

05 March 2021

This document is important and requires your immediate attention. If you are in any doubt you should seek advice from an independent professional adviser.

Terms used here in capital letters shall bear the same meaning as capitalised terms used in the latest prospectus of Allianz UK & European Investment Funds (the “**Company**”). A copy of the prospectus is available upon request during normal business hours by contacting us on telephone number 0800 073 2001 or can be obtained from the website <https://uk.allianzgi.com/B2C> for retail investors, for IFA’s please visit <https://uk.allianzgi.com/Adviser>.

Dear Investor,

Notification of changes to the Allianz UK Equity Income Fund, a sub-fund of Allianz UK & European Investment Funds (the “Company”) and of the mandatory conversion of A Class Shares to C Class Shares.

- **A (Inc) Shares (“A Class Shares”) (ISIN GB0031383952)**
- **C (Inc) Shares (“C Class Shares”) (ISIN GB00B82ZGC20)**

As the Authorised Corporate Director (the “**ACD**”) of the Company we are writing to inform you about forthcoming changes to the **Allianz UK Equity Income Fund** (the “**Fund**”) that are due to take place on 7 May 2021 (the “**Effective Date**”).

It is important that we explain our reasons for making these changes, and the options that are available to you.

1. We are amending the Investment Objective of the Fund to include certain performance targets.
2. We are clarifying aspects of the Investment Policy.
3. We are changing the way we use the Benchmark.
4. We are changing the name of the Fund to the Allianz UK Listed Equity Income Fund.
5. We are reducing the fees of the C Class Shares.
6. Finally, we intend to convert the A Class Shares to C Class Shares via a mandatory conversion.

None of the changes we are making will alter the risk profile of your investment or the way in which we are managing the Fund.

We have classified most of these changes as significant in accordance with the rules contained in the Financial Conduct Authority’s Collective Investment Schemes Sourcebook. Accordingly, we, as ACD, are giving you 60 days’ advance notice of the changes, during which period, if you are not happy with the proposals, you may switch or redeem your Shares free of charge. This letter constitutes such notice.

If you agree with the proposed changes and the mandatory conversion you are not required to take any action. Your A Class Shares will automatically convert into C Class Shares on the Effective Date.

If you are not in agreement with any of the proposed changes or the mandatory conversion you may switch or redeem your Shares in the usual way, free of charge, by 12:00 on 06 May 2021 at the latest, in line with the timetable on page 5.

1. Amendment to the Investment Objective of the Fund to include certain performance targets

Although the Fund will still aim to achieve income and capital returns as before, we would now like to also make outperformance of the benchmark, the FTSE All-Share Index, an explicit target of the Fund, making it easier for the investor to determine whether or not the Fund is achieving its objective. From the Effective Date we will make it a clear objective of the Fund to generate a total return (income together with capital growth) greater than that of the FTSE All-Share Index (net of fees) over a rolling 5 year period. We will also introduce a secondary objective which is to deliver an annual income yield greater than the FTSE All-Share Index. The proposed changes are set out in detail in Appendix 1 attached.

Implications

There will be no change to the way we are running the Fund. We are making these changes to make outperformance of the benchmark a clear objective of the Fund and to make it easier for an investor to measure the Fund's performance and therefore compare to other funds.

2. Clarification of the Investment Policy

Without deviating from the Fund's investment policy, we plan to provide additional clarity on how the Fund will seek to achieve its investment objectives and the types of securities and instruments that can be utilised by the Fund. We intend to add further clarity on the investment limits that we currently adhere to in running the strategy and to disclose the percentage limits that apply in respect of particular investments. Whilst the Fund can already use derivatives for efficient portfolio management, we plan to make this more clear in the investment policy itself and to provide an example of techniques which are currently being utilised to generate additional income in this regard. The proposed changes are set out in detail in Appendix 1 attached.

Implications

There is no change to how we will be managing the Fund as a result of these changes. These measures are being taken purely for clarification purposes.

3. Change in the usage of the Benchmark

Currently the benchmark for the Fund is only used to help investors compare and measure the performance of the Fund. It is referred to in the Prospectus as a "Comparator Benchmark" and is not mentioned within the investment objective of the Fund. In line with the amendments to the investment objective of the Fund to include certain performance targets as described above in section 1, from the Effective Date we will reclassify the benchmark as a Target Benchmark (instead of a Comparator). However, as the Fund is actively managed it will not be constrained by the Target

Benchmark. The Target Benchmark will be used for measuring outperformance and for providing an income yield level to exceed.

Implications

There will be no change to the way we are running the Fund. We are making these changes as a consequence of the changes set out in section 1.

4. Change in the name of the Fund

We are changing the name of the Fund by including “Listed” in the name to reflect the fact that the Fund invests predominantly in companies which are listed in the UK.

5. Reduction in the Annual Management Charge for the C Class Shares

We continually evaluate our proposition and the fees that we charge, we are therefore pleased to offer a reduction in Annual Management Charge of the C Class Shares from 0.75% to 0.60%.

6. Mandatory Conversion of the A Class Shares to C Class Shares

We intend to convert the A Class Shares of the Fund to C Class Shares on 7 May 2021 (the “**Effective Date**”). The conversion of your A Class Shares into C Class Shares will enable you to benefit from a lower management fee of 0.60% per annum compared to the 1.25% per annum which is currently payable on your A Class Shares.

If you are a platform or an institutional investor who is currently in receipt of trail fees and you wish to remain invested in the A Class Shares, then you may opt out of the mandatory conversion subject to the provisions on page 5.

The key differences between the A Class Shares and the C Class Shares are set out in the table below

Key differences between the A Shares and C Shares

	A Class Shares (prior to conversion)	C Class Shares (prior to conversion)
Initial Charge	NIL	NIL
Annual Management Charge (“AMC”)	1.25 % p.a.	0.75 % p.a.* * The AMC will reduce to 0.60% on the Effective Date
Ongoing Charge (including AMC) (calculated as at 31 August 2019)	1.38% p.a.	0.81% p.a. * * It is estimated that the Ongoing Charge (including AMC) will reduce to 0.65% on the Effective Date

Minimum Investment	£500 £50 (monthly savings)	£500 £50 (monthly savings)
Minimum Redemption	£250	£250
ISA eligible	Yes	Yes

Mandatory conversion

The conversion of the Shares shall take place pursuant to the provisions of the Prospectus which permit the ACD to carry out mandatory conversions of Shares where it believes that it is in the best interest of the Shareholders to do so.

The conversion will be carried out according to the ratio between prices of the A Share Class and C Share Classes as calculated at the 12 noon valuation point on the Effective Date. The conversion factor will be calculated by the Fund Accountants, and you will be notified of this within 5 days of the conversion taking place.

The total value of your investments will not be affected by this conversion.

For platforms and institutional investors only:

Opting out of the mandatory conversion

If you are a platform or an institutional investor who is permitted to receive trail fees under the FCA Rules¹ and you are currently receiving trail fees in respect of your investment in the A Class Shares, then you may in limited circumstances opt out of the mandatory conversion by contacting us on the following email address: oeicshareclassconversion@allianzgi.com. You will be asked to complete a declaration and to return it to us by 30 April 2021 (the “**Deadline Date**”). The form of the declaration will depend upon the type of entity you are and the trail fee arrangements that you currently have in place with us. The declaration will confirm your wish to remain in the A Class Shares and set out the legal basis upon which you are permitted to receive trail.

Where a duly completed declaration is received and the ACD is satisfied that it is appropriate for you to remain in the A Class Shares and to continue to receive trail fees, then your Shares will not be converted on the Effective Date and you will remain invested in the A Class Shares.

If you take no action, or we do not receive the necessary declaration before the Deadline Date, then your A Class Shares will automatically be converted to C Class Shares on the Effective Date as part of the mandatory conversion.

¹ A platform or institutional investor who is permitted to receive trail fees under the FCA Rules will generally include (i) those platform service providers who pass the trail fees on to their retail clients in the form of additional units or cash in accordance with the provisions of COBS 6.1E.10R and (ii) those institutions which do not fall within the

definition of a platform service provider and who are therefore exempt from the provisions of COBS 6.1E R (e.g. SIPP operators, life companies offering life wrappers, discretionary fund managers and execution only brokers and ISA managers not caught by the FCA's platform service definition).

Dividend distributions

The proposed conversion will not change the current timetable of the distribution payments. As you hold income shares, the first distribution following the conversion will be paid on 31 October 2021, being the final distribution for the year ended 31 August 2021 in respect of your new holding of C Class Shares.

Please read the section entitled “Taxation” and note that if your investment in the Fund is held within an ISA wrapper then you must also read the section entitled “ISA Holders”, before making your decision.

Taxation

Shareholders who are resident in the UK for tax purposes should note that the conversion described above should not give rise to a disposal of A Class Shares for the purposes of UK taxation of chargeable gains. Instead, shareholders will be regarded as having acquired the C Class Shares at the same time and for the same aggregate base cost as their A Class Shares were originally acquired. As such, for persons subject to UK tax, the conversion should not have any impact on the tax treatment of your investment. If you are in any doubt about your tax position or if you are subject to tax in any jurisdiction other than the UK, you are advised to seek independent tax advice.

Regular Savings

If you currently a regular saver in the A Shares, then your regular savings will continue in the C Class Shares after the Effective Date.

ISA holders

Please note that if you are an Allianz Global Investors ISA holder and you hold the A Class Shares of the Fund within your ISA, your ISA wrapper will remain in place following the conversion.

If you choose to switch your holding to another eligible share class in our UK fund range your ISA wrapper will remain in place.

However if you are an Allianz Global Investors ISA holder and you hold A shares as the sole investment in that ISA then a decision to redeem your holding in full before the Effective Date may result in the termination of your ISA, and your redemption proceeds will be forwarded to you, and your ISA will not continue.

If you choose to transfer your Allianz Global Investors ISA to another ISA manager, you will need to contact the new ISA manager and inform the ACD of your decision prior to the Effective Date. Please contact your proposed new ISA manager and carry out all necessary formalities with them. They will then need to contact us before the Effective Date to arrange the transfer on your behalf.

Timing

05 March 2021	Shareholders notified (60 days' notice required)
30 April 2021	Deadline Date for receipt of declarations for platforms / institutional investors who wish to retain their A Shares
06 May 2021	Deadline for switching or redeeming your Shares
07 May 2021	Effective Date

Costs

Any costs incurred for any of the work involved for the changes to the Fund and the mandatory conversion listed above will be borne by the ACD. As an investor in the Fund you will not incur any cost.

Further information

If you require any investment advice, we recommend that you contact your usual financial adviser in the first instance.

Please note that unless you are a platform or an institutional investor who has opted out of the mandatory conversion in accordance with the terms of this letter, all trail fee arrangement attributable to your A shares will cease on the Effective Date, which could affect your fee arrangements with your IFA.

Please see the fund documentation and information, including the relevant key investor information documents, available on our website at **www.allianzglobalinvestors.co.uk**.

For any further questions about the changes on the above-mentioned Fund you can contact us on **0800 073 2001**, between the hours of 9 am to 5 pm (UK time), Monday to Friday, excluding public holidays in England.

Yours faithfully,

Allianz Global Investors GmbH, acting by its UK branch

Appendix 1: Changes highlighted for you

<p>Investment Objective</p>	<p>The primary investment objective of the Allianz UK Listed Equity Income Fund aims to achieve high and increasing income together with capital growth, generate a total return (income together with capital growth) net of fees greater than that of the FTSE All-Share Index, over a rolling 5 year period.</p> <p>The Fund also has a secondary objective to deliver an annual income yield greater than the FTSE All-Share Index.</p> <p>Investors should be aware that the Fund's capital is at risk and there is no guarantee that the Fund will achieve its investment objective over the above period or at all.</p> <p>The Annual Management Charge for Allianz UK Listed Equity Income Fund is charged to capital. This will increase the amount of income available for distribution to Shareholders but may constrain capital growth.</p>
<p>Investment Policy</p>	<p>The ACD will invest at least 80% of the Fund's assets aims to achieve the investment objective by investing in securities listed on the London Stock Exchange as represented in the FTSE All-Share Index Total Return GBP.</p> <p>although it may invest Up to 20% of the Fund's assets may be invested in UK equities outside of this index or either in the UK or internationally and in all economic sectors. It is the general intention of the ACD to invest in shares which offer above average current dividend income yield or, if not, the prospect of superior long term dividend growth. Therefore, it is not intended that the Fund will have similar weightings to the FTSE All-Share Index Total Return GBP. A small proportion Up to 10% of the Fund's investments may be held in convertibles and investment trust income shares in order to enhance the income yield.</p> <p>The ACD may also utilise deposits and money market instruments in the management of the portfolio, and together with money market funds, these may make up to a maximum of 10% of the Fund's assets. In addition, up to 5% of the Fund's assets may be invested in warrants.</p> <p>The Fund may also invest up to a maximum of 10% of the Fund's assets in other collective investment schemes including those managed by Allianz Global Investors and its group of companies.</p> <p>It must be noted that from time to time the ACD will also invest in securities and money market instruments that are offered within the scope of Initial Public Offerings on a recognised stock exchange or in another regulated market as set out in this Prospectus.</p> <p>The ACD may use derivatives for efficient portfolio management for the purposes of generating additional income (for example by writing covered call options up to 20% of the Net Asset Value of the Fund) and for hedging.</p>
<p>Comparator Target Benchmark</p>	<p>FTSE All-Share Index Total Return GBP.</p> <p>This benchmark the FTSE All-Share Index has been chosen as the most suitable benchmark as it represents the performance of all companies listed on the London Stock Exchange and is representative of the type of companies in which the Fund is likely to invest. captures 98-99% of UK market and therefore provides a broad representation of the investible universe for achieving the Fund's objective.</p> <p>As stated in the investment policy above, the Fund, being focused on UK equities, will invest predominantly at least 80% of its assets in securities listed on the London Stock Exchange (as represented in the FTSE All-Share Index Total Return GBP). However, as an the Fund is actively managed Fund, it will not be constrained by this at benchmark. The portfolio manager may deviate from the benchmark when making investment decisions and can make investments in securities that are not included in the benchmark, as outlined above The benchmark will however be used for measuring performance.</p> <p>The benchmark will be used for measuring outperformance. For the primary objective we will measure the total return (income together with capital growth) of the Fund against the FTSE All-Share Index Total Return GBP, which reflects all share price movements (along with reinvested dividends) of the constituent</p>

	<p>companies and is a widely used variation of the FTSE All-Share Index.</p> <p>For the secondary objective we will measure the annual yield of the Fund against the annual yield of the FTSE All-Share Index.</p>
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