



Allianz Structured Alpha US Equity 250

Active is: Pursuing risk-controlled outperformance via an innovative, non-traditional approach

For fund distributors
and professional
investors only

INVESTMENT SOLUTIONS

Q2 2018

A powerful alternative to passive investing

Allianz Structured Alpha US Equity 250 takes investors beyond passive, by combining exposure to the S&P 500 Index with an options strategy to build a portfolio that seeks outperformance over the S&P 500 Index. This strategy is available with zero management fee, and a performance-fee only¹.

The investment team manages more than USD 11.4 billion across a range of options-based strategies, and has delivered favourable outperformance outcomes for investors since the platform's inception in 2005.

Outperformance potential via options with a performance fee structure that can provide:

- 1** Targets annual outperformance over the S&P 500 Index
- 2** Available with no management fee unless there is outperformance¹
- 3** Options portfolio with non-directional, risk managed approach

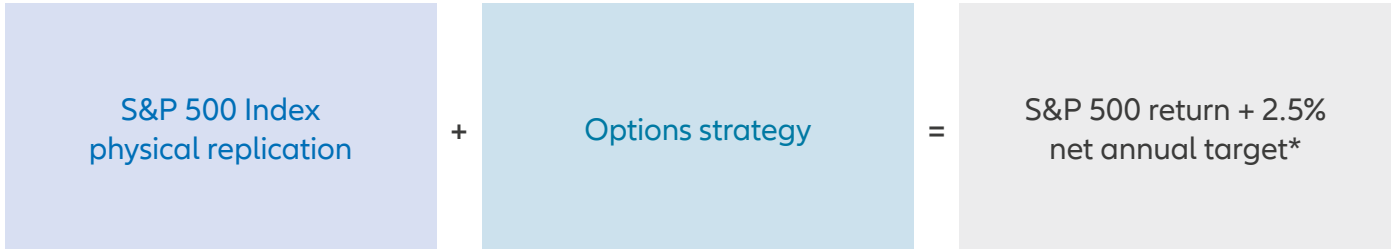
Allianz Structured Alpha US Equity 250 Fund share classes:

(ISIN ticker | Share class | Fund currency)

LU1645744662	I3 (H2-EUR)	EUR
LU1685827658	IT (H2-EUR)	EUR
LU1629891893	WT (H2-EUR)	EUR
LU1645745982	P10 (H2-EUR)	EUR
LU1685828110	RT (H2-EUR)	EUR
LU1685827575	IT	USD
LU1645745800	P10	USD
LU1685827732	PT	USD
LU1685827815	PT3	USD
LU1685828037	RT	USD
LU0123456789	W	USD
LU1685827906	WT3	USD

Our unique investment approach

The Fund offers the long-term growth potential of holding the S&P 500, meanwhile using an option overlay that seeks to outperform the index by 2.5% net of fees. Equity exposure is achieved via physically replicating the S&P 500, and the option positions are constructed using a small amount of collateral.



*The benchmark for the UCITS fund is the S&P 500 Net Total Return Index. Performance of the strategy is not guaranteed and losses remain possible.

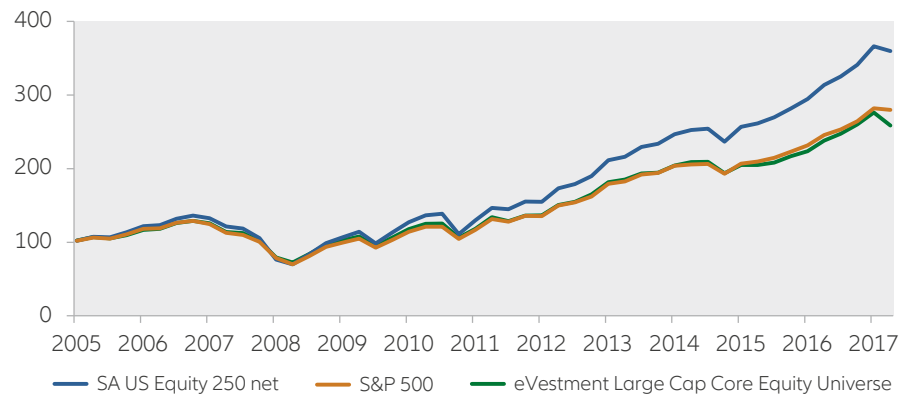
Three key differentiators of Allianz Structured Alpha US Equity 250

1 Demonstrated outperformance of the S&P 500 Index

The strategy provides a powerful alternative to passive investing, with demonstrated long-term outperformance of the index.

Hypothetical growth of \$100

Since composite inception (Sept. 2005)



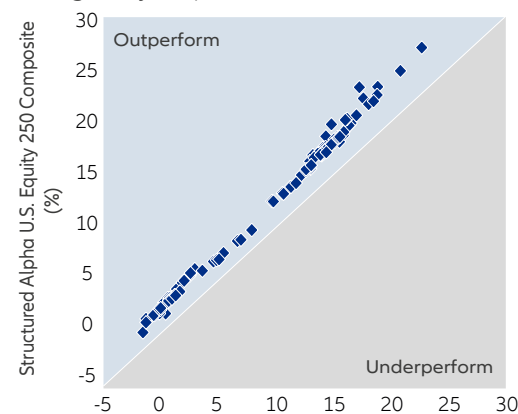
Source: as at 30 June 2018. Past performance is not a reliable indicator of future performance.

2 Consistency of net excess returns over time

On a five-year rolling basis, the strategy has outperformed the S&P 500 benchmark 100% of the time since inception in September 2005.

Historical outperformance

Rolling five-year period, net of fees



Performance statistics

Three-year rolling outperformance	93%
Five-year rolling outperformance	100%
Four-month rolling batting average	88%
Average relative decline during months in which the S&P 500 Index is negative, per 1% index decline	0.12%

Source: as at 30 June 2018. Past performance is not a reliable indicator of future performance.

3

Non-directional, risk-managed approach

The option overlay seeks to optimise the balance between the return generating features of selling options and the risk-mitigating attributes of buying options. The strategy is designed to outperform the index regardless of the equity or volatility environment, and independent of directional equity forecasts or interest rates. To this aim, three types of positions constitute the Fund's option portfolio at all times.

1 Range-bound spreads Short volatility

- Selling options with the goal of collecting option premiums
- Designed to generate returns in normal market conditions





2 Directional spreads Long-short volatility

- Designed to generate returns when equity indices rise or fall more than normal over a multi-week period
- Portfolio diversifiers

3 Hedging positions Long volatility

- Designed to protect the option portfolio in the event of a market crash

In focus: how an option-based strategy has the potential to profit in a wide range of market environments

Expected behaviour		
	Normal	– Portfolio expected to outperform in line with its stated return target
	Volatile	– Potential for higher outperformance, lower active risk
	Rapid change from low to high volatility	<ul style="list-style-type: none"> – Performance could be more volatile than usual for a few weeks – The portfolio could underperform for a few weeks – Higher volatility levels should enable greater outperformance in subsequent months
	Rapid change from high to low volatility	<ul style="list-style-type: none"> – Higher return potential over a few weeks – Lower volatility levels would bring return potential back to normal levels of expected outperformance

Allianz Global Investors: a strong history of option investing

The Structured Alpha US Equity 250 team has been managing options-based strategies for institutional investors since 2005. At the helm is Greg Tournant.



Greg Tournant

Chief Investment Officer US Structured Products,
Lead Portfolio Manager

Greg Tournant has 21 years of investment industry experience and an M.B.A. from the Kellogg School of Business at Northwestern University.



Trevor Taylor

Managing Director,
Portfolio Manager

Trevor Taylor has 17 years of investment-industry experience. He was previously co-CIO at Innovative Options Management.



Stephen Bond-Nelson

Managing Director,
Portfolio Manager

Stephen Bond-Nelson has 24 years of investment-industry experience. He was previously a research analyst and associate with Prudential Mutual Funds, and has an M.B.A. from Rutgers University.



Scott Powell, CFA

Director,
Portfolio Manager

Scott Powell has 19 years of investment-industry experience. He was previously an analyst at Innovative Options Management and is a CFA charterholder.

Allianz Structured Alpha US Equity 250:

An enhanced US large cap core equity strategy, pursuing outperformance via options

Fund characteristics	Allianz Structured Return Composite
Expected tracking error	1% to 3%
Expected beta vs the S&P 500 Index	1.07
Instruments	S&P 500 Index physical replication, listed options on US equity and US volatility indices
Liquidity	Daily
Number of holdings	175 to 300 option legs, 80 to 100 spreads, 15 to 30 expirations
Option duration	4 to 10 weeks

Average total returns (annualised)	YTD	1 Year	3 Year	5 Year	Since inception (1/9/2005)
Allianz Structured Alpha US Equity 250	2.77	15.77	13.96	16.02	10.94
S&P 500 Index	2.65	14.37	11.93	13.42	8.70

Source: Allianz Global Investors; data as at 30 Ju 2018.

Selected share class overview

Benchmark	S&P 500 Index
Management company	Allianz Global Investors GmbH, Frankfurt
Investment manager	Allianz Global Investors U.S. LLC, New York
Risk class	5: medium to high
Fund manager	Greg Tournant
Financial year end	30/9
Net assets	USD 1,015m ²

Share class	Share class type	Currency	Min. invest.	Mgmt. fee	Admin. fee	All-in-fee ³	Perf. fee ⁴	ISIN
I3 (H2-EUR)	Institutional, Currency Hedged	EUR	4,000,000 EUR	1.00%	0.20%	1.20%	N/A	LU1645744662
IT (H2-EUR)	Institutional, Accumulation, Currency Hedged	EUR	4,000,000 EUR	0.00%	0.20%	0.20%	30%	LU1685827658
WT (H2-EUR)	Institutional, Accumulation, Currency Hedged	EUR	10,000,000 EUR	0.00%	0.10%	0.10%	30%	LU1629891893
P10 (H2-EUR)	Retail, Currency Hedged	EUR	3,000,000 EUR	0.60%	0.20%	0.80%	N/A	LU1645745982
RT (H2-EUR)	Retail, Accumulation, Currency Hedged	EUR	N/A	0.00%	0.25%	0.25%	30%	LU1685828110
IT	Institutional, Accumulation	USD	4,000,000 USD	0.00%	0.20%	0.20%	30%	LU1685827575
P10	Retail	USD	3,000,000 USD	0.60%	0.20%	0.80%	N/A	LU1645745800
PT	Retail, Accumulation	USD	3,000,000 USD	0.00%	0.20%	0.20%	30%	LU1685827732
PT3	Retail, Accumulation	USD	3,000,000 USD	1.00%	0.20%	1.20%	N/A	LU1685827815
RT	Retail, Accumulation	USD	N/A	0.00%	0.25%	0.25%	30%	LU1685828037
W	Institutional	USD	10,000,000 USD	0.00%	0.10%	0.10%	30%	LU0123456789
WT3	Institutional, Accumulation	USD	10,000,000 USD	0.70%	0.10%	0.80%	N/A	LU1685827906

Source: Allianz Global Investors; data as at 31 March 2018.

Opportunities

- High return potential of stocks in the long run
- Investments specifically in the US stock market
- Additional yield potential through a combination of long and short option positions (US-equity option strategy)
- Currency gains against investor currency possible in unit classes not hedged
- Broad diversification across numerous securities

Risks

- High volatility of stocks, losses possible. The volatility of fund unit prices may be strongly increased.
- Underperformance of the US stock market possible
- Success of US-equity option strategy not guaranteed
- Currency losses against investor currency possible in unit classes not hedged
- Limited participation in the yield potential of single securities

- 1 See page 4 for a complete list of fee structures.
- 2 At strategy level (not fund level).
- 3 All in fee is the total of the management fee and the admin fee.
- 4 Please refer to the current prospectus for details on the calculation.

If the acquisition of Fund units is subject to a sales charge, up to 100% of such sales charge may be collected by the distributor; the exact amount shall be mentioned by the distributor as part of the investment advisory process. This also applies to any payment by the Management Company of an ongoing distribution fee from the all-in fee to the distributor.

Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors might not get back the full amount invested. Investing in fixed income instruments may expose investors to various risks, including but not limited to creditworthiness, interest rate, liquidity and restricted flexibility risks. Changes to the economic environment and market conditions may affect these risks, resulting in an adverse effect to the value of the investment. During periods of rising nominal interest rates, the values of fixed income instruments (including short positions with respect to fixed income instruments) are generally expected to decline. Conversely, during periods of declining interest rates, the values of these instruments are generally expected to rise. Liquidity risk may possibly delay or prevent account withdrawals or redemptions. Allianz Structured Alpha US Equity 250 is a sub-fund of Allianz Global Investors Fund SICAV, an open-ended investment company with variable share capital organised under the laws of Luxembourg. The value of the units/shares which belong to the Unit/Share Classes of the Sub-Fund that are denominated in the base currency may be subject to an increased volatility. The volatility of other Unit/Share Classes may be different and possibly higher. Past performance is not a reliable indicator of future results. If the currency in which the past performance is displayed differs from the currency of the country in which the investor resides, then the investor should be aware that due to the exchange rate fluctuations the performance shown may be higher or lower if converted into the investor's local currency. This is for information only and not to be construed as a solicitation or an invitation to make an offer, to conclude a contract, or to buy or sell any securities. The products or securities described herein may not be available for sale in all jurisdictions or to certain categories of investors. This is for distribution only as permitted by applicable law and in particular not available to residents and/or nationals of the USA. The investment opportunities described herein do not take into account the specific investment objectives, financial situation, knowledge, experience or specific needs of any particular person and are not guaranteed. The views and opinions expressed herein, which are subject to change without notice, are those of the issuer companies at the time of publication. The data used is derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or wilful misconduct. The conditions of any underlying offer or contract that may have been, or will be, made or concluded, shall prevail. This communication has not been prepared in accordance with legal requirements designed to ensure the impartiality of investment (strategy) recommendations and is not subject to any prohibition on dealing before publication of such recommendations.

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For investors in Switzerland

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Source: Allianz Global Investors, June 2018. 18-1651 [18-1556]