

# Allianz Biotechnologie

Prospectus/Investment Terms and Conditions  
Allianz Global Investors GmbH

25 July 2022

## Warning notice

The current prospectus, the key investor information and the “General Investment Terms and Conditions” in conjunction with the “Special Investment Terms and Conditions” shall form the legal basis for purchasing and selling units in the Allianz Biotechnologie fund (“fund”). The General Investment Terms and Conditions and the Special Investment Terms and Conditions are included in this prospectus.

No information or formal statements that diverge from the content of this prospectus may be given out. The buyer shall bear sole responsibility for any purchase or sale of fund units that is made on the basis of information or formal statements not contained in this prospectus. The information contained in this prospectus is supplemented by the most recent annual report and the semi-annual report, if published after the annual report.

### Investment restrictions applying to US persons

The fund has not been and will not be registered in the United States of America (the “United States”) under the US Investment Company Act of 1940 as amended (the “Investment Company Act”). The United States includes the United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia. The units of the fund have not been and will not be registered in the United States under the United States Securities Act of 1933 as amended (the “Securities Act”) or under the securities laws of any state of the United States of America. The units made available under this offer may 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 Provision 902 of Regulation S under the Securities Act). Potential investors may be required to declare that they are not US persons and that they are neither acquiring units on behalf of US persons nor acquiring units with the intent to sell them to US persons. Unitholders who become a US person may be subject to US withholding taxes and tax reporting.

### US person

Any person who is a US person within the meaning of Provision 902 of Regulation S under the United States Securities Act of 1933 (the “Securities Act”), as 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.

## Most important legal implications of the contractual relationship

Investors become co-owners of the assets held by the fund in the fractional ratio of their investments. They are not entitled to dispose of the assets. Allianz Global Investors GmbH (“Company”) acquires title to the assets belonging to the fund. Upon entering into the Investment Terms and Conditions, investors become trustors with legal claims against the Company. No voting rights are associated with the units.

The contractual and the pre-contractual relations between Company and investor shall be based on German law. The registered office of the Company shall be the place of jurisdiction for any legal action brought by the investor against the Company arising from the contractual relationship. Investors who are consumers and who reside in another EU Member State may also bring legal action before a competent court at their place of residence. All publications and promotional literature shall be drawn up in German or provided with a German translation. Furthermore, the Company shall communicate with its investors in German.

Allianz Global Investors GmbH has committed to taking part in dispute resolution proceedings before a consumer arbitration service.

In the event of disputes, consumers may contact the Ombudsman for Investment Funds at BVI Bundesverband Investment und Asset Management e.V. as the competent consumer arbitration service. This does not affect the right to take legal action.

Contact information:

Office of the Ombudsman at BVI

Unter den Linden 42

10117 Berlin

Telephone: +49 30 6449046-0

Fax: +49 30 6449046-29

E-mail: [info@ombudsstelle-investmentfonds.de](mailto:info@ombudsstelle-investmentfonds.de)

[www.ombudsstelle-investmentfonds.de](http://www.ombudsstelle-investmentfonds.de)

In the event of disputes arising from the application of the provisions of the German Civil Code (Bürgerliches Gesetzbuch) concerning the distance selling of financial services, the parties concerned may also contact the conciliation board of Deutsche Bundesbank. This does not affect the right to take legal action.

Contact information:

Deutsche Bundesbank

Conciliation Board

P.O. Box 11 12 32

60047 Frankfurt am Main

E-mail: [schlichtung@bundesbank.de](mailto:schlichtung@bundesbank.de)

[www.bundesbank.de](http://www.bundesbank.de)

In the event of disputes arising from purchase agreements or service agreements that were concluded online, consumers may also contact the EU's online dispute resolution platform ([www.ec.europa.eu/consumers/odr](http://www.ec.europa.eu/consumers/odr)). The Company's contact address is the following e-mail address: [info@allianzgi.de](mailto:info@allianzgi.de). The platform itself is not a dispute resolution body; instead, it only provides the parties with the contact details for a competent national conciliation body.

**Allianz Global Investors GmbH**  
**Bockenheimer Landstraße 42-44**  
**60323 Frankfurt am Main**

**Commercial register: HRB 9340**

**Local Court: Frankfurt am Main**

**Supervisory Authority in charge:**

**Bundesanstalt für Finanzdienstleistungsaufsicht**

**Marie-Curie-Str. 24-28**

**60439 Frankfurt am Main**

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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# Prospectus

## General information

The fund is an investment fund as defined in Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (“UCITS Directive”) within the meaning of the Investment Code (Kapitalanlagegesetzbuch – KAGB). It is managed by Allianz Global Investors GmbH with its registered office in Frankfurt am Main (hereinafter: “Company”).

The management of the fund consists primarily in investing the capital deposited with the Company by investors in assets subject to the principle of risk diversification and separately from the Company’s own assets. The fund shall not be part of the Company’s insolvency estate.

The purpose of the fund is limited to investing the monies entrusted to it in the context of collective asset management in accordance with a defined investment strategy; it is not permitted to perform an operational role or carry out active entrepreneurial management of the assets that it holds. The assets in which the Company may invest on behalf of the fund and the provisions with which it must comply in doing so are determined by the KAGB and related regulations as well as the Investment Tax Act (“InvStG”) and the Investment Terms and Conditions governing the legal relationship between the investors and the Company. The Investment Terms and Conditions contain both a general and a specific section (“General Investment Terms and Conditions” and “Special Investment Terms and Conditions”). The application of the Investment Terms and Conditions to a fund is subject to the approval of BaFin.

## Facts and figures Allianz Biotechnologie

Unit class <sup>1)</sup> :	A (EUR)	R (EUR) <sup>2)</sup>
ISIN code:	DE0008481862	DE000A2AMPU5
Securities Identification Number:	848186	A2AMPU
Legal structure:	pursuant to German law (KAGB)	pursuant to German law (KAGB)
Launch:	9 January 1998	16 November 2017
Investment management company:	Allianz Global Investors GmbH Frankfurt am Main	Allianz Global Investors GmbH Frankfurt am Main
Depository:	State Street Bank International GmbH Munich	State Street Bank International GmbH Munich
Auditor:	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Frankfurt am Main	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Frankfurt am Main
Financial groups initiating the fund:	Allianz Group	Allianz Group
Supervisory Authority in charge:	BaFin Frankfurt am Main	BaFin Frankfurt am Main
Minimum investment:	-	-
Maximum front-end load:	6.00%	-
Current front-end load:	5.00%	-
Maximum all-in fee:	2.05% p.a.	2.05% p.a.
Current all-in fee:	2.05% p.a.	1.18% p.a.
Allocation of income:	distributing	distributing
Life:	unlimited	unlimited

<sup>1)</sup> The Company may decide at any time to launch further unit classes for the fund. In this case, the prospectus will be amended with regard to the new unit classes.

<sup>2)</sup> Units of these unit class types may only be acquired with the consent of the Company and, in addition, only by such distributors that are not permitted to accept or retain ongoing sales commissions (portfolio commissions) due to statutory provisions or based on special remuneration agreements with the clients involved.

## Offering documents

The prospectus, the key investor information, the Investment Terms and Conditions as well as the latest annual and semi-annual reports are available free of charge from the Company, the depositary, and from the agents operating for the Company.

Additional information on the fund's investment restrictions imposed by the risk management, the risk management methods, and the latest developments of risks and returns of the major asset categories, can be obtained from the Company in a written version on request.

If the Company sends particular investors further information about the composition of the fund portfolio or its performance, it will post this information on its website at the same time.

## Investment Terms and Conditions

The Investment Terms and Conditions are included in this prospectus. The Company is entitled to amend the Investment Terms and Conditions. Changes of the Investment Terms and Conditions shall be subject to the approval of BaFin. Changes in the fund's investment principles shall additionally require approval from the Company's supervisory board. Changes to the previous investment principles of the fund shall only be permitted on the condition that the Company either makes an offer to investors to redeem their units without charging a redemption fee before the change becomes effective, or offers investors to swap their units for units in funds with comparable investment principles free of charge, if the Company or another company from the same group manages such funds. The Company is free to define the investment strategy and/or policy within the limits imposed by the Investment Terms and Conditions.

Planned changes shall be published in the Federal Gazette (Bundesanzeiger) and on the Company's website at <https://de.allianzgi.com>. If the changes affect fees and reimbursements of expenses that may be charged to the fund, or a change in the fund's investment principles or material rights of investors, the custodian institutions are obliged to inform the investors using a durable medium, such as written or electronic format, that is suitable for storing such information for an appropriate length of time, and making it accessible but not editable. The information shall contain the key content of the proposed amendments, their background, the rights of investors related to such change and a note on where and how further information can be obtained.

Changes shall come into effect on the day after publication at the earliest. Changes in provisions concerning fees and reimbursement of expenses shall come into effect three months after publication at the earliest. BaFin may determine an earlier point in time for the effective date. Changes which are not compatible with the previous investment principles of the fund shall also come into force three months after publication at the earliest and shall only be permitted on the condition that the Company offers investors to swap their units for units in funds with comparable investment principles free of charge, if the Company or another company from the same group manages such funds or makes an offer to them to redeem their units without charging a redemption fee before the changes become effective.

## Management Company

The Fund is managed by Allianz Global Investors GmbH, which was established in December 1955 and is domiciled in Frankfurt am Main. The Company is an investment management company within the meaning of the Investment Code (KAGB).

The Company is permitted to manage investment funds as defined in the UCITS Directive, mixed investment funds, other investment funds and open-ended domestic special AIF with fixed investment terms and conditions, as well as comparable open-ended and closed-end EU investment funds. The value of the fund and the value of the units are determined by the Company.

In accordance with the KAGB, the Company is licenced as a UCITS management company and as an AIF management company.

## Management, supervisory board, shareholder structure, capital and additional capital

More information about the management, the composition of the supervisory board and the shareholder structure, as well as the Company's subscribed, paid-in and liable capital can be found at the end of this prospectus.

The Company has provided the following capital to cover the professional liability risks associated with the management of funds that do not comply with the UCITS Directive, i.e. alternative investment funds ("AIF"), and which are attributable to the professional negligence of its executive bodies or employees: capital amounting to at least 0.01% of the value of the portfolios of all managed AIFs. This amount is reviewed and adjusted at least once a year. This capital is covered by the paid-in capital.

## Company announcements

In the following, the website <https://de.allianzgi.com> is considered an electronic information medium of the Company within the meaning of the Investment Code (KAGB). Unless otherwise provided for by law or in this prospectus, all announcements by the Company concerning the fund and notices to investors will be published on the website.

## Depositary

### Identity of the depositary

The depositary for the fund is State Street Bank International GmbH with registered office at Brienner Straße 59, 80333 Munich, Germany. The depositary is a credit institution under German law. Its principal activity is to conduct deposit and custodian business.

As at 31 December 2021 its liable equity capital amounted to EUR 109 million.

### Duties of the depositary

The KAGB requires the separation of fund management from fund safe-keeping.

The depositary shall keep the assets in blocked custody accounts or blocked accounts. In the case of assets that cannot be held in custody, the depositary shall check whether the Management Company has acquired title to these assets. It shall monitor whether the Company's disposal over the assets complies with the provisions of the KAGB and the Investment Terms and Conditions. Investment of assets in bank deposits with another financial institution is only permitted with the approval of the depositary. The depositary must grant its approval if the investment is consistent with the Investment Terms and Conditions and the provisions of the KAGB.

In addition, the depositary has the following duties in particular:

- Subscription and redemption of fund units,
- Ensuring that units are issued and redeemed and that unit value is determined in compliance with the provisions of the KAGB and the fund's Investment Terms and Conditions,
- Ensuring that it receives the consideration for transactions concluded for the joint account of the investors within the customary periods of time,
- Ensuring that income accruing to the fund is appropriated in compliance with the provisions of the KAGB and the Investment Terms and Conditions,

- Monitoring any borrowing entered into by the Company for account of the fund and, if applicable, approval of any borrowing,
- Ensuring that collateral for securities lending is provided with legally binding effect and is available at all times.

## Engagement of sub-depositaries

The depositary has full authority to transfer all or some of its duties in connection with safekeeping. Its liability shall nevertheless remain unaffected should it entrust to a third party some or all of the assets that it has accepted for safekeeping. The depositary's liability shall remain unaffected by any transfer of its safekeeping-related duties as defined in the depositary agreement.

The depositary has transferred these safekeeping-related duties, as laid down in Article 22(5)(a) of the UCITS Directive, to State Street Bank and Trust Company with registered office at Copley Place, 100 Huntington Avenue, Boston, Massachusetts 02116, USA, which it has appointed as its worldwide sub-depositary. As worldwide sub-depositary, State Street Bank and Trust Company has appointed local sub-depositaries within the State Street Global Custody Network.

The sub-depositary has entrusted the following companies with local sub-custody:

Albania	Raiffeisen Bank sh.a.
Argentina	Citibank N.A.
Australia	The Hongkong and Shanghai Banking Corporation Ltd.
Austria	UniCredit Bank Austria AG Deutsche Bank AG
Bahrain	HSBC Bank Middle East Limited
Bangladesh	Standard Chartered Bank
Belgium	BNP Paribas Securities Services, S.C.A.
Benin	Standard Chartered Bank Cote d'Ivoire S.A., Abidjan, Ivory Coast
Bermuda	HSBC Bank Bermuda Limited
Bosnia and Herzegovina	UniCredit Bank d.d.
Botswana	Standard Chartered Bank Botswana Limited
Brazil	Citibank N.A.
Bulgaria	Citibank Europe plc, Bulgaria branch UniCredit Bulbank AD
Burkina Faso	Standard Chartered Bank Cote d'Ivoire S.A., Abidjan, Ivory Coast
Canada	State Street Trust Company Canada
Chile	Banco de Chile
China – A-Shares Market	HSBC Bank (China) Company Limited China Construction Bank Corporation
China – B-Shares Market	HSBC Bank (China) Company Limited
China - Shanghai - Hong Kong Stock Connect	Standard Chartered Bank (Hong Kong) Limited The Hongkong and Shanghai Banking Corporation Ltd. Citibank N.A.
Colombia	Cititrust Colombia, S.A. Sociedad Fiduciaria
Costa Rica	Banco BCT S.A.
Croatia	Privredna Banka Zagreb d.d. Zagrebacka Banka d.d.
Cyprus	BNP Paribas Securities Services, S.C.A., Greece
Czech Republic	Československá obchodní banka a.s. UniCredit Bank Czech Republic and Slovakia, a.s.
Denmark	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Copenhagen branch)



Egypt	Citibank N.A.
Estonia	AS SEB Pank
Eswatini	Standard Bank Eswatini Limited
Finland	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Helsinki branch)
France	BNP Paribas Securities Services, S.C.A.
Germany	Deutsche Bank AG State Street Bank International GmbH
Ghana	Standard Chartered Bank Ghana Plc
Greece	BNP Paribas Securities Services S.C.A.
Guinea-Bissau	Standard Chartered Bank Cote d'Ivoire S.A., Abidjan, Ivory Coast
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited
Hungary	UniCredit Bank Hungary Zrt. Citibank Europe plc Magyarországi Fióktelepe
Iceland	Landsbankinn hf.
India	Deutsche Bank AG Citibank N.A.
Indonesia	Deutsche Bank AG
Ireland	State Street Bank and Trust Company, United Kingdom Branch
Israel	Bank Hapoalim B.M.
Italy	Intesa Sanpaolo S.p.A.
Ivory Coast	Standard Chartered Bank Cote d'Ivoire S.A.
Japan	The Hongkong and Shanghai Banking Corporation Limited Mizuho Bank, Ltd
Jordan	Standard Chartered Bank, Shmeissani branch
Kazakhstan	JSC Citibank Kazakhstan
Kenya	Standard Chartered Bank Kenya Limited
Kuwait	HSBC Bank Middle East Limited
Latvia	AS SEB banka
Lithuania	AB SEB bankas
Malawi	Standard Bank PLC
Malaysia	Standard Chartered Bank (Malaysia) Berhad
Mali	Standard Chartered Bank Cote d'Ivoire S.A., Abidjan, Ivory Coast
Mauritius	The Hongkong and Shanghai Banking Corporation Limited
Mexico	Banco Nacional de México S.A.
Morocco	Citibank Maghreb S.A.
Namibia	Standard Bank Namibia Limited
Netherlands	BNP Paribas Securities Services, S.C.A.
New Zealand	The Hongkong and Shanghai Banking Corporation Limited
Niger	Standard Chartered Bank Cote d'Ivoire S.A., Abidjan, Ivory Coast
Nigeria	Stanbic IBTC Bank Plc.
Norway	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Oslo branch)
Oman	HSBC Bank Oman S.A.O.G.
Pakistan	Deutsche Bank AG
Panama	Citibank N.A.
Peru	Citibank del Perú S.A.
Philippines	Standard Chartered Bank
Poland	Bank Handlowy w Warszawie S.A.
Portugal	Deutsche Bank AG, Netherlands
Qatar	HSBC Bank Middle East Limited

Republic of Georgia	JSC Bank of Georgia
Republic of Korea	The Hongkong and Shanghai Banking Corporation Limited Deutsche Bank AG
Republika Srpska	UniCredit Bank d.d.
Romania	Citibank Europe plc, Dublin, Romania branch
Russia	AO Citibank
Saudi Arabia	HSBC Saudi Arabia Saudi British Bank
Senegal	Standard Chartered Bank Cote d'Ivoire S.A., Abidjan, Ivory Coast
Serbia	UniCredit Bank Serbia JSC
Singapore	Citibank N.A.
Slovakia	UniCredit Bank Czech Republic and Slovakia, a.s.
Slovenia	UniCredit Banka Slovenija d.d.
South Africa	Standard Bank of South Africa Limited FirstRand Bank Limited
Spain	Deutsche Bank S.A.E.
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited
Sweden	Skandinaviska Enskilda Banken (publ)
Switzerland	UBS Switzerland AG Credit Suisse (Switzerland) AG
Taiwan - R.O.C.	Standard Chartered Bank (Taiwan) Limited
Tanzania	Standard Chartered Bank (Tanzania) Limited
Thailand	Standard Chartered Bank (Thai) Public Company Limited
Togo	Standard Chartered Bank Cote d'Ivoire S.A., Abidjan, Ivory Coast
Tunisia	Union Internationale de Banques
Turkey	Citibank A.Ş.
Uganda	Standard Chartered Bank Uganda Limited
Ukraine	JSC Citibank
United Arab Emirates – Abu Dhabi Securities Exchange (ADX)	HSBC Bank Middle East Limited
United Arab Emirates – DFM	HSBC Bank Middle East Limited
United Arab Emirates – Dubai International Financial Center (DIFC)	HSBC Bank Middle East Limited
United Kingdom	State Street Bank and Trust Company, UK branch
United States	State Street Bank and Trust Company
Uruguay	Banco Itaú Uruguay S.A.
Vietnam	HSBC Bank (Vietnam) Limited
Zambia	Standard Chartered Bank Zambia Plc.
Zimbabwe	Stanbic Bank Zimbabwe Limited

## Conflicts of interest

In relation to State Street Bank & Trust Company, our Global Custodian, possible conflicts of interest at the first sub-depositary level have been eliminated in compliance with legal requirements. In this respect, we refer to the following comments.

In summary, the organisational precautions taken by State Street Bank International GmbH for handling conflicts of interest – specifically from the viewpoint of the German Investment Code (KAGB) – are as follows:

- The Compliance department is entrusted with the function of the “independent body” required under section 70 sub-section 2 sentence 4 KAGB and/or section 85 sub-section 2 sentence 4 KAGB.

- The schedule of responsibilities and organisational structure of State Street Bank International GmbH comply with statutory and regulatory requirements, taking into particular account the requirement to avoid conflicts of interest. As a result, the functions “back office/supervision of lending business and trading” are kept separate from the functions “settlement/supervision of lending business and trading” and naturally from the “trading market sector” and from the “lending business market sector” right through to senior management level. In addition, the operational custodian bank or depositary business is completely separate from the “collateral management services” and “investment management company back office insourcing” sections. The segregation solution as defined in BaFin Circular 08/2015 (WA)/Depositary Circular and BaFin Circular 01/2017 (WA)/Minimum Requirements on Risk Management for Investment Companies (KAMaRisk) has been implemented in relation to physical, personnel, functional and hierarchical separation.
- The “Conflicts of Interest Policy” of State Street Bank International GmbH covers the topics relating to conflicts of interest, both from the viewpoint of the Securities Trading Act (WpHG) and from the perspective of the custodian bank or depositary. It also provides for the use of a range of methods to avoid conflicts of interest, which are presented below in note form:
  - a. Controlling the flow of information:
    - i. Requirements for confidentiality zones (Chinese walls) and for using them.
      - Passing on information within the Company in strict compliance with the “need to know” principle
      - Access rights to information and physical access rights to areas of the Company. For example, the services relating to “investment management company back office insourcing” are currently provided completely separately from the custodian bank or depositary business within the system.
    - ii. Requirements for “wall crossing”.
  - b. Independent monitoring of relevant persons.
  - c. No detrimental dependencies in the remuneration system.
  - d. Avoidance of the corruptive influence of one employee on other employees.
  - e. Avoidance of a situation where the responsibilities of an employee for several activities could give rise to conflicts of interest if they are performed simultaneously.
  - f. As a last resort, there is provision for notifying the relevant client of any conflicts of interest that cannot be sufficiently avoided or controlled.

### Liability of the Depositary

The depositary is basically responsible for all assets that are held in safe-keeping by itself or by another office with its approval. In the event that an asset is lost, the depositary shall be liable to the fund and its investors, unless the loss is due to events beyond the depositary’s control. The depositary shall generally only be liable for damages that do not involve the loss of an asset if it has not fulfilled its obligations pursuant to the provisions of the KAGB, with simple negligence as the minimum criterion. No agreement on exemption from liability pursuant to section 77 sub-section 4 KAGB has been concluded with the depositary.

### Additional information

On request, the Company will send up-to-date information to investors on the depositary and its duties, the sub depositaries and possible conflicts of interest in connection with the role of the depositary or sub-depositaries.

## Fund

The fund was launched on 9 January 1998 for an unlimited period of time. As co-owners or creditors, the investors hold an interest in the assets of the fund proportionate to the number of units held.

### Investment objective

The investment policy aims to generate capital growth in the long term by mainly investing in biotechnology-related companies within the investment principles.

### Management approach of the Fund

The Company takes an active approach to fund management. This means that, based on the investment process, the Fund Management independently decides on the selection and weighting of the individual assets permitted under the German Investment Code (KAGB) and the investment conditions of the Fund, using the strategy for sustainable and responsible investments described below.

The fund and/or one or more of the fund's unit classes are managed in relation to a reference value (the "benchmark" or the "benchmark index") in accordance with Article 7 (1) (d) of Commission Regulation (EU) no. 583/2010.

The benchmark for the fund is NASDAQ Biotechnology Price Index. The specified reference value is administered by Nasdaq Copenhagen A/S. Nasdaq Copenhagen A/S is registered with the European Securities and Markets Authority, ESMA, in a public register for benchmark administrators and for benchmarks.

The 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 may be requested free of charge from the registered office of the Company or from the Management Company.

Investment funds that are managed in relation to a benchmark index are funds in which 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 measures of this fund. In both cases, the Company follows an active management approach in managing the fund, i.e. the benchmark index is neither tracked nor replicated. In doing so, the fund management aims to outperform the benchmark index. The fund management bases its asset selection and weighting decisions on the investment process, with assets being potentially over- or underweighted compared to corresponding securities included in the benchmark index. The fund management may also decide not to purchase certain benchmark index securities for the fund, or to purchase completely different securities for the fund than those included in the benchmark index. The composition and weighting of the fund's assets and the performance of the fund may therefore differ substantially and even completely – whether positive or negative – from the composition and weighting of the corresponding securities included in the benchmark index. The composition and weighting of the fund's assets is not based on the benchmark index or on any other benchmark. As a result of the active management approach, the performance of the fund may differ from the performance of the benchmark index.

When selecting and weighting the fund's assets, the fund management will deviate significantly from the securities included in the fund's benchmark index, as well as their corresponding weightings. The above-mentioned fund management flexibility thus defines the extent to which the fund's performance may significantly exceed or fall short of the performance of the benchmark index.

If a unit class of the fund is hedged against a specific currency, the respective benchmark index of the fund and/or the unit class in question is also hedged against this currency. If the fund's benchmark index and/or the unit class in question is an interest rate, a hedged unit class of this fund may use a suitable alternative interest rate for the hedged currency, with a suitable term.

The investments underlying this fund (cf. "Investment principles" section) do not take into account the EU criteria for ecologically sustainable economic activities.

The fund manager considers as part of its 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 its investment decision and evaluates them on an ongoing basis. The Sustainability Risks assessment does not cover cash and deposits, derivatives and non-rated investments.

Sustainability Risks are clustered as

- 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 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 on portfolio level that derive from portfolio exposure on Sustainability macro risk, Sustainability sector risks and in particular invested Sustainability issuers.

Sustainability risks are assessed using external sustainability research data and/or internal research and analysis. Both external and internal research aims at identifying potential financial risks of an investment in securities of an issuer related to sustainability. Issuers can be corporate issuers, sovereign issuers or sub-sovereign agency issuers. Details can be found in the Risk Management Policy Statement available at <https://www.allianzgi.com/en/our-firm/esg>.

## Investment Principles and Investment Restrictions

The following assets may be purchased for the UCITS fund:

1. Securities as specified in section 5 of the "General Investment Terms and Conditions", albeit only those of the following classes:
  - a) Equities, equity equivalent securities and participation certificates, if they are listed on the NASDAQ Biotechnology or if, according to the latest annual report, the issuer's (or, in the case of instruments representing equities, the corporation's) majority of sales or profits or expenses can be attributed to the research, development and production of biotechnology goods, processes and services. The Company shall select the securities for the UCITS fund irrespective of the domicile or the size of the company and irrespective of whether or not the stocks are value or growth stocks. This means that the UCITS fund can either opt for a focused investment strategy, investing in companies domiciled in one or several countries, in companies of a certain size or in companies belonging to a particular category, or for a diversified approach.
  - b) Equities, equity equivalent securities and participation certificates of other companies.
  - c) Index certificates and share certificates with a risk profile correlating with the assets listed under a) and b) or with the investment markets to which these assets are attributable.
  - d) Convertible bonds and warrant bonds relating to the assets set out in a) and b).

2. Money market instruments within the meaning of section 6 of the "General Investment Terms and Conditions", which may also be denominated in foreign currencies. Depending on its assessment of the market situation, the Company can opt to focus on one or several currencies or to take a diversified investment approach.
3. Bank deposits within the meaning of section 7 of the "General Investment Terms and Conditions", which may also be denominated in foreign currencies. Depending on its assessment of the market situation, the Company can opt to focus on one or several currencies or to take a diversified investment approach.
4. Investment units as specified in section 8 of the "General Investment Terms and Conditions", albeit only units in investment funds with a risk profile that typically correlates with the investment markets to which the assets set out in nos. 1 to 3 are attributable. These funds can be either domestic or foreign investment funds in accordance with section 8 of the "General Investment Terms and Conditions". Depending on its assessment of the market situation, the Company can opt to focus on one or more investment funds. These may include investment funds which pursue an investment policy focused on a single investment market, or investment funds which take a diversified investment approach. As a general rule, the Company shall only purchase units in investment funds managed directly or indirectly by the Company itself or by other companies with which the Company is affiliated, either by way of a significant direct or indirect holding. Units in other investment funds shall be purchased only in exceptional cases where none of the investment funds set out in sentence 4 follow the investment policy which the Company deems to be necessary in that particular case, or if the units in question are units in an investment fund which replicates a securities index and are admitted to trading on one of the exchanges or organised markets set out in section 5 a) and b) of the "General Investment Terms and Conditions".
5. Derivatives as specified in section 9 of the "General Investment Terms and Conditions".
6. Other investment instruments as specified in section 10 of the "General Investment Terms and Conditions", albeit only equities, equity equivalent securities or participation certificates.

Here, the following investment restrictions shall apply:

- (1) The total proportion of equities and equity-equivalent securities within the meaning of no. 1a) above may not fall below 51% of the UCITS fund's assets. The total proportion of equities and other assets within the meaning of no. 1a) above and subject to sub-section (8) below may not fall below 70% of the UCITS fund's assets.
- (2) The total proportion of equities and other assets within the meaning of no. 1b) above may not exceed 20% of the UCITS fund's assets, subject to sub-section (8) below.
- (3) The total proportion of equities, which are China A-Shares, within the meaning of no. 1 nos. 1a) and b) may not exceed 10% of the UCITS fund's assets.
- (4) The total proportion of money market instruments within the meaning of no. 2 above and of bank deposits within the meaning of no. 3 above may not exceed 15% of the UCITS fund's assets, subject to sub-section (8) below.
- (5) The total proportion of investment units within the meaning of no. 4 above may not exceed 10% of the UCITS fund's assets. Investment units with a risk profile correlating with the assets set out in sub-sections (2) or (4) shall be included in the calculation for the respective limit.
- (6) Securities and money market instruments purchased under agreements to resell shall be included in calculations for the issuer limits set out in section 206 sub-section 1 through 3 KAGB, while investment units purchased under agreements to resell shall be included in the investment limits set out in sections 207 and 210 sub-section 3 KAGB.
- (7) The limits set out in sub-sections (1) through (5) may be exceeded/undershot if this occurs due to changes in the value of the assets in the UCITS fund, as a result of the exercise of conversion, subscription and option rights, or due to change in the value of the entire UCITS fund,

e.g. where unit certificates are issued or redeemed. In such cases, the Company's foremost objective shall be to revert to compliance with the aforementioned restrictions while protecting the interests of the investors.

- (8) The limits set out in sub-section (1) sentence 2 and sub-sections (2) through (4) may be exceeded/undershot, with due regard to the limits set out in sub-section (1), as a result of the purchase/sale of the assets in question if derivatives are used at the same time in order to ensure that the market risk potential on the whole is kept within the limits. Derivatives used for this purpose are applied at the delta-weighted value of the respective underlying in keeping with the respective arithmetic sign. Short transactions in derivatives are applied as risk-reducing factors even if their underlyings do not correspond fully to the assets in the UCITS fund. A maximum of 40% of the UCITS fund's assets may be held by the UCITS fund in open long positions of derivative financial instruments for the purpose of efficient portfolio management, while the total amount of open short positions in derivative financial instruments may not exceed the total market value of the relevant securities that the UCITS fund must hold for hedging purposes.
- (9) No more than 10% of the value of the UCITS fund may be used to acquire securities and money market instruments of the same issuer and the total value of the securities and money market instruments of these issuers may not exceed 40% of the value of the UCITS fund.

## Investor profile

Allianz Biotechnologie is aimed at investors who pursue the objective of general capital formation/asset optimisation and/or above-average participation in price changes. It may not be suitable for investors who wish to withdraw their capital from the fund within a short or medium timeframe. Allianz Biotechnologie 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 Biotechnologie is assigned to risk class 5 on a scale of 1 (conservative; very low to low expectation of returns) to 7 (very tolerant of risk; highest expectation of returns) (as at 15 July 2022).

## Investment instruments in detail

### Securities

The Company may purchase securities for account of the fund, subject to the restrictions laid out in the section "Investment principles and investment restrictions",

- if they are admitted to trading on a stock exchange in a member state of the European Union ("EU") or in another signatory state to the Agreement on the European Economic Area ("EEA") or admitted to or included in another organised market in one of these states,
- if they are admitted to trading on a stock exchange or admitted to or included in another organised market in one of these states outside the EEA, provided that BaFin has approved the stock exchange or market.

Securities from new issues may be acquired under the "Special Investment Terms and Conditions" if – according to their terms of issue – their admission to or inclusion in one of the stock exchanges or organised markets mentioned above must be applied for and their admission or inclusion takes place within one year of issue. Moreover, the preconditions set out in section 193 sub-section 1 sentence 2 KAGB must be met.

The following are also regarded as securities within this meaning:

- Units in closed-end funds, in contractual or corporate form, which are subject to control by the shareholders ("corporate control"), i.e. the shareholders must have voting rights on key decisions, as well as the right to control the investment policy by means of appropriate mechanisms. The fund must also be managed by a legal entity that is subject to provisions relating to investor

protection, unless the fund is established in corporate form and the asset management function is not performed by another legal entity.

- Financial instruments that are secured by other assets or are linked to the performance of other assets. Insofar as components of derivatives are embedded in financial instruments of this type, additional requirements shall apply in order that the Company may acquire them as securities.

The securities may only be acquired under the following conditions:

- The potential loss that the fund could incur may not exceed the purchase price of the security. Investors must not have any obligation to pay more than the invested amount.
- A lack of liquidity of the security acquired by the fund must not result in the fund being unable to comply with statutory requirements in relation to the redemption of units. This shall apply while taking into account the statutory option of being able to suspend redemption of units in special circumstances (see the section “Suspension of redemptions”).
- A reliable valuation of the security through exact, reliable and up-to-date prices must be available; these must be either market prices or provided by a valuation system that is independent of the security’s issuer.
- Appropriate information is available in relation to the security through regular, exact and comprehensive market information about the security or, if applicable, an associated portfolio, i.e. one that is evidenced by the security.
- The security is tradeable.
- Acquisition of the security is consistent with the fund’s investment objectives and/or investment strategy.
- The risks associated with the security are appropriately assessed by the fund’s risk management system.

Securities may also be acquired in the following form:

- Equities to which the fund is entitled in the framework of a capital increase from company reserves.
- Securities that are acquired through the exercising of subscription rights held by the fund.

Subscription rights may also be acquired for the fund as securities within this meaning, provided the securities from which the subscription rights arise could be included in the fund’s assets.

### Money market instruments

The Company may, for account of the fund, invest in money market instruments which are customarily traded in the money market, as well as interest-bearing securities which, alternatively,

- at the time of purchase for the fund have a maximum (residual) maturity of 397 days,
- at the time of purchase for the fund have a maturity longer than 397 days, but whose interest must be adjusted in line with market rates at regular intervals or at least once within 397 days,



- whose risk profile corresponds to the risk profile of securities that meet the criterion of residual maturity or the criterion of interest adjustment.

The Company may purchase money market instruments of the following issuers for account of the fund, subject to the restrictions laid out in the section “Investment principles and investment restrictions”:

1. if they are admitted to trading on a stock exchange in a member state of the EU or in another signatory state to the Agreement on the EEA or admitted to or included in another organised market in one of these states,
2. if they are admitted to trading on a stock exchange or admitted to or included in another organised market outside the EEA, provided that BaFin has approved the stock exchange or market,
3. if they are issued or guaranteed by the EU, the German Federal Government, a Special Fund of the Federal Government, a Federal State or Land of the Federal Republic of Germany, another member state or another central, regional or local authority or the central bank of a member state of the EU, the European Central Bank or the European Investment Bank, another state or, if such state is a federal state, a member state of this federal state or an international public-law institution of which at least one member state of the EU is a member,
4. if they are issued by an enterprise whose securities are traded on the markets designated in paragraphs 1 and 2,
5. if they are issued or guaranteed by a financial institution which is subject to supervision pursuant to the criteria set out under Community law or to supervision which is, in the view of BaFin, equivalent to that existing under Community law, or
6. if they are issued by other issuers, provided that these issuers are one of the following:
  - a) an enterprise with equity amounting to at least EUR 10 million, which prepares and releases its annual accounts pursuant to the provisions of the Fourth Council Directive 78/660/EEC of 25 July 1978 on the annual accounts of certain types of companies, as amended most recently by Article 49 of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006, or
  - b) a legal entity which is responsible for the financing of a company group that consists of one or more listed companies, or
  - c) a legal entity which finances the securitisation of liabilities by using a credit line provided by a bank. Article 7 of Directive 2007/16/EC shall apply to the securitisation and the credit line provided by a bank.

All the above-mentioned money market instruments may only be acquired if they are liquid and their value can be determined precisely at any time. Money market instruments are liquid if they can be sold at limited cost within a sufficiently short period of time. In this respect it is necessary to take into account the Company’s obligation to redeem units in the fund on the request of investors. In order to do so, the Company must be in a position to sell the relevant money market instruments as required within a short period of time. An exact and reliable valuation system must also exist for the money market instruments. This system must make it possible to determine the net present value of the money market instrument and it must be based on market data or valuation models (including systems based on amortised costs). The criterion of liquidity is considered to be met for money market instruments if they are admitted to trading on an organised market within the EEA or are included in such a market, are admitted to trading on an organised market outside the EEA or are included in such a market, provided that BaFin has approved the choice of this market. This shall not apply if the Company obtains information indicating that the liquidity of the money market instruments is not sufficient.

In the case of money market instruments that are not listed on a stock exchange or admitted to trading on an organised market (see above under nos. 3 to 6), the issue or issuer of these instruments must also be subject to regulations concerning deposit and investor protection.

Consequently, appropriate information must be available for these money market instruments, enabling investors to make a reasonable assessment of the credit risks associated with the instruments. The money market instruments must also be freely transferable. The credit risks could be assessed by means of a credit check by a rating agency, for example.

The following requirements continue to apply to these money market instruments:

- If they are issued or guaranteed by the following institutions (indicated in no. 3 above, inter alia):
  - o the EU
  - o the German Federal Government
  - o an investment fund of the Federal Government
  - o a Federal State (“Land”) of the Federal Republic of Germany
  - o another member state
  - o another central authority
  - o the European Investment Bank
  - o another state or, if such state is a federal state, a member state of this federal state
  - o an international public-law institution of which at least one member state of the EU is a member

appropriate information must be available about the issue or the issue programme, or about the legal and financial situation of the issuer prior to the issue of the money market instrument.

- If they are issued or guaranteed by a financial institution that is regulated within the EEA (see above under no. 5), appropriate information must be available about the issue or the issue programme, or about the legal and financial situation of the issuer prior to the issue of the money market instrument. Such information must be updated at regular intervals and in significant circumstances. Data (e.g. statistics) must also be available about the issue or the issue programme, enabling investors to make a reasonable assessment of the credit risks associated with the investment.
- If they are issued by a financial institution that is subject to regulatory requirements outside the EEA which, in the view of BaFin, are equivalent to the requirements to be met by a financial institution within the EEA, one of the following requirements must be met:
  - o The financial institution maintains a registered office in an OECD country that is a member of the G10 (group of the ten most important industrial countries);
  - o The financial institution has at least a rating qualifying it as “investment grade”;
  - o A thorough analysis of the issuer demonstrates that the supervisory provisions to which the institution is subject are at least equivalent to requirements under Community law.

- In the case of other money market instruments that are not listed on a stock exchange or admitted to trading on an organised market (see above nos. 4 and 6 and no. 3, unless mentioned previously), appropriate information must be available about the issue or the issue programme, and about the legal and financial situation of the issuer prior to the issue of the money market instrument. Such information must be updated at regular intervals and in significant circumstances. It must also be checked by qualified third parties who are independent of the issuer's directives. Data (e.g. statistics) must also be available about the issue or the issue programme, enabling investors to make a reasonable assessment of the credit risks associated with the investment.
- In the case of money market instruments which are issued or guaranteed by the European Central Bank or by the central bank of a member state of the EU, there are no further requirements.

### Bank deposits

The Company may also invest in bank deposits for account of the fund, subject to the restrictions laid out in the section "Investment principles and investment restrictions". Their term may not exceed twelve months. These deposits must be maintained in blocked accounts with a financial institution domiciled in a member state of the EU or a signatory state to the Agreement on the EEA. They may also be maintained at a financial institution domiciled in a third country, if the supervisory regulations of this third country are equivalent to those of the Community law in the view of BaFin.

### Investment restrictions for securities, money market instruments and bank deposits, including the use of derivatives

The Company may invest up to 10% of the fund's value in securities and money market instruments listed above of the same issuer. However, the aggregate value of the securities and money market instruments of those issuers whose proportion exceeds 5% of the value of the fund must not exceed 40% of the fund's value. Securities purchased under agreements to resell are included in the calculation of these investment restrictions. The Company may invest only up to 10% of the fund's value in equities from new issues whose planned admission has not yet taken place.

The Company may, on behalf of the fund, invest up to 20% of the fund's value in a combination of the following assets:

- securities or money market instruments issued by the same institution,
- deposits with this institution,
- counterparty risk for transactions with this institution in derivatives, securities lending and securities repurchase agreements.

In the case of particular public-sector issuers (the German Federal Government, German Federal States, member states of the EU or their regional or local authorities, non-EU states and supranational public institutions to which at least one EU member state belongs), a combination of the assets listed in the preceding sentence must not exceed 35% of the fund's value.

The respective individual limits shall remain unaffected in either case.

The amounts accounted for by securities and money market instruments of a single issuer which are included in the above restrictions may be reduced by short transactions in derivatives whose underlyings are the securities or money market instruments of the same issuer. This means that, for account of the fund, securities or money market instruments of the same issuer may also be purchased or invested with the same institution beyond the above limits, if the issuer risk increased thereby is reduced by hedging transactions.

The Company may invest up to 10% of the fund's assets in

1. Securities which are not admitted to trading on a stock exchange or admitted to or traded on an organised market but meet the criteria for securities; only equities, equity equivalent securities or profit participation certificates may be purchased. Apart from the traded or admitted securities, a reliable valuation must be available for these securities in the form of a valuation conducted at regular intervals. This valuation must be obtained from information provided by the issuer or from a competent financial analysis. Appropriate information about the security or the related (i.e. securitised) portfolio that is not admitted to trading or are not traded must be available to the fund in the form of regular and exact information.
2. Equities from new issues whose terms and conditions of issue require admission to official trading on a stock exchange in a member state of the EU or in another signatory state to the Agreement on the EEA or inclusion in the organised market of a member state of the EU or of another signatory state to the Agreement on the EEA, provided that the admission or inclusion takes place within one year after issuance, and equities from new issues whose admission to trading on a stock exchange or admission to or inclusion in the organised market outside the member states of the EU or outside the other signatory states to the Agreement on the EEA has to be applied for under its issuance conditions, provided that the relevant stock exchange or organised market is permitted by the BaFin rules and the admission or inclusion takes place within one year after issuance.

#### Investment limits for tax reasons

At least 70% of the value of the fund is invested in equity holdings within the meaning of Section 2 (8) of the Investment Tax Act (Investmentsteuergesetz, InvStG). Equity holdings in this context are

- Shares in corporate entities that are admitted to official trading on a stock exchange or admitted to or traded on another organised market;
- 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 target funds in the ratio of their value, as published on every valuation day, at which they actually invest in the above-mentioned shares in corporate entities; if a ratio is not published, the minimum ratio laid down in the investment terms and conditions of the target fund is used instead.

#### Investment fund units

The Company may, for account of the fund, invest in units of other open-ended German and foreign investment funds (“target funds”), e.g. shares in investment corporations with variable capital, subject to the restrictions laid out in the section “Investment principles and investment restrictions”. The Company may, for account of the fund, acquire target funds without any restriction on the domicile of the target fund.

The target funds may, according to their investment terms and conditions, invest up to 10% in units of other open-ended investment funds. The following requirements furthermore apply to units in non-UCITS, referred to as alternative investment funds (“AIF”):

1. The target fund must have been admitted pursuant to laws and regulations which effectively protect investors and there are adequate guarantees for a satisfactory co-operation between BaFin and the government agencies responsible for overseeing the target fund.

2. The level of protection for investors must be equivalent to the level of protection for an investor in a domestic UCITS compliant fund, especially with regard to separation of the function of fund management from that of safe-keeping assets, for borrowing, lending and short selling of securities and money market instruments.
3. The business operations of the target fund must be the subject of annual and semi-annual reports, and must make it possible to form a judgement concerning the assets and liabilities, the income and transactions in the reporting period.
4. The target fund must be a retail fund in which the number of units is not limited and investors are entitled to redeem their units.

The Company may not purchase for the fund's account more than 25% of the issued units of a target fund.

The securities purchased under agreements to resell are included in the calculation of these investment restrictions.

It is possible that investment funds in which the fund acquires units will occasionally suspend redemptions. At such times, the Company is prevented from selling units in the other fund by redeeming them in return for payment of the redemption price by the management company or depositary of the other fund. If the fund holds more than 5% of the fund's assets in units of other investment funds that have currently suspended redemptions, the Company's homepage at <https://de.allianzgi.com> will show to what extent the fund holds units in such investment funds.

## Derivatives

A derivative is an instrument whose price depends on the price fluctuations or price expectations of other investments ("underlying asset"). The statements refer both to derivatives and to financial instruments with a derivative component (collectively referred to as "derivatives" below).

The use of derivatives may no more than double the market risk ("market risk limit"). Market risk is the risk of loss resulting from fluctuations in the market value of assets held in the fund. These fluctuations are due to changes in variable market prices or rates, such as interest rates, exchange rates, equity and commodity prices, or to changes in the credit rating of an issuer. The Company must keep within the market risk limit at all times. It must determine the extent to which the market risk limit has been utilised, on a daily basis in line with statutory requirements; these requirements are defined in the Ordinance on Risk Management and Risk Assessment when Using Derivatives, Securities Lending and Repurchase Agreements in Investment Funds (Derivatives Ordinance – Derivateverordnung (DerivateV)).

The Company may – subject to an appropriate risk management system – acquire any derivatives or financial instruments with a derivative element that are based on those assets which may be purchased for the fund. These 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. Financial indices for this purpose include, specifically, currency, exchange-rate, interest-rate, price and overall interest rate return indices, as well as, in particular, bond, equity, commodity futures, precious metal and commodity indices and indices that represent the other assets listed above that may be acquired for the fund. To avoid doubt, no derivative transaction will be entered into which provides for a physical delivery of any component of an underlying commodity futures, precious metal and commodity indices.

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

- The counterparties must be top-rated financial institutions specialised in such transactions, and 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 the legal status or the country of origin.

- The OTC derivatives must be subject to a reliable and verifiable valuation on a daily basis and may be sold, liquidated or closed out by an offsetting transaction at any time at a reasonable price.
- The transactions must be effected on the basis of standardised contracts.
- Transactions are subject to the Company's policy as described in the following chapter entitled "Collateral strategy".
- The Company must deem the purchase or sale of such instruments, instead of instruments traded on a stock exchange or in a Regulated Market, to be advantageous to investors. The use of OTC derivatives is particularly advantageous if it facilitates a hedging of assets at matching maturities, thus being less expensive.

The Company may under no circumstances deviate from the investment objectives laid out in the "General Investment Terms and Conditions", "Special Investment Terms and Conditions" or in the prospectus.

The Company may employ these derivatives for the fund with the goal of:

- hedging the fund against losses incurred by assets in the fund,
- carrying out efficient portfolio management, in particular,
- complying with the investment restrictions and principles by using derivatives or financial instruments with a derivative element as, e.g., a substitute for direct securities investments,
- increasing or minimising the potential market risk of one, several or all permissible assets within the fund,
- achieving additional returns by assuming additional risks, and
- increasing the market risk potential of the fund above the market risk potential of a fund fully invested in securities ("leveraging").

In doing this, the Company may also employ short transactions in derivatives or financial instruments with a derivative element which can lead to gains in the fund if the prices of certain securities, investment markets or currencies fall, or to losses in the fund if their prices rise.

The Company's use of derivatives for hedging purposes may lead to correspondingly lower opportunities and risks in the general risk profile of the fund.

The Company's use of derivatives for speculative purposes with the goal of reflecting the investment restrictions and principles or of achieving additional returns by assuming additional risks, serves to adjust or reshape the general risk profile of the fund, thus normally having virtually no effect on the general risk profile of the fund.

To the extent that the Company uses derivatives for speculative purposes with the goal of increasing the potential market risk of the fund, this may lead to relatively very high opportunities and risks for the general risk profile of the fund.

In this connection, the fund management follows a risk-controlled approach.

In calculating the potential market risk for the use of derivatives, the Company shall use the qualified approach as defined in the Derivateverordnung (DerivateV – Derivatives Ordinance). For this purpose, the Company compares the market risk of the fund with the market risk of a virtual reference portfolio, which does not include any derivatives. The potential amount at risk due to market circumstances attributable to the fund shall at no time exceed twice the potential market risk amount attributable to the comparable fictitious reference portfolio pursuant to section 9 DerivateV. The derivative-free reference portfolio is a virtual portfolio whose value always corresponds exactly to the current value of the fund, but which does not contain any increases or hedging of the market risk through derivatives. The composition of the reference portfolio must

correspond in all other respects to the investment objectives and investment policy that apply to the fund. The derivative-free reference portfolio consists of an equity portfolio corresponding to the composition of the NASDAQ Biotechnology Index.

The market risk of the fund and reference portfolio is determined in each case with the aid of a suitable risk model (value-at-risk method). The Company uses variance-covariance analysis as a modelling procedure. This modelling procedure is based on a covariance matrix, which is estimated from the balanced yields over a one-year history. The portfolio risk is then calculated across the sensitivities of the individual instruments with reference to the risk factors that are taken into account. This enables the Company to assess the market price risks from all transactions. Using the risk model, it quantifies the change in the value of the assets held in the fund over the course of time. The value-at-risk indicates a limit for potential losses in a portfolio between two pre-defined points in time, expressed in monetary units. This change in value is determined by random events, namely the future performance of market prices. As a result it is not predictable with certainty. The market risk can only be estimated with a sufficiently high probability.

### Examples of how selected derivatives work

#### Options

Within the investment principles, the Company may participate in options trading for account of the fund. Options consist of granting a third party, for a fee (the options premium), the right to demand the delivery or receipt of assets or the payment of a balancing adjustment for a specific period of time or at the end of a specific time period at a price determined in advance (strike price), or to acquire the corresponding option rights.

#### Futures

Within the scope of the investment principles, the Company may, to the extent permissible, buy and sell futures contracts (futures and/or forwards) for account of the fund. Futures are mutually binding agreements between two counterparties to buy or sell, at a specified date, the maturity date, or within a specified period, a specific quantity of a specific underlying security at a price agreed on in advance.

#### Contracts for difference

A contract for difference is an agreement between the 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 the time the contract is concluded. (If the difference is negative, then the buyer pays the amount to the seller instead.) Contracts for difference may be entered into in order to take advantage of rising prices (long positions) or falling prices (short positions) of the underlying financial instruments in the fund and are often used to speculate on these markets. For example, when applied to equities, such a contract is an equity derivative that allows the portfolio manager to speculate on share price movements without holding ownership of the underlying shares.

#### Swaps

Swaps such as interest rate, currency or equity swaps are exchange contracts in which the assets or risks underlying the transaction are exchanged between the counterparties.

#### Swaptions

Swaptions are options on swaps. A swaption is the right, but not the obligation, to enter into swaps specified under certain conditions either on a specific date or within a specific period of time.

#### Credit default swaps

Credit default swaps are credit derivatives that permit potential credit default amounts to be transferred to third parties. In return for assuming the credit default risk, the seller of the risk pays a premium to the counterparty. In other respects, the details for swaps apply correspondingly.

### Securitised derivatives

The Company may also acquire the derivatives described above if they are securitised. The derivatives transactions may be combined with other assets in one single security. The statements on opportunities and risks apply to such securitised derivatives correspondingly, except for the fact that the risk of loss on securitised derivatives is limited to the value of the security.

### OTC derivatives

The Company may enter into both derivatives contracts that are admitted for trading on an exchange or in another organised market and so-called over-the-counter (OTC) transactions.

The Company may only enter into derivatives contracts that are not admitted for trading on an exchange or in another organised market with suitable financial institutions or financial services institutions on the basis of standardised framework agreements. For derivatives traded elsewhere than on an exchange, the counterparty risk of a contract party is limited to 5% of the value of the fund. If the counterparty is a financial institution that is domiciled in the EU, the EEA or a state that is not a member of either of those organisations but has comparable levels of governmental supervision in the view of BaFin, the counterparty risk may total 10% of the value of the fund. Derivatives contracts purchased elsewhere than on an exchange, where the counterparty is the central clearing house of an exchange or another regulated market, are not included when determining counterparty limits if the derivatives are valued daily at market prices with a daily margin settlement. Claims of the fund against an intermediary trader are, however, included even if the derivative is traded on an exchange or another organised market.

## Securities lending

Securities lending transactions must meet the requirements of Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (“Securities Financing Transactions Regulation”). The securities held by the fund may be transferred to third parties by way of loans against payment of a consideration in line with prevailing market rates. The Company can cancel the securities lending agreement at any time. It shall be agreed by contract that securities of the same kind, quality and amount have to be retransferred to the fund after termination of the lending period. It is, however, a prerequisite for the transfer of securities by way of a loan that the fund should be furnished with adequate collateral. This may involve the granting of cash payments, assigning or pledging of cash deposits or the assigning or pledging of securities or money market instruments. Any income generated by the investment of collateral must be credited to the fund.

The borrower is also obliged to pay to the depositary for the account of the fund, when due, the interest accrued on the securities received by way of a loan. All securities transferred to a single borrower may not exceed 10% of the fund's value.

The Company has engaged Deutsche Bank AG to process securities lending. Deutsche Bank AG receives a percentage share of the proceeds from the securities lending for providing these services. This share of the proceeds reduces the fund's income from these transactions but does not exceed it under any circumstances. Deutsche Bank AG is not affiliated with either the Company or the depositary. The lent securities shall be held in safekeeping by Deutsche Bank AG such that the interests of investors are safeguarded and an assurance is given that securities of the same type, quality and quantity will be transferred back at the end of the term of the loan.

The Company may make use of an organised system for the brokerage and settlement of securities loans. No collateral is required when securities loans are brokered and settled via the organised system as the conditions of this system safeguard maintenance of the investors' interests. The securities transferred to a borrower may exceed 10% of the value of the fund when securities loans are settled via organised systems.

In the event that the fund enters into securities lending transactions as a lender, it will only lend assets that may be acquired for the fund in line with the investment policy.



The lending transactions described here are made in order to generate additional income for the fund in the form of lending fees.

## Securities repurchase agreements

Securities repurchase agreements must meet the requirements of Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (“Securities Financing Transactions Regulation”). Under the conditions set out in the “Special Investment Terms and Conditions”, the Company may, for account of the fund, enter into securities repurchase agreements (repos) of a maximum term of twelve months with financial institutions and financial services providers. The aforementioned credit institutions and financial services institutions 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). There are no further restrictions relating to the legal status or the country of origin. It may both transfer securities held by the fund to a lender against a fee (simple securities repurchase agreement), and purchase securities under an agreement to resell within the scope of the applicable investment limits (reverse securities repurchase agreement).

The Company can cancel the securities repurchase agreement at any time; this does not apply to securities repurchase agreements with a term of up to one week. If the Company cancels a simple securities repurchase agreement, it is entitled to demand back the securities sold under the repurchase agreement. Cancellation of a reverse securities repurchase agreement can result either in a refund of the full sum of money or the accrued sum of money in the amount of the current market value. Lent securities and money market instruments may only be sold during the term of the repurchase agreement if the fund has other means of hedging. With regard to lent securities and money market instruments, the fund must be in a position to comply with its repurchase commitments at the end of the repurchase agreement term. Repurchase agreements are permitted only in the form of so-called true repurchase agreements. In such transactions, the repo lender pledges to return the securities taken over by him at a specific time or at a time to be determined by the repo borrower or to repay the sum of money together with interest.

### Buy-Sell Back Transactions / Sell-Buy Back Transactions, Margining Lending Transactions

Buy/sell-back agreements and/or sell/buy-back agreements are not concluded for the fund.

Lombard lending transactions are not concluded for the fund.

### Total Return Swaps (TRS) and financial instruments with similar characteristics

The Fund may enter into Total Return Swaps (“TRS”) in accordance with the requirements as set out in the Securities Financing Transactions Regulation. Total return swaps are derivatives that transfer the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another party. One contracting partner, the protection buyer, transfers the entire credit and market risk arising from the underlying asset to the other contracting partner, the protection seller. In return, the protection buyer pays a premium to the protection seller.

Total return swaps may be used, among other things, to exchange the performance of two different portfolios, e.g. the performance of certain assets of the Fund towards the performance of an index or an external portfolio which may be managed pursuant to a particular strategy as more detailed described in the Fund’s investment restrictions. If Total Return Swaps are used, the counterparties have no influence on the composition or administration of the respective underlying. The selected counterparties comply with the requirements of Article 3 of the Securities Financing Transactions Regulation.

In addition, the Fund may enter into financial instruments with similar characteristics to a total return swap (so called “contract for differences” or “CFD”). CFDs are derivatives that allow traders to take advantage of prices moving up (long positions) or prices moving down (short positions) on all underlying financial instruments. A CFD is a tool of leverage with its own potential profits and losses. By using CFDs the Fund may enter the global markets without directly dealing with shares, indices, commodities or currency pairs.

### Securities Financing Transactions Regulation

The Fund may enter into the following transactions:

- (i) Securities repurchase agreements and securities lending transactions as borrower or lender, as set out in the sections “Securities lending” and “Securities repurchase agreements” (hereinafter “Securities Financing Transactions”); and
- (ii) total return swaps/CFDs, as set out in the section “Total return swaps (TRS) and financial instruments with similar characteristics”.

The Fund may enter into TRS/CFDs for investment purposes and for efficient portfolio management. It may only conduct Securities Financing Transactions for efficient portfolio management.

In this context, efficient portfolio management purposes include: the reduction of risk, the reduction of costs and the generation of additional capital or income for the Fund with a level of risk that is consistent with the risk profile of the Fund.

If the Fund invests in TRS and/or CFDs and/or Securities Financing Transactions, the relevant asset or index may be comprised of Equity or Debt Securities, Money Market Instruments or other eligible investments which are consistent with the Fund’s specific Asset Class Principles, individual Investment Objective and Investment Restrictions.

### Proportions of a Fund’s Net asset value subject to Securities Financing Transactions

Both, the maximum and the expected proportion of the Net Asset Value of the Fund can be subject to TRS/CFDs and or Securities Financing Transactions as set out below.

TRS and CFDs (summed up)	Securities Lending	Repo/Reverse Repo
Expected/Maximum Proportion of NAV (%)		
0/30	0/0	0/0

According to the requirements of the Securities Financing Transaction Regulation the expected proportion as set out below is **not** a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions. The maximum figure as set out below is a limit.

The Fund shall only enter into TRS/CFDs and Securities Financing Transactions with counterparties that satisfy the criteria (including those relating to legal status, country of origin and minimum credit rating) as set out in this section.

The underlying securities of TRS/CFDs 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 categories of collateral which may be received by the Fund are set out in the chapter “**Collateral strategy**” and include cash and non-cash assets such as equities, debt securities and money market instruments. Collateral received by the Funds will be valued in accordance with the valuation methodology set out under the section entitled “**Special rules for the valuation of individual assets**”.

In the event that the Fund enters into securities lending transactions as a borrower, it will only borrow assets that may be acquired for the Fund in line with the investment policy.

Where the Fund receives collateral as a result of entering into TRS/CFDs or Securities Financing Transactions, there is a risk that the collateral held by the Fund may decline in value or become illiquid. It is also not possible to ensure that the liquidation of any collateral provided to a Fund to secure a counterparty’s obligations under a total return swap or Securities Financing Transaction would satisfy the

counterparty's obligations in the event of a default by the counterparty. Where a Fund provides collateral as a result of entering into TRS Total Return Swaps/CFDs or Securities Financing Transactions, it is exposed to the risk that the counterparty will be unable or unwilling to honour its obligations to return the collateral provided.

For a summary of certain other risks applicable to TRS/CFDs and Securities Financing Transactions, see the section above.

The Fund may provide certain of its assets as collateral to counterparties in connection with TRS/CFDs and Securities Financing Transactions. If the Fund has over-collateralised (i.e. provided excess collateral to the counterparty) in respect of such transactions, it may be an unsecured creditor in respect of such excess collateral in the event of the counterparty's insolvency. If the Depositary or its sub-depositary or a third party holds collateral on behalf of the Fund, the Fund's Management Company may be an unsecured creditor in the event of the insolvency of such entity.

There are legal risks involved in entering into TRS/CFDs or Securities Financing Transactions which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Subject to the restrictions laid down in the section entitled "Collateral strategy", the Fund may re-invest cash collateral that it receives. If cash collateral received by the Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund.

## Collateral strategy

When conducting transactions involving derivatives, securities lending and securities repurchase agreements, the Company receives collateral for account of the fund. The purpose of the collateral is to reduce, in whole or in part, the risk of default on the part of the counterparty to these transactions.

All assets that are received as collateral must fulfil the following criteria:

1. 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 that is received should furthermore comply with the provisions of Article 56 of the UCITS Directive.
2. Valuation: Collateral that is received should be valued on each exchange trading day as a minimum. Assets with high volatility in their price should only be accepted as collateral if appropriate conservative valuation discounts (haircuts) are applied.
3. Credit rating of the issuer: The issuer of the collateral that is received should have a high credit rating.
4. Life: The term 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.
5. Correlation: Collateral that is received should be issued by a legal entity which is independent of the counterparty and does not have a high correlation with the performance of the counterparty.
6. Diversification of the collateral (concentration of investments): The collateral should be adequately diversified with regard to countries, markets and issuers. The criterion of adequate diversification with regard to concentration of issuers is considered to be fulfilled if the fund receives from a counterparty, in the case of efficient portfolio management or transactions involving OTC derivatives, a collateral basket for which the maximum exposure to any particular issuer is equivalent to 20% of the fund's value. If the

fund has several different counterparties, the various collateral baskets should be aggregated in order to calculate the 20% limit for the exposure to a single issuer.

7. It should be possible for the fund to liquidate the relevant collateral at any time, without reference to the counterparty or approval from the counterparty.
8. Non-cash collateral should not be sold, re-invested or pledged.
9. Cash collateral should only
  - a) be held as collateral at a financial institution domiciled in a member state of the EU or EEA, or at a financial institution domiciled in another state, if the supervisory regulations of this other country are equivalent to those of Community law in the view of BaFin;
  - b) be invested in high-quality government bonds;
  - c) be used for reverse repo agreements, provided the transactions are conducted with financial institutions that are subject to supervision, and the fund can demand back the full accrued sum of money at any time; or
  - d) be invested in money market funds with a short maturities structure as defined in the CESR's Guidelines on a Common Definition of European Money Market Funds.

Risks in connection with collateral management, e.g. operational and legal risks, must be calculated, controlled and reduced through risk management.

In cases involving transfers of rights, the relevant collateral should be held in safe-keeping 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 receives collateral of at least 30% of the fund's value, an appropriate stress test strategy is applied. This is intended to ensure that stress tests are carried out on a regular basis, both under normal and under exceptional liquidity conditions, in order 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 for containing losses, including haircut strategy and gap-risk protection.

The fund has a clear haircut policy adapted for each class of assets received as collateral. The haircut is a percentage by which the market value of the collateral will be reduced. The Management Company typically deducts the haircuts from the market value in order to protect against credit, interest rate, foreign exchange and liquidity risk during the period between collateral calls. The haircut generally is contingent on factors such as price volatility of the relevant asset class, the prospective time to liquidate the asset, the maturity of the asset, and the creditworthiness of the issuer. The following minimum haircut levels are applied for the respective each asset class:

Cash (no haircut); Debt Securities issued by governments, central bank and/or supranationals with Investment Grade rating (minimum haircut of 0.5% of the market value); other Debt Securities issued by corporates with Investment Grade rating (minimum haircut of 2% of the market value); Debt Securities as High Yield Investment (minimum haircut of 10% of the market value); Equities (minimum haircut of 6% of the market value).

A more volatile (whether because of longer duration or other factors), less liquid asset typically carries a higher haircut. Haircuts are defined with the approval of the risk management function and may be subject to changes depending on changing market conditions. Haircuts may differ depending on the underlying transaction type, e.g. haircuts applied for OTC derivatives may differ from haircuts applied for securities lending transactions. Generally, Equities will only be accepted as collateral if they are included in major stock indices. Additional (additive) haircuts apply for Debt Securities with a remaining maturity of more than ten years. Additional (additive) haircuts apply for cash or securities received as collateral in which their currency differ from the base currency of the Fund.

### Scope of collateralisation

Securities lending transactions are fully secured. The price of the securities transferred as the loan, together with the related income, constitutes the sum secured. The provision of collateral by the borrower may not be less than the sum secured plus a standard market mark-up.

In other respects, transactions involving derivatives, securities lending and securities repurchase agreements must be secured to an extent which ensures that the default risk of the counterparty does not exceed 5% of the fund's value. If the counterparty is a financial institution that is domiciled in a member state of the EU or in a signatory state to the EEA or a state that is not a member of either of those organisations but has comparable levels of governmental supervision, the default risk may total 10% of the fund's value.

### Safekeeping of securities as collateral

The Company may receive securities as collateral for account of the fund when conducting transactions involving derivatives, securities lending and securities repurchase agreements. If these securities are transferred as collateral, they must be held in safekeeping at the depositary. If the Company receives securities in pledge as collateral in the context of derivative transactions, they may also be held in safekeeping at another institution that is subject to effective public supervision and is independent of the collateral provider. Any re-use of the securities is not permitted.

## Borrowing

The raising of short-term loans to the value of 10% of the fund's assets for joint account of the investors is permitted, provided that the terms of the loan are customary for the industry and the depositary gives its consent.

## Leverage

Leverage refers to the ratio between the risk of the fund and its net asset value. Leverage is affected by any steps taken by the Company to raise the fund's exposure. Such steps may include, in particular, securities loans, securities repurchase agreements, borrowing, leverage finance embedded in derivatives or other methods. The Company may use methods of this type for the fund, to the extent described in this prospectus. The possibility of using derivatives, entering into securities lending transactions, repurchase transactions and borrowing has already been presented in the description of the fund's investment policy. The use of derivatives may no more than double the market risk.

The fund's leverage is calculated using a gross method. It describes the aggregate absolute values of all assets held by the fund with the exception of bank deposits in the portfolio currency, measured as specified by law. Offsetting individual derivative transactions or securities against each other is not permissible (i.e. netting or hedging agreements are not considered). Any effects arising from the re-

investment of securities in securities loans or securities repurchase agreements are taken into consideration. The Company expects the fund's leverage (calculated using the gross method) not to exceed the fund's net asset value by more than 2-fold. Depending on market conditions, however, leverage may fluctuate, with the result that the stated target may be exceeded despite constant monitoring by the Company.

## Definitions related to investment in markets in the People's Republic of China

### Chinese A shares

means shares that are issued by companies founded in and listed on stock exchanges in the People's Republic of China (e.g. B. the Shanghai Stock Exchange and the Shenzhen Stock Exchange) and denominated in CNY.

### FII

means a qualified foreign institutional investor in accordance with the FII regulations.

### FII programme/FII regime

means the regime for qualified foreign institutional investors in the People's Republic of China (including the QFII programme and RQFII programme).

### FII regulations

means the laws and regulations applicable to the establishment and operation of the regime for qualified foreign institutional investors in the People's Republic of China (including the qualified foreign institutional investor programme ("QFII programme") and the RMB-qualified foreign institutional investor programme ("RQFII programme")) as adopted and/or amended.

### FII-eligible securities

means securities and investments that can be held or made by an FII under the FII regulations.

### RMB

means the Chinese renminbi, the official currency of the People's Republic of China, and, unless otherwise demanded by the context, the term "RMB" refers to the Chinese offshore renminbi ("CNH") traded in Hong Kong or on markets outside the People's Republic of China and not the Chinese onshore renminbi ("CNY").

### Stock Connect

means the programme aimed at creating reciprocal access to the stock markets of the People's Republic of China and Hong Kong, comprising: (i) Shanghai-Hong Kong Stock Connect, a programme for securities and clearing links, developed by The Stock Exchange of Hong Kong Limited ("SEHK"), the Shanghai Stock Exchange ("SSE"), China Securities Depository and Clearing Corporation Limited ("ChinaClear") and Hong Kong Securities Clearing Company Limited ("HKSCC"); and (ii) Shenzhen-Hong Kong Stock Connect, a programme for securities and clearing links, developed by SEHK, the Shenzhen Stock Exchange ("SZSE"), ChinaClear and HKSCC.

### People's Republic of China

means the People's Republic of China excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

### PRC broker

means a broker in the People's Republic of China appointed by an FII.

### PRC custodian

means a custodian (i.e. a local custodian bank) in the People's Republic of China appointed by an FII.

## General Exclusion of Certain Issuers

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

- Certain controversial weapons: The type of controversial weapons that fall within the scope of this exclusion may be updated from time to time and can be viewed online at [https://regulatory.allianzgi.com/ESG/Exclusion\\_Policy](https://regulatory.allianzgi.com/ESG/Exclusion_Policy).
- Coal: Issuers carrying out a business activity 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 can be found online at [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, which 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 who fall 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.

## Valuation

### General rules for the valuation of individual assets

#### Assets admitted to trading on a stock exchange/traded in an organised market

Assets which have been admitted to trading on a stock exchange or are included in another organised market as well as subscription rights for the fund are valued at the latest available tradeable price that ensures a reliable valuation, unless indicated otherwise under "Special rules for the valuation of individual assets".

#### Assets not listed on stock exchanges or traded in organised markets or assets without tradeable price

Assets which are neither listed on stock exchanges nor included in another organised market or for which no tradeable price is available, are traded at the current market value, which on careful assessment is adequate based on appropriate valuation models, taking into account the current market conditions, unless indicated otherwise under "Special rules for the valuation of individual assets".

### Special rules for the valuation of individual assets

#### Unlisted bonds and borrower's note loans

The valuation of bonds not admitted to trading or included in another organised market and of borrower's note loans is based on the prices agreed for comparable bonds and comparable borrower's note loans and, where applicable, on the prices quoted for bonds of comparable issuers of matching maturity and coupon, if necessary less a discount for the lower fungibility.

#### Money market instruments

For the money market instruments held by the fund, interest and income equivalent to interest as well as expenses (e.g. management fee, depositary fee, auditing costs, publishing costs, etc.) shall be taken into account up to and including the day of the unit value determination.

## Derivatives

### Option rights and futures contracts

The option rights held by the fund and the option rights sold to third parties for the account of the fund, which are admitted to trading on a stock exchange or included in another organised market, are valued at the latest available tradeable price that ensures a reliable valuation.

The same applies to receivables and liabilities from futures contracts sold for the account of the fund. Margins deposited on derivatives on behalf of the fund are counted towards the value of the fund, including the valuation gains and valuation losses determined on the trading day.

### Bank deposits, time deposits, investment fund units and securities lending

Bank deposits are stated at their nominal value plus accrued interest.

Time deposits are valued at the yield price, if the time deposits may be withdrawn at any time and their realisation value is equal to the yield price.

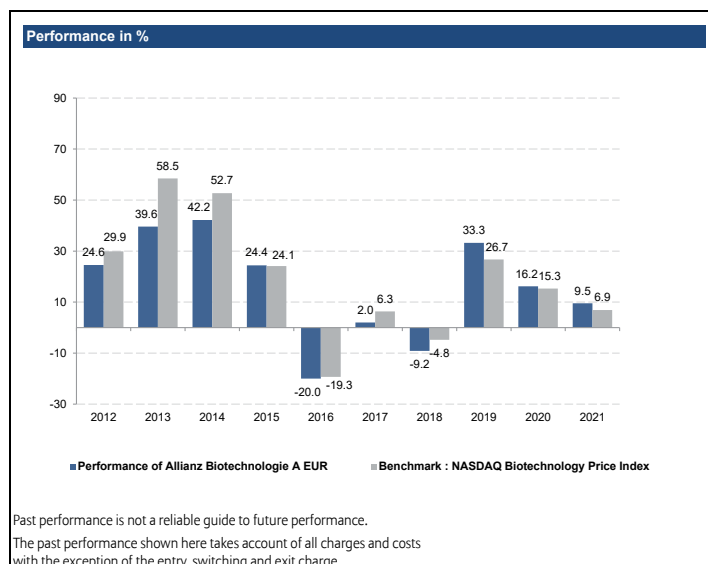
Investment units are generally valued at the latest redemption price that was determined or at the latest available tradeable price that ensures a reliable valuation. If these valuations are not available, the investment units are valued at the current market value, which on careful assessment is adequate based on appropriate valuation models, taking into account the current market conditions.

For repayment claims arising from securities lending, valuation is based on the particular market value of the assets transferred by way of a securities loan.

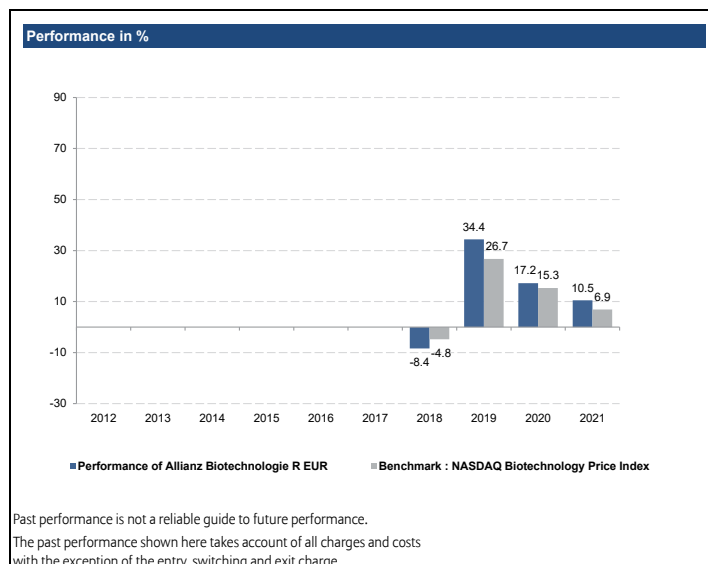
### Assets denominated in foreign currencies

Assets denominated in foreign currencies are converted to euro on the same day based on a procedure defined by the Company in its valuation guidelines.

## Performance







## Risk factors

### General

The acquisition of the fund is associated with the following risks. The occurrence of one or more of these risks may, in itself or in conjunction with other circumstances, adversely affect the performance of the fund or the assets held in the fund, with a negative impact also on the unit value. In addition to the risks and uncertainties described below or in another section of the prospectus, the performance of the fund may be impaired due to various other risks and uncertainties that are unknown at present. The order in which the following risks are listed does not provide any indication of the probability that they will occur, nor of their extent or importance if particular risks do occur.

### General risks of investing in funds

The risks listed below are typically associated with investment in a fund.

#### Liquidation or merger

The Company is entitled to terminate management of the fund, particularly if the fund's assets decline. Following termination of its management, the Company may liquidate the fund in its entirety. The right to manage the fund then passes to the depositary. The Company may also merge the fund with another fund. In this case, investors may redeem their units, exchange them for units in a fund with a similar risk profile, or keep them such that they become investors in the merged fund. As a result, investors must make a new investment decision ahead of schedule in relation to the merger. This means that investors face the risk of not being able to hold their investment for the term they had planned. Taxes may become due when units are redeemed and on transfer of the management right for the fund to the depositary. When the fund units are taken out of the investor's securities account once the liquidation procedure has been completed, investors may be liable for income tax. If units are exchanged for units in a fund with a similar risk profile, investors may be liable for tax, for example if the value of the units received is greater than the old units at the time of acquisition.

#### Suspension of redemptions

The Company may temporarily suspend the redemption of units in extraordinary circumstances under which, in the interest of the investors, such suspension is deemed to be necessary. Extraordinary circumstances in this sense could be, for example, economic or political crises, an exceptionally high level of redemption requests, the closure of stock markets or markets, trading restrictions or other

factors that hinder the sale of the assets belonging to the fund or calculation of the unit value. BaFin may, moreover, order the Company to suspend the redemption of units if necessary in the interests of investors or the general public. This gives rise to the risk that, due to restrictions on redemption, it may not be possible to liquidate the units at the time desired by the investor. The unit value may also fall when redemption of units is suspended, e.g. if the Company is compelled to sell assets below market value during the suspension period. The Company reserves the right not to redeem the units until redemption has been resumed, at the redemption price that is then applicable. This price may be lower than it was before redemption was suspended. Suspension may be followed directly by dissolution of the investment fund, without redemption resuming beforehand, e.g. if the Company gives notice to terminate the management of the fund in order to then liquidate it. For investors, there is the risk that they may not be able to hold their investment for the term they had planned and substantial portions of the invested capital may not be available to them for an indefinite period of time or may be lost entirely.

#### **The influence of tax aspects on individual performance**

Liability for capital gains tax depends on the individual circumstances of each investor and may be subject to changes in the future. Investors should contact their personal tax advisor if they have specific questions, especially regarding their individual tax situation. Investment decisions should also take account of an investor's non-tax-related situation.

#### **Performance risk**

It cannot be guaranteed that the investment objectives of the fund as well as the investment performance desired by the investor will be achieved. The net asset value per unit of the fund may also fluctuate, and in particular, may fall, causing investors to incur losses, especially in consideration of risks that assets acquired by the fund are subject to in general and the risks that are entered into in the selection of individual assets in particular. Investors assume the risk of receiving a lesser amount than they originally invested. Neither the Company nor any third parties offers guarantees as to a specific performance of the fund.

#### **Risk of flexibility constraints**

The redemption of fund units may be subject to constraints. If the redemption of units is suspended or delayed, investors cannot redeem their units and may be compelled to remain invested in the fund for a longer period of time than originally intended or desired, and their investments will continue to be subject to the general risks inherent to the fund. If the fund or a unit class is liquidated, investors can no longer remain invested. The same applies if the fund or the unit class held by the investors merges with another fund, in which case the investors automatically become holders of units in the other fund. The front-end load levied when units are acquired could reduce or even erode any returns on an investment if the period of investment is short. If units are redeemed in order to invest the proceeds in another type of investment, the investor may, in addition to the costs already incurred (e.g. front-end load for the purchase of units), incur additional costs, such as front-end load for the purchase of other units. These events and circumstances could result in investor losses.

#### **Risk of changes to the Investment Terms and Conditions, the investment policy and other general provisions of the fund**

The Company may only amend the Investment Terms and Conditions of the fund with the approval of BaFin. These amendments may also affect investors' rights. The Company may also amend the investment policy and other general provisions of the fund within the scope of what is permissible from a legal and contractual perspective, and thus may implement changes that do not require amendment of the Investment Terms and Conditions and are therefore not subject to approval by BaFin. The framework conditions, e.g. economic and tax aspects, may also change. In particular, a change in the investment policy within the investment universe permissible for UCITS-compliant funds may result in a change in the fund risks.

#### **Risk of change to announced or published bases of taxation for investors subject to taxes in Germany and risk of classification as an investment company for tax purposes**

A change in incorrectly announced or published tax bases for the fund for former financial years may result in a correction which is detrimental to investors in terms of their tax liability, in that they may have to bear the tax burden resulting from the change for former financial years even though they may not have held units in the fund in these years. Conversely, it may be the case that an investor does not benefit from a correction for the current or previous financial years in which the investor held units in the fund and which would in principle be beneficial for him because he redeems or sells his units before the correction is implemented. Moreover, taxable returns or tax

advantages may be assessed in a period of assessment other than that in which they occur due to such a correction, and this may have a negative effect for the individual investor. Changes in announced or published tax bases may occur in particular if German tax authorities or financial courts interpret the relevant tax laws differently.

Under the rules of the German Investment Tax Act (Investmentsteuergesetz – InvStG), the fund's tax status may change due to the composition of its portfolio, such that the fund is no longer regarded as an investment fund from a tax viewpoint within the meaning of the InvStG. In these instances, the taxation of the fund is generally based on the principles applicable to investment companies as defined in the InvStG.

#### **Risk of taxation or any other charges due to local regulations with regard to the assets held by the fund**

Due to local regulations, assets held by the fund may now or in future be subject to taxes, duties, fees and other deductions. 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 depositories, 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 incurring transaction costs due to flows of units**

Issuing units may lead to investment of the inflows and redemption of units may trigger sales of investments in order to obtain liquidity. Such transactions incur costs, which may impair the fund's performance appreciably, particularly if issues and redemptions of units made on one day do not roughly balance each other out.

#### **Risk of transferring the fund to another investment management company**

The Company may transfer the fund to another investment 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 investment 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.

#### **Fluctuations in the net asset value of the fund**

Besides the opportunities for appreciation, the assets in which the Company invests for account of the fund also entail risks. There may be losses of value due to the market value of the assets falling versus the purchase price. If investors sell units of the fund at a time when the prices of the fund's assets are lower than at the time of purchase, they will not recover the full amount invested in the fund. Although each fund strives for steady growth, such growth cannot be guaranteed. However, the investor's risk is limited to the loss of the amount invested. The investor has no obligation to pay more than the invested amount.

#### **Risks associated with the assets held by the fund (market risks)**

The risks listed below may adversely affect the performance of the fund or the assets held in the fund, with a negative impact also on the unit value. If investors sell units of the fund at a time when the prices of the fund's assets are lower than at the time of purchase, they will not recover the (full) amount invested in the fund. Investors could lose the capital invested in the fund.

#### **General market risk**

To the extent that the fund invests directly or indirectly in securities and other assets, it is exposed to general trends and tendencies on the markets, especially the securities markets, which are based on manifold, sometimes irrational factors. These trends are in turn affected by the overall global economic situation and the economic and political framework in individual countries. There may be significant and prolonged price declines across the market. Securities from top-rated issuers are subject to essentially the same general market risk as other securities and assets.

### Special risks in the use of derivatives

A position in the futures and options market and in swaps and currency trades is associated with the following investment risks and transaction costs:

1. Losses may arise from the use of derivative instruments, which are not predictable and may even exceed the amounts invested in the derivative transaction.
2. Price changes in the underlying asset can cause a decrease in the value of the option or futures contract, and even result in a total loss. The fund may also suffer losses due to changes in value of the asset on which a swap is based.
3. A liquid secondary market for any particular instrument may be absent at any given time, with the result that a derivative position cannot be economically neutralised (closed), even though it would have been sound to do so from an investment perspective.
4. Any necessary back-to-back transactions (closing of position) incur costs.
5. The leverage effect of options may alter the value of the fund's assets more strongly than would be the case if the underlying assets were acquired directly.
6. The purchase of options entails the risk that the option is not exercised because the prices of the underlying assets do not perform as expected, with the result that the fund loses the option premium it paid. The sale of options entails the risk that the fund may be obligated to accept assets at a price higher than the current market price or deliver assets at a price lower than the current market price. In that case, the fund suffers a loss amounting to the price difference minus the option premium which had been received.
7. Futures contracts also entail the risk that the fund suffers a loss on maturity due to unexpected performance of the market price.
8. The Company's forecasts of the future development of underlying assets, interest rates, securities prices and currency markets may turn out to be incorrect.
9. The prices of futures and options contracts on the one hand, and the movements in the prices of the assets or currencies being hedged on the other, may be imperfectly correlated, with the result that a complete hedging of risk is sometimes not possible.
10. It may not be possible to buy or sell the underlying assets of the derivatives at a time that would be favourable to do so, or they must be bought or sold at a disadvantageous time.
11. Potential losses may arise from the use of derivative instruments, which may not be predictable and may even exceed the margins paid.

The conclusion of over-the-counter (OTC) transactions may involve the following risks:

- There may not be an organised market, making it difficult or impossible for the Company to sell financial instruments acquired on the OTC market for account of the fund.
- The conclusion of a back-to-back transaction (closing of position) may be difficult, impossible and/or associated with significant costs due to the individual agreement.

### Emerging markets risks

Investing in emerging markets means investing in countries not classified by the World Bank as “high gross national income per capita” (i.e. not “developed”). In addition to the specific risks of the particular investment class, investments in these countries are subject to greater liquidity risk and general market risk. Additionally, increased risks may arise in connection with the settlement of transactions in securities in these countries, especially as it may not be general practice or even possible to deliver securities directly when payment is made in such countries. In addition, the legal and regulatory environment, as well as the accounting, auditing and reporting standards in the emerging markets may deviate, to the detriment of the investor, substantially from the levels and standards that are considered standard international practice. There may also arise increased custodial risk in such countries, which may, in particular, also result from differing procurement methods for acquired assets.

### Inflation risk

Inflation risk is the risk that assets will lose value because of a decrease in the value of money. Inflation can reduce the purchasing power of the fund returns and the investment in the fund as such. Different currencies are subject to different levels of inflation risk.

### Concentration risk

To the extent that the fund focuses its investments on certain markets or types of investment, or certain countries or regions, by definition this concentration does not allow the same scope of diversification of risks across different markets, countries or regions as would be possible if investments were less concentrated. Consequently, the fund is particularly dependent on the development of these investments or of individual or related markets or of companies, countries or regions included in those markets.

### Risks of securities lending

If the Company grants a securities loan on account of the fund, it shall transfer the securities to a borrower. On termination of the transaction, the borrower shall retransfer securities of the same kind, quality and amount back to the fund (securities lending). The Company does not have any disposal over lent securities during the term of the transaction. If the security loses value during the term of the transaction and the Company wishes to sell the security, it must terminate the lending agreement and wait for the usual settlement cycle. This may give rise to a risk of loss for the fund.

### Risks of securities repurchase agreements

If the Company sells securities under an agreement to repurchase, this means that it sells the securities and undertakes to repurchase them at a premium on maturity. The repurchase price payable by the seller on maturity together with the premium is defined when the agreement is concluded. If the securities sold under the repurchase agreement lose value during the term of the agreement and the Company wishes to sell them in order to limit its losses, it can only do so by exercising a premature cancellation right. Premature cancellation of the agreement may be associated with financial losses for the fund. It may also turn out that the premium payable on maturity is greater than the income generated by the Company through reinvesting the cash proceeds from the sale.

If the Company purchases securities under an agreement to resell, this means that it buys the securities and must sell them again on maturity. The buy-back price plus premium is defined when the agreement is concluded. The securities purchased under the agreement to resell are used as collateral for provision of liquidity to the counterparty. Any rises in the value of the securities do not benefit the fund.

### Risk of investments in China

#### FII risk

A fund may invest in securities and capital investments that can be held or made by an FII under the applicable FII regulations by institutions that have obtained FII status in China. In addition to the general investment-specific risks of these investments, particularly the emerging market risks, the following risks should be noted:

### **Regulatory risks**

The FII regime is subject to the FII regulations. Certain parts of the Allianz Global Investors Group meet the required criteria for authorisation under the FII regulations and have obtained or could obtain an FII licence. The FII regulations may change from time to time. The effects of such changes on the fund are not predictable.

The regulations imposed on the FII by the Chinese government in respect of investment restrictions and the repatriation of capital and gains may apply to the latter as a whole and not only to the investments made by the fund, and may negatively affect the liquidity and performance of the fund.

### **FII investment risks**

Investors should be aware that there is no guarantee that an FII will retain its status as an FII and/or that redemption orders resulting from changes to the FII regulations can be processed in a timely manner. For this reason, a fund may no longer be able to invest directly in the People's Republic of China. It may also be obliged to dispose of its capital investments held by the FII in the domestic securities markets of the People's Republic of China, which could negatively affect its performance or lead to significant losses.

If the FII itself or the local custodian breaches a provision of the applicable guidelines and regulations, this could result in regulatory sanctions on the FII.

Such a restriction could lead to the rejection of orders or to the suspension of the trading activity of the fund. If the FII loses its FII status, suspends its activities or is suspended itself, the fund may be unable in certain circumstances to invest in FII-eligible securities. It may also be obliged to dispose of its existing holdings, which would be likely to have significant negative effects on the fund.

### **Redemption restrictions**

A fund may be negatively affected by the guidelines and regulations of the FII regime (including investment restrictions and restrictions on the property and holdings of foreign investors), which could negatively affect its performance and/or liquidity. At present, no prior regulatory approval is necessary for the repatriation of the FII's assets. However, there are uncertainties surrounding the application of the FII regulations, and there is no guarantee that additional regulatory restrictions or restrictions on repatriation will not be imposed in the future. Although the applicable FII regulations have recently been revised to ease the regulatory restrictions on the onshore capital management of FIIs (including by revoking limit values for investment quotas and simplifying the process for repatriating investment proceeds), this is still a very new development and uncertainties remain surrounding its practical implementation, particularly in the early stage.

Any restrictions on the repatriation of the invested capital and net gains could impact the fund's ability to fulfil redemption orders from unit-holders. In exceptional circumstances, the fund may suffer significant losses as a result of restrictions on its ability to invest. FII investment restrictions, a lack of liquidity on the securities market of the People's Republic of China or interruptions to or restrictions on the execution or settlement of transactions may make the fund unable to fully implement or pursue its investment objectives or strategies.

### **PRC custodial risks under the FII regime**

If a fund invests in bonds and/or eligible securities through the FII, those securities are managed in accordance with the regulations of the People's Republic of China by a local custodian through suitable securities accounts and other portfolios under that name, as permitted or required under the laws of the People's Republic of China.

The fund may incur losses as a result of actions or omissions on the part of the custodian in the People's Republic of China when it carries out or settles a transaction.

The custodian will take precautions to ensure that the custodian in the People's Republic of China has suitable procedures in place for the safekeeping of the fund's assets. The securities accounts must be managed and their records kept jointly in the name of the FII and the fund, and kept separate from the other assets of the same local custodian. However, the FII regulations are subject to interpretation by the competent authorities in the People's Republic of China.

All securities acquired by the fund and held by the FII are managed by the custodian in the People's Republic of China and should be registered jointly under the name of the FII and that of the fund, and managed for the fund's sole benefit and use. If the FII is the party with a claim to the securities, the relevant security may be subject to a claim on the part of a liquidator of the FII and may not be as well protected as it would be if registered solely in the name of the fund.

Moreover, investors should note that monies deposited in the fund's cash account with the local custodian are not managed separately, but rather are treated as a liability of the local custodian to the fund as the depositor. These monies are mixed with those of other customers held by the same local custodian. In the event of the insolvency or liquidation of the local custodian, the fund has no right of ownership to the monies deposited in that cash account, and the fund will become an unsecured creditor on the same level as all other unsecured creditors of the local custodian. The fund may encounter difficulties and/or delays in recovering these liabilities, and it may be unable to recover them in full, resulting in losses to the fund.

#### **Risks related to brokers in the People's Republic of China under the FII regime**

Where necessary, transactions may be executed and settled by brokers in the People's Republic of China appointed by the FII. The fund is at risk of suffering losses due to default, bankruptcy or disqualification of the brokers in the People's Republic of China. In such an event, the fund may be impaired in its ability to execute or settle a transaction.

When selecting brokers in the People's Republic of China, the FII will take into account factors such as the competitiveness of commission rates, the scope of the relevant orders and the implementation standards. If the FII considers it appropriate in a particular case and if possible under the constraints of the market and operational restrictions, a single broker in the People's Republic of China may be appointed and the fund may not necessarily pay the lowest commissions or spreads available on the market at that particular time.

#### **Risk of tax provisions in the People's Republic of China**

If no provisions or inadequate provisions are made for potential withholding taxes in case the tax authorities in Mainland China require such a withholding tax to be levied, this could negatively affect the net asset value of the fund. Any withholding taxes relating to trade in securities from the People's Republic of China may reduce the income from the fund or negatively affect its performance. In respect of the CIBM, the withholding tax amount (if applicable) will be retained by the investment manager for the account of the fund in question until the tax situation in the People's Republic of China in terms of income and gains from trade via the CIBM has been clarified. If the tax situation is clarified in favour of the fund, the investment manager may reimburse all or part of the retained amount to the fund. The withholding tax amount reimbursed in this way (if applicable) will be reinvested by the fund and reflected in the value of its units. Notwithstanding the above, no unit-holders who redeemed their units prior to the reimbursement of retained amounts have a claim to any such reimbursement.

It should also be noted that the actual applicable taxes levied by the tax authorities in the People's Republic of China may differ from this and may change from time to time. Regulations may be changed and taxes may be levied retroactively. Any increase in the tax liabilities of a fund may negatively affect the value of the fund. In this respect, any tax provision formed by the investment manager for the account of the fund may prove to be too high or too low to cover the final tax liabilities in the People's Republic of China. As a result, the fund's unit-

holders may experience positive or negative effects depending on the final tax liabilities, the amount of the provisions and the time of subscription or redemption of their units in the fund.

If the tax actually levied by the tax authorities of the People's Republic of China is higher than the provision made by the investment manager and there is a shortfall in the tax provision as a result, investors are advised that the net asset value of the fund may be affected over and above the amount of the tax provision, as the fund will ultimately have to bear the additional tax liabilities. In such an event, the existing and new unit-holders will be disadvantaged. On the other hand, if the tax actually levied by the tax authorities of the People's Republic of China is lower than the provision made by the investment manager and there is a surplus in the tax provision as a result, those unit-holders who redeemed their units in the fund before such a decision, decree or order was issued by the tax authorities of the People's Republic of China will be disadvantaged, as they will have borne the loss resulting from the increased provision by the investment manager. Conversely, unit-holders already existing at that time or new unit-holders may benefit if the difference between the tax provision and the actual tax liability resulting from the lower amount of tax can again be recognised as assets in favour of the fund.

Investors should consult their own tax advisers regarding their specific tax situation in respect of investments of the fund.

It is possible that the existing tax laws, regulations and practices in the People's Republic of China may change, including through the retroactive levying of taxes, and these changes could lead to taxes on investments in the People's Republic of China being higher than those currently in effect.

#### **RMB risk**

Investors should be aware that RMB is managed on the basis of supply and demand on the market with reference to a basket of currencies. At present, RMB is traded both inside the People's Republic of China ("CNY") and outside the People's Republic of China ("CNH"). The RMB traded inside the People's Republic of China, CNY, is not freely convertible and is subject to the foreign exchange regulations and restrictions of the authorities of the People's Republic of China. On the other hand, CNH, which is traded outside the People's Republic of China, is freely tradable but remains subject to various controls and limitations or restrictions on its availability. In general, the daily exchange rate of RMB against other currencies is allowed to vary within a certain range above or below the central parity rate, which is published daily by the People's Bank of China ("PBOC"). Its exchange rate against other currencies, such as USD or HKD, is therefore vulnerable to variations based on external factors. There is no guarantee that these exchange rates will not be highly volatile.

While CNY and CNH embody the same currency, they are traded on different and independently operating markets. In this respect, the value of CNH in certain circumstances may deviate significantly from the value of CNY and the CNH and CNY exchange rates may not move in the same direction. This may be attributable to a number of factors, including but not limited to foreign exchange control measures and repatriation restrictions imposed from time to time by the government of the People's Republic of China, as well as other external market forces.

In exceptional circumstances, payments for redemptions and/or dividend payments in RMB may be delayed as a result of the foreign exchange controls and restrictions applicable to RMB.

There is no guarantee that RMB will not be exposed to devaluation that could negatively affect investors' RMB investments.

At present, the government of the People's Republic of China imposes certain restrictions on the repatriation of RMB from the People's Republic of China. Investors should be aware that such restrictions could limit the depth of the RMB market available outside the People's Republic of China, which could lead to a reduction in the liquidity of the fund.

The policy of the PRC government regarding foreign exchange controls and repatriation restrictions is subject to change, and the position of the fund and its investors may be negatively affected by such changes.



Investors who invest in unit classes denominated in RMB should take particular note of this risk warning.

### Chinese A-shares investment risk

The securities market in the People's Republic of China, including Chinese A-shares, may exhibit more volatility and instability (for example, due to the risk of suspending/restricting trading of a particular share or the risk of government intervention) than the markets of more developed countries and are associated with potential settlement difficulties. This volatility and instability may lead to greater fluctuations in the prices of securities traded on this market and thereby affect the subfund's share prices.

Investments in the People's Republic of China remain vulnerable to significant changes in the country's economic and social policy. Such vulnerability may affect the capital growth and with it the performance of these investments.

### Risks of using the Stock Connect programs

Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, investors from Hong Kong and foreign investors (including the individual subfunds) can trade eligible Chinese A-shares listed on the SSE via their brokers in Hong Kong and a securities trading company established by SEHK, by forwarding orders to the SSE. Under the Southbound Hong Kong Trading Link within Shanghai-Hong Kong Stock Connect, investors in the People's Republic of China can trade certain shares listed on SEHK.

Within Shanghai-Hong Kong Stock Connect, the individual subfunds can trade certain eligible shares listed on the SSE ("SSE securities") via their brokers in Hong Kong. These include all securities included in the SSE 180 Index and the SSE 380 Index and all SSE-listed Chinese A-shares that are not included in the relevant indices but have corresponding H shares listed on SEHK, with the following exceptions:

- SSE-listed shares not denominated in RMB;
- SSE-listed shares on the risk alert board; and
- shares listed on the SSE for which a process has been initiated to revoke their listing or whose listing has been suspended by the SSE.

The list of eligible securities is expected to be subject to review in the future.

Trading activities are subject to the rules and regulations in force at any given time. Trading through Shanghai-Hong Kong Stock Connect is subject to daily quotas. The Northbound Shanghai Trading Link and the Southbound Hong Kong Trading Link within Shanghai-Hong Kong Stock Connect are each subject to a daily quota. The daily quota is a limit on the maximum net cross-border purchases made on a daily basis through Shanghai-Hong Kong Stock Connect.

Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, investors from Hong Kong and foreign investors (including the individual subfunds) can trade eligible Chinese A-shares listed on the SZSE via their brokers in Hong Kong and a securities trading services company established by SEHK, by forwarding orders to the SZSE. Under the Southbound Hong Kong Trading Link within Shenzhen-Hong Kong Stock Connect, investors in the People's Republic of China can trade certain shares listed on SEHK.

Within Shenzhen-Hong Kong Stock Connect, the individual subfunds can trade certain eligible shares listed on the SZSE ("SZSE securities") via their brokers in Hong Kong. These include all securities included in the SZSE Component Index and the SZSE Small/Mid Cap Innovation

Index with a market capitalisation of at least RMB 6 billion and all SZSE-listed Chinese A-shares with corresponding H shares listed on SEHK, with the following exceptions:

- SZSE-listed shares not denominated in RMB;
- SZSE-listed shares on the risk alert board; and
- shares listed on the SZSE for which a process has been initiated to revoke their listing or whose listing has been suspended by the SZSE.

In the initial stage of the Northbound Shenzhen Trading Link, the only investors eligible to trade in shares listed on the SZSE ChiNext board through the Northbound Shenzhen Trading Link are institutional professional investors as defined in the applicable rules and regulations in Hong Kong.

The list of eligible securities is expected to be subject to review in the future.

Trading activities are subject to the rules and regulations in force at any given time. Trading through Shenzhen-Hong Kong Stock Connect is subject to daily quotas. The Northbound Shenzhen Trading Link and the Southbound Hong Kong Trading Link within Shenzhen-Hong Kong Stock Connect are each subject to a daily quota. The daily quota is a limit on the maximum net cross-border purchases made on a daily basis through Shenzhen-Hong Kong Stock Connect.

HKSCC, a wholly owned subsidiary of Hong Kong Stock Exchanges and Clearing Limited, and ChinaClear are responsible for clearing, settlement and services related to the functions of custodian and nominee, as well as for other services related to trading activities conducted by market participants and/or investors. Chinese A-shares traded through the Stock Connect programme are issued in paperless form, meaning that investors have no physical certificates.

Although HKSCC does not assert any ownership interests in the SSE and SZSE securities in the omnibus securities accounts, ChinaClear, as the share registrar for companies listed on the SSE and SZSE, will continue to treat HKSCC as one of the unit-holders in respect of these SSE and SZSE securities when implementing capital measures.

Companies listed on the SSE/SZSE generally announce their Annual General Meetings/Extraordinary General Meetings two to three weeks before they are held. All resolutions will be put to a vote by all those eligible to vote. HKSCC will inform participants in the Central Clearing and Settlement System for securities in Hong Kong ("CCASS") of all General Meetings, specifying the date, time, location and number of proposed resolutions.

Within Stock Connect, investors from Hong Kong and foreign investors are subject to fees and duties imposed by the SSE, the SZSE, ChinaClear, HKSCC or the competent authorities in Mainland China when trading in SSE securities and SZSE securities and settling those securities. Further information on the trading fees and duties is available on the following web page: [http://www.hkex.com.hk/eng/market/sec\\_tradinfra/chinaconnect/chinaconnect.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm)

In accordance with the UCITS requirements, the custodian must make provisions for the safekeeping of the assets of each subfund in the People's Republic of China through its global custody network. This safekeeping complies with the requirements stipulated by the CSSF for non-cash assets in custody to be kept legally separate and for the custodian to maintain suitable internal control systems over its agents in order to ensure that the type and amount of the assets in custody, the ownership of each asset and the place in which the title deeds for each asset are filed are clearly specified in the records.

A subfund may invest in Chinese A-shares through Stock Connect. In addition to the general investment-specific and share-specific risks of these investments, especially emerging market risks and risks relating to RMB, the following risks should be noted:

#### **Quota restrictions**

Stock Connect is subject to quota restrictions. In particular, Stock Connect is subject to a daily quota that is not specific to each subfund, but can only be used on a first come, first served basis. Once the daily quota has been exceeded, any new purchase orders will be rejected (although investors may sell their cross-border securities irrespective of the remaining quota). The quota restrictions may therefore impair the ability of the relevant subfund to invest in Chinese A-shares through Stock Connect in a timely manner, and the relevant subfund may be unable to pursue its investment strategy effectively.

#### **Legal/beneficial ownership**

The SSE and SZSE shares related to the funds are managed by the custodian/subcustodian in accounts with CCASS held by HKSCC as the central securities depository in Hong Kong. HKSCC, in turn, holds the SSE and SZSE shares as the nominee holder via an omnibus securities account managed in its name at ChinaClear for each of the Stock Connect programmes. The exact position and rights of the fund as the beneficial owner of the SSE and SZSE shares via HKSCC as the nominee are not adequately defined in PRC law. According to PRC law, there is no clear definition, and therefore no clear distinction, between “legal ownership” and “beneficial ownership”, and only a small number of cases with a nominee account structure have been brought before the courts of the People’s Republic of China. It is therefore uncertain how and by what methods the fund’s rights and interests can be put into practice under PRC law. Given this uncertainty, in the unlikely event that HKSCC is subject to a settlement process in Hong Kong, it is unclear whether the SSE and SZSE shares would be treated as assets of which the fund is the beneficial owner or as part of the general assets of HKSCC available for general distribution to its creditors.

#### **Clearing and settlement risks**

HKSCC and ChinaClear have established a clearing link under which they have become participants of each other to facilitate the clearing and settlement of cross-boundary trading transactions. For cross-border trading transactions initiated in a market, the clearing house will deal with clearing and settlement with its own clearing participants on the one hand, and undertake on the other hand to fulfil the clearing and settlement obligations of its clearing participants with the counterparty’s clearing house.

As the national central counterparty of the PRC securities market, ChinaClear operates an extensive network of clearing and settlement systems and shareholding structures. The risk management systems and measures put in place by ChinaClear are approved and monitored by the CSRC. The likelihood of a payment default by ChinaClear is considered to be low. In the unlikely event of a payment default by ChinaClear, the liability of HKSCC for SSE and SZSE securities under its market contracts with clearing participants is limited to supporting these clearing participants in asserting their claims against ChinaClear. HKSCC will, in good faith, seek recovery of the outstanding shares and monies from ChinaClear through available legal channels or through ChinaClear’s liquidation. In that event, the affected subfund may suffer delays in the recovery process or may not be able to fully recover its losses from ChinaClear.

#### **Exposure risk**

SEHK, the SSE and the SZSE reserve the right to suspend trading activity if this proves to be necessary in order to ensure a proper and fair market and prudent risk management. Before a suspension enters into force, the approval of the competent supervisory authority would be obtained. If a suspension does enter into force, this will have negative effects on the ability of the subfund to access the PRC market.

#### **Different trading days**

Stock Connect will only operate on days when both the Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. As a result, the subfund may not be able to trade Chinese A-shares via Stock Connect even though it may be a normal trading day on the PRC market. The respective subfunds may therefore be subject to the risk of price fluctuations of Chinese A-shares at times during which trading via one of the Stock Connect links is not possible.

#### **Sales restrictions due to front-end monitoring**

The regulations in the People's Republic of China stipulate that, before an investor can sell a share, there must be a sufficient number of shares in the securities account; otherwise, the order to sell will be rejected by the SSE or SZSE. SEHK will review orders to sell Chinese A-shares in its participants (i. e. stockbrokers) before the trading transaction is made in order to avoid overselling.

If a subfund intends to sell certain Chinese A-shares held by it, it must transfer those Chinese A-shares to the respective accounts of its brokers on the day of the sale ("trading day") before the start of trading. If it fails to do so by that time, it will not be able to sell those shares on that trading day. Because of this requirement, the subfund may, in certain circumstances, be unable to dispose of its holdings of Chinese A-shares.

#### **Operational risk**

Stock Connect depends on the correct functioning of the operational systems of the respective market participants. The market participants are permitted to participate in this programme provided that they meet certain requirements in terms of information technology and risk management, as well as other requirements that may be imposed by the stock exchange or clearing house.

The securities regulations and legal systems of the two markets are very different, and market participants will, in certain circumstances, need to deal continuously with the problems that arise from these differences. There is no guarantee that the systems of SEHK and those of market participants will function properly or be adapted to ongoing changes and developments on these two markets. In the event that the systems in question do not function properly, trading activity through the programme on both markets may be disrupted. This could impair the ability of the subfund to access the market for Chinese A-shares (and thus to pursue its investment strategy).

#### **Regulatory risk**

The current regulations in respect of Stock Connect are relatively recent and in continuous development. The current provisions are also subject to change, which could have a retroactive effect, and there is no guarantee that Stock Connect will continue to exist. The supervisory authorities/stock exchanges in the People's Republic of China and in Hong Kong may issue new regulations regarding the operation and legal enforcement of Stock Connect and cross-border trade through Stock Connect. These changes may negatively affect the respective subfunds.

#### **Recalling of eligible shares**

If a share is recalled from the list of securities eligible for trading via Stock Connect, that security can only be sold; it can no longer be bought. This may affect the investment portfolio or strategies of the subfund, for example if the investment manager wishes to purchase a share that has been recalled from the list of eligible securities.

#### **Risks associated with the ChiNext market**

The subfund may invest in the ChiNext Board of the SZSE ("ChiNext Board"). Investments in the ChiNext Board can lead to significant losses for the subfund and its investors. The following additional risks should be considered:

**Greater share price volatility**

Companies listed on the ChiNext Board are usually of an emerging nature and act on a smaller scale. As a result, they are subject to significant share price and liquidity fluctuations and are exposed to greater risks and turnover rates than companies listed on the Main Board of the SZSE (“Main Board”).

**Overvaluation risk**

Shares listed on the ChiNext Board may be overvalued, and such unusually high valuations may not be sustainable in some circumstances. Because of the smaller number of shares in circulation, the share prices may be more susceptible to manipulation.

**Regulatory differences**

The rules and regulations for companies listed on the ChiNext Board are not as strict in terms of profitability and share capital as those for companies listed on the Main Board.

**Delisting risk**

Companies listed on the ChiNext Board may be delisted more frequently and more rapidly. If companies in which the subfund is invested are delisted, the subfund may be negatively affected.

**Risks associated with small/mid-cap companies**

Shares in small/mid-cap companies may in general have lower liquidity and a greater susceptibility to price fluctuations in the face of negative economic developments than those of companies with higher market capitalisation.

**Taxation risk**

Investments through the Stock Connect programme are subject to the tax regime in the People’s Republic of China. The State Taxation Administration of the People’s Republic of China has reaffirmed the application of China’s standard stamp duty and a 10% dividend withholding tax, while VAT and income tax on capital gains are temporarily exempted for an indefinite period. This tax regime is subject to change, and the subfund is therefore exposed to uncertainty regarding its tax liabilities in the People’s Republic of China. For further details on PRC taxation, please refer to sub-section “PRC taxation” under the section titled “Taxation”.

**RMB currency risk associated with Stock Connect**

Chinese A-shares are denominated in RMB, and the respective subfunds must conduct and settle their transactions with SSE/SZSE securities in that currency. Trading in SSE/SZSE securities may be subject to special trading costs. The government of Mainland China is in control of future changes in the exchange rate and currency conversions. The exchange rate floats against a basket of foreign currencies, and the exchange rate may therefore be subject to a wide range of fluctuation against the US dollar and Hong Kong dollar or other foreign currencies in the future. Any depreciation of RMB in particular will decrease the value of any dividends and other income that investors may receive from their investments. In addition, investors should note that CNY may trade at a different exchange rate from CNH. The investments of a subfund may be denominated in both CNY and CNH, and the subfund in question may consequently be exposed to greater exchange risks and/or higher investment costs. The government policies of the People’s Republic of China on foreign exchange control are subject to change, and the subfund may be adversely affected.

### Risks of investments in target funds

The risks entailed in investment units acquired for the fund (target funds) are closely linked to the risks inherent in the assets contained in these funds and/or in the investment strategies that they pursue. These risks may be reduced, however, by diversifying investments within the target funds and through diversification within the particular fund. Since the managers of the individual target funds act independently of each other, however, it may happen that several target funds pursue the same investment strategies, or contrary strategies. This may give rise to the accumulation of existing risks, and any opportunities may cancel each other out. It is generally not possible for the Company to control the management of the target funds. Their investment decisions do not necessarily have to concur with the Company's assumptions or expectations. It is often the case that the Company does not have up-to-date knowledge of the target funds' composition at any one time. If the composition does not match the Company's assumptions or expectations, it may not be able to react without a considerable delay, by returning units in target funds. If the fund invests in target funds, this usually involves expenses both at the level of the fund and at the level of the target funds, such as fixed and/or performance-related management fees, depositary fees and other expenses. As a result, the expenses to be borne by investors in the investing fund will rise proportionately.

### Risk of interest being charged on deposits

The Company invests the liquid assets of the fund at the depositary 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-rate charges. These interest charges may have a negative impact on the performance of the fund.

### Company-specific risk

The price development of the securities and money-market instruments directly or indirectly held by the fund also depends on company-specific factors, for example the issuer's business situation and its creditworthiness (solvency and willingness to pay). If the company-specific factors or creditworthiness deteriorate, the price of the respective security may drop significantly and enduringly, even if the general stock-market trend is positive.

### Currency risk

If the fund directly or indirectly holds securities that are denominated in a foreign currency, it is subject to currency risks to the extent that it has not hedged these risks. 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.

### Interest-rate risk

Investing in fixed-rate securities is associated with the possibility that the level of market interest rates existing at the time a security is issued or acquired may change. If market interest rates rise in comparison with the interest rates at the time of issue, the prices for fixed-interest securities will fall as a rule. On the other hand, if market interest rates fall, prices for fixed-interest securities will rise. This price trend means that the current yield on a fixed-interest security is roughly equivalent to the current market interest rate. These price fluctuations differ strongly, however, depending on the (residual) maturity of the fixed-interest securities. Fixed-interest securities with shorter maturities have lower price risks than fixed-interest securities with longer maturities. In contrast, fixed-interest securities with shorter maturities generally have lower yields than fixed-interest securities with longer maturities. Due to their short maturity of not more than 397 days, money market instruments tend to have lower price risks. The interest rates of different financial instruments linked to interest rates and denominated in the same currency with a comparable residual maturity may also perform differently.

### Risks associated with limited fund liquidity (liquidity risks)

The risks listed below may adversely affect the liquidity of the fund. This could result in the fund being unable to meet its payment obligations, either temporarily or permanently, or in it being unable to fulfil investors' requests for redemption, either temporarily or permanently. Investors may therefore not be able to hold their investment for the term they had planned and the invested capital or some of it may not be available to them for an indefinite period of time. If the liquidity risks do materialise, the fund's net asset value and consequently the unit value may also fall. This could be the case, for example, if the Company is compelled to sell assets on behalf of the

fund at below market value, insofar as this is permitted under the law. If the Company is not able to fulfil investors' redemption requests, this may also lead to the suspension of unit redemptions and, in extreme cases, to the subsequent liquidation of the fund.

#### **Risk associated with investing in illiquid assets**

Assets which are not admitted to trading on a stock exchange or traded on another organised market may also be acquired on behalf of the fund. Acquisition of such assets incurs the risk that problems may arise, particularly if the assets are sold on to third parties. It may not be possible to sell even assets admitted to trading on a stock exchange, or only to do so with high mark-downs in price, depending on the market situation, volume, timeframe and budgeted costs. Although generally only assets that can be liquidated may be acquired for the fund, the possibility cannot be excluded that they may only be sold by realising losses, either during a temporary phase or on a permanent basis. When investments are made in target funds, there is also the risk that target funds must suspend the redemption of units due to limited liquidity of the assets acquired by the target fund, e.g. if there is a high level of unit redemptions at target fund level. In these circumstances, it may also be necessary to suspend redemption of units for this fund.

#### **Risk arising from public holidays in certain regions/countries**

In line with the investment strategy, investments on behalf of the fund shall be made in certain regions/countries in particular. Local public holidays in these regions/countries may cause divergences between the trading days on stock exchanges in these regions/countries and the fund's valuation days. It is possible that the fund may not be able to react on the same day to market developments in the regions/countries on a day that is not a valuation day, or it may not be able to trade on those markets on a valuation day that is not a trading day in those regions/countries. This could prevent the fund from selling assets within the required period of time. This could adversely affect the fund's ability to meet redemption requests or other payment obligations.

#### **Risk arising from finance liquidity**

The Company may take out loans for account of the fund in accordance with the provisions laid down in the section entitled "Borrowing". There is a risk that the Company cannot take out an appropriate loan, or can only take it out on considerably more unfavourable conditions. Loans with a variable rate of interest may also have a negative effect on the net assets of the fund due to rising interest rates. If the Company has to repay a loan and cannot refinance it or pay it from the liquid assets of the fund, it may be forced to sell assets prematurely or on terms that are worse than had been planned.

#### **Counterparty risks including credit and claims risks**

The risks listed below may adversely affect the performance of the fund, with a negative impact also on the unit value. If investors sell units of the fund at a time when a counterparty or central counterparty is in default, thus impairing the value of the fund, they may not recover some or all of the amount invested in the fund. As a result, investors could lose some of the capital invested in the fund, or even all of it.

#### **Risk of settlement default**

The issuer of a security directly or indirectly held by the fund or the debtor of a claim belonging to the fund may become insolvent. This could result in the corresponding assets of the fund becoming economically worthless.

#### **Settlement default risks of securities lending**

If the Company grants a securities loan on account of the fund, it must ensure that it receives adequate collateral as a safeguard against default of the counterparty. The scope of the collateral shall be at least equivalent to the market value of the securities transferred as securities loans. The borrower must provide further collateral if the value of the securities granted as a loan should rise, the quality of the collateral declines, or the borrower's financial circumstances deteriorate and the collateral already provided is not adequate. If the borrower is unable to comply with this requirement to make an additional payment, there is the risk that the entitlement to retransfer of securities would not be fully hedged in the event that the counterparty defaults. If the collateral is held by an institution other than the fund's depository, there is also the risk that, in the event of the borrower's default, this collateral could also not be realised immediately, or not in full.

#### Settlement default risks of securities repurchase agreements

If the Company sells securities under a repurchase agreement on behalf of the fund, it must ensure that it receives adequate collateral as a safeguard against default of the counterparty. If the counterparty defaults during the term of the repurchase agreement, the Company has a right to realise the collateral provided. The fund may be at risk of loss insofar as the collateral is no longer sufficient to cover in full the Company's entitlement to retransfer of securities, for example, due to deterioration in the issuer's credit rating in the meantime, or rising prices of the securities sold under the repurchase agreement.

#### Counterparty risk (except central counterparties)

If transactions for the fund are not handled through a stock exchange or a regulated market (OTC trades), there is the risk – in addition to the general risk of settlement default – that the counterparty of the trade may default on its obligations, in full or in part. This applies in particular to trades involving derivatives. Any default by the counterparty may lead to losses for the fund. In particular with regard to OTC derivatives, however, this risk can be reduced considerably by receiving collateral from the counterparty, in line with the principles described in the section entitled "Collateral management".

#### Risk related to central counterparties

A central counterparty (CCP) acts as an intermediary institution for a fund in certain transactions, particularly those involving derivative financial instruments. For these, it acts as a buyer to the seller and a seller to the buyer. A CCP hedges itself against the risk of transaction partners proving incapable of agreed performance through a number of protective mechanisms that make it possible for it to compensate at all times for losses resulting from the transactions entered into, such as so-called margin deposits (e.g. collateral). Despite these protections, it cannot be ruled out that a CCP becomes over-indebted and defaults, whereby the Company's claims on behalf of the fund could also be affected. As a result, the fund may suffer losses that are not hedged.

#### Operational and other risks of the fund

The risks listed below may adversely affect the performance of the fund, with a negative impact also on the unit value. If investors sell units of the fund at a time when the prices of the fund's assets are lower than at the time of purchase, they will not recover the (full) amount invested in the fund. Investors could lose some of the capital invested in the fund, or even all of it.

#### Settlement risk

Especially when investing in unlisted securities, there is a risk that settlement through a transfer system is not carried out as expected, because a counterparty does not pay or deliver on time or as agreed.

#### Change to general tax framework, tax risk

The overview of key tax regulations for investors as presented in this prospectus is based on current legislation. It is intended for persons with unlimited income tax or unlimited corporation tax liability in Germany. However, no assurance can be given that the tax implications will not change as a result of new legislation, court decisions or ordinances by the tax authorities.

The German Investment Tax Reform Act (InvStRefG) was published on 26 July 2016. Its provisions include amendments to the German Investment Tax Act (InvStG) and the German Income Tax Act (EStG). This legislation aims to prevent tax structuring for tax avoidance purposes ("cum/cum transactions") by making a provision under which definitive capital yield tax is levied on dividends from German equities and income from German participation rights that are similar to share capital. Unlike the main part of this law, this provision entered retroactively into force with effect from 1 January 2016. It can be summarised as follows:

Unlike the previous legal situation, a definitive German capital yield tax at the rate of 15% will, under certain conditions, be levied on the gross dividend of German funds on the fund input side. This shall be the case if German equities and German participation rights that are similar to share capital are not held by the fund continuously for 45 days within a period ranging from 45 days before the maturity date for the capital yield income and 45 days after this date (= 91-day period) and, during these 45 days, there are no continuous risks of a change



in minimum values of 70% (“45-day rule”). Any obligation to pay the capital yield income, either directly or indirectly, to another person (e.g. through swaps, securities lending agreements, securities repurchase agreements) also incurs capital yield income tax liability.

In this context, price hedging or forward transactions that directly or indirectly hedge the risk arising from German equities and German participation rights that are similar to share capital may be detrimental. Price hedging transactions using value and price indices are regarded as indirect hedging in this respect. If related parties hold an investment in the fund, their hedging transactions may also be detrimental.

This gives rise to a number of risks. The possibility cannot be ruled out that a fund unit price would decrease in relative terms if provisions are made for a possible tax liability incurred by the fund. Even if the tax liability does not arise and the provisions are consequently reversed, a relatively higher unit price may not benefit investors who held units in the fund at the time when the provisions were formed. Secondly, the new provisions relating to the dividend record date could result in the buy and sell prices for the units in question diverging even more than otherwise would be the case. Overall, this could lead to less favourable market conditions.

#### Increased volatility

The occurrence of volatility in the fund, i.e. especially large fluctuations in the unit price in a short period of time depends, to a significant extent, on general market conditions that cannot be estimated in advance. However, the risk of a high level of volatility increases when the investment instruments have a focus.

#### Country and transfer risk

Country or transfer risk exists when a foreign borrower, despite ability to pay, cannot make payments at all, or not on time, because of the inability or unwillingness of its country of domicile to execute transfers, in particular due to economic or political instability in the country of domicile. Consequently, for example, payments to which the Company is entitled on account of the fund may remain unpaid, or be made in a currency which is not or no longer convertible due to foreign exchange restrictions.

#### Sustainability risk

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.

#### Legal and political risks of investment abroad

Investments may be made on behalf of the fund in jurisdictions in which German law does not apply or where, in the event of legal disputes, the place of jurisdiction is outside Germany. The resulting rights and obligations of the Company for account of the fund may diverge from those in Germany, to the detriment of the fund and/or investors. Political or legal developments, including changes to the legal framework in these jurisdictions, may not be identified by the Company, or it may do so too late, or such developments may result in restrictions on assets that may be acquired or had already been acquired.

#### Risks related to criminal actions, wrongdoings or natural disasters

The fund may be the victim of fraud or other criminal actions. It may suffer losses through misunderstandings or errors by employees of the Company or third parties, or be damaged by external events, such as natural disasters.

### Key personnel risk

The success of a fund which performs very well over a certain period of time is partly due to the aptitude of the people handling the investments, i.e. to the good decisions of its management. Nonetheless, fund management personnel may change. New decision-makers may potentially 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 realized by the investor, hedging transactions of the fund may result in being attributed to the investor and in the investor having to pay the capital gains tax to the tax office.

### Custodial risk

Custodial risk is the risk arising from the possibility that the fund could be denied access, in whole or in part, to investments held in custody in case of bankruptcy, negligence, wilful misconduct or fraudulent activity on the part of the depositary or a sub-depositary. The depositary's liability is not unlimited in the event of loss or disappearance of assets held abroad at other depositaries (see the section “Depositary”).

### Restriction of the redemption of units

The Company may restrict the redemption of units for a total of up to 15 consecutive business days if the investors' redemption requests on a settlement date exceed a predefined threshold above which the redemption requests can no longer be executed in the interest of the investors as a whole due to the liquidity situation of the Fund. If the threshold is exceeded, the Company decides according to its best judgement whether or not the current redemption requests of the investors will be restricted. If the company decides to restrict the redemptions, it may continue to do so according to its best judgement for up to 14 consecutive working days. If the Company decides to restrict the redemption, it shall only redeem the units on a pro rata basis at the redemption price applicable on the settlement date; otherwise, the redemption obligation does not apply. This means that each redemption request is executed only on a pro rata basis according to a ratio determined by the Company. The part of the order that is not executed will not be executed at a later date but instead expires. For investors, there is therefore a risk that only a portion of their redemption order will be executed and that they will have to once again place the outstanding remaining order.

## Subfund

Allianz Biotechnologie is not a subfund under an umbrella construction.

## Units

The rights of investors are vested exclusively in global certificates. These global certificates are deposited with a central securities depository. Investors do not have any claim on issue of individual unit certificates. Units may be acquired only if held in safe custody. The units are bearer certificates and represent unitholders' claims against the Company.

Fractional units in the Fund are issued down to one thousandth of a unit, with smaller fractions being rounded. Fractional units entitle the unitholder to proportional participation in any net income that may be distributed and in the liquidation proceeds of the respective Fund or unit class.

## Unit classes

Different unit classes within the meaning of section 16 sub-section 2 of the "General Investment Terms and Conditions" may be created for the fund. These unit classes differ in terms of the investors who may acquire and hold units, income allocation, front-end load, redemption fee, the currency of the unit value including the use of currency hedging transactions, the all-in fee, minimum investment or any combination of the features mentioned. Unit classes may be created at any time at the discretion of the Company.

At the time of printing this prospectus the following unit classes have actually been launched: A (EUR) and R (EUR).

Units of unit class type R (EUR) may only be acquired with the consent of the Company and, in addition, only by such distributors that are not permitted to accept or retain ongoing sales commissions (portfolio commissions) due to statutory provisions or based on special remuneration agreements with the clients involved. No version of the R or RT unit classes pays remuneration to the distributors.

It is permitted to enter into currency hedging transactions in favour of one currency unit class only. For a currency unit class with a currency hedge in favour of this unit class's currency (reference currency) the Company may, irrespective of section 9 of the "General Investment Terms and Conditions" and section 3 of the "Special Investment Terms and Conditions", use derivatives on exchange rates and currencies within the meaning of section 197 sub-section 1 KAGB with the aim of avoiding losses in unit value resulting from exchange-rate-related losses in fund assets which are not denominated in the unit class's reference currency. Equities and equity-equivalent securities are deemed to be subject to an exchange rate risk if the currency of the country in which the issuer (or, in the case of instruments representing equities, the corporation) is domiciled is different from the reference currency of the unit class. Other assets are deemed to be subject to a currency risk if they are denominated in a currency other than the reference currency of the unit class. For currency hedged unit classes, the value of the fund assets which are subject to a currency risk and are not hedged must not exceed 10% of the unit class value. The use of derivatives in keeping with the provisions of this sub-section may not have any effect on unit classes which are not currency hedged, or which are hedged against another currency.

Due to the different characteristics, the return the investor achieves with his investment in the fund may vary, depending on the unit class of the units purchased. This applies to the return before and after tax.

The purchase of assets shall only be permitted for the fund as a whole and not for individual unit classes or groups of unit classes. An exception to this shall be currency hedging transactions, whose result is attributed to certain unit classes, but has no impact on the unit value development of the other unit classes.

## Fair treatment of investors

The Company must treat the investors in the fund fairly. When controlling its liquidity risk and redeeming units, it may not place the interests of one investor or a group of investors over the interests of another investor or another investor group. The procedures used by the Company to ensure fair treatment of investors are described in the sections entitled "Pricing for subscription and redemption of units" and "Liquidity management".

The Company and/or the depositary 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.

## Conflicts of interest

The Company, the depositary, distributors and companies to which the Company has outsourced certain duties, or service providers, may possibly be acting in the same or a similar capacity for other funds that pursue investment objectives similar to this fund, or otherwise be involved in such funds. For this reason it is certainly possible that one of them, when performing business-related activities, could get into a potential conflict of interests in relation to the fund. In a situation of this type, therefore, each of them must always ensure that they fulfil their duties in accordance with their contractual obligations, and must make every effort to find an appropriate solution to these conflicts of interest. The Company has laid down principles to ensure that a reasonable attempt is made in all transactions to avoid conflicts of interest and, if they cannot be avoided, to regulate them such that the fund and its investors are treated fairly.

In addition, the above-mentioned transactions may be conducted with the fund in its own name or on a representative basis, provided these transactions are conducted on standard market conditions and in the best interests of the investors.

Transactions are regarded as conducted under normal business conditions if:

1. a certified valuation of the transaction was obtained from a person recognised by the depositary as independent and competent,
2. the transaction was executed under the best conditions at an organised stock exchange in accordance with the rules applicable at that exchange, or
3. if 1. and 2. are not feasible, the transaction was executed under conditions that the depositary believes were negotiated under normal business conditions and are customary for the industry.

Conflicts of interest may arise due to 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 which provide services in relation to these transactions, may be affiliated with the Company, the depositary or an outsourced company or service provider. As a result, these institutions may generate earnings, fees or other income, or avoid losses through these transactions. Conflicts of interest may also arise if the collateral provided by these institutions is subject to a valuation or discount through an affiliated party.

The Company has laid down procedures to ensure that its outsourced companies and service providers act in the best interests of the fund when implementing trading activities and placing trade orders on behalf of the fund in the course of managing the fund portfolio. In this respect, all reasonable measures must be taken in order that the best possible result is obtained for the fund. These must take into account the price, the costs, the probability of execution, the scope and type of the order, the research services provided by the broker to the fund manager or investment advisor, and any other aspects relevant to order execution. Information on the Company’s best execution policies and on all material changes to these policies is available to investors on request, without charge.

## Subscription and redemption of units

### Subscription of units

Generally, there is no restriction on the number of units that may be issued. Units can be purchased from the Company, the depositary, State Street Bank International GmbH - Luxembourg Branch, Fondsdepot Bank GmbH or from third parties. They are issued by the depositary at the subscription price, which is determined as the net asset value per unit plus a front-end load. However, the Company reserves the right to suspend the issue of units either temporarily or permanently.

### Minimum investment

There is no minimum investment for the unit classes A (EUR) and R (EUR).

### Redemption of units

Irrespective of a minimum investment, if any, investors may in principle request the redemption of units on every valuation day by issuing a redemption order or upon presentation of the unit certificates to the depositary, State Street Bank International GmbH - Luxembourg Branch, Fondsdepot Bank GmbH or the Company. The Company must redeem the units for the account of the fund at the current redemption price, which represents the net asset value per unit.

### Restriction of the redemption of units

The Company may restrict the redemption of units for a total of up to 15 consecutive working days if the redemption requests from the investors reach a threshold of at least 10 percent of the net asset value (threshold) on the first settlement date of the 15 working days. If the threshold is reached or exceeded, the Company decides according to its best judgement whether or not it will restrict the current redemption requests of the investors in this time period on each settlement date. If the company decides to restrict the redemptions, it may continue to do so according to its best judgement for up to 14 consecutive working days. It may decide to restrict the redemptions if the redemption requests can no longer be executed in the interests of all investors due to the liquidity situation of the fund. This may be the case, for example, if the liquidity of the assets of the fund deteriorates due to political, economic or other market events and is therefore no longer sufficient for executing all of the redemption requests on the settlement date. In such cases, the redemption restriction should be considered a more moderate measure compared to a suspension of redemption.

If the Company decides to restrict the redemption, it shall only redeem the units on a pro rata basis at the redemption price applicable on the settlement date. Other than that, the redemption obligation shall not apply. This means that each redemption order is executed only on a pro rata basis according to a ratio determined by the Company. In the interests of the investors, the Company determines the ratio on the basis of the available liquidity and the total number of orders for the applicable settlement date. The extent of the available liquidity is heavily dependent on the current market environment. The ratio stipulates at what percentage the redemption requests are to be paid out on the settlement date. The part of the order that is not executed (remaining order) will not be executed by the Company at a later date but instead expires (pro-rata approach with forfeiture of the remaining order).

The Company decides each exchange trading day whether and on the basis of which ratio it will restrict redemption. The companies can limit the redemption for a maximum of 15 consecutive working days. The possibility of suspending the redemption remains unaffected.

The Company immediately publishes information on the restriction of the redemption of units as well as the lifting of such restriction on its website.

The redemption price corresponds to the net asset value per unit determined on that day less a redemption fee, where applicable. Redemption through an intermediary (e.g., the institution maintaining the custody account) is also possible; additional costs may be incurred for the investor when so doing.

### Pricing for subscription and redemption of units

The pricing date for unit subscriptions and redemption orders shall be at the latest the second valuation date following the receipt of the unit subscription or redemption order.

Orders for units received by the Company, the depositary, State Street Bank International GmbH - Luxembourg Branch or Fondsdepot Bank GmbH by 6.00 p.m. Central European Time ("CET") or Central European Summer Time ("CEST") on a valuation day shall be priced at the subscription price that is fixed on the next valuation day, even though that price is not yet known at the time when the order is received. Any orders which are received after this time shall be priced at the subscription price fixed on the second valuation day following receipt of the order, even though that price is not yet known at the time when the unit order is received.

Redemption requests for units received by the Company, the depositary, State Street Bank International GmbH - Luxembourg Branch or Fondsdepot Bank GmbH by 6.00 p.m. Central European Time ("CET") or Central European Summer Time ("CEST") on a valuation day shall be priced at the redemption price that is fixed on the next valuation day, even though that price is not yet known at the time when the redemption request is received. Any redemption orders which are received after this time shall be priced at the redemption price fixed on the second valuation day following receipt of the order, even though that price is not yet known at the time when the redemption order is received.

In the case of investors who maintain their portfolio with the Company, the depositary, State Street Bank International GmbH - Luxembourg Branch or Fondsdepot Bank GmbH, the provisions in the respective custodian agreement with the Company, the depositary, State Street Bank International GmbH - Luxembourg Branch or Fondsdepot Bank GmbH shall apply additionally. These provisions may include supplementary rules on the subscription and redemption prices that are applicable.

### Suspension of redemptions

The Company may temporarily suspend the redemption of units in extraordinary circumstances under which, in the interest of the investors, such suspension is deemed to be necessary. Extraordinary circumstances are in place if, for example, an exchange on which a significant portion of the fund's securities is traded is closed irregularly or if the fund's assets cannot be valued. BaFin may, moreover, order the Company to suspend the redemption of units if necessary in the interests of investors or the general public.

The Company reserves the right not to redeem the units at the prevailing price until it has sold assets of the fund without undue delay, but while safeguarding the interests of all investors. Temporary suspension may be followed directly by dissolution of the fund, without redemption resuming beforehand (see the section "Liquidation or merger of the fund").

The Company shall inform investors in the Federal Gazette and at <https://de.allianzgi.com> about the suspension and resumption of redemptions. Furthermore, the custodian institutions are obliged to inform the investors by durable medium, such as in written or electronic form.

### Liquidity management

The Company has implemented a process for regular monitoring of the liquidity situation in the fund in order to assess the quantitative and qualitative risks of assets that are significant to the liquidity profile of the assets in the fund. In this process, the Company monitors the liquidity situation of the fund based, among other factors, on an assessment of the fungibility of the assets in the fund that takes their

underlying obligations and investment structure into account. The Company monitors investments in target funds, their redemption policies and any resulting effects on the liquidity of the fund.

The Company conducts regular stress tests which enable it to evaluate the liquidity risk of the fund. The stress tests are conducted on the basis of reliable and current quantitative data, or qualitative information if the quantitative data is insufficient. Included in this are the investment strategy, redemption periods, payment obligations and time periods within which the assets are disposed of, as well as the investor structure of the fund, if known. The stress tests simulate insufficient liquidity in the assets of the fund where applicable, as well as possible atypical redemption requirements. They thus account for the sensitivity of valuations under stress conditions. Stress tests are conducted at least once a year with a frequency appropriate to the type of fund, taking the investment strategy, liquidity profile and redemption policies of the fund into consideration.

In accordance with section 17 (3) of the General Investment Terms and Conditions, investors may request the redemption of their units from the Company at any time. The Company shall be obliged to redeem the units for the account of the fund at the prevailing redemption price. The redemption agent is the depositary. The Company reserves the right, in accordance with section 17 sub-section 4 of the General Investment Terms and Conditions, to suspend the redemption of units under extraordinary circumstances when it appears that suspension is necessary in the interest of the investors. The investors shall be notified of the suspension and resumption of redemption of the units promptly after announcement in the electronic version of the Federal Gazette and on the website <https://de.allianzgi.com> by means of a durable medium. The Company has made no redemption agreements with investors that deviate from existing provisions.

### Exchanges and markets

The Company may have the fund units listed on an exchange or have them traded in organised markets; so far the Company has not done so.

The Company is aware of the fact that – without its consent – units of the fund were traded at the following exchanges at the time of printing of this prospectus:

A (EUR)	Berlin Stock Exchange Frankfurt Stock Exchange Hamburg-Hannover Stock Exchange Munich Stock Exchange Stuttgart Stock Exchange
R (EUR)	-

It cannot be excluded that this trading is suspended in the near future or that fund units may be introduced on other markets, possibly at short notice, or are already being traded there.

The market price which forms the basis for exchange or market trading is not determined exclusively by the value of the fund's assets, but also by supply and demand. As a result, the market price may deviate from the calculated price for one unit of a given unit class.

### Subscription and redemption prices

In order to determine the subscription and redemption prices of the units of a given unit class, the Company shall calculate, on every valuation day, the value of the assets held by the fund less the fund's liabilities (net asset value per unit).

The value of a unit class is the sum of the pro rata net change in the value of the fund's assets attributable to the unit class from the preceding valuation day and of the value of the unit class at the preceding valuation day. The value of a single unit of the unit class shall then be calculated by dividing the value of the unit class by the number of the units issued in this unit class.

The unit value shall be calculated separately for each unit class, with any expenses related to the issue of new unit classes, any distributions (including any taxes to be paid from the fund's assets), any all-in fees and any results of exchange-rate hedgings attributable to a certain unit class (including any income equalisation) being attributed exclusively to this unit class.

All trading days shall be valuation days for the fund units. The Company and the depositary are not obliged to determine the unit value on public holidays that are trading days within the jurisdiction of the KAGB, or on 24 or 31 December. No unit price is currently determined on New Year's Day, Good Friday, Easter, Easter Monday, May Day, Ascension Day, Pentecost, Pentecost Monday, Corpus Christi, German Unification Day, Christmas Eve, Christmas Day, Boxing Day or New Year's Eve.

#### Suspension of the calculation of subscription and redemption prices

The Company may temporarily suspend the calculation of subscription and redemption prices under the same circumstances which allow a suspension of the redemption. For more detailed information, see the section "Suspension of redemptions".

#### Front-end load

The subscription price includes a front-end load, which is added to the net asset value of unit class A (EUR). The front-end load shall amount to 6.00% of the unit value for this unit class. The Company may, however, charge a lower front-end load.

There is no front-end load on unit class R (EUR), i.e. the issue price is equivalent in this respect to the net asset value per unit for this unit class.

Particularly in the case of a short investment horizon, a front-end load may impair the performance of the fund or even lead to losses. The front-end load is in principle a commission for the sale of the fund units. The Company may pass on the front-end load to any intermediaries in order to compensate them for their sales efforts.

#### Redemption fee

There shall be no redemption fee; hence, the redemption price is equivalent to the unit value of the relevant unit class.

#### Publication of subscription and redemption prices

The subscription and redemption prices shall be published online on each valuation day at <https://de.allianzgi.com>.

#### Subscription and redemption costs

If units are issued or redeemed via third parties, these third parties may charge additional costs of their own.

### Costs

For the unit classes A (EUR) and R (EUR), the Company shall receive a daily all-in fee of 2.05% p.a. in each case of the pro rata value of the fund's assets, calculated on the basis of the net asset value, which is determined every trading day. The Company may, however, charge a lower all-in fee for one or more unit classes.



In accordance with sub-section 1, this all-in fee covers the following fees and expenses which are not charged separately to the fund:

- fee for the management of the fund (fund management, administrative activities),
- fee for the distributors of the fund,
- the depositary fee,
- safe-custody and account fees in line with current banking practice, including any fees charged in line with current banking practices for the custody of foreign securities abroad,
- costs for the printing and dispatch of the statutory sales documents (annual and semi-annual reports, prospectus, key investor information) intended for the investors,
- costs for the publication of the annual and semi-annual reports, the liquidation report, the subscription and redemption prices, and distributions or accumulated income,
- costs for having the fund audited by the Company's auditors, including the costs for a certificate stating that all tax data complies with the regulations of German tax law,
- costs for providing information to investors in the fund by means of a durable medium, with the exception of information about fund mergers and with the exception of information about measures related to violations of investment limits or calculation errors when determining the unit value,
- fees and costs levied by government agencies in relation to the fund,
- costs for having the success of the investment of the fund analysed by third parties,
- costs for the cashing of coupons.

The all-in fee may be withdrawn from the fund's assets at any time.

In addition to the fee listed above, the following expenses shall be charged to the fund:

- costs incurred in connection with the use of securities lending programmes in line with current banking practice. In this case, the Company shall ensure that the costs of securities lending shall in no case exceed the income resulting from such transactions,
- costs for the assertion and enforcement of claims which are related to the fund and seem to be justified, and costs for the defence of claims which are related to the fund and do not seem to be justified,
- costs for the verification, assertion and enforcement of claims that appear to be justified for reducing, offsetting and/or reimbursing withholding taxes or other taxes and/or fiscal charges.
- taxes arising in connection with the fees payable to the Company, the depositary and third parties, in connection with the expenses set out in sub-section 2 nos. 2a) and b) and in connection with management and custody,

- in addition to the aforementioned fees and expenses, the costs arising in connection with the acquisition and sale of assets are charged to the fund.

The Company may, in the context of transactions, obtain research and analyses from brokers which are used for investment decisions in the best interest of investors. The Company may enter into agreements with selected brokers under which part of the fees the Company pays for the purchase or sale of assets may directly or with some delay be transferred to third parties which provide the Company with research or analyses that the Company uses for investment decisions in the best interest of investors (“Commission Sharing Agreements”).

The Company usually passes on part of its all-in fee to intermediaries; such compensation may also be in the form of non-monetary benefits. This is to reimburse and improve the quality of distribution and advisory services on a commission basis. At the same time, the Company may receive fees or non-monetary benefits from third parties. The Company will disclose details on demand to investors on the fees and benefits granted or received.

The Company shall not receive any refunds for the fees and expenses paid to the depositary or to any third parties and charged to the fund.

The costs charged to the fund in the financial year shall be disclosed and reported in relation to the average volume of the fund (“total expense ratio”, TER) in the annual report. The all-in fee is considered, along with any applicable, additional costs incurred, except for the transaction costs incurred in the fund, interest on borrowing and any performance-related fees. Costs incurred will not be subject to cost compensation. In addition, costs that may be incurred at the target fund level are not taken into account. The total of the expenses incurred in the period indicated is divided by the average fund assets. The resulting percentage is the TER. Calculation complies with the method recommended in CESR Guideline 10-674 in conjunction with EU Regulation 583/2010.

While the Company does not expect any significant changes in the TER in the near term, the TER may be different in the future, for example because of an increase of external costs outside the Company’s influence.

Under MiFID II / Securities Trading Act (WpHG), distributors must disclose to their clients the total expenses prior to providing a securities service. This total comprises the cost of the service and the fund. MiFID II uses an extended definition of fund costs as a basis. In particular, it includes transaction expenses in the overall cost. Some new elements, such as financing expenses or the cost of securities lending, are also added when determining ongoing expenses at fund level. The extended definition of fund costs also applies to ongoing client reports. The expected divergences in the cost quotation should be clarified in the prospectus. If the investor is advised by third parties when acquiring units or if such parties act as broker to the acquisition, they may quote costs or expense ratios that exceed the total expense ratio as described here. The reason for this may in particular be that the third party also takes into account the cost of its own brokerage or advice operations. In addition, the third party may also take into account non-recurring costs, such as front-end loads, and generally uses different calculation methods for the expenses incurred at fund level, which include the fund’s transaction costs in particular. This also applies to regular cost information about the fund investment held within a long-term advisory or other client relationship.

#### Particular features of the acquisition of investment fund units

In addition to the all-in fee as such, a management fee for the units in target funds held in the fund shall be charged to the fund.

To the extent that the fund invests in units of target funds, investors will have to bear not only directly the expenses and costs described in this prospectus, but also indirectly the pro rata expenses and costs charged to the target fund. The expenses and costs charged to the target fund are determined by their constituting documents (e.g. investment terms and conditions or articles) and are therefore impossible to forecast in an abstract way. Typically, however, it is to be expected that the fees and expenses charged to the fund described in this prospectus are similarly charged to target funds as well.

The Company must disclose, in the annual and semi-annual reports, the amount of the front-end loads and redemption fees that has been charged to the fund in the reporting period for the subscription and redemption of units in target funds. If the fund acquires units of target funds which are directly or indirectly managed by the Company, or by another company which is affiliated to the Company by way of significant direct or indirect participation, neither the Company nor the affiliated company may charge any fees for the subscription or redemption of the units. The Company must disclose, in the annual and semi-annual reports, the fee charged to the fund by the Company itself, by another (investment) management company or another company with which the Company is affiliated by way of a significant direct or indirect participation for the management of the units held in the fund.

## 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. Such indicators also comprise the absence of significant regulatory breaches or deviations from compliance and risk standards including AllianzGI's sustainability risk management policy.

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 applicable regulations, certain employees are assigned to the "identified staff" group. These include members of management, risk bearers, employees with controlling functions and all employees who, based on their total remuneration, are allocated to the same remuneration category as members of management and risk bearers, whose activities have a significant impact on the risk profiles of the Management Company and the funds under its management.

Employees who are assigned to the "identified staff" group are subject to additional standards in relation to performance management, the type of variable remuneration and the timing of payments.

The Management Company uses multi-year targets and deferred parts of the variable compensation to ensure long-term performance measuring. In particular, the performance of fund managers is measured to a large extent against quantitative return results over a multi-year-framework.

In the case of identified staff, a substantial portion of the annual variable remuneration is deferred for three years, beginning from a defined variable remuneration level. 50% of the variable remuneration (deferred and non-deferred) must consist of units in the funds managed by the Management Company or comparable instruments.

An ex post risk adjustment enables explicit adjustments to be made to the performance assessment of previous years and the associated remuneration, with the aim of preventing the transfer of some or all of the amount of a deferred remuneration payment (malus), or preventing return of the ownership of a remuneration amount to the Management Company (recovery).

AllianzGI has a comprehensive risk reporting system in place, which covers both current and future risks of business activities conducted by the Management Company. 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 Company's current remuneration policy are published on the Internet 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 Company in hard copy without charge.

## Rules for the calculation and allocation of income

### Allocation of income

For distributing unit classes the Company shall, as a general rule, distribute to the investors the interest, dividends and income from investment units as well as consideration from loans and repurchase agreements which have accrued for account of the fund during the financial year and which have not been required to defray expenses, subject to the requisite equalisation of income. Realised disposal gains and other income after allowing for income equalisation may also be distributed.

For accumulating unit classes the Company shall, as a general rule, reinvest the interest, dividends and income from investment units, consideration from loans and repurchase agreements and other income and realised disposal gains which have accrued for account of the fund during the financial year and which have not been required to defray expenses, subject to the requisite equalisation of income.

### Income equalisation

The Company shall use a so-called procedure for income equalisation for the unit classes of the fund. This prevents fluctuation of the share of distributable income due to inflows and outflows. Otherwise any inflows during the course of a financial year would result in less income per unit being available for distribution on the distribution dates than would be the case if the number of units in circulation remained constant. By contrast, outflows would result in more income per unit being available for distribution than would be the case if the number of units in circulation remained constant.

In order to prevent this, the distributable income and/or capital gains/losses realised during the financial year, which purchasers of fund units have to pay for as part of the subscription price and which sellers of unit certificates are refunded as part of the redemption price, are continuously calculated and set as distributable positions in the calculation of income. Incurred expenses are taken into account in calculating the income equalisation.

The equalisation procedure helps to smooth changes in the relation between income and realised capital gains/losses on the one hand and other assets on the other, which may result from net liquidity inflows or outflows due to unit sales or redemptions. Otherwise, any net inflow of liquidity would reduce the share of income and/or realised capital gains/losses in the net asset value of the fund, and every net outflow would increase it.

In the end, the equalisation procedure ensures that, in the case of accumulating unit classes, the amount to be reinvested per unit is not affected by the number of outstanding units and that, in the case of distributing unit classes, the distribution per unit is not affected by unpredictable fund performance or the number of outstanding units. In this context it is accepted that investors who, for example, buy units shortly before the distribution date, get back that portion of the subscription price accounted for by income in the form of a distribution, even though the capital they invested played no part in generating that income.

## Financial year and distributions

### End of the fund's financial year

The fund's financial year ends on 31 December.

### Distribution mechanism

For the unit classes A (EUR) and R (EUR), the Company shall regularly distribute the income from interest and dividend payments, from fund units and from loans and repurchase transactions, which has accrued to these unit classes during the financial year and has not been used to cover expenses, annually within three months after the end of the financial year. Capital gains and other income may be eligible for distribution as well. The amount and the date of the distribution shall be determined by the Company at its own discretion within the framework outlined above.

### Crediting of distributions

If the units are deposited in a securities account with the depositary, the depositary's branches will credit any distributions to the account (depository account) or cash the coupons free of charge. If the securities account is maintained at other banks or savings banks or if coupons are cashed there, additional expenses may be charged.

## Liquidation, transfer and merger of the fund

### Preconditions for the liquidation or transfer of the fund

The investors are not entitled to demand the liquidation of the fund. However, the Company may terminate the management of the fund by making an announcement to this effect in the Federal Gazette and also in the annual or semi-annual report at least six months in advance. Furthermore, the custodian institutions are obliged to inform the investors by durable medium, such as in written or electronic form. The same procedure may be applied with regard to a unit class of the fund.

Moreover, the Company's right to manage the fund will lapse if bankruptcy proceedings have been opened against the Company's assets or if a petition for bankruptcy has been rejected for lack of assets pursuant to section 26 of the German Insolvency Act (Insolvenzordnung).

When the Company's management right lapses, the right to manage the fund is transferred to the depositary. This office shall then liquidate the fund or, after having obtained approval from BaFin to this effect, transfer the management to another investment management company.

### Investor rights on liquidation of a fund

The subscription and redemption of units is discontinued. Any receipts from the sale of the assets of the fund less the expenses to be charged to the fund and the liquidation-related expenses shall be distributed among the investors, with the latter being entitled to receive distributions from the liquidation revenues according to the number of units they have held in the fund.

The depositary shall be entitled to deposit unclaimed liquidation proceeds at the local court responsible for the Company.

The Company shall draw up a liquidation report for the date at which its right to manage the fund lapses. The liquidation report shall comply with all requirements for an annual report. No later than three months after the fund liquidation date, the liquidation report shall be published in the Federal Gazette. As long as the depositary is administering the fund, it shall prepare annually, and on the day on which its administration ceases, a report that meets the requirements of an annual report. These reports also have to be published no later than three months after the reporting date in the Federal Gazette.

### Transfer of the fund

The Company may transfer the fund to another investment management company. The transfer shall require the prior approval of BaFin. The approved transfer shall be published in the Federal Gazette (Bundesanzeiger) and additionally in the fund's annual or semi-annual report. Furthermore, the custodian institutions shall inform the investors about the planned transfer by durable medium, such as written or electronic format. The date on which the transfer becomes effective is determined by the contractual agreements between the Company and the receiving investment management company. However, the transfer shall come into effect three months after publication in the Federal Gazette (Bundesanzeiger) at the earliest. All the rights and obligations of the Company in relation to the fund shall then pass to the receiving investment management company.

### Requirements for merging all assets of the fund

All assets of this fund may, with the approval of BaFin, be transferred to another existing UCITS or one that is newly established by virtue of a merger. This UCITS must be issued in Germany or in another EU or EEA state. In addition, all the assets may be transferred to an existing German investment stock corporation with variable capital, or one that is newly established by virtue of a merger. The transfer is effective to the fund's financial year-end, unless another transfer date is scheduled.

### Investor rights on the merger of funds

At least 30 days before the redemption or conversion deadline for their shares, the Company shall provide investors in the fund with information on the reasons for the merger, the potential effects on investors, their rights in connection with the merger and the main procedural aspects, by durable medium, such as in written or electronic form. The investors will also receive the key investor information for the fund that either already exists or is newly established by virtue of the merger.

Up to five working days before the planned transfer date, investors will have the opportunity of either redeeming their units without being subject to a redemption fee or of exchanging their units against units in another fund or foreign investment fund which is also managed by the Company or a company in the same group and pursues a similar investment policy as this fund.

At the transfer date, the value of the receiving and of the transferring fund or investment fund shall be calculated, the exchange ratio shall be fixed and the complete transaction shall be examined by the auditor. The exchange ratio shall be calculated on the basis of the net asset value of the transferring and of the receiving funds at the time of the transfer. Investors shall receive units in the new fund according to the value of the units they held in the transferred fund.

The Company will announce, in the Federal Gazette and furthermore on its website <https://de.allianzgi.com>, when this fund has taken over another fund and the merger has become effective. If this fund ceases to exist by virtue of a merger, the company managing the absorbing fund or the newly established fund will be responsible for the announcement.

## Overview of key tax regulations for investors

The following overview of tax regulations applies only to investors who are fully liable to tax in Germany. For foreign investors, we recommend consulting their tax advisors and informing themselves about any tax liabilities they may incur in their country of residence due to their investment in the fund before purchasing units in this fund. Foreign investors are investors who are not fully liable to tax. They are referred to below as non-residents.

As a special-purpose fund, the fund is generally exempt from corporation tax and trade tax. However, it is partially subject to corporation tax through its German income from investments and other German income in the context of limited income tax liability, with the exception of gains from the sale of units to corporate entities. The tax rate is 15%. If the taxable income is taxed by deducting capital yield tax, the tax rate of 15% already includes the solidarity surcharge.

However, investment income is regarded as capital income for income tax purposes at the level of private investors to the extent that this income, together with other capital income, exceeds the tax-free amount for savers of currently EUR 801 (for singles or couples who file their tax returns individually) or EUR 1,602 (for couples who file their tax returns jointly).

In principle, capital income is subject to a withholding tax of 25% (plus solidarity surcharge and church tax, if applicable). Capital income also includes any income from investment funds (investment income), i.e. distributions from the fund, advance lump sums and gains from the sale of units.

In principle, the withheld tax is equivalent to the final tax debt (final withholding tax) for private investors, so capital income will no longer have to be included in the income tax return. In principle, when the tax is withheld by the custodian institution, offsetting losses and foreign withholding tax originating from direct investment are already taken into account.

However, the withheld tax will not be final if the personal tax rate of the investor is below the final withholding tax rate of 25%. In that case, investors can include their capital income in their income tax returns. The financial authorities will then use the lower personal tax rate to calculate the tax debt and offset the withheld amount against the personal tax debt (assessment on the basis of the most favourable provision for the taxpayer).

If no tax has been withheld on capital income (for example because the income stems from the sale of fund units held in a securities account abroad), the capital income shall be included in the tax return. The capital income shall then be taxable either at the final withholding rate of 25% or at the lower personal tax rate.

To the extent that the units are held as part of a unitholder's business assets, the income is treated as business income for tax purposes.

### Units held as personal assets (German residents)

#### Distributions

The fund's distributions are generally subject to tax.

Since the fund meets the tax criteria for an equity fund, however, 30% of distributions are tax-free.

The taxable distributions are generally subject to withholding tax of 25% (plus solidarity surcharge and, if applicable, church tax).

No tax is withheld if the investor is a German resident for tax purposes and an appropriate exemption application (Freistellungsauftrag) has been submitted, provided that the taxable portion of such income does not exceed EUR 801 in the case of individually filed tax returns, or EUR 1,602 in the case of jointly filed tax returns.

The same also applies if a non-assessment certificate is submitted for persons who are not expected to be subject to income tax.

If the German investor's units are held in a German securities account, the custodian institution maintaining the account, in its capacity as the paying agent, will not withhold tax if it is presented with an exemption application (completed using official forms) for a sufficient amount before the specified distribution date, or with a non-assessment certificate that has been issued by the tax authorities for a maximum period of three years. In this case the investor will be credited the total amount of the distribution, with no tax being withheld.

#### Advance lump sums

The advance lump sum is the amount by which the distributions made by the fund within a calendar year fall below the base income for that calendar year. The base income is calculated by multiplying the unit redemption price at the start of a calendar year by 70% of the base interest rate as derived from the yield on public-sector bonds that can be obtained over the long term. The base income is limited to the excess amount: this is calculated as the redemption price between the first and last price established in the calendar year, plus distributions within the calendar year. In the year in which the units are acquired, the advance lump sum is reduced by one twelfth for each full month preceding the month of acquisition. The advance lump sum is considered to have been received on the first working day of the following calendar year.

Advance lump sums are generally subject to tax.

Since the fund meets the tax criteria for an equity fund, however, 30% of advance lump sums are tax-free.

The taxable advance lump sums are generally subject to withholding tax of 25% (plus solidarity surcharge and, if applicable, church tax).

No tax is withheld if the investor is a German resident for tax purposes and an appropriate exemption application (Freistellungsauftrag) has been submitted, provided that the taxable portion of such income does not exceed EUR 801 in the case of individually filed tax returns, or EUR 1,602 in the case of jointly filed tax returns.

The same also applies if a non-assessment certificate is submitted for persons who are not expected to be subject to income tax.

If the German investor's units are held in a German securities account, the custodian institution maintaining the account, in its capacity as the paying agent, will not withhold tax if it is presented with an exemption application (completed using official forms) for a sufficient amount before the specified date of receipt, or with a non-assessment certificate that has been issued by the tax authorities for a maximum period of three years. Tax is not payable in this case. Otherwise, the investor must make the amount of tax payable available to the German custodian institution. In order to do so, the custodian institution may collect the amount of tax payable from an account that it maintains in the name of the investor, without the investor's consent being required. Unless the investor raises an objection before receipt of the advance lump sum, the custodian institution may collect the amount of tax payable from an account held in the name of the investor, as an overdraft facility agreed with the investor was not used for this account. If investors fail to comply with their obligation to make the amount of tax payable available to the German custodian institution, the custodian institution must notify the competent tax office in this respect. In these circumstances, investors must declare the advance lump sum in their income tax return.

#### Capital gains at investor level

If an investor sells fund units after 31 December 2017, any capital gains will be subject to the withholding tax of 25%. This applies both to units that were acquired prior to 1 January 2018 and which are regarded as sold on 31 December 2017 and re-acquired on 1 January 2018, and to units acquired after 31 December 2017.



Since the fund meets the tax criteria for an equity fund, however, 30% of capital gains are tax-free.

In the case of gains from the sale of units acquired prior to 1 January 2018 and regarded as sold on 31 December 2017 and re-acquired on 1 January 2018, it should be noted that, at the time of the actual sale, tax is payable on the gains from the notional sale on 31 December 2017 if the units were actually acquired after 31 December 2008.

If the units are held in a German securities account, the custodian institution maintaining the account will withhold the withholding tax, taking any partial exemptions into account. The withholding tax of 25% (plus solidarity surcharge and, if applicable, church tax) can be avoided by presenting a sufficient exemption application or non-assessment note. If a private investor sells such units at a loss, the loss can be used to offset other positive capital income. If the units are held by a German custodian institution and positive capital income was generated at the same custodian institution in the same calendar year, the custodian institution shall offset the loss.

If fund units acquired prior to 1 January 2009 are sold after 31 December 2017, the gain accruing after 31 December 2017 is tax-free for private investors up to the amount of EUR 100,000. The investor may only use this tax-free allowance if the relevant gains are declared to the tax office handling the investor's tax matters.

When calculating the amount of the capital gain, the advance lump sums applied during the investment period shall be deducted from the gain.

#### Units held as part of business assets (German residents)

##### Reimbursement of the fund's corporation tax

The corporate income tax incurred at fund level may be reimbursed to the fund for forwarding to an investor if the investor is a domestic corporate entity, association of persons or estate that, in accordance with its articles of incorporation and by-laws, foundation deed of trust or other constitution instrument, solely and directly serves non-profit, charitable or religious purposes, and is actually administered accordingly, or if it is a legal entity under public law that solely and directly serves religious interests; no such refunding shall take place, however, if the units are held in a for-profit business operation. The same applies to comparable foreign investors with registered offices and management in a foreign state that provides official assistance and recovery services. The prerequisite for this is that such an investor submits a corresponding application and corporate income tax incurred is proportionally attributable to the investor's holding period. Additionally, the investor must be the legal and beneficial owner of the units for at least three months before receiving the proceeds of the fund subject to corporate income tax without any obligation to transfer the units to any other person. Furthermore, with regard to the corporate income tax payable at the fund level on German dividends and on income from German equity-related profit-sharing rights, the refund essentially requires that German equities and German equity-related profit-sharing rights were held by the Fund as the beneficial owner for an uninterrupted period of 45 days within a period of 45 days before and after the investment income has become due and payable and that the minimum risk of changes in value remains at a constant 70% throughout that entire 45-day period (so-called "45-day rule").

The refund application must be accompanied by proof of tax-exempt status and a statement on the investment units held issued by the institution maintaining the custody account. The statement of investment fund unit holdings is an official certificate drawn up on the number of Shares held by the investor throughout the calendar year as well as the timing and extent of any purchases and sales of units during the calendar year.

The corporate income tax incurred at the Fund level may also be refunded to the Fund for forwarding to an investor, if the units in the Fund are held within the framework of individual retirement arrangements or basic pensions that have been certified in accordance with the German Pension Contracts Certification Act. This requires the provider of an individual retirement arrangement or basic pension contract to notify the Fund at least one month before the end of the fund's financial year at which times and in which amounts units were acquired or sold. In addition, the above-mentioned 45-day rule must be taken into account. There is no obligation on the part of the fund or the

Company to have the corresponding corporation tax refunded for forwarding to the investor. In particular, the fund or the company is free to make the application for such a refund subject to a minimum investor-related amount of the expected refund amount and/or to the agreement of a processing fee.

Due to the high complexity of the regulation, it is advisable to consult a tax adviser.

### Distributions

The fund's distributions are generally subject to income tax and/or corporation and trade tax.

Since the fund meets the tax criteria for an equity fund, however, 60% of distributions are tax-free for the purposes of income tax, and 30% are tax-free for the purposes of trade tax if the units are held by natural persons as part of business assets. In the case of taxable corporations, 80% of distributions are generally tax-free for the purposes of corporation tax, and 40% are tax-free for the purposes of trade tax. For corporations that are life or health insurance companies in which the fund units belong to the investment scheme, or credit institutions in which the units belong to the trading book or were acquired with the aim of generating a profit on trading for own account over the short term, 30% of distributions are generally tax-free for the purposes of corporation tax, and 15% are tax-free for the purposes of trade tax.

The distributions are generally subject to withholding tax of 25% (plus solidarity surcharge).

Since the fund meets the tax criteria for an equity fund, the 30% partial exemption is taken into account when withholding taxes.

### Advance lump sums

The advance lump sum is the amount by which the distributions made by the fund within a calendar year fall below the base income for that calendar year. The base income is calculated by multiplying the unit redemption price at the start of a calendar year by 70% of the base interest rate as derived from the yield on public-sector bonds that can be obtained over the long term. The base income is limited to the excess amount: this is calculated as the redemption price between the first and last price established in the calendar year, plus distributions within the calendar year. In the year in which the units are acquired, the advance lump sum is reduced by one twelfth for each full month preceding the month of acquisition. The advance lump sum is considered to have been received on the first working day of the following calendar year.

Advance lump sums are generally subject to income tax and/or corporation and trade tax.

Since the fund meets the tax criteria for an equity fund, however, 60% of advance lump sums are tax-free for the purposes of income tax, and 30% are tax-free for the purposes of trade tax if the units are held by natural persons as part of business assets. In the case of taxable corporations, 80% of advance lump sums are generally tax-free for the purposes of corporation tax, and 40% are tax-free for the purposes of trade tax. For corporations that are life or health insurance companies in which the fund units belong to the investment scheme, or credit institutions in which the units belong to the trading book or were acquired with the aim of generating a profit on trading for own account over the short term, 30% of advance lump sums are generally tax-free for the purposes of corporation tax, and 15% are tax-free for the purposes of trade tax.

The advance lump sums are generally subject to withholding tax of 25% (plus solidarity surcharge).

Since the fund meets the tax criteria for an equity fund, the 30% partial exemption is taken into account when withholding taxes.

### Capital gains at investor level

Gains from the sale of units are generally subject to income tax and/or corporation and trade tax. When calculating the amount of the capital gain, the advance lump sums applied during the investment period shall be deducted from the gain.

Since the fund meets the tax criteria for an equity fund, however, 60% of capital gains are tax-free for the purposes of income tax, and 30% are tax-free for the purposes of trade tax if the units are held by natural persons as part of business assets. In the case of taxable corporations, 80% of capital gains are generally tax-free for the purposes of corporation tax, and 40% are tax-free for the purposes of trade tax. For corporations that are life or health insurance companies in which the fund units belong to the investment scheme, or credit institutions in which the units belong to the trading book or were acquired with the aim of generating a profit on trading for own account over the short term, 30% of capital gains are generally tax-free for the purposes of corporation tax, and 15% are tax-free for the purposes of trade tax.

Gains from the sale of units are generally not subject to withholding tax.

### Negative tax income

Negative tax income cannot be directly allocated to the investor.

### Taxation during the winding-up process

During the winding-up of the fund, distributions are only regarded as income insofar as they include the increase in value over a calendar year.

### Summary for taxation of typical business investor groups

	Distributions	Advance lump sums	Capital gains
<b>German investors</b>			
Individual entrepreneurs	Capital yield tax: 25 % (the partial exemption for equity funds in the amount of 30% for mixed funds in the amount of 15% will be considered if necessary)  Material taxation: income tax and trade tax, if applicable taking partial exemptions into account (equity funds 60% in the case of income tax / 30% for business tax; mixed funds 30% in income tax / 15% trade tax)		Capital yield tax: Exemption
Corporations subject to standard taxation (typically industrial companies; banks, unless units are held in the trading portfolio; property insurance companies)	Capital yield tax: Exemption in the case of banks, otherwise 25% (partial exemption for equity funds in the amount of 30% for mixed funds in the amount of 15% will be considered if necessary)  Material taxation: corporation tax and trade tax, if applicable taking partial exemptions into account (equity fund 80% for corporation tax / 40% for trade tax; mixed fund 40% for corporation tax / 20% for trade tax)		Capital yield tax: Exemption
Life and health insurance companies and pension funds in which the fund units belong to the investment scheme	Capital yield tax: Exemption  Material taxation: Corporation tax and trade tax, unless a reserve for premium refunds is included on the commercial balance sheet and must also be recognised for tax purposes, if applicable taking partial exemptions into account (equity fund 30% for corporation tax / 15% for trade tax; mixed fund 15% for corporation tax / 7.5% for trade tax)		
Banks holding the fund units in the trading portfolio	Capital yield tax: Exemption  Material taxation: Corporation tax and trade tax, if applicable taking partial exemptions into account (equity fund 30% for corporation tax / 15% for trade tax; mixed fund 15% for corporation tax / 7.5% for trade tax)		
Tax-exempt non-profit, charitable or -clerical investors (in particular churches, -not-for-profit foundations)	Capital yield tax: Exemption  Material taxation: Tax-free – additionally, the corporation tax incurred at fund level may be refunded upon request		
Other tax-exempt investors (in particular pension funds, funeral expenses funds and relief funds, provided the requirements stipulated in the German Corporation Tax Act (Körperschaftsteuergesetz) have been met)	Capital yield tax: Exemption  Material taxation: Tax-free		

German safe custody is assumed. A solidarity surcharge is levied as a supplementary tax on the capital yield tax, income tax and corporation tax. For the exemption from capital yield tax, it may be required that certificates be submitted to the custodian institution in good time.

#### Non-residents

If a non-resident taxpayer holds fund units at a German custodian institution, no tax is deducted from distributions, advance lump sums and gains from the sale of units, provided investors can present evidence of their non-residency. If the investor's non-resident status is not brought to the attention of the custodian institution maintaining the securities account, or if proof of such status is not supplied in time, the foreign investor will have to apply for a refund of the withholding tax pursuant to the German Fiscal Code (section 37 (2) of the German Fiscal Code (Abgabenordnung – AO)). Such proof must be sent to the tax office responsible for the custodian institution which maintains the securities account.

#### Solidarity surcharge

A solidarity surcharge of 5.5% is tax deducted from the distributions, advance lump sums and gains from the sale of units. The solidarity surcharge can be offset against the income tax and corporate tax liability.

#### Church tax

If the income tax debt is paid by the withholding tax deducted by the German custodian institution which maintains the securities amount, the applicable church tax is normally levied in addition to the withholding tax and pursuant to the church tax rate for the religious community to which the church taxpayer belongs. The church tax is taken into account as a special expense at the time of the deduction of the withholding tax.

#### Foreign withholding tax

Withholding tax may be deducted from the income of a fund generated abroad. Investors may not take this withholding tax into account to reduce the tax liability.

#### Consequences of the merger of funds

If a German fund is merged with another German fund, hidden reserves are revealed neither at the level of the investors nor at the level of the participating funds; i.e., the merger is tax-neutral. The same applies to the transfer of all the assets of a German fund to a German investment stock corporation with variable capital or a subfund of a German investment stock corporation with variable capital. If investors of the fund being transferred receive a cash payment as provided for in the merger plan (section 190 (2) no. 2 of the German Investment Code (KAGB)), this should be treated as a distribution.

#### Automatic exchange of information in tax matters

The significance of automatic exchange of information in combatting cross-border tax fraud and cross-border tax evasion has increased considerably on an international level in recent years. As a result, the OECD published a global standard for the automatic exchange of information on financial accounts in tax matters on behalf of the G20 in 2014 (Common Reporting Standard, "CRS" below). The CRS was approved by more than 90 countries (participating states) in a multilateral agreement. It was also incorporated into Directive 2011/16/EU on administrative cooperation in the field of taxation (automatic exchange of information) at the end of 2014, through Directive 2014/107/EU of the Council dated 9 December 2014. The participating states (all EU member states and several other countries) will apply the CRS from 2016 onwards, with the obligation to report information starting from 2017. Only a few countries (e.g. Austria and Switzerland) will be permitted to apply the CRS one year later. Germany has transposed the CRS into German law through the Financial Accounts – Exchange of Information Act (Finanzkonten-Informationsaustauschgesetz) of 21 December 2015, applicable from 2016 onwards.

The CRS requires the relevant financial institutions (mainly credit institutions) to obtain certain information about their clients. If the clients (natural persons or legal entities) are persons subject to reporting requirements who are domiciled in other participating states (this does not include listed companies or financial institutions, for example), their accounts and securities accounts are classified as

subject to mandatory reporting. The reporting financial institutions will then transfer certain specified information to their home tax authority for each account that is subject to reporting requirements. The tax authority then transfers the information to the client's home tax authority.

The main items in the transferred information are the personal data of the client who is subject to mandatory reporting (name; address; tax identification number; date and place of birth (for natural persons); country of domicile) and information about accounts and securities accounts (e.g. account number; account balance or account value; total gross amount of income such as interest, dividends or distributions from investment funds); total gross income from the sale or redemption of financial assets (including fund units)).

This therefore specifically affects investors who are subject to mandatory reporting and who hold an account and/or securities account at a credit institution domiciled in a participating state. As a result, German credit institutions will report information about investors domiciled in other participating states to the Federal Central Tax Office (Bundeszentralamt für Steuern), which will forward the information to the respective tax authorities in investors' countries of domicile. In the same way, credit institutions in other participating states will report information about investors domiciled in Germany to their respective home tax authority, which will forward the information to the Federal Central Tax Office. Lastly, it is possible that credit institutions domiciled in other participating states will report information to their respective home tax authority about investors who are in turn domiciled in other participating states. The home tax authority would then forward information to the respective tax authorities in the investors' country of domicile.

#### EU Savings Directive/Interest Information Ordinance

The directive on taxation of savings income in the form of interest payments (Council Directive 2003/48/EC of 3 June 2003, OJ EU No. L 157 p. 38), which is transposed into German law through the Interest Information Ordinance (Zinsinformationsverordnung, "ZIV" below), is intended to ensure effective cross-border taxation of the interest income of natural persons within the territory of the EU. The EU has entered into agreements with some non-member states (in particular Switzerland, Liechtenstein, Channel Islands, Monaco and Andorra) that largely correspond to the EU Savings Directive.

To this end, a German bank will notify the German Federal Ministry of Finance of interest income paid by that German bank (which is accordingly acting as paying agent) to a natural person who is resident in another European country or in certain non-member countries and the Ministry in turn will then notify the respective local tax offices.

Interest income received from a foreign financial institution in Europe or in certain non-member countries by a natural person in Germany, is correspondingly reported to the local German tax office by the bank. Alternatively, some foreign countries deduct the withholding taxes that are due in Germany.

Specifically affected are all private investors resident in the EU or in the participating non-member states, who hold their securities or bank account in another EU country and earn cross-border income.

Switzerland is among the countries that have committed to deducting a 35% withholding tax on interest income. The investor receives a certificate documenting the withholding which he can use to deduct this tax on his income tax return.

The private investor also has the option of gaining exemption from the foreign tax deduction by submitting an authorisation for the voluntary disclosure of his interest income to the foreign bank that allows that institution not to make the tax deduction and instead to report the income to the prescribed tax authorities.

Under ZIV, the Company is required to declare for the fund whether it is "in scope" or "out of scope" for ZIV purposes.

The ZIV contains two essential investment limits for this assessment.

If no more than 15% of a fund's assets consist of receivables within the meaning of ZIV, paying agents who ultimately have to rely on the data reported to them by the Company do not have to make any returns to the German Federal Ministry of Finance. Otherwise, exceeding the 15% limit triggers a requirement for the paying agent to report the interest portion of distributions to the German Federal Ministry of Finance.

If the 25% limit is exceeded, the interest portion contained in the proceeds of the redemption or sale of fund units must be reported. If it is a distributing fund, the interest portion in any distribution must also be reported to the German Federal Ministry of Finance. If it is an accumulating fund, a report logically only needs to be made in the event of a redemption or sale of fund units.

#### US Withholding Tax and Reporting 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. The rules are designed to require certain US persons' direct and indirect ownership of certain non-US accounts and non-US entities to be reported to the US Internal Revenue Service. The Company may be required to withhold tax in respect of non-compliant investors at the rate of 30%, if there is a failure to provide certain required information. These rules generally apply to certain payments made after 1 July 2014.

Germany has entered into an intergovernmental agreement with the United States of America ("IGA") to facilitate FATCA compliance. Under the IGA, FATCA compliance will be enforced under new local German tax legislation and reporting rules and practices.

The Company will likely require additional information from investors in order to comply with these provisions. Prospective investors should consult their own tax advisors on the requirements applicable to them under FATCA. The Company may disclose the information, confirmations or other documentation that it receives from (or concerning) their investors to the US Internal Revenue Service, non-US taxing authorities, or other parties as necessary to comply with FATCA, related intergovernmental agreements or other applicable law or regulation. Each prospective investor is urged to consult their tax advisor regarding the applicability of FATCA and any other reporting requirements with respect to the prospective investor's own situation.

#### Taxation in the People's Republic of China

##### Corporation tax

If the fund's Management Company or the fund itself is considered to be a company resident in the People's Republic of China for tax purposes, it will be liable for PRC corporation tax of 25% of its global taxable income. If the fund's Management Company or the fund itself is considered to be a company not resident in the People's Republic of China for tax purposes but with a permanent establishment or a place of business in the People's Republic of China, the gains generated within the People's Republic of China will be subject to corporation tax of 25%.

Under the Corporation Tax Act, which entered into force in the People's Republic of China on 1 January 2008, a company not resident in the People's Republic of China for tax purposes with no permanent establishment in the People's Republic of China is generally subject to withholding tax of 10% on its income generated within the People's Republic of China, including passive income (e.g. B. dividends, interest, income from the transfer of assets etc.).

The fund's Management Company and the fund's investment manager intend to operate and manage the fund's Management Company or the fund itself in such a way that the fund's Management Company or the fund itself will not be treated as a company resident in the People's Republic of China for tax purposes nor as a company not resident in the People's Republic of China for tax purposes but with a permanent establishment in the People's Republic of China for corporation tax purposes, although uncertainties with regard to the tax legislation and practice in the People's Republic of China mean that there is no guarantee of this result.

## (i) Interest

Except in cases where there is an exemption in effect, companies that are not resident in the People's Republic of China for tax purposes are subject to PRC withholding tax on interest payments on debt instruments issued by companies resident in the People's Republic of China for tax purposes, including on bonds issued by companies established in Mainland China. The generally applicable rate of withholding tax is 10%, subject to reduction under the applicable double taxation conventions and agreements with the PRC tax authorities.

Interest on government bonds issued by the competent financing office of the State Council or on municipal government bonds approved by the State Council are exempt from PRC corporation tax under the PRC Corporation Tax Act.

Pursuant to a tax circular jointly published by the Ministry of Finance of the People's Republic of China ("MoF") and the State Administration of Taxation of the People's Republic of China ("SAT") on 7 November 2018, namely the circular on corporation tax and VAT policy for foreign institutions that invest in onshore bond markets ("Circular 108"), foreign institutional investors are temporarily exempted from corporation tax in the People's Republic of China on interest income earned on bonds obtained between 7 November 2018 and 6 November 2021 on the bond market of the People's Republic of China. Bond interest generated by the onshore companies/institutions of foreign investors and directly linked to these onshore companies/institutions does not fall within the scope of this exemption from corporation tax in the People's Republic of China. However, there is no guarantee that such temporary tax exemption will continue to apply, will not be repealed and retroactively reimposed, or that new tax regulations and practices specifically relating to the PRC bond market will not be enacted in China in the future.

## (ii) Dividends

Under the current PRC Corporation Tax Act, companies not resident in the People's Republic of China for tax purposes are subject to PRC withholding tax on cash dividends and special distributions paid out by companies resident in the People's Republic of China for tax purposes. The generally applicable rate of withholding tax is 10%, subject to reduction under the applicable double taxation conventions and agreements with the PRC tax authorities.

## (iii) Capital gains

Under the Corporation Tax Act and its implementing rules, "income from the transfer of assets" in the People's Republic of China by companies not resident in the People's Republic of China for tax purposes is liable for PRC withholding tax of 10%, subject to exemption or reduction under the applicable double taxation conventions and agreements with the PRC tax authorities.

The MoF, SAT and China Securities Regulatory Commission ("CSRC") have issued joint circulars to clarify the taxation of Stock Connect, under which capital gains from the transfer of Chinese A-shares are temporarily exempted from withholding tax in the People's Republic of China. On 31 October 2014, the MoF, SAT and CSRC issued the circular Caishui [2014] No. 79 ("Circular 79") to clarify the taxation of capital gains from the transfer of investment assets in the People's Republic of China by QFIIs and RQFIIs. Pursuant to Circular 79, in the case of QFIIs and RQFIIs with no permanent establishment in the People's Republic of China or those with a permanent establishment in the People's Republic of China where the income generated in this way is not in effect linked to that establishment, capital gains generated from the transfer of investment assets such as Chinese A-shares on or after 17 November 2014 are temporarily exempted from withholding tax in the People's Republic of China. However, capital gains generated by QFIIs and RQFIIs before 17 November 2014 are subject to withholding tax in the People's Republic of China in accordance with the provisions of the Act. The MoF, SAT and CSRC jointly issued the circulars Caishui [2014] No. 81 and Caishui [2016] No. 127 to clarify the taxation of Stock Connect, under which capital gains from the transfer of Chinese A-shares via Stock Connect are temporarily exempted from withholding tax in the People's Republic of China.

Based on verbal statements from the PRC tax authorities, income generated by foreign investors (including FIIs) from investments in fixed-income securities from the People's Republic of China is not considered to be income attributable to the People's Republic of China and should therefore not be subject to PRC withholding tax. However, there are no written tax regulations from the PRC tax authorities to substantiate this statement. In practice, the PRC tax authorities have not levied any PRC withholding tax on capital income generated by FIIs from trade in fixed-income securities, even where these have been traded via the CIBM.

In the light of the above and on the basis of the recommendations of consultants and independent tax advisers, the Management Company or the relevant investment manager (if applicable) intends to:

- create a reserve for 10% withholding tax on dividends from Chinese A-shares and interest on debt instruments issued by PRC companies if this withholding tax has not been directly withheld; and
- not to create a reserve for PRC withholding tax on realised and unrealised gross capital gains from trade in Chinese A-shares and non-share-based investments such as PRC debt instruments.

Given the possibility of a change in the tax regulations or their interpretation and of the retroactive levying of taxes, any tax reserve created by the investment manager could prove at any given time to be too high or too low to meet the PRC tax liabilities associated with the Management Company's or the fund's capital investments in the People's Republic of China. As a result, investors may experience advantages or disadvantages depending on the actual calculation and taxation of such gains and income, the reserves set aside by the investment manager for taxation purposes and the timing of subscription or redemption of their holdings in/from the Management Company or the fund. If there is a change in the tax requirements or environment leading to a lack of adequate coverage of actual or potential tax liabilities on the part of the investment manager, the existing investors at that time and any new investors will be disadvantaged because the Management Company or the fund will need to cover the difference between the withholding tax reserve held at that time and the tax liabilities under the new regime. Conversely, those investors who redeemed their units under the old regime will be disadvantaged by the change in tax requirements or environment if it leads to surplus coverage on the part of the investment manager, because they will have contributed to that surplus coverage. In such cases, the existing investors at that time and any new investors would benefit, because the difference between the withholding tax reserve held at that time and the tax liabilities would accrue as assets to the Management Company and the fund.

In view of the uncertainties detailed above and to cover the potential tax liabilities for gains from the disposal of fixed-income securities and interest income from fixed-income securities, the Management Company reserves the right to vary the withholding tax reserve for such gains or interest income for the account of the Management Company or the fund in order to take account of potential tax on realised and unrealised gross capital gains and interest income.

If the uncertainties described above are resolved in the future or if there are any further changes in the tax legislation or guidelines, the company will, as soon as is practically possible, adjust the amount of the tax provision accordingly (if applicable) to the extent it deems necessary. The amount of such a tax provision will be published in the fund's financial statements.

It should also be noted that the actual applicable taxes levied by the tax authorities in the People's Republic of China may differ from this and may change from time to time. Regulations may be changed and taxes may be levied retroactively. In this respect, any tax provision formed by the investment manager for the account of the fund may prove to be too high or too low to cover the final tax liabilities in the People's Republic of China. As a result, the fund's unit-holders may experience positive or negative effects depending on the final tax liabilities, the amount of the reserve and the timing of subscription or redemption of their units in the fund.

#### **Value-added tax ("VAT") and other surcharges (valid from 1 May 2016)**



Pursuant to the circular Caishui [2016] 36 (“Circular 36”), effective from 1 May 2016, VAT of 6% will be levied on the difference between the sale and purchase prices of these marketable securities.

Gains from trade in marketable securities (including A-shares and other listed PRC securities) are exempted from VAT in the People’s Republic of China under Circular 36 and Caishui [2016] No. 70. Moreover, deposit interest income and interest income from government bonds and municipal government bonds are exempt from VAT.

According to Circular 108, foreign institutional investors are temporarily exempt from VAT on bond interest income generated on the bond market of the People’s Republic of China between 7 November 2018 and 6 November 2021. However, there is no guarantee that such temporary tax exemption will continue to apply, will not be repealed and retroactively reimposed, or that new tax regulations and practices specifically relating to the PRC bond market will not be enacted in China in the future.

Dividend income or profit distributions from capital investments from the People’s Republic of China are not classed as income subject to VAT.

Moreover, city maintenance and construction tax (currently at a rate of 1% to 7%), education tax (currently at a rate of 3%) and municipal education tax (currently at a rate of 2%) are set on the basis of VAT liabilities.

### Stamp duty

Under the law of the People’s Republic of China, stamp duty is payable for the preparation and maintenance of all taxable documents listed in the provisional regulations of the People’s Republic of China on stamp duty. Stamp duty is generally levied for the sale of shares listed in the People’s Republic of China at a rate of 0.1% of the purchase price. The Management Company or the fund is liable for this tax every time it sells shares listed in the People’s Republic of China. Stamp duty is not expected to be levied on the issue or on any subsequent transfer of government or corporate bonds by holders of such bonds not resident in the People’s Republic of China for tax purposes.

Unit-holders not resident in the People’s Republic of China for tax purposes are not liable for PRC tax for distributions they receive from the Management Company or the fund, nor for income from the disposal of units. It is recommended that unit-holders resident in the People’s Republic of China for tax purposes seek advice regarding their tax position in respect of their investment in the Management Company or the fund.

There is no guarantee that new tax laws, regulations and practices that specifically pertain to FIIs, Stock Connect or the CIBM regulations and that may be applied retroactively will not be introduced in the People’s Republic of China in the future. The adoption of such new tax laws, regulations and practices may entail advantages or disadvantages for unit-holders as a result of their investments in the Management Company or the fund on the PRC market.

Investors should inform themselves or, if applicable, consult their own advisers regarding the possible tax effects of subscribing to, purchasing, holding, exchanging, redeeming or otherwise disposing of units under the laws of their country of citizenship, residence, habitual abode or domicile.

### Auditors

PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main has been entrusted with auditing the fund and examining the annual report as well as the liquidation report, should the case arise. The Auditor audits the annual report of the fund. In doing so, the Auditor must also ascertain whether the fund has been managed in compliance with the provisions of the KAGB and of the Investment Terms and Conditions. The Auditor shall summarise its findings in a separate opinion, which must be duplicated in full in the annual report. The Auditor shall submit the findings of its audit of the fund to BaFin on request.

## Outsourcing of activities

The Company has outsourced the following material tasks to other companies<sup>3)</sup>:

Trading in US equities	Allianz Global Investors US LLC <sup>4)</sup> San Francisco, U.S.A.
Trading in Asian equities	Allianz Global Investors Asia Pacific Limited <sup>5)</sup> (Hong Kong), Hong Kong
Securities Lending	Deutsche Bank AG Frankfurt/Main, Germany State Street Bank and Trust Company <sup>6)</sup> London, United Kingdom BNP Paribas Securities Services <sup>7)</sup> London, United Kingdom
Management of loan receivables	The Bank of New York Mellon <sup>8)</sup> London, United Kingdom
Management of collateral for securities lending transactions (collateral management)	State Street Bank International GmbH Frankfurt/Main, Germany The Bank of New York Mellon, London Branch London, United Kingdom The Bank of New York Mellon SA/NV, Frankfurt Branch Frankfurt/Main, Germany Euroclear Bank SA/NV Brussels, Belgium
Management of collateral for derivatives transactions (collateral management)	The Bank of New York Mellon SA/NV Frankfurt/Main, Germany State Street Bank and Trust Company Boston, U.S.A.
Fund accounting and fund administration	State Street Bank International GmbH <sup>9)</sup> Munich, Germany State Street Bank International GmbH, Luxembourg Branch <sup>10)</sup> Luxembourg, Luxembourg Société Générale S.A. <sup>11)</sup> Paris, France State Street Bank International GmbH, Paris Branch <sup>11)</sup> Paris, France State Street Bank International GmbH Succursale Italia <sup>12)</sup> Milan, Italy State Street Bank and Trust Company <sup>13)</sup> London, United Kingdom
Middle Office	State Street Bank and Trust Company Boston, U.S.A.

<sup>3)</sup> If, during the period when this prospectus is valid, the Company should make any changes to the outsourcing of material tasks, the Company shall provide information in this respect in the fund's annual or semi-annual report.

<sup>4)</sup> The outsourcing company is an entity affiliated with the Management Company. As a result, the possibility cannot be excluded that the outsourcing agreement would have been concluded in a different form if the outsourcing company did not have close ties with the Management Company under company law or in relation to personnel.

<sup>5)</sup> The outsourcing company is an entity affiliated with the Management Company. As a result, the possibility cannot be excluded that the outsourcing agreement would have been concluded in a different form if the outsourcing company did not have close ties with the Management Company under company law or in relation to personnel.

<sup>6)</sup> Only for investment funds not mentioned in this prospectus.

<sup>7)</sup> Only for investment funds not mentioned in this prospectus.

<sup>8)</sup> Only for investment funds not mentioned in this prospectus.

<sup>9)</sup> Only for investment funds issued under German law.

<sup>10)</sup> Only for investment funds issued under Luxembourg law.

<sup>11)</sup> Only for investment funds issued under French law.

<sup>12)</sup> Only for investment funds issued under Italian law.

<sup>13)</sup> Only for investment funds issued under UK law.

Internal auditing	Allianz Asset Management GmbH <sup>14)</sup> Munich, Germany
Anti Money Laundering Services	Fondsdepotbank GmbH Hof, Germany
Portfolio analysis (incl. fee calculation)	IDS GmbH <sup>15)</sup> Munich, Germany
Information technology (IT)	Allianz Technology SE <sup>16)</sup> Munich, Germany Allianz Technology SpA <sup>17)</sup> Milan, Italy BNOVA S.R.L. Massa, Italy
Portfolio management (only for investment funds not mentioned in this prospectus) / Investment Advisory Services	Allianz Banque Société Anonyme <sup>18)</sup> Puteaux, France Allianz Global Investors Asia Pacific Limited <sup>19)</sup> (Hong Kong), Hong Kong Allianz Global Investors Japan Co., Ltd. <sup>20)</sup> Tokyo, Japan Allianz Global Investors Singapore Limited <sup>21)</sup> Singapore, Singapore PIMCO Deutschland GmbH <sup>22)</sup> Munich, Germany Voya Investment Management Co. LLC New York, U.S.A.
Value at Risk Calculation	RiskMetrics Solutions, LLC New York, U.S.A.
Parts of the electronic financial accounting of the company Allianz Global Investors GmbH	Infosys Limited Bangalore, India
IT-Services	Cognizant Technology Solutions GmbH Frankfurt/Main, Germany Allianz Technology SE <sup>16)</sup> Munich, Germany BNOVA S.R.L. Massa, Italy
Anti Money Laundering services for Milan branch	Allianz Bank Financial Advisors SpA <sup>23)</sup> Milan, Italy
Administrative services regarding Anti Money Laundering for certain AIF	YouLend ApS Copenhagen, Denmark

## Outsourcing of Portfolio Management

In compliance with legislation, in particular with section 36 of the Investment Code (KAGB), the Company has outsourced portfolio management of Allianz Biotechnologie to Voya Investment Management Co. LLC, New York. Within the framework of its activities, the

<sup>14)</sup> The outsourcing company is an entity affiliated with the Management Company. As a result, the possibility cannot be excluded that the outsourcing agreement would have been concluded in a different form if the outsourcing company did not have close ties with the Management Company under company law or in relation to personnel.

<sup>15)</sup> The outsourcing company is an entity affiliated with the Management Company. As a result, the possibility cannot be excluded that the outsourcing agreement would have been concluded in a different form if the outsourcing company did not have close ties with the Management Company under company law or in relation to personnel.

<sup>16)</sup> The outsourcing company is an entity affiliated with the Management Company. As a result, the possibility cannot be excluded that the outsourcing agreement would have been concluded in a different form if the outsourcing company did not have close ties with the Management Company under company law or in relation to personnel.

<sup>17)</sup> Only for investment funds issued under Italian law.

<sup>18)</sup> The outsourcing company is an entity affiliated with the Management Company. As a result, the possibility cannot be excluded that the outsourcing agreement would have been concluded in a different form if the outsourcing company did not have close ties with the Management Company under company law or in relation to personnel.

<sup>19)</sup> The outsourcing company is an entity affiliated with the Management Company. As a result, the possibility cannot be excluded that the outsourcing agreement would have been concluded in a different form if the outsourcing company did not have close ties with the Management Company under company law or in relation to personnel.

<sup>20)</sup> The outsourcing company is an entity affiliated with the Management Company. As a result, the possibility cannot be excluded that the outsourcing agreement would have been concluded in a different form if the outsourcing company did not have close ties with the Management Company under company law or in relation to personnel.

<sup>21)</sup> The outsourcing company is an entity affiliated with the Management Company. As a result, the possibility cannot be excluded that the outsourcing agreement would have been concluded in a different form if the outsourcing company did not have close ties with the Management Company under company law or in relation to personnel.

<sup>22)</sup> Only for investment funds not mentioned in this prospectus.

<sup>23)</sup> The outsourcing company is an entity affiliated with the Management Company. As a result, the possibility cannot be excluded that the outsourcing agreement would have been concluded in a different form if the outsourcing company did not have close ties with the Management Company under company law or in relation to personnel.

portfolio manager is authorised to take decisions on the management of the fund assets at its own discretion. In particular, the portfolio manager shall be obliged to buy and sell securities and – if applicable – employ derivative financial instruments. In exercising its activities, the portfolio manager shall be obliged to observe the fund's investment principles and investment restrictions. Voya Investment Management Co. LLC is subject to the supervision of the US Securities and Exchange Commission (USA).

### Service providers

Companies that perform functions outsourced by the Company are shown in the section “Outsourcing of activities”. In addition, the Company has not engaged any consulting firms, investment advisors or other service providers in relation to management of the fund.

### Annual, semi-annual and liquidation reports

The annual and semi-annual reports as well as the liquidation report can be obtained from the Company and from the depositary. They can be requested free of charge at any time. Moreover, they will be published at <https://de.allianzgi.com>.

### Payments to investors/distribution of reports and other information

The appointment of the depositary ensures that the investors receive distributions, that units are redeemed and that redemption prices are paid. The investor information mentioned in this prospectus may be obtained as described in the “Offering documents” section. These documents are also available from the depositary. Further information can be obtained from the Company itself.

# Funds managed by Allianz Global Investors GmbH

## 1. Funds as defined in the UCITS Directive

Name of the fund	Name of the fund
Allianz Adifonds	Allianz Strategie 2031 Plus
Allianz Adiverba	Allianz Strategiefonds Balance
Allianz Biotechnologie	Allianz Strategiefonds Stabilität
Allianz Corps-Corent	Allianz Strategiefonds Wachstum
Allianz Euro Rentenfonds	Allianz Strategiefonds Wachstum Plus
Allianz Europazins	Allianz Thesaurus
Allianz Flexi Rentenfonds	Allianz US Large Cap Growth
Allianz Fonds Japan	Allianz Vermögensbildung Deutschland
Allianz Fonds Schweiz	Allianz Vermögensbildung Europa
Allianz Fondsvorsorge 1947-1951	Allianz Wachstum Euroland
Allianz Fondsvorsorge 1952-1956	Allianz Wachstum Europa
Allianz Fondsvorsorge 1957-1966	Concentra
Allianz Fondsvorsorge 1967-1976	CONVEST 21 VL
Allianz Fondsvorsorge 1977-1996	Fondak
Allianz Geldmarktfonds Spezial	Fondis
Allianz Global Equity Dividend	Fondra
Allianz Informationstechnologie	Industria
Allianz Interglobal	Kapital Plus
Allianz Internationaler Rentenfonds	NÜRNBERGER Euroland A
Allianz Mobil-Fonds	Plusfonds
Allianz Multi Manager Global Balanced	PremiumMandat Konservativ
Allianz Nebenwerte Deutschland	PremiumStars Chance
Allianz Rentenfonds	PremiumStars Wachstum
Allianz Rohstofffonds	SCB GELDMARKT
Allianz SCB Renten	

## 2. Alternative retail funds

### a) Mixed funds

Name of the fund
VermögensManagement Stabilität

### b) Other funds

Name of the fund
VermögensManagement Stars of Multi Asset

Allianz Global Investors GmbH also manages “Undertakings for Collective Investment in Transferable Securities” (UCITS) under French law, UCITS under Italian law, UCITS under Luxembourg law, UCITS under the laws of the UK as well as special AIF under German law and AIF under French and Luxembourg law.

## The purchaser's right of revocation pursuant to section 305 KAGB (door-to-door sales)

### Notice pursuant to section 305 KAGB

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1. If the purchaser of units or shares of an open investment fund has been induced by oral negotiations outside the permanent business premises of the party selling the units or shares or brokering their sale to submit a declaration of intent directed at the sale, the purchaser is bound to this declaration unless he revokes it in a written statement directed to the management company or a representative within the meaning of section 319 of the German Capital Investment Code (KAGB) within a period of two weeks; this also applies if the party selling the units or shares or brokering their sale has no permanent business premises. In the case of distance sales transactions, section 312g sub-section 2 no. 8 of the German Civil Code (Bürgerliches Gesetzbuch – BGB) shall apply accordingly.
2. The deadline is deemed to have been met if the declaration of revocation is mailed within the time allowed. The revocation period does not commence until the buyer has been provided with a copy of the application form or has been sent a contract note and the copy or the contract note contains instructions on the buyer's right of revocation in a form that complies with section 246 sub-section 3 sentences 2 and 3 of the Introductory Act to the German Civil Code. If there is a dispute over the start of the period referred to in sentence 2, the burden of proof is on the seller.
3. The purchaser has no right of revocation if the seller proves that
  - a) the purchaser is not a consumer as defined in section 13 BGB, or
  - b) he visited the purchaser for the negotiations which resulted in the sale of the units or shares based on a prior appointment (section 55 sub-section 1 of the German Trade Code (Gewerbeordnung)).
4. If the sale has been revoked and the purchaser has already made payments, the investment management company, the EU management company or the foreign AIF management company is required to repay to the purchaser (simultaneously with the retransfer of the purchased units or shares, if applicable) the expenses paid plus an amount equivalent to the value of the paid units or shares on the day after receipt of the letter of revocation.
5. The right to revocation may not be waived.
6. The provision applies accordingly to the sale of units or shares by the investor.
7. The right of revocation in relation to units and shares of a closed investment fund is based on the German Civil Code (BGB).
8. Investors who, prior to the publication of a supplement to the prospectus, submitted a declaration of intent directed at the purchase of a unit or share of a closed public AIF can revoke it within a period of two working days after the publication of the supplement provided performance has not yet occurred. Such revocation does not require a reason to be given and must be declared in writing to the management company or person referred to in the supplement as the recipient of the revocation; timely mailing is sufficient for adhering to the deadline. Section 357a of the German Civil Code applies accordingly to the legal consequences of the revocation.

## Information for investors in the Republic of Austria

The public sale of units of Allianz Biotechnologie in the Republic of Austria has been registered with the Finanzmarktaufsicht (Vienna) pursuant to section 140 InvFG. Erste Bank der oesterreichischen Sparkassen AG acts as Facility in Austria in accordance with section EU directive 2019/1160 article 92. Redemption requests for units of the aforementioned fund can be submitted to the Austrian Facility.

All necessary information for investors is also available at the Austrian Facility free of charge, including: the prospectus, the investment terms and conditions, the annual and semi-annual reports, the key investor information, and the subscription and redemption prices.

Prior to acquiring units of the 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.

# Investment Terms and Conditions

## General Investment Terms and Conditions

to regulate the legal relationship between the investors and Allianz Global Investors GmbH, Frankfurt am Main (“Company”) with regard to the investment funds as defined in the UCITS Directive managed by the Company. These “General Investment Terms and Conditions” are only applicable in conjunction with the “Special Investment Terms and Conditions” set out for the respective UCITS fund.

### Section 1 General information

1. The Company is a UCITS investment management company subject to the provisions of the Investment Code (Kapitalanlagegesetzbuch – KAGB).
2. The Company invests the money deposited with it in its own name for the joint account of the investors pursuant to the principle of risk diversification in assets permitted under the KAGB, in separation from its own assets, in the form of a UCITS fund. The resulting rights of investors are vested in Global certificates issued. The business purpose of the UCITS Fund is limited to the investment of the Fund’s assets in accordance with a fixed investment strategy and by means of collective asset management; it excludes operational activity and active entrepreneurial management of the assets held.
3. The legal relationship between the company and the investor is governed by the General Investment Conditions (GIC) and the Special Investment Conditions (SIC) of the UCITS Fund (the GIC and SIC are collectively referred to as the “Investment Conditions”), as well as the KAGB.

### Section 2 Depositary

1. The Company will appoint a credit institution as depositary for the UCITS fund; the depositary shall act independently of the Company and exclusively in the interests of the investors.
2. The tasks and obligations of the custodian depend on the custodian contract concluded with the company, the KAGB and the Investment Conditions.
3. The depositary may outsource custodial responsibilities to another company (sub-depositary) pursuant to section 73 KAGB. The prospectus has further details.
4. The custodian shall be liable to the UCITS Fund assets or to investors for the loss of a held financial instrument within the meaning of section 72, paragraph 1, no. 1 of the KAGB by the custodian or by a sub-custodian to whom the custody of financial instruments was transferred in accordance with section 73, paragraph 1 of the KAGB. The depositary shall not be liable if it can prove that the loss was due to influences beyond its control and whose consequences proved unavoidable, in spite of reasonable countermeasures being taken. The aforementioned shall be without prejudice to any further claims derived from German Civil Code provisions on the grounds of contractual agreements or impermissible actions. The depositary shall also be liable to the UCITS fund or the investors for all other losses suffered as a result of the depositary negligently or intentionally failing to fulfil its obligations pursuant to the provisions of the KAGB. The liability of the depositary shall not be affected in the event that the custodial duties are transferred elsewhere pursuant to sub-section 3 sentence 1.

### Section 3 Fund management

1. The Company purchases and manages assets in its own name for the joint account of the investors with due and proper skill, probity, care and diligence. In performing its functions, the Company shall act independently of the depositary and exclusively in the interests of investors.
2. The Company shall be entitled to use the funds invested by the investors to acquire assets, dispose of such assets, and reinvest the proceeds; the Company shall also be authorised to perform any other legal actions resulting from the management of the assets.



3. The Company may neither grant money loans nor enter into any obligations in connection with a contract of surety or guarantee for the joint account of the investors; it may not sell assets in accordance with sections 193, 194 and 196 KAGB which, at the time of conclusion of the transaction, are not held by the UCITS fund. Section 197 KAGB shall remain unaffected.

#### Section 4 Investment principles

The UCITS Fund is invested directly or indirectly in accordance with the principle of risk diversification. The Company shall only acquire assets on behalf of the UCITS fund from which income and/or growth can be expected. The Company shall specify in the SITC which assets may be acquired for the UCITS fund.

#### Section 5 Securities

Provided the SITC do not contain any further restrictions and subject to section 198 KAGB, the Company may only acquire securities for account of the UCITS fund if

- a) they are admitted to official trading on a stock exchange in a member state of the European Union or in another signatory state to the Agreement on the European Economic Area or admitted to or included in another organised market in one of these states,
- b) they are exclusively admitted to trading on a stock exchange outside the member states of the European Union or outside the other signatory states to the Agreement on the European Economic Area or admitted to or included in another organised market in one of these states, provided that the selection of this stock exchange or organised market has been permitted by the ("Bundesanstalt") für Finanzdienstleistungsaufsicht (BaFin)<sup>1)</sup>,
- c) their admission to official trading on a stock exchange in a member state of the European Union or in another signatory state to the Agreement on the European Economic Area or their admission to or inclusion in an organised market of a member state of the European Union or of another signatory state to the Agreement on the European Economic Area must be applied for under their terms of issuance, provided that the admission or inclusion takes place within one year after their issuance,
- d) their admission to official trading on a stock exchange or their admission to or inclusion in the organised market of a state outside the European Union or outside the signatory states to the Agreement on the European Economic Area has to be applied for under their terms of issuance, provided that the selection of this stock exchange or organised market has been permitted by BaFin and the admission or inclusion takes place within one year after their issuance,
- e) they are equities to which the UCITS fund is entitled in the framework of a capital increase from company reserves.
- f) they are acquired through the exercise of subscription rights pertaining to the UCITS fund,
- g) they are units of closed-end funds which meet the requirements set out in section 193 sub-section 1 sentence 1 no. 7 KAGB,
- h) they are financial instruments which meet the requirements set out in section 193 sub-section 1 sentence 1 no. 8 KAGB.

The securities described in sentence 1 a) – d) may only be acquired if the requirements set out in section 193 sub-section 1 sentence 2 KAGB are met at the same time. Subscription rights may also be acquired, provided they arise from securities which, for their part, may be acquired under this Section 5.

<sup>1)</sup> The "List of authorized exchanges and other organized markets in accordance with section 193, paragraph 1, no. 2 and 4 of the KAGB" is published on the website of the Federal Financial Supervisory Authority (<https://www.bafin.de>).

## Section 6 Money market instruments

1. Provided the SITC do not contain any further restrictions and subject to section 198 of the KAGB, the Company may acquire – for the account of the UCITS fund – financial instruments normally traded on the money markets as well as interest-bearing securities, which at the time of purchase for the UCITS fund have a maximum residual maturity of 397 days or whose interest is adjusted in line with market rates at regular intervals or at least once within 397 days throughout their maturity pursuant to their terms of issue, or whose risk profile is similar to that of such securities (money market instruments).

Money market instruments may only be acquired for the UCITS fund if they

- a) are admitted to official trading on a stock exchange in a member state of the European Union, or in another signatory state to the Agreement on the European Economic Area or admitted to or included in another organised market in one of these states,
- b) are exclusively admitted to trading on a stock exchange outside the member states of the European Union or outside the other signatory states to the Agreement on the European Economic Area or admitted to or included in another organised market in one of these states, provided that the selection of this stock exchange or organised market has been permitted by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)<sup>2)</sup>,
- c) are issued or guaranteed by the European Union, the German Federal Government, a Special Fund of the Federal Government, a Federal State or Land of the Federal Republic of Germany, another member state or another central, regional or local authority or the central bank of a member state of the European Union, the European Central Bank or the European Investment Bank, another state or, if such state is a federal state, a member state of this federal state or an international public-law institution of which at least one member state of the European Union is a member,
- d) are issued by a company whose securities are traded on the markets described in paragraphs a) and b),
- e) are issued or guaranteed by a credit institution which is supervised pursuant to criteria set by European Union law or by a credit institution which is subject to supervisory provisions which, in the opinion of the BaFin, are equivalent to those of European Union law and complies with these provisions, or
- f) are issued by other issuers and comply with the requirements of section 194, paragraph 1, sentence 1, no. 6 of the KAGB.

2. Money-market instruments within the meaning of sub-section 1 may only be acquired if they meet the requirements of section 194 sub-sections 2 and 3 KAGB.

## Section 7 Bank deposits

For the account of the UCITS fund, the Company may maintain bank deposits with a term to maturity of no longer than twelve months. The bank deposits, which must be held in blocked accounts, may be maintained with a financial institution domiciled in a member state of the European Union or another signatory state to the Agreement on the European Economic Area. The bank deposits may also be held with a financial institution domiciled in a non-EEA state, whose regulatory provisions, in the opinion of BaFin, are the equivalent of those under EU law. Unless otherwise provided for in the SITC, bank deposits may also be denominated in foreign currencies.

## Section 8 Investment units

1. Unless otherwise provided for in the SITC, the Company may acquire units in investment funds pursuant to Directive 2009/65/EC (UCITS) for account of the UCITS fund. Units in other German funds and investment stock corporations with variable capital as well as units in open-ended EU AIF and foreign open-ended AIF may be acquired if they meet the requirements set out in section 196 sub-section 1 sentence 2 KAGB.

<sup>2)</sup> See footnote 1)

2. The Company may only acquire units in German funds, investment stock corporations with variable capital, EU UCITS, open-ended EU AIF and foreign open-ended AIF if, under the Investment Terms and Conditions or the articles/memorandum of association of the investment management company, investment corporation with variable capital, EU investment fund, EU management company, foreign AIF or foreign AIF management company, no more than 10% of the value of its assets may be invested in units of other German funds, investment corporations with variable capital, open-ended EU investment funds or foreign open-ended AIF.

### Section 9 Derivatives

1. Unless otherwise provided for in the SITC, the Company may, in the framework of the UCITS fund management, use derivatives within the meaning of section 197 sub-section 1 sentence 1 KAGB and financial instruments with a derivative element within the meaning of section 197 sub-section 1 sentence 2 KAGB. Depending on the type and volume of the derivatives and financial instruments with derivative elements it has used, it may use the simple or the qualified method according to the Ordinance on Risk Management and Risk Assessment when Using Derivatives, Securities Lending and Repurchase Agreements in Investment Funds under the Investment Code (KAGB) (Derivateverordnung – DerivateV) issued pursuant to section 197 sub section 3 KAGB to calculate the degree to which the market risk limit for the use of derivatives under section 197 sub-section 2 KAGB has been exploited; details can be found in the Prospectus.
2. If the company uses the simple approach, it may generally only use basic forms of derivatives and financial instruments with a derivative component or combinations thereof, financial instruments with a derivative component, and underlying assets permitted in accordance with section 197, paragraph 1, sentence 1 of the KAGB in the UCITS Fund. Complex derivatives with underlying assets permitted in accordance with section 197, paragraph 1, sentence 1 of the KAGB may only be used to a negligible extent. In this connection, the allocable value relating to the market risk for the UCITS fund, calculated in accordance with section 16 of the Derivative Ordinance, must at no time exceed the fund's net asset value.

Basic forms of derivatives are:

- a) futures on the underlyings set out in section 197 sub-section 1 KAGB, apart from investment fund units pursuant to section 196 KAGB;
  - b) options or warrants on the underlyings set out in section 197 sub-section 1 KAGB, apart from investment fund units pursuant to section 196 KAGB and futures pursuant to a) above, provided that they have the following characteristics:
    - aa) they may be exercised either at any time during their term or at the end of their term; and
    - bb) the value of the option at the time of its exercise depends linearly on the positive or negative difference between the exercise price and the market price of the underlying and will be zero if the difference has the opposite sign;
  - c) interest rate swaps, currency swaps or cross-currency interest rate swaps;
  - d) options in respect of swaps described in c), provided they have the features described in b) under aa) and bb) (swaptions);
  - e) credit default swaps referring to a single underlying (single name credit default swap).
3. If the Company uses the qualified method, it may – subject to an appropriate risk management system – invest in any financial instruments with a derivative element or any derivatives which are based on an underlying permissible under section 197 sub-section 1 sentence 1 KAGB.
- In this connection, the potential market risk amount attributable to the UCITS fund may at no time exceed twice the potential amount

of the market risk of the comparable fictitious reference portfolio pursuant to section 9 of the Derivative Ordinance. Alternatively, the risk amount must at no time exceed 20% of the UCITS fund's net asset value.

4. With respect to these transactions, under no circumstances shall the company deviate from the investment principles and limits set out in the investment principles or in the sales prospectus.
5. The Company will use derivatives and financial instruments with a derivative element for hedging purposes, for efficient portfolio management and for generating additional returns if and to the extent that it deems this to be advisable with respect to the interests of investors.
6. In calculating the market risk limit for the use of derivatives and financial instruments with a derivative component, the Company may at any time switch between the simplified method and the qualified method according to section 6 sentence 3 of the Derivative Ordinance. The changeover need not be approved by BaFin; however, the Company shall inform BaFin immediately of the changeover and publish it in the next semi-annual or annual report.
7. In employing derivatives and financial instruments with a derivative element, the Company shall observe the Derivative Ordinance on Risk Management and Risk Assessment in Investment Funds (DerivateV).

#### Section 10 Other investment instruments

Unless otherwise provided for in the SITC, the Company may acquire for the account of the UCITS fund up to 10% of the UCITS fund's value in other investment instruments pursuant to section 198 KAGB.

#### Section 11 Limitations relating to Issuers and Investment Limits

1. As far as the management of the fund is concerned, the Company shall observe the limits and restrictions pursuant to the KAGB, the Derivative Ordinance (DerivateV) and the Investment Terms and Conditions.
2. Securities and money market instruments, including securities purchased under agreements to resell and money market instruments of the same issuer, may be acquired up to 5% of the UCITS fund's value; up to 10% of the UCITS fund's value may be invested in these securities, however, if this is provided for in the SITC and the total value of securities and money market instruments of such issuers does not exceed 40% of the UCITS fund's value. The issuers of securities and money market instruments must also be taken into account in the limits indicated in sentence 1 if the securities and money market instruments they issued are acquired indirectly through other securities held in the UCITS that are linked to their performance.
3. The Company may invest up to 35% of the value of the UCITS fund, respectively, in bonds, borrower's note loans and money market instruments which are issued or for which the payment of interest and the repayment of principal is guaranteed by the German Federal Government, a German Federal State, the European Union, a member state of the European Union or its regional or local authorities, another signatory state to the Agreement on the European Economic Area, another state or an international organisation of which at least one member state of the European Union is a member.
4. The Company may invest up to 25% of the UCITS fund's value in mortgage bonds (Pfandbriefe), municipal bonds and bonds, which have been issued by financial institutions domiciled in a member state of the European Union or another signatory state to the Agreement on the European Economic Area, if the financial institutions are subject to special regulatory supervision on the basis of statutory provisions that serve to protect holders of such bonds and the monies raised from the bond issue are invested under statutory rules in assets, which during the entire term of the bonds cover any liabilities arising therefrom and with respect to which any claims relating to repayments of principal and interest payments shall be accorded priority if the issuer defaults. If the Company invests more than 5% of the UCITS fund's value in bonds of the same issuer under sentence 1, the total value of these bonds must not exceed 80% of the UCITS fund's value.

5. Pursuant to section 206 sub-section 2 KAGB, the restrictions under sub-section 3 may be exceeded with respect to the securities and money market instruments of the same issuer, where this is provided for in the SITC with reference to such issuers. In such cases, the securities and money market instruments held for account of the UCITS fund must stem from at least six different issues, and no more than 30% of the UCITS fund's value may be invested in any one issue.
6. The Company may only invest up to 20% of the value of the UCITS fund in bank deposits, as described in section 195 KAGB, at any single financial institution.
7. The Company shall make sure that the value of a combination of:
  - a) securities or money market instruments issued by the same institution,
  - b) deposits with this institution, and
  - c) counterparty risks for transactions with this institution which do not exceed 20% of the UCITS fund's value. Sentence 1 applies to the issuers and guarantors listed in sub-sections 3 and 4 insofar that a combination of the assets and counterparty risks listed in sentence 1 does not exceed 35% of the UCITS fund's value. The respective individual limits shall remain unaffected in either case.
8. The debt securities, promissory notes and money market instruments referred to in paragraphs 3 and 4 shall not be taken into account when applying the 40% limit referred to in paragraph 2. The limits referred to in paragraphs 2 to 4 and paragraphs 6 to 7 may not be cumulated, in derogation of the provision in paragraph 7.
9. The Company may invest no more than 20% of the UCITS fund's value in the units of a single investment fund as defined in section 196 sub-section 1 KAGB. The Company may, in total, invest no more than 30% of the UCITS fund's value in units of an investment fund as defined in section 196 sub-section 1 sentence 2 KAGB. The Company may not purchase for the UCITS fund's account more than 25% of the issued and outstanding units of another open-ended German, EU or foreign investment fund which, subject to the principle of risk diversification, is invested in assets as defined in sections 192 to 198 KAGB.

### Section 12 Merger

1. Subject to sections 181 to 191 KAGB, the Company may
  - a) Transfer all the assets and liabilities of this UCITS Fund to another existing or new UCITS Fund or to an EU-UCITS or an UCITS investment share company with variable capital;
  - b) Include all assets and liabilities of another open-ended public investment fund in this UCITS Fund.
2. The merger requires the approval of the relevant supervisory authority. Sections 182 to 191 KAGB regulate the details of the procedure.
3. The UCITS Fund may only be merged with a public investment fund that is not a UCITS if the acquiring or newly created investment fund remains a UCITS. An EU UCITS may also be merged into the UCITS fund in accordance with the stipulations of Article 2 sub-section 1 letter p (iii) of Council Directive 2009/65/EC.

### Section 13 Securities lending

1. The Company may, for account of the UCITS fund, grant securities loans callable at any time to a securities borrower against payment of a consideration in line with prevailing market rates and on provision of sufficient collateral pursuant to section 200 sub-section 2 KAGB. The price of the securities to be lent for account of the UCITS fund, combined with the price of those securities already lent to

the same securities borrower, including group companies as defined in section 290 of the German Commercial Code (HGB), may not exceed 10% of the UCITS fund's value.

2. If the collateral for the transferred securities is provided in cash by the securities borrower, the cash in blocked accounts must be maintained in accordance with section 200, paragraph 2, sentence 3, no. 1 of the KAGB. Alternatively, the Company may make use of the option to invest such deposits in the following assets in the currency of the deposits:
  - a) bonds of high quality which are issued by the German Federal Government, a German Federal State, the European Union, a member state of the European Union or its regional or local authorities, another signatory state to the Agreement on the European Economic Area, or another state,
  - b) In money market funds with a short maturity structure according to the guidelines issued by the Federal Financial Supervisory Authority on the basis of section 4, paragraph 2 of the KAGB, or
  - c) by means of a reverse pension transaction with a credit institution, which guarantees the recovery of the accrued credit at any time.

Any income generated by the investment of collateral must be credited to the UCITS fund.

3. The Company may also make use of a system for the brokerage and settlement of securities loans deviating from the requirements contained in section 200 sub-section 1 sentence 3 KAGB and being organised by a central securities deposit bank provided there is no deviation from the right to cancel at any time pursuant to sub-section 1.
4. Unless otherwise provided in the SITC, the Company may grant securities loans on the basis of money market instruments and investment fund units, provided that these assets may be acquired for the UCITS fund. In this regard, the provisions contained in sub-sections 1 to 3 apply accordingly.

#### Section 14 Repurchase agreements

1. The Company may, for the account of the UCITS fund, enter into securities repurchase agreements callable at any time within the meaning of section 340b sub-section 2 of the German Commercial Code (HGB) with credit institutions or financial services institutions against consideration, on the basis of standardised framework agreements.
2. The repurchase agreements must relate to securities which may be acquired for the UCITS fund pursuant to the Investment Terms and Conditions.
3. The term for these repurchase agreements may not exceed twelve months.
4. Unless otherwise specified in the GIC, the company may also enter into pension transactions with respect to money market instruments and investment units, provided that these assets can be acquired for the UCITS Fund. In this regard, the provisions contained in sub-sections 1 to 3 apply accordingly.

#### Section 15 Borrowing

The Company may, for joint account of the investors, raise short-term loans up to 10% of the UCITS fund's value, provided that the terms of the loan are customary for the industry and the depositary gives its consent.

#### Section 16 Units

1. The units in the fund are held in the name of the bearer and are securitised in unit certificates or issued as electronic unit certificates.

2. The securitised unit certificates are securitised in a collective certificate; no individual certificates will be issued. In acquiring a unit in the fund, the investor acquires a co-ownership share in the collective certificate. This is transferable, unless otherwise provided for in the SITC.
3. The units may have different characteristics, in particular as regards the allocation of income, upfront charges, redemption charges, the currency of the unit value, administrative fees, the minimum investment sum or a combination of these characteristics (unit classes). The details are specified in the GIC.

### Section 17 Issue and redemption of units Restriction and suspension of redemption

1. There is generally no limit to the number of units issued. The company reserves the right to temporarily or completely discontinue the issuance of units.
2. The units may be purchased from the company, the custodian or via third parties. The GIC may stipulate that units may only be acquired and held by certain investors.
3. Investors may request that the company redeem the units. The GIC may stipulate redemption deadlines. The company is obliged to redeem the units at the valid redemption price for the account of the UCITS Fund. The redemption agent shall be the custodian.
4. Unless otherwise provided for in the GIC, the Company reserves the right to limit the redemption of units for up to 15 working days if the investors' redemption requests reach a threshold from which the redemption requests can no longer be carried out in the interest of all investors due to the liquidity situation of the assets in the Fund. The threshold value is specified in the GIC. It describes the redemption request as a percentage of the net asset value of the Fund.

In this case, the company will only meet the redemption request pro rata for each investor; after this, the redemption obligation will not apply. This means that each redemption order is only carried out on a pro rata basis. The unexecuted part of the order (remaining order) will not be executed by the company at a later time, and will expire (pro rata approach with expiry of the remaining order).

Further details on the procedures governing redemption restrictions can be found in the sales prospectus. In the event of restrictions on the redemption of units or the lifting of such restrictions, the company shall publish a timely notice on its website.

5. The Company also reserves the right to suspend the redemption of units in accordance with section 98, paragraph 2 of the KAGB if exceptional circumstances exist which make a suspension seem necessary, taking into account the interests of the investors.
6. The Company must inform the investors about the suspension referred to in sub-section 5 and resumption of redemptions, by means of an announcement in the Federal Gazette and by publication in a business or daily newspaper with adequate circulation or via electronic information media specified in the Prospectus. The investors shall be notified of the suspension and resumption of redemption of the units promptly after announcement in the Federal Gazette by means of a durable medium.

### Section 18 Subscription and redemption prices

1. Unless otherwise specified in the SITC, for the purpose of calculating the issue and redemption price of the units, the market value of the assets belonging to the UCITS fund less the loans taken out and other liabilities (net asset value) shall be determined and shall be divided by the total number of units in circulation (value per unit). If, pursuant to section 16 sub-section 2, different unit classes of the UCITS fund are introduced, the value per unit as well as the issue and redemption price shall be calculated separately for each unit class.

The assets shall be valued in accordance with the principles of price determination as specified in sections 168 and 169 KAGB and the Capital Investment Accounting and Valuation Ordinance (Kapitalanlage-Rechnungslegungs- und Bewertungsverordnung (KARBV)).

2. The subscription price corresponds to the unit value of the UCITS fund, if applicable plus a front-end load specified in the SITC pursuant to section 165 sub-section 2 no. 8 KAGB. The redemption price corresponds to the unit value of the UCITS fund, if applicable less a redemption fee specified in the SITC pursuant to section 165 sub-section 2 no. 8 KAGB.
3. The pricing date for unit subscriptions and redemption orders shall be at the latest the valuation date following the receipt of the respective unit subscription or redemption order, unless otherwise provided for in the SITC.
4. The subscription and redemption prices shall be calculated every trading day. Unless otherwise provided for in the SITC, neither the Company nor the depositary is obliged to determine such prices on public holidays that fall on trading days or on 24 and 31 December of each year; more details can be found in the prospectus.

### Section 19 Charges

The expenses and the compensation payable to the Company, the depositary and third parties, which may be charged to the UCITS fund, are set out in the SITC. As regards the fees specified in sentence 1, the SITC should provide details of the payment method, payment level and calculation method.

### Section 20 Accounting

1. No later than four months after the end of the UCITS fund's financial year, the Company shall publish an annual report including a statement of income and expenditure, in accordance with section 101 sub-section 1, 2 and 4 KAGB.
2. No later than two months after the end of the first half-year, the Company shall publish a semi-annual report in accordance with section 103 KAGB.
3. If the right to manage the UCITS Fund is transferred to another management company during the financial year, or if the UCITS Fund is merged with another UCITS Fund, an investment company with variable capital or an EU-UCITS during the financial year, the company shall draw up an interim report on the transfer date, which must meet the requirements for an annual report referred to in paragraph 1.
4. If the UCITS fund is liquidated, the depositary must prepare a liquidation report that meets the requirements of an annual report within the meaning of sub-section 1. Such reports must be prepared each year and on the date on which liquidation ends.
5. The reports can be obtained from the Company, from the depositary and from other agencies listed in the Prospectus and the key investor information; in addition, they will be published in the Federal Gazette.

### Section 21 Termination and liquidation of the UCITS fund

1. Giving at least six months' notice, the Company may terminate its management of the UCITS fund by announcement in the Federal Gazette and in the annual or semi-annual report. The investors shall be notified promptly of any termination announced in accordance with sentence 1, by means of a durable medium.
2. When the termination becomes effective, the Company's right to manage the UCITS fund expires. In this case the UCITS fund or the right of disposition over the UCITS fund, as the case may be, shall pass on to the depositary, which has to wind up the fund and distribute the proceeds to the investors. During the period of winding-up, the depositary is entitled to a fee for its liquidation activities and to compensation for its expenses incurred in the winding-up. With the approval of BaFin, the depositary may, instead of conducting such liquidation and distribution activities, transfer management of the UCITS fund to another investment management company, in accordance with the existing Investment Terms and Conditions.



3. On the date that its right to manage the fund expires in accordance with section 99 KAGB, the Company must prepare a liquidation report that meets the requirements of an annual report as defined in section 20 sub-section 1.

#### Section 22 Change of investment management company and depositary

1. The company may transfer the right of administration and disposal of the UCITS Fund to another capital management company. The transfer is subject to prior approval by the Federal Financial Supervisory Authority.
2. The approved transfer shall be announced in the Federal Gazette (Bundesanzeiger), the annual or semi-annual report and the electronic information media specified in the sales prospectus. The transfer shall come into effect three months after publication in the Federal Gazette at the earliest.
3. The company may change the custodian for the UCITS Fund. The change requires the approval of the Federal Financial Supervisory Authority.

#### Section 23 Amendments to the Investment Terms and Conditions

1. The Company is entitled to amend the Investment Terms and Conditions.
2. Amendments to the Investment Terms and Conditions shall require the prior approval of the Federal Financial Supervisory Authority (BaFin).
3. All planned amendments shall be announced in the Federal Gazette and by publication in a business or daily newspaper with adequate circulation or via electronic information media specified in the prospectus. Details of the planned amendments and their entry into force shall be published no later than at the time of the announcement set out under sentence 1 above. If there are any amendments to charges within the meaning of Section 162 sub-section 2 no. 11 KAGB that are detrimental to investors, changes to material investor rights that are detrimental to investors, or amendments to the UCITS fund's investment principles within the meaning of Section 163 sub-section 3 KAGB, the investors must be sent the key content of the proposed amendments to the Investment Terms and their background in a comprehensible way by means of a durable medium at the same time as the announcement in accordance with sentence 1. In the case of amendments to the existing investment principles, investors must also be informed of their rights under Section 163 sub-section 3 KAGB.
4. The amendments shall become effective no earlier than on the day after their announcement in the Federal Gazette, although in the case of changes to charges and investment principles, no earlier than four weeks after the relevant announcement.

#### Section 24 Place of performance

The place of performance shall be the registered office of the Company.

#### Section 25 Dispute resolution proceedings

1. The Company has committed to taking part in dispute resolution proceedings before a consumer arbitration service<sup>3)</sup>. In the event of disputes, consumers may contact the Ombudsman for Investment Funds at BVI Bundesverband Investment und Asset Management e.V. as the competent consumer arbitration service. The Company takes part in dispute resolution proceedings before this arbitration service<sup>4)</sup>.

Contact information:

Office of the Ombudsman at BVI

<sup>3)</sup>Section 36 sub-section 1 no. 1 of the Verbraucherstreitbeilegungsgesetz (German Consumer Dispute Resolution Act, VSBG)

<sup>4)</sup>Section 36 sub-section 1 no. 2 VSBG

Bundesverband Investment und Asset Management e.V.  
Unter den Linden 42  
10117 Berlin  
[www.ombudsstelle-investmentfonds.de](http://www.ombudsstelle-investmentfonds.de)

2. The European Commission has established a European online dispute resolution platform at [www.ec.europa.eu/consumers/odr](http://www.ec.europa.eu/consumers/odr)<sup>5)</sup>. Consumers may use it for out-of-court resolution of disputes arising from purchase agreements or service agreements that were concluded online. The Company's email address is: [info@allianzglobalinvestors.de](mailto:info@allianzglobalinvestors.de)

<sup>5)</sup>Article 14 of Regulation (EU) 524/2013

## Special Investment Terms and Conditions

to regulate the legal relationship between the investors and Allianz Global Investors GmbH, Frankfurt am Main (the “Company”) with regard to the fund managed by the Company in accordance with the UCITS Directive,

Allianz Biotechnologie.

These “Special Investment Terms and Conditions” are only applicable in conjunction with the “General Investment Terms and Conditions” set out for this fund.

### Investment Principles and Investment Restrictions

#### Section 1 Assets

The Company may acquire the following assets for the UCITS fund:

1. Securities as specified in section 5 of the “General Investment Terms and Conditions”, albeit only those of the following classes:
  - a) Equities, equity equivalent securities and participation certificates, if they are listed on the NASDAQ Biotechnology or if, according to the latest annual report, the issuer’s (or, in the case of instruments representing equities, the corporation’s) majority of sales or profits or expenses can be attributed to the research, development and production of biotechnology goods, processes and services. The Company shall select the securities for the UCITS fund irrespective of the domicile or the size of the company and irrespective of whether or not the stocks are value or growth stocks. This means that the UCITS fund can either opt for a focused investment strategy, investing in companies domiciled in one or several countries, in companies of a certain size or in companies belonging to a particular category, or for a diversified approach.
  - b) Equities, equity equivalent securities and participation certificates of other companies.
  - c) Index certificates and share certificates with a risk profile correlating with the assets listed under a) and b) or with the investment markets to which these assets are attributable.
  - d) Convertible bonds and warrant bonds relating to the assets set out in a) and b).
2. Money market instruments within the meaning of section 6 of the “General Investment Terms and Conditions”, which may also be denominated in foreign currencies. Depending on its assessment of the market situation, the Company can opt to focus on one or several currencies or to take a diversified investment approach.
3. Bank deposits within the meaning of section 7 of the “General Investment Terms and Conditions”, which may also be denominated in foreign currencies. Depending on its assessment of the market situation, the Company can opt to focus on one or several currencies or to take a diversified investment approach.
4. Investment units as specified in section 8 of the “General Investment Terms and Conditions”, albeit only units in investment funds with a risk profile that typically correlates with the investment markets to which the assets set out in nos. 1 to 3 are attributable. These funds can be either domestic or foreign investment funds in accordance with section 8 of the “General Investment Terms and Conditions”. Depending on its assessment of the market situation, the Company can opt to focus on one or more investment funds. These may include investment funds which pursue an investment policy focused on a single investment market, or investment funds which take a diversified investment approach.  
As a general rule, the Company shall only purchase units in investment funds managed directly or indirectly by the Company itself or by other companies with which the Company is affiliated, either by way of a significant direct or indirect holding. Units in other

investment funds shall be purchased only in exceptional cases where none of the investment funds set out in sentence 4 follow the investment policy which the Company deems to be necessary in that particular case, or if the units in question are units in an investment fund which replicates a securities index and are admitted to trading on one of the exchanges or organised markets set out in section 5 a) and b) of the “General Investment Terms and Conditions”.

5. Derivatives as specified in section 9 of the “General Investment Terms and Conditions”.
6. Other investment instruments as specified in section 10 of the “General Investment Terms and Conditions”, albeit only equities, equity equivalent securities or participation certificates.

## Section 2 Investment restrictions

- (1) The total proportion of equities and equity equivalent securities within the meaning of section 1 no. 1a) may not fall below 51% of the UCITS fund’s assets. The total proportion of equities and other assets within the meaning of section 1 no. 1a) may not fall below 70% of the UCITS fund’s assets, subject to the conditions set out in sub-section 8.
- (2) The total proportion of equities and other assets within the meaning of section 1 no. 1b) may not exceed 20% of the UCITS fund’s assets, subject to the conditions set out in sub-section 8.
- (3) The total proportion of equities, which are China A-Shares, within the meaning of section 1 nos. 1a) and b) may not exceed 10% of the UCITS fund’s assets.
- (4) The total proportion of money market instruments within the meaning of section 1 no. 2 and of bank deposits within the meaning of section 1 no. 3 may not exceed 15% of the UCITS fund’s assets, subject to the conditions set out in sub-section 8.
- (5) The total proportion of investment units within the meaning of section 1 no. 4 may not exceed 10% of the UCITS fund’s value. Investment units with a risk profile that correlates with the assets set out in sub-sections 2 or 4 shall be included in the calculation for the respective limit.
- (6) Securities and money market instruments purchased under repurchase agreements shall be included in calculations for the issuer limits set out in section 206 sub-section 1 through 3 Kapitalanlagegesetzbuch [German Investment Code (KAGB)], while investment units repurchase agreements shall be included in the investment limits set out in sections 207 and 210 sub-section 3 KAGB.
- (7) The limits set out in sub-sections 1 through 5 may be exceeded/undershot if this occurs due to changes in the value of the assets in the UCITS fund, as a result of the exercise of conversion, subscription or option rights, or due to a change in the value of the entire UCITS fund, e.g. where unit certificates are issued or redeemed. In such cases, the Company’s foremost objective shall be to revert to compliance with the aforementioned limits while protecting the interests of the investors.
- (8) The limits set out in sub-section 1 sentence 2 and sub-sections 2 through 4 may be exceeded/undershot, with due regard to the limits set out in sub-section 1, as a result of the acquisition or sale of the assets in question if derivatives are used at the same time in order to ensure that the market risk potential on the whole is kept within the limits. Derivatives used for this purpose are applied at the delta-weighted value of the respective underlying in keeping with the respective arithmetic sign. Short transactions in derivatives are applied as risk-reducing factors even if their underlyings do not correspond fully to the assets in the UCITS fund. A maximum of 40% of the UCITS fund’s assets may be held by the UCITS fund in open long positions of derivative financial instruments for the purpose of efficient portfolio management, while the total amount of open short positions in derivative financial instruments may not exceed the total market value of the relevant securities that the UCITS fund must hold for hedging purposes.

- (9) No more than 10% of the value of the UCITS fund may be used to acquire securities and money market instruments of the same issuer and the total value of the securities and money market instruments of these issuers may not exceed 40% of the value of the UCITS fund.
- (10) Subject to the investment limits set down in the above sub-sections 1 to 9, a further requirement is that at least 70% of the UCITS fund's assets shall be invested in equity holdings within the meaning of section 2 sub-section 8 of the Investment Tax Act (Investmentsteuergesetz) in the version of 1 January 2018 ("InvStG"). Equity holdings in this context are
- a) Shares in corporate entities that are admitted to official trading on a stock exchange or admitted to or traded on another organised market;
  - b) 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;
  - c) 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;
  - d) Units in other investment funds in the ratio of their value, as published on every valuation day, at which they actually invest in the above-mentioned shares in corporate entities; if no actual ratio is published, the minimum ratio laid down in the investment terms and conditions of the other investment fund is used instead.

### Section 3 Derivatives

The Company may use the derivatives and financial instruments with a derivative element set out in section 9 sub-section 1 of the "General Investment Terms and Conditions" for the following purposes:

- hedging the UCITS fund against losses incurred by assets in the UCITS fund,
- carrying out efficient portfolio management, in particular
- complying with the investment restrictions and principles by using derivatives or financial instruments with a derivative element as, e.g., a substitute for direct securities investments,
- increasing or minimising the potential market risk of one, several or all permissible assets within the UCITS fund.
- achieving additional returns by assuming additional risks, and
- increasing the market risk potential of the UCITS fund above the market risk potential of a UCITS fund fully invested in securities ("leveraging").

In doing this, the Company may also employ short transactions in derivatives or financial instruments with a derivative element which can lead to gains in the UCITS fund if the prices of certain securities, investment markets or currencies fall, or to losses in the UCITS fund if their prices rise.

## Unit classes

### Section 4 Unit classes

- (1) Different unit classes within the meaning of section 16 sub-section 2 of the “General Investment Terms and Conditions” may be created for the UCITS fund. These unit classes differ in terms of the investors who may acquire and hold units, income allocation, front-end load, redemption fee, the currency of the unit value including the use of currency hedging transactions, the all-in fee, minimum investment or any combination of the features mentioned. Unit classes may be created at any time at the discretion of the Company.
- (2) It is permitted to enter into currency hedging transactions in favour of one currency unit class only. For a currency unit class with a currency hedge in favour of this unit class’s currency (reference currency) the Company may, irrespective of section 9 of the “General Investment Terms and Conditions” and section 3, use derivatives on exchange rates and currencies within the meaning of section 197 sub-section 1 KAGB with the aim of avoiding losses in unit value resulting from exchange-rate-related losses in UCITS fund assets which are not denominated in the unit class’s reference currency. Equities and equity-equivalent securities are deemed to be subject to an exchange rate risk if the currency of the country in which the issuer (or, in the case of instruments representing equities, the corporation) is domiciled is different from the reference currency of the unit class. Other assets are deemed to be subject to a currency risk if they are denominated in a currency other than the reference currency of the unit class. For currency hedged unit classes, the value of the UCITS fund assets which are subject to a currency risk and are not hedged must not exceed 10% of the unit class value. The use of derivatives in keeping with the provisions of this sub-section may not have any effect on unit classes which are not currency hedged, or which are hedged against another currency.
- (3) The unit value shall be calculated separately for each unit class, with any expenses related to the issue of new unit classes, any distributions (including any taxes to be paid from the fund’s assets), the all-in fee and any results of exchange-rate hedgings attributable to a certain unit class (including any income equalisation) being attributed exclusively to this unit class.
- (4) The existing unit classes shall be listed in the prospectus and in the annual and semi-annual reports. The characteristics of the unit classes as specified in sub-section 1 will be described in detail in the prospectus and in the annual and semi-annual reports. Moreover, the Company may determine in the prospectus and in the annual and semi-annual reports that a special agreement on the all-in fee between the investor and the Company is a precondition for the acquisition of certain unit classes.

## Units, subscription price, redemption price, unit redemption and charges

### Section 5 Units, co-ownership

- (1) As co-owners, the investors hold an interest in the assets of the UCITS fund proportionate to the number of units held.
- (2) Units in unit classes within the meaning of section 10 of the Investment Tax Act (InvStG) (“tax-exempt unit classes”) which differ with regard to the investors who may acquire and hold units, among other differences, may only be acquired and held by
  - a) German corporations, associations of persons or asset pools which, 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 which 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 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 Company within one month of the conditions no longer being met. Tax exemption amounts that the Company receives in connection with management of the fund and which are attributable to income from tax-exempt unit classes are generally payable to the investors in these tax-exempt unit classes. In derogation of this procedure, the Company is entitled to allocate the exemption amounts directly to the fund, in favour of the investors in these tax-exempt unit classes; no new units are issued as a result of this allocation. The procedure used is explained in the sales prospectus.

Units in tax-exempt 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 that the aforementioned condition has been met, the provider of the retirement provision or base pension agreement must notify the Company that it is acquiring the relevant units of the tax-exempt unit class solely within the framework of retirement provision or base pension agreements. If the aforementioned condition is no longer met, the investor is required to notify this to the Company within one month of the conditions no longer being met. Tax exemption amounts that the Company receives in connection with management of the fund and which are attributable to income from the tax-exempt unit class are generally payable to the provider of the retirement provision or base pension agreement. The provider must reinvest the amounts in favour of the beneficiaries under the respective retirement provision or base pension agreement. In derogation of this procedure, the Company is entitled to allocate the exemption amounts directly to the fund, in favour of the investors in the tax-exempt unit classes; no new units are issued as a result of this allocation. The procedure used is also explained in the sales prospectus.

- (3) In derogation of section 16 (4) of the “General Investment Terms and Conditions”, the units in tax-exempt unit classes may not be transferred. If the investor nevertheless transfers units, the investor is required to notify this to the Company within one month of the transfer. This does not affect the right to redeem the units only through the Company for account of the UCITS fund in accordance with section 17 (3) of the “General Investment Terms and Conditions”.
- (4) The rights of unitholders in the UCITS fund are represented solely in global certificates that are held in safekeeping at a central securities deposit bank. Investors do not have any claim on issues of individual units.

#### Section 6 Subscription and redemption prices

- (1) The front-end load is 6.00% of the unit value and serves to cover the Company’s issuing costs. The Company may, however, charge a lower front-end load or no front-end load for one or more of these unit classes, or refrain from charging a front-end load. The Company shall disclose the front-end load in the prospectus as stipulated in section 165 sub-section 3 KAGB.
- (2) A redemption fee shall not be levied.
- (3) In derogation of section 18 sub-section 3 of the “General Investment Terms and Conditions”, the pricing date for unit subscriptions and redemption orders shall be at the latest the second valuation date following the receipt of the unit subscription or redemption order.

#### Section 7 Costs (Fees and Expenses)

- (1) For all unit classes for which no minimum investment is required either in the prospectus or in the annual or semi-annual reports, the daily all-in fee for the UCITS fund shall amount to 2.05% p.a. of the pro rata value of the UCITS fund, calculated on the basis of the net asset value, which is determined every trading day. For the remaining unit classes, the daily all-in fee for the management of the UCITS fund shall be 1.08% p.a. of the pro rata value of the UCITS fund, calculated on the basis of the net asset value, which is

determined every trading day. The Company may, however, charge a lower all-in fee for one or more unit classes. In the case of the unit classes for which the prospectus and the annual and semi-annual reports require a special agreement between the investor and the Company as a precondition for the acquisition, the all-in fee is not charged to the UCITS fund but directly to the investor. In accordance with sub-section 1, this all-in fee covers the following fees and expenses which are not charged separately to the UCITS fund:

- a) Fee for the management of the UCITS fund (fund management, administrative activities),
- b) Fee for the distributors of the UCITS fund,
- c) The custodial office fee,
- d) Safe-custody and account fees in line with current banking practice, including any fees charged in line with current banking practices for the custody of foreign securities abroad,
- e) Costs for the printing and dispatch of the statutory sales documents (annual and semi-annual reports, prospectus, key investor information) intended for the investors,
- f) Costs for the publication of the annual and semi-annual reports, the liquidation report, the subscription and redemption prices, and distributions or accumulated income,
- g) Costs for having the UCITS fund audited by the Company's auditors, including the costs for a certificate stating that all tax data complies with the regulations of German tax law,
- h) Costs for providing information to investors in the UCITS fund by means of a durable medium, with the exception of information about fund mergers and with the exception of information about measures related to violations of investment limits or calculation errors when determining the unit value,
- i) Fees and costs levied by government agencies in relation to the UCITS fund,
- j) Costs for having the success of the investment of the UCITS fund analysed by third parties,
- k) Costs for the cashing of coupons.

The all-in fee may be withdrawn from the UCITS fund's assets at any time.

(2) In addition to the fee listed in sub-section 1, the following expenses shall be charged to the UCITS fund:

1. Costs incurred in connection with the use of securities lending programmes in line with current banking practice. In this case, the Company shall ensure that the costs of securities lending shall in no case exceed the income resulting from such transactions.
  - 2.
- a) Costs for the assertion and enforcement of claims attributable to the UCITS fund which are deemed to be justified, as well as for defence against unjustified claims brought against the UCITS fund,



- b) Costs for the verification, assertion and enforcement of claims that appear to be justified for reducing, offsetting and/or reimbursing withholding taxes or other taxes and/or fiscal charges,
  - c) taxes arising in connection with the fees payable to the Company, the depositary and third parties, in connection with the expenses set out in sub-section 2 nos. 2a) and b) and in connection with management and custody.  
In addition to the aforementioned fees and expenses, the costs arising in connection with the acquisition and sale of assets are charged to the UCITS fund.
- (3) The Company must disclose, in the annual and semi-annual reports, the amount of the front-end loads and redemption fees that the UCITS fund has been charged in the reporting period for the subscription and redemption of units within the meaning of § 196 KAGB. If the fund acquires units which are directly or indirectly managed by the Company, or by another company which is affiliated to the Company by way of significant direct or indirect participation, neither the Company nor the affiliated company may charge any fees for the subscription or redemption of the units. The Company must disclose, in the annual and semi-annual reports, the fee charged to the UCITS fund by the Company itself, by another (investment) management company or another company with which the Company is affiliated by way of a significant direct or indirect participation for the management of the units held in the UCITS fund.

## Allocation of income and financial year

### Section 8 Distribution

- (1) For distributing unit classes, the Company shall, as a general rule, make a pro rata distribution of the interest, dividends and income from investment units as well as consideration from loans and repurchase agreements which have accrued for the account of the UCITS fund during the financial year and which have not been required to defray expenses, subject to the requisite equalisation of income. Realised disposal gains and other income – after allowing for income equalisation – may also be distributed on a pro rata basis.
- (2) Pro rata income available for distribution under sub-section 1 above may be carried over to future financial years for distribution purposes, provided that the total income carried over does not exceed 15% of the value of the UCITS fund's assets by the end of the financial year. Income from abridged financial years may be carried forward in full.
- (3) In the interest of maintaining the fund's assets, pro rata income may be partially or, in special cases, completely reinvested in the UCITS fund.
- (4) Distribution shall be effected annually within three months after the end of each financial year.
- (5) Interim distributions are permissible in exceptional circumstances where, in accordance with sections 182 et seq. KAGB, the UCITS fund is to be merged with another UCITS fund, or where a different UCITS fund is to be merged with the UCITS fund in question.

### Section 9 Reinvestment

- (1) For accumulating unit classes, the Company shall, as a general rule, make a pro rata reinvestment of the dividends, interest, income from investment units, consideration from loans and repurchase agreements and other income and realised disposal gains which have accrued for account of the UCITS fund during the financial year and which have not been required to defray expenses, subject to the requisite equalisation of income.
- (2) Interim distributions are permissible in exceptional circumstances where, in accordance with sections 182 et seq. KAGB, the UCITS fund is to be merged with another UCITS fund, or where a different UCITS fund is to be merged with the UCITS fund in question.

#### Section 10 Financial year

The financial year of the UCITS fund shall be the calendar year.

#### Section 11 Redemption restrictions

The company may limit the redemption of units if investors' redemption requests reach at least 10% of the net asset value of the UCITS Fund (threshold value).

# Your Partners

## Allianz Global Investors GmbH

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Subscribed and paid-in  
capital: EUR 49.9 million  
Date: 31/12/2021

## Shareholder

Allianz Asset Management GmbH  
Munich

## Supervisory Board

Tobias C. Pross  
CEO Allianz Global Investors GmbH  
Munich

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

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

David Newman  
CIO Global High Yield  
Allianz Global Investors GmbH,  
UK Branch  
London

Klaus-Dieter Herberg  
Allianz Networks Germany  
Allianz Global Investors GmbH,  
Munich

Isaline Marcel  
Member of the Board  
and Head of HR  
Allianz Asset Management GmbH  
Munich

## Board of Management

Alexandra Auer (Chairperson)

Ludovic Lombard

Ingo Mainert

Dr. Thomas Schindler

Petra Trautschold

Birte Trenkner

## Depositary

State Street Bank International GmbH  
Brienner Straße 59  
80333 Munich  
Liabe equity capital of State Street Bank  
International GmbH: EUR 109 million  
As at: 31/12/2021

## Special Order Placement Offices

Fondsdepot Bank GmbH  
Windmühlenweg 12  
95030 Hof

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

## Outsourcing of Portfolio Management

Voya Investment Management Co. LLC  
230 Park Avenue  
New York, NY 10169  
USA

## Facility in Austria

Facility in Austria according to EU directive 2019/1160  
article 92:

Erste Bank der oesterreichischen Sparkassen  
AG

Am Belvedere 1  
A-1100 Vienna, Austria  
E-Mail: [foreignfunds0540@erstebank.at](mailto:foreignfunds0540@erstebank.at)

## Appointment of the 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 deemed distribution income as defined in Section 186 (2) line 2 InvFG:

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

## Auditors

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft  
Friedrich-Ebert-Anlage 35-37  
60327 Frankfurt am Main

## Note:

In recurring reports, important information is updated as required.

Date: 15 July 2022

Visit our website at <https://de.allianzgi.com>

**Allianz Global Investors GmbH**

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<https://de.allianzgi.com>