

# 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 January

Global equities advanced over January, led by European shares. While US stocks also moved higher, gains were limited by a sharp reversal in technology shares after Chinese start-up DeepSeek announced it had developed a chatbot with the same functionality as Open AI's ChatGPT – but at a fraction of the cost. The news added to the uncertainty caused by Donald Trump's return to the White House, with the president swiftly signing a raft of executive orders to progress his disruptive agenda.

US equities closed a volatile month moderately higher as investors digested a plethora of executive orders from President Donald Trump, including withdrawing the US from the World Health Organisation (WHO) and Paris Climate Accord, stepping up threats to seize control of both the Panama Canal and Greenland, forcibly evicting illegal immigrants and taking steps to shrink the federal workforce.

European equities delivered strong gains over January, with the EuroStoxx 600 Index hitting fresh highs. Shares benefitted from increased interest in the region as attractive relative valuations helped investors overlook lacklustre growth and the threat of higher US tariffs. The rotation away from richly valued US tech stocks was a further tailwind.

## Portfolio Review

Both stock and sector allocations were positive over January.

Stock selection in the US was overwhelmingly positive during the month, with strong contributions from France and the UK.

A cyber security company was one of the Fund's top performing stocks during January, with the shares rising 16%. We continue to see increases in high-profile cyberattacks and ransomware incidents globally, which has elevated the demand for advanced cybersecurity solutions. Escalating U.S.–China tensions—exacerbated by remarks from U.S. lawmakers about technology transfer policies heightens awareness further. In this environment, the company's cloud-native platform stands to benefit from an accelerated adoption rate.

Healthcare was one of the strongest performers in January, and several of the fund's top 10 contributors came from the sector. A laboratory equipment and instruments supplier rose 15% as the market's confidence in the end market demand started to increase. Although the core business has been performing well, the industry has been digesting large amounts of inventory that built up in a post-covid buying spree. Recent commentary from the company points to a normalising environment in 2025.

Shares of an eyewear company rose 13% in January. The global appetite for wearable technology has been on an upward trajectory, driven by increasing interest in devices that offer both utility and style. The company's eyewear brand is at the forefront of this technological rollout with a product developed with a social media company. The AI glasses are well positioned to capture a share of this growing market by offering a product that not only looks great but also provides tangible digital benefits—such as on-the-go information, seamless integration with social media, and potential augmented reality (AR) applications. The company is also entering the hearing aid market with its wearables and we will see new products here in 2025.

The top two largest detractors were underweight positions (no exposure) in a German listed software company, and a US healthcare company, both performed strongly over the month.

An Indian bank declined during the month alongside the broader Indian market. The company reported their third quarter earnings during the month highlighting the resilience in their business model despite some macro headwinds the Indian banking sector is currently facing.

## Outlook and Strategy

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 weaponization 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.

If and when equity markets' returns are derived in a less concentrated fashion, we would expect our portfolio to perform well.

---

Connect with Us

[hk.allianzgi.com](https://hk.allianzgi.com)

+852 2238 8000

Search more





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 31 January 2025 unless otherwise stated.

Any securities mentioned (above) is for illustrative purposes only. It should not be considered as an investment advice, or a recommendation to buy or sell any particular security or strategy.

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).