

Allianz

Thematic Income

Monthly commentary

- The Fund aims at income and long-term capital appreciation by investing in global interest bearing securities and global equities with a focus on theme and stock selection.
- The Fund is exposed to significant risks which include investment/general market, thematic concentration, thematic-based investment strategy, asset allocation, emerging market, company-specific, creditworthiness/credit rating/downgrading, interest rate changes, default, volatility and liquidity, valuation, and currency (such as exchange controls, in particular RMB), and the adverse impact on RMB share classes due to currency depreciation.
- The Fund may invest in financial derivative instruments ("FDI") which may expose the Fund to higher leverage, counterparty, liquidity, valuation, volatility, market and over the counter transaction risks. The use of derivatives may result in losses to the Fund which are greater than the amount originally invested. 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 income and/or capital which in the latter case 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 distribution unit 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 April

Global equities rebounded sharply in April. The MSCI All Country World Index (ACWI) rallied amid hopes of de-escalating tensions in the Middle East. Despite the extension of the US-Iran and Israel-Lebanon ceasefires, market jitters resurfaced as Brent crude continued to soar and the prospect of further peace talks remained unclear. In addition, Middle East tensions were exacerbated as the Israeli military stepped up its campaign of airstrikes against Lebanon, despite the agreement and extension of a ceasefire. Tensions escalated at month end amid reports that the White House was weighing renewed military strikes against Iran after US President Donald Trump rejected Tehran's offer to reopen the Strait of Hormuz in exchange for lifting the US blockade on Iranian ports. Separately, the United Arab Emirates announced that it will quit Organization of the Petroleum Exporting Countries (OPEC) next month, casting doubts over the future of the oil cartel. Turning to the MSCI ACWI, information technology and communication services were the strongest sectors, with both generating robust double-digit gains. Less positively, energy and health care finished the month in negative territory.

Global bonds advanced, recovering some of March's substantial losses. While the major central banks left interest rates on hold in April, officials generally struck a modestly hawkish tone, warning of upside risks for inflation and downside risks to growth due to the Iran war and elevated energy costs. The major 10-year government bond yields largely closed the month higher, with the UK and Japan seeing some of the largest increases. Global corporate bonds generated positive returns, with high-yield debt registering the biggest gains as risk appetite improved.

Emerging market debt (EMD) rose in April. Both local currency bonds and US dollar-denominated debt delivered positive returns, recovering much of the previous month's losses as risk appetite improved.

Portfolio Review

Over April, the fund generated a positive return after fees in USD terms (AM USD share class).

The equity investments focus on themes and topics of strong secular drives to generate long-term alpha. Overall, April highlighted investors' continued preference for AI-related growth opportunities. On the other hand, the underweight to Energy related stocks as well as the underweight to financials have been a burden for the strategy. April was a strong month for companies linked to AI infrastructure. A US semiconductor company was the standout performer, rising sharply as investors became more confident that its custom chip design wins are moving into larger-scale production. Reports of an investment from Nvidia* and collaboration with a US multinational technology company on AI inference chips further strengthened the market's view of the company's long-term growth potential.

The fixed income investments in the fund focus on global and emerging markets investment grade corporate bonds. The fixed income portfolio had a strong recovery in April after the US and Iran agreed to a ceasefire. It also has outperformed the respective universe given our robust security selections. Both developed and emerging market credits saw spread widening as risk sentiment rebounded on the hope that the reopening of Strait of Hormuz will bring down energy prices. The modest rise in government bond yield in US and Germany has slightly offset the positive impact from spread tightening. Exposures in European credits contributed positively, benefiting from the appreciation of EUR and GBP. From country perspective, Saudi Arabia, Panama and Mexico credits were among the top performers benefited from their relatively longer duration.

By the end of April 2026, the portfolio had around 60% allocation to equities, and the remaining was allocated to fixed income and cash/cash equivalent.

During April, we have slightly increased equity exposure through Asian market. Fixed income exposure remained stable.

Outlook and Strategy

While the persistent Middle East conflict is still overshadowing market developments, investors appear quite calm so far. In the meantime, attention is shifting back to corporate reportings. Investors and analysts have high expectations for earnings. They forecast earnings growth of about 13% in year-on-year terms for the US market. Moreover, overall earnings forecasts have been raised since the beginning of the year – a trend which suggests that analysts remain optimistic, not least due to a significant number of upbeat corporate guidance releases. The picture is mixed at the sector level, however. Only a handful of sectors, among them technology (and in particular AI) and energy, are expected to register major earnings increases. In Europe, earnings growth looks set to be more moderate. While individual stocks might do well, the broad-based earnings development should remain limited. In Asia, the dynamic tech sector will probably continue to be a major growth engine. As a rule, positive and negative surprises are likely to result in significant price reaction at the level of individual regions, sectors or stocks. In this environment, we recommend active management and a thorough analysis of the fundamentals, which will be key in the long term.

After a considerable rise in yields, the risk-return profile of prime bonds appears better balanced by now. On the one hand, market rates better reflect increased inflationary pressures (even though yields might rise even further in the short term if energy prices continue their uptrend), on the other, yields might decline significantly in the medium term if the tensions on the energy markets abate. In the meantime, central banks are faced with inflationary pressures and risks to growth, which means that they have to tread a fine line between price stability and support for the economy. That is why the monetary policy response is currently particularly data-dependent and uncertain. Corporate bond premiums over government bonds appear generally low in a historical comparison. In particular, high-yield bond valuations suggest that the probability of a

cyclical downturn is low. Selected emerging markets bonds still seem to offer attractive diversification opportunities in a global bond portfolio. Nevertheless, careful selection and issuer analysis are warranted in the emerging markets, too. In the short term, major shifts towards the US dollar might have an impact. In the longer run, however, Asian issuers in particular seem to offer solid fundamentals.

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 sourced from Allianz Global Investors and Bloomberg as at 30 April 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.

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.

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.