

# 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 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 August

Global equities moved higher in August. Stocks rebounded from losses on the first day of the month as President Trump's postponed 'Liberation Day' tariffs came into effect. While Russian forces stepped up the offensive in eastern Ukraine, market sentiment was lifted by dovish commentary from US Federal Reserve (Fed) Chair Jay Powell at the Jackson Hole annual symposium. This fueled expectations of a rate cut at the US central bank's September meeting and unleashed a global equity rally.

During August, materials, health care and communication services were the strongest sectors in the MSCI All Country World Index, while utilities and industrials were weakest. In currency markets, the US dollar clawed back some of its recent losses in July as US economic data remained resilient. In contrast, the euro weakened in the aftermath of the trade deal announced by Washington and Brussels.

### Portfolio Review

After a few months of underperformance, the healthcare sector performed well over August, and our overweight position contributed to positive relative returns. Within the sector, a US healthcare insurance company that had been a poor performer over the last few months had a strong rebound after it was revealed that Buffett's investment company Berkshire

Hathaway took a position in the stock. The company with its strong performance over the month was the top contributors over the month. We also saw a positive contribution from an animal health company. They had experienced issues with their drug, but we believe that this is now reflected in the current expectations.

Recent addition to the portfolio Home Depot\* performed well and featured amongst the top contributors.

Our underweight position in a technology company was detrimental over the month as the stock performed strongly. Some strong performers in the sector also experienced a reversal of performance and contributed negatively to relative returns (such as an American multinational business software company, a Japanese multinational conglomerate and Taiwan Semiconductor\*).

We sold our positions in a French multinational information technology (IT) services and consulting company and a Norwegian aluminium and renewable energy company, whilst using the weakness in a UK stock exchange and data provider to increase our position. We also initiated a position in a multinational technology company as we are turning more positive on their artificial intelligence (AI) capabilities. The company will also benefit from Trump's exemption for companies with US manufacturing, which the firm has reaffirmed its financial commitment to.

### Outlook and Strategy

The positioning of the fund continues to be relatively defensive with a focus on predictability of earnings and return in what remains an environment of economic fragility.

We believe there will be a pause in the outperformance of the Mag 7, and market returns will broaden in FY25 and beyond, as valuations and earnings revisions become less compelling for that group. In fact, we can already see dispersion of returns between them.

The Mag 7 companies are spending record levels of capex and will need to show a return on this spend shortly. Recent narrative is that demand still outweighs supply, but this is coming to the point where more questions are being asked as well as 2026 is looking like a tough year in terms of comparison.

We continue to find attractive valuations and investment cases that will work well if the market rotates away from its narrow leadership.

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All data are sourced from Bloomberg and Allianz Global Investors as of 31 August 2025 unless otherwise stated.

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