

PIMCO TACTICAL BALANCED ER INDEX

# Protection **with potential**

## PIMCO Tactical Balanced ER Index and the annual point-to-point with a participation rate

**We offer index allocation options with a balanced approach:** These options, including the PIMCO Tactical Balanced ER Index, are designed to help stabilize risk and volatility within our fixed index universal life insurance policies over time and are available only through Allianz Life Insurance Company of North America (Allianz).

### WHAT IS THE PIMCO TACTICAL BALANCED ER INDEX? (TICKER: DBTBIER)

The PIMCO Tactical Balanced ER Index comprises the following underlying components that shift weights daily based on historical realized volatility:

- **U.S. Equity Futures Custom Index**, a custom index that tracks futures on large-cap equities, similar to futures on the S&P 500® Index.
- **PIMCO Synthetic Bond ER Index** with a duration overlay, a custom index made up of a small number of instruments designed to provide exposure to futures on U.S. investment-grade and Treasury bond markets.

### How does this index seek to address risk?

- Every day, the PIMCO Tactical Balanced ER Index dynamically allocates between the equity component and the bond component, based on historical realized volatility (a measure of the magnitude of daily movements of an index, regardless of direction).
- When the U.S. Equity Futures Custom Index volatility is low, the balance shifts more toward the U.S. Equity Futures Custom Index. And vice versa. **This is how we seek to bring a level of stability to renewal rates, target a reasonable return, and help control volatility and risk.**
- The index uses an excess return methodology by tracking the price of futures, which reflect the expected future price of an index and account for expected dividends. Excess return indexes are designed to bring a level of stability to renewals (for the associated crediting method) from year to year by reducing the effect of changing short-term interest rates.
- To achieve their target volatility in extremely volatile markets, index weights may not add up to 100%.
- **These realized volatilities are used to determine the final weight allocation daily.**

**Must be accompanied by the Allianz Life Pro+® Advantage Fixed Index Universal Life Insurance Policy consumer brochure (M-7183).**

<sup>1</sup> Policy loans and withdrawals will reduce the available cash value and death benefit and may cause the policy to lapse, or affect guarantees against lapse. Withdrawals in excess of premiums paid will be subject to ordinary income tax. Additional premium payments may be required to keep the policy in force. In the event of a lapse, outstanding policy loans in excess of unrecovered cost basis will be subject to ordinary income tax. If a policy is a modified endowment contract (MEC), policy loans and withdrawals will be taxable as ordinary income to the extent there are earnings in the policy. If any of these features are exercised prior to age 59½ on a MEC, a 10% federal additional tax may be imposed. Tax laws are subject to change and you should consult a tax professional.

Product and feature availability may vary by state and broker/dealer.

This content does not apply in the state of New York.

• Not FDIC insured • May lose value • No bank or credit union guarantee • Not a deposit • Not insured by any federal government agency or NCUA/NCUSIF

## About hypothetical historical depictions

This index was launched on August 2, 2018. All information presented prior to this launch date is hypothetical (back-tested), and back-tested performance is not actual performance. The back-tested performance is based on the methodology and mechanics of the index retroactively applied to historical market data, as if the index had previously existed, to generate hypothetical performance during the periods of time depicted. This back-tested performance for any constituent that makes up the index may have actual performance and history, and it will also have back-tested data for any period prior to its inception. Back-tested performance may not be a reliable indicator of future results. Prospective application of the methodology and mechanics of the index may not result in performance commensurate with the back-tested returns shown.

## Interest rate exposure

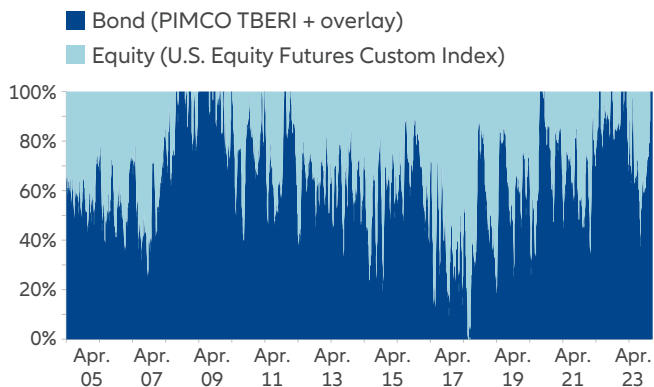
The PIMCO Tactical Balanced ER Index also adjusts the sensitivity to interest rates based on underlying trends in bond markets. This feature can potentially benefit the bond component during different interest rate trends.

It is a common misperception that Treasury bonds are a risk-free investment. This is not true. One of the risks that bonds are subject to is interest rate risk. In general, falling interest rates mean rising bond prices and rising interest rates mean falling bond prices. Duration is a common indicator of a bond price's sensitivity to these interest rate fluctuations. A larger duration number indicates more interest rate risk is present.

## Hypothetical historical weighting

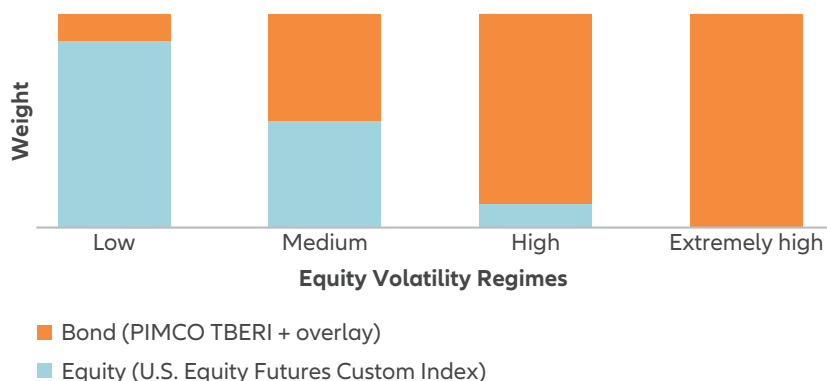
The 19-year chart below shows the hypothetical weighting between asset classes had the PIMCO Tactical Balanced ER Index existed – which it did not. As you can see, in periods like 2008, when market volatility was high, the index would have shifted heavily to the bond component and at times the component weights would not have added up to 100%.

### PIMCO Tactical Balanced ER Index allocations



This hypothetical chart is provided to show how the allocations would have been weighted during the period shown. It is not a guarantee of future results.

### Tactical allocation during different volatility regimes



The indexes available within the policy are constructed to keep track of diverse segments of the U.S. or international markets, or specific market sectors. These indexes are benchmarks only. Indexes can have different constituents and weighting methodologies. Some indexes have multiple versions that can weight components or may track the impact of dividends differently. Although an index may affect your interest credited, you cannot buy, directly participate in, or receive dividend payments from any of them through the policy.

## How could PIMCO Tactical Balanced ER Index have worked within Allianz Life Pro+® Advantage Fixed Index Universal Life Insurance Policy?

The PIMCO Tactical Balanced ER Index allocation is available on Allianz Life Pro+® Advantage with an annual point-to-point crediting method. The following chart highlights the last 19 years of hypothetical historical returns of the PIMCO Tactical Balanced ER Index, and the interest that Allianz would have credited after the participation rate was applied. The hypothetical returns also include the applicable bonus and charges for each allocation option.

This hypothetical historical chart is intended to show how the index and crediting method could have worked together, had the index and product been available during the time periods shown.

The PIMCO Tactical Balanced ER Index return reflects hypothetical historical data from 1/1/2005 to 12/31/2023.

The 19-year period shown reflects the longest common period of historical data available for the components that make up the PIMCO Tactical Balanced ER Index. Remember, this chart represents past hypothetical results only and assumes current rates. Actual rates that could have been applied over this time frame would have been different from the figures shown in this example and, in some cases, significantly higher or lower depending on a number of factors, including market conditions. No single crediting method consistently delivers the most interest under all market conditions. This is not intended to project or predict future results. Although an external index may affect your interest credited, the policy does not directly participate in any equity or fixed income investments. You are not buying shares in an index.

Policy year	Index return	Select indexed allocation (180% participation rate, 40% bonus, 1% annual asset charge)	Bonus indexed allocation (185% participation rate, 15% bonus)	Classic indexed allocation (190% participation rate, 0.90% bonus)	Standard indexed allocation (212.75% participation rate, no bonus)
2005	-2.18%	-1.00%	0.00%	0.90%	0.00%
2006	5.17%	12.02%	10.99%	10.72%	10.99%
2007	2.95%	6.43%	6.27%	6.50%	6.27%
2008	5.86%	13.78%	12.48%	12.04%	12.48%
2009	4.21%	9.60%	8.95%	8.90%	8.95%
2010	11.32%	27.51%	24.07%	22.40%	24.07%
2011	3.84%	8.68%	8.17%	8.20%	8.17%
2012	6.81%	16.16%	14.49%	13.84%	14.49%
2013	7.75%	18.53%	16.49%	15.62%	16.49%
2014	1.53%	2.86%	3.26%	3.81%	3.26%
2015	-2.33%	-1.00%	0.00%	0.90%	0.00%
2016	5.75%	13.50%	12.24%	11.83%	12.24%
2017	14.46%	35.44%	30.77%	28.38%	30.77%
2018	-2.10%	-1.00%	0.00%	0.90%	0.00%
2019	10.35%	25.09%	22.03%	20.57%	22.03%
2020	4.07%	9.24%	8.65%	8.62%	8.65%
2021	8.94%	21.52%	19.01%	17.88%	19.01%
2022	-2.27%	-1.00%	0.00%	0.90%	0.00%
2023	2.79%	6.03%	5.93%	6.20%	5.93%



To learn more about the PIMCO Tactical Balanced ER Index and Allianz Life Pro+® Advantage, **CONTACT YOUR FINANCIAL PROFESSIONAL.**

The least an indexed allocation could return is 0%. However, in the chart above the Select indexed allocation includes the 1% asset charge in the total, thus resulting in -1.00% in some years.

The guaranteed minimum participation rate is set at issue for the life of the policy and will never be less than 5%.

Bonused products may include higher surrender charges, longer surrender periods, lower caps, or other restrictions that are not included in similar products that don't offer a bonus. The index allocations that offer the interest bonus will generally have lower caps and participation rates. Not all bonuses guarantee that a policy will be credited with an interest bonus every year as some are based on the growth of an index.

The S&P 500® Index is comprised of 500 stocks representing major U.S. industrial sectors.

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The PIMCO Tactical Balanced ER Index is comprised of the U.S. Equity Futures Custom Index, a bond component comprised of the PIMCO Synthetic Bond ER Index and a duration overlay, and shifts weighting between them daily based on historical realized volatility of the components. The U.S. Equity Futures Custom Index provides exposure to large-cap U.S. stocks in excess of a benchmark rate. The PIMCO Synthetic Bond ER Index is comprised of a small number of derivative instruments designed to provide exposure to U.S. investment-grade and Treasury bond markets in excess of a benchmark rate.

The "PIMCO Tactical Balanced ER Index" (the "Index") is a rules-based index that tactically allocates across U.S. equity and fixed income markets using quantitative signals. The Index is a trademark of Pacific Investment Management Company LLC ("PIMCO") and has been licensed for use for certain purposes by Allianz Life Insurance Company of North America (the "Company" or "Allianz") with respect to this Allianz product (the "Product"). The Index is the exclusive property of PIMCO and is made and compiled without regard to the needs, including, but not limited to, the suitability or appropriateness needs, as applicable, of the Company, the Product, or any Product owners. The Product is not sold, sponsored, endorsed, or promoted by PIMCO or any other party involved in, or related to, making or compiling the Index.

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