



## Allianz RCM BRIC Stars

Specialist



### Allianz Global Investors

Allianz Global Investors is part of Allianz SE group based in Munich. Total UK Retail and Institutional Funds under Management as at November 2011 is in excess of £2.215 billion.

### Manager – Michael Konstantinov

Manager Since 22/02/2006

Michael started his career in Corporate Finance at Dresdner Bank in 1991. After an investment banking trainee program he joined RCM in 1994 as portfolio manager for European equities, with emphasis on Spain and Eastern Europe.. Michael holds a Master's degree in Economics from the University of Frankfurt, Germany, and the Eastern Illinois University, USA. Michael has managed the Allianz RCM BRIC Stars Fund since February 2006 and is head of RCM's BRIC investment team

### Fund Objective

To achieve capital growth in the long term by investing mainly in the equity markets of Brazil, Russia, India and China. Up to one third of the Fund's assets may be invested outside the BRIC countries including developed economies and/or other emerging markets.

### Investment Process

The fund is managed by RCM, a company of Allianz Global Investors. The fund uses both a top down and bottom up perspective to formulate the portfolio selection. Top-down considerations help determine the selection and allocation of assets to a specific country or region within the universe while the bottom up research process helps select the individual companies and determine individual company bets. The RCM process is framed to make use of the portfolio management team covering different geographical areas. The RCM global research platform is used to extract as much information on the areas invested in. The researchers are located in the various regions and provide access to local information. The researchers use a proprietary system called Grassroots and there are 75 in house analysts with access to 300 supporting external researchers. The BRIC investment team is headed by Michael Konstantinov supported by six portfolio managers.

The portfolio is constructed based on a fundamental five step investment process. Step one defines the universe of stocks based on market cap turnover and exposure to the region. Step two is the idea generation which looks at the management quality, the earnings situation and stock valuation. RCM typically compares a stock within its regional industry group. Financial analysis and one-on-one meetings with corporate management, including regular company visits in the different regions by the portfolio managers and/or analysts, form a substantial part of the evaluation process. This uses the HOLT system for evaluation with emphasis is also placed on the interaction between factors and categories, style hedging and overall risk reduction. Step three is the analysis and stock selection which is based on three legs of research – Quality (4M Analysis), Valuation and Catalyst. Buy and sell decisions are dependent on these three criteria. Research results are reflected in the performance orientated ranking and voting of stocks. The results form the basis for stock selection by the responsible portfolio manager. This is also where the top down analysis is added into the process. The process is split between a set country asset allocation and a bottom up stock picking process. At its basic level the fund allocates resources between the four countries equally. The belief being that the four countries will all develop as major economic powers over the next decade and will have growing synergies as economic activity increases both externally and in between them. The country selection is ranked using a country scoring model which decides the relative attractiveness of the four as well as combining this with investment themes running through the region. The countries are weighted to remove capitalisation bias within the area giving equal weight to each economy but differentiating on an individual sector, company and cyclical basis. The system is termed benchmark optimisation. The weighting to each country has no specific limitation although the managers can invest up to one third in areas outside of the four BRIC countries. Step four is the portfolio construction phase. Portfolio construction is predominantly judgement-driven and focuses on using the best investment ideas from the research process. The portfolio manager looks to add value by taking active positions against the benchmark where the bottom-up stock selection process identifies investment opportunities. The last step is the implementation of the portfolio and this is based on the efficient implementation of the developed investment strategy consistently follows the "best execution" principle.

The holdings are usually about 50-70. The fund is monitored using risk and attribution tools and is left unhedged.

### Our Opinion

Our view of the fund is that it is run on a team basis with the controls and the process well defined. It is expected that returns will be achieved through both country allocation and stock selection and this will be done by applying investment themes and country weightings to strong technical company analysis. The fund is probably more focused than some wider based EM funds but it still warrants consideration in this area as it offers concentration on the key economies of the region. The team have a strong research base and access to wide resources giving them time to search out the right opportunities researched at a local as well as macro level.

### Important Notice

**This factsheet is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced direct from fund managers and from a number of websites. This information is therefore as current as is available at the time of production.**

Information compiled January 2012



**Rayner Spencer Mills**  
Research & Financial Consulting

Quick Stats

<b>Citi Code</b>	PZ93			<b>Price Date</b>	31/01/2012
<b>ISIN Code</b>	GB00B0WDH725			<b>Mid Price</b>	154.26 (+0.55p)
<b>SEDOL Code</b>	B0WDH72			<b>Bid Price</b>	
<b>Sector</b>	IMA Specialist	<b>FE Risk Score</b>	141	<b>Offer Price</b>	
<b>Benchmark</b>	MSCI BRIC INDEX	<b>Yield</b>	0.25%	<b>Pricing Frequency</b>	Daily
<b>Domicile</b>	United Kingdom	<b>Type</b>	Accumulation	<b>Launch Date</b>	22/02/2006
<b>Legal Structure</b>	OEIC	<b>Factsheet Frequency</b>	12 per year	<b>ISA</b>	Available, Eligible
<b>Fund Size</b>	£668.2M as at 30/01/2012	<b>Fund Currency</b>	GBX (Pence)	<b>Manager Name</b>	Michael Konstantinov

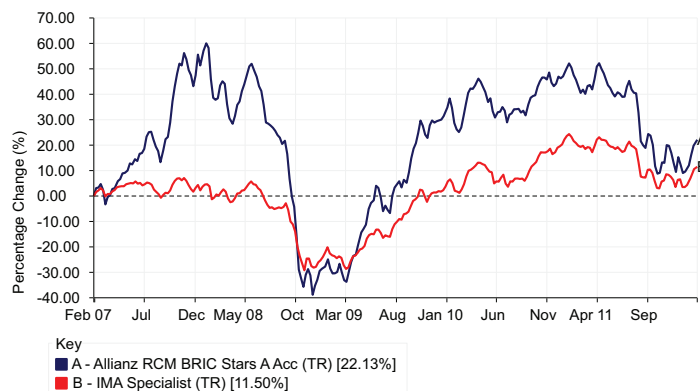
Fund Objective

The Fund aims to achieve capital growth in the long term by investing mainly in the equity markets of Brazil, Russia, India and China (BRIC). Up to one third of the Fund's assets may be invested outside the BRIC countries including developed economies and/or other emerging markets.

Purchase & Other Information

<b>Min. Investment</b>	500
<b>Min. Top-up</b>	500
<b>Standard Initial Charge</b>	4.00%
<b>AMC</b>	1.75%
<b>Total Expenses Ratio</b>	1.93% as at 31/10/2011
<b>Compliant</b>	UCITS IV Compliant
<b>Dividend Date</b>	May 01
<b>For Sale In</b>	United Kingdom

Performance



30/01/2007 - 30/01/2012 Powered by data from FE

Cumulative Performance (to latest price) in (GBX)

Period	Fund	Sector	Rank in Sectors
<b>6 Months</b>	-13.06%	-5.57%	136 / 167
<b>1 Year</b>	-15.60%	-7.51%	128 / 160
<b>3 Year</b>	73.23%	46.58%	48 / 125
<b>5 Year</b>	22.13%	11.50%	46 / 86

Discrete Annual Performance to Last Quarter End in (GBX)

Period	Fund	Sector	Rank in Sectors
<b>0 to 12 m</b>	-27.63%	-15.75%	129 / 160
<b>24m to 36m</b>	84.71%	32.16%	22 / 124
<b>48m to 60m</b>	58.00%	4.76%	7 / 86

Top 5 Holdings as at 31/12/2011

Rank	Change	Name	%
1	▶	GAZPROM OAO	7.30
2	▶	PETROLEO BRASILEIRO SA PETROBRAS	4.50
3	▲	INFOSYS LTD	4.20
4	▼	SBERBANK OF RUSSIA	3.90
5	▼	VALE SA	3.60

Top 5 Sector as at 31/12/2011

Rank	Change	Name	%
1	▶	FINANCIALS	28.90
2	▶	OIL & GAS	25.70
3	▶	TELECOM, MEDIA & TECHNOLOGY	13.80
4	▶	BASIC MATERIALS	13.40
5	▶	INDUSTRIALS	5.00

Top 5 Region as at 31/12/2011

Rank	Change	Name	%
1	▲	PACIFIC BASIN	24.80
2	▶	AMERICAS	23.60
3	▼	EUROPE EX UK	22.60
4	▶	ASIA PACIFIC	18.50
5	▶	INTERNATIONAL	3.50

Top 5 Asset Classes as at 31/12/2011

Rank	Change	Name	%
1	▶	ASIA PACIFIC EQUITIES	43.30
2	▶	INTERNATIONAL EQUITIES	30.60
3	▶	EUROPEAN EQUITIES	22.60
4	▶	UK EQUITIES	3.50