

Allianz

Emerging Asia

Equity

Monthly commentary

- The Fund aims at long-term capital growth by investing in equities of Asian emerging markets (excluding Japan, Hong Kong and Singapore) and/or of countries which are constituents of the MSCI Emerging Frontier Markets Asia.
- The Fund is exposed to significant risks of investment/general market, emerging market, country and region, company-specific, currency (such as exchange controls, in particular RMB).
- The Fund may invest in the China A-Shares market directly via the Stock Connect or other foreign access regimes and/or other permitted means and/or indirectly through all eligible instruments and thus is subject to the associated risks (including quota limitation, change in rule and regulations, repatriation of the Fund's monies, trade restrictions, China market volatility and uncertainty, potential clearing and/or settlement difficulties, change in economic, social and political policy in PRC and Mainland China tax risks).
- The Fund may invest in financial derivative instruments ("FDI") which may expose to higher leverage, counterparty, liquidity, valuation, volatility, market and over the counter transaction risks. The Fund's net derivative exposure may be up to 50% of the Fund's net asset value.
- This investment may involve risks that could result in loss of part or entire amount of investors' investment.
- In making investment decisions, investors should not rely solely on this material.

Note: Dividend payments may, at the sole discretion of the Investment Manager, be made out of the Fund's capital or effectively out of the Fund's capital which represents a return or withdrawal of part of the amount investors originally invested and/or capital gains attributable to the original investment. This may result in an immediate decrease in the NAV per share and the capital of the Fund available for investment in the future and capital growth may be reduced, in particular for hedged share classes for which the distribution amount and NAV of any hedged share classes (HSC) may be adversely affected by differences in the interests rates of the reference currency of the HSC and the base currency of the Fund.

What Happened in May

The Fund underperformed the benchmark over the month. From a sector perspective, stock selection in industrials and energy detracted most from performance, although partially offset by positive selections in consumer discretionary. From a geographical perspective, stock selection in China and our overweight in South Korea hurt most.

On a single stock basis, top performance detractors were smartphone and memory maker in South Korea, a power engine and transmission producer in China, and a global luggage brand listed in Hong Kong.

Conversely, top contributors to performance came from a smartphone retailer in Vietnam, a specialized memory chip maker in South Korea, and an online travel platform in India.

Outlook and Strategy

In terms of portfolio activity, over the month we added to the portfolio a power management solution provider in Taiwan, the largest electronics and network equipment producer globally, and an aerospace engineering company in Singapore. On the other hand, we exited our holding in an internet and social media platform in South Korea.

At month end, the top holdings of the fund were the largest chip foundry globally, a smartphone and memory maker in South Korea, and the leading internet gaming and social media platform in China. The fund had an overweight exposure to stocks from Vietnam and South Korea, whereas Hong Kong/China, Taiwan, and Malaysia were underweight. On a sector level, the fund was overweight in consumer discretionary, while being underweight in the financials, materials, and utilities sectors.

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Source: Bloomberg, Allianz Global Investors, as at 31 May 2024 unless otherwise stated.

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