

ALLIANZ TARGET4LIFE

UNIT LINKED LIFE INSURANCE PRODUCT

Summary Sheet and
Policy Conditions

June 2020 Edition Product

SUMMARY SHEET and POLICY CONDITIONS

This document is intended for the purpose of describing to the Policyholder the main characteristics of the proposed policy.

Caution: prior to the signing hereof, carefully read through the Summary Sheet and the Policy Conditions.

**June 2020 EDITION PRODUCT
CODE VSLOS**



Allianz 

SUMMARY SHEET

The reciprocal rights and obligations arising under this life insurance Policy (the *Contract*) are governed by the Policy Conditions, which form an integral part of the Contract. Before signing the Proposal Form, together with the Policy Conditions, we invite you to read the Summary Sheet and the Regulation of the Internal Funds, available with the product.

The Summary Sheet is intended for the purpose of describing the general information of the offer and providing an overview of the main features of the Policy.

General information in regards to the Policy

1. Insurance Company

Allianz Global Life designated activity company (the *Company*) is an Irish Insurance Company in the **Allianz SE Group**. Allianz Global Life is a specialized provider of saving and group life solutions. Founded in 2008, the Company has rapidly developed its business through its headquarter in Dublin, at the registered office at Maple House, Temple Road, Blackrock, Dublin, Ireland and branches established in Cyprus, France, Germany, Greece and Italy.

Allianz Global Life dac is authorized for the exercise of life insurance services by the Central Bank of Ireland – Reg. No. C50495.

In Iceland, Allianz Global Life dac is authorized to provide services without an establishment by the FME – Reg. No. 280.

2. Purpose of the Policy

The purpose of the Policy, a unit linked life insurance contract, is to build a Life Cycle investment path, tailor made for the Policyholder on the basis of his/her risk appetite, his/her time horizon and his/her premium payment method, that reduces the level of investment risk as the deadline set (*target date*) approaches.

In the event of the death of the Insured, as in *Article 1* of the Policy Conditions, the Beneficiaries will receive the market value of the policy plus an additional amount.

In case of unfavourable trends of the value of Units of Internal Funds allocated to the Policy, the Policyholder, at the time of Redemption, or the Beneficiaries, in the event of death of the Insured, bears the risk of receiving an amount that is less than the premiums paid.

3. Underlying financial assets

The Policy provides for investments in Units of Internal Funds, whose performance depends on the valuation of the fund assets.

The Policyholder does not choose the single Internal Fund(s) in which to invest the premiums paid but it is the Company that, after the initial investment of the first premium (single premium and / or the Initial Premium of the scheduled plan) in the Internal Fund **T4L Eur Cash**, shall determine the optimal composition of the Internal Funds to be allocated to the Policy on the basis of the type of Life Cycle and the target date chosen by Policyholder and, according to market expectations, rebalanced monthly through the use of an automatic Switch mechanism.

In case of scheduled plan, the recurring premiums following the first and any additional premiums go directly into the path of the Life Cycle investment chosen without going through the Internal Fund **T4L Eur Cash**.

The investment time horizon depends on the *target date* chosen by the Policyholder and may vary from a minimum of 5 years to a maximum of 90 minus the Age of the Insured at the time of signing the Proposal Form.

The Life Cycle is an investment path tailor made by the Company for each Policy: in the initial phase of the Life Cycle, the paid sums will be invested mainly in more risky Internal Funds with the highest return potential, while in the final phase of the Life Cycle, as the target date specified by the Policyholder approaches, the investment will be transferred to less risky Internal Funds.

The Policy offers to the Policyholder the possibility of choosing from among three different types of Life Cycle path, each characterized by a specific level of risk:

- Low – **Balanced Life Cycle;**
- Medium – **Dynamic Life Cycle;**

High – Opportunity Life Cycle.

The Life Cycle investment path is carried out through the use of an automatic Switch mechanism managed by the Company that provides for the monthly rebalancing of the composition of the Internal Funds allocated to the Policy. Therefore, automatic Switches to the Policy take place in order to rebalance the Units of each Internal Fund towards finding the optimal allocation suitable for the chosen Life Cycle.

At least once per year, the Company will analyze and possibly modify the optimal composition typical of the Life Cycle in order to better account for changed market conditions and the remaining duration of the Life Cycle itself.

The characteristics of the 21 Internal Funds linked to the Policy are described in the Annex “Regulation of the Internal Funds” to the Policy Conditions.

4. Minimum premium

The Policy provides for the payment of a single premium in a minimum amount of 5.000 Euro.

Alternatively, it is possible to choose a scheduled plan of recurring premiums of a minimum amount of 1.000 Euro per year, 600 Euro every six months, 300 Euro every three months or 100 Euro per month. For more information on the scheduled plan, please see *Article 4* of the Policy Conditions.

A combination of a single premium and a scheduled plan of recurring premiums is also possible. In this case, the Company will manage two Life Cycle paths for the Policyholder, one referring to the single premium and the other referring to the scheduled plan.

Policyholder can choose among the possible proposals for financial investment listed below, one for each risk profile and mode of payment of the premium:

- **Balanced Life Cycle with single premium;**
- **Dynamic Life Cycle with single premium;**
- **Opportunity Life Cycle with single premium;**
- **Balanced Life Cycle with recurring premium;**
- **Dynamic Life Cycle with recurring premium;**
- **Opportunity Life Cycle with recurring premium.**

5. Policy Options

At the time of signing the Proposal Form, the Policyholder may choose to link his/her Policy to the **Timing Option**, which provides that 50% of the single premium is immediately invested into the Life Cycle investment path, while the remaining 50% continues to be invested in the Internal Fund **T4L Eur Cash** and is subsequently invested in the Life Cycle investment path through 12 consecutive monthly Switches over a period of 1 year.

For more information, please see details in *Articles 12* of the Policy Conditions.

6. Duration

The Policy is whole of life; the duration of the same coincides with the life of the Insured.

The minimum / maximum age of the Insured at the time of signing the Proposal Form is 0 / 85 years (age in full years).

The minimum duration of the Life Cycle is 5 years and maximum of 90 years minus the age of the Insured at the time of signing of the proposal.

7. Benefit in case of Insured death

In the event of the death (*insurance event*) of the Insured, the reimbursement to the beneficiaries of the accrued capital is provided for an amount equal to the number of Units of each Internal Funds allocated to the Policy times the Unit Value of the Units, both measured as described in *Article 7* of the Policy Conditions.

If the *insurance event* occurs after at least six months (*waiting period*) have passed from the day the first premium was invested (*Effective Date*), the capital calculated as per above is increased by the percentage indicated in the following table with the maximum limit of increase that is reported therein.

The Age of the Insured (in full years) at the time of death	Percentage of increase	Maximum limit of the increase
Under 66 years	111	50,000 Euro
from 66 to 80 years	0,02%	
over 80 years	0,01%	

The percentage of increase of 10% is applied to the difference between the premiums paid, net of all fees, less any partial redemptions paid up to the day of receipt of the request, accompanied by the death certificate. The increase of 0,02% and 0,01% is applied to the counter value of the Units allocated to the Policy at the time of the request.

The increase of capital may not apply under specific conditions, for more information please see *Article 2* of the Policy Conditions.

The Insurance Company does not offer any capital or minimum return guarantee. Therefore, as a result of the financial risks of the investment, there is a possibility that the Beneficiaries shall receive, at the time of payment of the Benefit, an amount that is less than the initial financial investment.

8. Contract conclusion and Effective Date

The Policy can be concluded through one of the Intermediary authorised by the Company and by signing of the specific Proposal Form by the Policyholder, as well as the Insured, if a different person, together with the payment of the first premium.

The payment of the premium(s) may be carried out through automated premium collection or bank transfer to the current account held by the Company in Iceland, as indicated in the Proposal Form and it must be done the day of the signature of the proposal form. In the purpose of the bank transfer, the proposal number signed by the Policyholder should be indicated in the transaction.

The Company will assess the Proposal Form and, in case of acceptance, will deem the contract as concluded by investing the first premium paid, as per *Article 6* of the Policy Conditions. In order to confirm the conclusion of the Policy, the Company will send to the Policyholder a confirmation letter with details of the Policy and the investment of the premium. Starting at 24 hours on the day the first premium is invested (*Effective date*), the benefit of the Policy shall take effect.

In case the Insured shall die before the Effective date, the Company will pay back the full premium paid. This is considered as a temporary insurance in case of death.

The Policy will be automatically withdrawn if the payment is not received within 30 days of the proposal being signed.

9. Switch and following payments

The Policy provides for automatic Switches between the Internal Fund(s) available for the Policy carried out by the Company on the basis of the characteristics of the chosen Life Cycle.

The Policyholder may not autonomously carry out the switches between Internal Fund(s) but he / she can change the risk appetite and consequently the Life Cycle assigned to the Policy between **Balanced**, **Dynamic** and **Opportunity**.

In this case, a fee of 50 Euro will be applied for management of the change to the risk appetite.

For more details on the Switch mechanism, please refer to *Article 10* of the Policy Conditions

The Policy also provides for the possibility of carrying out additional payments, both to the initial single premium as well as to the scheduled plan of recurring premiums. The minimum amount of additional payments is equal to 1.000 Euro, per payment.

10. Reimbursement of the capital at product termination (if living)

Considering that the Policy is a whole of life, a date of termination of the Policy is not specified, therefore the reimbursement of the capital in the event that the Insured is still living takes place by means of a Redemption request.

11. Reimbursement of the capital prior to product termination (i.e. Redemption)

The product recognises to the Policyholder the right to redeem the capital accrued at the earliest 1 month from the Effective Date, as long as the Insured is still alive.

The Redemption value is equal to the counter value of the Units allocated to the Policy, calculated as specified in *Article 7* of the Policy Conditions. The Policy does not provide for the application of any fees for the total Redemption.

The total Redemption determines the cancellation of all the units in the Policy, hence the termination of the Contract.

The Policyholder may exercise a partial Redemption in the same manner as the total Redemption, specifying the amount of capital that he / she intends to redeem, on condition that:

- the required amount is not less than 1.000 Euro;
- the remaining Units have a minimum counter value of 1.000 Euro.

The value of the partial Redemption is equal to the counter value of divested Units, net of the fee for a partial Redemption of 50 Euro.

In case of partial Redemption, the Policy remains in force for the remaining Units allocated to the Contract.

The Insurance Company does not offer any capital or minimum return guarantee. Therefore, as a result of the financial risks of the investment, there is a possibility that the Policyholder shall receive, at the time of Redemption/payment of the

Benefit, an amount that is less than the financial investment. In addition to what is stated in regard to the financial risks, in the event of Redemption during the first years of the term of the Policy, the direct and indirect fees borne by the Policyholder may be such as to not provide for the return of an amount that is equal to the capital invested.

12. Right of Withdrawal

The Policyholder has the right to cancel the proposal, prior to the Effective Date. The request must be carried out by means of a notice sent by registered letter with acknowledgment of receipt to Allianz Global Life dac, Maple House, Temple Road Blackrock, Dublin, Ireland, containing the proposal and/or policy number and details of the bank account on which to reimburse the premium. The Company shall reimburse the Policyholder the premium paid by the Policyholder.

Once the premiums are invested, the Policyholder may still withdraw from the Policy within 30 days of its Effective Date. The Withdrawal must be carried out by means of a notice sent by registered letter with acknowledgment of receipt to Allianz Global Life dac, Maple House, Temple Road Blackrock, Dublin, Ireland, containing the proposal and/or policy number. Within 30 days of receipt of the notice of Withdrawal, the Company shall reimburse the Policyholder the counter value of the Units allocated to the Contract, in addition to the Loading Costs. For more information, please see *Article 13* of the Policy Conditions.

13. Additional information available

The Company shall make available on the website www.allianzgloballife.com/en_IS.html, allowing for the acquisition of a durable medium, the Policy Conditions and the Regulation on the Internal Funds.

The email address of the Insurance Company is iceland_agl@darta.ie.

The Company is obliged to promptly notify the Policyholder of any changes to the information in the Policy Conditions in regards to the essential characteristics of the product, including the type of management, the cost regime and the risk profile.

14. Law applicable to the Policy

The Policy is subject to the laws of Ireland, with exception to those mandatory laws required in Iceland. The competent courts are exclusively the courts of Ireland.

15. Language of the Policy and communication between the Policyholder and the Company

The Policy and any documents annexed to it are drafted in English. The Policyholder will have the option to communicate with the Company, through the Intermediary, either in English or Icelandic.

16. Complaints

Complaints as well as requests for clarifications, information and submission of documentation may be sent by post or by email to:

*Allianz Global Life dac
Maple House, Temple Road, Blackrock Dublin, Ireland
Email address: iceland_agl@darta.ie*

The complainant may also contact:

*Úrskurðarnefnd í váttryggingamálum
Katrínartún 2, 105 Reykjavík
Phone: +354 520 3888
urskvatr@fme.is*

The above is without prejudice to the right of the Policyholder to bring any dispute before a competent court.

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Note: The Summary Sheet must be delivered to the Policyholder, together with the Policy Conditions, prior to the signing of the Proposal Form.

Date of entry into force of the “Summary Sheet” part: from 15/06/2020

Policy Conditions

LIFE INSURANCE POLICY (product code VSL0S)

Article 1 – Benefit in the event of the death of the Insured

Allianz Target4Life is a unit linked life insurance Policy whose Benefit is expressed in Units of the Internal Fund(s) allocated to the Policy, and it is therefore linked to the performance of the value of the Units of the funds themselves. In particular this performance, as well as the number of Units allocated to the Contract, shall determine the amount of the Benefit, in the event of death of the Life Insured, as referred to in this Article, and the amount of capital reimbursed in the event of Redemption as referred to in *Article 11*.

The Policy does not offer any capital or minimum return guarantee, therefore the corresponding Benefit or the Redemption value may be in an amount that is less than the premiums paid.

The death of the Insured (*insurance event*) is covered from the date the first premium is invested. In the event of the death of the Insured, the Policy is terminated, and the Beneficiaries designated by the Policyholder will be paid the accrued capital equal to the counter value of the Units allocated to the Policy, calculated as at the fifth Fund Valuation Day following the receipt of the request, accompanied by the death certificate.

The aforementioned capital shall be increased by the percentage indicated in the table below with the corresponding maximum increase limit.

The Age of the Insured (in full years) at the time of death	Percentage of increase	Maximum increase limit
Under 66 years	10%	50.000 Euro
from 66 to 80 years	0,02%	-
over 80 years	0,01%	-

The percentage of increase of 10% is applied to the difference between the premiums paid, net of all fees, less any partial redemptions paid up to the day of receipt of the request. The increase of 0,02% and 0,01% is applied to the counter value of the Units allocated to the Policy, equal to the number of Units of the Internal Funds allocated to the Policy multiplied by the Unit Value of the same, both measured on the fifth Fund Valuation Day following the receipt of the request.

The Company hereby points out that the maximum limit of increase of 50.000 Euro is intended per each person insured, regardless of the number of **Allianz Target4Life** policies concluded with the Company and related to the same Insured person.

In case the Life Insured shall die before the first premium is invested (*Effective date*), the Company pay back the full premium paid. This is considered as a temporary insurance in case of death.

Article 2 – Limitations to the Benefit in the event of the death of the Insured

The percentages of increase of 10%, 0,02% or 0,01% as referred to in *Article 1* do not apply if the death of the Insured:

- | occurs within the first 6 months (*waiting period*) from the Effective Date;
- | is caused by:
 - wilful misconduct on the part of the Policyholder or of the Beneficiaries;
 - active participation of the Insured in intentional crimes;
 - active participation of the Insured in acts of war, except where those derive from obligations to the Icelandic State;
 - a plane accident if the Insured travels on board an aircraft that is not authorised to fly or with a pilot that does not hold a recognised certification and, in any case, if he / she travels in the role of crew member;
 - suicide, if it occurs within the first year from the Effective Date.

The limitation referred above shall not apply if the death of the Insured is a direct consequence:

- of one of the following acute infectious diseases that occurred after the Effective Date: typhoid, paratyphoid,

diphtheria, scarlet fever, measles, smallpox, acute anterior poliomyelitis, cerebrospinal meningitis, pneumonia, encephalitis epidemic, anthrax, puerperal fever, typhus fever, viral hepatitis A and B, leptospirosis, haemorrhagic jaundice, cholera, brucellosis, bacillary dysentery, yellow fever, Q fever, salmonellosis, botulism, infectious mononucleosis, mumps, plague, rabies, whooping cough, rubella, generalised vaccinia, post-vaccination encephalitis; of anaphylactic shock that occurs after the Effective Date;

of an accident, meaning here an event that results from an accidental, sudden, violent and external cause that produces objectively noticeable bodily harm that results in death, which occurred after the Effective Date.

Article 3 – Duration and Age limits

The Policy is whole of life; the duration of the same coincides with the life of the Life Insured.

This Policy may be concluded by individuals that, as at the date of signing of the Proposal Form, have a minimum Age of 0 years and a maximum Age of 85 years.

The Policy has a Life Cycle investment path duration that is established by the Policyholder, with a minimum duration of 5 years and a maximum of 90 years minus the Age of the Insured at the time of signing of the Proposal Form.

Article 4 - Premium

The Policy, in regard to the Benefit referred to in *Article 1*, provides for the payment of a single premium in a minimum amount of 5.000 Euro. The payment must be done the same day of the signature of the Proposal Form.

Alternatively, it is possible to choose a scheduled plan of recurring premiums of a minimum amount of 1.000 Euro per year, 600 Euro every six months, 300 Euro every three months or 100 Euro per month. The duration of the scheduled plan of recurring premiums can vary from a minimum of 5 years to a maximum of 90 minus the Age of the Insured at the time of signing of the Proposal Form and, however, no more than 25 years.

A combination of a single premium and a scheduled plan of recurring premiums is also possible. If both methods of payment of the premium are used, the Company will manage two Life Cycle paths for the Policyholder, as described in *Article 7* below, one referring to the single premium and the other referring to the plan. In this case, the level of investment risk and the set deadline (*target date*) for the plan will be unique for each Life Cycle path.

The Policy also provides for the possibility of carrying out additional payments in a minimum amount equal to 1.000 Euro up until the completion of the Insured person's 90th year of life.

The capital invested in the Internal Funds linked to the Policy is equal to the Premium Paid net of any receipt of Loading Costs, as referred in *Article 14*. The payment of the single premium may be carried out through authorized premium collection or bank transfer to the current account held by the Company as indicated in the Proposal Form.

The payment of the scheduled plan should be carried through automatic premium collection only.

In the premium collection authorization available in the Proposal Form, as well as for a bank transfer, the proposal number signed by the Policyholder should be indicated.

The premium collection will follow the below calendar:

Date Proposal Form is received	Collection Payment Frequency			
	Monthly	Quarterly	Bi-annual	Annual
Request received between the 1 st and 27 th day of the month;	The 1 st day of the month following the request;	The 1 st day of the 3 rd month following the request;	The 1 st day of the 6 th month following the request;	The 1 st day of the 12 th month following the request;
Request received after the 27 th day of the month;	The 1 st day of the 2 nd month following the request;	The 1 st day of the 4 th month following the request;	The 1 st day of the 7 th month following the request;	The 1 st day of the 13 th month following the request;

- the collection will take into consideration the date the Proposal Form has been received by the Company: if the request is received within the 27th of the month, the premium collection will happen the first day of the month immediately after (according to the chosen frequency). The Company will consider this day as date of receipt of the premium;
- Should the 1st day of the month being a bank holiday, the collection will happen the first working day immediately after. The Company will consider this day as date of receipt of the premium.

herein. The costs relating to the means of payment are charged directly to the Policyholder.

Article 5. Policy conclusion – Effective Date

The Policy can be concluded through one of the insurance intermediaries authorised by the Company.

The conclusion shall take place exclusively by signing of the specific Proposal Form on the part of the Policyholder as well as the Insured if a different person, together with the payment of the first premium.

The payment of the premium(s) may be carried out through automated premium collection or bank transfer to the current account held by the Company in Iceland, as indicated in the Proposal Form and it must be done the day of the signature of the proposal form. In the purpose of the bank transfer, the proposal number signed by the Policyholder should be indicated in the transaction.

The Company will assess the Proposal Form and, should accept the proposal, will conclude the contract by investing the first premium paid on the fifth working day following the receipt of the premium, or the fifth working day following the acceptance of the Proposal Form, should this form being received after the first premium paid.

In order to confirm the conclusion of the Policy, the Company will send to the Policyholder the Policy together with the confirmation letter of the premium invested.

If the Company does not accept the proposal signed by the Policyholder, it will reimburse the premium paid within 30 days from the date of receipt of the premium, by bank transfer to the account indicated in the Proposal Form.

The benefit of the Policy shall take effect starting at 24 hours on the day the first premium is invested (*Effective or Risk Commencement date*).

In case the Insured shall die before the Effective date, the Company will pay back the full premium paid. This is considered as a temporary insurance in case of death.

The Policy will be automatically withdrawn if the payment is not received within 30 days of the proposal being signed.

Article 6 – Premium investment and Allocation of the Units

The first Premium Paid (single premium and / or the initial premium of the scheduled plan), net of Loading Costs, is initially invested in the Internal Fund **T4L Eur Cash** at the *Effective Date* of the Policy, and on the first Friday following the *Effective Date* it enters for the first time into the automatic Switch mechanism described in *Article 10* below. The Company monthly rebalances the optimal composition of the Internal Funds allocated to the Policy, therefore the Units allocated to the Policy change monthly.

Any subsequent recurring premiums of the scheduled plan and any additional payments, net of Loading Costs, enter directly into the automatic Switch mechanism without passing through the Internal Fund **T4L Eur Cash**, taking the same allocation of the Internal Funds in effect at that time in the Policy.

The Company shall notify the Policyholder of the conversion into Units of the premium paid by means of a confirmation letter indicating: the amount of the Premium Paid and of the original investment, the date of payment of the premium, the number of Units allocated to the Contract, their Unit Value as well as the Valuation Date. In case of activation of a scheduled plan of regular premiums, the Company reserves the right to send a cumulative confirmation letter at the end of each year period.

Article 7 – Units valuation

The Fund Valuation Date is any business day in Ireland in which the Company do calculate a price (or NAV) for each single Internal Fund. For more information, see section 8 of the Annex "*Regulation of the Internal Funds*".

In order to attribute a value to the units hold by the Policyholder in the Policy, the Company will consider, for each transaction request (premium investment, additional payment, redemption, etc.) the Fifth Fund Valuation day following the receipt of the transaction request, completed of he required documentation, as specified in *Article 17* of the Policy Conditions.

Here below, some example of when and how the valuation of the units is attributed to the Policy.

1. For the determination of the number of Units allocated to the Policy in relation to premiums paid, the Fund Valuation date is:

- for the first premium (single premium and / or the initial premium of the scheduled plan), the Effective Date of the Policy, which coincides with the fifth working day following the receipt of the premium paid (the moment when this amount is available in the Icelandic account held by the Company), if this is received after the signed Proposal Form, or the fifth working day following the date of receipt of the signed Proposal Form (accompanied by the documentation necessary and exceeding the anti-money laundering controls and prevention of terrorist financing as well as the verifications required by the applicable tax laws, including international laws) if this is after the date of receipt of the premium;

- for recurring premiums, the fifth working day following the date of collection of the premium;
 - for additional premiums, the fifth working day following the date of receipt of the premium or the fifth working day following the date of receipt of the original additional payment form, if this is after the date of receipt of the premium.
1. In the event of Redemption or of Death Benefit request, the Fund Valuation Date is the fifth working day following the request for Redemption signed by the Policyholder, accompanied by the documentation described in *Article 17*, or the fifth working day following the request of Death Benefit claim, accompanied by the death certificate of the Life Insured.
 1. In case of Switch, as referred to in *Article 10* the Fund Valuation Date is the next working day following the date on which the automatic Switch mechanism, managed by the Company, has monthly prepared the switches to be carried out for each Policy.

The Company hereby points out that between a request for a Policy transaction (Redemption, additional payment, plan activation / modification) and a possible subsequent request at least five Fund Valuation Days must pass. Therefore, if a request for a Policy transaction is received by the Company within five working days from a previous request, the date of receipt of the latter should be considered starting from fifth Fund Valuation Day following the previous request.

Article 8 – Internal Funds

The Policyholder does not choose the single Internal Fund(s) in which to invest the sums paid, but it is the Company that, after the initial investment of the first premium (single premium and/or Initial Premium of the scheduled plan) in the Internal Fund **T4L Eur Cash**, shall determine the optimal composition of the Internal Funds to be allocated to the Policy on the basis of the type of Life Cycle chosen by the Policyholder and according to the market expectations, rebalanced monthly through the use of the automatic Switch mechanism described in *Article 10*.

Any subsequent recurring premiums of the scheduled plan and any additional payments go directly into the allocation of the Life Cycle investment chosen by the Policyholder without going through the Internal Fund **T4L Eur Cash**, with the same Internal Funds allocation at that time in effect for the Policy.

The Life Cycle is an investment path that is tailor made by the Company for each Policy. The Company takes into account both the parameters set by the Policyholder as well as the market expectations in order to optimise the profile of risk / return of the investment that is carried out on a continuous basis in the course of the Life Cycle until the *target date* has been reached. In general, the Company shall direct the investment towards Internal Funds that are more risky and with a higher return potential at the beginning of the Life Cycle and then diverts it towards Internal Funds that are less risky as the target date approaches. The parameters chosen by the Policyholder are the following:

- risk appetite: ■ Low – **Balanced** Life Cycle; ■ Medium – **Dynamic** Life Cycle; ■ High – **Opportunity** Life Cycle;
- target date: duration of the life cycle;
- method of premium payment: ■ single premium; ■ scheduled plan of recurring premiums;
- **Timing option**, in the case of single premium: ■ active; ■ not active;
- duration of premium payments, in the case of a scheduled plan of recurring premiums.

The portion of capital invested in the more risky Internal Funds with the highest return potential is in general larger for the **Opportunity** Life Cycle than for the **Dynamic** Life Cycle and is smaller for the **Balanced** Life Cycle. This also implies that the expectations of return are in general higher for the **Opportunity** Life Cycle than for the **Dynamic** Life Cycle and are lower for the **Balanced** Life Cycle. At the same time, this also implies that the probability of incurring losses at the end of each year and at the target date is in general higher for the **Opportunity** Life Cycle than for the **Dynamic** Life Cycle and is lower for the **Balanced** Life Cycle.

The path of the Life Cycle investment is carried out through the use of an automatic Switch mechanism managed by the Company, as described in *Article 10*, that provides for the monthly rebalancing of the composition of the Internal Funds allocated to the Policy. Therefore, with that periodicity will be carried out automatic switches to the Policy in order to rebalance the weights of each Internal Fund towards finding the optimal allocation set for the Life Cycle chosen.

The characteristics of the Internal Funds linked to the Policy are reported in the *Annex* Regulation of the Internal Funds, a copy of which may be requested free of charge to the Company.

The Company reserves, at any time, the possibility to expand the range of funds available to the investment.

Article 8.bis - Establishment of new Internal Funds / merging of Funds / modification of the Regulation

The Company has the power to:

- establish new Internal Funds;
- carry out the merging of one or more existing funds that have similar characteristics, the same investment policy and the same purpose and degree of risk, in accordance with what is indicated in *Section 13* of the Regulation of

the Internal Funds;

- modify the Regulation of the Internal Funds as a result of changes to the law and / or the secondary implementing legislation or as a result of a request made to that effect by the Supervisory Authority in the interest of the clients, in accordance with what is indicated in *Section 14* of the Regulation of the Internal Funds.

In such cases, the Policyholder will be properly informed:

- of the establishment of a new Internal Fund(s) and of the characteristics of the same that will be governed by the current version of the Regulation of the Internal Funds;
- of the intention to proceed with the merger of one or more Internal Funds;
- of the intention to proceed with the modification of the Regulation of the Internal Funds.

In case of a merger of funds or modifications of the Regulation of the Internal Funds, the Policyholder has the right to exercise a Redemption or to request a change of the Life Cycle assigned to the Policy, without the application of any charges (costs for Redemption or costs for changing of the Life Cycle). At the time of communication of the intention to proceed with the merger between one or more Internal Funds or modifications of the Regulation of the Internal Funds, the Company will inform the Policyholder of the time period and the modalities for the exercise of these rights.

Article 9 – Valuation of the Internal Funds

The Unit Value of the Internal Fund(s) linked to the Policy is determined daily (on each working day that is a Fund Valuation Day) by the Company, in accordance with the relevant Regulation, and published daily on the internet site www.allianzgloballife.com/en_IS.html.

The Units value of each Internal Fund is obtained by dividing the Net Fund Assets Value recognised as of the Valuation Date by the number of Units the Internal Fund is divided into, as of the same day. In regard to the relevant assets and liabilities of the Internal Fund for which - for whatever reason – the current market value is not available as at the Valuation Date, the Company will consider, for the purpose of determining the Unit Value of the Internal Fund, the market value as at the first relevant preceding day. The valuation of certain categories of assets present in the Internal Fund might not have the same frequency of valuation as other Units of the same fund.

Article 10 – Switch operations

The Policy provides for automatic Switches between the Internal Funds available to the Policy carried out by the Company on the basis of the characteristics of the Life Cycle chosen by the Policyholder.

The Automatic Switch Mechanism starts from the first Friday following the Effective date, by allocating the premium in the first composition of the Internal Funds corresponding to the characteristics of the Life Cycle chosen by the Policyholder, and is finalised taking the Fund Valuation Day on the Thursday (or the first business day immediately after) of the week following the start of the automatic Switch mechanism.

Subsequently, the Company monthly rebalances the composition of the Internal Funds allocated to the Policy in order to optimise the risk / return profile of the investment that is carried out on a continuous basis in the course of the Life Cycle until the *target date* has been reached. In particular:

- on a monthly basis, the Company carries out automatic Switches to the Policy in order to rebalance the weights of each Internal Fund towards finding the optimal allocation set for the Life Cycle chosen by the Policyholder;
- on a quarterly basis, the Company shall analyse and potentially modify the quantitative characteristics (target volatility, expected returns) on the basis of the current market trends;
- on at least an annual basis, the Company will analyse and possibly modify the optimal composition of the Internal Funds of the Life Cycle model in order to better account for the changed market conditions and the remaining duration of the Life Cycle itself.

The recurring premiums of the scheduled plan and the additional payments, net of any Loading Costs, enter directly into the automatic Switch mechanism without passing through the Internal Fund T4L Eur Cash, taking the same asset allocation of the Internal Funds at that moment in the Policy.

The Company shall notify the Policyholder in regard to the automatic Switches through a confirmation letter showing the number of Units of the former Internal Funds, the relative Unit Value as at the transfer date, the number of Units of the destination Internal Fund and the relative Unit Value as at the reference date. The Company reserves the right to send a cumulative confirmation letter at the end of each year period.

The Policyholder may not autonomously carry out switches among Internal Funds, but he / she can change their risk appetite and consequently the Life Cycle assigned to the Policy between **Balanced, **Dynamic** and **Opportunity**. In this case, a fee of 50 EUR will be applied for the change to the risk appetite.**

Article 11 - Redemption

The Policyholder shall have the right to redeem the capital accrued at the earliest 1 month from the Effective Date, as long as the Insured is still alive.

The exercise of the right of Redemption shall be carried out by written request to be formulated through the insurance intermediary of the policyholder or sent to:

Allianz Global Life dac
Maple House, Temple Road, Blackrock Dublin, Ireland
 Email address: iceland_agl@darta.ie

The total Redemption value is equal to the counter value of the Units allocated to the Policy, which is equal to the number of Units allocated to the Policy multiplied by the Unit Value of the same, both measured as at the fifth Fund Valuation Day following receipt of the request, completed of the list of documents requested in *Article 17*.

The Policy does not provide for the application of any fees for the total Redemption.

The Policy does not offer any capital or minimum return guarantee, therefore the Redemption value may be in an amount that is less than the premiums paid.

The total Redemption determines the cancellation of all the units associated to the Policy.

The Policyholder may carry out a partial Redemption in the same manner as the total Redemption, specifying the amount of capital that he / she intends to redeem, on condition that:

- the required amount is not less than 1.000 Euro;
- the remaining Units have a minimum counter value of 1.000 Euro.

The value of the partial Redemption is equal to the counter value of the divested Units, net of the fee for a partial Redemption of 50 Euro. In case of partial Redemption, the Policy remains in force for the remaining capital and units.

In response to a Redemption, either partial or total, the Company shall send a notice to the Policyholder that shall indicate: the date of the request for Redemption, the number of Units redeemed and their Unit Value as at the date of the disinvestment, the gross Redemption value and the net Redemption value.

Article 12 – Timing option

The **Timing Option** is intended to reduce the risk of investing the amounts paid in a lump sum at a time when the market is peaking. The **Timing Option** provides that 50% of the single premium shall be immediately invested into the Life Cycle investment path, while the remaining 50% will continue to be invested in the Internal Fund **T4L Eur Cash** and be subsequently invested into the Life Cycle investment path tailor made for the Policyholder through 12 consecutive monthly switches over a period of one year.

Once the **Timing Option** has been activated, the Policyholder can no longer deactivate it and call for the immediate investment into the Life Cycle investment path of the entire premium paid.

The **Timing Option** is not available for the scheduled plan of recurring premiums.

The Policyholder may activate the **Timing Option** also at the time of payment of an additional premium to the initial single premium, whereas he/she may not do so at the time of payment of an additional premium to the scheduled plan of recurring premiums.

The Policyholder may also activate the **Timing Option** at the time of making changes to their risk appetite. This option is only available for the Life Cycle path associated with a single premium and is not available for the Life Cycle path associated with a scheduled plan of recurring premiums.

Article 13 - Right of Withdrawal

The Policyholder has the right to cancel the proposal, prior to the Effective Date. The request must be carried out by means of a notice sent by registered letter with acknowledgment of receipt to Allianz Global Life dac, Maple House, Temple Road Blackrock, Dublin, Ireland, containing the proposal and/or policy number and details of the bank account on which to reimburse the premium. The Company shall reimburse the Policyholder the premium paid by the Policyholder.

The Policyholder may withdraw from the Policy within 30 days of its Effective Date. The Policyholder may always terminate the Policy with total redemption in accordance with *Article 11* above.

The Withdrawal must be carried out by sending a registered letter to:

Allianz Global Life dac
Maple House temple Road, Blackrock Dublin, Ireland
 Email address: iceland_agl@darta.ie

containing the proposal and/or the policy number that was finalised in the Policy.

Within 30 days of receipt of the notice of Withdrawal, the Company shall reimburse to the Policyholder the counter value of the Units allocated to the Policy, in addition to the Loading Costs. The reference date for the calculation of the counter value of Units is the fifth Fund Valuation Day following the day of receipt, on the part of the Company, of the relative request. **As a result of financial investment risks, there is a possibility that the Policyholder shall receive, at the time of Redemption, an amount that is less than the premium paid.**

The Withdrawal shall have the effect of freeing both parties from any obligation arising from the proposal with effect starting at 24 hours on the day of receipt of the registered letter sent by the Policyholder.

Article 14 - Charges

Throughout the duration of the Policy, Annual Management Charges will be withheld daily by the Company, in an amount equal to 1,75% annually of the assets pertaining to each of the Internal Funds of the policy, valued at current market values, net of all liabilities.

To each premium paid, the Company applies a Loading Cost of 3%.

To each recurring premium that is paid, there is an additional Fixed Charge equal to 1,50 Euro.

For the death benefit cover, there is an annual charge equal to 0,25% of the Funds NAV. This amount is deducted monthly by cancelling the proportioned and pro rata amount of units in which the policy is invested.

The Internal Funds may bear indirect costs related to the management fees applied by each single Mutual Investment Fund (UCITS – collective investment undertakings) in which the Internal Funds invest.

It should be noted that any sums transferred (rebates) to the Company by the management companies of the underlying UCITS and any tax credits will be recognised and transferred to the Internal Fund itself.

Article 15 - Pledge and lien

The Policyholder may transfer the Policy to others as well as may also give as a pledge or otherwise lien the sums insured. Such acts will take effect only at the moment when the Company will make an annotation in the Policy document or in a special appendix, which becomes an integral part of the Contract.

In the event of a pledge or lien, any Redemption transaction require the written consent of the creditors or the lienholders.

Article 16 - Beneficiaries

The Policyholder designates the Beneficiaries as is provided for in Articles 100-105 of the Insurance Contracts Act No. 30/2004.

The designation of the Beneficiaries and any eventual revocations and modifications thereof must be communicated in writing to the Company. Revocations and modifications are, however, effective even if contained in the will of the Policyholder, if and when the relative clause expressly refers to life insurance policies or specifically allocates the sums connected to these insurance policies.

In accordance with Article 101-104 of the Insurance Contracts Act No. 30/2004, the Beneficiaries acquire, as a result of the designation, a right with respect to the Company. This namely signifies, in particular, that the amounts paid as a result of the death of the Insured do not fall under the heritable estate.

Article 17 - Payments by the Company

In advance of all payments carried out by the Company, all of the documents required in order to verify the payment obligation and to identify the eligible parties must be delivered to the Company itself. These documents may be delivered by the insurance intermediary of the Policyholder or sent by post to the Company itself.

The documentation to be delivered is the following:

1. in the event of a total or partial Redemption:
 - the request for redemption signed by the Policyholder or its legal representative, if the Policyholder is not an individual person, together with a copy of their valid identity document displaying a visible signature as well as the documentation certifying the conferral of powers of signature and representation attributed to the subject indicated as the legal representative;
 - evidence of bank account held by the policyholder and where the redeemed premium shall be paid;
 - any document certifying the existence of the Policyholder, not older than 3 months prior to the request;
 - if the Insured is someone other than the Policyholder, any document certifying the existence of the Insured, not older than 3 months prior to the request (even in the form of a self-certification);
2. in the event of the death of the Insured:
 - an original death certificate of the Insured, issued by the competent Office on plain paper;
 - the request for redemption signed by the Beneficiaries or the legal representative, if one of the Beneficiaries is not an individual person, together with a copy of their valid identity document displaying a visible signature as well as the documentation certifying the conferral of powers of signature and representation attributed to the subject

indicated as the legal representative;

- a medical certificate that verifies the cause of death;
- evidence of bank account held by the policyholder and where the redeemed premium will be paid;
- if one of the Beneficiaries is a minor or is incapable, the official document containing the authorisation attributed to the legal representative of the minor or incapable person to collect the amount due with the exemption of the Company from any responsibility in regard to the payment as well as the possible reuse of the same amount.

The Company, in the interests of the actual eligible parties, also reserves the right to request further documentation in the event of specific and detailed investigative requirements and for proper distribution of the Benefits (by way of example but not limited to: the death of the insured occurred outside the territory of Iceland, discrepancies between the Beneficiary's personal data indicated in the Policy and in the documents produced by the same, etc.).

The expenses related to the acquisition of the mentioned documents shall be borne by the eligible parties.

Having verified the existence of the obligation of payment, the Company shall settle the amount due within 30 days of receipt of the aforementioned documents at its own offices (or from the date of receipt from the entity in charge of the distribution, if earlier). The eligible parties shall have the right to interests on payments in accordance with article 123 of the Insurance Contracts Act No. 20/2004.

Article 18 - Limitations

The rights resulting from the insurance Policy, in accordance with Article 125 of the Insurance Contracts Act No. 20/2004, shall expire after 10 years concerning all claims in relation to the Contract and the capital. The limitation period begins at the end of the calendar year when the claimant obtained necessary information on the events on which his claim is founded. A claim however always expires no later than 20 years from the end of the calendar year when the insurance event took place.

Article 19 - Declarations of the Policyholder and of the Insured

The declarations of the Policyholder and the Insured must be accurate and complete. Any deliberate inaccurate or incomplete declarations can result in, in accordance with Articles 83 and 84 of the Insurance Contracts Act No. 30/2004, the invalidity of the Policy. In case of non-deliberate inaccurate or incomplete declarations without bad faith the Company terminate the Policy within 14 days from, becoming aware of such declarations, and/or propose adjustment of the Benefit. In particular, the Policyholder shall undertake to provide to the Company all of the required data in order to be in compliance with legislation regarding client identification.

Article 20 - Loans

The Company does not provide for the granting of loans on the present Policy.

Article 21 - Fees and taxes

Fees and taxes related to the Policy shall be borne by the Policyholder, the Beneficiaries or those claiming under them.

Article 22. Competent Courts

For any disputes in regard to this Policy, the Irish courts will be competent.

Article 23. Laws applicable to the Policy

The Policy is subject to the laws of Ireland, with exception to those mandatory laws required in Iceland.

Glossary

Age

The age of the Insured, expressed in whole years, determined by rounding down the fractions of a year by default.

Annual Management Charges

Fees paid to the Company in order to remunerate the management services it provides. They are directly debited from each Internal Funds Assets. They are calculated daily considering the Funds Net Asset Value.

Benchmark

Portfolio of financial instruments typically determined by third parties and valued at market value, adopted as an objective benchmark for the definition of the investment Policy's guidelines for certain types of Internal Funds / collective investment undertakings / lines / free combinations.

Beneficiary

The person or entity entitled to receive the Benefit upon the death of the Insured.

Benefit

It can be either the sums that the Policyholder has the right to receive on the Redemption date before the expiry date, or, in case of Insurance Event, the sums the Beneficiaries have the right to receive.

It is determined on the basis of the value of the capital invested on the aforementioned dates.

Contract

The agreement concluded between the Company and the Policyholder upon which the Policyholder pays the premium/s and the Company pays the Benefit to the Beneficiary/ies upon the occurrence of the Insured Event.

Company

Allianz Global Life designated activity company, with registered office in Irish incorporated insurance company, Registration. No. 458565, with registered offices at Maple House, Temple Road, Blackrock, Dublin, Republic of Ireland. The Company is part of the Group Allianz SE, authorised for the exercise of life insurance services by the Central Bank of Ireland

Duration

Average maturity of payments of a bond. It is generally expressed in years and corresponds to the weighted average of the cash-flow Payment Dates by the bond, where the weights assigned to each date are equal to the present value of the corresponding cash flows. It is an approximate measure of the sensitivity of the price of a bond to changes in interest rates.

Effective Date

The date on which the Company invest the Initial Premium.

Fund Valuation Day

Each working day on which the Company is open for business in Ireland, and is able to calculate the Unit Value of the Internal Funds.

Gross Premium Paid

It is equal to the single premium or each scheduled payment of the recurring plan, before fees are deducted.

Initial (Invested or Net) Premium

It is equal to the single premium or each scheduled payment of the recurring plan, equal to the difference between Gross Premium minus Loading Cost.

Insured event

The death of the Insured, that would cause the Company to pay a Benefit.

Internal Fund

Insurance investment fund in which the Net Premiums paid by the Policyholder are invested and to which the Contract is therefore linked.

Investment Date

The date when the Company invests the Premium. This will take place five Fund Valuation Days after the date of encashment of the Premium (once cleared funds are available in the Company's bank account), or five Fund Valuation Days following the date of receipt of the original Proposal or of request form, whichever is the later.

Life Cycle

A tailor made investment path built by the Company for the Contract: in the initial phase of the Life Cycle, the Invested Premium will generally be invested in riskier and higher yield potential Internal Funds, while in the final phase of the Life Cycle, as the target date established by the Policyholder approaches, the investment will be transferred to less risky Internal Funds.

Insured

A person who is insured under the Contract of insurance. This person may coincide with the Policyholder.

Loading Cost(s)

Part of the Gross Premium used to cover the commercial and administrative costs of the Company.

Matured Capital

Capital that the Policyholder has the right to receive on the date of expiry of the Contract or on the Redemption date before maturity. It is determined on the basis of the value of the capital invested on the aforementioned dates.

Net Asset value

Valuation of all financial assets subject to investment by the Internal Fund, net of tax burdens and Annual Management Charges on it, at a certain Valuation Date.

Payment date

It is the business day the Policyholder Gross premium is credited in the Company bank account.

Policy

The unit linked life insurance product, referred also as Contract.

Policy Conditions

Terms regulating the Contract.

Policyholder

Individual or legal person who signs the Policy and pays the Premiums. He/she can coincide with either the Insured or the Beneficiary.

Proposal Form

Form signed by the Policyholder with which he/she expresses the will to conclude the Contract according to the terms and conditions specified in the Policy Conditions.

Recurrent Premium

The Policyholder underwrites the Policy paying the premium through planned instalments over a period of time.

Redemption

Right of the Policyholder to terminate the Contract in advance, requiring the total or partial liquidation of the accrued capital at the time of the request. The capital is determined according to the details mentioned in the Policy Conditions.

Switch

Operation through which the Policyholder asks to change the Life Cycle profile from previously selected one.

Timing Option

A contractual option that allows the Policyholder to choose to dilute his investment by gradually entering the market,

with the aim of reducing the risk of investing the sums paid in a single solution at a time of peak in the financial market.

Unit

A measurement of an Internal Fund. It's the "share" which the asset of the Internal Fund is divided by. When the Policyholder subscribes an Internal Fund he/she buys a number of Units (all with the same Unit Value) at a specific price.

Unit Value

The value of the Units of an Internal Fund, determined by dividing the value of the net assets of the Internal Fund by the number of Units outstanding at the Valuation Day.

Valuation Day (or Date)

Day of operation of calculating the value of the Units of an Internal Fund at a given time, or typically every business day in Ireland.

Withdrawal

Possibility for the Policyholder to cancel the Contract, within 30 days from the Effective Date of the same.

Regulation of the Internal Funds

For each Internal Fund in which is invested, the Policyholder is entitled to request and to receive, free of charge and prior to the conclusion of the Policy or at the time of investment in the chosen fund, the information set forth below.

1 Establishment and name of the fund

The Company has established and manages, according to the procedures provided for in this present Regulation, the following portfolios of transferable securities and other financial assets referred to respectively as: **T4L EUR Cash, T4L Fixed Income Short Term, T4L Fixed Income Medium Term, T4L EMU Government Bonds, T4L EMU Corporate Bonds, T4L Emerging Market Short Term, T4L European High Yield Bonds, T4L US High Yield Bonds, T4L High Yield Bonds, T4L Emerging Market Bonds, T4L Volatility, T4L Convertibles, T4L Multistrategy, T4L European Equities, T4L US Equities, T4L Global Equities, T4L Japanese Equities, T4L Asia Pacific ex Japan Equities, T4L Asian Equities, T4L Emerging Market Equities** and **T4L Commodities**.

The value of the assets of each Internal Fund cannot be less than the amount of the mathematical reserves established by the Company for life insurance, the benefits of which are expressed in Units of the fund itself.

2 Characteristics and purpose of the fund

Each Internal Fund is divided into Units of equal value that are established and liquidated according to the procedures specified in *Section 4* of this Regulation.

The purpose of each Internal Fund is to realise an increase in the value of the Units by investing according to the criteria described in *Section 5* of this Regulation.

The currency of denomination of each Internal Fund is the Euro.

Each of the Internal Funds does not have a term maturity.

3 Risk profile of the Internal Fund

The risks associated with each Internal Fund are those deriving from the fluctuations in the value of the Units into which the same fund is divided, fluctuations which are linked to those of the current market value of the relevant assets of the fund as well as the foreign exchange risk in relation to assets denominated in foreign currencies.

The risk profile to which each Internal Fund is exposed is as follows:

Fund name	Fund Constitution	Low	Medium Low	Medium High	High	Very High
1. T4L EUR Cash	04/02/2019					
2. T4L Fixed Income Short Term	04/02/2019					
3. T4L Fixed Income Medium Term	04/02/2019					
4. T4L EMU Government Bonds	04/02/2019					
5. T4L EMU Corporate Bonds	04/02/2019					
6. T4L Emerging Market Short Term	04/02/2019					
7. T4L European High Yield Bonds	04/02/2019					
8. T4L US High Yield Bonds	04/02/2019					

9. T4L High Yield Bonds	04/02/2019					
10. T4L Emerging Market Bonds	04/02/2019					
11. T4L Volatility	04/02/2019					
12. T4L Convertibles	04/02/2019					
13. T4L Multistrategy	04/02/2019					
14. T4L European Equities	04/02/2019					
15. T4L US Equities	04/02/2019					
16. T4L Global Equities	04/02/2019					
17. T4L Japanese Equities	04/02/2019					
18. T4L Asia Pacific ex Japan Equities	04/02/2019					
19. T4L Asian Equities	04/02/2019					
20. T4L Emerging Market Equities	04/02/2019					
21. T4L Commodities	04/02/2019					

The risk profile explicitly summarises the overall riskiness of the Internal Fund and indicates how much the fund return may deviate in one year from the average return. The risk profile indicated is not guaranteed and may change in the future. Even the lowest risk profile does not mean that an investment is risk free.

4 Establishment and liquidation of the fund

The establishment of Units of each Internal Fund is daily carried out by the Company in an amount not less than the commitments undertaken in accordance with the life insurance policies, whose benefits are expressed in Units of the fund itself. The establishment of the Units involves a simultaneous increase of the assets of the fund in an amount equal to the counter value in euro of the Units established, on the basis of the Unit value of the same Units, as recorded on the day of their establishment.

The liquidation of Units of each Internal Fund is daily carried out by the Company in an amount not greater than the commitments no longer existing in accordance with the life insurance policies, whose benefits are expressed in Units of the fund itself. The liquidation of the Units involves a simultaneous withdrawal of assets of the fund in the amount of the counter value in euro of the Units liquidated, on the basis of the Unit value of the same Units, as recorded on the day of their liquidation.

5 Criteria of the investments

The Company is subject to supervision by the Central Bank of Ireland (the Irish supervisory authority), therefore it invests in financial instruments that make up the assets of the Internal Fund in accordance with the Irish legislation in regard to investments. These financial instruments may, therefore, be outside of those permitted by the Icelandic legislation in regard to life insurance policies as long as they guarantee the liquidity of the Policy connected to the Internal Fund.

The financial instruments that make up the assets of the Internal Fund - valued at current market values - are invested:

- predominantly in Units of one or more Mutual Investment Funds (collective investment undertakings (UCITS)), falling within the scope of application of Directive 2009/65/EC (harmonised collective investment undertakings (UCITS)) or not falling within (non-harmonised collective investment undertakings (non-UCITS));
- to a lesser extent in transferable securities and other financial assets, transacted both on the domestic markets

as well as on international markets.

In all cases, the assets that make up the assets of each Internal Fund are invested according to the following criteria:

i. T4L EUR Cash

The fund is aimed at generating growth of capital in line with money market returns. The fund invests directly or through other funds into money market instruments. The fund may also invest in bank deposits and in derivative instruments used for hedging purposes. The fund cannot invest in securities from emerging markets. The income generated is reinvested into the fund.

ii. T4L Fixed Income Short Term

The fund is aimed at generating returns in line with the European bond markets in the short term. The fund primarily invests, either directly or through other funds or derivatives, in bonds and certificates relative to bonds or bond indices issued in developed countries. The fund may also invest in securities from emerging markets, in so-called High Yield bonds and in money market instruments. The income generated is reinvested into the fund.

iii. T4L Fixed Income Medium Term

The fund is aimed at generating returns in line with the fixed income security markets in the medium term. The fund primarily invests, either directly or through other funds or derivatives, in bonds and certificates relative to bonds or bond indices issued in developed countries. The fund may also invest in securities from emerging markets and in so-called High Yield bonds. The income generated is reinvested into the fund.

ii. T4L EMU Government Bonds

The fund is aimed at generating returns in line with European government securities markets. The fund primarily invests, either directly or through other funds or derivatives, in bonds that have a good credit rating and that are issued in industrialised countries. The income generated is reinvested into the fund.

i. T4L EMU Corporate Bonds

The fund is aimed at generating returns in line with the European corporate bond markets. The fund primarily invests, either directly or through other funds or derivatives, in bonds that have a good credit rating and that are issued or guaranteed by companies having their registered offices in Europe. The fund may also invest in securities of other countries, including emerging countries, and in so-called High Yield bonds. The income generated is reinvested into the fund.

ii. T4L Emerging Market Short Term

The fund is aimed at generating returns in line with the bond market of emerging countries in the short term. The fund primarily invests, either directly or through other funds or derivatives, in interest bearing securities issued or guaranteed by governments, municipalities, agencies, supranational, central, regional or local authorities and companies in an emerging country or issued by companies that generate a predominant proportion of their sales and / or their profits in emerging countries. The income generated is reinvested into the fund.

iii. T4L European High Yield Bonds

The fund focuses primarily on the high yield bond market denominated in euro. The fund primarily invests, either directly or through other funds or derivatives, in bonds and certificates relative to bonds or bond indices issued in developed European countries. The fund may also invest in securities from emerging markets, deposits and money market instruments. The income generated is reinvested into the fund.

iii. T4L US High Yield Bonds

The fund is aimed at generating returns by investing principally into US corporate bonds with a credit rating that is under investment grade. The fund primarily invests, either directly or through other funds or derivatives, in bonds issued or guaranteed by companies with registered offices in the US and / or in so-called High Yield bonds. The fund may also invest in emerging market securities, deposits and money market instruments. The fund may also invest in securities from emerging markets, deposits and money market instruments. The income generated is reinvested into the fund.

ii. T4L High Yield Bonds

The fund is aimed at generating returns in line with the High Yield bonds market. The fund primarily invests, either directly or through other funds or derivatives, in so-called High Yield bonds that are subject to a generally higher risk and greater a potential for return as well as in certificates relative to such bonds or bond indices. The income generated is reinvested into the fund.

i. T4L Emerging Market Bonds

The goal of the fund is to generate returns over the long term in line with the bond markets of emerging countries. The fund primarily invests, either directly or through other funds or derivatives, in government and corporate bonds (and certificates with risk profiles that are generally related to bonds) issued by issuers in emerging countries. The income generated is reinvested into the fund.

ii. T4L Volatility

The fund aims to generate growth of capital in the long term by means of a prediction of the volatility of the market. The fund primarily invests, either directly or through other funds or derivatives, in bonds of issuers that have their registered offices in an industrialised country and that have a good credit rating. The fund may also invest in financial derivative instruments such as volatility swaps, whose value depends on the price fluctuations (volatility) in the equity markets. The income generated is reinvested into the fund.

iii. T4L Convertibles

The fund aims to generate growth in capital through investments in convertible bonds. The fund primarily invests, either directly or through other funds or derivatives, in convertible bonds. A significant part of the fund portfolio may be invested in traditional bonds, emerging market securities and stocks. The fund may also invest in deposits and money market instruments. The income generated is reinvested into the fund.

iii. T4L Multistrategy

The fund aims to generate growth in capital through investments that follow various strategies. The fund primarily invests, either directly or through other funds or derivatives, in alternative assets such as convertible bonds, commodities (energy, metals, foodstuffs), volatility swaps and hedge funds. The income generated is reinvested into the fund.

ii. T4L European Equities

The fund is aimed at generating returns in line with the European stock markets. The fund primarily invests, either directly or through other funds or derivatives, in stocks and equivalent securities of issuers located in a developed European country or that generate a predominant proportion of their sales and / or their profits in that country. The fund may also invest in stocks and equivalent securities of other countries. The income generated is reinvested into the fund. The income generated is reinvested into the fund.

ii. T4L US Equities

The fund is aimed at generating returns in line with the US stock market. The fund primarily invests, either directly or through other funds or derivatives, in stocks and equivalent securities of issuers incorporated in the United States of America. The fund may also invest in stock and equivalent securities of other countries. The income generated is reinvested into the fund.

iii. T4L Global Equities

The fund is aimed at generating returns in line with the global stock markets. The fund primarily invests, either directly or through other funds or derivatives, in stocks and equivalent securities of issuers located primarily in a developed country. The fund may also invest in stocks and equivalent securities of other countries as well as in money market instruments and deposits. The income generated is reinvested into the fund.

iii. T4L Japanese Equities

The fund is aimed at generating returns in line with the Japanese stock market. The fund primarily invests, either directly or through other funds or derivatives, in stocks and equivalent securities of issuers incorporated in Japan. The fund may also invest in stock and equivalent securities of other countries. The income generated is reinvested into the fund.

iii. T4L Asia Pacific ex Japan Equities

The fund concentrates on the stock markets of the Asia Pacific region apart from Japan. The fund invests primarily, either directly or through other funds or derivatives, in stocks of issuers located in Asia (excluding Japan), Australia or New Zealand or that generate a predominant proportion of their sales and / or their profits in that region. The fund may also invest in stocks and equivalent securities of other countries as well as in deposits and money market instruments. The income generated is reinvested into the fund.

ii. T4L Asian Equities

The fund is aimed at generating returns in line with the securities markets in the Asia Pacific region. The fund primarily invests, either directly or through other funds or derivatives, in the stocks of companies that are incorporated in an Asian

country, including New Zealand and Australia. The fund may also invest in bonds, emerging market securities, deposits and money market instruments. The income generated is reinvested into the fund.

ii. T4L Emerging Market Equities

The fund is aimed at generating growth in capital through investments in stock in emerging markets. The fund primarily invests, either directly or through other funds or derivatives, in stocks and equivalent securities of issuers located in emerging market countries including Hong Kong, Singapore, Taiwan and South Korea or that generate a predominant proportion of their sales and / or their profits in those countries. The fund may also invest in stocks of other countries as well as in deposits and money market instruments. The income generated is reinvested into the fund.

iii. T4L Commodities

The fund is aimed at generating returns in line with the international commodity markets and international commodity futures markets. The fund primarily invests, either directly or through other funds or derivatives, in bonds, commodity indices, money market instruments and deposits as well as in derivative instruments designed for the purpose of participating in performance of the commodity (energy, industrial metals, precious metals, foodstuffs). The income generated is reinvested into the fund.

For the assets of each Internal Fund invested in Units of Mutual Investment Funds (collective investment undertakings (UCITS)), the latter may also be selected from those managed by an investment management company that is part of the parent group Allianz Global Life dac.

Each Internal Fund may invest in derivative financial instruments in order to compensate for the exposure to price fluctuations (hedging), to take advantage of price differences between two or more markets (arbitrage) or to multiply profits, though it may also multiply losses (financial leverage).

6 Management of the Internal Funds

The management of each Internal Fund provides for, among other things, the activity of selection, purchase, sale and custody of the assets in which are invested the assets of the same fund as well as the daily reporting of the net assets of the latter and the daily publication of the Unit value of the Units into which the Internal Fund is divided.

The management of each Internal Fund may be delegated to a company specialised in the management of investments, including within the parent group of Allianz Global Life DAC, that will directly manage the investment policy of the assets pertaining to the fund in accordance with the Regulation on the Internal Funds and pursuant to the instructions given by the Company, to which must be attributed the sole responsibility of the same management.

7 Objective reference parameter (Benchmark)

In relation to the adopted management style (flexible style), it is not possible to identify a representative Benchmark of the management policy adopted by each Internal Fund. An alternative risk measure shall be represented by the expected annual average volatility of the fund, estimated at around:

Fund name	Expected Annual Average Volatility
1. T4L EUR Cash	0% - 1%
2. T4L Fixed Income Short Term	2% - 5%
3. T4L Fixed Income Medium Term	2% - 5%
4. T4L EMU Government Bonds	2% - 5%
5. T4L EMU Corporate Bonds	2% - 5%
6. T4L Emerging Market Short Term	2% - 5%
7. T4L European High Yield Bonds	5% - 10%
8. T4L US High Yield Bonds	5% - 10%
9. T4L High Yield Bonds	5% - 10%
10. T4L Emerging Market Bonds	5% - 10%
11. T4L Volatility	5% - 10%
12. T4L Convertibles	5% - 10%
13. T4L Multistrategy	10% - 15%
14. T4L European Equities	15% - 25%

15. T4L US Equities	15% - 25%
16. T4L Global Equities	15% - 25%
17. T4L Japanese Equities	15% - 25%
18. T4L Asia Pacific ex Japan Equities	15% - 25%
19. T4L Asian Equities	15% - 25%
20. T4L Emerging Market Equities	15% - 25%
21. T4L Commodities	25% and above

The annual average volatility of the fund indicates how many percentage points the fund's return may deviate in one year, positive or negative, from the average return of the same fund.

The annual average volatility is not guaranteed and may change in the future.

8 Valuation of the Units

The valuation of the Units of each Internal Fund will be determined daily by the Company, with the exception of the closing days of the domestic stock exchange in Ireland. That Unit value is calculated by dividing the net assets of the fund recognised as of the Valuation Date by the number of Units into which, as of the same day, the Internal Fund is divided.

The net assets of the Internal Fund shall be determined on the basis of the valuation – at current market values – of all of the assets that pertain to the fund, net of all liabilities, including the expenses incurred by the fund that are referred to in *section 9* of the present Regulation, and the management fee that is referred to in *section 10* of the present Regulation. Both the assets as well as the liabilities that pertain to the Internal Fund are valued at the current market value as at the same Valuation Date of the Units or – if this is not available (for example as a result of decisions of the stock exchanges or of events that result in significant disruption of the markets) – as at the first possible day preceding; in particular, the valuation of the assets is carried out using the value of the same as at the closing of domestic and / or foreign stock exchanges.

Assets that are not listed will be evaluated at the exchange price recognised by the international telematic networks or, if absent or not meaningful, at cost of acquisition, which is then devalued or revalued in order to return the cost of acquisition to its estimated realisable market value, identified based on a broad base of elements of information objectively considered by the responsible bodies of the Company, concerning both the situation of the issuer and its country of residence as well as that of the market. Any possible liquid assets are valued on the basis of their nominal value. The interests and dividends generated by the assets pertaining to the Internal Fund are reinvested in the same funds (accumulation fund of the incomes). The tax credits are attributed to the Internal Fund as at the moment of their exact determination and their use or reimbursement.

The rebated management fees of the managers of the UCITS (collective investment undertakings) in which the Internal Fund has carried out investments are recognised to the same fund.

The Unit value of the Units, determined as described above, shall be published daily in the website of the Company www.allianzgloballife.com/en_IS.html

As at the date of establishment of the Internal Funds, the Unit value of the Units shall be conventionally fixed at 10 EUR.

9 Costs borne by the Internal Fund

The costs borne by each Internal Fund, withheld daily by the Company, are represented by:

- charges related to the acquisition and disposal of the assets of the fund;
- costs of administration and custody of the assets of the fund;
- costs of publication of the Unit value of the Units;
- specific costs of the investments (legal and court fees incurred in the exclusive interest of the fund, tax expenses pertaining to the fund, other).

10 Management fee

Each Internal Fund shall bear the cost of an annual management charge, withheld daily by the Company, in an amount equal to 1,75% annually of the assets pertaining to the Internal Fund, valued at current market values, net of all liabilities, including the expenses borne by the Internal Fund that are referred to in point 9 of the present Regulation.

If the assets that make up the assets of the Internal Fund are invested in related UCITS (collective investment undertakings), the management fee mentioned above shall be applied to the extent of 100% also on the portion of the assets of the Internal Fund that are invested in Units of related UCITS (collective investment undertakings).

11 Performance commission

Not provided for.

12 Other costs borne by the Internal Fund

In regard to the assets of the Internal Fund invested in Units of Mutual Investment Funds (UCITS) without prejudice to the management fees that are referred to in *Section 10* of the Regulation withheld by the Company as compensation for the activities of selection of assets pertaining to the fund as well as for the administration of the policies whose benefits are expressed in Units of the same fund, will be borne indirectly by the Internal Fund, in addition to the costs indicated in *Section 9* of the Regulation, the management fees and expenses of the Mutual Investment Funds (UCITS) in which are invested the related assets.

If the economic conditions of the market vary significantly, the Company may revise the maximum rate mentioned above, upon notice to the Policyholders and granting to the same the right of partial or total Redemption or of transfer to another separate fund or Internal Fund linked to the insurance Policy, without the application of any fees.

In all cases, any delegation of management of the fund to a company specialised in management of assets will not involve any additional costs with respect to those mentioned above.

It should be noted that any sums transferred (rebates) to the Company by the management companies of the underlying UCITS and any tax credits will be recognised and transferred to the Internal Fund itself.

13 Merging of Internal Funds

The Company, if it recognises an opportunity with a view to seeking greater efficiency as well as in terms of management costs and the dimensional adequacy of the funds, for the purpose of pursuing the interests of the Policyholders and in compliance with the criteria of the investment profile, it may proceed with the merging of the Internal Fund with another fund of the Company with similar characteristics, as well as consistent investment policies, without this resulting in an interruption in the management of the merging funds and without any charges or expenses for the Policyholders.

The merger of the Internal Funds may also be the result of merger operations between companies or portfolio transfers, while always pursuing the interests of the Policyholders.

14 Sustainability Risks of the fund

The Company's understanding of sustainability risks comprises environmental, social or governance (ESG) events or conditions which, if they occur, may potentially have material negative impacts on the assets, profitability or reputation of the Allianz Group or one of its group companies. Examples for ESG risks are climate change, loss of biodiversity, breach of recognized labor standards, corruption.

Since the Company is offering only unit-linked insurance products, its investment decisions are limited to the selection of funds that are available for customers as underlying of the insurance product. Furthermore, the Company is involved in the fund selection process for unit-linked insurance products where the customers bear the investment risk, and with that the sustainability risk of the funds or other units in which the insurance premium is invested. The Company expects the asset managers of the unit-linked funds to be a signatory to the Principles for Responsible Investment (PRI) or to have their own ESG policy in place.

Under the Sustainable Finance Disclosure Regulation, a fund which integrates an environmental, social or governance characteristic qualifies as "Article 8" and a fund that has a sustainable investment objective qualifies as "Article 9".

The classification of each fund is listed in the table below:

Fund name	Sustainability classification
1. T4L EUR Cash	
2. T4L Fixed Income Short Term	Article 8
3. T4L Fixed Income Medium Term	Article 8
4. T4L EMU Government Bonds	
5. T4L EMU Corporate Bonds	Article 8
6. T4L Emerging Market Short Term	
7. T4L European High Yield Bonds	Article 8
8. T4L US High Yield Bonds	
9. T4L High Yield Bonds	
10. T4L Emerging Market Bonds	
11. T4L Volatility	
12. T4L Convertibles	
13. T4L Multistrategy	Article 8
14. T4L European Equities	

15. T4L US Equities	
16. T4L Global Equities	
17. T4L Japanese Equities	
18. T4L Asia Pacific ex Japan Equities	
19. T4L Asian Equities	
20. T4L Emerging Market Equities	
21. T4L Commodities	

You can find more details on the funds available for this contract on our website here:

https://www.allianzgloballife.com/en_GB/documentation-and-forms.html.

15 Modification of the Regulation

The Company reserves the right to modify the Regulation on the Internal Funds as a result of changes to the law and / or the secondary implementation regulations (as well as the instructions issued by the Supervisory Authority or by the Appointed Actuary) or in the face of changed management criteria, with the exclusion of changes that are less favourable for the Policyholders unless permitted under the mentioned regulations, providing prompt notice to the Policyholders of the insurance whose benefits are expressed in Units of the fund.

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