

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 May

The Fund outperformed the benchmark over the month, driven by favourable stock selection in a few sectors including industrials, real estate and information technology. At a geographical level, selection in South Korea and China also helped.

On a single stock basis, our positions in two South Korean companies, an industrial conglomerate, and a producer of electrical machineries such as power transformers, as well as a Chinese communication equipment producer helped the most.

On the other hand, positions in an Indian pharma company, an Indonesian retailer for home improvement and lifestyle products, and a Chinese biotech company, weighed on the overall outcome.

Outlook and Strategy

During the month, we added two firms from China, an online live streaming platform and a property management services provider, as well as a Thai logistic facilities provider, to the portfolio.

ALLIANZ LITTLE DRAGONS: MONTHLY COMMENTARY

On the other hand, we liquidated our holdings in a Singaporean aerospace & defence company, a China's largest building construction company, and a Vietnamese bank.

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

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

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