

Allianz

Little Dragons

Monthly commentary

- The Fund aims at long-term capital growth by investing in Asian equity markets excluding Japan, with a focus on small-sized and mid-sized companies.
 - The Fund is exposed to significant risks of investment/general market, country and region, emerging market, company-specific, currency (such as exchange controls, in particular RMB) and investing in small and mid-sized companies.
 - 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, driven by unfavourable stock selection in consumer discretionary and consumer staples. At a geographical level, selection in Taiwan, China and Hong Kong detracted, though partially offset by positive contribution from India.

On a single stock basis, our positions in two Taiwanese technology companies, a thermal solution provider, and a specialty chip designer, as well as a leading Indian online travel booking platform, detracted the most.

On the other hand, positions in two Chinese property related companies, a property agency, and a real estate services provider, as well as an Indian electronics manufacturer and assembler, contributed.

Outlook and Strategy

Over the month, we sold our holding in a Hong Kong-listed semiconductor packaging and assembling equipment producer. On the other hand, we added holdings in a Chinese chain operator for toys, electronics, and accessories, a Taiwanese service provider for automated inspection and testing equipment, as well as an Indian contract development and manufacturing organization for pharmaceutical companies.

Overall, as at month end the Fund had an overweight exposure to stocks from Taiwan, India and Vietnam, whereas stocks from South Korea and Hong Kong were underweight. On a sector level, the Fund was overweight in information technology and consumer discretionary, while it was underweight in financials, industrials and materials.

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

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