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# Press Release



## Allianz Global Investors & RCM Eye China For Business & Investment Growth Opportunities

### Leading Regional Distributor Clients in Shanghai To Explore “New Investment Horizons”

(9 June 2010, Shanghai): Allianz Global Investors (“AllianzGI” or the “Group”), one of the largest global asset management groups, and RCM, a world-leading asset management firm within the Group, were in Shanghai today, to address its Asia Pacific clients on the outlook of the global markets and on key investment themes for the coming year.

AllianzGI is part of the Allianz Group in Germany, one of the largest insurance and asset management solutions providers in the world. With over EUR 1.42 trillion (approx. RMB 13.9 trillion<sup>1</sup>) of assets under management (AUM), AllianzGI is the third largest asset management group globally. The Group owns a number of world-class asset management brands, including RCM which offers active investment strategies from its network of offices around the world. RCM aims to deliver superior and consistent investment results for its clients by exploiting an information advantage, a philosophy coined as “RCM Informed”.

“With the world’s attention on Shanghai and China, both due to the World Expo as well as the country’s economic might, we are delighted to share the dynamic energy of the city with our key clients from around the region. It epitomizes the Group’s view of the enormous potential of China, both from a business development and investment opportunity standpoint,” said Mr. Douglas Eu, Chief Executive Officer of Allianz Global Investors Asia Pacific GmbH.

According to Mr. Eu, Asia (ex-Japan) as a region offers the most attractive potential for growth for the global asset management industry as a whole. Based on an earlier industry report, Asia is estimated to grow at a compound annual growth rate (CAGR) of 11% between 2008 and 2013, compared to 4% in Japan and 5% in both US and Europe<sup>2</sup>. In 2009, AllianzGI’s aggregate AUM in Asia Pacific has grown by 40% year-on-year to EUR 83.7billion (approx. RMB 820billion<sup>1</sup>).

<sup>1</sup> Exchange rate: CNY/EUR: 9.7971, as at 31 December 2009.

<sup>2</sup> Source: Cerulli Associates.

“With China's strong economic growth momentum, its high savings rate and a rapidly growing affluent class with increasing investment sophistication, we are optimistic of the exponential growth potential of the fund management industry. Indeed, Allianz was the first to establish a joint venture fund management company in China. We are also active in exploring collaboration business opportunities with financial institutions operating in China with Qualified Domestic Institutional Investor status, to develop foreign retail fund investment solutions,” he added.

Rising from the financial crisis of 2008 and 2009, investor risk aversion has heightened and the demand for information and transparency has grown. “Investor education and the information advantage are key client servicing competencies for asset management groups in this environment. That is why we are partnering with RCM to bring to our clients the latest international, first-hand perspective of investment topics relevant to today's volatile and continuously evolving markets,” said Mr. Eu.

Entitled “New Investment Horizons”, the AllianzGI-hosted event brings together the leading distributors of fund products from around the region, and features a 1.5-day program that is rich in insights and investment ideas from the top international investment professionals of RCM.

Speaking at an exclusive forum for the regional media, Mr. Andreas Utermann, the Global Chief Investment Officer of RCM, shares Mr. Eu's bullish views on China. According to Mr. Utermann, the growth of emerging economies will transform the global economic power and capital markets, and China is likely to continue to shine, both on its own right as well as in the context of the growing might of the BRIC economic bloc. The BRIC economies include Brazil, Russia, India and China.

“Our view is that the BRIC story has been unfolding at a faster-than-expected pace over the past decade, and amongst the BRIC countries, China has been the clear economic winner. During this period, its gross domestic product grew by US\$3.5 trillion while the US GDP rose by US\$4.7 trillion. In other words, China has added about 75% of what the US did to the world's GDP even though it started the decade at about one-ninth the size,” he said.

Since 2007, BRICs contribution to global growth has risen to 45%, with domestic demand rather than exports as the main driver of real GDP growth. The financial crisis has further heightened the importance of the BRIC countries which have become more engaged in international discussions. Meanwhile, intra-BRIC trade has also increased significantly in the last ten years. India's trade, for example, has risen nearly six times with BRIC partners.

According to Mr. Utermann, China is likely to surpass the US as the world largest economy in 2027, at least eight years ahead of earlier estimates, while the BRIC economic bloc is likely to pass the Group of Seven economies in 2032.

Commenting on the broader recovery in the Asian region, Mr. Utermann said that it is looking increasingly sustainable, and it seems increasingly less likely that monetary or fiscal policy will be a risk

to economic growth, but rather a catalyst for the volatile path toward 'normalization'. "For the coming quarters, Asia should experience the not-too-hot, not-too-cold Goldilocks environment which is characterized by strong GDP growth and relatively benign consumer price index inflation. This might likely turn out to be one of the best years of economic growth in decades," he said.

As for future investment themes, Mr Utermann said that the lack of global resources will determine investor behavior and the product range of asset managers. "Ageing societies and demographic trends around the world will determine investment themes and product demand. Environmental and sustainability themes will force asset managers to change investment focus and product range. We expect future investment opportunities will be in environmental related aspects such as eco-energy, pollution control and clean water," he said.

Commenting on the outlook of the global equities market in 2010, Mr. Utermann said, "We believe that there will be an overall upside trend. Three key attributes can be seen: growth, quality and dividend yields. Those businesses that are able to grow their revenues consistently should trade at a significant premium. Those companies with the strongest technology, brands and market positions will be more able to hold onto customers, maintain or increase prices and deliver robust profits and cash flows. Strong management teams and appropriate incentivization and control structures will also become more important in tough times," he said.

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### **About Allianz Global Investors**

Allianz Global Investors AG (AllianzGI), a member of the Allianz Group, is a management holding company of a network of investment specialists in the most important institutional and retail markets around the world. Through PIMCO, RCM, Allianz Global Investors Capital<sup>3</sup> (NFJ, Nicholas-Applegate, Oppenheimer Capital) and several other specialist firms, AllianzGI offers its clients a broad variety of investment competencies, covering all equity and fixed income investment styles as well as balanced products and alternative investments.

With USD1,690 billion<sup>4</sup> in assets under management (AUM), AllianzGI ranks among the top investment management companies worldwide. Through its network of approximately 4,750 employees<sup>5</sup> around the globe, including more than 1,000 investment professionals, AllianzGI is able to leverage local expertise and market knowledge to its clients all over the world.

Founded in 1890 and headquartered in Munich, Germany, Allianz Group is one of the world's largest asset managers with AUM of USD 2.04 trillion<sup>4</sup> and a financial strength rating of AA by Standard & Poor's.

Company website: [www.allianzglobalinvestors.com.hk](http://www.allianzglobalinvestors.com.hk)

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<sup>3</sup> Allianz Global Investors Capital ("AGIC") was established in mid-2010 as a result of the integration of AllianzGI's specialist US equities platforms, NFJ Investment Group, Nicholas-Applegate Capital Management and Oppenheimer Capital.

<sup>4</sup> Source: Allianz Global Investors, as at 31 Dec 2009.

<sup>5</sup> Source: Allianz Global Investors, as at Mar 2010.

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