



AS AT 31ST DECEMBER 2023

# Allianz Global Investors UK Limited

MIFIDPRU 8 Disclosures

# Table of Contents

Allianz Global Investors UK Limited MIFIDPRU 8 Disclosures	1
1. Introduction	4
1.1. Background	4
1.2. Frequency of Disclosure	4
1.3. Board Approval	4
1.4. Entity Description	4
2. Governance Arrangements	5
2.1. Board of Directors	5
2.2. UK Committees	5
2.3. Adequacy of Risk Management Arrangements	6
2.4. UK Directors' External Directorships	6
2.5. Diversity	6
3. Risk Management	7
3.1. Three-Lines-of-Defence	7
3.2. UK Risk Management Framework	7
3.3. Risk Processes and Procedures	8

3.4. Key Risks and Potential Harms assessed through the ICARA Process	8
3.4.1. Quantification of Material Risks	8
3.5. Summary of Own Funds Threshold Requirement	11
3.5.1 Capital (Own Funds) Position	12
3.5.2 Own Funds Threshold Requirement (OFTR)	12
3.6. Summary of Liquid Assets Threshold Requirement	13
3.6.1. Overall Liquidity Position	13
3.6.2. Liquid Assets Threshold Requirement (LATR)	14
<b>4. Remuneration Disclosure</b>	<b>15</b>
4.1. Remuneration Policy & Practices	15
4.2. Fixed & Variable Remuneration/Structure of Remuneration	15
4.3. Link between Pay & Performance	16
4.4. Remuneration Decision Making Process & Committee	16
4.5. Material Risk Takers	17
4.6. Quantitative Disclosures	18
<b>5. Investment Policy</b>	<b>19</b>

# 1. Introduction

## 1.1. Background

The Investment Firms Prudential Regime (“IFPR”) sets out requirements for investment firms to disclose additional information relating to their risk management approach, capital adequacy, remuneration approaches and board diversity.

From this point on, unless otherwise stated, the terms “AllianzGI UK Ltd” and/or “the firm” refers only to Allianz Global Investors UK Limited as it is the only Allianz Global Investors group entity regulated in the UK by the Financial Conduct Authority (FCA) and required to produce a MIFIDPRU 8 disclosure.

This document sets out the IFPR disclosures for AllianzGI UK Ltd in accordance with the FCA Prudential Sourcebook for MIFID Investment Firms chapter 8 (MIFIDPRU 8).

## 1.2. Frequency of Disclosure

This disclosure is to be made by AllianzGI UK Ltd at least annually, and all information contained is as of 31 December 2023 (unless stated otherwise), which represents the date of AllianzGI UK Ltd’s most recent financial accounting year-end. This disclosure will be published more frequently than annually should any significant change to the relevant characteristics of the business require more frequent disclosure.

This disclosure is published on AllianzGI UK Ltd’s website (<https://uk.allianzgi.com/en-gb/our-firm/company-policies>), in the section titled “Company Policies” under “Our Firm”.

## 1.3. Board Approval

These disclosures were approved for publication by the AllianzGI UK Ltd Board (the “Board”) on 11 April 2024. The Board has verified that the disclosures are consistent with formal policies and are satisfied with the adequacy and effectiveness of the risk management arrangements.

## 1.4. Entity Description

AllianzGI UK Ltd is a regulated firm authorised by the FCA as a Collective Portfolio Management Investment (CPMI) firm. As a CPMI firm, AllianzGI UK Ltd is required to comply with the IFPR.

AllianzGI UK Ltd is a wholly-owned subsidiary of Allianz Global Investors Holdings GmbH and a member of the wider Allianz Group.

The Allianz Group is a financial services group with its headquarters in Munich, Germany. AllianzGI UK Ltd forms part of the investment management division of the Allianz Group, Allianz Global Investors (AllianzGI) which currently has EUR 533 billion of assets under management (AUM) as of 31 December 2023 worldwide across its institutional and individual investor base. AllianzGI includes a number of asset management entities based in the United States, Europe and Asia Pacific.

AllianzGI UK Ltd’s principal business activities include: (i) UCITS management; (ii) AIF management; (iii) segregated portfolio management; (iv) provision of sub-investment management services to affiliates; and (v) reception and transmission of orders.

## 2. Governance Arrangements

### 2.1. Board of Directors

The UK Board is responsible for long-term strategic development and strategy. In addition to a continuous information exchange between the members of the UK Board on an ongoing basis, formal board meetings are held at least every quarter. Further meetings can be scheduled on an ad-hoc basis, as and when required.

The majority of AllianzGI UK Ltd's directors and other senior managers, who make decisions relating to the central direction and the material management of AllianzGI UK Ltd on a day-to-day basis, are based in the UK. AllianzGI UK Ltd has also put in place arrangements under which certain day-to-day functions are delegated to other entities and governed by functional internal service level agreements (SLAs). However, the UK Board will retain overall responsibility for the actions of the delegates.

The UK Board is responsible for setting and overseeing the AllianzGI UK Ltd's core values, and for ensuring that all members and employees conduct themselves in accordance with these values. In addition, all members and employees are subject to comprehensive compliance policies and procedures, including a Code of Ethics, which sets out in detail the practical requirements for carrying on the business of AllianzGI UK Ltd. AllianzGI UK Ltd's Compliance Officer (SMF 16) is responsible for supervising and monitoring employees' compliance with the Code of Ethics, and periodically reports to senior management on any breaches or areas for improvement.

The UK Board is responsible for directing, controlling and co-ordinating the AllianzGI UK business in accordance with applicable laws, AllianzGI UK's articles of association, directions received from its shareholder and its Terms of Reference.

Without limiting the responsibility of individual UK Board members or the UK Board as a whole, the Board may establish committees and sub-committees to assist in the management of the AllianzGI business. Each committee shall perform an advisory, coordinating and decision-making role for the Board within the scope of its delegated powers. Subject to its ultimate power to overrule decisions, the Board shall be entitled to delegate decision-making responsibilities to any committee.

### 2.2. UK Committees

Committee	Responsibilities
Remuneration Committee	Assisting and advising the Board on matters relating to remuneration. Setting and monitoring the remuneration strategy for the Firm. Overseeing application of the Remuneration Code. Approving remuneration arrangements of directors and senior executives of the company.
Audit Committee	Responsibility for financial reports, external and internal audit. Ensure there are effective controls in the Firm.
Risk Committee	Advising the Board on risks to the firm, including conduct risk. Overseeing the firm's risk framework and risk management.
Nominations Committee	Appointing directors to the Board and committees for the firm.
Valuation Committee	Facilitates the resolution of issues related to the valuation of assets within its scope. Providing decision (approvals) on matters raised by the Valuation Team with the ultimate goal of mitigating pricing risk, ensuring global pricing decisions are acknowledged and consistently applied and that AllianzGI is adhering to all local/regional regulatory requirements in the UK.
Consumer Duty Committee	Monitoring whether AllianzGI UK products and services are delivering good outcomes to retail customers in line with Consumer Duty, including identifying poor outcomes and ensuring the firm is taking appropriate action to rectify the causes of any poor outcomes.

### 2.3. Adequacy of Risk Management Arrangements

As at the reporting date, the UK Board considered that it had in place adequate and appropriate systems and controls with regard to the firm’s strategy and that the firm is properly resourced and skilled to avoid or minimise loss. The Board feels the firm’s risk governance framework allows it to identify and manage conflicts of interest in an appropriate manner to promote the integrity of the market and interests of AllianzGI UK Ltd’s clients.

### 2.4. UK Directors’ External Directorships

AllianzGI UK Ltd is not a significant SYSC firm and therefore is not required to comply with the requirements under SYSC 4.3A.6 R (Management body) and the requirements under MIFIDPRU 8.3.1 R (3).

AllianzGI UK Ltd has five directors in total: two independent non-executive directors, one non-executive director, and two executive directors – see Table 1.

**Table 1: AllianzGI UK Ltd Directors’ external directorships**

Name	Role at AllianzGI UK Ltd	Number of External Directorships
Kirstene Baillie	Independent Non-Executive Director	1
Beat Bucher	Independent Non-Executive Director	1
Petra Trautschold	Non-Executive Director	1
Neil Brown	Executive Director	0
Simon Gergel	Executive Director	0
Ludovic Lombard	Executive Director	1

### 2.5. Diversity

The objective of our Diversity, Equity and Inclusion (DEI) policy is to establish the importance of DEI for AllianzGI and set clear expectations for the company’s, employees’, leaders’ and HR’s responsibilities in making sure that inclusion and diversity are effectively incorporated into decision making and the management of business activities.

Our Head of Culture and Engagement leads on the implementation of our DEI strategy. Our senior managers are accountable for DEI within their functions, which is also embedded within their performance goals, with progress regularly tracked. Everyone who works at Allianz Global Investors is responsible for behaving in accordance with our values and for co-creating our inclusive culture, as

outlined in our DEI policy as well as in our anti-harassment and anti-discrimination policies. Our culture depends on everyone being part of it, both the minority and majority groups understanding they have a role to play, and all functions and colleagues taking responsibility for making it happen.

Achieving gender equality is one of our key inclusion and diversity commitments. Having a diverse workforce helps us to better understand and meet the needs of our equally diverse customer base. It is critical for the growth and long-term development of our business, as it will help us to make better decisions, be more innovative, attract and retain the best talent available, and better serve our clients globally.

## 3. Risk Management

### 3.1. Three-Lines-of-Defence

AllianzGI UK Ltd employs a “Three-Lines-of-Defence” model with graduated control responsibilities. The distinction between the different lines of defence is principles-based and determined by activities:

- (i) The first line of defence is performed in the business through the management of day-to-day activities. It is responsible for designing and implementing adequate controls related to their processes. Any function which is not part of the second or third line of defence performs first line control activities.
- (ii) The second line of defence provides independent oversight and challenge of the day-to-day risk taking and controls of the first line. They shall be involved in key business decisions processes, may request all relevant information necessary to form a professional judgement and have the right to escalate decisions to the respective management body. The second line of defence is performed by Legal & Compliance and Risk Management.
- (iii) The third line of defence provides independent assurance across the first and second lines of defence. Its activities include an independent assessment of the effectiveness and efficiency of the governance and internal control systems and processes, and respective reports to the relevant management bodies/committees. The third line of defence is performed via the group Internal Audit function.

AllianzGI UK Ltd has functionally and hierarchically separated the functions of risk management from the operating units, including from the functions of portfolio management, via the following arrangements:

- AllianzGI UK Ltd’s Board is collectively responsible for risk management matters with respect to AllianzGI UK Ltd itself, the funds and any managed account clients.
- AllianzGI UK Ltd’s risk management systems and controls have been designed having regard to the relevant regulatory requirements including, in particular, Chapter 7 of the SYSC rules, Chapter 6 of the COLL rules and the relevant FCA regulations for Alternative Investment Fund Managers (“AIFMs”).
- AllianzGI UK Ltd has established a dedicated Risk Team that oversees risk management activities undertaken

by delegates and reports to the AllianzGI UK Ltd Risk Committee (UKRC), which is overseen by the UK Board.

Risk management is supported by the global risk management function (the “Risk Management Function”) of Allianz Global Investors according to the internal SLA. AllianzGI UK Ltd’s dedicated risk team is responsible for overseeing and approving the risk management matters undertaken by the Risk Management Function in respect of AllianzGI UK Ltd, the funds and any managed account clients. AllianzGI UK Ltd’s Senior Risk Manager (SMF 4) is responsible for monitoring the sound management of the entity’s risk profile.

### 3.2. UK Risk Management Framework

AllianzGI UK Ltd has a robust governance structure, as well as documented outsourcing procedures and arrangements, to provide effective oversight of the risk management matters undertaken by the Risk Management Function.

The following summarises the risk management procedures used by the Risk Team, with the support of the global Risk Management Function, to identify, measure, manage and monitor the risks relevant to AllianzGI UK Ltd’s business activities:

- The Global Risk Strategy forms the Risk Management Function’s highest-level risk governance document. It sets out the overall approach and standards for the establishment and maintenance of the risk management system across all risk types and is in line with AllianzGI’s Business Strategy. The Global Risk Strategy is supported by Risk Appetite Statements (RAS’s) which capture the Executive Committee’s high-level appetite for each risk type and are also applicable to AllianzGI UK Ltd. The RASs are reviewed annually, and, where possible, supported by Key Risk Indicators (“KRIs”) that allow the company to assess the residual risk level against the accepted tolerance level.
- AllianzGI’s Global Risk Strategy is designed to ensure that all activities in all locations, including AllianzGI UK Ltd, adopt the same minimum risk management standards appropriate to their nature, scale and complexity and to ensure full integration of all our activities in its overall risk governance.

- AllianzGI's Risk Management Framework (RMF) document describes in a holistic way how the approach and standards set by the Global Risk Strategy are implemented for each risk type and which tools are used. AllianzGI UK Ltd has drafted a UK RMF document, which serves as an annex to the Global RMF, providing information on the Risk Management Function structure and reporting lines, risk types relevant for the funds managed by AllianzGI and for the firm, the processes used to measure and manage those risks (including limit setting), risk governance and risk reporting. It also sets out AllianzGI UK Ltd's Risk Management Organisation.

The UK Risk Team will regularly review the Risk Management Function's risk management procedures to determine whether they require adjustments to respect both regulatory requirements and the specifics of AllianzGI UK Ltd.

### 3.3. Risk Processes and Procedures

The Risk Management Function categorises risks into four main types: portfolio risk, business risk, operational risk, and reputational risk. The Risk Team, on behalf of the UK Board, has categorised AllianzGI UK Ltd's risk into the risk-to-client (RTC), risk-to-firm (RTF) and risk-to-market (RTM) categories to ensure a 'harms lens' approach has been applied to capture all material risks. This is a continual process that considers AllianzGI's RMF, and the adjustments respect both regulatory requirements and the specifics of AllianzGI UK Ltd's business model.

Processes and procedures are implemented to monitor and manage risks adequately:

**Portfolio risk** – The Risk Management Function assists AllianzGI UK Ltd based on the internal SLA in portfolio risk oversight. This includes defining which risk models and analytics are used to ensure AllianzGI UK Ltd complies with all regulatory requirements and ascertains that further independent risk analysis and supervision beyond regulation is conducted where appropriate.

Counterparty risk is also an important aspect of portfolio risk. Regular counterparty exposure monitoring enables the Risk Management Function, on behalf of AllianzGI UK Ltd, to understand the exposures at portfolios and at firm level with regards to specific transactions.

**Business risk** – To monitor business risks, AllianzGI UK Ltd, with assistance from the Risk Management Function, uses KRIs that cover, for example, business performance and investment performance. Business risk is defined as the risk of not being able to reach the financial objectives in a given competitive market or regulatory environment. Business risks include strategic, change and innovation risk, as well as business performance risk and investment performance risk.

**Operational risk** – To monitor operational risks efficiently, AllianzGI UK Ltd, with assistance from the Risk Management Function, uses an annual Non-Financial Risk Management (NFRM) assessment. The design of this assessment is to identify the key operational risks pertinent to AllianzGI and to understand the current overall effectiveness of the control framework mitigating operational risks.

The ongoing analysis of operational risk events includes a description of the operational risk event, the financial impact, documentation of ownership and, if deemed necessary, the identification of measures to prevent future occurrence.

**Reputational risk** – Is defined as activities undertaken within the firm or by employees outside the firm that may result in unintended material negative impacts on the perception clients, stakeholders, investors, the media, the public, and employees have of Allianz Global Investors (and/or related Allianz Group companies), that could potentially impact the firm's ability to do business. Clear roles and responsibilities defined in the Global Reputational Risk Policy ensure that relevant reputational risks or issues are reported to the Risk Management Function for assessment, reporting and escalation where necessary.

### 3.4. Key Risks and Potential Harms assessed through the ICARA Process

#### 3.4.1. Quantification of Material Risks

An assessment of the material risks that the firm is exposed to has been conducted below which covers all of the MiFID and non-MiFID activities carried out by AllianzGI UK Ltd. It has then been considered whether the residual risk, after mitigation by internal controls, is fully or partially covered by capital held for K-AUM (assets under management) or K-COH (client orders handled).



AllianzGI UK Ltd's key risks are intrinsically linked to the potential harms that the firm poses to clients, markets and the firm itself. The key risks are driven by the business activities undertaken and the potential harm would arise because of issues related to the key risks. Therefore,

management of potential harms is fundamental to the firm's RMF and it utilises the elements outlined in sections 3.1-3.3.

Below is a summary of the key risks applicable to the firm across the three potential harms risk categories.

AllianzGI UK Ltd Risks	Risk category per MIFIDPRU	Description
<b>Credit risk</b>	Risk to firm	AllianzGI UK Ltd has an exposure to credit risk in relation to the assets recorded on the balance sheet. There are no off-balance sheet contingent assets. AllianzGI UK Ltd's exposure to credit risk is incidental to its main business of investment management. It is exposed to credit risk primarily through its placement of overnight deposits with its relevant banks and from the accrual of fund management fees from clients which are contractually due from the funds being managed and effectively covered, therefore, by the assets of the funds.
<b>Market risk</b>	Risk to firm	AllianzGI UK Ltd does not undertake any proprietary trading activity and therefore its exposure to market risk is limited.  Firstly, market risk arises from fund management fees being receivable and payable in currencies other than GBP. Second, the firm is exposed to market risk arising from the "other receivables" balance that arises where the firm executes a subscription of units on behalf of clients but does not receive the cash for such units from clients. Fluctuations in the price of the units may result in a loss for the firm.
<b>Liquidity risk</b>	Risk to firm	AllianzGI UK Ltd does not provide any liquidity to its clients, other than in the event of pre-funding trades in certain instances in the short-term. This is only relevant to the OEICs managed by AllianzGI UK Ltd. Prior to pre-funding, the Finance team reviews the cash balance as part of the intra-day controls.
<b>Operational risk</b>		In line with all applicable regulations, operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. AllianzGI UK Ltd's definition of operational risk also includes project risk, outsourcing/third-party risk, legal/regulatory/compliance risk, IT and business continuity risk and human resources risk.
Operating errors (including trade errors)	Risk to client	A key measurement for operational risk is the overall volume of operational risk incidents impacting AllianzGI UK Ltd's business processes and ultimately its P&L.  Historical losses as a result of reported loss incidents from the UK business of AllianzGI GmbH is utilised in quantifying this risk.
Human resources risk	Risk to firm	Human resources (HR) risk captures the risk that the business becomes unduly reliant on certain individuals as well as the risk of mismatch between required skillset and existing expertise. The loss of a key person might lead to a business impact.

AllianzGI UK Ltd Risks	Risk category per MIFIDPRU	Description
Outsourcing/ third-party risk	Risk to firm	AllianzGI UK Ltd maintains a straightforward organisational structure however it is also closely integrated into AllianzGI's corporate structure and governance. Due to this, AllianzGI UK Ltd will continue to outsource key services to the AllianzGI group companies in an effort to leverage existing global and regional processes and oversight activities and, at the same time, make use of AllianzGI's existing service providers (i.e., third-party administrators or TPA's).
Legal/ regulatory/ compliance risk	Risk to firm	The risk of failure by the firm to meet its regulatory requirements or manage changes in regulatory requirements with respect to new legislation or changes in the interpretation of legislation, resulting in investigations, fines or regulatory sanction is actively monitored and managed using a risk-based approach. Regulatory changes are monitored by the Legal department, assessed for its applicability to the firm and addressed to responsible departments for further analysis and implementation.
IT risk	Risk to client	IT risk is the risk associated with the use, ownership, operation, involvement, influence and adoption of IT within the firm or its service providers. IT risk can result from potential events that could occur with respect to the firm's IT, resulting in a negative impact to the business.
Business continuity risk	Risk to firm	As with every business, there is a risk that external events will cause AllianzGI UK Ltd's business or systems to fail.  AllianzGI UK Ltd has a business continuity plan (BCP) in place and is part of the AllianzGI group crisis management structure.
<b>Concentration risk</b>	Risk to firm	AllianzGI UK Ltd offers a sufficiently diversified set of products and services, distributed through different channels, and has no significant concentration with institutional clients.  Management have also performed stress testing based on the scenario that the five largest clients redeem 50% of AUM as part of the stress and scenario testing requirements.
<b>Business risk</b>	Risk to firm	This is the risk arising from not achieving business plan objectives. For example, (1) the organisation is unable to grow AUM and profitability because it fails to attract new clients or retain existing clients due to underperformance of products as compared to benchmarks and/or industry peers; (2) sales practices/strategies are improper or insufficient; and/or (3) client service quality is low.  Given that a significant proportion of expenses comprise variable compensation, in the form of either cash or long-term incentive plans (LTIPs), the proposed recovery actions would be sufficient to maintain and monitor the continued solvency of the firm if the planned asset growth is not achieved as forecast.

AllianzGI UK Ltd Risks	Risk category per MIFIDPRU	Description
<b>Interest rate risk in the non-trading book</b>	Risk to firm	AllianzGI UK Ltd does not undertake proprietary trading activity and the absence of third-party borrowings means AllianzGI UK Ltd's exposure to interest rate risk is limited to a reduction in income on its deposits and indirect effects on fee income due to negative impact on specific client assets.
<b>Group risk</b>	Risk to firm	<p>Since AllianzGI UK Ltd is a newly authorised firm and a wholly-owned subsidiary of the AllianzGI group, there is a risk that it may be affected by an adverse impact to the group (e.g. reputational contagion).</p> <p>Management has also considered shared services provided by other group entities and the risk posed in the event they experience a period of stress and may be unable to provide services. Key investment management processes are outsourced to third parties, in particular Middle Office, Fund Accounting, Transfer Agency, Financial Accounting and Data Centre services. In respect of services currently provided by group entities, it was concluded that these services could be transferred to third parties in the medium- to long-term.</p>

### 3.5. Summary of Own Funds Threshold Requirement

- Overall, the firm has sufficient own funds to meet its own funds threshold requirement (OFTR). A summary of the capital position is documented below, showing that the firm has a regulatory own funds capital surplus of £20.7m.
- Management has identified that the fixed overheads requirement (FOR) + professional negligence requirement is the biting metric for the OFTR for a total value of £31.5m. Whilst several scenarios were considered, it was concluded that non-compliance with laws and regulations was the most appropriate scenario to result in the firm needing to wind-down in an orderly manner.
- The stress testing performed as part of the ICARA process contains several scenarios, but in the most extreme scenario, it identifies that the firm will require £17.0m of capital (own funds) to continue. Were this scenario to evolve, Senior Management would actively seek input from the Allianz Group and decide whether to commence an orderly wind-down in lieu of receipt of funds.
- The result of wind-down planning by management was the determination that a serious regulatory breach resulting in the revocation of AllianzGI UK Ltd's licence would see the firm immediately cease new business generation and enter an orderly wind-down. The own funds capital requirement in a wind-down scenario is calculated as £17.0m.

**3.5.1 Capital (Own Funds) Position**

Description	2023 (£m)
Share capital & share premium	52.8
Audited reserves	0.1
Intangible assets	(0.7)
<b>Total core equity tier 1 ("CET1") capital</b>	<b>52.2</b>
<b>Total additional tier 1 ("AT1") capital</b>	<b>-</b>
<b>Total tier 2 ("T2") capital</b>	<b>-</b>
<b>Total own funds</b>	<b>52.2</b>
OFTR (see table below)	31.5
<b>Regulatory capital surplus/(deficit)</b>	<b>20.7</b>
Own funds as a percentage of overall capital requirement	166%
Own funds early warning indicator (115%)	36.2
<b>Internal capital surplus/(deficit)</b>	<b>16.0</b>

**3.5.2 Own Funds Threshold Requirement (OFTR)**

Description	2023 (£m)
<b>IPRU-INV</b>	
<b>Base own funds requirement</b>	<b>0.1</b>
FOR – Fixed Overheads Requirement	30.9
Funds under management ("FUM") requirement	1.5
<b>Higher of the two figures</b>	<b>30.9</b>
Professional negligence capital requirement	0.6
<b>Total requirement</b>	<b>31.5</b>
<b>Total capital requirement (higher of base own funds requirement and total requirement)</b>	<b>31.5</b>

<b>MIFIDPRU</b>	
PMCR – Permanent Minimum Capital Requirement	0.1
FOR – Fixed Overheads Requirement	30.9
KFR – K-Factor Requirement	6.8
<b>Own funds requirement (higher of the PMCR, FOR and KFR)</b>	<b>30.9</b>
Total RTC – Risk To Client	2.0
Total RTF – Risk To Firm	15.3
Total RTM – Risk To Market	-
<b>Total additional requirement</b>	<b>17.3</b>
<b>Total wind-down requirement</b>	<b>17.0</b>
<b>Total capital requirement (higher of: (1) KFR plus total additional requirement; and (2) FOR plus additional wind-down requirement)</b>	<b>30.9</b>
<b>OFTR (higher of the total capital requirement under IPRU-INV Chapter 11 and MIFIDPRU)</b>	<b>31.5</b>

### 3.6. Summary of Liquid Assets Threshold Requirement

- Overall, the firm has sufficient liquid assets to meet its liquid assets threshold requirement (LATR). A summary of the liquidity position is documented below which shows that the firm had a liquidity surplus of £41.3m as at 31 December 2023.

#### 3.6.1. Overall Liquidity Position

The liquidity position for AllianzGI UK Ltd is shown below (as at 31 December):

Description	2023 (£m)
Cash at bank	72.8
<b>Total core liquid assets</b>	<b>72.8</b>
<b>Total non-core liquid assets</b>	<b>-</b>
<b>Total liquid assets</b>	<b>72.8</b>
LATR (see table below)	31.5
<b>Overall liquidity surplus/(deficit)</b>	<b>41.3</b>
Liquid assets as a percentage of overall capital requirement	231%

**3.6.2. Liquid Assets Threshold Requirement (LATR)**

Description	2023 (£m)
<b>IPRU-INV Chapter 11</b>	
FOR	30.9
FUM requirement less the base own funds requirement	1.5
<b>Higher of the two figures</b>	<b>30.9</b>
Professional negligence capital requirement	0.6
<b>Total liquidity requirement</b>	<b>31.5</b>
<b>MIFIDPRU</b>	
<b>BLAR</b>	<b>8.9</b>
Amount required to fund ongoing business operations	16.7
Additional amount required to wind-down the business	9.8
<b>Higher of the two figures</b>	<b>16.7</b>
<b>Total liquidity requirement</b>	<b>31.5</b>
<b>LATR</b>	
<b>LATR (higher of the total liquidity requirement under IPRU-INV Chapter 11 and MIFIDPRU)</b>	<b>31.5</b>

## 4. Remuneration Disclosure

### 4.1. Remuneration Policy & Practices

Allianz Global Investors has implemented a dedicated Remuneration Policy, outlining AllianzGI's remuneration system, principles, and governance. The policy covers all AllianzGI legal entities, including AllianzGI UK Ltd.

The policy is aligned to the company's business strategy and is designed to support the long-term interests of the company and its shareholder. The objective of remuneration is to support the company's vision and core values, linking compensation to the long-term success of the firm, its clients and shareholder. Key practices include:

- Assessing employee performance against both quantitative and qualitative performance indicators. Quantitative indicators are aligned around measurable goals. Qualitative indicators considering actions reflecting our core values of excellence, passion, integrity and respect.
- Considering both "what" was achieved as well as "how" it was achieved through the individual's behaviour as relevant input for pay decisions.
- Making variable compensation truly variable and differentiating awards relative to peers on a discretionary basis with input from managers and functional heads.
- Linking pay with long-term value creation for our clients and business, with a meaningful portion of variable compensation is delivered in long-term awards particularly for more senior and highly compensated.
- Providing equal pay for equal work and work of equal value within the respective market. Forming pay decisions based on objective considerations and disregarding any attributes which would be considered discriminatory in any location where we operate.
- Adhering to parent and AllianzGI remuneration governance practices as established through the remuneration policy and compensation committee structure.

In addition to AllianzGI's Remuneration Policy, AllianzGI UK Ltd has established an AllianzGI UK Ltd Regulatory Remuneration Policy in line with the requirements set by the FCA. The policy was developed with the assistance of external legal consultants, who aided in the interpretation of the regulations and application of requirements to the

entity's employees and the UK Board. The Compliance and Human Resources functions support an annual independent review of the policy, on behalf of the UK Board, which approves policy changes.

### 4.2. Fixed & Variable Remuneration/Structure of Remuneration

In general, all employees are eligible to receive fixed pay (salary, pension and benefits) and an annual discretionary variable compensation payment.

The base salary typically reflects the scope, responsibilities and experience required in a particular role. It is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance. Its relationship to total compensation is expected to change with career progression, where over time variable compensation becomes a greater part of total compensation. However, it is ensured that base and variable compensation is appropriately balanced.

Variable remuneration is discretionary and is designed to reflect the long-term performance of the staff member and promote responsible business conduct, risk awareness and appropriate risk taking. The variable remuneration is awarded based on the success of the company, the team and function as well as the individual contributions of the employee. Variable compensation is determined on a discretionary basis with input from managers, function heads and committees. It typically includes both an annual cash award that pays out immediately at the end of the performance year and a deferred component for all members of staff whose variable compensation exceeds a certain threshold.

The deferred component consists of a Long-Term Incentive Programme Award (LTIPA), and for those employees whose variable compensation exceeds a certain threshold, the deferred component is split between the aforementioned LTIPA and a Deferral into Funds programme (DIF), which enables employees to invest in Allianz Global Investors' investment strategies.

Deferral rates increase in line with the amount of variable compensation and can possibly reach up to 50% of annual variable compensation. Awards, splits, components and

deferral percentages are regularly reviewed to ensure they meet industry best practice and, where applicable, comply with regulatory standards.

Certain investment teams who manage illiquid assets are eligible for a long-term performance award in the form of synthetic carried interest. The purpose of the award is to align the long-term interests of the client with the investment team. The awards are subject to forfeiture, recapture, or ex-post risk adjustment, in case of breaches of covenants.

### 4.3. Link between Pay & Performance

Variable compensation is designed to reward high performance and differentiated total compensation for employees based on their performance relative to goals and peers. Under the discretionary approach, the amount of variable compensation awarded to an employee correlates with performance but is not predetermined nor calculated with a direct link to a quantitative result such as performance rating.

The level of pay awarded to employees is linked to both quantitative and qualitative performance indicators.

The qualitative element takes into account actions reflecting AllianzGI's core values of excellence, passion, integrity and respect. Such indicators also comprise the absence of significant regulatory breaches or deviations from compliance and risk standards including AllianzGI's sustainability risk management policy.

Quantitative indicators are aligned around measurable goals. For Investment managers, whose decisions make a real difference in achieving our clients' investment goals, quantitative indicators are geared towards sustainable investment performance. For client-facing employees, goals also include client satisfaction, which is measured independently. Employees engaged in control functions need to have objectives linked to their functions, which are independent of the performance of the company.

### 4.4. Remuneration Decision Making Process & Committee

AllianzGI seeks to provide fair and competitive compensation to its employees and allocates a share of

its annual profits to fund compensation. The Variable Compensation Pool (VCP) of AllianzGI is determined via a systematic process driven by the financial performance of the company. Relevant indicators such as market considerations, shareholder expectations, and AllianzGI's performance against multi-year goals ensure the appropriateness of the overall pool.

In a yearly process and within budget guidelines, managers with the oversight of functional heads, make salary and variable compensation recommendations for each individual. These recommendations take into account amongst other factors: individual and team performance against goals, considering what was achieved and how was it achieved, relative performance against peers as well as market compensation data, where available.

Pay recommendations are reviewed with HR and managers as well as in functional review meetings and compensation committee meetings to support fair pay decisions. Final approval of the recommendations come with the compensation committee process.

#### EX-ANTE RISK ADJUSTMENT:

The final variable compensation pool is subject to ex-ante risk adjustments based on a risk assessment and other relevant indicators, to ensure an appropriate balance between employee reward and the financial situation of the firm as well as significant risks, exceeding the firm's defined risk appetite, that the firm is exposed to.

The risk assessment is based on AllianzGI's existing risk management standards and processes that enable the identification of any significant risks including significant legal or compliance breaches.

Based on the risk management processes for the identification and monitoring of all relevant risks, the independent Risk Management function creates a holistic risk report which explicitly states the current and potential risks for each relevant risk type.

The report also compares the level of risks to AllianzGI's risk appetite as defined in the global RAS. By doing so any significant risks exceeding the risk appetite can be identified and brought to the attention of the AllianzGI Compensation Committee for pool-sizing



considerations. This is done via the Risk Management Function which will provide insight on such risks or breaches in the annual Control Function Statement. The Compensation Committee will assess the need to adjust the variable compensation pool, based on the relevance and significance of the risks exceeding the defined risk appetite.

#### COMMITTEE RESPONSIBILITIES:

The Board has established the AllianzGI UK Ltd Remuneration Committee. The Committee performs its assigned supervisory tasks and meets at least twice a year.

Under its Terms of Reference, the Committee:

- Is responsible for governance and oversight of the firm's remuneration policy and practices.
- Ensures the implementation of policy and practices is assessed periodically by AN independent internal review.
- Oversees the remuneration of senior officers of the firm's risk management and compliance functions.
- Ensures contractual terms on termination and any payments made are fair to the individual and the firm; that failure is not rewarded and the duty to mitigate loss is fully recognised.

The Committee approves the following topics:

- The fixed to variable remuneration ratio applicable to the firm.
- The allocation of variable compensation relating to employees, and aggregation of the amount, before award amounts are finalised and communicated.
- Material Risk Takers.

## 4.5. Material Risk Takers

#### IDENTIFICATION OF MATERIAL RISK TAKERS:

In 2023, AllianzGI UK Ltd has identified individuals as material risk takers in line with the FCA Handbook (SYSC 19G.5). The Handbook outlines criteria to identify whose professional activities have a material impact on the risk profile of the firm or of the assets that the firm manages. These criteria include employees who:

- Are a member of the management body or supervisory function.
- Have managerial responsibility for business units that are carrying on regulated activities such as managing investments.
- Have managerial responsibilities for the activities of a control function.
- Have managerial responsibilities for the prevention of money laundering and terrorist financing.
- Are responsible for managing a material risk within the firm.
- Are responsible for managing information technology or information security.
- Have authority to take decisions approving or vetoing the introduction of new products.

Based on the above criteria, the UK Board members also including non-Executive Directors, amongst other staff members who meet the criteria such as investment strategy leaders responsible for the management of significant assets, are identified as material risk takers as of 31 December 2023.

The list of material risk takers is approved annually by the AllianzGI UK Ltd Remuneration Committee and the identified individuals are informed in writing of their identification as material risk taker. The respective implications of this status are shared with them at least annually.

#### EX-POST RISK ADJUSTMENT:

For material risk takers, an Ex-post Risk Adjustment enables explicit adjustments to previous years' performance evaluation and related compensation, to prevent the vesting of all or part of the amount of a deferred remuneration award ("malus") or require the repayment of an amount of remuneration to the firm ("clawback"). The firm also retains discretion to suspend the award, vesting or payment of any element of variable remuneration in the event of any ongoing internal or external investigation.

Clawback will apply to all variable remuneration awarded to a material risk taker, including guaranteed remuneration, buy-out awards and retention awards. Malus will apply to all such variable remuneration to the

extent awarded on deferred terms. Malus and clawback apply to other forms of variable remuneration employees may receive as determined by AllianzGI from time to time.

The application of malus, clawback and the discretion to suspend variable remuneration is governed by the terms and conditions of the applicable incentive plan. Material risk takers are required to agree to the terms of conditions of variable compensation awards, which includes the agreement to malus, clawback and suspension provisions.

All numbers in GBP

Number of beneficiaries: 275

	Total Remuneration	Fixed Remuneration	Variable Remuneration
Employees (excluding material risk takers)	32,567,902	19,326,708	13,241,194

Please note: numbers only include remuneration awarded via AllianzGI UK Ltd for the period 30 May 2023 - 31 December 2023.

## 4.6. Quantitative Disclosures

### AGGREGATE QUANTITATIVE INFORMATION ON REMUNERATION FOR ALL STAFF EXCLUDING MATERIAL RISK TAKERS

As at 31 December 2023, for AllianzGI UK Ltd, the total number of employees, excluding material risk takers, and total amount of awarded actual remuneration were as follows:

### AGGREGATE QUANTITATIVE INFORMATION ON REMUNERATION FOR MATERIAL RISK TAKERS

As at 31 December 2023, for AllianzGI UK Ltd, the total number of material risk takers was 15 and the total amount of awarded actual remuneration for this population was as follows:

All numbers in GBP

Number of beneficiaries: 15

	Total Remuneration	Fixed Remuneration	Variable Remuneration
Senior Management	4,177,925	1,504,446	2,673,479
Other Material Risk Takers	2,113,126	656,251	1,456,875

Please note: numbers only include remuneration awarded via AllianzGI UK Ltd for the period 30 May 2023 - 31 December 2023.

For the purpose of disclosure of guaranteed variable remuneration awards made during the financial year, AllianzGI UK Ltd relies on the exemption according to MIFIDPRU 8.6.9 and to MIFIDPRU 8.6.10 to prevent individual identification of a material risk taker. In compliance with applicable remuneration rules, AllianzGI UK Ltd only makes guarantees to new joiners in exceptional circumstances.

For the purpose of disclosure of the amount of severance payments made during the financial year and the number of material risk takers receiving severance pay as well as

the amount of the highest severance payment awarded to an individual material risk taker, AllianzGI UK Ltd relies on the exemption according to MIFIDPRU 8.6.9 and to MIFIDPRU 8.6.10 to prevent individual identification of a material risk taker. Payments in connection with the termination of an employment agreement reflect the performance achieved and under no circumstances create a wrong incentive for the employee to reward failure or misconduct. When determining the amount of such payments, the Remuneration Committee will take into account performance, role, seniority and the capital base of the company at the time.

## 5. Investment Policy

As AllianzGI UK Ltd meets the conditions of MIFIDPRU 7.1.4R, it is not required to disclose its Investment Policy within its MIFIDPRU 8 Disclosure.

[UK.ALLIANZGI.COM](https://uk.allianzgi.com)