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## AllianzGI debuts its Approved Pooled Investment Fund primarily investing in China A-shares

- The Fund aims to attain long-term capital growth by investing primarily in China A-Shares equity market (including China A-Shares listed on ChiNext Market and/or the Science and Technology Innovation Board ("STAR Board").
- The Fund is exposed to investment risk, equity risk, concentration risk, emerging market risk, company-specific risk, risks associated with small-capitalisation / mid-capitalisation companies, currency risk (in particular RMB), and risks associated with ChiNext Market and/or the STAR Board.
- The Fund invests in China A-Shares via the qualified foreign investors regime and the Stock Connect and thus is also exposed to the associated risks, including quota limitation, change in rule and regulations, repatriation of the Fund's monies, trade restrictions, volatility and stability of China markets, potential clearing and/or settlement difficulties, change in economic, social and political policy in PRC and PRC tax risks.
- The Fund may invest in financial futures or options contracts which may expose to higher counterparty, liquidity, valuation, volatility and over the counter transaction risks. Use of such derivatives may become ineffective and result in significant losses to the Fund. The Fund's net derivative exposure may be up to 50% of the Fund's net asset value.
- Investment involves risks that could result in loss of part or entire amount of investors' investment.
- In making investment decisions, investors should not rely solely on material.

Hong Kong - Allianz Global Investors ("AllianzGI") today announced the debut of its approved pooled investment fund ("APIF") which invests primarily in China A-shares equity market, the Allianz Choice China A-Shares Fund ("the Fund"), which aims to attain long-term capital growth by investing primarily in this market.

Philip Tso, Head of Institutional Business for Asia Pacific, AllianzGI, comments: *"China A-shares are currently under-represented in emerging-market allocations. However, with the increasing liberalisation of China's financial markets, A-shares have become an asset class that cannot be ignored. It clearly has risks relative to developed markets, but we expect these to normalise as the market matures. The long-term growth potential is there."*

The Fund is co-managed by Senior Portfolio Manager Anthony Wong and Portfolio Manager Kevin You from AllianzGI's China equity strategies investment team based in Hong Kong. The co-PMs have an average 17 years of investment experience, and are currently managing USD 17,616 million of assets.<sup>1</sup> The Fund will invest at least 70% of its net asset value (NAV) in the China A-shares equity market via the Stock Connect and the Qualified Foreign Institutional Investors regime in the PRC. There are five themes in particular (see Exhibit 1) that are primed for structural growth due to China's economic transformation.

Anthony Wong, Senior Portfolio Manager at AllianzGI, says: *"One of the benefits of the Fund's A-shares focus is that it will give investors greater exposure to the country's new economy, which is characterised by an increased role for domestic consumption and higher-value-added sectors. China A-shares also add meaningful portfolio diversification, given their low historic correlation with major equity markets globally."*

<sup>1</sup> Source: Allianz Global Investors, as of 21 October 2021

China A-shares market comprises more than 4,500 listed companies with a market capitalisation close to USD13.4 trillion as of 30 September 2021 and accounts for approximately 65% of China’s total equity market capitalisation.<sup>2</sup> China’s domestic market exhibits low correlation with other widely held asset classes, because it is influenced by unique economic, political and monetary policy considerations. In addition, these companies generate the vast majority of their revenues locally, which is why the market is largely decoupled from stock markets elsewhere in the world. China A-Shares can help to add meaningful portfolio diversification and can help investors access a broader investment universe, reflecting the faster-growing sectors of China’s “new economy”.

The Fund is Hong Kong-domiciled and targets investors willing to assume a relatively higher level of risk that comes with investing in medium- and large-sized China A-shares companies. The Fund may invest up to 100% of its NAV in China A-Shares listed on ChiNext Market and/or the STAR Board. As an APIF, the Fund is also eligible as a type of fund that the Mandatory Provident Fund (MPF) Constituent Fund can invest into.

Philip Tso adds that investors should ready their retirement portfolios with new investment opportunities: *“In the local retirement investment market, the role of China A-shares as an asset class has been minimal for years. This was the case until the recent relaxation of long-time restrictions regarding A-shares investment in local pension funds. We anticipate that Hong Kong’s retirement market will be rejuvenated.*

*“The anticipated standalone choice of A-share funds will be another bright spot that will significantly open the city’s working population to a more diversified retirement investment portfolio.”*

Exhibit 1: Opportunities in a mixture of “new” and “old” economy sectors

Theme	Rationale
Domestic tourism / Consumption	Expect a recovery in discretionary spending. Internal travel at the expense of outbound tourism.
Foreign substitution	Improving quality of Chinese manufacturing. Chinese companies are increasingly able to win market share from foreign competitors.
Healthcare / biotech	Surge in biotech spending over the last decade – widening range of investment opportunities.
Renewable energy	China targeting peak carbon emissions in 2030, net zero emissions in 2060. Expect significant investment in areas like solar and electric vehicles.
‘Self-sufficiency’	Strategic need for self-sufficiency in key areas, a sign of future policy support – 5G, semiconductors and renewables.

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<sup>2</sup> Source: Shenzhen Stock Exchange, Shanghai Stock Exchange, Hong Kong Stock Exchange, Bloomberg, Allianz Global Investors, as of 30 September 2021

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## About Allianz Global Investors

Allianz Global Investors is a leading active asset manager with over 700 investment professionals in 24 offices worldwide and managing EUR 633 billion in assets for individuals, families and institutions.

### Active is: Allianz Global Investors

Source: Allianz Global Investors. Data as at 31 July 2021

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## Disclaimer

Unless otherwise stated, all data, views and opinion are as of 22 November 2021.

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Investment involves risks, in particular, risks associated with investment in emerging and less developed markets. Past performance is not indicative of future performance.

Investors should read the offering documents for further details, including the risk factors, before investing. This material has not been reviewed by the Securities and Futures Commission of Hong Kong. Issued by Allianz Global Investors Asia Pacific Limited.

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