

Best Execution Policy

1. Aim of this document

As an investment management company, we are primarily concerned with our investors' interests. For this reason, Allianz Global Investors has implemented a policy to ensure best execution. This document is designed to inform our clients of the principles and methods governing the execution of client orders on the best possible terms, and to serve as a basis for our clients' consent to our Order Execution Principles.

2. Scope of this document

This document shall outline the principles that apply to the execution of orders on behalf of our funds as well as on behalf of our discretionary mandates. The principle shall apply to all funds and mandates of the following companies within Allianz Global Investors group:

- Allianz Global Investors Kapitalanlagegesellschaft mbH
- Allianz Global Investors Europe GmbH
- Allianz Global Investors Luxembourg S.A.
- Allianz Global Investors Ireland Ltd.

(“Allianz Global Investors”)

The acquisition of fund units does not fall under the scope of application of this Best Execution Policy. Nevertheless, we would like to inform you that, as a general rule, we process fund unit transactions via the issuer.

3. Ensuring best execution

We ensure the best possible order execution for our investors by selecting what we believe is the most suitable means of execution, taking into account the execution factors and criteria set out below, and on the basis of our trading experience.

Orders for equities or derivatives are generally executed via trading intermediaries (broker-dealers). The orders are executed on regulated markets, exchange-like trading systems or via systematic internalisers. Non-exchange traded derivatives (“OTC derivatives”) are principally traded on a bilateral basis with the respective broker according to a standard contractual agreement.

Orders for bonds are generally placed on over-the-counter (OTC) markets. The OTC markets, which are characterised by proprietary trading transactions, are decentralised, fragmented and have low pre-trade transparency, because the counterparties generally do not make the prices quoted available to a broad market. Rather, these prices are negotiated on a bilateral basis with the counterparties. These counterparties often have proprietary holdings in these instruments, for which they quote prices. Unlike on the equity markets, the choice of counterparties for bonds is often limited. In many cases, as the products are only offered by a limited number of counterparties, there is not much transparency in terms of liquidity or price. In volatile non-transparent markets, it may be necessary to accept the first price offered without the opportunity to obtain or request other prices. Moreover, there may be bonds offered exclusively through one counterparty, or for which settlement of an order of a certain size can only be guaranteed by one counterparty, in which cases it is not possible to obtain a comparative offer. The various instruments are traded with the counterparties either electronically or by telephone. Moreover we can also find a suitable counterparty via electronic trading systems (e.g. TradeWeb or MarketAccess). However, these trading systems are not available for all corporate bonds.

Wherever we execute orders for equity, derivatives or bonds via trading intermediaries we take into consideration, if these intermediaries have their own appropriate best execution principles in place.

4. Means of execution

Our transactions are principally executed via intermediaries. The services offered by our counterparties and intermediaries are monitored on the basis of standardised criteria and execution is assessed in line with these criteria.

We also consider counterparties and intermediaries that are members of the Allianz Group. Counterparties and brokers are selected in line with objective criteria; no distinction is made between internal group traders and external traders.

5. Execution factors/criteria:

In order to comply with our duty to execute your order in accordance with the Order Execution Principles, we mainly apply the following execution factors:

- price
- transaction costs
- speed and type of execution
- likelihood of execution
- size of the order
- time of the order
- type of financial instrument
- any other consideration that is key to order execution.

Although the price is generally a key factor, the value of a particular transaction can be influenced by the other execution factors. The importance of the factors set out above can vary depending on the following execution criteria:

- type of order
- type of financial instrument
- type of place of execution.

6. Selecting intermediaries for your orders

When executing orders for **equities or derivatives**, the individual transactions are always allocated in line with the principle of best execution. If an assessment of the execution factors set out above means that various different brokers can be considered for the execution of an order, the quality of the research services performed is also used as an additional criterion (taking into account any commission sharing agreements concluded with the broker).

Commission sharing agreements are agreements that Allianz Global Investors can conclude with brokers in which the respective broker passes on part of the remuneration they have received for the purchase or sale of assets to third parties that provide Allianz Global Investors with research or analysis services that are used by Allianz Global Investors in the interests of its clients when making investment decisions.

When executing orders for **bonds**, the individual transactions are always allocated in line with the principles of best execution. Most bond products are traded on a bilateral basis with counterparty and seldom on regulated markets as with transactions in shares. Allianz Global Investors trades bonds predominantly on over-the-counter markets ("OTC").

If several counterparties are known as active market participants for an instrument, we can obtain different market offers; in doing so we are constantly aware that prices made can be withdrawn or change very quickly over a period of time or as a result of market development, particularly in bonds. If we can use electronic trading systems, we can obtain reference prices via different electronic trading systems so that we can determine the best price from different counterparties at the same time. However on the bond market, instruments are typically traded more infrequently and by fewer market participants than on the equities market. This can result in us purchasing illiquid bonds from one or a few counterparties, and no reference prices.

7. Bundled execution of numerous transactions

As a general rule, we bundle the buy and sell orders of various clients before placing them on the market in order to exploit the resulting cost advantages for larger orders. The initiating fund managers, the traders or the IT systems used summarize the buy and sell orders according to specific headings (stock, markets). The weighted mean price for that day is used for allocation to individual orders if the overall order was executed at more than one price. We would like to point out that bundling may be disadvantageous for a specific individual order. We only consolidate orders when a disadvantage for individual portfolios is improbable.

8. Deviating execution in individual cases

Due to system failures or extraordinary market conditions it may be necessary to execute an order in a manner deviating from these order execution principles. Nevertheless, even in such cases we endeavour to achieve the best possible result for our investors.

9. Annual review of the principles

The Order Execution Principles are reviewed at least once a year and adjusted to reflect current developments. In the event of material changes, the principles may be revised outside of this annual cycle and any such changes will be made public on an ad hoc basis.

We monitor adherence to the Order Execution Principles on a regular basis to ensure compliance and to resolve any problems that may arise.