

About the Key Information Document (“KID”)

Introduction

The Key Investor Information (KID) is a standardised pan-European Union document that came into force in January 2018 for investment trusts and many other investment products operating under the Packaged Retail and Insurance-based Investment Products (PRIIP) Regulation.

AllianzGI KIDs

The AllianzGI Investment Trusts are in-scope products for KIDs and the latest documents can be found in the online literature library for each Trust.

What information does the KID include?

The KID is a pre-contractual document and retail investors are asked to confirm they have seen an up-to-date version of it when making a new investment. They cannot invest without making this declaration. However, where investors are investing via regular savings, they only have to make this declaration when they first set up the arrangement.

The KID contains the following sections:

What is this product? – key details about the investment product, explaining its aims, investment strategy and who it might be suitable for.

What are the risks and what could I get in return? – this explains some of the risks associated with the investment product and provides a comparable risk indicator to give you an idea of its risk level compared to other investment products. This section also provides you with an idea of the potential performance of the investment product.

What happens if the company is unable to pay out? – this section provides information about any consumer protection or guarantee schemes that the product is covered by.

What are the costs? – this gives you details about the costs you pay for the investment product.

How long should I hold it and can I take money out early? – this gives you information on how long you should hold your investment product for and what options you have on taking your money out.

How can I complain – this gives you details on how you can complain if you are unhappy with anything.

Other relevant information – such as how to request further information and explanations that may assist an investor’s understanding.

How often are KIDs updated?

KIDs are reviewed and updated at least annually, but more frequently if there are material changes that need to be reflected therein.

KIDs are not the complete solution to making an informed investment decision

Although the aim of the KID is to provide investors with a standardised format disclosure document, and thereby facilitate comparison between one PRIIP and another, it is not recommended that investors base their investment decision purely on the KID alone. There have also been well publicised issues that have caused concern. We highlight some of these below.

The costs, investment performance and risk calculations included within the KID follow the methodology prescribed by the KID regulation. Although businesses like ours have followed all regulatory guidance when collating KIDs (and the calculations carried therein) there are elements that are open to interpretation and the assumptions adopted by firms when preparing disclosures and calculations may differ from one to another. All KIDs aim to be 'accurate, fair, clear and not misleading' but there is no absolute guarantee of a consistent approach across the industry.

Within the 'What are the risks and what could I get in return?' section, the scenarios of estimated future investment performance are based on evidence from the past on how the value of an investment varies, and are not an exact indicator of future performance. The scenarios are calculated using historical performance figures based on the last five years when markets have been particularly strong and this might not be replicated in the future. Also, where there has been steady and consistent growth over the relevant period of time it can make the performance scenario look overly optimistic.

Industry concerns

Concerns that disclosures mandated for inclusion in the KID could be unhelpful and misleading for investors have gathered pace since KIDs were first introduced at the start of 2018. Specific industry concern surrounds the calculation methodology for both the investment performance and risk sections, as highlighted above. The Association of Investment Companies (AIC) has been very vocal in its criticism of this document and has lobbied for KIDs to be suspended while the problems are addressed. Although this has not happened, in February 2019 the Financial Conduct Authority acknowledged the AIC's concerns in a statement in which it confirmed its intention to work in Europe to address the problems.

With this in mind, we remind prospective investors in any of the AllianzGI Investment Trusts to read the KID in combination with other documents that we make available – such as the annual report, product brochures and monthly fact sheets.

Any questions?

For queries, please call our Investor Helpline on **0800 389 4696**.

You can also contact us by email at investment-trusts@allianzgi.com.

We will be pleased to provide you with further information but we cannot advise you. We recommend that you seek financial advice prior to making an investment decision.

Investors may also wish to visit the news section of the AIC website www.theaic.co.uk where the latest developments will be posted.