



# AmChina A-Shares (AUD-Hedged Class)

August 2022

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 95% 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 96.86%
- Money market deposits and cash equivalents 3.06%
- Forward contract 0.08%

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 Jul 2022)	AUD 0.7272
1-year NAV High (31 Jul 2022)	AUD 0.9900 (01 Nov 2021)
1-year NAV Low (31 Jul 2022)	AUD 0.6559 (12 May 2022)
Total Units (31 Jul 2022)	12.91 million
Fund Size (31 Jul 2022)	AUD 9.39 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 the valuation point
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 30 June 2022)

The Target Fund mainly invests in the A-Shares equity markets of the People's Republic of China ("PRC").

The Target Fund lagged the benchmark in June. The main detractor was stock selection in the Information Technology sector where selective holdings were weak due to a slowdown in the global smartphone and consumer electronics industries. The overall allocation effect was small as a result of the close-to-benchmark sector allocations. At a single stock level, a key detractor was a manufacturer of high precision components such as wireless earbuds, as well as a smart hardware producer for virtual/augmented reality (AR/VR) products. The share price was weak after news that a social media giant downgraded forecasts for its virtual reality headset shipments. The earnings impact is relatively small, and we believe the company remains well positioned to benefit over the longer term from growth in the metaverse and related AR/VR space. On the other hand, a key contributor was a manufacturer of lithium-ion battery core material, which is in the electric vehicle (EV) supply chain. The company makes lithium iron phosphate cathodes and is a key supplier to dominant EV battery producers. We expect the company to expand further into new business areas such as e-bikes and e-scooters which should support future growth potential.

June saw an ongoing recovery for China equities. China A-shares rallied by close to 10% in the month and are now around 20% higher compared to the low point towards the end of April (USD terms). Offshore equities have also seen positive returns. The rally is particularly notable as it has coincided with a period of broader global equity market weakness. Indeed, China A-shares have now outperformed the S&P 500 year-to-date, a marked turnaround from the early months of the year. While the US Federal Reserve (Fed) and most other central banks are now focused on combatting inflationary pressures – and, in doing so, taking action which will dampen economic activity – China's goal is to generate renewed economic momentum, especially ahead of the National Party Congress in Q4. To that end, there have been recent announcements across a range of areas including new infrastructure spending, tax breaks for businesses, incentives for car sales, an easing of loan terms, cuts in mortgage interest rates and instructions for banks to increase lending.

Although the zero-COVID policy continues to weigh on consumer sentiment in particular, the number of new COVID cases has remained quite stable at low levels in recent weeks. And macro data has also recently been somewhat stronger than expected. The manufacturing purchasing managers' index (PMI) in June recovered to above the 50 level, for example. Therefore, although it seems unlikely that China will reach its official target of "around 5.5%" gross domestic product (GDP) growth for the full year, nonetheless, there is growing confidence of an economic rebound in H2. The main change in portfolio positioning in June was to initiate a position in Kweichow Moutai, the white liquor company, and the largest constituent of most China A-shares indexes. We see the recent launch of the company's new e-commerce platform (iMoutai) as a potential new future growth driver. And we have also observed improving corporate governance and quality of investor communication. Conversely, we exited another alcoholic beverage company, where we see limited scope for positive earnings surprises. As at the end of the month, the largest overweight sector positions were in Consumer Staples and Consumer Discretionary, and the largest underweight is Industrials.

Source: Allianz Global Investors

#### Target Fund's Top 5 Holdings (as at 30 June 2022)

Contemporary Amperex Techn-A	3.50%
Citic Securities Co-A	3.40%
Longi Green Energy Tech-A	3.00%
Kweichow Moutai Co Ltd-A	3.00%
Shanxi Xinghuacun Fen Wine-A	3.00%

Source: Allianz Global Investors

#### Target Fund's Sector Allocation\* (as at 30 June 2022)

Consumer Staples	16.50%
Financials	16.30%
IT	14.30%
Industrials	14.10%
Materials	12.50%
Consumer Discretionary	9.90%
Healthcare	7.60%
Liquidity	3.80%
Real Estate	2.20%
Utilities	1.40%
Energy	1.40%

\* 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

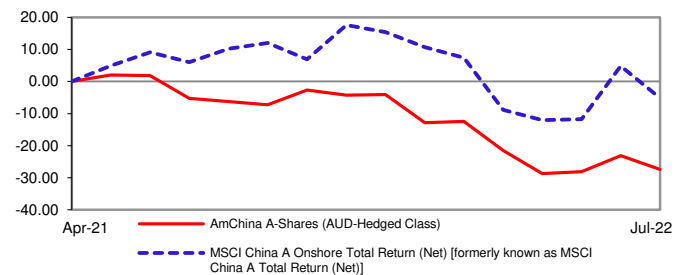
#### Target Fund's Country Allocation\* (as at 30 June 2022)

China	100.00%
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\* 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 July 2022)

##### 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 July 2022)

	1 m	6 m	1 yr	3 yrs	5 yrs
Fund (%)	-5.60	-16.72	-23.34	-	-
*Benchmark (%)	-7.33	-9.77	-10.45	-	-

\*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.

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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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