AmChina A-Shares (AUD-Hedged Class)

February 2024

AmChina A-Shares (the "Fund") seeks to provide long-term capital growth by investing in the Target Fund which invests primarily in the A-Shares equity market of the People's Republic of China.

The Fund is suitable for sophisticated investors seeking:
- capital growth on their investments;
- a long-term* investment horizon; and
- participation in the upside potential of China in particular China A-Shares.

Note: *long-term refers to an investment horizon of at least ten years.
Any material change to the investment objective of the Fund would require Unit Holders' approval.

Investment Strategy
- Minimum of 85% of the Fund's Net Asset Value ("NAV") will be invested in the Allianz China A-Shares (the "Target Fund").

Asset Allocation

• Allianz China A-Shares	97.42%
• Money market deposits and cash equivalents	2.55%
• Forward contract	0.03%

Source: AmFunds Management Berhad

Fund Details

Fund Category / Type	Wholesale (Feeder Fund) / Growth
Fund Launch Date	08 April 2021
Offer Price at Launch	AUD 1.0000
NAV Per Unit (31 Jan 2024)	AUD 0.4128
1-year NAV High (31 Jan 2024)	AUD 0.6677 (02 Feb 2023)
1-year NAV Low (31 Jan 2024)	AUD 0.4128 (31 Jan 2024)
Total Units (31 Jan 2024)	14.43 million
Fund Size (31 Jan 2024)	AUD 5.96 million
Annual Management Fee	Up to 1.80% p.a. of the Fund's NAV
Annual Trustee Fee	Up to 0.05% p.a. of the NAV of the Fund, subject to a minimum fee of RM10,000 p.a.
Entry Charge	Up to 5.00% of the NAV per unit of the Class
Exit Fee	Nil
Redemption Payment Period	By the 12th Business Day of receiving the redemption request with complete documents
Investment Manager	AmFunds Management Berhad
Income Distribution	Subject to availability of income, distribution (if any) is incidental and will be reinvested into the respective Class.

Source: AmFunds Management Berhad

Target Fund Manager's Commentary (as at 31 January 2024)

The Target Fund aims at capital growth over the long term by investing primarily in the A-Shares equity markets of the People's Republic of China (PRC).

The Target Fund slightly lagged the benchmark in January. Stock selection was the main detractor as a result of relative weakness in the Technology and Consumer Discretionary sectors, which was partly mitigated by positive selection in Materials and Financials.

At a single stock level, a key detractor was a company specialised in the development of high-tech auto parts such as chassis systems, intelligent driving and anti-vibration systems. It is a key supplier to a US electric vehicle (EV) maker, and news of that EV maker's reduced guidance for the coming year impacted the broader supply chain. While the near-term outlook for the company is more challenging than previously expected, in the longer term we believe it has good growth prospects supported by new product opportunities.

Conversely, one of the top contributors was China Construction Bank. High dividend stocks significantly outperformed last month, partly because dividend yields are now significantly higher than domestic government bond yields, and also because of the more defensive earnings profile of sectors such as Financials. China Construction Bank is the only "Big Four" bank stock currently in the portfolio and is our preferred choice because of its higher return on equity (ROE) and higher capital ratios than peers.

China equities opened the new year on a downbeat note, with both onshore and offshore markets falling by close to 10% in USD terms.

A feature of the market in January was the outperformance of value stocks. The MSCI China A Onshore Value Index fell by 2.2% in the month, compared to the Growth index falling by 15.7%. In particular, there was a notable rotation into stocks with high dividend yields. This was spurred partly by falling domestic bond yields – the China 10-year government bond yield is now considerably less than the yield of many onshore and offshore equity indices. In addition, most high dividend stocks are state-owned enterprises, which are likely to maintain or even increase their dividend payouts to support local and central government revenues.

Another feature of the China A-shares market last month was the technical selling pressure from the liquidation of so-called "snowball" structured products. Popular in 2020-2021, snowballs were designed to pay investors a coupon if the market price remained within a set range. As China indices fell towards the lower end of the range, this triggered selling as brokers looked to hedge positions. It seems that most of these derivatives have likely already fallen through their lower strike prices, so further selling pressure from this source is expected to be less intense.

More broadly, China's subdued economy continues to weigh on markets. Recent macro data has generally been weak but stable. The closely watched manufacturing purchasing managers' index (PMI) for January came in at 49.2 – slightly above the figure of 49.0 in December, but still in contractionary territory.

The key property sector remains under pressure. Last month saw further signs that the government is stepping up support, for example with easier monetary policy such as a 50-basis point (50-bps) cut in the reserve ratio requirement. We expect the property sector to remain quite weak for the time being as the excess supply is worked through.

Portfolio activity in recent months has included adding to stocks with good valuation support, where they also meet our growth and quality criteria. For example, we have added to the Financials sector which is now only a slight underweight position compared to the benchmark. Conversely, we reduced exposure to areas where we see potential earnings risk, for example related to weaker consumption.

As at month-end, the largest sector overweight in the portfolio was in Consumer Discretionary, while our largest sector underweight was Information Technology.

Source: Allianz Global Investors

Target Fund's Top 5 Holdings (as at 31 January 2024)

Kweichow Moutai Co Ltd-A	8.10%
Citic Securities Co-A	5.70%
China Merchants Bank-A	5.20%
Midea Group Co	3.90%
China Construction Bank-A	3.40%

Source: Allianz Global Investors

Target Fund's Sector Allocation* (as at 31 January 2024)

Financials	18.80%
Industrials	16.50%
Consumer Staples	13.70%
IT	13.70%
Consumer Discretionary	10.90%
Materials	9.20%
Healthcare	7.10%
Energy	3.20%
Utilities	2.70%
Communication Services	2.50%
Liquidity	1.70%

* As percentage of NAV. Please note that asset exposure for the Target Fund is subject to frequent change on a daily basis.
Source: Allianz Global Investors

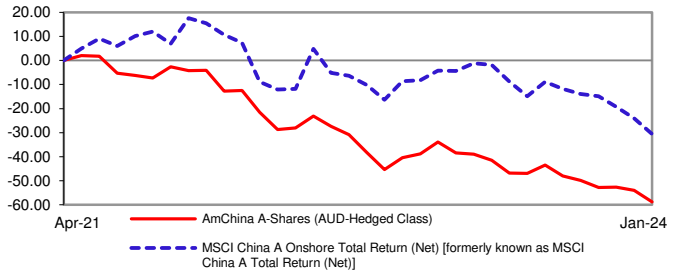
Target Fund's Country Allocation* (as at 31 January 2024)

China	100.00%

* As percentage of NAV. Please note that asset exposure for the Target Fund is subject to frequent change on a daily basis.
Source: Allianz Global Investors

Fund Performance (as at 31 January 2024)

Cumulative performance over the period (%)



The value of units may go down as well as up. Past performance is not indicative of future performance.
Source: AmFunds Management Berhad

Performance Data (as at 31 January 2024)

	YTD	1 m	6 m	1 yr	3 yrs	5 yrs
Fund (%)	-10.40	-10.40	-27.02	-37.59	-	-
*Benchmark (%)	-8.91	-8.91	-21.61	-24.65	-	-

*MSCI China A Onshore Total Return (Net) [formerly known as MSCI China A Total Return (Net)]
Source Benchmark: *AmFunds Management Berhad
Source Fund Return : Novagni Analytics and Advisory Sdn. Bhd.
The Fund Performance is calculated based on NAV-to-NAV using Time Weighted Rate of Return ("TWRR") method
Note : There is no record of the Fund's performance for three (3) and five (5) years as the Fund was launched in less than three (3) years.

Calendar Year Return

	2023	2022	2021	2020	2019
Fund (%)	-24.87	-36.18	-	-	-
*Benchmark (%)	-13.11	-21.58	-	-	-

*MSCI China A Onshore Total Return (Net) [formerly known as MSCI China A Total Return (Net)]
Source Benchmark: *AmFunds Management Berhad
Source Fund Return : Novagni Analytics and Advisory Sdn. Bhd.
The Fund Performance is calculated based on NAV-to-NAV using Time Weighted Rate of Return ("TWRR") method

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The Fund's units will only be issued upon receipt of the complete application form accompanying the Information Memorandum(s). Past performance of the Fund is not an indication of its future performance. The Fund's unit prices and income distribution payable, if any, may rise or fall. Where a unit split/distribution is declared, investors are advised that following the issue of additional units/distribution, the Net Asset Value ("NAV") per unit will be reduced from pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV. Please be advised that where a unit split is declared, the value of investor's investment in Malaysian Ringgit will remain unchanged after the distribution of the additional units.

Investments in the Fund are exposed to country risk, currency risk, liquidity risk, regulatory and legal risk, risk of a passive strategy, risk of not meeting the Fund's investment objective and taxation risk. Please refer to the Information Memorandum(s) for detailed information on the specific risks of the fund(s). Investors are advised to consider these risks and other general risk elaborated, as well as the fees, charges and expenses involved.

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