

24 September 2019

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

You are not required to take any action unless you are not in agreement with the proposed changes.

Terms used here in capital letters shall bear the same meaning as capitalised terms used in the latest prospectus of Allianz International Investment Funds (the “Company”). A copy of the prospectus is available upon request during normal business hours by contacting us on telephone number 0800 317 573 or via the website <https://uk.allianzgi.com/B2C> for retail investors, for IFA’s please visit <https://uk.allianzgi.com/Adviser>.

Dear Investor,

As the Authorised Corporate Director (the “**ACD**”) of the Company we are writing to inform you about a forthcoming change to the investment objectives of the **Allianz Fixed Income Macro Fund** (the “**Fund**”) that are due to take place on 25 November 2019 (“the **Effective Date**”).

Allianz Fixed Income Macro Fund

- E Shares (Accumulation) (ISIN GB00BG43NG36)

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

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 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.

From the Effective Date the change is as follows:

1. A change to the investment objective to remove the stated 4-6% stated outperformance target above the Sterling Overnight Interbank Average (SONIA) and a change to the timeframe for the target return from “a rolling three year period” to “a rolling twelve months period”.

A full marked comparison is set out in the Appendix for your convenience.

Implications/Rationale

Following a recent review of all of our fund objectives and investment policies and an in-depth analysis of how investment decisions are made, we would like to make the above change in order to more accurately reflect how the Fund is actually managed on a day-to-day basis.

Our review showed that when making individual investment decisions in respect of the Fund, the Portfolio Manager (“PM”) does not actively target any particular excess return, rather the PM tries to generate as high a return as possible given the limits of the Fund and the opportunities in the market. For example:

- When sizing trades the PM does not allocate risk on the basis of a particular target. Instead, trades are sized based on a number of factors including the prevailing market conditions, conviction levels, and the current portfolio etc.;
- If the Fund reaches any particular level of return, the PM does not reduce risk because of some target being reached.

The Fund’s neutral position is 100% cash and there is no structural bias which is designed to create a positive expected return. Thus, it is not the 4-6% outperformance number referred to in the Fund’s objective that actually drives the individual investment decisions made by the PM, but rather the matters set out above.

Accordingly, we believe that we should remove the outperformance target of 4-6%. This would more accurately reflect the actual strategy of the Fund which is to produce positive absolute returns above the Target Benchmark, SONIA.

In addition, we would like to make clear that it is the intention of the ACD to produce these positive returns over a rolling 12 month period (instead of a rolling 3 year period) and that this intention will hold irrespective of market conditions.

Impact on the way in which the Fund is currently being managed

We confirm that the proposed changes will not in any way change the strategy of the Fund or the way in which the Fund is actually being managed on a day to day basis. Nor will it lead to a change in the risk profile of the Fund.

The aim of the Fund will still be to generate capital growth by outperforming the Target Benchmark (SONIA). However, we no longer wish to set out any particular return above the cash benchmark.

We confirm that investment process will remain the same and that all limits will remain the same. In particular,

- The Fund’s total Value at Risk limit shall remain at 8%;
- All individual position limits shall remain the same; and
- The Fund’s risk management framework shall remain the same.

In summary, we are trying to:

- more closely align the Prospectus with the actual strategy as it is; and
- make clear that whilst the Fund aims to generate as high a return as possible

given the limits of the Fund and the opportunities in the market, the PM does not actively target any specific excess return when making his investment decisions. Accordingly, a particular return above the cash benchmark should not be expected or promised.

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 do not agree with the above mentioned changes, you may redeem your holding in full or switch some or all of your holding to an alternative fund of our OEIC range of funds at any time prior to the Effective Date in the usual manner. If you do not take any action, you will remain invested in the Fund.

If you are happy with the proposed changes, you are not required to take any action and will remain invested in the Fund as before.

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

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

Yours faithfully,

Allianz Global Investors GmbH, acting by its UK branch

Appendix:

Name	Allianz Fixed Income Macro Fund
Investment Objective (marked)	The Allianz Fixed Income Macro Fund aims to generate capital growth by outperforming the Target Benchmark, the SONIA by 4% to 6% per annum (gross of fees) over any rolling three year period <u>producing positive absolute returns above SONIA (net of fees) over a rolling twelve month period irrespective of market conditions</u> by investing predominantly in derivatives of fixed income instruments and fixed income securities. 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 at all.