

Allianz Thematica

Monthly commentary

- The Fund aims at long-term capital growth by investing in global equity markets with a focus on theme and stock selection in accordance with environmental and social characteristics. The Fund aims to achieve the Sustainability Key Performance Indicator Strategy (Absolute Threshold) ("KPI Strategy (Absolute Threshold)"). The Fund does not constitute as an ESG fund pursuant to the SFC's circular issued on 29 June 2021.
- The Fund is exposed to significant risks of investment/general market, concentration, thematic-based investment strategy, company-specific, emerging market risks, 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 sustainable investment risks relating to KPI Strategy (Absolute Threshold) (such as foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, selling securities when it might be disadvantageous to do so, and/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 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.

What Happened in June

Global equities closed June higher as "tariff fatigue" took hold after months of heightened volatility. However, as Sino-American trade relations thawed, mounting geopolitical tensions in the Middle East moved sharply into focus. Shares sold off on news of Israeli strikes against Iran with oil prices spiking on fears of supply risks. But the risk-on mood returned as oil prices slumped after Tehran's restrained response to US strikes paved the way for a de-escalation in tensions and a ceasefire between Israel and Iran appeared to take hold.

June was a mixed month for global bonds, with US, UK and Japanese bonds rallying while euro-zone bond returns were broadly flat. US bonds were boosted by growing hopes for US rate cuts and weaker-than-expected inflation data, while yields on euro-zone government bonds rose after the European Central Bank (ECB) suggested it may be nearing the end of its rate-cutting cycle. In general, corporate bonds outperformed sovereign debt.

In currency markets, the US dollar extended its decline for most of June, hitting its lowest level in more than three years after President Trump announced that he would be writing to trading partners to outline new tariff rates after the current 90-day pause on reciprocal tariffs expires on 9 July.

De-escalating fears of a global trade war and soaring geopolitical tensions in the Middle East dominated the headlines for most of June. In monetary policy news, the European Central Bank (ECB) cut its key interest rate by 25 basis points (bps) to 2.0% amid increasing deflationary pressures on the back of President Donald Trump's erratic trade policy.

Brent crude falling back early in the month on increased supply from the Organisation of the Petroleum Exporting Countries Plus (OPEC+) before soaring because of the rapid escalation of geopolitical tensions in the Middle East. Oil prices briefly

surged to a 5-month high of USD 80 per barrel after the US launched a series of strikes on Iranian nuclear facilities amid fears that Tehran could retaliate by blocking the Strait of Hormuz. However, prices eased on news of Iran's restrained response and reports of a ceasefire between Iran and Israel, ending the month below USD 67 a barrel.

Portfolio Review

The Fund returned positively in June, performing along with global equity markets as represented by the MSCI AC World index. Theme and stock selection had both positive effect to the overall results. The exposure to Intelligent Machines as well as Digital Finance resulted positively as those themes benefitted from the strong recovery among technology-driven sectors. On the other hand, the exposure to Generation Wellbeing and Clean Water and Land slightly detracted.

A producer of flavours and fragrances struggled as investor sentiment dimmed over weakening consumer demand. An investment banking firm downgraded the stock to "underperform", citing slower growth in pet-food ingredients and uncertainty under new management, prompting profit-taking. A provider of precision motion solutions saw a sharp decline after missing profit expectations, despite adequate revenues. Softening order intake – especially from Europe and China – plus hefty valuation levels unsettled shareholders. A mining company dipped mid-June following its demerger and share consolidation. This structural change, coupled with pressure from lower commodity prices and muted trading volume, dragged on the stock.

On the other hand, Advantest* performed well after announcing a share buyback and offering stock-based rewards to its management team. This move showed strong confidence in its future and reassured investors about its growth in the semiconductor testing space. A financial services company saw a big boost after launching tokenised US stocks and exchange-traded funds (ETFs) for European customers. This new feature, along with expanded crypto offerings and artificial intelligence (AI) tools, attracted more users and renewed retail investor interest. An online platform for buying, selling, transferring, and storing cryptocurrency jumped sharply after US lawmakers passed clear crypto rules (the GENIUS Act). Strong institutional growth and positive analyst upgrades added to investor excitement.

The structural underweight to the Magnificent Seven^ has been a burden. The underweight to traditional banks has pressured performance slightly as those companies are not suitable for the Fund. Given the recently increased beta and the focus on growth-related equities, the Fund continues to benefit from the current recovery.

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Source: Bloomberg and Allianz Global Investors as at 30 June 2025 unless otherwise stated.

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^Magnificent Seven refers to a group of US stocks which includes Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla.

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