

25 August 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 Gilt Yield Fund, a sub-fund of Allianz UK & European Investment Funds (the "Company").**

- **I (Inc) Shares ("I Class Shares") (ISIN GB0031383390)**
- **Y (Acc) Shares ("Y Class Shares") (ISIN GB00BYXQXR07)**

As the Authorised Corporate Director (the "**ACD**") of the Company we are writing to inform you about forthcoming changes to the **Allianz Gilt Yield Fund** (the "**Fund**") that are due to take place on 25 October 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 FTSE Actuaries UK Conventional Gilts All Stocks Index Midday Total Return (in GBP), 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 FTSE Actuaries UK Conventional Gilts All Stocks Index Midday Total Return (in 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. 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.

## **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). The Target Benchmark will be used for measuring the Fund's outperformance against the benchmark.

### **Implications**

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

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

Without deviating from the Fund's investment strategy, we plan to amend the recommended holding period of the Fund from 2-3 years to 3 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 periods of the funds, and this will bring the Allianz Gilt Yield Fund in line with the 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 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. This letter constitutes such notice.

**If you are not in agreement with the proposed changes you may switch or redeem your Shares in the usual way, by 12:00 on 24 October 2023 at the latest, in line with the timetable below.**

### **Timing**

|                 |  |
|-----------------|--|
| 25 August 2023  | Shareholders notified (60 days' notice required) |
| 24 October 2023 | Deadline for switching or redeeming your Shares  |
| 25 October 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 UK Limited

## Appendix 1: Changes highlighted for you

|   |   |
|---|---|
| <p><b>Investment Objective</b></p>            | <p>The <u>investment</u> objective of the <u>Allianz Gilt Yield</u> Fund is to maximise total return, consistent with preservation of capital and prudent investment management, <del>primarily through investment in United Kingdom Government Securities</del> <u>by aiming to outperform (net of fees) the Target Benchmark, the FTSE Actuaries UK Conventional Gilts All Stocks Index Midday Total Return (in GBP), over a rolling three year period.</u></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><u>The Annual Management Charge for Allianz Gilt Yield Fund is charged to capital. This will increase the amount of income available for distribution to Shareholders but may constrain capital growth.</u></p>   |
| <p><b>Investment Policy</b></p>               | <p>The ACD <u>aims to achieve the investment objective by</u> will adopt a policy of active management and may investing in gilts (<u>being UK government bonds</u>), overseas government bonds, government guaranteed bonds, <u>and</u> supranational bonds, deposits, money market instruments and derivatives. The Fund may also invest in collective investment schemes.</p> <p>At least 80% of the value of the Fund will be invested in gilts issued by the United Kingdom Government.</p> <p>Up to 20 % of the value of the Fund may be invested in Sterling denominated (or hedged back to Sterling) debt securities, which are not issued by the United Kingdom Government, with a rating the same or higher than that of the United Kingdom Government.</p> <p><u>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 10% of the Fund's assets.</u></p> <p><u>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.</u></p> <p>The Fund may use derivative instruments such as futures, options, options on swaps and swap agreements (e.g. interest rate swaps).</p> <p>Use of Derivatives</p> <p>The Fund may use the derivative instruments listed above for hedging purposes and/or for investment purposes. 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) 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 (ii) to tailor the Fund's interest rate exposure to the ACD's outlook for interest rates and/or (iii) 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<br/>Target Benchmark</b></p> | <p>FTSE Actuaries UK Conventional Gilts All Stocks Index Midday Total Return (in GBP).</p> <p>This benchmark has been chosen <u>as a performance target as the ACD considers this to set a reasonable performance target for the Fund to achieve, taking into account a number of factors including (for instance) the investment strategy pursued by the portfolio manager and the assets in which the Fund will principally invest (UK conventional gilts), as the most suitable benchmark, covering all UK conventional gilts. It therefore provides a broad representation of the investable universe for achieving the Fund's investment objective.</u></p> <p><del>As stated in the investment policy above, the Fund will invest at least 80% of the Fund's assets in gilts issued by the United Kingdom Government. As all such gilts are represented in the benchmark, this means that, in effect, the portfolio manager shall be required to invest at least 80% of the Fund's assets in securities which are represented in the benchmark. Beyond that the Fund is actively managed, and will be constrained to a limited extent only by the 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 subject to the limits set out above.</del></p> <p>The <u>Fund aims to outperform the benchmark and investors can therefore measure the</u></p>   |

Fund's will however be used for measuring performance **against the benchmark.**

The aforementioned benchmark is provided by FTSE International Limited an administrator which appears on the register as defined in Art. 36 of the Benchmark Regulation.