

Allianz Global Sustainability

Monthly commentary

- The Fund aims at long-term capital growth by investing in global equity markets of developed countries in accordance with environmental and social characteristics. With the adoption of the sustainable and 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 is exposed to significant risks of investment/general market, company-specific, emerging market, liquidity, currency (such as exchange controls, in particular RMB), and the adverse impact on RMB share classes due to currency depreciation.
- 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 or relying on information and data from third party ESG research data providers and internal analyses which may be subjective, incomplete, inaccurate or unavailable). The Fund focuses on SRI which may reduce risk diversifications and may be more susceptible to fluctuations in value.
- 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.

What Happened in February

Global equities delivered mixed returns over February as markets struggled to navigate President Trump's deliberately disruptive and unpredictable agenda. Chinese stocks surged, boosted by strength in technology companies. In the meantime, European equities continued to outperform US stocks fuelled by strong earnings revisions coming out of a solid Q4 reporting season. A fade in US exceptionalism led to inflows into Europe. Hopes that Trump tariffs can be negotiated before they start and ramping up European Central Bank (ECB) rate cut expectations as well as a potential Ukraine peace deal all supported the performance of European equities.

We have seen some broadening of performance in the US market, with the Magnificent 7[^], following a strong performance post the election, now having dropped sharply from their peak in December.

Portfolio Review

Our positive sector allocation was offset by negative stock selection over February.

Stock selection within healthcare and technology proved particularly disappointing over the month.

The top detractor over the month was our holding in an American technology conglomerate. The company posted results that were broadly in line with expectations although the cloud business grew slightly less than the market had hoped. Increased capex spending also comes at a time when DeepSeek has rattled confidence in artificial intelligence (AI) capex intensity which soured sentiment on the stock.

Political uncertainty around the healthcare sector has affected our holdings negatively. Both UnitedHealth* and a laboratory equipment and instruments supplier feature amongst the top detractors over the month. The latter was weak on government healthcare spending cuts although this is a small part of the business. On top of the concerns affecting the sector, UnitedHealth* was also impacted negatively by an article in the Wall Street Journal reporting that the company might face further investigation into their billing practices. The valuation presents a compelling opportunity in the face of negative hurdles.

An American real estate investment trust performed well over the month and was the top contributor to relative performance, boosted by a solid set of quarterly results. An Asian insurance company also performed well on better sentiment in Asia. A UK pharmaceutical company was a positive contribution to performance, they released a good set of quarterly numbers and reassuring guidance.

Our holding in an eyewear company also had another strong month of performance having delivered a strong set of results, reiterating the solid contribution of their AI glasses and their strong future growth and contribution potential. Their hearing aid wearables was also announced which is a brand new category of growth for the company.

Outlook and Strategy

Between all the tariffs back and forth, geopolitical re-alignment as well as US data showing signs of a slowdown, markets have become unsurprisingly nervous; in that context we feel comfortable with the positioning of the fund.

While we are constructive on equities, and particularly our portfolio, it is clear that current valuations are unlikely to push markets higher and for 2025 it will be earnings that are more responsible for market moves.

Tariff weaponisation contrasts with a potential de-escalation in Ukraine and the Middle East which should make for a dynamic risk backdrop.


Higher and stubborn rates and inflation add to concerns the US fiscal position will become a focus subject that can threaten US exceptionalism. As it stands, the velocity of the US economy contrasted with Europe and Asia still makes it attractive as a region and the AI trade is still the best growth impulse of any economy.

Our strategy is very exposed to Europe and Asia relative to most global funds and any sustained weakness in US equities is a significant positive for our strategy.

Connect with Us | hk.allianzgi.com | +852 2238 8000 | Search more  Allianz Global Investors

 Like us on Facebook [安聯投資 – 香港](#)

 Connect on LinkedIn [Allianz Global Investors](#)

 Subscribe to YouTube channel [安聯投資](#)

All data are sourced from Bloomberg and Allianz Global Investors as of 28 February 2025 unless otherwise stated.

*The information above is provided for the purpose to demonstrate the Fund's investment strategy only, it should not be considered a recommendation nor investment advice to buy or sell any shares of securities. There is no assurance that any securities discussed herein will remain in the Fund at the time you receive this document.

^ Magnificent 7 refers to a group of US stocks which includes Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla. 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 material but should seek independent professional advice.

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.

Allianz Global Investors Asia Pacific Limited (32/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong) is the Hong Kong Representative and is regulated by the Securities and Futures Commission of Hong Kong (54/F, One Island East, 18 Westlands Road, Quarry Bay, Hong Kong).