

## Allianz Global Floating Rate Notes Plus



Overall Morningstar Rating™

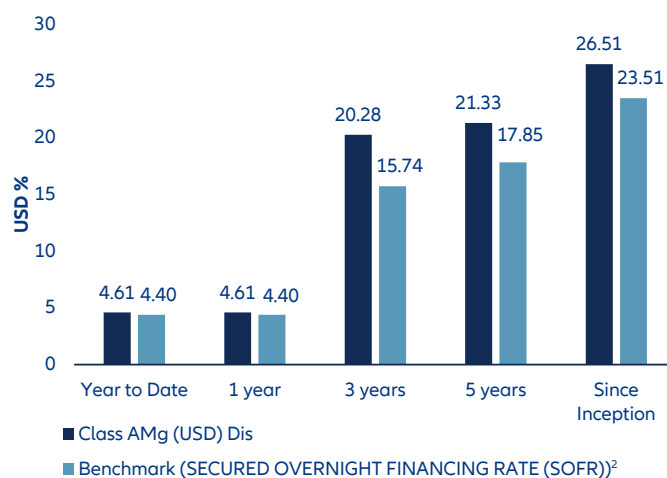
- The Fund aims to capture income from a global universe of floating-rate notes and seeks potential for long-term capital growth in accordance with environmental and social characteristics. With the adoption of the socially responsible investment (“SRI”) (Proprietary Scoring) strategy (“SRI (Proprietary Scoring) Strategy”), the Fund takes into account sustainability factors based on United Nations Global Compact Principles and follows the principles of SRI. The Fund does not constitute as an ESG fund pursuant to the SFC’s circular issued on 29 June 2021.
- The Fund is exposed to significant risks of investment/general market, currency, creditworthiness/credit rating, interest rate, default, valuation, volatility and liquidity, and sovereign debt.
- The Fund is exposed to risks relating to SRI (Proprietary Scoring) Strategy investment (such as foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities when it might be disadvantageous to do so). The Fund focuses on SRI which may reduce risk diversifications and may have an adverse impact on the performance of the Fund.
- The Fund may invest in high-yield (non-investment grade and unrated) investments which may subject to higher risks, such as volatility, loss of principal and interest, creditworthiness and downgrading, default, interest rate, general market and liquidity risks and therefore may increase the risk of loss of original investment.
- The Fund may invest in financial derivative instruments (“FDI”) which may expose to higher leverage, counterparty, liquidity, valuation, volatility, market and over the counter transaction risks. The Fund’s net derivative exposure may be up to 50% of the Fund’s net asset value.
- This investment may involve risks that could result in loss of part or entire amount of investors’ investment.
- In making investment decisions, investors should not rely solely on this material.

**Note:** Dividend payments may, at the sole discretion of the Investment Manager, be made out of the Fund’s capital or effectively out of the Fund’s capital which represents a return or withdrawal of part of the amount investors originally invested and/or capital gains attributable to the original investment. This may result in an immediate decrease in the NAV per share and the capital of the Fund available for investment in the future and capital growth may be reduced, in particular for hedged share classes for which the distribution amount and NAV of any hedged share classes (HSC) may be adversely affected by differences in the interests rates of the reference currency of the HSC and the base currency of the Fund, particularly if such HSC are applying the IRD Neutral Policy.

### Market Review

Global Investment Grade (IG) credit remained resilient amid political uncertainty in different parts of the world. Global IG credit spreads widened marginally. On a sector basis, Utilities led, driven by strong demand from hyperscaler data-center build-outs and the resulting need for power infrastructure. In financials, US banks reported strong Q3 results, though concerns about exposure to non-bank financial institutions have risen following recent bankruptcies involving alleged fraud. In technology, AI-related corporate bond issuance accelerated sharply, with major US tech firms tapping the market to fund data-centre and cloud infrastructure build-outs. Overall, carry, resilient fundamentals, and well-absorbed primary supply underpinned excess returns for the quarter.

### Allianz Global Floating Rate Notes Plus (the Fund) performance - Class AMg (USD) Dis.



Source: IDS, as at 31 December 2025. Class AMg (USD) Dis performance is calculated on NAV to NAV basis with gross dividends re-invested. Fund performance information: 4.61% (YTD to December 2025), 6.66% (2024), 7.80% (2023), -0.19% (2022), 1.06% (2021) and -0.10% (2020). Inception date: 16 July 2018. Past performance is not indicative of future performance.

Economic data was mixed. The suspension of key federal data releases during the US government shutdown posed a significant challenge for investors and policymakers. The US Federal Reserve (the Fed) delivered two 25-basis-point rate cuts during the quarter. However, its latest “dot plot” showed a slowdown in future rate cuts, with just one more cut in 2026 and another in 2027.



## Performance

The Fund generated positive return in Q4 2025, ahead of its cash reference index (Secured Overnight Financing Rate, SOFR in USD).

Positive absolute performance was generated by attractive underlying yields inbuilt within the Fund. Credit spread carry contributed positively to relative performance. Consumer non-cyclicals were the strongest contributors, followed by consumer cyclicals and banks, whilst insurance lagged over the quarter.



## Portfolio Activity

With approximately 1.6y of corporate contribution to spread duration (CTSD), we maintained an overall conservative position with a quality bias. We selectively participated in the primary market and continued to add to our high-quality securitized exposure over the quarter, now contributing 0.6y. We remained tactical in trading around our credit default swap index high yield (CDX HY) overlay, currently long protection, 0.2y CTSD, responding to evolving valuations.

We maintained the interest rate duration of the portfolio at around 0.5y.



## Outlook<sup>3</sup>

We view the global corporate market as fair to modestly rich, with current valuations supported by solid Q3 earnings. Looking ahead to 2026, we expect spread to remain supported by the strong technical and fundamental picture. We continue to favour higher-quality issuers and maintain a preference for

securities from higher up in the capital structure. We also remain active in the primary market to capture new issue premiums.

We retain our high conviction to financials, given that bank fundamentals are broadly solid, with stable asset quality, strong capital and profitability reflected by continued strong earnings results. Our analysis of banks' exposure to non-bank financial institutions (NBFIs) does not induce us to alter our conviction. However, we have reduced our relative exposure to the sector, based primarily on valuations; spreads have compressed considerably since the Credit Suisse event in 2023.

We prefer non-cyclical industrials and remain cautious on consumer cyclicals, given the continued downside risk to growth and higher expected interest costs. Given the relative value to financials, risks in the sector appear to be skewed to the downside. In general, the consumer sector also screens as more vulnerable to tariff-related pressures, given the reliance on global supply chains. Artificial Intelligence (AI) CAPEX is an increasing supply overhang for a number of sectors and issuers. However, for the majority of companies, very strong starting fundamentals and cash generation of core businesses mean fundamental deterioration will be limited but selectivity by issuer is key.

Large-cap merger and acquisition (M&A) trended up in 2025, as the year's total number of deals with at least USD10 billion in transaction value worldwide climbed to the highest level in a decade. This can be both a positive and negative catalyst for spreads, but emphasises the need to focus on idiosyncratic risk in the context of tighter valuations.

We are constructive on securitised products as relative value looks compelling to corporates. The asset class continues to benefit from a supportive macro environment that has resulted in stable credit trends on underlying assets. Structures include credit enhancement and other structural protections as well as tests and covenants that protect bondholders, particularly at the AAA level.

Overall, we are comfortable maintaining a defensive posture for now and will be patient in increasing exposure. Our modest risk positioning provides us with high flexibility to capitalise on any volatility.



**SPECIAL FEATURE | The “plus” of the fund - adding value through the cycle**

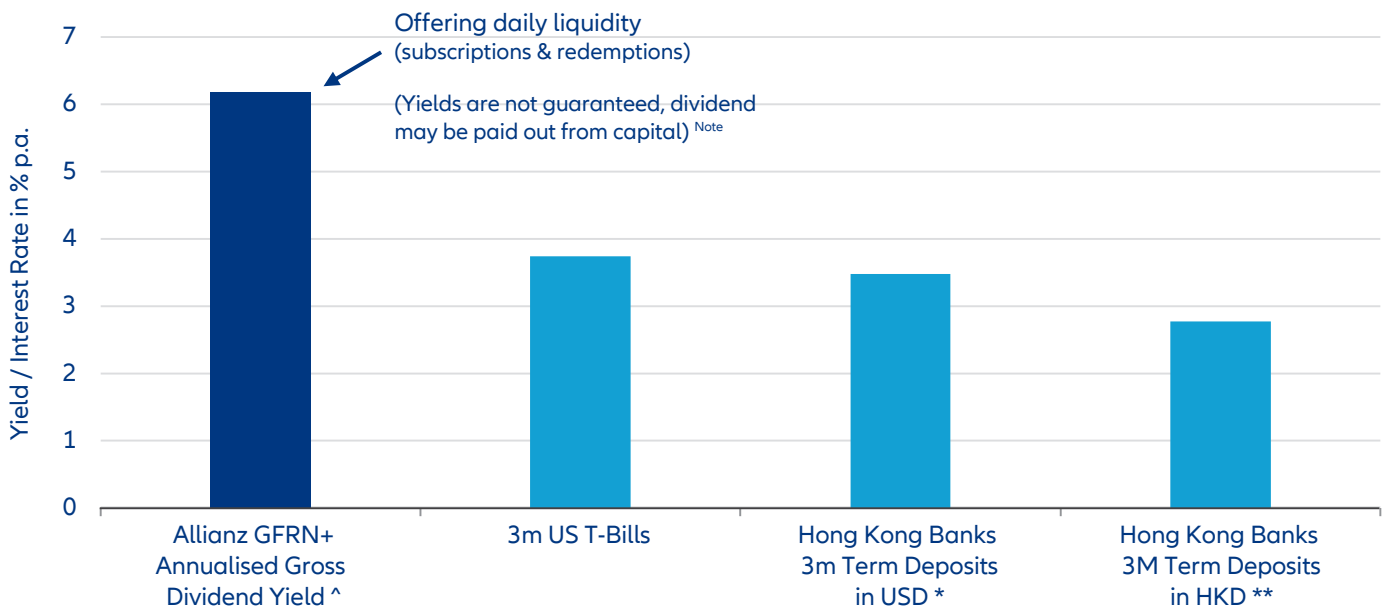
A frequently asked questions by investors currently is about the outlook for the fund in a lower interest rate environment. We have written several notes and articles about the merits of Floating Rate Notes (FRNs) across market cycles. One important aspect we would like to examine more closely in this special feature article is Allianz Global Floating Rate Notes Plus’ ambition to outperform cash alternatives.

**Investors are holding record amounts of cash**

Monetary and fiscal stimulus has flooded the system with liquidity. The pandemic-era money supply surge, combined with rapid rate hikes post-pandemic drove investors into money market funds.

However, deposit rates and money market fund returns are typically lower than money market reference rates. The yield of Allianz Global Floating Rate Notes Plus has proven to outperform the interest rate of cash.

**Yields & interest rates of cash alternatives (in %)**



^ Dividend payments are applicable for Class AMg Dis (monthly distribution), as of ex-dividend date 15 October 2025 and for reference only. Yields are not guaranteed, dividend may be paid out from capital (Class AMg). This may result in an immediate decrease in the NAV per share and may reduce the capital available for the Fund for future investment and capital growth. Positive distribution yield does not imply positive return. Annualised Dividend Yield =  $[(1 + \text{Dividend Per Share} / \text{Ex-Dividend Date NAV})^{12} - 1] \times 100$ . The annualised dividend yield is calculated based on the latest dividend distribution with dividend reinvested and may be higher or lower than the actual annual dividend yield. Dividend is not guaranteed. Historical dividend yield is not indicative of future dividend payouts. Any distributions out of the fund may result in an immediate reduction of the net asset value per share.

\* Median rate offered by 14 traditional banks for retail deposits, source: <https://www.stashaway.hk/r/best-usd-time-deposit-interest-rates-and-offers>. Source: IDS PICo, AllianzGI, StashAway, Bloomberg, as of 1 December 2025.

\*\* Source: Bloomberg, as of 1 December 2025.

The information above is provided for illustrative purposes only, it should not be considered a recommendation to purchase or sell any particular security or strategy or an investment advice. Past performance, or any prediction, projection or forecast, is not indicative of future performance.

## What enables Allianz Global Floating Rate Notes Plus to outperform its benchmark through time?

Whilst money market funds are strictly limited in terms of bond maturities, currency denomination and credit quality they can invest in, Allianz Global Floating Rate Notes Plus has a much wider opportunity set:

- The Fund can buy longer-dated corporate and securitized FRNs, allowing it to earn additional income and benefit from “rolling down” the curve as bonds shorten in maturity.
- The Fund can buy bonds across different rating categories and across different currencies globally (on a hedged basis).

- We have flexibility to adjust the interest rate duration within a range of 0 to 1y to help preserve income when entering a monetary easing environment.

The Fund owns a diversified portfolio of securities based on in-house fundamental research, and it is our ambition to generate alpha from issuer selection and sector rotation besides managing the credit beta of the portfolio.

We believe that - especially in a lower-rate environment - a global opportunity set and flexibility for active management with FRNs can add value versus cash alternatives, whilst staying ahead of interest rate swings when markets shift.

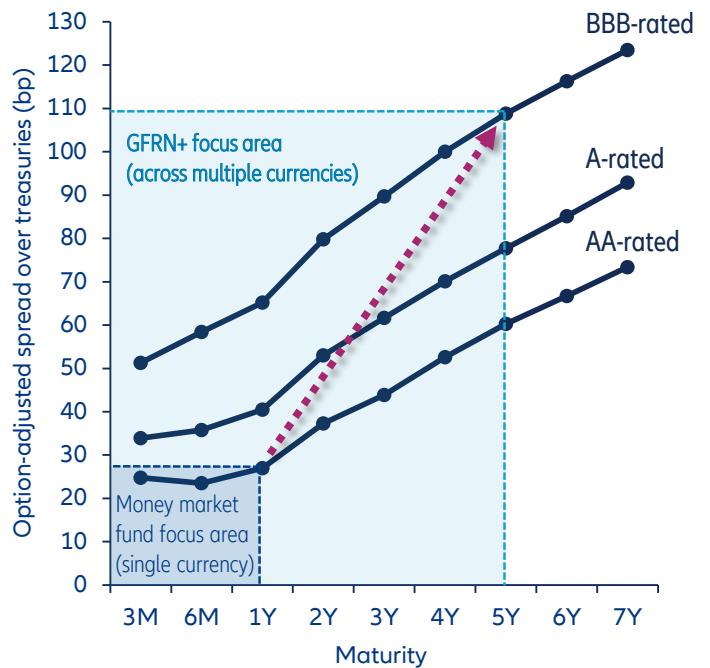
### Investment limits & focus<sup>^</sup>

	US money market funds	Allianz Global Floating Rate Notes Plus (GFRN+)
<b>Individual bond maturity</b>	Max. 13 months limit for fixed rate bonds	Focus on 0 - 5y
<b>Portfolio duration</b>	Max. 2 months limit	0 - 1y limit
<b>Portfolio spread duration</b>	Max. 4 months limit	c.1.5 - 3y focus historically
<b>Currency denomination</b>	Limited to USD-denominated bonds	Focus on <b>global currencies</b> , hedged to USD
<b>Credit quality</b>	Minimal credit risk limit (formerly: A-1 / P-1 / F1)	<b>Investment grade focus</b> , max. 30% High Yield limit
<b>Securitized credit</b>	Focus on asset-backed commercial paper, narrow maturity & credit spectrum	Max. 25% limit with <b>broad maturity spectrum</b> & ability to capitalize on credit opportunities

<sup>^</sup> Limit = legal / prospectus investment restriction / Focus = discretionary, typical strategy profile.

Source: AllianzGI, Bloomberg, as of 31 December 2025. There is no guarantee that these investment strategies and processes will be effective under all market conditions and investors should evaluate their ability to invest for a long-term based on their individual risk profile especially during periods of downturn in the market. Past performance, or any prediction, projection or forecast, is not indicative of future performance.

### GFRN+ vs Money Market Fund opportunity set (USD corporate bond spread curves shown)



## Portfolio Managers



**Carl Pappo**  
CIO Core Fixed  
Income



**Oliver Sloper**  
Lead Portfolio  
Manager, Global  
Investment Grade



**Fabian Piechowski**  
Senior Portfolio  
Manager



**Lukas Gabriel**  
Senior Portfolio  
Manager

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All data are sourced from Allianz Global Investors/ IDS, as of 31 December 2025 unless otherwise stated.

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- <sup>2</sup> The Benchmark Index was US DOLLAR 3 MONTHS LIBOR (valid until 30 September 2021). From 1 October 2021, the Benchmark Index is SECURED OVERNIGHT FINANCING RATE (SOFR). The Benchmark Index changed as it is expected that the publication of LIBOR will cease in or before 2023.
- <sup>3</sup> The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management’s current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. We assume no obligation to update any forward-looking statement.

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Investment involves risks, in particular, risks associated with investment in emerging and less developed markets. Past performance is not indicative of future performance. Investors should read the offering documents for further details, including the risk factors, before investing. This material and website have not been reviewed by the Securities and Futures Commission of Hong Kong. Issued by Allianz Global Investors Asia Pacific Limited.

Investing in fixed income instruments (if applicable) may expose investors to various risks, including but not limited to creditworthiness, interest rate, liquidity and restricted flexibility risks. Changes to the economic environment and market conditions may affect these risks, resulting in an adverse effect to the value of the investment. During periods of rising nominal interest rates, the values of fixed income instruments (including short positions with respect to fixed income instruments) are generally expected to decline. Conversely, during periods of declining interest rates, the values are generally expected to rise. Liquidity risk may possibly delay or prevent account withdrawals or redemptions.

The Fund is not domiciled in the Macao Special Administrative Region (“Macao SAR”), and its regulatory standards may differ from those applicable in the Macao SAR.