

1 March 2023

**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. 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 Strategic Bond Fund, a sub-fund of Allianz UK & European Investment Funds (the "Company").**

- **A (Inc) Shares ("A Class Shares") (ISIN GB0031383408)**
- **C (Inc) Shares ("C Class Shares") (ISIN GB00B06T9362)**
- **I (Acc) Shares ("I Class Shares") (ISIN GB00BJ1DZT42)**
- **I (Inc) Shares ("I Class Shares") (ISIN GB00BYT2QW81)**

As the Authorised Corporate Director (the "ACD") of the Company we are writing to inform you about forthcoming changes to the **Allianz Strategic Bond Fund** (the "Fund") that are due to take place on 1 May 2023 (the "Effective Date").

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

### **1. Amendment to the Investment Objective of the Fund to include a performance target**

The Fund still aims to maximise total return, consistent with preservation of capital and prudent investment management, as before. However, we would now like to also make outperformance of the benchmark, the Bloomberg Global Aggregate Index hedged to GBP over a rolling three year period, 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 outperform (net of fees) the Target Benchmark, the Bloomberg Global Aggregate Index hedged to GBP, over a rolling three year period. We would also like to move some of the wording related to permitted instruments into the investment policy section of the prospectus as we think this is more appropriate. The proposed changes are set out in detail in Appendix 1 attached.

### **Implications**

This change will not alter the risk profile of your investment or the way in which we are managing the Fund. We are making this change 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. 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.

### **Implications**

This change will not alter the risk profile of your investment or the way in which we are managing the Fund.

## **3. 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. The proposed changes are set out in detail in Appendix 1 attached.

### **Implications**

This change will not alter the risk profile of your investment or the way in which we are managing the Fund. These measures are being taken purely for clarification purposes.

We have classified 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.

## **4. Changes to the recommended holding period of the Fund**

Without deviating from the Fund’s investment strategy, we plan to extend the recommended holding period of the Fund from 2-3 years to 4 years. We have recently undertaken a detailed review of our UK and European fund ranges and as a result have decided to introduce a new methodology for the recommended holding period of the funds, and this will bring the Allianz Strategic Bond Fund in line with the UK and European fund ranges.

### **Implications**

This change will not alter the risk profile of your investment or the way in which we manage the Fund.

We have classified this change as notifiable in accordance with the rules contained in the Financial Conduct Authority’s Collective Investment Schemes Sourcebook.

Accordingly, we, as ACD, are giving you at least 30 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 are not in agreement with any of the proposed changes you may switch or redeem your Shares in the usual way, free of charge, by 12:00 on 28 April 2023 at the latest, in line with the timetable below.**

**Timing**

1 March 2023	Shareholders notified (60 days' notice required)
28 April 2023	Deadline for switching or redeeming your Shares
1 May 2023	Effective Date

**Costs**

Any costs incurred for any of the work involved for the changes to the Fund 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 see the fund documentation and information, including the relevant key investor information documents, available on our website at [www.allianzglobalinvestors.co.uk](http://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

<b>Investment Objective</b>	<p>The <b>investment</b> objective of the <b>Allianz Strategic Bond</b> Fund is to maximise total return, consistent with preservation of capital and prudent investment management, primarily through investment directly in debt securities issued by corporate, government, supranational institutions and local regional agencies or by gaining exposure indirectly through the use of derivatives, as well as any other security. <b>by aiming to outperform (net of fees) the Target Benchmark, the Bloomberg Global Aggregate Index hedged to GBP over a rolling three year period.</b> The Fund will invest internationally although at least 80% of its assets shall be invested in Sterling denominated (or hedged back to Sterling) debt securities</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 any particular period or at all.</p>
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<p><b>Investment Policy</b></p>	<p>The ACD aims to achieve the investment objective by investing directly in debt securities issued by corporate, government, supranational institutions and local regional agencies or by gaining exposure indirectly through the use of derivatives, as well as any other security. The ACD aims to achieve the investment objective by investing <del>may invest</del> (directly or indirectly) in treasury bills, certificates of deposit, medium term notes, private placements, structured notes, preference shares, convertible bonds, <del>gilt</del> <b>government bonds</b>, investment grade and below investment grade bonds, bonds of emerging markets issuers, agency bonds and asset or mortgage backed securities or floating rate notes. The ACD may also utilise deposits, derivatives and other money market instruments in the management of the portfolio. The Fund may also invest in collective investment schemes (subject to the limit below). <b>As part of the ACD's investment strategy the Fund will aim to have a low correlation with global equity markets measured over a rolling three year period. The ACD will have this correlation in mind when making investment decisions but will not be constrained by it (particularly, but not only, in scenarios where there is an increased correlation between bond and equity markets e.g. inflation or illiquid stress scenarios).</b></p> <p><b>The Fund will investment internationally although at least 80% of its assets shall be invested in Sterling denominated (or hedged back to Sterling) debt securities.</b></p> <p>More than 35% of the value of the property of the Fund may be invested in Government and public securities issued or guaranteed by any of the following states; the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales), Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United States of America.</p> <p>Up to 30% of the Fund's assets may be invested into Chinese bonds denominated in RMB either directly via CIBM Direct/Bond Connect or through all eligible instruments, as set out in the Fund's investment policy.</p> <p>The Fund will <b>typically</b> invest <del>primarily</del> in investment grade debt securities (with fixed, variable or floating rates of interest and may vary inversely with respect to a reference rate), <del>but may invest in debt securities that are rated below investment grade</del> <b>but will have the flexibility to on occasion invest up to 50% of the Fund's assets in debt securities that are rated below investment grade and unrated securities of similar credit quality.</b></p> <p>The Fund <del>may</del> <b>will make extensive</b> use of derivative instruments such as futures, options, options on swaps, swap agreements (e.g. interest rate swaps, credit default swaps and index swaps) and currency forward</p>

	<p>contracts.</p> <p>The ACD may also utilise deposits and money market instruments in the management of the portfolio and their value, together with money market funds, may make up to a maximum of 20% of the Fund's assets.</p> <p>The Fund may also invest up to a maximum of 10% of the Fund's assets in other Funds managed by Allianz Global Investors and its group of companies and other collective investment schemes managed by third parties.</p> <p>The Fund may also invest up to a maximum of 10% of the Fund's assets in collective investment schemes.</p> <p><b>Use of Derivatives</b></p> <p>The Fund may will the derivative instruments mentioned above for hedging purposes and/or for investment purposes, which may be up to a significant degree. For example, the Fund may use derivatives (which will be based only on underlying assets or sectors which are permitted under the investment policy of the Fund) (i) to hedge a currency exposure (ii) as a substitute for taking a position in the underlying asset where the ACD believes that a derivative exposure to the underlying asset represents better value than direct (physical) exposure (iii) to tailor the Fund's interest rate exposure to the ACD's outlook for interest rates and/or (iv) to gain an exposure to the composition and performance of a particular index (provided always that the Fund may not have an indirect exposure through an index to an instrument, issuer or currency to which it cannot have direct exposure).</p>
<p><b>Comparator Target Benchmark</b></p>	<p>Bloomberg Global Aggregate Index hedged to GBP.</p> <p>This benchmark covers a global universe of investment grade debt and includes treasury, government-related, corporate and securitised fixed-rate bonds from both developed and emerging markets issuers. It has therefore been chosen as the most suitable benchmark as it provides a broad representation of the investable universe for achieving the Fund's investment objective.</p> <p>The Fund is actively managed and will therefore not be constrained by this benchmark. The portfolio manager may deviate significantly from the benchmark when making investment decisions and can make investments in securities that are not included in the benchmark. The benchmark will however be used for measuring outperformance.</p> <p>The ACD uses the Absolute VaR approach to calculate global exposure. As such the benchmark will not be used as a reference for calculating global exposure.</p>

