

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 September

The Fund underperformed the benchmark over the month. From a sector perspective, stock selection in consumer discretionary and information technology detracted most. At a market level, our underweight position in China and stock selection in Korea were key areas of detraction.

On a single stock basis, key performance detractors came from the smartphone and memory maker in Korea, an electronics retailer in Vietnam, and a power project company in India.

Conversely, top performance contributors were the leading online food delivery platform in China, a domestic sportswear brand in China, and a hotel operator in China.

Outlook and Strategy

Over the month we added a number of new positions to the portfolio including an automobile component producer in India, a property developer in India, a private hospital group in Thailand.

This was funded by exiting our position in a private sector bank in India and reducing our Korea technology exposure.

At month end, the top holdings of the portfolio were the largest chip foundry globally, the internet giant in China, and the smartphone and memory maker in Korea. Overall, the portfolio is overweight in Vietnam and Korea while underweight in China. On a sector level, the largest sector overweight of the portfolio was consumer discretionary, while the key sector underweights were financials and materials sectors.

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Source: Bloomberg, Allianz Global Investors, as at 30 September 2024 unless otherwise stated.

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