

Allianz Global Investors U.S. LLC

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Form ADV Part 2A Brochure

March 27, 2015

This brochure provides information about the qualifications and business practices of Allianz Global Investors U.S. LLC (“AllianzGI US”). If you have any questions about the contents of this brochure, please contact us at (800) 656-6226 and/or info@allianzgi.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about AllianzGI US is also available via the SEC’s website www.adviserinfo.sec.gov. AllianzGI US is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

ITEM 2. SUMMARY OF MATERIAL CHANGES

Since the last update of this brochure on March 28, 2014, there have been no material changes. Please find a summary of changes below:

Under Item 4, AllianzGI US's assets under management ("AUM") was updated.

Under Item 5, standard fee schedules have also been updated to reflect the addition of new strategies and the removal of closed strategies.

Under Item 6, additional information was added to describe the fixed income research process and strategy information was updated to reflect new strategies and the removal of closed strategies.

Under Item 9, affiliate information was updated.

Under Item 12, additional information was added to clarify the policies and procedures with regards to a Cross Transaction. All such transactions must be (1) approved in advance by AllianzGI US's Compliance Department, (2) legally permissible, (3) consistent with the respective investment objectives, policies, account guidelines, and regulatory or other applicable restrictions of each client account, (4) in the best interests of both the selling and buying client accounts, and (5) effected at the independent current market price of the security, or otherwise in accordance with applicable regulatory guidance.

Under Item 12, additional information was added to describe the order of execution of non-discretionary model accounts including those for Wrap Programs. Trades for non-discretionary model accounts including Wrap Programs may be executed after the orders in the same security for discretionary accounts have been completed. This may result in material performance dispersion between discretionary accounts and non-discretionary model accounts

Under Item 15, AllianzGI US disclosed that it may be deemed to have custody of certain private funds it manages because AllianzGI US is the managing member of a limited liability company, the general partner of a limited partnership or in a comparable position for another type of pooled investment vehicle.

Under Item 19, the Privacy Policy has been updated.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

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ITEM 4. ADVISORY BUSINESS

Our Firm

AllianzGI US, a Delaware limited liability company, is a registered investment adviser with offices in New York, New York and San Diego, California and San Francisco, California. AllianzGI US is a direct, wholly-owned subsidiary of Allianz Global Investors U.S. Holdings LLC, which in turn is owned indirectly by Allianz SE, a diversified global financial institution. AllianzGI US (formerly known as Allianz Global Investors Capital LLC) began furnishing discretionary and non-discretionary investment management services on May 1, 2010 following the combination of two registered investment advisory affiliates, Nicholas-Applegate Capital Management LLC and Oppenheimer Capital LLC. On April 1, 2013, AllianzGI US merged with RCM Capital Management LLC ("RCM") and RCM's wholly-owned subsidiary, Caywood-Scholl Capital Management LLC. RCM had been in operation since 1970, either directly or through its predecessors. The oldest predecessor entity began operating in 1969. The day-to-day portfolio management and investment operations of AllianzGI US conducted by its officers, employees and other associated persons are overseen by the Executive Committee of its sole and managing member, Allianz Global Investors U.S. Holdings LLC.

Our Services

AllianzGI US provides discretionary and non-discretionary investment management services throughout the world. AllianzGI US manages client portfolios (either directly or through model delivery and wrap fee programs) applying various processes across a variety of investment strategies, including but not limited to domestic equity, global equity, international equity, income and growth, high yield bond, balanced strategies, multi-asset allocation, risk overlay, futures and options, convertibles, collateralized loans and other securities and derivative instruments. AllianzGI US also acts as a sub-adviser to wrap fee programs, investment companies and other pooled investment vehicles. AllianzGI US may also provide consulting and research services in connection with asset allocation and portfolio structure or risk analytics. To assist existing or new clients who seek to liquidate portfolios not under AllianzGI US's management, AllianzGI US may liquidate the portfolio for such clients as an accommodation or for a negotiated fee.

In addition to the advisory-related services noted above, AllianzGI US also provides administration and legal and compliance oversight services, back office operations, trading support, as well as global

client service, marketing and sales support to NEJ Investment Group LLC ("NEJ") and certain administration, back office operations and trading support to Pallas Investment Partners, L.P. ("Pallas"). (See Item 10 below.) From time to time, AllianzGI US may engage in other business activities, including licensing of intellectual property.

Tailoring Services to Client Needs

AllianzGI US employs a broad range of portfolio management tools in seeking to control risk, hedge exposures and seek returns consistent with its clients guidelines and restrictions. AllianzGI US will seek to accommodate any client restrictions it considers reasonable, such as 1) a restriction on the purchase of a particular security or types of securities, or 2) a restriction on the purchase of a group of securities that are classified by the client to be in a particular industry (for example, tobacco), as long as AllianzGI US has agreed with the client on the industry classification. Other proposed restrictions are analyzed on a case-by-case basis.

AllianzGI US generally has the responsibility to monitor investment restriction in clients' guidelines. Clients should be aware that their restrictions can limit AllianzGI US's ability to act and as a result, their performance may differ from and may be less successful than that of other accounts that are not subject to similar restrictions. AllianzGI US shall not be bound by any amendment to a client's investment restrictions unless and until the client and AllianzGI US have agreed in writing to such amendment.

AllianzGI US may take up to ten business days (or longer depending on the complexity of the product mandate) from the time an account is approved to fully invest an account funded in cash. Similarly AllianzGI US may take up to ten business days (or longer depending on the complexity of the product mandate) from the time AllianzGI US has received instructions to terminate an account to fully liquidate the account. If a client intends to fund its account by transferring in-kind securities, AllianzGI US will need to receive from the client, prior to the effective date of its management duties, a list of such securities to allow AllianzGI US to determine which securities to retain and which to replace. The client will be responsible for all related trading costs and tax liabilities that result from sales of contributed securities.

AllianzGI US also offers discretionary and non-discretionary investment advisory services through wrap fee programs ("Wrap Programs") that are generally sponsored by banks, broker-

dealers or other investment advisers (each a “Sponsor”). Generally, in a Wrap Program, the client enters into an agreement with the Sponsor, who furnishes a variety of services for a single “wrap” fee.

The relevant agreements between or among the client, the Sponsor and AllianzGI US will generally outline the services that will be performed by the Sponsor, AllianzGI US, and others in the Wrap Programs. Typically, the Wrap Program Sponsor is responsible for determining whether a specific AllianzGI US strategy is suitable or advisable for a particular investor. For discretionary Wrap Programs, AllianzGI US is responsible for implementing securities transactions for each investor that are appropriate for the selected investment strategy (and, if relevant, in accordance with reasonable investment restrictions imposed by an investor and accepted by AllianzGI US). For non-discretionary Wrap Programs, AllianzGI US will provide a model portfolio and any subsequent changes to the Sponsor to be analyzed and implemented at the Sponsor’s discretion. Clients and prospective clients in Wrap Programs should carefully review the terms of the Wrap Program disclosure documents to understand the services, minimum account size, and expenses, and other terms and conditions of such Wrap Program.

Wrap Program client accounts are typically subject to minimum investment levels which vary by strategy. Accounts with fewer assets than the minimum investment levels indicated by the Sponsor may be accepted at AllianzGI US’s discretion. However, the performance of client accounts maintained below the standard minimum investment may vary widely from larger accounts. Client accounts with assets that fall below the minimum indicated by the Sponsor may be terminated by AllianzGI US.

Where AllianzGI US provides investment advisory services under non-discretionary model-based Wrap Programs, the model-based program Sponsor or overlay manager is responsible for investment decisions and performing many other services and functions typically handled by AllianzGI US in a traditional discretionary managed account program. Depending on the particular facts and circumstances, AllianzGI US may or may not have an advisory relationship with model-based program clients. To the extent that this Form ADV Part 2A is delivered to Wrap Program clients with whom AllianzGI US has no direct advisory relationship, or under circumstances where it is not legally required to be delivered, it is provided for informational purposes only. Further, because a model-based program

Sponsor or overlay manager generally exercises investment discretion and, in many cases, brokerage discretion, delivers performance reporting and other information relating to AllianzGI US’s services for which it exercises investment and/or brokerage discretion is generally provided for informational purposes only, and may not be representative of model-based Wrap Program client results or experience. AllianzGI US is not responsible for overseeing the provision of services by a model-based program Sponsor and cannot assure the quality of the Sponsor’s services.

AllianzGI US cannot guarantee or assure you that your investment objectives will be achieved. AllianzGI US does not guarantee the future performance of any client’s account or any specific level of performance, the success of any investment decision or strategy, or the success of AllianzGI US’s overall management of any account. The investment decisions AllianzGI US makes for client accounts are subject to various market, currency, economic, political and business risks, and the risk that investment decisions will not always be profitable. Many of these risks are discussed in Item 8 below, which you should review carefully before deciding to engage AllianzGI US’s services.

Assets Under Management

As of December 31, 2014, AllianzGI US managed \$78.5 billion (USD) in client assets, including \$67.8 billion on a discretionary basis and \$10.7 billion on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

AllianzGI US furnishes investment advice pursuant to a written investment advisory agreement with each client (the “Agreement”). In addition, the organizational documents of a fund advised by AllianzGI US will describe the fee charged to investors in such fund. In general, AllianzGI US bases its fees on its standard fee schedule that is in effect at the time the Agreement is entered into, and therefore a client’s fee schedule may be different from the standard fee schedule for new separate accounts. Advisory fees may also be negotiated with clients and therefore may vary from the standard fee schedule. Generally, either party may terminate an Agreement upon 30 day’s prior written notice. Upon termination, clients pay the pro-rata portion of fees through the termination date. In the event a client has paid quarterly fees in advance and terminates prior to the end of such quarter, AllianzGI US will refund the client the portion of fees paid that corresponds

to the period from the date of termination to the end of such quarter.

AllianzGI US generally calculates its fixed advisory fees as a percentage of assets under management. AllianzGI US also may enter into a performance fee arrangement with a client pursuant to individualized negotiations, provided that all applicable regulatory requirements are met. Other investment advisers may charge higher or lower fees than those charged by AllianzGI US for comparable services.

AllianzGI US generally charges advisory fees quarterly in arrears based on the average ending market value as of the last business day of each month in the calendar quarter. AllianzGI US may also charge advisory fees quarterly in advance based on the market value at the beginning of the quarter, or more or less frequently than quarterly. For fixed fee arrangements, AllianzGI US will charge advisory fees in an account that is opened on a date other than the first date of a calendar quarter on a pro-rata basis from the date of inception of the account to the last day of the quarter. Unless otherwise agreed to with a client, AllianzGI US will adjust account values for purposes of calculating fees for each contribution and withdrawal of \$100,000 or more during a billing period only if the net total of all such contributions and withdrawals exceed 5% of the account's value at the end of the prior billing period.

AllianzGI US has preferred minimum account sizes, based on the character of the account. Preferred minimum account sizes vary, and are listed, by strategy or character, herein. In its sole discretion, AllianzGI US may accept accounts with amounts of assets lower than the indicated preferred minimum. In such cases, the fees charged for investment advisory services may be higher than those fees indicated herein. AllianzGI US may terminate client accounts with assets that fall below the minimum indicated.

It is AllianzGI US's general policy to charge fees to clients in accordance with the fee schedule in effect at the time the client first entered into an investment management or investment advisory relationship with AllianzGI US. However, in certain circumstances, fees may be subject to negotiation, and fees may be modified for particular clients. The reasons for such modifications may include, without limitation, the type of product provided, the complexity and level of service provided, the number of different accounts and the total assets under management for that client and related clients, the particular type of client, constraints imposed by substantial potential capital gains,

required attendance at client meetings, other services provided by AllianzGI US, other administrative services provided, or other circumstances or factors that AllianzGI US deems relevant. A different fee schedule may apply if an account receives services that are more limited than full discretionary investment management, or if an account has specialized investment objectives, guidelines and restrictions. Certain accounts of persons affiliated with AllianzGI US may be managed without fees or at reduced fees.

When AllianzGI US and/or certain of its affiliates manage multiple accounts for a particular client, or for a related group of clients, fee calculation may be based on the total assets under management or a relationship fee discount or rebate may be available. Assets invested in investment companies generally are not considered for these purposes, although AllianzGI US may elect to consider of such assets in fee calculations in special circumstances. AllianzGI US may perform the non-advisory services as an accommodation to certain clients.

To the extent that a client's assets are invested in a cash investment fund of the client's trustee or custodian, the client should be aware that the trustee or custodian may also charge management or transactional fees with respect to such assets.

You may choose to be billed directly for fees, or you may authorize your custodian to pay AllianzGI US directly from your account. If you direct your custodian to pay AllianzGI US from your account, your custodian should send a quarterly statement directly to you, showing transactions in the account, including AllianzGI US's fees. AllianzGI US will receive paper or electronic copies of the custodian's statements. AllianzGI US urges you to carefully review these statements, where applicable, and compare the official custodial records to any account statements AllianzGI US may send to you.

Separate Accounts Fees (Excluding Wrap Fee Programs)

Standard separate account fees are as follows as of the date of this brochure:

Unless otherwise indicated, fees and account minimums are shown in U.S. Dollars.

U.S. Large Cap Equity (US Large Cap Select, US Large Cap Core and US Focused Growth, Disciplined US Core)

0.650% on the first \$20 Million
0.550% on the next \$50 Million
0.500% on the next \$100 Million

Allianz Global Investors U.S. LLC

0.450% on the next \$250 Million
Negotiable thereafter
Minimum Separate Account: \$25 Million

Mid Cap Equity (Core and Core Growth)

0.750% on the first \$20 Million
0.700% on the next \$50 Million
0.650% on the next \$100 Million
0.520% on the next \$250 Million
Negotiable thereafter
Minimum Separate Account: \$25 Million

Global/International Small Cap Equity

0.950% on the first \$20 Million
0.900% on the next \$50 Million
0.850% on the next \$100 Million
0.700% on the next \$250 Million
Negotiable thereafter
Minimum Separate Account: \$10 Million

Global Equity Sector Mandates

(Technology, Global Agricultural Trends, Global Natural Resources, Global Water, Biotechnology, Health Sciences)

1.000% on the first \$170 Million
0.750% on the next \$250 Million
Negotiable thereafter
Minimum Separate Account: \$25 Million

Private Client Group accounts (Targeted Growth (Tax Managed), Targeted Core Growth (Tax Managed))

1.000% on the first \$10 Million
0.700% on the next \$10 Million
0.500% on the next \$20 Million
0.350% on the next \$20 Million
0.300% on the next \$40 Million
0.250% on the balance of assets
Minimum Separate Account: \$3 Million

U.S. Balanced

0.650% on the first \$10 Million
0.500% on the next \$10 Million
0.450% on the next \$20 Million
0.400% on the next \$20 Million
0.300% on the next \$40 Million
0.250% on the balance of assets
Minimum Separate Account: \$10 Million

Single Country Asian Equity (China Equity, Korean Equity)

0.800% on the first \$50 Million
0.700% on the next \$50 Million
0.650% on the balance of assets
Minimum Separate Account: \$50 Million

Little Dragons

0.900% on all assets
Minimum Separate Account: \$50 Million

Best Styles (Global Developed, Global All Country, US, Asia Pacific, Europe)

0.400% on the first \$75 Million
0.350% on the next \$75 Million
0.300% on balance above \$150 Million
Minimum Separate Account: \$75 Million

Best Styles Emerging Markets

0.450% on the first \$75 Million
0.400% on the next \$75 Million
0.350% on balance above \$150 Million
Minimum Separate Account: \$75 Million

Global EcoTrends

1.000% on the first \$35 Million
0.600% on the next \$75 Million
0.400% on the next \$100 Million
0.350% on the balance of assets
Minimum Separate Account: \$30 Million

Global Sustainability

0.800% on the first \$35 Million
0.550% on the next \$75 Million
0.400% on the next \$100 Million
0.350% on the balance of assets
Minimum Separate Account: \$30 Million

Europe Equity Growth

0.500% on the first \$35 Million
0.400% on the next \$50 Million
0.300% on the next \$100 Million
0.300% on the balance of assets
Minimum Separate Account: \$30 Million

Dynamic Risk Management

0.250% on the first \$500 Million
0.240% on the next \$500 Million
0.230% on the next \$1 Billion
0.200% on balance above \$2 Billion
Minimum Separate Account: \$250 Million

Dynamic Multi-Asset Plus

0.600% on the first \$500 Million
0.550% on the next \$500 Million
0.500% on balance above \$1 Billion
Minimum Separate Account: \$250 Million

Emerging Markets Systematic / Emerging Markets Consumer

1.000% on the first \$25 Million
0.800% on the next \$25 Million
0.750% thereafter
Minimum Separate Account: \$25 Million

Emerging Markets Small Cap

1.200% on the first \$25 Million

1.100% on the next \$25 Million
1.000% thereafter
Minimum Separate Account: \$25 Million

US Micro Cap Opportunities

1.250% on the first \$25 Million
1.000% on the next \$25 Million
0.800% thereafter
Minimum Separate Account: \$10 Million

Global Small Cap Opportunities

0.950% on the first \$50 Million
0.750% on the next \$50 Million
0.650% thereafter
Minimum Separate Account: \$25 Million

US Convertibles

0.750% on the first \$50 Million
0.625% on the next \$50 Million
0.500% thereafter
Minimum Separate Account: \$50 Million

US Small Cap Growth

0.900% on the first \$25 Million
0.800% on the next \$25 Million
0.700% thereafter
Minimum Separate Account: \$20 Million

US High Yield

0.550% on the first \$50 Million
0.400% on the next \$50 Million
Negotiable thereafter
Minimum Separate Account: \$50 Million

US Short Duration High Income

0.500% on the first \$50 Million
0.450% on the next \$50 Million
Negotiable thereafter
Minimum Separate Account: \$50 Million

US Micro Cap

1.250% on the first \$25 Million
1.150% thereafter
Minimum Separate Account: \$10 Million

US Ultra Micro Cap

1.750% of Asset Value below \$25 Million
1.500% on \$25 Million and above
Minimum Separate Account: \$10 Million

US Small-Mid Cap Growth

0.850% on the first \$25 Million
0.750% on the next \$25 Million
0.700% thereafter
Minimum Separate Account: \$20 Million

US Systematic Small Cap Growth / US Systematic Small Cap

0.850% on the first \$25 Million
0.800% on the next \$15 Million
0.750% on the next \$25 Million
0.700% thereafter
Minimum Separate Account: \$10 Million

Global Managed Volatility

0.450% on the first \$20 Million
0.350% on the next \$80 Million
0.250% thereafter
Minimum Separate Account: \$10 Million

International Managed Volatility

0.500% on the first \$20 Million
0.400% on the next \$80 Million
0.300% thereafter
Minimum Separate Account: \$10 Million

US Large Cap Managed Volatility

0.400% on the first \$20 Million
0.300% on the next \$80 Million
0.200% thereafter
Minimum Separate Account: \$10 Million

CLO

0.550% on the first \$50 Million
0.400% on the next \$50 Million
Negotiable thereafter
Minimum Separate Account: \$50 Million

Asset Allocation

0.850% on the first \$50 Million
0.750% on the next \$50 Million
0.600% thereafter
Minimum Separate Account: \$5 Million

Emerging Market Debt

As negotiated based on size of the account

Infrastructure Debt

As negotiated based on size of the account

Structured Alpha 500

30% of quarterly performance over 90-Day T-Bill
Minimum Separate Account Size: \$50 Million

Structured Alpha 1000

30% of quarterly performance over 90-Day T-Bill
Minimum Separate Account Size: \$50 Million

Allianz Global Investors U.S. LLC

Structured Alpha U.S. Equity 500

30% of quarterly performance over S&P 500 Index
Minimum Separate Account Size: \$50 Million

Structured Alpha 10 Year Treasury 500

30% of quarterly performance over BofA Merrill Lynch 10 Year US Treasury Index
Minimum Separate Account Size: \$50 Million

Structured Alpha 1000 Plus

30% of quarterly performance over 90-Day T-Bill
Minimum Separate Account Size: \$50 Million

Structured Alpha U.S. Equity 250

30% of quarterly performance over S&P 500 Index
Minimum Separate Account Size: \$50 Million

Structured Return

0.600% of Asset Value
Minimum Separate Account Size: \$50 Million

Enhanced Equity

0.350% of Asset Value
Minimum Separate Account Size: \$50 Million

U.S. Equity Hedged

0.600% of Asset Value
Minimum Separate Account Size: \$50 Million

Commingled Funds

Mutual Funds, Funds of Funds and Closed-End Funds

In addition to the separate account services described above, AllianzGI US provides advisory or sub-advisory services to registered investment companies ("Funds") managed by AllianzGI US, its affiliates or unaffiliated advisers. Additional information concerning a Funds' investment management fees, and other expenses, is contained in the prospectus and statement of additional information. Investors are advised to review prospectus and statement of information prior to investing in a Fund.

AllianzGI US compensation for acting as a sub-adviser to Funds is typically calculated as a percentage of a Fund's average net assets, and may vary depending on a number of factors including the investment strategy employed, the type of Fund, and the amount of assets under management. The market value of a Fund's portfolio for purposes of calculating fees will be

based on the Fund custodian's valuation. An investment in a Fund will typically be reduced by the management fees and fund expenses.

Unregistered Commingled Funds

AllianzGI US may also provide advisory or sub-advisory services to unregistered commingled funds, collective investment trusts or securities investment trusts ("Unregistered Commingled Funds") and may act as managing member of certain Unregistered Commingled Funds. These funds may be established by AllianzGI US, its affiliates, or third parties. AllianzGI US, its affiliates and/or their personnel may have an ownership or management interest in an Unregistered Commingled Fund. A minimum account size may be applicable for participation in an Unregistered Commingled Fund. Additional information concerning these funds, including advisory fees, is typically included in the relevant fund's offering documents.

Advisory fees for Unregistered Commingled Funds are typically assessed by the funds' administrator, although in certain cases, investors in these funds may pay advisory fees directly to AllianzGI US. The Unregistered Commingled Funds may enter into agreements with certain investors which in some cases may result in lower management fees and incentive allocations than disclosed in AllianzGI US's standard fee schedule. AllianzGI US's current standard fee schedule for new investments in Unregistered Commingled Funds, if different from separate account fees disclosed above, are as follows:

Large Cap Select Fund

0.600% on the first \$25 Million
0.500% on the next \$50 Million
0.450% on the next \$100 Million
0.400% on the next \$250 Million
Negotiable thereafter
Minimum Account Size: \$100,000

Large Cap Growth Fund

0.600% on the first \$25 Million
0.500% on the next \$50 Million
0.450% on the next \$100 Million
0.400% on the next \$250 Million
Negotiable thereafter
Minimum Account Size: \$100,000

Little Dragons Fund

0.850% on all assets
Minimum Account Size: Negotiable

NFJ International Value Trust

0.850% on the first \$25 Million
0.750% on the next \$25 Million

0.600% on the next \$50 Million
0.450% thereafter
Minimum Account Size: \$1 Million

Managed Account and Wrap Fee Programs

AllianzGI US also receives fees for providing discretionary advisory services to Wrap Program Sponsors. AllianzGI US does not maintain a standard fee schedule for discretionary advisory services to Wrap Programs. The advisory fees are typically negotiated with, and paid by, the Sponsor pursuant to an agreement between the parties. The advisory fees may vary by Sponsor and strategy, but are generally between .25% and .75% of total assets under management. Clients are advised to review the Wrap Program Sponsor's brochure for fees applicable to the program.

In most cases, because the Sponsor does not charge an additional commission for brokerage transactions, it will usually be more cost effective to the client for AllianzGI US to execute transactions through the Sponsor instead of through other broker-dealers. However, if AllianzGI US determines that the Sponsor may not be in the position to provide best execution, AllianzGI US may select another broker-dealer to effect transactions which may cause the client to incur additional overall costs. Additional information on AllianzGI US's brokerage practices is set forth below under Item 12 Brokerage Practices.

Target Date Strategies

AllianzGI US does not maintain a standard fee schedule for Target Date Strategies. Actual fees are individually negotiated and may vary depending on a number of factors, including the size of the portfolios, the portfolio's asset allocation, additional services or differing levels of servicing or as otherwise agreed with the client.

Investment Model Delivery to Third Parties

AllianzGI US provides investment models to unaffiliated broker-dealers, investment advisers and in return receives a portion of the advisory fee received by these unaffiliated parties from their clients. Generally, these entities will pay a portion of the fee they receive from their respective clients to AllianzGI US. The advisory fees may vary by strategy, but are generally between .25% and .40% of total assets under management. Fees may be payable in arrears or in advance, typically on a quarterly basis.

Compensation from the Sale of Securities

AllianzGI US's supervised persons and related sales personnel typically market AllianzGI US and NEJ investment capabilities to various prospects

and intermediaries either directly through separate accounts and Wrap Programs and indirectly through Funds advised or sub-advised by AllianzGI US and NEJ.

Certain of AllianzGI US's supervised persons and related sales personnel also may be associated with an affiliated broker-dealer, and in that capacity may engage in marketing or selling activities with respect to shares or interests in Funds and Unregistered Commingled Funds advised or sub-advised by AllianzGI US or NEJ. (See Item 10 for more information about other financial industry activities and affiliations.) Certain AllianzGI US supervised persons and related sales personnel may be compensated by AllianzGI US for successful marketing or selling activities with respect to shares or interests in Mutual Funds and Unregistered Commingled Funds advised or sub-advised by AllianzGI US and NEJ. Certain AllianzGI US supervised persons and related sales personnel do not receive transaction-based compensation.

Clients may purchase certain of the investment products recommended by AllianzGI US directly or through banks, broker-dealers and other investment advisers that are not affiliated with AllianzGI US. Doing so may result in fee and execution charges that are lower (or higher) than those charged by AllianzGI US or its affiliates.

Client Service and Sales

AllianzGI US may be compensated directly with respect to services that it provides to one or more of its affiliated advisers. In other cases, affiliated advisers may fund the shared costs of AllianzGI US, including the compensation paid to sales and client service personnel.

Other Fees and Expenses

In addition to the advisory fees described above, clients will be subject to other fees and expenses in connection with AllianzGI US's advisory services.

Transaction Charges

Clients, except those who participate in a Wrap Program where the Sponsor executes securities transactions, will pay brokerage commissions, mark-ups, mark-downs, other commission equivalents and/or transaction costs related to transactions effected for their accounts to executing broker-dealers. As described in Item 12 Brokerage Practices, AllianzGI US will effect these transactions subject to its obligation to seek best overall execution. The different types of execution charges include:

- Commissions: the amount charged by a broker for purchasing or selling

securities or other investments as an agent for the client and is disclosed on client's trade confirmations or otherwise.

- **Commission equivalents:** an amount charged by a dealer for purchasing or selling securities or other investments in certain riskless principal transactions. Riskless principal transactions includes but is not limited to the purchase of equity linked notes, the commitment of capital, or transactions in which a dealer, after having received an order to buy from a client, purchases the security from another person to offset a contemporaneous sale to the client or, after having received an order to sell from a client, sells the security to another person to offset a contemporaneous purchase from the client.
- **Markups:** the price charged to a client, less the prevailing market price and is included in the price of the security.
- **Mark-downs:** the prevailing market price, less the amount a dealer pays to purchase the security from the client and is included in the price of the security.
- **Spreads:** the difference between the current purchase or bid price (that is, the price someone is willing to pay) and the current or offer price (that is the price at which someone is willing to sell) and is included in the price of the security. The difference or spread narrows or widens in response to the supply and demand levels of the security.

Custody and Other Fees

AllianzGI US does not select account custodians on behalf of clients or serve as the custodian of client account assets. The custodian appointed by the client will charge custody and other fees that are in addition to the advisory fees payable to AllianzGI US.

On behalf of its separate account clients, Wrap Program clients, and Fund clients, AllianzGI US may invest or recommend investment in Funds, exchange-traded funds ("ETFs"), and other pooled investment vehicles. This may include the investment in funds managed by Pacific Investment Management Company LLC ("PIMCO"). When AllianzGI US invests client assets in these investment vehicles, unless otherwise agreed and where permitted by applicable law, the client will bear its proportionate share of fees and expenses as an investor in the investment vehicle in

addition to AllianzGI US's investment advisory or sub-advisory fees. The investment vehicle's prospectus, offering documents or other disclosure documents contain a description of its fees and expenses.

In addition, AllianzGI US may invest client assets or recommend that clients invest in shares or other interests in certain funds to which AllianzGI US or its related persons provide investment advice or other services, and from which AllianzGI US and its affiliates (including PIMCO) receive advisory, administrative and/or distribution fees. To the extent that AllianzGI US invests client assets in an affiliated fund (including PIMCO Funds), AllianzGI US may, depending on the arrangement with a separate account client or Wrap Program Sponsor, and any legal requirements, waive investment advisory fees on the assets invested in such investment company, credit the account for the fees paid by the Fund to AllianzGI US's related persons, avoid or limit the payment of duplicative fees to AllianzGI US and its related persons through other means, or charge fees both at the investment company level and separate account level. To the extent that fees and expenses incurred by any Fund purchased for the client's account are in addition to certain of the expenses covered by the managed account/wrap account fee, AllianzGI US and its affiliates may receive additional economic benefit when a client account is invested in such fund, and a conflict of interest may exist.

In certain instances in which AllianzGI US receives a minimum account fee because of a minimum account size and AllianzGI US invests client assets in an affiliated fund (including PIMCO Funds), AllianzGI US may credit the account for the fees paid by the Fund to AllianzGI US's related persons in order to avoid the payment of a duplicative fee to AllianzGI US or its related persons. This may result in a client directly paying less than another client with a similar minimum account fee that is not invested in an affiliated fund.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-Based Fees

In addition, or as an alternative to the standard fee arrangements described above, AllianzGI US may enter into performance fee arrangements with qualified clients pursuant to individualized negotiations. Performance-based fee arrangements may create an incentive for an Adviser to recommend investments which may be riskier or more speculative than those which

would be recommended under a different fee arrangement.

Side-by-Side Management

AllianzGI US may manage accounts with fixed management fees (“fixed fee accounts”) alongside other accounts with performance-based fees (“performance fee accounts”). There are potential conflicts of interest that arise due to the side-by-side management of fixed fee accounts with performance fee accounts as there may be an incentive to favor the performance fee accounts over the fixed fee accounts in the allocation of investment opportunities. AllianzGI US has implemented side-by-side policies and procedures designed to address this conflict and ensures that all clients are treated fairly and equitably.

ITEM 7. TYPES OF CLIENTS

AllianzGI US provides portfolio management services to a variety of clients including:

- high net worth individuals
- corporations
- public pension and profit-sharing plans
- Taft-Hartley plans
- charitable institutions, foundations, endowments
- investment companies and other commingled funds
- trusts
- governmental entities
- Wrap Fee Programs

Certain Wrap Fee Program investors, shareholders in investment companies and investors in other pooled products will not be deemed advisory clients of AllianzGI US.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The following are broad descriptions of the methods of analysis and investment strategies employed by AllianzGI US. It should be noted that investing in securities involves risk of loss that clients should be prepared to bear.

METHODS OF ANALYSIS

Equity Research

AllianzGI US maintains a research staff that monitors a broad universe of stocks for comparative purposes (the “Research Department”). It makes use of contacts at several

levels within companies, and, where appropriate, with a company’s competitors, end-users and suppliers. The Research Department’s analysts follow a global universe of companies to determine whether they are good candidates for investment, and communicate recommendations to the appropriate portfolio management team. AllianzGI US may also receive proprietary research from, and provide proprietary research (including Grassrootssm Research Reports described below) to certain investment management affiliates. (See response to Item 10 below.)

Substantial emphasis is placed on the Research Department’s own fundamental research. However, AllianzGI US also uses outside research in two ways. First, the opinions of a broad group of industry and company specialists are considered to supplement the analysis of AllianzGI US’s research staff. As described in Item 12, this research information may be provided by brokers who execute portfolio transactions for AllianzGI US’s clients. Second, “street” opinions, analyses and estimates on stocks, groups and economic data are monitored.

In addition to its fundamental traditional research activities, AllianzGI US uses research produced by Grassrootssm Research, a division within the Allianz Global Investors group of companies. Grassrootssm Research augments AllianzGI US’s own traditional research methods by seeking to verify (or disprove) market information pertaining to various companies or industries and by identifying and analyzing marketplace trends. AllianzGI US believes that Grassrootssm Research provides a valuable complement to its traditional research methodology.

AllianzGI US maintains staff in its Grassrootssm Research unit. There are also freelance journalists and field force personnel located throughout the world, including Eastern and Western Europe, Asia, Australia, Latin America, as well as the United States who collect data and other information through interviews conducted with various sources, including consumers, suppliers, service providers, trade sources, polls and government agencies. The journalists prepare research reports that the Grassrootssm employees then edit and finalize. The freelance journalist and field force personnel typically work as independent contractors and are compensated by broker-dealers who provide research services to AllianzGI US in exchange for commissions generated by AllianzGI US’s clients. (See response to Item 12 below.)

AllianzGI US also may from time to time utilize the research services of doctors representing medical specialties likely to be affected by medical, technological and economic developments in medicine, health care and related areas. These doctors may serve as independent contractors and be compensated by broker-dealers who provide research services to AllianzGI US in exchange for commissions generated by AllianzGI US clients. (See response to Item 12 below.)

AllianzGI US may also employ quantitative analysts who contribute to the overall investment efforts of the firm. Such analysts' main focus is to provide risk and performance analyses of portfolios to assist in future investment decisions.

Fundamental Growth Equity Strategies

AllianzGI US's primary equity products emphasize a team approach to asset management. Portfolio management teams take advantage of the global resources of Allianz Global Investors to select securities. The objective is to develop for each client a diversified, yet concentrated portfolio of high quality growth companies selling at reasonable prices. AllianzGI US may also, from time to time, invest in cyclical and semi-cyclical companies.

New purchase ideas are primarily generated by AllianzGI US's fundamental research department, Grassrootssm, and the portfolio management teams (domestic and international). External research is also used to generate ideas.

Before purchase, all companies are evaluated for their growth and quality characteristics. All stocks are evaluated on their valuation characteristics. AllianzGI US seeks to invest in companies that offer long-term sustainable growth in earnings, revenues, or cash flow, have strong management and financial statements, and offer good relative and absolute risk-adjusted return characteristics.

AllianzGI US may sell a company's stock if it believes that a company's growth or quality has been impaired, or when it believes that the risk-adjusted return characteristics are no longer attractive. A company may also be sold when a price or valuation target is reached or when better alternatives are identified.

Portfolio management teams construct the portfolios in accordance with specific client investment objectives, guidelines and restrictions. The portfolio managers make stock selection and industry decisions with significant input from the analyst teams. The resulting portfolios are diversified, yet concentrated, and are composed of issuers that AllianzGI US believes are high quality

growth companies offering above average risk-adjusted return prospects.

For those clients who choose to be fully invested at all times, cash positions generally will average between 2% to 5% or less, except when additional cash is necessary for transaction settlement or until reinvestment decisions are made. For other clients, whose investment objectives, guidelines, and restrictions permit higher cash levels, AllianzGI US may, from time to time, increase the cash levels in the account to the extent that market conditions warrant. Cash levels also may be increased in anticipation of expected client withdrawals. The percentage of each type of investment in a particular account is likely to vary, based on a number of factors, including, but not limited to, market conditions, relative investment opportunities, and each client's particular investment objectives, guidelines, and restrictions.

In some instances quantitative methods may be utilized in the fundamental-based strategies. Quantitative methods may include proprietary modeling for options overlay strategies.

Systematic Strategies

The Systematic Investment team believes ongoing research is critical to deliver superior investment results in the future. As such, all investment members of the team contribute to the Systematic team strategies via alpha model, risk model and portfolio construction research, which encompasses the majority of their day. The goal of research is to add new factors, improve existing factors, or occasionally remove factors which have been arbitrated by the market. The team's investment professionals communicate informally on a daily basis given their open office architecture which promotes a collaborative, collegial work environment. There is more formal interaction among investment professionals on the team through their weekly research meetings, whereby alpha, risk and portfolio construction research is critically evaluated. The integrated approach to portfolio management and research provides important insight into key drivers of investment performance and ideas for future research initiatives.

Once an idea is generated, the research process continues into the factor design stage, whereby the team collects data, validates the information and builds a mathematical formula to harness the opportunity. The team then conducts factor testing on two levels. The first is to see how the factor performs on a stand-alone basis, including its ability to generate returns, how fast the factor predictive power decays, and how performance correlates from one month to another. The second

is through a multi-simulation where we measure how well the factor performs in combination with other factors in the model, including the difference in total returns, as well as across industries, sectors, countries and market capitalization. We also consider how the risk profile changes, and how the factor performs in various market environments. A factor is implemented should it improve results and offer low correlations to existing factors in the model. The alpha model, risk model and portfolio construction research process takes approximately six to nine months for each factor from the idea generation stage to the implementation stage in the model. There is only about a 10% success rate of a factor making it through the entire process, as the hurdle to add a new factor gets higher as the model is evolved over time.

Fixed Income Research

Income and Growth Strategies

The Income and Growth team follows a disciplined, fundamental bottom-up research process. Ideas are generated from a variety of traditional and quantitative sources that make-up the team's research platform. All members of the Income and Growth team are responsible for bringing new ideas to the group. All members of the investment team serve as generalists when identifying new opportunities.

To help generate ideas, the investment team also utilizes external resources such as boutique and sell-side equity and debt analysts, technical research specialists and company management teams. The firm's investment teams maintain research relationships with a large number of investment banks and independent research firms, and speak regularly with their research analysts. The investment teams also regularly host meetings with company management teams to discuss firm, supplier, customer and competitive information. This interaction provides a valuable source of information on the key differences between competing companies.

Rigorous credit analysis is performed on each investment idea, including in-depth financial research, peer review of recommendations and evaluation of associated risk factors. The Income and Growth team has access to a variety of software tools and the firm's proprietary systematic evaluation model. The screening tools incorporate both technical and fundamental screening criteria.

After identifying a potential new investment idea, the fundamental strength of the company is assessed. Fundamental research focuses on

identifying companies' innovation, growth in market share, improving operating margins, and new product launches that may result in positive earnings estimate revisions. Companies with revenue growth and margin expansion create positive cash flow and healthy balance sheets.

To determine whether the investment team's findings are sustainable, the Income and Growth team conducts a detailed analysis of the operating statistics of purchase candidates. This analysis gives the investment team confidence that these companies have a financial foundation conducive to growth. They analyze issuers' balance sheets, cash flow statements and income statements, as well as the security's terms and covenant protections.

The Income and Growth team uses its proprietary Upgrade Alert Model to generate an internal credit quality rating. The investment team uses the model to analyze a company's operating performance. The income statement, cash-flow statement and balance sheet are projected out five years on a pro-forma basis to gain perspective of a company's ability to service its debt obligations over time. Critical factors in the scenario analysis include the operating capabilities and prospects of the issuer and how this might impact cash flow, capital expenditures or financing needs.

In addition to internal credit analysis, the investment team incorporates both external debt analysts' research and equity analyst research into its investment process, which gives it the added capability to evaluate an issuer's ability to meet or beat expectations. Meetings with company management complement the investment team's investigation of investment merit. The senior portfolio managers utilize the results of this research to construct a portfolio that balances the trade-off between risk and reward.

US Short Duration Strategies

The Short Duration team undertakes in-depth analysis on every credit in the strategy's universe to identify those companies which offer the most compelling risk-return trade-off. Roughly 85% of the investment team's research effort is conducted internally with 15% coming from external sources. The investment team uses a proprietary tool to assist in credit research, the Credit Scoring System model. This model tallies approximately 48 different credit metrics within three qualitative and three quantitative categories. This model allows the investment team to easily identify a company's strengths and weaknesses and reveal potential risk factors. Given its depth, this is a valuable tool when evaluating overall credit quality.

Structured Products Strategies

For its Structured Products strategies, AllianzGI US analyzes the statistical behavior of one or more indices to develop proprietary expected probabilities of the magnitude of future index movements. From this analysis, AllianzGI US constructs option spreads using puts and calls on the indices in order to optimize the strike and time-to expiration of each option position, as well as the probability-adjusted size of the profit zones.

Asset Allocation & Target Date Strategies

The Asset Allocation portfolio structuring process is based on underlying account investment objectives, and translating those objectives into specific measurable expected risk-return profiles. The general portfolio strategy utilizes (1) a portfolio of defensive assets intended to help to preserve principal, provide current income and hedge inflation (“Defensive Assets”); (2) a portfolio of return-generating assets that emphasize after-inflation capital growth (“Return-Generating Assets”); (3) strategy-specific objectives that define the percent to invest in Defensive and Return-Generating Assets, respectively; and (4) risk-budgeted and risk-managed portfolios that are measured by total portfolio volatility, portfolio income, and portfolio tracking error. Defensive Assets typically belong to the fixed-income asset class. Return-Generating Assets typically belong to the fixed-income, equity, real estate, commodity and alternative asset classes. The resulting strategy is a combination of Defensive and Return-Generating Assets that matches the expected risk-return profile.

Best Styles Strategies

The Best Styles systematic equity research focuses on the analysis of quantitative factors in investment style research and structural sources of outperformance. Our continuous research and development work ensures that we stay at the forefront of investment style risk management and generating outperformance. The investment team’s style research draws upon more than 150 different stock selection criteria, grouped into five different groups: Value, Momentum, Earnings Change, Growth and Quality. An investment style is defined by a combination of bottom-up stock selection factors. To calculate an investment style such as Value, several bottom-up factors, such as price-to-book, price-to-earnings, price-to-cash flow and dividend yield, are combined in an equal-weighted score. All stocks in the universe are then ranked according to this investment style score. The ranking is done on a region-by-region and sector-by-sector basis. The stocks that are ranked in the top 20% are then classified as Value, and similarly so for the other investment styles. The

investment style profile of individual stocks can change significantly over time. In addition to defining the investment styles and to determining a diversified mix of these investment styles, we also conduct ongoing analysis of additional risk factors within investment styles.

Dynamic Multi Asset Plus Strategies

The investment team uses an active approach to asset allocation which sits at the Dynamic Multi Asset Plus strategy’s core. It has three components: Market Cycle analysis, Economic Cycle and Valuation analysis and active Risk Management. In our systematic Market Cycle analysis, we use a proprietary rule-based, disciplined asset allocation approach to capture medium-term trends across asset classes. By combining both pro-cyclical and anti-cyclical elements, we aim to invest in the best performing asset classes over time, and provide both excess returns and downside risk mitigation. In our fundamental Economic Cycle and Valuation analysis, we consider forward-looking fundamental assessments, based on both quantitative and qualitative input factors, to better identify turning points in markets. This allows us to tactically adjust the portfolio’s asset allocation with the aim of enhancing returns. Our proprietary Total Return and Tail Risk Management provides the final component of our approach, through which we actively manage portfolio risk, targeting a significant reduction in downside risk in times of market stress.

The following describes the methods of analysis for each of AllianzGI US’s investment strategies:

Investment Process – US Large Cap Growth Strategies (*US Large Cap Select, US Large Cap Core and US Focused Growth*)

The investment process for domestic large-cap equity accounts is coordinated through the Large Cap Portfolio Management Team (the “Large Cap PMT”). The Large Cap PMT draws upon the expertise of senior portfolio managers, portfolio managers, assistant portfolio managers, senior portfolio associates, portfolio associates and assistants, economists, product specialists and quantitative specialists. The Large Cap PMT meets daily and has frequent interactions with AllianzGI US’s research analysts, Grassrootssm analysts, and the equity traders.

The Large Cap PMT makes investment decisions through a disciplined voting procedure. Votes are recorded and securities are re-voted at frequent intervals. While the portfolio manager for each account retains the ultimate authority over individual buy and sell decisions for that account, buy and sell decisions by individual portfolio

managers that differ from the Large Cap PMT's conclusions are discussed at the Large Cap PMT portfolio construction meeting. Dispersion is also controlled using quantitative methods.

Investment Process – US Mid Cap Strategies

The investment process for mid-cap products involves teams of portfolio managers, assistant portfolio managers and portfolio associates, and certain research analysts who manage smaller sector portfolios in some mid-cap accounts.

The Mid Cap Portfolio Management Team meets daily and, as a group, interacts frequently with research analysts, GrassrootsSM analysts and the equity traders. The mid cap investment processes utilize a bottom-up approach to investing. Individual stock holdings, and to a certain extent industry weightings, will differ among mid capitalization accounts. Variances are reviewed regularly for appropriateness. As part of this process, and subject to the supervision of the portfolio managers, the assistant portfolio managers play an active role in originating investment ideas and in initiating transactions in the portfolio management teams.

Investment Process – US Small Cap Growth Strategies (*US Micro Cap, US Ultra Micro Cap, US Small Cap Growth, Small Cap Blend, and US Small-Mid Cap Growth*)

The US Small Cap Growth team follows a bottom-up process for its strategies which focuses on identifying small cap growth companies that exhibit strong signals of positive fundamental change, sustainable growth characteristics and timely market recognition. Members of the US Small Cap Growth team use their industry contacts to uncover new information as it develops, and have the experience and expertise to understand how it will affect the companies the team follows.

Investment Process – Disciplined Equity Strategies (*Disciplined US Core*)

The Disciplined Equities Group manages the Disciplined U.S. Core Equity product using an investment management process that combines quantitative screening with fundamental company research (including GrassrootsSM Research). It is a four-step bottom-up stock selection investment process which includes: (1) initial idea generation using a screening strategy, (2) valuation and stock selection using in-depth company research, (3) portfolio construction and risk control that builds a diversified portfolio that generates performance mainly from bottom-up stock selection, and (4) monitoring and review that aims to improve the overall investment process.

The Disciplined Equity team believes in investing in under-valued companies undergoing positive change. The team believes investor sentiment fluctuates more widely than underlying fundamentals and that low expectation/valuation provides more downside risk protection and more upside potential. The team believes this results in mispriced opportunities. The team seeks to identify these opportunities through their disciplined investment process, which is built upon stock screening and fundamental research

Investment Process – Private Client Group (*Targeted Growth (Tax Managed), Targeted Core Growth (Tax Managed), Balanced*)

The Private Client Group employs a team approach to investment management. The Private Client Group interacts daily with the Large Cap PMT, research analysts, and GrassrootsSM Research, and regularly with the Small/Mid Cap PMT. The equity investment approach is to seek to identify companies with above average earnings growth prospects that can be held for a considerable period of time in order to defer payment of capital gains taxes. Tax consequences can be critical to an investor's overall return and, as appropriate, investment performance is evaluated on both a before-tax and after-tax basis.

Investment Process – Sector/Thematic Strategies (*Technology, Global Agricultural Trends, Global Water, Global EcoTrends, Global Sustainability, Global Natural Resources, Health Sciences, Biotechnology*)

Technology

The Technology team seeks long-term capital appreciation by investing in both domestic and international companies that use technology in an innovative way to gain a competitive edge. The Technology team selects stocks by identifying major growth trends within technology; especially discontinuities offering order-of-magnitude of improvements. The team seeks companies possessing superior management, strong balance sheets, differentiated products or services, substantial unit growth, strong commitments to research and development, and a steady stream of new products or services. The team considers country and sector/industry selection, as well as capitalization range decisions, to be primarily the result of identifying superior securities, although benchmark allocations are monitored to ensure maintenance of an appropriately diversified portfolio.

Global Agricultural Trends

The Global Agricultural Trends investment team believes global population growth and rising

incomes, particularly in Emerging Markets, has led to changes in how much, what, and how the world eats. The team seeks investment opportunities along the entire food supply chain, from companies that offer solutions to increase output per acre, to companies that process and distribute food to end consumers. The strategy invests globally, focusing on companies that stand to benefit from:

- (1) Increasing and changing agricultural raw materials production (upstream)
- (2) Rising food demand and changing preferences, including food processing & distribution (downstream).

The team targets companies that possess superior management, strong balance sheets, differentiated products or services, substantial unit growth, strong commitments to research and development, and a steady stream of new products or services, and that meet rigorous growth, quality, and valuation criteria.

Global Water

The Global Water team seeks to invest in companies that fall within the broadly defined and rapidly growing eco-sector of clean water. Water related activities are those that influence the quality, availability or demand of water including: water production; water conditioning; sewage treatment; engineering services. Stocks are selected on a fundamental bottom-up basis with no ethical or sustainability screening applied. The Global Water strategy philosophy recognizes that the environment has a significant and increasing impact on businesses and financial markets. Working in a team-oriented meritocracy, our investment professionals focus on constructing portfolios offering attractive risk-adjusted returns.

Global EcoTrends

The Global EcoTrends strategy is based on the premise that with an increasing global focus on environmental protection in the 21st century, companies that provide solutions to environmental problems and those that utilize environmental solutions stand to benefit. The Global EcoTrends team seeks to invest in companies falling within the following three eco-sectors which are broadly defined and are seen to be growing rapidly: (1) EcoEnergy, (2) Pollution Control, and (3) Clean Water. The primary focus is to construct a portfolio representing the best investment opportunities within the three EcoTrends themes. Idea generation begins with our EcoTrends specialists who in turn draw on the input of the global research platform, regional portfolio managers, single country managers and global sector managers.

Global Sustainability

The Global Sustainability strategy combines fundamental and environmental, social and governance (ESG) inputs to create a diversified portfolio of global stocks considered to be best in class, from both a fundamental and ESG perspective. The portfolio is formed by combining the inputs of our fundamental research platform and the research of our Global ESG team. Our Global ESG team identifies environmental, social and governance risks for over 4,000 stocks, focusing on sector-specific criteria. By combining these inputs, we create a refined universe of stocks we consider to be best in class from both financial and ESG perspectives. From this refined universe of best-in-class stocks, the investment team selects a portfolio of global stocks, diversified in terms of both sector and regional exposure.

Global Natural Resources

The Global Natural Resources strategy focuses on these high growth trends by investing in natural resource-related equities within four sectors: energy, agriculture, materials and industrials. All positions are supported by what the portfolio manager believes are the most promising investment themes within the global natural resources-related universe.

Health Sciences

The Health Sciences strategy seeks to profit from global trends in health-care related sectors. The strategy pursues a more concentrated approach to investing in traditional health care companies, and focuses on companies that are delivering innovative and profitable drug treatments and low-cost health care solutions.

Biotechnology

The Global Biotechnology strategy seeks to invest in high-quality healthcare companies that are delivering innovative and profitable drug treatments and value to the health care system. These factors drive solid long term earnings growth and reasonable over valuations for global biotechnology-related stocks in general.

Investment Process – Asia/Europe Strategies

China Equity

The China Equity team aims to provide investors with long term capital appreciation through investment in the shares of companies listed in China and companies located elsewhere which have significant interest in China. The team's philosophy and process aims to add value in three key areas, namely stock selection, portfolio construction, and implementation. Research coverage is shared between the country specialists and the regional sector analysts. Country

specialists tend to cover those companies that relate to local factors more than any regional (or global) factor. Sector specialists cover the larger capitalized names that could be recommended for regional or global portfolios. The team's goal is to build integrated portfolios on a bottom-up basis, comprising the best companies in the region. Working in a team-oriented meritocracy, our investment professionals focus on constructing portfolios offering attractive risk-adjusted returns.

Little Dragons

The Little Dragons investment team aims to achieve long term capital growth principally through investment in small to medium sized companies listed in Asian stock markets ex Japan with an emphasis on the smaller and emerging markets of the region. To achieve this objective the strategy invests in companies with growth prospects in the Asia ex-Japan region that may not have been recognized by the market. The strategy seeks to capture mispriced opportunities through stocks with lower downside risk and more upside potential.

Korean Equity

The investment objective of the strategy is to seek long-term capital appreciation through investment in securities, primarily equity securities, of Korean companies. The investment team may invest in a broad spectrum of Korean industries, including, as conditions warrant from time to time, automobiles, cement, chemicals, construction, electrical equipment, electronics, finance, food and beverage, international trading, machinery, shipbuilding, steel and textiles. In selecting industries and companies for investment, the team considers overall growth prospects, competitive position in export markets, technology, research and development, productivity, labor costs, raw material costs and sources, profit margins, return on investment, capital resources, government regulation, management and other factors.

Europe Equity Growth

The Equity Europe Growth approach is to invest in an integrated portfolio, comprising the attractive growth stocks in Europe selected on a bottom-up basis. The focus of this product is on structural growth not yet reflected in the company's stock price. The team seeks to identify stocks with structurally above average earnings and cash flow growth which the market has not yet fully anticipated. These companies are characterized by secular growth drivers, technological leadership and a superior business model.

Investment Process – Multi-Asset

Dynamic Multi-Asset Plus (including Dynamic Risk Management)

The investment team applies a disciplined and tactical investment process across a range of asset classes that the portfolio managers believe exhibit strong growth characteristics. The team targets a mix of asset classes and select individual investments that they believe offer efficient exposure to each such asset class. The first step of the investment process is to determine the asset classes best positioned to take advantage of growth trends in emerging markets, such as emerging market equities, emerging market, fixed income and commodities. In the second step of the process, the portfolio managers analyze market cycles, economic cycles, and valuations, of each asset class and their components to develop a tactical asset view across asset classes, which may ultimately lead to dynamic shifts in exposure to individual holdings and asset classes. The portfolio managers employ a risk management strategy which may cause them to adjust this allocation in an effort to mitigate certain downside risks such as severe downward price movements or other market stresses. Having arrived at a final asset allocation across asset classes, the portfolio managers conduct an active selection process for acquired funds and/ or direct investments to gain the intended exposure to the relevant asset classes.

Multi Asset-Real Return

The investment team seeks long-term capital appreciation emphasizing inflation-adjusted returns. In seeking to achieve this objective, the team focuses on asset classes that are highly correlated to inflation. The portfolio managers believe that the following selected asset classes can provide attractive returns in inflationary environments: (1) Commodities investments can track inflation because commodity prices drive input costs, which in turn influence Consumer Price Index (CPI) changes. (2) Real Estate Investment Trusts (REITs) can provide a link to inflation if property owners are able to raise rents to offset rising input costs. (3) Global resource equities are linked to inflation because resource related businesses typically provide productivity-enhancing inputs and generally are able to benefit from rising raw material prices and by including any cost increases associated with inflation to the final costs charged to customers. (4) Treasury Inflation Protected Securities (TIPS) are debt securities with notional amounts that are directly linked to the development of CPI measures. As such, TIPS can be used directly to hedge against inflation.

Investment Process – Global Fundamental

The investment decisions of the portfolio managers are based on a fundamental management approach. The portfolio generally consists of a core portion and an opportunistic portion which are managed as part of a single portfolio or strategy. The portion of assets that comprise the core portion serves as a foundation for the overall portfolio, as it seeks to generate stable returns over the market cycle. The opportunistic portion is designed to capture shorter term investment opportunities and could be considered as riskier relative to the core portion of the Fund. Typically, the opportunistic portion will target investments that can provide capital gains over a relatively short time horizon, and is expected exhibit higher turnover than the core portion. The allocation between the core and opportunistic components will vary, reflecting market circumstances and the manager's ability to locate suitable investments for the two components.

Investment Process – Emerging Markets Debt

The objective of the strategy is to deliver long-term capital appreciation primarily through the securities of issuers in countries with emerging economies or securities markets. It targets under-appreciated regions, countries and sectors that may offer favorable growth and economic outlook. The Emerging Markets Debt team has a four step investment process: (1) Research and Screening—Top down global and emerging market macro-economic analysis and bottom-up fundamental country analysis; (2) Fundamental and technical analysis—sub-asset class (sovereign/quasi-sovereign) and credit selection; (3) Alpha Selection—alpha strategy selection, dedicated lead managers for each sector (Sovereign and Quasi-Sovereign, Corporate Credit, momentum, income, arbitrage, local currency); and (4) Portfolio Construction—Asset allocation across alpha strategies using a defined risk budgeting framework. Embedded risk management overlay.

Investment Process – Infrastructure Debt

The investment team seeks to source high credit quality infrastructure debt transactions for institutional investors by identifying, differentiating and managing risk. By originating such placements privately we are able to source opportunities with attractive illiquidity spreads and offer improved access to a diversity of sectors that would otherwise be closed to public investors. Infrastructure debt is an asset class that we believe should provide stable returns and cash flows over long-term horizons due to the fundamental

essentiality of these real assets, with low relative levels of default. However, care needs to be taken in selecting the right investment as not all transactions labeled as “infrastructure” exhibit the same stability of future cash flows. The investment team focus is on assets meeting the following criteria: (1) Essential Physical Asset (2) Long-Term Stable Revenue Stream (3) Long-Term Debt, and (4) Clear Business Purpose.

Investment Process – Best Styles (*Global Developed, Global All Country, US, Asia Pacific, Europe, Emerging Markets*)

The investment team seeks long-term capital appreciation by creating a diversified portfolio of global equities. The portfolio managers begin with an investment universe of approximately 8,000 equity securities and then assess individual securities using a disciplined investment process that integrates top-down investment style research and proprietary fundamental bottom-up company specific research with a quantitative risk-management process. The portfolio managers combine a range of investment style orientations, such as Value, Earnings Change, Price Momentum, Growth, and Quality (each described below), in seeking positive relative returns versus the benchmark index and in managing the overall portfolio's sensitivity to broader market movements (or “beta”). The final portfolio is constructed through a portfolio optimization process that seeks to maximize exposure to equity securities with attractive investment style characteristics, subject to region, sector, capitalization, security and other constraints. The Value investment style orientation selects equity securities that the portfolio managers believe have attractive valuations based on metrics including dividend yield and price-to-earnings, price-to-cash flow and price-to-book ratios, as compared to other equity securities in the investable universe. The Earnings Change investment style orientation is designed to capture shorter-term, trend-following investment opportunities and generally selects equity securities with positive earnings revisions, announcements or surprises. The Price Momentum investment orientation is also trend-following and generally selects equity securities with positive price momentum and relative strength within the investable universe. The Growth investment style orientation generally selects equity securities with expected and historical earnings and dividend growth. The Quality investment style orientation generally emphasizes equity securities with strong profitability and historical earnings stability, and considers additional factors, such as whether a company has improving margins, positive net income, positive operating capital, decreasing

long-term debt and high-quality earnings, among others.

Investment Process – Systematic Strategies

(US Systematic Small Cap Growth, US Systematic Small Cap, Global Small Cap Opportunities, Emerging Markets Systematic, Emerging Markets Consumer, Emerging Markets Small Cap and US Micro Cap Opportunities)

The Systematic team seeks to invest in equities benefitting from change not yet fully reflected in the market. At its core, the team believes investor behavioral biases contribute to market inefficiencies. The quantitative process begins with a proprietary alpha model which blends behavioral and fundamental factors. This multi-factor approach is integrated with a highly responsive and adaptive risk model to form the basis of portfolio construction. Additionally, all investment recommendations are thoroughly vetted on a stock-by-stock basis to confirm the investment thesis before a purchase or sale.

Investment Process – Managed Volatility Strategies

(Global Managed Volatility, US Large Cap Managed Volatility and International Managed Volatility)

The Systematic investment team believes that over time, investors are inadequately rewarding for taking on higher levels of risk. The Global Managed Volatility strategies use a disciplined process designed to capture market anomalies in an effort to construct a more efficient portfolio with favorable risk and return tradeoffs. By building a diversified portfolio with a proprietary investment process and emphasizing low risk stocks with low correlations to one another, the strategies seek lower levels of volatility than their benchmarks with the potential for attractive risk-adjusted performance.

Investment Process – Income & Growth Strategies

The Income and Growth investment team follows a disciplined, bottom-up research process, which facilitates the early identification of issuers that demonstrate the ability to improve their fundamental characteristics. The companies/issues selected for the portfolio exceed minimum underlying metrics and exhibit the highest visibility of future expected operating performance.

Convertibles

The US Convertibles strategy aims to capture the upside potential of equities with potentially less volatility than a pure stock investment. The strategy builds the portfolio one security at a time by finding companies of any size capitalizing on change, actively managing the strategy to provide

an alternative risk-reward profile to traditional stock and bond portfolios.

US High Yield

The US High Yield strategy is designed to provide consistent income, diversification benefits and total return potential. The strategy seeks to deliver outperformance over time by 1) providing upside participation in rising markets and downside protection in falling markets and 2) by identifying and minimizing credit risk, avoiding defaults and targeting upgrade candidates.

Income & Growth

The Income and Growth strategy is a core holding that invests primarily in a portfolio of one-third high-quality large-cap stocks, one-third high-yield bonds and one-third convertible bonds. This “three-sleeve” approach allows the strategy to offer an attractive risk/return profile. The strategy aims to provide a steady income stream with increased potential upside and less downside risk. The strategy also supplements its income stream with a covered call strategy. As a result, the strategy aims to capture multiple sources of income while participating in the upside potential of equities, with potentially less volatility than a pure stock investment.

US Short Duration High Income

The investment process begins with an overall industry assessment, narrowing the pool of potential investment candidates. After the investment team has identified opportunities through industry selection, the next step in the investment process is to conduct credit research. The US Short Duration High Income team uses a proprietary tool to assist in credit research, the Credit Scoring System model. This model tallies approximately 48 different credit metrics within three qualitative and three quantitative categories. This model allows the investment team to easily identify a company’s strengths and weaknesses and reveal potential risk factors. Given its depth, this is a valuable tool when evaluating overall credit quality. Once specific credits have been targeted, the investment team focuses on security valuation. Finally, a diversified portfolio is constructed with securities of the best perceived relative value.

Investment Process – Structured Products Strategies

For its Structured Products strategies, AllianzGI US analyzes the statistical behavior of one or more indices to develop proprietary expected probabilities of the magnitude of future index movements. From this analysis, AllianzGI US constructs option spreads using puts and calls on

the indices in order to optimize the strike and time-to expiration of each option position, as well as the probability-adjusted size of the profit zones.

Various equity index option strategies are designed to provide return enhancement, tail-risk protection, risk reduction and/or volatility smoothing. Based on analysis of historical movements of broad-based US equity indices, as well as rigorous scenario testing, the investment team utilizes combinations of index put and/or call options in pursuit of targeted investment objectives.

Investment Process – Asset Allocation & Target Date Strategies

The investment team determines the risk profile and target allocation over time between Defensive and Return-Generating Assets, through a combination of quantitative analysis and judgment based on experience. For target-date strategies and age-based portfolios, this target allocation is time-varying, typically with a high percentage of Return-Generating Assets in the early years of investing and a low percentage of Return-Generating Assets near the target-date. For target-risk and static-risk strategies, the target allocation between Return-Generating and Defensive Assets is fixed across time.

The investment team identifies and assigns specific asset classes to the Defensive Asset portfolio and Return-Generating Asset portfolio, respectively, depending on the risk profile and target allocation. The asset class composition of these two portfolios will vary across strategies, depending on the investment objective for the specific strategy. A benchmark for the strategy will be selected based on the assigned risk profile, which determines the initial starting weights for the selected asset classes in the two portfolios.

The investment team formulates views on specific asset classes, based on analysis of market data, experience and judgment that may result in asset classes receiving more or less weight in the portfolio compared to the portfolio's benchmark. The investment team tracks and evaluates the alpha capability exhibited by underlying mutual fund and ETF portfolio managers and portfolio management teams.

In addition to the stock selection processes described above, AllianzGI US's portfolio management teams receive macroeconomic input from the firm's Global Policy Council ("GPC"). The GPC is comprised of senior investment professionals and analysts located around the globe at the offices of certain Allianz Advisory Affiliates (See Item 10 for a description of Allianz

Advisory Affiliates). The GPC reviews macroeconomic scenarios for all the major regions of the world and presents analyses of the dynamic processes that drive stocks, bonds and other markets. Based on these analyses, the GPC forecasts the short, intermediate and long-term outlooks for all the major markets and their respective submarkets. The GPC develops investment strategies to determine allocations across broad asset classes and global markets and reflect sector, theme and style priorities.

Investment Process – Wrap Fee Programs

AllianzGI US offers the Global Sustainability and Dynamic Multi Asset Plus strategies to its Wrap Program clients. See descriptions of each of these strategies earlier in this section.

AllianzGI US also contracts with its investment advisory affiliates, NFJ and PIMCO to provide sub-advisory services in connection with the management of AllianzGI US Wrap Fee Programs (collectively "Sub-Advisers"). The Sub-Advisers investment model recommendations are based on their individual investment processes, which are described briefly below. The models are used in stand-alone equity, balanced and multi-disciplinary strategy styles. The multi-disciplinary strategies may combine separate affiliated and non-affiliated sub-advisers equity strategies and/or a fixed income strategy into one portfolio with an allocation among the strategies based on established target asset allocation parameters. For additional information relating to each affiliated or non-affiliated Sub-Adviser, please refer to their respective Form ADVs posted at www.adviserinfo.sec.gov.

The following are strategies provided by NFJ or PIMCO for Wrap Program clients:

NFJ – All Cap Value, Dividend Value, Large Cap Value, Mid Cap Value, and Small Cap Value :

All-Cap Value

The All-Cap Value Strategy seeks long-term capital appreciation through investment in the undervalued stocks of companies across all market capitalizations that pay or are expected to pay dividends. The strategy may also invest a portion of its assets in American Depository Receipts, including emerging market securities.

Dividend Value

The Dividend Value Strategy seeks long-term capital appreciation through investment in the undervalued stocks of companies that pay or are expected to pay dividends. The strategy may also invest a portion of its assets in American

Depository Receipts, including emerging market securities.

Large Cap Value

The Large Cap Value Strategy seeks long-term capital appreciation through investment in undervalued stocks of large-capitalization companies that pay or are expected to pay dividends. The strategy may also invest a portion of its assets in American Depository Receipts, including emerging market securities.

Mid Cap Value

The Mid Cap Value Strategy seeks long-term capital appreciation through investment in the undervalued stocks of mid-capitalization companies that pay or are expected to pay dividends. The strategy may also invest a portion of its assets in American Depository Receipts, including emerging market securities.

Small Cap Value

The Small Cap Value Strategy seeks long-term capital appreciation through investment in the undervalued stocks of small-capitalization companies that pay or are expected to pay dividends. The strategy may also invest a portion of its assets in American Depository Receipts, including emerging market securities.

NFJ Investment Process

NFJ portfolio managers use a value investing style focusing on companies with low valuations. The portfolio managers use quantitative factors to screen the initial selection universe. To further narrow the universe, the portfolio managers apply negative screens such as price momentum (*i.e.*, changes in stock price relative to changes in overall market prices), earnings estimate revisions (*i.e.*, changes in analysts' earnings-per-share estimates) and insider trading. The portfolio managers also classify the selection universe by industry and then identify what they believe to be the most undervalued stocks in each industry to determine potential holdings for the strategies representing a broad range of industry groups. The portfolio managers further narrow the universe through a combination of qualitative analysis and fundamental research. The portfolio managers seek to identify attractive securities within each market capitalization range. The research process is continually repeated to identify new buy and sell candidates.

PIMCO – Total Return

Total Return

The Total Return Strategy seeks to maximize total return with index-like volatility.

PIMCO Investment Process

PIMCO utilizes a top-down bottom-up investment approach. The top-down investment process begins with PIMCO's annual secular forum where it develops a 3- to 5-year outlook for the global economy and interest rates. Quarterly meetings are then held to discuss how the outlook applies to upcoming 3- to 12-month periods and to forecast specific influencing factors, including interest rate volatility, yield curve movements and credit trends. Taken together, these sessions set basic portfolio parameters, including duration, yield-curve positioning, sector weightings and credit quality. PIMCO's bottom-up process, which includes credit analysis, quantitative research and individual issue selection, is then combined with the top-down approach to add value.

Approximately 60% of the client's assets are generally invested in a combination of individual U.S. Treasury, U.S. agency, municipal, corporate and mortgage securities. The remaining assets will be invested in a combination of the Allianz Global Investors Managed Accounts Trust (a registered investment company, the "Trust"), FISH: Series C and FISH: Series M shares. FISH: Series C invests in a wide variety of U.S. and foreign fixed income securities, including corporate and mortgage-backed securities, high yield securities, and derivative instruments. FISH: Series M invests in a portfolio of fixed income securities comprised of mortgage and other asset backed securities and derivative instruments. Assets invested in one of the FISH Portfolios will be managed in accordance with the FISH Portfolio's prospectus, and client restrictions will not apply to such assets. Clients should read the prospectus for the FISH portfolios for more complete information regarding the principal investments and risks of investing in the portfolios.

The Total Return strategy is managed pursuant to an investment model. A portion of the model may be composed of buckets of securities with common characteristics. Therefore, individual client accounts invested in the same product may hold different securities with substantially similar characteristics.

INVESTING IN SECURITIES INVOLVES RISK OF LOSS THAT CLIENTS SHOULD BE PREPARED TO BEAR.

General

The value of your account changes with the value of its investments. Many factors can affect those values. Your account may be subject to additional risks other than those described below because the types of investments in your account can change over time. There is no guarantee that we

will be able to achieve your investment objective. It is possible to lose money by investing.

China-Related Risk

The Chinese economy is generally considered an emerging and volatile market. A small number of companies represent a large portion of the Chinese market as a whole, and prices for securities of these companies may be very sensitive to adverse political, economic, or regulatory developments in China and other Asian countries, and may experience significant losses in such conditions. The value of Chinese currencies may also vary significantly relative to the U.S. dollar, affecting a client account's investments, to the extent the Client account invests in China-related investments. Historically, China's central government has exercised substantial control over the Chinese economy through administrative regulation, state ownership, the allocation, expropriation or nationalization of resources, by controlling payment of foreign currency-denominated obligations, by setting monetary policy and by providing preferential treatment to particular industries or companies. The emergence of domestic economic demand is still at an early stage, making China's economic health largely dependent upon exports. China's growing trade surplus with the U.S. has increased the risk of trade disputes, which could potentially have adverse effects on China's management strategy of its currency, as well as on some export-dependent sectors. Despite economic reforms that have resulted in less direct central and local government control over Chinese businesses, actions of the Chinese central and local government authorities continue to have a substantial effect on economic conditions in China. These activities, which may include central planning, partial state ownership of or government actions designed to substantially influence certain Chinese industries, market sectors or particular Chinese companies, may adversely affect the public and private sector companies in which a Client account invests. Government actions may also affect the economic prospects for, and the market prices and liquidity of, the securities of Chinese companies and the payments of dividends and interest by Chinese companies. In addition, currency fluctuations, monetary policies, competition, social instability or political unrest may adversely affect economic growth in China. The Chinese economy and Chinese companies may also be adversely affected by regional security threats, as well as adverse developments in Chinese trade policies, or in trade policies toward China by countries that are trading partners with China. The greater China region includes mainland China, Hong Kong, Macau and Taiwan, and a Client account's investments in the

region are particularly susceptible to risks in that region. Events in any one country within the region may impact the other countries in the region or the Asia region as a whole. As a result, events in the region will generally have a greater effect on a Client account to the extent that it focuses its investments in the greater China region than if the Client account were more geographically diversified, which could result in greater volatility and losses. Markets in the greater China region can experience significant volatility due to social, regulatory and political uncertainties.

Concentration Risk

Focusing investments in a small number of issuers, industries, foreign currencies or regions increases risk because changes in the value of a single security or the impact of a single economic, political or regulatory occurrence may have a greater adverse impact on a client's account. In addition, certain accounts may be subject to increased risk to the extent they focus their investments in securities denominated in a particular foreign currency or in a narrowly defined geographic area outside the United States. Similarly, investments which are focused on a certain type of issuer can be particularly vulnerable to events affecting such type of issuer. Also, certain accounts may have greater risk to the extent they invest a substantial portion of their assets in a group of related industries (or "sectors"). The industries comprising any particular sector and investments in a particular foreign currency or in a narrowly defined geographic area outside the United States may share common characteristics, are often subject to similar business risks and regulatory burdens, and react similarly to economic, market, political or other developments. Furthermore, certain issuers, industries and regions may be adversely affected by the impacts of climate change on the demand for and the development of goods and services and related production costs, and the impacts of legislation, regulation and international accords related to climate change, as well as any indirect consequences of regulation or business trends driven by climate change.

Convertible Securities Risk

Convertible securities are fixed income securities, preferred stocks or other securities that normally pay interest or dividends and are convertible into or exercisable for common stock of the issuer (or cash or securities of equivalent value) at either a stated price or a stated rate (the "conversion price"). To the extent the market price of the underlying stock approaches or is greater than the conversion price, the convertible security's market value tends to correlate with the market price of

the underlying stock and will be subject to the risks affecting equity securities in general. To the extent the market price of the underlying stock declines below the conversion price, the value of the convertible security tends to be influenced by the yield of the convertible security. Convertible securities generally offer lower interest or dividend yields than non-convertible fixed income or other securities of similar quality. An account may be forced to convert a security before it would otherwise choose which may decrease the account's return.

Commodity Risk

Investments in commodity-linked derivative instruments may be subject to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Corporate Debt Securities Risk

Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of corporate debt securities can be expected to decline. Debt securities with longer maturities or durations tend to be more sensitive to interest rate movements than those with shorter maturities.

Credit Risk

An account could lose money if the issuer or guarantor of a fixed income security (including a security purchased with securities lending cash collateral) is unable or unwilling, or is perceived (whether by market participants, ratings agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in their credit ratings.

Counterparty Risk

Accounts may be exposed to the credit risk of counterparties with which, or the brokers- dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchange-traded or off-exchange transactions. For example, accounts may be subject to the risk that a counterparty to a derivatives contract, repurchase agreement, a loan

of portfolio securities or an unsettled transaction may be unable or unwilling to honor its obligations to an account.

Currency Risk

Accounts that invest directly in foreign (non-U.S.) currencies, or in securities that trade in, or receive revenues in, foreign currencies, or in derivatives that provide exposure to foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates may fluctuate significantly over short periods of time for a number of reasons. As a result, a client's exposure to foreign currencies, including investments in foreign currency-denominated securities, may reduce the returns of the investment.

Derivatives Risk

Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. We discuss below some of the types of derivatives that client accounts may use. Client accounts may (but are not required to) use derivatives as part of a strategy designed to reduce exposure to other risks, such as risks associated with changes in interest rates or currency risk. Client accounts may also use derivatives for leverage, which increases opportunities for gain but also involves greater risk of loss due to leveraging risk, and to gain exposure to issuers, indices, sectors, currencies and/or geographic regions. A client account's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments, and the use of certain derivatives may subject an account to the potential for unlimited loss. To the extent an account writes call options on individual securities that it does not hold in its portfolio ("naked" call options), it is subject to the risk that a liquid market for the underlying security may not exist at the time an option is exercised or when the account otherwise seeks to close out an option position; naked call options have speculative characteristics and the potential for unlimited loss. Derivatives also involve the risk of mispricing or improper valuation, the risk of ambiguous documentation, and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. In addition, an account's use of derivatives may increase or accelerate the amount of taxes payable by the account holder. By investing in a derivative instrument, an account could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all

circumstances and there can be no assurance that we will engage in these transactions to reduce exposure to other risks when that would be beneficial or that, if used, these strategies will be successful.

Finally, federal legislation has been recently enacted in the U.S. that provides for new clearing, margin, reporting and registration requirements for participants in the derivatives market. While the ultimate impact is not yet clear, these changes could restrict or impose significant costs or other burdens upon an account's participation in derivatives transactions.

Examples of derivative instruments that we may buy, sell or otherwise utilize include, among others, option contracts, futures contracts, options on futures contracts, forward contracts, warrants and swap agreements, including swap agreements with respect to securities indexes. An account may purchase and sell (write) call and put options on securities, securities indexes and foreign currencies. An account may purchase and sell futures contracts and options thereon with respect to securities, securities indexes, interest rates and foreign currencies.

The following provides further discussion of risks relating to derivative instruments that we may use, subject to any restrictions applicable to a particular account.

- **Management Risk.** Derivative products are highly specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions.
- **Counterparty Credit Risk.** The use of a derivative instrument involves the risk that a loss may be sustained as a result of the failure of another party to the contract (usually referred to as a "counterparty") to make required payments or otherwise comply with the contract's terms.
- **Liquidity Risk.** Liquidity risk exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated

derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

- **Leveraging Risk.** Because many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, reference rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. When an account uses derivatives for leverage, investments will tend to be more volatile, resulting in larger gains or losses in response to market changes. Leveraging risk may be especially applicable to accounts that may write uncovered (or "naked") options.
- **Basis Risk.** Basis risk is the risk that the value of a derivative instrument does not react in parallel with the value of the underlying security.
- **Lack of Availability.** Because the markets for certain derivative instruments (including markets located in non-U.S. countries) are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes. Upon the expiration of a particular contract, we may wish to retain an account's position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other suitable counterparty can be found. There is no assurance that we will engage in derivatives transactions at any time or from time to time. An account's ability to use derivatives may also be limited by certain regulatory and tax considerations.
- **Market and Other Risks.** Like most other investments, derivative instruments are subject to the risk that the market value of the instrument will change in a way detrimental to the account's interest. If we incorrectly forecast the values of securities, currencies or interest rates or other economic factors in using derivatives, the account might have been

in a better position if we had not entered into the transaction at all. While some strategies involving derivative instruments can reduce the risk of loss, they can also reduce the opportunity for gain or result in losses by offsetting favorable price movements in other investments. The account may also have to buy or sell a security at a disadvantageous time or price.

Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives. Many derivatives, in particular privately negotiated derivatives, are complex and illiquid and thus often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the account. Also, the value of derivatives may not correlate perfectly, or at all, with the value of the assets, reference rates or indexes they are designed to closely track. In addition, our use of derivatives may accelerate and/or increase the amount of taxes payable. Derivative instruments are also subject to the risk of ambiguous documentation.

There are significant differences between the securities and derivatives markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve the intended result. A decision as to whether, when and how to use derivatives involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. In addition, derivatives strategies that are successful under certain market conditions may be less successful or unsuccessful under other market conditions.

Eco-Sectors Related Risk

To the extent an account focuses its investments in companies that have exposure, directly or indirectly, to one or more of the EcoEnergy, Pollution Control and Clean Water sectors that comprise the Eco-Sectors, events or factors affecting companies in the Eco-Sectors will have a greater effect on, and may more adversely affect, the account than they would with respect to an account that is more diversified among a number of unrelated sectors and industries. Companies in the Eco-Sectors may be particularly susceptible to factors such as environmental protection regulatory actions, other international political and economic developments, changes in government subsidy levels, environmental conservation practices, changes in taxation and other government regulations, and increased costs associated with compliance with environmental

or other regulations. There are substantial differences between the environmental and other regulatory practices and policies in various jurisdictions, and any given regulatory agency may make major shifts in policy from time to time. Other economic and market developments that may significantly affect companies in the Eco-Sectors include, without limitation, inflation, rising interest rates, fluctuations in commodity prices, raw material costs and other operating costs, and competition from new entrants into the Eco-Sectors. The Eco-Sectors, on the whole, are newly developing and strongly influenced by technological changes. The Eco-Sectors can be significantly affected by the level and volatility of technological change in industries focusing on energy, pollution and environmental control. In particular, technological advances can render an existing product, which may account for a substantial portion of a company's revenue, obsolete. Product development efforts in the Eco-Sectors may not result in viable commercial products, and companies in the Eco-Sectors typically bear high research and development costs, which can limit their ability to maintain operations during periods of organizational growth or instability. Many companies in the Eco-Sectors are in the early stages of operation and may have limited operating histories and smaller market capitalizations on average than companies in other sectors. As a result of these and other factors, the value of investments in companies in the Eco-Sectors tends to be considerably more volatile than that of companies in more established sectors and industries. Each of the sectors that comprise the Eco-Sectors is susceptible to particular risks. Companies in the EcoEnergy sector may be adversely affected by substantial and/or abrupt variations in the use or prices of oil and other fossil fuels. Changes in energy conservation practices and the demand for renewable energy may also significantly impact the EcoEnergy sector. Companies in the Pollution Control sector are particularly susceptible to changes in regulatory controls on, and international treaties with respect to, the production or containment of pollutants. Changes in market practices and regulatory conditions surrounding recycling and other waste management techniques may significantly affect the demand for products and services of companies in the Pollution Control sector. Scientific developments, such as breakthroughs in the remediation of global warming or changing sentiments about the deleterious effects of pollution, may also affect practices with respect to pollution control, which could in turn impact companies in the Pollution Control sector. Companies in the Clean Water sector are susceptible to changes in investment in water

purification technology globally, and a slackening in the pace of new infrastructure projects in developing or developed countries may constrain such companies' abilities to grow in global markets. Other reductions in demand for clean water, such as significant decreases in world population or increased availability of potable water in arid regions, may reduce demand for products and services provided by companies in the Clean Water sector. To the extent an account invests in companies that may share common characteristics, are often subject to similar business risks and regulatory burdens, and whose securities may react similarly to various events and other factors, the account may be subject to focused investment risk. See "Focused Investment Risk" above. See also "Non-U.S. Investment Risk" and "Emerging Markets Risk."

Emerging-Markets Risk

Investments in non-U.S. securities may experience more rapid and extreme changes in value than investments exclusively in securities of U.S. issuers or securities that trade exclusively in U.S. markets. See "Non-U.S. Investment Risk" in this Item. Non-U.S. investment risk may be particularly high to the extent that an account or fund invests in securities of issuers tied economically to countries with developing economies. These securities may present market, credit, currency, liquidity, legal, political, technical and other risks different from, or greater than, the risks of investing in developed countries. In addition, the risks associated with investing in a narrowly-defined geographic area are generally more pronounced with respect to investments in emerging market countries.

Equity Securities Risk

The value of a company's equity securities may fall as a result of factors directly relating to that company, such as decisions made by its management or lower demand for the company's products or services. The value of an equity security may also fall because of factors affecting not just the company, but also companies in the same industry or in a number of different industries, such as increases in production costs. The value of a company's equity securities may also be affected by changes in financial markets that are relatively unrelated to the company or its industry, such as changes in interest rates or currency exchange rates or adverse circumstances involving the credit markets. In addition, because a company's equity securities rank junior in priority to the interests of bond holders and other creditors, a company's equity securities will usually react more strongly than its bonds and other debt to actual or perceived changes in the company's financial condition or prospects.

European Concentration Risk

When an account holds or obtains exposure to European securities or indices of securities, it may be affected significantly by economic, regulatory or political developments affecting European issuers. All countries in Europe may be significantly affected by fiscal and monetary controls implemented by the European Economic and Monetary Union. Eastern European markets are relatively undeveloped and may be particularly sensitive to economic and political events affecting those countries.

Far Eastern (excluding Japan) Concentration Risk

An account that holds or obtains exposure to Far Eastern (excluding Japanese) securities or indices of securities may be affected significantly by economic, regulatory or political developments affecting Far Eastern issuers. The economies and financial markets of some Far Eastern countries have been erratic in recent years, and several countries' currencies have fluctuated in value relative to the U.S. dollar. The trading volume on some Far Eastern stock exchanges is much lower than in the United States, making the securities of issuers traded thereon less liquid and more volatile than similar U.S. securities. Politically, several Far Eastern countries are still developing and could de-stabilize. In addition, it is possible that governments in the region could take action adverse to Far Eastern issuers, such as nationalizing industries or restricting the flow of money in and out of their countries.

Fixed Income Risk

Client accounts that invest in fixed income instruments are subject to interest rate risk. Changes in the market values of fixed income instruments are largely a function of changes in the current level of interest rates. The value of a client account's investments in fixed income instruments will typically change as the level of interest rates fluctuate. During periods of declining interest rates, the value of fixed income instruments generally rise. Conversely, during periods of rising interest rates, the value of fixed income instruments generally decline. "Duration" is one measure of the expected life of a fixed income instrument that is used to determine the sensitivity of a security's price to changes in interest rates. Securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Accordingly, client accounts with longer average portfolio durations will generally be more sensitive to changes in interest rates than client accounts with shorter average portfolio durations. Inflation-indexed securities, including Treasury Inflation Protected Securities (TIPs), decline in value when

interest rates rise. In certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, inflation-indexed securities may experience greater losses than other fixed income instruments with similar durations. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Also, some portfolios (e.g., portfolios with mortgage-backed and other prepayable securities) have changing durations and may have increasing durations precisely when that is least advantageous (i.e., when interest rates are rising). Certain client accounts may invest in securities that are particularly sensitive to fluctuations in prevailing interest rates and have relatively high levels of interest rate risk. These include various mortgage-related securities (e.g., the interest-only or “IO” class of a stripped mortgage-backed security) and “zero coupon” securities (fixed income instruments, including certain U.S. Government securities, that do not make periodic interest payments and are purchased at a discount from their value at maturity). Client accounts that may invest in securities issued by U.S. Government agencies or government enterprises. Although some of these securities may be guaranteed as to the payment of principal or interest by the relevant enterprise or agency,

Focused Investment Risk

Focusing an account’s investments in a small number of issuers, industries, foreign currencies or regions increases risk. If an account invests a significant portion of its assets in a relatively small number of issuers, it may have more risk because changes in the value of a single security or the impact of a single economic, political or regulatory occurrence may have a greater adverse impact on the account’s value. Some of those issuers also may present substantial credit or other risks. In addition, the account may be subject to increased risk to the extent it focuses its investments in securities denominated in a particular foreign currency or in a narrowly-defined geographic area outside the United States. Similarly, if the account focuses its investments in a certain type of issuer, it will be particularly vulnerable to events affecting that type of issuer. Also, the account may have greater risk to the extent it invests a substantial portion of its assets in a group of related industries (or “sectors”). The industries comprising any particular sector and investments in a particular foreign currency or in a narrowly-defined geographic area outside the United States may share common characteristics, are often subject to similar business risks and regulatory burdens, and react similarly to economic, market, political or other developments. An account may from time to time invest a substantial portion of its assets in

certain sectors, and during these periods will be subject to a greater extent to the risks associated with these sectors.

- *Consumer-Related Companies Risk.*
Client Accounts that invest in the consumer and consumer-related sectors, which include the consumer staples, consumer discretionary and healthcare industries, will be associated with the risks particular to those sectors, including demographic and product trends, performance of the overall economy, competition, marketing campaigns, environmental factors, government regulation, interest rates, consumer confidence and disposable household income and consumer spending.
- *Health Sciences-Related Risk.*
Accounts that focus their investments in the health sciences-related sector will be subject to risks particular to that sector, including rapid obsolescence of products and services, the potential and actual performance of a limited number of products and services, technological change, patent expirations, risks associated with new regulations and changes to existing regulations, changes in government subsidy and reimbursement levels, risks associated with the governmental approval process, and chances of lawsuits versus health sciences-related companies due to product or service liability issues.
- *Natural Resources-Related Companies Risk.*
Accounts that make significant investments in the natural resources industries will be subject to the risk factors particular to each such industry. Natural resources industries can be significantly affected by events relating to international political and economic developments (e.g., regime changes and changes in economic activity levels), expropriation, or other confiscation, population growth and changing demographics, energy conservation, the success of exploration projects, global commodity prices, adverse international monetary policies, tax and other government regulations, and natural phenomena around the world, such as drought, floods and other adverse weather conditions and livestock disease. Specifically, cyclical industries can be significantly affected by general economic trends, including employment, economic growth, interest rates, changes in consumer sentiment and spending, global commodity prices, legislation, government regulation and spending, import controls and

worldwide competition and companies engaged in such industries can be subject to liability for, among other things, environmental damage, depletion of resources, and mandated expenditures for safety and pollution control. Furthermore, the natural resources industries and funds that focus their investments in such industries can also be significantly affected by the level and volatility of commodity prices, which have historically been among the most volatile of international prices, often exceeding the volatility of exchange rates and interest rates. Finally, investments in natural resources industries are subject to the risk that the performance of such industries may not correlate with broader equity market returns or with returns on natural resources investments to the extent expected by portfolio manager(s).

- *Technology-Related Risk.*

Accounts that make significant investments in the technology sectors will be subject to risks particularly affecting technology or technology-related companies, such as the risks of short product cycles and rapid obsolescence of products and services, competition from new and existing companies, significant losses and/or limited earnings, security price volatility, limited operating histories and management experience, and patent and other intellectual property considerations.

Growth Investing Risk

Strategies that invest in growth-oriented securities may be subject to greater price volatility than other types of investments. Growth-oriented securities may react differently to issuer, political, market, and economic developments than the market as a whole and other types of securities. They also may be more sensitive to changes in current or expected earnings than the prices of other securities. As a result, growth-oriented securities may involve larger price swings and greater potential for loss than other types of investments. In addition, the prices of growth-oriented securities may decline in price or fail to appreciate as anticipated by the portfolio managers.

High Yield Risk

Investments in high yield securities and unrated securities of similar credit quality (sometimes referred to as “high yield securities” or “junk bonds”) may be subject to greater levels of credit and liquidity risk than investments in such securities. These securities are considered predominately speculative with respect to the

issuer’s continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, a client may lose its entire investment.

Index Risk

Investments in derivatives that are linked to the performance of an index, will be subject to the risks associated with changes in the applicable index. If the applicable index changes, such an investment could receive lower interest payments (in the case of a debt-related derivative) or experience a reduction in the value of the derivative to below what the investor paid. Certain indexed securities may create leverage to the extent that they increase or decrease in value at a rate that is a multiple of the changes in the applicable index.

Industry Concentration

Market conditions, interest rates, and economic, regulatory or financial developments could significantly affect a single industry or a group of related industries, and the securities of companies in that industry or group of industries could react similarly to these or other developments. See “Focused Investment Risk” above.

Interest Rate Risk

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The values of equity and other non-fixed income securities may also decline due to fluctuations in interest rates.

IPO Risk

Client accounts may purchase securities in initial public offerings (“IPOs”). These securities are subject to many of the same risks as investing in companies with smaller market capitalizations and often to a heightened degree. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in IPOs may be highly volatile. At any particular time or from time to time, an account may not be able to invest in securities issued in IPOs, or invest to the extent

desired, because, for example, only a small portion (if any) of the securities being offered in an IPO may be made available to the account. See Item 12 below for a discussion of our policies concerning IPOs and secondary offerings. In addition, under certain market conditions, a relatively small number of companies may issue securities in IPOs. Similarly, as the number of portfolios to which IPO securities are allocated increases, the number of securities issued to the account may decrease. The investment performance of an account during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when the account is able to do so. In addition, as an account increases in size, the impact of IPOs on its performance will generally decrease.

Issuer Risk

The value of a security may decline for a number of reasons that directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the values of its assets.

Japanese Concentration Risk

An account that holds or obtains exposure to Japanese securities or indices of securities may be affected significantly by economic, regulatory or political developments affecting Japanese issuers. The Japanese economy, after achieving high growth in the 1980s, faltered dramatically in the 1990s. While Japan's recent economic performance has shown improvements with positive GDP growth, the Japanese government continues to deal with high tax and unemployment rates, unstable banking and financial service sectors, and low consumer spending. Should any or all of these problems persist or worsen, an account invested in such securities could be adversely affected. A small number of industries, including the electronic machinery industry, comprise a large portion of the Japanese market, and therefore weakness in any of these industries could have profound negative impact on the entire market. In addition, Japan has few natural resources; its economy is heavily dependent on foreign trade and so it is vulnerable to trade sanctions or other protectionist measures taken by its trading partners.

Korea-Related Risk

Investing in South Korean securities has special risks, including political, economic and social instability, and the potential for increasing militarization in North Korea. The market capitalization and trading volume of issuers in South Korean securities markets are concentrated

in a small number of issuers, which results in potentially fewer investment. South Korea's financial sector has shown certain signs of systemic weakness and illiquidity, which, if exacerbated, could prove to be a material risk for any investments in South Korea. South Korea is dependent on foreign sources for its energy needs. A significant increase in energy prices could have an adverse impact on South Korea's economy.

The South Korean government has historically exercised and continues to exercise substantial influence over many aspects of the private sector. The South Korean government from time to time has informally influenced the prices of certain products, encouraged companies to invest or to concentrate in particular industries and induced mergers between companies in industries experiencing excess capacity.

Leveraging Risk

Leverage, through either borrowing or the use of derivatives, will cause the value of an account to be more volatile than if the account did not use leverage. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of an account's portfolio securities. Certain strategies may engage in transactions or purchase instruments that give rise to forms of leverage. Such transactions and instruments may include, among others, the use of reverse repurchase agreements and other borrowings, the investment of collateral from loans of portfolio securities, or the use of when issued, delayed-delivery or forward commitment transactions. The use of derivatives and short sales may also involve leverage. The use of leverage may cause an account to liquidate portfolio positions when it would not be advantageous to do so in order to satisfy its obligations or to meet segregation requirements.

Liquidity Risk

Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing the sale of such illiquid securities at an advantageous time or price, or possibly requiring an account to dispose of other investments at unfavorable times or prices in order to satisfy its obligations. Investment strategies that involve securities of companies with smaller market capitalizations, non-U.S. securities, Rule 144A securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In such cases, an account, due to

limitations on investments in illiquid securities and the difficulty in purchasing and selling such securities or instruments, may be unable to achieve its desired level of exposure to a certain issuer or sector.

Management Risk

Each strategy is subject to management risk because it is an actively managed investment portfolio. AllianzGI US will apply investment techniques and risk analyses in making investment decisions for the strategies, but there can be no guarantee that these will produce the desired results. The strategies are also subject to the risk that deficiencies in the internal systems or controls of the Adviser or another service provider will cause losses for the strategies or hinder operations. For example, trading delays or errors (both human and systemic) could prevent a strategy from purchasing a security expected to appreciate in value. Additionally, legislative, regulatory, or tax developments may affect the investment techniques available to AllianzGI US in connection with managing the strategies and may also adversely affect the ability of the strategies to achieve their investment objectives.

Market Risk

The market price of securities in a client account may go up or down, sometimes rapidly or unpredictably. Substantial investments in common stocks and/or other equity securities may decline in value due to factors affecting securities markets generally or particular industries or sectors represented in those markets. The values of securities may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, adverse changes to credit markets or adverse investor sentiment generally. They may also decline due to factors that disproportionately affect a particular industry, group of related industries or sector, such as labor shortages or increased production costs and competitive conditions within an industry or sector. Equity securities generally have greater price volatility than fixed income securities. During a general downturn in securities markets, multiple asset classes may decline in value simultaneously.

Mortgage-Related and Other Asset-Backed Risk

Accounts that may invest in a variety of mortgage related and other asset-backed securities, which are subject to certain additional risks. Generally, rising interest rates tend to extend the duration of fixed-rate mortgage-related securities, making them more sensitive to changes in interest rates.

As a result, in a period of rising interest rates, an account that holds mortgage-related securities may exhibit additional volatility. This is known as extension risk. In addition, adjustable and fixed-rate mortgage-related securities may involve special risks relating to unanticipated rates of prepayment on the mortgages underlying the securities. This is known as prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of an account because the account may have to reinvest that money at the lower prevailing interest rates. Accounts' investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets. The market for mortgage-backed and other asset-backed securities has recently experienced high volatility and a lack of liquidity. As a result, the value of many of these securities has significantly declined. There can be no assurance that these markets will become more liquid or less volatile, and it is possible that the value of these securities could decline further.

Non-U.S. Investment Risk

Investments in non-U.S. securities may experience more rapid and extreme changes in value than investments in securities of U.S. issuers or securities that trade exclusively in U.S. markets. The securities markets of many non-U.S. countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, issuers of non-U.S. securities are often not subject to the same degree of regulation as U.S. issuers. Reporting, accounting and auditing standards of non-U.S. countries differ, in some cases significantly, from U.S. standards. Also, nationalization, expropriation or confiscatory taxation, currency blockage, market disruption, political changes, security suspensions or diplomatic developments could adversely affect investments in a non-U.S. country. In the event of nationalization, expropriation or other confiscation, an account or fund could lose its entire investment in non-U.S. securities. Significant investments in a particular currency or geographic area may have more exposure to regional economic risks, including weather emergencies and natural disasters, associated with non-U.S. investments. Adverse developments in certain regions can also adversely affect securities of other countries whose economies appear to be unrelated. Investments in non-U.S. securities may be subject to withholding and other taxes imposed by countries outside the U.S., which could reduce the return on an investment.

REIT or Real Estate-Linked Derivatives Risk

To the extent that a Client Account invests in real estate investment trusts (REITs) or real estate derivatives instruments, it will be subject to the risks associated with owning real estate and with the real estate industry generally. These include difficulties in valuing and disposing of real estate, the possibility of declines in the value of real estate, risks related to general and local economic conditions, the possibility of adverse changes in the climate for real estate, environmental liability risks, the risk of increases in property taxes and operating expenses, possible adverse changes in zoning laws, the risk of casualty or condemnation losses, limitations on rents, the possibility of adverse changes in interest rates and in the credit markets and the possibility of borrowers paying off mortgages sooner than expected, which may lead to reinvestment of assets at lower prevailing interest rates. To the extent a client account invests in REITs, it will also be subject to the risk that a REIT will default on its obligations or go bankrupt. By investing in REITs indirectly through a client account, a shareholder will bear not only his or her proportionate share of the expenses of the client account, but also, indirectly, similar expenses of the REITs. A client account's investments in REITs could cause the client account to recognize income in excess of cash received from those securities and, as a result, the client account may be required to sell portfolio securities, including when it is not advantageous to do so, in order to make required distributions.

Short Selling Risk

Short sales may be used by a certain client accounts for investment and risk management purposes, including when AllianzGI US may anticipate that the market price of securities will decline or will underperform relative to other securities held in a client account, or as part of an overall portfolio strategy to minimize the effects of market volatility (i.e., a "market neutral" strategy). Short sales are transactions in which the client account sells a security or other instrument (such as an option forward, futures or other derivative contract) that it does not own. Short exposure with respect to securities or market segments may also be achieved through the use of derivatives, such as futures on indices or swaps on individual securities. When a client accounts engages in a short sale on a security, it must borrow the security sold short and deliver it to the counterparty. The client account will ordinarily have to pay a fee or premium to borrow particular securities and be obligated to repay the lender of the security any dividends or interest that accrue on the security during the period of the loan. The amount of any gain from a short sale will be decreased, and the amount of any loss increased,

by the amount of the premium, dividends, interest or expenses the client account pays in connection with the short sale. Short sales expose a client account to the risk that it will be required to cover its short position at a time when the securities have appreciated in value, thus resulting in a loss to the client account. A client account may, to the extent permitted by law, engage in short sales where it does not own or have the right to acquire the security (or basket of securities) sold short at no additional cost. A client account's loss on a short sale could theoretically be unlimited in a case where the client account is unable, for whatever reason, to close out its short position. The use by a client account of short sales in combination with long positions in its portfolio in an attempt to improve performance may not be successful and may result in greater losses or lower positive returns than if the client account held only long positions. It is possible that a client account's long equity positions will decline in value at the same time that the value of the securities underlying its short positions increase, thereby increasing potential losses to the client account. If the client account is required to return a borrowed security at a time when other short sellers are also required to return the same security, a "short squeeze" can occur, and the client account may be forced to purchase the security at a disadvantageous price. In addition, a client account's short selling strategies may limit its ability to fully benefit from increases in the equity markets. Short selling also involves a form of financial leverage that may exaggerate any losses realized by a client account that utilizes short sales. See "Leveraging Risk." Also, there is the risk that the counterparty to a short sale may fail to honor its contractual terms, causing a loss to a client account. To the extent a client account seeks to obtain some or all of its short exposure by using derivative instruments instead of engaging directly in short sales on individual securities, it will be subject to many of the foregoing risks, as well as to those described under "Derivatives Risk" above.

Smaller Company Risk

The general risks associated with investing in equity securities risk and liquidity risks are particularly pronounced for securities of companies with smaller market capitalizations. These companies may have limited product lines, markets or financial resources or they may depend on a few key employees. Securities of smaller companies may trade less frequently and in lesser volume than more widely held securities, and their values may fluctuate more sharply than other securities. They may also trade in the over-the-counter market or on a regional exchange, or may otherwise have limited liquidity. Companies with

medium-sized market capitalizations also have substantial exposure to these risks.

Sustainable Investing Risk

Environmental performance criteria rate a company's management of its environmental challenges, including its effort to reduce or offset the impacts of its products and operations. Social criteria measure how well a company manages its impact on the communities where it operates, including its treatment of local populations, its handling of human rights issues, its commitment to philanthropic activities, its record regarding labor-management relations, anti-discrimination policies and practices, employee safety and the quality and safety record of a company's products, its marketing practices and any involvement in regulatory or anti-competitive controversies. Governance criteria address a company's investor relations and management practices, including company sustainability reporting, board accountability and business ethics policies and practices. In general, the application of the portfolio manager's ESG criteria to investments will affect an account's exposure to certain issuers, industries, sectors, regions, and countries; may lead to a smaller universe of investments than other funds or accounts that do not incorporate ESG analysis; and may negatively impact the relative performance of an account depending on whether such investments are in or out of favor. In addition, an account may sell a security based on ESG-related factors when it might otherwise be disadvantageous to do so. Due to its focus on investing in companies that the portfolio manager believes exhibit strong ESG records, an account invests in companies that may share common characteristics, are often subject to similar business risks and regulatory burdens, and whose securities may react similarly to various events and other factors. To the extent it focuses a significant portion of its assets in a limited number of issuers, sectors, industries or geographic regions, an account is further subject to focused investment risk and is more susceptible to events or factors affecting companies in that particular sector, industry or geographic region. See "Focused Investment Risk." An account may also have focused investment risk to the extent that it invests a substantial portion of its assets in a particular country or geographic region. Prolonged drought, floods, weather, disease and other natural disasters, as well as war and political instability, may significantly reduce the ability of companies in such regions to maintain or expand their operations or their marketing efforts in affected countries or geographic regions. See "Non-U.S. Investment Risk" and "Emerging Markets Risk."

Turnover Risk

A change in the securities held in an account or fund is known as "portfolio turnover." Higher portfolio turnover involves correspondingly greater expenses to a client, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales may also result in realization of taxable capital gains, including short-term capital gains (which are taxed as ordinary income when distributed to individual shareholders), and may adversely impact a client's after-tax returns. The trading costs and tax effects associated with portfolio turnover may adversely affect performance.

Other Risks

To the extent a client account invests primarily in mutual funds or other investment vehicles, the risks associated with the account will be closely related to the risks associated with the securities and other investments held by the mutual fund or investment vehicle, which will be described in the fund's or vehicle's prospectus or offering document. The ability of a client account to achieve its investment objective will depend upon the ability of the funds or other vehicles to achieve their investment objectives. The value of a client's account, when investing in funds or vehicles, will fluctuate in response to changes in the net asset values of the funds or vehicles in which it invests. The extent to which the investment performance and risks associated with a client account correlate to those of a particular fund or vehicle will depend upon the extent to which the account's assets are allocated from time to time for investment in a fund or vehicle, which will vary.

The foregoing is only a summary of certain risks of investing in the securities and instruments that AllianzGI US uses. Specialized mandates may have particular risks not described above, and you should have a full understanding of the risks applicable to your account before engaging AllianzGI US's services. Clients are encouraged to consult their own financial advisors and legal and tax professionals both initially and periodically thereafter in connection with selecting and engaging the services of an investment manager for a particular investment strategy. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risks over time.

Other Investment-Related Information

Tax Information (for tax-paying entities)

Clients should also understand that AllianzGI US may sell all or a portion of the securities in a client's account, either initially or during the course of the client's participation in any wrap fee program. Clients are responsible for all tax liabilities arising from these transactions. In addition, if the client is not a resident of the United States, the adverse tax consequences and other risks involved in investing in U.S. securities will be assumed by the client. Furthermore, the client acknowledges that ordinary income dividends, including distributions of short-term capital gain, paid by certain Mutual Funds to the client who are shareholders may be subject to a United States withholding tax under existing provisions of the Internal Revenue Service Code of 1986 applicable to non-U.S. individuals and entities, unless a withholding exemption is provided under applicable treaty law.

Clients should understand that AllianzGI US does not, and will not, offer tax advice to clients on any such issues and clients are strongly encouraged to seek the advice of a qualified tax professional. Clients should also understand that AllianzGI US is not responsible for making any tax credit or similar claim or any legal filing (including but not limited to proofs of claim) on a client's behalf.

Other Sources of Information

AllianzGI US may use other sources of information in its investment process not listed in this Item, such as services that provide historical data on individual securities, companies or industry data that is gathered from external sources.

Additional Disclosure – Derivatives

Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. A variety of derivatives may be available to an account, depending on the specific type of account and the applicable offering documents and/or investment guidelines. In implementing certain of its significant investment strategies, AllianzGI US typically uses derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks. AllianzGI US may also use derivatives for leverage, in which case their use would involve leveraging risk. An account's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this

section, such as liquidity risk, market risk, credit risk and management risk, as well as the risks associated with the underlying asset, reference rate or index. Swaps, forwards, futures, options and other "synthetic" or derivative instruments that are cleared by a central clearing organization, which generally are supported by guarantees of the clearing organization's members, daily marking-to-market and settlement and segregation and minimum capital requirements applicable to intermediaries, are still subject to different risks, including the creditworthiness of the central clearing organization and its members. Derivatives also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with, or may be more sensitive to market events than, its underlying asset, rate or index. In that event, hedging transactions entered into for an account might not accomplish their objective and could result in losses to an account or increased losses incurred on a portfolio asset. An Account investing in a derivative instrument could lose more than the principal amount invested. Derivatives are also subject to the risk that the other party to the transaction will not fulfill its contractual obligations. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that AllianzGI US will engage in these transactions to reduce exposure to other risks or otherwise when doing so would be beneficial for a particular account. Due to continuing regulatory initiatives both in the United States and abroad, derivatives are also subject to enhanced government and regulatory risk.

Certain non-U.S. markets are closed, partially closed or severely limited to direct investments by non-residents. Such partially closed markets may lead to price distortions where "foreign" shares and ADRs trade at prohibitive premiums to the local underlying shares. In order to achieve the liquidity and economic performance of the local shares without subjecting the investor to the requirements/restrictions associated with purchases of local shares, and when ADRs are not available or exhibit similar limitations, AllianzGI US may invest client accounts in equity linked products, also known as "equity linked notes", "participation notes," "zero-strike warrants" or "low-exercise warrants." Created by brokers-dealers to facilitate trading in non-U.S. markets, these instruments (derivatives by technical definition) are U.S. dollar denominated, trade over-the-counter and on recognized exchanges and may settle Euroclear. The purchase price typically represents the underlying equity price translated into U.S. dollars plus an up-front fee. The sale price typically represents the underlying

equity price translated into U.S. dollars minus any taxes. Therefore, AllianzGI US believes these instruments are functionally equivalent to holding the local shares and provide significant cost advantages to purchasing ADRs in those markets.

AllianzGI US may, in certain market conditions, invest eligible client accounts with international exposure in forward currency contracts or currency options to protect the accounts against currency movements. Forward currency contracts are obligations to purchase or sell a specific quantity of a foreign currency at the current "spot" price, with delivery and settlement at some specified future date, individually negotiated and privately traded by traders and their customers. For example, an account may do a "transaction hedge" where it enters into a forward currency contract in order to "lock in" the U.S. dollar price of the security when it buys or sells a foreign-denominated security. Or, an account may enter into a "position hedge" if AllianzGI US believes that a particular foreign currency or group of currencies may suffer a substantial decline against the U.S. dollar by entering into a forward exchange contract or currency option to sell an amount of each foreign currency approximating the value of some or all of the accounts portfolio securities denominated in such foreign currency. Alternatively, if the portfolio manager believes that the U.S. dollar may suffer a substantial decline against a foreign currency, the account may enter into a forward exchange contract or currency option to buy that foreign currency for a fixed dollar amount. Alternatively, AllianzGI US may choose to maintain foreign currency cash balances in client accounts marked-to-market daily and, if possible, invested overnight to earn interest, to facilitate foreign security settlements.

Additional Disclosure – "Foreign" Securities

AllianzGI US accepts investment mandates from its clients that either require, to varying degrees, investment in "foreign" securities or that restrict such investments. Sometimes different geographical terms are used for these purposes (e.g., "non-U.S. securities", "European" securities, "emerging markets," etc.). The globalization and integration of the world economic system and related financial markets have made it increasingly difficult to define issuers geographically. Accordingly, and unless otherwise specifically agreed to in writing with individual clients, AllianzGI US intends to construe geographic terms such as "foreign," "non-U.S.," "European" and "emerging markets" in the manner that affords to AllianzGI US the greatest flexibility in seeking to achieve the investment objective(s) of its investment advisory clients. Specifically, in circumstances where the

investment advisory mandate is to invest (a) exclusively in "foreign securities," "non-U.S. securities" "international securities," "European securities," "emerging markets" (or similar directions) or (b) at least some percentage of the client's assets in foreign securities, etc., AllianzGI US will take the view that a security meets this description so long as the issuer of a security is tied economically to the particular country or geographic region indicated by words of the relevant investment mandate (the "Relevant Language"). For these purposes the issuer of a security is deemed to have such a connection if:

- (i) the issuer is organized under the laws of the country or a country within the geographic region suggested by the Relevant Language or maintains its principal place of business in that country or region; or
- (ii) the securities are traded principally in the country or region suggested by the Relevant Language; or
- (iii) the issuer, during its most recent fiscal year, derived at least 50% of its revenues or profits from goods produced or sold, investments made, or services performed in the country or region suggested by the Relevant Language or has at least 50% of its assets in that country or region.

In addition, AllianzGI US intends to look through private and registered investment companies for these purposes and to treat derivative securities (e.g., equity linked notes) by reference to the underlying security. Conversely, if the investment advisory mandate limits the percentage of assets that may be invested in "foreign securities," etc. or prohibits such investments altogether, AllianzGI US may categorize securities as "foreign," etc. only if the security possesses all of the attributes described above in clauses (i), (ii) and (iii).

ITEM 9. DISCIPLINARY INFORMATION

To best of AllianzGI US's knowledge, there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of or the integrity of AllianzGI US.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

AllianzGI US is registered with the Commodity Futures Trading Commission ("CFTC") as a commodity pool operator and a commodity

trading advisor. In this regard, certain employees of AllianzGI US are registered as associated persons with the National Futures Association to the extent necessary or appropriate to perform their responsibilities.

AllianzGI US is part of Allianz Global Investors. Allianz Global Investors is the marketing name for a global asset management business that operates through affiliated entities throughout the world. Those affiliated entities include Allianz Global Investors Distributors LLC (“AGID”), an SEC-registered broker-dealer and the following SEC-registered investment advisers: Allianz Global Investors Fund Management LLC, and NEJ.

AGID is a limited-purpose broker-dealer which serves as the distributor and principal underwriter to certain funds affiliated with AllianzGI US and funds for which AllianzGI US provides advisory or sub-advisory services. AllianzGI US makes payments to AGID pursuant to a service level agreement for sales and administrative services. AGID may also serve as the placement agent for certain Unregistered Commingled Funds managed by AllianzGI US. Certain of AllianzGI US’s officers, portfolio managers and other personnel are registered representatives of AGID to the extent necessary or appropriate to perform their responsibilities.

AllianzGI US is also related, through common ownership or otherwise, to PIMCO Investments LLC, an SEC-registered broker-dealer; and Pacific Investment Management Company LLC (“PIMCO”), Allianz Investment Management LLC and Pallas Investment Partners, L.P., each an SEC-registered investment adviser.

AllianzGI US is related, through common ownership or otherwise, to a number of non-U.S. investment advisers, including (but not limited to) Allianz Global Investors GmbH, Allianz Global Investors Hong Kong Ltd., Allianz Global Investors Ireland Ltd., Allianz Global Investors Japan Co. Ltd., risklab GmbH, Allianz Global Investors Korea Limited, Allianz Global Investors Singapore Ltd, Allianz Global Investors Taiwan Ltd, and RCM Asia Pacific Limited.

Allianz and all of its direct and indirect subsidiaries (other than AllianzGI US), including those listed above, are referred to herein as the “Allianz Affiliates.” The Allianz Affiliates may be registered as investment advisers and/or broker-dealers with the SEC or other foreign regulatory authorities. AllianzGI US may act as investment adviser to one or more Allianz Affiliates on either a discretionary or non-discretionary basis, and may serve as a sub-adviser for accounts or clients for

which one or more Allianz Affiliates serve as investment manager or investment adviser. AllianzGI US also may share employees with or provide other services to the Allianz Affiliates. Similarly, AllianzGI US may receive services, including but not limited to investment advisory services, from certain Allianz Affiliates. For example, in the areas of legal and compliance, risk management, human resources, finance, information technology, trade support and sales and marketing, services are provided or received and employees are shared between AllianzGI US and various Allianz Affiliates. AllianzGI US coordinates its activities with certain other Allianz investment management businesses. These businesses include Allianz Global Investors GmbH, Pallas Investment Partners, L.P., Allianz Global Investors Japan Co. Ltd., Allianz Global Investors Singapore Limited and RCM Asia Pacific Limited. (collectively, the “Allianz Advisory Affiliates”). Aside from Pallas, each of the Allianz Advisory Affiliates is directly or indirectly a wholly-owned subsidiary of Allianz SE.

AllianzGI US is also related to the following entities:

[Allianz Funds \(“Allianz Funds”\)](#)

AllianzGI US is the portfolio manager of certain series of Allianz Funds, an open-end management investment company. Allianz Global Investors Fund Management LLC (“AGIFM”) (See response to Item 11 below.) serves as investment adviser and administrator to the Allianz Funds. AGIFM is a direct subsidiary of AllianzGI US’s owner, Allianz Global Investors U.S. Holdings LLC.

[Allianz Funds Multi-Strategy Trust \(“Allianz Trust”\)](#)

AllianzGI US is the portfolio manager of certain series of the Allianz Funds Multi-Strategy Trust, an open-end management company. AGIFM serves as investment adviser and administrator to the Allianz Trust.

[Premier Multi-Series VIT \(“Premier Trust”\)](#)

AllianzGI US is the portfolio manager of certain series of the Premier Trust, an open-end management company. AGIFM serves as investment adviser and administrator to the Premier Trust.

[AllianzGI Institutional Multi-Series Trust \(“Allianz Institutional Trust”\)](#)

AllianzGI US is the portfolio manager of certain series of the Allianz Institutional Trust, an open-end management company. AGIFM serves as investment adviser and administrator to the Allianz Institutional Trust.

Allianz Global Investors U.S. LLC

AllianzGI Convertible & Income Fund (“NCV”)

AllianzGI US is the portfolio manager of NCV, a closed-end management company. AGIFM serves as investment adviser to NCV.

AllianzGI Convertible & Income Fund II (“NCZ”)

AllianzGI US is the portfolio manager of NCZ, a closed-end management company. AGIFM serves as investment adviser to NCZ.

AllianzGI Equity & Convertible Income Fund (“NIE”)

AllianzGI US is the portfolio manager of NIE, a closed-end management company. AGIFM serves as investment adviser to NIE.

The above referenced funds for which AGIFM serves as investment adviser shall be collectively known as the AGIFM Funds.

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund (“NFJ Fund”)

AllianzGI US is a portfolio manager of NFJ Fund, a closed-end management company. AGIFM serves as investment adviser to NFJ Fund.

Allianz Global Investors Commingled Funds LLC

AllianzGI US is the investment manager and managing member of AllianzGI Commingled Funds LLC (“AllianzGI Commingled Funds”), a Delaware limited liability company. AllianzGI US provides or arranges for the provision of certain financial and administrative services and oversees fund accounting for AllianzGI Commingled Funds. AllianzGI Commingled Funds currently consists of the following series: Large Cap Select Fund, Large Cap Growth Fund, and Little Dragons Fund. These series are privately offered and are exempt from registration under the Securities Act of 1933 and the Investment Company Act of 1940.

Structured Alpha Funds

AllianzGI US is the investment manager and managing member of various Structured Alpha funds, each a Delaware limited liability company. AllianzGI US provides or arranges for the provision of certain financial and administrative services and oversees fund accounting for the Structured Alpha Funds. The Structured Alpha Funds include AllianzGI Structured Alpha 500 LLC, AllianzGI Structured Alpha U.S. Equity 250 LLC, AllianzGI Structured Alpha 10 Year Treasury 500 LLC, AllianzGI Structured Alpha U.S. Equity 500 LLC, AllianzGI Structured Alpha 1000 LLC, AllianzGI Structured Alpha Plus LLC, and AllianzGI Structured Alpha Multi-Beta Series LLC I. These funds are privately offered and are exempt from registration under the Securities Act of 1933 and the Investment Company Act of 1940. In addition, AllianzGI Structured Alpha 1000 Plus Ltd.

is Cayman Islands domiciled fund that serves as a feeder fund to AllianzGI Structured Alpha 1000 Plus LLC.

NFJ International Value Trust

AllianzGI US is the investment manager of the NFJ International Value Trust, a Delaware securities investment trust. AllianzGI US provides or arranges for the provision of certain financial and administrative services and oversees fund accounting for the NFJ International Value Trust. NFJ serves as the sub-adviser.

US Short Duration High Yield Bond Fund

AllianzGI US is the investment manager of the US short Duration High Yield Bond Fund, a Cayman Islands domiciled fund. AllianzGI US provides or arranges for the provision of certain financial and administrative services and oversees fund accounting for the US short Duration High Yield Bond Fund.

Pallas Investment Partners, L.P. (“Pallas”) and Related Entities

Pallas is an investment adviser registered with the SEC. Pallas is owned by Walter Price and Huachen Chen. Mr. Price and Mr. Chen are dually employed by Pallas and by AllianzGI US.

Pallas serves as investment manager to unregistered investment companies (the “Pallas Hedge Funds”) -- Pallas Global Technology Hedge Fund, L.P., Pallas Investments II, L.P., and CP21, L.P., each a Delaware limited partnership. The general partner of Pallas Investments II, L.P. Pallas Global Technology Hedge Fund, L.P. and CP21, L.P. is Pallas Investments, LLC, a Delaware limited liability company (the “General Partner”). Mr. Price and Mr. Chen own a majority of the interests in the General Partner.

Each of the Pallas Hedge Funds pays a management fee and an incentive fee (based on a percentage of profits) to either Pallas or the General Partner. The management fee is 1.25% for Pallas Investments II, L.P. and 1.5 % for Pallas Global Technology Hedge Fund, L.P. and CP21 L.P.

Mr. Price and Mr. Chen act as portfolio managers for certain AllianzGI US client accounts including, among others, the AllianzGI Technology Fund.

AllianzGI US and Pallas share common employees, facilities, and systems. Pallas may act as investment adviser to one or more of AllianzGI US's affiliates, and may serve as sub-adviser for accounts or clients for which AllianzGI US or one of its affiliates serves as investment manager or investment adviser. AllianzGI US also may provide

other services, including but not limited to investment advisory services or administrative services, to Pallas.

AllianzGI US, Pallas, and the Allianz Advisory Affiliates all engage in proprietary research and all acquire investment information and research services from broker-dealers. AllianzGI US and the Allianz Advisory Affiliates share such research and investment information.

In addition, trades entered into by Pallas on behalf of Pallas' clients are executed through AllianzGI US's equity trading desk, and trades by Pallas on behalf of Pallas' clients (including the Pallas Hedge Funds) are aggregated with trades by AllianzGI US on behalf of AllianzGI US's clients. All trades on behalf of Pallas' clients that are executed through AllianzGI US's equity trading desk will be executed pursuant to procedures designed to ensure that all clients of both AllianzGI US and Pallas (including the Pallas Hedge Funds) are treated fairly and equitably over time. (See response to Item 12 below.)

The General Partner and/or Pallas receive a participation in the profits of the Pallas Hedge Funds. Mr. Price and Mr. Chen also invested personally in one or more of the Pallas Hedge Funds. As a result, Mr. Price and Mr. Chen have a conflict of interest with respect to the management of the Pallas Hedge Funds and the other accounts that they manage, and they may have an incentive to favor the Pallas Hedge Funds over other accounts that they manage. AllianzGI US has adopted procedures reasonably designed to ensure that Mr. Price and Mr. Chen meet their fiduciary obligations to all clients for whom they act as portfolio managers and treats all such clients fairly and equitably over time.

risklab GmbH ("risklab")

risklab is an affiliate of AllianzGI US. risklab is not an SEC-registered investment adviser, but is registered with Bundesanstalt für Finanzdienstleistungsaufsicht (www.bafin.de) as a provider of financial services in Germany. risklab may provide risk management and strategic and dynamic asset allocation solutions to support the investment advisory activities of AllianzGI US in the U.S. In such cases, risklab will operate as a Participating AllianzGI Affiliate (as defined below).

risklab may act as investment adviser to one or more of AllianzGI US's affiliates, and may provide advice for the benefit of accounts or clients for which AllianzGI US or one of its affiliates serves as investment manager or investment adviser.

Further, risklab may recommend to its clients securities that are the subject of recommendations to, or discretionary trading on behalf of, AllianzGI US's clients.

Services to and from Affiliates

The Allianz Advisory Affiliates share proprietary research and information developed by each of those entities. AllianzGI US and the Allianz Advisory Affiliates may attempt to make a good faith allocation of the costs incurred in creating such research, and to apportion such costs among the offices receiving access to such research. Alternatively, some or all of the cost of such research may be borne exclusively by the affiliate creating the research.

In addition, AllianzGI US acquires investment information and research services from broker-dealers, including information used in reports prepared by AllianzGI US's Grassrootssm Research group. (See response to Item 12 below.) One or more of the Allianz Advisory Affiliates also may acquire similar research information from broker-dealers. AllianzGI US and the Allianz Advisory Affiliates expect to share such research, and will use any such shared research for the benefit of their clients.

To the extent permissible under all appropriate laws, including federal securities and banking laws, AllianzGI US may, from time to time, execute brokerage transactions through, or have investment advisory relationships with, any of the Allianz Affiliates. AllianzGI US will not execute brokerage transactions through any of the Allianz Affiliates without the consent of the clients involved in such transactions. In addition, AllianzGI US and the Allianz Affiliates do not act as principal in connection with transactions for AllianzGI US clients. The Allianz Affiliates also may provide custodial services to certain of AllianzGI US's clients.

AllianzGI US has also entered into referral agreements with certain of its affiliates, including Allianz Global Investors Distributors LLC and NFI, pursuant to which AllianzGI US has agreed to compensate such affiliates with respect to client solicitation activities on behalf of AllianzGI US in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940. As compensation for introducing new client accounts to AllianzGI US, such affiliates may receive a portion of the management fee generated by the accounts.

In rendering investment advisory services to its clients, including U.S. registered investment companies, AllianzGI US may use the resources of some of the Allianz Advisory Affiliates

("Participating AllianzGI Affiliates") to provide portfolio management, research and trading services to AllianzGI US clients. Under collaboration agreements, each of the Participating AllianzGI Affiliates and any of their employees who provide services to clients of AllianzGI US are considered "associated persons" of AllianzGI US as that term is defined in the Investment Advisers Act of 1940, as amended ("Advisers Act"). The Participating AllianzGI Affiliates have agreed to submit to the jurisdiction of the SEC and to the jurisdiction of the U.S. courts for actions arising under the U.S. securities laws in connection with the investment advisory services they provide for any AllianzGI US clients.

Selection of Other Investment Advisers

AllianzGI US selects the Sub-Advisers to provide model portfolios for Wrap Programs. For discretionary Wrap Programs, AllianzGI US typically selects Sub-Advisers that are affiliated with AllianzGI US. AllianzGI US may also work with a Sponsor to select non-affiliated sub-advisers where the Sponsor seeks to provide the strategies of multiple sub-advisers as part of a multi-disciplinary strategy that also includes affiliated Sub-Advisers. In such cases, AllianzGI US acts as the non-discretionary overlay manager to the Sponsor.

Selection of affiliated Sub-Advisers may pose a conflict of interest in that AllianzGI US and its affiliated Sub-Advisers may retain a greater portion of the wrap fee than if AllianzGI US had used unaffiliated sub-advisers. AllianzGI US manages this conflict through disclosure to clients in this brochure.

As set forth in Item 4 Advisory Business, AllianzGI US delegates discretionary management authority for the NEJ International Value Trust, to PIMCO and NEJ, respectively.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

AllianzGI US has adopted a Code of Ethics ("Code") pursuant to Rule 204A-1 under the Advisers Act. AllianzGI US's partners, officers, directors, employees, interns and temporary employees (collectively, "Covered Persons") are required to follow the Code, which sets out rules regarding personal securities transactions that are designed to address or mitigate potential conflicts of interest and to minimize any potential appearance of impropriety. The Code covers personal

securities transactions of all Covered Persons (as defined in the Code) and their immediate family members, which includes most persons sharing the same household as the Covered Person and other individuals for whom the Covered Person provides significant economic support.

Although the Code permits Covered Persons to trade in securities for their own accounts, Covered Persons are subject to preclearance procedures, reporting requirements, and other provisions that restrict personal trading as Covered Persons may trade in securities for their own accounts that are recommended to and/or purchased by clients. In these circumstances, there is a possibility that the Covered Person may benefit from market activity within a client account.

Personal securities transactions by Covered Persons are monitored for compliance with the Code and any Covered Person who violates the Code may be subject to remedial actions, including, but not limited to: a letter of caution, warning or censure, recertification of the Code, disgorgement of profits, suspension of trading privileges, termination of officer title, and/or suspension or termination of employment. Covered Persons are required to annually certify compliance with the Code.

AllianzGI US will provide clients and prospective clients with a copy of the Code upon request.

Participation or Interest in Client Transactions

If permitted by a particular client's investment objectives, guidelines, and restrictions, and applicable law and regulations, AllianzGI US may recommend that a client purchase, or use its discretion to effect a client purchase of securities offered in either a public or private underwriting where an Allianz Affiliate is acting in the capacity of a manager, underwriter, or placement agent.

Consistent with its duty to seek best execution, AllianzGI US may from time to time effect securities transactions for its client accounts through an Allianz Affiliate acting as broker or agent. (See also response to Item 12.)

AllianzGI US clients may purchase shares of one or more series of the AGIFM Funds for which AllianzGI US serves as sub-adviser. (See response to Item 10 above.) Each of the funds pays a management fee to its administrator and investment adviser, AGIFM. In turn, AllianzGI US, pursuant to a sub-advisory agreement between AGIFM and AllianzGI US, receives fees for each fund it sub-advises. These fees are paid exclusively by AGIFM and not directly by the shareholders of the funds. Fees under the agreements are payable

at annual rates expressed as a percentage of the average daily net asset value of each fund. The distributor for the AGIFM Funds is AGID.

Under AllianzGI US's procedures as applicable for certain clients, if a client holds shares of one or more of the AGIFM Funds in an account managed or advised by AllianzGI US, the assets managed by AllianzGI US are reduced by the value of their investment in shares of the AGIFM Funds prior to calculation of their individual investment management fee. It should be noted that the management fee paid by the AGIFM Funds may exceed the standard fee normally charged by AllianzGI US to its individual clients. Potential participants should review closely each fund's prospectus. Specific written authorization designed to comply with the Employee Retirement Income Security Act Prohibited Transaction Exemption 77-4 is required from a separate non-affiliated fiduciary of employee benefit plans participating in any series of AGIFM Funds

As described above, AllianzGI US also recommends and offers to clients membership interests in certain Unregistered Commingled Funds. AllianzGI US typically does not use its investment discretion to place separate account client assets in affiliated Unregistered Commingled Funds. Clients are required to complete subscription agreements and qualify for such investments. Please refer also to Item 5 Fees and Compensation for information pertaining to investment in or recommendation to invest in shares or other interests in certain funds to which AllianzGI US or its related persons provide investment advice or other services, and from which AllianzGI US and its affiliates receive advisory, administrative and/or distribution fees.

AllianzGI US provides investment management services to certain investment companies, as described above. AllianzGI US may have authority to invest some or all of a client's assets in one or more of such investment companies, to the extent consistent with applicable law. Because the fees received by AllianzGI US from these investment companies may, in some cases, be greater than the fees otherwise paid by clients, AllianzGI US may have an incentive to advise clients to invest in such investment companies. As a result, AllianzGI US may have a conflict of interest with respect to such recommendations.

AllianzGI US provide services to a number of different clients and accounts. We may give advice and take action with respect to any client or accounts that may differ from action taken on behalf of other clients or accounts. AllianzGI US is not obligated to recommend, buy or sell, or to

refrain from recommending, buying or selling, any security that our employees may buy or sell for their own account or for the accounts of any other client. AllianzGI US manages conflicts with our employees investing for their accounts by requiring that any transaction be made in compliance with our Code of Ethics, as discussed above.

Because AllianzGI US manages more than one account, potential conflicts of interest may arise related to the amount of time individuals devote to managing particular accounts. AllianzGI US may also have an incentive to favor accounts in the allocation of investment opportunities or otherwise treat preferentially those accounts that pay us a performance-related fee, or a higher fee level or greater fees overall. AllianzGI US has adopted procedures designed to ensure allocation of portfolio transactions and investment opportunities across multiple client accounts on a fair and equitable basis over time. See Item 6 above and Item 12 below.

Conflicts of interest may also arise in connection with an investment opportunity that may be suitable for multiple accounts we manage, but not in sufficient quantities for all accounts to participate fully. Similarly, there may be limited opportunity to sell an investment held by multiple accounts. We manage potential conflicts between client accounts through our procedures for aggregating and allocating portfolio transactions and investment opportunities, as discussed in Item 12 below.

Potential conflicts of interest may also arise in connection with an employee's or an employee of an Allianz Advisory Affiliate's knowledge and about the timing of transactions, investment opportunities, broker selection, portfolio holdings and investments. Some such employees who have access to the size and timing of transactions may have information concerning the market impact of transactions. Such employees may be in a position to use this information to their possible advantage or to the possible detriment of our other client accounts. We manage these potential conflicts with employee transactions by requiring that any transaction be made in compliance with our Code of Ethics.

While some of our accounts, including those that pay performance-related fees, may short securities held long by our accounts or obtain similar exposures through the use of derivatives, the particular portfolio managers responsible for the accounts generally do not manage accounts that would enter into short positions in securities held long by other accounts they manage.

Nevertheless, there may be instances where a client of ours enters into short positions for a security, or obtains exposures to the security, held long by another client, which could impact the price of the security. See Item 6 above.

AllianzGI US may also have a conflict of interest with respect to advisory client's investment in certain third party private investment funds. (See Item 10 above.)

The Allianz Affiliates provide a variety of investment banking, commercial banking, brokerage and other services to a broad range of clients, including issuers of securities that AllianzGI US may recommend for purchase or sale by clients. In the course of providing these services, the Allianz Affiliates may come into possession of material, non-public information. However, such material, non-public information ordinarily will not be disclosed to AllianzGI US or its employees. The Allianz Affiliates have installed procedures intended to prevent the sharing of confidential information concerning issuers by its investment banking, commercial banking, brokerage, investment management and other operations. Such confidential information, if obtained, will not be used as a factor in making investment decisions for the portfolios of AllianzGI US's clients.

AllianzGI US believes that the nature and range of clients to whom the Allianz Affiliates render investment banking, commercial banking, brokerage and other services is such that it would be inadvisable to exclude these companies from a client's portfolio solely on the basis of their relationship with the Allianz Affiliates. Accordingly, except to the extent prohibited by law, AllianzGI US will not, as a matter of policy, refrain from initiating purchases or sales of any security as to which the Allianz Affiliates provide investment banking, commercial banking, brokerage or other services, or as to which the Allianz Affiliates possess material, non-public information. As a result, subject to each client's investment objectives, guidelines and restrictions, it is likely that client holdings will, from time to time, include the securities of issuers for whom the Allianz Affiliates provide investment banking, commercial banking, brokerage and other services. AllianzGI US also may purchase or sell for one or more client portfolios the securities of companies in which an Allianz Affiliate makes a market, or in which AllianzGI US, the Allianz Affiliates, or any of their employees have positions.

To meet applicable regulatory requirements, there may be periods during which AllianzGI US may not be permitted to recommend or effect certain types of transactions in the securities of companies for

which an Allianz Affiliate is performing investment banking, commercial banking, brokerage or other services. This may result in AllianzGI US being unable to recommend or effect transactions at a time when it might otherwise be advisable to do so.

All of the transactions described above involve the potential for conflict of interest between AllianzGI US or the Allianz Affiliates and clients of AllianzGI US. The Investment Advisers Act of 1940, the Investment Company Act of 1940 and ERISA impose certain requirements designed to decrease the possible effects of conflicts of interest between an investment adviser and its clients. In some cases, transactions may be permitted subject to fulfillment of certain conditions. In other cases, transactions may be prohibited. AllianzGI US seeks to ensure that potential or actual conflicts of interest are appropriately resolved, taking into consideration the overriding best interests of the client.

Participation or Interest in Personal Trading – Client Recommendations

AllianzGI US and its Covered Persons may invest in securities for their personal accounts that are also recommended to AllianzGI US clients. Potential conflicts may arise in this situation because AllianzGI US or its Covered Person may have a material interest in or relationship with the issuer of a security or may use knowledge about pending or currently considered securities transactions for clients to profit personally. To address these potential conflicts, Covered Persons deemed to be "Access Persons" under the Code are required to report brokerage and trading accounts to AllianzGI US upon hire, upon a change from Non-Access Person to Access Person, at the time a new account is opened and annually. In addition, personal securities transactions are subject to limitations regarding the type and timing of transactions, including certain trading prohibitions, and pre-approval and monitoring by the AllianzGI US Code of Ethics Office. To the extent AllianzGI US determines that there is no conflict of interest, Covered Persons of AllianzGI US from time to time may engage in outside business activities.

AllianzGI US, its Covered Persons and its affiliates may give advice and take action in the performance of their duties for some clients that may differ from advice given, or the timing or nature of actions taken, for other clients or for their seed capital or personal accounts.

Subject to the restrictions described above, AllianzGI US and its Covered Persons may at any time hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in

which a client account may have an interest from time to time. AllianzGI US has no obligation to acquire for a client account a position in any security which it acquires on behalf of another client, or which a Covered Person acquires for his or her own account. Likewise, client accounts shall not have first refusal, co-investment or other rights in respect of any such investment.

In addition, to the extent AllianzGI US determines that there is no conflict of interest, certain Covered Persons of AllianzGI US from time to time may engage in outside business activities.

Participation or Interest in Personal Trading – Client Trading

AllianzGI US permits its Covered Persons to engage in personal securities transactions, and to purchase and sell securities that may be held by or may be suitable for investment by client accounts. Personal securities transactions may raise potential conflicts of interest with the interests of AllianzGI US clients. Accordingly, AllianzGI US has adopted a Code of Ethics which is designed to mitigate conflicts of interest and the potential appearance of impropriety in a Covered Person's personal actions. The Code of Ethics requires, among other things, advance approval of certain purchases or sales of securities by its Covered Persons. The Code of Ethics does not require advance approval for investment in certain highly liquid securities issued by the U.S. Government or certain foreign governments, bankers' acceptances, bank certificates of deposit, commercial paper, shares of registered open-end investment companies, and certain other types of investment vehicles.

To ensure compliance with the pre-trading authorization requirement, each AllianzGI US Covered Person deemed an "Access Person" is required to instruct each broker-dealer with whom he or she maintains an account to send directly to AllianzGI US a duplicate copy of all transaction confirmations generated by that broker-dealer for that Covered Person's account. These confirmations or other relevant records are then cross-checked against the pre-trading authorization forms submitted by that Covered Person.

AllianzGI US's Code of Ethics restricts the purchase and sale by its Covered Persons (and certain entities in which such Covered Person may have a beneficial interest) for their own accounts of securities which have been or are being considered for purchase for client accounts. Except under certain limited circumstances, Covered Persons are not to engage in a transaction in the same security (or a security equivalent) while an

order for a client's account is pending or within a certain period of time before and after execution of the transaction in that security (or a security equivalent) on behalf of the client. The applicable time period will vary, depending on the Covered Person's job responsibilities.

AllianzGI US performs investment management and investment advisory services for various clients, many of whom may have differing investment objectives, guidelines, and restrictions. As a result, AllianzGI US may give advice and take action in the performance of its duties for a particular client that may differ from the advice given, or the timing or nature of action taken, with respect to other clients. Frequently, a particular security may be bought or sold for only one or a small number of clients, or in different amounts and at different times for more than one but less than all clients. In some cases, AllianzGI US may cause one or more accounts to buy or sell a security from or to a broker-dealer, and soon thereafter may engage in the opposite transaction for one or more other accounts from that or another broker-dealer. This practice may result in certain accounts receiving less favorable prices. AllianzGI US has adopted procedures that it believes are reasonably designed to obtain the most favorable price and execution for the transactions by each account.

AllianzGI US may, from time to time, buy or sell securities for its own investment account, and AllianzGI US's Covered Persons may do so, either individually or as a group (such as through an investment partnership). Likewise, the Allianz Affiliates may buy and sell securities for their own accounts, may underwrite securities, and may act as a market maker with respect to certain securities. AllianzGI US does not prohibit any of its Covered Persons from purchasing or selling for their own accounts securities that may be recommended to or held by AllianzGI US's clients, and many of AllianzGI US's Covered Persons do in fact own, purchase, and sell securities that are recommended to or held by AllianzGI US' clients, subject to the requirements in the Code of Ethics. Similarly, the Allianz Affiliates may purchase, hold, or sell securities that are recommended for purchase or sale in AllianzGI US client accounts. The Allianz Affiliates, with the exception of Pallas and its employees, are not subject to the AllianzGI US Code of Ethics, and therefore may be purchasing or selling a security at the same time that AllianzGI US is purchasing or selling that security on behalf of one or more clients. AllianzGI US and the Allianz Affiliates coordinate the preclearance of securities to prevent conflicts of interest.

The Allianz Affiliates also have adopted procedures designed to mitigate conflicts of interest and the potential appearance of impropriety in employee personal trading. The nature and timing of actions taken by one or more of AllianzGI US's Covered Persons or by one or more of the Allianz Affiliates, either for their own accounts or for the accounts of clients, may differ from the nature and timing of actions taken by AllianzGI US for client accounts. Because the Code of Ethics places restrictions on when Covered Persons can trade certain securities, the price received by AllianzGI US's clients in a securities transaction will most likely be different than the price received by AllianzGI US's Covered Persons.

Covered Persons of AllianzGI US participate in the Allianz Asset Management of America L.P. 401(k) Savings Retirement Plan (the "Plan"). The Plan may invest in certain vehicles for which AllianzGI US acts as investment manager. Such investment vehicles also may be recommended to or held by AllianzGI US clients. Furthermore, AllianzGI US's officers, senior managers and other highly compensated employees may be eligible to defer receipt of cash compensation and bonuses they may become entitled to pursuant to certain deferred compensation plans, and participation in such plans elect to have deferred amounts invested in securities that may be recommended to or held by AllianzGI US clients.

ITEM 12. BROKERAGE PRACTICES

Brokerage Discretion

Most clients give AllianzGI US full discretionary authority over assets under management, subject to any limitations or prohibitions that may be imposed by each client in its investment objectives, guidelines, and restrictions, or in instructions otherwise provided to AllianzGI US by the client. For accounts over which AllianzGI US has full discretionary authority, AllianzGI US has the power to determine (without consultation with the client) which securities are bought and sold, when such purchases and sales are made, and the total amount of such purchases and sales. Except in those instances where a client wishes to retain discretion over broker selection and commission rate, AllianzGI US accepts full discretionary authority to determine the broker to be used and the commission paid, with the objective of attaining the best available price and most favorable execution ("best execution") for each transaction. Some trades are made on a net basis where the client buys securities directly from a dealer, or sells them directly to a dealer. This is typical for certain equity securities traded in the

over-the-counter market, and for most debt securities. In such transactions, there is no direct commission charged, but the dealer receives a "spread" which is the equivalent of a commission for engaging in the transaction.

When AllianzGI US engages in client transactions involving securities that may be permissible investments for other accounts it manages, AllianzGI US may effect purchases or sales of these securities between clients (each a "Cross Transaction"). AllianzGI US will effect Cross Transactions in accordance with the following standards: all Cross Transactions must be (1) approved in advance by AllianzGI US's Compliance Department, (2) legally permissible, (3) consistent with the respective investment objectives, policies, account guidelines, and regulatory or other applicable restrictions of each client account, (4) in the best interests of both the selling and buying client accounts, and (5) effected at the independent current market price of the security, or otherwise in accordance with applicable regulatory guidance. AllianzGI US has established compliance procedures designed to ensure that Cross Transactions are conducted in accordance with the above standards and applicable regulations.

From time to time, AllianzGI US accepts accounts for which it does not have full discretionary authority. For example, AllianzGI US may recommend purchases and sales of securities for such accounts, subject to the client's approval, or AllianzGI US may provide only reporting and performance measurement services. In such cases, a suitable fee arrangement is agreed upon. (See response to Items 4 and 5 above.) If only non-advisory services are provided, and if the account is related to other accounts, AllianzGI US may perform the services as an accommodation.

If AllianzGI US makes a recommendation that is accepted by a non-discretionary client, that client may choose to execute the transaction itself, without AllianzGI US's assistance. In that event, the non-discretionary client may seek to purchase or sell securities at the same time as discretionary clients, to the potential disadvantage of both. Alternatively, the client may request AllianzGI US to place orders for the purchase or sale of the securities recommended and AllianzGI US may either be given the right to determine the executing broker-dealer or the client may direct that such transactions be effected through specified broker-dealers. As a result, the timing of the non-discretionary client's transaction and price received may differ from that of other AllianzGI US clients because their transactions are

typically executed after the transactions for fully discretionary accounts.

Trades for non-discretionary model accounts including Wrap Programs may be executed after the orders in the same security for discretionary accounts have been completed. This may result in material performance dispersion between discretionary accounts and non-discretionary model accounts.

In addition, from time to time, AllianzGI US may accept private client accounts for which a broker-dealer serves as custodian. In such cases, the client may agree with the broker-dealer that some or all transactions for that account must be executed through that broker-dealer. In such circumstances, even though AllianzGI US has discretionary authority over the account, AllianzGI US's authority to select the broker-dealer through whom transactions will be executed may be limited. As a result, AllianzGI US may not be in a position to ensure best execution of transactions for that client.

In selecting a broker or dealer for each specific transaction, AllianzGI US uses its best judgment to choose the broker or dealer most capable of providing the services necessary to obtain the best execution of that transaction. In seeking the best execution of each transaction, AllianzGI US evaluates a wide range of criteria, including any or all of the following: the broker's commission rate, promptness, reliability and quality of executions, trading expertise, positioning and distribution capabilities, back office efficiency, ability to handle difficult trades, knowledge of other buyers and sellers, ability to provide AllianzGI US with market-related information, confidentiality, capital strength and financial stability, prior performance and responsiveness in serving AllianzGI US and its clients, and other factors affecting the overall benefit received by the client(s) in the transaction. When circumstances relating to a proposed transaction indicate that a particular broker or dealer is in a position to obtain the best execution, the order is placed with that broker or dealer. This may or may not be a broker or dealer that has provided investment information and research services to AllianzGI US.

Soft Dollars

Subject to the requirement of seeking best execution, AllianzGI US may, in circumstances in which two or more brokers or dealers are in a position to offer comparable price and execution, give preference to a broker or dealer that has provided brokerage or research services to AllianzGI US. In so doing, AllianzGI US may effect securities transactions which cause a client to pay

an amount of commission in excess of the amount of commission another broker would have charged. In effecting trades through such brokers or dealers, AllianzGI US may generate credits ("Commission Credits") which may be used by AllianzGI US to pay for brokerage and research services provided or paid for by such brokers or dealers. In selecting such broker or dealer, AllianzGI US will make a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage services and research and investment information received, viewed in terms of either the specific transaction or AllianzGI US's overall responsibility to the accounts for which it exercises investment discretion. AllianzGI US regularly evaluates all commissions paid in order to ensure that the commission represents reasonable compensation for the brokerage and research services provided by such brokers.

Receiving research and brokerage services in exchange for soft dollars creates potential conflicts of interest for AllianzGI US, since AllianzGI US would not otherwise have to produce the services, or pay for them from our own resources, allowing us to potentially reduce our costs. AllianzGI US may have an incentive to direct client trades to broker-dealers who provide these services to us. Sometimes, broker-dealers require a specific level of client commissions to provide research or brokerage services that AllianzGI US may want, and AllianzGI US may have an incentive to execute more trades through them, rather than through other broker-dealers that do not provide the services but who would otherwise provide comparable execution for a given trade. The services benefit us by allowing us, at no additional cost to us, (1) to supplement our own research, analysis and execution activities, (2) to receive the views and information of individuals and research staffs of other securities firms; (3) to gain access to persons having special expertise on certain companies, industries, areas of the economy and market factors; and (4) to gain access to execution services of third-parties.

Under a safe harbor from the Securities Exchange Act of 1934, an investment adviser may cause clients to pay more than the lowest available commission rate in order to acquire certain research and brokerage services with the Commission Credits generated by its client account transactions. Any product and service we receive with Commission Credits must fall within the safe harbor. In some cases, our affiliates have entered into commission sharing arrangements whereby they have arrangements with a broker and the broker has arrangements with another party to provide them research, which (as noted

above) is typically shared with us, effectively allowing us, subject to our best execution responsibilities, to obtain research from other parties.

Alternatively, AllianzGI US may use a “step-out” trade mechanism. A “step-out” trade occurs when the executing broker-dealer agrees to “step out” a portion of a bunched execution, and that “stepped-out” portion is cleared through the broker-dealer providing the research and brokerage services. The client is assessed a commission only by the broker-dealer who clears the transaction. The executing broker-dealer receives compensation in the form of commission from the portion of the bunched execution that was not “stepped-out” to other brokers. “Step-out” trades will be executed so as to conform to the rules of the applicable exchange on which the trade occurs.

AllianzGI US uses research and brokerage services that it receives from broker-dealers to evaluate securities and to formulate investment recommendations for both discretionary and non-discretionary clients. Such services are used by AllianzGI US as part of its investment process to enhance portfolio return and to reduce trading costs, and are helpful to AllianzGI US in serving its clients. Among other things, AllianzGI US may receive research reports, oral advice, or data from the brokers or dealers regarding particular companies, industries, or general market or economic conditions. Such services also may include, among other things, information concerning pertinent federal and state legislative and regulatory developments and other developments that could affect the value of companies in which AllianzGI US has invested or may consider investing; attendance at meetings with corporate management personnel, industry experts, economists, government personnel, academicians, and other financial analysts and journalists; consultation with scientific and technical experts concerning the viability and market potential of an issuer’s products and services; comparative issuer performance and evaluation and technical measurement services; subscription to publications that provide investment-related information; accounting and tax law interpretations; economic advice; quotation equipment and services; execution or research measurement services; and software to assist AllianzGI US initiate and execute orders; market-related and survey data concerning the products and services of an issuer and its competitors or concerning a particular industry that are used in reports prepared by AllianzGI US’s Grassrootssm Research group to enhance AllianzGI US’s ability to analyze an issuer’s financial

condition and prospects; information from doctors concerning medical, technological and economic developments in medicine, health care, and related areas; and other services provided by recognized experts on investment matters of particular interest to AllianzGI US. In addition, services may include the use of or be delivered by computer systems whose hardware and/or software components may be provided to AllianzGI US as part of the services.

In any case in which information and other services can be used for both brokerage or research and non-research or non-brokerage purposes, AllianzGI US makes an appropriate good faith allocation of those uses and pays directly for that portion of the services to be used for non-research or non-brokerage purposes. This allocation can create a potential conflict of interest.

The brokerage and research services that AllianzGI US receives from brokers or dealers are used by AllianzGI US’s research analysts and portfolio managers to formulate recommendations for the purchase or sale of securities. These recommendations, as well as AllianzGI US’s analysis and the research used to formulate recommendations, may be made available to the Allianz Advisory Affiliates and all of AllianzGI US’s clients (including foreign clients of AllianzGI US and the Allianz Advisory Affiliates) and is used by AllianzGI US in servicing all of its clients, and it is recognized that a particular account may be charged a commission paid to a broker or dealer who supplied research or brokerage services not utilized by such account. In addition, non-discretionary clients for whom AllianzGI US does not place brokerage orders ordinarily will benefit from such investment information, even though such information was generated through commissions paid by other clients. This may also be true for clients who require AllianzGI US to direct all or a significant portion of their trades to one of a small number of broker-dealers. Private clients for whom a broker-dealer acts as custodian also will benefit from such research information, even though AllianzGI US may not receive research services in connection with transactions executed for such private clients through that broker-dealer. In addition, some groups of accounts that do not generate Commission Credits (i.e., fixed income) may obtain certain brokerage and research services acquired with Commission Credits generated by a different group of accounts (e.g., equity and balanced). However, AllianzGI US believes that each account will be benefited overall by such practice because each is receiving the benefit of research services and recommendations not otherwise available to it.

AllianzGI US has not made and will not make commitments to place orders with any particular broker or dealer or group of brokers or dealers, other than pursuant to client direction. Annually, AllianzGI US projects the amount of commission dollars it expects to generate in the course of a year, and pursuant to an internal allocation procedure that entails the vote of all portfolio managers and analysts as to the quality of research and investment information received from various brokers or dealers, establishes a budget of commission dollars to be directed to brokers providing the most useful investment information. No absolute dollar amounts are required to be met, and in no case will an order be placed if the broker or dealer is not able to provide best execution of a particular transaction. However, AllianzGI US does endeavor to direct sufficient orders to such brokers or dealers to ensure the continued receipt of research services that AllianzGI US believes are useful. A substantial portion of brokerage commissions are paid to brokers and dealers who supply research and brokerage services to AllianzGI US.

Certain clients may instruct AllianzGI US to not use their commissions to generate Commission Credits to pay for third party research; however, as a matter of policy AllianzGI US seeks to limit these requests because it believes such arrangements may result in additional costs to the client and may adversely affect the performance of the client's account. AllianzGI US believes that the potential benefits derived from any directed brokerage, expense reimbursement or commission recapture program may be offset by 1) clients unable to participate in certain block purchases or sales of securities, 2) the investment management team receiving less research, 3) the broker's unwillingness to commit capital and 4) AllianzGI US's potential inability to achieve best execution.

AllianzGI US provides "Commission Credit" reports to clients upon request which typically only include commissions which were designated as a Commission Credit for payment of third party brokerage and research services. Such reports generally do not include commissions paid to a broker-dealer in connection with proprietary or bundled research.

Commission Sharing Arrangements

AllianzGI US may also request brokers effecting transactions on behalf of its clients to allocate a portion of the commission to a pool of Commission Credits maintained by the executing broker or commission management provider from which the executing broker or commission

management provider, at AllianzGI US's direction, pays independent research providers (which may or may not be other brokers) for Research Products and Services ("Commission Sharing Arrangements"). Commission Sharing Arrangements may be used to pay for both proprietary and third party Research Products and Services. Commission Sharing Arrangements help enable an investment manager to select the most appropriate broker for trade execution regardless of whether or not the broker prepares or develops the Research Products and Services used by the investment manager. Accordingly, instead of paying a broker for its research by trading with it directly, the investment manager directs the executing broker or commission management provider to pay the research provider from the pool of Commission Credits accumulated.

Trade Aggregation and Allocation

In many cases, portfolio transactions may be executed in an aggregated transaction as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by AllianzGI US, some of which accounts may have similar investment objectives. In addition, AllianzGI US will aggregate trades for certain proprietary accounts with trades for AllianzGI US clients, and AllianzGI US may coordinate the execution of transactions for its clients with execution for transactions for the clients of the Allianz Advisory Affiliates, as more fully described below.

AllianzGI US believes that aggregation of transactions may enable it, on average and over time, to obtain enhanced execution and lower brokerage commissions (although there is no certainty that such objectives will be achieved). Coordination of transactions among the clients of AllianzGI US and the Allianz Advisory Affiliates may have similar results.

As a result, many of AllianzGI US's equity transactions are coordinated for its clients on a regional basis with certain Allianz Advisory Affiliates and through an Allianz Advisory Affiliate Executing Office ("Executing Office"). This practice helps to minimize the possibility that clients of AllianzGI US and those of Allianz Advisory Affiliates (with whom research is shared) would compete in the marketplace by executing transactions in the same security during the same day.

Trading centers for some of the Allianz Advisory Affiliates, including AllianzGI US, have been established as follows:

Executing Offices Trading Region

Hong Kong	Asia (including Japan)
Frankfurt	Europe (including U.K.)
New York	North and South America
San Francisco	North and South America
San Diego	North and South America

When AllianzGI US or an Allianz Advisory Affiliate executes an order for a security that trades in a Trading Region noted above, the order is routed to the applicable Executing Office. The Executing Office generally will aggregate that order for execution along with any other order(s) it may have received for the same security from another Allianz Advisory Affiliate or any other AllianzGI US affiliate on behalf of which an Allianz Advisory Affiliate provides trading services.

One of AllianzGI US's objectives in aggregating trades for clients of AllianzGI US with each other and with clients of the Allianz Advisory Affiliates is to attempt to ensure that all clients are treated in a fair and equitable manner over time. To help achieve this objective, AllianzGI US has adopted written procedures for the aggregation of orders of advisory clients (the "Aggregation Procedures"). The Aggregation Procedures are designed to comply with all applicable legal and regulatory requirements. The Aggregation Procedures provide the procedures under which orders for one client account may be aggregated with other client accounts, including accounts that may be partially or entirely proprietary. In general, the Aggregation Procedures require all aggregated orders to be allocated to client accounts prior to the execution of such order. In certain circumstances, and if approved in advance by AllianzGI US's compliance officer or his or her designee, certain deviations from the original allocation instructions may occur after a trade has been executed. Although AllianzGI US uses its best efforts to ensure that all clients are treated fairly and equitably over time, there can be no assurance (and the Aggregation Procedures do not require) that any particular investment will be proportionally allocated among clients, or that the allocation process will achieve the same results for each client. Aggregated orders generally will be averaged as to price, with transaction costs shared pro rata based on each client's participation in the transaction.

Although AllianzGI US generally believes that aggregation of transactions may be consistent with its duty to seek best execution, AllianzGI US is

not obligated to aggregate orders into larger transactions.

In addition to the Aggregation Procedures, AllianzGI US also has adopted procedures intended to ensure that the allocation of shares received in an initial public offering ("IPO") is done in a manner that is fair and equitable to all clients over time. These procedures establish an allocation methodology for each product group managed by AllianzGI US (e.g., Large Cap, Mid-Cap, Technology, etc.) and a target allocation for each client within each product group. Shares received in IPOs are first allocated to each product group consistent with AllianzGI US's procedures, and then to each client within that group based on specific target allocations.

Because each client has its own investment guidelines, objectives, and restrictions, a particular security may be bought for one or more clients at a time when one or more clients are selling the same security. In such cases, when AllianzGI US believes it is appropriate and in accordance with applicable law and regulations, AllianzGI US may effect third party agency cross transactions between two or more accounts. AllianzGI US believes that such transactions can benefit both accounts by effecting a transfer of securities from one account to another at a greatly reduced cost.

Over the Counter (OTC) Trades

AllianzGI US regularly purchases securities for client accounts that are not listed on a national securities exchange but that are traded in the over-the-counter market, and may also purchase listed securities in the third market (over-the-counter trades of exchange-listed securities) or fourth market (direct trades of securities between institutional investors without intermediation of a broker-dealer). Where transactions are executed in the over-the-counter market or third market, AllianzGI US will seek to deal with the primary market-makers; but when necessary in order to obtain the best price and execution, it will utilize the services of others. In all cases, AllianzGI US will attempt to secure best execution.

Client Directed Brokerage

AllianzGI US will also place orders with brokerage firms pursuant to direction received from investment management or investment advisory clients ("directed brokerage"). Directed brokerage is typically arranged by a client as a method whereby the brokerage commissions serve as compensation to the broker for goods and services provided directly to the client in an agreement negotiated between the client and the broker.

Alternatively, the client may seek to negotiate a particular commission rate with that broker, or may use the direction of brokerage to accomplish unrelated objectives (e.g., the direction of brokerage to minority-owned brokerage firms, or to brokerage firms located in the same geographic area as the client). Clients that direct brokerage may ask AllianzGI US to ensure that they continue to receive best execution of each transaction, or they may negotiate commission rates themselves. In addition, with respect to clients that are ERISA plans, by law, any direction by the plan sponsor must be in the best interests of, and for the exclusive benefit of, the plan participants, in order to procure goods and services on behalf of the plan for which the plan otherwise would be obligated to pay.

When a client asks AllianzGI US to direct trades to a particular broker-dealer, AllianzGI US ordinarily will seek to fulfill that request, subject to seeking best execution of each transaction. However, AllianzGI US may not be in a position to negotiate commission rates or spreads, or to select brokers or dealers on the basis of best price and execution. Moreover, the client may lose the possible advantage which non-designating clients can derive from the aggregation of orders for several clients in a single transaction. In this regard, orders for clients, including wrap clients, who direct trades may be executed after the orders in the same security for other AllianzGI US clients have been completed. As a result, directed brokerage transactions may result in higher commissions, greater spreads, or less favorable net prices than would be the case if AllianzGI US were authorized to choose the brokers or dealers through which to execute transactions for the client's account. In addition, accounts that direct brokerage may not be able to participate in certain allocations of IPOs.

AllianzGI US ordinarily limits the amount of brokerage that any client may direct to a percentage of the total brokerage generated by that client, except as described above. AllianzGI US uses two methods to satisfy client requests for directed brokerage. First, AllianzGI US may execute the trade on behalf of that client with the broker-dealer selected by the client, which may or may not be the broker-dealer used by AllianzGI US for other trades in the same security during that period. Alternatively, AllianzGI US may step out trades to the client directed broker-dealer which may result in additional trading costs.

The use of "step-out" trades can, in some circumstances, help ensure that clients that seek to direct brokerage are not disadvantaged by the inability to participate in aggregated executions.

However, "step-out" trades are an accommodation by the executing broker-dealer, and "step-out" trades will not be available in all circumstances to satisfy requests for directed brokerage.

AllianzGI US does not enter into agreements with, or make commitments to, broker-dealers that would bind AllianzGI US to compensate broker-dealers directly or indirectly for client referrals. However, subject to applicable laws, regulations and any particular client restriction, when one or more broker-dealer is considered by AllianzGI US to be capable of providing best execution with respect to a particular portfolio transaction,

Wrap Program

With respect to Wrap Programs, the Sponsor includes commissions and other trading costs in the Wrap Program fee and accordingly trading through the Sponsor is typically more cost effective to the a Wrap Program client. If AllianzGI US determines that the Sponsor is not able to provide best execution, AllianzGI US, subject to its duty to seek best execution, may step out trades to an alternate broker-dealer which may result in additional trading costs.

Trades for non-discretionary model accounts including Wrap Programs may be executed after the orders in the same security for discretionary accounts have been completed. This may result in material performance dispersion between discretionary accounts and non-discretionary model accounts.

FX Trades

Upon client request, AllianzGI US can arrange for the Northern Trust Capital Markets Group ("Northern Trust") to execute FX transactions for the settlement of foreign securities transactions. In this arrangement, Northern Trust will net the currencies in each of our client accounts and will execute any outstanding values within a prescribed or fixed time of the trading day. FX transactions by Northern Trust includes a set service fee that is added to the market bid/offer. Northern Trust is capable of executing up to 38 freely traded currencies. All restricted currencies will continue to be executed by the client's custodian. Northern Trust will not execute FX transactions involving repatriations or corporate actions.

ITEM 13. REVIEW OF ACCOUNTS

Review of Accounts

AllianzGI US's review of client accounts is an integral component of AllianzGI US's investment management process. Portfolio managers review each of their accounts on a regular basis and select investments for clients in accordance with each client's investment objectives and consistent with the investment philosophy of AllianzGI US. AllianzGI US maintains systems for guideline surveillance (collectively, the "Portfolio Compliance Systems") that check both pre-trade security transactions and post-trade account holdings against client account guidelines.

A dedicated team of AllianzGI US compliance analysts review pre-trade activity and post-trade portfolio compliance results in the Portfolio Compliance Systems for all client accounts on a daily basis. The compliance analyst runs compliance testing of post-trade holdings via an overnight scheduler and reviews the results daily. The compliance analyst will bring any potential violation that is detected to the attention of the Chief Compliance Officer.

Reports to Clients

AllianzGI US provides advisory clients who have separately managed accounts with written reports on a quarterly basis or more frequently upon agreement between AllianzGI US and the client. These reports generally include, among other things, all purchases and sales of securities made during the reporting period (market price, total cost/proceeds, original unit cost and realized gain/loss on sales) and include a summary of investments in the portfolio (unit cost, total cost, market price, total market value, yield and percentage of portfolio). In addition, through telephone calls and in-person meetings, client service representatives strive to keep clients regularly informed of the investment policy and strategy AllianzGI US is pursuing to achieve clients' investment objectives.

CLIENTS INVESTED IN MUTUAL FUNDS AND/OR UNREGISTERED COMMINGLED FUNDS RECEIVE REPORTS FROM THE FUNDS' TRANSFER AGENT, ADMINISTRATOR OR CUSTODIAN BANK. CLIENTS IN WRAP FEE PROGRAMS RECEIVE REPORTS FROM THE WRAP FEE PROGRAM SPONSOR.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Compensation from Non-Clients

AllianzGI US or its affiliates may pay fees to broker-dealers or other third parties in exchange for continuing due diligence, analysis, office access, training, operations and systems support, and marketing assistance. These fees may be deducted from the management fees remitted to AllianzGI US or billed separately. In lieu of making such payments, AllianzGI US or its affiliate may agree to pay a lump sum payment and/or payments related to specific events such as sponsorship of conferences, seminars, informational meetings, or payment for attendance by persons associated with conferences, seminars or informational meetings. In some cases, these payments may be based on assets under management or new assets. In addition, AllianzGI US may pay for shareholder sub-administrative services. These fees are typically assessed on a per account basis for those accounts maintained by the broker-dealer or other third party and/or may be assessed to offset the transfer agency costs of maintaining those accounts that would otherwise be incurred. The broker-dealers or third parties may, in the ordinary course of business, recommend that a client select AllianzGI US as an asset manager in their respective Wrap Programs.

Referral Arrangements

AllianzGI US may, from time to time, pay compensation for client referrals. To the extent required by law, AllianzGI US requires that the person referring a client (the "Referral Agent") enter into a written agreement in accordance with the requirements of Rule 206(4)-3 of the Advisers Act. Under such a written agreement, the Referral Agent would be obligated to provide a prospective client with a separate disclosure document before AllianzGI US opens an account for the prospective client. The separate disclosure document would provide the prospective client with information regarding the nature of AllianzGI US's relationship with the Referral Agent and any referral fees AllianzGI US pays to the Referral Agent. In addition, AllianzGI US has engaged a third-party placement agent to solicit specific categories of prospective clients to invest in its hedge funds. Referral fees and placement agent fees are paid entirely by AllianzGI US and not by AllianzGI US's clients.

AllianzGI US's employees and employees of affiliates of AllianzGI US may serve as Referral Agents and may be compensated for referral activities. However in those cases, neither AllianzGI US nor its affiliated Referral Agent will provide the separate disclosure document noted

above. AllianzGI US's affiliate, AGID, employs a team of internal and external wholesalers who market AllianzGI US's Wrap Program products. These marketing professionals receive fees for assets brought into an AllianzGI US Wrap Program product. In addition, there are circumstances where AllianzGI US may refer a client to an affiliated Sub-Adviser or other affiliated investment manager depending on the size and particulars of the account. In these cases, AllianzGI US may receive a fee from the relevant Sub-Adviser or affiliated investment manager for the client referral.

ITEM 15. CUSTODY

AllianzGI US does not maintain physical custody of client assets. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client investment assets. AllianzGI US may be deemed to have custody of certain private funds it manages because AllianzGI is the managing member of a limited liability company, the general partner of a limited partnership or in a comparable position for another type of pooled investment vehicle. AllianzGI US urges clients to carefully review such statements and compare such official custodial records to the account statements that AllianzGI US provides to clients. Account statements produced by AllianzGI US may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ITEM 16. INVESTMENT DISCRETION

AllianzGI US typically receives discretionary authority from the client at the outset of an advisory relationship, pursuant to an investment advisory agreement, to select the identity and amount of securities to be bought or sold, subject to the stated investment objectives for the particular client account.

When selecting securities and determining amounts, AllianzGI US observes the investment policies, limitations and restrictions of the clients for which it advises. For Mutual Funds, AllianzGI US's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to AllianzGI US in writing. For additional information about AllianzGI US's investment

advisory services and restrictions, please see Item 4 Advisory Business.

ITEM 17. VOTING CLIENT SECURITIES

AllianzGI may be granted by its clients the authority to vote proxies of the securities held in client accounts. AllianzGI US typically votes proxies as part of its discretionary authority to manage accounts, unless the client has explicitly reserved the authority for itself. When voting proxies, AllianzGI US seeks to make voting decisions solely in the best interests of its clients and to enhance the economic value of the underlying portfolio securities held in its clients' accounts.

AllianzGI US has adopted written Proxy Policy Guidelines and Procedures (the "Proxy Guidelines") that are reasonably designed to ensure that the firm is voting in the best interest of its clients. The Proxy Guidelines reflect AllianzGI US's general voting positions on specific corporate governance issues. AllianzGI US has retained an independent third party service provider (the "Proxy Provider") to assist in the proxy voting process by implementing the votes in accordance with the Proxy Guidelines as well as assisting in the administrative process. The Proxy Provider offer a variety of proxy-related services to assist in AllianzGI US's handling of proxy voting responsibilities. The Proxy Guidelines also provide for oversight of the proxy voting process by a Proxy Committee. The Proxy Guidelines summarize AllianzGI US's position on various issues, including issues of corporate governance and corporate actions, and give general indication as to how we will vote shares on such issues. Occasionally, there may be instances when AllianzGI US may not vote proxies in strict adherence to the Proxy Guidelines. To the extent that the Proxy Guidelines do not cover potential voting issues or a case arises of a potential material conflict between AllianzGI US's interest and those of a client with respect to proxy voting, the Proxy Committee will convene to discuss the issues. In evaluating issues, the Proxy Committee may consider information from many sources, including the portfolio management team, the analyst responsible for monitoring the stock of the company at issue, management of a company presenting a proposal, shareholder groups and independent proxy research services. In situations in which the Proxy Guidelines do not give clear guidance on an issue, the Proxy Provider policies are consulted and/or the Proxy Committee will review the issue. In the event that either an analyst or portfolio manager wishes to override the Proxy Guidelines, the analyst or portfolio

manager will be presented to the Proxy Committee for a final decision. Any deviations from the Proxy Guidelines will be documented and maintained in accordance with Rule 204-2 under the Advisers Act.

In certain circumstances, a client may request in writing that AllianzGI US vote proxies for its account in accordance with a set of guidelines which differs from the Proxy Guidelines. For example, a client may wish to have proxies voted for its account in accordance with the Taft-Hartley proxy voting guidelines. In that case, AllianzGI US will vote the shares held by such client accounts in accordance with their direction, which may be different from the vote cast for shares held on behalf of other client accounts that vote in accordance with the Proxy Guidelines.

AllianzGI US will generally refrain from voting proxies on securities that are subject to share blocking restrictions. Certain countries require the freezing of shares for trading purposes at the custodian/sub-custodian bank level in order to vote proxies to ensure that shareholders voting at meetings continue to hold the shares through the actual shareholder meeting. However, because AllianzGI US cannot anticipate every proxy proposal that may arise (including a proxy proposal that an analyst and/or portfolio manager believes has the potential to significantly affect the economic value of the underlying security, such as proxies relating to mergers and acquisitions), AllianzGI US may, from time to time, instruct the Proxy Providers to cast a vote for a proxy proposal in a share blocked country. AllianzGI US will not be responsible for voting of proxies that AllianzGI US has not been notified of on a timely basis by the client's custodian.

In accordance with the Proxy Guidelines, AllianzGI US may review additional criteria associated with voting proxies and evaluate the expected benefit to its clients when making an overall determination on how or whether to vote a proxy. Upon receipt of a client's written request, AllianzGI US may also vote proxies for that client's account in a particular manner that may differ from the Proxy Guidelines. In addition, AllianzGI US may refrain from voting a proxy on behalf of its clients' accounts due to de-minimis holdings, immaterial impact on the portfolio, items relating to non-U.S. issuers (such as those described below), non-discretionary holdings not covered by AllianzGI US, timing issues related to the opening/closing of accounts, securities lending issues (see below), contractual arrangements with clients and/or their authorized delegate, the timing of receipt of information, or where circumstances beyond its control prevent it from voting. For example,

AllianzGI US may refrain from voting a proxy of a non-U.S. issuer due to logistical considerations that may impair AllianzGI US's ability to vote the proxy. These issues may include, but are not limited to: (i) proxy statements and ballots being written in a language other than English, (ii) untimely notice of a shareholder meeting, (iii) requirements to vote proxies in person, (iv) restrictions on non-U.S. person's ability to exercise votes, (v) restrictions on the sale of securities for a period of time in proximity to the shareholder meeting, or (vi) requirements to provide local agents with power of attorney to facilitate the voting instructions. Such proxies are voted on a best-efforts basis.

AllianzGI US may instead vote in accordance with the proxy guidelines of its affiliate advisers when voting in connection with Wrap Programs. The affiliated adviser's guidelines may differ and in fact be in conflict with AllianzGI US's voting guidelines. AllianzGI US typically votes proxies as part of its discretionary authority to manage Wrap Program accounts, unless a client has indicated to the Sponsor that it has explicitly reserved the authority to vote proxies for itself. AllianzGI US will generally vote all proxies sent to it by the Sponsor on an aggregate basis. When AllianzGI US votes proxies on an aggregate basis, the proxy voting records are generally available only on an aggregate level and are not maintained on an individual account basis.

If a client has decided to participate in a securities lending program, AllianzGI US will defer to the client's determination and not attempt to recall securities on loan solely for the purpose of voting routine proxies as this could impact the returns received from securities lending and make the client a less desirable lender in the marketplace. If the participating client requests, AllianzGI US will use reasonable efforts to notify the client of proxy measures that AllianzGI US deems material.

The ability to timely identify material events and recommend recall of shares for proxy voting purposes is not within the control of AllianzGI US and requires the cooperation of the client and its other service providers. Efforts to recall loaned securities are not always effective and there can be no guarantee that any such securities can be retrieved in a timely manner for purposes of voting the securities.

Clients may obtain a copy of the Proxy Guidelines upon request. To obtain a copy of the Proxy Guidelines or to obtain information on how an account's securities were voted, clients should contact their account representative or visit our website.

Class Actions and Similar Matters

AllianzGI US generally does not advise or take any action on behalf of its clients in any legal proceedings, including class actions and bankruptcies. A client's decision whether to participate in a securities class action lawsuit may involve facts and legal judgments that are beyond the scope of AllianzGI US's management of the account and expertise as an investment adviser. AllianzGI US therefore encourages its clients to rely on their legal counsel for advice on whether or not to participate in class actions. AllianzGI US does not file proof of claim forms for its separate account clients. However, upon request and as a courtesy, AllianzGI US may provide relevant records and information in its possession that may be necessary or useful to the client or its custodian to file claim forms or other legal documents. In such cases it is the client's responsibility to (i) ensure that the custodian is capable of filing, and has the proper authorization to file, proofs of claim on the client's behalf and (ii) determine whether to file a request for exclusion from a particular class action settlement and take the necessary steps to do so. AllianzGI US is not responsible for a client's or custodian's failure to file claim forms or to request exclusion.

With respect to bankruptcies involving issuers of securities held in separate accounts, AllianzGI US as investment adviser may in its discretion participate in bankruptcy proceedings, make investment-related elections and join creditors committees on behalf of some or all of its clients. Although AllianzGI US may participate in such proceedings and join such committees on behalf of its separate account clients' in its discretion, it is not obligated to do so.

ITEM 18. FINANCIAL INFORMATION

AllianzGI US does not require or solicit prepayment of its fees. AllianzGI US is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has AllianzGI US been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19. PRIVACY NOTICE

Please read this Policy carefully. It gives you important information about how Allianz Global Investors U.S. and its U.S. affiliates ("AllianzGI US," "we" or "us") handle non-public personal information ("Personal Information") that we may receive about you. It applies to all of our past, present and future clients and shareholders of

AllianzGI US and the funds and accounts it manages, advises, sub-advises, administers or distributes, and will continue to apply when you are no longer a client or shareholder. As used throughout this Policy, "AllianzGI US" means Allianz Global Investors U.S. LLC, Allianz Global Investors Fund Management LLC, Allianz Global Investors Distributors LLC, NEJ Investment Group LLC and the family of registered and unregistered funds managed by one or more of these firms. AllianzGI US is part of a global investment management group, and the privacy policies of other Allianz Global Investors entities outside of the United States may have provisions in their policies that differ from this Privacy Policy. Please refer to the website of the specific non-US Allianz Global Investors entity for its policy on privacy.

We Care about Your Privacy

We consider your privacy to be a fundamental aspect of our relationship with you, and we strive to maintain the confidentiality, integrity and security of your Personal Information. To ensure your privacy, we have developed policies that are designed to protect your Personal Information while allowing your needs to be served.

Information We May Collect

In the course of providing you with products and services, we may obtain Personal Information about you, which may come from sources such as account application and other forms, from other written, electronic, or verbal communications, from account transactions, from a brokerage or financial advisory firm, financial advisor or consultant, and/or from information you provide on our website.

You are not required to supply any of the Personal Information that we may request. However, failure to do so may result in us being unable to open and maintain your account, or to provide services to you.

How Your Information Is Shared

We do not disclose your Personal Information to anyone for marketing purposes. We disclose your Personal Information only to those service providers, affiliated and non-affiliated, who need the information for everyday business purposes, such as to respond to your inquiries, to perform services, and/or to service and maintain your account. This applies to all of the categories of Personal Information we collect about you. The affiliated and non-affiliated service providers who receive your Personal Information also may use it to process your transactions, provide you with

materials (including preparing and mailing prospectuses and shareholder reports and gathering shareholder proxies), and provide you with account statements and other materials relating to your account. These service providers provide services at our direction, and under their agreements with us, are required to keep your Personal Information confidential and to use it only for providing the contractually required services. Our service providers may not use your Personal Information to market products and services to you except in conformance with applicable laws and regulations. We also may provide your Personal Information to your respective brokerage or financial advisory firm, custodian, and/or to your financial advisor or consultant.

In addition, we reserve the right to disclose or report Personal Information to non-affiliated third parties, in limited circumstances, where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities or pursuant to other legal process, or to protect our rights or property, including to enforce our Privacy Policy or other agreements with you. Personal Information collected by us may also be transferred as part of a corporate sale, restructuring, bankruptcy, or other transfer of assets.

Security of Your Information

We maintain your Personal Information for as long as necessary for legitimate business purposes or otherwise as required by law. In maintaining this information, we have implemented appropriate procedures that are designed to restrict access to your Personal Information only to those who need to know that information in order to provide products and/or services to you. In addition, we have implemented physical, electronic and procedural safeguards to help protect your Personal Information.

Privacy and the Internet

The Personal Information that you provide through our website, as applicable, is handled in the same way as the Personal Information that you provide by any other means, as described above. This section of the Policy gives you additional information about the way in which Personal Information that is obtained online is handled.

- **Online Enrollment, Account Access and Transactions:** When you visit our website, you can visit pages that are open to the general public, or, where available, log into protected pages to enroll online, access

information about your account, or conduct certain transactions. Access to the secure pages of our website is permitted only after you have created a User ID and Password. The User ID and Password must be supplied each time you want to access your account information online. This information serves to verify your identity. When you enter Personal Information into our website (including your Social Security Number or Taxpayer Identification Number and your password) to enroll or access your account online, you will log into secure pages. By using our website, you consent to this Privacy Policy and to the use of your Personal Information in accordance with the practices described in this Policy. If you provide Personal Information to effect transactions on our website, a record of the transactions you have performed while on the site is retained by us. For additional terms and conditions governing your use of our website, please refer to the Investor Mutual Fund Access – Disclaimer which is incorporated herein by reference and is available on our website.

- **Cookies and Similar Technologies:** Cookies are small text files stored in your computer's hard drive when you visit certain web pages. Cookies and similar technologies help us to provide customized services and information. We use these technologies on our website to improve our website and services, including to evaluate the effectiveness of our site, and to enhance the site user experience. Because an industry-standard Do-Not-Track protocol is not yet established, our website will continue to operate as described in this Privacy Policy and will not be affected by any Do-Not-Track signals from any browser.

Changes to Our Privacy Policy

We may modify this Privacy Policy from time-to-time to reflect changes in related practices and procedures, or applicable laws and regulations. If we make changes, we will notify you on our website and the revised Policy will become effective immediately upon posting to our website. We also will provide account owners with a copy of our Privacy Policy annually. We encourage you to visit our website periodically to remain up to date on our Privacy Policy. You acknowledge that by using our website after we have posted changes to this Privacy Policy, you are agreeing to the terms of the Privacy Policy as modified.

Obtaining Additional Information

If you have any questions about this Privacy Policy or our privacy related practices in the United States, you may contact us via our dedicated email at PrivacyUS@allianzgi.com.