

Allianz Global Sustainability

Monthly commentary

- The Fund aims at long-term capital growth by investing in global equity markets 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 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 have an adverse impact on the performance of the Fund.
- 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 interest 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 March

News flow and market volatility was shaped by the conflict that has been ongoing throughout the whole of March between US-Israel and Iran. This saw a widespread sell-off across virtually all asset classes. As a result of the conflict, the Strait of Hormuz, which sees around 20% of global oil pass through, was shut sending oil prices significantly higher touching USD 120 a barrel towards the end of the month. While this is yet to fully filtrate into inflation, central banks are aware of the potential for this to occur if the conflict is prolonged. The US Federal Reserve (Fed) kept its funds rate on hold at 3.50%-3.75% in March and commented on the risk of elevated inflation and the impact the conflict would have on growth, which gave some hope of further cuts later in the year.

On a regional basis, Asia saw significant declines as investors fled to regions and asset classes with lower beta in times of uncertainty. This was not a standout region as US and European equities also had notable declines due to the conflict. Europe, which is more reliant on importing oil, had more significant losses compared to the US.

Most sectors were down for the month with Energy being the only outlier as the rising price of oil was a direct benefit to the sector, which was up approximately 10%. Investors fled to safe-haven sectors with Telecoms being a notable performer, while more cyclical sectors, such as Consumer Discretionary, and those adversely correlated to rising energy

prices, such as Industrials, were negatively impacted. Surprisingly, gold did not act as a safe-haven asset and was also down for the month as rising yields impacted the non-yielding commodity.

Portfolio Review

The Funds' exclusion to oil and gas was a significant detractor for the month, which saw the Energy sector rally due to the rising oil prices. However, total relative losses were largely contained by stock selection within other sectors.

The rising energy prices heavily impacted on our overweight position in Industrials, which is influenced by rising energy prices with a French multinational specializing in construction materials and high-performance solutions, a French energy management & automation multinational, an Irish insulation products company and a Japanese industrial conglomerate, all among the top detractors for the month. Outside of Energy, this sector allocation hindered performance the most.

The Information Technology sector saw a significant sell-off, which was most prominent in the memory sector with a South Korean semiconductor and memory chip manufacturer and a South Korean multinational conglomerate, major in electronics and semiconductors, both down approximately 25% for the month as investors took profits on the strong rally. This benefitted the Fund which did not hold positions in these equities.

Stock selection within Materials and Financials was also beneficial for the month with a global industrial gases and engineering company, London Stock Exchange* and AIA* all marginally benefitting performance.

Conversely, stock selection in Consumer Staples did impact performance, notably Reckitt Benckiser* which was the top detractor for the month. This was largely due to margin pressure and slower volume growth reported early in March as the company commented on a weaker-than-expected cold and flu season which will impact the health segment of the business in Q1.

The Fund bought a position in a worldwide renewable energy company with operations across the full energy value chain from generation and transmission, to technical consultancy, operation and maintenance services. The business' scale and diversification across the value chain offers stability in earnings supported by a strong balance sheet. We see this as a strong beneficiary of the growing electrification theme that is becoming ever more prevalent and topical as power demand and resilience are becoming increasingly important.

Outlook and Strategy

The Iran conflict is likely to continue to dominate investor discussions in the coming weeks as a conclusive ceasefire seems to still be uncertain. While conversations between parties are beginning to emerge, we cannot predict with any confidence the extent or pace of a truce. If the disruption proves short lived, market attention should soon revert to developments in artificial intelligence (AI) and key macroeconomic indicators such as Fed policy, inflation, and labour market dynamics. However, a more prolonged escalation could pose a materially greater risk to financial markets.

We have maintained a defensive tilt within the portfolio to withstand the expected volatility in global markets over the coming weeks and months. We have also been increasing our positioning towards AI beneficiaries that will prosper from the data centre buildout and AI supercycle.

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All data are sourced from Bloomberg and Allianz Global Investors as of 31 March 2026 unless otherwise stated.

*Magnificent Seven 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. 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.