

Hong Kong Prospectus

# Allianz Global Investors Opportunities

Société d'Investissement à Capital Variable

February 2017

**Allianz**   
Global Investors

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

**(the “Company”)**

**SECOND ADDENDUM**

**Important**

*If you are in doubt about the contents of this document, you should consult your stockbroker, bank manager, accountant, solicitor or other independent financial adviser. This Addendum should be read in conjunction with and forms part of the Hong Kong Prospectus dated February 2017 for the Company (as amended from time to time, the “**HK Prospectus**”). All capitalized terms in this Addendum have the same meaning as in the HK Prospectus, unless otherwise defined herein.*

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The changes stated below shall be made to the HK Prospectus with effect from the date of this Addendum (unless otherwise specified):

**I. Amendments relating to German Investment Tax Act (“GITA”)**

1. The following definitions shall be added in alphabetical order under section “Glossary of Terms” from **page 34** of the HK Prospectus:–

<b>Equity Participation</b>	According to Art. 2 Section 8 GITA, this includes, but is not limited to, (1) shares in a company admitted to trading on an exchange or on an organised market (which fulfils the criteria of a Regulated Market) or included in such market, and/or (2) shares in a company other than a real estate company that is (i) resident in the EU/EEA and which is not exempt from income taxation there; or (ii) is a resident of a non-EU country and subject to income taxation of at least 15%, and/or (3) units of “equity-funds” or “mixed-funds” according to GITA as mentioned in the GITA Restriction with their relevant percentage of a permanent physical investment in an Equity Participation according to Art. 2 Section 8 GITA as disclosed in the respective fund’s investment guidelines.
<b>GITA</b>	German Investment Tax Act (effective as of 1 January 2018 and as may be amended from time to time).
<b>GITA Restriction for Equity Sub-Funds</b>	In respect of a Sub-Fund – irrespective of its individual investment objective and investment restrictions (which will continue to apply) – is permanently physically invested with a minimum of at least 51% (or otherwise specified in its investment restrictions) of its assets in an Equity Participation in order to classify as an “equity-fund” according to GITA.

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

In respect of a Sub-Fund – irrespective of its individual investment objective and investment restrictions (which will continue to apply) – is permanently physically invested with a minimum of at least 25% (or otherwise specified in its investment restrictions) of its assets in an Equity Participation in order to classify as a “mixed-fund” according to GITA.

2. The general investment restriction described in letter j) of the third paragraph under section “Appendix II – General Investment and Borrowing Restrictions” on **page 68** of the HK Prospectus shall be deleted in its entirety.
3. The investment principles letters i) to k) of Allianz China A-Shares on page 77 of the HK Prospectus shall be deleted and replaced by the following:–
  - “i) Subject to the investment limits set out in the preceding letters a) to f), Sub-Fund assets are permanently physically invested with a minimum of at least 70% in an Equity Participation pursuant to the GITA Restriction for Equity Sub-Funds.
  - j) The limits listed in letters a), f) and i) are not required to be adhered to in the last two months before liquidation or merger of the Sub-Fund.
  - k) Due to the Sub-Fund being marketed in Hong Kong, the Additional Investment Restrictions and the Special Fee Sharing method as described under No 11) of the Introduction apply.
  - l) The Sub-Fund’s indicative allocation of investment between onshore and offshore assets is presented in the table below:–

By geographical region	Indicative percentage (as a percentage of the Sub-Fund’s NAV)
Onshore (within PRC)	At least 70%
Offshore (outside PRC such as Hong Kong)	Up to 30%

**II. Amendment to Commission Sharing Arrangements**

4. The following paragraph shall be inserted immediately after the first paragraph of sub-section “Commission Sharing Arrangements” under sub-section “Fees and Charges Payable by Investors” on **page 18** of the HK Prospectus:

“If the investor is advised by third parties when acquiring shares or if such parties act as broker to the acquisition, they may quote costs or expense ratios that are not identical to the costs disclosed in this prospectus and in the key investor information. The expense ratio may also exceed the total expense ratio as described in the prospectus. The reason for this may be specifically that the third party additionally takes into account the cost of its own operations (e.g. brokerage, advice or securities account maintenance). In addition, the third party may also take into account non-recurring costs, such as sales loads, and generally uses different calculation methods or estimates for the expenses incurred at Sub-Fund level, which include the Sub-Fund’s transaction costs in particular. Divergences in the cost quotation may arise

both in the case of information provided prior to conclusion of a contract and for regular cost information about the Sub-Fund investment held within a long-term client relationship.”

### III. Updates on Remuneration Policy

5. The sixth and seventh paragraphs of “Management Company and Alternative Investment Fund Manager” relating to remuneration policy under section “Management and Administration of the Sub-Funds” on **page 6** of the HK Prospectus shall be deleted and replaced by the sub-section, to be added immediately after the sub-section “Commission Sharing Arrangements” (as amended by the Second Addendum) under section “Fees and Charges” on **page 18** of the HK Prospectus:

#### **“REMUNERATION POLICY OF THE MANAGEMENT COMPANY**

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

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

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

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

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

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

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

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

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

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

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

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

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

Further details of the Management Company’s current remuneration policy are published on the Internet at <https://regulatory.allianzgi.com>. 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.”

#### **IV. Change to Supervisory Board of the Management Company**

6. The sub-section “Supervisory Board of the Management Company” under section “Directory” on **page 32** of the Prospectus (as amended by the First Addendum) shall be deleted and replaced by the following:

##### **“Supervisory Board of the Management Company**

Dr. Christian Finckh (Chairman)  
Alexandra Auer  
Stefan Baumjohann  
Renate Wagner  
Prof. Dr. Michael Hüther  
Laure Poussin”

## V. Amendment to Risks of Utilising Stock Connect Programmes

7. The following paragraph of “Risks of Utilising Stock Connect Programmes” under “Appendix I – Risk Considerations” on **page 48** of the HK Prospectus shall be amended according to the following mark-up:–

“Although HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock accounts in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities and SZSE Securities. ~~It is expected that the same arrangement will apply to the Shenzhen-Hong Kong Stock Connect notwithstanding the relevant rules and regulations relating to SZSE Securities are not available yet.~~”

## VI. Other Amendments

8. With effect from 25 September 2017, the Hong Kong Representative’s website is changed from “www.allianzgi.hk” to “hk.allianzgi.com”. As such, **page 3** and **page 28** of the HK Prospectus shall be amended accordingly.

9. The third paragraph of sub-section “Management Company and Alternative Investment Fund Manager” on **page 6** of the HK Prospectus shall be amended according to the following mark-up:–

“As at 31 December 2016, ~~2015~~ its subscribed and paid in capital amounted to EUR 49,900,900.00 ~~EUR 49,900,700.00.~~”

10. The following paragraph under the sub-section “The Depositary” under section “Management and Administration of the Sub-Funds” on **page 6** of the HK Prospectus shall be amended according to the following mark-up:–

“The Depositary was incorporated as a société anonyme under the laws of the Grand Duchy of Luxembourg on 19 January 1990. Its registered office is located at 49, Avenue J.F. Kennedy, L-1855 Luxembourg. Shareholders’ equity as at 31 December 2016~~2015~~ totalled EUR 65.0 million.”

11. The following paragraph of “The Hong Kong Distributor and Hong Kong Representative” under section “Management and Administration of the Sub-Funds” on **page 10** of the HK Prospectus shall be amended according to the following mark-up:–

“The Hong Kong Distributor may enter into arrangements with Sub-Distributors to market and place each of the Sub-Fund’s Shares in Hong Kong and various countries in the Asia Pacific region. The Company will at all times comply with all obligations imposed by any applicable laws, rules and regulations with respect to the prevention of money laundering and, in particular, with the CSSF Circular 12/02, CSSF Circular 13/556 and any CSSF regulation or circular amending, supplementing or replacing them~~08/378 of 19 December 2008~~, as they may be amended or revised from time to time, and will furthermore adopt procedures designed to ensure, to the extent applicable, that it shall comply with the foregoing undertaking. The Hong Kong Distributor and the Sub-Distributors will at all times comply with relevant anti-money laundering laws, rules and regulations in their respective jurisdictions.

12. The following paragraph under '2. Securities Repurchase Agreements, Securities Lending and Borrowing Transactions' under 'B. Special Investment Techniques and Instruments' on **page 70** of the HK Prospectus (as amended by the First Addendum) shall be amended according to the following mark-up:–

“The Company may enter into repurchase agreements and into securities lending transactions in accordance with the requirements as set out in Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 and in accordance with the requirements as set out in the Circulars 08/356 dated 4 June 2008 and 14/592 dated 30 September 2014~~13/559 dated 18 February 2013~~ of the CSSF.”

13. The following paragraph under “4. Collateral Management Policy” under 'B. Special Investment Techniques and Instruments' on **page 71** of the HK Prospectus (as amended by the First Addendum) shall be amended according to the following mark-up:–

“When entering into OTC derivatives transactions or efficient portfolio management techniques, the Company will observe the criteria laid down below in accordance with Circular 14/592 of the CSSF dated 30 September 2014~~13/559 of the CSSF dated 18 February 2013~~ when using collateral to mitigate counterparty risk. As long as collateralization of OTC derivatives transactions is not legally binding, the level of collateral required is in the discretion of the portfolio manager of each Sub Fund.”

31 December 2017



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

**(the “Company”)**

**FIRST ADDENDUM**

**Important**

*If you are in doubt about the contents of this document, you should consult your stockbroker, bank manager, accountant, solicitor or other independent financial adviser. This Addendum should be read in conjunction with and forms part of the Hong Kong Prospectus dated February 2017 for the Company (the “**HK Prospectus**”). All capitalized terms in this Addendum have the same meaning as in the HK Prospectus, unless otherwise defined herein.*

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The changes stated below shall be made to the HK Prospectus with effect from 12 July 2017:

**I. Fund Managers Definition**

1. The definition of ‘Fund Managers’ on page 35 of the HK Prospectus under the section ‘Glossary of Terms’ shall be deleted and replaced with the following definition to be inserted immediately below the definition of ‘Investment Account Opening & Application Form’ on page 36 of the HK Prospectus:

**“Investment Managers** each of the fund managers appointed by the Management Company and listed in the Directory in this HK Prospectus.”

All references in the HK Prospectus to ‘Fund Manager’ shall be deleted and replaced with ‘Investment Manager’.

**II. Information on the Depositary**

2. The second paragraph under the sub-section ‘Delegation’ on page 7 of the HK Prospectus under the section ‘The Depositary’ shall be amended according to the following mark-up:

“The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network. A list of delegates and sub-delegates is published on the Internet at [www.allianzgi-regulatory.eu](http://www.allianzgi-regulatory.eu) <https://regulatory.allianzgi.com>.”



### III. Board of Directors

3. The sub-sections ‘Board of Directors of the Company’ and ‘Board of Directors of the Management Company’ under the section ‘Directory’ on page 32 of the HK Prospectus shall be deleted and replaced by the following:

**“Board of Directors of the Company**

Markus Nilles (Chairman)  
Carina Feider  
Sven Schaefer

**Supervisory Board of the Management Company**

Dr. Christian Finckh (Chairman)  
Alexandra Auer  
Stefan Baumjohann  
Dr. Bettina Corves-Wunderer  
Prof. Dr. Michael Hüther  
Laure Poussin

**Board of Management of the Management Company**

George McKay (Chairman)  
Thorsten Heymann  
Birte Trenkner  
Dr. Markus Kobler  
Michael Peters  
Dr. Wolfram Peters  
Tobias C. Pross  
Andreas Utermann”

### IV. Risk Management Procedure

4. The first paragraph of the sub-section ‘Risk Management Procedures’ on page 61 of the HK Prospectus under ‘Appendix I – Risk Considerations’ shall be amended according to the following mark up:

“The Management Company will calculate the global exposure of the Sub-Fund Allianz China A-Shares ~~in accordance with Circular 11/512 of the CSSF dated 30 May 2011.~~  
The Management Company will use for this Sub-Fund the commitment approach.”

### V. Amendments relating to Securities Financing Transactions Regulation disclosure requirements

5. The following definition shall be inserted immediately below the definition ‘Securities and Futures Ordinance or SFO’ on page 37 of the HK Prospectus in the section ‘Glossary of Terms’:

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

6. The following paragraph shall be inserted immediately below the sub-paragraph ‘Swaps’ on page 59 of the HK Prospectus under the section ‘The Use of Techniques and Instrument and Special Risks associated with such Use’ in ‘Appendix I – Risk Considerations’:

**“Total Return Swaps**

The Company may enter into Total Return Swaps in accordance with the requirements as set out in Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012. Total return swaps are derivatives that transfer the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another party. Total return swaps may be used, among other things, to exchange the performance of two different portfolios, e.g. the performance of certain assets of a Sub-Fund towards the performance of an index or an external portfolio which may be managed pursuant to a particular as described in more detail in the information sheet of a Sub-Fund. If Total Return Swaps are used, the counterparties have no influence on the composition or administration of the respective underlying.”

7. The third paragraph of letter d) under the section ‘1. Each Sub-Fund may invest in the following assets unless there is a restriction in Part C below for the relevant Sub-Fund’ on page 65 of the HK Prospectus under ‘A. Investment Guidelines and Restrictions’ in ‘Appendix II – General Investment and Borrowing Restrictions’ shall be amended according the following mark up:

“– The counterparties in transactions must be top-rated financial institutions and specialised in such transactions, and which have been rated by a recognised rating agency (eg. Moody’s, S&P or Fitch) with at least Baa3 (Moody’s), BBB- (S&P or Fitch) and be institutions subject to a form of supervision of the categories admitted by the CSSF. There are no further restrictions with regard to legal status or country of origin of the counterparty.”

8. The following paragraph shall be inserted immediately below the title ‘2. Securities Repurchase Agreements, Securities Lending and Borrowing Transactions’ and above letter a) on page 70 of the HK Prospectus under ‘B. Special Investment Techniques and Instruments’ in ‘Appendix II – General Investment and Borrowing Restrictions’:

“The Company may enter into repurchase agreements and into securities lending transactions in accordance with the requirements as set out in Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 and in accordance with the requirements as set out in the Circulars 08/356 dated 4 June 2008 and 13/559 dated 18 February 2013 of the CSSF.

Pursuant to the investment principles of a Sub-Fund and taking into consideration its obligation to redeem Shares on each Valuation Day, the Company may enter into securities repurchase agreements and securities lending transactions without limit.”

9. The first paragraph of letter a) on page 70 of the HK Prospectus in the section ‘2. Securities Repurchase Agreements, Securities Lending and Borrowing Transactions’ under ‘B. Special Investment Techniques and Instruments’ in ‘Appendix II – General Investment and Borrowing Restrictions’ shall be amended according to the following mark up:
- “a) A Sub-Fund may enter into repurchase agreements for securities and money-market instruments both as borrower and lender, provided that the counterparty is a top-rated financial institution specialised in such transactions and which has been rated by a recognised rating agency (e.g. Moody’s, S&P or Fitch) with at least Baa3 (Moody’s), BBB- (S&P or Fitch). There are no further restrictions with regard to the legal status or country of origin of the counterparty. In securities repurchase agreements, the borrower sells securities and money-market instruments to the lender, and either”
10. The first paragraph of the letter b) on page 70 of the HK Prospectus in the section ‘2. Securities Repurchase Agreements, Securities Lending and Borrowing Transactions’ under ‘B. Special Investment Techniques and Instruments’ in ‘Appendix II – General Investment and Borrowing Restrictions’ shall be amended according to the following mark up:
- “b) A Sub-Fund may enter into securities lending agreements in which it may both borrow securities and money-market instruments (e.g. to cover delivery obligations) and lend securities and money-market instruments it holds, provided that the counterparty is a top-rated financial institution specialising in such transactions and which has been rated by a recognized rating agency (e.g. Moody’s, S&P or Fitch) with at least Baa3 (Moody’s), BBB- (S&P or Fitch). There are no further restrictions with regard to the legal status or country of origin of the counterparty. The securities and money-market instruments held in the Sub-Fund may be lent to third parties for a period not exceeding 30 days; securities and money-market instruments may be lent for longer periods of time provided the Sub-Fund is entitled to terminate the securities lending agreement at any time and to reclaim the lent securities and money-market instruments. The maximum amount available for securities lending is limited to 50% of the net asset value of the relevant Sub-Fund unless lending transactions can be terminated or recalled daily. It is a requirement that the Company be granted sufficient collateral for a Sub-Fund through the transfer of cash, securities or money-market instruments, the value of which at the time of arranging the loan corresponds to at least the value of the lent securities and money-market instruments. Securities and money-market instruments may be accepted as collateral if they are issued or guaranteed by member states of the OECD, their central, regional or local authorities, or international organisations or are rated investment grade by at least one recognised rating agency or the Company considers that the credit rating of the issuer corresponds to a rating of investment grade.”
11. The following shall be inserted into letter b) immediately below the second paragraph ending in ‘...in accordance with the requirements of the Code.’ in the section ‘2. Securities Repurchase Agreements, Securities Lending and Borrowing Transactions’ on page 71 of the HK Prospectus under ‘B. Special Investment Techniques and Instruments’ in ‘Appendix II – General Investment and Borrowing Restrictions’:

“A Sub-Fund may not enter into buy-sell back transactions or sell-buy back transactions. A Sub-Fund may not enter into margin lending transactions.”

12. The following section shall be inserted immediately after the section ‘2. Securities Repurchase Agreements, Securities Lending and Borrowing Transactions’ on page 71 of the HK Prospectus under ‘B. Special Investment Techniques and Instruments’ and above ‘C. Additional Investment Restrictions’ in ‘Appendix II – General Investment and Borrowing Restrictions’:

### **“3. Securities Financing Transactions**

A Sub-Fund may enter into the following transactions:

- (i) total return swaps as set out in this section and the section titled “Use of Techniques and Instruments and Special Risks associated with such Use” in “Appendix I – Risk Considerations”; and
- (ii) repurchase agreements, securities or commodities lending and/or securities or commodities borrowing agreements, (the “Securities Financing Transactions”) as set out in this section and the section entitled “Use of Techniques and Instruments and Special Risks associated with such Use” in “Appendix I – Risk Considerations”.

If the Sub-Fund invests in total return swaps and/or Securities Financing Transactions, the relevant asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with a Sub-Fund’s investment objective and investment principles. Subject to a Sub-Fund’s investment objective and investment principles, each Sub-Fund can invest up to 50% of its Net Asset Value in total return swaps and Securities Financing Transactions.

A Sub-Fund shall only enter into total return swaps 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 “Appendix II: A. Investment Guidelines and Restrictions” and in “Appendix II: B. Special Investment Techniques and Instruments” under “Securities Repurchase Agreements, Securities Lending and Borrowing Transactions”.

The underlyings of Total Return Swaps are securities which may be acquired for a Sub-Fund or financial indices within the meaning of Article 9 (1) of Directive 2007/16 / EC, interest rates, foreign exchange rates or currencies into which the Sub-Fund may invest in accordance with its Investment policy.

The categories of collateral which may be received by a Sub-Fund are set out under “4. Collateral Management Policy” below in this ‘Appendix II – General Investment and Borrowing Restrictions’ and includes cash and non-cash assets such as equities, interest-bearing securities and money market instruments. Collateral received by a Sub-Fund will be valued in accordance with the valuation methodology set out under the section entitled “Net Asset Value per Share and Valuation of Assets”.

In the event that a Sub-Fund enters into securities lending transactions as a borrower, only securities shall be borrowed which may be acquired in accordance with the Sub-Fund’s investment policy.

Where a Sub-Fund receives collateral as a result of entering into total return swaps or Securities Financing Transactions, there is a risk that the collateral held by a Sub-Fund may decline in value or become illiquid. In addition, there can also be no assurance that the liquidation of any collateral provided to a Sub-Fund to secure a counterparty's obligations under a total return swap or Securities Financing Transaction would satisfy the counterparty's obligations in the event of a default by the counterparty. Where a Sub-Fund provides collateral as a result of entering into total return swaps 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 total return swaps and Securities Financing Transactions, see the section entitled "Use of Techniques and Instruments and Special Risks associated with such Use" under "Appendix I – Risk Considerations".

A Sub-Fund may provide certain of its assets as collateral to counterparties in connection with total return swaps and Securities Financing Transactions. If a Sub-Fund has over-collateralised (i.e. provided excess collateral to the counterparty) in respect of such transactions, it may be an unsecured creditor in respect of such excess collateral in the event of the counterparty's insolvency. If the Trustee or its sub-custodian or a third party holds collateral on behalf of a Sub-Fund, the Sub-Fund may be an unsecured creditor in the event of the insolvency of such entity.

There are legal risks involved in entering into total return swaps 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 "4. Collateral Management Policy" below, a Sub-Fund may re-invest cash collateral that it receives. If cash collateral received by a Sub-Fund is re-invested, the Sub-Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Sub-Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Sub-Fund.

Direct and indirect operational costs and fees arising from total return swaps or Securities Financing Transactions may be deducted from the revenue delivered to a Sub-Fund (e.g. as a result of revenue sharing arrangements). These costs and fees do not and should not include hidden revenue. All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the Sub-Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be related parties to the Management Company or the Investment Manager. The revenues arising from such efficient portfolio management techniques for the relevant reporting period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques, will be disclosed in the annual and semi-annual reports of the Sub-Funds.

#### **4. Collateral Management Policy**

When entering into OTC derivatives transactions or efficient portfolio management techniques, the Company will observe the criteria laid down below in accordance

with Circular 13/559 of the CSSF dated 18 February 2013 when using collateral to mitigate counterparty risk. As long as collateralization of OTC derivatives transactions is not legally binding, the level of collateral required is in the discretion of the portfolio manager of each Sub Fund.

The risk exposure to a counterparty arising from OTC derivatives and efficient portfolio management techniques should be combined when calculating the counterparty risk limits of letters a) to d) of paragraph 3 under “A. Investment Guidelines and Restrictions” in “Appendix II - General Investment and Borrowing Restrictions”.

All assets received by the Sub-Funds in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria laid down below:

- a) Liquidity: any collateral other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral received should also comply with the provisions set out in Supplement II No. 3, letter i). If the market value of the collateral exceeds or falls short of the contractually agreed threshold, the collateral will be adjusted on a daily basis as to maintain the agreed threshold. This monitoring process is on a daily basis.
- b) Valuation: collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- c) Issuer credit quality: collateral should be of high quality.
- d) Duration: Interest-bearing securities received as collateral should have a maturity equivalent to the maturity of the interest-bearing securities which may be acquired for the respective Sub-Fund according to its investment policy
- e) Correlation: collateral received must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- f) Collateral diversification (asset concentration): collateral must be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Sub-Fund receives from a counterparty of efficient portfolio management and OTC derivatives a basket of collateral with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When a Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.
- g) Enforceable: collateral received should be capable of being fully enforced by the Sub-Fund at any time without reference to or approval from the counterparty.
- h) Non-cash collateral cannot be sold, pledged or re-invested.



- i) Cash collateral received should only be
- held in accordance with paragraph 1.c) under “A. Investment Guidelines and Restrictions” in “Appendix II on General Investment and Borrowing Restrictions”; or
  - invested in high-quality government bonds; or
  - may be used for the purpose of reverse repo transactions provided that transactions are with credit institutions subject to prudential supervision and the Sub-Fund is able to recall at any time the full amount of cash on accrued basis; or
  - short term money market funds as defined in ESMA’s Guideline 10/049 on the Common Definition of European Money Market Funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral. Re-investment of cash collateral does not release the Sub-Fund from repayment of full cash collateral received, i.e. potential losses incurring from the re-investment have to be borne by the Sub-Fund.

Risks linked to the management of collateral, such as loss in value or illiquidity of received collateral, operational and legal risks, should be identified, managed and mitigated by the risk management process. The re-investment of cash collateral exposes to the Sub-Fund to a potential loss of the re-invested assets whereas the full nominal amount (plus interest if applicable) has to be repaid to the counterparty.

Where there is a title transfer, the collateral received should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

If a Sub-Fund receives collateral for at least 30% of its Net Asset Value an appropriate stress testing policy will be applied to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Sub-Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:

- a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- c) reporting frequency and limit/loss tolerance threshold(s); and
- d) mitigation actions to reduce loss including haircut policy and gap risk protection.

The Company has a clear haircut policy adapted for each class of assets received as collateral. The Company will only accept the following classes of assets as collateral and will apply to each asset a haircut (a percentage by which the market value of the respective collateral will be reduced) in accordance with the range mentioned for each asset class:



Cash (no haircut); high-quality government and central bank bonds (haircut between 0.5% and 6% of the market value); high-quality corporate bonds and covered bonds (haircut between 6% and 15% of the market value) and equities (haircut between 15% and 30% of the market value).

As a general rule the haircut applied for bonds will be the higher the longer the residual maturity or residual period until regular yield adjustment is. Bonds with a residual maturity of more than ten years will generally not be accepted. Generally, equities will only be accepted as collateral if they are included in major stock indices. Additional (additive) haircuts apply for securities received as collateral in which their currency differs from the base currency of the Sub-Fund.”

13. The following paragraph shall be inserted immediately below the third paragraph of the section ‘7) Possible Effects of the Use of Derivatives on the Risk Profile of the Sub-Fund’ on page 73 of the HK Prospectus under ‘C. Additional Investment Restrictions’ in ‘Appendix II – General Investment and Borrowing Restrictions’:

“The performance of any derivatives will be for the benefit of the Sub-Funds (less any transactions costs or fees).

The Investment Manager has no further restrictions other than set out in Appendix II for the use of derivatives. The Sub-Fund may enter into Securities Financing Transactions as set out in ‘B. Special Investment Techniques and Instruments’ in ‘Appendix II – General Investment and Borrowing Restrictions’.

The expected proportion of

- the use of total return swaps shall usually not exceed 1%
- the use of repurchase agreements shall usually not exceed 0%,
- the use of securities lending agreements shall usually not exceed 0%,

of Sub-Fund assets.

However, this is solely an estimation which may be exceeded. The percentage of the Sub-Fund’s assets for the respective use of the above mentioned Securities Financing Transactions and/or the use of total return swaps is no indication regarding the true riskiness of the Sub-Fund because it does not reflect the exposure of such Securities Financing Transactions and the total return swaps.”

12 July 2017

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## IMPORTANT INFORMATION FOR INVESTORS

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

This HK Prospectus comprises information relating to the Company, an open ended investment company with variable share capital incorporated under Part II of the Law as a Société d'Investissement à Capital Variable on 12 February 2009.

The Directors of the Company accept full responsibility for the accuracy of the information contained in the Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other material facts the omission of which would make any statement misleading. This HK Prospectus may from time to time be updated. Intending applicants for Shares should ask the Hong Kong Representative if any supplements to this HK Prospectus or any later prospectus have been issued.

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

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

**[www.allianzgi.hk](http://www.allianzgi.hk)**

All investors investing in the Sub-Funds through the Hong Kong Representative will have their Shares dealt via a nominee arrangement (see section headed "USE OF NOMINEE SERVICE").

No person is authorised to give any information or to make any representations concerning the Company other than as contained in this HK Prospectus and in the documents referred to herein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in this HK Prospectus shall be solely at the risk of the investor.

***The value of, and income from, Shares in a Sub-Fund may go up as well as down, and investors may not receive on redemption the amount originally invested in the Sub-Fund. Before investing in a Sub-Fund, investors should consider the risks involved in such investment (see section headed "Appendix I – Risk Considerations").***

*The Company and the Sub-Funds listed under the section headed "INVESTOR CHOICE" are authorised by the SFC under Section 104 of the Securities and Futures Ordinance. This HK Prospectus has been authorised by the SFC. Such authorisation does not indicate official recommendation or endorsement of the Company or the Sub-Funds by the SFC, nor does it guarantee the commercial merits of the Company or the Sub-Funds or their performance. Neither does it mean the Company or any Sub-Fund is suitable for all investors, nor is it an endorsement of its suitability for any particular investor or class of investors. This HK Prospectus is published in English and Chinese.*

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

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

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

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

*Since the operations of the Sub-Funds are carried in Luxembourg, the Hong Kong Representative has arranged the Nominee, a Cayman Islands entity, to provide nominee services to facilitate investments in the Sub-Funds. In November 2013, the Cayman Islands Government entered into an intergovernmental agreement with the United Kingdom ("Cayman IGA") to which the Nominee is subject. For the purpose of complying with the Cayman IGA, the Nominee may be required to report and disclose personal data of certain United Kingdom ("U.K.") tax residents to the Cayman Islands Government and onwards to the U.K. Government.*

*When disclosing or reporting any personal data, the Company, the Nominee and/or the Transfer Agent shall comply with the personal data protection principles and requirements as set out in the Personal Data (Privacy) Ordinance (Chapter 468 of the Laws of Hong Kong) as amended from time to time and all other applicable regulations and rules governing personal data use in Hong Kong from time to time.*

**February 2017**

# OVERVIEW OF ALLIANZ GLOBAL INVESTORS OPPORTUNITIES

## INVESTOR CHOICE

Allianz Global Investors Opportunities was established under Part II of the Law as an open-ended investment company with variable share capital (Société d'Investissement à Capital Variable – SICAV).

The Company qualifies as an alternative investment fund within the meaning of the 2013 Law which transposed the Directive 2011/61/EU into Luxembourg law.

The Company is an umbrella fund, and as such offers investors the opportunity to invest in a selection of different Sub-Funds. Each of these Sub-Funds has an independent portfolio of transferable securities and other legally admissible assets which are managed in accordance with specific investment objectives. Each Sub-Fund is treated as a separate entity in relation to the shareholders. The assets of a specific Sub-Fund only cover the debts and obligations of that Sub-Fund, even those that exist in relation to third parties. Please refer to Appendix II for additional investment restrictions with respect to each Sub-Fund.

Sub-Fund Name	Fund Manager	Base Currency	Investment Objective
<b>Allianz China A-Shares</b>	Allianz Global Investors Asia Pacific Limited	USD	The investment policy is geared towards capital growth over the long term. The Sub-Fund will seek to achieve its investment objective primarily through investment in the A-Shares equity markets of the PRC.

## RISK CONSIDERATIONS

The relevant risk factors which should be considered prior to investing in a Sub-Fund are described in Appendix I.

## MANAGEMENT AND ADMINISTRATION OF THE SUB-FUNDS

### MANAGEMENT COMPANY AND ALTERNATIVE INVESTMENT FUND MANAGER

The Board of Directors is responsible for monitoring the daily business activities of the Company. The Company has appointed Allianz Global Investors GmbH to act as its Management Company and Alternative Investment Fund Manager (“AIFM”), with responsibility for the day-to-day operations of the Company and portfolio and risk management of the Company. In order to carry out its tasks and responsibilities, Allianz Global Investors GmbH partially acts through its Luxembourg Branch. Such duties include registration of the Company, the preparation of documentation, the drawing-up of the distribution notifications, the processing and shipment of the sales prospectus, the financial statements and all other documents which are designed for the investors, liaising with the administrative authorities, the investors and all other parties involved, bookkeeping and calculation of the net asset value of the shares, the processing of applications for subscription, redemption and conversion of shares, accepting payments, the safekeeping of the register of shareholders of the Company, and preparation and supervision of the mailing of statements, reports, notices and other documents to the shareholders. Allianz Global Investors GmbH (the “Management Company”) may delegate its managerial and administrative duties to specialist service providers, subject to the restrictions imposed by any applicable laws, rules or regulations. The Management Company has delegated its functions and duties as Fund Accountant to State Street Bank Luxembourg S.C.A (who has been appointed by the Company to be the custodian of its assets) and as Registrar, Transfer Agent and Paying Agent to RBC Investor Services Bank S.A. The Management Company may delegate certain services in connection with currency and duration monitoring as well as trading to third parties.

The Management Company is an investment management company within the meaning of the German Investment Code and was incorporated as a limited liability company (Gesellschaft mit beschränkter Haftung) under the laws of the Federal Republic of Germany in 1955. Its registered office is located at Bockenheimer Landstrasse 42-44, 60323 Frankfurt/Main, Germany (Headquarter). The Management Company has branches in several European countries. Its Luxembourg Branch – through which the Management Company partially carry out its tasks and responsibilities – is located at 6A, route de Trèves, L-2633 Senningerberg.

As at 31 December 2015 its subscribed and paid in capital amounted to EUR 49,900,700.00.

The Management Company is an affiliated company of Allianz Group SE, Germany and one of its objectives is to fulfil the functions of the alternative investment fund manager (“AIFM”) of the Company, as required under the applicable law. In discharging its role, the Management Company shall seek to act honestly, fairly, professionally, independently and in the interests of the Company and its shareholders. In order to cover its professional liability risk resulting from the activities it may carry out, the Management Company holds own funds appropriate to cover potential liability risks arising from professional negligence.

The Management Company shall use reasonable endeavours to provide that its decision-making procedures and its organizational structure promote fair treatment of shareholders in the Company.

The Management Company has a remuneration policy in place which seeks to ensure that the interests of the Management Company and the investors of the Company are aligned. Such remuneration policy imposes remuneration rules on staff and senior management within the Management Company whose activities have an impact on the risk profile of the Sub-Funds. The Management Company shall seek to ensure that such remuneration policies and practices will be consistent with sound and effective risk management and shall not encourage risk-taking which is inconsistent with the risk profile and constitutional documents of the Company and shall be consistent with the AIFMD and ESMA’s remuneration guidelines (ESMA/2013/201).

The Management Company shall seek to ensure that the remuneration policy will at all times be consistent with the business strategy, objectives, values and interests of the Company and the investors of the Company and that the remuneration policy includes measures to seek to ensure that all relevant conflicts of interest can be managed appropriately at all times.

The Management Company has a risk management policy in place which seeks to adequately capture the risks of the Company.

## **THE DEPOSITARY**

The Company has appointed State Street Bank Luxembourg S.C.A., whose business activities include Global Custody and Fund Services, to be Depositary of its assets.

The Depositary was incorporated as a société anonyme under the laws of the Grand Duchy of Luxembourg on 19 January 1990. Its registered office is located at 49, Avenue J.F. Kennedy, L-1855 Luxembourg. Shareholders’ equity as at 31 December 2015 totalled EUR 65.0 million.

### **Depositary’s functions**

The Depositary has been entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable law and the Articles of Incorporation.
- ensuring that the value of the Shares is calculated in accordance with applicable law and the Articles of Incorporation.
- carrying out the instructions of the Company unless they conflict with applicable law and the Articles of Incorporation.
- ensuring that in transactions involving the assets of the Company any consideration is remitted within the usual time limits.



- ensuring that the income of the Company is applied in accordance with applicable law and the Articles of Incorporation.
- monitoring of the Company's cash and cash flows
- safe-keeping of the Company's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

### **Depositary's liability**

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

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

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

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

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

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

### **Delegation**

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

The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network. A list of delegates and sub-delegates is published on the Internet at [www.allianzgi-regulatory.eu](http://www.allianzgi-regulatory.eu).

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

### **Conflicts of Interest**

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

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

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

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

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

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

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

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

- (i) conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depository may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
- (ii) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
- (iii) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depository as its counterparty, which might create incentive for the Depository to act in its self-interest, or other clients' interests to the detriment of clients; and
- (iv) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

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

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

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

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

## **CENTRAL ADMINISTRATION**

The Company has appointed State Street Bank Luxembourg S.C.A. as its Central Administration Agent. In such capacity, State Street Bank Luxembourg S.C.A. is responsible for bookkeeping and calculation of the net asset value of the shares.

The rights and duties of the Central Administration Agent are governed by an agreement which may be terminated by the Company or the Central Administration Agent or the Management Company on three months' notice.

State Street Bank Luxembourg S.C.A. may in accordance with the applicable law, rules or regulations delegate, under its responsibility, supervision and coordination, its duties to organisations specialised in these central administration services, subject to the restrictions imposed by any applicable law, rule or regulation and to the prior approval of the Management Company.

In this framework, certain duties of central administration have been delegated by the Company to the Registrar, Transfer and Paying Agent, namely the processing of applications for subscription, redemption and conversion of shares, accepting payments, the safekeeping of the register of shareholders of the Company, and preparation and supervision of the mailing of statements, reports, notices and other documents to the shareholders, who may make use of the services of third parties.

The Management Company assumes the tasks in relation to the registration of the Company, the preparation of documentation, the drawing-up of the distribution notifications, the processing and shipment of the prospectus, the financial statements and all other documents which are designed for the investors, liaising with the administrative authorities, the investors and all other parties involved. These duties are performed in close collaboration and coordinated by the Luxembourg Branch of the Management Company.

## **FUND MANAGERS**

At its own expense, the Management Company may, while maintaining its own responsibility, control and coordination, transfer fund management to third parties (fund managers) for the purpose of efficient management or to consult with third parties (investment advisors). The list of Fund Managers appointed is set out in the section headed "DIRECTORY". If the Fund Manager has delegated its duties to one or more sub-investment manager(s) the name(s) of the respective sub-investment manager(s) is set out in the sections headed "INVESTOR CHOICE" and "DIRECTORY".

The Allianz Group has a long history and strong tradition in the financial services industry. Founded in 1890 in Germany, the Allianz Group provides its 85 million customers worldwide with a comprehensive range of insurance and financial services through an international network of subsidiaries in 70 countries. The Allianz Group's four core business areas are property and casualty, life and health, banking and asset management.

Allianz Global Investors is a diversified active investment manager, managing EUR412 billion (as at 31 December 2014) in assets for individuals, families and institutions worldwide. Allianz Global Investors has created a business that enables it to meet the demands of its clients on a local basis and that empowers its investment managers to focus on achieving strong and consistent investment results. With 24 locations in 18 countries, Allianz Global Investors is well-positioned to deliver key local insights to its clients wherever they are. With 498 investment professionals worldwide across equities, fixed income and multi-asset classes, it offers a range of distinct investment capabilities, and provides clients with a comprehensive and constantly evolving range of products and services. Its employees around the globe are committed to helping clients achieve their goals by combining global expertise and local market knowledge with innovative solutions and world-class professional service.

## THE HONG KONG DISTRIBUTOR AND HONG KONG REPRESENTATIVE

Allianz Global Investors Asia Pacific Limited (“**AllianzGI AP**”) has been appointed to act as a distributor in Hong Kong, as well as the Hong Kong Representative, to assist in the promotion of Shares of the Company.

The Hong Kong Distributor may enter into arrangements with Sub-Distributors to market and place each of the Sub-Fund’s Shares in Hong Kong and various countries in the Asia Pacific region. The Company will at all times comply with all obligations imposed by any applicable laws, rules and regulations with respect to the prevention of money laundering and, in particular, with the CSSF Circular 08/378 of 19 December 2008, as they may be amended or revised from time to time, and will furthermore adopt procedures designed to ensure, to the extent applicable, that it shall comply with the foregoing undertaking. The Hong Kong Distributor and the Sub-Distributors will at all times comply with relevant anti-money laundering laws, rules and regulations in their respective jurisdictions.

## INVESTMENT IN THE SUB-FUNDS

### CLASS OF SHARES

Shares in the Sub-Funds may be available in several Share Classes, currently Share Class A and Share Class AT are available in Hong Kong. Share Class A is basically distribution share class (provided respective decisions of the general meetings were taken), and Share Class AT is basically accumulation share class (provided respective decisions of the general meetings were taken). The fee structure for the different Share Classes of Shares is set out in the section headed “FEES AND CHARGES” and the minimum investment amounts are set out in the section headed “MINIMUM SUBSCRIPTION, REDEMPTION, HOLDING AND CONVERSION AMOUNTS”. Euro Shares and USD Shares may be available for each Share Class of each Sub-Fund. Further details of the available Share Classes and available Share Class reference currencies for each Sub-Fund may be obtained from the Hong Kong Distributor.

### MINIMUM SUBSCRIPTION, REDEMPTION, HOLDING AND CONVERSION AMOUNTS

The minimum initial subscription, subsequent investment, holding and redemption amounts in any one Sub-Fund are listed in the table below.

Class of Shares		Minimum Initial Investment	Minimum Subsequent Investment	Minimum Holding Amount	Minimum Redemption Amount <sup>*1</sup>
Share Class A and AT Shares	USD / EUR	USD5,000 or EUR5,000	USD1,000 or EUR1,000	USD3,000 or EUR3,000	USD1,000 or EUR1,000

<sup>\*1</sup> Or such lesser amount as may constitute the whole of a Shareholder’s holding.

The Company or the Hong Kong Distributor/Hong Kong Representative may refuse to accept redemption, conversion or transfer instructions if they result in a holding in the relevant Share Class which has a value less than the minimum holding amount set out in the table above. Redemption requests having the effect of reducing the value of shareholding below the minimum holding amounts may be treated by the Company or the Hong Kong Distributor/Hong Kong Representative as a request to redeem the Shareholder's entire shareholding. These minima may be waived or varied at the discretion of the Company or the Hong Kong Distributor/Hong Kong Representative, for any particular case, or any particular Sub-Distributor or generally.

## **DEALING DEADLINE**

Unless determined otherwise by the Hong Kong Distributor/Hong Kong Representative, in order for instructions for subscriptions, redemptions, conversions and transfers to be effected on a particular Dealing Day, such instructions must be received by the Hong Kong Distributor/Hong Kong Representative before the relevant dealing deadlines set out below (the "**Dealing Deadlines**"):

### **Allianz China A-Shares:**

- 5:00 p.m. Hong Kong time on any Valuation Day.

## **SUBSCRIPTION FOR THE SUB-FUNDS**

Subscription for Shares is made available through the Hong Kong Distributor/Hong Kong Representative and Sub-Distributors on each Dealing Day.

Initial subscription applications must be made either in person or by post, using the Investment Account Opening & Application Form or such other documentation satisfactory to the Hong Kong Distributor/Hong Kong Representative, in both cases accompanied by the relevant supporting documents as the Hong Kong Distributor/Hong Kong Representative may require. For investors subscribing for Shares through the Hong Kong Distributor/Hong Kong Representative, there will be a nominee service via Allianz Global Investors Nominee Services Limited which is offered at no additional charge and which investors are strongly advised to use (see below "USE OF NOMINEE SERVICE"). Subsequent subscription applications may be made by using the Subscription Form or such other forms or means acceptable to the Hong Kong Distributor/Hong Kong Representative once the Investment Account Opening & Application Form has been completed. Neither the Company nor the Hong Kong Distributor/Hong Kong Representative shall be responsible for any loss arising from the non-receipt of any applications.

In order for subscription instructions to be effected on a particular Dealing Day, such instructions must be received by the Hong Kong Distributor/Hong Kong Representative before the Dealing Deadline as described in the section headed "DEALING DEADLINE".

### **Applications received after the Dealing Deadline will be effected on the next relevant Dealing Day.**

Shares of each Sub-Fund may be issued by the Company on each Dealing Day. Subscriptions will be effected at the Subscription Price of such Share Class of such Sub-Fund as determined on the relevant Dealing Day to which the subscription application relates. Minimum initial and subsequent investment amounts apply as set out in the section headed "MINIMUM SUBSCRIPTION, REDEMPTION, HOLDING AND CONVERSION AMOUNTS".

No Shares of any Share Class in any Sub-Fund will be issued during any period when the calculation of the NAV per Share in such Sub-Fund is suspended by the Company (see below "SUSPENSION OF DETERMINATION OF NAV AND SHARE ISSUE, REDEMPTION AND CONVERSION").

The procedures for subscription (and for redemption and conversion) may vary depending upon the Sub-Distributors through whom an investor chooses to subscribe for Shares. Investors should consult the relevant Sub-Distributor before placing orders in any Sub-Fund.



Subject to acceptance of the application for subscription by the Company, Shares of the subscribed Sub-Fund(s) will be issued to the investors as registered certificates or bearer certificates in accordance with the details provided by the investors on the Investment Account Opening & Application Form. Confirmation/contract notes will be issued to the Shareholders confirming their investments. Each of the Company and the Hong Kong Representative reserves the right to reject any subscription application in whole or in part without being liable to the investors for any direct or indirect loss or consequence. In such circumstances, the subscription monies paid, or the balance thereof, will normally be returned to the applicant without interest.

Applications for the issue of Shares are irrevocable except in the case of the suspension of the calculation of the NAV of the respective Shares during such suspensions.

### **Initial Offer of Shares of a Sub-Fund**

In the case of the initial offer of shares of a Sub-Fund, shares will be available for subscription for an initial period to be determined by the Board of Directors and/or the Hong Kong Representative (the “**Initial Offer Period**”). Shares in the Sub-Fund will be offered during the Initial Offer Period at a fixed subscription price per Share (exclusive of any Sales Charge) and payment in cleared funds (net of any bank charges) for shares applied for will be due prior to the close of the Initial Offer Period. Any payment received by the Hong Kong Representative during the Initial Offer Period will be held by the Hong Kong Representative rather than by the Management Company until the close of the Initial Offer Period.

The offering of shares in a Sub-Fund may be conditional upon subscriptions of a minimum aggregate amount (as the Board of Directors and/or the Hong Kong Representative may in its discretion determine) being received prior to the close of the Initial Offer Period. If this condition is not satisfied, or if the Board of Directors and/or the Hong Kong Representative is of the opinion that it is not in the interests of investors or commercially viable to proceed, the Board of Directors and/or the Hong Kong Representative may exercise its discretion not to accept the subscription applications received. In this situation, application monies received by the Hong Kong Representative will be returned (without interest and subject to deduction of bank and/or other charges as may be imposed by the banks and/or agents of the applicants) to the applicants by cheque or telegraphic transfer after the expiry of the Initial Offer Period.

Subject to acceptance of subscription applications by the Hong Kong Representative and the Company, shares in the Sub-Fund will be issued by the Company no longer than five Valuation Days after the end of the Initial Offer Period.

### **METHOD OF PAYMENT**

*No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity (dealing in securities) under Part V of the SFO.*

*The Hong Kong Representative reserves the right to reject the processing of an application unless subscription monies have been received by the Hong Kong Representative in cleared funds. Subscription monies will be invested net of Sales Charge (if any) and any bank charges. If subscription monies are overdue, interest may be levied on the amount due by the investor on a daily basis until payment in full is received and/or any provisional allotment of Shares may be cancelled (in which case, the Hong Kong Representative shall be entitled to claim from the investor the amount, if any, by which the original Subscription Price together with any accrued interest exceeds the Redemption Price prevailing on the cancellation date). If an allotment of Shares is cancelled due to late payment of subscription monies, the Hong Kong Representative may also at its discretion charge the investor and retain for its own account a cancellation fee of not more than HK\$500 or its equivalent as may be determined by the Hong Kong Representative from time to time. Cash payments and any third party payments (whether by cheque or telegraphic or bank transfer) will not under any circumstances be accepted.*

## **Payment Currencies, Telegraphic and Bank Transfer Payments, and Other Payment Methods**

Payment of the Subscription Price may be made by telegraphic transfer net of all bank charges to the Hong Kong Representative's bank accounts (the details of which are shown on the Investment Account Opening & Application Form/Subscription Form) in HKD, USD or Euro within two Valuation Days following determination of the Subscription Price in the currency of subscription of the respective Share Class. The investors bear any bank fees which may be charged and please note that bank charges may be deducted by the remitting bank. If timely settlement of the Subscription Price is not made, the Management Company or the Hong Kong Distributor may at its discretion treat a subscription application as lapse and cancel it at the cost of the applicant, or bring an action against the applicant for payment of the Subscription Price, or deduct any cost or loss incurred by the Management Company or the Hong Kong Distributor against any existing holding of the applicant in the Shares of the Company. In all cases, any confirmation of transaction and any money returnable to the applicant will be held by the Company without payment of interest pending receipt of the remittance.

Any payment in a currency different to the Base Currency or the currency of issue of the relevant Share Class will be converted into the Base Currency before being used to purchase the Shares. The cost of currency conversion and other expenses will be borne by the investor.

## **REDEMPTION, CONVERSION AND TRANSFER OF SHARES**

### **REDEMPTION OF SHARES**

Each Shareholder may at any time submit an application in writing to the Hong Kong Distributor/Hong Kong Representative or any of the Sub-Distributors to redeem all or any of the Shares held by such Shareholder in any Share Class in any of the Sub-Funds, subject to the minimum redemption and minimum holding amounts set out in the section headed "MINIMUM SUBSCRIPTION, REDEMPTION, HOLDING AND CONVERSION AMOUNTS" and to the suspension of calculation of NAV per Share, further details of which are described in the section headed "SUSPENSION OF DETERMINATION OF NAV AND SHARE ISSUE, REDEMPTION AND CONVERSION". Further, a Redemption Fee may be levied, further details of which are described in Appendix III. Requests for redemption should be made using the relevant forms obtainable from the Hong Kong Distributor/Hong Kong Representative (or such other written notification acceptable to the Hong Kong Distributor/Hong Kong Representative) and sent to the Hong Kong Distributor/Hong Kong Representative who will collect and forward all redemption requests it receives before the Dealing Deadline to the Registrar and Transfer Agent for processing at the end of the relevant Dealing Day.

In order for requests for redemption of Shares to be effected on a particular Dealing Day, such requests must be received by the Hong Kong Distributor/Hong Kong Representative before the Dealing Deadline as described in the section headed "DEALING DEADLINE".

**Requests received after the Dealing Deadline will be effected on the next relevant Dealing Day.**

Applications for the redemption of Shares are irrevocable except in the case of the suspension of the calculation of the NAV of the respective Shares and in the case of suspension of the redemption as provided for in the paragraph "DEFERRAL OF REDEMPTION AND CONVERSION REQUESTS" below.

### **Payment of Redemption Proceeds**

Shares will be redeemed at the Redemption Price.

After receipt of the investor's duly completed redemption request form together with all relevant supporting documentation, the redemption proceeds will normally be remitted by telegraphic transfer (or despatched by cheque, if the Shareholder so elects on the redemption request, at the Shareholder's risk) within six Valuation Days, but in any event within 1 calendar month, after the calculation of the Redemption Price, provided however that should the payment day fall on a day which banks in the US are not open for business, then payment would fall on the next Business Day which banks are open for business in the US. The redemption proceeds will generally be paid in the currency of issue of the relevant Share Class. Shareholders may request to receive their redemption proceeds in the available prescribed currencies, currently, HKD, USD or Euro. Any currency conversion costs and other related administrative expenses including bank charges will be borne by the Shareholders.



## Compulsory Redemption of Shares

If the Company considers ownership of Shares by an investor to be contrary to the interests of the Company, if such ownership is in violation of Luxembourg law or other law, or if as a result of this Share ownership, the Company would be subject to tax or other financial disadvantages that it would not otherwise incur (Art. 10 of the Articles of Incorporation), the Company may instruct a Shareholder ("**Restricted Person**") to sell its Shares and to demonstrate to the Company that this sale was made within thirty days of notification if the Company determines that a Restricted Person is the sole economic owner or is the economic owner together with other persons. If the investor does not comply with the notification, the Company may compulsorily redeem in good faith and on reasonable grounds, in accordance with the procedure described below, all Shares held by such a Shareholder, or may have this redemption carried out. Such compulsory redemption of Shares is permitted by applicable laws and regulations.

1. The Company will provide a second notification ("**purchase notification**") to the investor or the owner of the Shares to be redeemed, in accordance with the entry in the register of Shareholders; this notification designates the Shares to be redeemed, the procedure under which the redemption price is calculated and the name of the holder. Such notification will be sent by registered post to the last known address of the investor or to the address listed in the Company's books. This notification obligates the investor in question to send the share certificate or share certificates that represent the Shares to the Company in accordance with the information in the purchase notification. Immediately upon close of business on the date designated in the purchase notification, the Shareholder's ownership of the Shares which are designated in the purchase notification ends. For registered Shares, the name of the Shareholder is stricken from the register of Shareholders.
2. The price at which these Shares are acquired ("**purchase price**") corresponds to an amount determined on the basis of the share value of the corresponding Share Class on a Dealing Day, or at some time during a Dealing Day, as determined by the Board of Directors, less any redemption fees incurred if applicable. The purchase price is, less any redemption fees incurred if applicable, the lesser of the share value calculated before the date of the purchase notification and the share value calculated on the day immediately following submission of the share certificate(s).
3. The purchase price will be made available to the previous owner of these Shares in the currency determined by the Board of Directors for the payment of the redemption price of the corresponding Share Class and deposited by the Company at a bank in Luxembourg or elsewhere (corresponding to the information in the purchase notification) after the final determination of the purchase price following redemption of the share certificate(s) as designated in the purchase notification and their corresponding coupons that have not yet matured. After the purchase notification has been provided and in accordance with the procedure outlined above, the previous owner has no further claim in relation to these Shares or a part thereof, and the previous owner no longer has any claim against the Company or the Company's assets related to these Shares, with the exception of the right to repayment of the purchase price without interest from the named bank after actual delivery of the share certificate(s). All income from redemptions to which the investor is entitled in accordance with the provisions of this paragraph may no longer be claimed and is forfeited as regards the respective Share Class unless such income is claimed within a period of five years after the date indicated in the purchase notification. The Board of Directors is authorised to take all necessary steps to return these amounts and to authorise the implementation of corresponding measures for the Company.
4. The exercise of the above-named powers by the Company may in no way be called into question or declared invalid on the grounds that the ownership of Shares was not sufficiently proven or that the actual ownership of Shares did not correspond to the assumptions made by the Company as at the date of the purchase notification provided that the Company exercised the above-named powers in good faith.

The Company may in other circumstances compulsorily request redemption of Shares by Shareholders, further details of which are described in the section headed "DISSOLUTION AND MERGER OF SUB-FUNDS OR SHARE CLASSES" below.

## **CONVERSION OF SHARES**

Shareholders may, subject to the provisions hereinafter specified, submit an application to convert Shares from one Sub-Fund (the “**Original Fund**”) into Shares of another Sub-Fund, or shares of such other fund for which AllianzGI AP acts as the Hong Kong Representative and which is authorised by the SFC (the “**Selected Fund**”) on any Valuation Day. Currently, Shares of a Sub-Fund in whole or in part may be converted into shares of another Share Class of the same Sub-Fund or into shares of the Selected Fund if the applicable minimum amount of the new Share Class and additional requirements connected with the issue of the new shares, if any, are met. For the purposes of conversion, Shares that differ only in respect of their distribution policy and/or currency of issue shall not be regarded as Shares of different Share Classes. Requests for conversion of Shares should be made using the relevant forms obtainable from the Hong Kong Distributor/Hong Kong Representative (or such other written notification acceptable to the Hong Kong Distributor/Hong Kong Representative) and sent to the Hong Kong Distributor/Hong Kong Representative who will collect and forward all requests it receives before the Dealing Deadline to the Company for processing at the end of the relevant Dealing Day.

The Company and the Hong Kong Distributor/Hong Kong Representative reserve the right to reject any request for a conversion of Shares.

A conversion shall be treated as a redemption of Shares from the Original Fund and an application for the acquisition of the shares to be acquired in the Selected Fund. Investors should note that subject to the valuation time of each fund and the time required to remit redemption proceeds for conversion between funds, the dealing day on which the shares are created in the Selected Fund may be later than (in certain cases, same as) the Dealing Day on which investments in the Original Fund are redeemed or the day on which conversion instructions are received by the Hong Kong Distributor. Details can be obtained from the Hong Kong Distributor. All terms and conditions regarding the redemption and subscription of Shares shall equally apply to the conversion of Shares (including the terms regarding the Dealing Deadline described above and the minimum amounts set out in the section headed “MINIMUM SUBSCRIPTION, REDEMPTION, HOLDING AND CONVERSION AMOUNTS”, as well as suspension under the section headed “DEFERRAL OF REDEMPTION AND CONVERSION REQUESTS”). Redemption fees, conversion fees and/or exposure to foreign currency exchange movements may be applicable (see section headed “FEES AND CHARGES”).

Each application for conversion of Shares is irrevocable, except during the period of a suspension of the calculation of the NAV of the Shares to be redeemed in accordance with Article 12 of the Articles of Incorporation and during the period of a suspension of the redemption of Shares to be redeemed in accordance with Article 8 of the Articles of Incorporation. If the calculation of the NAV of the Shares to be acquired is suspended after the Shares to be converted have already been redeemed, only the acquisition part of the conversion application can be revoked during this suspension.

## **TRANSFER OF SHARES**

Shareholders are entitled to transfer Shares by an instrument in writing or using such form as is acceptable to the Hong Kong Distributor/Hong Kong Representative which must be signed by the transferor and the transferee and the transferor’s signature must be verified by a person acceptable to the Hong Kong Representative. Standard forms are available from the Hong Kong Distributor/Hong Kong Representative. Transfers will not be accepted if as a result, the Shares are held by a Restricted Person or the holdings are less than the minimum holding amounts set out in the section headed “MINIMUM SUBSCRIPTION, REDEMPTION, HOLDING AND CONVERSION AMOUNTS”.

## **DEFERRAL OF REDEMPTION AND CONVERSION REQUESTS**

If redemption and conversion requests on any Dealing Day relate to more than 10% of the Shares in issue in a particular Sub-Fund, the Company may decide that such requests in excess of 10% of the Shares in issue for redemption and conversion will be deferred for such period as the Company considers to be in the best interests of the relevant Sub-Fund. However, this deferral should not exceed three Dealing Days for redemption requests, and two Dealing Days for conversion requests. On the Dealing Day following this period, these redemption and conversion applications will be executed on a first-come-first-served basis and given priority and settled ahead of later applications received after this period.

The decision as to which redemption or conversion applications will be executed on a Dealing Day and which will be deferred will be made by applying the first-come-first-served principle on the redemption or conversion applications received by the Registrar and Transfer Agent for a Dealing Day.

## **FEES AND CHARGES**

The following sections and Appendix III summarise the fees and charges applicable to the Sub-Funds and the respective Share Classes:

### **FEES AND CHARGES PAYABLE BY INVESTORS**

The levels of the Sales Charge, the Redemption Fee and Conversion Fee are set out in the table in Appendix III. Sales Charges, Redemption Fees and Conversion Fees are levied or calculated as a percentage of the NAV per Share of a Share Class.

### **FEES PAYABLE OUT OF THE ASSETS OF THE SUB-FUNDS**

#### **All-in-Fee**

The Company pays all costs to be borne by the respective Sub-Fund from the assets of that Sub-Fund:

The Company pays a fee ("All-in-Fee") to the Management Company from the assets of the respective Sub-Fund.

Fees for the Investment Managers used by the Management Company are paid by the Management Company from its All-in-Fee and, if applicable, from its performance related fee.

All-in-Fee is accrued daily and charged monthly in arrears on a pro rata basis on the average daily NAV of the respective Share Class of a Sub-Fund. The amount of the all-in-fee charged is listed in the Appendix III.

In return for the payment of the All-in-Fee the Management Company releases the Company from the following, conclusive enumerated commissions and expenditures:

- Management and central administration agent fees;
- the administration and custody fee of the Depositary;
- the fee of the Registrar and Transfer Agent;
- costs of the preparation (including translation) and dissemination of the Prospectus, Product Key Facts Statement, Articles of Incorporation as well as annual, semiannual and, if any, interim reports and other reports and notifications to Shareholders;
- costs of publishing the Prospectus, Product Key Facts Statement, Articles of Incorporation, annual, semi-annual and, if any, interim reports, other reports and notifications to Shareholders, tax information, as well as Subscription and Redemption Prices, and official announcements made to the Shareholders;
- costs of auditing the Company and its Sub-Funds by the auditor;
- costs of registering the Shares for public distribution and/or the maintenance of such registration;
- costs of preparing share certificates and, if any, coupons and coupon renewals;
- paying agent and information agent fees;
- costs of assessing the Sub-Funds by nationally and internationally recognised rating agencies;
- expenses in connection with the establishment of a Sub-Fund;
- costs related to the use of index names, in particular licence fees;
- costs and fees incurred by the Company and by third parties authorised by the Company relating to the acquisition, use and maintenance of in-house or third-party computer systems used by Investment Managers and Investment Advisors;
- costs related to obtaining and maintaining a status authorising the direct investment in assets in a country or to act directly as a contracting partner in markets in a country;
- costs and expenses by the Company, the Depositary and third parties authorised by the Company or the Depositary in connection with monitoring of investment limits and restrictions;

- costs for calculating the risk and performance figures and the calculation of performance-related fees for the Management Company by third parties appointed to do so;
- costs related to obtaining information about general Shareholders' meetings of companies or about other meetings of the owners of assets as well as costs related to direct participation or participation through authorised third parties in such meetings;
- postage, telephone, fax and telex fees.

For so long as the Company and such Sub-Funds are authorised by the SFC pursuant to section 104 of the SFO, expenses arising out of any advertising or promotional activities in connection with the Sub-Fund so authorised will not be paid out of the assets attributable to that Sub-Fund.

The level of the All-in-Fee is set out in the table in Appendix III. The Management Company may levy a lower All-in-Fee than those mentioned in Appendix III.

### **Additional Costs**

All other additional costs borne by a Sub-Fund are charged to the assets of the respective Sub-Fund. These costs are separate to those named above and include, but are not restricted to:-

- costs for examination, asserting and enforcement of any claims for reduction, offsetting or refund of withholding taxes or other taxes or fiscal duties;
- costs for asserting and enforcing legal rights of the Company, Sub-Fund or Share Class which appear to be justifiable and for defending any claims made against the Company, Sub-Fund or Share Class which seem unjustified;
- all taxes, fees, public and similar charges which may be incurred in connection with administration and custody (including, but not limited to the Taxe d'Abonnement);
- costs arising in connection with the purchase and sale of assets (including any research and analyst services made available in accordance with market practice interest/fees for deposits as well as fees resulting out of the provision and drawdown of credit facilities) and the use of securities lending programmes and securities lending brokers as well as interest cost.

The Company is allowed to confine management expenses and other regular or recurring expenses and may allocate the confined amount to one year or any other time period.

### **Hong Kong Representative's Fee**

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

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

### **Total Expense Ratio**

The costs incurred by the Sub-Funds (or the respective Share Classes) during the preceding financial year (excluding transaction costs) are disclosed in the annual report and are also expressed as a ratio of the average volume of the Sub-Funds (or of the average volume of the respective Share Classes) ("Ongoing Charges"). In addition to the Management Fee and the Administration Fee as well as the Taxe d'Abonnement, all other costs are considered except for the incurred transaction costs and any performance-related fees. Costs incurred will not be subject to cost compensation. If a Sub-Fund invests more than 20% of its assets in other UCITS or UCI that publish ongoing expenses, the ongoing expenses of these other UCITS or UCI are taken into consideration when calculating Ongoing Expenses for the Sub-Fund; however, if these UCITS or UCI do not publish their own Ongoing Expenses, then it is not possible to take the Ongoing Expenses of the other UCITS or UCI into consideration when calculating Ongoing Expenses. If a Sub-Fund does not invest more than 20% of its assets in other UCITS or UCI, any costs that may be incurred at the level of these UCITS or UCI are not taken into consideration.

## **Indemnity of Directors and Officers**

In accordance with the Articles of Incorporation, the Company may indemnify any director or officer and his heirs, executors and administrators, against expenses reasonably incurred by him in connection with any legal action, suit or proceeding to which this person may be made a party by reason of his being or having been a director or officer of the Company or, on his request, of any other company of which the Company is a Shareholder or a creditor and from which he is not entitled to be indemnified, except in relation to actions, suits or proceedings in which the person is found legally liable for gross negligence or misconduct. In the event of a settlement, indemnity will be provided only in connection with such matters covered by the settlement and as to which the Company is advised by counsel that the person to be indemnified was not in breach of duty. The foregoing right of indemnity does not exclude other rights to which the person may be entitled.

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

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

## **SOFT COMMISSIONS**

In accordance with the Code, neither the Management Company nor any of its connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions in the Company's property to the broker or dealer save that the Management Company and/or its connected persons may receive investment research and information and related services (soft commissions) provided that:

- a) the Management Company and/or its connected persons, as the case may be, act at all times in the best interest of the Company and the Shareholders;
- b) goods and services relate directly to the activities of the Management Company and/or its connected persons, as the case may be, and such activities are of demonstrable benefit to the Shareholders;
- c) transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates; and
- d) such brokers/dealers are corporate entities and not individuals.

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

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

## **COMMISSION SHARING ARRANGEMENTS**

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



## ADDITIONAL INFORMATION

### PUBLICATION OF SHARE PRICES

The NAV per Share is published in the South China Morning Post and Hong Kong Economic Journal in Hong Kong at least once a month. Investors are advised that such publications are for information only. None of the Company, the Hong Kong Distributor/Hong Kong Representative, any Listing and Information Agent, the Registrar, Transfer Agent and Paying Agent or the Management Company accepts responsibility for any error in publication.

### NET ASSET VALUE PER SHARE AND VALUATION OF ASSETS

The Management Company is responsible for the proper valuation of the assets of the Sub-Funds.

The NAV per Share of a Share Class will be calculated in the base currency of the Sub-Fund and, if Share Classes are issued with other reference currencies in a Sub-Fund, such NAV will be published in the currency in which that Share Class is denominated, unless there is a suspension of the calculation of the NAV. On each Valuation Day or at some time during a Valuation Day, the NAV per Share is calculated by dividing the net assets of the Company attributable to the respective Share Class, that is, the proportional share of the assets attributable to such a Share Class less the proportional share of the liabilities attributable to a Share Class on this Valuation Day or this time during this Valuation Day, by the number of Shares in circulation of the relevant Share Class. NAV may be rounded up or down to the next applicable currency unit in accordance with the decision of the Board of Directors. For each Sub-Fund, a “**Valuation Day**” shall normally be each day on which banks and exchanges in Luxembourg, Hong Kong as well as all principle stock exchanges of the countries in which at least 70% of the investments of such Sub-Fund are quoted, listed or dealt in, are all open for business, subject to suspension (as set out in the section headed “TEMPORARY SUSPENSION OF DETERMINATION OF NAV AND SHARE ISSUE, REDEMPTION AND CONVERSION”) or such other determination by the Board of Directors.

For money-market Sub-Funds, the NAV per Share of a Share Class may be determined plus/less accrued income and expenses expected to be due per share up to and including the calendar day before the value date.

If since the determination of the share value there have been significant changes in the prices on markets in which a significant portion of the assets attributable to a Share Class are traded or listed, the Company may, in the interest of the Shareholders and the Company, cancel the first valuation and perform a second valuation.

The value of the assets is determined as follows:

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

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

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

In derogation of the aforementioned rules, a fair value pricing model could be used. Fair value pricing model means that the value of certain assets will be adjusted to more actual figures in case that certain criteria are fulfilled. Such adjustment may happen during monitoring periods as defined by the Board of Directors from time to time, if (i) a single country equity risk exposure (excluding equity exposure held via target funds) of a Sub-Fund reaches or exceeds a certain trigger level, as defined by the Board of Directors from time to time, on the first valuation day of the respective monitoring period and (ii), at the respective Sub-Fund’s order deadline, the main stock exchange of the respective country is already closed during normal course of business. If the aforementioned conditions are fulfilled the value of Sub-Fund’s assets which form part of the respective single country equity risk exposure based on the closing prices of the respective country’s main stock exchange is compared to their estimated value at the moment when the Sub-Fund’s NAV is calculated; the estimation is based on the movement of index orientated instruments since the close of business of the respective country’s main stock exchange. If such comparison leads to an estimated Sub-Fund’s NAV which deviates by, at least, a certain trigger level, as defined by the Board of Directors from time to time, from a NAV calculated without a fair value pricing adjustment, for the purpose of calculation of Sub-Fund’s NAV the value of the respective assets will be adjusted accordingly as far as their non adjusted value does not seem to represent their actual value.

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

Allianz China A-Shares will use a fair value pricing model.

#### **TEMPORARY SUSPENSION OF DETERMINATION OF NAV AND SHARE ISSUE, REDEMPTION AND CONVERSION**

The Company may suspend the calculation of the NAV per Share of each Sub-Fund or of an individual Share Class as well as the issue and redemption of Shares and the conversion of Shares in each individual Sub-Fund or of an individual Share Class:



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

The Company also reserves the right to suspend without prior notice the issue of Shares in one or more or all Sub-Funds or in one or more or all Share Classes.

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

Any such suspension shall be publicized, if appropriate, by the Company and may be notified to Shareholders having made an application for subscription, redemption or conversion for which the calculation of the NAV per Share has been suspended. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

#### **EXCESSIVE TRADING AND MARKET TIMING**

The Company does not knowingly allow investments that are associated with excessive trading of Shares, as such practices may adversely affect the interests of all Shareholders. Further, Shares may not be acquired for the purposes of market timing or similar practices. The Company expressly reserves the right to take necessary measures, including the imposition of redemption charges, to protect other investors from excessive trading, market timing or similar practices.

## USE OF NOMINEE SERVICE

As the operations of the Sub-Funds are carried out in Luxembourg, the Hong Kong Representative has arranged the use of a nominee service to facilitate investments in the Sub-Funds, at no additional charge to the investors. All new investors dealing through the Hong Kong Representative will therefore be required to complete the Investment Account Opening & Application Form in order to enjoy this free nominee service. The Nominee is a company within the Allianz Group.

Shares in the Sub-Funds issued as a result of the procedures described above will be registered in the name of the Nominee as nominee for investors on its standard terms and conditions which are summarized on the Investment Account Opening & Application Form and to which investors are specifically referred.

Investment via nominee arrangements is subject to the following risk factors:

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

## TAXATION

It is expected that Shareholders in the Company will be resident for tax purposes in many different countries. Consequently, no attempt is made in this HK Prospectus to summarize the taxation consequences for each investor. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

Dividends and interest received by the Company on its investments may be subject to non-recoverable withholding or other taxes in the countries of origin.

### Hong Kong

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

### **Automatic Exchange of Financial Account Information**

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

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

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

### **EU Savings Directive**

The Council of the EU has adopted on 3 June 2003 a Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**Savings Directive**"). Under the Savings Directive, EU member states (the "**Member States**") are required to provide the tax authorities of another Member State with information on payments of interest or other similar income (within the meaning of the Savings Directive) paid by a paying agent (within the meaning of the Savings Directive) to an individual beneficial owner who is a resident, or to certain residual entities (within the meaning of the Savings Directive) established, in that other Member State.

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

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

### **Taxation of the Company in Luxembourg**

The Company is not subject to any Luxembourg tax on its profits or income, nor is any distribution from any Sub-Fund subject to any Luxembourg withholding tax. The Company is, however, subject in Luxembourg to a tax (Taxe d'Abonnement) of 0.05% per annum of its net assets per Sub-Fund of the equity, balanced and bond Sub-Funds, or of 0.01% per annum on money-market Sub-Funds and institutional Share Class types of the equity, balanced and bond Sub-Funds under Article 174 Paragraph 2c of the Law, unless they are invested in Luxembourg investment funds that are themselves subject to the Taxe d'Abonnement. This tax is payable quarterly on the basis of the value of the NAV of the relevant Sub-Funds or the corresponding Share Class as at the end of the relevant calendar quarter. No stamp duty or other tax is payable in Luxembourg on the issue of Shares. No Luxembourg tax is payable on the realized capital appreciation of the assets of the Company.

### **Luxembourg taxation of Shareholders**

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

In accordance with the provisions of the Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (“Savings Directive”), which came into force on 1 July 2005, it cannot be excluded that in certain cases withholding tax may be deducted if a Luxembourg Paying Agent effects distributions and repurchases/redemptions of Shares and the recipient or the economic beneficiary of the funds paid out is an individual who is resident in another EU member state or in one of the affected dependent or associated areas. The withholding tax rate on the respective tax basis of these distributions or repurchases/redemptions is 35% since 1 July 2011 unless the individual expressly requests that he be subject to the information exchange system of the above Directive, or a certificate of exemption from his home tax authority is presented. The Luxembourg Government intends to introduce the automatic exchange of information and consequently to abolish the withholding tax rate on 1 January 2015.

### **US Tax Withholding and Reporting under FATCA**

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act (“FATCA”) generally impose a US federal reporting and withholding tax regime with respect to certain US source income earned (including, among other types of income, dividends and interest) and gross proceeds from the sale or other disposal of property that can produce such US source income. 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. Pursuant to FATCA, payments of fixed or determinable annual or periodic gains, profits and income, including dividends, interest and gains, from sources within the United States, made after 30 June 2014, payments attributable to gross proceeds from the sale or other disposition of property that could produce U.S. source interest or dividends made after 31 December 2016, and certain payments (or a portion thereof) by a foreign financial institution made after 31 December 2016, to a foreign financial institution or other foreign entity or “passthru payments” on the individual shareholder (to the extent provided in future regulations which will be subject to further changes, but in no event before 1 January 2017) will be subject to a withholding tax of 30% unless various reporting requirements are satisfied.

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

The Company, Nominee and/or Transfer Agent will likely require additional information from Shareholders in order to comply with these provisions. Each prospective Shareholder should consult its own tax advisers on the requirements under FATCA applicable to it. The Company, Nominee and/or Transfer Agent may disclose the information, certifications or other documentation that they receive from (or concerning) their investors to the 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 its tax adviser regarding the applicability of FATCA and any other reporting requirements with respect to the prospective investor’s own situation.

### **Cayman-United Kingdom Agreement**

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

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

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

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

## **The PRC**

### *Corporate Income Tax*

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

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

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

#### (i) Interest

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

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

#### (ii) Dividend

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

#### (iii) Capital gain

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



The Ministry of Finance of the PRC, the State Administration of Taxation of the PRC and the China Securities Regulatory Commission (“CSRC”) issued Circular Caishui 2014 No. 79 (“Circular 79”) dated 31 October 2014 to clarify the taxation of capital gains on transfer of PRC equity investment assets derived by QFII and RQFII. Pursuant to Circular 79, for QFII and RQFII without a place of business or establishment in the PRC or have an establishment or place in the PRC but the income so derived in the PRC is not effectively connected with such establishment, capital gain derived from the transfer of PRC equity investment assets such as A-Shares on or after 17 November 2014 is temporarily exempt from PRC WIT. However, capital gain realised by QFII and RQFII prior to 17 November 2014 is subject to PRC WIT in accordance with the provisions of the laws.

The Ministry of Finance of the PRC, the State Administration of Taxation of the PRC and the CSRC issued joint circulars to clarify the taxation of the Stock Connect, in which capital gain realised from the transfer of A-Shares is temporarily exempt from PRC WIT.

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

In light of the above, having taken and considered independent and professional tax advice in respect of the Company and acting in accordance with such advice, the Fund Manager intends to:

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

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

#### *Value-added Tax (“VAT”) and Other Surtaxes (applicable on and after 1 May 2016)*

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

The gains derived from trading of marketable securities (including A-shares and other PRC listed securities) are exempted from VAT in the PRC under Circular 36 and Caishui 2016 No.70. In addition, deposit interest income and interest received from government bonds and local government bonds are also exempt from VAT.



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

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

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

### *Stamp Duty*

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

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

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

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

## **DISTRIBUTION POLICY**

Distribution and accumulation shares may be issued for each Sub-Fund.

### **Distribution Shares**

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

The current distribution policy for Distribution Shares provides for the distribution of essentially all income, less costs, that can be distributed for a corresponding time period. Nevertheless, it may be decided to distribute realised capital gains and other income – taking into account the corresponding income equalisation – and unrealised capital gains and capital in accordance with the Law. Provided that the general meeting of Shareholders does not make a contrary resolution, the Company may establish interim distributions, which would normally be paid out annually on 15 October; additional interim distributions may also be made. If that day is not a Valuation Day, the payout date would be delayed until the next Valuation Day. The use of income, and in particular any final distribution made, will be decided for each Share Class by the general meeting of Shareholders of the Company; this may deviate from the distribution rule.

Any claim to distributions expires, and they will revert to their respective Share Class, if the claim is not asserted within five years of their due date. No interest accrues on distributions declared by the Company and made available to the investor. Shareholders holding Distribution Shares will receive cash dividends unless they have expressly opted to have their distributions reinvested.

The Company may change the distribution policy subject to the SFC's prior approval and by giving not less than one month's notice to Shareholders.

### **Accumulation Shares**

Accumulation Shares retain all income (interest, dividends, income from target fund shares, compensation for securities lending and securities repurchase agreements, other income and realised capital gains, while taking into account the corresponding income equalisation) less payable charges, fees, taxes and other expenses and reinvests these amounts. For this reason, it should not be expected that distributions will be paid out to Shareholders.

### **EQUALIZATION ACCOUNTING**

The Company applies a so-called income equalisation procedure for the Share Classes of the Sub-Funds. This means that an equalization account is maintained for recording the proportional income and realised capital gains/losses accruing during the financial year which the acquirer of Shares must pay as part of the subscription price and which the seller of Shares receives as payment as part of the redemption price. The expenses incurred are accounted for in the calculation of the income equalisation procedure.

The income equalisation procedure serves to adjust fluctuations in the relationship between income and realised capital gains/losses on the one hand and other assets on the other hand, that are caused through net inflows or outflows due to the sale or redemption of Shares. Otherwise, every net inflow of cash would reduce the share of income and realised capital gains/loss on the NAV of a Sub-Fund and each outflow would increase it.

### **SHAREHOLDERS' MEETINGS, REPORTS AND ACCOUNTS**

General meetings of Shareholders are called and convened in accordance with the Articles and applicable laws by which the Company is bound. Notice of general meetings will be sent to Shareholders, in case of a meeting proposing to resolve on special resolutions, at least 21 days prior to the meeting, and in case of a meeting proposing to resolve on ordinary resolutions, at least 18 days prior to the meeting. Unless expressly notified to Shareholders otherwise, all resolutions proposed at general meetings of the Company shall be ordinary resolutions. The Board of Directors may define in the convening notice a date 5 days before the general meeting (referred to as "record date") by which the quorum and majority requirements shall be determined in accordance to the shares outstanding on such record date. The voting rights of the Shareholders shall be determined by the number of shares held at the record date.

The financial year of the Company commences on 1 July of each year and terminates on 30 June of the next year. The first financial year of the Company shall terminate on 30 June 2010.

The Company publishes annually a detailed audited report and semi-annual unaudited report. The reports will be made available to registered Shareholders in the English language only and by publishing on the Hong Kong Distributor/Hong Kong Representative's website, currently [www.allianzgi.hk](http://www.allianzgi.hk), within four months for the annual reports, and two months for the semi-annual reports, of the end of the respective period covered by the report. However, the contents of this website have not been reviewed by the SFC. Copies may also be obtained free of charge by any person from the Hong Kong Distributor. Once the reports are issued, Shareholders will be notified of where such reports, in printed and electronic forms, can be obtained. Such notices will be sent to Shareholders around the time of issuance of such reports.

## **DISSOLUTION AND LIQUIDATION OF THE COMPANY**

The Company may at any time be dissolved on the resolution of the general meeting of Shareholders, subject to the quorum and majority requirements applicable to amendments to the Articles.

If the share capital falls below two-thirds of the minimum capital indicated in the Articles, the question of the dissolution of the Company will be referred to the general meeting by the Board of Directors. The general meeting, for which no quorum is required, will decide by simple majority of the votes of the Shares represented at the general meeting.

The question of the dissolution of the Company will further be referred to the general meeting whenever the share capital falls below one-quarter of the minimum capital set by the Articles; in such event, the general meeting will be held without any quorum requirements and the dissolution may be decided by Shareholders holding one-quarter of the votes of the Shares represented at the meeting.

The meeting must be convened so that it is held within a period of forty days from ascertainment that the net assets of the Company have fallen below two-thirds or one-quarter of the legal minimum, as the case may be.

Dissolution will be carried out by one or more liquidators, who may be individuals or legal entities, appointed by the general meeting of Shareholders, which will also determine their powers and their compensation.

The net proceeds of the liquidation that can be allocated to the Share Class of a Sub-Fund will be paid out by the liquidators to the Shareholders of the Share Class of the corresponding Sub-Fund in proportion to their shareholdings in the respective Share Class.

If the Company should be voluntarily liquidated or liquidated because of a legal requirement, its liquidation will take place in accordance with the relevant legal provisions. The corresponding law specifies the measures required to enable the Shareholders to participate in the payout of the proceeds of liquidation and provides for the amounts not yet claimed by a Shareholder after the liquidation is concluded to be deposited at the Caisse de Consignation. Under Luxembourg law, any sums that are not claimed from the Caisse de Consignation within the legally prescribed period are subject to forfeiture.

## **DISSOLUTION AND MERGER OF SUB-FUNDS OR SHARE CLASSES**

### **Compulsory Redemption**

If the assets of a Sub-Fund fall below the amount that the Board of Directors considers to be a minimum amount for the economically efficient management of the Sub-Fund, or if the Sub-Fund does not reach this minimum amount (which is currently set at USD50 million or the equivalent in another base currency for Allianz China A-Shares), or if a substantial change in the political, economic or monetary situation arises, or if so required by applicable laws and regulations, the Board of Directors may force redemption of all Shares of the Sub-Fund affected at the NAV per Share on the next available Dealing Day on which this decision by the Board of Directors enters into force (while taking into account the actual prices achieved and the necessary costs of disposal of the assets). In accordance with the Law, the Company must inform the investors in writing of the reasons and the redemption procedure one month (or such other period as the SFC shall approve in advance) before the mandatory redemption enters into force. On the day of the resolution being adopted with regard to the Sub-Fund's liquidation, Shares will no longer be issued. If no other decision is made in the interest of or for purposes of equal treatment of the Shareholders, the Shareholders in the Sub-Fund affected may request the redemption or conversion of their Shares at no charge before the date of the mandatory redemption (while taking into account the actual prices achieved and the necessary costs of disposal of the assets).

In accordance with the law the issue of shares will be suspended as soon as the decision is taken to liquidate the Sub-Fund.

Notwithstanding the powers conferred upon the Board of Directors in the above paragraph, the general meeting of Shareholders of one or all Share Classes issued in a Sub-Fund may decide, acting on a proposal of the Board of Directors, to redeem all Shares of the corresponding Share Class(es) and pay out to the Shareholders the NAV of the Shares on the next Dealing Day after such decision enters into force (while taking into account the actual prices achieved and the necessary costs of disposal of the assets). At this general meeting, there is no minimum number of Shareholders necessary to form a quorum. The decision is reached with a simple majority of the Shares present or represented at this meeting.

Assets that cannot be paid out to the corresponding authorised persons after the redemption is carried out are deposited with the Depositary for the duration of the liquidation period. After this time, the assets are transferred to the Caisse de Consignation on behalf of the authorised persons.

All redeemed Shares are cancelled.

### **Allocation of Sub-Fund Assets to Another Sub-Fund**

Under the same circumstances as specified in the first part of this section, the Board of Directors may also decide to merge the assets of a Sub-Fund into another Sub-Fund of the Company, into another undertaking for collective investment under Luxembourg law that is subject to the provisions of Part II of the Law, or into another sub-fund of such an undertaking for collective investment (hereinafter referred to as “new Sub-Fund”) and to rename the Shares of the affected Sub-Funds as shares of the other fund (if required after a split or a merger and payment to investors for any differences for fractional shares). This decision will be published as explained in the first paragraph of this section one month (or such other period as the SFC shall approve in advance) before it enters into force (this publication includes additional information on the new sub-fund) to allow Shareholders to redeem or convert their Shares without charge during this period.

Notwithstanding the powers of the Board of Directors described above, the general meeting of Shareholders of the Share Class(es) issued in a Sub-Fund may decide to merge the assets and liabilities of the Share Class into another Sub-Fund of the Company or in another Share Class of the same Sub-Fund. There are no quorum requirements for this action, and the merger may be decided upon by a simple majority of the Shares present or represented at the meeting.

The merger of the assets and liabilities of a Sub-Fund or of Share Classes of a Sub-Fund into another undertaking for collective investment in accordance with this section or into another sub-fund of such an undertaking for collective investment requires the decision of the holders of the Shares of the Sub-Fund or the affected Share Class(es) of the respective Sub-Fund, with a quorum of at least 50% of the Shares issued within the Sub-Fund or the affected Share Class(es) of the Sub-Fund and at least a two-thirds majority of the Shares present or represented at the meeting. If such a merger takes place with an undertaking for collective investment under Luxembourg law which is characterised as an investment fund (fonds commun de placement) or with an undertaking for collective investment under foreign law, the decisions of the general meeting of Shareholders is only binding on the Shareholders who voted in favour of the merger.

### **TRANSACTIONS WITH CONNECTED PERSONS**

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

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

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

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

#### **AVAILABLE DOCUMENTS**

Copies of the following documents may be inspected free of charge at or obtained on payment of a reasonable charge from the Hong Kong Distributor/Hong Kong Representative during usual business hours:

- (i) the prospectus of the Company that is registered with the Luxembourg regulator;
- (ii) the Articles;
- (iii) the Management Agreement between the Company and the Management Company including the appointment of the Management Company as AIFM;
- (iv) the Investment Management Agreement between the Management Company and the Fund Manager;
- (v) the Depositary Agreements between the Company, the Management Company and the Depositary, between the Management Company and the PRC Sub-Custodian and between the Company, the Depositary, RQFII Holder and the PRC Depositary;
- (vi) the central administration agreement between the Company, the Management Company and the Central Administration Agent
- (vii) the Hong Kong Representative's Agreement between the Company and the Hong Kong Representative; and
- (viii) the latest reports and accounts (if any).

## DIRECTORY

### Board of Directors of the Company

Chairman:	–	Markus Nilles
Members:	–	Sven Schaefer
	–	Arne Toelsner

### Board of Directors of the Management Company

Chairman:	–	Dr. Christian Finckh
Members:	–	Stefan Baumjohann
	–	Dr Bettina Corves-Wunderer
	–	Prof. Dr. Michael Hüther
	–	Laura Poussin
	–	Alexandra Auer

## REGISTERED OFFICES OF THE RELEVANT PARTIES

### The Company

Allianz Global Investors Opportunities, 6A, route de Trèves, L-2633 Senningerberg, Luxembourg

### Management Company and Alternative Investment Fund Manager

Allianz Global Investors GmbH  
Head office:  
Bockenheimer Landstrasse 42-44  
D-60323 Frankfurt/Main  
Federal Republic of Germany

Partially acting through its Luxembourg branch  
Branch office  
6A, route de Trèves  
L-2633 Senningerberg

### Central Administration Agent

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

### Fund Manager, Hong Kong Distributor and Hong Kong Representative

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

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

Allianz Global Investors Singapore Limited is a member of the Allianz Global Investors Group, a company of the Allianz Group and an affiliate of Allianz Global Investors Asia Pacific Limited who acts as a fund manager of Allianz China A-Shares. Allianz Global Investors Singapore Limited holds a RQFII licence as at the date of this HK Prospectus and has been granted RQFII quota by the State Administration of Foreign Exchange (“SAFE”) in the PRC.



**Depository and Fund Accountant**

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

**Depository's delegate**

State Street Bank & Trust Company, 225 Franklin Street, Boston MA, USA

**PRC Sub-Custodian**

Industrial and Commercial Bank of China Limited, No. 55 Fuxingmennei Street, Xicheng District, Beijing 100032, People's Republic of China

**PRC Depository**

HSBC Bank (China) Company Limited, 33rd Floor, HSBC Building, Shanghai ifc, 8 Century Avenue, Pudong, Shanghai 200120, The People's Republic of China

**Registrar, Transfer Agent and Paying Agent**

RBC Investor Services Bank S.A., 14 Porte de France, L-4360 Esch-sur-Alzette

**Listing and Information Agents**

In Luxembourg:

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

**Independent Auditor**

PricewaterhouseCoopers S.à r.l., 2, rue Gerhard Mercator, L-1014 Luxembourg

## GLOSSARY OF TERMS

<b>2013 Law</b>	The Luxembourg law dated 12 July 2013 on Alternative Investment Fund Managers, as amended from time to time.				
<b>Accumulation Share(s)</b>	Share(s) where the income of a Sub-Fund is as a rule not paid out to the Shareholders. Instead, it remains in the Sub-Fund or in the respective Share Class and is accounted for in the value of the Accumulation Shares.				
<b>Articles</b>	The articles of incorporation of the Company dated 12 February 2009 as may be supplemented or amended from time to time.				
<b>A-Shares</b>	Securities issued by companies incorporated in the PRC and listed on stock exchanges in the PRC, traded in RMB.				
<b>Base Currency</b>	Currency of denomination of the relevant Sub-Fund, as set out under the section "Investor Choice".				
<b>Board of Directors</b>	The directors of the Company as named in the Directory.				
<b>Central Administration Agent</b>	State Street Bank Luxembourg S.C.A.				
<b>Code</b>	The Code on Unit Trusts and Mutual Funds published by the SFC, as amended.				
<b>Company</b>	Allianz Global Investors Opportunities, which term shall include all current and future Sub-Funds.				
<b>Conversion Fee</b>	The fee payable on the conversion of Shares of a Sub-Fund.				
<b>CSRC</b>	China Securities Regulatory Commission.				
<b>CSSF</b>	Commission de Surveillance du Secteur Financier, being the Luxembourgish authority monitoring the Fund Industry sector.				
<b>Depository</b>	State Street Bank Luxembourg S.C.A., which is also responsible for fund accounting.				
<b>Dealing Day</b>	In respect of a Sub-Fund, each Valuation Day on which investors may deal in such Sub-Fund: <table><thead><tr><th><u>Sub-Fund</u></th><th><u>Dealing Day</u></th></tr></thead><tbody><tr><td>Allianz China A-Shares</td><td>Each Valuation Day.</td></tr></tbody></table>	<u>Sub-Fund</u>	<u>Dealing Day</u>	Allianz China A-Shares	Each Valuation Day.
<u>Sub-Fund</u>	<u>Dealing Day</u>				
Allianz China A-Shares	Each Valuation Day.				
<b>Dealing Deadline</b>	The relevant time by which a request to purchase, redeem, convert or transfer Shares on a Dealing Day must be received to be effected on a particular Dealing Day as set out in the section headed "DEALING DEADLINE".				
<b>Developed Countries/ Developed Country</b>	Developed Countries/Developed Country are/is defined as those/that which are/is classified by the World Bank as high gross national income per capita countries/country.				

<b>Directive 2011/61/EU</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers and amending directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.
<b>Distribution Share(s)</b>	Share(s) which normally make distributions from a net income, or, if applicable, from income from disposals and other components.
<b>Emerging Markets/ Emerging Market</b>	Emerging Markets/Emerging Market are/is defined as those/that countries/country which are/is not classified by the World Bank as high gross national income per capita countries/country.
<b>Equities/Equity</b>	Equities/Equity shall include all equities and comparable securities, as referred to and as applicable within each relevant Sub-fund investment policy.
<b>EU</b>	European Union.
<b>EUR or Euro</b>	The official currency of the member countries of the European Monetary Union.
<b>Euro Shares</b>	Shares of which the NAV per Share is expressed in EUR.
<b>Fund Managers</b>	Each of the fund managers appointed by the Management Company and listed in the Directory in this HK Prospectus.
<b>Growth Stocks</b>	Growth Stocks shall include securities the Fund management considers to have growth potential that is not sufficiently taken into account in their current prices.
<b>High-Yield Investments</b>	High-Yield Investments are investments in assets, which, at the time of acquisition, do not have an investment-grade rating from a recognised rating agency (so-called non investment grade rating) or are not rated at all, but for which, in the consideration of Fund management, it can be assumed that they would be rated non-investment grade if they were to be rated.
<b>HKD or HK\$</b>	The lawful currency of Hong Kong.
<b>HK Prospectus</b>	This Hong Kong prospectus, as may be supplemented or amended from time to time.
<b>Hong Kong</b>	Hong Kong Special Administrative Region of the People's Republic of China.
<b>Hong Kong Distributor</b>	Allianz Global Investors Asia Pacific Limited.
<b>Hong Kong Representative</b>	Allianz Global Investors Asia Pacific Limited.
<b>Independent Auditor</b>	PricewaterhouseCoopers S.à r.l.

<b>Interest-bearing Securities/ Interest-bearing Security</b>	Interest-bearing Securities/Interest-bearing Security as referred to and as applicable within each relevant Sub-fund investment policy, are/is defined as all securities which bear interest, including, but not limited to, zero-coupon bonds, in particular government bonds, mortgage bonds and similar foreign asset-backed securities issued by financial institutions, public-sector bonds, floating-rate notes, convertible bonds and bonds with warrants, corporate bonds, mortgage-backed securities and asset-backed securities, as well as other collateralised bonds.
<b>Investment Account Opening &amp; Application Form</b>	The Investment Account Opening & Application Form which may be obtained from the Hong Kong Representative, as amended from time to time.
<b>Law</b>	The Luxembourg law of 17 December 2010 on undertakings for collective investment, as has been or may be amended from time to time.
<b>Listing and Information Agent(s)</b>	Any listing and information agent(s) appointed by the Company.
<b>Management Company</b>	Allianz Global Investors GmbH.
<b>Member State(s)</b>	Any member state(s) of the EU.
<b>NAV</b>	The net asset value of the Company attributable to such Share Class of the relevant Sub-Fund calculated in accordance with the provisions of the Articles as summarised under the section “NET ASSET VALUE PER SHARE AND VALUATION OF ASSETS”.
<b>NAV per Share</b>	As defined in the section “NET ASSET VALUE PER SHARE AND VALUATION OF ASSETS”.
<b>Nominee</b>	Allianz Global Investors Nominee Services Limited.
<b>OECD</b>	Organization for Economic Cooperation and Development.
<b>PRC</b>	The People’s Republic of China.
<b>PRC Broker</b>	Brokers in PRC appointed by a QFII or a RQFII, as the case may be.
<b>PRC Depository</b>	HSBC Bank (China) Company Limited.
<b>PRC Sub-Custodian</b>	Industrial and Commercial Bank of China Limited.
<b>QFII Measures</b>	The “Measures for the Administration of Investment in Domestic Securities by Qualified Foreign Institutional Investors” ( 合格境外機構投資者境內證券投資管理辦法 ) promulgated by CSRC, People’s Bank of China and SAFE on 24 August 2006 and came into effect on 1 September 2006, as may be amended from time to time.
<b>Qualified Foreign Institutional Investor or QFII</b>	An investor approved by the CSRC to be a qualified foreign institutional investor under the QFII Measures.
<b>Redemption Fee</b>	The fee (if any) payable on the redemption of Shares of a Sub-Fund, as set out in Appendix III.
<b>Redemption Price</b>	The NAV per Share of the respective Share Class less the applicable Redemption Fee (if any).

<b>Registrar and Transfer Agent</b>	RBC Investor Services Bank S.A.
<b>Regulated Market</b>	Each regulated market in any country that operates regularly, is recognised and open to the public.
<b>Renminbi or RMB</b>	Renminbi yuan, the lawful currency of the PRC.
<b>Restricted Persons</b>	Such persons, firms or corporate bodies as determined by the Board of Directors to be “Restricted Persons”.
<b>Renminbi Qualified Foreign Institutional Investor or RQFII</b>	An investor approved by the CSRC to be a Renminbi qualified foreign institutional investor under the RQFII Regulations.
<b>RQFII Eligible Securities</b>	Securities and investments permitted to be held or made by a RQFII under the RQFII Regulations.
<b>RQFII Holder</b>	Allianz Global Investors Singapore Limited, an affiliate of Allianz Global Investors Asia Pacific Limited who acts as a fund manager of Allianz China A-Shares.
<b>RQFII Regulations</b>	The laws and regulations governing the establishment and operation of the RQFII regime in the PRC, as may be promulgated and/or amended from time to time.
<b>Sales Charge</b>	The charge (if any) payable on the subscription of Shares of a Sub-Fund, as set out in Appendix III.
<b>Securities and Futures Ordinance or SFO</b>	The Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong).
<b>SFC</b>	The Securities and Futures Commission of Hong Kong.
<b>Share</b>	A share of any Share Class within any Sub-Fund of the Company.
<b>Share Class</b>	Each share class within a Sub-Fund, which may differ from another Share Class in its charges, fee structure, use of income, persons authorised to invest, minimum investment amount, reference currency, the possibility of a currency hedge in a Share Class, the determination of the settlement date after orders are issued, the determination of the settlement procedure after settlement of an order or other characteristics.
<b>Shareholder</b>	A person holding a Share or Shares in the Company.
<b>Stock Connect</b>	Stock Connect is a program which aims to achieve mutual stock market access between mainland China and Hong Kong and includes (i) the Shanghai-Hong Kong Stock Connect, a securities trading and clearing links program developed by the Stock Exchange of Hong Kong Limited (“SEHK”), Shanghai Stock Exchange (“SSE”), China Securities Depository and Clearing Corporation Limited (“ChinaClear”) and Hong Kong Securities Clearing Company Limited (“HKSCC”); and (ii) the Shenzhen-Hong Kong Stock Connect, a securities trading and clearing links program developed by SEHK, Shenzhen Stock Exchange (“SZSE”), ChinaClear and HKSCC.
<b>Sub-Distributor</b>	A sub-distributor which has entered into a sub-distribution agreement with the Hong Kong Distributor.
<b>Sub-Fund</b>	Each sub-fund of the Company.

<b>Subscription Form</b>	The subscription form, which may be obtained from the Hong Kong Representative, as amended from time to time.
<b>Subscription Price</b>	Unless expressly provided otherwise, the NAV per Share plus the Sales Charge (if any).
<b>UCITS or UCI</b>	An undertaking for collective investment in transferable securities (UCITS) or other undertakings for collective investment as defined in the Law.
<b>UCITS Directive</b>	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended from time to time.
<b>UCITS Regulation</b>	Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries.
<b>US or United States</b>	The United States of America, its territories and possessions, any State of the United States, and the District of Columbia.
<b>USD or US Dollar</b>	The lawful currency of the United States of America.
<b>USD Shares</b>	Shares of which the NAV per Share is expressed in USD.
<b>US Person</b>	<p>Any person that is a United States Person within the meaning of Rule 902 of Regulation S under the United States Securities Act of 1933 (the “Securities Act”), as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.</p> <p>A United States Person includes, but is not limited to:</p> <ul style="list-style-type: none"> <li>i. any natural person resident in the United States;</li> <li>ii. any partnership or corporation organized or incorporated under the laws of the United States;</li> <li>iii. any estate of which any executor or administrator is a US Person;</li> <li>iv. any trust of which any trustee is a US Person;</li> <li>v. any agency or branch of a foreign entity located in the United States;</li> <li>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;</li> <li>vii. any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and</li> <li>viii. any partnership or corporation if: (1) organized 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 organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts.</li> </ul>
<b>Valuation Day</b>	In relation to a Sub-Fund, each day on which valuation of the assets of that Sub-Fund is carried out, as more particularly set out under the section headed “NET ASSET VALUE PER SHARE AND VALUATION OF ASSETS”.
<b>Value Stocks</b>	Value Stocks shall include securities the Fund management considers to be undervalued in comparison with the respective sector.

Words importing the singular shall, where the context permits, include the plural and vice versa.



## APPENDIX I – RISK CONSIDERATIONS

**General Investment Risk:** There is no guarantee of the repayment of principal. The instruments invested by a Sub-Fund may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses.

### **Specific Risks of Investing in the Equity Markets of the People’s Republic of China (“PRC”) in particular investing in A-Shares**

#### *The A-Share Market*

The PRC has in particular two different stock exchanges in Shanghai and Shenzhen for PRC companies to list and trade their shares. Two different types of shares are being traded in the Shanghai and Shenzhen Stock Exchanges: A-Shares (denominated in RMB) and B-Shares (denominated in US dollars or Hong Kong dollars). A third type of shares, namely H-shares (denominated in Hong Kong dollars), are issued by PRC companies and listed and traded on the Stock Exchange of Hong Kong. The Stock Exchanges in Shanghai and Shenzhen are substantially smaller, less liquid and more volatile than the major securities markets in developed countries. High market volatility and potential settlement difficulties in the markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Sub-Fund. Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Sub-Fund.

#### *A-Shares and other Shares*

As a matter of principle the issuance of different shares-classes of the same company offered at different stock exchanges in different currencies is likely to lead to a deviation in the rating and performance of the diverse share-classes due to particularities of the respective stock exchange and/or the currencies. Therefore such deviation may not necessarily reflect any material and fundamental difference in the essential value of the share. Any kind of performance deviation bears the risk of significant discrepancies in the future development of the respective share-class and a possible depression of the Stock Exchanges in order to correct such deviation. Specifically, because in the past domestic investors were restricted to trading in A-Shares, the government of the PRC has taken policy measures to influence investment decisions of holders of these shares which has in particular led to a rush demand of domestic investors and a possible overvaluation of A-Shares when compared with B-Shares or H-Shares of the same companies that could still affect the future market situation.

#### *Currency and Foreign Exchange*

A-Shares are priced in RMB and the PRC government controls future movements in exchange rates and currency conversion. The exchange rate floats against a basket of foreign currencies, therefore such exchange rate could fluctuate widely against the US-Dollar and Hong Kong Dollars or other foreign currencies in the future. Currently, there is no market or instrument in which an investor may engage in hedging transactions to effectively minimize RMB foreign exchange risk, and there can be no guarantee that instruments suitable for hedging currency will be available at any time in the future. In particular any depreciation of RMB will decrease the value of any dividends and other proceeds an investor may receive from its investments.

## QFII

### *QFII Regime*

The QFII regime is governed by rules and regulations as promulgated by the Chinese authorities, i.e. CSRC, SAFE and the People's Bank of China ("PBOC"). Such rules and regulations may be amended from time to time, including but not limited to:

- (a) QFII Measures and the Provisions on Relevant Issues Concerning the Implementation of the Measures on the Administration of Domestic Securities Investments of Qualified Foreign Institutional Investors promulgated by the CSRC on 27 July 2012 which came into effect on 27 July 2012;
- (b) the Regulations on Foreign Exchange Administration of Investment in Domestic Securities by Qualified Foreign Institutional Investors issued by the SAFE on 3 February 2016; and
- (c) any other applicable regulations promulgated by the relevant authorities.

Under prevailing QFII regulations in the PRC, foreign institutional investors who wish to invest directly in the PRC domestic securities market may apply for a QFII licence. The Management Company, Allianz Global Investors GmbH, holds a QFII license in the PRC. It is the current intention of the Management Company that the Allianz China A-Shares Sub-Fund invests in A-Shares and other permissible investments via the QFII quota of the Management Company.

The Management Company (as the QFII holder) may from time to time make available QFII quota for the purpose of the relevant Sub-Fund's direct investment into the PRC. Under the current QFII regulations, the Management Company (as the QFII holder) has the flexibility to allocate its QFII quota across different fund products under the Management Company's management. The Management Company may also apply to SAFE for additional QFII quota which may be utilised by the relevant Sub-Fund, other clients of the Management Company or other products managed by the Management Company. However, there is no assurance that the Management Company will make available QFII quota that is sufficient for the relevant Sub-Fund's investment at all times. As disclosed in the sub-section headed "Subscriptions for the Sub-Funds" in the section headed "Investment in the Sub-Funds", each of the Company and the Hong Kong Representative reserves the right to reject any subscription application in whole or in part without being liable to the investors for any direct or indirect loss or consequence.

Industrial and Commercial Bank of China Limited has been appointed as the PRC Sub-Custodian in respect of the QFII assets pursuant to the relevant laws and regulations.

Securities including A-Shares will be maintained by the PRC Sub-Custodian pursuant to the relevant PRC regulations through securities accounts with the China Central Depository & Clearing Co., Ltd, China Securities Depository and Clearing Corporation Limited, Shanghai Clearing House Co., Ltd or such other relevant depositories in such name as may be permitted or required in accordance with PRC law.

The Management Company has obtained, in respect of a Sub-Fund that will invest or invests at least 70% of its NAV using (a) QFII quota only or (b) QFII and RQFII quota, a legal opinion from PRC legal counsel in relation to such Sub-Fund's investment via the QFII quota to the effect that, as a matter of PRC law:

- (a) securities account(s) with the relevant depositories and maintained by the PRC Sub-Custodian and the RMB special deposit account(s) with the PRC Sub-Custodian (respectively, the "securities account(s)" and the "cash account(s)") have been opened in the joint names of the Management Company (as QFII holder) and the Sub-Fund for the sole benefit and use of the Sub-Fund in accordance with all applicable laws, rules and regulations of the PRC and with approval from all competent authorities in the PRC;

- (b) the assets held/credited in the securities account(s) (i) belong solely to the Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Management Company (as QFII holder), the Fund Manager, the Depositary, the PRC Sub-Custodian and any PRC Broker appointed by the Management Company to execute transactions for the Sub-Fund in the PRC and from the assets of other clients of the Management Company (as QFII holder), the Fund Manager, the Depositary, the PRC Sub-Custodian and any PRC Broker;
- (c) the assets held/credited in the cash account(s) (i) become an unsecured debt owing from the PRC Sub-Custodian to the Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Management Company (as QFII holder), the Fund Manager and any PRC Broker, and from the assets of other clients of the Management Company (as QFII holder), the Fund Manager and any PRC Broker;
- (d) the Company, for and on behalf of the Sub-Fund, is the only entity which has a valid claim of ownership over the assets in the securities account(s) and the debt in the amount deposited in the cash account(s) of the Sub-Fund;
- (e) if the Management Company (as QFII holder), the Fund Manager or any PRC Broker is liquidated, the assets contained in the securities account(s) and the cash account(s) of the Sub-Fund will not form part of the liquidation assets of the Management Company (as QFII holder), the Fund Manager or such PRC Broker in liquidation in the PRC; and
- (f) if the PRC Sub-Custodian is liquidated, (i) the assets contained in the securities account(s) of the Sub-Fund will not form part of the liquidation assets of the PRC Sub-Custodian in liquidation in the PRC, and (ii) the assets contained in the cash account(s) of the Sub-Fund will form part of the liquidation assets of the PRC Sub-Custodian in liquidation in the PRC. and the Sub-Fund will become an unsecured creditor for the amount deposited in the cash account(s).

#### *Custody arrangement*

For a Sub-Fund that will invest or invests at least 70% of its NAV using (a) QFII quota only or (b) QFII and RQFII quota, the Depositary has put in place proper arrangements to ensure that in relation to such Sub-Fund's investment via QFII quota:

- (a) the Depositary takes into its custody or under its control the assets of the Sub-Fund, including onshore PRC assets which will be maintained by the PRC Sub-Custodian via the securities account(s) with the relevant depositories and any assets deposited in the cash account(s) with the PRC Sub-Custodian, and holds the same in trust for the Shareholders;
- (b) cash and registrable assets of the Sub-Fund, including assets deposited in the securities account(s) with the relevant depositories and cash of the Sub-Fund deposited in the cash account(s) with or otherwise held by the PRC Sub-Custodian, are registered in the name of or held to the order of the Depositary; and
- (c) the PRC Sub-Custodian will look to the Depositary (directly or indirectly) for instructions and solely act in accordance with the Depositary's instructions, save as otherwise required under applicable regulations.

#### *QFII Quota, Investments and Repatriations*

The liquidity and value of A-Shares as well as the ability to buy and sell A-Shares may also be affected in particular by rules and regulations issued by the PRC government imposing investment restrictions on the QFII regarding minimum investment holding periods, investment quotas and repatriations and other aspects. It should be noted that each QFII is granted an investment quota of available securities applicable for all assets invested through this QFII. The quota is granted to the Management Company as a QFII as a whole and not only to investments made by the relevant Sub-Fund. It is provided in the QFII regulations the size of the QFII quota may be reduced or cancelled entirely by the SAFE under the following circumstances: (i) the QFII holder transfers or sells its investment quota; (ii) the QFII holder

does not provide the relevant information or materials relating to its securities investments in the PRC or provides false information or materials to the SAFE or PRC Depository in accordance with the applicable regulations; (iii) the investment quota used by the QFII holder exceeds the amount filed with or approved by SAFE or the QFII holder fails to comply with the applicable regulations on remittance and repatriation of investment capital and settlement, purchase or payment of foreign exchange; or (iv) the QFII holder otherwise violates regulations relating to foreign exchange control. Should the Management Company lose its QFII status (i.e. the approval of its QFII status is being revoked/terminated) or in the event that the Management Company is not able to provide the whole or part of the agreed portion of its QFII investment quota to a Sub-Fund or if the approval of its QFII status is otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, the Sub-Fund may not be able to invest through the Management Company's QFII investment quota directly in A-Shares, other PRC Securities and other financial instruments permitted under the regulations around QFII, and the Sub-Fund may be required to dispose of its holdings which would likely have a material adverse effect on the Sub-Fund and the Sub-Fund may suffer substantial losses. In the event that subscription demand exceeds the agreed portion of the QFII investment quota of the respective Sub-Fund, Shares will be allocated at the discretion of the Board of Directors on a first-come-first served basis regardless of the share class of a Sub-Fund applied for.

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

Further, certain restrictions imposed by the Chinese government on QFIIs (including rules on remittance of investment capital within the prescribed timeframe, investment restrictions, lock-up period of investment capital, and repatriation of investment capital and profits) may have an adverse effect on a Sub-Fund's liquidity and performance. According to the Foreign Exchange Administrative Measures on Investment in Domestic Securities by Qualified Foreign Institutional Investors ("SAFE Rules") issued by SAFE, if the QFII quota has not been effectively used within 1 year after the date of filing or approval, SAFE may cancel all or part of the unused QFII quota. Also, there is an initial lock-up period of 3 months on the investment capital remitted into the PRC. The cumulative net capital outflow (including investment capital and profits) per month shall not exceed 20% of the onshore assets managed by the QFII holder as at the end of the preceding calendar year. For an open-ended China fund, the QFII holder may remit and repatriate capital on a daily basis based on the net subscription or redemption; however, the cumulative net capital outflow per month shall not exceed 20% of the assets of the relevant sub-Fund as at the end of the preceding calendar year. In case the amount to be remitted in a month exceeds the 20% threshold, the amount due on the realisation of Shares will be paid to Shareholders as soon as practicable after completion of repatriation. The time required for the completion of such repatriation will be beyond the Company's control.

#### *QFII Rules and Compliance*

The application and interpretation of the QFII regulations is untested and there is no certainty as to how they will be applied by the PRC authorities. The QFII status could also be revoked in particular because of material violations of rules and regulations by the QFII. If the operation of the securities account of a QFII materially violates laws and regulations, including provisions of minimum investment or holding periods restrictions, CSRC may adopt penalty measures such as restricting transaction of relevant securities account and SAFE may adopt penalty measures such as restricting funds remittance of the QFII. Subscription of Shares of the relevant Sub-Fund or other funds might result in the impossibility to further invest in A-Shares because of the exhaustion of a QFII's investment quota. All negative impacts on the QFII status might not necessarily result from transactions on behalf of the relevant Sub-Fund but possibly from transactions or breach of rules by the QFII on behalf of other QFII's clients or the QFII itself. The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of investment capital and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.

Also, direct investments in A-Shares through QFIIs are subject to compliance with the following investment restrictions which are currently in force and applicable to each QFII (including the Management Company):

- (i) shares held by each underlying foreign investor such as this Company who makes investment through QFII investment quota in one listed company should not exceed 10 per cent. of the total outstanding shares of the company;
- (ii) total shares held by all underlying foreign investors such as this Company who make investment through QFII investment quotas in the A-Shares of one listed company should not exceed 30 per cent. of the total outstanding shares of that company.

However, strategic investments in listed companies listed on the PRC Stock Exchanges in accordance with the “Measures for the Administration of Strategic Investment of Foreign Investors in Listed Companies” (《外國投資者對上市公司戰略投資管理辦法》) (“**Strategic Investment Measures**”) are not subject to the above limits. Therefore, if this Company makes investment in listed companies on the PRC Stock Exchanges as a strategic investor under the Strategic Investment Measures, such investment shall not be subject to the investment limitations as stated in (i) and (ii) above for the foreign investment in A-Shares through QFII investment quota.

Since there are limits on the total shares held by all underlying investors in one listed company, the capacity of this Company to make investments in A-Shares will be affected by the activities of all underlying investors, not just QFII itself or other investors who make investment through the QFII.

## RQFII

### *RQFII Regime*

The RQFII regime is governed by rules and regulations as promulgated by the Chinese authorities, i.e., the CSRC, SAFE and the PBOC. Such rules and regulations may be amended from time to time, including but not limited to:

- (a) the “Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors” issued by the CSRC, the PBOC and SAFE and effective from 1 March 2013 and the “Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors” issued by the CSRC and effective from 1 March 2013;
- (b) the “Circular on Issues Related to the Administration of Domestic Securities Investment by Renminbi Qualified Foreign Institutional Investors” issued by the SAFE and PBOC and effective on 5 September 2016; and
- (c) any other applicable regulations promulgated by the relevant authorities.

Under prevailing RQFII regulations in the PRC, foreign institutional investors who wish to invest directly in the PRC domestic securities market may apply for a RQFII licence. The RQFII holder, Allianz Global Investors Singapore Limited (“AllianzGI Singapore”), holds a RQFII license in the PRC. It is the current intention of the Management Company that the Allianz China A-Shares Sub-Fund invests in RQFII Eligible Securities via the RQFII quota of AllianzGI Singapore, which shall be made available by AllianzGI Singapore as the RQFII holder under a contractual arrangement between the Company, the Fund Manager and AllianzGI Singapore.

AllianzGI Singapore (as the RQFII holder) may from time to time make available RQFII quota for the purpose of the relevant Sub-Fund’s direct investment into the PRC. Under the current RQFII regulations, AllianzGI Singapore (as the RQFII holder) has the flexibility to allocate its RQFII quota across different fund products. AllianzGI Singapore may also apply to SAFE for additional RQFII quota which may be utilised by the relevant Sub-Fund, other clients of AllianzGI Singapore or other products managed by AllianzGI Singapore. However, there is no assurance that AllianzGI Singapore will make available RQFII quota that is sufficient for the relevant Sub-Fund’s investment at all times. As disclosed in the sub-section headed “Subscriptions for the Sub-Funds” in the section headed “Investment in the Sub-Funds”, each of the Company and the Hong Kong Representative reserves the right to reject any subscription application in whole or in part without being liable to the investors for any direct or indirect loss or consequence.



HSBC Bank (China) Company Limited has been appointed as the PRC Depository in respect of the RQFII assets pursuant to the relevant laws and regulations.

Securities including A-Shares will be maintained by the PRC Depository pursuant to the relevant PRC regulations through securities accounts with the China Central Depository & Clearing Co., Ltd, China Securities Depository and Clearing Corporation Limited, Shanghai Clearing House Co., Ltd or such other relevant depositories in such name as may be permitted or required in accordance with PRC law.

The Management Company has obtained, in respect of a Sub-Fund that will invest or invests at least 70% of its NAV using (a) RQFII quota only or (b) QFII and RQFII quota, a legal opinion from PRC legal counsel in relation to such Sub-Fund's investment via the RQFII quota to the effect that, as a matter of PRC law:

- (a) securities account(s) with the relevant depositories and maintained by the PRC Depository and the RMB special deposit account(s) with the PRC Depository (respectively, the "securities account(s)" and the "cash account(s)") have been opened in the joint names of the RQFII Holder (as RQFII holder) and the Sub-Fund for the sole benefit and use of the Sub-Fund in accordance with all applicable laws, rules and regulations of the PRC and with approval from all competent authorities in the PRC;
- (b) the assets held/credited in the securities account(s) (i) belong solely to the Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Management Company, the Fund Manager, the RQFII Holder (as RQFII holder), the Depository, the PRC Depository and any PRC Broker appointed by the Management Company to execute transactions for the Sub-Fund in the PRC and from the assets of other clients of the Management Company, the Fund Manager, the RQFII Holder (as RQFII holder), the Depository, the PRC Depository and any PRC Broker;
- (c) the assets held/credited in the cash account(s) (i) become an unsecured debt owing from the PRC Depository to the Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Management Company, the Fund Manager, the RQFII Holder (as RQFII holder) and any PRC Broker, and from the assets of other clients of the Management Company, the Fund Manager, the RQFII Holder (as RQFII holder) and any PRC Broker;
- (d) the Company, for and on behalf of the Sub-Fund, is the only entity which has a valid claim of ownership over the assets in the securities account(s) and the debt in the amount deposited in the cash account(s) of the Sub-Fund;
- (e) if the Management Company, the Fund Manager, the RQFII Holder (as RQFII holder) or any PRC Broker is liquidated, the assets contained in the securities account(s) and the cash account(s) of the Sub-Fund will not form part of the liquidation assets of the Management Company, the Fund Manager, the RQFII Holder (as RQFII holder) or such PRC Broker in liquidation in the PRC; and
- (f) if the PRC Depository is liquidated, (i) the assets contained in the securities account(s) of the Sub-Fund will not form part of the liquidation assets of the PRC Depository in liquidation in the PRC, and (ii) the assets contained in the cash account(s) of the Sub-Fund will form part of the liquidation assets of the PRC Depository in liquidation in the PRC and the Sub-Fund will become an unsecured creditor for the amount deposited in the cash account(s).

#### *Custody arrangement*

For a Sub-Fund that will invest or invests at least 70% of its NAV using (a) RQFII quota only or (b) QFII and RQFII quota, the Depository has put in place proper arrangements to ensure that, in relation to such Sub-Fund's investment via RQFII quota:

- (a) the Depository takes into its custody or under its control the assets of the Sub-Fund, including onshore PRC assets which will be maintained by the PRC Depository via the securities account(s) with the relevant depositories and any assets deposited in the cash account(s) with the PRC Depository, and holds the same in trust for the Shareholders;



- (b) cash and registrable assets of the Sub-Fund, including assets deposited in the securities account(s) with the relevant depositories and cash of the Sub-Fund deposited in the cash account(s) with or otherwise held by the PRC Depository, are registered in the name of or held to the order of the Depository; and
- (c) the PRC Depository will look to the Depository (directly or indirectly) for instructions and solely act in accordance with the Depository's instructions, save as otherwise required under applicable regulations.

#### *RQFII Risk*

A fund may invest in securities and investments permitted to be held or made by RQFII under the relevant RQFII Regulations through institutions that have obtained RQFII status in China. In addition to the general investment and equity related risks of investments including in particular the emerging markets risks, the following risks should be emphasised:

#### Regulatory Risks

The RQFII regime is governed by RQFII Regulations. Certain group companies of the Allianz Global Investors Group meet the relevant prescribed eligibility requirements under the RQFII Regulations and have been granted or might be granted a RQFII license and quota. RQFII Regulations may be amended from time to time. It is not possible to predict how such changes would affect the relevant Sub-Fund which invests in RQFII Eligible Securities via the RQFII quota.

The rules and restrictions under the RQFII Regulations generally apply to the RQFII as a whole and not simply to the investments made by the relevant Sub-Fund. Any rules and restrictions imposed by the Chinese government on the RQFII may have an adverse effect on the Sub-Fund's liquidity and performance.

The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations RQFII Regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.

In addition, there can be no assurance that the RQFII Regulations will not be abolished. The relevant Sub-Fund investing in the PRC markets through the RQFII quota may be adversely affected as a result of such changes.

#### RQFII Quota Risks

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

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

Such restriction may result in a rejection of applications or a suspension of dealings of the Sub-Fund. Should the RQFII lose its RQFII status or retire or be revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or the RQFII quota be revoked or reduced, the relevant Sub-Fund may not be able to invest in RQFII Eligible Securities through the RQFII quota, and the relevant Sub-Fund may be required to dispose of its holdings, which would likely have a material adverse effect on the Sub-Fund and the Sub-Fund may suffer substantial losses. The Sub-Fund may also suffer substantial losses if any of the key operators or parties (including PRC Depository/PRC Brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

#### Limits on Redemption

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

There is no assurance, however, that the RQFII Regulations will not change or that lock-up periods or repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the relevant Sub-Fund's ability to meet redemption requests from the Shareholders. In extreme circumstances, the relevant Sub-Fund may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to RQFII investment restrictions, illiquidity of the PRC's securities market, and delay or disruption in execution of trades or in settlement of trades.

#### PRC Depository Risks under the RQFII regime

Where a Sub-Fund invests in RQFII Eligible Securities traded through the RQFII quota, such securities will be maintained by a local custodian (i.e. PRC Depository) pursuant to PRC regulations through appropriate securities accounts and such other relevant depositories in such name as may be permitted or required in accordance with PRC law.

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

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

Any securities acquired by the relevant Sub-Fund through a RQFII quota held by the RQFII will be maintained by the PRC Depository and should be registered in the joint names of the RQFII and the Sub-Fund and for the sole benefit and use of such Sub-Fund.

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

### PRC Broker Risks under the RQFII regime

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

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

### *Risks of Utilising Stock Connect Programs*

#### Overview

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

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

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

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

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

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

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

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

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

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

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

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

Although HKSCC does not claim proprietary interests in the SSE Securities held in its omnibus stock accounts in ChinaClear, ChinaClear as the share registrar for SSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities. It is expected that the same arrangement will apply to the Shenzhen-Hong Kong Stock Connect notwithstanding the relevant rules and regulations relating to SZSE Securities are not available yet.

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

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

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

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

#### Quota Limitations

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

### Beneficial Owner of the Stock Connect Securities

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

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

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

### Clearing and Settlement Risk

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

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

### Suspension Risk

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



### Differences in Trading Day

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

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

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

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

### Operational Risk

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

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

### Regulatory Risk

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

### Recalling of Eligible Stocks

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

### No Protection by Investor Compensation Fund

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



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

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

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

- Higher Fluctuation on Stock Prices  
Listed companies on the SME Board and/or ChiNext Market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE (“Main Board”).
- Over-Valuation Risk  
Stocks listed on the SME Board and/or ChiNext Market may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.
- Differences in Regulations  
The rules and regulations regarding companies listed on ChiNext Market are less stringent in terms of profitability and share capital than those in the Main Board and SME Board.
- Delisting Risk  
It may be more common and faster for companies listed on the SME Board and/or ChiNext Market to delist. This may have an adverse impact on the relevant Sub-Fund if the companies that it invests in are delisted.
- Risk associated with Small-Capitalisation/Mid-Capitalisation Companies  
The stocks of small-capitalisation/mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

#### Taxation Risk

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

#### Liquidity of PRC Securities Market

Because of local restrictions capital cannot flow freely into the A-Share and B-Share market which could – along with the potentially low trading volume – lead to a market disruption of these share markets and difficulties in realising the value of investments. Therefore the liquidity and trading prices of these shares could be more severely affected than the liquidity and trading prices of markets where securities are freely tradable.

### *PRC Economic, Social and Political Policy*

Investments in PRC are especially sensitive to any major change in economic, social and political policy. There is relatively less regulation and monitoring of the securities market and the activities of investors, brokers and other participants. Accordingly, issuers of securities in PRC are subject to less severe regulations with respect to such matters as insider trading rules, tender offer regulation, stockholder proxy requirements and the requirements mandating timely disclosure of information. In addition PRC accounting standards and practice may significantly differ from international accounting, disclosure and regulatory standards. These circumstances could lead to difficulties in the rating and evaluation process as well as an unfavourable development of the capital growth and thus the performance of the investments. Furthermore the assets and profits appearing on the financial statements of a Chinese issuer may not completely reflect its financial position or results of operations which could lead to a higher valuation in comparison to the adequate valuation.

### *PRC Tax Risk*

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

Based on professional and independent tax advice, the Allianz China A-Shares Sub-Fund will make tax provisions as set out in the sub-section "The PRC" under the section titled "Taxation" of the HK Prospectus.

Any shortfall between the provision and the actual tax liabilities, which will be debited from the Sub-Fund's assets, will adversely affect the Sub-Fund's NAV. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

### *Custodial Arrangements in the PRC*

A-Shares or other permissible securities acquired by the relevant Sub-Fund through the QFII/RQFII investment quota will be maintained by the PRC Sub-Custodian and PRC Depository respectively appointed by the Management Company and the RQFII Holder respectively in the PRC. The PRC Sub-Custodian is the Industrial and Commercial Bank of China Limited which is one of the largest banks in the PRC. The PRC Depository is HSBC Bank (China) Company Limited. Pursuant to an agreement entered into between the Management Company as QFII and the PRC Sub-Custodian and an agreement entered into between the RQFII Holder as RQFII and the PRC Depository, and agreements amongst the Depository, the Depository's delegate, the PRC Sub-Custodian and PRC Depository, each of the PRC Sub-Custodian and PRC Depository is responsible for providing custody services to the relevant Sub-Fund's assets and uninvested cash in the PRC (except for interests in open-ended funds which are not registered with the China Securities Depository and Clearing Corporation Limited and so acquired for the account of the relevant Sub-Fund. Such interests will be maintained in the accounts opened with the registration institutions as appointed by the relevant fund managers). Further, PRC Brokers will also be appointed to execute transactions for the relevant Sub-Fund in the PRC markets. The relevant Sub-Fund may incur losses due to the acts or omissions of the PRC Brokers, the PRC Sub-Custodian, the PRC Depository or the Management Company, and will be exposed to the risk involved in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC settlement system.

### *Ownership of Investment Assets*

According to the CSRC's Notice of Issues relating to the QFII Measures ("**CSRC's Notice**"), a QFII shall open nominee securities accounts if it provides asset management services to its clients. Therefore, the securities trading accounts in the PRC are currently required to be maintained in the joint names of the Management Company as the QFII and the Sub-Fund. However, the CSRC's Notice indicates that assets in such accounts would belong to the Sub-Fund. Such Notice may serve as an administrative guidance and may not have equal force of the law enacted by legislative bodies.

### *PRC Securities Generally*

The evidence of title of exchange traded securities consists only of electronic book-entries in the depository and/or registry associated with the relevant exchange. These systems are relatively new and might not have been fully tested with regard to their efficiency, accuracy and security. Besides, the legal and regulatory framework for capital markets and joint stock companies in the PRC is less accomplished than in developed countries.

### *PRC Depository Risks under the QFII regime*

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

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

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

Any securities acquired by the relevant Sub-Fund through a QFII quota held by the QFII will be maintained by the PRC Sub-Custodian and should be registered in the joint names of the QFII and the Sub-Fund and for the sole benefit and use of such Sub-Fund.

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

### *PRC Broker Risks under the QFII regime*

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

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

**Investors in the equity markets of the PRC in particular investors of A-Shares must be prepared to bear the economic risk of an investment in those shares and be able to withstand the partial or total loss of the invested capital.**

**Risk of Interest Rate Changes:** To the extent that a Sub-Fund invests directly or indirectly in interest-bearing securities, it is exposed to interest-rate risk. If market interest rates rise, the value of the interest-bearing assets held by the Sub-Fund may decline substantially and vice versa. This applies to an even greater degree if a Sub-Fund also holds interest-bearing securities with a longer time to maturity and a lower nominal interest rate.

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

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

**General Market Risk:** To the extent that a Sub-Fund invests directly or indirectly in securities or other assets, it is subject to general market risks and exposed to various general trends, issuer-specific factors and tendencies in the economic and political situations as well as securities markets and investment sentiment, which are partially attributable to irrational factors. Such factors could lead to substantial and longer-lasting drops in prices affecting the entire market. Securities from top-rated issuers are subject to essentially the same general market risk as other securities and assets.

**Company-Specific Risk:** The price development of the securities and money-market instruments directly or indirectly held by a Sub-Fund is also dependent on company-specific factors, for example, the issuer's business situation. If the company-specific factors deteriorate, the price of the respective security may drop significantly and for an extended period of time, possibly even without regard to an otherwise generally positive market trend.

**Risk of Settlement Default:** The issuer of a security directly or indirectly held by a Sub-Fund or the debtor of a claim belonging to a Sub-Fund may become insolvent. This could cause those assets of the Sub-Fund becoming economically worthless.

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

**Counterparty Risk:** To the extent that transactions are not handled through a stock exchange or a regulated market (OTC trades), there is the risk – in excess of the general risk of settlement default – that the counterparty of the trade may default or not completely fulfil its obligations. This is particularly true of transactions based on techniques and instruments.

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

**RMB Risk:**

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

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

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

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

Currently, the PRC government imposes certain restrictions on repatriation of RMB out of the PRC. Investors should note that such restrictions may limit the depth of the RMB market available outside of the PRC and thereby, may reduce the liquidity of the Sub-Fund.

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

**Country and Region Risk:** If a Sub-Fund focuses its investments on particular countries or regions, this may increase the concentration risk. Consequently, such Sub-Fund is particularly susceptible to the adverse development and risks of individual or interdependent countries and regions, or of companies based and/or operating in those countries or regions. Any adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event in such countries, regions or companies may adversely impact the performance of the Sub-fund and/or the value of Shares held by investors. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

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

**Concentration Risk:** If a Sub-Fund focuses its investments on certain markets or types of investment, by definition this concentration does not allow the same scope of diversification of risks across different markets as would be possible if investments were not as concentrated. Consequently, a Sub-Fund is particularly dependent on the development of these investments or of individual or related markets or of companies included in those markets. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.



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

The securities (such as debt) in certain markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

**Custodial Risk:** Custodial risk is the risk arising from the possibility that, to the detriment of the Sub-Fund, the Sub-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 custodian or subcustodian.

**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”) and it may involve increased risks and special considerations not typically associated with investment in more developed markets such as currency risks/control, political and economic uncertainties, taxation risks and the likelihood of a higher degree of volatility. 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 may not even be 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 there may deviate substantially to the detriment of the investors from the levels and standards that are considered standard international practice. Increased custodial risk in such countries may also arise, which may, in particular, also result from differing disposal methods for acquired assets.

**Specific Risk of Investing in Closed-End-Funds:** When investing in closed-end-funds, the income, performance and/or capital repayment will depend on the income, performance and credit rating of the investments of the closed-end-funds. If the performance of the assets of the closed-end-funds turns out unfavourably for investors, depending on the form of the closed-end-funds, investors can suffer losses and even total loss.

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

For the assets included in the closed-end-funds, the principal possible risks that should be mentioned are the general market risk, the concentration risk, the liquidity risk, the interest-rate risk, the creditworthiness risk, the company-specific risk, the general market risk, the settlement default risk and the counterparty risk. Nevertheless, risks in detail, of course, depend on the particular type of closed-end-fund.

When investing in closed-end-funds, costs are regularly incurred both at the level of the portfolio making the investment in the closed-end-fund and at the level of the closed-end-funds themselves, in particular management fees (fixed and/or performance related), custodian fees, trustee fees, advisory fees and other costs; these result in increased charges to the investors in the portfolio making the investment in the closed-end-fund.



**Performance Risk:** It cannot be guaranteed that the investment objectives of a Sub-Fund or the investment performance desired by the investor will be achieved. The net asset value per share may also fluctuate, and in particular, may fall, causing investors to incur losses, especially in consideration of risks that individual assets acquired at the Sub-Fund level 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. No guarantees are issued by the Company or third parties regarding a certain investment outcome for the Sub-Funds unless there is an explicit guarantee stated in Appendix II Part C below for the Sub-Fund in question.

**Sub-Fund Capital Risk:** Because of the risks described here to which the valuation of the assets held in the Sub-Fund/Share Class is subject, there is the risk that the Sub-Fund capital or the capital that can be allocated to a Share Class will decrease. Excessive redemption of Sub-Fund shares or an excessive distribution of returns on investments could have the same effect. A reduction in the capital of the Sub-Fund or the capital that can be allocated to a Share Class could make the management of the Company, a Sub-Fund or a Share Class unprofitable, which could lead to the liquidation of the Company, a Sub-Fund or a Share Class and to investor losses.

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

**Inflation Risk:** Inflation risk is the risk that assets will lose value because of a decrease in the value of money. Inflation can reduce the purchasing power of income made on an investment in a Sub-Fund as well as the intrinsic value of the investment. Different currencies are subject to different levels of inflation risk.

**Risk of the liabilities of individual Share Classes affecting other Share Classes:** Share Classes of a Sub-Fund are not treated as separate entities for purposes of liability law. In relation to third parties, the assets allocated to a certain Share Class are not liable for just the debts and liabilities that can be allocated to that Share Class. If the assets of a certain Share Class should not be sufficient to cover the liabilities (e.g. for any existing currency-hedged unit classes, liabilities arising from the unit class specific currency hedging transactions) that can be allocated to this Share Class, those liabilities may have the effect of reducing the value of other share classes of the same Sub-Fund.

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

**Settlement Risk:** Particularly when investing in unlisted securities, there is the risk that the settlement will not be executed as expected by a transfer system owing to a delayed payment or delivery or payment not being made in accordance with the agreement.

**Risk of Changes to the Articles of Incorporation, to the Investment Policy and to the other Basic Aspects of a Sub-Fund:** The attention of the shareholder is drawn to the fact that the Articles of Incorporation, the investment policy of a Sub-Fund and the other basic aspects of a Sub-Fund may be changed whenever permitted. In particular, a change to the investment policy within the range of investments permitted for Directive-compliant Sub-Funds may change the content of the risk associated with the respective Sub-Fund.

**Key Personnel Risk:** Sub-Funds that achieve very positive results in a certain period of time owe this success to the aptitude of the traders and thus to the correct decisions of their management. However, the staffing at a Sub-Fund may change. New decision makers may have less success in managing assets.

**Specific Risks of Investing in Target Funds:** If a Sub-Fund uses other funds which may not be regulated by the SFC (target funds) as an investment vehicle for its assets by acquiring shares in such other funds, it assumes, in addition to the risks generally associated with investment policies of the other funds, the risks that result from the structure of the “fund” vehicle. As a result it is itself subject to the fund capital risk, the settlement risk, the risk of restricted flexibility, the risk of changes to underlying conditions, the risk of changes to terms and conditions, the investment policy and other basic aspects of a fund, the key personnel risk, the risk of transaction costs at the fund level arising from share movements and, in general, the performance risk.

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

If a Sub-Fund invests in target funds, there may be additional costs involved, costs are regularly incurred both at the level of the Sub-Fund making the investment and at the level of the target funds, in particular management fees (fixed and/or performance related), custodian fees and other costs; these result in increased charges to the investors in the Sub-Fund making the investment. In addition, there is no guarantee that the target funds will always have sufficient liquidity to meet the Sub-Fund’s redemption requests as and when made.

**Risk of Transaction Costs at the Sub-Fund Level arising from Share Movements:** The issue of shares may lead, at the Sub-Fund level, to redemptions of shares for the disposal of investments to achieve liquidity in order to be able to invest the cash inflow. Such transactions give rise to costs that could have a substantial negative effect on the performance of the Sub-Fund if shares issued and redeemed on a single day do not approximately offset one another.

**Risk associated with Small-Capitalisation/Mid-Capitalisation Companies:** The stocks of small-capitalisation/mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

#### **The Use of Techniques and Instruments and Special Risks associated with such Use**

The Company may use techniques and instruments as defined in Appendix II Part B, in particular securities repurchase and securities lending agreements and derivatives, in accordance with the Sub-Funds’ investment restrictions with a view to efficient portfolio management (including exercising transactions for hedging purposes). The Company may also, in particular, enter into market-contrary transactions, which could lead to gains for the Sub-Fund if the prices of the underlying securities fall, or to losses for the Sub-Fund if the prices rise. Use of such investment strategies may be restricted by market conditions or as a result of regulatory restrictions and there is no assurance that the pursuit of such strategies will in fact achieve the desired aim.

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

**Derivatives:**

The Company may use a wide variety of derivatives, which may also be combined with other assets. The Company may also acquire securities and money-market instruments in which one or more derivatives are embedded. Derivatives are based on underlyings. These underlyings may be the admissible instruments listed in Appendix II Part A section 1 or they may be financial indices, interest rates, exchange rates or currencies. The financial indices within this meaning include, specifically, currency, exchange-rate, interest-rate, price and overall interest-rate return indices, as well as the continued use of bond and equity indices, indices on the additional permissible instruments listed in Appendix II Part A section 1, and commodity futures, precious metal and commodity indices.

Examples of the function of selected derivatives that the Sub-Funds or their share classes may use depending on their specific investment policies:

**Options:**

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

The sale of a call or put option, for which the seller receives an option premium, is the right to sell or buy a specific underlying at a fixed price at a future time or within a specific period of time or to enter into or terminate a specific contract.

**Forward transactions:**

A forward transaction is a mutual agreement that authorises or obligates the counterparties to accept or to deliver a specific underlying at a fixed price and at a specific time, or to make a corresponding cash settlement available. As a rule, only a fraction of the size of any contract must be paid upfront ("margin").

**Swaps:**

A swap is a transaction in which the reference values underlying the transaction are swapped between the counterparties. The Company may, in particular, enter into interest-rate, currency, equity, bond and money-market related swap transactions, as well as credit default swap transactions within the framework of the Sub-Fund's investment strategy. The payments due from the Company to the counterparty and vice versa are calculated by reference to the specific instrument and an agreed upon notional amount.

Credit default swaps are credit derivatives that transfer the economic risk of any credit default to another party. Credit default swaps may be used, among other things, to hedge creditworthiness risks arising from bonds acquired by a Sub-Fund (e.g. government or corporate bonds). As a rule, the counterparty may be obliged to buy the bond at an agreed price or pay a cash settlement when a previously defined event, such as the insolvency of the issuer, occurs. The seller of the credit default swap pays a premium to the counterparty as consideration for assuming the credit default risk.

**OTC derivative transactions:**

The Company may enter into transactions both in derivatives that are admitted for trading on an exchange or on another organised market, as well as so-called over-the-counter transactions (OTC transactions). In OTC transactions, the counterparties enter into direct, non-standardised agreements that are individually negotiated and that contain the rights and obligations of the counterparties. OTC derivatives often have only limited liquidity and may be subject to relatively high price fluctuations.

The use of derivatives to hedge the assets of a Sub-Fund reduces the economic risk inherent in an asset of a Sub-Fund to the greatest extent possible for that Sub-Fund (hedging). This also has the effect of eliminating the Sub-Fund's participation in any positive performance on the part of the hedged asset.

A Sub-Fund incurs additional risks when using derivative instruments to increase returns in pursuing the investment objective. These additional risks depend on the characteristics both of the respective derivative and of the underlying. Derivative investments may be subject to leverage, with the result that even a small investment in derivatives could have a substantial, even negative, effect on the performance of a Sub-Fund.

Any investment in derivatives is associated with investment risks and transaction costs which a Sub-Fund would not be exposed to were it not to pursue such strategies.

Specific risks are associated with investing in derivatives and there is no guarantee that a specific assumption by fund management will turn out to be accurate or that an investment strategy using derivatives will be successful. The use of derivatives may be associated with substantial losses. The risks are primarily those of general market risk, performance risk, liquidity risk, creditworthiness risk, settlement risk, risk of changes in underlying conditions and counterparty risk. The following can be emphasized in connection with this:

1. The correlation between the values of the derivatives used and the price fluctuations of the positions hedged on the one hand, and the correlation between different markets/positions hedged by the derivatives using underlyings that do not precisely correspond to the positions being hedged may be imperfect, with the result that a complete hedging of risk is sometimes impossible;
2. The possible absence of a liquid secondary market for any particular instrument at a certain point in time may result in it not being possible to close out a derivative position even though it would have been sound and desirable to do so from an investment perspective;
3. The derivatives used may be faulty or – due to different valuation methods – may have varying valuations;
4. OTC markets may be particularly illiquid and subject to high price fluctuations. When OTC derivatives are used, it may be that it is impossible to sell or close out these derivatives at an appropriate time and/or at an appropriate price;
5. There is also the possible risk of not being able to buy or sell the underlyings that serve as reference values for the derivative instruments at a time that would be favourable to do so or being compelled to buy or sell the underlying securities at a disadvantageous time.

**Certificates:**

For derivative investments through certificates, there are also the additional general risks associated with investment in certificates. A certificate vests the right, under conditions set forth in detail in the terms and conditions of the issuer of the certificate, for the issuer of the certificate to demand the payment of an amount of money or to deliver certain assets on the settlement date. Whether, and if so, the extent to which the holder of a certificate has a corresponding claim on performance, depends on certain criteria, such as the performance of the underlying security during the term of the certificate or its price on certain days. As an investment vehicle, certificates essentially contain the following risks (related to the issuer of the certificate): the creditworthiness risk, the company-specific risk, the settlement default risk and the counterparty risk. Other risks that should be emphasised are the general market risk, the liquidity risk and, if applicable, the currency risk. Certificates are as a rule not hedged through other assets or through third-party guarantees.

Further information regarding the risk management and control policy, procedures and methods employed by the Company will be available from the Hong Kong Representative upon request.

**Securities repurchase agreements:**

A Sub-Fund may enter into repurchase agreements for securities and money-market instruments both as borrower and lender, provided that the counterparty is a top-rated financial institution specialised in such transactions. In securities repurchase agreements, the borrower sells securities and money-market instruments to the lender, and either

- the lender and the borrower are already under the obligation to resell and repurchase, respectively, the securities or money-market instruments at a price fixed and within a period of time agreed to when the agreement was entered into, or

- the lender or the borrower retains the right to resell to the other party to the agreement or to require the other party to the agreement to resell the securities or money-market instruments at a price fixed and within a period of time agreed to when the agreement was entered into.

Such securities and money-market instruments may not be sold during the life of the repurchase agreement and the Sub-Fund must at all times be in a position to be able to comply with its repurchase obligations. The Sub-Fund's repurchase obligations of this type must also be fulfilled when the funds received for the original sale to the borrower have since been invested elsewhere and, if applicable, sufficient funds can no longer be redeemed for the fulfilment of the repurchase obligations arising from the securities repurchase agreement owing to losses incurred on the sale of this investment. Any liquidity in the Sub-Fund arising from a repurchase agreement with a subsequent repurchase obligation arising is not counted towards the 10% limit for raising temporary loans in accordance with Appendix II Part A section 2 second bullet point and thus is not subject to any percentage limit.

In the event of the failure of the counterparty with which collateral has been placed, the relevant Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

#### **Securities lending agreements:**

A Sub-Fund may enter into securities lending agreements pursuant to the provisions of Appendix II Part B section 2 paragraph b) in which it may both borrow securities and money-market instruments (e.g. to cover delivery obligations) and lend the securities and money-market instruments it holds. If delivery obligations arising from spot transactions with lent securities and money-market instruments are fulfilled, the Sub-Fund must make the corresponding securities and money-market instruments available on the market no later than on the date on which it must fulfil the repurchase obligation arising from the securities repurchase agreement, even if at that date the corresponding prices are above, or even if they are significantly above, the original purchase price.

The Company may – unless provided for otherwise in the securities lending agreement – use the collateral granted in the form of cash during the term of the securities lending agreement to purchase money-market instruments and other securities in the context of securities repurchase agreements pursuant to the provisions of Appendix II Part B section 2 paragraph b), provided it deems such action to be reasonable and customary on the basis of a careful analysis.

In executing such transactions, the Company will use recognised clearing organisations or top-rated financial institutions which specialise in such transactions (securities lending programmes). These institutions may receive a portion of the earnings obtained from the transactions for their services.

Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

#### **Risk Management Procedures:**

The Management Company will calculate the global exposure of the Sub-Fund Allianz China A Shares in accordance with Circular 11/512 of the CSSF dated 30 May 2011. The Management Company will use for this Sub-Fund the commitment approach.

The Management Company will use a risk-management procedure which enables it to monitor and measure at all times the risks associated with its investments and their share of the overall risk profile of the investment portfolio; it will also use a procedure that permits a precise, independent measurement of the value of OTC derivatives. The main task of the risk-management function is to implement effective principles and procedures for risk management in order to determine, measure, manage and monitor all risks that are material to the respective investment strategy of the Sub-Funds and to which every Sub-Fund may be subject. Furthermore, the risk-management function must guarantee that the risk profile of the Company presented to shareholders in this Prospectus corresponds to the risk limit set by the risk-management function and that this risk limit is adhered to.



The risk-management function monitors the risk-management system of the Company at appropriate intervals, at least once annually. Adjustments will be made if necessary.

**Liquidity Management Policy:**

The Management Company employs an appropriate liquidity management system and has adopted procedures which enable it to monitor the liquidity risk of the Company and to ensure that the liquidity profile of the investments of the Company complies with its underlying obligations and that the Management Company will be in a position to satisfy redemption requests of shareholders in accordance with the provisions of this Prospectus and the Articles of Incorporation. The liquidity management system ensures that the Company maintains a level of liquidity appropriate to its underlying obligations based on an assessment of the relative liquidity of the Company's assets in the market, taking account of the time required for liquidation and the price or value at which those assets can be liquidated and their sensitivity to other market risks or factors. The Management Company monitors the liquidity profile of the portfolio of assets having regard to the profile of the investor base of the Company, the relative size of investments and the redemption terms to which these investments are subject and actual and potential redemption request of shareholders both in normal and in exceptional circumstances. The Management Company implements and maintains appropriate liquidity measurement arrangements and procedures to assess the quantitative and qualitative risks of positions and intended investments which have a material impact on the liquidity profile of the portfolio of the Company's assets to enable their effects on the overall liquidity profile to be appropriately measured and considers and puts into effect the tools and arrangements necessary to manage the liquidity of the Company. The Management Company will ensure the coherence of the investment strategy, the liquidity profile and the redemption policy.

The Management Company proceeds, on a regular basis, with stress tests, simulating normal and exceptional circumstances in order to evaluate and measure the liquidity risk of the Company.

**Leverage effect:**

The leverage effect is defined by the Alternative Investment Fund Manager Directive ("AIFMD") as the method by which the AIFM changes the risk profile of an alternative investment fund ("AIF") that the AIFM manages, through borrowing, securities lending, leverage effects embedded in derivatives or in some other way. In principle, the leverage effect can generate additional risks for the Company as well as safeguarding against existing risks. The Management Company calculates this key figure for the AIF that the AIFM manages in line with legal provisions using the gross method and the commitment method: according to the gross method, an AIF's risk is the total of the absolute values of all positions; the commitment method takes into account hedging and netting effects that the Management Company has entered into. This figure do not constitute an investment limit.

It should be noted that derivative financial instruments can be used for a number of purposes (e.g. hedging, efficient portfolio management and/or investment purposes), and that the calculation method for the expected value of the leverage effect using the gross method does not distinguish between the different intended uses of derivative financial instruments. The expected leverage effect using the gross method reported does not therefore reflect the risk level of the Sub-Fund.

The leverage calculated according to the commitment method takes into account, where appropriate, offsetting derivative contracts and hedging relationships between securities and derivatives (short positions). It is thus supported not only the pure level of investment, but also the purpose of the investment account. Thus, the numerical value for the leverage calculation according to the commitment method is always equal to or less than the numerical value of the leverage calculation using the gross method.

The investor must therefore expect, in exceptional cases, to see deviations in the expected leverage effect from that indicated above.

The Management Company has defined an upper leverage limit of three (3) times the net asset value of the Sub-Fund using the gross method and an upper limit of one and a half (1.5) times the net asset value of the Sub-Fund using the commitment method for the Sub-Fund Allianz China A-Shares.



These figures do not constitute an investment limit. However depending on market conditions the leverage effect using both methods may vary, so that it can lead to exceeding the specified expected maximum ranges despite the constant monitoring by the Management Company.

**Conflicts of Interest:**

The Company, the Management Company, the Depositary, the Central Administration Agent, the Registrar and Transfer Agent and any of the Investment Managers, Investment Advisors, Paying and Information Agent or Distributors may each from time to time act as manager, trustee, administrator, registrar and transfer agent, investment manager or distributor respectively in relation to, or be otherwise involved in, other funds which have similar investment objectives to those of the Sub-Funds. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interests with the Sub-Funds. Each will, at all times, have regard in such event to its obligations under the respective management agreement, custodian agreement, central administration agreement, any investment management agreement, paying and information agreement, any registrar and transfer agent agreement and any distribution agreement and will endeavour to ensure that such conflicts of interest are resolved fairly. The Management Company has adopted a policy designed to ensure that in all transactions a reasonable effort is made to avoid conflicts of interest and, when they cannot be avoided, such conflicts are managed such that the Funds and their Shareholders are fairly treated.

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

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

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

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

## APPENDIX II – GENERAL INVESTMENT AND BORROWING RESTRICTIONS

### A. INVESTMENT GUIDELINES AND RESTRICTIONS

#### 1. Each Sub-Fund may invest in the following assets unless there is a restriction in Part C below for the relevant Sub-Fund:

- a) Securities and money-market instruments that,
- are traded on a stock exchange or another regulated market of an EU member state or of a third country, which operates regularly and is recognised and open to the public, or
  - are offered within the scope of initial public offerings, the issuing terms of which include the obligation to apply for admission to official listing on a stock exchange or in another regulated market as defined in the first bullet point, and the admission of which is obtained no later than one year after the issue.

Money-market instruments are investments that are normally traded on the money market that are liquid and whose value can be determined precisely at any time.

- b) Units of Undertakings for Collective Investment in Securities (“UCITS”) in accordance with UCITS Directive or other Undertakings for Collective Investment (“UCI”) as defined in the UCITS Directive with registered offices in a member state of the European Union or in a third country, if:

- such other UCI are admitted in accordance with legal regulations that subject them to official supervision, which in the opinion of the CSSF are equivalent to those of the European Community law, and adequate assurance of the co-operation between the government agencies exists;
- the level of protection for the unitholders of the UCI is equivalent to the level of protection for the unitholders of a UCITS, and in particular the provisions for separate safekeeping of Sub-Fund assets, borrowing, lending, and short sales of securities and money-market instruments are equivalent to the requirements of UCITS Directive;
- the business operations of the UCI are the subject of annual and semi-annual reports that make it possible to form a judgement concerning the assets and liabilities, the income and transactions in the reporting period;
- the UCITS or the UCI, the units of which are to be acquired, may according to its formation documents, invest a maximum of 10% of its assets in units of other UCITS or UCI.

A Sub-Fund may invest in shares issued by another Sub-Fund of the Company (the “Target Sub-Fund”) provided that:

- the Target Sub-Fund does not invest in the Sub-Fund invested in the Target Sub-Fund; and
- no more than 10% of the assets of the Target Sub-Fund may, pursuant to its investment policy, be invested in aggregate in shares of other Sub-Funds of the Company; and
- voting rights, if any, attaching to the relevant shares are suspended for as long as they are held by the Sub-Fund invested in the Target Sub-Fund and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- there is no duplication management fees sales charges or redemption fees between those at the level of the Sub-Fund invested in the Target Sub-Fund and those at the level of the Target Sub-Fund.

- c) Demand deposits or deposits subject to call with a maximum term of 12 months at financial institutions, provided the financial institution in question has its registered office in a member state of the European Union or, if the registered office of the financial institution is located in a third country, is subject to regulatory provisions, which in the opinion of the CSSF are equivalent to those of European Community law. The deposits may in principle be denominated in all currencies permitted by the investment policy of the Sub-Fund.
- d) Derivative financial instruments (“derivatives”), i.e. in particular futures, forward contracts, options and swaps including equivalent instruments settled in cash, which are traded on regulated markets described in a), and/or derivative financial instruments that are not traded on regulated markets (“OTC derivatives”), if the underlying securities are instruments as defined under this no. 1 or under the first bullet point of no. 2, or financial indices, interest rates, exchange rates or currencies in which a Sub-Fund may invest in accordance with its investment objectives. The financial indices within this meaning include, specifically, currency, exchange-rate, interest-rate, price and overall interest-rate return indices, as well as, in particular, bond, equity, commodity futures, precious metal and commodity indices and indices on additional permissible instruments listed under this number. For the avoidance of doubt, no derivative transaction will be entered into which provides for a physical delivery of any component of the underlying commodity futures, precious metal and commodity indices.

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

- The counterparties in transactions must be top-rated financial institutions and specialised in such transactions and be institutions subject to a form of supervision of the categories admitted by the CSSF.
  - The OTC derivatives must be subject to a reliable and verifiable evaluation on a daily basis and may be sold, liquidated or closed out by an offsetting transaction at any time at a reasonable price.
  - The transactions must be effected on the basis of standardised contracts.
  - The Company must deem the purchase or sale of such instruments, instead of instruments traded on a stock exchange or in a regulated market, to be advantageous to shareholders. The use of OTC transactions is particularly advantageous if it facilitates a hedging of assets at matching maturities, thus being less expensive.
- e) Money-market instruments that are not traded on a regulated market and do not fall under the definition under paragraph 1 a) above, provided that the issuer of these instruments is itself subject to regulations concerning deposit and investor protection. The requirements for deposit and investor protection are fulfilled for money-market instruments if these instruments are rated investment grade by at least one recognised rating agency or the Company considers that the credit rating of the issuer corresponds to a rating of investment grade. These money-market instruments must also be
- issued or guaranteed by a central governmental, regional or local body or the central bank of a member state of the EU, the European Central Bank, the European Union or the European Investment Bank, a third country or if a federal state, a state of this federal state, or by an international organisation under public law, to which at least one member states belongs; or
  - issued by a company whose securities are traded on the regulated markets described under paragraph 1 a) above; or
  - issued or guaranteed by an institution that is subject to official supervision in accordance with criteria set down in European Community law, or an institution that is subject to regulatory provisions, which in the opinion of the CSSF, are equivalent to European Community law; or

- issued by other issuers who belong to a category that was admitted by the CSSF, provided that regulations for investor protection apply to investors in these instruments, which are equivalent to those of the first, second or third bullet points and provided the issuer is either a company having a share capital of at least EUR 10 million, which prepares and publishes its annual financial statements according to the requirements of the Fourth Directive 78/660/EEC, or is a legal entity, which within a group of one or several listed companies, is responsible for the financing of this group, or is a legal entity, which is intended to finance the securitisation of debt by utilising a credit line granted by a financial institution.

**2. Furthermore a Sub-Fund may conduct the following transactions, unless explicitly excluded in Part C below for the respective Sub-Fund:**

- the investment of up to 10% of the assets of a Sub-Fund in securities and money-market instruments other than those listed under paragraph 1 above – subject to the provisions in Part C below for the relevant Sub-Fund;
- for the joint account of the shareholders of a Sub-Fund, raise short-term loans of up to 10% of the Sub-Fund's net assets, provided that the Depositary agrees to the borrowing and the terms of the respective loan; the provisions in Part C below of the respective Sub-Fund will give a declarative indication. Not included in this 10% limit, but permissible without the approval of the Depositary, are foreign currency loans in the form of back-to-back loans as well as securities repurchase agreements and securities lending.

**3. In investing the assets of the Company, the following restrictions must be observed; the provisions in Part C below for a Sub-Fund may provide for additional restrictions in accordance with the letters below but also for wider restrictions.**

- a) On behalf of a Sub-Fund, the Company may purchase securities or money-market instruments of an issuer, provided that the aggregate value of such securities and the value of securities issued by the same issuer which are already contained in the Sub-Fund does not exceed 10% of the Sub-Fund's net assets at the time of purchase. A Sub-Fund may invest a maximum of 20% of its net assets in deposits at one institution. The default risk of the counterparties in OTC derivatives transactions may not exceed 10% of a Sub-Fund's net assets if the counterparty is a financial institution within the meaning of section 1 paragraph c) above; for other cases, the maximum limit is 5% of the Sub-Fund's net assets. The aggregate value in the Sub-Fund's net assets of securities and money-market instruments of issuers where the Sub-Fund has invested more than 5% of its net assets in securities and money-market instruments of the same issuer may not exceed 40% of the Sub-Fund's net assets. This restriction does not apply to deposits and to transactions with OTC derivatives that are effected with financial institutions that are subject to official supervision.

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

- securities or money-market instruments issued by that institution,
- deposits with that institution, and/or
- enter into risks in OTC derivatives that exist with reference to the institution.

- b) If the purchased securities or money-market instruments are issued or guaranteed by a member state of the EU or its central, regional or local authorities, a third country, or by international organisations under public law to which one or more member states of the EU belong, the restriction under paragraph a) sentence 1 above is increased from 10% to 35% of the Sub-Fund's net assets.

- c) In the case of bonds issued by financial institutions domiciled in an EU Member State, where the respective issuers are subject to a special official supervision due to statutory provisions protecting bondholders, the restrictions under paragraph a) sentence 1 and 4 above are increased from 10% to 25% and 40% to 80%, respectively, provided that these financial institutions invest the issuing proceeds, pursuant to the respective statutory provisions, in assets which sufficiently cover the liabilities from bonds for their whole term to maturity, and which, as a matter of priority, are intended for capital and interest repayments becoming due on the issuer's default.
- d) The securities and money-market instruments cited under paragraphs b) and c) above will not be considered when applying the 40% investment limit provided under paragraph a) sentence 4 above. The restrictions under paragraphs a) to c) above do not apply on a cumulative basis. Therefore, investments in securities or money-market instruments of the same issuer or in deposits with this issuer or in derivatives of the same may not exceed 35% of the Sub-Fund's net assets. Companies that, with respect to the preparation of their consolidated financial statements in accordance with Directive 83/349/EEC or according to accepted international accounting standards, belong to the same group of companies, are regarded as one issuer when calculating the investment limits listed under paragraphs a) to d) above. A Sub-Fund may invest up to 20% of its net assets in securities and money-market instruments of one group of companies.
- e) Investments in derivatives are included in the limits of the numbers listed above.
- f) In derogation of the limits listed under Paragraphs 3 (a) to (d) above, the Board of Directors may decide that in accordance with the principle of risk diversification, up to 100% of a Sub-Fund's assets may be invested in securities and money-market instruments of different issues being offered or guaranteed by the European Union, the European Central Bank, a member state of the EU or its central, regional or local authorities, by a third country or its central bank or its central, regional or local authorities, provided it is admitted by the Luxembourgian supervisory authority and explicitly mentioned in the sales prospectus of the Company for the Sub-Fund in question, or by international organisations under public law to which one or more member states of the EU belong. If it is intended for a Sub-Fund to be able to make use of the possibility presented in this letter, this will be explicitly mentioned in Part C below for the relevant Sub-Fund.
- g) A Sub-Fund may purchase units of other UCITS or UCI as defined under section 1 paragraph b) above up to a total of 10% of its net Sub-Fund assets. In derogation of this, the Board of Directors may decide that a higher percentage or all of a Sub-Fund's net assets may be invested in units of other UCITS or UCI as defined in section 1 paragraph b) above, which will be explicitly mentioned in the sales prospectus for the Sub-Fund in question. In this case a Sub-Fund may not invest more than 20% of its net Sub-Fund assets in a single UCITS or UCI. When this investment limit is applied, each subfund of an umbrella fund as defined under Article 181 of the Law must be considered to be an independent investment fund if the principle of separate liability with regards to third parties is applied to each subfund. Similarly, in this case investments in units of other UCI than UCITS may not exceed a total of 30% of a Sub-Fund's net assets.

If a Sub-Fund has acquired units of a UCITS or a UCI, the investment values of the relevant UCITS or UCI are not considered with regard to the investment limits stated under paragraphs a) to d) above.

If a Sub-Fund acquires shares of a UCITS or UCI which is directly or indirectly managed by the same company or by another company with which the Company is linked by common management or control, or by a substantial direct or indirect participation (at least 10% of the capital or the votes) then neither the Company nor the associated company may charge fees for the subscription or redemption of units. In the case of the previous sentence, the Company will also reduce its share of the management and central administration fee for the part of units in such linked UCITS or UCI by the respective actual calculated fixed management fee of the UCITS or UCI acquired. This results in a complete decrease of any management and central administration fee levied at share class level of a Sub-Fund in case of a linked UCITS or UCI actually affected by a fixed management fee which is higher or at the same level. However, a decrease does not occur with respect to such linked UCITS or UCI as far as a reimbursement of this actually calculated fixed management fee is made in favour of the respective Sub-Fund. Part C below may directly or indirectly provide other rules relevant for the respective Sub-Fund.



The weighted average management fee of the target fund units as defined above to be acquired may not exceed 2.5% p.a.

- h) Irrespective of the investment limits set down in paragraph i) below, the Board of Directors may determine that the upper limits stated in paragraphs a) to d) above for investments in equities and/or debt instruments of a single issuer amount to 20% if the objective of the Sub-Fund's investment strategy is to replicate a specific equity or bond index recognised by the CSSF, provided that
- the composition of the index is adequately diversified;
  - the index represents an adequate benchmark for the market to which it refers;
  - the index is published in an appropriate manner.

The limit set down in sentence 1 is 35% provided this is justified based on exceptional market conditions, and in particular on Regulated Markets on which certain securities or money-market instruments are in a strongly dominant position. An investment up to this limit is only possible with a single issuer. The limit in accordance with a) sentence 4 does not apply. **If it is intended for a Sub-Fund to be able to make use of the possibility presented in this paragraph h), this will be explicitly mentioned in Part C below for the relevant Sub-Fund.**

- i) The Company may not acquire voting shares carrying a voting right through which it would be permitted to exert a significant influence on the issuer's business policy for any of its investment funds under management. On behalf of a Sub-Fund, it may acquire a maximum of 10% of the nonvoting shares, bonds and money-market instruments issued by the issuer and a maximum of 25% of the shares of a UCITS or a UCI. This limit does not apply to the acquisition of bonds, money-market instruments and target fund units if the total amount issued or the net amount of the shares issued cannot be calculated. It also does not apply inasmuch as these securities and money-market instruments are issued or guaranteed by a member state of the EU or its central, regional or local authorities or by a third country, or are issued by international organisations under public law to which one or more member states of the EU belong.

The restrictions stated in the first bullet point of sections 2 and 3 above refer to the time the assets are acquired. If the percentages are subsequently exceeded as a result of price developments or due to reasons other than additional purchases, the Company will immediately strive to normalise this situation as a priority objective, taking into account the interests of the shareholders.

- j) Without contradicting the above investment guidelines and restrictions, the Sub-Fund must also observe the content of this paragraph. It must be ensured that in any case more than 90% of Sub-Fund assets are invested in assets eligible pursuant to the investment policy which qualify as eligible assets in accordance with section 2 paragraph 4 of the German Investment Act. Furthermore it must be ensured that in any case the portion of assets of the Sub-Fund consisting of non-securitized loan claims including bonded loans and of derivatives within the meaning of Supplement II and III, which are not derived from securities, money market instruments, UCITS or UCI pursuant to Article 41 paragraph 1 e) of the Law, financial indices within the meaning of Article 9 paragraph 1 of Directive 2007/16/EC, interest rates, exchange rates or currencies in which the Sub-Fund may invest in accordance with its investment policy, does not – if and to the extent that such assets may be acquired in accordance with the investment policy at all – exceed 30% of Sub-Fund assets.

#### **4. The Company is not permitted to enter into the following transactions:**

- a) No Sub-Fund may assume liabilities in connection with the purchase of partly paid securities, the aggregate of which including loans exceeds 10% of the Sub-Fund's net assets.
- b) No Sub-Fund may grant loans, or act as guarantor on behalf of third parties.
- c) No Sub-Fund may acquire securities the disposal of which is subject to any kinds of restrictions due to contractual provisions.



- d) No Sub-Fund may invest in real estate, whereby real-estate-backed securities or money-market instruments or interest on such investments or investments in securities or money-market instruments issued by companies which invest in real estate (such as REITS), and interest on such investments are permitted.
- e) No Sub-Fund may acquire precious metals or certificates on precious metals.
- f) No Sub-Fund may pledge or charge assets, transfer them as collateral, or assign them as collateral, unless this is required within the framework of a transaction permitted under this sales prospectus. Such collateral agreements are applicable in particular to OTC trades in accordance with section 1 paragraph d) above (“Collateral Management”).
- g) No Sub-Fund may conduct short sales of securities, money market instruments or target fund shares.
- h) Pursuant to the investment restrictions applicable under Hong Kong requirements, the total collective investments by the Company in any ordinary shares issued by any single issuer may not exceed 10% of the issuer’s issued shares.

## **5. Securities pursuant to Rule 144A of the United States Securities Act of 1933**

To the extent permitted according to the laws and regulations of Luxembourg – subject to being otherwise compatible with the investment objectives and investment policy of a Sub-fund set forth in Part C below – a Sub-Fund may invest in securities which are not registered pursuant to the United States Securities Act of 1933 and amendments thereto (hereinafter called “the 1933 Act”), but which may be sold according to Rule 144A of the 1933 Act to qualified institutional buyers (“securities pursuant to Rule 144A”). The term “qualified institutional buyer” is defined in the 1933 Act and includes those companies whose net assets exceed USD100 million.

If the limitations set out above are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, market fluctuations or other changes in a Sub-Fund’s total assets (for example a change in a security’s rating or the percentage of a Sub-Fund’s assets invested in certain securities or other instruments, or the average duration of a Sub-Fund’s investment portfolio), the Management Company and/or its delegate (as relevant) will as a priority objective take all steps necessary within a reasonable period of time to remedy such situation, taking due account of the interests of its Shareholders.

Companies which are included in the same group for the purposes of consolidated accounts may be regarded as one single issuer for the purposes of calculating the investment limits described above.

***Investment and borrowing restrictions shall be taken to be updated, amended or supplemented in line with any applicable amendments to be made to the investment and borrowing restrictions in the applicable regulations. The relevant section of this HK Prospectus will be amended accordingly.***

***The scope of the Sub-Funds’ permissible investments is subject to investment restrictions imposed by the laws of the Grand Duchy of Luxembourg and the laws of certain foreign jurisdictions in which the Sub-Funds may be registered and authorised. Where applicable, the Sub-Funds will always comply with the stricter investment restrictions applicable. Investors are specifically referred to the prospectus of the Company for details.***

## **B. SPECIAL INVESTMENT TECHNIQUES AND INSTRUMENTS**

### **1. Use of Techniques and Instruments:**

The Company may employ techniques and instruments for efficient portfolio management purposes, provided that the certain rules as set out in the paragraphs below are complied with.

- a) The Company may use techniques and instruments, in particular securities repurchase and securities lending agreements and derivatives as defined in Part A section 1 paragraph d) above, in accordance with the investment restrictions of the Sub-Fund with a view to efficient portfolio management (including for hedging purposes); the provisions in Part C below for a relevant Sub-Fund will contain a corresponding notice, but only in the form of a statement. The Company may also, in particular, enter into market-contrary transactions, which could lead to gains for a Sub-Fund if the prices of the underlying securities fall, or to losses for a Sub-Fund if the prices rise.
- b) In particular, the Company may enter into any type of swap transactions, such as swaps in which the Company and the counterparty agree to swap the returns generated by investments, a security, a money-market instrument, share of a fund, a derivative, a financial index, or a basket of securities or indices for returns from another security, money-market instrument, share of a fund, derivative, a financial index, a basket of securities or indices or other investments. The payments due from the Company to the counterparty and vice versa are calculated by reference to the specific instrument and an agreed upon notional amount.
- c) The Company may also in particular enter into credit default swaps. Credit default swaps may be used, among other things, to hedge creditworthiness risks arising from bonds acquired by a Sub-Fund (e.g. government or corporate bonds). In this case, the interest rates collected by a Sub-Fund from a bond with a comparatively high creditworthiness risk may be swapped for interest rates from a bond having a lower creditworthiness risk, for example. At the same time, the contractual partner may be obliged to buy the bond at an agreed price or pay a cash settlement when a previously defined event, such as the insolvency of the issuer, occurs. The Company is also authorised to use such transactions the objectives of which are other than hedging.

The contracting partner must be a top-rated financial institution which specialises in such transactions. Both the bonds underlying the credit default swap and the respective issuer must be taken into account with regard to the investment limits set out in Part A section 3 above. Credit default swaps are valued on a regular basis using clear and transparent methods. The Company and the Independent Auditor will monitor the clarity and transparency of the valuation methods and their application. If the monitoring should reveal any differences, the Company will arrange for these to be resolved and eliminated.

- d) The Company may also acquire securities and money-market instruments in which one or more derivatives are embedded (structured products).

### **2. Securities Repurchase Agreements, Securities Lending and Borrowing Transactions**

- a) A Sub-Fund may enter into repurchase agreements for securities and money-market instruments both as borrower and lender, provided that the counterparty is a top-rated financial institution specialised in such transactions. In securities repurchase agreements, the borrower sells securities and money-market instruments to the lender, and either
  - the lender and the borrower are already under the obligation to resell and repurchase, respectively, the securities or money-market instruments at a price fixed and within a period of time agreed to when the agreement was entered into, or
  - the lender or the borrower retains the right to resell to the other party to the agreement or require the other party to the agreement to resell the securities or money-market instruments at a price fixed and within a period of time agreed to when the agreement was entered into.

Such securities and money-market instruments may not be sold during the life of the repurchase agreement and the Sub-Fund must at all times be in a position to be able to comply with its repurchase obligations. There is no current intention of the Fund Manager to enter into any securities repurchase or reverse repurchase agreement.

- b) A Sub-Fund may enter into securities lending agreements in which it may both borrow securities and money-market instruments (e.g. to cover delivery obligations) and lend securities and money-market instruments it holds. The securities and money-market instruments held in the Sub-Fund may be lent to third parties for a period not exceeding 30 days; securities and money-market instruments may be lent for longer periods of time provided the Sub-Fund is entitled to terminate the securities lending agreement at any time and to reclaim the lent securities and money-market instruments. The maximum amount available for securities lending is limited to 50% of the net asset value of the relevant Sub-Fund unless lending transactions can be terminated or recalled daily. It is a requirement that the Company be granted sufficient collateral for a Sub-Fund through the transfer of cash, securities or money-market instruments, the value of which at the time of arranging the loan corresponds to at least the value of the lent securities and money-market instruments. Securities and money-market instruments may be accepted as collateral if they are issued or guaranteed by member states of the OECD, their central, regional or local authorities, or international organisations or are rated investment grade by at least one recognised rating agency or the Company considers that the credit rating of the issuer corresponds to a rating of investment grade.

The Company may – unless provided for otherwise in the securities lending agreement – use the collateral granted in the form of cash during the term of the securities lending agreement to purchase money-market instruments and other securities in the context of securities repurchase agreements as defined in paragraph 2 a) above, provided it deems such action to be reasonable and customary on the basis of a careful analysis. These must be securities and money-market instruments within the meaning of the foregoing subparagraph of this letter. In executing such transactions, the Company will use recognised clearing organisations or top-rated financial institutions which specialise in such transactions (securities lending programmes), and which are approved under the counterparty approval process of Allianz Global Investors which the Company adopts. According to the agreements entered into with these institutions, they may receive for their services 35% of the earnings obtained from the transactions, whereas the relevant Sub-Funds will receive the other 65%. The Company will comply with Chapter 10 of the Code in connection with transactions with connected persons, and will ensure that fees received by connected stock lending agents will be disclosed in the Company's annual reports in accordance with the requirements of the Code.

## **C. ADDITIONAL INVESTMENT RESTRICTIONS**

### **Introduction**

The assets of the Sub-Funds are invested according to the principle of risk diversification. Fund management will invest all Sub-Funds' assets after thorough analysis of all the information available, subject to a careful evaluation of risks and opportunities, in eligible assets. The performance of the shares of the Sub-Funds, however, remains dependent on price changes in the markets. Therefore, no guarantee can be given that the objectives of the investment policies of the respective Sub-Funds will be achieved.

Investors assume the risk of receiving a lesser amount than they originally invested. In so far as there are no other relevant provisions contained below for the relevant Sub-Fund, the following shall apply to all Sub-Funds:

#### **1) Sub-Fund investments in other funds**

Should the investment policy of the Sub-Funds provide for, in accordance with its investment objectives and principles, investments in other funds, the following shall apply:

Equity funds in which investments are made may either be broadly diversified equity funds or funds specialising in particular countries, regions or sectors. Any UCITS or UCI is an equity fund if its risk profile typically correlates with that of one or more equity markets.

Bond funds in which investments are made may either be broadly diversified bond funds or funds specialising in particular countries, regions or sectors, or oriented towards specific maturities or currencies. Any UCITS or UCI is a bond fund if its risk profile typically correlates with that of one or more bond markets.

Money-market funds in which investments are made may either be broadly diversified money-market funds or money-market funds focused on specific groups of issuers or oriented towards specific maturities or currencies. Any UCITS or UCI is a money-market fund as defined above if its risk profile correlates with that of one or more money markets. Any UCITS or UCI is a EUR money-market fund if its risk profile typically correlates with that of one or more EUR money markets. Any UCITS or UCI is an OECD money-market fund if its risk profile correlates with that of one or more OECD money markets.

In so far as the Sub-Fund investment policy contains no provisions to the contrary, in principle shares may only be acquired in funds that are managed, directly or indirectly, by the Management Company itself or by any other company with which the Management Company is linked by a substantial direct or indirect participation. Shares in other funds may be acquired on an exceptional basis only when none of the above mentioned funds pursues an investment objective considered to be necessary on an individual basis by fund management, or if the shares are in a UCITS or UCI oriented towards the replication of a securities index that are authorised for trading on one of the exchanges or organised markets listed in Appendix II Part A Paragraph 1 a).

## **2) Denomination in foreign currencies/currency-hedged share classes**

In so far as the Sub-Fund investment policy contains no provisions to the contrary, Sub-Fund assets may be denominated in foreign currencies i.e. not EUR.

In so far as currency-hedged share classes are launched, these share classes will use transactions in order to hedge, to a large extent against a pre-defined currency, in addition to seeking to achieve the general Sub-Fund investment objective.

In doing so, assets that are not denominated in any currency are considered to be denominated in the currency of the country in which the registered office of the issuer (for securities representing equities: of the company; for certificates; the underlying) is located. Should the investment policy of the Sub-Fund provide for undertaking separate foreign currency risks, these transactions may partially cancel out the currency hedge at the share class level.

## **3) General selection criteria of Fund management**

In accordance with the investment objectives and principles of the respective Sub-Fund, the assets of the Sub-Fund may – depending on the assessment of the market situation – either focus on

- individual classes of assets, and/or
- individual currencies, and/or
- individual sectors, and/or
- individual countries, and/or
- assets with shorter or longer (residual) maturities, and/or
- assets of issuers/debtors of a specific nature (e.g. government or corporate),

or have a broad investment focus.

Fund management does not take into account the size of the companies when it selects securities for the Sub-Fund, or whether they are Value Stocks or Growth Stocks. As a result, the Sub-Fund may be focused on companies of a specific size or category, or may have a broad investment focus. In particular, very small cap stocks may also be acquired, some of which are active in niche markets.

#### **4) Passive violation of limits**

Exceeding or falling below limitations contained in the investment policy is permitted if this occurs through changes in the value of assets held in the Sub-Fund, through the exercise of subscription or option rights and/or through change in the value of the Sub-Fund as a whole, and/or in connection with the issue or redemption of share certificates (so-called “passive violation of limits”). In such cases, fund management will seek to re-adhere to those limits within an appropriate time frame.

#### **5) The use of techniques and instruments**

The Management Company may also use techniques and instruments in relation to the Sub-Funds for the purpose of efficient portfolio management (including for hedging purposes) (in accordance with Appendix II Part B and the notes under “The Use of Techniques and Instruments and Special Risks associated with such Use”).

Under no circumstances may the Sub-Funds deviate from their stated investment objectives when using such techniques and instruments.

#### **6) Short-term loans**

The Management Company may raise for each Sub-Fund short-term loans in accordance with Appendix II Part A Paragraph 2 second indent.

#### **7) Possible Effects of the Use of Derivatives on the Risk Profile of the Sub-Fund**

The Sub-Funds may use derivatives – such as futures, options and swaps – for hedging purposes. This may lead to correspondingly lower opportunities and risks in the general Sub-Fund profile. Hedging can be used in particular to reflect the different currency-hedged share classes and thus to mark the profile of the respective share class.

The Sub-Funds may also employ derivatives in a speculative sense in order to increase returns in pursuing the investment objective, in particular, to represent the general Sub-Funds’ profiles and to increase the level of investment above the level of investment of a fund that is fully invested in securities. In reflecting the general Sub-Funds’ profiles through derivatives, the general Sub-Funds’ profiles will be implemented through the replacement of direct investments in securities, for example, by investments in derivatives or also, in shaping the general Sub-Funds’ profiles, specific components of the Sub-Funds’ investment objectives and principles may be derivative based, for example reflecting currency positions through investments in derivatives, which normally will not have a substantial effect on the general Sub-Funds’ profiles. In particular, if a Sub-Fund’s investment objective states that, with the objective of achieving additional returns, fund management may also assume separate foreign currency risks with regard to certain currencies and/or separate risks with regard to equities, bonds and/or commodity futures indices and/or precious metals indices and/or commodity indices these components of the investment objectives and principles are predominantly derivative based.

If the Sub-Funds employ derivatives to increase the level of investment, they do so in order to achieve a medium to long-term risk profile that offers potentially much greater market risk than that of a fund with a similar profile that does not invest in derivatives.

Fund management follows a risk controlled approach in the use of derivatives.

#### **8) Calculation of Duration**

In so far as the investment principles set out below for the relevant Sub-Fund contain a target duration, this shall be calculated on the basis of the share of each Sub-Fund’s assets invested in Interest-bearing Securities, deposits and money-market instruments, including interest receivable on the assets named, which may be acquired in accordance with the investment objectives and principles of the respective Sub-Fund. In calculating duration, derivatives on Interest-bearing Securities, interest and bond indices and interest rates are accounted for independently of the currency in which the underlying assets are denominated.

Deviations from this general provision shall be explicitly stated in the investment principles set out below for the respective Sub-Fund.

## **9) Exposure Approach**

Should the ability to exceed or fall below specified limits be provided for in the investment principles set out below for a Sub-Fund, it is permissible to acquire or sell corresponding assets if it is simultaneously ensured, through the use of techniques and instruments, that the respective market risk potential as a whole adheres to these limits.

For this purpose, the techniques and instruments are taken into account with the delta-weighted value of the respective underlyings in the manner prescribed. Market-contrary techniques and instruments are considered to reduce risk even when their underlyings and the assets of the Sub-Funds are not precisely matched.

## **10) Liquidity**

Should the investment principles set out below for a Sub-Fund provide that the purpose of deposits, money-market instruments and/or money-market funds is to ensure the necessary liquidity of the Sub-Fund, these instruments are not used for purposes of implementing the strategic orientation of the Sub-Fund. In this case, their purpose is in particular to fulfil the obligations of the Sub-Fund (e.g. for payment of purchase price or to service redemptions of shares) and to provide collateral or margins in the framework of the use of techniques and instruments. Any collateral or margins provided are not included in any specific liquidity limit in regards to investments in deposits, money-market instruments and/or money-market funds provided by a Sub-Fund's investment principles set out below.

## **11) Additional investment restrictions “Hong Kong”**

Should the investment principles set out below for a Sub-Fund refer to this section, additional investment restrictions apply.

- a) Concerning the investment in Deposits, Money Market Instruments and bonds, the increased maximum limit as laid down in Appendix II Part A Paragraph 3 b) shall only amount to 30% of Sub-Fund's net assets. Appendix II Part A Paragraph 3 c) shall not apply.
- b) In relation to the registration of the Company and the distribution of the Sub-Funds in non-EU Member States, the Company might have to comply with some local restrictions, which might be stricter than the Luxembourg restrictions but will not result in a change of the investment policy of the Company. In particular, the following investment restrictions apply for so long as the Sub-Fund is authorised by the SFC in Hong Kong:
  - The Sub-Fund may invest in options and warrants for hedging purposes. The value of the Sub-Fund's investments in warrants and options not held for hedging purposes in terms of total amount of premium paid may not exceed 15% of its total net asset value.
  - As a general rule the Sub-Fund may not write uncovered options. The Sub-Fund may write call options on securities provided that the aggregate exercise price of such covered call options written does not exceed 25% of the total net asset value of the Sub-Fund.
  - The Sub-Fund may enter into financial future contracts for hedging purposes. The Sub-Fund may enter into future contracts on an un-hedged basis provided that the net total aggregate value of contract prices, whether payable to or by the Sub-Fund under all outstanding future contracts, (together with commodity based investments, if any) may not exceed 20% of the total net asset value of the Sub-Fund.
- c) The Sub-Fund may not acquire any asset which involves the assumption of any liability which is unlimited.



- d) The Sub-Fund may not invest in any security of any class in any company or body if any director or officer of the Management Company individually owns more than 0.5% of the total nominal amount of all the issued securities of that class, or, collectively the directors and officers of the Management Company own more than 5% of those securities.
- e) The portfolio of the Sub-Fund may not include any security where a call is to be made for any sum unpaid on that security unless that call can be met in full out of cash or near cash by the Sub-Fund's portfolio, the amount of which has not already been taken into account for the purposes of writing call options on portfolio investments as set out under letter b).

The Sub-Fund may not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person without the prior written consent of the Depositary.

- f) Special fee sharing method:

No increase in the overall total of initial charges, management company's annual fee or any other costs and charges payable to the Management Company or any of its connected persons borne by the holders or by the Sub-Fund may result, if the funds in which the Sub-Fund invests are managed by the same management company or by a connected person of that company.

**The investment principles for each Sub-Fund are as follows:**

## **Allianz China A-Shares**

- a) At least 70% of Sub-Fund assets are invested in Equities of companies that are incorporated in the People's Republic of China and which are listed as A-Shares on the Shanghai Stock Exchange or the Shenzhen Stock Exchange.

The Sub-Fund may invest into the A-Shares market either directly via QFII quota, Stock Connect, RQFII quota and/or indirectly through all eligible instruments as set out in the Sub-Fund's investment principles.

Up to 69% of Sub-Fund assets may be invested via RQFII quota. Up to 100% of Sub-Fund assets may be invested via the QFII quota and up to 100% of Sub-Fund assets may be invested via the Stock Connect.

- b) Subject in particular to the provisions of letter h), a maximum of 20% of Sub-Fund assets may be invested in Equities other than those detailed in letter a) of companies that are incorporated in the PRC (in particular B-Shares and H-Shares listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Hong Kong Stock Exchange) or which generate a predominant proportion of their sales and/or profits from the PRC (in particular Red Chips (companies incorporated outside of the PRC, generating a predominant proportion of their sales and/or profits from the PRC and listed on the Hong Kong Stock Exchange)).

Included in this limit, warrants for Equities from such companies and index certificates and other certificates whose risk profile typically correlates with the assets listed in sentence 1 or with the investment markets to which these assets can be allocated may also be acquired.

- c) Subject in particular to the provisions of letter h), a maximum of 10% of Sub-Fund assets may be invested in Equities of companies other than those detailed in letters a) and b).

Included in this limit, warrants for Equities from such companies and index certificates and other certificates whose risk profile typically correlates with the assets listed in sentence 1 or with the investment markets to which these assets can be allocated may also be acquired.

- d) Subject in particular to the provisions of letter h) closed-end-funds may be acquired that invest predominantly in assets as defined in letters a) and b) and which in addition may only invest in assets as defined in letters e) and f) and/or may enter into derivatives transactions. Such closed-end-funds have to be listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. Investments in such closed-end-funds are allowed up to 30% of Sub-Fund assets.

- e) Up to 10% of Sub-Fund assets may be invested in UCITS or UCI that are money-market funds, bond funds or equity funds and/or funds pursuing an absolute return approach.

- f) In addition, deposits may be held and money-market instruments and Interest-bearing Securities may be acquired; their value together with the value of the money-market and bond funds held as defined in letter e), subject to the provisions of letter h), may total a maximum of 10% of Sub-Fund assets. Current accruals made to cover potential liabilities resulting from Chinese taxation law will not be included in this limit; the purpose of deposits, money-market instruments, Interest-bearing Securities as well as money-market and bond funds is to ensure necessary liquidity and cover potential liabilities resulting from Chinese taxation law.

For the avoidance of doubt, the Sub-Fund will not invest directly in Interest-bearing Securities issued and traded in the PRC, including but not limited to urban investment bonds, debt securities rated below investment grade or unrated and collateralised and/or securitised products (such as asset backed securities, mortgage backed securities and asset backed commercial papers).

- g) Securities of companies of all sizes may be acquired. Depending on the market situation, the Sub-Fund may focus either on companies of a certain size or individually determined sizes, or have a broad investment focus. In particular, very small cap stocks may also be acquired, some of which are active in niche markets.

Fund management may acquire Value Stocks and Growth Stocks. Depending on the market situation, fund management may either concentrate on Value Stocks or Growth Stocks, or have a broad investment focus.

Also, the Sub-Fund does not focus on any particular industry or sector when making investments.

- h) **Within the remit of the Exposure Approach, it is permissible that the limits described in letters b), c), d) and f) above are not adhered to.**
- i) The limits listed in letters a) and f) are not required to be adhered to in the last two months before liquidation or merger of the Sub-Fund.
- j) Due to the Sub-Fund being marketed in Hong Kong, the additional investment restrictions and the special fee sharing method as described under No 11) of this Part C apply.
- k) The Sub-Fund's indicative allocation of investment between onshore and offshore assets is presented in the table below:–

By geographical region	Indicative percentage (as a percentage of the Sub-Fund's NAV)
Onshore (within PRC)	At least 70%
Offshore (outside PRC such as Hong Kong)	Up to 30%

## APPENDIX III – FEES AND CHARGES

### A. FEES AND CHARGES PAYABLE BY INVESTORS

– Sales Charge, Redemption Fee and Conversion Fee

Sub-Fund Name	Share Class	Sales Charge*	Redemption Fee*	Conversion Fee*
Allianz China A-Shares	Class A/AT	5.00%	5.00%	5.00%

\* Any Sales Charge, as applicable, shall be payable to the Hong Kong Distributor or the relevant Sub-Distributors as the case may be. The Management Company may levy a lower charge at its own discretion.

\* The Management Company may levy a lower charge or waive the charge at its own discretion.

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

Sub-Fund Name	Share Class	All-in-Fee*	Taxe d'Abonnement
Allianz China A-Shares	Class A/AT	2.25%	0.05%

\* The Management Company may levy a lower All-in-Fee at its own discretion.

Allianz Global Investors Asia Pacific Limited  
27th Floor, ICBC Tower  
3 Garden Road, Central  
Hong Kong  
[www.allianzgi.hk](http://www.allianzgi.hk)