EB Target Volatility 4 / 8 / 12 is a family of three funds with differing risk levels to suit typical risk and return preferences of investors. Each fund targets a different investor group ranging from conservative (EB Target Volatility 4), through moderate (EB Target Volatility 8) to growth-oriented (EB Target Volatility 12) investors.

The 3 underlying funds Allianz Strategy 15, 50 and 75 are managed by Allianz Global Investors.

Why Allianz Global Investors?
- Decisive insights for forward looking investment strategies to protect and enhance our clients’ wealth
- Diversified active investment manager with a strong parent
- Global investment and research capabilities
- Consultative local delivery
- A culture of risk management

Why Multi Asset?

Multi Asset Funds can be considered as an attractive form of investment:
- an opportunity to achieve potential returns while reducing investment risks
- a diversified investment approach across several asset classes
- with equities from different geographic areas, bonds from different issuers with different credit ratings and money market securities
- Thanks to the broad spectrum of investment opportunities and the flexible use of trends, investors can take advantage of numerous opportunities for returns worldwide whilst simultaneously achieving a balanced risk structure for their investments.

Active Multi Asset Funds are constantly adopting the mix of the asset classes, depending on the short term and long term market conditions. In today’s market it is crucial to use active management to identify opportunities for income and capital gain, but also to actively reduce the risks during periods of volatility that may arise (i.e. to actively switch into money market).

Particularly those investors who do not want to continually keep an eye on the markets are often grateful for such a solution, since active Multi Asset Funds offer diversification, active and flexible capital investment and risk management.
The Allianz Strategy funds aims to achieve an attractive return whereby risk is adapted to market cycles using Active Asset Allocation and an innovative risk management approach.

**Market cycle**

**Monitoring of market behaviour and adaptation of investments in the event of excessive shifts in the markets**

The manager bases the composition of the portfolio on trends in the global equities and the European government bonds market. He buys when markets go up (1) and sells when markets go down (2). Additional cash positions may be taken when equities and bonds markets are under pressure.

However, markets sometimes overreact, and a countercyclical element is included in the strategy to deal with this eventuality:

- In the event of excessive upward shifts, the overexposure of the asset class (equities or bonds) is reduced. (3)
- In the event of an excessive downward trend, the manager re-invests and the asset class in question becomes less underexposed. (4)

**Active risk management**

**Risk adjusted according to market volatility**

Dynamic adaptation of the level of investment such that volatility in the funds remains stable.

- When market volatility is low, the portfolio’s exposure to asset classes that generate a return (equities and bonds) can be increased up to a maximum of 125% via derivative instruments.
- When market volatility is high, exposure to these asset classes decreases and investment in cash and money market instruments increases.

**Example: Allianz Strategy 50**

Source: Allianz Global Investors. The charts above are provided for illustrative and are shown only as examples of how the strategy uses leverage to achieve investment degrees. The charts above do not reflect actual data and are no indications of the future volatility of a client’s portfolio.
## The 3 funds in numbers

<table>
<thead>
<tr>
<th>Profiled funds</th>
<th>Strategic allocation adjusted on the basis of the market cycle</th>
<th>Target volatility pursued through active risk management</th>
<th>Performance on 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>EB Target Volatility 4</td>
<td>15% Equities&lt;br&gt;85% Bonds</td>
<td>4%</td>
<td>5.21%¹</td>
</tr>
<tr>
<td>EB Target Volatility 8</td>
<td>50% Equities&lt;br&gt;50% Bonds</td>
<td>8%</td>
<td>9.31%¹</td>
</tr>
<tr>
<td>EB Target Volatility 12</td>
<td>75% Equities&lt;br&gt;25% Bonds</td>
<td>12%</td>
<td>12.00%¹</td>
</tr>
</tbody>
</table>

This past performances are not a reliable indicator for future performances.

¹ The performances were calculated per 30/6/2017 on the basis of the return achieved by the underlying fund of Allianz Global Investors, after deducting the administrative expenses charged directly to the contract. These are gross performances that do not take account of front-load and back-load fees or the premium tax that is charged to the contract.