

# Allianz Stiftungsfonds Nachhaltigkeit

Prospectus/Management Regulations

30 November 2023

Allianz Global Investors GmbH

# General Information

This prospectus is valid only if accompanied by the latest annual report published no more than 16 months ago. If the latest annual report was published more than eight months ago, then the most recent semi-annual report must also be made available. In particular, the annual and semi-annual reports, the sales prospectus, the Management Regulations, the key information document, and the subscription and redemption prices can be obtained without charge at the registered office of the Luxembourg branch of the Management Company, from the Management Company, the Information Agents or from the Depositary.

Information other than that contained in this prospectus as well as in the documents mentioned therein and accessible to the general public must not be provided.

## Investment restrictions applying to US Persons

The Fund is not and will not be registered in the United States of America (the "United States") under the Investment Company Act of 1940 as amended. The United States includes its territories and possessions, any state of the United States, and the District of Columbia. Fund units have not been and will not be registered in the United States under the US Securities Act of 1933 as amended (the "United States Securities Act") or under the securities laws of any state of the United States of America. The units made available under this offer must not be directly or indirectly offered or sold in the United States or to or for the benefit of any US Person (as defined in Rule 902 of Regulation S under the Securities Act). Applicants may be required to declare that they are not a US Person and are not applying for units on behalf of any US Person nor acquiring units with the intent to sell them to a US Person. Should a Unitholder become a US Person, they may be subject to US withholding taxes and tax reporting.

## US Person

Any person who is a United States Person within the meaning of Rule 902 of Regulation S under the United States Securities Act of 1933 (the "Securities Act"), whereby the definition of such term may be changed from time to time by legislation, regulations or judicial or administrative agency interpretations.

A US person includes but is not limited to: i. any natural person resident in the United States; ii. any partnership or corporation organised or incorporated under the laws of the United States; iii. any estate of which any executor or administrator is a US person; iv. any trust of which any trustee is a US person; v. any agency or branch of a foreign entity located in the US; vi. any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US person; vii. any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and viii. any partnership or corporation if: (1) organised or incorporated under the laws of any foreign jurisdiction; and (2) formed by a US person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by authorised investors who are not natural persons, estates or trusts.

30 November 2023

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This document is a translation of the original document. In the event of discrepancies or ambiguities in interpreting the translation, the original German-language version shall prevail insofar as this does not infringe the local legislation of the relevant jurisdiction.

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# Information on the Fund

Allianz Stiftungsfonds Nachhaltigkeit was established in the Grand Duchy of Luxembourg on 2 August 2005 under the name TAARA-Stiftungsfonds as a “fonds commun de placement” (FCP) under the law of the Grand Duchy of Luxembourg and falls within the scope of application of Part I of the Luxembourg Law on Undertakings for Collective Investment of 17 December 2010 (“Law”) and as such is an Undertaking for Collective Investment in Transferable Securities (“UCITS”) as defined by Directive 2009/65/EC. The base currency of the Fund is the euro.

The Fund is managed in accordance with Luxembourg Law by Allianz Global Investors GmbH, a subsidiary of Allianz Asset Management GmbH, Munich, Federal Republic of Germany, and a member of the Allianz Group, and is also distributed through this financial group. Allianz Global Investors GmbH implements the function of the central administration agent through its branch in Luxembourg (collectively referred to as the “Management Company”).

This prospectus entered into force on 30 November 2023.

The original version of the Fund Management Regulations entered into force on 02 August 2005. The most recent amendment entered into force on 30 May 2023. A notice of lodging of the Management Regulations with the commercial register in the Grand Duchy of Luxembourg was published on 07 July 2023 in the RESA, Recueil électronique des sociétés et associations (“RESA”).

## Investment objective

The investment policy aims to generate appropriate regular returns while, where possible, maintaining the economic value of the assets invested. In order to generate a positive, distributable return in euro, the Fund seeks to obtain long-term capital growth through dynamic allocation to equities and fixed-income securities and floating-rate notes, whose issuers meet the criteria of the strategy for sustainable and responsible investment as assessed by the Fund Management.

## Management approach of the Fund

The Fund is managed in reference to a benchmark index pursuant to Article 7 Section 1 Letter d) of Commission Regulation (EU) No. 583/2010. A fund is managed in reference to a benchmark index where a benchmark index either plays a role in (i) the explicit or implicit definition of the portfolio composition of the Fund and/or in (ii) the performance objectives and indicators of the Fund. In both cases, the Fund Management adopts an active management approach at all times, i.e. the benchmark index is neither tracked nor replicated. Through this approach, the Fund Management aims to outperform the benchmark index.

If a unit class of the Fund is hedged against a specific currency, the respective benchmark index is also hedged against this currency.

This Fund is managed in reference to the benchmark index at 20% MSCI Europe Total Return (Net) + 80% JP Morgan EMU IG 1-10 years ex BBB. The benchmark index is administered by MSCI Limited and JP Morgan Securities PLC. MSCI Limited and JP Morgan Securities PLC are listed in the register for benchmark administrators that are managed by the European Securities and Markets Authority (ESMA).

### *Purpose of using a benchmark index*

The benchmark index is used for performance measurement purposes only and not for the purpose of portfolio composition.

### *Degree of freedom and universe of the benchmark index*

When selecting and weighting the Fund’s assets, the Fund Management may deviate materially from the securities included in the benchmark index, as well as their corresponding weightings. As a rule, the majority of the securities included in the Fund are also included in the benchmark index. The Fund Manager has the flexibility to also invest in securities that are not included in the benchmark index.

The Fund Manager considers as part of the due diligence process all relevant financial risks, including all relevant

sustainability risks that could have a significant negative impact on the return on an investment, in the investment decision and evaluates them on an ongoing basis. The sustainability risk assessment does not cover cash and deposits, derivatives and non-rated investments. Sustainability risks can be summarised as follows:

- Sustainability macro risks with global relevance (for example global warming and climate change).
- Sustainability sector risks with relevance for funds exposed to specific sectors (for example stranded asset risks for the oil & gas sector).
- Sustainability idiosyncratic risks on the level of individual corporate and sovereign issuers with relevance for funds exposed to these issuers (for example climate transition risk).
- Sustainability investment risks at portfolio level arising from portfolio exposure to macro sustainability risk, sustainability sector risks and, in particular, the sustainability issuers invested.

Sustainability risks are assessed using external sustainability research data and/or internal research and analysis. The aim of both external and internal investigations is to identify potential financial risks relating to sustainability associated with investing in an issuer's securities. Issuers can be corporate issuers, governmental issuers or sub-sovereign entity issuers. For more details, see the risk management policy statement at <https://www.allianzgi.com/de/our-firm/esg>.

In addition, Fund Management takes into account PAI indicators regarding sustainability factors in a similar manner as described above in all investment decisions to be made for the Fund. Further details are given in the Management Company's statement on the material adverse effects, which is available at [www.allianzglobalinvestors.com](http://www.allianzglobalinvestors.com).

PAI indicator(s) are a number of indicators designed to identify the material or likely material impact of investment decisions on sustainability factors. PAI indicators include, inter alia, greenhouse gas emissions, biological diversity, water, waste, and social and labour concerns for corporate issuers and, where applicable, an indicator for investments in government-issued securities. PAI indicators are used to measure how issuers have a negative impact on sustainability factors.

All assets acquired in the context of investment decisions taken by the Fund Management correspond to the process described above. In addition, in accordance with Article 8 of the Sustainable Finance Disclosure Regulation, the SRI strategy has characteristics that could, to a certain extent, limit certain risks, in particular reputational risks, e.g. the exclusion of certain industries or the issuers with the worst rating.

Since the SRI strategy is applied in accordance with Article 8 of the Sustainable Finance Disclosure Regulation, all relevant information to be disclosed under Article 6 of the Taxonomy Regulation is in the chapter entitled 'Management of a Fund in line with the Sustainable Finance Disclosure Regulation, and specific information to be disclosed in line with the Taxonomy Regulation'. A Fund is managed in accordance with Article 8 (1) of the Sustainable Finance Disclosure Regulation if it promotes, among other characteristics, environmental or social characteristics or a combination of those characteristics, provided that the companies in which the Fund invests apply good corporate governance practices.

Further information (including additional details) is given in the Management Company's Global Corporate Governance Guidelines and can be found on the website at <https://allianzglobalinvestors.com>.

As the Fund Management of the Fund applies an individual investment strategy (as outlined above), it takes into account so-called "PAI indicators" (as outlined above) relating to greenhouse gas emissions, biodiversity, water, waste, and social and labour concerns for corporate issuers and, where applicable, indicators that apply to investments in government bonds alongside the exclusion criteria described for the individual investment strategy (as outlined below), which also apply in relation to the acquisition of internal SFDR target funds. The PAI indicators are taken into account by means of exclusion criteria as part of the Fund Manager's investment process as set out in the specific investment strategy.

Data coverage of the data required for PAI indicators is heterogeneous. Due to a lack of data, the Fund Manager cannot as yet assess the unadjusted gender pay gap for the companies in which investments are made. In addition, data coverage for biodiversity, water and waste is low, and the corresponding PAI indicators are considered to be excluded from serious controversial issues as part of the UN Global Compact. The Fund Manager will thus endeavour to increase data coverage for those PAI indicators with low data coverage. The Fund Manager will periodically check whether data availability has increased sufficiently to potentially incorporate the evaluation of such data into the investment process.

## Investment principles and investment restrictions

1. The Management Company uses an active risk-management procedure that permits it to monitor and measure at all times the risks associated with its investments and their proportion in the overall risk profile of the investment portfolio. The objectives of the investment policy are pursued on the principle of risk diversification. In general, it should be noted that the performance of the fund units is essentially determined by the price changes on each exchange trading day of the assets held in the Fund and the income.
  - a) The Fund invests predominantly in fixed-income securities and floating-rate notes, convertible bonds and bonds with warrants to subscribe for transferable securities, and in profit-participation certificates that qualify as securities pursuant to Article 41(1) of the Law. To this end, the Fund may also acquire money market instruments, sight deposits or other deposits subject to call, near money market securities such as certificates of deposit, commercial paper, banker's acceptances and other fixed-income and floating-rate notes in the area of corporate bonds and asset-backed securities (ABS area).
  - b) Up to 35% of the Fund's net assets may be invested in equities or REITs. Warrants on equities may also be acquired and counted towards this limit.
  - c) The total proportion of interest-bearing securities that do not have an investment grade rating from at least one recognised rating agency or, where they do not have a rating, would, in the company's opinion, not obtain an investment grade rating, may not exceed 10% of the Fund's net assets.
  - d) The total proportion of securities whose issuers are domiciled in a country which, according to the World Bank classification, does not fall under the category "high GDP per capita", i.e. is not considered "developed", may not exceed 20% of the Fund's net assets.
  - e) In addition, up to 30% of the Fund's net assets may be invested in target funds. Equity, bond, money market and balanced funds as well as REITs funds may be acquired as target funds. Investments may not be made in single hedge funds. Derivative financial instruments ("derivatives") may also be used to achieve the above-mentioned investment objectives. The overall liabilities from the use of derivatives may not be greater than the Fund's net assets. Permissible derivatives in the context of proper portfolio management include security options, securities futures contracts, financial futures contracts on recognised equity/bond indices and interest rate futures, options on financial futures, securities index options, forward foreign exchange contracts, options on currencies or currency futures contracts, swaps and options on swaps. The Fund will not deviate from the investment objectives set forth in the prospectus and the Management Regulations when using derivatives.

- f) The average rating of the fixed-income securities and floating-rate notes included in the Fund's assets must be classified as investment grade. Target fund investments do not need to comply with this rating requirement.
- g) The proportion of securities whose issuers do not have their registered office in Europe may not exceed 30% of the Fund's net value.
- h) In exceptional circumstances, the Fund may also invest up to 100% of the Fund's net assets in money market instruments such as certificates of deposit, commercial paper, banker's acceptances and borrower's note loans as well as acquire or sell other short-term interest-bearing securities that are issued or guaranteed by public borrowers or other debtors, or invest in sight deposits or other deposits subject to call.
- i) Investments may be made in any currency. Exchange-rate risks may be hedged.
- j) Subject to the investment limits specified above, a further condition is that at least 25% of the Fund's assets (the amount of the assets is determined by the value of the investment fund's assets without taking liabilities into account) must be invested in equity participations within the meaning of Section 2, Paragraph 8 of the German Investment Tax Act ("Investmentsteuergesetz – InvStG") of 1 January 2022.

Equity participations as understood here refer to:

- units in corporations that have been admitted to official trading on a stock exchange or admitted to or included in another organised market (which meets the criteria of a regulated market and/or every stock exchange in a country, with such regulated market and/or stock exchange, as defined in Article 41(1) of the law, being open, recognised and accessible to the public on a regular basis);
- shares in corporate entities that are domiciled in a member state of the European Union or another signatory state to the Agreement on the European Economic Area and are subject to income tax on corporate entities in that state and are not exempt from such taxation;
- shares in corporate entities that are domiciled in a third state (non-EU) and are subject to income tax on corporate entities of at least 15% in that state and are not exempt from such taxation;
- Units in equity funds within the meaning of InvStG amounting to 51% of the value of the equity fund or units in mixed funds within the meaning of InvStG amounting to 25% of the value of the mixed fund; if the equity fund or mixed fund provides in its investment conditions for a higher percentage than 51% or 25% of its assets for the ongoing minimum investment in equity investments, the equity fund or mixed fund shall be deemed to be an equity investment to the extent of this higher percentage.

- 2. When selecting the assets to be acquired for the Fund, the following selection principles and exclusion criteria based on the SRI Strategy are taken into account by the Fund Management:
  - a) The Fund invests in assets that are subject to or meet the social, environmental, business conduct and governance characteristics of the SRI Strategy. Min. 70% of the Fund's portfolio is assessed using an SRI rating. In this respect, the portfolio does not include derivatives that do not have an SRI rating, or assets that by their nature do not have an SRI rating (e.g. cash and deposits). **The pre-contractual information in the annex to this sales prospectus describes all relevant information regarding the scope, details and requirements of the strategy, as well as the exclusion criteria applied.**
  - b) The Fund applies minimum exclusion criteria and does not invest directly in securities of:



- Companies that, as a result of following problematic practices in the areas of human rights, labour rights, the environment and corruption, seriously violate principles and guidelines such as the principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles for Economic Affairs and Human Rights.
- Companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons).
- Companies that generate more than 10% of their revenue from weapons, military equipment and services.
- Companies that generate more than 10% of their revenue from coal for power stations.
- Utility companies that generate more than 20% of their revenue from coal.
- Companies involved in the production of tobacco and companies that generate more than 5% of their revenue from the sale of tobacco.

Direct investments in government issuers with an inadequate Freedom House Index are excluded. An insufficient Freedom House Index exists if the jurisdiction in question is rated as “not free” in the Freedom House Index (Global Freedom Scores).

**Under no circumstances may the Fund deviate from its stated investment objectives when using such techniques and instruments.**

The minimum exclusion criteria with regard to sustainability are based on information from an external data provider and are coded in the context of pre- and post-trade compliance. The review shall be carried out at least every six months. The Fund’s benchmark is not consistent with the environmental or social characteristics supported by the Fund.

#### **Sustainable and Responsible Investment Strategy (SRI Strategy)**

A Fund managed under the SRI Strategy takes sustainability factors into account. The responsible part of the SRI Strategy comprises engagement and proxy voting. The sustainable part of the SRI Strategy comprises the following aspects:

- (i) Environmental characteristics assess securities on the basis of the issuer’s environmental management system.
- (ii) Social characteristics assess securities based on the issuer’s social responsibility.
- (iii) Human rights characteristics assess securities based on the issuer’s compliance with human rights in its business conduct.
- (iv) Governance characteristics assess securities based on the issuer’s system of rules, practices and processes by which it is directed and controlled.
- (v) Business conduct: The assessment of securities on the basis of the issuer’s trading relationships and product safety (this area does not apply to securities issued by a government entity).

The aforementioned areas of environmental, social, human rights, governance and business conduct are analysed by the investment manager of the Sub-fund to assess how sustainable development and long-term issues are taken into account in an issuer’s strategy.

## Definitions

### SFDR or Sustainable Finance Disclosure Regulation

means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

### SFDR target fund

means a target fund whose objective is to promote environmental or social characteristics or sustainable investments in accordance with Article 8 or Article 9 of the Sustainable Finance Disclosure Regulation. External SFDR target funds may apply additional or other sustainability characteristics and/or exclusion criteria that differ from those applicable to internal SFDR target funds as described in this prospectus.

### Taxonomy Regulation

means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

### Target fund

means any UCITS and/or UCI managed either directly or indirectly by the Management Company itself or by another company linked to the Management Company by a significant direct or indirect investment (internal target fund) or by another third party (external target fund).

## Management of a Fund in line with the Regulation on the disclosure of sustainability information, and specific information to be disclosed in line with the Taxonomy Regulation

Fund investments (and any respective restrictions) basically consist of assets and/or instruments set out in the Fund's investment principles (see above).

The Fund promotes environmental or social characteristics and is thus disclosed in accordance with Article 8 (1) of the Regulation on the disclosure of sustainability information. A fund that commits to a minimum percentage of investments that take account of the EU criteria for environmentally sustainable activities (i.e. are aligned with taxonomy) contributes to the following environmental objectives through its investments: (i) mitigation of climate change and/or (ii) adaptation to climate change.

The technical screening criteria ("TSC") for environmentally sustainable economic activities are as yet not fully developed (especially for the other four environmental objectives set out in the Taxonomy Regulation). These detailed criteria require the availability of several specific data items in terms of each investment, primarily based on data reported by the company. At present, only limited reliable, up-to-date and verifiable data is available to evaluate investments against the TSC. Against this backdrop and in its capacity as the Fund's Management Company, Allianz Global Investors GmbH uses an external data and research provider in order to determine linked taxonomy shares. The external provider evaluates corporate disclosures in order to assess whether the companies' business activities are in line with the criteria defined by the EU Commission. An additional "Do No Significant Harm" assessment of the issuer will be conducted by the Management Company to assess the suitability of the taxonomy shares.

The "do no significant harm" principle only applies to those investments underlying the financial product that take the EU criteria for environmentally sustainable economic activities into account for all other sustainable investments. The investments underlying the remainder of this financial product do not take the EU criteria for environmentally sustainable economic activities into account.

Sustainable investment is an investment in an economic activity that contributes to environmental and/or social objectives (investments in business activities that contribute positively to sustainable objectives), provided that such investments do not significantly harm any of these objectives and that the companies in which investments are made apply good corporate governance practices, in particular regarding sound management structures, employee relations, staff remuneration and tax compliance. Environmental and social contributions can be defined using the UN Sustainable Development Goals and the taxonomy objectives, for example. Calculation of the positive contribution for the sub-fund is based on a quantitative framework, complemented by qualitative contributions from Sustainability Research. The methodology used first breaks down a company into its business activities to assess whether these activities make a positive contribution to environmental and/or social goals. Once the business activities have been allocated, an asset-weighted aggregation is performed at portfolio level to calculate the percentage of positive contribution made per portfolio.

Economic activities may be measured, for example, by key indicators for resource efficiency in relation to the use of energy, renewable energy, raw materials, water and land, waste generation and greenhouse gas emissions or the impact on biological diversity and the circular economy, or an investment in economic activity that contributes to a social objective, in particular an investment that helps to fight inequality or to promote social cohesion, promotes social integration and labour relations, or an investment in human capital or in economically or socially disadvantaged communities, provided that such investments do not significantly harm any of these objectives and that the companies in which investments are made apply good corporate governance practices, in particular regarding sound management structures, employee relations, staff remuneration and tax compliance.

Environmental and social contributions can be defined using the UN Sustainable Development Goals and the Taxonomy Objectives. Calculation of the positive contribution is based on a quantitative framework, complemented by qualitative contributions from Sustainability Research. The methodology used first breaks down a company into its business activities to assess whether these activities make a positive contribution to environmental and/or social goals. Once the business activities have been allocated, an asset-weighted aggregation is performed at portfolio level to calculate the percentage of positive contribution made per portfolio.

**The minimum proportion of the Fund's sustainable investments is 1.50% of the Fund's net assets.**

**The minimum proportion of the Fund's investments aligned with the Taxonomy Regulation is 0.01% of the Fund's net assets.**

The scope, details and relevant requirements (including, but not limited to, the exclusion criteria applied as described above) of the investment strategy applied by the Fund Management, which is implemented in accordance with Article 8 of the Sustainable Finance Disclosure Regulation, are described in the pre-contractual information, which can be found in the annex to this prospectus.

In addition, the pre-contractual information for the Fund shall describe in detail the content of the information required under the SFDR, including any taxonomy-relevant information required for products under Articles 8 and 9 of the SFDR.

As regards the use of derivatives, the statements made in the chapter "The use of techniques and instruments and special risks associated with such use" shall apply in full. This includes derivative transactions for efficient portfolio management (including hedging) and/or investment purposes. Where possible, the Fund Management shall give preference to transactions with derivatives that serve to fulfil the announced environmental or social characteristics of a Fund that is managed in accordance with the relevant investment strategy.

#### Real Estate Investment Trust/REIT

A Real Estate Investment Trust (REIT) is a legal entity whose business purpose is aimed at acquiring property and/or activities in connection with the ownership of property. Unless indicated otherwise, REITs are companies incorporated in the

legal form of a joint-stock company or a fund. If a REIT is in the legal form of a fund, closed-end REIT funds can be acquired.

In the case of a closed-end REIT fund, the REIT fund itself or the company that issued the REIT fund is not obliged to redeem units in the REIT fund. In these circumstances the units in the REIT fund can only be sold through the secondary market. In contrast, an open-ended REIT fund is legally obliged to redeem units in the REIT fund (in addition to any further option of selling them via the secondary market), either itself or through the company issuing the REIT fund.

#### Limited risk diversification

The Management Company is authorised, in accordance with the principle of risk diversification, to invest up to 100% of the Fund's net assets in securities of different issues that are issued or guaranteed by an EU Member State or its central, regional and local authorities, by a non-EU Member State of the OECD or by public international bodies to which one or more EU Member States belong. Such securities must be issued in the framework of at least six different issues, while the securities from any single issue may not account for more than 30% of net fund assets.

No warranty can be given that the objectives of the investment policy will be achieved.

#### General exclusion of certain issuers

The Fund does not invest directly in the securities of issuers which, in the opinion of the Management Company, engage in undesirable business activities. The undesirable business activities include in particular the following:

- Certain controversial weapons: The type of controversial weapons that fall within the scope of the exclusion may be updated from time to time and can be viewed on the website [https://regulatory.allianzgi.com/ESG/Exclusion\\_Policy](https://regulatory.allianzgi.com/ESG/Exclusion_Policy).
- Coal: Issuers engaged in business activities related to coal only fall within the scope of the exclusion if they meet certain quantitative criteria. These criteria may be updated from time to time and are available on the website [https://regulatory.allianzgi.com/ESG/Exclusion\\_Policy](https://regulatory.allianzgi.com/ESG/Exclusion_Policy).

The exclusion applies only to companies as issuers. The Fund may invest in securities baskets such as indices that may contain securities that fall under the above exclusion criteria. To undertake this exclusion, various external data and research providers are used. Debt securities of issuers falling within the scope of the exclusion may be held until the earlier of the following two dates: Either until the maturity of the respective instrument or until 30 June 2022, provided that such instrument was acquired prior to the introduction of the general exclusion for the Fund.

#### Unit classes

The Fund may offer several unit classes, which differ in their charges, fee structure, use of income, persons authorised to invest, minimum investment amount, reference currency, the possibility of a currency hedge in a unit class, the determination of the settlement date after orders are issued, the determination of the settlement procedure after settlement of an order and/or a distribution, or other characteristics. All units participate equally in income and liquidation proceeds of their unit classes.

Units of distributing and accumulating unit classes may be issued for the Fund. A, C, N, S, P, R, I, X and W unit class types are distributing unit class types, while AT, CT, NT, ST, PT, RT, IT, XT and WT unit class types are accumulating unit class types, i.e. the income accruing to this unit class type is reinvested in the unit class.

The various unit class types may be issued in the reference currencies listed below:

CHF (Swiss Franc), CZK (Czech Koruna), DKK (Danish Krone), EUR (Euro), GBP (Pound Sterling), HKD (Hong Kong Dollar), HUF (Hungarian Forint), JPY (Japanese Yen), NOK (Norwegian Krone), PLN (Polish Zloty), SEK (Swedish Krona), SGD (Singapore Dollar) and USD (US Dollar).

The reference currency of a unit class is indicated by the code in brackets after the unit class type [e.g. in the case of unit class type A and reference currency USD: A (USD)].

The above-mentioned unit classes may be supplemented with numbers from "2" to "99".

Unit classes with an additional "20" or "21" are unit classes as defined in Section 10 of the German Investment Tax Act (InvStG) (the "tax-free unit classes") that differ with regard to the investors who may acquire and hold units, among other differences. These unit classes may only be acquired and held by:

- (a) German corporations, associations of persons or asset pools that, under the articles of incorporation, the foundation deed or other constitution and on the basis of the actual management, solely and directly serve non-profit, charitable or church purposes within the meaning of Sections 51 to 68 of the German Fiscal Code (AO) and that do not hold the units in a business operation;
- (b) German foundations under public law, which solely and directly serve non-profit or charitable purposes;
- (c) German legal entities under public law, which solely and directly serve church purposes; and
- (d) non-German investors comparable with the entities described in Letters a) to c), with domicile and management in a foreign state providing administrative and debt enforcement assistance.

As proof that the aforementioned conditions have been met, the investor must provide the Management Company with a valid certificate as specified in Section 9 (1) No. 1 or 2 of the German Investment Tax Act. If the aforementioned conditions are no longer met by an investor, the investor is required to notify this to the Management Company within one month of the conditions no longer being met. Tax exemption amounts that the Management Company receives in connection with management of the fund and which are attributable to income from tax-free unit classes are generally payable to the investors in these tax-free unit classes.

In derogation of this procedure, the Management Company is entitled to allocate the exemption amounts directly to the fund, in favour of the investors in these tax-free unit classes; no new units are issued as a result of this allocation.

Units in tax-free unit classes may not be transferred. If the investor nevertheless transfers units, the investor is required to notify this to the Management Company within one month of the transfer. This does not affect the right to redeem the units only through the Management Company for account of the Fund in accordance with Section 14 of the General Management Regulations.

Units in tax-free unit classes may also be acquired and held within the framework of retirement provision or base pension agreements, provided they are certified in accordance with Sections 5 or 5a of the Pension Provision Agreements Certification Act (AltZertG). As proof of the aforementioned condition, the provider of the retirement provision or base pension agreement must inform the Management Company that the relevant units of the tax-exempt unit class are acquired exclusively within the framework of retirement provision or base pension agreements. If the aforementioned conditions are no longer met, the investor is required to notify this to the Management Company within one month of the conditions no longer being met. Tax exemption amounts that the Management Company receives in connection with

management of the fund and which are attributable to income from the tax-free unit classes are generally payable to the provider of the retirement provision or base pension agreement. The provider is obliged to reinvest these amounts for the benefit of persons eligible under the relevant retirement provision or base pension agreement. In derogation of this procedure, the Management Company is entitled to allocate the exemption amounts directly to the fund, in favour of the investors in the tax-free unit classes; no new units are issued as a result of this allocation. The procedure used is also explained in the prospectus.

The conversion from one unit class to another unit class is precluded.

Units of unit class types C and CT may only be acquired within the scope of unit-linked insurance policies or professional asset management by investors who are either domiciled in or permanent residents of the Federal Republic of Germany.

Units of unit class types R and RT may only be acquired with the consent of the Management Company and, in addition, only by such sales partners that are not permitted to accept or retain ongoing distribution fees (portfolio commissions) due to statutory provisions (such as discretionary investment management and/or independent advice under MIFID II) or based on special remuneration agreements with the clients involved. No version of the R or RT unit classes pays remuneration to the sales partners.

Units of unit class types I, IT, X, XT, W and WT may only be acquired by institutional investors. Units of unit class types I, IT, W, WT, X and XT may not be acquired by natural persons, nor may they be acquired in situations in which the subscriber of the units is not a natural person, but is acting as a subscriber for a third-party ultimate beneficiary who is a natural person (unless the units are acquired by the subscriber, who is an institutional investor, in their own name). The subscription of units in these unit classes may be subject to the submission of a prior written undertaking by the investor to this effect.

For units of unit class types X and XT, no all-in fee is charged to the Fund at unit-class level; instead, the respective Unitholder is directly charged a fee by the Management Company. Units of these types of unit class may only be issued with the approval of the Management Company and after conclusion of a special individual agreement between the Unitholder and the Management Company. The Management Company may, at its own discretion, decide whether to approve the issue of units, whether it is prepared to conclude a special individual agreement and how any special individual agreement is to be structured.

For information on the all-in fee for other unit class types, and in relation to other charges, in particular any sales charge or redemption fee/divestment fee, please refer to the information table and the sections entitled "Charges", "Issue of units and related costs" and "Redemption of units and related costs".

Unit classes whose reference currency is not the base currency of the Fund may also be issued. In doing so, it is possible to issue unit classes aimed at currency hedging in favour of the reference currency, and unit classes in which this is not done. The costs of these currency hedge transactions are borne by the corresponding unit class.

If currency hedging in favour of the respective reference currency is aimed at for a unit class, an "H-" is prefixed to the name of the reference currency [e.g. in the case of unit class type A, reference currency USD and currency hedging being aimed at in respect of this reference currency: A (H-USD)]. When this prospectus refers to unit classes A, AT, C, CT, N, NT, S, ST, P, PT, R, RT, I, IT, X, XT, W or WT without additional codes, it relates to the relevant unit class type.

A "Multi Asset SRI" may also be prefixed to the unit class types A, AT, C, CT, N, NT, S, ST, P, PT, R, RT, I, IT, X, XT, W or WT.

The distributing unit classes A, C, N, S, P, R, I, X and W may include an additional code "M", which refers to monthly distribution. These unit classes may only be acquired by investors who are neither domiciled in nor permanent residents of the Federal Republic of Germany.

Information on the timing of the settlement procedure after settlement of an order can be found in the sections entitled "Issue of units and related costs" and "Redemption of units and related costs".

The calculation of the net asset value per unit (in accordance with Section 15 Nos. 1, 2 and 3 of the Management Regulations) will be determined for each unit class by dividing the value of the net assets belonging to a unit class by the number of units of this unit class in circulation on the valuation day (for more information, see also the Section entitled "NAV calculation"). When distributions are made, the value of the net assets attributable to the units of the distributing unit classes is reduced by the amount of these distributions. If the Fund issues units, the value of the net assets of the respective unit class increases by the amount of the proceeds resulting from such issue, less any sales charge levied. If the Fund redeems units, the value of the net assets of the respective unit class is reduced by the amount of the net asset value attributable to the units redeemed.

Information on the distribution policy of each of the unit class types is included in the section entitled "Calculation and use of income".

There is a required minimum investment amount for the acquisition of units of unit class types N, NT, P, PT, I, IT, W and WT, as indicated below (after deduction of any sales charge). In individual cases, the Management Company may accept a lower minimum investment at its own discretion. Additional investments at lesser amounts are allowed, if the total of the current value of the units of the same unit class already held by the investor at the time of the additional investment and the amount of the additional investment (after the deduction of any sales charge) corresponds to at least the minimum investment amount of the unit class in question. This calculation only considers holdings of the investor held at the same location at which the additional investment is to be made. If the investor is acting as intermediary for third-party ultimate beneficiaries, then the units of the types of unit classes indicated may only be acquired if the conditions listed above are separately fulfilled for each of the ultimate beneficiaries. A condition may be set on the issue of units of these types of unit classes requiring the prior submission by the investor of a written guarantee to that effect.

Unit class	N/NT	P/PT	I/IT	W/WT
Minimum investment	CHF 400,000.00	CHF 3,000,000.00	CHF 8,000,000.00	CHF 20,000,000.00
	CZK 6,000,000.00	CZK 90,000,000.00	CZK 120,000,000.00	CZK 300,000,000.00
	DKK 2,000,000.00	DKK 30,000,000.00	DKK 40,000,000.00	DKK 100,000,000.00
	EUR 200,000.00	EUR 3,000,000.00	EUR 4,000,000.00	EUR 10,000,000.00
	JPY 40,000,000.00	JPY 600,000,000.00	JPY 800,000,000.00	JPY 2,000,000,000.00
	GBP 200,000.00	GBP 3,000,000.00	GBP 4,000,000.00	GBP 10,000,000.00
	HKD 2,000,000.00	HKD 30,000,000.00	HKD 40,000,000.00	HKD 100,000,000.00
	HUF 50,000,000.00	HUF 750,000,000.00	HUF 1,000,000,000.00	HUF 2,500,000,000.00
	NOK 1,600,000.00	NOK 24,000,000.00	NOK 32,000,000.00	NOK 80,000,000.00
	PLN 800,000.00	PLN 12,000,000.00	PLN 16,000,000.00	PLN 40,000,000.00
	SEK 2,000,000.00	SEK 30,000,000.00	SEK 40,000,000.00	SEK 100,000,000.00
	SGD 400,000.00	SGD 6,000,000.00	SGD 8,000,000.00	SGD 20,000,000.00
	USD 200,000.00	USD 3,000,000.00	USD 4,000,000.00	USD 10,000,000.00

## Information table

Unit class	A/AT	C/CT	N/NT	S/ST	P/PT
Initial net asset value per unit	CHF 100.00 CZK 3,000.00 DKK 1,000.00 A (EUR): EUR 50.00; all other unit classes: EUR 100.00 GBP 100.00 HKD 100.00 HUF 25,000.00 JPY 20,000.00 NOK 1,000.00 PLN 400.00 SEK 1,000.00 SGD 100.00 USD 100.00	CHF 100.00 CZK 3,000.00 DKK 1,000.00 EUR 100.00 GBP 100.00 HKD 100.00 HUF 25,000.00 JPY 20,000.00 NOK 1,000.00 PLN 400.00 SEK 1,000.00 SGD 100.00 USD 100.00	CHF 1,000.00 CZK 30,000.00 DKK 10,000.00 EUR 1,000.00 GBP 1,000.00 HKD 1,000.00 HUF 250,000.00 JPY 200,000.00 NOK 10,000.00 PLN 4,000.00 SEK 10,000.00 SGD 1,000.00 USD 1,000.00	CHF 100.00 CZK 3,000.00 DKK 1,000.00 EUR 100.00 GBP 100.00 HKD 100.00 HUF 25,000.00 JPY 20,000.00 NOK 1,000.00 PLN 400.00 SEK 1,000.00 SGD 100.00 USD 100.00	CHF 1,000.00 CZK 30,000.00 DKK 10,000.00 P (EUR): EUR 5,000.00; all other unit classes: EUR 1,000.00 GBP 1,000.00 HKD 1,000.00 HUF 250,000.00 JPY 200,000.00 NOK 10,000.00 PLN 4,000.00 SEK 10,000.00 SGD 1,000.00 USD 1,000.00
Front-end load <sup>1)</sup>	4.00%	5.00%	-	6.00%	2.00%
Redemption fee/deinvestment fee	No redemption fee or deinvestment fee is currently levied.				
All-in fee in accordance with the management regulations <sup>2)</sup>	1.50% p.a.	2.25% p.a. <sup>3)</sup>	1.15% p.a.	1.38% p.a.	1.19% p.a.
Taxe d'abonnement	0.05% p.a.	0.05% p.a.	0.05% p.a.	0.05% p.a.	0.05% p.a.

Unit class	R/RT <sup>4)</sup>	I/IT	X/XT	W/WT	
Initial net asset value per unit	CHF 100.00 CZK 3,000.00 DKK 1,000.00 EUR 100.00 GBP 100.00 HKD 100.00 HUF 25,000.00 JPY 20,000.00 NOK 1,000.00 PLN 400.00 SEK 1,000.00 SGD 100.00 USD 100.00	CHF 1,000.00 CZK 30,000.00 DKK 10,000.00 I (EUR): EUR 50,000.00; all other unit classes: EUR 1,000.00 GBP 1,000.00 HKD 1,000.00 HUF 250,000.00 JPY 200,000.00 NOK 10,000.00 PLN 4,000.00 SEK 10,000.00 SGD 1,000.00 USD 1,000.00	CHF 1,000.00 CZK 30,000.00 DKK 10,000.00 EUR 1,000.00 GBP 1,000.00 HKD 1,000.00 HUF 250,000.00 JPY 200,000.00 NOK 10,000.00 PLN 4,000.00 SEK 10,000.00 SGD 1,000.00 USD 1,000.00	CHF 1,000.00 CZK 30,000.00 DKK 10,000.00 EUR 1,000.00 GBP 1,000.00 HKD 1,000.00 HUF 250,000.00 JPY 200,000.00 NOK 10,000.00 PLN 4,000.00 SEK 10,000.00 SGD 1,000.00 USD 1,000.00	CHF 1,000.00 CZK 30,000.00 DKK 10,000.00 EUR 1,000.00 GBP 1,000.00 HKD 1,000.00 HUF 250,000.00 JPY 200,000.00 NOK 10,000.00 PLN 4,000.00 SEK 10,000.00 SGD 1,000.00 USD 1,000.00
Front-end load <sup>1)</sup>	-	2.00%	-	-	
Redemption fee/deinvestment fee	No redemption fee or deinvestment fee is currently levied.				
All-in fee in accordance with the management regulations <sup>2)</sup>	0.98% p.a.	0.82% p.a.	1.15% p.a. <sup>5)</sup>	0.54% p.a.	
Taxe d'abonnement	0.05% p.a.	0.01% p.a.	0.01% p.a.	0.01% p.a.	

<sup>1)</sup> The Management Company may levy a lower sales charge at its own discretion.

<sup>2)</sup> The Management Company may levy a lower fee at its own discretion.

<sup>3)</sup> A separate distribution component is included for additional services of the distributor(s).

<sup>4)</sup> Units of unit class types R and RT may only be acquired with the consent of the Management Company and, in addition, only by such sales partners that are not permitted to accept or retain ongoing distribution fees (portfolio commissions) due to statutory provisions (such as discretionary investment management and/or independent advice under MIFID II) or based on special remuneration agreements with the clients involved. No version of the R or RT unit classes pays remuneration to the sales partners.

<sup>5)</sup> Unless another fee, which may include a performance-related component, is agreed based on a special individual agreement between the Management Company and the respective Unitholder.



Launch date of the unit classes that have already been launched:

- Unit class A (EUR) (ISIN LU0224473941 / WKN A0F416): 18 May 2006
- Unit class P (EUR) (ISIN LU0224474329 / WKN A0F417): 08 August 2005
- Unit class I2 (EUR) (ISIN LU1117266715 / WKN A12CWH): 28 November 2014
- Unit class W (EUR) (ISIN LU0270726580 / WKN A0LCBC): 20 June 2007

### Calculation and use of income

The Management Company determines each year whether, when and in what amount a distribution in accordance with the current provisions in the Grand Duchy of Luxembourg will be made for a unit class.

For distributing unit classes, income that can be used for distributions is calculated by subtracting payable charges, fees, taxes and other expenses from accrued interest, dividends and income from target fund units as well as compensation for securities lending and securities repurchase agreements, while taking into account the corresponding income equalisation.

The current distribution policy for units of distributing unit classes provides for the annual distribution of essentially all income, less costs, that can be distributed as defined above from a corresponding time period. Nevertheless, the Management Company may decide to distribute realised capital gains and other income – taking into account the corresponding income equalisation – and unrealised capital gains and capital – in accordance with Article 16 in conjunction with Article 23 of the Law.

Annual distributions will be made on 15 April of each calendar year. If the distribution date falls on a weekend or bank holiday, the distribution will be made on the next banking day. The Management Company may also make interim distributions.

In the case of the distributing unit classes A, C, N, S, P, R, I, X and W which include an additional code "M", distribution is made on the 15th of each month. If the distribution date falls on a weekend or bank holiday, the distribution will be made on the next banking day.

Accumulating unit classes retain all income (interest, dividend income, income from target fund units, compensation for securities lending and securities repurchase agreements, other income and realised capital gains, while taking into account the corresponding income equalisation) less payable charges, fees, taxes and other expenses as at the end of the Fund's financial year, and reinvest these amounts. For this reason, it should not be expected that distributions will be paid out to Unitholders. Nevertheless, the Management Company may decide how income and realised capital gains (taking into account the corresponding income equalisation) are to be used, that capital may be distributed in accordance with Article 16 in conjunction with Article 23 of the Law and that distributions in the form of cash payments may be made. An annual accumulation is currently scheduled for 31 December of each calendar year.

Under no circumstances may distributions be made if doing so would result in the Fund's net asset value falling below EUR 1,250,000.00.

Payments in connection with any distributions are made in the reference currency of the respective unit class, which is currently set as follows for:

- unit classes with reference currencies CZK, HKD, HUF, PLN or SGD normally within three valuation days after the distribution date;
- all other unit classes, normally within two valuation days after the distribution date;

no later than ten valuation days after the respective distribution date in each case. The Registrar and Transfer Agent is only obliged to make payment if there are no legal provisions such as exchange control regulations or other circumstances beyond the Registrar and Transfer Agent's control forming an obstacle to transfer the distribution (e.g. public holidays in countries in which investors or intermediaries/service providers engaged to process the payment are domiciled).

Distributions which are not claimed within five years after the declaration of distribution is published revert to the unit class. Nevertheless, the Management Company is authorised to pay out to the Unitholders from the unit class distributions which are claimed after expiry of this deadline.

### Income equalisation procedure

The Management Company uses an income equalisation procedure for the Fund's unit classes. This means that the proportional income and realised capital gains/losses accrued during the financial year, which the acquirer of units must pay as part of the subscription price and which the seller of units receives as payment as part of the redemption price, are continuously offset. The expenses incurred are taken into account in calculating the income equalisation.

The income equalisation procedure is used to adjust for fluctuations in the relationship between income and realised capital gains/losses on the one hand, and other assets on the other, that are caused through net inflows or outflows due to the issue or redemption of units. Otherwise, every net inflow of cash would reduce the proportion of income and realised capital gains/losses on the net asset value of the Fund and each outflow would increase it.

### Risk factors

An investment in the Fund is associated with the following risk factors in particular:

#### Creditworthiness risk

The creditworthiness (solvency and willingness to pay) of the issuer of a security or money market instrument held directly or indirectly by the Fund may subsequently fall. This usually leads to drops in the price of the security, which surpass those caused by the general market fluctuations.

#### Industry risk

Industry risk comprises dependence on corporate profit developments in individual or related industries. It includes risk factors of the business environment, on which an undertaking has minimal or no influence.

#### Sustainable strategy investment risk

Funds that pursue a specific sustainable investment strategy either apply minimum exclusion criteria and/or specific (internal/external) rating assessments that may negatively impact a fund's investment performance. The investment performance of a fund can be impaired and/or influenced by a sustainability risk, because implementing a sustainability strategy may result in the avoidance of opportunities to purchase certain securities that might otherwise be beneficial; a sustainability strategy may also cause securities to be sold on the basis of their characteristics if these are deemed potentially detrimental. Funds that apply a sustainability strategy may use one or more third-party research data providers

and/or internal analysis, which may lead to variations in the way in which funds apply certain criteria. When assessing the eligibility of an issuer based on research, there is a dependence on information and data gained from providers of third-party research data and internal analysis that may be subjective, incomplete, inaccurate or unavailable. As a result, there is a risk of incorrectly or subjectively assessing a security or issuer. There is also a risk that a fund's Fund Manager may not apply the relevant criteria resulting from the research correctly or that a fund that follows a sustainability strategy could have indirect exposure to issuers who do not meet the relevant criteria of the respective sustainable investment strategy. There is no standardised taxonomy for sustainable investments.

In addition, funds that pursue a specific sustainable investment strategy focus on sustainable investments and have a limited/ reduced investment universe, which results in a limited diversification of risks compared to funds that diversify their investments extensively. The more specific the respective sector and/or topic in which a fund intends to invest (e.g. SDGs or other comparable social goals), the more limited the investment universe of the Fund can be and the narrower the risk diversification. Limited risk diversification may increase the impact of the performance of individual securities acquired for the Fund. Such a fund is likely to be more volatile than a fund with a more diversified investment strategy. It may be more susceptible to price fluctuations due to the impact of unfavourable conditions on these investments. In addition, funds that pursue a specific sustainable investment strategy may, subject to their respective strategy, acquire shares from companies that are also associated with other sectors and/or subject areas if said companies are active in multiple sectors and/or areas. This may include shares of companies that, at the time of acquisition, are only minimally involved with the respective SDG or comparable social objective, if, in the assessment by the portfolio manager, these companies are likely to significantly increase the importance of this segment of their business activities. This may result in the performance of the Fund deviating from the performance of financial indices which reflect the respective SDG or the respective comparable social objective. This could have a negative impact on the performance of the Fund and therefore adversely influence the investments of an investor in the Fund. The securities held by the Fund may be exposed to a shift in investment style, meaning they no longer meet a fund's investment criteria after a fund has already invested in them. The Management Company or Investment Manager might need to dispose of such securities when it might be disadvantageous to do so. This can lead to a decrease in the net asset value of the Fund.

#### Notes on borrowing by the Fund

Interest due on loans reduces the performance of the Fund. Along with these charges, however, there are also opportunities to increase the returns of the Fund by taking out loans.

#### Property risk

Property is subject to cyclical fluctuations on the property market, as well as the risk of non-payment of rent, the risk of loss upon sale and investment risk. In addition, property risk also includes a fall in the market value below the acquisition price.

#### Counterparty risk

Even if transactions for the Fund are not effected via a stock exchange or a regulated market (e.g. "OTC transactions") there is – in addition to the general counterparty default risk – the risk that the counterparty of the transaction will fail to or will not fully meet its obligations. This is particularly true of transactions based on techniques and instruments. Any default on the part of the counterparty may result in losses for the Fund. It is possible to reduce this risk to a substantial extent, however, by accepting collateral from the counterparty in accordance with the Fund's principles relating to collateral management as described below, particularly with regard to OTC derivatives.

#### Price risk on changes in interest rates

As the capital market interest rate changes, the price of fixed-income securities may be reduced. Investors are advised of the particular volatility of warrants and of the associated increased risk.

#### Country and region risk

If the Fund focuses its investments on certain countries or regions, this also reduces risk diversification. Consequently, the Fund is particularly dependent on the development of individual or related countries and regions, or of companies based and/or operating in those countries or regions.

#### Liquidity risk

Even relatively small orders for purchases or sales of illiquid securities (securities that cannot be sold readily) can lead to significant price changes. If an asset is not liquid, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the selling price. The purchase of an illiquid asset may cause its purchase price to increase significantly.

#### Measures for reducing or avoiding risk

Using modern methods of analysis, the Management Company seeks to optimise the risk/return ratio of a securities investment. Through reallocations and temporary increases in cash positions to reduce the influence of any declines in the prices of securities investments, the Fund's liquid assets serve to implement the investment policy. However, no warranty can be given that the objectives of the investment policy will be achieved.

As the capital market interest rate changes, the price of fixed-income securities may be reduced.

Investors are advised of the particular volatility of warrants and of the associated increased risk.

#### Sustainability risk

refers to an environmental, social or governance event or condition that, if it occurs, could have a material negative impact on the value of the investment or has potential to have a material negative impact on the value of the investment. Findings from systematic research show that sustainability risks can arise as a result of extreme issuer-related loss risks. The frequency and probability of such issuer-related sustainability risk events are generally low, but there can be a sizeable financial impact leading to significant financial losses. Sustainability risks could potentially have a negative effect on the investment performance of portfolios. Allianz Global Investors sees sustainability risks as potential drivers of financial risk factors associated with investments, such as price, credit, liquidity and operational risk.

#### Operational risk

The Management Company may be exposed to a risk of loss, which may arise, for example, from inadequate internal processes and human error or system failures at the Management Company, the Depositary or external third parties. These risks can affect the performance of the Fund and thus have a negative impact on the net asset value per Fund unit and the capital invested by the Unitholder.

#### Legal risk

Legal risks may include the risk of loss due to the unexpected application of a law or regulation or the unenforceability of a contract. In the case of secured transactions, there is a risk that the relevant insolvency law will impose a suspension that prevents the protection buyer from using the collateral, even if the collateral agreement has been correctly drawn up.

#### Equity risks

Experience has demonstrated that equities and equity-related securities (e.g. index certificates) are subject to high levels of volatility. Therefore, they offer opportunities for significant gains, as well as corresponding risks. Factors that influence equity prices are primarily the profit trends of individual companies and industries, as well as macroeconomic developments and political outlooks that determine the expectations of the securities markets and thus prices.

#### Risks of fixed income securities and floating-rate notes as well as zero-coupon bonds

Factors influencing price changes of interest-bearing securities are primarily interest-rate developments on the capital markets, which in turn are influenced by macroeconomic factors. When capital market interest rates rise, prices of interest-bearing securities may fall, while they may register price gains when there are declines in capital market interest rates. The price changes are also dependent on the maturity or residual maturity of the interest-bearing securities. Usually interest-bearing securities with shorter maturities have lower price risks than interest-bearing securities with longer maturities. There are, however, usually lower yields, and higher reinvestment costs due to the more frequent maturities of the securities holdings must also be taken into account.

Floating-rate notes are subject to interest-rate risk to a lesser degree than fixed income securities. Duration management is one method used to manage interest-rate risk. Duration is the weighted average maturity of the capital invested. The higher the duration of a security, the more sensitive the security is to changes in interest rates.

Because of their relatively longer terms and the lack of regular interest payments, securities without regular interest payments and zero-coupon bonds are more sensitive to changes in interest rates than fixed income securities. In times of rising capital market interest rates, such bonds may be subject to restricted tradability.

#### Risks of financial futures contracts

Financial futures contracts (derivatives) may be entered into as exchange-traded contracts or OTC contracts. Exchange-traded contracts are normally more standardised and have greater liquidity and a lower risk of counterparty default. The quality of these features may not always be as high with OTC transactions (see also Counterparty risk and Liquidity risk).

Financial futures contracts can be divided into those with a symmetrical risk profile, such as futures, forwards, forward exchange transactions, swaps etc., and into those with an asymmetrical risk profile, such as options, warrants and derivatives based on option rights, such as caps, floors etc.

Financial futures contracts are associated with considerable opportunities as well as risks, as in each case only a fraction of the contract value needs to be put down. If the expectations of the Management Company are not met, the difference between the underlying price at the time of the trade and the market price at maturity must be borne by the Fund, if such an obligation is provided for in the contracts. Therefore the risk of loss cannot be known in advance and may exceed any collateral that may be given.

The rights attached to financial futures transactions may also lapse or decline in value.

It may be impossible to enter into transactions that eliminate or limit risks arising from previously concluded futures transactions, or such transactions may only be possible at a market price constituting a loss.

The risk of loss increases if credit is taken up to fulfil obligations from financial futures transactions or if the obligations from financial futures transactions or the related consideration is denominated in a foreign currency or unit of account.

Exchange futures transactions also contain a market risk arising from the change in exchange rates, interest rates or the corresponding underlying, such as equity price changes.

Financial futures transactions may be used for investment or for hedging purposes. Hedges are used to minimise price risks. Since these hedges only hedge the assets of the Fund or price losses to a certain extent, it cannot be ruled out that price changes negatively influence the performance of the Fund's assets.

#### Fund unit risks

Fund units are a form of investment based on the principle of risk diversification. However, it is possible that there exist risks associated with an investment in fund units, particularly those resulting from the investment policy of the Fund, the assets held in the Fund and unit transactions. In terms of their opportunities and risks, fund units are comparable to the risks of securities, and where appropriate, in combination with instruments and techniques.

Units denominated in foreign currency give rise to currency opportunities and risks. It should also be borne in mind that such units are subject to a so-called transfer risk.

The acquirer only makes a profit on the sale of his units if their value rises above the value at acquisition plus any sales charge paid, taking into account the redemption fee. If the period of investment is short, the sales charge may reduce or even eliminate performance for the investor.

#### Risks of participation certificates

In accordance with their conditions of issue, participation certificates are either primarily bond-related or primarily equity related. The risks of participation certificates are correspondingly comparable with bonds or equities.

#### Risks of certificates

Certificates grant investors a claim to the payment of a redemption amount, which is calculated using one of the formulas set forth in the conditions of each certificate and which depends on the price of the underlying of the certificate.

With different types of certificates, leverage effects provide disproportionately high risk/return ratios. Leverage is a multiplier effect that arises with financial instruments that require only a fraction of the capital employed to be paid in, although the investor participates fully in any changes in the price of the underlying instrument. This leads to a multiplication of any particular price movement in relation to the capital employed and may bring about disproportionately large gains or losses.

#### Risk of taxation or other charges arising from local regulations relating to assets held by the Fund

Due to local regulations, taxes, duties, fees and other deductions regarding assets held by the Fund may apply now or in the future. This is especially true with respect to proceeds or profits from the sale, repayment or restructuring of the Fund's assets, to the cash flow-free restructuring of the Fund's assets, to changes related to sub-depository facilities, and to dividends, interest and other income received by the Fund. Certain taxes or charges, for example, all charges levied within the scope of FATCA (Foreign Account Tax Compliance Act, more details under "Taxation of the Fund"), may be levied in the form of a withholding tax or a deduction from the payment or transfer of payments.

#### Risk of interest being charged on deposits

The Management Company invests the liquid assets of the Fund at the Depository or other banks for account of the Fund. Depending on changes in the market, in particular 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 performance of the Fund.

#### Risk of transferring the Fund to another management company

The Management Company may transfer the Fund to another management company. Any such transfer does not affect the Fund or the position of investors. Within the context of the transfer, however, each investor must decide whether he considers the new management company to be just as suitable as the previous one. If he does not wish to remain invested in the Fund under new management, he must redeem his units. This may incur income taxes.

#### Risk associated with the receipt of collateral

The Management Company may receive collateral for OTC derivatives, for example. Derivatives and securities lent and sold may rise in value. As a result, the collateral received may no longer be sufficient to fully cover the Management Company's claim for delivery or redemption of collateral against a counterparty. The Management Company may deposit cash collateral in blocked accounts or invest it in high quality government bonds or in money market funds with a short-term maturity structure. However, the financial institution at which the deposits are held may become insolvent; government bonds and money-market funds may also perform negatively. Once a transaction has been concluded, the collateral deposited or received may no longer be available in full although the Management Company is obliged to repay the collateral received at the amount originally granted. Therefore, the Management Company may be obliged to increase the collateral to the amount granted and thus equalise the losses incurred by depositing or investing the collateral.

#### Risk associated with collateral management

Collateral management requires the use of systems and certain process definitions. The failure of processes and human or system errors at the Management Company or third party level in connection with collateral management may involve the risk that assets serving as collateral lose value and are no longer sufficient to fully cover the Management Company's claim for delivery or retransfer of collateral against a counterparty.

#### Commodities risk

Commodities are defined as physical goods that are traded on a secondary market or that can be traded, such as industrial metals and oil.

The price risk of commodities is often more complex and more volatile than it is, for example, for currencies and interest rates. In addition, the markets for commodities may be less liquid. Consequently changes in supply and demand may impact prices and volatility. These market characteristics may make prices less transparent and may make it more difficult hedge against commodities risks. The Fund does not use any instruments that result in the physical delivery of the commodities.

#### Key personnel risk

The success of a fund which performs very positively over a certain period of time is partly due to the aptitude of the traders and so to the correct decisions of its management. Nonetheless, the Fund Management personnel may change. New decision-makers may then be less successful.

#### Tax risks from hedging transactions for major investors

It cannot be excluded that capital gains tax on German dividends and income from domestic equity-like profit participation rights that the investor originally obtains may not be creditable or refundable in whole or in part. The capital gains tax shall be fully credited or refunded if the investor (i) holds German equities and German equity-like profit participation rights for 45 days without interruption within a period of 45 days before and after the maturity date of the investment income (91 days in total) and (ii) bears at least 70% of the risk of a decline in value of the units or profit-participation rights without interruption throughout that entire 45-day period (so-called "45-day rule"). Furthermore, there should be no obligation to pay, directly or indirectly, the capital gains tax to another person (e.g. through swaps, securities lending transactions, repurchase agreements) for the purpose of offsetting capital gains tax. As a result, hedging or forward transactions that directly or indirectly hedge the risk arising from German equities or German equity-like profit participation rights may be detrimental. Hedging transactions on value and price indices are considered to be indirect hedges. To the extent that the Fund is to be considered a related party of the investor and enters into hedging transactions, such transactions may result in these being attributed to the investor, and the investor therefore failing to comply with the 45-day rule.

In the event of non-retention of capital gains tax on the corresponding income originally realised by the investor, hedging transactions of the Fund may result in this being attributed to the investor and in the investor having to pay the capital gains tax to the tax office.

#### Custody risk

In local markets, sub-depositaries may be appointed to hold assets in custody in those markets. Where the Fund invests in markets where depositary and/or settlement systems are not fully developed, the assets acquired by the Fund may be exposed to custody risk. The Fund may be denied access, in whole or in part, to investments held in custody in the event of insolvency, negligence, wilful misconduct or fraudulent acts on the part of the Depositary or the Sub-depositary. Under such circumstances, it may take longer or even be impossible for the Fund to recover some of its assets (in extreme circumstances such as the retrospective application of laws and/or fraud and/or failure to properly register title), which may result in substantial losses to the Fund and consequently adversely affect an investor's investment in the Fund. The custody risk may relate to both assets and collateral.

#### Currency risk

If the Fund directly or indirectly holds assets denominated in a foreign currency, it is exposed to currency risk (if foreign currency positions have not been hedged). Any devaluation of the foreign currency against the base currency of the Fund would cause the value of the assets denominated in the foreign currency to fall.

### The use of techniques and instruments and special risks associated with such use

The Management Company may use techniques and instruments as defined in Sections 8 et seq. of the Management Regulations, in particular securities repurchase agreements and securities lending transactions as well as derivatives as defined in Section 4 No. 4 of the Management Regulations, in accordance with the investment restrictions of the Fund for the purpose of efficient portfolio management (including transactions entered into for hedging purposes and for speculative purposes). The Management Company may also, in particular, enter into market-contrary transactions, which could lead to gains for the Fund if the prices of the underlying securities fall, or to losses for the Fund if the prices rise.

The ability to use such investment strategies may be restricted by market conditions or as a result of regulatory restrictions, and there is no assurance that the pursuit of such strategies will in fact achieve the desired aim.

Techniques and instruments must be used for the purpose of efficient portfolio management for which the following requirements must be met:

- (a) They are economically appropriate such that they can be used cost-effectively;
- (b) They are used with one or more of the following specific goals:
  - risk reduction;
  - cost reduction;
  - generation of additional capital or income for the Fund with a risk corresponding to the risk profile of the UCITS and the risk diversification rules as defined in Section 6 Nos. 1 to 4 of the Management Regulations;
- (c) Their risks are measured appropriately by the Fund's risk management system.

The use of techniques and instruments may not



- (a) result in a change to the Fund's stated investment objective; or
- (b) involve significant additional risks in comparison with the original risk strategy described in the prospectus.

If transactions for efficient portfolio management are entered into on behalf of the Fund, they must be taken into account when developing the risk management process for liquidity risks in order to ensure that the Fund can comply with its repurchase commitments at all times.

### Derivatives

The Management Company may use a wide range of derivatives, which may also be combined with other assets when appropriate. The Management Company may also acquire securities and money market instruments in which one or more derivatives are embedded ("financial instruments with a derivative component"). Derivatives are based on underlying securities that may be acquired for the Fund. These may be permissible instruments as defined in Section 4 of the Management Regulations or financial indices, interest rates, exchange rates or currencies. Derivatives or financial instruments with derivative components include in particular futures, options, financial futures and swaps as well as combinations thereof, including equivalent instruments settled in cash, which are traded on a stock exchange or regulated market, and/or derivative financial instruments that are not traded on such markets ("OTC derivatives"), if the underlying securities are assets that may be acquired for the Fund or are financial indices within the meaning of Article 9 (1) of Directive 2007/16/EC, interest rates, exchange rates or currencies in which the Fund may invest in accordance with its investment objectives. The financial indices within this meaning include, specifically; currency, exchange-rate, interest rate, price and total interest-rate return indices, as well as, in particular, bond and equity indices and indices on the permissible instruments listed in Section 4 of the Management Regulations, as well as commodity futures, precious metal and commodity indices.

For the avoidance of doubt, no derivative transaction will be entered into which provides for physical delivery of any component of the commodity futures, precious metal and commodity indices acting as underlying securities.

In addition, the following conditions must also be fulfilled for OTC derivatives:

- (a) The counterparties must be top-rated financial institutions specialised in such transactions, and additionally must hold a rating from a recognised rating agency (such as Moody's, S&P or Fitch) of at least Baa3 (Moody's), BBB- (S&P or Fitch). They must be subject to prudential supervision. There are no further restrictions relating to legal status or country of origin.
- (b) the OTC derivatives must be subject to a reliable and verifiable evaluation on a daily basis and may be sold, liquidated or closed out by an offsetting transaction at any time at the proper market value.
- (c) The transactions must be effected on the basis of standardised contracts.
- (d) Transactions are subject to the Management Company's policy as described in the following chapter, "Principles relating to collateral management".
- (e) The Management 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 for investors. The use of OTC derivatives is particularly advantageous if it facilitates the hedging of assets at matching maturities, thus being less expensive.

Examples of the functioning of selected derivatives, which the Fund and, if applicable, unit classes can use, depending on the form of the relevant investment guidelines:

#### Options

The purchase of a call or put option is the right to buy or sell a specific underlying security for a fixed price at a future time or within a specific period of time, or to enter into or cancel a specific contract. This requires payment of an option premium, which is incurred regardless of whether the option is exercised.

The writing of a call or put option, for which the writer (seller) receives an option premium, involves the obligation to buy or sell a specific underlying security for a fixed price at a future time or within a specific period of time, or to enter into or cancel a specific contract.

#### Forward transactions

A forward contract is a mutual agreement that entitles or obliges the contracting parties to buy or deliver a specific underlying security at a certain time at a pre-determined price, or to make an appropriate cash settlement. Only a fraction of the contract value generally needs to be put down immediately ("margin").

#### Contracts for difference

A contract for difference is an agreement between the Management Company and a counterparty. The parties are typically described as "buyer" and "seller". The contract stipulates 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 instead the buyer pays the difference to the seller.) Contracts for difference may be used to take advantage of prices moving up (long positions) or prices moving down (short positions) on the underlying financial instruments in the fund and are often used to speculate on those markets. When applied to equities, for example, such a contract is an equity derivative that allows the Fund Manager to speculate on share price movements, without the need for ownership of the underlying shares.

#### Swaps

A swap is a type of transaction in which the securities underlying the transaction are exchanged among the contracting partners. The Management Company may in particular enter into interest-rate, currency, equity, bond and money market related swap transactions as well as credit default swaps on behalf of the Fund within the framework of the investment principles. The payments due from the Management Company to the counterparty and vice versa are calculated by reference to the specific instrument and an agreed-upon nominal amount.

Credit default swaps are credit derivatives enabling any credit default risk to be economically transferred to other parties. Credit default swaps may be used, among other things, to hedge the creditworthiness risk of bonds acquired by the Fund (e.g. government or corporate bonds). Usually the contracting partner may be obliged to buy the underlying bond at an agreed price or pay a cash settlement when 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 accepting the risk of credit default.

#### OTC derivative transactions

The Management Company may conduct both transactions in derivatives which are admitted to official trading at a stock exchange or included in another organised market as well as over-the-counter transactions (OTC transactions). In OTC transactions, the contracting partners conclude non-standardised agreements that are directly negotiated in each particular case, laying down the rights and obligations of the contracting partners. OTC derivatives are often only liquid to a limited extent and may be subject to relatively high price fluctuations.

The use of derivatives to hedge the Fund's assets is an attempt to reduce the economic risk inherent in an asset of the Fund to the greatest extent possible (hedging). At the same time, however, there is a possible risk that the Fund will no longer be able to participate in a positive development of the hedged asset.

The Fund incurs additional risks by using derivatives to increase returns in pursuing the investment objective. These risks depend on the characteristics of both the respective derivative and the underlying security. Derivative positions may be subject to leverage effects, such that even a small investment in derivatives can have a substantial, and possibly negative, impact on the performance of the Fund.

Any exposure to derivatives is associated with investment risks and transaction costs to which the Fund would not be subject if these strategies had not been employed.

An investment in derivatives is associated with specific risks and there is no guarantee that a particular assumption on the part of investment management will actually apply or that an investment strategy using derivatives will be successful. The use of derivatives may be associated with considerable losses or, depending on the structure of the derivative used, theoretically even unlimited losses. The risks chiefly involve general market risk, performance risk, liquidity risk, creditworthiness risk, settlement risk, risk of changes in underlying conditions and counterparty risk. In this respect the following can be highlighted:

- Derivatives that are used may be flawed, or valued differently due to differing valuation methods.
- The correlation between the values of the derivatives used on the one hand and the price movements in the positions being hedged on the other, or the correlation of different markets/positions with derivative hedging using underlying securities that do not correspond exactly to the hedged position may be imperfect, with the result that complete hedging of risk is sometimes not possible.
- The possible absence of a liquid secondary market for a specific instrument at a pre-defined time may result in it not being possible to neutralise (close) 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 substantial fluctuations in price. For this reason, when OTC derivatives are used it may be the case that these derivatives cannot be sold or closed at a reasonable time and/or at a reasonable price.
- There may be the risk of not being able to buy or sell the securities underlying the derivative instruments at a time when it would be favourable to do so, or being compelled to buy or sell the underlying assets at a disadvantageous time.

#### [Securities repurchase transactions, securities lending transactions](#)

The Fund does not enter into securities repurchase transactions or securities lending transactions.

#### [Buy/sell-back transactions / sell/buy-back transactions / Lombard transactions](#)

Buy/sell-back agreements and/or sell/buy-back agreements are not concluded for the Fund. No Lombard transactions are concluded for the Fund.

#### [Total return swaps \(TRS\) and financial instruments with similar characteristics](#)

The Feeder Fund does not engage in Total Return Swaps (TRS) or financial instruments with similar characteristics, including contracts for difference or CFDs.

#### Possible impact of the use of techniques and instruments on the Fund's performance

The use of techniques and instruments may have positive or negative effects on the Fund's performance.

The Fund may use derivatives for hedging purposes. This may be reflected in the Fund's risk profile in the form of lower opportunities and risks. Hedging can be used, in particular, to reflect the different currency-hedged unit classes and thus influence the risk profile of the respective unit class.

The Fund may also use derivatives in a speculative sense to increase returns in pursuing the investment objective and, in particular, to represent the Fund's risk profile and to increase the level of investment above the level of investment of a fund that is fully invested in securities. In representing the risk profile through derivatives, direct investments in securities, for example, are replaced by derivatives or – helping to shape the Fund's risk profile – certain components of the Fund's investment objectives and principles may even be realised on the basis of derivatives, e.g. by implementing currency positions through derivatives, which normally does not have a substantial effect on the Fund's risk profile. In particular, if the Fund's investment objective states that, with the objective of achieving additional returns, the Fund Manager 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 principles are predominantly derivative-based. If the Fund employs derivatives to increase the level of investment, it does so in order to achieve a medium- to long-term risk profile that may have considerably higher market risk in relation to a fund with a similar profile that does not invest in derivatives. The Fund Manager follows a risk-controlled approach in the use of derivatives.

The use of securities repurchase agreements and securities lending transactions results in additional income for the Fund as a lending fee is paid by the counterparty. The use of securities lending transactions also gives rise to certain risks for the Fund. These risks may result in losses for the Fund, e.g. on default of the counterparty to the securities lending transactions.

Securities repurchase agreements are used either for investment purposes or to obtain liquidity for the Fund, usually as a short-term measure in both cases. If the Fund enters into securities repurchase agreements as lender, it receives additional liquidity which can be invested in full in line with the Fund's investment policy. In these circumstances the Fund must comply with its repurchase commitment, regardless of whether the Fund made losses or gains when using the liquidity obtained through the securities repurchase agreements. If the Fund enters into securities repurchase agreements as borrower, it reduces its liquidity available for other investments.

#### Strategy for direct and indirect operational expenses/fees for techniques for efficient portfolio management

Direct and indirect operational expenses and fees resulting from the techniques for efficient portfolio management may be deducted from the income for the Fund obtained from the relevant transactions (e.g. as a result of revenue sharing agreements). These expenses and fees should not contain any hidden income. All the income from transactions of this type, less direct and indirect expenses and fees, is paid to the Fund. The companies to which direct and indirect expenses and fees may be paid include banks, investment advisors, brokers and dealers or other financial institutions and intermediaries. They may also be companies affiliated with the Management Company.

#### Principles relating to collateral management

When entering into transactions with OTC derivatives and when using efficient portfolio management techniques, the Management Company observes the following principles in accordance with CSSF Circular 14/592 of 30 September 2014, insofar as collateral is used to reduce the counterparty risk. Unless it is absolutely essential from a legal viewpoint to collateralise transactions involving OTC derivatives, the amount of collateral required is at the discretion of the Fund Manager.

The risk positions that result for a counterparty from transactions involving OTC derivatives and techniques for efficient portfolio management must be combined when calculating the limits for the counterparty risk as defined in Section 6 Nos. 1 to 4 of the Management Regulations.

All assets that the Fund receives in connection with techniques for efficient portfolio management shall be regarded as collateral for the purposes of the principles listed below, and must meet the criteria indicated in this section.

- Liquidity: All non-cash collateral should be highly liquid and be traded at a transparent price on a regulated market or within a multilateral trading system, in order that it can be sold at short notice at a price that is close to the valuation that was determined prior to the sale. The collateral received should also comply with the provisions of Section 6 No. 9 of the Management Regulations.
- Valuation: Collateral that is received should be valued on each exchange trading day as a minimum. Assets of which the price is highly volatile may be accepted as collateral only if suitable conservative haircuts are applied.
- Credit rating of the issuer: The issuer of the collateral received must have a high credit rating.
- Maturity: The maturity of the collateral that may be received must be comparable with that of the interest-bearing securities that may be acquired for the Fund in line with the investment policy.
- Correlation: Collateral received should be issued by a legal entity that is independent of the counterparty and whose performance is not highly correlated to the performance of the counterparty.
- Diversification of the collateral (investment concentration): It must be ensured that the collateral is appropriately diversified with regard to countries, markets and issuers. The criterion of appropriate diversification in relation to issuer concentration is regarded as fulfilled if the Fund, when conducting efficient portfolio management or transactions involving OTC derivatives, receives from a counterparty a collateral basket in which the exposure to any particular issuer is no higher than 20% of the net fund assets. If the Fund has different counterparties, the various collateral baskets should be aggregated in order to calculate the 20% limit for exposure to any single issuer.
- The Fund should have the option of liquidating the collateral it has received, at any time, without referring to the counterparty or obtaining approval from the counterparty.
- Non-cash collateral received may not be sold, re-invested or pledged.
- Cash collateral received may only
  - be invested as collateral with legal entities as defined in Section 4 No. 3 of the Management Regulations;
  - be invested in high-quality government bonds; or
  - be invested in money market funds with a short maturity structure as defined in the CESR's "Guidelines on a Common Definition of European Money Market Funds".

Reinvested cash collateral should be diversified in accordance with the requirements for risk diversification in non-cash collateral. The reinvestment of cash collateral does not release the Fund from its obligation to repay cash collateral in the full amount. Thus potential losses arising from reinvestment are borne by the Fund.

Risks related to collateral management, e.g. operational and legal risks, must be calculated, controlled and reduced through risk management.

In the event of transfers of rights, the relevant collateral should be held in safekeeping by the Fund's depository. In other types of collateral agreements, the collateral may be held by a third party who is subject to supervision and is not connected with the provider of the collateral.

If the Fund holds collateral of at least 30% of the net fund assets, an appropriate stress test strategy is used to ensure that stress tests are carried out regularly, under both normal and exceptional liquidity conditions. The purpose of these tests is to make sure that the Fund can assess the liquidity risk associated with the collateral. The strategy for liquidity stress tests should include requirements relating to the following aspects as a minimum:

- (a) concept for the stress test scenario analysis, including calibration, certification and sensitivity analysis;
- (b) empirical approach to the impact assessment, including back-testing of liquidity risk assessments;
- (c) reporting frequency and reporting thresholds/loss tolerance threshold(s);
- (d) measures to curb losses, including haircut strategy and gap-risk protection.

The Fund has a clearly defined haircut strategy, which is aligned with all types of assets received as collateral. The "haircut" is a percentage by which the market value of the collateral is reduced. Normally, the Management Company deducts the haircut from the collateral's market value in order to protect itself against credit, interest rate, currency and liquidity risks in the time between collateral calls. The haircut generally depends on factors such as the price volatility of the respective asset class, the probable time for the liquidation of the asset, the maturity of the asset and the creditworthiness of the issuer. The following minimum haircut rates apply for the respective assets:

Cash (no haircut); bonds issued by governments, central banks and/or supranational institutions with investment-grade ratings (haircut of at least 0.5% of the market value); other bonds issued by companies with investment-grade ratings (haircut of at least 2% of the market value); bonds in the form of high-yield investments (haircut of at least 10% of the market value); equities (haircut of at least 6% of the market value).

A more volatile (due to a longer duration or other factors), less liquid asset typically has a higher haircut. Haircuts are defined with the approval of the risk management function and may vary according to changing market conditions. Haircuts may differ depending on the underlying transaction type, e.g. the haircuts used for OTC derivatives may differ from those used for securities lending transactions. Equities are usually only accepted as collateral if they are included in leading equity indices. Additive haircuts apply to bonds with a residual maturity of more than 10 years. Additive haircuts apply to cash and securities received as collateral that are denominated in a currency other than the base currency of the Fund.

## Investor profile

Allianz Stiftungsfonds Nachhaltigkeit is intended for investors who prioritise security and/or are pursuing the objective of general capital formation/asset optimisation. It may not be suitable for investors who wish to withdraw their capital from the Fund within a period of three years. Allianz Stiftungsfonds Nachhaltigkeit is aimed at investors with basic knowledge and/or experience of financial products. Prospective investors should be capable of bearing a financial loss and should not attach any importance to capital protection. In terms of risk assessment, Allianz Stiftungsfonds Nachhaltigkeit is assessed on a scale of 1 (conservative; very low to low expectation of returns) to 7 (very tolerant of risk; highest expectation of returns), which is published online at <https://regulatory.allianzgi.com>.

## Management Company and Central Administration Agent

The Management Company is Allianz Global Investors GmbH, which has also assumed the functions of the Central Administration Agent. Allianz Global Investors GmbH implements the function of the central administration agent through its branch in Luxembourg.

Allianz Global Investors GmbH is an investment management company within the meaning of the German Capital Investment Code (KAGB), which was founded in 1955 under German law in the legal form of a limited liability company. The registered office of Allianz Global Investors GmbH is in Frankfurt am Main. The subscribed and paid-in capital of Allianz Global Investors GmbH was EUR 49,900,900 as at 31 December 2022. Allianz Global Investors GmbH has a functional organisational structure and, in addition to the head office in Germany, has numerous branches, including a branch in Luxembourg. In the branch office in Luxembourg, employees are currently active mainly in the following functions: risk management, product administration and operations (operational support of fund products and processes).

In its capacity as the Management Company, Allianz Global Investors GmbH invests the capital raised by the Fund as specified in the Management Regulations and the prospectus.

Allianz Global Investors GmbH, acting through its branch in Luxembourg, has also assumed the function of the Central Administration Agent. In this capacity, it is responsible for all administrative duties required by Luxembourg law, in particular for drawing up the distribution notifications, for processing and mailing the sales prospectuses, the key information document, the financial statements and all other documents that are prepared for the investors, and for liaising with the administrative authorities, the investors and all other parties involved. Further examples of the Central Administration Agent's responsibilities are fund accounting and calculating the net asset value of the units, the role of Registrar and Transfer Agent and issuing statements, reports, notices and other documents to the Unitholders, and supervising the mailing of such documentation.

Allianz Global Investors GmbH may delegate, under its responsibility, supervision and coordination, its duties as Management Company and Central Administration Agent in whole or in part to third parties specialising in the services required. The Management Company may also enter into transactions for a fund in which affiliated companies act as broker or act on the account of their customers. This also applies to cases in which affiliated companies or their customers act analogously to the transactions of this Fund.

Allianz Global Investors GmbH provides investment management services from its main office in Germany. Further details are provided in the section entitled "Investment Management".

The Management Company may further delegate certain services in relation to currency monitoring and trading to third parties.

Allianz Global Investors GmbH has also, at its own expense, delegated the determination of key risk figures, performance figures and fund structure data to IDS GmbH – Analysis and Reporting Services, Munich, Federal Republic of Germany, as the outsourcing company, which may make use of the services of third parties.

Furthermore, essential functions of central administration and other duties have been transferred from Allianz Global Investors GmbH to State Street Bank International GmbH - Luxembourg Branch, Grand Duchy of Luxembourg, as the outsourcing company, which may use the services of third parties. These outsourced areas are fund accounting, NAV calculation and the role of Registrar and Transfer Agent. The role of the Registrar and Transfer Agent includes the issue and redemption of units, keeping the register of Unitholders and auxiliary services associated therewith.

State Street Bank International GmbH – Luxembourg branch, is also the Depository.

## Fund Management

The task of the Management Company is the day-to-day business of asset management as well as providing other related services. These duties are carried out in accordance with the principles of the investment objectives and investment principles set out in the prospectus and in the Management Regulations for the Fund, the investment restrictions and statutory restrictions.

Investment decision-making and order placement are the responsibility of the Management Company at its own discretion. The Management Company is authorised to select agents and brokers to handle the Fund's transactions. The Management Company is entitled to be advised by third parties, particularly investment advisors, at its own expense and on its own responsibility, and to delegate some of its tasks to third parties. When the task of decision-making with regard to investments is assigned to third parties, the prospectus will indicate the name of the company to which this task of the Fund Manager has been transferred. The Management Company bears all the expenses it incurs in conjunction with the services it provides to the Fund. Brokerage commissions, transaction fees and other transaction charges incurred in relation to the acquisition and disposal of the Fund's assets are borne by the Fund.

## Supervisory authority

The Management Company is subject to supervision by the Federal Financial Supervisory Authority, Marie-Curie-Str. 24-28, D-60439 Frankfurt am Main. The Fund is subject to supervision by the Commission de Surveillance du Secteur Financier, 283, route d'Arlon, L-1150 Luxembourg.

## Depositary

The Management Company has appointed State Street Bank International GmbH, acting through its Luxembourg branch, as the Depositary of the Fund within the meaning of the law and pursuant to the Depositary Agreement.

State Street Bank International GmbH is a corporation under German law, with its registered office at Brienner Str. 59, 80333 Munich, Germany. State Street Bank International GmbH is registered under registration number HRB 42872 at the Munich Commercial Register Court and is regulated as a financial institution by the European Central Bank (ECB), the German Federal Financial Supervisory Authority (BaFin) and the German Central Bank. State Street Bank International GmbH – Luxembourg Branch, is authorised by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg to act as a Depositary and specialises in the areas of depositary, fund administration and associated services, among other things. State Street Bank International GmbH, Luxembourg branch, is registered in the Luxembourg Trade and Companies Register (RCS) under the number B148186.

State Street Bank International GmbH is part of the State Street Group, with its parent company, State Street Corporation, listed in the United States.

### Depositary's functions

The relationship between the Management Company and the Depositary is governed by the provisions of the Depositary Agreement. In accordance with the provisions of the Depositary Agreement, the Depositary is entrusted with the following main tasks:

- Guaranteeing that the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the applicable law and Management Regulations.
- Ensuring that the value of the units is calculated in accordance with the applicable law and Management Regulations.



- Executing the Management Company's instructions, provided that these instructions are in accordance with the applicable law and Management Regulations.
- Ensuring that, in the case of transactions involving the Fund's assets, the consideration is paid within the usual deadlines.
- Ensuring that the Fund's income is used in accordance with the applicable law and Management Regulations.
- Monitoring the liquid assets and cash flows of the Fund.
- Providing safe custody of the Fund's assets, including the safe custody of financial instruments, review of the ownership and management of records with regard 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 Management Company and its Unitholders.

As stipulated in compliance with the UCITS Directive and in particular Article 18 of the 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, in the event of loss of a financial instrument held in safekeeping, the Depositary is required to return financial instruments of the same type or the equivalent amount for the Fund to the Management Company without delay.

Pursuant to the UCITS Directive, 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.

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

The Depositary shall be liable to the Fund for all other losses incurred by the Fund 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 damage 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 authority to transfer its duties in connection with safekeeping, in full or in part. Its liability nevertheless remains unaffected by the fact that it has entrusted to a third party some or all of the assets that it had accepted for safekeeping. The depositary's liability remains unaffected by any delegation of its safekeeping 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 One Congress Street Suite 1, Boston, Massachusetts 02114-2016, USA, which it has appointed as its global sub-depositary. State Street Bank and Trust Company as global sub-depositary has appointed local sub-depositaries within the State Street global depositary network. A list of delegates and sub-delegates is published on the Internet at <http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html>.

Information about the safekeeping 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.

#### Conflicts of interest

The Depositary is part of an international group of companies and businesses that, in the course of their normal business operations, act on behalf of both a large number of clients and on their own account. This may result in actual or potential conflicts of interest. Conflicts of interest arise if the Depositary or its affiliated companies perform activities under the depositary agreement or under separate contractual or other arrangements. Such activities may include:

- (i) Provision of services as a nominee, as an administrative Registrar and Transfer Agent, and of research services, securities lending transactions via agents and services related to asset management, financial advice and/or other advisory services for the Management Company.
- (ii) Engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, brokerage, market making activities or other financial transactions with the Management Company either as principal and in its own interests or on behalf of other clients.

In connection with the above activities, the Depositary or its affiliates:

- (i) Will endeavour to generate a profit from these activities. In this respect, they are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Management Company, the nature or amount of any such profits or compensation including any fee, charge, commission, profit shares, premiums, discounts, interest, reimbursements, disagios and other benefits that they receive in connection with these activities;
- (ii) May buy, sell, issue, trade with or hold securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or on behalf of 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 Management Company;
- (iv) May provide the same or similar services to other clients including competitors of the Management Company;
- (v) May be granted creditors' rights by the Management Company, which it may exercise.

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

When liquid assets belonging to the Fund are deposited with an affiliate that is 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 liquid assets as a bank and not as a trustee.

The Management Company may also be a client or counterparty of the Depositary or its affiliates.

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

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

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 all depositary issues to be properly identified, managed and monitored.

Additionally, in the context of the Depositary's use of sub-depositaries, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-depositaries 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 depositary 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 safekeeping 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 Unitholders on request.

In addition to acting as Depositary, State Street Bank International GmbH - Luxembourg Branch, in its capacity as the outsourcing company for Allianz Global Investors GmbH, also assumes responsibility for substantial duties of central administration, namely fund accounting and NAV calculation and the role of Registrar and Transfer Agent.

## Distributors

The Management Company may enter into agreements with distributors to market and place Fund units in different countries worldwide. This does not apply to countries in which this type of activity is not permitted, as well as the USA (subject to a limited number of exceptional cases).

The Management Company and/or the Distributors shall comply with applicable international and Luxembourg laws and regulations on combating money laundering and the financing of terrorism. These include the Luxembourg Law of

5 April 1993 on the financial sector, the Luxembourg Law of 12 November 2004 on the fight against money laundering and terrorist financing, and various related CSSF circulars.

Within the framework of these legal regulations, the Management Company has developed its own measures and standards to protect the funds on the basis of a risk-based approach so that they are not misused for money laundering or the financing of terrorism. These measures include, in particular, processes for identifying and verifying customers and their beneficial owners, whereby customers must provide specific identification documents in order to pass initial and ongoing checks.

In accordance with the applicable laws and regulations, the Management Company shall prepare an annual risk analysis on money laundering and the financing of terrorism.

The Distributors appointed by the Management Company were listed in the Directory at the end of the prospectus when the prospectus was prepared. The Management Company may appoint additional Distributors at its own discretion.

## Performance

The performance of the Fund to date is available in the annual and semi-annual reports. It should be noted that no predictions for the future can be derived from historical performance data. The future performance of the Fund may therefore be less favourable or more favourable than in the past.

## Risk management procedure

The Management Company will use the relative Value at Risk (VaR) approach for the Fund. The VaR of the Fund is limited to twice the VaR of its reference portfolio. The relevant reference portfolio for the Fund corresponds to the composition of: 20% MSCI Europe Total Return (Net) + 80% JP Morgan EMU IG 1-10 years ex BBB.

The expected leverage effect of the derivatives is calculated as the expected average total of the nominal values of the derivatives (not taking into account the investment portfolio). The actual total of the nominal values of the derivatives may change in future and exceed the expected leverage effect of the derivatives at times. Unitholders should note that derivatives may be used for different purposes, in particular for hedging and investment purposes. The calculation of the expected leverage effect does not make a distinction between the different objectives of using derivatives. For this reason the expected leverage effect of the derivatives does not provide any indication of the Fund's true risk level. The Fund's expected leverage effect, as produced through using derivatives, may fluctuate between 0 and 2.

## Conflicts of interest

The Management Company, the Depositary, the Registrar and Transfer Agent and all Fund Managers, investment advisors, Paying and Information Agents or distributors may, should the situation arise, act as managers, trustees, Fund Managers, administrators, Registrar and Transfer Agent or distributor for funds that pursue investment objectives that are similar to the Fund's, or otherwise hold a stake in such funds. As a result it is certainly possible for one of these entities, in the course of its business operations, to become involved in a potential conflict of interest in relation to the Fund. In circumstances of this nature they must each ensure, at all times, that they comply with their obligations under the management agreement, the central administration agreement, the depositary agreement, the paying and information agent agreements, the investment management agreements, Registrar and Transfer Agent agreements and distribution agreements, and that they will make every effort to find an appropriate solution for these conflicts of interest. The Management Company has set forth principles to ensure that an attempt is made to avoid conflicts of interest in all transactions as appropriate and, if they cannot be avoided, to deal with conflicts of interest such that the Funds and their Unitholders are treated fairly.

Furthermore, the transactions indicated above may be executed with the Fund in the entity's own name or as an agent, provided these transactions are conducted under market conditions and in the best interest of the investors.

Transactions are deemed as executed under normal business conditions if: (1) a certified valuation of the transaction was obtained from a person who was recognised by the Depositary as independent and competent, (2) the transaction was executed under the best conditions on an organised stock exchange, in accordance with the rules applicable at that exchange or (3), if (1) and (2) cannot be complied with, the transaction was executed on terms which, in the opinion of the Depositary, were negotiated under normal business conditions and are customary in the market.

Conflicts of interest may arise as a result of transactions involving derivatives, OTC derivatives or techniques and instruments for efficient portfolio management. For example, counterparties of such transactions or representatives, intermediaries or other institutions that provide services in relation to these transactions, may be affiliated with the Management Company, the Fund Manager, the investment advisor or with the Depositary. As a consequence, these institutions may generate profits, fees or other income, or they may avoid losses through these transactions. Conflicts of interest may also arise if the collateral provided by these institutions is subject to a valuation or haircut by an affiliated party.

The Management Company has set forth procedures to ensure that its service providers act in the best interest of the Fund when implementing trades and issuing orders on behalf of the Fund in the course of managing the fund portfolios. For these purposes, all appropriate steps must be taken to achieve the best possible outcome for the Fund. The following must be taken into account in this respect: the price, the expenses, the probability of execution, the scope and nature of the order, the broker's research services for the Fund Manager or investment advisor, and all other factors that are relevant to execution of the order. Information on the Management Company's execution policy and all major amendments to this policy is available to Unitholders on request, free of charge.

### Co-management of assets

For the purpose of efficient management, the Management Company may effect co-management of assets of certain funds under its management and subject to Luxembourg law. In such events, assets of the various funds with the same Depositary are managed jointly. The assets under co-management are referred to as a "pool", whereby such pools are, however, used exclusively for internal management purposes. The pools are not separate entities and are not directly accessible to investors. The specific assets of each of the co-managed funds are allocated to it.

When combining assets from more than one fund in a pool, the assets attributable to each participating fund are initially determined by applying the original allocation of assets of the fund to the said pool. They change if the fund adds assets to or removes them from the pool.

The entitlement of each participating 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 funds are allocated to such funds according to their respective entitlements. Sold assets are charged similarly against the assets attributable to each participating fund.

### Securities pursuant to Rule 144A United States Securities Act

To the extent permitted according to Luxembourg laws and regulations (subject to being otherwise compatible with the investment objective and investment principles of the Fund), the Fund may invest in securities which are not registered pursuant to the United States Securities Act of 1933 and amendments thereto (hereinafter referred to as "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"). The term "qualified institutional buyer" is defined in the 1933 Act and includes those companies whose net assets

exceed USD 100 million. Securities pursuant to Rule 144A qualify as securities as set out in Article 41 Para.1 of the Law insofar as the bonds in question contain a registration right as prescribed in the 1933 Act, which states that there is a conversion right for securities registered and freely negotiable on the US OTC fixed-income market. Such conversion must be completed within one year of the purchase of 144A bonds because otherwise the investment limits set out in Article 41 (2a) of the Law are applicable. The Fund may invest up to 10% of its net assets in securities pursuant to Rule 144A which do not qualify as securities for the purpose of Article 41 Para. 1 of the Law, provided that the total value of such investments together with other such securities and money market instruments that do not come under Article 41 Para. 1 of the Law, does not exceed 10%.

## Legal position of investors

Each Unitholder holds an interest in the Fund's assets, which is reflected by the number of units held. All units issued confer the same rights. The unit certificates may be issued as bearer certificates and/or registered certificates, each of them representing one or more units. Fractional units are issued down to one thousandth of a unit. The unit certificates are transferable in line with the provisions of Articles 40 and 42 of the law of 10 August 1915 (as amended) relating to commercial companies. With its transfer, the rights vested in a unit are passed on. The Management Company and/or the Registrar and Transfer Agent regard(s) the holder of the unit certificate as the beneficiary in the case of a bearer certificate, while in the case of a registered certificate, the beneficiary is considered to be the person whose name is entered in the unitholder register maintained by the Registrar and Transfer Agent. At the discretion of the Management Company, the Registrar and Transfer Agent may issue a unit confirmation on the units acquired instead of a registered certificate. The units issued as bearer certificates are always vested in global certificates (collective custody). Unitholders are not entitled to receive delivery of physical securities.

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 Fund will be processed by the Management Company acting as data controller (the "**Controller**") in accordance with the provisions of EU Regulation No. 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**General Data Protection Regulation**") and any applicable data protection law or regulation (collectively referred to as the "**Data Protection Law**").

Investors acknowledge that their Personal Data provided or collected in connection with an investment in the Fund may 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 Fund (including its information technology providers) and, any of the foregoing respective agents, delegates, affiliates, subcontractors and/or their successors (collectively referred to as the "**Service Providers**") and assigns in accordance with their roles as Controller or as Processor (as applicable). Some of the above 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 a 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).

Insofar as Personal Data provided by the investor concerns individuals other than itself, the investor must ensure 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 for the purposes of offering investment in units 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. at OECD level).

Given the nature of registered shares, the Management 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.

Investors can also exercise their rights, e.g. the right to access information about their personal data and have this data rectified or erased, the right to demand or object to a restriction of processing, the right to data portability, the right to file a complaint with the relevant data protection supervisory authority, and the right to revoke their consent. The Data Privacy Notice below contains more detailed information regarding these rights and their exercise.

For more information on the purposes of this processing, the various functions of the recipients of investors' personal data, the categories of personal data concerned and all other information required by data protection legislation, please refer to the Privacy Notice, which is available at the following link: <https://regulatory.allianzgi.com/gdpr>. The Management Company and/or the Registrar and Transfer Agent may, for the purpose of compliance with the Foreign Account Tax Compliance provisions of the US Hiring Incentives to Restore Employment Act ("FATCA"), be required to disclose personal data relating to certain US persons and/or non-participant FFIs to the US Internal Revenue Service or local tax authorities.

The Management Company draws investors' attention to the fact that investors will only be able to fully exercise their investor rights directly vis-à-vis the Fund if the investor is registered himself and in his own name in the unitholder register of the Fund. In cases where an investor invests in the Fund through an intermediary investing in the Fund in its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain unitholder rights directly vis-à-vis the Fund. Investors are advised to take advice on their rights.

## NAV calculation

The net asset value per unit of a unit class as well as the subscription and redemption prices are determined on each banking and exchange trading day in Frankfurt/Main and Luxembourg ("valuation day").

1. The calculation of the net asset value will be made on each valuation day for each unit class by dividing the value of the net assets (value of the assets less liabilities) belonging to a unit class by the number of units of this unit class in circulation on the valuation day (hereinafter referred to as the "net asset value per unit of a unit class"). Unless No. 2 or No. 3 applies:
  - assets that are officially listed on a stock exchange are valued at the latest available price paid;
  - assets that are not officially listed on a stock exchange, but are traded on a regulated market or on other organised markets, are also valued at the latest available price paid, provided that, at the time of valuation, the Depositary considers that price to be the best possible price at which the assets can be sold;
  - financial futures transactions relating to currencies, securities, financial indices, interest rates and other permissible financial instruments and options thereon and corresponding warrants are, if listed on a stock exchange, valued at the most recent price of the stock exchange in question. If there is no stock exchange listing, in particular with regard to all OTC transactions, valuation is made at the probable realisation value, determined prudently and in good faith;

- interest-rate swaps are valued at their market value referring to the applicable yield curve;
  - swaps linked to indices and to financial instruments are valued at their market value, which is determined by reference to the index concerned or the financial instrument concerned;
  - units of UCITS or UCI are valued at the latest redemption price determined and obtainable;
  - cash and time deposits are valued at their nominal value plus accrued interest;
  - assets not denominated in the base currency of the Fund (hereinafter referred to as the “base currency of the Fund”) are converted into the base currency of the Fund at the most current middle-market rate of exchange.
2. Assets whose trade prices are not fair market prices, as well as all other assets, are valued at the probable realisation value, determined prudently and in good faith.
3. At its discretion, the Management Company may authorise other valuation methods if, in its consideration, such other methods better represent the fair value of the assets.

The net asset value per unit of a unit class is the basis for determining the subscription and redemption prices (see sections “Issue of Units and Related Costs” and “Redemption of Units and Related Costs”).

The value of the assets comprised in the Fund on each valuation day generally, i.e. without considering unit classes, less the Fund’s liabilities, is called the “net asset value”.

### **Temporary suspension of issue and redemption of units and, under certain circumstances, also of the NAV calculation**

The subscription and redemption of units (unless already suspended under Section 32 of the Management Regulations) may be suspended temporarily by the Management Company if and as long as there are exceptional circumstances that make the suspension necessary and the suspension is justified taking into account the interests of the unit-holders. Exceptional circumstances exist, in particular, if and as long as:

- a stock exchange on which a considerable share of the Fund’s assets is traded is closed (except for ordinary weekends and public holidays), or trading is restricted or suspended;
- the Management Company cannot obtain access to assets;
- the transaction values resulting from purchases as well as sales cannot be transferred;
- it is impossible to determine the net asset value per unit of a unit class in accordance with standard practice.

Insofar as the exceptional circumstances make it impossible to calculate the net asset value, the calculation may also be suspended.

Buy orders and redemption orders for units are executed once calculation of the net asset value is resumed, unless they have been revoked by this time with respect to the Management Company in accordance with Section 14 No. 12 of the Management Regulations.



## Issue of units and related costs

There is no general restriction regarding the number of units issued. Fund units can be acquired through the Registrar and Transfer Agent, the Paying Agents listed in the "Directory" as well as through other banking institutions and financial services companies.

Acquisition applications are forwarded to the Registrar and Transfer Agent by the respective institutions maintaining the Unitholder's securities account, the Distributors and Paying Agents on behalf of the respective subscriber.

The Management Company shall make the acquisition of units in certain unit classes whose acquisition is subject to particular conditions (e.g. status as institutional investor etc.) dependent on the prior signing of a declaration by the end investor or the party that acquires the units for the account of, or on behalf of and for the account of, the end investor, confirming that these conditions have been met by the end investor. The text of this declaration may be obtained from [distributionoperations@allianzgi.com](mailto:distributionoperations@allianzgi.com) and from the relevant Distributors and Paying Agents. Prior to the acquisition of units, the declaration must be sent to the address indicated in the text and must also have been received at that address prior to the acquisition of units.

Units in the Fund are issued by the Registrar and Transfer Agent on behalf of the Management Company on any valuation day at the subscription price of the respective unit class. The subscription price is the net asset value per unit of the respective unit class, plus any sales charge to cover issuing costs. The subscription price may be rounded up or down to the nearest unit of the corresponding currency, as specified by the Management Company. The sales charge accrues to the sales partners. The Unitholder bears the cost of any stamp duties or other charges accruing in a country in which the units are issued.

Sales charges are calculated as a percentage of the net asset value per unit of a unit class. The sales charge is 4.00% for units of unit class types A and AT, 5.00% for units of unit class types C and CT, 6.00% for units of unit class types S and ST, and 2.00% for units of unit class types P, PT, I and IT. The Management Company may levy a lower sales charge at its own discretion. There is currently no sales charge for units of unit class types N, NT, R, RT, X, XT, W and WT.

Buy orders for units received at the respective institutions maintaining the unit-holder's securities account, the distributors, paying agents or at the registrar and transfer agent on a valuation day by 7.00 a.m. Central European Time ("CET") or Central European Summer Time ("CEST") are settled at the subscription price determined on that valuation day, using the forward-pricing method. Buy orders for units received after this time are settled at the subscription price of the next valuation day, also using the forward-pricing method.

The subscription price is currently payable to the Registrar and Transfer Agent in the case of

- unit classes with reference currencies CZK, HKD, HUF, PLN or SGD, no later than three valuation days after the respective settlement date;
- all other unit classes, no later than two valuation days after the respective settlement date,

in the reference currency of the respective unit class. The Management Company may accept a different value date for payment at its own discretion. However, this may not exceed ten valuation days after the respective settlement date.

At the request of the Unitholder, the issue price may be paid in any other freely convertible currency. All exchange charges and expenses incurred in relation to the currency exchange are borne by the respective Unitholder.

The units are issued by the Registrar and Transfer Agent on behalf of the Management Company immediately following receipt of the subscription price at the Registrar and Transfer Agent and, if bearer certificates are issued, immediately credited in the corresponding amount to the securities account, the details of which are to be provided by the subscriber.

When units are issued through Paying Agents in Italy, the Paying Agent may also charge a transaction fee of up to EUR 75.00 per transaction in addition to any sales charge; the Paying Agent may charge a lower transaction fee at its own discretion.

Particularly if the period of investment is short, the charges mentioned above may reduce or even eliminate any returns on an investment in the Fund's units; a longer investment period is therefore recommended. If units are acquired through agents other than the Registrar and Transfer Agent or the Paying Agents, additional costs may be incurred.

At its own discretion the Management Company may, upon application from a subscriber, issue units in return for a contribution in kind of securities or other assets, provided that such securities or other assets comply with the investment objectives and investment principles of the Fund. The Auditor of the Fund generates a valuation report. The costs of such contributions in kind are borne by the subscriber in question.

The Management Company reserves the right to reject buy orders for units in whole or in part (e.g. if it is suspected that the buy order is based on market timing). In this instance, payments already made will be reimbursed immediately. Fund units may not be acquired for purposes of market timing or similar practices. The Management Company explicitly reserves the right to take the necessary measures to protect other investors from market timing or similar practices.

The Management Company is also entitled to suspend the issue of units on a temporary or permanent basis at any time, without prior notification. In this instance, payments already made will be reimbursed immediately.

During the period in which the calculation of the net asset value per unit of a unit class is suspended by the Management Company in accordance with Section 16 of the Management Regulations, no units will be issued in any unit class. If the issue of units has been suspended, buy orders that have been received are settled on the first valuation day after termination of the suspension.

Every buy order for units is irrevocable, unless calculation of the net asset value per unit of a unit class is suspended in accordance with Section 16 of the Management Regulations, when it is revocable during such suspension.

### **Authority to cancel a buy order in the event of failed settlement**

If timely payment of the purchase price is not made, a buy order may lapse and be cancelled at the cost of the investors or their Distributors. If payment is not received by the settlement date, it may result in the Management Company initiating legal action against the defaulting investor or the Distributor, or offsetting any costs or losses that the Fund or Management Company incurred against any existing holding by the investor in the Fund. In all cases, any confirmation of transaction and any money returnable to the investor will be held by the Management Company without payment of interest pending receipt of the remittance.

### **Redemption of units and related costs**

Unitholders may request the redemption of units via the respective institutions maintaining their securities account, the Distributors, the Registrar and Transfer Agent or the Paying Agents at any time. The Management Company is accordingly obliged to redeem units at the redemption price for the account of the Fund on any valuation day. The redemption price is the net asset value per unit of the unit class less any redemption fee due to the Management Company and/or less any divestment fee in favour of the Fund as a whole. The redemption price may be rounded up or down to the nearest unit of

the corresponding currency, as specified by the Management Company. The redemption price may be higher or lower than the subscription price originally paid.

Redemption fees and divestment fees are calculated as a percentage of the net asset value per unit of a unit class; redemption fees may be paid to sales partners; divestment fees are credited to the Fund as a whole. No redemption fee and no divestment fee is currently charged.

Redemption orders are forwarded to the Registrar and Transfer Agent by the respective institutions maintaining the Unitholder's securities account, the Distributors and Paying Agents on behalf of the respective Unitholder.

Redemption orders for units received at the respective institutions maintaining the unit-holder's securities account, the distributors, paying agents or at the registrar and transfer agent on a valuation day by 7.00 a.m. CET or CEST are settled at the redemption price determined on that valuation day, using the forward-pricing method. Unit redemption orders received after this time are settled at the redemption price of the next valuation day, also using the forward-pricing method.

Payments in connection with any redemption of units are made in the reference currency of the respective unit class and are currently set as follows for:

- unit classes with reference currencies CZK, HKD, HUF, PLN or SGD, normally within three valuation days after the respective settlement date,
- all other unit classes, normally within two valuation days after the respective settlement date,

but no later than ten valuation days after the respective settlement date in each case. The Registrar and Transfer Agent is only obliged to make payment if there are no legal provisions such as exchange control regulations or other circumstances beyond the Registrar and Transfer Agent's control (e.g. holidays in countries in which investors or intermediaries/service providers engaged to process the payment are domiciled) forming an obstacle to transfer of the redemption price.

At the request of the Unitholder, the redemption proceeds may be paid out in any other freely convertible currency; all exchange charges and expenses incurred in relation to the currency exchange are borne by the respective Unitholder.

When redeeming units through Paying Agents in Italy, the Paying Agent may also charge a transaction fee of EUR 75.00 per transaction in addition to any redemption fee; the Paying Agent may charge a lower transaction fee at its own discretion.

Particularly if the period of investment is short, the charges mentioned above may reduce or even eliminate any returns on an investment in the Fund's units; a longer investment period is therefore recommended. If units are (also) redeemed through agents other than the Registrar and Transfer Agent or the Paying Agents, additional costs may be incurred.

At its own discretion, the Management Company may, with the consent of the Unitholder, redeem units of the Fund in return for the transfer of securities or other assets from the assets of the Fund. The value of the assets to be transferred must be equivalent to the value of the units to be redeemed on the valuation day. The scope and nature of the securities or other assets to be transferred are determined on a reasonable basis without impairing the interests of other investors. Such valuation must be confirmed in a separate report by the Auditor. The costs of such transfers are borne by the Unitholder in question.

If calculation of the net asset value per unit of a unit class is suspended by the Management Company in accordance with Section 16 of the Management Regulations, no units in a unit class of the Fund will be redeemed. If calculation of the net

asset value has been suspended, unit redemption orders that have been received are settled on the first valuation day after termination of the suspension of calculation of the net asset value per unit.

In the event of massive demand for redemptions, the Management Company reserves the right, subject to prior approval of the custodian, to redeem the units at the valid redemption price only when it has sold appropriate assets without delay, while however safeguarding the interests of all unit-holders (Section 14, No. 10 of the Management Regulations). A massive demand for redemptions in the above-mentioned sense exists if, on a valuation day, Unitholders seek to redeem 10% or more of the fund units in circulation.

Every redemption application for units is irrevocable, unless calculation of the net asset value per unit of a unit class is suspended in accordance with Section 16 of the Management Regulations, when it is revocable during such suspension, and in the event of delayed redemption of units within the meaning of Section 14, No. 10 of the Management Regulations, when it is revocable during such delay in redemption.

## Exchange listing

The Management Company may authorise units of the Fund for listing on the Luxembourg Stock Exchange or on other exchanges or for trading on organised markets; the Management Company has to date not made use of this possibility.

The Management Company is aware that – without its approval – units of the Fund may nonetheless be traded on certain markets at the time of the printing of the prospectus. A corresponding list can be found below for such an event. It cannot be ruled out that such trading will be suspended in the short term or that the trading of units will be introduced onto other markets (possibly even in the short term), or that units are already being traded.

The market price underlying exchange trading or trading on other markets is not determined exclusively by the value of the assets held in the Fund's net assets; the price is also determined by supply and demand. For this reason, this market price may deviate from the calculated net asset value per unit of a unit class.

Exchanges on which units of the Fund were being traded without the approval of the Management Company as at the date of printing the prospectus:

Unit class	Stock exchange
A (EUR)	Berlin Stock Exchange Düsseldorf Stock Exchange Frankfurt Stock Exchange Hamburg-Hanover Stock Exchange Munich Stock Exchange Stuttgart Stock Exchange
P (EUR)	-
I2 (EUR)	-
W (EUR)-	-

## Publication of the subscription and redemption price and further information

The Management Company shall ensure that information intended for Unitholders is published in an appropriate manner. This includes, in particular, the publication of unit prices on each valuation day in those countries in which units of the Fund are sold to the general public. The subscription and redemption prices can also be obtained from the Luxembourg branch of the Management Company, the Management Company, the Depositary and the Paying and Information Agents.

All notices to the investors in the Fund can be made exclusively via <https://regulatory.allianzgi.com>, provided this is permitted under the laws and regulations of every jurisdiction in which the Fund is admitted for public distribution.

Specifically, this shall not apply to the liquidation or merger of funds/unit classes or other measures that are listed in the Fund's Management Regulations and/or Luxembourg laws, or at request of the CSSF.

In addition, prices can be posted on Reuters (REUTERS page ALLIANZGI01) and online at <https://lu.allianzgi.com>.

Neither the Management Company, the Depository nor the Paying and Information Agents are liable for any errors or omissions in the published prices.

For further information, please contact the advisor at your bank, your other financial advisor or contact directly the Information Agents listed in the "Directory" or the Management Company.

## Benchmark regulation

The benchmarks and indices used to calculate a performance-based fee, which fall under Regulation (EU) 2016/1011 (the "Benchmark Regulation"), are reported under "Costs". If benchmarks and indices are used under the Benchmark Regulation to decide which assets to invest in, they are listed under "Investment objective" or "Investment principles". The Management Company has established robust written plans, in which it sets out the measures that will be taken if the benchmark significantly changes or is no longer appropriate. These written plans are available free of charge on request at the registered office of the Luxembourg branch of the Management Company or from the Management Company.

## Accounting

The Fund and its accounts are audited by a certified auditing firm appointed by the Management Company. The Management Company publishes audited annual reports for the Fund no later than four months after the end of each financial year, including the requirements stipulated in CSSF Circular 14/592 of 30 September 2014 in particular. The Management Company publishes an unaudited semi-annual report for the Fund within two months of the end of the first six months of the financial year. The respective reports can be obtained from the Luxembourg branch of the Management Company, from the Management Company, the Depository and the Information Agents. The financial year of the Fund begins on 1 January and ends on 31 December.

## Taxation of the Fund

In the Grand Duchy of Luxembourg, the assets of the Fund are subject to a "Taxe d'Abonnement" (subscription tax), currently 0.05% p.a., which is levied upon the net assets reported at the end of each quarter, unless the assets are invested in Luxembourg funds which are themselves subject to a "Taxe d'Abonnement". Units of unit class types I, IT, X, XT, W and WT as defined in Article 174 Paragraph 2 Letter c) of the Law are subject to a "Taxe d'Abonnement" of 0.01% p.a. The Management Company ensures that units of unit class types I, IT, X, XT, W and WT are only acquired by legal entities. The income of the Fund is not subject to tax in the Grand Duchy of Luxembourg. However, it may be subject to possible withholding taxes in countries in which the Fund's assets are invested. Neither the Management Company, the Depository nor an Fund Manager collects receipts for such withholding taxes on behalf of individual or all Unitholders.

At present, distributions and accumulations on units are not subject to any deductions of withholding tax in the Grand Duchy of Luxembourg, subject to the provisions of the following paragraph. The units held or income received by Unitholders who are not resident in the Grand Duchy of Luxembourg, or who do not maintain a permanent business operation there, are not currently subject to income, gift, inheritance or any other taxes in the Grand Duchy of Luxembourg, but are subject to their respective national tax regulations as well as, if applicable, the tax regulations of the country in which the units are held in custody. Such Unitholders are subject to their respective national tax regulations as well as the tax regulations of the country in which the units are held, if applicable. If an investor is uncertain about his tax status, we recommend that he consult his legal or tax advisor.

### The OECD Common Reporting Standard

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

The CRS is a new, single global standard on Automatic Exchange of 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 followed by financial institutions. Under the CRS, participating jurisdictions are required to disclose certain information held by financial institutions about their customers who are tax residents outside the country. More than 90 countries have committed to participating in this information exchange in accordance with the CRS. On 29 October 2014, Luxembourg and 50 other countries signed this Multilateral Competent Authority Agreement (MCAA) on the automatic exchange of financial account information and, together with more than 40 other countries, committed to implementing the CRS early. Countries that have signed the MCAA participate in the automatic exchange of information about financial accounts. For these countries with early adoption, the first exchange of information in relation to accounts existing as of 1 January 2016 and for high-value accounts existing as of 31 December 2015 took place at the end of September 2017. The first information on low-value accounts held by natural persons existing as of 31 December 2015 and accounts held by legal entities was exchanged either by the end of September 2017 or September 2018 depending on when financial institutions identify them as reportable accounts.

Investors are advised that the Fund is in principle obliged to provide the name, address, tax domicile, date of birth and place of birth, account number, tax identification number(s) of each person who is considered an account holder for the purposes of the CRS, and information on the investments of each investor (including but not limited to the value of and payments relating to these investments) to the Luxembourg tax authorities who can exchange this information with the foreign tax authorities in Territories considered participating countries pursuant to 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 Fund shall comply with the reporting and due diligence requirements for information on financial accounts and shall provide the Luxembourg tax authorities with the necessary information each year, which it will forward to the tax authorities of the countries where the natural and/or legal persons concerned are established.

The first exchange of information under the MCAA shall take place for the first time in relation to the first financial year.

Each prospective investor should consult its own professional advisers on the requirements applicable to it under these arrangements.

### Withholding tax and reporting obligation in the USA under FATCA

The FATCA provisions generally impose a US federal reporting and withholding tax regime with respect to certain income earned from US sources (including, among other types of income, dividends and interest) and gross revenues from the sale or other disposal of property that may generate this type of income earned from US sources. The rules are designed to require certain US persons’ (e.g. US citizens and US residents or a partnership, corporation or trust formed in the United States or under the laws of the United States or any of its individual states) direct and indirect ownership of certain non-US accounts and non-US entities to be reported to the US Internal Revenue Service. The Management Company may be required to withhold tax at a rate of 30% for unitholders who do not comply with the rules if certain required information from FFIs is not provided. These rules generally apply to certain payments made on or after 1 July 2014.

Luxembourg has entered into an intergovernmental agreement (IGA) with the United States of America. Under this agreement, compliance with FATCA regulations will be enforced under new local Luxembourg tax laws (as transposed into Luxembourg law by the Act of 24 July 2015) and related reporting regulations and practices.

The Management Company is likely to require additional information from Unitholders in order to comply with these provisions. Each prospective Unitholder should consult their own tax advisers on the requirements applicable to it under FATCA. The Management Company may disclose the information, certifications or other documentation that they receive from (or concerning) their investors to the US Internal Revenue Service, non-US tax authorities, or other parties as necessary to comply with FATCA, related intergovernmental agreements or other applicable laws or regulations. Each prospective investor is urged to consult their tax adviser regarding the applicability of FATCA and any other reporting requirements with respect to the prospective investor's own situation. If circumstances change, the investor or broker must notify the Fund within 30 days.

## Charges

The all-in fee, which is paid from the Fund while taking account of the different unit classes, is 1.50% p.a. for units of unit class types A and AT, 2.25% p.a. for units of unit class types C and CT, 1.15% p.a. for units of unit class types N and NT, 1.38% p.a. for units of unit class types S and ST, 1.19% p.a. for units of unit class types P and PT, 0.98% p.a. for units of unit class types R and RT, 0.82% p.a. for units of unit class types I and IT, and 0.54% p.a. for units of unit class types W and WT, calculated on the basis of the net asset value determined on a daily basis. The Management Company may levy a lower fee at its own discretion. This fee is paid out monthly.

Normally, the Management Company passes on part of its all-in fee to intermediaries as commission; benefits of this type may also consist of gratuities not offered in monetary form. This is to pay for distribution and advisory services on a commission basis and to raise the quality of these services. The Management Company may also receive fees or non-monetary benefits from third parties. On request to the Management Company, details of the fees and benefits granted or received will be disclosed to the investor. The Management Company may also grant reimbursements to investors from the all-in fee.

The all-in fee covers the following fees and expenses, which are not charged separately to the Fund:

- fee for the management and central administration of the fund (with the exception of the fee for the Management Company for setting up, preparing and executing securities repurchase agreements and/or securities lending transactions);
- fee for distribution and advisory services;
- fee for the Depositary and expenses for facilities;
- fee for the Registrar and Transfer Agent;
- costs for the preparation (including translation) and mailing of the sales prospectus, Management Regulations, key information documents, as well as the annual, semi-annual and any interim reports and other reports and notifications to the unitholders;
- costs of publishing the sales prospectus, Management Regulations, key information documents, annual, semi-annual and any interim reports, other reports and notifications to the unitholders, tax information, as well as subscription and redemption prices, and official announcements made to the unitholders;

- costs of having the Fund audited by the Auditor;
- costs of registering the unit certificates for public distribution and/or the maintenance of such registration;
- costs of preparing the unit certificates and, if any, coupons and coupon renewals;
- paying agent and information agent fees;
- costs of having the Fund assessed by nationally and internationally recognised rating agencies;
- expenses in connection with the establishment of the Fund.

For units of unit class types X and XT, an all-in fee is not charged to the Fund at unit-class level; instead, for these types of unit class, the respective Unitholder is charged a fee by the Management Company directly (Section 30 No. 2 of the Management Regulations). Should no other fee – or fee containing a performance-related component – be agreed for unit class types X and XT between the Management Company and the respective Unitholder, the all-in fee taking into account the different unit classes will amount to 1.15% p.a., calculated on the basis of the net asset value determined on a daily basis. The Management Company may levy a lower fee at its own discretion.

In addition to this fee, the following expenses are borne by the Fund:

- costs for the assertion and enforcement of legal rights of the Fund or any existing unit class appearing to be justifiable and for defence against claims made against the Fund or any existing unit class that seem unjustified;
- costs and taxes (including but not limited to Taxe d'Abonnement) which may be incurred in connection with administration and custody;
- costs for examination, assertion and enforcement of any claims for reduction, offsetting or
- refund of withholding taxes or other taxes or fiscal levies.
- costs arising in connection with the purchase and sale of assets (including any research and analyst services made available in accordance with market practice) and the use of securities lending programmes and securities lending brokers; or
- fee for the Management Company for setting up, preparing and executing securities repurchase agreements and/or securities lending transactions without using securities lending programmes and securities lending brokers of 30% of the lending fee.

Costs incurred for the use of securities lending programmes and securities lending brokers and the fee for the Management Company for setting up, preparing and executing securities repurchase agreements and/or securities lending transactions may only be alternatively, but in no way cumulatively, charged for a corresponding transaction.

The Management Company may charge a lower fee for setting up, preparing and executing securities repurchase agreements and/or securities lending transactions.

If the investor is advised by third parties when acquiring units or if such parties broker their sale, they may quote costs or expense ratios that are not identical to the costs disclosed in this sales prospectus and in the key information documents.



The expense ratio may also exceed the costs as described here. The reason for this may in particular be that the third party additionally takes into account the cost of its own operations (e.g. brokerage, advice or securities account maintenance). In addition, the third party may also take into account non-recurring costs, such as sales charges, and generally uses different calculation methods or estimates for the expenses incurred at fund level, which include the Fund's transaction costs in particular. Divergences in the cost quotation may arise both in the case of information provided prior to conclusion of a contract and for regular cost information about the fund investment held as part of a long-term client relationship.

If the Fund invests in target funds, investors not only directly bear the fees and costs described in this Prospectus; they also indirectly bear the fees and costs charged to the target fund in proportion to their holdings. The fees and costs charged to the target fund are determined by its constituting documents (for example, administrative regulations or articles of incorporation) and therefore cannot be predicted abstractly. Typically, however, it can be expected that the fees and costs charged to the Fund described in this Prospectus are similar to those charged to target funds.

If the Fund acquires units of a UCITS or UCI that is managed directly or indirectly by the same Management Company or a different company associated with the Management Company by a substantial direct or indirect investment as defined by the Law, then neither the Management Company nor the associated company may charge fees for the subscription or redemption of units, or sales charges and redemption fees.

If a fund invests a significant portion of its assets in other UCITS and/or other UCIs as defined above, the Management Company will charge its own management fee (excluding any performance-related fee) which will not exceed 2.50% p.a. of its net assets.

The costs incurred in managing the Fund and charged to the Fund (or, as the case may be, the respective unit class) 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 Fund (or of the average volume of the respective unit class) ("ongoing expenses"). 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, the costs of using securities lending programmes and securities lending brokers, the fees for the Management Company for setting up, preparing and executing securities repurchase agreements and/or securities lending transactions, and any performance-related fees. Costs incurred will not be subject to cost equalisation. The ongoing expenses of other UCITS or UCI are taken into account when calculating the ongoing expenses of the Fund if the Fund invests more than 20% of its assets in such other UCITS or UCI which publish ongoing expenses; however, if these UCITS or UCI do not publish their own ongoing expenses, then it is not possible to take into account the ongoing expenses of the other UCITS or UCI when calculating ongoing expenses. If a fund does not invest more than 20% of its assets in other UCITS or UCI, any costs that may be incurred at the level of these UCITS or UCI are not taken into consideration.

## Remuneration policy

The main components of monetary remuneration are the basic salary, which typically reflects the duties, responsibilities and experience that are required for a particular function, and an annual variable remuneration based on specific discretionary principles. The variable remuneration usually 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 level.

The size of the company-wide pool for variable remuneration will depend on the company's business performance and risk position and will therefore vary every year. 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 linked to both qualitative and quantitative performance indicators. Quantitative indicators are based on measurable targets. Qualitative indicators take into account actions reflecting the Management Company's core values of excellence, passion, integrity and respect. These indicators also include findings that there are no material breaches of regulatory requirements or deviations from compliance and risk standards, including the Management Company's policy for managing sustainability risks.

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 employees, goals also include client satisfaction, which is measured independently.

The amounts ultimately distributed in the framework of the long-term incentive awards depend on of the Management Company's business performance or the performance of certain investment funds over several years. The remuneration of employees in controlling functions is not directly linked to the business performance of individual departments monitored by the controlling function.

In accordance with the applicable regulations, certain employees are included in the "identified employees" group. These include members of the Management, risk takers, employees with control functions, and all employees who, based on their overall compensation, are included in the same compensation category as members of management and risk takers whose activities have a significant impact on the risk profiles of the Management Company and the funds it manages.

Employees assigned to the "identified employees" group are subject to additional standards regarding performance management, the type of variable compensation, and the timing of payments.

Multi-year targets and deferred parts of the variable compensation ensure a long-term 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 employees, a significant portion of the annual variable compensation is deferred for a period of three years, starting at a defined variable compensation level. 50% of the variable compensation (deferred and not deferred) must consist of units of funds managed by the Management Company or similar instruments.

An ex-post risk adjustment allows explicit adjustments to the performance appraisal of previous years and the associated remuneration to prevent the transfer of part or all of the amount of deferred compensation (malus) or the return of ownership of a fee to the Management Company (recovery).

AllianzGI has a comprehensive risk reporting system that takes into account both current and future risks in the course 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 online at <https://regulatory.allianzgi.com>. 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.

## Term and liquidation of the Fund and unit classes

The Fund has been established for an indefinite period of time; however it may be liquidated by resolution of the Management Company at any time. The Fund may also be liquidated in the cases indicated in Article 22 Para. 1 and Article 24 of the Law.

The Management Company may terminate its management of the Fund, subject to at least three months' notice. Notice of termination will be published in the RESA, as well as in at least two daily newspapers (to be specified at that time). One of these daily newspapers must be published in the Grand Duchy of Luxembourg. The right of the Management Company to manage the Fund lapses with such notice coming into force. In this case, the right of disposal with respect to the Fund is passed to the Depositary, which will wind it up and distribute the proceeds of the liquidation among the Unitholders. During the liquidation period, the custodian is entitled to claim the all-in fee in accordance with Section 17 of the Management Regulations. However, with the Supervisory Authority's approval, it may refrain from the liquidation and distribution, and transfer the management of the Fund, in accordance with the Management Regulations, to another management company permitted under Directive 2009/65/EC.

If the Fund is liquidated, notice of liquidation will be published in the RESA, as well as in at least two daily newspapers (to be specified at that time). One of these daily newspapers must be published in the Grand Duchy of Luxembourg. On the day of the resolution being adopted with regard to the Fund's liquidation, units will cease to be issued. Until liquidation, it will be possible to redeem units if it is possible to ensure the equal treatment of the Unitholders. The assets will be sold and the Depositary will distribute the liquidation proceeds less liquidation costs and fees, upon instructions from the Management Company or, if appropriate, the liquidators appointed by the Management Company or by the Depositary in agreement with the Supervisory Authority, among the Unitholders according to their respective claims. Liquidation proceeds not claimed by Unitholders after completion of the liquidation proceedings will, if required by law, be converted into euro and deposited by the Depositary for the account of the entitled Unitholders at the Caisse de Consignation in the Grand Duchy of Luxembourg, where such amounts will be forfeited if not enforced within the statutory period.

The Management Company may also liquidate existing unit classes in accordance with Section 19 of the Management Regulations.

## Merger with other Funds and unit classes

The Management Company may decide to bring the Fund (the "Transferring Fund") into another Undertaking for Collective Investment in Transferable Securities (UCITS) as defined by Directive 2009/65/EC that either exists or is newly established through the merger procedure, or into a sub-fund of such fund that is managed by the same management company, or by another management company authorised under Directive 2009/65/EC (the "Absorbing Fund").

The merger is generally accomplished by way of liquidation of the Transferring Fund and the simultaneous takeover of all liabilities and assets by the Absorbing Fund. It is also possible to transfer only the assets of the Transferring Fund into the Absorbing Fund. The liabilities remain in the Transferring Fund, which is accordingly not liquidated until these liabilities have been settled.

The resolution of the Management Company to merge funds shall be notified to the unit-holders of the Transferring Fund and the Absorbing Fund in accordance with the Law and other Luxembourg legal and administrative provisions at least 30 days before the date on which the right lapses to demand, free of charge apart from divestment costs, the redemption or, as the case may be, the conversion of all or part of their units at the relevant net asset value per unit in accordance with the procedure described in Section 14 of the Management Regulations and taking account of the terms of Section 16 of the Management Regulations. If no decision is otherwise taken in the interests of all Unitholders or in connection with their equal treatment, the right to redemption free of charge or conversion shall lapse five working days before the date on which the merger ratio is calculated. The units of Unitholders who have not requested redemption of their units or, as the

case may be, their conversion, will be replaced with units of the absorbing fund on the basis of the net asset values per unit on the effective date of the merger. Where required, the Unitholders receive settlement of fractional units in accordance with the Law.

In accordance with Section 20 of the Management Regulations, the Management Company may merge existing unit classes within the Fund or with another Undertaking for Collective Investment in Transferable Securities (“UCITS”) as defined by Directive 2009/65/EC that either already exists or is newly established through the merger procedure, or into a sub-fund or unit class of such fund.

## The Management Regulations

The Management Regulations of the Fund form an integral part of this prospectus. The Management Regulations printed below are subdivided into a General Part and a Special Part. The General Part comprises the legal framework as well as the general investment guidelines. The Special Part of the Management Regulations contains the specific details and the investment objectives and investment principles of the Fund.

## Note for investors in the Federal Republic of Germany

All payments to Unitholders (proceeds from redemptions, any distributions and other payments) can be made through the German Paying Agent listed in the “Directory”. Redemption orders may be submitted through the German Paying Agent.

With regard to distribution in the Federal Republic of Germany, the issue and redemption prices are published online at <https://de.allianzgi.com>. Any notifications to investors will be made available online at <https://de.allianzgi.com>. For selected unit classes (e.g. unit classes for institutional investors only), publication may be made online at either <https://regulatory.allianzgi.com> or <https://lu.allianzgi.com>.

Investors in the Federal Republic of Germany as defined in Section 298 (2) of the German Capital Investment Code (KAGB) shall also be informed in the following cases by means of a durable medium as defined in Section 167 KAGB:

- suspension of redemption of the Fund’s units,
- termination of the management of the Fund or its liquidation;
- changes to the Management Regulations that are not compatible with the previous investment principles, that relate to material investor rights or that refer to fees and expense reimbursements payable from the Fund, including the background to the changes and the rights of the investors;
- in the event of a merger of the Fund with another fund, the merger information required under Article 43 of Council Directive 2009/65/EC;
- in the event of conversion of the Fund into a feeder fund or, if applicable, changes to a master fund in the form of information required under Article 64 of Council Directive 2009/65/EC.

The sales prospectus, Management Regulations, current annual and semi-annual reports, key information document, and the issue and redemption prices are available free of charge in hard copy format from the information agent listed under “Your partners” and online at <https://de.allianzgi.com>. For selected unit classes (e.g. unit classes for institutional investors only), publications may be made online at either <https://regulatory.allianzgi.com> or <https://lu.allianzgi.com>. The depositary agreement is available for inspection without charge at the offices of the Information Agent.

Neither the Management Company, the Depositary, the Registrar and Transfer Agent, the Distributor nor the Paying and Information Agents are liable for errors or omissions in the published prices.

### **Information for investors in the Republic of Austria**

The public sale of units of this Fund in the Republic of Austria has been registered with the Austrian Financial Market Authority (Finanzmarktaufsicht) pursuant to Section 140 InvFG.

Prior to acquiring units of this Fund, investors are recommended to ascertain whether the income data on the respective unit class that is required for tax purposes is published by the Oesterreichische Kontrollbank AG.

# Management Regulations

The contractual rights and obligations of the Management Company, the Depositary and the Unitholders with respect to the Fund are governed by the Management Regulations set out below. They are subdivided into the General Part, which is valid for multiple funds, and the Special Part, which may also contain, among other things, regulations that deviate from the General Part.

## General Part

### §1 General information

1. The Fund is a separate pool of assets that does not represent an independent legal entity. Having been established as a "fonds commun de placement" under the law of the Grand Duchy of Luxembourg, the Fund comprises securities and other assets, and is managed by Allianz Global Investors GmbH, a limited liability company under German law (hereinafter referred to as the "Management Company"), on its own behalf for the joint account of the investors (hereinafter referred to as the "Unitholders"). Allianz Global Investors GmbH implements the function of the central administration agent through its branch in Luxembourg (collectively referred to as the "Management Company").
2. The Management Company invests the Fund's assets separately from its own assets in accordance with the principle of risk diversification. The resulting rights are vested in unit certificates or unit confirmations (both hereinafter called "unit certificates") issued to the unit-holders pursuant to Section 13 of the Management Regulations.
3. Each Unitholder holds an interest in the Fund's assets, which is reflected by the number of units held.
4. The acquisition of units by the Unitholder constitutes acceptance of the Management Regulations as well as their approved and published amendments.
5. The original version of the Management Regulations and its amendments are lodged with the Commercial Register in Luxembourg. A notice of lodging is made in the RESA, Recueil électronique des sociétés et associations ("RESA").

### §2 Depositary

1. The Depositary is appointed by the Management Company. The functions of the Depositary are in compliance with the law, the Management Regulations and the depositary agreement. The Depositary acts independently of the Management Company and exclusively in the interest of the Unitholders.
2. The Depositary keeps all securities and other assets of the Fund in safe custody in blocked accounts or securities accounts, with any disposals exclusively in accordance with the provisions of the Management Regulations. On its own responsibility and subject to approval by the Management Company, the Depositary is authorised to place assets of the fund in the custody of other banks or securities depositories, in observance of the 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 depositories.
3. Debiting the blocked accounts of the Fund, the Depositary only withdraws those fees for the Management Company as stipulated in the Management Regulations, and, subject to approval of the Management Company, those fees and charges for itself being due to it in accordance with the Management Regulations. The provision in Section 17 of the Management Regulations on the charging of the Fund's assets with other costs and fees remains unaffected.
4. If permitted by law, the Depositary is entitled and obliged, in its own name:

- to assert claims of the Unitholders against the Management Company or a former Depositary;
  - to make an objection against measures of third parties to levy execution, and to take action if any fund assets are executed against due to a claim for which the Fund's assets cannot be held liable.
5. The Depositary and the Management Company are entitled to terminate the appointment of the Depositary at any time in writing, in accordance with the depositary agreement. Such termination will become effective if a bank, meeting the conditions of the Law on Undertakings for Collective Investment dated 17 December 2010 (the "Law"), assumes the obligations and functions as Depositary pursuant to the Management Regulations. In order to protect the interests of Unitholders, the former Depositary will perform its obligations and functions as Depositary to the full extent until that date in accordance with Articles 18 and 20 of the Law and of the Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 with regard to obligations of depositaries.
  6. The Depositary is bound by the instructions of the Management Company, provided that those instructions are in accordance with the current versions of the Law, the prospectus and these Management Regulations of the Fund.

### §3 Fund Management

1. When performing its duties, the Management Company acts independently of the Depositary and exclusively on behalf of the Unitholders. On its own responsibility and at its expense, it may consult investment advisors and/or take the advice of an investment committee and/or entrust an Fund Manager with day-to-day asset management. In addition, it may also use the services of third parties.
2. Pursuant to the provisions set out in the Special Part of the Management Regulations, the Management Company shall be entitled to acquire assets by means of funds invested by the Unitholders, to dispose of such assets and invest the proceeds otherwise; it shall also be authorised with respect to any other legal actions associated with the management of the Fund's assets.

### §4 General investment guidelines

The Management Company invests the Fund's assets in the assets named below:

1. Securities and money market instruments that
  - are traded on a stock exchange or another regulated market of an EU Member State or of a non-Member State, which operates regularly and is recognised and open to the public or
  - originate from new issues whose conditions of issue contain the obligation to apply for admission to official trading on a stock exchange or on another regulated market as defined in the first indent and the admission for 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.

2. Units of Undertakings for Collective Investment in Transferable Securities ("UCITS") as defined in Article 1 Para. 2 Letters a) and b) of Directive 2009/65/EC, as authorised under Directive 2009/65/EC, regardless of whether their registered office is in a Member State of the European Union, or other Undertakings for Collective Investment ("UCI"), provided that

- such other UCI are admitted in accordance with legal regulations which subject them to official supervision, which in the opinion of the Commission de Surveillance du Secteur Financier (“CSSF”) are equivalent to those of Community law, and adequate assurance of the cooperation between the government agencies exists;
  - the level of protection for the Unitholders of the UCI is equivalent to the level of protection for the Unitholders of a UCITS and, in particular, is equivalent to the requirements of Directive 2009/65/EC for the separate safekeeping of Fund assets, borrowing, lending and short sales of securities and money market instruments;
  - the business operations of the UCI 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;
  - the UCITS or other UCI, the units of which are to be acquired, may, according to their Management Regulations or Articles of Incorporation, invest a total of no more than 10% of their assets in units of other UCITS or other UCI.
3. Sight deposits or deposits subject to call (the “Deposits”) with a maximum term to maturity of 12 months at financial institutions, provided that the financial institution in question has its registered office in a Member State of the European Union or if the registered office of the financial institution is located in a non-Member State, is subject to supervisory provisions, which in the opinion of the CSSF are equivalent to those of the Community. Sight deposits are limited to cash held in current accounts at a bank that can be accessed at any time to cover current and/or exceptional payments. Deposits subject to call (e.g. time deposits or fixed-term deposits) are generally invested in interest-bearing bank accounts and usually have a predetermined maturity date. The deposits may be denominated in all currencies permitted by the Fund’s investment policy.
4. Derivative financial instruments (“derivatives”) i.e. in particular futures, forwards, options and swaps including equivalent instruments settled in cash that are traded on one of the regulated markets described in No. 1, and/or derivative financial instruments that are not traded there (“OTC derivatives”), provided that the underlying assets are instruments as defined in Section 4 of the Management Regulations, or financial indices, interest rates, exchange rates or currencies in which the Fund may invest in accordance with its investment principles. The financial indices within this meaning include, specifically, currency, exchange-rate, interest-rate, price and total return indices, interest-rate indices, as well as, in particular, bond, equity, commodity futures, precious metal and commodity indices and indices on the additional permissible instruments listed in this paragraph.

In addition, the following conditions must also be fulfilled for OTC derivatives:

- the counterparties in transactions must be top-rated financial institutions and specialised in such transactions and be institutions of the categories which are subject to a supervision admitted by the CSSF;
  - the OTC derivatives must be subject to a reliable and verifiable evaluation on a daily basis and may be sold, liquidated or closed out by an offsetting transaction at any time at the proper market value.
  - The transactions must be effected on the basis of standardised contracts.
  - the Management Company deems the purchase or sale of such instruments, instead of instruments traded on a stock exchange or in a regulated market, to be advantageous for Unitholders. The use of OTC transactions is particularly advantageous if it facilitates the hedging of assets at matching maturities, thus being less expensive.
5. Money market instruments that are not traded on a regulated market and do not fall under the definitions in No. 1, provided that the issue or the 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 at least investment grade by a recognised rating agency or the Management 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 a Member State of the EU, the European Central Bank, the European Union or the European Investment Bank, a third country or if a federal state, a state of this federal state, or by public international bodies, to which at least one EU Member State belongs; or
- issued by a company whose securities are traded on the regulated markets described in No. 1; or
- issued or guaranteed by an institution that is subject to official supervision in accordance with criteria set down in Community law, or an institution that is subject to and adheres to supervisory provisions that, in the opinion of the CSSF, are equivalent to those of 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 indent and provided that 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 more 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.

## §5 Unlisted securities and money market instruments

The Management Company is permitted to invest up to 10% of the Fund's assets in securities and money market instruments other than those listed in Section 4 of the Management Regulations.

## §6 Risk diversification/issuer limits

1. On behalf of the Fund, the Management Company may purchase securities or money market instruments of an issuer, provided that the value of such securities or money market instruments and the value of securities issued by the same issuer which are already contained in the Fund does not exceed 10% of the Fund's net assets at the time of purchase. The Fund may invest a maximum of 20% of its net assets in deposits at one institution as defined in Section 4 No. 3 of the Management Regulations. The default risk of the counterparties with OTC derivatives must not exceed 10% of its net assets if the counterparty is a financial institution in accordance with Section 4 No. 3 of the Management Regulations; for other cases, the maximum limit is 5% of the Fund's net assets. The aggregate value of securities and money market instruments of issuers where the 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 Fund's net assets. This restriction does not apply to deposits and to transactions with OTC derivatives that are carried out with financial institutions that are subject to government supervision.

The Management Company may invest on behalf of the Master Fund in so-called ancillary liquid assets, restricted exclusively to sight deposits within the meaning of Section 4 No. 3 of the Management Regulations, which are required either to cover current or exceptional payments, or are required over a period of time necessary to reinvest in eligible assets in accordance with Section 4 of the Management Regulations, or are required over a period of time that is absolutely necessary due to exceptional market conditions. The holding of such ancillary liquid assets is limited to 20% of the net assets of the Fund. This 20% limit may only be exceeded temporarily and for a strictly necessary period deemed necessary by the Fund's Management Company due to such exceptional market conditions and if this excess is further justified by the interests of the Unitholders of the Fund.

Irrespective of the individual investment limits cited above, the Fund may invest a maximum of 20% of its net assets with a single institution in a combination consisting of:

- securities or money market instruments issued by that institution,
  - investments with this institution as defined in Section 4 No. 3 of the Management Regulations and/or
  - enter into risks in OTC derivatives that exist with reference to the institution.
2. If the purchased securities or money market instruments are issued or guaranteed by a Member State of the EU or its central, regional or local authorities, a third country, or by public international bodies to which one or more Member States of the EU belong, the restriction in No. 1 Sentence 1 is increased from 10% to 35% of the Fund's net assets.
  3. For bonds issued by financial institutions domiciled in an EU Member State, where the respective issuers are subject to special official supervision due to statutory provisions protecting bondholders, the restrictions stated in No. 1 Sentences 1 and 4 will be increased from 10% to 25% and 40% to 80% respectively, provided that these financial 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.
  4. The securities and money market instruments cited in Nos. 2 and 3 are not considered when applying the 40% investment limit provided in No. 1 Sentence 4. The limitations in Nos. 1 to 3 do not apply cumulatively, 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 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 in Nos. 1 to 4. The Fund may invest up to 20% of its net assets in securities and money market instruments of one group of companies.
  5. Investments in derivatives are included in the limits in the paragraphs listed above.
  6. In derogation of the limits of Nos. 1 to 4, the Management Company may invest, in accordance with the principle of risk diversification, up to 100% of the Fund's net assets in securities and money market instruments of different issuers issued or guaranteed by the European Union, the European Central Bank, a Member State of the EU or its central, regional or local authorities, a Member State of the OECD, or by public international bodies to which one or more Member States of the EU belong, provided that such securities and money market instruments have been issued within the framework of at least six different issues, with the securities and money market instruments of a single issue not to exceed 30% of the net assets of the Fund. **If this Fund can make use of the possibility presented in this numbered point, this will be explicitly mentioned in the Special Part of the Management Regulations.**
  7. The Fund may purchase units of other UCITS or UCI as defined in Section 4 No. 2 of the Management Regulations if it does not invest more than 20% of its net assets in one UCITS or UCI. In applying this investment limit, each sub-fund of an umbrella fund as defined by Article 181 of the Law must be regarded as an independent fund if the principle of separate liability of each sub-fund to third parties applies.

Investments in units of UCI other than UCITS may not exceed a total of 30% of the Fund's net assets. If the Fund has acquired units of a UCITS or a UCI, the investments of the UCITS or UCI are not considered with regard to the investment limits stated in Nos. 1 to 4.

If the Fund acquires units of a UCITS or UCI that is managed directly or indirectly by the same Management Company or a different company associated with the Management Company by a substantial direct or indirect investment as defined by the Law, then neither the Management Company nor the associated company may charge fees for the subscription or redemption of units, or sales charges and redemption fees.

**If a fund invests a significant portion of its assets in other UCITS and/or other UCIs as defined above, the Management Company will charge its own management fee (excluding any performance-related fee) which will not exceed 2.50% p.a. of its net assets.**

8. Irrespective of the investment limits set down in No. 9 below, the limits stated in Nos. 1 to 4 for investments in equities and/or debt instruments of a single issuer amount to a maximum of 20% if the objective of the Fund's investment strategy is to replicate a specific equity or debt instrument index recognised by the CSSF; a precondition for this is 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 set down in Sentence 1 is 35% provided this is justified on the basis of exceptional market conditions and, in particular, on regulated markets on which 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 defined in No. 1 Sentence 4 is not applicable. **If this Fund can make use of the possibility presented in this numbered point, this will be explicitly mentioned in the Special Part of the Management Regulations.**

9. For none of its funds under management may the Management Company acquire voting shares carrying a voting right through which it would be permitted to exert a significant influence on the business policy of the issuer. It may acquire, on behalf of the Fund, a maximum of 10% of the non-voting shares, bonds and money market instruments of a single issuer and a maximum of 25% of the units of a single UCITS or UCI. This limit is not required to be adhered to in the acquisition of bonds, money market instruments and target fund units if the total amount issued or the net amount of the units issued cannot be calculated. It also does not apply if these securities and money market instruments are issued or guaranteed by a Member State of the EU or its central, regional or local authorities or by a non-Member State, or are issued by public international bodies to which one or more Member States of the EU belong.

## §7 Reduction

The restrictions stated in Sections 5 and 6 of the Management Regulations refer to the time the assets are acquired. If the percentages are exceeded subsequently as a result of price developments or due to reasons other than additional purchases, the Management Company must immediately strive to normalise this situation as a priority objective, taking into account the interests of the Unitholders.

## §8 Techniques and instruments

1. The Management Company may use techniques and instruments, in particular securities lending transactions and securities repurchase agreements as well as derivatives as defined in Section 4 No. 4 of the Management Regulations in accordance with the investment restrictions of the Fund for the purpose of efficient portfolio management (including transactions entered into for hedging purposes and for speculative purposes). The Management Company may also, in particular, enter into market-contrary transactions using techniques and instruments.

2. In particular, the Management Company may enter into any type of swap transactions, such as credit default swaps. In particular, the Management Company may enter into those swaps in which the Management Company and the counterparty agree to swap the returns generated by investments, a security, a money market instrument, a unit of a fund, a derivative, a financial index, or a basket of securities or indices for returns from another security, money market instrument, unit of a fund, derivative, a financial index, a basket of securities or indices or other investments. The Management Company is also authorised to use such credit default swaps for purposes other than hedging.  
  
The contracting partner for credit default swaps must be a top-rated financial institution specialised in such transactions. Both the securities underlying the credit default swap and the respective counterparty to the credit default swap must be taken into account with regard to the investment limits set out in Section 6 of the Management Regulations. Credit default swaps are valued on a regular basis using clear and transparent methods. The Management Company and the independent Auditor monitor the clarity and transparency of the valuation methods and their application. If differences are detected during monitoring activities, the Management Company will arrange to remedy the situation.
3. The Management Company may also acquire securities and money market instruments in which one or more derivatives are embedded (structured products).

#### §9 Securities repurchase agreements, securities lending

The Management Company may enter into securities repurchase agreements and securities lending for the Fund without limit, in alignment with the investment principles and while observing its obligation to redeem units on each valuation day.

The Fund may also enter into securities repurchase agreements on securities and money market instruments both as borrower and as lender if the contracting partner is a top-rated financial institution specialised in such transactions. Securities and money market instruments purchased under agreements to resell may only be sold during the life of the repurchase agreement if the Fund has other means of hedging. With regard to securities and money market instruments sold under repurchase agreements, the Fund must be in a position to comply with its repurchase commitments at the end of the repurchase agreement's term.

Fund liquidity that arises from repurchase agreements at the same time as a subsequent repurchase obligation will not be included in the 10% limit for short-term loans in accordance with Section 11 of the Management Regulations and is, as such, not subject to a specific percentage limit. The liquidity that is obtained may be fully invested elsewhere by the Fund within the framework of the respective investment principles, regardless of the existence of the repurchase obligation.

In relation to exposure to securities lending transactions, the securities and money market instruments held in the Fund may be lent, provided that the Management Company is entitled to terminate the securities lending agreement at any time and to reclaim the lent securities and money market instruments. It is a precondition for entering into securities repurchase agreements and securities lending transactions that the Management Company be granted sufficient collateral for the Fund through the transfer of cash, securities or money market instruments, the value of which at the time of arranging the loan corresponds to at least the value of the securities subject to repurchase agreements or lent securities/ money market instruments. Securities and money market instruments may be accepted as collateral if they are issued or guaranteed by Member States of the OECD, their central, regional or local authorities, or international organisations or are rated at least investment grade by a recognised rating agency or the Management Company considers that the credit rating of the issuer corresponds to a rating of investment grade ("accepted collateral").

The Management Company may – unless provided for otherwise in the securities repurchase or securities lending agreement or in the investment principles of the respective fund – invest the collateral granted in the form of cash during the term of the securities repurchase or securities lending agreement fully in shares or units of money market funds which calculate a net asset value on a daily basis and are rated AAA or equivalent, short-term cash at banks, money market

instruments as defined in Directive 2007/16/EC of 19 March 2007, short-term bonds issued or guaranteed by a Member State of the European Union, Switzerland, Canada, Japan or the United States, or central, regional or local authorities, or by supranational institutions or bodies of a communal, regional or global nature, bonds issued or guaranteed by top-rated issuers with appropriate liquidity, and repurchase agreements as borrower in line with the procedures described in these Management Regulations, insofar as it deems such action to be reasonable and customary on the basis of careful analysis. The Management Company may carry out these transactions itself, or will use recognised clearing organisations or top-rated financial institutions that specialise in such transactions (depending on the scope of application, securities repurchase or securities lending programmes). These institutions may receive for their services a portion of the earnings obtained from the transactions.

### §10 Risk management procedure

The Management Company will use a risk-management procedure that permits it to monitor and measure at all times the risks associated with its investments and their proportion in the overall risk profile of the investment portfolio; it will also use a procedure that permits a precise, independent measurement of the value of OTC derivatives.

The Management Company monitors the Fund in line with the applicable requirements. In this context, the Management Company is authorised to calculate the adjustment amounts for the investment restrictions set out in Section 6 of the Management Regulations as part of the above-mentioned risk-management procedure, which may result in lower adjustment amounts versus the market value method.

### §11 Borrowing

For the joint account of the Unitholders, the Management Company is authorised to raise short-term loans of up to 10% of the Fund's net assets, provided that the Depositary agrees to the borrowing and the terms of the respective loan. Not included in this 10% limit, but permissible without the approval of the custodian, are foreign currency loans in the form of back-to-back loans as well as the transactions listed under Section 9 of the Management Regulations.

### §12 Prohibited transactions

On behalf of the Fund, the Management Company may not:

1. assume liabilities in connection with the purchase of securities that are not fully paid in the aggregate of which – including loans as stipulated in Section 11 Sentence 1 of the Management Regulations – exceeds 10% of the Fund's net assets;
2. Grant loans or act as guarantor on behalf of third parties;
3. Acquire securities, the disposal of which is subject to any kinds of restrictions due to contractual provisions;
4. invest in property, whereby investments in property-backed securities or money market instruments or interest on such investments, or investments in securities or money market instruments issued by companies which invest in property (such as REITs), and interest on such investments are permitted;
5. Acquire precious metals or certificates on precious metals;
6. Pledge or otherwise encumber assets of the Fund, transfer them as collateral, or assign them as collateral, unless this is required within the framework of a transaction permitted under these Management Regulations. Such collateral

agreements are applicable, in particular, to OTC transactions as stipulated by Section 4 No. 4 of the Management Regulations ("Collateral Management");

7. Conduct uncovered sales of securities, money market instruments or target fund units.

### §13 Unit certificates

1. The unit certificates may be issued as bearer certificates and/or registered certificates, each of them representing one or more units. Fractional units are issued down to one thousandth of a unit.
2. The unit certificates bear handwritten or facsimile signatures of the Management Company and the Depositary.
3. The unit certificates are transferable in line with the provisions of Articles 40 and 42 of the law of 10 August 1915 (as amended) relating to commercial companies. With its transfer, the rights vested in a unit certificate are passed. The Management Company and/or the Registrar and Transfer Agent regard(s) the holder of the unit certificate as the beneficiary in the case of a bearer certificate, while in the case of a registered certificate, the beneficiary is considered to be the person whose name is entered in the unitholder register maintained by the Registrar and Transfer Agent.
4. At the discretion of the Management Company, the Registrar and Transfer Agent may issue a unit confirmation on the units acquired instead of a registered certificate.

### §14 Issue and redemption of units

1. All fund units carry identical rights, unless the Management Company resolves to issue different unit classes; if different unit classes are issued, the units of a unit class carry identical rights. They may be issued on any valuation day. Unless otherwise stated in the Special Part of the Management Regulations, a valuation day is any banking and exchange trading day in Frankfurt/Main and Luxembourg.
2. Unless otherwise stated in the Special Part of the Management Regulations for the respective fund, buy orders for units received at the respective institutions maintaining the Unitholder's securities account, the Distributors, Paying Agents or at the Registrar and Transfer Agent on a valuation day by 7:00 am Central European Time ("CET") or Central European Summer Time ("CEST") are settled at the subscription price determined on that valuation day, using the forward-pricing method. Buy orders for units received after this time are settled at the subscription price of the next valuation day, also using the forward-pricing method. Unless otherwise stated in the Special Part of the Management Regulations, the subscription price is payable to the Registrar and Transfer Agent after two further valuation days.
3. The units are issued by the Registrar and Transfer Agent on behalf of the Management Company immediately following receipt of the subscription price at the Registrar and Transfer Agent and, if bearer certificates are issued, immediately credited in the corresponding amount to the securities account, the details of which are to be provided by the subscriber.
4. There is no general restriction regarding the number of units issued. However, the Management Company reserves the right to reject a buy order for units in whole or in part, or to suspend the issue of units temporarily or permanently; any payments already made will in such instances be immediately refunded.
5. At its own discretion, the Management Company may, upon application from a subscriber, issue units in return for a contribution in kind of securities or other assets, provided that such securities or other assets comply with the investment objectives and investment principles of the Fund. The Auditor of the Fund generates a valuation report. The costs of such contributions in kind are borne by the subscriber in question.

6. Unitholders may request the redemption of units via the respective institutions maintaining their securities account, the Distributors, the Registrar and Transfer Agent or the Paying Agents at any time. Subject to Section 14 No. 10 and Section 16 of the Management Regulations, the Management Company is obliged to redeem units for the account of the Fund on any valuation day.
7. Unless otherwise stated in the Special Part of the Management Regulations for the respective fund, redemption orders for units received at the respective institutions maintaining the unit-holder's securities account, the distributors, paying agents or at the registrar and transfer agent on a valuation day by 7.00 a.m. CET or CEST are settled at the redemption price determined on that valuation day, using the forward-pricing method. Unit redemption orders received after this time are settled at the redemption price of the next valuation day, also using the forward-pricing method. The redemption price is then paid within ten valuation days after the settlement date, in the reference currency of the respective unit class.
8. The Registrar and Transfer Agent is only obliged to make payment if there are no legal provisions such as exchange control regulations or other circumstances beyond the Registrar and Transfer Agent's control (e.g. public holidays in countries in which investors or intermediaries/service providers engaged to process the payment are domiciled) forming an obstacle to transfer of the redemption price.
9. At its own discretion, the Management Company may, with the consent of the Unitholder, redeem units of a fund in return for the transfer of securities or other assets from the assets of the respective fund. The value of the assets to be transferred must be equivalent to the value of the units to be redeemed on the valuation day. The scope and nature of the securities or other assets to be transferred are determined on a reasonable basis without impairing the interests of other investors. Such valuation must be confirmed in a separate report by the Auditor. The costs of such transfers are borne by the Unitholder in question.
10. In the event of massive demand for redemptions, the Management Company reserves the right, subject to prior approval of the Depositary, not to redeem the units at the valid redemption price until it has sold appropriate assets without delay, while safeguarding the interests of all Unitholders.
11. The Special Part of the Fund's Management Regulations may provide that a Paying Agent may additionally levy a transaction fee for purchases or redemptions of units by the Unitholder.
12. Every buy order or redemption order for units is irrevocable, unless the calculation of the net asset value is suspended in accordance with Section 16 of the Management Regulations, when it is revocable during such suspension, and in the event of delayed redemption of units in accordance with Section 14 No. 10, when it is revocable during such delay in redemption.

#### §15 Issue and redemption price/income equalisation

1. For the calculation of the subscription and redemption price of the Fund's units, the Management Company or third parties appointed by it, which are named in the prospectus, shall determine the value of the assets comprised in the Fund, less the Fund's liabilities (hereinafter called the "net asset value"), on every valuation day, dividing it by the number of units in circulation (hereinafter referred to as the "net asset value per unit").

Unless No. 2 or No. 3 applies:

- assets that are officially listed on a stock exchange are valued at the latest available price paid;

- assets that are not officially listed on a stock exchange, but are traded on a regulated market or on other organised markets, are also valued at the latest available price paid, provided that, at the time of valuation, the Depository considers that price to be the best possible price at which the assets can be sold;
  - financial futures transactions relating to currencies, securities, financial indices, interest rates and other permissible financial instruments and options thereon and corresponding warrants are, if listed on a stock exchange, valued at the most recent price of the stock exchange in question. If there is no stock exchange listing, in particular with regard to all OTC transactions, valuation is made at the probable realisation value, determined prudently and in good faith;
  - interest-rate swaps are valued at their market value referring to the applicable yield curve;
  - swaps linked to indices and to financial instruments are valued at their market value, which is determined by reference to the index concerned or the financial instrument concerned;
  - units of UCITS or UCI are valued at the latest redemption price determined and obtainable;
  - cash and time deposits are valued at their nominal value plus accrued interest;
  - assets not denominated in the base currency of the Fund (hereinafter referred to as the “base currency of the Fund”) are converted into the base currency of the Fund at the most current middle-market rate of exchange.
2. Assets whose trade prices are not fair market prices, as well as all other assets, are valued at the probable realisation value, determined prudently and in good faith.
  3. At its discretion, the Management Company may authorise other valuation methods if, in its consideration, such other methods better represent the fair value of the assets.
  4. The Management Company uses an income equalisation procedure for the Fund and its unit classes. This means that the proportional income and realised capital gains/losses accrued during the financial year, which the acquirer of units must pay as part of the subscription price and which the seller of units receives as payment as part of the redemption price, are continuously offset. The expenses incurred are taken into account in calculating the income equalisation.
  5. The subscription price is the net asset value per unit as determined according to Section 15 Nos. 1, 2 and 3, plus any sales charge to cover issuing costs. The subscription price may be rounded up or down to the nearest unit of the corresponding currency, as specified by the Management Company. The level of the sales charge may differ depending on the unit class and is stipulated in the Special Part of the Management Regulations. The Unitholder bears the cost of any stamp duties or other charges accruing in a country in which the units are issued.
  6. The redemption price is the net asset value per unit determined in accordance with Section 15 Nos. 1, 2 and 3, less any redemption fee due to the Management Company and/or less any divestment fee in favour of the Fund as a whole. The redemption price may be rounded up or down to the nearest unit of the corresponding currency, as specified by the Management Company. The level of the redemption fee or divestment fee may differ depending on the unit class and is stipulated in the Special Part of the Management Regulations.



## §16 Suspension

1. The issue and redemption of units may be suspended temporarily by the Management Company if and as long as there are exceptional circumstances that make the suspension necessary and the suspension is justified taking into account the interests of the Unitholders. Exceptional circumstances exist, in particular, if and as long as:
  - a stock exchange on which a considerable share of the Fund's assets is traded is closed (except for ordinary weekends and public holidays), or trading is restricted or suspended;
  - the Management Company cannot obtain access to assets;
  - the transaction values resulting from purchases as well as sales cannot be transferred;
  - it is impossible to determine the net asset value in accordance with standard practice.

Insofar as the exceptional circumstances make it impossible to calculate the net asset value, the calculation may also be suspended. The Special Part of the Management Regulations may provide for further regulations on the suspension of the issue and redemption of units.

2. Buy orders and redemption orders for units are executed once calculation of the net asset value is resumed, unless they have been revoked by this time with respect to the Management Company in accordance with Section 14 No. 12 of the Management Regulations.

## §17 Administration costs

1. The Management Company is entitled to an all-in fee payable from the Fund, unless this fee is charged directly to the respective Unitholder within the framework of a particular unit class. In addition, the Special Part of the Management Regulations may provide that the Management Company is entitled to a performance-related fee from the Fund.

The all-in fee covers the following fees and expenses, which are not charged separately to the Fund:

- fee for the management and central administration of the fund (with the exception of the fee for the Management Company for setting up, preparing and executing securities repurchase agreements and/or securities lending transactions);
- fee for distribution and advisory services;
- fee for the Depositary and expenses for facilities;
- fee for the Registrar and Transfer Agent;
- costs for the preparation (including translation) and mailing of the sales prospectuses, Management Regulations, key information documents, as well as the annual, semi-annual and any interim reports and other reports and notifications to the unitholders;
- costs of publishing the sales prospectuses, Management Regulations, key information documents, annual, semi-annual and any interim reports, other reports and notifications to the unitholders, tax information, as well as subscription and redemption prices, and official announcements made to the unitholders;

- costs of having the Fund audited by the Auditor;
- costs of registering the unit certificates for public distribution and/or the maintenance of such registration;
- costs of preparing the unit certificates and, if any, coupons and coupon renewals;
- paying agent and information agent fees;
- costs of having the Fund assessed by nationally and internationally recognised rating agencies;
- expenses in connection with the establishment of the Fund.

Depending on the structure of the contractual relationship, the Depositary may receive a payment for processing each transaction conducted on behalf of the Management Company; this fee is payable from the Fund.

2. In addition to this fee, the following expenses are borne by the Fund:

- costs for the assertion and enforcement of legal rights of the Fund or any existing unit class appearing to be justifiable and for defence against claims made against the Fund or any existing unit class that seem unjustified;
- costs and taxes (including but not limited to Taxe d'Abonnement) which may be incurred in connection with administration and custody;
- costs for examination, assertion and enforcement of any claims for reduction, offsetting or refund of withholding taxes or other taxes or fiscal levies.
- costs arising in connection with the purchase and sale of assets (including any research and analyst services made available in accordance with market practice) and the use of securities lending programmes and securities lending brokers; or
- fee for the Management Company for setting up, preparing and executing securities repurchase agreements and/or securities lending transactions without using securities lending programmes and securities lending brokers of 30% of the lending fee.

Costs incurred for the use of securities lending programmes and securities lending brokers and the fee for the Management Company for setting up, preparing and executing securities repurchase agreements and/or securities lending transactions may only be alternatively, but in no way cumulatively, charged for a corresponding transaction.

The Management Company may charge a lower fee for setting up, preparing and executing securities repurchase agreements and/or securities lending transactions.

## §18 Accounting

1. The Fund and its accounts are audited by a certified auditing firm appointed by the Management Company.
2. The Management Company publishes audited annual reports for the Fund no later than four months after the end of each financial year.

3. The Management Company publishes an unaudited semi-annual report for the Fund within two months of the end of the first six months of the financial year.
4. The respective reports can be obtained from the Management Company, the Depositary and the Paying and Information Agents.

### §19 Duration and liquidation of the Fund and notice of termination by the Management Company

1. Unless otherwise stated in the Special Part of the Management Regulations for the Fund, the Fund was established for an indefinite period of time. However, it may be liquidated by resolution of the Management Company at any time.
2. The Fund may also be liquidated in the cases indicated in Article 22 Para. 1 and Article 24 of the Law.
3. The Management Company may terminate its management of the Fund, subject to at least three months' notice. Notice of termination will be published in the RESA, as well as in at least two daily newspapers (to be specified at that time). One of these daily newspapers must be published in the Grand Duchy of Luxembourg. The right of the Management Company to manage the Fund lapses with such notice coming into force. In this case, the right of disposal with respect to the Fund is passed to the custodian, which will wind it up pursuant to Section 19 No. 4, and distribute the assets remaining after the liquidation among the unit-holders. During the liquidation period, the custodian is entitled to claim the all-in fee in accordance with Section 17 of the Management Regulations. However, with the Supervisory Authority's approval, it may refrain from the liquidation and distribution, and transfer the management of the Fund, in accordance with the Management Regulations, to another management company permitted under Directive 2009/65/EC.
4. If the Fund is liquidated, notice of liquidation will be published in the RESA, as well as in at least two daily newspapers (to be specified at that time). One of these daily newspapers must be published in the Grand Duchy of Luxembourg. On the day of the resolution being adopted with regard to the Fund's liquidation, units will cease to be issued. Until liquidation, it will be possible to redeem units if it is possible to ensure the equal treatment of the Unitholders. The assets will be sold and the Depositary will distribute the liquidation proceeds less liquidation costs and fees, upon instructions from the Management Company or, if appropriate, the liquidators appointed by the Management Company or by the Depositary in agreement with the Supervisory Authority, among the Unitholders according to their respective claims. Liquidation proceeds not collected by Unitholders after completion of the liquidation proceedings will, if required by law, be converted into euro and deposited by the Depositary for the account of the entitled Unitholders at the Caisse de Consignation in the Grand Duchy of Luxembourg, where such amounts will be forfeited if not claimed within the statutory period.

### §20 Merger

The Management Company may decide to bring the Fund (the "Transferring Fund") into another Undertaking for Collective Investment in Transferable Securities (UCITS) as defined by Directive 2009/65/EC that either exists or is newly established through the merger procedure, or into a sub-fund of such fund that is managed by the same management company, or by another management company authorised under Directive 2009/65/EC (the "Absorbing Fund").

The merger is generally accomplished by way of liquidation of the Transferring Fund and the simultaneous takeover of all liabilities and assets by the Absorbing Fund. It is also possible to transfer only the assets of the Transferring Fund into the Absorbing Fund. The liabilities remain in the Transferring Fund, which is accordingly not liquidated until these liabilities have been settled.

The resolution of the Management Company to merge funds shall be notified to the unit-holders of the Transferring Fund and the Absorbing Fund in accordance with the Law and other Luxembourg legal and administrative provisions at least 30 days before the date on which the right lapses to demand, free of charge apart from divestment costs, the redemption or, as the case may be, the conversion of all or part of their units at the relevant net asset value per unit in accordance with the procedure described in Section 14 of the Management Regulations and taking account of the terms of Section 16 of the Management Regulations. If no decision is otherwise taken in the interests of all Unitholders or in connection with their equal treatment, the right to redemption free of charge or conversion shall lapse five working days before the date on which the merger ratio is calculated.

The units of Unitholders who have not requested redemption of their units or, as the case may be, their conversion, will be replaced with units of the absorbing fund on the basis of the net asset values on the effective date of the merger. Where required, the Unitholders receive settlement of fractional units in accordance with the Law.

### §21 Amendments to the Management Regulations

1. Subject to the approval of the Depositary, the Management Company may amend the Management Regulations at any time, in whole or in part.
2. Amendments to the Management Regulations are lodged with the Commercial Register in the Grand Duchy of Luxembourg. A reference to the lodging will be made in the RESA.

### §22 Limitation of actions

Claims by Unitholders against the Management Company or the Depositary can no longer be legally asserted in court once a period of five years has elapsed from the date of the claim.

### §23 Place of performance, jurisdiction and contract language

1. The place of performance is the registered office of the Management Company in Luxembourg.
2. Legal disputes between Unitholders, the Management Company and the Depositary are subject to the jurisdiction of the respective court in the Grand Duchy of Luxembourg. The Management Company and the Depositary are entitled to submit themselves and the Fund to the legal system and jurisdiction of other countries in which the units are distributed, if investors residing in such countries assert claims against the Management Company or the Depositary.
3. The contract language is German. On their own and the Fund's behalf, the Management Company and the Depositary may declare translations into languages of countries in which units are admitted for public distribution to be binding.

Supplementing and in derogation of the General Part of the Management Regulations, the provisions below apply to Allianz Stiftungsfonds Nachhaltigkeit.

## Special Part

### §24 Fund name

The name of the Fund is Allianz Stiftungsfonds Nachhaltigkeit.

### §25 Depositary

The Depositary is State Street Bank International GmbH - Luxembourg Branch, Grand Duchy of Luxembourg.

### §26 Investment policy

#### *Investment objective*

The investment policy aims to generate appropriate regular returns while, where possible, maintaining the economic value of the assets invested. In order to generate a positive, distributable return in euro, the Fund seeks to obtain long-term capital growth through dynamic allocation to equities and fixed-income securities and floating-rate notes, whose issuers meet the criteria of the strategy for sustainable and responsible investment as assessed by the Fund Management.

#### *Investment principles and investment restrictions*

1. The Management Company uses an active risk-management procedure that permits it to monitor and measure at all times the risks associated with its investments and their proportion in the overall risk profile of the investment portfolio. The objectives of the investment policy are pursued on the principle of risk diversification. In general, it should be noted that the performance of the fund units is essentially determined by the price changes on each exchange trading day of the assets held in the Fund and the income.
  - a) The Fund invests predominantly in fixed-income securities and floating-rate notes, convertible bonds and bonds with warrants to subscribe for transferable securities, and in profit-participation certificates that qualify as securities pursuant to Article 41(1) of the Law. To this end, the Fund may also acquire money market instruments, sight deposits or other deposits subject to call, near money market securities such as certificates of deposit, commercial paper, banker's acceptances and other fixed-income and floating-rate notes in the area of corporate bonds and asset-backed securities (ABS area).
  - b) Up to 35% of the Fund's net assets may be invested in equities or REITs. Warrants on equities may also be acquired and counted towards this limit.
  - c) The total proportion of interest-bearing securities that do not have an investment grade rating from at least one recognised rating agency or, where they do not have a rating, would, in the company's opinion, not obtain an investment grade rating, may not exceed 10% of the Fund's net assets.
  - d) The total proportion of securities whose issuers are domiciled in a country which, according to the World Bank classification, does not fall under the category "high GDP per capita", i.e. is not considered "developed", may not exceed 20% of the Fund's net assets.

In addition, up to 30% of the Fund's net assets may be invested in target funds. Equity, bond, money market and balanced funds as well as REITs funds may be acquired as target funds. Investments may not be made in single hedge funds. Derivative financial instruments ("derivatives") may also be used to achieve the above-mentioned

investment objectives. The overall liabilities from the use of derivatives may not be greater than the Fund's net assets.

- e) Permissible derivatives in the context of proper portfolio management include security options, securities futures contracts, financial futures contracts on recognised equity/bond indices and interest rate futures, options on financial futures, securities index options, forward foreign exchange contracts, options on currencies or currency futures contracts, swaps and options on swaps. The Fund will not deviate from the investment objectives set forth in the prospectus and the Management Regulations when using derivatives.
- f) The average rating of the fixed-income securities and floating-rate notes included in the Fund's assets must be classified as investment grade. Target fund investments do not need to comply with this rating requirement.
- g) The proportion of securities whose issuers do not have their registered office in Europe may not exceed 30% of the Fund's net value.
- h) In exceptional circumstances, the Fund may also invest up to 100% of the Fund's net assets in money market instruments such as certificates of deposit, commercial paper, banker's acceptances and borrower's note loans as well as acquire or sell other short-term interest-bearing securities that are issued or guaranteed by public borrowers or other debtors, or invest in sight deposits or other deposits subject to call.
- i) Investments may be made in any currency. Exchange-rate risks may be hedged.
- j) Subject to the investment limits specified above, a further condition is that at least 25% of the Fund's assets (the amount of the assets is determined by the value of the investment fund's assets without taking liabilities into account) must be invested in equity participations within the meaning of Section 2, Paragraph 8 of the German Investment Tax Act ("Investmentsteuergesetz – InvStG") of 1 January 2022.

Equity participations as understood here refer to:

- units in corporations that have been admitted to official trading on a stock exchange or admitted to or included in another organised market (which meets the criteria of a regulated market and/or every stock exchange in a country, with such regulated market and/or stock exchange, as defined in Article 41(1) of the law, being open, recognised and accessible to the public on a regular basis);
- shares in corporate entities that are domiciled in a member state of the European Union or another signatory state to the Agreement on the European Economic Area and are subject to income tax on corporate entities in that state and are not exempt from such taxation;
- shares in corporate entities that are domiciled in a third state (non-EU) and are subject to income tax on corporate entities of at least 15% in that state and are not exempt from such taxation;
- Units in equity funds within the meaning of InvStG amounting to 51% of the value of the equity fund or units in mixed funds within the meaning of InvStG amounting to 25% of the value of the mixed fund; if the equity fund or mixed fund provides in its investment conditions for a higher percentage than 51% or 25% of its assets for the ongoing minimum investment in equity investments, the equity fund or mixed fund shall be deemed to be an equity investment to the extent of this higher percentage.

2. When selecting the assets to be acquired for the Fund, the following selection principles and exclusion criteria based on the SRI Strategy are taken into account by the Fund Management:
- a) The Fund invests in assets that are subject to or meet the social, environmental, business conduct and governance characteristics of the SRI Strategy. At least 70% of the Fund's portfolio is assessed using an SRI rating. In this respect, the portfolio does not include derivatives that do not have an SRI rating, or assets that by their nature do not have an SRI rating (e.g. cash and deposits). **The pre-contractual information in the annex to this sales prospectus describes all relevant information regarding the scope, details and requirements of the strategy, as well as the exclusion criteria applied.**
  - b) The Fund applies minimum exclusion criteria and does not invest directly in securities of:
    - Companies that, as a result of following problematic practices in the areas of human rights, labour rights, the environment and corruption, seriously violate principles and guidelines such as the principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles for Economic Affairs and Human Rights.
    - Companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons).
    - Companies that generate more than 10% of their revenue from weapons, military equipment and services.
    - Companies that generate more than 10% of their revenue from coal for power stations.
    - Utility companies that generate more than 20% of their revenue from coal.
    - Companies involved in the production of tobacco and companies that generate more than 5% of their revenue from the sale of tobacco.

Direct investments in government issuers with an inadequate Freedom House Index are excluded. An insufficient Freedom House Index exists if the jurisdiction in question is rated as "not free" in the Freedom House Index (Global Freedom Scores).

**Under no circumstances may the Fund deviate from its stated investment objectives when using such techniques and instruments.**

The minimum exclusion criteria with regard to sustainability are based on information from an external data provider and are coded in the context of pre- and post-trade compliance. The review shall be carried out at six month intervals, at least.

The benchmark of the Fund is not consistent with the environmental or social market characteristics supported by the Fund.

#### Sustainable and Responsible Investment Strategy (SRI Strategy)

A Fund managed under the SRI Strategy takes sustainability factors into account. The responsible part of the SRI Strategy comprises engagement and proxy voting. The sustainable part of the SRI Strategy comprises the following aspects:

- (i) Environmental characteristics assess securities on the basis of the issuer's environmental management system.
- (ii) Social characteristics assess securities based on the issuer's social responsibility.

- (iii) Human rights characteristics assess securities based on the issuer's compliance with human rights in its business conduct.
- (iv) Governance characteristics assess securities based on the issuer's system of rules, practices and processes by which it is directed and controlled.
- (v) Business conduct: The assessment of securities on the basis of the issuer's trading relationships and product safety (this area does not apply to securities issued by a government entity).

The aforementioned areas of environmental, social, human rights, governance and business conduct are analysed by the investment manager of the Sub-fund to assess how sustainable development and long-term issues are taken into account in an issuer's strategy.

securities repurchase transactions and securities lending as set out in Section 9 of the Management Regulations.

#### Real Estate Investment Trust/REIT

A Real Estate Investment Trust (REIT) is a legal entity whose business purpose is aimed at acquiring property and/or activities in connection with the ownership of property. Unless indicated otherwise, REITs are companies incorporated in the legal form of a joint-stock company or a fund. If a REIT is in the legal form of a fund, closed-end REIT funds can be acquired.

In the case of a closed-end REIT fund, the REIT fund itself or the company that issued the REIT fund is not obliged to redeem units in the REIT fund. In these circumstances the units in the REIT fund can only be sold through the secondary market. In contrast, an open-ended REIT fund is legally obliged to redeem units in the REIT fund (in addition to any further option of selling them via the secondary market), either itself or through the company issuing the REIT fund.

#### Limited risk diversification

The Management Company is authorised, in accordance with the principle of risk diversification, to invest up to 100% of the Fund's net assets in securities of different issues that are issued or guaranteed by an EU Member State or its central, regional and local authorities, by a non-EU Member State of the OECD or by public international bodies to which one or more EU Member States belong. Such securities must be issued in the framework of at least six different issues, while the securities from any single issue may not account for more than 30% of net fund assets.

No warranty can be given that the objectives of the investment policy will be achieved.

#### **§27 Unit certificates**

Units in the form of bearer certificates are securitised in global certificates. Unitholders are not entitled to receive delivery of physical securities.

#### **§28 Base currency, subscription and redemption price, transaction fee**

1. The base currency of the Fund is the euro.
2. The Management Company or third parties appointed by it and named in the prospectus determine the subscription and redemption price on each valuation day.
3. The subscription and redemption price is payable for



- unit classes with reference currencies CZK, HKD, HUF, PLN or SGD, no later than three valuation days after the respective settlement date;
- all other unit classes, no later than two valuation days after the respective settlement date,

in the reference currency of the respective unit class. The Management Company may accept a different value date for payment at its own discretion. However, this may not exceed ten valuation days after the respective settlement date.

4. The sales charge to cover issuing costs (Section 15 No. 5 of the Management Regulations) is 4.00% of the net asset value per unit of the respective unit class for units of unit class types A and AT, 5.00% for units of unit class types C and CT, 6.00% for units of unit class types S and ST and 2.00% for units of unit class types P, PT, I and IT. The Management Company may levy a lower sales charge at its own discretion. There is currently no sales charge for units of unit class types N, NT, R, RT, X, XT, W and WT.

Neither a redemption fee, which is at the disposal of the Management Company (Section 15, No. 6 of the Management Regulations) nor a divestment fee in favour of the Fund (Section 15 No. 6 of the Management Regulations) is currently charged.

5. If a Paying Agent in Italy is involved in the issue or redemption of units, the Paying Agent may also charge a transaction fee of EUR 75.00 per transaction in addition to a sales charge/redemption fee; the Paying Agent may charge a lower transaction fee at its own discretion.
6. The Management Company ensures that the unit prices are published in an adequate manner in those countries in which the Fund is distributed to the general public. This may be effected through publication on the Internet site of the Management Company.

## §29 Charges

1. The all-in fee, which is paid from the Fund while taking account of the different unit classes, is 1.50% p.a. for units of unit class types A and AT, 2.25% p.a. for units of unit class types C and CT, 1.15% p.a. for units of unit class types N and NT, 1.38% p.a. for units of unit class types S and ST, 1.19% p.a. for units of unit class types P and PT, 0.98% p.a. for units of unit class types R and RT, 0.82% p.a. for units of unit class types I and IT, and 0.54% p.a. for units of unit class types W and WT, calculated on the basis of the net asset value determined on a daily basis. The Management Company may levy a lower fee at its own discretion.
2. For units of unit class types X and XT, an all-in fee is not charged to the Fund at unit-class level; instead, for these types of unit class, the respective unit-holder is charged a fee by the Management Company directly (Section 30 No. 2 of the Management Regulations). Unless for unit class types X and XT the Management Company and the respective Unitholder have agreed to another fee (which may also include a performance-related component), the all-in fee for management and central administration as provided for in No. 1 totals 1.15% p.a., taking into account the different unit classes, and is calculated on the basis of the net asset value determined daily. The Management Company may levy a lower fee at its own discretion.
3. Payment of the fee is effected on a monthly basis, at the end of each month.

## §30 Unit classes

1. The Fund may offer several unit classes, which differ in their charges, fee structure, use of income, persons authorised to invest, minimum investment amount, reference currency, the possibility of a currency hedge in a unit class, the determination of the settlement date after orders are issued, the determination of the settlement procedure after

settlement of a subscription or redemption order and/or a distribution, or other characteristics. All units participate equally in income and liquidation proceeds of their unit classes.

Units of distributing and accumulating unit classes may be issued for the Fund. A, C, N, S, P, R, I, X and W unit class types are distributing unit class types, while AT, CT, NT, ST, PT, RT, IT, XT and WT unit class types are accumulating unit class types, i.e. the income accruing to this unit class type is reinvested in the unit class.

The various unit class types may be issued in the reference currencies listed below:

CHF (Swiss Franc), CZK (Czech Koruna), DKK (Danish Krone), EUR (Euro), GBP (Pound Sterling), HKD (Hong Kong Dollar), HUF (Hungarian Forint), JPY (Japanese Yen), NOK (Norwegian Krone), PLN (Polish Zloty), SEK (Swedish Krona), SGD (Singapore Dollar) and USD (US Dollar).

The reference currency of a unit class is indicated by the code in brackets after the unit class type [e.g. in the case of unit class type A and reference currency USD: A (USD)].

The above-mentioned unit classes may be supplemented with numbers from "2" to "99".

Unit classes with an additional "20" or "21" are unit classes as defined in Section 10 of the German Investment Tax Act (InvStG) (the "tax-free unit classes") that differ with regard to the investors who may acquire and hold units, among other differences. These unit classes may only be acquired and held by:

- a) German corporations, associations of persons or asset pools that, under the articles of incorporation, the foundation deed or other constitution and on the basis of the actual management, solely and directly serve non-profit, charitable or church purposes within the meaning of Sections 51 to 68 of the German Fiscal Code (AO) and that do not hold the units in a business operation;
- b) German foundations under public law, which solely and directly serve non-profit or charitable purposes;
- c) German legal entities under public law, which solely and directly serve church purposes; and
- d) non-German investors comparable with the entities described in Letters a) to c), with domicile and management in a foreign state providing administrative and debt enforcement assistance.

As proof that the aforementioned conditions have been met, the investor must provide the Management Company with a valid certificate as specified in Section 9 (1) No. 1 or 2 of the German Investment Tax Act. If the aforementioned conditions are no longer met by an investor, the investor is required to notify this to the Management Company within one month of the conditions no longer being met. Tax exemption amounts that the Management Company receives in connection with management of the fund and which are attributable to income from tax-free unit classes are generally payable to the investors in these tax-free unit classes. In derogation of this procedure, the Management Company is entitled to allocate the exemption amounts directly to the fund, in favour of the investors in these tax-free unit classes; no new units are issued as a result of this allocation.

Units in tax-free unit classes may not be transferred. If the investor nevertheless transfers units, the investor is required to notify this to the Management Company within one month of the transfer. This does not affect the right to redeem the units only through the Management Company for account of the Fund in accordance with Section 14 of the General Management Regulations.

Units in tax-free unit classes may also be acquired and held within the framework of retirement provision or base pension agreements, provided they are certified in accordance with Sections 5 or 5a of the Pension Provision Agreements Certification Act (AltZertG). As proof of the aforementioned condition, the provider of the retirement provision or base pension agreement must inform the Management Company that the relevant units of the tax-exempt unit class are acquired exclusively within the framework of retirement provision or base pension agreements. If the

aforementioned conditions are no longer met, the investor is required to notify this to the Management Company within one month of the conditions no longer being met. Tax exemption amounts that the Management Company receives in connection with management of the fund and which are attributable to income from the tax-free unit classes are generally payable to the provider of the retirement provision or base pension agreement. The provider is obliged to reinvest these amounts for the benefit of persons eligible under the relevant retirement provision or base pension agreement. In derogation of this procedure, the Management Company is entitled to allocate the exemption amounts directly to the fund, in favour of the investors in the tax-free unit classes; no new units are issued as a result of this allocation. The procedure used is also explained in the prospectus.

The conversion from one unit class to another unit class is precluded.

2. There is a required minimum investment amount for the acquisition of units of unit class types N, NT, P, PT, I, IT, W and WT as indicated in the prospectus (after deduction of any sales charge). In individual cases, the Management Company may accept a lower minimum investment at its own discretion. Additional investments at lesser amounts are allowed, if the total of the current value of the units of the same unit class already held by the investor at the time of the additional investment and the amount of the additional investment (after the deduction of any sales charge) corresponds to at least the minimum investment amount of the unit class in question. This calculation only considers holdings of the investor held at the same location at which the additional investment is to be made. If the investor is acting as intermediary for third-party ultimate beneficiaries, then the units of the types of unit classes indicated may only be acquired if the conditions listed above are separately fulfilled for each of the ultimate beneficiaries. A condition may be set on the issue of units of these types of unit classes requiring the prior submission by the investor of a written guarantee to that effect.

Units of unit class types I, IT, X, XT, W and WT may only be acquired by institutional investors. Units of unit class types I, IT, W, WT, X and XT may not be acquired by natural persons, nor may they be acquired in situations in which the subscriber of the units is not a natural person, but is acting as a subscriber for a third-party ultimate beneficiary who is a natural person (unless the units are acquired by the subscriber, who is an institutional investor, in their own name). The subscription of units in these unit classes may be subject to the submission of a prior written undertaking by the investor to this effect.

Units of unit class types X and XT may only be issued with the approval of the Management Company and after conclusion of a special individual agreement between the Unitholder and the Management Company. The Management Company may, at its own discretion, decide whether to approve the issue of units, whether it is prepared to conclude a special individual agreement and how any special individual agreement is to be structured.

3. Unit classes whose reference currency is not the base currency of the Fund may also be issued. In doing so, it is possible to issue unit classes aimed at currency hedging in favour of the reference currency, and unit classes in which this is not done. The costs of these currency hedge transactions are borne by the corresponding unit class.

If currency hedging in favour of the respective reference currency is aimed at for a unit class, an "H-" is prefixed to the name of the reference currency [e.g. in the case of unit class type A, reference currency USD and currency hedging being aimed at in respect of this reference currency: A (H-USD)].

A "Multi Asset SRI" may also be prefixed to the unit class types A, AT, C, CT, S, ST, N, NT, P, PT, R, RT, I, IT, X, XT, W or WT.

The distributing unit classes A, C, N, S, P, R, I, X and W may include an additional code "M", which refers to monthly distribution. These unit classes may only be acquired by investors who are neither domiciled in nor permanent residents of the Federal Republic of Germany.

4. The calculation of the net asset value per unit (in accordance with Section 15 Nos. 1, 2 and 3 of the Management Regulations) will be determined for each unit class by dividing the value of the net assets belonging to a unit class by the number of units of this unit class in circulation on the valuation day.
  - When distributions are made, the value of the net assets attributable to the units of the distributing unit classes is reduced by the amount of these distributions.
  - If the Fund issues units, the value of the net assets of the respective unit class increases by the amount of the proceeds resulting from such issue, less any sales charge levied.
  - If the Fund redeems units, the value of the net assets of the respective unit class is reduced by the amount of the net asset value attributable to the units redeemed.
5. The Management Company may liquidate existing unit classes in accordance with Sections 19 and 20 of the Management Regulations or merge them with other funds or unit classes.

### §31 Use of income

1. The Management Company determines each year whether, when and in what amount a distribution in accordance with the current provisions in the Grand Duchy of Luxembourg will be made for a unit class. The Management Company may also make interim distributions. Within the scope of legal requirements, the Fund's capital may be used for distributions.
2. A distribution is made on units of unit class types A, C, N, S, P, R, I, X and W of the Fund in circulation on the distribution date. The income accrued by unit class types AT, CT, NT, ST, PT, RT, IT, XT and WT is not distributed but is invested within the framework of the unit class.
3. Distributions which are not claimed within five years after the declaration of distribution is published revert to the unit class. Nevertheless, the Management Company is authorised to pay out to the Unitholders from the unit class distributions which are claimed after expiry of this deadline.

### §32 Term and liquidation of the Fund

The Fund has been established for an indefinite period of time; however, it may be liquidated by resolution of the Management Company at any time.

### §33 Financial year

The financial year of the Fund begins on 1 January and ends on 31 December.

### §34 Effective date

The original version of the Management Regulations entered into force on 02 August 2005. The most recent amendment entered into force on 30 May 2023.

# Funds managed by Allianz Global Investors GmbH under Luxembourg law

At the time of printing this prospectus, Allianz Global Investors GmbH managed the following funds:

Fund name	Fund name	Fund name
Allianz Advanced Fixed Income Euro Aggregate	Allianz Stiftungsfonds Nachhaltigkeit	SK Europa
Allianz Euro Cash	Allianz Strategie 2036 Plus	SK Themen
Allianz Euro Credit SRI Plus	Investment structure 1	SK Welt
Allianz FinanzPlan 2025	Best-in-One	VermögensManagement AktienStars
Allianz FinanzPlan 2030	CB Fonds	VermögensManagement Balance
Allianz FinanzPlan 2035	MetallRente FONDS PORTFOLIO	VermögensManagement Chance
Allianz FinanzPlan 2040	money mate defensiv	VermögensManagement DividendenStars
Allianz FinanzPlan 2045	money mate entschlossen	VermögensManagement RenditeStars
Allianz FinanzPlan 2050	money mate moderat	VermögensManagement RentenStars
Allianz Global Strategy Dynamic	money mate mutig	VermögensManagement Substanz
Allianz Money Market US \$	OLB VV-Optimum	VermögensManagement Wachstum
Allianz Multi Asset Risk Control	PremiumMandat Balance	VermögensManagement Wachstumsländer
Allianz PIMCO High Yield Income Fund	PremiumMandat Dynamik	Balance

as well as three investment companies in the legal form of a Société d'Investissement à Capital Variable (SICAV). Allianz Global Investors GmbH also manages "Undertakings for Collective Investment in Transferable Securities" (UCITS) under German law, UCITS under French law and UCITS under Italian law, as well as special AIF under German law and AIF under French and Luxembourg law.

# Your partners

## Management Company and Central Administration Agent

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Allianz Global Investors GmbH implements the function of the central administration agent through its branch in Luxembourg:  
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L-2633 Senningerberg, Luxembourg  
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## Supervisory Board

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Milan, Italy

Klaus-Dieter Herberg  
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Laure Poussin  
Head of Enterprise Project Management  
Office  
Allianz Global Investors  
France branch, Paris

## Board of Management

Alexandra Auer (Chair) Ludovic Lombard  
Ingo Mainert

Dr. Robert Schmidt  
Petra Trautschold  
Birte Trenkner

## Depositary, Fund Accounting, NAV Calculation Registrar and Transfer Agent

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D-80333 Munich, Germany

Paying and Information Agent(s) within the European Union (EU wide)

Details of the measures and/or activities to be carried out as described in Article 92 of the UCITS Directive, along with all other relevant information, can be found at <https://regulatory.allianzgi.com/en/facilities-services>. State Street Bank International GmbH is responsible for processing unit purchase and unit redemption orders as well as for executing the corresponding payments to/from unitholders, including the proceeds of purchases and redemptions. Information and payments can be requested via the following address:

State Street Bank International GmbH,  
Luxembourg Branch  
49, Avenue J.F. Kennedy L-1855 Luxembourg

The net asset value of the units and the subscription and redemption prices of the units are available at <https://regulatory.allianzgi.com/en/facilities-services> and from any other source that the Management Company deems suitable for such a purpose.

## Appointment of Austrian representative to the tax authorities in the Republic of Austria

The following financial institution has been appointed the Austrian representative to the tax authorities for certification of income equivalent to distributions as defined in Section 186 (2) line 2 InvFG:

Deloitte Tax Wirtschaftsprüfungs GmbH  
Renngasse 1/Freyung A-1010 Vienna, Austria

## Auditor

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

**Allianz Global Investors GmbH**  
Bockenheimer Landstraße 42-44  
D-60323 Frankfurt am Main, Germany  
Website: <https://de.allianzgi.com>  
Email: [info@allianzgi.de](mailto:info@allianzgi.de)

**Luxembourg branch**  
6A, route de Trèves  
L-2633 Senningerberg, Luxembourg  
Website: <https://lu.allianzgi.com>  
Email: [info-lux@allianzgi.com](mailto:info-lux@allianzgi.com)

Template – Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a of Regulation (EU) 2019/2088 and Article 6, paragraph 1 of Regulation (EU) 2020/852

Product name:

## Allianz Stiftungsfonds Nachhaltigkeit

Legal entity identifier: 529900S6FUSTE6MXTV32

### Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that this investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>1.50%</b> of sustainable investments <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> : ___%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b> .



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Stiftungsfonds Nachhaltigkeit (the "Fund") promotes environmental, social, human rights, governance and business conduct factors (this area does not apply to sovereign bonds issued by a government entity) through the integration of a best-in-class approach in the Fund's investment process. This includes assessing companies or government issuers on the basis of an SRI rating used to build the portfolio.

In addition, sustainable minimum exclusion criteria apply.

No benchmark has been defined for measuring whether the environmental and/or social characteristics promoted by the Fund are attained.

#### ● What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The following sustainability indicators are used to measure the attainment of the environmental and/or social characteristics, which are reported on at the end of the financial year:

- The actual percentage of the Fund portfolio (the portfolio does not include derivatives without a rating or instruments that do not by their very nature have a rating, for example cash and deposits) that was invested in best-in-class issuers (issuers with an SRI rating of at least 1 on a scale from 0 to 4, with 0 being the worst and 4 being the best rating) is compared with the actual percentage of the best-in-class issuers of the benchmark.
- Confirmation that principal adverse impacts (PAIs) of investment decisions on sustainability factors are taken into account by applying exclusion criteria.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.



- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Sustainable investments contribute to environmental and/or social objectives, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the objectives of the EU Taxonomy:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

The assessment of the positive contribution to the environmental or social objectives was based on a proprietary framework that combines quantitative elements with qualitative inputs from internal research. The methodology first applies a quantitative breakdown of a security issuer into its business units. The qualitative element of the framework is an assessment as to whether business activities make a positive contribution to an environmental or a social objective.

To calculate the positive contribution on the Fund level, the turnover share of each issuer attributable to business activities that contributes to environmental and/or social objectives is considered, provided that the issuer satisfies the Do No Significant Harm ("DNSH") and Good Governance principles, and an asset-weighted aggregation is performed as a second step. Moreover, for certain types of securities that finance specific projects that contribute to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers are performed.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

In order to ensure that sustainable investments do not significantly harm any other environmental and/or social objectives, the Investment Manager leverages the PAI indicators to identify significantly harmful issuers. Significance thresholds have already been established for this purpose. Issuers not meeting the significance threshold can be engaged for a limited time period to remediate the adverse impacts. Otherwise, if the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers that do not pass the DNSH assessment are not counted as sustainable investments.

- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

All mandatory PAI indicators are considered either as part of the application of the exclusion criteria or through thresholds on a sectoral or absolute basis. Significance thresholds were defined that refer to qualitative or quantitative criteria.

In the absence of data for some PAI indicators, the DNSH assessment for the following indicators for companies may use equivalent data points to assess the PAI indicators: Share of consumption and production of non-renewable energy, activities that adversely affect biodiversity, emissions to water and lack of procedures and mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for government issuers: GHG intensity and investee countries subject to social violations. In the case of securities financing specific projects contributing to environmental or social objectives, appropriate data can be used at project level to ensure that sustainable investments do not materially negatively affect other environmental and/or social objectives. The Investment Manager will endeavour to increase data coverage for PAI indicators with low data coverage by communicating with issuers and data providers. The Investment Manager will regularly check whether the availability of data has increased to such an extent that the assessment of such data can be included in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Investment Manager's sustainable minimum exclusion list screens out companies based on their involvement in controversial practices that violate international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

and the UN Guiding Principles for Business and Human Rights. Securities issued by companies that severely violate these frameworks are removed from the investment universe.

*The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

The Management Company has joined the Net Zero Asset Managers Initiative and takes PAI indicators into account through stewardship, which includes corporate dialogue and voting at general meetings. Both factors contribute to minimising potential negative effects of business activities.

In line with its commitment to the Net Zero Asset Managers Initiative, the Management Company, in cooperation with investors, seeks to reduce greenhouse gas emissions and work towards decarbonisation. The objective is to achieve net zero emissions for all assets under management by 2050 at the latest. Within the framework of this objective, the Management Company will set an interim target for the proportion of assets to be managed in accordance with the objective of achieving net zero emissions by 2050 at the latest.

For corporate issuers, the Fund’s Investment Manager considers PAI indicators in terms of greenhouse gas emissions, biodiversity, water and waste management, and social and labour law-related issues. Where relevant, the Freedom House Index is applied to investments in government issuers. PAI indicators are included in the Investment Manager’s investment process in the form of exclusions, as described in the Fund’s Binding Elements section.

Data on PAI indicators is inconsistent. There is limited data available on the factors of biodiversity, water protection and waste management. The PAI indicators are applied by excluding securities whose issuers are in severe breach of principles and guidelines such as the principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights due to problematic practices in the areas of human rights, employment rights, the environment and corruption. Therefore, the Investment Manager is committed to increasing data coverage for PAI indicators with insufficient data. The Investment Manager will regularly check whether the availability of data has increased to such an extent that the assessment of such data can be included in the investment process.

Among other sustainability factors, PAI indicators are also used to derive the SRI rating. The SRI rating is used for portfolio construction.

The following PAI indicators are taken into account:

Applicable to corporate issuers

- GHG emissions
- CO2 balance
- GHG intensity of investment companies
- Investments in companies operating in the fossil fuels sector
- Activities that have a negative impact on biodiversity-sensitive areas
- Emissions to water
- Percentage of hazardous waste
- Violation of the principles of the UN Global Compact
- Lack of processes and compliance mechanisms to monitor compliance with the UN Global Compact principles
- Gender diversity in corporate governance
- Exposure to controversial weapons

Applicable to sovereign and supranational issuers

- Investment countries where social rights are violated

Information on PAI indicators is included in the Fund's annual report.



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

## What investment strategy does this financial product follow?

The Allianz Stiftungsfonds Nachhaltigkeit investment strategy for sustainability aims at a dynamic asset allocation in equities and fixed-income securities and floating-rate bonds in line with the strategy for sustainable and responsible investments (SRI strategy).

Under the SRI best-in-class approach, the Fund takes into account environmental, social, human rights, corporate governance and business conduct factors as follows:

- The aforementioned sustainability factors are analysed by means of SRI research by the Investment Manager in order to assess how sustainable development and long-term matters are taken into account in issuers' strategies. SRI research refers to the overall process of identifying potential risks and opportunities of investment in securities of an issuer related to the analysis of sustainability factors. SRI research combines (possibly limited) external data with internal analyses.
- Based on the combined results of external and/or internal analyses of sustainability factors, an internal rating (SRI rating) is given monthly for the relevant government issuers or corporate issuers.

This internal SRI rating is used to classify and select or weight securities for portfolio construction.

The Fund's general investment approach is described in the prospectus.

### ● What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements are:

- Minimum rating coverage: At least 70% of the Fund's portfolio must have an SRI rating (the portfolio does not include non-rated derivatives and instruments that are inherently non-rated, e.g. cash and reserves). While most of the Fund's holdings have a corresponding SRI rating, some investments cannot be valued according to the SRI research methodology. Examples of instruments that cannot receive an SRI rating include cash, deposits, target funds and assets that do not have a rating.
- 80% of the instruments evaluated must have an SRI rating of at least 1. The assessment is based on a scale of 0 to 4, with 0 being the worst rating and 4 the best rating. This applies to equities; fixed-income securities have a threshold of 100%
- Application of the following minimum sustainability exclusion criteria for direct investments:
  - Securities issued by companies that, as a result of following problematic practices in the areas of human rights, labour rights, the environment and corruption, seriously violate principles and guidelines such as the principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights;
  - Securities issued by companies that are involved with controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons);
  - Securities issued by companies that generate more than 10% of their turnover from weapons and military equipment and services;
  - Securities issued by companies that generate more than 10% of their turnover from the extraction of thermal coal;
  - Securities issued by utility companies that generate more than 20% of their turnover from coal;
  - Securities of companies which account for more than 5% of their turnover in the production or distribution of tobacco.

Direct investments in government issuers with an inadequate Freedom House Index rating are excluded.

The minimum exclusion criteria with regard to sustainability are based on information from an external data provider and are coded in the context of pre- and post-trade compliance. The review is carried out at six month intervals, at least.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not undertake to reduce the volume of investment concerned by a certain minimum rate.

- **What is the policy to assess good governance practices of the investee companies?**

Principles of good corporate governance are taken into account by filtering out companies based on their involvement in controversies relating to international standards consistent with the four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. Companies with significant deficiencies in one of these areas are not eligible for investment. In certain cases, issuers identified as in doubt are included in a watchlist. These companies appear on the watchlist when the Investment Manager believes that a commitment from the Fund can lead to improvements or when they find that the company is taking corrective action. The companies on the watchlist remain eligible for investment unless the Investment Manager believes that the commitment or corrective action of the company does not result in the intended solution to the problem.

In addition, the Fund's Investment Manager has committed to maintaining an open dialogue on corporate governance, voting rights and general sustainability issues with the companies in which they invest prior to shareholder meetings (on a regular basis in the case of direct investments in shares). The Fund's Investment Manager's approach to voting rights and corporate commitment is set out in the Management Company's stewardship statement.

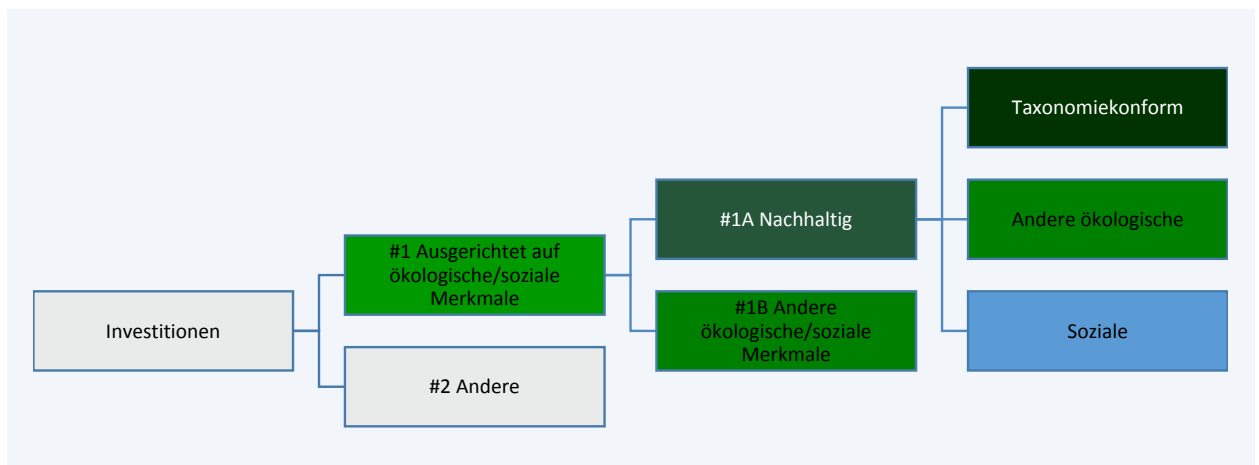
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

At least 70% of the Fund's assets (excluding cash and derivatives without a rating) are used to achieve the environmental or social characteristics promoted by that Fund. A low portion of the Fund may contain assets that do not promote environmental or social characteristics. Examples of such instruments include cash and cash deposits, certain target funds and investments with temporarily divergent or absent environmental, social, or good governance qualifications. At least 1.50% of the Fund's assets may be invested in sustainable investments. The minimum percentage of investments aligned with the EU Taxonomy is 0.01%. The Investment Manager does not commit to a minimum of environmentally sustainable investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum of socially sustainable investments. Although the Fund does not commit to a minimum of environmentally or socially sustainable investments, such investments can be freely allocated under the total public commitment of the Sustainable Investment Fund (min. 1.50%).



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category #1 Aligned with E/S characteristics covers:

- The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Taxonomy-aligned investments include debt and/or equity in environmentally sustainable economic activities aligned with the EU Taxonomy. The minimum proportion of investments aligned with the EU taxonomy is 0.01%. Taxonomy-aligned data was provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not reflect data in sovereign bonds. There is currently no recognised method of determining the proportion of Taxonomy-aligned activities in sovereign bond investments.

The Taxonomy-aligned activities in this disclosure are based on the share of revenue. The pre-contractual figures default to using revenue as a financial measure in accordance with legal requirements and due to the fact that complete, verifiable or up-to-date data is even less available for CAPEX and/or OPEX as a financial measure.

Taxonomy-aligned data is only in rare cases data reported by companies in accordance with the EU Taxonomy. The data provider has derived Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

Yes:

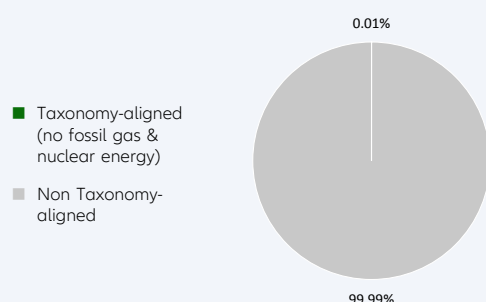
In fossil gas    In nuclear energy

No

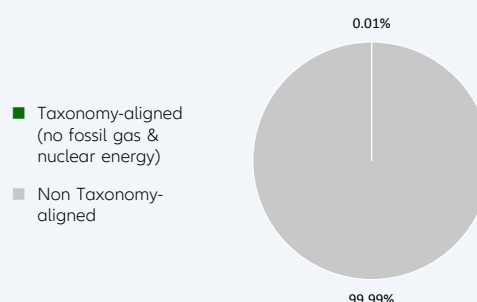
The Fund does not seek Taxonomy-aligned investments in fossil gas and/or nuclear energy. Nevertheless, it may happen that, as part of the investment strategy, it also invests in companies that are also active in these areas. Further information on such investments are disclosed in the annual report, where relevant.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents x% of the total investments.

It should be noted that this Fund does not have a mandatory minimum quota for investments in sovereign bonds. As such, this Fund may (but is not required to) have a sovereign bonds exposure. As there is no mandatory minimum quota for investments in sovereign

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

bonds, this graph does not generate any additional added value compared to the graph on the left.

\* For the purpose of these graphs, "sovereign bonds" include all sovereign exposures.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not undertake to split the minimum Taxonomy orientation into transition and enabling activities and its own performance.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Taxonomy-aligned investments are considered to be a subcategory of sustainable investments. If an investment is not Taxonomy-aligned because the activity does not or is not yet covered by the EU Taxonomy or the positive contribution is not substantial enough to meet the screening criteria of the Taxonomy, such an investment can still be considered an environmentally sustainable investment if all the criteria are met. The Investment Manager does not commit to a minimum of environmentally sustainable investments that are not aligned with the EU Taxonomy. The overall share of sustainable investments may also include investments with an environmental objective in economic activities that are not considered environmentally sustainable under the EU Taxonomy and, while the Fund is unable to commit to a minimum share of environmentally or socially sustainable investments, such investments may be freely allocated to the total public commitment of the Sustainable Investment Fund (min. 1.50%).



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of socially sustainable investments?**

The Investment Manager defines sustainable investments based on internal research, which uses, among others, the UN Sustainable Development Goals (SDGs), as well as the objectives of the EU Taxonomy as reference frameworks. The Investment Manager does not commit to a minimum of socially sustainable investments, as the SDGs include both environmental and social objectives. The overall share of sustainable investments may also include investments with a social objective and, while the Fund is unable to commit to a minimum share of environmentally or socially sustainable investments, such investments may be freely allocated to the total public commitment of the Sustainable Investment Fund (min. 1.50%).



**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

Investments in cash, target funds or derivatives can be included under "#2 Other". Derivatives can be used for efficient portfolio management (including risk hedging) and/or investment purposes, and target funds to benefit from a specific strategy. There are no minimum environmental or social requirements for these investments.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the sub-fund.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
Not applicable
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
Not applicable
- **How does the designated index differ from a relevant broad market index?**  
Not applicable
- **Where can the methodology used for the calculation of the designated index be found?**  
Not applicable



### **Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>