

## Allianz China Strategic Bond

**PRODUCT KEY FACTS**  
 August 2022

- ***This statement provides you with key information about Allianz China Strategic Bond (the “Sub-Fund”).***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

**Quick facts**

|  |   |
|--|---|
| <b>Management Company:</b>                 | Allianz Global Investors GmbH   |
| <b>Investment Manager:</b>                 | Allianz Global Investors Singapore Limited, based in Singapore (internal delegation)  |
| <b>Depositary:</b>                         | State Street Bank International GmbH, Luxembourg Branch   |
| <b>Dealing Frequency:</b>                  | Daily; each day banks and exchanges are open in Hong Kong, Luxembourg and Singapore   |
| <b>Base Currency:</b>                      | USD   |
| <b>Dividend Policy:</b>                    | <p>Distribution Shares (Class A) – will be distributed annually on 15 December (subject to the Company’s discretion)</p> <p>Distribution Shares (Class AM/AMg) – will be distributed on 15<sup>th</sup> of every month (subject to the Company’s discretion)</p> <p>Accumulation Shares (Class AT) – all income are reinvested</p> <p>Dividend payments may, at the sole discretion of the Company, be made out of the Sub-Fund’s income and/or capital (Class A/AM/AMg). The Company may at its sole discretion also pay distribution out of gross income while charging/paying all or part of the Sub-Fund’s fees and expenses to/out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital (Class AMg). Distributions out of capital or effectively out of capital may result in an immediate decrease of the NAV per share of the Sub-Fund.</p> |
| <b>Financial year end of the Sub-Fund:</b> | 30 September  |
| <b>Minimum Investment:</b>                 |   |
| <b>Initial</b>                             | USD 5,000 (or equivalent amount in other available currencies) or EUR 5,000 or HKD 50,000 or RMB 50,000   |
| <b>Subsequent</b>                          | USD 1,000 (or equivalent amount in other available currencies) or EUR 1,000 or HKD 10,000 or RMB 10,000   |
| <b>Ongoing Charges over a year*</b>        |   |
| Class A / AM / AMg / AT                    | 0.71%   |

\*The ongoing charges figures are calculated based on the costs incurred by the Sub-Fund over a 12-month period divided by the average net assets over the same period based on the information in the latest audited financial statement for the year ended 30 September 2021. It is provided for each share class available within the Sub-Fund. This figure may vary from year to year. It includes All-in-Fee plus the Luxembourg tax (Taxe d’Abonnement) and excludes transaction cost. Rounding differences may occur.

**What is this product?**

The Sub-Fund is a sub-fund of Allianz Global Investors Fund (the “Company”), which is constituted as an open ended investment company in Luxembourg. It is regulated by Commission de Surveillance du Secteur Financier (“CSSF”) in Luxembourg.

## Investment Objective

Long term capital growth and income by investing in the PRC, Hong Kong, Taiwan and Macau bond markets.

## Investment Strategy

At least 70% of Sub-Fund assets are invested in debt securities which are exposed or connected to the PRC, Hong Kong, Taiwan and Macau.

Up to 100% of the Sub-Fund's assets may be invested in debt securities which, at the time of acquisition, are not investment grade and rated BB+ or below (by Standard & Poor's, Fitch) or Ba1 or below (by Moody's) or equivalently by other international rating agencies, or if unrated, as determined by the Investment Manager to be of comparable quality. There is no intention to invest in debt securities that are rated CC, C or D (by Standard & Poor's), C, RD or D (by Fitch) or Ca or C (by Moody's).

Up to 100% of the Sub-Fund's assets may be invested in emerging markets.

Up to 100% of Sub-Fund assets may be invested in debt securities in the PRC either directly (via the China Interbank Bond Market (CIBM) initiative or Bond Connect or qualified foreign institutional investor ("FII") program) and/or indirectly through all eligible instruments. For the avoidance of doubt, only up to 69% of Sub-Fund assets may be invested via the FII program.

Up to 100% of the Sub-Fund's assets may be invested in urban investment bonds, which are debt instruments issued by Mainland local government financing vehicles ("**LGFVs**") in onshore or offshore Chinese bond markets. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

Up to 20% of Sub-Fund assets may be invested in asset-backed securities and mortgage-backed securities.

Duration of the assets of the Sub-Fund is between 0 and 10 years.

The Sub-Fund may invest less than 30% of its assets in instruments with loss-absorption features (including contingent convertible bonds, senior non-preferred debt securities, instruments issued under the resolution regime for financial institutions and other capital instruments issued by banks or other financial institutions), of which a maximum of 10% of the Sub-Fund's assets may be invested in contingent convertible bonds. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events.

The Sub-Fund may use financial derivative instruments ("**FDI**") for efficient portfolio management (including hedging) and/or investment purpose.

Up to 100% of Sub-Fund assets may be held in time deposits and/or (up to 20% of Sub-Fund assets) in deposits at sight and/or invested directly in money market instruments and/or (up to 10% of Sub-Fund assets) in money market funds on a temporary basis for liquidity management and/or defensive purpose and/or any other exceptional circumstances (eg. market crash or major crisis), and if the investment manager considers it in the best interest of the Sub-Fund.

## Use of derivatives/investment in derivatives

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value.

## What are the key risks?

**Investment involves risks. The Sub-Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. Please refer to the Prospectus for details including the risk factors.**

### 1. Investment Risk/General Market Risk

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. The instruments invested by the Sub-Fund may fall in value.
- The Sub-Fund invests in interest-bearing securities, and is exposed to various general trends and tendencies in the economic and political situations as well as securities markets and investment sentiment, which are partially attributable to irrational factors. Such factors could lead to substantial and longer-lasting drops in prices affecting the entire market. Securities from top-rated issuers are subject to essentially the same general market risk as other securities and assets. All these factors may adversely impact the net asset value of the Sub-Fund.

## **2. Country and Region Risk**

- The Sub-Fund's investments focus on the PRC, Hong Kong, Taiwan and Macau, which may increase the concentration risk. Consequently, the Sub-Fund is particularly susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events and risks of these regions, or of companies based and/or operating in these regions. The net asset value of the Sub-Fund may be more volatile than a diversified fund.

## **3. Emerging Market Risk**

- The Sub-Fund invests in emerging markets which involve increased risks and special considerations not typically associated with investment in more developed economies or markets, such as greater political, tax, legal, economic, foreign exchange/control, liquidity, regulatory risks, settlement risks, custody risk and the likelihood of a high degree of volatility. The accounting, auditing and financial reporting standards may deviate substantially to the Sub-Fund's detriment. All these factors may adversely impact the net asset value of the Sub-Fund.

## **4. Creditworthiness Risk/Credit Rating Risk**

- The interest-bearing securities held by the Sub-Fund may be downgraded and may fall in value. This will also lead to a fall in the net asset value of the Sub-Fund. The Sub-Fund may or may not be able to dispose of the debt instruments that are being downgraded. Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

## **5. Interest Rate Risk**

- The Sub-Fund invests in interest-bearing securities and is exposed to interest rate fluctuations. If market interest rates rise, the value of the interest-bearing assets held by the Sub-Fund may decline substantially.

## **6. Volatility and Liquidity Risk**

- The Sub-Fund invests in onshore interest-bearing securities in Mainland China. The securities in the PRC markets may be subject to higher volatility and lower liquidity due to low trading volumes in such markets, as compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations and potential settlement difficulties. The bid and offer spreads of the price of such securities may be large and the fund may incur significant trading costs. This may result in substantial volatility in the net asset value of the Sub-Fund, and the subscription and redemption of Sub-Fund's shares to be disrupted.

## **7. Risks relating to investment in urban investment bonds**

- Urban investment bonds are issued by local government financing vehicles ("LGFVs"), such bonds are typically not guaranteed by local governments or the central government of the PRC. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the NAV of the Sub-Fund could be adversely affected.

## **8. Specific Risks of Investing in High-Yield (Non-Investment Grade and Unrated) Investments**

- Investing in high-yield (non-investment grade and unrated) investments are normally associated with higher volatility, greater risk of loss of principal and interest, increased creditworthiness and downgrading risk, default risk, interest rate risk, general market risk, and liquidity risk, all of which may adversely impact the net asset value of the Sub-Fund.

## **9. Sovereign Debt Risk**

- The Sub-Fund's investment in interest-bearing securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

## **10. Valuation Risk**

- Valuation of the Sub-Fund assets may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Sub-Fund.

## **11. Risks of investing in CIBM**

- The Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value. The relevant rules and regulations on investment in the CIBM via the CIBM initiative and/or Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend trading on the CIBM, the Sub-Fund's ability to invest in the CIBM will be limited and the Sub-Fund may suffer substantial losses as a result.

## **12. Risks associated with investment made through FII regime**

- The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.
- The Sub-Fund may suffer substantial losses if the approval of the FII is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including FII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

**13. RMB Risk**

- The Sub-Fund may invest in assets denominated in Chinese Renminbi and launch share classes denominated in offshore Chinese Renminbi. The Chinese Renminbi traded in Mainland China is not freely convertible and is subject to exchange controls, policies and restrictions imposed by the PRC authorities. Such policies may limit the depth of the Chinese Renminbi market available outside of Mainland China, and thereby may reduce the liquidity of the Sub-Fund. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB. Chinese Renminbi's exchange rate against other currencies, including e.g. USD or HKD, is therefore susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely. Furthermore although offshore Renminbi and onshore Renminbi are the same currency, they trade at different rates. Any divergence between offshore Renminbi and onshore Renminbi may adversely impact investors. The Sub-Fund will be subject to risk of not having sufficient RMB for currency conversion prior to investment.
- Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' home currency will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investment in the RMB denominated share classes and the value of investments in Chinese Renminbi assets.

**14. Mainland China Tax Risk**

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of value added tax and capital gains realised via the CIBM or FII program or access products on the Sub-Fund's investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- Based on professional and independent tax advice, the Sub-Fund will make the following tax provisions:
  - 10% on interest received from debt instruments by PRC enterprises if the withholding tax is not withheld at source.
- Any shortfall between the provision and the actual tax liabilities, which will be debited from the Sub-Fund's assets, will adversely affect the Sub-Fund's net asset value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

**15. Currency Risk**

- The Sub-Fund may hold assets denominated in foreign currencies other than its base currency. The Sub-Fund may also launch a class of shares that may be designated in a foreign currency other than the base currency of the Sub-Fund. Accordingly, the Sub-Fund and investors of such class of shares are exposed to a currency risk that if these foreign currency positions have not been hedged or if there is any change in the relevant exchange control regulations, the net asset value of the Sub-Fund may be affected unfavorably. Any devaluation of the foreign currency against the base currency of the Sub-Fund would cause the value of the assets denominated in the foreign currency to fall and adversely impact the investor.

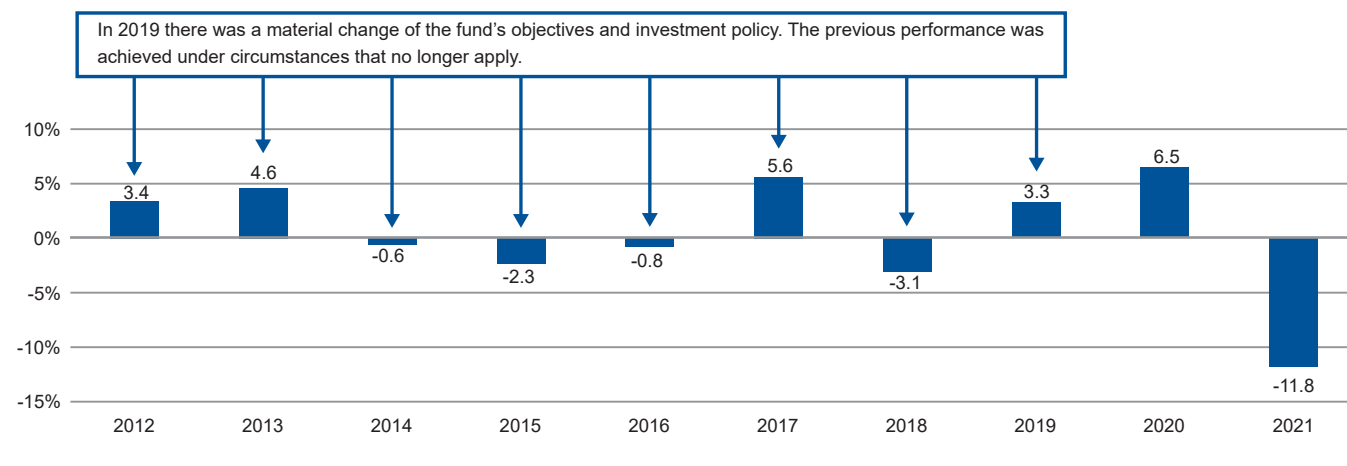
**16. Derivatives Risk**

- The Sub-Fund may invest in FDI, which may expose the Sub-Fund to higher leverage, valuation, volatility, counterparty, liquidity, market and over the counter transaction risks, all of which may adversely impact the net asset value of the Sub-Fund. The leverage component of FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund.
- The Sub-Fund's use of FDI in efficient portfolio management (including for hedging) and/or investment purpose may become ineffective and/or cause the Sub-Fund to suffer significant losses.

**17. Risk related to Distribution out of Capital and Distribution effectively out of Capital**

- The payment of distributions out of capital/distributions effectively out of capital represents a return or withdrawal of part of the amount investors originally invested and/or capital gains attributable to the original investment. Any distributions involving payment of distributions out of the Sub-Fund's capital/distributions effectively out of the Sub-Fund's capital may result in an immediate decrease in the net asset value per share and may reduce the capital available for the Sub-Fund for future investment and capital growth.

## How has the Sub-Fund performed?



- Share class\*: A-USD
- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.
- These figures show by how much the share class increased or decreased in percentage during the calendar year being shown.
- Performance data has been calculated in USD including on-going charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund inception date: 2011
- Share Class inception date: 2011

\*Representative share class – Retail share class that is authorized and launched in Hong Kong with the longest track record.

## Is there any guarantee?

This Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

### Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Sub-Fund.

| Fee (Class A/AM/AMg/AT)        | What you pay                          |
|--------------------------------|---------------------------------------|
| Subscription Fee               | Up to 3% of the NAV                   |
| Switching Fee (Conversion Fee) | Up to 3% of the NAV (for switch-in)   |
| Redemption Fee                 | No Redemption Fee is currently levied |

### Ongoing fees payable by the Sub-Fund

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

|   | Annual rate (as a % p.a. of the NAV)            |
|---|---|
| Management Fee (All-in-Fee) (Class A/AM/AMg/AT) | Current and Maximum: 0.65%                      |
| Depositary Fee                                  | The Depositary Fee is covered by All-in-Fee     |
| Performance Fee                                 | Not Applicable                                  |
| Administration Fee                              | The Administration Fee is covered by All-in-Fee |

## Other fees

You may have to pay other fees when dealing in the shares of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, please refer to the section headed "FEES AND CHARGES" in the Prospectus for further details.

### **Additional information**

- You generally buy and redeem shares at the Sub-Fund's next-determined net asset value (NAV) after Hong Kong Distributor/ Hong Kong Representative receives your request in good order on or before 5:00p.m. (Hong Kong time) on any Valuation Day which is also a Hong Kong Business Day.
- Intermediaries who sell this Sub-Fund may impose different dealing deadlines for receiving instructions for subscriptions, redemptions or conversions. Investors should pay attention to the arrangements of the intermediary concerned.
- The net asset value of this Sub-Fund is calculated and the price of shares published each Valuation Day. They are available online at [hk.allianzgi.com](http://hk.allianzgi.com).
- The compositions of the distributions (i.e. the relative amounts paid out of (i) net distributable income, and (ii) capital) for the last 12 months or since the launch of the Sub-Fund are available from the Hong Kong Representative on request and also on the website ([hk.allianzgi.com](http://hk.allianzgi.com)).
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors (if applicable) from the Hong Kong Representative on request and also on the website ([hk.allianzgi.com](http://hk.allianzgi.com)).

### **Important**

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.