



# Global Order Execution Policy

16 September 2024

## 1. Policy Statement

As an investment management company of funds and discretionary mandates (the “Clients”), Allianz Global Investors (AllianzGI, or AGI) places its Clients’ interests as its first priority, complies with all applicable regulatory and legal requirements, and adheres to the highest industry standards. For this reason, Allianz Global Investors has implemented this Global Order Execution Policy (the or this “Policy”) to outline the key principles under which we operate and to summarize our process for taking all sufficient steps to obtain the best possible result when we (i) execute orders in financial instruments on behalf of Clients (“Client Orders”) or (ii) place Client Orders with other entities or brokers for execution. This Policy shall serve as a basis for our Clients’ disclosure or consent to our order execution principles where this is required under local regulations or contractual obligations.

This Policy summarises the following information:

- Order handling and management requirements
- Counterparties and broker selection and review
- Execution venues that Allianz Global Investors generally intends to use to seek the best possible result for the execution of Client Orders
- Execution strategies and execution factors affecting the approach to order execution
- How we manage conflicts of interests
- Overview of the governance and monitoring of the execution arrangements and this Policy
- The review and updating of this Policy

## 2. Scope

This Policy applies to all Client Orders in financial instruments (except for orders in fund units or shares as described below) for which the Allianz Global Investors entities listed in Appendix 1 act as appointed investment manager.

### Out of Scope:

**Investment in funds** - The acquisition and sale of open-ended fund units or shares do not fall under the scope of this Policy. Nevertheless, as a general rule, Allianz Global Investors processes fund unit transactions on behalf of its Clients via the issuer in accordance with terms provided in the respective fund prospectus.

**Orders where a Client has instructed execution terms** - Allianz Global Investors may, from time to time, accept individual Client instructions to execute orders in accordance with specific execution terms (e.g., designated brokers, time or price limits, etc.). In such cases, Allianz Global Investors may deviate from its standard processes but will nevertheless be deemed to have met its best execution obligations.

**Delegation of duties** - If Allianz Global Investors should delegate all or part of the negotiation and execution of Client Orders to an affiliate or a non-affiliate, Allianz Global Investors will take sufficient steps to ensure that the delegated service provided to its Clients is performed in accordance with the Client’s best interest and utilizing processes that are comparably designed to ensure compliance with best execution obligations. Any such delegation shall be performed under a specific agreement entered into between Allianz Global Investors and the delegate, whereby the delegate will be responsible and liable to Allianz Global Investors for the fulfilment of its obligations.

### 3. Key Principles

#### **Client interests are our priority**

Any action taken by the professionals involved in this process must be performed in each Client's best interest. Potential conflicts of interest with Allianz Global Investors or between Clients, or between Clients and Counterparties, shall be the subject of specific attention and handling, as specified under relevant policies related to the prevention or mitigation of such conflicts of interests.

#### **Fair and equitable treatment of Clients**

Professionals working under the responsibility of Allianz Global Investors, or on its behalf, are required to treat each Client Order in a fair and equitable manner and provide the same quality of service, regardless of the relative importance of each Client Order in terms of Allianz Global Investors' business volumes.

#### **Respecting market integrity**

As professionals with specialised knowledge of the financial markets and, in certain cases, non-public information regarding a security, the issuer of a security or specific market circumstances, it is essential that Allianz Global Investors employees refrain from any action or decision likely to breach the operating rules for regulated markets or to affect the market or general public's perception of the value of a security traded on those markets.

#### **Compliance with Client instructions and investment restrictions**

The instructions, ratios, or other investment restrictions provided by Allianz Global Investors' Clients and by applicable regulations shall be considered as strictly binding obligations by the professionals assigned to the investment process.

#### **Segregation of duties**

AllianzGI segregates the functions involved in the life cycle of a trade in order to mitigate potential conflicts of interest and ensure the independence of trading responsibilities.

### 4. Order Management and Handling

Where Allianz Global Investors handles orders on behalf of Clients or as part of its portfolio management activities, we take all sufficient steps to ensure that orders are:

- executed promptly and fairly;
- accurately recorded;
- pre-allocated prior to negotiation or being sent for execution;
- allocated fairly; and
- executed sequentially unless the characteristics of the order or prevailing market conditions make this impracticable or the interests of the Client require otherwise.

Allianz Global Investors retains comprehensive records of its trading activities and order audit trails for a minimum of 5 years in accordance with each entity's applicable rules and regulations.

## 5. Counterparties and Brokers Selection and Review

Allianz Global Investors maintains an approved list of financial intermediaries or counterparties that it may use to execute Client Orders or place Client Orders with for execution. A sample list can be found in Appendix 2.

The decision to add a new counterparty or intermediary, such as a broker, is based on the evaluation of specific qualitative and quantitative factors to assess whether these brokers have their own appropriate processes and controls in place and selecting such intermediaries or counterparties is related purely to their ability to effectively deliver the best possible results for our Clients. The factors may vary depending on asset class, but the overall approval process, in principle, is applied consistently across all asset classes and involves multiple stakeholders at Allianz Global Investors including Risk as a control function.

These factors may include, among other things:

- Quality of execution and services, both historical and current
- Access to markets, alternative markets and trading venues
- Promptness/speed/latency of execution
- Creditworthiness and risk profile
- Clearance and settlement efficiency and capabilities
- Competitiveness of commission rates or spreads provided
- Provision of delegated regulatory reporting
- Staff experience, stability, expertise, and reputation
- Willingness to commit capital

A counterparty/broker review is conducted at least semi-annually.

We have given our consent to certain brokers executing our Client Orders outside of regulated markets, Organized Trading Facilities (“OTFs”) or Multilateral Trading Facilities (“MTFs”). However, we select all intermediaries on the basis of their ability to deliver best execution for the orders we place with them, regardless of the execution venue they use.

## 6. Execution Venues

Allianz Global Investors and the brokers with whom it may place Client Orders take all sufficient steps to utilise the execution venue and method of trading most appropriate to achieving the best result for the Client Order, taking into account execution factors such as available prices, costs, and likelihood of execution on a given execution venue, while also adhering to Allianz Global Investors’ contractual and regulatory obligations to Clients and the different market scenarios, liquidity issues or fund specifications and requirements. In meeting our regulatory obligation to take all sufficient steps to obtain the best possible result, we may use brokers to access one or more of the following execution venues:

- Regulated Markets
- Multilateral Trading Facilities (MTFs)
- Systematic Internalisers (SI)
- Electronic Communication Networks (ECNs)
- Organised Trading Facility (OTF)
- Other liquidity providers (including non-EEA entities that perform a similar function to the ones listed above)

In instances where orders exceed the volumes typically available on regulated markets or in cases where other considerations (such as to avoid possible signalling) render it a more beneficial way of execution, such orders may be traded in over-the-counter markets, through private bilateral negotiation.

Allianz Global Investors' Traders or selected intermediaries may use one or more trading methods or execution venues to fill a single Client Order.

## 7. Execution Strategies and Factors

Allianz Global Investors runs a large variety of different investment strategies that often require different execution strategies to best serve Clients' interests. When taking all sufficient steps to obtain the best possible results for its Clients, Allianz Global Investors can apply different execution methodologies depending on the relevant asset class, taking into consideration instrument as well as market specific information such as liquidity that are relevant to the execution process. In all trading activities, Allianz Global Investors will try to balance the need for price discovery and the risk of signalling to achieve the best possible execution for our Clients whilst maintaining market integrity.

When executing orders, Allianz Global Investors will take all sufficient steps to achieve the best possible result subject to and taking into account a range of different execution factors in deciding how to execute the order.

These execution factors can include:

- Price
- Transaction costs
- Speed and type of execution
- Likelihood of full execution
- Size of the order
- Creditworthiness and financial stability of the counterparty
- Settlement considerations
- In certain circumstances the broker's willingness to commit capital
- The technical access to the broker and the markets involved
- Any other consideration that is key to order execution

Explicit transaction costs such as commission rates paid across Client Orders are dependent on several factors including the asset class, execution venue, individual markets and transaction type. Counterparties for fixed income and foreign exchange transactions are generally not paid a commission. Equity trades are typically executed within a range of commission rates while futures contracts are traded and cleared using a flat charge per contract. Certain liquidity platforms for different asset classes may also charge a fee for their services.

Although price is generally a key execution factor in determining how to execute an order and assess the best possible result has been achieved, the characteristics of a particular order may require that other execution factors can take precedence in deciding the execution strategy and assess the best possible result has been achieved.

Key characteristics that could affect the execution strategy and importance of execution factors include:

- The type of Client
- The type of financial instrument
- The characteristics of the order

- The Client's investment strategy
- Client instructions
- Market Conditions
- Characteristics of the execution venues on which the order can be executed

## **Overview of specific asset classes**

### **Equities and Equity-like Instruments**

Equity transactions are placed by Allianz Global Investors with brokers who have access to the relevant exchanges and venues for execution and have the expertise and the required understanding of Allianz Global Investors' trading objectives. Equity transactions are either placed with a Sales Trader or through electronic channels provided by the intermediary.

Additionally, Allianz Global Investors can use block trading platforms to search for natural liquidity that matches our trades.

Unless one or more of the characteristics of the order require otherwise, across all equity products, including equity-like instruments, such as exchange traded funds (ETFs), the ranking of the execution factors is typically as follows:

- Investment objective of the underlying strategy
- Price
- Likelihood of full execution
- Speed

The remaining execution factors—cost (including implicit cost such as impact on the market), order size, current liquidity conditions and any other consideration relevant to the efficient execution of a Client Order—are generally given equal ranking unless the investment strategy requires a different weighting.

In instances where orders exceed the volumes typically available on regulated markets, large orders (or "block trades") may be traded in over-the-counter markets, through private bilateral negotiation.

Orders sent by Portfolio Managers and received by the Trading Desk of Allianz Global Investors in a defined order window may be aggregated and communicated to the executing broker counterparty as a single order in accordance with formalized internal aggregation and allocation procedures, designed to ensure that all portfolios be treated fairly and equitably over time.

### **Fixed Income**

For liquid bonds, electronic platforms (MTF) such as Bloomberg, MarketAxess or TradeWeb are generally available and provide the opportunity for simultaneous, competitive bid/offer quotes as well as request for quote (RFQ) type price discovery. Such platforms typically are the preferred venues on which to effectively execute certain types of fixed income transactions.

In general, they help to perform the price discovery function and seek best price by initiating competition among multiple independent third parties.

However, such platforms are not necessarily appropriate for transactions above a certain size or in less liquid instruments because the leakage of trade interests to the market can adversely affect the relevant pricing and inadvertently compromise the ability to obtain the best result available for the transaction.

Unless one or more of the characteristics of the order require otherwise, across all fixed income trades the ranking of the execution factors is typically as follows:

- Investment objective of the portfolio's strategy
- Price
- Likelihood of full execution
- Speed

For transactions that are not executed using an order book or RFQ based trading venue, Allianz Global Investors will use reasonably available and relevant sources of price discovery, including, but not limited to, market transaction prices (TRACE, BBG, TRAX, etc.) on historical or comparable financial instruments; quotes for, or yields on, historical or a comparable financial instrument; price runs and dealer quotes. Quotes generally should be obtained from more than one counterparty as part of the price discovery process; however, that is not always possible nor necessarily helpful in the process. Alternatively, there may be only one potential counterparty and therefore, obtaining multiple quotes is not possible. Additionally, in the case where several or all instruments from the same fund need to be traded simultaneously (also known as a "program trade"), quotes may be sought for the program trade as a whole in order to obtain the best result rather than for each individual instrument.

Allianz Global Investors will consider on a trade-by-trade basis whether obtaining multiple quotes can be or should be attempted based on the security type, liquidity, size of the transaction and prevailing market conditions. For those less liquid or larger in size transactions, the Trading Desk will use broker contacts as well as electronic platforms to search for natural, matching liquidity or alternatively ask for capital commitment.

### **Exchange-traded Derivatives (ETDs)**

ETDs are traded similarly to equities; orders are placed in the exchange order book either directly by using a counterparty's electronic channel or by sending the orders to the counterparty who then places the order in the order book.

Depending on the size, complexity, liquidity and prevailing market conditions, Allianz Global Investors will consider on a trade-by-trade basis whether obtaining multiple quotes can be or should be attempted as an alternative to trading on the exchange Central Limit Order Book ("CLOB"). For those less liquid or larger in size transactions, the Trading Desk will use broker contacts as well as electronic tools such as RFQ platforms to search for matching liquidity or alternatively ask for capital commitment.

Unless one or more of the characteristics of the order require otherwise, across all ETDs the ranking of the execution factors is typically as follows:

- Investment objective of the underlying strategy
- Price
- Likelihood of full execution
- Speed

The remaining execution factors—cost (including implicit costs such as impact on the market), order size, current liquidity conditions, available counterparties and any other consideration relevant to the efficient execution of the order—are generally given equal ranking unless the investment strategy requires a different weighting.

### **Over-the-Counter (OTC) Derivatives, excluding FX**

All OTC derivatives must be traded under industry legal documentation. This means our choice of counterparty for trading certain instruments such as interest rate swaps, credit default swaps, swaptions, inflation swaps, asset swaps, currency options and other more bespoke instruments can be limited to those banks where the required documentation is in place.

Similar to fixed income, trading electronic platforms (MTF) such as Bloomberg or TradeWeb are generally available for several derivatives instruments, providing the opportunity for simultaneous, competitive bid/offer quotes as well as request for quotes (RFQ) type price discovery.

For instruments where those platforms are not liquid enough or the trade specifics require a different approach, the Trading Desk will follow a similar path as described for illiquid fixed income instruments and program trades, using a sufficient number of quotes to achieve price discovery without risking information leakage to the market that could adversely impact pricing.

### **Foreign Exchange (FX)**

Foreign Exchange transactions are either conducted by the Allianz Global Investors Trading Desk using third party brokers or through the appointed custodian bank. All OTC FX derivatives must be traded under industry legal documentation. Under EMIR, OTC FX derivatives trades typically must be collateralized with variation margin and/or in accordance with Allianz Global Investors European Collateral Guidelines with the required collateral agreements in place prior to the commencement of trading. Certain legally permissible exemptions exist under EMIR for specific products (i.e., physically settled FX forwards and physically settled FX swaps) or non-financial counterparties. When a legal entity that directly holds the OTC FX derivative is considered a non-financial counterparty by EMIR and not subject to collateralization obligations under EMIR, trading could exceptionally take place without collateralization. Where possible, a settlement using Continuous Linked Settlement ("CLS") is put in place.

The nature of the trade and its underlying investment strategy are significant factors in the choice of the appropriate execution strategy.

In such cases that the financial instrument to be traded and/or the relevant Client arrangements allow this, the Trader will undertake an active negotiation process for FX Client transactions by selecting the brokers or counterparties and execution strategy most suitable to achieve the best possible results for the relevant Client.

FX execution will typically and preferably take place via electronic multibank platforms or Electronic Communication Network (ECN) liquidity using streaming quotes. Transactions are passed to those platforms or an execution desk through electronic channels where possible. Voice execution or order placement will be kept to a minimum for exceptional cases.

Depending on the size, complexity, liquidity and prevailing market conditions, Allianz Global Investors will consider on a trade-by-trade basis obtaining multiple quotes via electronic price streaming platforms or manually priced RFQs.

For less liquid or larger in size transactions, the Trading Desk will use broker contacts as well as electronic tools such as RFQ platforms to search for matching liquidity or alternatively ask for capital commitment.

Unless one or more of the characteristics of the order require otherwise, across all FX trading the ranking of the execution factors is typically as follows:

- Investment objective of the underlying strategy



- Price
- Likelihood of full execution
- Speed
- Settlement considerations

The remaining execution factors—cost (including implicit cost such as impact on the market), order size, current liquidity conditions, available counterparties and any other consideration relevant to the efficient execution of the order—are generally given equal ranking unless the investment strategy requires a different weighting.

## 8. Cross Trades

Portfolio-to-portfolio transactions (or “Cross Trades”) are defined as a transfer of assets occurring between two or more portfolios for which Allianz Global Investors acts as Portfolio Manager with investment discretion or for whom it provides execution services and is conducted via either the intermediation of a counterparty or a custodian.

Cross Trades may be executed if they are compliant with applicable regulations and internal policies and procedures, which minimally ensure that conflicts of interest are managed, and all Clients are treated fairly and equitably.

## 9. Preventing Conflicts of Interests

### Prohibited Practices

With respect to the selection of counterparties and brokers, the following practices are prohibited:

- Trades directed as an incentive by Allianz Global Investors to receive or benefit from (a) preferential allocation in new security offerings or placements, (b) gifts or entertainment, (c) a preferential referral of Allianz Global Investors’ products within such counterparties or brokers fund or other distribution network, or (d) discounted or preferential access to research.
- Directed brokerage arrangements other than, exceptionally, at the request of a Client for its own orders and for the exclusive benefit of such Client.
- Favouring certain Clients over others, without exceptions.

### Aggregation and Allocation

In order to ensure that all portfolios receive fair and equitable access to executions, Client Orders received by the Allianz Global Investors Trading Desk may be aggregated and communicated to the executing broker, dealer or counterparty as a single order. Internal allocation procedures are designed to ensure that all portfolios be treated fairly and equitably over time. To avoid giving any Client unfair preference when allocating orders, allocations should be made in a manner that is fair amongst our customers, is timely, is reasonable in the interests of all Clients, and does not conflict with any relevant Client instructions or the provisions of its contract. Allocations are not based on account performance, fee structure or portfolio preference. Any deviations from this Policy must receive approval from Compliance before being executed.

## 10. Best Execution Governance

Allianz Global Investors monitors the effectiveness of this Policy and best execution arrangements in various ways. When market data is considered reasonable and relevant, it is generally used to monitor execution quality for transactions on a quantitative basis. Additionally, the Trading Desks and Compliance utilise various monitoring systems, including external service providers, to provide transaction cost analysis in order to monitor execution quality on a regular basis.

In particular, Allianz Global Investors has implemented a 3-tiered best execution governance framework to ensure that we take all sufficient steps to obtain the best possible result for our Clients.

As a 1<sup>st</sup> level of controls, the day-to-day fulfilment of best execution lies with the Allianz Global Investors trading staff, who apply firm-wide execution standards and policies for all trading and related activities. Execution occurs primarily via the centralised Trading Desks and only in limited cases is conducted by Portfolio Managers subject to a risk assessment and control framework regularly reviewed and approved by Allianz Global Investors Investment Executive Committee ("IEC"). All Traders and Portfolio Managers authorized to execute orders evaluate and where possible measure their trading performance and quality of execution using analytics such as third-party trade cost analysis (TCA) services or internally developed methods including votes and an evaluation of the execution factors previously described in this Policy.

As a 2<sup>nd</sup> level of controls, control functions such as Compliance and Risk perform an independent review of counterparties and execution quality and ensure that all exceptions are resolved or escalated as needed.

As a 3<sup>rd</sup> level of controls, the Best Execution Committee ("BEC") was established to ensure governance of the best execution arrangements and commitments to our Clients. The BEC has been assigned duties and responsibilities and convenes periodically, at a minimum twice annually. The BEC, comprised of representatives from Compliance, Risk Management, Portfolio Management and Authorized Trading Staff, participate in a process designed to monitor execution quality, including reviews of the execution venues and brokers used as well as reports on whether all transactions have been executed in line with the best execution factors set forth in this Policy. The BEC is authorized to review and investigate any matters of relevance to trading and execution of transactions generally such as:

- Reviewing adherence and relevance of execution standards, procedures and systems.
- Reviewing the transaction quality assessments performed by stakeholders, including but not limited to Trading, Investment Operations, Compliance and Risk, to ensure a comprehensive and adequate control framework.
- Receiving project updates impacting best execution obligations or processes.
- Maintaining accurate and complete records documenting the efforts of Allianz Global Investors to achieve best execution for transactions executed on behalf of its Clients.
- Formalizing the feedback loop into the execution desks for all relevant evaluations by Compliance, Middle Office, Risk and any other stakeholders in relation to the performance of counterparties and brokers or any matter of relevance.

## 11. Policy Updates and Maintenance

This Policy will be available on Allianz Global Investors website: <https://regulatory.allianzgi.com/en>

Allianz Global Investors reviews its execution framework and this Policy at least annually or more frequently if a material change to the regulatory or market environment occurs that may affect its ability to obtain the best possible result for the execution of Client Orders. Material events can be defined as any change in systems, processes or relationships that will impact our ability to achieve best execution. If a material event occurs, this Policy and internal desk procedures will be reviewed by the Best Execution Committee at the earliest opportunity to ensure that they remain effective in ensuring Allianz Global Investors is still able to offer best execution. Clients will be notified of material Policy updates in accordance with our contractual and regulatory obligations.

# Appendices

DATE: 16 September 2024

## Appendix 1: Scope of applicable entities (PUBLIC)

### AllianzGI Executing Offices

Europe:

- Allianz Global Investors GmbH
  - Frankfurt
  - Paris
- Allianz Global Investors UK Limited<sup>2)</sup>
- Allianz Global Investors (Schweiz) AG (Zurich)<sup>1)</sup>

US:

- Allianz Capital Partners of America LLC (New York)

APAC:

- Allianz Global Investors Asia Pacific Ltd (Hong Kong)
- Allianz Global Investors Taiwan Ltd. (Taipei)<sup>1)</sup>
- Allianz Global Investors Overseas Asset Management (Shanghai) Limited<sup>1)</sup>
- Allianz Global Investors Fund Management Co. Limited (Shanghai)
- PT Allianz Global Investors Asset Management Indonesia<sup>1)</sup>

<sup>1)</sup> These Executing Offices are only executing for their local respective Initiating Offices and don't execute for other Initiating Offices.

<sup>2)</sup> This Executing Office is only permitted to provide execution services for portfolios for which the entity is the management company or for portfolio managers who are employed by the entity (e.g. trading of instruments negotiated and executed through OTFs or OTC). It is permitted to provide reception and transmission of orders of services for any other Initiating Office (e.g. trading of IPOs/New Bond Issuances or secondary market trades for listed instruments that are executed on an exchange where a counterparty is interacting directly with the exchange).

### AllianzGI Initiating Offices

Europe:

- Allianz Global Investors GmbH (Brussels, Frankfurt, Milan, Paris, Rotterdam, Munich)
- Allianz Global Investors (Schweiz) AG
- Allianz Global Investors UK Limited

APAC:

- Allianz Global Investors Asia Pacific Ltd. (Hong Kong)
- Allianz Global Investors Taiwan Ltd.
- Allianz Global Investors Singapore Ltd.
- Allianz Global Investors Japan Co., Ltd. (Tokyo)
- Allianz Global Investors Fund Management Co. Limited (Shanghai)
- Allianz Global Investors Overseas Asset Management (Shanghai) Limited
- PT Allianz Global Investors Asset Management Indonesia

## Appendix 2: Brokers and Counterparties (PUBLIC)

Allianz Global Investors may use the following brokers and counterparties when seeking best execution. The below list is a sample of brokers and counterparties approved and in use across asset classes and regions as of the date of this Policy. The list may be subject to changes and may be revised from time to time. AllianzGI may approve or remove brokers on a permanent basis in accordance with its regular practices as described in the Policy as well as approve or remove brokers on a provisional or temporary basis. This Appendix may not reflect such additions and removals until the next update of this Policy, which may be in connection with the annual review described in the Policy. Brokers and counterparties are listed at their entity level; however, Allianz Global Investors may contract with subsidiaries of these group firms.

ABG SUNDAL COLLIER	KEPLER/CHEUVREUX
BANCA IMI	LIQUIDNET
BANCO SANTANDER	MACQUARIE
BANK OF AMERICA	MARKETAXESS
BARCLAYS	METZLER
BBVA	MIZUHO
BMO CAPITAL MARKETS	MORGAN STANLEY
BNP PARIBAS	NATIXIS
CICC	NOMURA / INSTINET
CITIC CLSA	NORDEA
CITIGROUP	NUMIS
CREDIT SUISSE	ODDO & CIE
DAIWA SECURITIES	OPTIVER B.V.
DAVY STOCKBROKERS	RBC CAPITAL MARKETS
DEN DANSKE	ROBERT W. BAIRD & CO
DZ BANK	ROYAL BANK OF SCOTL.
EXANE	SANFORD BERNSTEIN
GOLDMAN SACHS	SMBC NIKKO
GOODBODY STOCKBROKER	SOCIETE GENERALE
HSBC	STANDARD CHARTERED
ICBCI INTL SEC LTD	STIFEL NICOLAUS & CO
ING GROEP	TD Sec
INTERMONTE	UBS
INVESTEC	UNICREDIT BCA. MOB.
JANE STREET	VIRTU Financial Grou
JEFFERIES	WELLS FARGO SECURITI
JP MORGAN	WILLIAM BLAIR

