

INNOVATORS FOR TOMORROW'S ENGINE OF GROWTH

Allianz China Future Technologies



China is already challenging for global leadership across a range of technological and AI-related applications.



Kevin You
Co-Lead Portfolio
Manager



Stephen Chow
Co-Lead Portfolio
Manager

Q: Where does Allianz China Future Technologies seek opportunities?

China's high-level agenda is to become a "science and technology superpower" by 2035. As such, a major thrust of the strategy is to shift resources, capital and talent from out-of-favour sectors such as real estate, towards future growth areas, mostly related to technology and manufacturing. We seek long-term capital growth by investing in onshore and offshore China equities with a focus on companies engaged in the development of future technologies. This structural growth opportunity is underpinned by areas such as artificial intelligence (AI), semiconductors, electric vehicles (EVs) and autonomous driving, internet platforms, battery technology, advanced manufacturing, biotech and clean technology.¹

Q: What do you expect to be the main performance drivers?

We believe that China's future economic model will be based

around technological innovation. Indeed, China is already challenging for global leadership across a range of technological and AI-related applications. We view the development of new technologies as a key growth driver across a broad range of sectors. Companies that tap into this tailwind represents a dynamic and diverse investment universe with strong growth potential. We also see significant opportunities to deliver excess returns from alpha generation. Our China equity strategies have benefited from positive long-term stock selection across a wide range of sectors, which also form the core of Allianz China Future Technologies. As such, the fund is designed with an aim to capture both the beta potential from future growth drivers in China, and also the alpha potential from identifying stock level winners.

Q: How big is the investment universe?

The strategy's investment universe consists of China equities listed on the stock exchanges in Hong Kong, Shanghai, Shenzhen and the US,¹ with high and growing levels of research

and development (R&D), reflecting a commitment to innovation and technology as a future growth driver. This amounts to more than 1,000 stocks which meet our size and liquidity criteria.

Q: How do you define a “future technologies” stock?

We use R&D as a proxy for overall commitment to innovation and the development of future technologies. Primarily we focus on companies where R&D spending is more than 5% of a company’s revenue. This level is meaningfully higher than the average for Chinese corporates. Generally, the companies fall into three broad categories – innovation infrastructure, innovation applications and innovation-enabled industries. Overall, the portfolio uses an all-cap approach, with typically a meaningful allocation to mid and small caps.

Q: How does geopolitics shape the investment opportunity?

In recent years, China has invested heavily to achieve greater levels of self-sufficiency and to reduce the previous reliance on Western supply chains. This is seen as a way both of enhancing national security as well as delivering sustainable, long-term economic growth. As such, China has now built a much higher degree of economic resilience, and a more powerful negotiating position with the US and other countries. In our view, we expect geopolitics to be less of a weight on China equity market valuations in future compared to recent years. We also expect China’s focus on self-sufficiency will continue, thereby creating significant growth opportunities for domestic companies.

Q: How would you describe your investment style?

We have three stock selection criteria: growth, innovation impact and valuation. In particular, we look to identify businesses where we see a high degree of innovation. This is often reflected in sustained investment in the use of technologies to develop new products or services, which both supports growth and also builds high entry barriers. We also place importance on our qualitative assessment of a management team, focusing on its reputation within the industry, track record of execution and level of transparency. Overall, our investment style is based around investing in stocks where we identify growth at a reasonable price.

Q: How do you manage risk? In what type of environment do you expect to outperform/underperform?

As ever when investing in China, a highly selective approach is required. We look to mitigate risk both through rigorous fundamental research and also our approach to portfolio construction. We determine the size of each position based on expected share price upside, the level of our conviction and the contribution a stock makes to portfolio risk. The portfolio is also diversified with an expected range of 50-70 holdings. As we typically invest in growth-oriented stocks, a strong value-led market would be a challenging environment.

Q: How does Allianz China Future Technologies fit into investor’s portfolio allocations?

We believe the strategy provides a way for investors to access a differentiated set of companies that reflect China’s future growth drivers. For investors looking for higher exposure to China’s innovation-led industries, our approach invests across structural growth areas related to China’s technological innovation, agnostic of traditional sector boundaries. This strategy can therefore be a complement to broader emerging market or benchmark-aware China products. At a time when many investors are looking to reduce exposure to US dollar-based asset classes, the strategy may also be considered as diversification from US technology-focused products.

Q: How does Allianz China Future Technologies compare to China technology ETFs?

From our analysis, Allianz China Future Technologies typically provides more diversified exposure to China’s different areas of technologies and innovation. China technology ETFs are often dominated by large cap internet platforms and technology hardware companies, and feature predominantly offshore-listed stocks. In contrast, Allianz China Future Technologies has broader exposure across different themes and sectors, as well as having the flexibility to invest into mid and smaller cap companies.

¹ This is for guidance only and not indicative of future allocation.

The information presented here is intended for general circulation and does not constitute a recommendation to anyone; it also has not taken into account the specific investment objectives, financial situation or particular needs of any particular person. Information herein is based on sources we believe to be accurate and reliable as at the date it was made. We reserve the right to revise any information herein at any time without notice. No offer or solicitation to buy or sell securities and no investment advice or recommendation is made herein. In making investment decisions, investors should not rely solely on this publication but should seek independent professional advice. However, if you choose not to seek professional advice, you should consider the suitability of the product for yourself. Past performance of the fund manager(s) and the fund is not indicative of future performance. Prices of units in the Fund and the income from them, if any, may fall as well as rise and cannot be guaranteed. Distribution payments of the Fund, where applicable, may at the sole discretion of the Manager, be made out of either income and/or net capital gains or capital of the Fund. As a result of the payment, the Fund's net asset value is expected to be immediately reduced. The dividend yields and payouts are not guaranteed and might change depending on the market conditions or at the Manager's discretion; past payout yields and payments do not represent future payout yields and payments. Investment involves risks including the possible loss of principal amount invested and risks associated with investment in emerging and less developed markets. The Fund may invest in financial derivative instruments and/or structured products and be subject to various risks (including counterparty, liquidity, credit and market risks etc.). Past performance, or any prediction, projection or forecast, is not indicative of future performance. Investors should read the Prospectus obtainable from Allianz Global Investors Singapore Limited or any of its appointed distributors for further details including the risk factors, before investing. The duplication, publication, extraction, or transmission of the contents, irrespective of the form is not permitted, except for the case of explicit permission by Allianz Global Investors. This publication has not been reviewed by the Monetary Authority of Singapore (MAS). MAS authorization/recognition is not a recommendation or endorsement. The issuer of this publication is Allianz Global Investors Singapore Limited (79 Robinson Road, #09-03, Singapore 068897, Company Registration No. 199907169Z).

Updated as of March 2026.