to report and disclose personal data of certain United Kingdom (“**U.K.**”) tax residents to the Cayman Islands Government and onwards to the U.K. Government.*

*The Company and/or the Management Company may collect, use and disclose information or personal data of the Shareholders for the purposes described in the relevant application forms. The Company and/or the Management Company may also transfer such information or personal data in relation to any Shareholder to any country or to the other party or to any service provider, including their respective employees, officers, directors and agents and/or their affiliates, whether in Hong Kong or any part of the world, in order to process information on behalf of the Company or the Management Company. For the avoidance of doubt, when disclosing or reporting any personal data, the Company and the Management Company shall observe and comply with the applicable laws and regulations in relation to the use of personal data and privacy issues including, but not limited to, the Personal Data (Privacy) Ordinance (Cap. 486, Laws of Hong Kong) (as amended from time to time) and all other applicable regulations and rules governing personal data use in Hong Kong from time to time.*

10 June 2019

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# I DIRECTORY

## Directors of the Company

- William Lucken (Chairman)  
Managing Director  
Allianz Global Investors GmbH  
London, GB
- Beatrix Anton-Groenemeyer  
Managing Director  
Allianz Global Investors GmbH,  
Frankfurt/Main, Germany
- Oliver Drissen  
Director  
Allianz Global Investors GmbH, Luxembourg Branch  
Senningerberg, Luxembourg
- Hanna Duer  
Independent Director  
Luxembourg
- Gerda Hermann  
Managing Director  
Allianz Global Investors GmbH,  
Frankfurt/Main, Germany
- Markus Nilles  
Director  
Allianz Global Investors GmbH, Luxembourg Branch  
Senningerberg, Luxembourg
- Dirk Raab  
Director  
Allianz Global Investors GmbH, Luxembourg Branch  
Senningerberg, Luxembourg

## Management Company and Central Administration

Allianz Global Investors GmbH\*  
Bockenheimer Landstrasse 42 - 44  
DE-60323 Frankfurt/Main  
Germany

Allianz Global Investors GmbH, acting through the Luxembourg Branch\*  
6A, route de Trèves  
LU-2633 Senningerberg

## Supervisory Board

Alexandra Auer (Chairperson)  
Business Division Head Asset Management and US Life Insurance  
Allianz Asset Management GmbH  
Munich, Germany

Stefan Baumjohann  
Member of the works council  
Allianz Global Investors GmbH  
Frankfurt/Main, Germany

Giacomo Campora  
CEO Allianz Bank  
Financial Advisers S.p.A  
Milan, Italy

Prof. Dr. Michael Hüther  
Director and Member of the Board  
Institut der deutschen Wirtschaft  
Cologne, Germany

Laure Poussin  
Member of the works council  
Allianz Global Investors GmbH  
Succursale Française  
Paris, France

Renate Wagner  
Regional CFO and Head of Life, Asia Pacific  
Singapore

#### **Board of Management**

William Lucken  
Ingo Mainert  
Michael Peters  
Dr. Wolfram Peters  
Karen Prooth  
Tobias C. Pross  
Petra Trautschold  
Birte Trenkner

#### **Investment Manager/Sub-Investment Manager/Investment Advisor**

Allianz Global Investors GmbH  
Bockenheimer Landstrasse 42 - 44  
60323 Frankfurt/Main  
Germany

Allianz Global Investors GmbH, acting through the Succursale Française (France Branch)\*  
3, Boulevard des Italiens  
75113 Paris, Cedex 02  
France

Allianz Global Investors GmbH, acting through the UK Branch\*  
199 Bishopsgate  
London EC2M 3TY  
United Kingdom

Allianz Global Investors Asia Pacific Limited\*  
27/F, ICBC Tower,  
3 Garden Road, Central  
Hong Kong

Allianz Global Investors Japan Co., Ltd.\*  
19/F Ark Hills South Tower  
1-4-5 Roppongi, Minato-ku  
Tokyo 106-0032  
Japan

Allianz Global Investors U.S. LLC\*  
1633 Broadway, 43rd Floor  
New York, NY 10019  
USA

600 West Broadway, 31st Floor  
San Diego, CA 92101  
USA

555 Mission Street, Suite 1700  
San Francisco, CA 94105  
USA

Allianz Global Investors Singapore Limited\*  
12 Marina View,  
#13-02 Asia Square Tower 2  
Singapore 018961

\* Indicates a member of the Allianz Global Investor Group, a company of the Allianz Group.

#### **Depository, Fund Accounting and NAV Calculation, and Registrar and Transfer Agent**

State Street Bank Luxembourg S.C.A.  
49, Avenue J.F. Kennedy  
L-1855 Luxembourg

#### **HK Distributor and HK Representative**

Allianz Global Investors Asia Pacific Limited  
27/F, ICBC Tower  
3 Garden Road, Central  
Hong Kong

#### **Paying and Information Agent**

State Street Bank Luxembourg S.C.A.  
49, Avenue J.F. Kennedy  
L-1855 Luxembourg

#### **Independent Auditor**

PricewaterhouseCoopers Société coopérative  
2, rue Gerhard Mercator  
L-1014 Luxembourg



## II DEFINITIONS

### **ABS**

means asset-backed securities which include, but are not limited to, asset-backed commercial paper, collateralised debt obligations, credit-linked notes, and synthetic collateralised debt obligations.

### **Accumulation Share(s)**

means the Shares in relation to which the income earned thereon is generally not paid out to the Shareholders but remains in the respective Share Class and is reflected in the value of the Accumulation Shares.

### **AllianzGI**

means Allianz Global Investors GmbH.

### **AllianzGI AP**

means Allianz Global Investors Asia Pacific Limited.

### **AllianzGI Japan**

means Allianz Global Investors Japan Co., Ltd.

### **AllianzGI Singapore**

means Allianz Global Investors Singapore Limited.

### **AllianzGI US**

means Allianz Global Investors U.S. LLC.

### **Allianz Group**

means Allianz SE including all of its direct and indirect subsidiaries.

### **Appendix**

means an appendix to this HK Prospectus.

### **Articles**

means the articles of incorporation of the Company dated 9 August 1999, as may be amended from time to time.

### **Asia/Asian Countries**

means all countries of the region of East Asia, South Asia, Southeast Asia and Western Asia (including Middle East). Unless otherwise stated in a Sub-Fund's specific Asset Class Principles or in a Sub-Fund's individual Investment Restrictions, Russia and Turkey are not considered Asian countries.

### **Asia Pacific**

means all countries of the region of East Asia, South Asia, Southeast Asia, and Oceania. Unless otherwise stated in a Sub-Fund's specific Asset Class Principles or in a Sub-Fund's individual Investment Restrictions, Russia and Turkey are not considered Asia Pacific countries.

### **AUD**

means the Australian Dollar, the official currency of Australia.

### **Base Currency**

means the currency of denomination of a Sub-Fund as stated in Appendix 2.

### **Board of Directors**

means the board of directors of the Company listed in the Directory.

**Bond Connect**

means the program launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre (“**CFETS**”), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

**Bond Market**

includes, but is not limited to, (i) a regulated market within the meaning of the MiFiD Directive, (ii) another market in a Member State of the EU which is regulated, operates regularly and is recognized and open to the public and/or (iii) an exchange in a non-Member State of the EU or (iv) a market in a Non-Member State of the EU which is regulated, operates regularly and is recognised and open to the public.

**Business Day**

means each day on which banks and exchanges in Luxembourg are open for business. For the avoidance of doubt, half-closed bank business days in Luxembourg are considered as being closed for business.

**CAD**

means the Canadian Dollar, the official currency of Canada.

**Central Administration Agent**

means Allianz Global Investors GmbH, acting through the Luxembourg Branch.

**CHF**

means the Swiss Franc, the official currency of Switzerland.

**China A-Shares**

means shares issued by companies incorporated, and listed on stock exchanges (e.g. the Shanghai Stock Exchange and the Shenzhen Stock Exchange), in the PRC, traded in CNY.

**China B-Shares**

means shares issued by companies incorporated, and listed on stock exchanges (e.g. the Shanghai Stock Exchange and the Shenzhen Stock Exchange), in the PRC, traded in USD or HKD.

**China H-Shares**

means shares issued by companies incorporated in the PRC and listed on the Stock Exchange of Hong Kong, traded in HKD.

**CIBM**

means the China interbank bond market, which is the over-the-counter market for bonds issued and traded in the PRC. A new scheme (the “**CIBM Initiative**”) was launched in 2016 to open up CIBM to eligible foreign institutional investors to access onshore bonds directly. Under the CIBM Initiative, foreign institutions can trade bonds directly through onshore settlement agents (i.e. banks) in the PRC. Unlike QFII and RQFII, there are no specific quota limits imposed on the foreign institutional investor.

**Code**

means the Code on Unit Trusts and Mutual Funds published by the SFC, as amended from time to time.

**Company**

means Allianz Global Investors Fund which is subject to supervision of CSSF.

**Conversion Fee**

means the fee (if any) charged (as set out in Appendix 3) in respect of a conversion of Shares.

**Conversion Price**

means the conversion price Per Share (i.e. the price per Share of a Share Class, which corresponds to the Net Asset Value per Share of the relevant Share Class plus a Conversion Fee, if applicable).

**CSSF**

means the Commission de Surveillance du Secteur Financier, the Luxembourg securities supervisory authority.

**Currency Exposure**

means the maximum percentage of a Sub-Fund's assets denominated in a currency as specified in such Sub-Fund's investment restrictions. Such percentage may only be exceeded if the amount exceeding this percentage is hedged against the aforementioned specified currency. Assets and liabilities in the same currency will be set off or netted for the purpose of calculating this limit. Investment instruments that are not denominated in a currency (i.e. no par shares) are considered to be denominated in the currency of the country in which the registered office of the issuer (i.e. the company, for Equities) is located.

**Dealing Application**

means any or all of an application for subscription, redemption or conversion of Shares, as the context allows.

**Dealing Day**

means a Hong Kong Business Day on which Shares may be issued, redeemed, converted or transferred.

**Dealing Deadline**

means the relevant time by which a Dealing Application must be received on a Dealing Day to be effected on a particular Dealing Day as set out in Section V5.1, headed "**Dealing Deadlines and General Dealing Procedures**".

**Debt Securities**

means any security which bears interest, including, but not limited to, government bonds, Money Market Instruments, mortgage bonds and similar foreign asset-backed securities issued by financial institutions, public-sector bonds, floating-rate notes, convertible debt securities (including but not limited to convertible bonds, contingent convertible bonds, equity warrant bonds and bonds with warrants), corporate bonds, ABS and MBS, as well as other collateralised bonds. Debt securities also include index certificates and other certificates with a risk profile that typically correlates with the aforementioned assets or with the investment markets to which these assets can be allocated, as well as non-interest bearing securities, such as zero coupon bonds.

**Depositary**

means State Street Bank Luxembourg S.C.A.

**Distribution Share(s)**

means Shares which generally distribute net income, or, if applicable, income from disposals or other components.

**Duration**

means the Sub-Fund's average cash-value weighted residual maturity of a Sub-Fund's Debt Securities as well as deposits and Money Market Instruments which should be adhered to by the Sub-Fund's Investment Manager to the most possible extent.

**EEA**

means the European Economic Area.

**Emerging Markets/Emerging Markets Country**

means a country which is not classified by the World Bank as a high-income economy (high gross national income per capita).

**Equities/Equity**

means all equities and similar securities, including but not limited to, preference shares, convertible preference shares, equity warrants, depositary receipts (e.g. American depositary receipts, global depositary receipts), REIT equities, REIT units, equity linked notes. Equities also include index certificates and other comparable certificates as well as assets whose risk profile correlates with the relevant equity or with the investment markets to which these assets can be allocated.

**Equity Market**

includes, but is not limited to, (i) a regulated market within the meaning of the MiFiD Directive, (ii) another market in a Member State of the EU which is regulated, operates regularly and is recognized and open to the public and/or (iii) a stock exchange in a non-Member State of the EU or (iv) a market in a Non-Member State of the EU which is regulated, operates regularly and is recognised and open to the public.

**Equity Participation**

has the meaning given to it in Art. 2 Section 8 GITA, which includes, but not limited to, (1) shares in a company admitted to trading on an exchange or on an organized market or included in such market, and/or (2) shares in a company other than a real estate company that is (i) resident in the EU/EEA and which is not exempt from income taxation there; or (ii) is a resident of a non-EU country and subject to income taxation of at least 15% and/or (3) units of "equity-funds" or "mixed-funds" according to Art. 2 Section 8 GITA, with their relevant percentage of a permanent physical investment in an Equity Participation as disclosed in the relevant GITA Restriction or otherwise specified in the respective Sub-Fund's investment restrictions.

**EU**

means the European Union.

**EU Member State**

means a member state of the EU; the states that are contracting parties to the agreement creating the EEA other than the member states of the EU, within the limits set forth by this agreement and related acts, are considered as equivalent to member states of the EU.

**EU Savings Directive**

means the Council Directive 2003/48/EC on the taxation of savings income, as amended.

**EUR or Euro**

means the Euro, the official currency of the EU Member States that have adopted the Euro as their common currency.

**Europe/European countries**

means all countries of the European continent. Unless otherwise stated in a Sub-Fund's specific Asset Class Principles or in a Sub-Fund's individual restrictions, Russia and Turkey are considered to be European countries.

**Eurozone/Euroland**

means the monetary union of the EU Member States that have adopted the Euro as their common currency.

**GBP**

means the British Pound Sterling, the official currency of the United Kingdom of Great Britain and Northern Ireland.

**GITA**

means the German Investment Tax Act (as may be amended from time to time).

**GITA Restriction for Equity Sub-Funds**

means in respect of an Equity Sub-Fund and irrespective of its Asset Class Principles, its individual investment objective and its individual investment restrictions (which will continue to apply), a minimum of 70% of Sub-Fund assets is permanently physically invested in an Equity Participation.

**GITA Restriction for Multi Asset Sub-Funds**

means in respect of a Multi Asset Sub-Fund and irrespective of its Asset Class Principles, its individual investment objective and its individual investment restrictions (which will continue to apply), a minimum of 25% or 51% (as may be specified in its investment restrictions under Appendix 1, Part B below) of Sub-Funds assets is permanently physically invested in an Equity Participation.

**Grand-Ducal Regulation of 2008**

means the Grand-Ducal Regulation of 8 February 2008 relating to certain definitions of the Law.

**Hedging Currency**

means a currency different from the Reference Currency of a Share Class against which such Share Class will be hedged.

**High-Yield Investments Type 1**

means an investment in Debt Securities which at the time of acquisition has a rating of BB+ or below (Standard & Poor's and Fitch) or Ba1 or below (Moody's) or the equivalent by another Rating Agency or, if unrated, as determined by the Investment Manager to be of comparable quality. In case of a minimum/maximum (as the case may be) investment limit of High-Yield Investment Type 1 securities according to a Sub-Fund's Investment Restrictions, the lowest/highest available rating of a Debt Security at acquisition day is decisive for the assessment of the possible acquisition of such Debt Security as High-Yield Investment Type 1. Generally, there is no intention to acquire Debt Securities that are rated CC, C or D (Standard & Poor's), C, RD or D (Fitch) or Ca or C (Moody's) unless otherwise specified in a Sub-Fund's investment restriction.

**High-Yield Investments Type 2**

means an investment in Debt Securities which at the time of acquisition has a rating of between BB+ and B- (inclusive) (Standard & Poor's and Fitch) or between Ba1 and B3 (inclusive) (Moody's) or the equivalent by another Rating Agency or, if unrated, as determined by the Investment Manager to be of comparable quality. In case of a minimum/maximum (as the case may be) investment limit of High-Yield Investment Type 2 securities according to a Sub-Fund's Investment Restrictions, the lowest/highest available rating of a Debt Security at acquisition day is decisive for the assessment of the possible acquisition of such Debt Security as High-Yield Investment Type 2.

**HKD**

means the Hong Kong Dollar, the official currency of Hong Kong.

**HK Distributor**

means Allianz Global Investors Asia Pacific Limited.

**HK Prospectus**

means this prospectus, as may be supplemented or amended from time to time.

**HK Representative**

means Allianz Global Investors Asia Pacific Limited.

**Hong Kong**

means Hong Kong Special Administrative Region of the People's Republic of China.

**Hong Kong Business Day**

Means a day (other than a Saturday) on which banks in Hong Kong are open for normal banking business.

**Hong Kong Restriction**

means that a Sub-Fund (1) may invest in financial derivative instruments for efficient portfolio management (including for hedging) but will not invest primarily or extensively in financial derivative instruments for investment purposes, and (2) to the extent a Sub-Fund invests in Debt Securities, it may not invest more than 10% of its NAV in Debt Securities issued by or guaranteed by any single country with a credit rating below Investment Grade or unrated. A "single country" shall include a country, its government, a public or local authority or nationalized industry of that country.

**Independent Auditor**

means PricewaterhouseCoopers Société coopérative.

**Institutional Investors**

means an institutional investor within the meaning of articles 174, 175 and 176 of the Law.

**Investment Grade**

means an investment in Debt Securities which at the time of acquisition has a rating of at least BBB- (Standard & Poor's and Fitch) or at least Baa3 (Moody's) or the equivalent by another Rating Agency or, if unrated, as determined by the Investment Manager to be of comparable quality. If two different ratings with at least one Investment Grade rating for a Debt Security exist, such Debt Security is considered as Investment Grade (if such Debt Security is not included in an investment limit of High-Yield Investment Type 1 and/or High-Yield Investment Type 2 (as the case may be) according to a Sub-Fund's Investment Restriction).

**Investment Manager/Sub-Investment Manager**

means the Management Company, Investment Manager and/or Sub-Investment Manager listed in Appendix 4.

**JPY**

means the Japanese Yen, the official currency of Japan.

**Law**

means the Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended from time to time.

**Management Company**

means Allianz Global Investors GmbH, which is subject to the supervision of Bundesanstalt für Finanzdienstleistungsaufsicht, the German Federal Financial Supervisory Authority.

**MBS**

means mortgage-backed securities which include, but are not limited to commercial mortgage-backed securities, collateralised mortgage obligations, real estate mortgage investment conduits and residential mortgage-backed securities.

**MiFiD**

means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

**Money Market Instruments**

means Debt Securities with short-term maturities (included, but not limited to treasury bills, certificates of deposits, commercial papers and bankers' acceptance etc.) at the time of acquisition.

**Net Asset Value or NAV**

means the asset value determined pursuant to Section VII.

**Net Asset Value per Share or NAV per Share**

is as defined in Section VII, headed "**Net Asset Value Per Share**".

**Nominee**

means Allianz Global Investors Nominee Services Limited.

**NZD**

means the New Zealand Dollar, the official currency of New Zealand.

**OECD**

means the Organisation for Economic Cooperation and Development.

**Paying and Information Agent(s)**

means any paying and information agent(s) appointed by the Company.

**PEA (Plan d'Épargne en Actions) Restriction**

means that, in respect of a Sub-Fund and within its investment objective, a minimum of 75% of its assets is permanently physically invested in the Equities of corporate issuers with their registered office in an EU Member State and/or in an EEA member state that has signed a tax agreement with France and is therefore PEA (Plan d'Épargne en Actions) eligible in France.

**Permitted Investors**

means such investors permitted to invest in a particular Share Class as defined in Section V2, headed "Permitted Investors".

**PRC**

means the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region ("Macau") and Taiwan for the purpose of the HK Prospectus.

**PRC Broker**

means brokers in PRC appointed by a RQFII.

**PRC Depository**

means depositaries in PRC appointed by a RQFII.

**QFII**

means qualified foreign institutional investor under the QFII Regulations.

**QFII Regulations**

means the laws and regulations governing the establishment and operation of qualified foreign institution investor regime in the PRC, as may be promulgated and/or amended from time to time.

**Rating Agencies**

means Standard & Poor's (or S&P), Moody's, Fitch, Bank of America and another nationally recognised statistical rating organisation.

**Redemption Fee**

means the fee (if any) charged (as set out in Appendix 3) when redeeming Shares.

**Redemption Price**

means the redemption price per Share (i.e. the price per Share of a Share Class which corresponds to the Net Asset Value per Share of the relevant Share Class less the Redemption Fee).

**Reference Currency**

means the currency in which the Net Asset Value per Share of a Share Class is calculated.

**Register**

means the register of Shareholders.

**Registrar and Transfer Agent**

means State Street Bank Luxembourg S.C.A.

**Regulated Market**

means each regulated market or stock exchange in any country that, as defined in Article 41(1) of the Law, operates regularly, is recognised and is open to the public.



**REIT**

means a real estate investment trust, which is a legal entity whose business purpose is oriented toward the ownership of real estate and/or activities related to the ownership of real estate established as a corporation or a fund (although only closed-ended REITS funds may be acquired by a Sub-Fund). A REIT may issue (depending on its legal form of its establishment as a corporation or a fund) either equities (“**REIT equities**”) or units (“**REIT units**”).

**RMB**

means the Chinese Renminbi, the official currency of the PRC and, unless the context otherwise requires, the term “RMB” refers to offshore Chinese Renminbi (“**CNH**”) traded offshore in Hong Kong or markets outside the PRC and not to onshore Chinese Renminbi (“**CNY**”).

**RQFII**

means a Renminbi qualified foreign institutional investor under the RQFII Regulations.

**RQFII Eligible Securities**

means securities and investments permitted to be held or made by a RQFII under the RQFII Regulations.

**RQFII Regulations**

means the laws and regulations governing the establishment and operation of the Renminbi qualified foreign institutional investors regime in the PRC, as may be promulgated and/or amended from time to time.

**Securities Financing Transactions Regulation**

means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.

**SFC**

means the Securities and Futures Commission of Hong Kong.

**SFO**

means the Securities and Futures Ordinance of Hong Kong (Chapter 571, Laws of Hong Kong).

**SGD**

means the Singapore Dollar, the official currency of Singapore.

**Share**

means a Share issued by the Company in respect of a Share Class.

**Share Class**

means a class of Shares of a Sub-Fund, which may have different characteristics to other classes of Shares (including, but not limited to, charges, fee structures, use of income, persons authorised to invest, minimum investment amount, Reference Currency, currency hedging, Hedging Currency, subscription and redemption procedures).

**Shareholder**

means a holder of Shares in the Company.

**Stock Connect**

means the program which aims to achieve mutual stock market access between Mainland China and Hong Kong and includes (i) the Shanghai-Hong Kong Stock Connect, a securities trading and clearing links program developed by the Stock Exchange of Hong Kong Limited (“SEHK”), Shanghai Stock Exchange (“SSE”), China Securities Depository and Clearing Corporation Limited (“ChinaClear”) and Hong Kong Securities Clearing Company Limited (“HKSCC”); and (ii) the Shenzhen-Hong Kong Stock Connect, a securities trading and clearing links program developed by SEHK, Shenzhen Stock Exchange (“SZSE”), ChinaClear and HKSCC.



**Sub-Distributor**

means a sub-distributor of Shares, which has entered into an agreement with the HK Distributor in respect of its sub-distribution of Shares.

**Sub-Fund**

means each sub-fund of the Company.

**Subscription Fee**

means the fee (if any) charged (as set out in Appendix 3) when subscribing for Shares.

**Subscription Price**

means the subscription price Per Share (i.e. the price per Share of a Share Class, which corresponds to the Net Asset Value per Share of the relevant Share Class plus a Subscription Fee, if applicable).

**Taiwan Restriction**

means that

- (1) the exposure of a Sub-Fund's open long positions in financial derivative instruments may not exceed 40% of its assets for the purpose of efficient portfolio management, unless otherwise exempted by the Taiwan Financial Supervisory Commission (the "FSC"); whereas the total amount of its open short positions in financial derivative instruments may not exceed the total market value of the corresponding securities required to be held by the Sub-Fund for hedging purposes, as may be stipulated from time to time by the FSC;
- (2) for a Bond Sub-Fund (as per Appendix 1, Part B of this HK Prospectus), the total amount invested in High-Yield Investments Type 1 and/or High-Yield Investments Type 2 shall not exceed 10% of its assets. If a Bond Sub-Fund's investment in Emerging Markets exceeds 60% of its assets, the Bond Sub-Fund's total amount invested in High-Yield Investments Type 1 and/or High-Yield Investment Type 2 shall not exceed 40% of its assets. For a Multi Asset Fund (as per Appendix 1, Part B of this HK Prospectus), the total amount invested in High-Yield Investments Type 1 and/or High-Yield Investments Type 2 shall not exceed 30% of its assets, or such other percentage of its assets as may be stipulated by the FSC; and
- (3) the total amount invested directly in China A-Shares and China Interbank Bond Markets shall not exceed 20% of its NAV, or such other percentage as may be stipulated by the FSC from time to time.

**UCI**

means an undertaking for collective investment other than UCITS as defined in the UCITS Directive.

**UCITS**

means an undertaking for collective investment in transferable securities authorized pursuant to the UCITS Directive.

**UCITS Directive**

means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as amended from time to time.

**UCITS Regulation**

means Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries.

**US or United States**

means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

**US Person**

means any person that is a United States Person within the meaning of Rule 902 of Regulation S under the United States Securities Act of 1933, as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

**USD**

means the United States Dollar, the official currency of the United States of America.

**Valuation Day**

means each day on which the Net Asset Value per Share of a Class of Shares is calculated; as stated in Appendix 2.

**VAG Investment Restriction**

means that a Sub-Fund to the extent it invests – irrespective of its specific Asset Class Principles, its individual investment objective and its individual investment restrictions which fully continue to apply – in (1) ABS/MBS may only invest in ABS/MBS which at the time of acquisition have a rating of at least BBB- (Standard & Poor's and Fitch) or of at least Baa3 (Moody's) or the equivalent by another Rating Agency or, if unrated, as determined by the Investment Manager to be of comparable quality, and which are admitted to or included in an official market or if the issuer has its registered offices in a contracting state to the agreement on the EEA or a full member State to the OECD and to the extent it invests in (2) Debt Securities (excluding ABS/MBS) may only invest in Debt Securities which at the time of acquisition have a rating of at least B- (Standard & Poor's and Fitch) or of at least B3 (Moody's) or the equivalent by another Rating Agency or, if unrated, as determined by the Investment Manager to be of comparable quality. In addition, VAG Investment Restriction means that for the case that two different ratings exist the lower rating will be relevant. If three or more different ratings exist the second-highest rating will be relevant. An internal rating by the Investment Manager can only be taken into account if such internal rating complies with requirements as set out in the BaFin circular 11/2017 (VA). Assets as mentioned in sentence 1 which have been down-graded below the minimum rating as mentioned in sentence 1, must not exceed 3% of Sub-fund assets. If assets as described in the aforementioned sentence exceed 3% of the Sub-Fund assets they must be sold within six months from the day on which the exceeding of the 3% threshold took place, but only to the extent such assets exceed 3% of Sub-Fund assets. Investment restrictions which are related to a specific VAG investor are not covered by the VAG Investment Restriction.

### **III GENERAL INFORMATION OF THE COMPANY**

#### **1. REPORTS TO SHAREHOLDERS**

The financial year of the Company is from 1 October to 30 September each year. The Company will issue an audited annual report within four months after the end of the financial year and an unaudited semi-annual report within two months after the end of the period to which it refers.

Copies of the financial reports may be obtained free-of-charge from the HK Distributor or the relevant Sub-Distributor and will be published on the HK Representative's website, [hk.allianzgi.com](http://hk.allianzgi.com). (please note that the website has not been reviewed by the SFC). These are made available to registered Shareholders in English only. Once the reports are issued, Shareholders will be notified of where they can be obtained in both printed and electronic form.

#### **2. LIQUIDATION AND MERGER**

##### **2.1 The Company**

###### **Liquidation**

The Company may, at any time, be dissolved by resolution of the general meeting of Shareholders, subject to the quorum and majority requirements set out in the Articles.

If the Company's share capital falls below two-thirds of the minimum capital required by law, the Board must refer the matter of the dissolution to a general meeting of Shareholders, deliberating without any quorum and deciding by a simple majority of the Shares represented at the meeting.

If the Company's share capital is less than a quarter of the minimum capital required by law, the Board must refer the matter of dissolution of the Company to a general meeting of Shareholders, deliberating without any quorum; the dissolution may be decided by Shareholders holding a quarter of the Shares represented at the meeting.

Dissolution will be carried out by one or more liquidators, who may be individuals or legal entities, appointed at the general meeting of Shareholders. The scope of their appointment, along with their fees, shall also be determined at this meeting.

Liquidation proceeds allocated to a Share Class will be paid out to the Shareholders in that Class in proportion to their shareholdings in the respective Share Class.

If the Company is liquidated (for whatever reason), the completion of the liquidation of the Company must, in principle, take place within a period of 9 months from the date of the Board decision authorising the liquidation. Where the liquidation of the Company cannot be fully completed within a period of 9 months, a written request for exemption shall be submitted to the CSSF, detailing the reasons why the liquidation cannot be completed. Any corresponding payment of liquidation proceeds will take place in accordance with the relevant laws. Any funds to which Shareholders are entitled upon the liquidation of the Company and which are not claimed by those entitled thereto prior to the close of the liquidation process shall be deposited for the persons entitled thereto with the Caisse de Consignation in Luxembourg in accordance with the Law.

## **Merger**

In the case the Company is involved in a merger as the merging fund, and hence ceases to exist, the general meeting of the Shareholders of the Company, rather than the Board, has to approve, and decide on the effective date of, such merger by a resolution adopted with no quorum requirement and at a simple majority of the votes cast at such meeting.

## **2.2 Sub-Funds/Share Classes**

### **Liquidation**

- (1) If the assets of a Sub-Fund fall below the amount that the Board considers to be a minimum amount for the economically efficient management of the Sub-Fund, or if the Sub-Fund does not reach this minimum amount or if a substantial change in the political, economic or monetary situation arises, the Board may force redemption of all Shares in the Sub-Fund affected at the Net Asset Value per Share on the Dealing Day following the day on which this decision by the Board enters into force (while taking into account the actual prices achieved and the necessary costs of disposal of the assets).

The Company must inform the Shareholders in writing of the reasons and the redemption procedure before the mandatory redemption enters into force: Registered Shareholders will be notified in writing; holders of bearer Shares will be informed through publication of a notice in newspapers to be determined by the Board or in electronic media as determined in this HK Prospectus if the Company does not know the names and addresses of the Shareholders. If no other decision is made in the interest of or for purposes of equal treatment of the Shareholders, the Shareholders in the Sub-Fund affected may request the redemption or conversion of their Shares at no charge before the date of the mandatory redemption (while taking into account the actual prices achieved and the necessary costs of disposal of the assets).

Under the same circumstances as provided above, the Board may decide to force redemption of all Shares in any Share Class.

- (2) Notwithstanding the powers conferred upon the Board in paragraph (1) above, the general meeting of Shareholders of one or all Share Classes issued in a Sub-Fund may decide, acting on a proposal of the Board and even for scenarios other than economically efficient management mentioned in paragraph 1 of this Article, to redeem all Shares of one or all Share Classes issued in a Sub-Fund and pay out to the Shareholders the Net Asset Value of the Shares on the Dealing Day following the day on which such decision enters into force (while taking into account the actual prices achieved and the necessary costs of disposal of the assets). At this general meeting, there is no minimum number of Shareholders required to form a quorum. The decision is reached with a simple majority of the Shares present or represented at this meeting.
- (3) Unclaimed proceeds that have not been paid out to the corresponding authorised persons after the redemption is carried out are deposited with the Depositary for the duration of the liquidation period. After this time, the unclaimed proceeds are transferred to the Caisse de Consignation on behalf of the authorised persons and, if unclaimed for the period prescribed in the Luxembourg regulations about the Caisse de Consignation, will be forfeited.
- (4) All redeemed Shares will be cancelled.
- (5) The completion of the liquidation of a Sub-Fund or a Share Class must, in principle, take place within a period of 9 months from the date of the Board decision authorising the liquidation. Where the liquidation of Sub-Fund or a Share Class cannot be fully completed within a period of 9 months, a written request for exemption shall be submitted to the CSSF detailing the reasons why the liquidation cannot be completed.

## **Merger**

- (1) The Board may decide to merge the assets of one or all Share Classes issued in a Sub-Fund (the “**Merging Sub-Fund**”) with any of the following (each a “**Receiving Fund**”):
  - (i) another Sub-Fund,
  - (ii) another Share Class of the same Sub-Fund,
  - (iii) another UCITS, or
  - (iv) another sub-fund or share class of another UCITS

and to rename the Shares of the Merging Sub-Fund as shares of the Receiving Fund (if required after a split or a merger and payment to investors for any differences for fractional shares). The shareholders of the Merging Sub-Fund and Receiving Fund will be informed about the decision to merge in accordance with the Law and applicable Luxembourg regulations at least thirty days before the last date for requesting redemption or, as the case may be, conversion of shares free of charge.

- (2) Notwithstanding the powers of the Board described in paragraph (1) above, the general meeting of Shareholders of a Sub-Fund or of the affected Share Class(es) of the respective Sub-Fund may decide to merge the assets and liabilities of this Sub-Fund (or of the respective Share Class(es), as the case may be) (1) with another Sub-Fund of the Company, (2) with another Share Class of the same Sub-Fund, (3) with another UCITS or (4) with another sub-fund or share class of such an UCITS. There are no quorum requirements for this action, and the merger may be decided upon by a simple majority of the Shares present or represented at the meeting. Such decision of the general meeting of Shareholders is binding to all Shareholders who do not make use of their right to redeem or convert their Shares within the period of thirty days mentioned in paragraph (1) above.

### **3. ANTI-MONEY LAUNDERING AND TERRORIST FINANCING PREVENTION**

The following identification procedures must be complied with for (i) direct subscriptions into the Company; and (ii) subscriptions received from intermediaries which are not organised or operating in a Financial Action Task Force on Money Laundering (or FATF) member country. Each completed subscription application form of an investor must be accompanied by the relevant client identification and verification documents stipulated by the applicable anti-money laundering and terrorist financing laws and regulations in Hong Kong and in Luxembourg.

In all cases, any copies submitted must be certified to be a true copy by a competent authority (e.g. an ambassador, consulate, notary or police officer, or their equivalent in the relevant jurisdiction).

The Company and/or the HK Distributor/the HK Representative reserve the right to request and receive from Shareholders/prospective investors additional information and documentation as may be required to comply with applicable laws and regulations. Such information provided to the Company and/or the HK Distributor/HK Representative shall be collected and processed for anti-money laundering and terrorist financing compliance purposes.

### **4. DATA**

Any and all information concerning the investor as an individual or any other data subject (the "Personal Data"), contained in the application form or further collected in the course of the business relationship with the Company will be processed by the Company acting as data controller (the "Controller) in compliance with (i) Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (the "Data Protection Directive") as transposed in applicable local laws, (ii) the Regulation (EU) 2016/679 of 27 April 2016 (the "General Data Protection Regulation") as well as any applicable law or regulation relating to the protection of personal data (collectively the "Data Protection Law").

Investors acknowledge that their Personal Data provided or collected in connection with an investment in the Company may also be processed by the Management Company, Investment Manager, the Depositary, the Central Administration Agent, the Distributor, the Paying Agents, the Registrar and Transfer Agent, the Paying and Information Agent, the Auditor, legal and financial advisers and other service providers of the Company (including its information technology providers) and, any of the foregoing respective agents, delegates, affiliates, subcontractors and/or their successors (the "Processors") and assigns in accordance with their roles as Controller or as Processor (as applicable). Some of the foregoing entities may be established outside the European Economic Area (the "EEA") in countries which may not ensure an adequate level of protection of personal data in their local legislation. If such transfer occurs, the Controller is required to ensure that such processing of investors' personal data is in compliance with Data Protection Legislation and, in particular, that appropriate measures are in place such as entering into model contractual clauses (as published by the European Commission) or ensuring that the recipient is "Privacy Shield" certified, if appropriate.

Insofar as Personal Data provided by the investor concern individuals other than itself, the investor represents that it has authority to provide such Personal Data to the Controller. If the investor is not a natural person, it must undertake to (i) inform any other data subject about the processing of its Personal Data and their related rights and (ii) where necessary and appropriate, obtain in advance any consent that may be required for the processing of such Personal Data.

Such Personal Data will be processed to manage and administer an investor's holding in the Company and performing the related services. Personal Data will also be processed for the purposes of fraud prevention such as anti-money laundering and counter-terrorist financing identification and reporting, tax identification and reporting (including but not limited to compliance with the CRS Law, FATCA) or similar laws and regulations (e.g. on OECD level).

Given the nature of registered Shares, the Company reserves the right to refuse to issue Shares to investors who do not provide the appropriate information on personal data (including records of their transactions) to the Registrar and Transfer Agent.

Personal Data will not be held for longer than necessary with regard to the purposes for which it is processed, subject to applicable legal minimum retention periods.

More details regarding the purposes of such processing, the different roles of the recipients of the Investor's personal data, the affected categories of personal data and the Investors' rights with regard to such personal data as well as any other information required by Data Protection Law can be found in the privacy notice accessible under the following link: <https://regulatory.allianzgi.com/gdpr>.

## **5. EXCESSIVE TRADING AND MARKET TIMING**

Shares may not be acquired for the purposes of market timing or other similar practices. The Company expressly reserves the right to take necessary measures to protect other investors from market timing or similar practices.

## **6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected free of charge or obtained upon payment of a reasonable charge (if applicable) from the office of the HK Representative during usual business hours:

- (i) this HK Prospectus and the full prospectus of the Company that is registered with the Luxembourg regulator;
- (ii) the Articles;
- (iii) the management agreement between the Company and the Management Company;
- (iv) the investment management agreement between the Management Company and each Investment Manager;
- (v) the depositary agreement between the Company and the Depositary;
- (vi) the HK Representative agreement between the Company and the HK Representative; and
- (vii) the latest reports and financial statements (if any).

## **7. BENCHMARK REGULATION**

In case, indices and benchmarks are used for defining the asset allocation within the meaning of the Regulation (EU) 2016/1011 (the "Benchmark Regulation") these are listed in Appendix 1 Part B. The Management Company maintains written plans setting out the actions that will be taken in the event that an index or benchmark materially changes or ceases to be provided. Such written plans may be obtained, free of charge upon request, at the registered office of the Company or from the Management Company.



## **IV MANAGEMENT OF THE COMPANY**

### **1. MANAGEMENT COMPANY AND CENTRAL ADMINISTRATION AGENT**

The Management Company is an investment management company within the meaning of the German Investment Code and was incorporated as a limited liability company (Gesellschaft mit beschränkter Haftung) under the laws of the Federal Republic of Germany in 1955. As at 31 December 2017, its subscribed and paid up capital amounted to EUR 49,900,900.00.

The Company has appointed the Management Company to act as its management company and the central administration agent. The Management Company is responsible for the provision of investment management services, administrative services and marketing services to the Company.

As an central administration agent, the responsibilities of the Management Company also include book-keeping, calculation of the Net Asset Value of the Shares, the processing of Dealing Applications, accepting payments, the safekeeping of the register of Shareholders, and preparation and supervision of the mailing of financial statements, reports, notices and other documents to Shareholders.

The Management Company may delegate all or any of its management and administrative duties to specialist service providers, subject to the restrictions imposed by any applicable laws, rules or regulations.

The Management Company has delegated its functions and duties (i) of central administration such as fund accounting and NAV calculation to State Street Bank Luxembourg S.C.A. (who has also been appointed by the Company to be the Depository of the Company's assets), and (ii) as Registrar and Transfer Agent to State Street Bank Luxembourg S.C.A, who is responsible for issuing and redeeming Shares, keeping the register of Shareholders and auxiliary services associated therewith.

The Management Company may delegate certain services in connection with currency and duration monitoring as well as trading to third parties.

### **2. DEPOSITARY**

The Company has appointed State Street Bank Luxembourg S.C.A., whose business activities include global custody and fund services, to be the Depository of its assets.

The Depository was incorporated as a société anonyme under the laws of Luxembourg on 19 January 1990. On 31 December 2017, its paid up share capital amounted to EUR 65.0 million.

#### *Depository's functions*

The Depository has been entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable law and the Articles.
- ensuring that the value of the Shares is calculated in accordance with applicable law and the Articles.
- carrying out the instructions of the Company unless they conflict with applicable law and the Articles.
- ensuring that in transactions involving the assets of the Company any consideration is remitted within the usual time limits.
- ensuring that the income of the Company is applied in accordance with applicable law and the Articles.
- monitoring of the Company's cash and cash flows.
- safe-keeping of the Company's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

### *Depositary's liability*

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its Shareholders.

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the UCITS Regulation, the Depositary shall return financial instruments of identical type or the corresponding amount to the Company on behalf of the relevant Sub-Fund without undue delay.

The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, the Shareholders may invoke the liability of the Depositary directly or indirectly through the Company provided that this does not lead to a duplication of redress or to unequal treatment of the Shareholders.

The Depositary will be liable to the Company for all other losses suffered by the Company as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive.

The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

### *Delegation*

The Depositary has full power to delegate the whole or any part of its safe-keeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by any delegation of its safe-keeping functions under the depositary agreement.

The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network. A list of delegates and sub-delegates is published on the Internet at [www.allianzgi-regulatory.eu](http://www.allianzgi-regulatory.eu)<sup>1</sup>. On request, the information will be made available by the Hong Kong Representative in hard copy without charge.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the Management Company.

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<sup>1</sup> This website has not been reviewed by the SFC and may contain information of funds which are not authorised by the SFC.



### *Conflicts of Interest*

The Depository is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depository or its affiliates engage in activities under the depository agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Company;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Company either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depository or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Company, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Company;
- (iv) may provide the same or similar services to other clients including competitors of the Company;
- (v) may be granted creditors' rights by the Company which it may exercise.

The Company may use an affiliate of the Depository to execute foreign exchange, spot or swap transactions for the account of the relevant Sub-Fund. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Company. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Company.

Where cash belonging to the Company is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The Investment Manager, investment advisor, or the Management Company may also be a client or counterparty of the Depository or its affiliates.

Potential conflicts that may arise in the Depository's use of sub-custodians include four broad categories:

- (i) conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depository may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
- (ii) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;

- (iii) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and
- (iv) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its Shareholder.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depositary issues to be properly identified, managed and monitored.

Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

### **3. INVESTMENT MANAGERS, SUB-INVESTMENT MANAGER AND INVESTMENT ADVISOR**

The Company has appointed the Management Company to carry out investment management functions.

The Management Company may, at its own expense, delegate all or any part of its investment management functions to third parties (such as the Investment Managers or Sub-Investment Managers) for the purpose of efficient management. The Management Company may also consult with third parties such as the investment advisors. The Management Company shall retain responsibility, control and coordination of the acts and omissions of any such delegates. Generally, currency hedging for Share Classes is not part of the investment management function in relation to delegation of such services to third parties. Details of the delegation of investment management functions (if any) are set out in Appendix 4.

Under certain conditions (e.g. unavailability of the portfolio manager of the Investment Manager of a Sub-Fund) the Management Company reserves the right to perform the investment management function in respect of the Sub-Fund temporarily from its headquarter or any of its branches.

The role of an investment advisor is to provide advice, draw-up reports and make recommendations to the Management Company as to the management of a Sub-Fund and advise the Management Company in the selection of assets for a portfolio. The investment advisor will, at all times, provide its services in accordance with the terms of this HK Prospectus, the Articles and the applicable laws. For the avoidance of doubt, the investment advisor has no discretionary investment management function.

### **4. HK DISTRIBUTOR AND HK REPRESENTATIVE**

Allianz Global Investors Asia Pacific Limited has been appointed by the Company to act as the HK Distributor and the HK Representative in Hong Kong to promote the Shares of the Company.

The HK Distributor may appoint Sub-Distributors to market and place Shares in various countries worldwide (excluding the United States and unless otherwise prohibited). The Company, HK Distributor and the Sub-Distributors will, at all times, comply with all applicable anti-money laundering and terrorist financing laws, rules and regulations (in particular, the CSSF Circular 08/387 of 19 December 2008) and will adopt procedures to ensure, to the extent applicable, such compliance. Please refer to Section III3 above regarding anti-money laundering procedures.

## **V THE SHARES**

### **1. SHARE CLASSES**

The Board may, in its absolute discretion, create additional Sub-Funds and one or more Share Classes within each Sub-Fund. The Company is one single legal entity and no Sub-Fund has a separate legal identity. However, with regard to third parties, in particular towards the Company's creditors, each Sub-Fund is solely responsible for the liabilities attributable to it.

Each Share Class may have different characteristics including, but not limited to, fee structures, dividend policy, Permitted Investors, minimum investment amount, Reference Currency and hedging policies.

"2" to "99" indicates Share Classes which may have different characteristics (including, but not limited to, charges, fee structures, persons authorised to invest, minimum investment amount).

Distribution Shares/Share Classes and Accumulation Shares/Share Classes may be issued for each Sub-Fund. Please see Section VI, headed "**Distribution Policy**" for more details.

Investors may refer to Appendix 3 for more details on each Share Class.

### **2. PERMITTED INVESTORS**

Share Classes I, IT, W, WT may only be acquired by Institutional Investors. Shares of Share Classes I, IT, W, WT may not be acquired by natural persons, nor may they be acquired in situations in which the subscriber of the shares is not a natural person, but is acting as intermediary for a third-party ultimate beneficiary who is a natural person (unless shares are acquired in the own name of the intermediary which itself is an Institutional Investor). A condition may be set on the issue of shares of these types of Share Classes requiring the prior submission by the investor of a written guarantee to that effect.

The HK Representative (whose decision is final) may require investors to submit additional information documentation (at the investor's cost) to (i) substantiate that the investor is a legal entity; or (ii) confirm the investor's domicile or place of residence.

### **3. TYPES OF SHARES**

#### **3.1 General**

All Shares must be fully paid up prior to their issue. Shares have no nominal value or preferential rights.

Fractional Shares are issued to one thousandth of a Share with smaller fractions being rounded. Fractional Shares confer no voting rights, but entitle the Shareholder to participate proportionally in the distribution of net income and in the proceeds of liquidation of the respective Sub-Fund or Share Class.

### 3.2 Reference Currency

Shares may be issued with a Reference Currency which is different to their Base Currency. The Reference Currency of a Share Class is indicated in the name of the Share Class (e.g. “Share Class A (USD)” indicates “Class A Shares” with USD as the Reference Currency).

The Company may enter into currency hedging transactions in relation to one or more Share Classes. All profits, losses and expenses associated with such transactions will be allocated solely to the relevant Share Class(es).

There is no guarantee that attempts to hedge currency risk will be successful or that any hedging strategy will eliminate currency risk entirely.

The table below sets out the different hedging policies applicable to different Share Classes:–

<b>Indicator</b>	<b>Characteristics</b>
“H” appears before the Reference Currency	Currency Risk hedged against the Reference Currency <i>e.g. Share Class A (H-USD) with USD as the Reference Currency</i>
“H2” appears before the Reference Currency	Base Currency hedged against the Reference Currency <i>e.g. Share Class A (H2-USD) with USD as the Reference Currency (which is different to the Base Currency of the Sub-Fund)</i>
“H” appears between the Reference Currency and Hedging Currency	Currency Risk hedged against the Hedging Currency <i>e.g. Share Class A (USD H-JPY) with USD as the Reference Currency and JPY as the Hedging Currency</i>
“H2” appears between the Reference Currency and Hedging Currency	Base Currency hedged against the Hedging Currency <i>e.g. Share Class A (USD H2-JPY) with USD as the Reference Currency (which is different to the Base Currency of the Sub-Fund) and JPY as the Hedging Currency</i>
“H3” appears between the Reference Currency and Hedging Currency	Reference Currency hedged against the Hedging Currency <i>e.g. Share Class A (USD H3-JPY) with USD as the Reference Currency (which is different to the Base Currency of the Sub-Fund) and JPY as the Hedging Currency</i>

Further details of the available Share Classes and available Share Class Reference Currencies for each Sub-Fund may be obtained from the HK Distributor.

#### 4. MINIMUM INVESTMENT, HOLDING AND CONVERSION AMOUNTS

The Share Classes currently available for investment are listed in the table below, together with the minimum initial and subsequent investment and holding amounts applicable to each Share Class (inclusive of any Subscription Fee).

The minimum amounts for any Share Class below may be waived or varied by the Company or the HK Representative at its absolute discretion.

Share Classes		Minimum Initial Investment <sup>1</sup>	Minimum Subsequent Investment <sup>1</sup>	Minimum Holding Amount <sup>2</sup>
Share Class A, AT, AM, AMg and AQ Shares	USD <sup>3</sup>	USD5,000	USD1,000	USD3,000
	EUR	EUR5,000	EUR1,000	EUR3,000
	HKD	HKD50,000	HKD10,000	HKD30,000
	RMB	RMB50,000	RMB10,000	RMB10,000
Share Class P, P8, PT and PT8 Shares	USD <sup>3</sup>	USD3,000,000	USD500,000	USD500,000
	EUR	EUR3,000,000	EUR500,000	EUR500,000
	HKD	HKD30,000,000	HKD5,000,000	HKD5,000,000
	RMB	RMB30,000,000	RMB5,000,000	RMB5,000,000
Share Class I and IT Shares	USD <sup>3</sup>	USD4,000,000	USD500,000	USD1,000,000
	EUR	EUR4,000,000	EUR500,000	EUR1,000,000
	HKD	HKD40,000,000	HKD5,000,000	HKD10,000,000
	RMB	RMB40,000,000	RMB5,000,000	RMB10,000,000
Share Class W and WT Shares	USD <sup>3</sup>	USD10,000,000	USD500,000	USD10,000,000
	EUR	EUR10,000,000	EUR500,000	EUR10,000,000
	HKD	HKD100,000,000	HKD5,000,000	HKD100,000,000

<sup>1</sup> Or such lower amount as permitted by the Management Company in its absolute discretion, subject to the applicable Minimum Holding Amount.

<sup>2</sup> Such Minimum Holding Amount applies equally to conversion requests.

<sup>3</sup> Or an equivalent amount in any other available currencies.

#### 5. DEALING PROCEDURES

##### 5.1 Dealing Deadlines and General Dealing Procedures

The following procedures apply to all Dealing Applications, i.e. all applications for the subscription, redemption, conversion or transfer of Shares:

**5.1.1** Dealing Application forms are available from the HK Representative.

**5.1.2** Unless determined otherwise by the HK Representative, completed Dealing Applications (or such other written notification which is acceptable to the HK Representative) must be received by the HK Representative before 5:00 p.m. (Hong Kong time) (the “**Dealing Deadline**”) on any Dealing Day, in order to be effected on that Dealing Day. Dealing Applications received after the Dealing Deadline will be effected on the next Dealing Day.

Dealing procedures may vary depending upon the Sub-Distributor through whom an investor/a Shareholder chooses to submit its Dealing Application. Please consult your Sub-Distributor before submitting any Dealing Application.

**5.1.3** Dealing Applications will be effected at the relevant Subscription Price or Redemption Price or Conversion Price (as the case may be) of the relevant Share Class(es) as determined on the relevant Valuation Day to which the Dealing Application relates.

**5.1.4** Dealing Applications cannot be withdrawn except when the calculation of the NAV of the relevant Shares is suspended. No Dealing Applications will be dealt with during any such period of suspension. Please refer to Section VII2, headed “**Temporary Suspension of Calculation of NAV and Resulting Suspension of Dealing**”) for details.

**5.1.5** The Company and the HK Representative reserve the right to reject any application for subscription or conversion of Shares for any reason whatsoever, including if the applicable minimum amount is not met. In such circumstances, any monies paid by the applicant, or the balance thereof, will normally be returned to the applicant without interest. The Company also reserves the right to suspend without prior notice the issue of Shares in one or more or all Sub-Funds or in one or more or all Share Classes.

**5.1.6** Neither the Company nor the HK Representative shall be responsible for any loss (direct or indirect) or other consequence arising from (i) any rejection of application for subscription or conversion as described above; or (ii) any Dealing Applications which are not received by them.

## **5.2 Share Prices**

### **5.2.1 Calculation of Share Prices**

Subscription Price, Redemption Price and Conversion Price are determined on each Dealing Day, based on the NAV per Share of the relevant Share Class. Please refer to Section VII, headed “**Net Asset Value Per Share**” for details. Subscription Fee, Redemption Fee and Conversion Fee are levied as a percentage of the NAV per Share of a Share Class and are specified in Appendix 3.

### **5.2.2 Publication of Share Prices**

The NAV per Share of each Share Class available for investment in Hong Kong are published on [hk.allianzgi.com](http://hk.allianzgi.com). Please note that the website has not been reviewed by the SFC.

None of the Company, the Hong Kong Representative, any Paying and Information Agents, the Registrar and Transfer Agent or the Management Company accepts responsibility for any error in the publication of the NAV per Share.

## **5.3 Subscriptions**

### **5.3.1 Initial Offer of Shares**

The Board and/or the HK Representative may decide to offer Shares during an initial period (the “**Initial Offer Period**”), at a fixed Subscription Price per Share (exclusive of any Subscription Fee). Payment in cleared funds (net of any bank charges) for Shares applied for must be paid before the end of the Initial Offer Period. Any payment received by the HK Representative during the Initial Offer Period will be held by the HK Representative (and not the Management Company) until the end of the Initial Offer Period.

The Board and/or the HK Representative may decide a minimum aggregate subscription amount to be raised before the end of the Initial Offer Period. If such amount is not raised, or if the Board and/or the HK Representative believe that it is not in the interests of investors, or it is not commercially viable, to proceed with the launch of a Sub-Fund, they may exercise their discretion not to accept the subscription applications received. In such case, all subscription monies received will be returned (without interest and subject to the deduction of bank and/or other charges) to the applicants by telegraphic transfer after the end of the Initial Offer Period.

If the Sub-Fund proceeds to launch, Shares will be issued on the last day of the Initial Offer Period in respect of subscription applications which are accepted by the Company.



### **5.3.2 The Subscription Process**

- (a) First-time Share applicants must complete and submit an Investment Account Opening & Application Form (the “**Account Opening Form**”) to the HK Distributor/HK Representative in person.
- (b) The Account Opening Form must be accompanied by all relevant supporting documents.
- (c) Investors are strongly advised to use a nominee service provided by **Allianz Global Investors Nominee Services Limited** (the “**Nominee Service**”) (which is offered at no additional charge) to facilitate their investments. Please refer to Section V5.5, headed “**Nominee Service**” for details.
- (d) Subsequent applications for subscription may be made by submitting a completed subscription application form in person, by post or by fax.
- (e) The HK Representative may choose not to process an application for subscription unless subscription monies have already been received in cleared funds.
- (f) Shares will be issued by the Company on each Dealing Day and registered in non-certificated form in accordance with the details provided by the investors on the Account Opening Form. Confirmation/contract notes will be issued to the Shareholders confirming their investments.
- (g) Subscription monies will be invested net of Subscription Fee (if any) and any bank charges.

## **5.4 Payment of Subscription Monies**

### **5.4.1 Payment Method**

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity (dealing in securities) under Part V of the SFO. No cash payments or third party payments (by whatever mode) will be accepted.

Payment may be made by telegraphic transfer (net of all bank charges) to the HK Representative’s bank accounts (detailed on the Account Opening Form or subscription application form) within 3 Valuation Days following the determination of the Subscription Price in the currency of subscription of the respective Share Class.

Any payment in a currency different to the Base Currency or the currency of issue of the relevant Share Class will, first, be converted into the Base Currency in order to purchase the Shares. The cost of currency conversion and all other bank charges and expenses will be borne by the investor.

### **5.4.2 Late Payment**

Daily interest may be imposed on overdue subscription monies until payment in full is received and/ or any provisional allotment of Shares is cancelled. In such a cancellation, the HK Representative shall be entitled to:–

- (a) claim from the investor the amount, if any, by which the original Subscription Price (together with any accrued interest) exceeds the Redemption Price prevailing on the cancellation date; and
- (b) charge the investor a cancellation fee of up to HK\$500 (or its equivalent) as may be determined by the HK Representative from time to time.

Such costs may be deducted from any existing holding of a Shareholder. Any money returnable to the investor will be held without payment of interest pending receipt of the remittance.

## **5.5 Nominee Service**

Investors and Shareholders may be required to use the Nominee Service in order to facilitate investments in the Sub-Funds, since operations of the Sub-Funds are carried out in Luxembourg. There is no charge for this service, whose standard terms and conditions are summarized in the Account Opening Form. The Nominee is a company within the Allianz Group.

Shares will be registered in the name of the Nominee as nominee for investors.

Investment via the Nominee Service is subject to the following risks:

- (i) Legally, the Shares are owned by the Nominee. As such, investors do not have any direct contractual relationship with the Company and, therefore, will not have direct recourse against the Company. Investors can only pursue claims through the Nominee.
- (ii) The Nominee is not licensed or registered with the SFC. As such, the SFC has limited powers to take action against the Nominee.

## **6. REDEMPTIONS**

### **6.1 The Redemption Process**

- (a) Shareholders may redeem Shares by submitting a completed redemption application form (together with all relevant supporting documentation) to the HK Representative, in person, by post or by fax.
- (b) Applications for redemption which will result in the value of shareholding falling below the relevant Minimum Holding Amount may be treated by the Company as a request to redeem the Shareholder's entire shareholding.
- (c) Shares will be redeemed at the Redemption Price referable to the Dealing Day on which the redemption application is processed.
- (d) Redemption proceeds will normally be paid by telegraphic transfer, (at the Shareholder's risk), within six Valuation Days after (i) the calculation of the Redemption Price; or (ii) the receipt of the redemption application by the Company, whichever is the later date. For the avoidance of doubt, the maximum interval between the application for redemption and payment of redemption proceeds shall not exceed one calendar month.
- (e) Where redemptions are made through the HK Representative (and thus held by the Nominee), the Nominee will arrange for the redemption proceeds to be remitted to the redeeming Shareholder on the first Hong Kong Business Day following receipt of the funds.

The redemption proceeds will generally be paid in the currency of issue of the relevant Share Class but Shareholders may request otherwise. Any currency conversion costs and other related administrative expenses (including bank charges) will be borne by the redeeming Shareholder.



## 6.2 Compulsory Redemption of Shares

If (i) the Company considers ownership of Shares by any person to be contrary to the interests of the Company; or (ii) such ownership is in violation of Luxembourg or other law; or (iii) such ownership would subject the Company to any tax or other financial disadvantage that it would not otherwise incur, the Company may instruct such a Shareholder (a **“Restricted Person”**) in writing to sell all its Shares within 30 calendar days of the Restricted Person receiving such written notice. If the Restricted Person does not comply with the notice, the Company may compulsorily redeem all Shares held by such a Restricted Persons in accordance with the following procedure:

- (a) The Company will issue a second notice (the **“Purchase Notice”**) to the relevant Shareholder, which sets out (i) the Shareholder’s name, (ii) the Shares to be redeemed, and (iii) the procedure under which the Redemption Price is calculated.

The Purchase Notice will be sent by registered post to the last known address of the investor or to the address listed in the Register.

- (b) The Restricted Person’s ownership of the designated Shares shall end upon close of business on the date designated in the Purchase Notice, and he shall have no further claim in relation to the Shares or any part thereof, or against the Company or the Company’s assets related to the Shares except for the right to repayment of the purchase price of these Shares (the **“Purchase Price”**) without interest. For registered Shares, the name of the Shareholder shall be removed from the Register of Shareholders.
- (c) The Purchase Price shall correspond to an amount determined based on the share value of the corresponding Share Class on a Dealing Day, as determined by the Board, less any Redemption Fees. The Purchase Price is (less any Redemption Fees), the lower of (i) the share value calculated before the date of the Purchase Notice; and (ii) the share value calculated on the day immediately following the relevant Dealing Day by reference to which the Redemption Price is calculated.
- (d) The Purchase Price will be paid in the currency determined by the Board and deposited at a bank stated in the Purchase Notice. All income from redemptions to which the Restricted Person is entitled may not be claimed after five years from the date stated in the Purchase Notice and shall be forfeited as regards the respective Share Class. The Board is authorised to take all necessary steps to return these amounts and to authorise the implementation of corresponding measures for the Company.
- (e) Any compulsory redemption exercised by the Company shall not be questioned or declared invalid on any grounds concerning the ownership of the relevant Shares,

provided always that the Company exercise its compulsory redemption powers in good faith, on reasonable grounds and pursuant to applicable laws and regulations.

## 7. DEFERRAL OF REDEMPTION AND CONVERSION REQUESTS

If the requests for redemption or conversion on any one Dealing Day exceed a particular level (currently fixed at 10% in Hong Kong) of the Shares in issue of a particular Sub-Fund, the Company may declare that such excess requests shall be deferred to the next Dealing Day. On the next Dealing Day, such excess requests so deferred will be dealt with in priority to later requests. For clarity, such deferral shall not exceed two Valuation Days.

## 8. CONVERSIONS

- (a) Shareholders may submit the relevant application form to convert Shares from one Sub-Fund (the “**Original Fund**”) into Shares of another Sub-Fund, or shares of such other fund for which Allianz Global Investors Asia Pacific Limited acts as the HK Representative and which is also authorised by the SFC (the “**Selected Fund**”), on any Hong Kong Business Day. For the purposes of conversion, Shares that differ only in respect of their distribution policy and/or currency of issue shall not be regarded as Shares of different Share Classes.
- (b) A conversion shall be treated as a redemption of Shares from the Original Fund and an application for Shares in the Selected Fund.
- (c) All terms and conditions regarding the redemption and subscription of Shares shall equally apply to the conversion of Shares. The minimum amounts, and any additional requirements, applicable to the Selected Fund must be satisfied.
- (d) Subject to the valuation time of each Sub-Fund and the time required to remit redemption proceeds for conversion between Sub-Funds, the Dealing Day on which the shares are created in the Selected Fund may be later than (or in certain cases, same as) the Dealing Day on which investments in the Original Fund are redeemed or the day on which the applications for conversion are received by the HK Representative. Details can be obtained from the HK Representative.

## 9. TRANSFERS

Applications for transfer of Shares (available from the HK Representative) must be signed by both the transferor and the transferee. The transferor’s signature must be verified by a person acceptable to the HK Representative.

Transfers will not be accepted if, as a result, the Shares will be held by a Restricted Person, (where the transferor is a Permitted Investor,) any person who is not a Permitted Investor or the holdings are less than the relevant minimum holding amounts set out in the Section V4, headed “**Minimum Investment, Holding and Conversion Amounts**”.

## 10. INCOME EQUALISATION

The Company applies an income equalisation procedure for the Share Classes, i.e. an equalisation account is maintained which records the portion of income and realised capital gains/losses accrued during the financial year, and which is treated as being included as part of the Subscription Price/Redemption Price. The expenses incurred are accounted for in the calculation of the income equalisation procedure.

The income equalisation procedure is used to account for the movements between (i) income and realised capital gains/losses; and (ii) assets that are caused by net inflows and outflows due to the sale and redemption of Shares. Otherwise, each net inflow of cash would reduce the share of income and realised capital gains/loss on the NAV of a Sub-Fund, and each outflow would increase it.

# VI DISTRIBUTION POLICY

## 1. DISTRIBUTION SHARES

Distribution Shares may pay distributable income according to either the net distribution policy (“**Net Distribution Policy**”) or the gross distribution policy (“**Gross Distribution Policy**”), as described below, at the Company’s discretion.

Under the Net Distribution Policy, the Company may pay distribution out of (1) net income calculated by deducting all payable charges, fees, taxes and other expenses from all income while taking into account the corresponding income equalisation, (2) net realised capital gains, (3) net unrealised capital gains, and (4) capital in accordance with Article 31 of the Law.

Under the Gross Distribution Policy, the Company may pay distribution out of (1) the entire available income (i.e. the gross income such that all payable charges, fees, taxes and other expenses will be deducted from the capital in accordance with Article 31 of the Law) (2) net realised capital gains and other income (accounting for income equalisation) (3) net unrealised capital gains and (4) capital in accordance with Article 31 of the Law. Paying dividends out of gross income while charging or paying all of their fees and expenses to capital will result in an increase in distributable income for payment as dividends and therefore, these Share Classes may effectively pay dividends out of capital and resulting in an immediate decrease in the NAV per Unit. Share Class which distribute income according to the Gross Distribution Policy are named with the additional letter “g”.

Share Class AMg2 is intended to be a Share Class with a lower distribution rate as compared with Share Classes AM/AMg (if any) in respect of a Sub-Fund.

Investors should refer to the sub-section “**Distribution out of Capital/Distribution effectively out of Capital Risk**” under “**XI Risk Factors**” in this HK Prospectus.

Both the Net Distribution Policy and the Gross Distribution Policy provide for the distribution of distributable income unless doing so will result in the net assets value of the Company falling below EUR 1,250,000.

The Company may amend the distribution policy subject to the prior approval of SFC and by giving not less than one month’s prior written notice to Shareholders.

Distribution proceeds unclaimed after five years will revert to their respective Share Class. No interest accrues on declared distributions.

Share Classes A, P, I and W are Distribution Shares which will have an annual distribution frequency unless otherwise indicated by the relevant distribution frequency indicators shown in the table below:

Indicator	Distribution Frequency
“M”	Monthly distribution i.e. normally paid out on 15th day of each month.*
“Q”	Quarterly distribution i.e. normally paid out on 15 March, 15 June, 15 September and 15 December.*

\* If such day is not a Valuation Day, the distribution date shall be the next Valuation Day.

Share Classes with annual distribution shall generally be distributed on 15 December each year or, if such day is not a Valuation Day, the next applicable Valuation Day unless otherwise specified in this HK Prospectus.

The compositions of the distributions (i.e. the relative amounts paid out of (i) net distributable income (i.e. net income and including any net realised capital gains), and (ii) capital (including any net unrealised capital gains and capital in accordance with Article 31 of the Law)) for the preceding 12 months are available on request from the HK Representative, as well as on [hk.allianzgi.com](http://hk.allianzgi.com). Please note that the website has not been reviewed by the SFC.

## 2. ACCUMULATION SHARES

Share Classes T are Accumulation Shares and retain all income (while accounting for income equalisation) less payable charges, fees, taxes and other expenses and reinvest these amounts. No distributions are expected to be paid to holders of Accumulation Shares. Annual accumulation will generally take place on 30 September each year.

Notwithstanding this, Shareholders may, at a general meeting, determine how income and realised capital gains should be treated and may even decide to distribute capital, or provide for cash payments or the issue of bonus shares, or may authorise the Board to make such a decision.

Under no circumstances may distributions be made if doing so would result in the net assets of the Company falling below EUR 1,250,000.

For clarity, in order to receive distribution on Distribution Shares, Shareholders must be registered as Shareholders of such Distribution Shares on the Register of Shareholders on the record date, which is usually the Valuation Day before the distribution date as set out above.

## **VII NET ASSET VALUE PER SHARE**

### **1. CALCULATION OF NAV PER SHARE**

The NAV per Share of a Share Class is calculated in the Base Currency of the Sub-Fund. If Shares are issued with other Reference Currencies, such NAV will be published in the currency in which that class of Shares is denominated. On each Valuation Day, the NAV per Share is calculated by dividing the net assets of the Sub-Fund by the number of Shares in circulation of the relevant Share Class on the Valuation Day. The net assets of a Share Class are determined by the proportional share of the assets attributable to such a Share Class less the proportional share of the liabilities attributable to a Share Class on the Valuation Day. When distributions are made, the value of the net assets attributable to the Distribution Shares is reduced by the amount of such distributions. The NAV may be rounded up or down to the next applicable currency unit as determined by the Board.

For money-market Sub-Funds, the NAV per Share may be determined plus/less accrued income and expenses expected to be due per Share up to and including the calendar day before the relevant Valuation Day.

If there have been significant changes in the prices on markets in which a significant portion of the assets attributable to a Share Class is traded or listed following the calculation of the NAV, the Company may, in the interests of the Shareholders and the Company, disregard the first valuation and perform a second valuation.

Assets will be valued in accordance with the following principles:

- (a) Cash, term deposits and similar assets are valued at their face value plus interest. If there are significant changes in market conditions, the valuation may be made at the realisation price if the Company can cancel the investment, the cash or similar assets at any time; the realisation price in this sense corresponds to the sales price or the value that must be paid upon cancellation to the Company.
- (b) Investments that are listed or traded on an exchange will be valued based on the latest available trade price on the stock exchange which constitutes the principal market for this investment.
- (c) Investments traded on another Regulated Market are valued at the latest available trade price.
- (d) Securities and Money Market Instruments whose latest available trade prices do not correspond to appropriate market prices, as well as securities and Money Market Instruments not officially listed or traded on an exchange or on another Regulated Market, and all other assets, are valued on the basis of their probable sales price, determined prudently and in good faith.
- (e) Claims for reimbursement from securities lending are valued at the respective market value of the securities and Money Market Instruments lent.

- (f) The liquidation proceeds of futures, forward or options contracts not traded on exchanges or on other Regulated Markets are valued at their net liquidating value determined, pursuant to the policies established by the Directors, on the basis of calculations consistently applied for all types of contracts. The liquidation proceeds of futures, forward or options contracts traded on exchanges or on other Regulated Markets will be based upon the latest available trade price of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Company. If futures, forward or options contracts cannot be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contracts will be such value as the Directors deems fair and reasonable.
- (g) Interest-rate swaps are valued at their market value by reference to the applicable interest rate curve.
- (h) Index and financial instrument-related swaps will be valued at their market value established by reference to the applicable index or financial instrument. The valuation of the index or financial instrument-related swap agreement is based upon the market value of such swap transaction established in good faith pursuant to procedures established by the Directors.
- (i) Target fund units in UCITS or UCIs are valued at the latest determined and obtainable redemption price.

Investment Manager may need to accommodate significant purchasing, selling and/or switching activity by investors which result in high transaction costs associated with the Sub-Fund's portfolio trades and as a result, the Sub-Fund may suffer reduction of the NAV per Share ("**dilution**").

Therefore, in order to reduce the dilution impact and to protect existing Shareholders' interests, a swing pricing mechanism ("**Swing Pricing Mechanism**") may be adopted by the Company as part of the general valuation policy.

If on any Valuation Day, the aggregate net investor(s) transactions in Shares of a Sub-Fund exceed a pre-determined threshold, as determined as (i) a percentage of that Sub-Fund's net assets or as (ii) an absolute amount in that Sub-Fund's base currency from time to time by the Company's Board of Directors based on objective criteria, the NAV per Share may be adjusted upwards or downwards to reflect the costs attributable to net inflows and net outflows respectively ("**Adjustment**") if the Board of Directors consider it is in the best interest of the investors. The net inflows and net outflows will be determined by the Company based on the latest available information at the time of calculation of the NAV.

The Swing Pricing Mechanism may be applied across all Sub-Funds. Currently the Swing Pricing Mechanism is applied to the following Sub-Fund(s):

- **Allianz Emerging Markets Select Bond**
- **Allianz Emerging Markets Short Duration Bond**
- **Allianz Euro High Yield Bond**
- **Allianz Global Credit**
- **Allianz Global Floating Rate Notes Plus**
- **Allianz Global High Yield**
- **Allianz Global Multi-Asset Credit**
- **Allianz Global Opportunistic Bond**
- **Allianz Selective Global High Yield**

For the avoidance of doubt, the introduction of Swing Pricing Mechanism to other Sub-Funds will be subject to the SFC's prior approval and at least one month prior written notice to Shareholders of the relevant Sub-Funds.

The extent of the Adjustment will be reset by the Company on a periodic basis to reflect an approximation of current dealing and other costs. Such Adjustment to the NAV per Share may vary from Sub-Fund to Sub-Fund and will not exceed 3% of the original NAV per Share.

Investors are advised that the volatility of the Sub-Fund's NAV might not reflect the true portfolio performance as a consequence of the application of the Swing Pricing Mechanism. Typically, such Adjustment will increase the NAV per Share when there are net inflows into the Sub-Fund and decrease the NAV per Share when there are net outflows. The NAV per Share of each Share Class in a Sub-Fund will be calculated separately but any Adjustment will, in percentage terms, affect the NAV per Share of each Share Class in a Sub-Fund identically.

As this Adjustment is related to the inflows and outflows of money from the Sub-Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the Company will need to make such Adjustments. The Company's Board of Directors will retain the discretion in relation to the circumstances under which to make such an Adjustment.

The price adjustment is available on request from the Hong Kong Representative at (i) its registered office and/or (ii) [hk.allianzgi.com](http://hk.allianzgi.com). Please note that the website has not been reviewed by the SFC.

The value of all assets and liabilities not expressed in the Base Currency of the respective Sub-Fund will be converted into such currency at the latest available exchange rates. If such rates are not available, the rate of exchange will be determined in good faith pursuant to procedures established by the Company.

The Sub-Funds which use a fair value pricing model are set out in Appendix 2. A fair value pricing model means that the value of certain assets will be adjusted to more accurately reflect their fair value based upon certain criteria. Such adjustments may occur during monitoring periods (as defined by the Directors from time to time) if (1) a single country or several countries equity risk exposure (excluding equity exposure held via target funds) of a Sub-Fund reaches or exceeds a certain trigger level (as defined by the Directors from time to time) on the first Valuation Day of the respective monitoring period and (2), at the respective Sub-Fund's deadline for receipt of applications, the main stock exchange of the respective countries are already closed during normal course of business. If these conditions are fulfilled, the value of the portion of Sub-Fund's assets which form part of the respective single country equity risk exposure based on the closing prices of the relevant country's main stock exchange is compared to their estimated value at the moment when the Sub-Fund's NAV is calculated; the estimation is based on the movement of index orientated instruments since the close of business of the respective country's main stock exchange. If such comparison leads to a deviation in Sub-Fund's estimated portion of the NAV by at least a certain trigger level (as defined by the Directors from time to time), the portion of the Sub-Fund's NAV will be adjusted accordingly to the extent that the unadjusted value would not represent their actual value.

The Company, at its absolute discretion, may permit some other method of valuation to be used if it considers such valuation to be a more fair valuation of an asset of the Company.

The NAV per Share of each Share Class as well as the Subscription Price, Redemption Price and Conversion Price of the individual Sub-Funds are available on request from the registered office of the Hong Kong Representative during normal business hours.



## 2. TEMPORARY SUSPENSION OF CALCULATION OF NAV AND RESULTING SUSPENSION OF DEALING

The Company may temporarily suspend the calculation of the NAV per Share of each Sub-Fund or Share Class as well as any dealing in any Shares upon the occurrence of any of the following:

- (a) during any period (with the exception of regular bank holidays) in which any of the principal stock exchanges or other markets on which a substantial portion of the assets of a Sub-Fund is listed or dealt in is closed, or during any period in which trade on such an exchange or market is restricted or suspended, provided that such closure, restriction or suspension affects the valuation of the assets of the Sub-Fund in question listed on such exchange or market; or
- (b) during any period in which, in the view of the Directors, there is an emergency, the result of which is that the sale or valuation of assets of a certain Sub-Fund or Share Class cannot, for all practical purposes, be carried out; or
- (c) at times when there is a breakdown in the means of communication or calculation normally used on an exchange or other market to determine the price or the value of investments of a Sub-Fund or Share Class or to determine the current price or value of investments of the respective Sub-Fund or Share Class; or
- (d) if, for any other reason, the prices for assets of the Company attributable to the Sub-Fund in question or a Share Class cannot be determined rapidly or precisely; or
- (e) during any period in which it is not possible for the Company to repatriate the necessary funds for the redemption of Shares, or in which the transfer of funds from the sale or for the acquisition of investments or for payments resulting from redemptions of Shares cannot be carried out, in the view of the Board, at normal exchange rates; or
- (f) from the time of the announcement of a call by investors for an extraordinary meeting of Shareholders for the purpose of liquidating the Company or for the purpose of carrying out a merger of the Company, a Sub-Fund or a Share Class, or for the purpose of informing investors of the decision by the Board to liquidate Sub-Funds or Share Classes or for the purpose of merging Sub-Funds or Share Classes; or
- (g) during any period in which the valuation of the currency hedges of Sub-Funds or Share Classes whose respective investment objectives and policies make hedging of currencies at the Share Class or Sub-Fund level desirable cannot be adequately carried out or cannot be carried out at all.

Appropriate notice of any such suspension as considered necessary will be notified to the SFC immediately and published by the Company immediately after the decision to suspend is made, and at least once a month during the period of such suspension, in the South China Morning Post and Hong Kong Economic Journal and also on [hk.allianzgi.com](http://hk.allianzgi.com), unless otherwise agreed with the SFC. Please note that the website has not been reviewed by the SFC.

The Company may notify Shareholders applying to deal in Shares for which the calculation of NAV has been suspended. Any such suspension in a Share Class has no effect on the calculation of the NAV per Share or the dealing of Shares of other Share Classes.

In the case of a suspension of determination of NAV per Share and therefore dealings in Shares, any subscription, redemption, conversion or transfer instructions will be dealt with on the first Valuation Day following the end of such suspension period.

Dealing Applications, once given, cannot be withdrawn except when the calculation of NAV has been suspended.

## VIII FEES AND CHARGES

### 1. FEES AND CHARGES PAYABLE BY INVESTORS

Details of the Subscription Fee and the Conversion Fee are set out in Appendix 3. Subscription Fee and Conversion Fee are levied or calculated as a percentage of the NAV per Share of each Class. No Redemption Fee is currently levied.

### 2. FEES PAYABLE OUT OF THE ASSETS OF THE SUB-FUNDS

#### 2.1 All-in-Fee Payable to the Management Company

The Company pays all costs to be borne by a Sub-Fund from its assets. The Company pays a fee (the “All-in-Fee”) to the Management Company from the assets of the respective Sub-Funds.

The fees of the Investment Managers appointed by the Management Company are paid by the Management Company from its All-in-Fee and, if necessary, from its performance fee.

The All-in-Fee is accrued daily and charged monthly in arrears on a pro rata basis on the average daily Net Asset Value of the respective Share Class of a Sub-Fund. The amount of the All-in-Fee charged is listed in Appendix 3.

The Management Company shall pay the following expenses out of the All-in-Fee:

- Management Company and Central Administration Agent fees (except for arranging, preparing and executing of securities lending and/or repurchase/reverse repurchase transactions by the Management Company);
- the Depository’s administration and custody fees;
- Registrar and Transfer Agent fees;
- Auditor fees;
- Paying and Information Agent(s) fees;
- costs of the preparation (including translation) and dissemination of this HK Prospectus, Product Key Facts Statement, Articles and the annual, semi-annual and, if any, interim reports and other reports and notifications to Shareholders;
- costs of publishing this HK Prospectus, Product Key Facts Statement, Articles, annual, semi-annual and, if any, interim reports, other reports and notifications to Shareholders, tax information, as well as the Subscription Price and Redemption Price, and official announcements made to the Shareholders;
- costs of registering the Shares for public distribution and/or the maintenance of such registration;
- costs of preparing Share certificates and, if any, coupons and coupon renewals;
- costs of assessing the Sub-Funds by nationally and internationally recognised rating agencies;
- expenses in connection with the establishment of the Sub-Funds;
- costs related to the use of index names, in particular, licence fees;
- costs and fees incurred by the Company or by third parties authorised by the Company relating to the acquisition, use and maintenance of in-house or third-party computer systems used by the Investment Managers and the investment advisors;
- costs related to the direct investment in assets in a country;
- costs related to acting directly as a contracting partner in a market;
- costs and expenses incurred by the Company, the Depository and third parties authorised by the Company or the Depository in connection with monitoring of investment limits and restrictions;
- costs for calculating the risk and performance figures and the calculation of performance fees for the Management Company by third parties appointed to do so;
- costs related to obtaining information about general meetings of Shareholders or other meetings and costs related to direct participation or participation via proxies in such meetings; and
- postage, telephone, fax and telex fees.



The Management Company, in its absolute discretion, may levy a lower All-in-Fee than that mentioned in Appendix 3.

For so long as the Company and the Sub-Funds are authorised by the SFC for retail distribution in Hong Kong, expenses arising out of any advertising or promotional activities in connection with the authorised Sub-Fund will not be paid out of the assets attributable to that Sub-Fund. For the avoidance of doubt, Management Company may not obtain a rebate on any fees or charges levied by an underlying investment scheme or its management company.

Management expenses and all other regular or recurring expenses may be allocated by the Company to any financial period as may be determined by the Board in its absolute discretion.

## **2.2 HK Representative's Fee**

The HK Representative will not receive any fee in its capacity as such. Shareholders will normally be given one month's prior notice (or such other notice period as the SFC may prescribe) in the event of any change to this arrangement.

The Company, the Management Company and/or their respective delegates/associates may share their fees with third party service providers and/or introducing agents referring investors to the Sub-Funds.

## **2.3 Additional Costs**

All other additional costs are charged to the assets of the relevant Sub-Fund. These costs are separate to those named above and include, but are not limited to:–

- costs for examination, asserting and enforcement of any claims for reduction, offsetting or refund of withholding taxes or other taxes or fiscal duties;
- costs for asserting and enforcing legal rights of the Company which appear to be justifiable and for defending any claims made against the Company which seem unjustified;
- all taxes, fees, public and similar charges which may be incurred in connection with administration and custody; or
- costs in connection with the purchase and sale of assets (including any research and analyst services made available in accordance with market practice, interest charges/fees for deposits as well as fees resulting out of the provision and drawdown of credit facilities) and the use of securities lending programmes and securities lending brokers as well as interest cost;
- compensation for the Management Company for arranging, preparing and executing securities lending and/or repurchase/reverse repurchase transactions without the use of securities lending programs and securities lending brokers of 30% of any income generated.

Costs for the use of securities lending programmes and securities lending brokers and compensation for the Management Company for arranging, preparing and executing securities lending and repurchase/reverse repurchase transactions can only be applied alternatively but in no case cumulatively for a respective transaction.

The Management Company may, in its absolute discretion, levy a lower compensation for arranging, preparing and executing securities lending and/or repurchase/reverse repurchase transactions than that mentioned above.

## 2.4 Ongoing Charges

The costs incurred by the Sub-Funds (or the respective Share Classes) during the preceding financial year (excluding transaction costs) are disclosed in the annual report and are also expressed as a ratio of the average volume of the Sub-Funds (or of the average volume of the respective Share Classes) (“**Ongoing Charges**”). In addition to the All-in-Fee as well as the Taxe d’Abonnement, all other costs are considered except for the incurred transaction costs. In practice, the Ongoing Charges also excludes the costs for the use of securities lending programmes and securities lending brokers and compensation for arranging, preparing and executing securities lending and/or repurchase/ reverse repurchase transactions by the Management Company and any performance fees.

If a Sub-Fund invests more than 20% of its assets in other UCITS or UCIs that publish their ongoing charges, these ongoing charges are taken into consideration when calculating the Ongoing Charges for the Sub-Fund.

## 2.5 Soft Commissions

In accordance with the Code, neither the Management Company and/or its connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions in the Company’s property to the broker or dealer save that the Management Company and/or its connected persons may receive investment research and information and related services provided that:

- (i) the Management Company and/or its connected persons act at all times in the best interest of the Company and Shareholders;
- (ii) the goods and services relate directly to the activities of the Management Company and/or its connected persons and such activities are of demonstrable benefits to the Shareholders;
- (iii) transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates; and
- (iv) such brokers/dealers are corporate entities and not individuals.

Such soft commissions do not include costs relating to travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payment, which are to be paid by the Management Company and/or the connected persons, as the case may be.

Periodic disclosure in the form of a statement describing such soft commission practices will be made in the Company’s annual report.

## 2.6 Commission Sharing Arrangements

The Management Company and/or its connected persons (as the case may be) may enter into commission sharing arrangements with brokers/dealers in respect of the brokerage commissions paid on portfolio transactions for the Company. Such soft commissions may be used to pay for research and/or research related services provided that the Management Company and/or its connected persons (as the case may be) are satisfied that such transactions are made in good faith, are in strict compliance with applicable regulatory requirements, are in the best interests of the Company and the Shareholders and are commensurate with best market practice.

Periodic disclosure in the form of a statement describing such commission sharing arrangements will be made in the Company’s annual report.

## **2.7 Indemnity of Directors and Officers**

The Company may indemnify any director or officer against any expenses reasonably incurred by him in connection with any legal action, suit or proceeding to which this person may be made a party by reason of his being, or having been, a director or officer of the Company, as described in further detail in the Articles. This foregoing right of indemnity does not exclude other rights to which the person may be entitled.

## **2.8 Liabilities of the Sub-Funds**

The Company (including the existing Sub-Funds and future Sub-Funds) shall be considered as one single legal entity. However, with regard to third parties, in particular towards the Company's creditors, each Sub-Fund is solely responsible for the liabilities attributable to it.

## **2.9 Investments in Target Funds**

To the extent that a Sub-Fund invests in units of target funds, investors will have to bear not only directly the expenses and costs described in this HK Prospectus, but also indirectly the pro rata expenses and costs charged to the target fund. The expenses and costs charged to the target fund are determined by their constitutional documents (e.g. management regulations or articles of incorporation) and are therefore impossible to forecast in an abstract way. Typically, however, it is to be expected that the types of fees and expenses charged to the Sub-Fund described in this HK Prospectus are charged to target funds as well.

If a Sub-Fund acquires shares of a UCITS or UCI which is directly or indirectly managed by the same company or by another company with which the Company is linked by common management or control, or by a substantial direct or indirect participation according to the Law (including cross Sub-Fund investments between Sub-Funds) then neither the Company nor the associated company may charge fees for the subscription or redemption of units. The management fees of such UCITS or UCI may be charged to the Sub-Fund, though the Management Company, may at its discretion, taking into consideration of factors such as market practice and the competitiveness of the Sub-Fund's fees, reduce its All-In-Fees at the level of the Sub-Fund by an amount equal to the management fees charged by such UCITS or UCI to the Sub-Fund.

If a Sub-Fund invests a substantial portion of its assets in other UCITS and/or other UCI as defined above, a management fee at the level of such UCITS or UCI (excluding any performance fee, if any) of no more than 2.50% per annum of their net asset value may be charged.

The Company indicates in its annual report the maximum proportion of management fees charged both to the Sub-Funds itself and to the UCITS and/or other UCI in which it invests.

## **3. MANAGEMENT COMPANY'S REMUNERATION POLICY**

The primary components of monetary remuneration are the base salary, which typically reflects the scope, responsibilities and experience that are required in a particular role, and an annual discretionary variable compensation award. The variable compensation typically includes both, an annual bonus payment in cash after the end of each performance year and a deferred component for all employees whose variable remuneration exceeds a specified threshold.

The total amount of the variable remuneration payable throughout the Management Company depends on the performance of the business and on the Management Company's risk position. For this reason it varies from year to year. In this respect the allocation of specific amounts to particular employees is based on the performance of the employee or his department during the period under review.

The level of pay awarded to employees is tied to both quantitative and qualitative performance indicators. Quantitative indicators are aligned around measurable goals. Qualitative indicators take into account actions reflecting the Management Company's core values of excellence, passion, integrity and respect. For all employees, a 360 degree feedback evaluation forms part of the qualitative input.

For investment professionals, whose decisions make a real difference to delivering successful outcomes for our clients, quantitative indicators are aligned around sustainable investment performance. In particular for portfolio managers, the quantitative element is aligned with the benchmarks of the client portfolios they manage or with the client's stated investment outcome objective measured over a multi-year framework.

For client facing professionals, goals include client satisfaction, measured independently.

The amounts ultimately distributed in the framework of the long-term incentive awards depend on the Management Company's business performance or the performance of certain funds over several years.

The remuneration of employees in controlling functions is not directly linked to the business performance of the departments monitored by the controlling function.

In accordance with the applicable rules, certain groups of employees are classified as "Identified Staff": members of the management, risk takers and employees in controlling positions, as well as all employees whose total remuneration puts them into the same remuneration category as members of the management and risk takers whose activities have a significant effect on the risk profiles of the Management Company and the funds managed by it.

Employees classified as Identified Staff are subject to additional standards relating to performance management, the form of variable compensation and the timing of payments.

Multi-year targets and deferred parts of the variable compensation ensure a longterm performance measuring. In particular, the performance of portfolio managers is measured to a large extent against quantitative return results over a multi-year framework.

For Identified Staff a significant portion of the annual variable remuneration is deferred for three years, starting from a defined variable compensation level. 50% of the variable compensation (deferred and non-deferred) has to consist of units or shares of funds managed by the Management Company or comparable instruments.

An ex-post risk adjustment enables explicit adjustments to previous years' performance evaluation and related compensation, to prevent the vesting of all or part of the amount of a deferred remuneration award (Malus), or the return of ownership of an amount of remuneration to the Management Company (Clawback).

AllianzGI has a comprehensive risk reporting in place, which covers both current and future risks of the Management Company's business activities. Risks which significantly exceed the organisation's risk appetite are presented to the Management Company's Global Remuneration Committee which will decide, if necessary, on adjustments to the total remuneration pool.

Further details of the Management Company's current remuneration policy are published on the Internet at <https://regulatory.allianzgi.com><sup>1</sup>. This includes a description of the calculation methods for remuneration and benefits awarded to certain groups of employees, as well as details of the persons responsible for allocation, including members of the remuneration committee. On request, the information will be made available by the Management Company in hard copy without charge.

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<sup>1</sup> This website has not been reviewed by the SFC and may contain information of funds which are not authorised by the SFC.

## IX TAXATION

### 1. GENERAL

The following statements on taxation below are intended to be a general summary of certain tax consequences that may result to the Company and/or the Shareholders in connection with their investment in the Company and are included here solely for information purposes. They are based on the laws and practices in force as at the date of this HK Prospectus. There is no assurance that the tax status of the Company or Shareholders will not be changed as a result of amendments to, or changes in the interpretation of, relevant tax legislation and regulations. This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Prospective investors should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Shareholders may be resident for tax purposes in many different countries. Dividends, interest payments and other income paid to the Company on its investments may be subject to non-refundable withholding taxes or other taxes in the country of origin. No attempt is made in this HK Prospectus to summarize the taxation consequences for each investor. These consequences will vary depending on the Shareholder's personal circumstances in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile, permanent residence or in which a Shareholder has his shares in custody.

### 2. HONG KONG

Under the existing Hong Kong law and practice, for so long as the Company and such Sub-Funds are authorised by the SFC pursuant to Section 104 of the SFO, the Sub-Funds are exempt from Hong Kong profits tax or other withholding taxes on dividends received, on interest from any source and on profits realized on the sale of securities. In addition, Hong Kong-resident Shareholders generally will not be subject to tax in Hong Kong in respect of their acquisition, holding, redemption or disposal of Shares or on the income from such Shares. Where transactions in the Shares form part of a trade, profession or business carried on in Hong Kong, Hong Kong profits tax may be payable on the gains received. No Hong Kong stamp duty will be payable by Shareholders in respect of their Shares.

#### *Automatic Exchange of Financial Account Information/The OECD Common Reporting Standard*

The Inland Revenue (Amendment) (No.3) Ordinance (the "**Ordinance**") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("**AEOI**"). The AEOI requires financial institutions ("**FIs**") in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and to file such information with the Hong Kong Inland Revenue Department ("**IRD**") who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement ("**CAA**"); however, FIs may further collect information relating to residents of other jurisdictions.

By investing in the Sub-Funds and/or continuing to invest in the Sub-Funds through FIs in Hong Kong, investors acknowledge that they may be required to provide additional information to the relevant FI in order for the relevant FI to comply with AEOI. The investor's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such unitholders that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions.

Each shareholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Sub-Funds through FIs in Hong Kong.

### **3. LUXEMBOURG**

#### **3.1 Taxation of the Company**

The Company is not subject to any Luxembourg tax on profits or income, nor are any distributions from the Sub-Funds subject to any Luxembourg withholding tax.

The Company is liable in Luxembourg for an annual subscription tax (“**taxe d’abonnement**”) which is payable quarterly on the basis of the Net Asset Value of the Company at the end of the relevant calendar quarter.

The rate of the subscription tax is 0.05% per annum of the Net Asset Value of each Share Class which is available to all investors.

The rate of the subscription tax is 0.01% per annum of the Net Asset Value of:

- (a) Sub-Funds whose sole object is collective investment in Money Market Instruments and the placing of deposits with credit institutions;
- (b) Sub-Funds whose sole object is collective investment in deposits with credit institutions; and
- (c) Sub-Funds or Share Classes which are reserved to one or more Institutional Investors.

A Sub-Fund that satisfies the following conditions is exempt from the annual subscription tax:

- (i) the securities issued by the Sub-Fund are reserved to Institutional Investors, and
- (ii) the sole object of the Sub-Fund is collective investment in Money Market Instruments and the placing of deposits with credit institutions, and
- (iii) the weighted residual portfolio maturity of the Sub-Fund does not exceed 90 days, and
- (iv) the Sub-Fund has obtained the highest possible rating from a recognized rating agency.

There is no Luxembourg stamp duty or other tax payable on the issuance of the Shares. Capital gains realised on Company assets are not subject to tax in Luxembourg.

#### **3.2 Taxation of Shareholders**

In accordance with the current laws of Luxembourg, Shareholders are neither subject to (1) income tax on income from investment funds, (2) capital gains tax nor (3) withholding tax, subject to the provisions of the following paragraph. However, this does not apply to Shareholders who have their domicile, residence or a permanent establishment in Luxembourg.

The Council of the European Union has adopted, on 3 June 2003, the EU Savings Directive. Under the EU Savings Directive, EU Member States are required to provide the tax authorities of another EU Member State with information on payments of interest or other similar income (within the meaning of the Savings Directive) paid by a paying agent (within the meaning of the Savings Directive) to an individual beneficial owner who is a resident, or to certain residual entities (within the meaning of the Savings Directive) established, in that other EU Member State.



Under the Luxembourg law dated 21 June 2005 (the “2005 Law”), implementing the Savings Directive, as amended by the Law of 25 November 2014, and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU (“Territories”), a Luxembourg based paying agent is required as from 1 January 2015 to report to the Luxembourg tax authorities (“LTA”) the payment of interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain residual entities resident or established in another EU Member State or in the Territories, and certain personal details on the beneficial owner. Such details will be provided by the Luxembourg tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner (within the meaning of the Savings Directive).

Under Council Directive 2015/2060 repealing Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments of 3 June 2003, as amended by Council Directive 2014/48/EU the Savings Directive has been repealed and will no longer apply once all the reporting obligation concerning year 2015 will have been complied with.

Shareholders are advised to inform themselves about the tax consequences of subscription, purchase, holding, redemption or any other disposal of Shares or earning income (e.g. through distributions of a Sub-Fund or any accumulation) in the framework of the laws in a Shareholder’s country of citizenship, residence, domicile or in which a Shareholder has his Shares in custody and, if necessary, to seek professional advice.

#### *Automatic Exchange of Financial Account Information/The OECD Common Reporting Standard*

Luxembourg has implemented the “Standard for Automatic Exchange of Financial Account Information”, also known as the Common Reporting Standard (“CRS”), into Luxembourgish law on 18 December 2015.

The CRS is a new, single global standard on Automatic Exchange of Financial Information (“AEOI”) which was approved by the Council of the Organisation for Economic Cooperation and Development (“OECD”) in July 2014. It draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. The CRS sets out details of the financial information to be exchanged, the financial institutions required to report, together with common due diligence standards to be subject to the information followed by financial institutions.

Under the CRS, participating jurisdictions will be required to exchange certain information held by financial institutions regarding their non-resident customers. Over 90 jurisdictions have committed to exchanging information under the CRS and a group of over 40 countries, including Luxembourg, have committed to the early adoption of the CRS. For these early adopters, the first exchange of information in relation to accounts coming into existence from 1 January 2016 and individual high value accounts in existence at 31 December 2015 is expected take place by the end of September 2017, with information about individual low value accounts in existence at 31 December 2015 and entity accounts is expected to first be exchanged either by the end of September 2017 or September 2018 depending on when financial institutions identify them as reportable accounts.

Investors should note that the Fund principally will be required to disclose the name, address, jurisdiction(s) of tax residence, date and place of birth, account reference number, tax identification number(s) of each person who is considered to be an account holder for CRS and information relating to each Investor’s investment (including but not limited to the value of and any payments in respect of the investments) to the LTA who may in turn exchange this information with the tax authorities in territories who are participating jurisdictions for the purposes of the CRS. In order to comply with its obligations, the Fund may require additional information from Investors.

Investors refusing to provide the requisite information to the Fund may also be reported to the LTA.

The above description is based in part on draft regulations, guidance from the OECD and the CRS, all of which are subject to change or may be adopted in a materially different form. Each prospective Investor should consult its own professional advisers on the requirements applicable to it under these arrangements.

#### **4. US TAX WITHHOLDING AND REPORTING UNDER FATCA**

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act (“**FATCA**”) generally impose a U.S. federal reporting and withholding tax regime with respect to certain U.S. source income earned and gross proceeds from the sale or other disposal of property that can produce such U.S. source income. The rules are designed to require certain U.S. persons’ direct and indirect ownership of certain non-US accounts and non-US entities to be reported to the U.S. Internal Revenue Service. Pursuant to FATCA, payments of fixed or determinable annual or periodic gains, profits and income, including dividends, interest and gains, from sources within the United States, made after 30 June 2014, payments attributable to gross proceeds from the sale or other disposition of property that could produce U.S. source interest or dividends made after 31 December 2018, and certain payments (or a portion thereof) by a foreign financial institution made after 31 December 2018, to a foreign financial institution or other foreign entity or “passthru payments” on the individual shareholder (to the extent provided in future regulations which will be subject to further changes, but in no event before 1 January 2019) will be subject to a withholding tax of 30% unless various reporting requirements are satisfied.

Luxembourg has entered into an intergovernmental agreement with the United States of America (“**IGA**”). The Company and its SFC-authorized Sub-Funds are each considered a “deemed-compliant foreign financial institution” under FATCA and will not be subject to FATCA withholding tax if it complies with the IGA, where FATCA compliance will be enforced under new local Luxembourg tax legislation and reporting rules and practices.

The Company, Nominee and/or Transfer Agent will likely require additional information from Shareholders in order to comply with these provisions. The Company, Nominee and/or Transfer Agent may disclose the information, certifications or other documentation that they receive from (or concerning) their investors to the U.S. Internal Revenue Service, non-US taxing authorities, or other parties as necessary to comply with FATCA, related intergovernmental agreements or other applicable law or regulation.

Each prospective investor is urged to consult his tax adviser regarding the applicability of FATCA to himself and the Company (and/or the Sub-Funds) and any other reporting requirements with respect to the prospective investor’s own situation.

#### **5. PRC**

##### Corporate Income Tax

If the Company or the relevant Sub-Fund is considered a tax resident enterprise of the PRC, it will be subject to PRC corporate income tax (“CIT”) at 25% on its worldwide taxable income. If the Company or the relevant Sub-Fund is considered a non-tax resident enterprise with a permanent establishment or place or establishment of business (“PE”) in the PRC, the profits attributable to that PE would be subject to CIT at 25%.

Under the PRC CIT Law effective from 1 January 2008, a non-PRC tax resident enterprise without a PE in the PRC will generally be subject to withholding income tax (“WIT”) of 10% on its PRC sourced income, including but not limited to passive income (e.g. dividends, interest, gains arising from transfer of assets, etc.).



The Management Company, in respect of the Company or the Investment Manager, in respect of the relevant Sub-Fund(s), intends to manage and operate the Company or the relevant Sub-Fund(s) in such a manner that the Company or the relevant Sub-Fund(s) should not be treated as a tax resident enterprise of the PRC or a non-PRC tax resident enterprise with a PE in the PRC for CIT purposes, although due to uncertainty in tax laws and practices in the PRC, this result cannot be guaranteed.

(i) Interest

Unless a specific exemption is applicable, non-PRC tax resident enterprises are subject to PRC WIT on the payment of interests on debt instruments issued by PRC tax resident enterprises, including bonds issued by enterprises established within Mainland China. The general WIT rate applicable is 10%, subject to reduction under an applicable double tax treaty and agreement by the PRC tax authorities.

Interest derived from government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council is exempt from PRC CIT under the PRC CIT Law.

(ii) Dividend

Under the current PRC CIT Law, non-PRC tax resident enterprises are subject to PRC WIT on cash dividends and bonus distributions from PRC tax resident enterprises. The general WIT rate applicable is 10%, subject to reduction under an applicable double tax treaty and agreement by the PRC tax authorities.

(iii) Capital Gain

Based on the CIT Law and its Implementation Rules, "income from the transfer of property" sourced from the PRC by non-PRC tax resident enterprises should be subject to 10% PRC WIT unless exempt or reduced under an applicable tax treaty and agreement by the PRC tax authorities.

The Ministry of Finance of the PRC ("MoF"), the State Administration of Taxation of the PRC ("SAT") and the China Securities Regulatory Commission ("CSRC") issued Circular Caishui [2014] No. 79 ("Circular 79") dated 31 October 2014 to clarify the taxation of capital gains on transfer of PRC equity investment assets derived by QFIIs and RQFIIs. Pursuant to Circular 79, for QFIIs and RQFIIs without a PE in the PRC but the income so derived in the PRC is not effectively connected with such establishment, capital gain derived from the transfer of PRC equity investment assets such as China A-Shares on or after 17 November 2014 is temporarily exempt from PRC WIT. However, capital gain realised by QFIIs and RQFIIs prior to 17 November 2014 is subject to PRC WIT in accordance with the provisions of the laws. The MoF, the SAT and the CSRC issued joint circulars Caishui [2014] No. 81 and Caishui [2016] No. 127 to clarify the taxation of the Stock Connect, in which capital gain realized from the transfer of China A-Shares via Stock Connect is temporarily exempt from PRC WIT.

Based on verbal comments from the PRC tax authorities, gains realized by foreign investors (including QFIIs and RQFIIs) from investment in PRC debt securities are non-PRC sourced income and thus should not be subject to PRC WIT. However, there are no written tax regulations issued by the PRC tax authorities to confirm that interpretation. As a matter of practice, the PRC tax authorities have not levied PRC WIT on capital gains realised by QFIIs and RQFIIs from the trading of debt securities, including those traded via CIBM.

In light of the above and based on professional and independent tax advice, the Management Company and/or the relevant Investment Manager (as the case may be), in respect of the relevant Sub-Funds, intends:

- to provide for WIT at 10% on dividend from China A-Shares and interest received from debt instruments issued by PRC enterprises if such WIT is not withheld at source; and

- not to make provisions for any PRC WIT in respect of gross realised and unrealised capital gains derived from the trading of China A-Shares and nonequity investments such as PRC debt instruments (e.g. via CIBM).

Given the possibility of the tax rules being changed or differently interpreted and the possibility of taxes being applied retrospectively, any provision for taxation made by the Investment Manager in a given point in time may be excessive or inadequate to meet the PRC tax liabilities in connection with investments made by the Company or the relevant Sub-Fund in the PRC. Consequently, investors may be advantaged or disadvantaged depending on how any such gains or income will in fact be calculated or taxed, how the Investment Manager provides for the tax and when investors subscribed and/or redeemed their holdings in/from the Company or the relevant Sub-Fund. If there is a change in the tax requirement or environment which results in an under-provision by the Investment Manager of actual or potential tax liabilities, the then existing investors and new investors will be disadvantaged as the Company or the relevant Sub-Fund will have to pay the difference between the Company or the relevant Sub-Fund's then WIT provision and the taxation liabilities under the new regime. On the contrary, if there is a change in the tax requirement or environment which results in an over-provision by the Investment Manager, the investors who have already redeemed the Shares under the old regime will be disadvantaged as they would have contributed to the over-provision. In this case the then existing investors and the new investors will benefit as the difference between the Company or the relevant Sub-Fund's then WIT provision and the taxation liabilities will be returned to the Company or the relevant Sub-Fund as assets thereof.

In light of the above-mentioned uncertainty and in order to meet the potential tax liability for gains on disposal of debt securities and interest income derived from debt instruments, the Company reserves the right to vary the provision for WIT on such gains or interest income for the account of the Company or the relevant Sub-Fund in respect of any potential tax on the gross realized and unrealised capital gains and interest income.

Upon any future resolution of the above-mentioned uncertainty or further changes to the tax law or policies, the Company will, as soon as practicable, make relevant adjustments to the amount of tax provision (if any) as they consider necessary. The amount of any such tax provision will be disclosed in the accounts of the Company.

It should also be noted that the actual applicable tax imposed by the Mainland China tax authorities may be different and may change from time to time. There is a possibility of the rules being changed and taxes being applied retrospectively. As such, any provision for taxation made by the Investment Manager for the account of the relevant Sub-Fund may be excessive or inadequate to meet final Mainland China tax liabilities. Consequently, Shareholders of the Sub-Fund may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares in/from the Sub-Fund.

#### Value-added Tax ("VAT") and Other Surcharges (*applicable on and after 1 May 2016*)

According to the Circular Caishui [2016] 36 ("Circular 36"), VAT at 6% shall be levied on the difference between the selling and buying prices of those marketable securities starting from 1 May 2016.

The gains derived from trading of marketable securities (including China A-Shares and other PRC listed securities) are exempted from VAT in the PRC under prevailing VAT regulation. In addition, deposit interest income and interest received from government bonds and local government bonds are also exempt from VAT.

The prevailing VAT regulations do not specifically exempt VAT on interest derived from bonds other than the aforesaid. Hence, interest income on non-government bonds (including corporate bonds) technically should be subject to 6% VAT.

Dividend income or profit distributions on equity investment derived from Mainland China are not included in the taxable scope of VAT.

In addition, urban maintenance and construction tax (currently at the rate ranging from 1% to 7%), educational surcharge (currently at the rate of 3%) and local educational surcharge (currently at the rate of 2%) are imposed based on the VAT liabilities.

### Stamp Duty

Stamp duty under the Mainland China laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp duty. Stamp duty is generally imposed on the sale of PRC-listed shares at a rate of 0.1% of the sales consideration. The Company or the relevant Sub-Fund will be subject to this tax on each disposal of PRC listed shares. No stamp duty is expected to be imposed on non-PRC tax resident holders of government and corporate bonds, either upon issuance or upon a subsequent transfer of such bonds.

Non-PRC tax resident Shareholders will not be subject to PRC tax on distributions received from the Company or the relevant Sub-Fund, or on gains derived from the disposal of Shares. PRC tax resident Shareholders should seek their own tax advice on their tax position with regard to their investment in the Company or the relevant Sub-Fund.

There can be no guarantee that new tax laws, regulations and practice in the PRC specifically relating to the QFII, RQFII, Stock Connect or CIBM regime (as the case may be) may be promulgated in the future and may be applied retrospectively. The promulgation of such new laws, regulations and practice may operate to the advantage or disadvantage of the Shareholders due to the Company or the relevant Sub-Fund's investments in the PRC market.

Investors should inform themselves of, and where appropriate consult their professional advisors on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, or domicile or incorporation.

## **6. Cayman-United Kingdom Agreement**

In November 2013, the Cayman Islands Government entered into the Cayman IGA with the United Kingdom government with the view to improving international tax compliance to which the Nominee is subject. The agreement seeks to provide the U.K. government with information about certain U.K. tax residents with reportable accounts in the Cayman Islands.

The agreement imposes due diligence as well as reporting obligation on the Sub-Funds among other things. In particular, it requires the identification and disclosure of information about certain U.K. tax residents and their accounts in the Sub-Funds to the Cayman Islands government who may transmit and disclose the same to the U.K. government. It is the intention that the Nominee shall comply with the requirements of this agreement.

For the purpose of complying with the agreement, the Nominee may be required to report and disclose information of certain U.K. tax residents in the Sub-Funds to the Cayman Islands government and onwards to the U.K. government.

Each prospective investor is urged to consult its tax adviser regarding the applicability of the agreement and any other reporting requirements with respect to the prospective investor's own situation and the possible implications and consequences of the agreement.

## **X CONFLICTS OF INTERESTS AND TRANSACTIONS WITH CONNECTED PERSONS**

### **1. CONFLICTS OF INTEREST**

The Company, the Management Company, the Depositary, the Registrar and Transfer Agent and any of the Investment Managers, investment advisors, Paying and Information Agent or HK Distributors may each from time to time act in such capacity in relation to, or be otherwise involved in, other funds which have similar investment objectives to those of the Sub-Funds. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interests with one or more of the Sub-Funds.

Each party will, at all times, have regard in such event to its obligations under its respective service agreement with the Company and will endeavour to ensure that such conflicts of interest are resolved fairly. The Management Company has adopted a policy designed to ensure that in all transactions a reasonable effort is made to avoid conflicts of interest and, when they cannot be avoided, such conflicts are managed such that the Sub-Funds and their Shareholders are fairly treated.

In addition, any of the foregoing parties may deal, as principal or agent, with any of the Sub-Funds, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and in the best interests of Shareholders.

Dealings will be deemed to have been effected on normal commercial terms if: (1) a certified valuation of a transaction by a person approved by the Depositary as independent and competent is obtained; (2) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of such exchange; or (3), where (1) and (2) are not practical, the transaction is executed on terms which the Depositary is satisfied are normal commercial terms negotiated at arm's length.

Conflicts of interest may arise as a result of transactions in derivatives, OTC derivatives and efficient portfolio management techniques and instruments. For example, the counterparties to, or agents, intermediaries or other entities which provide services in respect of, such transactions may be related to the Management Company, any Investment Manager or investment advisor or the Depositary. As a result, those entities may generate profits, fees or other income or avoid losses through such transactions. Furthermore, conflicts of interests may also arise where the collateral provided by such entities is subject to a valuation or haircut applied by a related party.

The Management Company has adopted a policy designed to ensure that its service providers act in the Sub-Funds' best interests when executing decisions to deal and placing orders to deal on behalf of those Sub-Funds in the context of managing the Sub-Funds' portfolios. For these purposes, all reasonable steps must be taken to obtain the best possible result for the Sub-Funds, taking into account price, costs, speed, likelihood of execution, order size and nature, research services provided by the broker to the Investment Manager or investment advisor, or any other consideration relevant to the execution of the order. Information about the Management Company's execution policy and any material change to the policy are available to Shareholders at no charge upon request.

### **2. TRANSACTIONS WITH CONNECTED PERSONS**

If arrangements for borrowing or making deposits by any of the Sub-Funds are made with any of the Depositary, Management Company or Investment Managers or any of their connected persons, such person shall be entitled to retain for its own use and benefit any profits which may be derived from such an arrangement. However, the terms for such transactions must be negotiated at arm's length. In addition:

- the interest charges on borrowing arrangements with such persons and the fees (if any) for arranging or terminating the arrangement shall be at a rate not higher than is in accordance with normal banking practice, the commercial rate for borrowing arrangements of that size and nature; and

- the interest received on deposits placed with such persons shall be at a rate not lower than is in accordance with normal banking practice, the commercial rate for a deposit of that size and term.

Subject to the prior written consent of the Depositary, the Management Company, any Investment Manager, the Directors or any of their connected persons may deal as principal with any Sub-Fund and shall not be liable to account either to each other or to the relevant Sub-Fund or any of its Shareholders for any profits or benefits made or derived from such transactions provided always that such transactions are transacted at arm's length. If such transactions are entered into, they shall be disclosed in the annual report of the Company.

Connected brokers may not, in aggregate, account for more than 50% of any Sub-Fund's transactions in value in any financial year unless the SFC otherwise agrees.

## **XI RISK FACTORS**

Investment in a Sub-Fund may be associated with the following risk factors:

### **ABS and MBS Risk**

The income, performance and/or capital repayment amounts of ABS and MBS are linked to the income, performance, liquidity and credit rating of the underlying or covering pool of reference assets (e.g. receivables, securities and/or credit derivatives), as well as the individual assets included in the pool or their issuers. If the performance of the assets in the pool is unfavourable for investors, depending on the form of the ABS or MBS, those investors may suffer losses up to and including total loss of invested capital.

ABS and MBS may be issued with or without the use of a special-purpose vehicle ("SPV"). Such SPVs normally do not engage in any other business aside from issuing ABS or MBS. The pool underlying the ABS or MBS, which also often consists of non-fungible assets, normally represents the only assets of the SPV or the only assets from which the ABS and MBS are to be serviced. If ABS or MBS are issued without the use of a SPV, there is the risk that the liability of the issuer will be limited to the assets included in the pool. The principal risks in respect of the assets included in the pool are concentration risk, liquidity risk, interest rate risk, creditworthiness and downgrading risk, company-specific risk, general market risk, default risk and counterparty risk as well as the general risks of investing in bonds and derivatives, in particular interest rate risk, creditworthiness and downgrading risk, company-specific risk, general market risk, default risk, counterparty risk and liquidity risk.

As a result, ABS and MBS may be highly illiquid and prone to substantial price volatility. These instruments may therefore be subject to greater credit, liquidity and interest-rate risks compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities, the Net Asset Value of the relevant Sub-Fund or investors.

### **Active Currency Positions Risk**

A Sub-Fund may implement active currency financial derivative instruments positions that may not be correlated with the underlying securities positions held by the Sub-Fund. Therefore, such Sub-Fund may suffer a significant or total loss even if there is no loss of the value of the underlying securities positions (e.g. equities, debt securities) held by the Sub-Fund.

### **Asset Allocation Risk**

The performance of the Sub-Fund is partially dependent on the success of the asset allocation strategy employed by that Sub-Fund. There is no assurance that the strategy employed by the Sub-Fund will be successful and therefore the investment objective of the Sub-Fund may not be achieved. The investments of the Sub-Fund may be periodically rebalanced and therefore that Sub-Fund may incur greater transaction costs than a Sub-Fund with static allocation strategy.



## **Capital Risk**

There is a risk that capital of a Sub-Fund or the capital that can be allocated to a Class will decrease. Excessive redemptions of a Sub-Fund's Shares or an excessive distribution of returns on investments could have the same effect. A reduction in the capital of a Sub-Fund or the capital that can be allocated to a Class could make the management of the Company, a Sub-Fund or a Class unprofitable, which could lead to the liquidation of the Company, a Sub-Fund or a Class and to investor losses.

## **Certificate Investments Risk**

A certificate vests the right, subject to the terms and conditions of the certificate, for the certificate holder to demand payment of a specific amount of money or delivery of certain assets on the settlement date. Whether the certificate holder has a corresponding claim on performance and, if so, to what extent, depends on certain criteria, such as the performance of the underlying asset during the term of the certificate or its price on certain days. As an investment vehicle, certificates are subject to the following risks in relation to the issuer of the certificate: creditworthiness risk, company-specific risk, settlement default risk and counterparty risk. Other risks that should be emphasised are general market risk, liquidity risk and, if applicable, currency risk. Certificates are not hedged through other assets or through third-party guarantees. This applies likewise to any permissible position held through another instrument based on the law of obligations.

## **Changes in Underlying Conditions Risk**

Over time, the underlying conditions (e.g. economic, legal or tax) within which an investment is made may change. This could have a negative effect on the investment and on the treatment of the investment by the investor.

## **Closed-End Fund Risk**

When investing in closed-end funds, the income, performance and/or capital repayment will depend on the income, performance and credit rating of the underlying investments of the closed-end funds. If the performance of the assets of the closed-end-funds are unfavourable for its investors, depending on the form of the closed-end-funds, investors of the relevant Sub-Fund can suffer partial, or even total loss.

Redemptions of investments in closed-end funds may not be possible. Since such funds commonly have a fixed term which makes continuous liquidation/termination of such investments in closed-end funds prior to maturity impossible. In the case of a closed-end fund which maturity is not already determined, the liquidity risk may be even higher. Eventually, investments in closed-end funds might be sold on a secondary market, if any, with the risk of significant bid/offer spreads. Investments in closed-end funds may also be fully or partially repaid prior to maturity, which could lead to a less attractive total investment in the respective close-end fund as well as to a less attractive reinvestment. In addition, the corporate governance mechanisms, the transferability as well as the possibility to rate, to receive adequate information about and to evaluate investments in closed-end-funds may deteriorate before maturity.

The principal risks for investments in closed-end funds are general market risk, concentration risk, liquidity risk, interest rate risk, creditworthiness risk, company-specific risk, settlement default risk and counterparty risk. Specific risks vary depending on the particular type of closed-end fund.

When investing in closed-end funds, costs are regularly incurred both at the level of the funds themselves particularly in respect of service provider fees, as well as at the level of the portfolio making the investment. These may result in increased charges to the investors in the portfolio making the investment in the closed-end fund.

## **Commodities Markets Risk**

Positions in commodity futures, precious metals or commodity markets (“**Commodities**”) are subject to general market risk. The performance of Commodities depends on the general supply and demand of the respective goods, as well as the expected demand, output, extraction and production. Therefore, the performance of Commodities can be especially volatile.

Certificate Investments will be exposed to Certificate Investments risks. Derivative-based investments are subject to the general risks associated with investment in derivatives. Investment in funds oriented towards Commodities is also subject to the specific risks of investing in target funds. With respect to index-based investments, the Index-based Investments Risk will apply.

In addition to the costs incurred in the acquisition and sale of a certificate, a derivative, or shares in funds oriented towards Commodities, additional costs may be incurred at the level of an index, a certificate, a derivative or the above-mentioned funds, which could affect the value of the investment, possibly to a substantial extent.

## **Company-Specific Risk**

The value of a Sub-Fund’s assets (in particular of securities and Money Market Instruments directly or indirectly held by such Sub-Fund) may be affected by company-specific factors (e.g. the issuer’s business situation). If a company-specific factor deteriorates, the price of the respective asset may drop significantly and for an extended period of time, possibly without regard to an otherwise generally positive market trend. This may have an adverse impact on the Sub-Fund and/or the investor.

## **Contingent Convertible Bonds Risk**

A Sub-Fund may invest in contingent convertible bonds. Under the terms of a contingent convertible bond, certain triggering events, including events under the control of the management of the contingent convertible bond’s issuer, could cause the permanent write-down to zero of principal investment and/or accrued interest, or a conversion to equity. Investment in contingent convertible bonds may entail the following risks (non-exhaustive list):

Capital structure inversion risk: contrary to classical capital hierarchy, contingent convertible bonds’ investors may suffer a loss of capital when equity shareholders do not.

Trigger level risk: trigger levels differ and determine exposure to conversion risk depending on the distance of the capital ratio to the trigger level. It might be difficult for the Investment Manager of the relevant Sub-Fund to anticipate the triggering events that would require the debt to convert into equity.

Conversion risk: it might be difficult for the Investment Manager of the relevant Sub-Fund to assess how the securities will behave upon conversion. In case of conversion into equity, the Investment Manager might be forced to sell these new equity shares because the investment objective of the relevant Sub-Fund does not allow equity in its portfolio. This forced sale may itself lead to liquidity issue for these shares.

Coupon cancellation risk: for some contingent convertible bonds, coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time.

Call extension risk: some contingent convertible bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority.

Industry concentration risk: investment in contingent convertible bonds may lead to an increased industry concentration risk as such securities are currently issued by banking institutions.

Yield/valuation risk: contingent convertible bonds often offer an attractive yield which may, however, also represent a premium to their price in light of the complexity of how they are structured.

Liquidity risk: in certain circumstances finding a ready buyer for contingent convertible bonds may be difficult and the relevant Sub-Fund may have to accept a significant discount to the expected value of the bond in order to sell it.

Unknown risk: the structure of contingent convertible bonds is innovative yet untested.

Subordinated instruments: contingent convertible bonds may be issued in the form of subordinated debt instruments. In the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the contingent convertible bonds, such as the Sub-Fund, against the issuer in respect of or arising under the terms of the contingent convertible bonds shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

### **Convertible Bonds Investments Risk**

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investing in convertible bonds are normally associated with increased creditworthiness and downgrading risk, default risk, interest rate risk, prepayment risk, general market risk, and liquidity risk (for example, the asset cannot be sold or can only be sold at a significant discount to the purchase price), all of which may adversely impact the Net Asset Value of the relevant Sub-Fund.

The value of convertible bonds may be affected by the price movement of the underlying securities (i.e. equities), among other things. Convertible bonds may also have call provisions and other features which may give rise to the risk of a call. All these factors may adversely impact the Net Asset Value of the relevant Sub-Fund.

### **Concentration Risk**

If a Sub-Fund focuses its investments on certain markets, types of investments, particular countries, regions or industries, this may reduce risk diversifications. Consequently, such Sub-Fund may be particularly dependent on the development of these investments, markets or related markets, individual or interdependent countries or regions, industries or industries that influence each other or companies of such markets, countries, regions or industries. As such, the Sub-Fund is likely to be more volatile than a fund that has a more diversified investment strategy. It may be more susceptible to fluctuations in value resulting from a limited number of holdings or the impact of adverse conditions on a particular investment or market. This may have an adverse impact on the performance of the Sub-Fund and consequently adversely affect an investor's investment in the Sub-Fund.

### **Counterparty Risk**

Transactions not handled through a stock exchange or a Regulated Market (e.g. OTC trades) are exposed to the risk that a counterparty may default or not completely fulfil its obligations in addition to the general risk of settlement default. This is particularly true of OTC financial derivative instruments and other transactions based on techniques and instruments. Default by a counterparty may result in losses for a Sub-Fund. However, such risk can be significantly reduced, especially with respect to OTC derivative transactions, by receipt of collateral from the counterparty in accordance with the Company's collateral management policy as described in Appendix 1.

### **Country and Region Risk**

If a Sub-Fund focuses its investments on particular countries or regions, this may increase the concentration risk. Consequently, such Sub-Fund is particularly susceptible to the adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events and risks of individual or interdependent countries and regions, or of companies based and/or operating in those countries or regions. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.



Economic or political instability in certain countries in which a Sub-Fund is invested may lead to a situation in which such Sub-Fund does not receive part or all of the monies owed to it in spite of the solvency of the issuer of the relevant assets. Currency or transfer restrictions or other legal changes may have a significant effect.

### **Credit Rating Risk**

Credit ratings of Investment Grade debt securities assigned by rating agencies (e.g. Fitch, Moody's and/or Standard & Poor's) are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

### **Credit Rating Agency Risk (for Sub-Funds investing in Debt Securities in the PRC)**

The credit appraisal system in the PRC and the rating methodologies employed in the PRC may be different from those employed in other markets. Credit ratings given by the PRC rating agencies may therefore not be directly comparable with those given by other international rating agencies.

### **Creditworthiness and Downgrading Risk**

The creditworthiness (ability to pay) of the issuer of an asset (in particular, of a Debt Security or Money Market Instrument directly or indirectly held by the Sub-Fund) may fall. This usually leads to a decrease in the price of the asset greater than that caused by general market fluctuations. Further, there is a risk that the credit rating of certain Debt Securities, or the issuers of debt securities, may be downgraded due to adverse market conditions. The Investment Manager may or may not be able to dispose of the debt securities that are being downgraded. This may lead to a fall in the NAV of the Sub-Fund and the performance of the Sub-Fund will be adversely affected.

### **Currency Risk**

If a Sub-Fund directly or indirectly (via derivatives) holds assets denominated in currencies other than its Base Currency or if a class of shares of the Sub-Fund is designated in a currency other than the Base Currency of the Sub-Fund (each a "**foreign currency**"), it is exposed to a currency risk that if foreign currency positions have not been hedged or if there is any change in the relevant exchange control regulations, the NAV of the Sub-Fund or that class of shares may be affected unfavourably. Any devaluation of the foreign currency against the Base Currency of the Sub-Fund would cause the value of the assets denominated in the foreign currency to fall, and as a result may have an adverse impact on the Sub-Fund and/or the investors.

### **Custodial Risk**

A Sub-Fund may be denied access, in whole or in part, to investments held in custody in the event of bankruptcy, negligence, wilful misconduct or fraudulent activity on the part of the custodian/Depositary or sub-custodian. In such circumstances, a Sub-Fund may take a longer time or may even be unable to recover some of its assets, which may lead to significant losses for the Sub-Fund and consequently adversely affect an investor's investment in the Sub-Fund.

### **Default Risk**

The issuer of a security directly or indirectly held by a Sub-Fund or the debtor of a claim belonging to a Sub-Fund may become insolvent causing such assets to become economically worthless and investors' investments will be adversely affected.

### **Defaulted Securities/Distressed Debt Risk**

In certain cases a Sub-Fund may acquire securities issued from an issuer that has defaulted on their interest/coupon payments (“Defaulted/Distressed Debt Securities”). The purchase of these securities exposes the Sub-Fund to the specific risk of Issuer Default (see Default Risk). In addition, an insolvency administrator is usually appointed to manage the defaulted issuer on behalf of the issuer’s directors. There is a high risk that the insolvency administrator realises the failed company’s assets, pays the liquidation expenses and compensates the creditors as far as the issuer’s remaining assets allow. This causes a long-lasting risk to the Sub-Fund that had acquired defaulted securities that these securities could potentially become completely worthless from an economic view. There is therefore a significant risk that the initial invest in the Defaulted/Distressed Debt could be lost entirely. In the event that a security held becomes defaulted, the Sub-Fund may continue to hold the defaulted security until such time as the Investment Manager determines.

### **Dilution and Swing Pricing Risk**

The actual cost of purchasing or selling the underlying assets of a Sub-Fund may be different from the booking value of these assets in the Sub-Fund’s valuation. The difference may arise due to dealing and other costs (such as taxes) and/or any spread between the buying and selling prices of the underlying assets. These dilution costs can have an adverse effect on the overall value of a Sub-Fund and thus the NAV per Share may be adjusted in order to avoid disadvantaging the value of investments for existing Shareholders. The size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying assets and the valuation method adopted to calculate the value of such underlying assets of the Sub-Fund.

### **Distribution out of Capital/Distribution effectively out of Capital Risk**

The Company may launch Classes whose distribution policy deviates from the regular distribution policy and which may provide for distributions out of capital/distributions effectively out of capital in accordance with Article 31 of the Law. The payment of distributions out of capital/distributions effectively out of capital represents a return or withdrawal of part of the amount which the investors originally invested and/or capital gains attributable to the original investment. Investors should be aware that any distributions involving payment of distributions out of/effectively out of a Sub-Fund’s capital may result in an immediate decrease in the Net Asset Value per Share and may reduce the capital available for such Sub-Fund for future investment and capital growth. As a result, such investors’ investment in the Sub-Fund will be adversely affected.

The distribution amount and NAV of any hedged share classes of the Sub-Fund may be adversely affected by differences in the interests rates of the reference currency of the hedged share classes and the base currency of the Sub-Fund, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged share classes.

### **Early Liquidation Risk**

As may be determined by the Board, a Sub-Fund may be liquidated under certain circumstances as set out under “**Liquidation and Merger**” of the HK Prospectus. In the event of a Sub-Fund’s liquidation, the Sub-Fund would have to distribute to Shareholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of a sale or distribution, certain assets held by the relevant Sub-Fund may be worth less than their initial cost, resulting in a loss to shareholders.

## Emerging Markets Risk

Investments in Emerging Markets may involve increased risks and special considerations not typically associated with investment in more developed markets, and are subject to greater liquidity risk, currency risks/control, political and economic uncertainties, likelihood of a high degree of volatility and general market risk. Increased risks may arise in connection with the settlement of securities transactions in Emerging Markets, especially as it may not be possible to deliver securities directly when payment is made. In addition, the legal, taxation and regulatory environment, as well as the accounting, auditing and reporting standards in Emerging Markets may deviate substantially to the detriment of the investors from the levels and standards that are considered standard international practice. Increased custodial risk in Emerging Markets may also arise, which may, in particular, result from differing disposal methods for acquired assets. Such increased risks may have an adverse impact on the relevant Sub-Fund and/or the investors.

## European Country Risk

In light of the fiscal conditions and concerns regarding the sovereign debt of certain European countries, investments of a Sub-Fund in Europe may be subject to a number of risks arising from a potential crisis in Europe. The economic and financial difficulties in Europe may continue to get worse or spread within and outside Europe, and may lead to one or several countries exiting the Eurozone and/or exiting the EU or default of a sovereign within the Eurozone and/or within the EU, potentially resulting in the breakup of the EU, the Eurozone and the Euro.

While the governments of many European countries (including the EU Member States), the European Commission, the European Central Bank, the International Monetary Fund and other authorities are taking measures (such as undertaking economic reforms and imposing austerity measures on citizens) to address the current fiscal conditions and concerns, these measures may not have their desired effect, and the future stability and growth of Europe is therefore uncertain. The impact of such events on the Sub-Funds which are denominated in Euro or which invest in instruments predominantly tied to Europe may be significant and the NAV of such Sub-Funds may be adversely affected by the increased risks (such as increased volatility, liquidity and currency risks associated with investments in Europe).

## General Market Risk

To the extent that a Sub-Fund invests directly or indirectly in securities or other assets, it is exposed to various general trends and tendencies in the economic and political situation as well as securities markets and investment sentiment, which are partially attributable to irrational factors. Such factors could lead to substantial and longer-lasting drops in securities prices affecting the entire market and the value of a Sub-Fund's investments may be negatively affected.

## Hedge Fund Risk

Any direct or indirect investment in hedge fund indices and other hedge fund-related investments is regarded as "Alternative Investments".

A "hedge" fund index does not refer to funds that seek to hedge and neutralise investment risk, but rather to funds that normally pursue purely speculative investment objectives. **Investors who invest directly or indirectly in hedge fund indices or in hedge funds themselves must be in a position to accept the financial risks of investing in such funds and the associated risk of losing some or all of the invested capital.** For investments related to a hedge fund index, losses at the level of a hedge fund belonging to an index may have a negative impact.

In addition to the investment risks generally associated with the investment policy and the assets of a hedge fund (e.g. equities, bonds, high-yield investments, derivatives), performance risk may also be sharply increased.

Hedge funds and their business activities are, generally, not subject to any particular governmental supervision or control for the protection of their investors and are not bound by investment restrictions or limits nor the principle of risk diversification. Assets of hedge funds are not held in separate custody by any institutions that specifically undertake to protect the investor; for this reason, there is an increased custodial and settlement default risk. In addition, currency risk, the risk of changes in underlying conditions and country and transfer risks may be of particular relevance.

The hedge funds underlying an index, operate independently from one another which, on the one hand, may (but not necessarily) result in risk diversification and, on the other hand, may result in a balancing of positions while still incurring additional costs.

Hedge funds may regularly take out loans for the joint account of investors or use corresponding derivatives to increase their level of investment – possibly even without restriction. While such practices increase the opportunities to increase overall returns, they are also subject to the risk of increased or total loss.

Hedge funds may also regularly make short sales, meaning the sale of assets received through securities lending, with an obligation to return them to a third party. If the prices of assets sold in this way subsequently fall, a hedge fund may possibly realise profits, after deduction of expenses; however, subsequent price increases in such assets will result in losses for the hedge fund.

The individual components of an index are generally valued using recognised methods for the assets contained in it. In particular, these valuations may initially only have been prepared on the basis of unaudited interim reports. After an audit has been conducted, an adjustment may be made up or down. This could also change the value of an index in which the relevant hedge fund is included. As a result, the published value of the index may deviate from the actual value if there is a subsequent correction of the net asset values of the individual index components. This applies likewise to the valuation of hedge funds, however, if the position is not index-related. With respect to index-based investments, the Index-based Investments risks will apply.

In addition to the costs incurred in the acquisition and sale of a certificate, a derivative, or shares in a hedge fund, additional costs may be incurred at the level of a hedge fund index, a certificate, a derivative or a hedge fund, which could affect the value of the investment, possibly to a substantial extent.

### **High-Yield Investments Risk**

High-yield investments are Debt Securities that are either rated non-investment grade by a recognised rating agency or are not rated at all, but that would presumably receive a rating of non-investment grade if they were to be rated. In particular, such investments are normally associated with higher volatility, greater risk of loss of principal and interest, an increased degree of creditworthiness and downgrading risk, interest rate risk, general market risk, company-specific risk and liquidity risk than higher rated, lower yielding securities. Such increased risk may have an adverse impact on the Sub-Fund and/or the investors.

### **Index-based Investments Risk**

The composition of an index and the weighting of individual components may change during the time a position is held. Further, index levels are neither current nor based on current data. These factors may have an adverse impact on such investments and therefore the Sub-Fund. Different currencies are also subject to different levels of inflation risk.

### **Inflation Risk**

Inflation risk is the risk that assets will lose value because of a decrease in the value of money. Inflation can reduce the purchasing power of income made on an investment in a Sub-Fund as well as the intrinsic value of the investment. This could have a negative effect on an investor's investment. Different currencies are subject to different levels of inflation risk.

### **Interest Rate Risk**

To the extent that a Sub-Fund invests directly or indirectly in Debt Securities, it is exposed to interest rate risk. If market interest rates rise, the value of the Debt Securities held by the Sub-Fund may decline substantially and negatively affect the performance of such Sub-Fund. This applies to an even greater degree if such Sub-Fund also holds Debt Securities with a longer time to maturity and a lower nominal interest rate.

### **Key Personnel Risk**

Sub-Funds that achieve very positive results in a certain period of time may owe this success to the aptitude of the traders and the correct decisions of their management. If staffing at a fund changes, new decision makers may have less success in managing the Sub-Fund's assets, which may have a negative impact on the performance of such Sub-Fund.

### **Leverage Risk**

Certain Sub-Funds seek to provide leveraged returns by making use of derivatives such as swaps, options and future-contracts to accomplish the Sub-Fund's investment objective. Depending on the purpose of derivatives used, the use of leverage (based on derivatives) can cause leveraged Sub-Funds to be more volatile and subject to higher price movements than the same portfolio would have without any derivatives. At the same time, the combined investments (including all derivative and non-derivative positions) will result in an overall (economic) exposure that is in line with the Sub-Fund's investment objective.

### **Liquidity and Volatility Risk**

Investments in securities (including debt securities and equities) in certain markets may be subject to higher volatility and lower liquidity compared to more developed markets. Even relatively small orders of illiquid securities can lead to significant price changes. If an asset is illiquid, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the purchase price, or, conversely, its purchase price may increase significantly. Such price changes may adversely impact the NAV of a Sub-Fund. The bid and offer spreads of the price of such securities may be large and the fund may incur significant trading costs.

### **Local Tax Risk**

As a result of local regulations, a Sub-Fund's assets may, from time to time, be subject to taxes, fees, charges and other retentions. This applies in particular to revenues or gains from the sale, redemption or restructuring of the Sub-Fund's assets, cash flow-free restructuring of such assets, and/or changes related to settlement and dividends, interest and other income received by the Sub-Fund. Certain taxes or withholdable payments collected under FATCA may be collected in the form of a withholding tax on the Sub-Fund or in form of a withholding tax on "passthru payments" on the individual shareholder (to the extent provided in future regulations which will be subject to further changes, but in no event before 1 January 2017). Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. Withholding on passthru payments by the Company will be permitted under applicable laws and regulations and in which case the Company will act in good faith and on reasonable grounds. If the Company becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by Shareholders may suffer material losses.

### **Market Neutral Long/Short Equity Strategy Risk**

A market neutral long/short equity strategy involves entering into long positions on equity-oriented securities while simultaneously reducing, or entirely eliminating, market risk using opposing short positions. This is normally done by opening long and short positions to an approximately equal extent.

The success of a market neutral long/short equity strategy depends primarily on the selection of equity-oriented securities as well as on the degree of accuracy in forecasting the future performance of equity markets. If the prices of securities held as long positions in the portfolio rise, the Sub-Fund participates in this performance, while it takes a loss if these prices fall. Conversely, if the prices of securities held as short positions in the portfolio fall, the Sub-Fund participates in this performance, while it takes a loss if these prices rise. The risk of loss is essentially unlimited.

The use of a pure market neutral long/short equity strategy is intended to limit the overall potential for losses on investments made using a market neutral long/short equity strategy. However, depending on how the market performs, the prices of the long and short positions could perform differently and losses in both positions could result. If one of the two positions is larger than the other, the larger position is subject to the risk described in the previous paragraph without the potential of the risk being mitigated by an offsetting position.

### **New Sub-Fund Launch, Merger or Liquidation Risk**

Certain investment restrictions applicable to a Sub-Fund need not be adhered to during the period following the launch of a Sub-Fund or before a Sub-Fund undergoes a merger or liquidation (for further details, please refer to Appendix 1 Part A). The performance of a Sub-Fund in the above period(s) may be different from what it would otherwise be had the relevant investment restrictions been strictly adhered to by that Sub-Fund during such periods.

### **Non-investment Grade Sovereign Debt Securities Risk**

The Sub-Fund may invest in Debt Securities issued or guaranteed by a non-investment grade sovereign issuer and is therefore subject to higher credit/default risk and concentration risk as well as greater volatility and higher risk profile. In addition, there are no bankruptcy proceedings for such securities on which money to pay the obligations of the securities may be collected in whole or in part. Shareholders may be requested to participate in the rescheduling of such securities and to extend further loans to the issuers. In the event of default of the sovereign issuer, the Sub-Fund may suffer significant losses.

### **Performance Risk**

It cannot be guaranteed that the investment objective of a Sub-Fund or the investment performance desired by the investors will be achieved. The Net Asset Value per Share may fluctuate and may fall, causing investors to incur losses. Investors assume the risk of potentially receiving back a lesser amount of principal than they originally invested. No guarantees are issued by the Company or any third party of any outcome for an investment in any of the Sub-Funds.

### **Private Equity Risk**

While assets/securities that are issued by companies active in the area of private equity may be listed on an exchange, the investments made by such companies in private equity companies ("**PE Investments**") are not regularly traded on any exchange. Such companies may acquire a number of different assets by investing in PE Investments, include shareholders' equity, hybrid equity or debt. The capital made available may be subordinate to other creditors of the relevant PE Investment. PE Investments may be made for venture capital, buy-out investments or special situation investment purposes.

PE Investments in are normally long-term, not traded on an exchange, illiquid and only fungible to a limited extent. In addition, the process of investing in PE Investments may itself be subject to particular technical difficulties and risks. PE Investments typically have risks that are greater in scope than those of conventional investments in listed companies, which may correspondingly impact assets, income, liquidity situation and value of the companies operating in the area of private equity. For example, private equity companies may often only exist for a short period of time or find themselves in a restructuring phase or a crisis, have rather limited market experience and penetration, offer new products not yet established on the market and have a rather tight financial position, uncertain planning and substandard levels of organisation. The accounting, auditing and financial reporting standards and the advertising used by a private equity company may be substantially below those of conventional, exchange-traded investments. Private equity companies are often subject to little or no governmental supervision.



In addition to the costs incurred in the acquisition and sale of a certificate, a derivative, or shares in funds oriented towards companies that essentially operate in the private equity sector, additional costs may be incurred at the level of an index, a certificate, a derivative or the above-mentioned funds, which could affect the value of the investment, possibly to a substantial extent.

### **Property-Related Assets Risk**

The Sub-Fund's investments in the real estate industry may be subject to risks of fluctuations in the value of and the rental income received in respect of the underlying property. This risk applies when investments are made through funds, property companies or other property equity market-related products (in particular, REITs). The following risks should be emphasized:

The underlying REITs which the Sub-Fund may invest may not necessarily be authorized by the SFC and the dividend or pay out policy of the Sub-Fund is not representative of the dividend or pay out policy of the underlying REITs.

In addition to the risks of any changes in the underlying general economic conditions, there are special risks associated with property ownership, such as vacancies, delinquent/defaulted rental payments or charges for use that may depend, among other things, on the quality of the location or the creditworthiness of the tenant/debtor. Leasehold rights may revert ahead of schedule with the result that another use must be found for the property than was originally intended, and such other use may not have the same prospects. This applies analogously for reversion after the expiration of the contract or, if applicable, in similar situations with rights granted to a third party. The attachment of leasehold rights or other rights to a property may restrict its saleability. Actual returns on an investment may deviate from previous calculations. There is also the risk of restricted ability to use a property for other purposes.

The condition of the building or its structure may also require necessary maintenance and restoration expenses that are not always predictable. Buildings may have construction deficiencies and risks from contaminated sites cannot be excluded. There may also be cases of uninsured damages. Properties, especially in metropolitan areas, may be subject to war or terror risks. A property may decrease in economic value if the property market in the affected area is affected over the long term, and it becomes difficult or impossible to find tenants.

In the development of the project, there may also be risks such as changes in construction planning and delays in issuing building permits or other necessary official permissions, or increases in construction costs. The success of the initial letting is particularly dependent on the demand situation at the time the construction is completed, which will be at a later date.

In the case of investing abroad, additional risks to be considered are those that result from the particular features of the specific property (e.g. different legal and tax systems, differing interpretations of double taxation agreements and, if applicable, changes in exchange rates). Other risks associated with foreign investments to be considered are the increased management risk, any technical difficulties, including transfer risks regarding current income or proceeds of sales, as well as currency risks.

For investments in property companies, the risks to be considered are those that result from the form of the company, risks in connection with the possible default of partners and risks of changes to the tax and corporate law framework. This is especially true if the property companies are headquartered in a foreign country. Moreover, if interests in property companies are acquired, they may have obligations that are difficult to recognise and there may not be a liquid secondary market for an intended disposal of the interest. Changes in the value of properties have an increased effect on equity when outside financing is used. This affects the profit for the investor when prices rise or fall, than when the project is completely self-financed. When properties are sold, the purchaser or other third parties may have guarantee claims.

In addition to the costs incurred in the acquisition and sale of a certificate, a derivative, or shares in property funds or in funds oriented towards REITs, additional costs may be incurred at the level of an index, a certificate, a derivative or the above-mentioned funds, which could affect the value of the investment, possibly to a substantial extent.



## **Restricted Flexibility Risk**

The redemption of Shares may be subject to restrictions. If the redemption of Shares is suspended or delayed, investors will not be able to redeem their Shares and will be compelled to remain invested in the Sub-Fund for a longer period of time than originally intended or desired and their investments continue to be subject to the risks inherent to such Sub-Fund. If a Sub-Fund or Class is dissolved, or if the Company exercises the right to compulsorily redeem Shares, investors will no longer be so invested. The same applies if a Sub-Fund or Class held by the investors merges with another fund, Sub-Fund or Class, in which case the investors shall automatically become holders of shares in such other fund, or Shares in another Sub-Fund or Class. The subscription fee levied when Shares are acquired could reduce or even eliminate any gains on an investment, particularly if the investment is held for only a short period of time. If Shares are redeemed in order to invest the proceeds in another type of investment, investors may, in addition to the costs already incurred (e.g. subscription fee), incur other costs such as a redemption fee and/or a disinvestment fee for the Sub-Fund held or extra subscription fees for the purchase of other shares. These events and circumstances could result in losses to the investor.

## **Risks associated with Changes to the Company and/or a Sub-Fund**

The Articles, investment policy and other basic aspects of a Sub-Fund may be changed whenever permitted. In particular, a change to the investment policy within the permitted range may change the risk profile associated with such Sub-Fund. Such changes may have a negative impact on the performance of the Sub-Fund.

## **Risks associated with investment made through RQFII regime**

A Sub-Fund may invest in securities and investments permitted to be held or made by RQFII under the relevant RQFII Regulations through institutions that have obtained RQFII status in PRC. In addition to the general investment and equity related risks of investments including in particular the Emerging Markets Risk, the following risks should be emphasised:

### Regulatory Risks

The RQFII regime is governed by RQFII Regulations. Certain entities of the Allianz Global Investors Group meet the relevant prescribed eligibility requirements under the RQFII Regulations and have been granted or might be granted a RQFII license and quota. The relevant Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to RQFII Regulations, which may be amended from time to time and may have potential retrospective effect. It is not possible to predict how such changes would affect the relevant Sub-Fund. The relevant Sub-Fund may suffer substantial losses if the approval of the RQFII is being revoked/terminated or otherwise invalidated as the relevant Sub-Fund may be prohibited from trading the relevant securities and repatriation of such Sub-Fund's monies.

Under the respective RQFII quota administration policy, set inter alia by the People's Bank of China, the RQFII has the flexibility to allocate its quota across different funds. Subject to applicable rules and approvals, the RQFII quota obtained may be utilized by Sub-Funds the RQFII manage, by Sub-Funds the RQFII acts as Sub-Investment Manager or by Sub-Funds the RQFII acts as investment advisors.

Rules on investment restrictions and rules on repatriation of principal and profits, imposed by the Chinese government on the RQFII may be applicable to the latter as a whole and not only to the investments made by the relevant Sub-Fund and may have an adverse effect on the relevant Sub-Fund's liquidity and performance.

## RQFII Quota Risks

Investors should be aware that there can be no assurance that a RQFII will continue to maintain its RQFII status or make available its RQFII quota, and/or a relevant Sub-Fund will be allocated a sufficient portion of the RQFII quota granted to the RQFII to meet all applications for subscription to the relevant Sub-Fund, and/or that redemption requests can be processed in a timely manner due to changes in RQFII Regulations. Therefore, a Sub-Fund may no longer be able to invest directly in the PRC or may be required to dispose of its investments in the PRC domestic securities market held through the quota, which could have an adverse effect on its performance or result in a significant loss.

Regulatory sanctions may be imposed on the RQFII if the RQFII itself or the local custodian breach any provision of the relevant rules and regulations, which could potentially result in the revocation of the RQFII quota or other regulatory sanctions that may impact on the portion of the quota made available for investment by the relevant Sub-Fund.

Such restriction may result in a rejection of applications or a suspension of dealings of the relevant Sub-Fund. Should the RQFII lose its RQFII status or retire or be removed, or the RQFII quota be revoked or reduced, the relevant Sub-Fund may not be able to invest in RQFII Eligible Securities through the RQFII quota, and the relevant Sub-Fund may be required to dispose of its holdings, which would likely have a material adverse effect on such Sub-Fund.

## Limits on Redemption

A Sub-Fund may be impacted by the rules and restrictions under the RQFII regime (including investment restrictions, limitations on foreign ownership or holdings), which may have an adverse impact on its performance and/or its liquidity. Currently, for open-ended funds, no repatriation restrictions exist and no regulatory prior approval is required for repatriation of funds from the RQFII quota. However, the RQFII Regulations are subject to uncertainty in their application and there is no certainty that no other regulatory restrictions will apply or that repatriation restrictions will be imposed in the future.

Any restrictions on repatriation of the invested capital and net profits may impact on the relevant Sub-Fund's ability to meet redemption requests from the Shareholders. In extreme circumstances, the relevant Sub-Fund may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to RQFII investment restrictions, illiquidity of the PRC's securities market, and delay or disruption in execution of trades or in settlement of trades.

## PRC Depository Risks under the RQFII regime

Where a Sub-Fund invests in fixed income securities and/or eligible securities traded through the RQFII quota, such securities will be maintained by a local custodian pursuant to PRC regulations through appropriate securities accounts and such other relevant depositories in such name as may be permitted or required in accordance with PRC law.

The relevant Sub-Fund may incur losses due to the acts or omissions of the PRC Depository in the execution or settlement of any transaction.

The Depository will make arrangements to ensure that the relevant PRC Depository has appropriate procedures to properly safe-keep the assets of the relevant Sub-Fund. The securities and cash accounts are to be maintained and recorded in the name of the relevant Sub-Fund and segregated from the other assets of the same local custodian. However, the RQFII Regulations are subject to the interpretation of the relevant authorities in the PRC.

Any securities acquired by the relevant Sub-Fund through a RQFII quota held by the RQFII will be maintained by the PRC Depository and should be registered in the joint names of the RQFII and the relevant Sub-Fund and for the sole benefit and use of such Sub-Fund. Providing that the RQFII will be the party entitled to the securities, the related security may be vulnerable to a claim by a liquidator of the RQFII and may not be as well protected as if they were registered solely in the name of the respective Sub-Fund.

In addition, investors should note that cash deposited in the cash account of the relevant Sub-Fund with the relevant local custodian will not be segregated but will be a debt owing from the local custodian to the relevant Sub-Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of that local custodian. In the event of bankruptcy or liquidation of the local custodian, the relevant Sub-Fund will not have any proprietary rights to the cash deposited in such cash account, and the relevant Sub-Fund will become an unsecured creditor, ranking equal with all other unsecured creditors, of the local custodian. The relevant Sub-Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the relevant Sub-Fund will suffer losses.

#### PRC Broker Risks under the RQFII regime

The execution and settlement of transactions may be conducted by PRC Brokers appointed by the RQFII, as the case may be. There is a risk that a Sub-Fund may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the relevant Sub-Fund may be adversely affected in the execution or settlement of any transaction.

In selection of PRC Brokers, the RQFII will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the RQFII, as the case may be, consider appropriate and if under market or operational constraints, it is possible that a single PRC Broker will be appointed and the relevant Sub-Fund may not necessarily pay the lowest commission or spread available in the market at the relevant time.

The relevant Sub-Fund may suffer substantial losses if any of the key operators or parties (including PRC Depository and Brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

#### **Risks of Interest being Charged on Deposits**

The Company invests the liquid assets of the Sub-Fund at the depository or other banks for account of the Sub-Fund. In some cases an interest rate is agreed for these bank deposits which correspond to the European Interbank Offered Rate (Euribor) less a certain margin. If the Euribor falls below the agreed margin, this leads to a situation where interest may be charged by the depository or the relevant banks on the Sub-Fund's deposits held in the corresponding account. Depending on how the interest rate policy of the European Central Bank develops, short-, medium- and long-term bank deposits may be subject to interest charges. Such interest charges may adversely impact the net asset value of the Sub-Fund.

#### **Risks of Investing in China A-Shares**

The Sub-Fund assets may be invested in China A-Shares. The securities market in the PRC, including China A-Shares, may be more volatile and unstable (for example, due to the risk of suspension/limitation in trading of a particular stock, or implementation of policies that may affect the financial markets by the government or the regulators) than markets in more developed countries and has potential settlement difficulties. This may result in significant fluctuations in the prices of securities traded in such market and thereby affecting the prices of shares of the Sub-Fund.

Investment in the PRC remains sensitive to any major change in economic, social and political policy in the PRC. The capital growth and thus the performance of these investments may be adversely affected due to such sensitivity.

## Risks of Investing in China Interbank Bond Markets (“CIBM”)

### Overview

#### *Investment in CIBM via CIBM Initiative*

Participation in CIBM by foreign institutional investors (where such is mentioned in the investment restrictions of the relevant Sub-Fund) via CIBM Initiative is governed by rules and regulations as promulgated by the Mainland Chinese authorities, i.e., the People’s Bank of China (“**PBOC**”) and the State Administration of Foreign Exchange (“**SAFE**”). Such rules and regulations may be amended from time to time and include (but are not limited to):

- (i) the “Announcement (2016) No 3” issued by the PBOC on 24 February 2016;
- (ii) the “Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets” issued by the Shanghai Head Office of PBOC on 27 May 2016;
- (iii) the “Circular concerning the Foreign Institutional Investors’ Investment in Interbank bond market in relation to foreign currency control” issued by SAFE on 27 May 2016; and
- (iv) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in Mainland China, foreign institutional investors who wish to invest directly in CIBM may do so via an onshore settlement agent, who will be responsible for making the relevant filings and account opening with the relevant authorities. There is no quota limitation but filing with the Shanghai Head Office of PBOC in respect of an investor’s anticipated investment size has to be made.

In terms of fund remittance and repatriation, foreign investors (such as the Company and the relevant Sub-Funds) may remit investment principal in RMB or foreign currency into Mainland China for investing in the CIBM. An investor will need to remit investment principal matching at least 50% of its anticipated investment size within nine months after filing with the Shanghai Head Office of PBOC, or else an updated filing will need to be made through the onshore settlement agent. Where the Company or the relevant Sub-Fund repatriates funds out of Mainland China, the ratio of RMB to foreign currency (“**Currency Ratio**”) should generally match the original Currency Ratio when the investment principal was remitted into Mainland China, with a maximum permissible deviation of 10%.

#### *Investment in CIBM via Bond Connect*

Bond Connect is an initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by CFETS, China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Bond Connect is governed by rules and regulations as promulgated by the Mainland Chinese authorities. Such rules and regulations may be amended from time to time and include (but are not limited to):

- (i) the “Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and Hong Kong (Decree No.1 [2017])” issued by the PBOC on 21 June 2017,
- (ii) the “Guide on Registration of Overseas Investors for Northbound Trading in Bond Connect” issued by the Shanghai Head Office of PBOC on 22 June 2017; and
- (iii) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the CIBM through the northbound trading of Bond Connect (“**Northbound Trading Link**”). There will be no investment quota for Northbound Trading Link. Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in Mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognized by the PBOC (currently, the China Securities Depository & Clearing Co., Ltd and Interbank Clearing Company Limited). All debt securities traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such debt securities as a nominee owner.

#### Risks Associated with China Interbank Bond Market

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The relevant Sub-Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the relevant Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that a Sub-Fund transacts in the CIBM, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

Although there is no quota limitation regarding investment via the CIBM Initiative, a Sub-Fund is required to make further filings with the PBOC if it wishes to increase its anticipated investment size. There is no guarantee the PBOC will accept such further filings. In the event any further filings for an increase in the anticipated investment size are not accepted by the PBOC, a Sub-Fund's ability to invest in the CIBM will be limited and the performance of the relevant Sub-Fund may be unfavourably affected as a result.

Investing in the CIBM is also subject to certain restrictions imposed by the Mainland Chinese authorities on fund remittance and repatriation which may potentially affect a Sub-Fund's performance and liquidity. Any non-compliance with or failure to meet the fund remittance and repatriation requirements may result in regulatory sanctions which in turn may have an adverse impact on the portion of the relevant Sub-Fund's investment via the CIBM Initiative. Further, there is no assurance that the fund remittance and repatriation requirements in relation to investment in CIBM will not be changed as a result of change in government policies or foreign exchange control policies. The Sub-Fund may incur loss in the event such change in the fund remittance and repatriation requirements in relation to investment in CIBM occurs.

Since the relevant filings, registration with PBOC, and account opening for investment in the CIBM via the CIBM Initiative and/or Bond Connect have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be), the relevant Sub-Fund is subject to the risks of default or errors on the part of such third parties. The relevant Sub-Fund may also incur losses due to the acts or omissions of the onshore settlement agent in the process of settling any transactions. As a result, the Net Asset Value of the relevant Sub-Fund may be adversely affected.

In addition, investors should note that cash deposited in the cash account of the relevant Sub-Fund with the relevant onshore settlement agent will not be segregated. In the event of the bankruptcy or liquidation of the onshore settlement agent, the relevant Sub-Fund will not have any proprietary rights to the cash deposited in such cash account and may face difficulty and/or encounter delays in recovering such assets, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

Investing in the CIBM via the CIBM Initiative and/or via Bond Connect is also subject to regulatory risks. The relevant rules and regulations on investment in the CIBM is subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the CIBM, a Sub-Fund's ability to invest in the CIBM will be limited and, after exhausting other trading alternatives, the Sub-Fund may suffer substantial losses as a result.



Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. A Sub-Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where a Sub-Fund invests in the CIBM through Bond Connect, such Sub-Fund may be subject to risks of delays inherent in the order placing and/or settlement systems.

#### Taxation Risk

There is no specific written guidance by the Mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in CIBM by foreign institutional investors. Hence it is uncertain as to the relevant Sub-Fund's tax liabilities for trading in CIBM. For further details on PRC taxation, please refer to sub-section "PRC" under the section titled "**Taxation**".

#### **Risks of PRC Tax**

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via the QFII/RQFII quota or the Stock Connects or CIBM or access products on the Sub-Fund's investments in the PRC (which may have retrospective effect).

Based on professional and independent tax advice, the Management Company and/or the relevant Investment Manager (as the case may be), in respect of the relevant Sub-Funds intends:

- to provide for WIT at 10% on dividend from China A-Shares and interest received from debt instruments issued by PRC enterprises if such WIT is not withheld at source; and
- not to make provisions for any PRC WIT in respect of gross realised and unrealised capital gains derived from the trading of China A-Shares via Stock Connect and non-equity investments such as PRC debt instruments (e.g. via CIBM).

If no or inadequate provision for potential withholding tax is made and in the event that the Mainland China tax authorities enforce the imposition of such withholding tax, the Net Asset Value of the relevant Sub-Funds may be adversely affected. For any withholding tax made in respect of trading of Mainland China securities, it may reduce the income from, and/or adversely affect the performance of, the relevant Sub-Fund. If any amount is withheld, it will be retained by the Investment Manager for the account of the relevant Sub-Fund until the position with regard to Mainland China taxation has been clarified. In the event that such position is clarified to the advantage of the relevant Sub-Fund, the Company may rebate all or part of the withheld amount (if any) to the Sub-Fund. The withheld amount (if any) so rebated shall be retained by the Sub-Fund and reflected in the value of its Shares. Notwithstanding the foregoing, no Shareholder who redeemed his/her Shares before the rebate of any withheld amounts shall be entitled to claim any part of such rebate.

It should also be noted that the actual applicable tax imposed by the Mainland China tax authorities may be different and may change from time to time. There is a possibility of the rules being changed and taxes being applied retrospectively. Any increased tax liabilities on a Sub-Fund may adversely affect the Sub-Fund's value. As such, any provision for taxation made by the Investment Manager for the account of the relevant Sub-Fund may be excessive or inadequate to meet final Mainland China tax liabilities. Consequently, Shareholders of the relevant Sub-Fund may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares in/from the relevant Sub-Fund.

If the actual applicable tax levied by the Mainland China tax authorities is higher than that provided for by the Investment Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the tax provision amount as that Sub-Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Shareholders will be disadvantaged. On the other hand, if the actual applicable tax rate levied by the Mainland China tax authorities is lower than that provided for by the Manager so that there is an excess in the tax provision amount, Shareholders who have redeemed Shares in the relevant Sub-Fund before the Mainland China tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Investment Manager's over-provision. In this case, the then existing and new Shareholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax amount can be returned to the account of the Sub-Fund as assets thereof.

Investors should seek their own tax advice on their own tax position with regard to their investment in the relevant Sub-Fund.

It is possible that the current tax laws, regulations and practice in the Mainland China will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on Mainland China investments than is currently contemplated.

## **Risks of Using Stock Connect**

### Overview

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the relevant Sub-Funds), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China A-Shares listed on the SSE by routing orders to the SSE. Under the Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect, investors in the PRC will be able to trade certain stocks listed on the SEHK.

Under the Shanghai-Hong Kong Stock Connect, the relevant Sub-Funds, through their Hong Kong brokers may trade certain eligible shares listed on the SSE ("**SSE Securities**"). These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except the following:

- SSE-listed shares which are not traded in RMB; and
- SSE-listed shares which are included in the "risk alert board".

It is expected that the list of eligible securities will be subject to review.

The trading is subject to rules and regulations issued from time to time. Trading under the Shanghai-Hong Kong Stock Connect is subject to a daily quota ("**Daily Quota**"). Northbound Shanghai Trading Link and Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect will be subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Shanghai-Hong Kong Stock Connect each day.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the relevant Sub-Funds), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China A-Shares listed on the SZSE by routing orders to SZSE. Under the Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect investors in the PRC will be able to trade certain stocks listed on the SEHK.



Under the Shenzhen-Hong Kong Stock Connect, the relevant Sub-Funds, through their Hong Kong brokers may trade certain eligible shares listed on the SZSE (“**SZSE Securities**”). These include any constituent stock of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB6 billion and all SZSE-listed China A-Shares which have corresponding H Shares listed on the SEHK except for the following:

- SZSE-listed shares which are not traded in RMB; and
- SZSE-listed shares which are included in the “risk alert board”.

At the initial stage of the Northbound Shenzhen Trading Link, investors eligible to trade shares that are listed on the ChiNext Board of SZSE under the Northbound Shenzhen Trading Link will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations.

It is expected that the list of eligible securities will be subject to review.

The trading is subject to rules and regulations issued from time to time. Trading under the Shenzhen-Hong Kong Stock Connect will be subject to a Daily Quota. Northbound Shenzhen Trading Link and Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect will be subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Shenzhen-Hong Kong Stock Connect each day.

HKSCC, a wholly-owned subsidiary of the Hong Kong Exchanges and Clearing Limited, and ChinaClear will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by their respective market participants and/or investors. The China A-Shares traded through Stock Connect are issued in scripless form, and investors will not hold any physical China A-Shares.

Although HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock accounts in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities and SZSE Securities.

SSE/SZSE listed companies usually announce information regarding their annual general meetings/ extraordinary general meetings about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will inform the Hong Kong Central Clearing and Settlement System (“**CCASS**”) participants of all general meeting details such as meeting date, time, venue and the number of proposed resolutions.

Under the Stock Connect, Hong Kong and overseas investors will be subject to the fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland Chinese authority when they trade and settle SSE Securities and SZSE Securities. Further information about the trading fees and levies is available online at the website: [http://www.hkex.com.hk/eng/market/sec\\_tradinfra/chinaconnect/chinaconnect.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm)

In accordance with the UCITS requirements, the Depositary shall provide for the safekeeping of the relevant Sub-Fund’s assets in the PRC through its global custody network. Such safekeeping is in accordance with the conditions set down by the CSSF which provides that there must be legal separation of non-cash assets held under custody and that the Depositary through its delegates must maintain appropriate internal control systems to ensure that records clearly identify the nature and amount of assets under custody, the ownership of each asset and where documents of title to each asset are located.

A Sub-Fund may invest in China A-Shares via the Stock Connect. In addition to the general investment and equity related risks including Emerging Markets risks and RMB risk, the following risks should be emphasised:

## Quota Limitations

The Stock Connect is subject to quota limitations. In particular, the Stock Connect is subject to a daily quota which does not belong to the relevant Sub-Fund and can only be utilised on a first-come-first-serve basis. Once the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the relevant Sub-Fund's ability to invest in China A Shares through the Stock Connect on a timely basis, and the relevant Sub-Fund may not be able to effectively pursue its investment strategy.

## Beneficial Owner of the Stock Connect Securities

China A-Shares traded through Stock Connect are issued in scripless form, so the relevant Sub-Funds will not hold any physical China A-Shares and should maintain the shares via or with the brokers' or Depository's stock accounts with CCASS operated by HKSCC for the clearing securities listed or traded on the SEHK). In respect of SSE Securities, HKSCC holds SSE Securities of all its participants through a "single nominee omnibus securities account" in its name registered with ChinaClear, the central securities depository in the PRC. HKSCC is only a nominee holder and the Sub-Funds remain the beneficial owner of the SSE Securities. The Sub-Fund's title or interests in, and entitlements to SSE Securities (whether legal, equitable or otherwise) will therefore be subject to applicable requirements, including laws relating to any disclosure of interest requirement or foreign shareholding restriction. CCASS Rule 824 confirms that all proprietary interests in respect of China A-Shares held by HKSCC as nominee holder belong to CCASS Participants or their clients (as the case may be). Also as set out in CCASS Rule 824, HKSCC is prepared to provide assistance to the beneficial owners of China A-Shares, where necessary, to provide certification to ChinaClear for the purpose of providing evidential proof of the CCASS participant's or its client's holding in China A-Shares; and to assist the CCASS participant or its client bringing the legal action in the PRC in the manner as may be required under PRC law, after having regard to its statutory duties and subject to such conditions as HKSCC may reasonably require (including payment of fees and costs upfront and indemnities to the satisfaction of HKSCC).

Although the relevant CSRC regulations and ChinaClear rules generally provide for the concept of a "nominee holder" and recognise the Hong Kong and overseas investors (including the relevant Sub-Fund) as the ultimate owners who would be recognised under the laws and regulations of the PRC as having beneficial ownership in the China A-Shares traded via the Shanghai-Hong Kong Stock Connect, how an investor such as the relevant Sub-Fund, as the beneficial owner of the China A-Shares, under the Shanghai-Hong Kong Stock Connect structure, exercises and enforces its rights over the China A-Shares in the PRC courts are to be tested.

It is expected that same nominee holder arrangement will apply to Shenzhen-Hong Kong Stock Connect.

## Clearing and Settlement Risk

HKSCC and ChinaClear have established the clearing links and each has become a participant of the other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote. In the remote event of a ChinaClear default, HKSCC's liabilities in SSE Securities and SZSE Securities under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the relevant Sub-Fund may suffer delay in the recovery process or may not fully recover its losses from ChinaClear.

### Suspension Risk

Each of the SEHK, SSE and SZSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is effected, the relevant Sub-Fund's ability to access the PRC market will be adversely affected.

### Differences in Trading Day

The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but the relevant Sub-Funds cannot carry out any China A-Shares trading via the Stock Connect. The relevant Sub-Funds may be subject to a risk of price fluctuations in China A-Shares during the time when any of the Stock Connect is not trading as a result.

### Restrictions on Selling Imposed by Front-end Monitoring

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If a relevant Sub-Fund intends to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its broker(s) before the market opens on the day of selling ("**trading day**"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the relevant Sub-Fund may not be able to dispose of its holdings of China A-Shares in a timely manner.

### Operational Risk

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

The securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The relevant Sub-Fund's ability to access the China A-Shares market (and hence to pursue its investment strategy) may be adversely affected.

### Regulatory Risk

The current regulations relating to Stock Connect are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change which may have potential retrospective effects and there can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators/stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. The relevant Sub-Funds may be adversely affected as a result of such changes.

### Recalling of Eligible Stocks

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the relevant Sub-Funds, for example, if the Investment Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

## No Protection by Investor Compensation Fund

Investment in SSE Securities and SZSE Securities via the Stock Connect is conducted through brokers, and is subject to the risks of default by such brokers' in their obligations. The relevant Sub-Fund's investments through Northbound trading under the Stock Connect are not covered by the Hong Kong's Investor Compensation Fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in respect of SSE Securities and SZSE Securities traded via Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund.

Therefore the relevant Sub-Funds are exposed to the risks of default of the broker(s) it engages in its trading in China A-Shares through the Stock Connect.

## Risks associated with the Small and Medium Enterprise Board and/or ChiNext Board

A Sub-Fund may invest in the Small and Medium Enterprise Board of the SZSE ("**SME Board**") and/or the ChiNext Board of the SZSE ("**ChiNext Board**"). Investments in the SME Board and/or ChiNext Board may result in significant losses for the relevant Sub-Fund and its investors. The following additional risks apply:

– Higher Fluctuation on Stock Prices

Listed companies on the SME Board and/or ChiNext Board are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE ("**Main Board**").

– Valuation/Over-Valuation Risk

Stocks listed on the SME Board and/or ChiNext Board may be difficult to value and/or overvalued. Exceptionally high valuation resulting from over-valuation may not be sustainable. Also, stock price may be more susceptible to manipulation due to fewer circulating shares.

– Differences in Regulations

The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those in the Main Board and SME Board.

– Delisting Risk

It may be more common and faster for companies listed on the SME Board and/or ChiNext Board to delist. This may have an adverse impact on the relevant Sub-Fund if the companies that it invests in are delisted.

– Risk associated with Small-Capitalisation/Mid-Capitalisation Companies

The stocks of small-capitalisation/mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

## Taxation Risk

Investments via the Stock Connect are subject to Mainland China's tax regime. The PRC State Administration of Taxation has reaffirmed the application of normal Chinese stamp duty and a 10% dividend withholding tax, while the value-added tax and income tax on capital gains are temporarily exempted. The tax regime may change from time to time and the Sub-Funds are, thus, subject to such uncertainties in their Mainland China tax liabilities. For further details on PRC taxation, please refer to sub-section "**PRC**" under the section titled "**Taxation**" and the risk factor "**Risks of PRC Tax**".

## **Risks relating to investment in urban investment bonds**

Urban investment bonds are issued by local government financing vehicles (“LGFVs”) in the PRC listed bond and interbank bond markets, such bonds are typically not guaranteed by local governments or the central government of the PRC. LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

### **RMB Debt Securities Risk**

#### “Dim Sum” Bond

Investors should be aware that the availability of RMB-denominated Debt Securities issued or distributed outside Mainland China (“**Dim Sum**” **Bond**) is currently limited and therefore is more susceptible to volatility and illiquidity. The operation of the “Dim Sum” Bond market as well as new issuances could be disrupted, causing a fall in the NAV of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalization of the CNH market by the relevant regulators.

If there are insufficient “Dim Sum” Bonds for a Sub-Fund to invest in, the Sub-Fund may hold a significant portion of assets in RMB deposit accounts and/or RMB-denominated certificates of deposit issued by financial institutions. These circumstances may have an adverse impact on the performance of such Sub-Fund.

For “Dim Sum” Bonds (e.g. on the Central Moneymarkets Unit in Hong Kong), market depth may be limited, potentially resulting in reduced liquidity or even partial illiquidity of such securities. The Sub-Fund may suffer loss in trading such securities, in particular in circumstances where the Sub-Fund may have to liquidate such investments at a discount in order to meet redemption requests. The Sub-Fund may not be able to sell the securities at the time desired.

In addition, the bid and offer spread of the price of “Dim Sum” Bonds may be large. Therefore, the Sub-Fund may incur significant trading and realisation costs and may suffer significant losses when selling such investments.

Investments in “Dim Sum” Bonds are also subject to the general risks of investing in bonds, including, but not limited to interest rate risk, creditworthiness and downgrading risk, company-specific risk, general market risk, default risk and counterparty risk.

“Dim Sum Bonds” are typically unsecured debt obligations and are not supported by any collateral. Investments in such securities will expose the relevant Sub-Fund to the credit/insolvency risk of its counterparties as an unsecured creditor. “Dim Sum” Bonds may be unrated. In general, debt instruments that have a lower credit rating or that are unrated may be more susceptible to the credit risk of the issuer.

#### Onshore bond

Investments in Debt Securities issued by companies or bodies established within Mainland China may be affected by PRC tax policies. Current tax laws and regulations may also be amended or revised at any point in time and without prior notice to investors. Such amendments and revisions may also take effect on a retrospective basis, with a potentially adverse impact on such investments.



Certain Sub-Funds invest in the onshore Debt Securities which may be traded on the SSE or the SZSE or on the CIBM. Investors should note that the securities markets in Mainland China generally and the onshore bond markets in particular are both at a developing stage and the market capitalisation and trading volume may be lower than those in more developed financial markets. Market volatility and potential lack of liquidity due to low trading volumes in Mainland China's debt markets may result in prices of securities traded on such markets fluctuating significantly, and may result in substantial volatility in the Net Asset Value of the Sub-Fund. The bid and offer spreads of the prices of Debt Securities issued or distributed in Mainland China may be large, so significant trading and realization costs may be incurred. The national regulatory and legal framework for capital markets and debt instruments in Mainland China are still developing when compared with those of developed countries. Currently, Mainland China entities are undergoing reform with the intention of increasing liquidity of debt instruments. However, the effects of any development or reform on the Mainland China debt markets remain to be seen. The Mainland China bond markets are also subject to regulatory risks.

Debt Securities may only be bought from, or sold to, the Sub-Fund from time to time where the relevant Debt Securities may be sold or purchased on the SSE, the SZSE or the CIBM, as appropriate. Given that the bond markets are considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the subscription and redemption of Sub-Fund's units may also be disrupted.

### **RMB Risk**

Investors should be aware that the RMB is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies.

Currently, RMB is traded in Mainland China and markets outside Mainland China. RMB traded in Mainland China, CNY, is not freely convertible and is subject to exchange control policies and restrictions imposed by the PRC authorities. On the other hand, the RMB traded outside Mainland China, CNH, is freely tradeable but still subject to controls, limits and availability. In general, the respective daily exchange rate of the RMB against other currencies is allowed to float within a range above or below the central parity rates published by the People's Bank of China ("PBOC") each day. Its exchange rate against other currencies, including e.g. USD or HKD, is therefore susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely.

While CNY and CNH represent the same currency, they are traded on different and separate markets which operate independently. As such, the value of CNH could differ, perhaps significantly from that of CNY and the exchange rate of CNH and CNY may not move in the same direction due to a number of factors including, without limitation, the foreign exchange control policies and repatriation restrictions pursued by the PRC government from time-to-time, as well as other external market forces. Any divergence between CNH and CNY may adversely impact investors.

There is no assurance that RMB will not be subject to devaluation, in which case the value of investors' investments in RMB assets will be adversely affected.

Currently, the PRC government imposes certain restrictions on repatriation of RMB out of the PRC. Investors should note that such restrictions may limit the depth of the RMB market available outside of the PRC and thereby, may reduce the liquidity of the Sub-Fund. The Sub-Fund will be subject to risk of not having sufficient RMB for currency conversion prior to investment.

The PRC government's policies on exchange controls and repatriation restrictions are subject to change, and the Sub-Fund's and its investors' position may be adversely affected by such change.

Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' home currency will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investment in the RMB denominated share classes and the value of investments in Chinese Renminbi assets.

## **Settlement Risk**

There is a risk for investments in unlisted securities that the settlement will not be executed as expected by a transfer system owing to a delayed payment or delivery or payment not being made in accordance with the agreement. This may lead to a fall in the NAV of a Sub-Fund.

## **Share Class Liability Risk**

Classes of a Sub-Fund are not separate legal entities. In relation to third parties, the assets allocated to a certain Class are not liable for just the debts and liabilities that can be allocated to that Class. If the assets of a Class are insufficient to cover the liabilities that can be allocated to such Class, those liabilities may have the effect of reducing the NAV of other Classes of the same Sub-Fund. Any reduction in NAV will have a negative impact on the relevant investor's investment.

## **Share Movements Risk**

The issue of Shares may lead to the investment of the cash inflow. Redemptions of Shares may lead to the disposal of investments to achieve liquidity. Such transactions can give rise to costs that could have a substantial negative effect on the performance of a Sub-Fund if Shares issued and redeemed on a single day do not approximately offset one another.

## **Small-capitalisation/Mid-capitalisation Companies Risk**

The stock of small-capitalisation/mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalization companies in general.

## **Sovereign Debt Risk**

Debt Securities issued or guaranteed by governments or their agencies ("**Sovereign Debt Securities**") may be exposed to political, social and economic risks. There is a risk that even governments or their agencies may default or not be able or willing to repay the principal and/or interest. In addition, there are no bankruptcy proceedings for Sovereign Debt Securities on which money to pay the obligations of Sovereign Debt Securities may be collected in whole or in part. Holders of Sovereign Debt Securities may therefore be requested to participate in the rescheduling of Sovereign Debt Securities and to extend further loans to the issuers of Sovereign Debt Securities. The Sub-Fund may suffer significant losses when there is a default of the Issuers of Sovereign Debt Securities. A Sub-Fund may invest all, or a significant part, of its assets, in Sovereign Debt Securities issued guaranteed by a single government or from agencies of the same government.

## **Target Funds Risk**

If a Sub-Fund uses other funds ("**target funds**") as an investment vehicle for its assets by acquiring shares in such target funds, it assumes, in addition to the risks generally associated with investment policies of the target funds, the risks that result from the structure of the "fund" vehicle. As a result, it is itself subject to the capital risk, the settlement risk, the risk of restricted flexibility, the risk of changes to underlying conditions, the risk of changes to terms and conditions, the investment policy and other basic aspects of a fund, the key personnel risk, the risk of transaction costs at the fund level arising from share movements and, in general, performance risk. The Sub-Fund does not have control of the investments of the target funds and there is no assurance that the investment objective and strategy of the target funds will be successfully achieved which may have a negative impact to the NAV of the Sub-Fund. If the investment policy of a target fund makes use of investment strategies that are oriented toward rising markets, the corresponding positions should generally have a positive effect on target fund assets when markets are rising and a negative effect when markets are falling. If the investment policy of a target fund makes use of investment strategies that are oriented toward falling markets, the corresponding positions should generally have a positive effect on target fund assets when markets are falling and a negative effect when markets are rising.



The target fund managers of different funds operate independently of one another. This may lead to several target funds assuming opportunities and risks in the same or related markets or assets, which concentrates the opportunities and risks of the Sub-Fund holding these target funds on the same or related markets or assets. It could also have the effect of cancelling out the economic opportunities and risks assumed by the different target funds.

If a Sub-Fund invests in target funds, costs are regularly incurred both at the level of the Sub-Fund making the investment and at the level of the target funds, in particular, all-in-fees, management fees (fixed and/or performance related), depositary fees and other costs. These may result in increased charges to the investors in the Sub-Fund making the investment.

The target funds in which the Sub-Fund may invest may not be regulated by the SFC. There is no guarantee that the underlying target funds will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

### **Risks associated with the Use of Techniques and Instruments**

Subject to the specific investment restrictions of a Sub-Fund, techniques and instruments (as described in Appendix 1 Part A under "**Use of Techniques and Instruments**") may be either (i) used for efficient portfolio management (including hedging) and/or (ii) investment purposes. The use of techniques and instruments may involve entering into market-contrary transactions, which, for example, could lead to gains for the Sub-Fund if the prices of the underlying securities fall, or to losses for the Sub-Fund if the prices rise. They may also be restricted by market conditions or regulatory restrictions and there is no assurance that their implementation will achieve the desired result. In an adverse situation, if the use of techniques and instruments for efficient portfolio management becomes ineffective, the Sub-Funds may suffer significant losses.

Where techniques and instruments are used in this manner the overall risk profile of the Sub-Fund may be increased. Accordingly the Company will employ a risk-management process which enables the Management Company to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Sub-Fund.

A Sub-Fund's investment in derivatives may expose a Sub-Fund to higher leverage, counterparty, liquidity, valuation, volatility, and market and over the counter transaction risks, all of which may adversely impact the Net Asset Value of the Sub-Fund. The leverage component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instruments by the Sub-Fund. A Sub-Fund's use of financial derivative instruments in hedging and/or efficient portfolio management may become ineffective and/or cause the Sub-Fund to suffer significant losses.

### **Derivatives**

The Company may use a wide variety of derivatives, which may also be combined with other assets. The Company may also acquire securities and Money Market Instruments which embed one or more derivatives. Derivatives are based on underlyings. These underlyings may be the admissible instruments listed in Appendix 1 Part B or they may be financial indices, interest rates, exchange rates or currencies. Financial indices here includes, specifically, currency, exchange-rate, interest-rate, price and overall interest-rate return indices, as well as the continued use of bond and equity indices, indices on the additional permissible instruments listed in Appendix 1 Part B, and commodity futures, precious metal and commodity indices.

Set out hereafter are examples of the function of selected derivatives that a Sub-Fund may use depending on its specific investment restrictions:

#### Options

The purchase of a call or put option is the right to buy or sell a specific underlying at a fixed price at a future time or within a specific period of time or to enter into or terminate a specific contract. An option premium is paid for this right, which is payable whether or not the option is exercised.

The sale of a call or put option, for which the seller receives an option premium, is the obligation to sell or buy a specific underlying at a fixed price at a future time or within a specific period of time or to enter into or terminate a specific contract.

### Futures-Contracts

Futures-contracts are exchange-traded instruments and their dealing is subject to the rules of the exchanges on which they are dealt. The amounts of the underlying asset cannot be changed nor can the settlement date for the contract. Trades in futures are conducted via brokers who execute for the respective Sub-Fund's portfolio and/or clear the contracts for the Sub-Fund's portfolio on the exchange. Futures-contracts are subject to margin provisions. At the time of purchase or sale, initial margin is posted to the exchange via the clearing broker. As the price of the contract rises or falls with the price of the underlying, variation margin is posted or received by the Sub-Fund's portfolio via a clearing broker.

Futures-Contracts on equity indices (equity index futures) will be used for both, efficient portfolio management and hedging purposes. An equity index future is a futures-contract whose underlying instrument is an equity index. The market value of an index future tends to rise and fall in relation to the underlying index. The price of an index future will generally increase as the level of its underlying increases.

Interest rate and currency futures-contracts are used to increase or reduce interest rate or currency exposure to a particular market. Buying interest rate or currency futures provides the respective Sub-Funds with interest rate exposure to the government bond interest rates in a given country or currency area (e.g. Eurozone). Selling futures-contract reduces interest rate or currency exposure in the same way. Futures-contracts will sometimes be used by the respective Sub-Funds in combination with other securities. For example, by buying corporate bonds and selling a duration-weighted amount of other bond futures-contracts against those purchases, the respective Sub-Funds can take advantage of movements in credit spreads without having exposure to interest rate risk in that market.

Exchange traded bond, currency and interest rate futures may be used as a cost efficient alternative to taking outright positions in underlying securities or for hedging specific risk in relation to a Sub-Fund's portfolio holding.

### Forward Transactions

A forward transaction is a mutual agreement that authorises or obliges the counterparties to accept or to deliver a specific underlying at a fixed price and at a specific time, or to make a corresponding cash settlement available. As a rule, only a fraction of the size of any contract must be paid upfront ("**margin**").

### Contract for Difference

A contract for difference is a contract between the Company and a counterparty. Typically, one party is described as "buyer" and "seller", stipulating that the seller will pay to the buyer the difference between the current value of an asset and its value at contract time (If the difference is negative, then the buyer pays instead to the seller). Contract for differences may be used to take advantage of prices moving up (long positions) or prices moving down (short positions) on underlying financial instruments and are often used to speculate on those markets. For example, when applied to equities, such a contract is an equity derivative that allows the portfolio manager to speculate on share price movements, without the need for ownership of the underlying shares.

### Swaps

A swap is a transaction in which the reference values underlying the transaction are swapped between the counterparties. The Company may, in particular, enter into interest-rate, currency, equity, bond and money-market related swap transactions, as well as credit default swap transactions within the framework of the Sub-Fund's investment strategy. The payments due from the Company to the counterparty and vice versa are calculated by reference to the specific instrument and an agreed upon notional amount.

Credit default swaps are credit derivatives that transfer the economic risk of a credit default to another party. Credit default swaps may be used, among other things, to hedge creditworthiness risks arising from bonds acquired by a Sub-Fund (e.g. government or corporate bonds). As a rule, the counterparty may be obliged to buy the bond at an agreed price or pay a cash settlement upon the occurrence of a previously defined event, such as the insolvency of the issuer, occurs. The buyer of the credit default swap pays a premium to the counterparty as consideration for assuming the credit default risk.

### OTC Derivative Transactions

The Company may enter into transactions both in derivatives that are admitted for trading on an exchange or on another Regulated Market, as well as so-called over-the-counter transactions (“**OTC transactions**”). In OTC transactions, the counterparties enter into direct, non-standardised agreements that are individually negotiated and that contain the rights and obligations of the counterparties. OTC derivatives often have only limited liquidity and may be subject to relatively high price fluctuations.

The use of derivatives to hedge an asset of a Sub-Fund is intended to reduce the economic risk inherent in that asset. This also has the effect, however, of eliminating the Sub-Fund’s participation in any positive performance, of the hedged asset.

A Sub-Fund incurs additional risks when using derivative instruments to increase returns the pursuit of its the investment objective. These additional risks depend on the characteristics both of the respective derivative and of the “underlying”. Derivative investments may be subject to leverage, with the result that even a small investment in derivatives could have a substantial, even negative, effect on the performance of a Sub-Fund.

Any investment in derivatives is associated with investment risks and transaction costs which a Sub-Fund would not be exposed to were it not to pursue such strategies.

Specific risks are associated with investing in derivatives and there is no guarantee that a specific assumption by the Investment Manager will turn out to be accurate or that an investment strategy using derivatives will be successful. The use of derivatives may be associated with substantial losses which depending from the particular derivative used may even be theoretically unlimited. The risks are primarily those of general market risk, performance risk, liquidity risk, creditworthiness risk, settlement risk, risk of changes in underlying conditions and counterparty risk. The following can be emphasized in connection with this:

- The derivatives used may be misvalued or – due to different valuation methods – may have varying valuations;
- The correlation between the values of the derivatives used and the price fluctuations of the positions hedged on the one hand, and the correlation between different markets/positions hedged by derivatives using underlyings that do not precisely correspond to the positions being hedged may be imperfect, with the result that a complete hedging of risk is sometimes impossible;
- The possible absence of a liquid secondary market for any particular instrument at a certain point in time may result in it not being possible to close out a derivative position even though it would have been sound and desirable to do so from an investment perspective;
- OTC markets may be particularly illiquid and subject to high price fluctuations. When OTC derivatives are used, it may be that it is impossible to sell or close out these derivatives at an appropriate time and/or at an appropriate price;
- There is also the possible risk of not being able to buy or sell the underlyings that serve as reference values for the derivative instruments at a time that would be favourable to do so or being compelled to buy or sell the underlying securities at a disadvantageous time.

## Certificates

For derivative investments through certificates, the Certificate Investments Risk as described above will apply.

Further information regarding the risk management and control policy, procedures and methods employed by the Company will be available from the Hong Kong Representative upon request.

## Securities Repurchase Agreements, Securities Lending Transactions

In securities repurchase agreements, the borrower sells securities and money-market instruments to the lender, and either

- the lender and the borrower are already under the obligation to resell and repurchase, respectively, the securities or Money Market Instruments at a fixed price and within an agreed period of time, or
- the lender or the borrower retains the right to resell to the other party or require the other party to resell the securities or Money Market Instruments at a price fixed and within a period of time agreed to when the agreement was entered into.

In securities lending transactions, securities and Money Market Instruments are lent to a third party against payment of a fee, for a fixed period of time or “until further notice”, under the condition that these must be replaced by an asset of the same type and value at the end of the securities lending transaction.

Securities repurchase agreements and securities lending transactions that a Sub-Fund may enter into pursuant to the provisions under Appendix 1 – Part A of this HK Prospectus primarily have the following risks:–

- If a Sub-Fund lends securities or Money Market Instruments, it cannot sell these assets during the term of the loan. It fully participates in the market performance of the asset, but cannot end its participation in such market performance by selling the asset.

The same is also valid for the Sub-Fund’s repurchase obligation with regards to the securities and Money Market Instruments it lends out.

- If in the framework of securities lending, collateral granted in the form of cash is invested in other assets, this normally does not release the liability of payment to the party furnishing the security up to at least the amount equal to the collateral granted in the form of cash at the end of the securities loan, even when the interim investment results in losses.

The same applies to the liquidity held by the Sub-Fund and subsequently invested, if the Sub-Fund has lent securities and Money Market Instruments.

- If a security or a Money Market Instrument is lent, a Sub-Fund receives collateral for it, the value of which corresponds at least to the value of the asset lent when the transaction is entered into. However, depending on how it is structured, this collateral may lose so much value that should the borrower provide non-performance or unsatisfactory performance for the return obligation, full compensation may not be available through sale of the collateral. Therefore, securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

The same applies to borrowed securities and Money Market Instruments, with regard to the repurchase price to be paid to the counterparty should these securities and Money Market Instruments decline in price.

If a Sub-Fund lends securities and Money Market Instruments, the borrower will normally either resell them quickly or has already done so. As a rule, in doing so the borrower is speculating that the prices of the type of asset borrowed from the Sub-Fund will fall. Correspondingly, a securities lending transaction from a Sub-Fund can have a negative effect on the performance of the price of the security, and thus on the share prices of the Sub-Fund, to the extent that they can no longer be offset by the income generated from the securities loan in this transaction. In the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

Similarly, In the event of the failure of the counterparty with which cash has been placed, the fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

### **Risks relating to Securities Lending Transactions**

Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

### **Risks relating to Repurchase Agreements**

In the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

### **Risks relating to Reverse Repurchase Agreements**

In the event of the failure of the counterparty with which cash has been placed, the Sub-Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realizing collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

### **Risks relating to Water Sector**

The Sub-Fund may be more susceptible to different water-related factors. Companies invested in markets with regulated water tariffs may suffer from decreasing water tariffs, which would lower the revenues and the returns of listed water operators. Moreover during budget process, water-related projects may be given a lower priority and be delayed. Political forces may put priorities on projects in different sectors such as healthcare, infrastructure and education. The growth outlook of water-related companies may be reduced. The Sub-Fund's value may be adversely affected.

### **Valuation Risk**

Valuation of a Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Sub-Fund.

### **Risk of thematic-based investment strategy**

Investments in specific themes may not achieve the desired results under all circumstances and market conditions. The investments of the Sub-Funds may be adjusted among different themes from time to time depending on the market conditions of the respective themes and therefore the Sub-Funds may incur greater transaction costs than a Fund with static allocation strategy.

# **APPENDIX 1**

## **GENERAL INVESTMENT PRINCIPLES, ASSET CLASS PRINCIPLES AND SUB-FUNDS' SPECIFIC INVESTMENT OBJECTIVES AND INVESTMENT RESTRICTIONS**

### **Part A: General Investment Principles applicable to all Sub-Funds (“General Investment Principles”)**

Investors can choose from a range of Sub-Funds and Share Classes.

The assets of the Sub-Funds may, subject to a Sub-Fund's Asset Class Principles and its individual investment objective and investment restrictions as well as market conditions, be either focused on:

- individual asset classes;
- individual currencies;
- individual themes;
- individual sectors;
- individual countries;
- individual regions;
- assets with shorter or longer (residual) maturities; and/or
- assets of issuers/debtors of a specific nature (e.g. government or corporate),

or may be more broadly invested.

The Investment Manager may select securities based on fundamental and/or quantitative analysis. In this process, individual securities are analysed, assessed and selected in accordance with different investment processes.

The Investment Manager may, in particular, invest in the corresponding securities of companies of all sizes, either directly or indirectly. Depending on the market situation, the Investment Manager may focus either on companies of a certain size or individually determined sizes, or have a broad investment focus. The Sub-Fund may also invest in very small cap stocks, some of which operate in niche markets.

The Investment Manager may, also invest either directly or indirectly in value stocks and growth stocks. Depending on the market situation, the Investment Manager may either concentrate on value stocks or growth stocks, or have a broad investment focus.

The Investment Manager orients the composition of each Sub-Fund under management depending on its assessment of the market situation and taking into consideration the Sub-Fund's Asset Class Principles, its individual investment objective and investment restrictions, which may result in the complete or partial reorientation of the composition of a Sub-Fund. For this reason, it is possible that such adjustments may be made even more frequently.

The assets of the Sub-Funds are invested according to the principle of risk diversification. The portfolio of each Sub-Fund will comprise eligible assets which have been selected following a thorough analysis of the information available to the Investment Manager and subject to a careful evaluation of the risks and opportunities. The performance of the Shares, however, remains dependent on price changes in the markets. Therefore, no guarantee can be given that the investment objectives of the Sub-Funds will be achieved, unless an explicit guarantee to this effect is mentioned for the respective Sub-Fund.



The Management Company may permit co-management of assets of one or more Sub-Funds with one or more other Sub-Funds and/or with other undertakings for collective investment managed by the Management Company. In such event, assets of the various Sub-Funds with the same Depositary will be managed jointly. The assets under co-management are referred to as a “pool”, whereby such pools are, however, exclusively used for internal management purposes. The pools are not separate entities and are not directly accessible to investors. To each of the co-managed Sub-Funds shall be allocated its relevant specific assets.

When combining assets from more than one Sub-Fund in a pool, the assets attributable to each participating Sub-Fund are initially determined by applying the original allocation of assets of that Sub-Fund to the said pool. The assets change if the Sub-Fund adds or removes assets from the pool.

The entitlement of each participating Sub-Fund to the co-managed assets applies with regard to each individual asset of such a pool.

Additional investments made on behalf of the co-managed Sub-Funds are allocated to such Sub-Fund according to its respective entitlement. Sold assets are charged similarly against the assets attributable to each participating Sub-Fund.

The Investment Manager may, in particular, invest either directly or indirectly in eligible assets by using techniques and instruments for efficient portfolio management (including hedging) and/or investment purposes, if it is ensured by the Investment Manager that the Sub-Fund adheres to its investment limits as set out in (i) the General Investment Principles, (ii) the Asset Class Principles and (iii) the investment restrictions. The use of such techniques and instruments should not result in a change of the investment objective of or substantially increase the risk profile of a Sub-Fund.

Please refer to the sub-section headed “**Use of Techniques and Instruments**” under this section and “**Risks associated with the Use of Techniques and Instruments**” under the section headed “**Risk Factors**” for the risks associated with the use of techniques and instruments.

If a Sub-Fund’s Asset Class Principles and/or investment restrictions provides that the purpose of holding deposits and/or investing in Money Market Instruments and/or money-market funds is to ensure the liquidity of the Sub-Fund (i.e. liquidity management), such instruments are not used for purposes of implementing the investment policy of the Sub-Fund. In this case, the purpose of using such instruments is, in particular, to fulfil the obligations of the Sub-Fund (e.g. to meet redemptions requests) and to provide collateral or margin in the framework of the use of techniques and instruments. Please refer to the sub-sections headed “**Liquidity Risk Management**” for details of how the Company manages liquidity risk and “**Collateral Management Policy**” for the liquidity criteria applicable to collateral/margin.

Where the provisions of this Appendix provide that an asset must have a rating by one or more Rating Agencies, such an asset may also have (i) an equivalent rating from another Rating Agency that is not mentioned in the Sub-Fund’s Asset Class Principles and investment restrictions or (ii) if unrated, a rating of a comparable quality as determined by the Investment Manager. If an asset loses the minimum rating set out in the Sub-Fund’s Asset Class Principles and investment restrictions, it must be sold within six months.

The Investment Manager may invest in securities from developed countries. Nevertheless, securities from Emerging Markets may also be acquired to a substantial extent or even fully. The weighting between investments in developed countries and Emerging Markets may fluctuate depending on the evaluation of the market situation and will be mentioned in the Sub-Fund’s Asset Class Principles and its individual investment objective. In addition, a Sub-Fund’s exposure in Emerging Markets is explicitly mentioned in its investment restrictions (if any).

The Investment Manager may invest in securities which are rated Investment Grade. Nevertheless, the Investment Manager may also acquire either High-Yield Investments Type 1 and/or High-Yield Investments Type 2 to a substantial extent or even fully. The weighting between investments in Investment Grade rated and/or High-Yield Investments Type 1 and/or High-Yield Investments Type 2 may fluctuate depending on the evaluation of the market situation and will be mentioned in the Sub-Fund’s Asset Class Principles and/or its individual investment restrictions.



Where it is stated in a Sub-Fund's specific investment restrictions that the Investment Manager may invest in the China A-Shares market, the Investment Manager may invest in China A-Shares either directly through Stock Connect or indirectly through eligible instruments as specified in Appendix 1 Part B and/or in China B-Shares either directly or indirectly through eligible instruments as specified in Appendix 1 Part B.

Where it is stated in a Sub-Fund's specific investment restrictions that the Investment Manager may invest in the PRC bond markets, as specified in Appendix 1 Part B, the Investment Manager may invest in Debt Securities which are traded and/or admitted on the CIBM either directly or indirectly through the CIBM Initiative or via Bond Connect or via RQFII quota, and/or via other means as may be permitted by the relevant regulations from time to time.

Investors assume the risk of receiving a lesser amount than they originally invested. In so far as there are no other relevant provisions contained in the Sub-Fund's Asset Class Principles and/or its individual investment restrictions, the following shall apply to all Sub-Funds:

**1. Each Sub-Fund may invest in the following assets:**

- a) Securities and Money Market Instruments that,
- are traded on a stock exchange or another Regulated Market of an EU Member State or of a third country, which operates regularly and is recognised and open to the public, or
  - are offered within the scope of initial public offerings, the issuing terms of which include the obligation to apply for admission to official listing on a stock exchange or in another Regulated Market (as detailed above), and the admission of which is obtained no later than one year after the issue.

Money Market Instruments are investments that are normally traded on the money market that are liquid and whose value can be determined precisely at any time.

Securities referring to indices may only be acquired if the respective index is compliant with Article 44 of the Law and Article 9 of the Grand-Ducal Regulation of 2008.

- b) Units of UCITS or other UCIs established in an EU Member State or in a third country, if:
- such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection for the unitholders of the UCIs is equivalent to the level of protection for the unitholders of a UCITS, and in particular the provisions for separate safekeeping of fund assets, borrowing, lending, and short sales of securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
  - the business operations of the UCIs are the subject of annual and semi-annual reports that make it possible to form a judgement concerning the assets and liabilities, the income and transactions in the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs whose acquisition is contemplated, can, according to their management regulations or instruments of incorporation, be invested in aggregate in units of other UCITS or other UCI.

A Sub-Fund may also invest in Shares issued by another Sub-Fund (the “**Target Sub-Fund**”) provided that:

- the Target Sub-Fund does not invest in the Sub-Fund invested in the Target Sub-Fund; and
  - no more than 10% of the assets of the Target Sub-Fund may, pursuant to its investment policy, be invested in aggregate in Shares of other Sub-Funds; and
  - voting rights, if any, attaching to the relevant Shares are suspended for as long as they are held by the Sub-Fund invested in the Target Sub-Fund and without prejudice to the appropriate processing in the accounts and the periodic reports;
  - in any event, for as long as these shares are held by the Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law; and
  - there is no duplication of Subscription Fees or Redemption Fees between those at the level of the Sub-Fund invested in the Target Sub-Fund and those at the level of the Target Sub-Fund.
- c) Deposits with a credit institution which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law. The deposits may in principle be denominated in all currencies permitted by the investment policy of the Sub-Fund.
- d) Financial derivative instruments (“**derivatives**”), e.g. in particular futures-contracts, forward contracts, options and swaps including equivalent instruments settled in cash, which are traded on Regulated Markets described in letter a) above, and/or derivative financial instruments that are not traded on Regulated Markets (“**OTC derivatives**”), if the underlying securities are instruments as defined under letter a) and b) and in which a Sub-Fund may invest in accordance with its investment objective, or financial indices, interest rates, exchange rates or currencies. Financial indices for this purpose include, specifically, currency, exchange-rate, interest-rate, price and overall interest-rate return indices, as well as, in particular, bond, equity, commodity futures, precious metal and commodity indices and indices on additional permissible instruments listed under this number. For the avoidance of doubt, no derivative transaction will be entered into which provides for a physical delivery of any component of an underlying commodity futures, precious metal and commodity indices.

In addition, the following conditions must also be fulfilled for OTC derivatives:

- The counterparties must be top-rated financial institutions, specialised in such transactions and which has been rated by a recognized rating agency (e.g. Moody’s, S&P or Fitch) with at least Baa3 (Moody’s), BBB- (S&P or Fitch), and be institutions subject to prudential supervision, and belonging to the categories approved by the CSSF. There are no further restrictions with regard to legal status or country of origin of the counterparty.
- The OTC derivatives must be subject to a reliable and verifiable valuation on a daily basis and may be sold, liquidated or closed out by an offsetting transaction at any time at a reasonable price.
- The transactions must be effected on the basis of standardised contracts.
- The transactions shall be subject to the Company’s collateral management policy as described in section headed “**Collateral Management Policy**” below.
- The Company must deem the purchase or sale of such instruments, instead of instruments traded on a stock exchange or in a Regulated Market, to be advantageous to Shareholders. The use of OTC derivatives is particularly advantageous if it facilitates a hedging of assets at matching maturities, thus being less expensive.

- e) Money Market Instruments that are not traded on a Regulated Market and do not fall under the definition under paragraph 1.a) above, provided that the issuer or issuer of these instruments is itself subject to regulations concerning deposit and investor protection. The requirements for deposit and investor protection are fulfilled for Money Market Instruments if these instruments are rated investment grade by at least one recognised rating agency or the Company considers that the credit rating of the issuer corresponds to a rating of investment grade. These Money Market Instruments must also be
- issued or guaranteed by a central governmental, regional or local body or the central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a third country or if a federal state, a state of this federal state, or by an international organisation under public law, to which at least one EU Member State belongs; or
  - issued by a company whose securities are traded on the Regulated Markets described under paragraph 1.a) above; or
  - issued or guaranteed by an institution that is subject to official supervision in accordance with criteria set down in European Community law, or an institution that is subject to regulatory provisions, which in the opinion of the CSSF, are equivalent to European Community law; or
  - issued by other issuers who belong to a category that was admitted by the CSSF, provided that regulations for investor protection apply to investors in these instruments, which are equivalent to those of the first, second or third bullet points and provided the issuer is either a company having a share capital of at least EUR 10 million, which prepares and publishes its annual financial statements according to the requirements of the Fourth Directive 78/660/EEC, or is a legal entity, which within a group of one or several listed companies, is responsible for the financing of this group, or is a legal entity, which is intended to finance the securitisation of debt by utilising a credit line granted by a financial institution.

**2. Each Sub-Fund may also conduct the following transactions:**

- invest of up to 10% of the assets of a Sub-Fund in securities and Money Market Instruments other than those listed under paragraph 1. above – subject to the provisions of the relevant Sub-Fund-specific investment restrictions;
- raise short-term loans of up to 10% of the Sub-Fund's net assets, provided the Depositary agrees to the borrowing and the terms of the relevant loan; the Sub-Fund-specific investment restrictions or in the applicable Asset Class Principles will give an only declarative indication. Not included in this 10% limit, but permissible without the approval of the Depositary, are foreign currency loans in the form of back-to-back loans as well as securities repurchase agreements and securities lending transactions.

**3. In investing the assets of the Company, the following restrictions must be observed:**

- a) On behalf of a Sub-Fund, the Company may purchase securities or Money Market Instruments of an issuer, provided that the aggregate value of such securities and the value of securities issued by the same issuer which are already contained in the Sub-Fund does not exceed 10% of the Sub-Fund's net assets at the time of purchase. A Sub-Fund may invest a maximum of 20% of its net assets in deposits at one institution. The default risk of the counterparties in OTC derivatives may not exceed 10% of a Sub-Fund's net assets if the counterparty is a credit institution within the meaning of paragraph 1.c) above; for other cases, the maximum limit is 5% of the Sub-Fund's net assets. The aggregate value in the Sub-Fund's net assets of securities and Money Market Instruments of issuers where the Sub-Fund has invested more than 5% of its net assets in securities and Money Market Instruments of the same issuer may not exceed 40% of the Sub-Fund's net assets. This restriction does not apply to deposits and to transactions with OTC derivatives that are effected with financial institutions that are subject to official supervision.

Irrespective of the individual investment limits cited above, a Sub-Fund may not invest more than 20% of its net assets in aggregate in:

- the securities or Money Market Instruments issued by a single body,
  - deposits with that body and/or
  - exposures arising under OTC derivatives entered into with that body.
- b) If the purchased securities or Money Market Instruments are issued or guaranteed by an EU Member State or its central, regional or local authorities, a third country, or by international organisations under public law to which one or more EU Member States belong, the restriction under the first sentence of paragraph 3a above is increased from 10% to 35% of the Sub-Fund's net assets.
- c) In the case of bonds issued by credit institutions domiciled in an EU Member State, where the respective issuers are subject to a special official supervision due to statutory provisions protecting bondholders, the restrictions under the first and fourth sentences under paragraph 3.a) above are increased from 10% to 25% and 40% to 80%, respectively, provided that these credit institutions invest the issuing proceeds, pursuant to the respective statutory provisions, in assets which sufficiently cover the liabilities from bonds for their whole term to maturity, and which, as a matter of priority, are intended for capital and interest repayments becoming due on the issuer's default.
- d) The securities and Money Market Instruments cited under paragraphs 3.b) and 3.c) above will not be considered when applying the 40% investment limit provided under the fourth sentence under paragraph 3.a). The restrictions under paragraphs 3.a) to 3.c) do not apply on a cumulative basis. Therefore, investments in securities or Money Market Instruments of the same issuer or in deposits with this issuer or in derivatives of the same may not exceed 35% of the Sub-Fund's net assets. Companies that, with respect to the preparation of their consolidated financial statements in accordance with Directive 83/349/EEC or according to accepted international accounting standards, belong to the same group of companies, are regarded as one issuer when calculating the investment limits listed under paragraphs 3.a) to 3.d). A Sub-Fund may invest up to 20% of its net assets in securities and Money Market Instruments of one group of companies.
- e) Investments in derivatives are included in the limits of the numbers listed above.
- f) In derogation of the limits listed under paragraphs 3.a) to 3.d), each Sub-Fund may invest in accordance with the principle of risk diversification, up to 100% of a Sub-Fund's assets may be invested in securities and Money Market Instruments of different issues being offered or guaranteed by the EU, the European Central Bank, an EU Member State or its local authorities, by a member state of the OECD, by international organisations under public law to which one or more member states of the EU belong, or by any other non-EU Member State which is officially accepted by the CSSF from time to time (as at the date of this HK Prospectus, the following non-EU Member States are accepted by the CSSF: The special administrative region of Hong Kong, the PRC, the Federal Republic of Brazil, the Republic of India, the Republic of Indonesia, the Russian Federation, the Republic of South Africa, the Republic of Singapore), provided that such securities and Money Market Instruments have been offered within the framework of at least six different issues, with the securities and Money Market Instruments of one and the same issue not to exceed 30% of the Sub-Fund's net assets.

- g) A Sub-Fund may purchase units of other UCITS or UCIs as defined under paragraph 1.b) up to a total of 10% of its net Sub-Fund assets. In derogation of this, the Board may decide that a higher percentage or all of a Sub-Fund's net assets may be invested in units of other UCITS or UCIs as defined under paragraph 1.b), which will be explicitly mentioned in the Sub-Fund-specific investment restrictions or in the applicable Asset Class Principles. In this case a Sub-Fund may not invest more than 20% of its net Sub-Fund assets in a single UCITS or UCI. When this investment limit is applied, each sub-fund of an umbrella fund as defined under Article 181 of the Law must be considered to be an independent investment fund if the principle of separate liability with regards to third parties is applied to each sub-fund. Similarly, in this case investments in units of other UCIs than UCITS may not exceed a total of 30% of a Sub-Fund's net assets.

Moreover, a Sub-Fund may decide to allow the investment in units of a master fund qualifying as a UCITS provided that the relevant Sub-Fund (the "**Feeder Sub-Fund**") invests at least 85% of its Net Asset Value in units of such master fund and that such master fund shall neither itself be a feeder fund nor hold units of a feeder fund, which will be explicitly mentioned in the Sub-Fund-specific investment restrictions or in the applicable Asset Class Principles.

A Feeder Sub-Fund may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets in accordance with Article 41 paragraph 2 second sub-paragraph of the Law;
- Derivatives, which may be used only for hedging purposes, in accordance with Article 41 paragraph 1, letter g) and Article 42 paragraphs 2 and 3 of the Law;
- movable and immovable property which is essential for the direct pursuit of the Company's business.

If a Sub-Fund has acquired units of a UCITS or a UCI, the investment values of the relevant UCITS or UCIs are not considered with regard to the investment limits stated under paragraphs 3.a) to 3.d).

If a Sub-Fund acquires shares of a UCITS or UCI which is directly or indirectly managed by the same company or by another company with which the Company is linked by common management or control, or by a substantial direct or indirect participation according to the Law (including instances where a Sub-Fund makes investments in another Sub-Fund of the Company) then fees for the subscription or redemption of such shares of UCITS or UCI shall not be charged to the Sub-Fund. The management fees of such UCITS or UCI may be charged to the Sub-Fund, though the Management Company, may at its discretion, taking into consideration of factors such as market practice and the competitiveness of the Sub-Fund's fees, reduce its All-In-Fees at the level of the Sub-Fund by an amount equal to the management fees charged by such UCITS or UCI to the Sub-Fund.

If a Sub-Fund invests a substantial portion of its assets in other UCITS and/or other UCI as defined above, a management fee at the level of such UCITS or UCI (excluding any performance fee, if any) of no more than 2.50% per annum of their net asset value may be charged.

- h) Irrespective of the investment limits set down in paragraph 3.i) below, the Board may determine that the upper limits stated in paragraphs 3.a) to 3.d) above for investments in equities and/or debt instruments of a single issuer amount to 20% if the objective of the Sub-Fund's investment strategy is to replicate a specific equity or bond index recognised by the CSSF, provided that
- the composition of the index is adequately diversified;
  - the index represents an adequate benchmark for the market to which it refers;
  - the index is published in an appropriate manner.

The limit of 20% is raised to 35% provided this is justified based on exceptional market conditions, and in particular in Regulated Markets where certain securities or Money Market Instruments are in a strongly dominant position. An investment up to this limit is only possible with a single issuer. The limit in accordance with paragraph 3.a) above does not apply.

- i) Each Sub-Fund may acquire securities as defined under 1 a) referring to
- (i) Equities (including assets of companies operating in the private equity sector);
  - (ii) Debt Securities;
  - (iii) UCITS and UCI as defined under 1b)
  - (iv) indices, including bond, equity (including assets of companies operating in the private equity sector), hedge funds indices and indices on commodity futures, precious metal or commodities as well as indices that refer to companies active in the area of private equity; securities referring to indices other than financial indices are only to be acquired if they are geared towards a 1:1 replication of the underlying index/indices;
  - (v) single hedge funds and funds of hedge funds;
  - (vi) commodities;
  - (vii) precious metals (but only if this security is a certificate referring to precious metals);
  - (viii) commodity forward contracts;
  - (ix) real estate property funds; and/or
  - (x) baskets of aforementioned underlying assets.

The aforementioned securities may be acquired regardless of whether the underlying asset can be replaced or modified under the respective terms and conditions of the security, as long as the replaced or modified underlying asset is one that is admissible for securities as defined in this letter.

Securities referring to an underlying asset as defined under this letter i) No. (v) to No. (ix) may only be acquired if they are geared towards a 1:1 replication of the respective underlying asset. This applies accordingly to securities as defined under letter i) No. (x), insofar as they have underlying assets as defined under letter i) No. (v) to No. (viii).

Securities with an underlying asset as defined under letter i) No. (vi) to No. (viii) may not provide for any mandatory physical delivery or grant the issuer the right to make physical delivery of the relevant underlying asset. This applies accordingly to securities as defined under letter i) No. (x), insofar as they have underlying assets as defined under letter i) No. (v) to No. (viii).

- j) The Company may not acquire voting shares carrying a voting right for any of its investment funds to an extent to which it would be permitted to exercise a significant influence over the management of the issuer. A Sub-Fund may acquire a maximum of 10% of the non-voting shares, bonds and Money Market Instruments of any one and a maximum of 25% of the shares or units of a UCITS or a UCI. This limit does not apply to the acquisition of bonds, Money Market Instruments and target fund units if the total amount issued or the net amount of the shares issued cannot be calculated. It also does not apply inasmuch as these securities and Money Market Instruments are issued or guaranteed by an EU Member State or its central, regional or local authorities or by a third country, or are issued by international organisations under public law to which one or more EU Member States belong.

The restrictions stated under the first bullet point of 2 and 3 above refer to the time the assets are acquired. If the limits set are subsequently exceeded as a result of price movements or due to reasons beyond the control of the Company, the Company will adopt as its primary objective the remedying of such situation, taking due account of the interests of its Shareholders.



#### **4. Derogation from investment restrictions**

- a) The Company does not need to comply with the limits set forth under paragraphs 1, 2 and 3 above when exercising subscription rights attaching to transferable securities or Money Market Instruments which form part of its assets.

While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs 1, 2 and 3 above for a period of no more than six months following the date of their launch.

- b) If the limits referred to in the preceding paragraph are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of the Shareholders.
- c) While ensuring observance of the principle of risk spreading, Sub-Funds may derogate from the applicable investment restrictions and limits set out in the Sub-Fund's Asset Class Principles and its investment restrictions during the first six months after the Sub-Fund's launch and during the last two months prior to the Sub-Fund's liquidation or merger.
- d) Derogation from investment restrictions described above will be exercised in the best interests of the Shareholders.

#### **5. The Company is not permitted to enter into the following transactions:**

- a) No Sub-Fund may assume liabilities in connection with the purchase of partly paid securities, the aggregate of which including loans as stipulated in 2 second indent exceeds 10% of the Sub-Fund's net assets.
- b) No Sub-Fund may grant loans, or act as guarantor on behalf of third parties.
- c) No Sub-Fund may acquire securities the disposal of which is subject to any kinds of restrictions due to contractual provisions.
- d) No Sub-Fund may invest in real estate, although real-estate-backed securities or Money Market Instruments or interests in such investments, or investments in securities or Money Market Instruments issued by companies which invest in real estate (such as REITs), and interests in such investments are permitted.
- e) No Sub-Fund may acquire precious metals or certificates on precious metals.
- f) No Sub-Fund may pledge or charge assets, transfer them as collateral, or assign them as collateral, unless this is required within the framework of a transaction permitted under the HK Prospectus. Such collateral agreements are applicable in particular to OTC trades in accordance with paragraph 1 d).
- g) No Sub-Fund may conduct short sales of securities, Money Market Instruments or target fund shares.
- h) Pursuant to the investment restrictions applicable under Hong Kong requirements, the total aggregate investments by the Company in any ordinary shares issued by any single issuer may not exceed 10%.



## 6. **Passive violation of limits**

Exceeding or falling below limitations contained in the investment policy is permitted if this occurs through changes in the value of assets held in the Sub-Fund, through the exercise of subscription or option rights and/or through change in the value of the Sub-Fund as a whole, and/or in connection with the issue or redemption of share certificates (so-called “**passive violation of limits**”). In such cases, the Investment Manager will seek to re-adhere to those limits within an appropriate time frame.

## 7. **Use of Techniques and Instruments**

Subject to the specific investment objective and investment restrictions of a Sub-Fund, the General Investment Principles and the applicable Asset Class Principles may be achieved through the use of techniques and instruments as described below.

Techniques and instruments refer to the purchase of listed and non-listed (OTC) derivatives, including, without limitation, futures, options, forward transactions, financial instruments with embedded derivatives (structured products), credit default swaps, other swaps and instruments which provides returns based on other investments, securities, Money Market Instruments, funds, other derivatives, financial indices, basket of securities, currencies, exchanges rates, interest rates, commodities, and other eligible so called “underlyings” etc.

In the case of credit default swaps, the respective counterparties of such credit default swaps must be top-rated financial institutions specialising in such transactions. Both the underlying and the counterparties to the credit default swap must be taken into account with regard to the investment limits set out in No. 3 above. Credit default swaps are valued on a regular basis using clear and transparent methods, which will be monitored by the Company and the Independent Auditor. If the monitoring should reveal irregularities, the Company will arrange for these to be resolved and eliminated.

Subject to specific investment restrictions of a Sub-Fund, techniques and instruments may be either (i) used for efficient portfolio management (including hedging) and/or (ii) investment purposes.

The use of techniques and instruments may involve entering into market-contrary transactions, which, for example, could lead to gains for the Sub-Fund if prices of the underlying securities fall, or to losses for the Sub-Fund if the prices rise. They may also be restricted by market conditions or regulatory restrictions and there is no assurance that their implementation will achieve the desired result.

Where applicable, (1) certain techniques and instruments are accounted for based on their delta-weighted values, (2) market-contrary transactions are considered to reduce risk even where underlyings and the Sub-Fund assets are not matched.

The Investment Manager may, in particular, invest either directly or indirectly in eligible assets by using techniques and instruments for efficient portfolio management (including hedging) and/or investment purposes, if it is ensured by the Investment Manager that the Sub-Fund adheres to its investment limits as set out in (i) the General Investment Principles, (ii) the Asset Class Principles and (iii) the investment restrictions.

For this purpose, the techniques and instruments are taken into account with the delta-weighted value of the respective underlyings in the manner prescribed. Market-contrary techniques and instruments are considered to reduce risk even when their underlyings and the assets of the Sub-Funds are not precisely matched.

In the case of efficient portfolio management, techniques and instruments are used where:

- (a) they are cost-effective;
- (b) they are entered into to reduce risk or cost or to generate additional capital or income with risk levels which is consistent with the risk profile of the Sub-Fund and applicable risk diversification rules;
- (c) their risks are adequately captured by the risk management process of the Company.

The use of techniques and instruments may not

- (a) result in a change of the Sub-Fund's investment objective;
- (b) add substantial risks to the risk profile of the Sub-Fund.

The Investment Managers follows a risk controlled approach in the use of techniques and instruments. In order to limit the exposure of the Company to the counterparty risk under securities lendings, repurchase or reverse repurchase transactions, the Company will receive cash or other assets in collateral, as further specified in the section headed "**Collateral Management Policy**" below.

Please refer to the sub-section headed "**Risks associated with the Use of Techniques and Instruments**" under the section headed "**Risk Factors**" for the risks associated with the use of techniques and instruments.

## **8. Securities Repurchase Agreements, Securities Lending Transactions**

The Company may enter into securities repurchase agreements and securities lending transactions in accordance with the requirements as set out in Securities Financing Transactions Regulation and in accordance with the requirements as set out in the Circulars 08/356 dated 4 June 2008 and 14/592 dated 30 September 2014 of the CSSF.

Pursuant to the investment restrictions of a Sub-Fund and the applicable Asset Class Principles, and taking into consideration its obligation to redeem Shares on each Dealing Day, the Company may enter into securities repurchase agreements and securities lending transactions in accordance with the limits as disclosed in Appendix 5.

- a) A Sub-Fund may enter into repurchase agreements for securities and Money Market Instruments both as borrower and lender, provided that the counterparty is a top-rated financial institution specialising in such transactions and which has been rated by a recognized rating agency (e.g. Moody's, S&P or Fitch) with at least Baa3 (Moody's), BBB- (S&P or Fitch). There are no further restrictions with regard to legal status or country of origin of the counterparty. Borrowed securities and Money Market Instruments may only be sold during the term of the repurchase agreement if the Sub-Fund has other means available for hedging. With regard to securities and Money Market Instruments lent out, a Sub-Fund must be in a position upon maturity of the repurchase agreement to comply with its repurchase obligations.

Any liquidity in the Sub-Fund arising from a repurchase agreement with a subsequent repurchase obligation arising is not counted towards the 10% limit for temporary loans in accordance with 2. second indent and thus is not subject to any limit. The relevant Sub-Fund may fully invest the liquidity generated elsewhere pursuant to its investment policies, independent of the existence of the repurchase obligation.

A Sub-Fund that enters into a reverse repurchase agreement should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the Sub-Fund's Net Asset Value. A Sub-Fund that enters into a repurchase agreement should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase agreements and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Sub-Fund.

- b) A Sub-Fund may enter into securities lending transactions in which it lends the securities and Money Market Instruments it holds, provided that the counterparty is a top-rated financial institution specialising in such transactions which has been rated by a recognized rating agency (e.g. Moody's, S&P or Fitch) with at least Baa3 (Moody's), BBB- (S&P or Fitch). There are no further restrictions with regard to the legal status or country of origin of the counterparty. A Sub-Fund should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered. It is a requirement that the Company be granted sufficient collateral for a Sub-Fund through the transfer of cash, securities or Money Market Instruments, the value of which during the lifetime of the lending agreement corresponds to at least the value of 90% of the global valuation (interests, dividends and other eventual rights included) of the securities and Money Market Instruments lent. Securities and Money Market Instruments may be accepted as collateral if they take the form of:
- (i) liquid assets – liquid assets include not only cash and short term bank certificates, but also Money Market Instruments. A letter of credit or a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty are considered as equivalent to liquid assets;
  - (ii) bonds issued or guaranteed by a member state of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
  - (iii) shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
  - (iv) shares or units issued by UCITS investing mainly in bonds/shares mentioned in (v) and (vi) of this paragraph below;
  - (v) bonds issued or guaranteed by first class issuers offering an adequate liquidity, or
  - (vi) shares admitted to or dealt in on a Regulated Market of an EU Member State or on a stock exchange of a member state of the OECD, on the condition that these shares are included in a main index.

The guarantee given under any form other than cash or shares/units of a UCI/UCITS may not be issued by an entity affiliated to the counterparty.

The Company may – unless otherwise prevented by the securities lending transaction and the investment restrictions of the respective Sub-Fund – fully invest the collateral granted in the form of cash during the term of the securities lending transactions in:

- shares or units of money market UCIs that calculate a net asset value daily and that have a rating of AAA or the equivalent;
  - time deposits;
  - Money Market Instruments as defined in Directive 2007/16/EC of 19 March 2007;
  - short-term bonds issued or guaranteed by an EU Member State, Switzerland, Canada, Japan or the United States or public central, regional or local authorities and supranational institutions and organisations under community, regional or global law;
  - bonds issued or guaranteed by top-rated issuers that have sufficient liquidity; and
  - repurchase agreements as lender should such an action be deemed reasonable and customary after careful analysis. In executing such transactions, the Company may either use the Management Company or recognised clearing organisations or top-rated financial institutions which specialise in such transactions (securities lending programmes). The Management Company may receive compensation for arranging, preparing and executing securities lending and/or repurchase/reverse repurchase transactions of up to 30% of the generated income and other institutions may receive up to 50% of the generated income from the transactions as compensation for their services.
- c) With respect to both securities repurchase and securities lending transactions if the counterparty to these transactions is an affiliate, then the maximum amount available for such securities repurchase or securities lending transaction is limited to 50% of the net asset value of the relevant Sub-Fund unless such transaction can be terminated or recalled daily. The risk exposure to a single counterparty arising from one or more securities lending transactions, sale with right of repurchase transactions and/or reverse repurchase/repurchase transactions may not exceed 10% of the net asset value of the relevant Sub-Fund when the counterparty is a credit institution referred to in Article 41 Paragraph 1 f) of the Law; in all other cases it may not exceed 5% of its net asset value.

#### **9. Buy-Sell Back Transactions/Sell-Buy Back Transactions, Margin Lending Transactions**

A Sub-Fund may not enter into buy-sell back transactions or sell-buy back transactions. A Sub-Fund may not enter into margin lending transactions.

#### **10. Total Return Swaps (TRS) and financial instruments with similar characteristics**

A Sub-Fund may enter into Total Return Swaps (“**TRS**”) in accordance with the requirements as set out in the Securities Financing Transactions Regulation. Total return swaps are derivatives that transfer the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another party. Total return swaps may be used, among other things, to exchange the performance of two different portfolios, e.g. the performance of certain assets of a Sub-Fund towards the performance of an index or an external portfolio which may be managed pursuant to a particular strategy as more detailed described in the Sub-Fund’s investment restrictions. If Total Return Swaps are used, the counterparties have no influence on the composition or administration of the respective underlying. The selected counterparties comply with the requirements of Article 3 of the Securities Financing Transactions Regulation.

In addition, a Sub-Fund may enter into financial instruments with similar characteristics to a total return swap (at the time of the latest version of this prospectus so called “contract for differences” or “**CFD**”). CFDs are derivatives that allow traders to take advantage of prices moving up (long positions) or prices moving down (short positions) on all underlying financial instruments. A CFD is a tool of leverage with its own potential profits and losses. By using CFDs a Sub-Fund may enter the global markets without directly dealing with shares, indices, commodities or currency pairs.

## 11. Securities Financing Transactions Regulation

A Sub-Fund may enter into the following transactions:

- a) repurchase agreements, securities or commodities lending and/or securities or commodities borrowing agreements, (the “**Securities Financing Transactions**”) as set out in “**8. Securities Repurchase Agreements, Securities Lending Transactions**” above; and
- b) Total Return Swaps/CFDs as set out in “**10. Total Return Swaps (TRS) and financial instruments with similar characteristics**” above.

A Sub-Fund may enter into TRS/CFDs for investment purposes and for efficient portfolio management purposes, and may enter into Securities Financing Transactions for efficient portfolio management purposes only.

In this context, efficient portfolio management purposes include: the reduction of risk, the reduction of cost and the generation of additional capital or income for the Sub-Fund with a level of risk that is consistent with the risk profile of the Sub-Fund.

If a Sub-Fund invests in TRS and/or CFDs and/or Securities Financing Transactions, the relevant asset or index may be comprised of Equity or Debt Securities, Money Market Instruments or other eligible investments which are consistent with a Sub-Fund’s specific Asset Class Principles, individual investment objective and investment restrictions.

### **Proportions of a Sub-Fund’s Net Asset Value subject to TRS/CFDs and Securities Financing Transactions**

Both the maximum and the expected proportion of the Net Asset Value of a Sub-Fund that can be subject to TRS/CFDs and/or Securities Financing Transactions are disclosed in Appendix 5.

According to the requirements of the Securities Financing Transaction Regulation the expected proportion as pointed out in Appendix 5 is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

The maximum figure as pointed out in Appendix 5 is a limit.

A Sub-Fund shall only enter into TRS/CFDs and Securities Financing Transactions with counterparties that satisfy the criteria (including those relating to legal status, country of origin and minimum credit rating) as set out in in this Appendix namely in “**Securities Repurchase Agreements, Securities Lending Transactions**” above.

The underlyings of TRS/CFDs are securities which may be acquired for the Sub-Fund or financial indices within the meaning of Article 9 (1) of Directive 2007/16/EC, interest rates, foreign exchange rates or currencies into which the Sub-Fund may invest in accordance with its investment restrictions.

The categories of collateral which may be received by a Sub-Funds are set out in “**Collateral Management Policy**” below and includes cash and non-cash assets such as equities, debt securities and money market instruments. Collateral received by the Sub-Funds will be valued in accordance with the valuation methodology set out under Section VII.1., headed “**Calculation of NAV per Share**”.

In the event that the Sub-Fund enters into securities lending transactions as a borrower, only securities shall be borrowed which may be acquired in accordance with the Sub-Fund’s investment restrictions.

Where a Sub-Fund receives collateral as a result of entering into TRS/CFDs or Securities Financing Transactions, there is a risk that the collateral held by a Sub-Fund may decline in value or become illiquid. In addition, there can also be no assurance that the liquidation of any collateral provided to a Sub-Fund to secure a counterparty's obligations under a total return swap or Securities Financing Transaction would satisfy the counterparty's obligations in the event of a default by the counterparty. Where a Sub-Fund provides collateral as a result of entering into TRS/CFDs or Securities Financing Transactions, it is exposed to the risk that the counterparty will be unable or unwilling to honour its obligations to return the collateral provided.

For a summary of certain other risks applicable to TRS/CFDs and Securities Financing Transactions, see "**Risks associated with the Use of Techniques and Instruments**" above.

A Sub-Fund may provide certain of its assets as collateral to counterparties in connection with TRS/CFDs and Securities Financing Transactions. If a Sub-Fund has over-collateralised (i.e. provided excess collateral to the counterparty) in respect of such transactions, it may be an unsecured creditor in respect of such excess collateral in the event of the counterparty's insolvency. If the Depository or its sub-custodian or a third party holds collateral on behalf of a Sub-Fund, the Sub-Fund may be an unsecured creditor in the event of the insolvency of such entity.

There are legal risks involved in entering into TRS/CFDs or Securities Financing Transactions which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Subject to the restrictions laid down in "**Collateral Management Policy**" below, a Sub-Fund may re-invest cash collateral that it receives. If cash collateral received by a Sub-Fund is re-invested, the Sub-Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Sub-Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Sub-Fund.

## **12. Potential impact of the use of techniques and instruments on the performance of each Sub-Fund**

The use of techniques and instruments might have a positive and a negative impact on the performance of each Sub-Fund.

The Sub-Funds may use derivatives for hedging purposes. This may lead to correspondingly lower opportunities and risks in the general Sub-Fund profile. Hedging can be used in particular to reflect the different currency-/duration-hedged Share Classes and thus to mark the profile of the respective Share Class.

The Sub-Funds may also employ derivatives in a speculative sense in order to increase returns in pursuing the investment objective, in particular, to represent the general Sub-Funds' profiles and to increase the level of investment above the level of investment of a fund that is fully invested in securities. In reflecting the general Sub-Funds' profiles through derivatives, the general Sub-Funds' profiles will be implemented through the replacement of direct investments in securities, for example, by investments in derivatives or also, in shaping the general Sub-Funds' profiles, specific components of the Sub-Funds' investment objectives and principles may be derivative based, for example reflecting currency positions through investments in derivatives, which normally will not have a substantial effect on the general Sub-Funds' profiles. In particular, if a Sub-Fund's investment objective states that, with the objective of achieving additional returns, the Investment Managers may also assume separate foreign currency risks with regard to certain currencies and/or separate risks with regard to equities, bonds and/or commodity futures indices and/or precious metals indices and/or commodity indices these components of the investment objectives and investment restrictions are predominantly derivative based.



If the Sub-Funds employ derivatives to increase the level of investment, they do so in order to achieve a medium to long-term risk profile that offers potentially much greater market risk than that of a fund with a similar profile that does not invest in derivatives.

The Investment Managers follow a risk controlled approach in the use of derivatives.

The use of securities repurchase agreements and securities lending transactions shall result in additional income for the fund by obtaining the lending fee from the respective counterparty. However, the use of securities lending transactions also imposes certain risks on the respective Sub-Fund which might also result in losses of the fund, i.e. in the case of a default of the counterparty of the securities lending transactions.

Securities repurchase agreements are used to either invest or obtain liquidity on behalf of the Sub-Fund, usually on a short term basis. If the Sub-Fund is entering into securities repurchase agreements as lender it obtains additional liquidity which may be fully invested pursuant to the Sub-Fund's investment policies. In such scenario, the Sub-Fund has to comply with its repurchase obligation irrespective of whether the use of liquidity obtained through the securities repurchase agreements has resulted in losses or gains for the Sub-Fund. If the Sub-Fund is entering into securities repurchase agreements as borrower it reduces its liquidity which cannot be used for other investments.

### **13. Policy regarding direct and indirect operational costs/fees on the Use of Techniques and Instruments**

Direct and indirect operational costs and fees arising from the efficient portfolio management techniques including total return swaps and Securities Financing Transactions may be deducted from the revenue delivered to the Sub-Funds (e.g., as a result of revenue sharing arrangements). These costs and fees should not include hidden revenue to the Management Company with the exception of compensation for arranging, preparing and executing securities lending and/or repurchase/reverse repurchase transactions by the Management Company without the use of securities lending programmes and securities lending brokers. All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Sub-Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be related parties to the Management Company or the Investment Manager and the Management Company itself for arranging, preparing and executing securities lending and/or repurchase/reverse repurchase transactions. The revenues arising from such efficient portfolio management techniques for the relevant reporting period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques, will be disclosed in the annual and semi-annual reports of the Sub-Funds.

### **14. Collateral Management Policy**

When entering into OTC derivatives transactions or efficient portfolio management techniques, the Company will observe the criteria laid down below in accordance with Circular 14/592 dated 30 September 2014 when using collateral to mitigate counterparty risk. As long as collateralization of OTC derivatives transactions is not legally binding the level of collateral required is in the discretion of the portfolio manager of each Sub Fund.

The risk exposure to a counterparty arising from OTC derivatives and efficient portfolio management techniques should be combined when calculating the counterparty risk limits of paragraph 3. a) to 3.d) above.



All assets received by the Sub-Funds in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria laid down below:

- a) Liquidity: any collateral other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral received should also comply with the provisions set out in paragraph 3. i) above. If the market value of the collateral exceeds or fall short of the contractually agreed threshold with the counterparties, the collateral will be adjusted on a daily basis as to maintain the agreed threshold in order to minimise the counterparty risk. This monitoring process is on a daily basis. Any collateral or margins provided are not included in any specific liquidity limit in regards to a Sub-Fund's investments in deposits, Money Market Instruments and/or money market funds in accordance with its investment policy.
- b) Valuation: collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- c) Issuer credit quality: collateral should be of high quality.
- d) Duration: Debt Securities received as collateral should have a maturity equivalent to the maturity of the Debt Securities which may be acquired for the respective Sub-Fund according to its investment restrictions.
- e) Correlation: collateral received must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- f) Collateral diversification (asset concentration): collateral must be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Sub-Fund receives from a counterparty of efficient portfolio management and OTC derivatives a basket of collateral with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When a Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, a Sub-Fund may be fully collateralised in different transferable securities and Money Market Instruments issued or guaranteed by an EU Member State, one or more of its local authorities, a third country, or a public international body to which one or more EU Member States belong. Such a Sub-Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Sub-Fund's Net Asset Value. A Sub-Fund's investment restrictions will mention whether such Sub-Fund intends to be fully collateralised in securities issued or guaranteed by an EU Member State.
- g) Enforceable: collateral received should be capable of being fully enforced by the Sub-Fund at any time without reference to or approval from the counterparty.
- h) Non-cash collateral cannot be sold, pledged or re-invested.
- i) Cash collateral received should only be
  - held in accordance with paragraph 1. c); or
  - invested in high-quality government bonds; or
  - may be used for the purpose of reverse repo transactions provided that transactions are with credit institutions subject to prudential supervision and the Sub-Fund is able to recall at any time the full amount of cash on accrued basis; or
  - short term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral. Re-investment of cash collateral does not release the Sub-Fund from repayment of full cash collateral received, i.e. potential losses incurring from the re-investment have to be borne by the Sub-Fund.

Risks linked to the management of collateral, such as loss in value or illiquidity of received collateral operational and legal risks, should be identified, managed and mitigated by the risk management process. The re-investment of cash collateral exposes the Sub-Fund to a potential loss of the re-invested assets whereas the full nominal amount (plus interest if applicable) has to be repaid to the counterparty.

Where there is a title transfer, the collateral received should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

If a Sub-Fund receives collateral for at least 30% of its Net Asset Value an appropriate stress testing policy will be applied to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Sub-Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:

- a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- c) reporting frequency and limit/loss tolerance threshold(s); and
- d) mitigation actions to reduce loss including haircut policy and gap risk protection.

The Company has a clear haircut policy adapted for each class of assets received as collateral. The haircut is a percentage by which the market value of the collateral will be reduced. The Company typically deducts the haircuts from the market value in order to protect against credit, interest rate, foreign exchange and liquidity risk during the period between collateral calls. The haircut generally is contingent on factors such as price volatility of the relevant asset class, the prospective time to liquidate the asset, the maturity of the asset, and the creditworthiness of the issuer. The following minimum haircut levels are applied for the respective each asset class:

Cash (no haircut); Debt Securities issued by governments, central bank and/or supranationals with Investment Grade rating (minimum haircut of 0.5% of the market value); other Debt Securities issued by corporates with Investment Grade rating (minimum haircut of 2% of the market value); Debt Securities as High Yield Investment Type 2 (minimum haircut of 10% of the market value); Equities (minimum haircut of 6% of the market value).

A more volatile (whether because of longer duration or other factors), less liquid asset typically carries a higher haircut. Haircuts are defined with the approval of the risk management function and may be subject to changes depending on changing market conditions. Haircuts may differ depending on the underlying transaction type, e.g. haircuts applied for OTC derivatives may differ from haircuts applied for securities lending transactions. Generally, Equities will only be accepted as collateral if they are included in major stock indices. Additional (additive) haircuts apply for Debt Securities with a remaining maturity of more than ten years. Additional (additive) haircuts apply for cash or securities received as collateral in which their currency differ from the base currency of the Sub-Fund.

## 15. Risk Management Process

The Management Company will calculate the global exposure of each Sub-Fund. The Management Company will use for each Sub-Fund either the commitment approach, the relative Value-at-Risk approach or the absolute Value-at-Risk approach. The applied risk management approach for each Sub-Fund is set out in the chart below.

The Management Company may adopt the commitment approach to limit market risk in respect of certain Sub-Funds. The commitment approach measures the global exposure related solely to positions on financial derivative instruments which are converted into equivalent positions on the underlying assets with the Management Company's total commitment to financial derivative instruments being limited to 100% of the portfolio's total net value after taking into account the possible effects of netting and coverage.

For those Sub-Funds for which the relative Value-at-Risk approach is used, the respective reference portfolio is additionally outlined in the chart below. Furthermore, for Sub-Funds which either use the relative Value-at-Risk approach or the absolute Value-at-Risk approach, the expected level of leverage of the Sub-Fund is disclosed in the chart below.

The expected level of leverage of the Sub-Fund is expressed as a ratio between the aggregate of the notional values of all derivatives (excluding non-derivatives investments) entered into by the Sub-Fund and the NAV calculated based on the fair market value of all investments (including derivatives).

The actual level of leverage of the Sub-Fund might change over time and might temporarily exceed the expected level of leverage of the Sub-Fund. Derivatives might be used for different purposes including hedging and/or investment purposes. The calculation of the expected level of leverage does not distinguish between the different purposes of a derivative. Therefore this figure delivers no indication regarding the true riskiness of the Sub-Fund.

Sub-Fund Name	Approach	Expected Level of Leverage	Reference Portfolio
Allianz All China Equity	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the MSCI All China Equity Index.
Allianz American Income	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the ICE BofAML US High Yield Master II Index (30%), the ICE BofAML US Corporate 1-10 Years Index (40%), the FTSE US Treasury 5-7 Years Index (20%) and the ICE BofAML Global High Yield Country External Corporate & Government Index (10%).
Allianz Asia Pacific Equity	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the MSCI All Country Asia Pacific Ex Japan Index.
Allianz Asian Multi Income Plus	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the MSCI All Country Asia Pacific ex Japan High Dividend Yield Index (66.67%) and the JPMorgan Asia Credit Non-Investment Grade Index (33.33%).
Allianz Best Styles Euroland Equity	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the MSCI EMU Index.

Sub-Fund Name	Approach	Expected Level of Leverage	Reference Portfolio
Allianz Best Styles Global Equity	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the MSCI World Index.
Allianz China Equity	Commitment Approach	–	–
Allianz China A-Shares	Commitment Approach	–	–
Allianz China Multi Income Plus	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the MSCI China Index (50%) and the JACI China Index (50%).
Allianz Dynamic Asian High Yield Bond	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the JPMorgan Asia Credit Non-Investment Grade Index.
Allianz Dynamic Asian Investment Grade Bond	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the JPMorgan Asia Credit Investment Grade Index.
Allianz Emerging Asia Equity	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the MSCI Emerging Frontier Asia Index.
Allianz Emerging Markets Select Bond	Relative Value-at-Risk	0-5	The reference portfolio corresponds to the composition of the JP Morgan Emerging Markets Equal Weight Index.
Allianz Emerging Markets Short Duration Bond	Relative Value-at-Risk	0-5	The reference portfolio corresponds to the composition of the JP Morgan Corporate Emerging Markets Bond Broad Diversified Index.
Allianz Euro High Yield Bond	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the ICE BofAML Euro High Yield BB-B Rated Index.
Allianz Euroland Equity Growth	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the S&P Eurozone LargeMidCap Growth Index.
Allianz Europe Equity Growth	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the S&P Europe LargeMidCap Growth Index.
Allianz Europe Equity Growth Select	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the S&P Europe Large Cap Growth Index.
Allianz Europe Income and Growth	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the MSCI Europe High Dividend Yield Index (60%), the Bloomberg Barclays Capital Euro-Aggregate Corporate Index (10%), the ICE BofAML Euro High Yield BB-B Rated Index (20%) and the Exane Europe Convertible Bond Index (10%).

Sub-Fund Name	Approach	Expected Level of Leverage	Reference Portfolio
Allianz European Equity Dividend	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the MSCI Europe Index.
Allianz Flexi Asia Bond	Commitment Approach	–	–
Allianz GEM Equity High Dividend	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of MSCI Emerging Markets Index.
Allianz Global Agricultural Trends	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the DAX Global Agribusiness Index (66.67%) and the MSCI All Country Beverages, Food & Staple, Food Products, Tobacco, Water Utilities Index (33.33%).
Allianz Global Artificial Intelligence	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the MSCI All Country World Index (50%) and the MSCI World Information Technology Index (50%).
Allianz Global Credit	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the Bloomberg Barclays Global Aggregate Investment Grade Credit Index.
Allianz Global Dividend	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the MSCI All Country World Index.
Allianz Global Dynamic Multi Asset Strategy 50	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the MSCI World Index (50%) and the Bloomberg Barclays Capital Global Aggregate Index (50%).
Allianz Global Equity	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the MSCI World Index.
Allianz Global Equity Unconstrained	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the MSCI All Country World Index.
Allianz Global Floating Rate Notes Plus	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the ICE BofAML Global Floating Rate High Yield Index (50%), Bloomberg Barclays US Floating Rate Notes Index (25%) and Bloomberg Barclays EURO Floating Rate Notes Index (25%).
Allianz Global Fundamental Strategy	Relative Value-at-Risk	0-5	The reference portfolio corresponds to the composition of the MSCI All Country World Index (70%) and Bloomberg Barclays Capital Global Aggregate Bond Index (30%).
Allianz Global Hi-Tech Growth	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the MSCI World Information Technology Index.

Sub-Fund Name	Approach	Expected Level of Leverage	Reference Portfolio
Allianz Global High Yield	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the ICE BofAML Global High Yield Constrained Index.
Allianz Global Metals and Mining	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the Euromoney Global Mining Index.
Allianz Global Multi-Asset Credit# <i># This is a fixed income fund.</i>	Absolute Value-at-Risk	0-2	–
Allianz Global Opportunistic Bond	Relative Value-at-Risk	0-5	The reference portfolio corresponds to the composition of the Bloomberg Barclays Global Aggregate Bond Index.
Allianz Global Small Cap Equity	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the MSCI World Small Cap Index.
Allianz Global Sustainability	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the Dow Jones Sustainability World Index.
Allianz Global Water	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the S&P Global Water Index.
Allianz High Dividend Asia Pacific Equity	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the MSCI All Country Asia Pacific ex Japan Index.
Allianz HKD Income	Commitment Approach	–	–
Allianz Hong Kong Equity	Commitment Approach	–	–
Allianz Income and Growth	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the ICE BofAML All Convertibles/ All Qualities Index (33.33%), the ICE BofAML High Yield Master II Index (33.33%) and the Russell 1000 Growth Index (33.33%).
Allianz India Equity	Commitment Approach	–	–
Allianz Indonesia Equity	Commitment Approach	–	–
Allianz Japan Equity	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the TOPIX Index.
Allianz Korea Equity	Commitment Approach	–	–
Allianz Little Dragons	Commitment Approach	–	–



Sub-Fund Name	Approach	Expected Level of Leverage	Reference Portfolio
Allianz Oriental Income	Commitment Approach	–	–
Allianz Selective Global High Yield	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the ICE BofAML Global Broad Market Corporate Index.
Allianz Thailand Equity	Commitment Approach	–	–
Allianz Thematica	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the MSCI All Country World Index.
Allianz Tiger	Commitment Approach	–	–
Allianz Total Return Asian Equity	Commitment Approach	–	–
Allianz US Equity Fund	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the S&P 500 Index.
Allianz US Equity Plus	Relative Value-at-Risk	0-2	The reference portfolio corresponds to the composition of the Russell 1000 Index.
Allianz US High Yield	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the ICE BofAML US High Yield Master II Index.
Allianz US Short Duration High Income Bond	Relative Value-at-Risk	0-0.5	The reference portfolio corresponds to the composition of the ICE BofAML 1-3 Years BB-B US Cash Pay High Yield Index.

## 16. Transactions with Affiliated Companies

The Company, on behalf of a Sub-Fund, may also enter into transactions and invest in currencies and other instruments for which affiliated companies act as broker or acts on its own account or for account of the customers. This also applies for cases in which affiliated companies or their customers execute transactions in line with those of the Company. The Company may also enter into mutual transactions, on behalf of a Sub-Fund, in which affiliated companies act both in the name of the Company and simultaneously in the name of the participating counterparty. In such cases, the affiliated companies have a special responsibility towards both parties. The affiliated companies may also develop or issue derivative instruments for which the underlying securities, currencies or instruments can be the investments in which the Company invests or that are based on the performance of a Sub-Fund. The Company may acquire investments that were either issued by affiliated companies or that are the object of an offer for subscription or other sale of these shares. The commissions and subscription fees charged by the affiliated companies should be appropriate.

The Board may impose additional investment restrictions if these are necessary to comply with the legal and administrative provisions in countries in which the Shares of the Company are offered for sale or sold.



## 17. **Securities pursuant to Rule 144A of the United States Securities Act of 1933**

To the extent permitted under the laws and regulations of Luxembourg, (and subject to the investment objectives and investment policy of the Sub-Funds), a Sub-Fund may invest in securities which are not registered pursuant to the United States Securities Act of 1933 and amendments thereto (hereinafter called “**the 1933 Act**”), but which may be sold according to Rule 144A of the 1933 Act to qualified institutional buyers (“**securities pursuant to Rule 144A**”) that qualify as securities as defined under paragraph 1. a) above. A Sub-Fund may invest up to 10% of its net assets in securities pursuant to Rule 144A that do not qualify as securities as defined under paragraph 1. a) above provided that the total value of such assets together with other such securities and Money Market Instruments that do not fall under paragraph 1, does not exceed 10%.

## 18. **Direct Investments in Russian Securities**

If the investment objective and investment policy of a Sub-Fund allow investment in Russian securities, direct investments in traded Russian securities may be made on the “MICEX-RTS” (Moscow Interbank Currency Exchange – Russian Trade System”) which is a Regulated Market for the purposes of Article 41 Paragraph 1 of the Law.

## 19. **Ottawa and Oslo convention**

The Sub-Funds refrain from investing in securities of issuers which, in the opinion of the Board, engage in business activities prohibited by the Ottawa convention on antipersonnel mines and the Oslo convention on cluster munition. In determining whether a company engages in such business activities, the Board may rely on assessments that are based on

- a) research analysis from institutions specialized in screening compliance with said conventions,
- b) responses received from the Company in the course of shareholder engagement activities, as well as
- c) publicly available information.

Such assessments may either be made by the Board itself or obtained from third parties, including other Allianz Group companies.

## 20. **Liquidity Risk Management**

The Management Company has established a liquidity risk management policy which enables it to identify, monitor and manage the liquidity risks of the Sub-Funds and to ensure that the liquidity profile of the investments of the Sub-Funds will facilitate compliance with the Sub-Fund’s obligation to meet redemption requests. Such policy, combined with the liquidity management tools available, also seeks to achieve fair treatment of Shareholders and safeguard the interests of remaining Shareholders in case of sizeable redemptions.

The Management Company’s liquidity risk management policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency.

The liquidity risk management policy involves monitoring the profile of investments held by the Sub-Funds on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed “**REDEMPTION OF SHARES**”, and will facilitate compliance with the Sub-Fund’s obligation to meet redemption requests. Further, the liquidity risk management policy includes details on periodic stress testing carried out by the Management Company to manage the liquidity risk of the Sub-Funds under normal and exceptional market conditions.

The following tool(s) may be employed by the Management Company to manage liquidity risks:

- The Company may limit the redemption and conversion of Shares on any dealing day to 10% of the Shares of a Sub-Fund in issue. For details, please refer to the section headed **“DEFERRAL OF REDEMPTION AND CONVERSION REQUESTS”**.
- The Company may adjust the Net Asset Value per Share for a Sub-Fund in order to reduce the effect of “dilution” when the aggregate net investor transactions (e.g. subscriptions and redemptions) in a Sub-Fund exceed a pre-determined threshold. For details, please refer to the **“Swing Pricing Mechanism”** under the section headed **“NET ASSET VALUE PER SHARE”**.
- The Company may suspend the calculation of the Net Asset Value per Share of any Share Class of a Sub-Fund as well as the issue, redemption and conversion of Shares in certain circumstances. For details, please refer to the section headed **“TEMPORARY SUSPENSION OF CALCULATION OF NAV AND RESULTING SUSPENSION OF DEALING”**.

## **21. Sub-Fund Investments in other Funds**

Should a Sub-Fund’s Asset Class Principles and individual Investment restrictions provide for investments in other funds, the following shall apply:

- Equity funds in which investments are made may either be broadly diversified equity funds or funds specialising in particular countries, regions or sectors. Any UCITS or UCI is an equity fund if its risk profile typically correlates with that of one or more equity markets.
- Bond funds in which investments are made may either be broadly diversified bond funds or funds specialising in particular countries, regions or sectors, or oriented towards specific maturities or currencies. Any UCITS or UCI is a bond fund if its risk profile typically correlates with that of one or more bond markets.
- Money-market funds in which investments are made may either be broadly diversified money-market funds or money-market funds focused on specific groups of issuers or oriented towards specific maturities or currencies. Any UCITS or UCI is a money-market fund as defined above if its risk profile correlates with that of one or more money markets.

In so far as a Sub-Fund’s Asset Class Principles and investment restrictions contain no provisions to the contrary, in principle shares shall preferably be acquired in funds that are managed, directly or indirectly, by the Management Company itself or by any other company with which the Management Company is linked by a substantial direct or indirect participation. Nevertheless, each Sub-Fund is generally allowed to invest a substantial proportion of its assets in UCITS and/or UCI from other companies besides the Management Company.

## **Part B: Asset Class Principles and Sub-Funds' Investment Objectives and Investment Restrictions**

### **Introduction**

To understand the investment policy of each Sub-Fund, investors are advised to read Appendix 1, Part A “**General Investment Principles**” which are generally applicable to all Sub-Funds (unless otherwise specified) in conjunction with this Part B, which sets out the Asset Class Principles according to the asset class of the Sub-Funds as well as the individual investment objective and investments restrictions of each Sub-Fund.

All Sub-Funds are listed in alphabetical order according to their respective asset class under this Part B, namely (i) Equity Sub-Funds, (ii) Bond Sub-Funds and (iii) Multi-Asset Sub-Funds.

The investments of a Sub-Fund therefore may consist of such assets and/or instruments as mentioned in the General Investment Principles in accordance with the applicable investment restrictions stated therein, whereby additional restrictions and/or any deviations can be found in the Asset Class Principles applicable to the Sub-Fund and/or its individual investment restrictions set out under this Part B.

### **1. Equity Sub-Funds**

In addition to the General Investment Principles, the following Asset Class Principles apply to all Equity Sub-Funds unless otherwise stated in a Sub-Fund’s ‘Investment Restrictions’ column:

- Min. 70% of Sub-Fund assets are invested in Equities as described in the investment objective.
- Less than 30% of Sub-Fund assets may be invested in Equities other than described in the investment objective.
- Max. 15% of Sub-Fund assets may be invested in convertible debt securities, of which max. 10% of Sub-Fund assets may be invested in contingent convertible bonds.
- Max. 15% of Sub Fund assets may be held in deposits and/or invested directly in Money Market Instruments and/or (up to 10% of Sub-Fund assets) in money market funds for liquidity management.
- Max. 10% of Sub-Fund assets may be invested in UCITS and/or UCI.
- Where a country and/or region is referred to in the investment objective (or in the investment restriction), a Sub-Fund will (or if specifically restricted in its investment objective or investment restrictions, will not) make investments which have exposure or connection to such country and/or region. Such investments include Equities of companies listed on a Regulated Market or incorporated, with a registered office or principal place of business, or that generate a material share of sales or profits in such country and/or region, as well as companies under common management or control of, or have substantial direct or indirect participation in, the foregoing companies.

- Where a theme and/or a sector is referred to in the investment objective (or in the investment restriction), a Sub-Fund will (or if specifically restricted in its investment objective or investment restrictions, will not) make investments which have exposure or connection to such theme and/or sector. Such investments include Equities of companies that either (i) are included in publicly available financial indices (if any) or in segments (if any) as defined by the Global Industry Classification Standard – (GICS ®) which refer to such theme and/or sector, (ii) currently generate (either directly or indirectly) a material part of their business activities (sales, profits or expenses) in such theme and/or sector, (iii) currently (either directly or indirectly) engage in the respective theme and/or sector and will likely – pursuant to the portfolio manager’s discretionary assessment – materially increase the importance of such engagement on short-term or mid-term, or (iv) have substantial direct or indirect participation by way of ownership in the companies as described under (i) to (iii) above. The scenarios as described under the aforesaid item (iii) may also include Equities of companies with exposure or connection to the respective theme and/or sector on an ancillary basis (i.e. Equities of companies which have exposure or connection to themes and/or sectors as not referred to in the investment objective (or in the investment restriction) (“**such other themes and/or sectors**”) even if the exposure or connection to such other themes and/or sectors are more material than the exposure or connection to the theme and/or sector which is referred to in the investment objective (or in the investment restriction)).

## EQUITY SUB-FUNDS

Sub-Fund	Investment Objective	Investment Restrictions
Allianz All China Equity	Long-term capital growth by investing in onshore and offshore PRC, Hong Kong and Macau equity markets.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 100% of Sub-Fund assets may be invested into the China A-Shares market</li> <li>• Max. 69% of Sub-Fund assets may be invested via RQFII</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Asia Pacific Equity	Long-term capital growth by investing in Asia Pacific equity markets, excluding Japan.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 30% of Sub-Fund assets may be invested in the China A-Shares market</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Best Styles Euroland Equity	Long-term capital growth by investing in developed Eurozone equity markets. The Investment Manager may engage in foreign currency overlay and thus assume separate foreign currency risks with regard to currencies of OECD member states, even if the Sub-Fund does not include any assets denominated in these respective currencies.	<ul style="list-style-type: none"> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> <li>• VAG Investment Restriction applies</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Best Styles Global Equity	Long-term capital growth by investing in global equity markets.	<ul style="list-style-type: none"> <li>• Max. 5% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• VAG Investment Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul> <p>The term “Best Styles” used in the name of the Sub-Fund refers to the description of the Sub-Fund’s investment strategy whereby the selection of securities is based on a combination of fundamental analysis and quantitative risk management and securities are analysed and selected in accordance with a diversified blend of five different investment style orientations. Each investment style is formulated by a combination of various bottom-up stock selection parameters. For the avoidance of doubt, the term “Best Styles” is the brand name for this proprietary investment strategy and is not indicative of the Sub-Fund’s performance or returns.</p>
Allianz China A-Shares	Long-term capital growth by investing in China A-Shares equity markets of the PRC.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 69% of Sub-Fund assets may be invested via RQFII</li> <li>• Max. 20% of Sub-Fund assets may be invested in Equities of PRC markets other than China A-Shares market (e.g. China B-Shares and China H-Shares)</li> <li>• Max. 10% of Sub-Fund assets may be invested in Equities outside PRC</li> <li>• Sub-Fund assets may not be invested in convertible debt securities including contingent convertible bonds</li> <li>• Max. 10% of Sub-Fund assets may be held directly in deposits and/or invested in Money Market Instruments and/or in Debt Securities and/or in money market funds for liquidity management</li> <li>• Max. 10% of Sub-Fund assets may be invested in closed end funds listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange</li> <li>• Hong Kong Restriction applies</li> <li>• VAG Investment Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz China Equity	Long-term capital growth by investing in PRC, Hong Kong and Macau equity markets.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 50% of Sub-Fund assets may be invested in the China A-Shares market</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> <li>• VAG Investment Restriction applies</li> </ul>
Allianz Emerging Asia Equity	Long-term capital growth by investing in developing Asian equity markets, excluding Japan, Hong Kong and Singapore.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 30% of Sub-Fund assets may be invested in the China A-Shares market</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Euroland Equity Growth	Long-term capital growth by investing in Eurozone equity markets with a focus on growth stocks.	<ul style="list-style-type: none"> <li>• PEA (Plan d'Epargne en Actions) Restriction applies</li> <li>• Max. 25% of Sub-Fund assets may be invested in Equities other than described in the investment objective</li> <li>• Max. 20% of Sub-Fund assets may be invested in Equities of companies whose registered offices are in countries participating in the Exchange Rate Mechanism II</li> <li>• Max. 10% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Europe Equity Growth	Long-term capital growth by investing in European equity markets with a focus on growth stocks.	<ul style="list-style-type: none"> <li>• PEA (Plan d'Epargne en Actions) Restriction applies</li> <li>• Max. 25% of Sub-Fund assets may be invested in Equities other than described in the investment objective</li> <li>• Max. 20% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> <li>• VAG Investment Restriction applies</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Europe Equity Growth Select	Long-term capital growth by investing in European equity markets with a focus on growth stocks of large market capitalization companies.	<ul style="list-style-type: none"> <li>• PEA (Plan d'Epargne en Actions) Restriction applies</li> <li>• Large market capitalization companies means companies whose market capitalization is at least EUR 5 billion as determined at the time of acquisition</li> <li>• Max. 25% of Sub-Fund assets may be invested in Equities other than described in the investment objective</li> <li>• Max. 20% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz European Equity Dividend	Long-term capital growth by investing in companies of European equity markets that are expected to achieve sustainable dividend returns.	<ul style="list-style-type: none"> <li>• PEA (Plan d'Epargne en Actions) Restriction applies</li> <li>• Max. 25% of Sub-Fund assets may be invested in Equities other than described in the investment objective</li> <li>• Max. 20% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 20% of Sub Fund assets may be held in deposits and/or invested directly in Money Market Instruments and/or (up to 10% of Sub-Fund assets) in money market funds</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> <li>• VAG Investment Restriction applies</li> </ul>
Allianz GEM Equity High Dividend	Long-term capital growth by investing in global emerging equity markets, with a focus on equities which will result in a portfolio of investments with a potential dividend yield above the market average when the portfolio is considered as a whole.	<ul style="list-style-type: none"> <li>• Min. 70% of Sub-Fund assets are invested in Emerging Markets or in countries which are constituents of the MSCI Emerging Market Index</li> <li>• Max. 30% of Sub-Fund assets may be invested in China A-Shares market</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> <li>• VAG Investment Restriction applies</li> </ul>



Sub-Fund	Investment Objective	Investment Restrictions
Allianz Global Agricultural Trends	Long-term capital growth by investing in global equity markets with a focus on basic resources, raw materials, product processing, distribution and, if necessary, in other businesses with a focus or exposure relating to the aforementioned areas.	<ul style="list-style-type: none"> <li>• Min. 90% of Sub-Fund assets are invested in Equities as described in the investment objective</li> <li>• Max. 35% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 10% of Sub-Fund assets may be invested in Equities other than described in the investment objective.</li> <li>• Max. 10% of Sub-Fund assets may be invested in convertible debt securities and contingent convertible bonds</li> <li>• Max. 10% of Sub Fund assets may be held in deposits and/or invested directly in Money Market Instruments and/or (up to 10% of Sub-Fund assets) in money market funds</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Global Artificial Intelligence	Long-term capital growth by investing in the global equity markets with a focus on the evolution of artificial intelligence.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> </ul>
Allianz Global Dividend	Long-term capital growth by investing in companies of global equity markets that are expected to achieve sustainable dividend payments.	<ul style="list-style-type: none"> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Global Equity	Long-term capital growth by investing in developed global equity markets, with a focus on acquiring Equities that have above-average potential for profit growth and/or attractive valuations. The Investment Manager may engage in foreign currency overlay and thus assume separate foreign currency risks with regard to currencies of OECD member states, even if the Sub-Fund does not include any assets denominated in these respective currencies.	<ul style="list-style-type: none"> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 10% of Sub-Fund assets may be invested into the China A-Shares market</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Global Equity Unconstrained	Long-term capital growth by investing in global equity markets to achieve a concentrated equity portfolio with a focus on stock selection.	<ul style="list-style-type: none"> <li>• Max. 50% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 15% of Sub-Fund assets may be invested into the China A-Shares market</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Global Hi-Tech Growth	Long-term capital growth by investing in global equity markets with a focus on the information technology sector or on an industry which forms part of this sector.	<ul style="list-style-type: none"> <li>• Information technology sector means companies that have, or will, develop products, processes or services that will provide, or will benefit significantly from advances and improvements in the information technology sector which includes, but is not limited to, software &amp; related services, including primarily development of software in various fields such as the internet, applications, systems, databases management and/ or home entertainment; consulting and services, as well as data processing and outsourced services; technology hardware &amp; equipment, including manufacturers and distributors of communications equipment, computers &amp; peripherals, electronic equipment and related instruments; interactive media &amp; services, internet, internet infrastructure and services; and semiconductors &amp; semiconductor equipment manufacturers.</li> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Global Metals and Mining	Long-term capital growth by investing in global equity markets with a focus on natural resources. Natural resources may comprise of nonferrous metals, iron and other ores, steel, coal, precious metals, diamonds or industrial salts and minerals.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max 10% of Sub-Fund assets may be invested into the China A-Shares market</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Global Small Cap Equity	Long-term capital growth by investing in global equity markets with a focus on small-sized companies.	<ul style="list-style-type: none"> <li>• “Small-sized companies” (“small caps”) means companies whose market capitalisation are a maximum of 1.3 times the market capitalization of the largest security in terms of market capitalisation in the MSCI World Small Cap Index. Under normal market situations the Investment Manager expects to maintain a weighted average market capitalization of the portfolio of the Sub-Fund between 50% and 200% of the weighted-average market capitalization of the securities in the MSCI World Small Cap Index</li> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets, limited to max. 10% for each single Emerging Markets Country</li> <li>• Max. 10% of Sub-Fund assets may be invested in the China A-Shares market</li> <li>• Max. 15% of Sub-Fund assets may be invested in convertible debt securities, and (up to 10% of Sub-Fund assets) may be invested in contingent convertible bonds, of which max. 10% may be High-Yield Investments Type I at the time of acquisition</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Global Sustainability	Long-term capital growth by investing in global equity markets of developed countries with a focus on sustainable business practices (namely, business practices which are environmentally friendly and socially responsible) and which the Investment Manager believes may create long-term value. The Investment Manager may engage in foreign currency overlay and thus assume separate foreign currency risks with regard to currencies of OECD member states, even if the Sub-Fund does not include any assets denominated in these respective currencies.	<ul style="list-style-type: none"> <li>• Max. 30% of Sub-Fund assets may be invested in Equities other than described in the investment objective with sustainable business practices</li> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets with sustainable business practices</li> <li>• Max. 10% of Sub-Fund assets may be invested in Equities other than described in the investment objective</li> <li>• Max. 10% of Sub-Fund assets may be invested into the China A-Shares market</li> <li>• Sub-Fund assets may not be invested in Equities of companies that generate a share of more than 5% of its revenues in the sectors of (i) alcohol, (ii) armament, (iii) gambling, (iv) pornography and (v) tobacco</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Global Water	Long-term capital growth by investing in global equity markets with a focus on companies with an engagement in the area of water resource management, and offer of products or solutions with active positive contribution to improvement of the supply, efficiency or quality of water.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz High Dividend Asia Pacific Equity	Long-term capital growth by investing in a portfolio of Asia Pacific (excluding Japan) equity market securities, with a potential dividend yield above the market average.	<ul style="list-style-type: none"> <li>• Max. 80% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 30% of Sub-Fund assets may be invested into the China A-Shares and/or China B-Shares markets</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> <li>• VAG Investment Restriction applies</li> </ul>
Allianz Hong Kong Equity	Long-term capital growth by investing in Hong Kong equity markets.	<ul style="list-style-type: none"> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 30% of Sub-Fund assets may be invested in the China A-Shares market</li> <li>• Hong Kong Restriction applies.</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz India Equity	Long-term capital growth by investing in equity markets of the Indian Subcontinent, including India, Pakistan, Sri Lanka and Bangladesh.	<ul style="list-style-type: none"> <li>• Min. 70% of Sub-Fund assets are invested in Equities as described in the investment objective, wherein max. 30% of Sub-Fund assets may be invested in equity markets of Pakistan, Sri Lanka and Bangladesh</li> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Indonesia Equity	Long-term capital growth by investing in Indonesian equity markets.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Japan Equity	Long-term capital growth by investing in Japanese equity markets.	<ul style="list-style-type: none"> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Korea Equity	Long-term capital growth by investing in Korean equity markets	<ul style="list-style-type: none"> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Little Dragons	Long-term capital growth by investing in Asian equity markets excluding Japan with a focus on small-sized and mid-sized companies.	<ul style="list-style-type: none"> <li>• “Small-sized and mid-sized companies” (“<b>small caps</b>” and “<b>mid caps</b>”) mean companies whose market capitalization are a maximum of 1.3 times of the market capitalization of the largest security in terms of market capitalisation in the MSCI AC Asia ex Japan Mid Cap Index. Under normal market situations the Investment Manager expects to maintain a weighted average market capitalization of the portfolio of the Sub-Fund between 60% and 250% of the weighted average market capitalization of the securities in the MSCI AC Asia ex Japan Mid Cap Index. In addition, the weighted average market capitalization of the portfolio has to be above the market capitalization of the smallest security and below the market capitalization of the largest security in the MSCI AC Asia ex Japan Mid Cap Index</li> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 30% of Sub-Fund assets may be invested in the China A-Shares market</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Thailand Equity	Long-term capital growth by investing in equity markets of Thailand.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Thematica	Long-term capital growth by investing in global equity markets with a focus on theme and stock selection.	<ul style="list-style-type: none"> <li>• The Sub-Fund aims to invest in a range of 5 to 10 themes with medium to long term trends (e.g. health tech, safety and security, digital life, etc. depending on market conditions). The themes may change over time. The investment process is based on an approach which combines a top-down active theme investment process and a bottom-up stock selection process.</li> <li>• Max. 50% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 10% of Sub-Fund assets may be invested in China A-Shares market</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Tiger	Long-term capital growth by investing in the equity markets of the PRC, Hong Kong, Singapore, the Republic of Korea, Taiwan, Thailand, Malaysia and the Philippines. The Sub-Fund utilizes a long/short equity strategy which seeks to enhance returns irrespective of broad equity market conditions.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 30% of Sub-Fund assets may be invested in the China A-Shares market</li> <li>• The Sub-Fund may invest extensively in financial derivative instruments for efficient portfolio management purposes (including hedging) and/or investment purposes</li> <li>• The long/short equity strategy (the “<b>Strategy</b>”) targets to be market neutral with limited or no net exposure to broad Equity market movements. The net market exposure of the Strategy (Long Positions minus Short Positions) is expected to be in a maximum range of +10% and -10% of the Sub-Fund’s Net Asset Value. To the extent that the net market exposure differs from 0 the Strategy is not a pure market neutral long/short Equity strategy for, insofar, the Strategy does not seek to reduce common Equity market or systematic risks but accepts them. The Strategy’s gross exposure (Long Positions plus Short Positions) is allowed to be a maximum of 40% of the Sub-Fund’s Net Asset Value</li> <li>• The Strategy is implemented using a derivatives structure, in particular swaps, on the positive or negative performance resulting from the Strategy’s investment in Equities (“<b>Total Return Swap</b>”). The Investment Manager exchanges a regular variable payment from the Sub-Fund against a participation in the performance of the Strategy, in line with the above description. This performance may also be negative, which would then result in an additional payment from the Sub-Fund to the respective counterparty of the derivative structure</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
		<ul style="list-style-type: none"> <li>• Usually, the overall derivatives structure will be implemented with one counterparty. Such counterparty has to comply with the general requirements of the Investment Manager for counterparty selection. In addition, the counterparty will be selected by applying the best execution criteria of the Investment Manager. Given the complexity of the overall derivatives structures the counterparty's ability to handle such complex structures will be of significant importance within this process. Through regular and ad hoc resets of the Total Return Swap it will be ensured that the maximum counterparty risk of the selected counterparty will not exceed 10% of the Sub-Fund's volume</li> <li>• The counterparty assumes no discretion over the composition or management of the strategy. The Investment Manager does not require the approval to implement any transaction within the management of the Strategy</li> <li>• The expected level of leverage is between 0 and 40% of the Sub-Fund's Net Asset Value, calculated based on expected sum of notionals of derivatives</li> <li>• The use of total return swaps shall usually not exceed 2% of Sub-Fund assets</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz Total Return Asian Equity	Long-term capital growth and income by investing in the equity markets of the Republic of Korea, Taiwan, Thailand, Hong Kong, Malaysia Indonesia, the Philippines, Singapore and the PRC.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 30% of Sub-Fund assets may be invested in the China A-Shares market</li> <li>• Max. 30% of Sub-Fund assets may be held in deposits and/or invested directly in Money Market Instruments and/or (up to 10% of Sub-Fund assets) in money market funds</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>
Allianz US Equity Fund	Long-term capital growth by investing in companies of US equity markets with a minimum market capitalisation of USD500 million.	<ul style="list-style-type: none"> <li>• Max. 30% Sub-Fund assets may be invested in Emerging Markets</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>



Sub-Fund	Investment Objective	Investment Restrictions
Allianz US Equity Plus	Long-term capital growth and income by investing in the US equity markets.	<ul style="list-style-type: none"> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 20% of Sub Fund assets may be held in deposits and/or invested directly in Money Market Instruments and/or (up to 10% of Sub-Fund assets) in money market funds</li> <li>• Max. 20% non-USD Currency Exposure</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Equity Sub-Funds applies</li> </ul>

## 2. Bond Sub-Funds

In addition to the General Investment Principles the following Asset Class Principles apply to all Bond Sub-Funds unless otherwise stated in a Sub-Fund's 'Investment Restrictions' column:

- Sub-Fund assets are primarily invested in Debt Securities as described in the investment objective.
- Less than 30% of Sub-Fund assets may be invested in Debt Securities other than described in the investment objective.
- Max. 20% of Sub-Fund assets may be invested in ABS and/or MBS.
- Max. 10% of Sub-Fund assets may be invested in contingent convertible bonds (or "CoCos").
- Max. 10% of Sub-Fund assets may be invested in preference shares.
- Max. 10% of Sub-Fund assets may be invested in UCITS and/or UCI.
- Max. 100% of Sub-Fund assets may be held in deposits and/or invested directly in Money Market Instruments and/or (up to 10% of Sub-Fund assets) in money market funds on a temporary basis for liquidity management and/or defensive purpose and/or any other exceptional circumstances, and if the investment manager considers it in the best interest of the Sub-Fund.
- Where a country, region and/or market is referred to in the investment objective (or in the investment restrictions), a Sub-Fund will (or if specifically restricted in its investment objective or investment restrictions, will not) make investments which have exposure or connection to such country, region and/or markets. Such investments include Debt Securities that are issued or guaranteed by governments, municipalities, agencies, supra-nationals, central, regional or local authority and companies of (including those that generate a predominant share of their sales or their profits in) such country, region and/or market as well as companies that are under common management or control of, or have substantial direct or indirect participation in the foregoing companies.
- Sub-Fund assets may be invested in Equities and comparable securities or rights in the exercise of subscription, conversion and option rights on investments such as convertible bonds, contingent convertible bonds and bonds with warrants, but they must be sold within 12 months from the date of acquisition. Up to 5% of Sub-Fund assets as described in the aforementioned may be invested longer than 12 months if the Investment Manager considers it to be in the best interest of the Sub-Fund.

## BOND SUB-FUNDS

Sub-Fund	Investment Objective	Investment Restrictions
Allianz American Income	<p>Long-term capital growth and income by investing in Debt Securities of American bond markets with a focus on the US bond markets.</p> <p>“American bond markets” includes bond markets in North America (e.g. the US) and South America (e.g. Brazil).</p>	<ul style="list-style-type: none"> <li>• Min. 70% of Sub-Fund assets are invested in Debt Securities from the US and/or from companies which are constituents of either the ICE BofAML U.S. Corporate Master Index or the ICE BofAML U.S. High Yield Master II Index</li> <li>• Max. 60% of Sub-Fund assets may be invested in High-Yield Investment Type 2</li> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 30% of Sub-Fund assets may be invested in convertible debt securities</li> <li>• Max. 20% of Sub-Fund assets may be invested in ABS and/or MBS with Investment Grade rating</li> <li>• Max. 20% non-USD Currency Exposure</li> <li>• Duration: between 3 and 9 years</li> <li>• Hong Kong Restriction applies</li> </ul>
Allianz Dynamic Asian High Yield Bond	<p>Long-term capital growth and income by investing in high yield rated Debt Securities of Asian bond markets.</p>	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Min. 70% of Sub-Fund assets are invested in High-Yield Investments Type 1 in accordance with the investment objective, within this limit max. 10% of Sub-Fund assets may be invested in Debt Securities that are rated CC or lower (including defaulted securities) (Standard and Poor’s)</li> <li>• Max. 10% of Sub-Fund assets may be invested in convertible debt securities</li> <li>• Max. 20% RMB Currency Exposure</li> <li>• Max. 30% non USD Currency Exposure</li> <li>• Max. 20% of Sub-Fund assets may be invested in the PRC bond markets</li> <li>• Duration: between zero and 10 years</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies, except for the relevant restriction specified for High-Yield Investments Type 1/High-Yield Investment Type 2</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Dynamic Asian Investment Grade Bond	Long-term capital growth and income by investing in Asian bond markets.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Min. 70% of Sub-Fund assets are invested in Debt Securities from an Asian country with Investment Grade</li> <li>• Max. 30% of Sub-Fund assets may be invested in Debt Securities issued or guaranteed by governments, municipalities, agencies, supranationals, central, regional or local authority of the US with Investment Grade</li> <li>• Max. 30% of Sub-Fund assets may be invested in preference shares issued by corporates of an Asian country</li> <li>• Max. 20% RMB Currency Exposure</li> <li>• Max. 20% non-USD Currency Exposure</li> <li>• Sub-Fund assets may not be invested in ABS and/or MBS</li> <li>• Duration: between zero and 10 years</li> <li>• Hong Kong Restriction applies</li> </ul>
Allianz Emerging Markets Select Bond	Superior risks adjusted returns through a complete market cycle by investing in emerging bond markets.	<ul style="list-style-type: none"> <li>• Min. 70% of Sub-Fund assets are invested in Debt Securities of Emerging Markets or of countries which are constituents of the JP Morgan Emerging Market Bond Index Global Diversified or of the JP Morgan Corporate Emerging Market Bond Index or of the JP Morgan GBI-EM Global Index.</li> <li>• Sub-Fund assets may be invested in High-Yield Investments Type 1 and Debt Securities that are rated CC or lower (including max. 10% in defaulted securities) (Standard &amp; Poor's or equivalently by other ratings agencies)</li> <li>• Max. 5% of Sub-Fund assets may be invested in the PRC bond markets</li> <li>• Duration: between minus 4 and 8 years</li> <li>• Hong Kong Restriction applies</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Emerging Markets Short Duration Bond	Long-term capital growth and income by investing in short duration Debt Securities of emerging bond markets denominated in USD.	<ul style="list-style-type: none"> <li>• Min. 70% of Sub-Fund assets are invested in Debt Securities with a rating of B- (Standard &amp; Poor's) or better of Emerging Markets or of countries which are constituents of the JP Morgan Emerging Market Bond Index Global Diversified or the JP Morgan Corporate Emerging Market Bond Index and which are denominated in USD</li> <li>• Sub-Fund assets may be invested in High-Yield Investments Type 2</li> <li>• Sub-Fund assets may not be invested in ABS and/or MBS</li> <li>• Max. 10% of Sub-Fund assets may be invested in preference shares issued by corporates of an Emerging Market country or of countries which are constituents of the JP Morgan Emerging Market Bond Index Global Diversified or of the JP Morgan Corporate Emerging Market Bond Index or of the JP Morgan GBI-EM Global Index</li> <li>• Duration: between 1 and 4 Years</li> <li>• Hong Kong Restriction applies</li> <li>• VAG Investment Restriction applies</li> </ul>
Allianz Euro High Yield Bond	Long-term capital growth by investing in high yield rated Debt Securities denominated in EUR	<ul style="list-style-type: none"> <li>• Min. 70% of Sub-Fund assets are invested in High-Yield Investments Type 2</li> <li>• Max. 15% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 10% non-EUR Currency Exposure</li> <li>• Sub-Fund assets may not be invested in ABS and/or MBS</li> <li>• Duration: between 1 and 9 years</li> <li>• Hong Kong Restriction applies</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Flexi Asia Bond	Long-term capital growth and income by investing in Debt Securities of Asian bond markets denominated in EUR, USD, GBP, JPY, AUD, NZD or any Asian currency.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 60% of Sub-Fund assets may be invested in High-Yield Investments Type 1; within this limit max. 10% of Sub-Fund assets may be invested in Debt Securities that are rated CC or lower (including defaulted securities) (Standard and Poor's)</li> <li>• Max. 10% of Sub-Fund assets may be invested in the PRC bond markets</li> <li>• Max 35% may be invested in Debt Securities issued or guaranteed by a single sovereign issuer that is rated below investment grade (i.e. Philippines) Such investments are based on the professional judgment of the Investment Manager whose reasons for investment may include a favorable/positive outlook on the sovereign issuer, potential for ratings upgrade (which may depend on the economic fundamentals of such sovereign, etc.), expected changes in their value of such investments due to the ratings changes, among other things. Please note the ratings of sovereign issuers may change from time to time and the abovementioned sovereign is named only for reference and is subject to change as its ratings changes</li> <li>• Max. 35% RMB Currency Exposure</li> <li>• Max. 20% non-EUR, non-USD, non-GBP, non-JPY, non-AUD, non-NZD or any non-Asian Currency Exposure</li> <li>• Duration: between zero and 10 years</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies, except for the relevant restriction specified for High-Yield Investments Type 1/High-Yield Investment Type 2</li> </ul>
Allianz Global Credit	Long-term capital growth by investing in global bond markets.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Min. 70% of Sub-Fund assets are invested in Debt Securities with Investment Grade</li> <li>• Max. 30% of Sub-Fund assets may be invested in High Yield Investments Type 1</li> <li>• Max. 15% of Sub-Fund assets may be invested in the PRC bond markets</li> <li>• Hong Kong Restriction applies</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Global Floating Rate Notes Plus	Long-term capital growth by investing in global floating-rate note Debt Securities.	<ul style="list-style-type: none"> <li>• Min. 51% of Sub-Fund assets are invested in global Debt Securities in accordance with the investment objective</li> <li>• Max. 49% of Sub-Fund assets may be invested in Debt Securities other than described in the investment objective</li> <li>• Max. 50 of Sub-Fund Assets may be invested in High Yield Investments Type 1</li> <li>• Max. 25% of Sub-Fund assets may be invested in ABS and/or MBS. The underlying assets of the ABS and/or MBS may include loans, leases or receivables (such as credit card debt and whole business in the case of ABS and commercial and residential mortgages originating from a regulated and authorised financial institution in the case of MBS).</li> <li>• Max. 25% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Duration: between: 0 and 1 year</li> <li>• Hong Kong Restriction applies</li> </ul>
Allianz Global High Yield	Long-term capital growth by investing in high yield rated Debt Securities of global bond markets.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Min. 70% of Sub-Fund assets are invested in High-Yield investments Type 1 and Debt Securities that are rated CC (Standard &amp; Poor's) or lower (including max. 10% in defaulted securities)</li> <li>• Max. 10% non-USD Currency Exposure</li> <li>• Hong Kong Restriction applies</li> <li>• Sub-Fund may be invested in future-contracts on global equity indices (equity index futures) for efficient portfolio management (including for hedging). Sub-Fund assets must not at any time own a long position in any equity index futures</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
<p>Allianz Global Multi-Asset Credit#</p> <p># <i>This is a fixed income fund.</i></p>	<p>Long-term returns in excess of 3 months USD Libor by investing in global bond markets.</p>	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Min. 70% of Sub-Fund assets are invested in Debt Securities in accordance with the investment objective</li> <li>• Min. 25% of Sub-Fund assets are invested in Debt Securities with Investment Grade in accordance with the investment objective</li> <li>• Max. 60% of Sub-Fund assets may be invested in High Yield Investments Type 1 and within this limit, (i) max. 10% of Sub-Fund assets may be invested in Debt Securities that are rated CCC+ (Standard &amp; Poor's) or lower (including defaulted securities) and (ii) max. 10% of Sub-Fund assets may be invested in unrated Debt Securities with a rating determined by the Investment Manager to be of comparable quality. The highest rating at acquisition day is decisive for the assessment of the possible acquisition of a Debt Security</li> <li>• Max. 40% of Sub-Fund assets may be invested in ABS and/or MBS. The underlying assets of the ABS and/or MBS may include loans, leases or receivables (such as credit card debt and whole business in the case of ABS and commercial and residential mortgages originating from a regulated and authorised financial institution in the case of MBS)</li> <li>• Max. 10% non-USD Currency Exposure</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies except for the relevant restriction specified for High-Yield Investments Type 1/High-Yield Investment Type 2</li> <li>• Sub-Fund assets may be invested in future-contracts on global equity indices (equity index futures) for efficient portfolio management (including for hedging). Sub-Fund assets must not at any time own a long position in any equity index futures</li> </ul>



Sub-Fund	Investment Objective	Investment Restrictions
Allianz Global Opportunistic Bond	Long-term capital growth and income by investing in global bond markets. As part of the investment process, the Investment Manager applies an opportunistic approach, which provides in particular that a spectrum of macro and credit opportunities are accessed.	<ul style="list-style-type: none"> <li>• Max. 40% of Sub-Fund assets may be invested in High-Yield Investments Type 1</li> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 20% of Sub-Fund assets may be invested in the PRC bond markets</li> <li>• Sub-Fund assets may be invested in options and/or future-contracts on global equity indices for both, efficient portfolio management and hedging purposes. Sub-Fund assets must not at any time own a synthetic net long position on any equity indices</li> <li>• Duration: between 0 and 9 years</li> <li>• Hong Kong Restriction applies</li> </ul>
Allianz HKD Income	Long-term capital growth and income by investing in bond markets denominated in Hong Kong Dollar.	<ul style="list-style-type: none"> <li>• Max 30% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Min. 70% of Sub-Fund assets are denominated in Hong Kong Dollar</li> <li>• Max. 30% of Sub-Fund assets may be invested in High-Yield Investments Type 2</li> <li>• Max. 30% of Sub-Fund assets may be denominated in RMB and/or other currencies</li> <li>• Sub-Fund assets may not be invested in ABS and/or MBS</li> <li>• Duration: below 10 years</li> <li>• Hong Kong Restriction applies</li> </ul>
Allianz Selective Global High Yield	Long-term capital growth and income by investing in global bond markets. The Sub-Fund tries to offer close to high yield returns with an expected volatility between investment grade and high yield.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Min.70% of Sub-Fund assets are invested in Debt Securities with a rating of BB- or higher (Standard &amp; Poor's)</li> <li>• Max. 30% of Sub-Fund assets may be invested in Debt Securities with a rating of B+ or lower (Standard &amp; Poor's), however Debt Securities with a rating of CCC+ or lower (including defaulted securities) (Standard &amp; Poor's) may not be acquired. The highest available rating at acquisition day is decisive for the assessment of the possible acquisition of a Debt Security</li> <li>• Sub-Fund assets may be invested in future-contracts on global equity indices (equity index futures) for both, efficient portfolio management and hedging purposes. Sub-Fund assets must not at any time own a long position in any equity index futures</li> <li>• Max. 10% non-USD Currency Exposure</li> <li>• Hong Kong Restriction applies</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz US High Yield	Long-term capital growth and income by investing in high yield rated corporate bonds of US bond markets.	<ul style="list-style-type: none"> <li>• Min. 70% of Sub-Fund assets are invested in corporate bonds from the US</li> <li>• Min. 70% of Sub-Fund assets are invested in High-Yield Investments Type 1, however, within this limit Sub-Fund assets may be invested in Debt Securities that are rated CC or lower (including max. 10% of defaulted securities) (Standard &amp; Poor's)</li> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 20% non-USD Currency Exposure</li> <li>• Duration: between zero and 9 years</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies, except for the relevant restriction specified for High-Yield Investments Type 1/High-Yield Investment Type 2</li> </ul>
Allianz US Short Duration High Income Bond	Long-term income and lower volatility by investing in short duration high yield rated corporate bonds of US bond markets.	<ul style="list-style-type: none"> <li>• Min. 70% of Sub-Fund assets are invested in corporate bonds from the US or whose issuers are constituents of the ICE BofAML 1-3 years BB-B US Cash Pay High Yield Index</li> <li>• Min. 70% of Sub-Fund assets are invested in High-Yield Investments Type 1</li> <li>• Max. 20% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 20% non-USD Currency Exposure</li> <li>• Duration: between zero and 3 years</li> <li>• Hong Kong Restriction applies</li> </ul>

### 3. Multi-Asset Sub-Funds

In addition to the General Investment Principles, the following Asset Class Principles apply to all Multi Asset Sub-Funds unless otherwise stated in a Sub-Fund's' Investment Restrictions' column:

- Min. 70% of Sub-Fund assets are invested in Equities and/or Debt Securities and/or other asset classes in accordance with the investment objective.
- Less than 30% of Sub-Fund assets may be invested in Equities and/or Debt Securities and/or other asset classes other than described in the investment objective.
- Max. 20% of Sub-Fund assets may be invested in ABS and/or MBS.
- Max. 10% of Sub-Fund assets may be invested in contingent convertible bonds (“CoCos”).
- Max. 10% of Sub-Fund assets may be invested in UCITS and/or UCI.
- Max. 100% Sub-Fund assets may be held in deposits and/or invested directly in Money Market Instruments and (up to 10% of Sub-Fund assets) in money market funds on a temporary basis for liquidity management and/or defensive purpose and/or any other exceptional circumstances, and if the investment manager considers it in the best interest of the Sub-Fund.
- Where a country, region and/or market is referred to in the investment objective (or in the investment restrictions), a Sub-Fund will (or if specifically restricted in its investment objective or investment restrictions, will not) make investments which have exposure or connection to such country, region and/or markets. Such investments include Debt Securities that are issued or guaranteed by governments, municipalities, agencies, supra-nationals, central, regional or local authority and companies of (including those that generate a predominant share of their sales or their profits in) such country, region and/or market as well as companies that are under common management or control of, or have substantial direct or indirect participation in the foregoing companies.
- Where a country, region and/or market is referred to in the investment objective (or in the investment restrictions), a Sub-Fund will (or if specifically restricted in its investment objective or investment restrictions, will not) make investments which have exposure or connection to such country, region and/or markets. Such investments include Equities of companies listed on a Regulated Market or incorporated, with a registered office or principal place of business, or that generate a predominant share of sales or profits in such country, region or market, as well as companies under common management or control of, or have substantial direct or indirect participation in, the foregoing companies.
- The allocation of the Sub-Fund's' investments across asset classes may vary substantially from time to time. The Sub-Fund's' investments in each asset class are based upon the Investment Managers' assessment of economic conditions and market factors, including equity price levels, interest rate levels and their anticipated direction.

## MULTI-ASSET SUB-FUNDS

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Asian Multi Income Plus	Long-term capital growth and income by investing in Asia Pacific equity and bond markets.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Min. 70% of Sub-Fund assets are invested directly in accordance with the investment objective</li> <li>• Max. 85% of Sub-Fund assets may be invested in Equities in accordance with the investment objective</li> <li>• Max. 85% of Sub-Fund assets may be invested in Debt Securities in accordance with the investment objective</li> <li>• Max. 85% of Sub-Fund assets may be invested in High Yield Investments Type 1</li> <li>• Max. 30% of Sub-Fund assets may be invested in the China A-Shares market</li> <li>• Max 10% of Sub-Fund assets may be invested in the China B-Shares market</li> <li>• Max. 30% of Sub-Fund assets may be held in deposits and/or invested directly in Money Market Instruments and (up to 10% of Sub-Fund assets) in money market funds</li> <li>• Duration: below 10 years</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Multi-Asset Sub-Funds applies (min. 51%)</li> </ul>
Allianz China Multi Income Plus	Long-term capital growth and income by investing in equity and bond markets of the PRC, Hong Kong and Macau.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Min. 70% of Sub-Fund assets are invested directly in accordance with the investment objective</li> <li>• Max. 80% of Sub-Fund assets may be invested in Equities</li> <li>• Max 80% of Sub-Fund assets may be invested in Debt Securities (including 'Dim Sum' Bonds)</li> <li>• Max. 80% of Sub-Fund assets may be invested in High-Yield Investments Type 1 and Debt Securities that are rated CC (Standard &amp; Poor's) or lower (including max. 10% in defaulted securities)</li> <li>• Max. 50% of Sub-Fund assets may be invested into the China A-Shares market, China B-Shares market and/or in Debt Securities of the PRC bond markets</li> <li>• Duration: between and zero and 10 years</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Multi-Asset Sub-Funds applies (min. 25%)</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Europe Income and Growth	Long-term capital growth and income by investing in European corporate Debt Securities and Equities.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Min. 70% of Sub-Fund assets are invested directly in accordance with the investment objective</li> <li>• Max. 80% of Sub-Fund assets may be invested in Debt Securities in accordance with the investment objective</li> <li>• Max. 80% of Sub-Fund assets may be invested in Equities in accordance with the investment objective</li> <li>• Max. 70% of Sub-Fund assets may be invested in convertible debt securities in accordance with the investment objective</li> <li>• Max. 70% of Sub-Fund assets may be invested in High-Yield Investments Type 1 in accordance with the investment objective</li> <li>• Max. 25% of Sub-Fund assets may be held in deposits and/or invested directly in Money Market Instruments and (up to 10% of Sub-Fund assets) in money market funds</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Multi-Asset Sub-Funds applies (min. 25%)</li> </ul>
Allianz Global Dynamic Multi Asset Strategy 50	Long term capital growth by investing in a broad range of asset classes, with a focus on global equity, bond and money markets in order to achieve over the medium-term a performance comparable to a balanced portfolio consisting of 50% global equity markets and 50% global bond markets.	<ul style="list-style-type: none"> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets. Included in this limit are target fund investments if the respective acquired target funds are deemed to be “Emerging Market Funds” according to the Morningstar classification</li> <li>• Max. 20% of Sub-Fund assets may be invested in High-Yield Investments Type 1</li> <li>• Max. 10% of Sub-Fund assets may be invested in UCITS and/or UCI, thereof max. 10% of Sub-Fund assets may be invested in UCITS and/or UCI which are ETFs and max. 5% of Sub-Fund asset may be invested in UCITS and/or UCI which are not ETFs</li> <li>• Duration: between minus 2 and 10 years</li> <li>• Hong Kong Restriction applies</li> <li>• GITA Restriction for Multi-Asset Sub-Funds applies (min 25%)</li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Global Fundamental Strategy	<p>Long-term capital growth by investing in a broad range of global asset classes. The investment decisions are based on a fundamental management approach. The portfolio will consist of two components – the core portfolio and the opportunistic portfolio. It is intended to generate stable returns over the market cycle via the core portfolio. The opportunistic portfolio is designed to capture shorter term investment opportunities and will be more actively managed than the core portfolio. The turnover will be higher than in the core portfolio. Allocation of capital between the two components of the portfolios depending on market circumstances and consequently will fluctuate over time. With the objective of achieving additional returns, the Investment Manager may also assume separate foreign currency risks, even if the Sub-Fund does not include any assets denominated in these respective currencies.</p>	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Sub-Fund assets may be invested in High-Yield Investments Type 2</li> <li>• Sub-Fund assets may be invested in securities relating to <ol style="list-style-type: none"> <li>1. Equities</li> <li>2. Debt Securities</li> <li>3. UCITS and/or UCI</li> <li>4. indices (including bond, equity (including assets of companies operating in the private equity sector), hedge funds indices and indices on commodity futures, precious metal or commodities as well as indices that relate to companies active in the area of private equity); securities relating to indices other than financial indices may only be acquired if they aim to replicate the same performance as the underlying index/indices on a 1:1 basis</li> <li>5. commodities</li> <li>6. commodity forward and/or future contracts</li> <li>7. currencies</li> <li>8. currency forward and/or future contracts</li> <li>9. real estate property funds and/or</li> <li>10. baskets of the aforementioned underlying assets.</li> </ol> <p>Securities relating to an underlying asset as defined in No. 5 to 8 may only be acquired if they aim to replicate the same performance as the respective underlying asset on a 1:1 basis. This applies accordingly to securities as defined in No. 10, insofar as they have underlying assets as defined in No. 5 to 8. Securities with an underlying asset as defined in No. 5 to 9 may not provide for any mandatory physical delivery or grant the issuer the right to make physical delivery of the relevant underlying asset. This applies accordingly to securities as defined in No. 10, insofar as they have underlying assets as defined in No. 5 to 9.</p> <ul style="list-style-type: none"> <li>• Max. 10% of Sub-Fund assets may be invested into China A-Shares market</li> <li>• Duration: not restricted</li> <li>• Hong Kong Restriction applies</li> </ul> </li> </ul>

Sub-Fund	Investment Objective	Investment Restrictions
Allianz Income and Growth	Long-term capital growth and income by investing in US and/or Canadian corporate Debt Securities and Equities.	<ul style="list-style-type: none"> <li>• Max. 70% of Sub-Fund assets may be invested in Equities in accordance with the investment objective</li> <li>• Max. 70% of Sub-Fund assets may be invested in convertible debt securities in accordance with the investment objective</li> <li>• Max. 70% of Sub-Fund assets may be invested in High-Yield Investments Type 1, however within this limit, Sub-Fund assets may be invested in Debt Securities that are rated CC or lower (including max. 10% of defaulted securities) (Standard &amp; Poor's)</li> <li>• Max. 30% of Sub-Fund assets may be invested in Emerging Markets</li> <li>• Max. 25% of Sub-Fund assets may be held in deposits and/or invested directly in Money Market Instruments and (up to 10% of Sub-Fund assets) in money market funds</li> <li>• Max. 20% non-USD Currency Exposure</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Multi-Asset Sub-Funds applies (min. 25%)</li> </ul>
Allianz Oriental Income	Long-term capital growth by investing in Asia Pacific equity and bond markets.	<ul style="list-style-type: none"> <li>• Sub-Fund assets may be invested in Emerging Markets</li> <li>• Min 50% of Sub-Fund assets are invested in Equities</li> <li>• Min. 40% of Sub-Fund assets are invested in Equities in accordance with the investment objective</li> <li>• Max. 50% of Sub-Fund assets may be invested in Debt Securities</li> <li>• Max. 30% of Sub-Fund assets may be invested in the China A-Shares market</li> <li>• Sub-Fund assets may not be invested in High Yield Investments Type 1</li> <li>• Hong Kong Restriction applies</li> <li>• Taiwan Restriction applies</li> <li>• GITA Restriction for Multi-Asset Sub-Funds applies (min. 51%)</li> <li>• VAG Investment Restriction applies</li> </ul>



## APPENDIX 2 DEALING DETAILS

Please note that:–

- “Valuation Day” refers to each day on which banks and exchanges in the countries and/or cities indicated are open for business. In case that a specific day indicated is not a day on which banks and exchanges in such countries and/or cities are open for business the next day on which banks and exchanges in such countries and/or cities are open for business shall be considered.

Sub-Fund	Base Currency	Valuation Day	Use of Fair Value Pricing Model
Allianz All China Equity	USD	Luxembourg, Hong Kong and PRC	√
Allianz American Income	USD	Luxembourg and the United States	X
Allianz Asia Pacific Equity	EUR	Luxembourg	√
Allianz Asian Multi Income Plus	USD	Luxembourg, Hong Kong and Singapore	√
Allianz Best Styles Euroland Equity	EUR	Luxembourg	X
Allianz Best Styles Global Equity	EUR	Luxembourg and Germany	√
Allianz China A-Shares	USD	Luxembourg, Hong Kong and PRC	√
Allianz China Equity	USD	Luxembourg and Hong Kong	√
Allianz China Multi Income Plus	USD	Luxembourg, Hong Kong and Singapore	√
Allianz Dynamic Asian High Yield Bond	USD	Luxembourg and Singapore	X
Allianz Dynamic Asian Investment Grade Bond	USD	Luxembourg and Singapore	X
Allianz Emerging Asia Equity	USD	Luxembourg and Hong Kong	√
Allianz Emerging Markets Select Bond	USD	Luxembourg, New York and United Kingdom	X
Allianz Emerging Markets Short Duration Bond	USD	Luxembourg, New York and United Kingdom	X
Allianz Euro High Yield Bond	EUR	Luxembourg, United Kingdom and France	X
Allianz Euroland Equity Growth	EUR	Luxembourg	X
Allianz Europe Equity Growth	EUR	Luxembourg	X
Allianz Europe Equity Growth Select	EUR	Luxembourg and Germany	X
Allianz Europe Income and Growth	EUR	Luxembourg, Germany, United Kingdom and France	X
Allianz European Equity Dividend	EUR	Luxembourg	X

Sub-Fund	Base Currency	Valuation Day	Use of Fair Value Pricing Model
Allianz Flexi Asia Bond	USD	Luxembourg and Singapore	X
Allianz GEM Equity High Dividend	EUR	Luxembourg and New York	√
Allianz Global Agricultural Trends	USD	Luxembourg	√
Allianz Global Artificial Intelligence	USD	Luxembourg and New York	√
Allianz Global Credit	USD	Luxembourg and United Kingdom	X
Allianz Global Dividend	EUR	Luxembourg, Germany and New York	√
Allianz Global Dynamic Multi Asset Strategy 50	USD	Luxembourg, Germany, Hong Kong, Japan and New York	√
Allianz Global Equity	USD	Luxembourg	√
Allianz Global Equity Unconstrained	EUR	Luxembourg and New York	√
Allianz Global Floating Rate Notes Plus	USD	Luxembourg and United Kingdom	X
Allianz Global Fundamental Strategy	EUR	Luxembourg and United States	√
Allianz Global Hi-Tech Growth	USD	Luxembourg and Germany	√
Allianz Global High Yield	USD	Luxembourg and United Kingdom	X
Allianz Global Metals and Mining	EUR	Luxembourg and Germany	√
Allianz Global Multi-Asset Credit	USD	Luxembourg and United Kingdom	X
Allianz Global Opportunistic Bond	USD	Luxembourg, United Kingdom and United States	X
Allianz Global Small Cap Equity	USD	Luxembourg and New York	√
Allianz Global Sustainability	EUR	Luxembourg	√
Allianz Global Water	USD	Luxembourg, Germany, United Kingdom and United States	√
Allianz High Dividend Asia Pacific Equity	USD	Luxembourg and Hong Kong	√
Allianz HKD Income	HKD	Luxembourg, Hong Kong, PRC and the United States	X
Allianz Hong Kong Equity	HKD	Luxembourg and Hong Kong	√
Allianz Income and Growth	USD	Luxembourg and the United States	X
Allianz India Equity	USD	Luxembourg and India	√
Allianz Indonesia Equity	USD	Luxembourg and Indonesia	X
Allianz Japan Equity	USD	Luxembourg, Germany and Japan	√

Sub-Fund	Base Currency	Valuation Day	Use of Fair Value Pricing Model
Allianz Korea Equity	USD	Luxembourg and Korea	√
Allianz Little Dragons	USD	Luxembourg	√
Allianz Oriental Income	USD	Luxembourg	√
Allianz Selective Global High Yield	USD	Luxembourg and United Kingdom	X
Allianz Thailand Equity	USD	Luxembourg and Thailand	√
Allianz Thematica	USD	Luxembourg, Germany and New York	√
Allianz Tiger	USD	Luxembourg	√
Allianz Total Return Asian Equity	USD	Luxembourg	√
Allianz US Equity Fund	USD	Luxembourg and the United States	√
Allianz US Equity Plus	USD	Luxembourg and the United States	X
Allianz US High Yield	USD	Luxembourg and the United States	X
Allianz US Short Duration High Income Bond	USD	Luxembourg and New York	X

## APPENDIX 3 FEES AND CHARGES

Note: A dash “–” indicates no charge or fee is currently levied. At least one month’s notice will be given to Shareholders of any increase in the rates of fees and charges specified in this HK Prospectus.

Sub-Fund	Share Class <sup>1</sup>	Subscription Fee <sup>2</sup>	Conversion Fee <sup>3</sup>	Redemption Fee <sup>4</sup>	All-in-Fee <sup>4</sup>	Taxe d’Abonnement
Allianz All China Equity	A/AM/AMg/AT	5.00%	5.00%	–	2.25% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.28% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.28% p.a.	0.01% p.a.
	W/WT	–	–	–	1.00% p.a.	0.01% p.a.
Allianz American Income	A/AM/AMg/AT	5.00%	5.00%	–	1.50% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	0.75% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.75% p.a.	0.01% p.a.
	W/WT	–	–	–	0.60% p.a.	0.01% p.a.
Allianz Asia Pacific Equity	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.38% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.95% p.a.	0.01% p.a.
	W/WT	–	–	–	1.38% p.a.	0.01% p.a.
Allianz Asian Multi Income Plus	A/AM/AMg/AT	5.00%	5.00%	–	1.50% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.15% p.a.	0.05% p.a.
	P8/PT8	2.00%	2.00%	–	0.95% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.89% p.a.	0.01% p.a.
	W/WT	–	–	–	1.15% p.a.	0.01% p.a.
Allianz Best Styles Euroland Equity	A/AM/AMg/AT	5.00%	5.00%	–	1.30% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.08% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.70% p.a.	0.01% p.a.
	W/WT	–	–	–	1.08% p.a.	0.01% p.a.
Allianz Best Styles Global Equity	A/AM/AMg/AT	5.00%	5.00%	–	1.30% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.20% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.20% p.a.	0.01% p.a.
	W/WT	–	–	–	0.50% p.a.	0.01% p.a.
Allianz China A-Shares	A/AM/AMg/AT	5.00%	5.00%	–	2.25% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.85% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.40% p.a.	0.01% p.a.
	W/WT	–	–	–	1.85% p.a.	0.01% p.a.

Sub-Fund	Share Class <sup>1</sup>	Subscription Fee <sup>2</sup>	Conversion Fee <sup>3</sup>	Redemption Fee <sup>4</sup>	All-in-Fee <sup>4</sup>	Taxe d'Abonnement
Allianz China Equity	A/AM/AMg/AT	5.00%	5.00%	–	2.25% p.a.	0.05% p.a.
	AT (SGD)	5.00%	5.00%	–	1.85% p.a.	0.05% p.a.
	P/PT	–	–	–	1.28% p.a.	0.05% p.a.
	P2/PT2	–	–	–	0.93% p.a.	0.05% p.a.
	I/IT	–	–	–	1.28% p.a.	0.01% p.a.
	W/WT	–	–	–	0.93% p.a.	0.01% p.a.
Allianz China Multi Income Plus	A/AM/AMg/AT	5.00%	5.00%	–	2.25% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.65% p.a.	0.05% p.a.
	P8/PT8	2.00%	2.00%	–	1.26% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.95% p.a.	0.01% p.a.
	I (USD)	2.00%	2.00%	–	1.08% p.a.	0.01% p.a.
	W/WT	–	–	–	1.65% p.a.	0.01% p.a.
Allianz Dynamic Asian High Yield Bond	A/AM/AMg/AT	5.00%	5.00%	–	1.50% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	0.82% p.a.	0.05% p.a.
	P8/PT8	2.00%	2.00%	–	0.95% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.82% p.a.	0.01% p.a.
	W/WT	–	–	–	0.57% p.a.	0.01% p.a.
Allianz Dynamic Asian Investment Grade Bond	A/AM/AMg/AT	3.00%	3.00%	–	1.25% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.05% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.05% p.a.	0.01% p.a.
	W/WT	–	–	–	1.05% p.a.	0.01% p.a.
Allianz Emerging Asia Equity	A/AM/AMg/AT	5.00%	5.00%	–	2.25% p.a.	0.05% p.a.
	P/PT	–	–	–	1.85% p.a.	0.05% p.a.
	I/IT	–	–	–	1.28% p.a.	0.01% p.a.
	W/WT	–	–	–	1.85% p.a.	0.01% p.a.
Allianz Emerging Markets Select Bond	A/AM/AMg/AT	5.00%	5.00%	–	2.00% p.a.	0.05% p.a.
	P/PT	–	–	–	1.45% p.a.	0.05% p.a.
	I/IT	–	–	–	1.45% p.a.	0.01% p.a.
	W/WT	–	–	–	1.45% p.a.	0.01% p.a.
Allianz Emerging Markets Short Duration Bond	A/AM/AMg/AT	5.00%	5.00%	–	0.99% p.a.	0.05% p.a.
	P/PT	–	–	–	0.55% p.a.	0.05% p.a.
	I/IT	–	–	–	0.55% p.a.	0.01% p.a.
	W/WT	–	–	–	1.45% p.a.	0.01% p.a.

Sub-Fund	Share Class <sup>1</sup>	Subscription Fee <sup>2</sup>	Conversion Fee <sup>3</sup>	Redemption Fee <sup>4</sup>	All-in-Fee <sup>4</sup>	Taxe d'Abonnement
Allianz Euro High Yield Bond	A/AM/AMg/AT	3.00%	3.00%	–	1.35% p.a.	0.05% p.a.
	P/PT	–	–	–	0.79% p.a.	0.05% p.a.
	I/IT	–	–	–	0.79% p.a.	0.01% p.a.
	W/WT	–	–	–	0.49% p.a.	0.01% p.a.
Allianz Euroland Equity Growth	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.38% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.95% p.a.	0.01% p.a.
	W/WT	–	–	–	0.65% p.a.	0.01% p.a.
Allianz Europe Equity Growth	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	0.95% p.a.	0.05% p.a.
	P8/PT8	2.00%	2.00%	–	1.10% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.95% p.a.	0.01% p.a.
	W/WT	–	–	–	0.65% p.a.	0.01% p.a.
Allianz Europe Equity Growth Select	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	0.95% p.a.	0.05% p.a.
	P8/PT8	2.00%	2.00%	–	1.10% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.95% p.a.	0.01% p.a.
	W/WT	–	–	–	0.65% p.a.	0.01% p.a.
Allianz Europe Income and Growth	A/AM/AMg/AT	5.00%	5.00%	–	1.50% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	0.84% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.84% p.a.	0.01% p.a.
	W/WT	–	–	–	1.15% p.a.	0.01% p.a.
Allianz European Equity Dividend	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	0.95% p.a.	0.05% p.a.
	P8/PT8	2.00%	2.00%	–	1.10% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.95% p.a.	0.01% p.a.
	W/WT	–	–	–	0.65% p.a.	0.01% p.a.
Allianz Flexi Asia Bond	A/AM/AMg/AT	5.00%	5.00%	–	1.50% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	0.82% p.a.	0.05% p.a.
	P8/PT8	2.00%	2.00%	–	0.95% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.82% p.a.	0.01% p.a.
	W/WT	–	–	–	1.15% p.a.	0.01% p.a.

Sub-Fund	Share Class <sup>1</sup>	Subscription Fee <sup>2</sup>	Conversion Fee <sup>3</sup>	Redemption Fee <sup>4</sup>	All-in-Fee <sup>4</sup>	Taxe d'Abonnement
Allianz GEM Equity High Dividend	A/AM/AMg/AT	5.00%	5.00%	–	2.25% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.85% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.28% p.a.	0.01% p.a.
	W/WT	–	–	–	1.85% p.a.	0.01% p.a.
Allianz Global Agricultural Trends	A/AM/AMg/AT	5.00%	5.00%	–	2.05% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.08% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.08% p.a.	0.01% p.a.
	W/WT	–	–	–	1.50% p.a.	0.01% p.a.
Allianz Global Artificial Intelligence	A/AM/AMg/AT	5.00%	5.00%	–	2.05% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.50% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.50% p.a.	0.01% p.a.
	W/WT	–	–	–	1.50% p.a.	0.01% p.a.
Allianz Global Credit	A/AM/AMg/AT	3.00%	3.00%	–	1.15% p.a.	0.05% p.a.
	P/PT	–	–	–	0.75% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.75% p.a.	0.01% p.a.
	W/WT	–	–	–	0.75% p.a.	0.01% p.a.
Allianz Global Dividend	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.50% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.50% p.a.	0.01% p.a.
	W/WT	–	–	–	1.50% p.a.	0.01% p.a.
Allianz Global Dynamic Multi Asset Strategy 50	A/AM/AMg/AT	5.00%	5.00%	–	1.65% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	0.89% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.89% p.a.	0.01% p.a.
	W/WT	–	–	–	0.61% p.a.	0.01% p.a.
Allianz Global Equity	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.38% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.95% p.a.	0.01% p.a.
	W/WT	–	–	–	0.65% p.a.	0.01% p.a.
Allianz Global Equity Unconstrained	A/AM/AMg/AT	5.00%	5.00%	–	2.05% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.50% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.50% p.a.	0.01% p.a.
	W/WT	–	–	–	1.50% p.a.	0.01% p.a.



Sub-Fund	Share Class <sup>1</sup>	Subscription Fee <sup>2</sup>	Conversion Fee <sup>3</sup>	Redemption Fee <sup>4</sup>	All-in-Fee <sup>4</sup>	Taxe d'Abonnement
Allianz Global Floating Rate Notes Plus	A/AM/AMg/AQ/AT	5.00%	5.00%	–	0.90% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	0.60% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.60% p.a.	0.01% p.a.
	W/WT	–	–	–	0.50% p.a.	0.01% p.a.
Allianz Global Fundamental Strategy	A/AM/AMg/AT	4.00%	4.00%	–	1.50% p.a.	0.05% p.a.
	P/PT	–	–	–	1.50% p.a.	0.05% p.a.
	I/IT	–	–	–	1.50% p.a.	0.01% p.a.
Allianz Global Hi-Tech Growth	A/AM/AMg/AT	5.00%	5.00%	–	2.05% p.a.	0.05% p.a.
	P/PT	–	–	–	1.53% p.a.	0.05% p.a.
	I/IT	–	–	–	1.53% p.a.	0.01% p.a.
	W/WT	–	–	–	1.53% p.a.	0.01% p.a.
Allianz Global High Yield	A/AM/AMg/AT	3.00%	3.00%	–	1.45% p.a.	0.05% p.a.
	P/PT	–	–	–	1.10% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.10% p.a.	0.01% p.a.
	W/WT	–	–	–	1.10% p.a.	0.01% p.a.
Allianz Global Metals and Mining	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.38% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.95% p.a.	0.01% p.a.
	W/WT	–	–	–	1.38% p.a.	0.01% p.a.
Allianz Global Multi-Asset Credit	A/AM/AMg/AT	3.00%	3.00%	–	1.30% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.90% p.a.	0.01% p.a.
	W/WT	–	–	–	0.90% p.a.	0.01% p.a.
Allianz Global Opportunistic Bond	A/AM/AMg/AT	3.00%	3.00%	–	1.14% p.a.	0.05% p.a.
	P/PT	–	–	–	0.63% p.a.	0.05% p.a.
	I/IT	–	–	–	0.63% p.a.	0.01% p.a.
	W/WT	–	–	–	0.44% p.a.	0.01% p.a.
Allianz Global Small Cap Equity	A/AM/AMg/AT	5.00%	5.00%	–	2.05% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.08% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.08% p.a.	0.01% p.a.
	W/WT	–	–	–	1.50% p.a.	0.01% p.a.
Allianz Global Sustainability	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.38% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.38% p.a.	0.01% p.a.
	W/WT	–	–	–	1.38% p.a.	0.01% p.a.

Sub-Fund	Share Class <sup>1</sup>	Subscription Fee <sup>2</sup>	Conversion Fee <sup>3</sup>	Redemption Fee <sup>4</sup>	All-in-Fee <sup>4</sup>	Taxe d'Abonnement
Allianz Global Water	A/AM/AMg/AT	5.00%	5.00%	–	2.35% p.a.	0.05% p.a.
	P/PT	–	–	–	1.38% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.38% p.a.	0.01% p.a.
	W/WT	–	–	–	1.03% p.a.	0.01% p.a.
Allianz High Dividend Asia Pacific Equity	A/AM/AMg/AT	5.00%	5.00%	–	2.05% p.a.	0.05% p.a.
	P/PT	–	–	–	1.50% p.a.	0.05% p.a.
	I/IT	–	–	–	0.90% p.a.	0.01% p.a.
	W/WT	–	–	–	0.70% p.a.	0.01% p.a.
Allianz HKD Income	A/AM/AMg/AT	5.00%	5.00%	–	1.00% p.a.	0.05% p.a.
	P/PT	–	–	–	0.85% p.a.	0.05% p.a.
	P8/PT8	2.00%	2.00%	–	0.65% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.57% p.a.	0.01% p.a.
	W/WT	–	–	–	0.85% p.a.	0.01% p.a.
Allianz Hong Kong Equity	A/AM/AMg/AT	5.00%	5.00%	–	2.05% p.a.	0.05% p.a.
	AT (SGD)	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	–	–	–	1.53% p.a.	0.05% p.a.
	I/IT	–	–	–	1.08% p.a.	0.01% p.a.
	W/WT	–	–	–	1.53% p.a.	0.01% p.a.
Allianz Income and Growth	A/AM/AMg/AT	5.00%	5.00%	–	1.50% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	0.84% p.a.	0.05% p.a.
	P8/PT8	2.00%	2.00%	–	0.97% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.84% p.a.	0.01% p.a.
	W/WT	–	–	–	1.15% p.a.	0.01% p.a.
Allianz India Equity	A/AM/AMg/AT	5.00%	5.00%	–	2.50% p.a.	0.05% p.a.
	P/PT	–	–	–	2.00% p.a.	0.05% p.a.
	I/IT	–	–	–	1.28% p.a.	0.01% p.a.
	W/WT	–	–	–	2.00% p.a.	0.01% p.a.
Allianz Indonesia Equity	A/AM/AMg/AT	5.00%	5.00%	–	2.25% p.a.	0.05% p.a.
	P/PT	–	–	–	1.85% p.a.	0.05% p.a.
	I/IT	–	–	–	1.85% p.a.	0.01% p.a.
	W/WT	–	–	–	1.85% p.a.	0.01% p.a.

Sub-Fund	Share Class <sup>1</sup>	Subscription Fee <sup>2</sup>	Conversion Fee <sup>3</sup>	Redemption Fee <sup>4</sup>	All-in-Fee <sup>4</sup>	Taxe d'Abonnement
Allianz Japan Equity	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	–	–	–	1.38% p.a.	0.05% p.a.
	I/IT	–	–	–	0.95% p.a.	0.01% p.a.
	W/WT	–	–	–	0.65% p.a.	0.01% p.a.
Allianz Korea Equity	A/AM/AMg/AT	5.00%	5.00%	–	2.25% p.a.	0.05% p.a.
	P/PT	–	–	–	1.85% p.a.	0.05% p.a.
	I/IT	–	–	–	1.85% p.a.	0.01% p.a.
	W/WT	–	–	–	1.85% p.a.	0.01% p.a.
Allianz Little Dragons	A (USD)/AT (USD)	5.00%	5.00%	–	3.25% p.a.	0.05% p.a.
	P/PT	–	–	–	2.00% p.a.	0.05% p.a.
	I/IT	–	–	–	2.00% p.a.	0.01% p.a.
	W/WT	–	–	–	2.00% p.a.	0.01% p.a.
Allianz Oriental Income	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	–	–	–	0.95% p.a.	0.05% p.a.
	I/IT	–	–	–	0.95% p.a.	0.01% p.a.
	W/WT	–	–	–	1.38% p.a.	0.01% p.a.
Allianz Selective Global High Yield	A/AM/AMg/AT	3.00%	3.00%	–	1.45% p.a.	0.05% p.a.
	P/PT	–	–	–	1.10% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.10% p.a.	0.01% p.a.
	W/WT	–	–	–	1.10% p.a.	0.01% p.a.
Allianz Thailand Equity	A/AM/AMg/AT	5.00%	5.00%	–	2.25% p.a.	0.05% p.a.
	P/PT	–	–	–	1.85% p.a.	0.05% p.a.
	I/IT	–	–	–	1.28% p.a.	0.01% p.a.
	W/WT	–	–	–	1.85% p.a.	0.01% p.a.
Allianz Thematica	A/AM/AMg/AT	5.00%	5.00%	–	2.05% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.50% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.50% p.a.	0.01% p.a.
	W/WT	–	–	–	1.50% p.a.	0.01% p.a.
Allianz Tiger	A/AM/AMg/AT	5.00%	5.00%	–	2.25% p.a.	0.05% p.a.
	P/PT	–	–	–	1.85% p.a.	0.05% p.a.
	I/IT	–	–	–	1.85% p.a.	0.01% p.a.
	W/WT	–	–	–	1.85% p.a.	0.01% p.a.

Sub-Fund	Share Class <sup>1</sup>	Subscription Fee <sup>2</sup>	Conversion Fee <sup>3</sup>	Redemption Fee <sup>4</sup>	All-in-Fee <sup>4</sup>	Taxe d'Abonnement
Allianz Total Return Asian Equity	A/AM/AMg/AT	5.00%	5.00%	–	2.05% p.a.	0.05% p.a.
	P/PT	–	–	–	1.08% p.a.	0.05% p.a.
	P8/PT8	2.00%	2.00%	–	1.26% p.a.	0.05% p.a.
	I/IT	–	–	–	1.53% p.a.	0.01% p.a.
	W/WT	–	–	–	1.53% p.a.	0.01% p.a.
Allianz US Equity Fund	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	0.95% p.a.	0.05% p.a.
	P2/PT2	–	–	–	0.65% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.38% p.a.	0.01% p.a.
	W/WT	–	–	–	0.65% p.a.	0.01% p.a.
Allianz US Equity Plus	A/AM/AMg/AT	5.00%	5.00%	–	1.80% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.50% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	1.50% p.a.	0.01% p.a.
	W/WT	–	–	–	1.50% p.a.	0.01% p.a.
Allianz US High Yield	A/AM/AMg/AT	5.00%	5.00%	–	1.39% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	0.75% p.a.	0.05% p.a.
	P8/PT8	2.00%	2.00%	–	0.87% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.75% p.a.	0.01% p.a.
	W/WT	–	–	–	0.55% p.a.	0.01% p.a.
Allianz US Short Duration High Income Bond	A/AM/AMg/AT	5.00%	5.00%	–	1.29% p.a.	0.05% p.a.
	P/PT	2.00%	2.00%	–	1.45% p.a.	0.05% p.a.
	I/IT	2.00%	2.00%	–	0.70% p.a.	0.01% p.a.
	W/WT	–	–	–	1.45% p.a.	0.01% p.a.

1) Includes all Shares within all respective Share Classes.

2) When issuing Shares, the Management Company has discretion to levy a lower Subscription Fee.

3) The Conversion Fee refers to a conversion into the mentioned Share Class of a Sub-Fund. When converting Shares, the Management Company has discretion to levy a lower Conversion Fee.

4) The Management Company has discretion to levy a lower Redemption Fee/All-in-Fee/Performance Fee/Additional Costs/Fees.

## APPENDIX 4

### INVESTMENT MANAGER/SUB-INVESTMENT MANAGER/INVESTMENT ADVISOR DIRECTORY

Remarks:

- a) If the Management Company is carrying out its investment management functions internally (i.e. no Investment Manager in this case), the name of the respective branch of the Management Company will be disclosed under 1) *Branch of Management Company carrying out investment management functions* in the table below.
- b) If the Management Company has delegated the investment management functions to one or more Investment Manager(s), and (if applicable) the respective Investment Manager(s) has sub-delegated some of its functions to one or more Sub-Investment Manager(s), the name(s) of the respective Investment Manager(s) and/or Sub-Investment Manager(s) will be disclosed under 2) *Investment Manager/Sub-Investment Manager* in the table below.
- c) If the Management Company has partially delegated its investment management functions to one or more Sub-Investment Manager(s) and (if applicable) the Sub-Investment Manager(s) has sub-delegated some of its functions to other Sub-Investment Manager(s), the name of the respective branch of the Management Company will be disclosed under 1) *Branch of Management Company carrying out investment management functions* and the Sub-Investment Manager(s) will be disclosed 2) *Investment Manager/Sub-Investment Manager* in the table below.
- d) If the Management Company has appointed an investment advisor, the name of the respective investment advisor(s) will be disclosed under 3) *investment advisor* in the table below.

Sub-Fund	1) Branch of Management Company carrying out investment management functions and/or 2) investment manager/sub-investment manager and/or 3) investment advisor
Allianz All China Equity	2) AllianzGI AP 3) AllianzGI Singapore
Allianz American Income	2) AllianzGI US
Allianz Asia Pacific Equity	2) AllianzGI AP
Allianz Asian Multi Income Plus	2) AllianzGI AP/AllianzGI Singapore
Allianz Best Styles Euroland Equity	1) AllianzGI – Germany
Allianz Best Styles Global Equity	1) AllianzGI – Germany
Allianz China A-Shares	2) AllianzGI AP 3) AllianzGI Singapore
Allianz China Equity	2) AllianzGI AP
Allianz China Multi Income Plus	2) AllianzGI AP and AllianzGI Singapore, each acting as Investment Manager
Allianz Dynamic Asian High Yield Bond	2) AllianzGI Singapore
Allianz Dynamic Asian Investment Grade Bond	2) AllianzGI Singapore
Allianz Emerging Asia Equity	2) AllianzGI AP
Allianz Emerging Markets Select Bond	1) AllianzGI – UK Branch
Allianz Emerging Markets Short Duration Bond	1) AllianzGI – UK Branch

<b>Sub-Fund</b>	<b>1) Branch of Management Company carrying out investment management functions and/or 2) investment manager/sub-investment manager and/or 3) investment advisor</b>
Allianz Euro High Yield Bond	1) AllianzGI – France Branch
Allianz Euroland Equity Growth	1) AllianzGI – Germany
Allianz Europe Equity Growth	1) AllianzGI – Germany
Allianz Europe Equity Growth Select	1) AllianzGI – Germany
Allianz Europe Income and Growth	1) AllianzGI – Germany and AllianzGI – France Branch
Allianz European Equity Dividend	1) AllianzGI – Germany
Allianz Flexi Asia Bond	2) AllianzGI Singapore
Allianz GEM Equity High Dividend	2) AllianzGI US
Allianz Global Agricultural Trends	2) AllianzGI US
Allianz Global Artificial Intelligence	2) AllianzGI US
Allianz Global Credit	1) AllianzGI – UK Branch
Allianz Global Dividend	1) AllianzGI – Germany 2) AllianzGI US, acting as Sub-Investment Manager
Allianz Global Dynamic Multi Asset Strategy 50	2) AllianzGI AP
Allianz Global Equity	1) AllianzGI – UK Branch
Allianz Global Equity Unconstrained	1) AllianzGI – Germany
Allianz Global Floating Rate Notes Plus	1) AllianzGI – UK Branch
Allianz Global Fundamental Strategy	1) AllianzGI – UK Branch 2) AllianzGI US, acting as Sub-Investment Manager
Allianz Global Hi-Tech Growth	2) AllianzGI US
Allianz Global High Yield	1) AllianzGI – UK Branch
Allianz Global Metals and Mining	1) AllianzGI – Germany
Allianz Global Multi-Asset Credit	1) AllianzGI – UK Branch
Allianz Global Opportunistic Bond	1) AllianzGI – UK Branch
Allianz Global Small Cap Equity	1) AllianzGI – UK Branch 2) AllianzGI US, AllianzGI AP and AllianzGI Japan, each acting as Sub-Investment Manager
Allianz Global Sustainability	1) AllianzGI – UK Branch
Allianz Global Water	1) AllianzGI – Germany
Allianz High Dividend Asia Pacific Equity	2) AllianzGI AP
Allianz HKD Income	2) AllianzGI AP
Allianz Hong Kong Equity	2) AllianzGI AP
Allianz Income and Growth	2) AllianzGI US
Allianz India Equity	2) AllianzGI AP

Sub-Fund	1) Branch of Management Company carrying out investment management functions and/or 2) investment manager/sub-investment manager and/or 3) investment advisor
Allianz Indonesia Equity	2) AllianzGI AP
Allianz Japan Equity	2) AllianzGI AP/AllianzGI Japan
Allianz Korea Equity	2) AllianzGI AP
Allianz Little Dragons	2) AllianzGI AP
Allianz Oriental Income	2) AllianzGI AP
Allianz Selective Global High Yield	1) AllianzGI – UK Branch
Allianz Thailand Equity	2) AllianzGI AP
Allianz Thematica	1) AllianzGI – Germany
Allianz Tiger	2) AllianzGI AP
Allianz Total Return Asian Equity	2) AllianzGI AP
Allianz US Equity Fund	2) AllianzGI US
Allianz US Equity Plus	2) AllianzGI US
Allianz US High Yield	2) AllianzGI US
Allianz US Short Duration High Income Bond	2) AllianzGI US



**APPENDIX 5**  
**PROPORTIONS OF A SUB-FUND'S NET ASSET VALUE**  
**SUBJECT TO TRS/CFDs AND SECURITIES FINANCING**  
**TRANSACTIONS**

Sub-Fund Name	TRS and CFDs (summed up) Expected/Maximum Proportion of NAV (%)	Securities Lending Expected/Maximum Proportion of NAV (%)	Repo/Reverse Repo Expected/Maximum Proportion of NAV (%)
Allianz All China Equity	0/30	0/0	0/0
Allianz American Income	0/30	0/50	0/30
Allianz Asia Pacific Equity	0/30	0/0	0/0
Allianz Asian Multi Income Plus	0/30	0/30	0/30
Allianz Best Styles Euroland Equity	0/30	0/0	0/0
Allianz Best Styles Global Equity	0/30	0/0	0/0
Allianz China A-Shares	0/30	0/0	0/0
Allianz China Equity	0/30	0/0	0/0
Allianz China Multi Income Plus	0/30	0/30	0/30
Allianz Dynamic Asian High Yield Bond	0/30	0/50	0/30
Allianz Dynamic Asian Investment Grade Bond	0/30	0/50	0/30
Allianz Emerging Asia Equity	0/30	0/0	0/0
Allianz Emerging Markets Select Bond	0/30	40/50	0/30
Allianz Emerging Markets Short Duration Bond	0/30	40/50	0/30
Allianz Euro High Yield Bond	0/30	40/50	0/30
Allianz Euroland Equity Growth	0/30	0/0	0/0
Allianz Europe Equity Growth	0/30	0/0	0/0
Allianz Europe Equity Growth Select	0/30	0/0	0/0
Allianz Europe Income and Growth	0/30	0/50	0/30
Allianz European Equity Dividend	0/30	0/0	0/0
Allianz Flexi Asia Bond	0/30	0/50	0/30
Allianz GEM Equity High Dividend	0/30	0/0	0/0
Allianz Global Agricultural Trends	0/30	0/0	0/0
Allianz Global Artificial Intelligence	0/30	0/0	0/0
Allianz Global Credit	0/30	40/50	0/30
Allianz Global Dividend	0/30	0/0	0/0
Allianz Global Dynamic Multi Asset Strategy 50	0/30	0/50	0/30
Allianz Global Equity	0/30	0/0	0/0

<b>Sub-Fund Name</b>	<b>TRS and CFDs (summed up) Expected/Maximum Proportion of NAV (%)</b>	<b>Securities Lending Repo/Reverse Repo Expected/Maximum Proportion of NAV (%)</b>	<b>Expected/Maximum Proportion of NAV (%)</b>
Allianz Global Equity Unconstrained	0/30	0/0	0/0
Allianz Global Floating Rate Notes Plus	0/30	40/50	0/30
Allianz Global Fundamental Strategy	0/50	0/50	0/30
Allianz Global High Yield	0/30	40/50	0/30
Allianz Global Hi-Tech Growth	0/30	0/0	0/0
Allianz Global Metals and Mining	0/30	0/0	0/0
Allianz Global Multi-Asset Credit	0/30	40/50	0/30
Allianz Global Opportunistic Bond	0/30	40/50	0/30
Allianz Global Small Cap Equity	0/30	0/0	0/0
Allianz Global Sustainability	0/30	0/0	0/0
Allianz Global Water	0/30	0/0	0/0
Allianz High Dividend Asia Pacific Equity	0/30	0/0	0/0
Allianz HKD Income	0/30	0/50	0/30
Allianz Hong Kong Equity	0/30	0/0	0/0
Allianz Income and Growth	0/30	0/50	0/30
Allianz India Equity	0/30	0/0	0/0
Allianz Indonesia Equity	0/30	0/0	0/0
Allianz Japan Equity	0/30	0/0	0/0
Allianz Korea Equity	0/30	0/0	0/0
Allianz Little Dragons	0/30	0/0	0/0
Allianz Oriental Income	0/30	0/0	0/0
Allianz Selective Global High Yield	0/30	40/50	0/30
Allianz Thailand Equity	0/30	0/0	0/0
Allianz Thematica	0/30	0/0	0/0
Allianz Tiger	30/40	0/0	0/0
Allianz Total Return Asian Equity	0/30	0/0	0/0
Allianz US Equity Fund	0/30	0/0	0/0
Allianz US Equity Plus	0/30	0/0	0/0
Allianz US High Yield	0/30	0/50	0/30
Allianz US Short Duration High Income Bond	0/30	0/50	0/30

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