

# ALLIANZ TARGET4LIFE

UNIT LINKED LIFE INSURANCE PRODUCT



REGULATION OF THE  
INTERNAL FUNDS

March 2021 EDITION  
PRODUCT CODE VSL0S

Allianz 



# 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. T4LVolatility	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.

#### iiii. 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.

#### v. 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.

#### vi. 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.

#### vii. 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.

#### viii. 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.

#### ix. 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.

#### x. 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](http://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 UCTIS 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 here

[https://www.allianzgloballife.com/en\\_GB/documentation-and-forms.html](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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