

## Qualitative Best Execution Measures

### 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 stated 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 (MTF) platforms 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 stated 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 which 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, 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 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 stated 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 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.

### **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 (MTF) platforms 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 which could adversely impact pricing.

## **Foreign Exchange (FX)**

Foreign Exchange transactions are either conducted by the AllianzGI Trading Desk using third party brokers or through the appointed custodian bank. All OTC FX derivatives must be traded under industry legal documentation. OTC FX derivatives trades typically must be collateralized with variation margin under EMIR and/or in accordance with AllianzGI Collateral Policy with the required collateral agreements in place prior to the commencement of trading. Certain legally permissible exemptions exist under EMIR for specific products (physically settled FX Forwards and physically settled FX Swaps) or non-financial counterparties. When a legal entity who directly holds the OTC FX derivatives is considered a non-financial counterparty by EMIR and not subject to collateralization obligation under EMIR, trading could exceptionally take place without collateralization. Where possible a settlement using 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 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 stated 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.

## **Ex-post review of the execution factors**

An ex-post review of the execution factors and their relative importance was conducted in the context of the semi-annual best execution committee and deemed relevant. No material changes were made to the execution factors or other elements of the order execution policy in the previous year, including the execution venues used.



## Other important information

<p>a) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;</p>	<p>AllianzGI did not have any close links or common ownerships with respect to any execution venues used to execute orders, nor any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received. In the event that the execution venue is a listed company, AllianzGI may purchase from time to time shares in such company for the portfolios it manages in line with the portfolios' strategy and investment guidelines, but AllianzGI has implemented appropriate measures to mitigate any related risks of conflicts.</p>
<p>b) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;</p>	<p>AllianzGI did not have any close links or common ownerships with respect to any execution venues used to execute orders, nor any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.</p>
<p>c) an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred;</p>	<p>N/A</p>
<p>d) an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;</p>	<p>N/A</p>
<p>e) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;</p>	<p>N/A</p>
<p>f) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575;</p>	<p>N/A</p>
<p>g) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.</p>	<p>N/A</p>