Allianz Global Investors

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 October

Global equities closed October higher. Japanese stocks were among the strongest performers, after fiscally dovish Sanae Takaichi became the first woman appointed to serve as the country's prime minister. Elsewhere, an extended US government shutdown clouded the outlook, although markets generally shrugged off jitters over escalating Sino-American trade tensions and concerns about the health of US regional banks. In late October, US President Donald Trump and Chinese President Xi Jinping agreed to postpone export controls on rare earths and semiconductors as part of a one-year trade deal, although sentiment was knocked by cautious US Federal Reserve (Fed) comments about future rate cuts.

Turning to sectors in the MSCI All Country World Index, Information Technology led the way, buoyed by a slew of upbeat Q3 earnings releases. Utilities and Health Care stocks also outperformed, while Real Estate and Materials were the weakest sectors. Financials also finished down on the month following the "Frantic Friday" sell-off, as bad debts at two regional US banks sparked credit risk concerns.

In currency markets, the US dollar was buffeted in October, initially weakening amid domestic pressures unleashed by the US government shutdown, as well as renewed trade war fears and expectations of further Fed rate cuts. However, the greenback later rebounded on trade talk optimism, strengthening further as Fed Chair Jerome Powell dashed hopes for further rate cuts in December.

Oil prices rebounded on news that the US had imposed fresh sanctions against Russia's two largest oil companies, closing the month just below USD 65 a barrel. Gold prices broke through the USD 4,000 barrier for the first time on record, rising to a fresh high of USD 4,379 amid a flight to safety as the US government shutdown rumbled on and Sino-American trade tensions returned to the fore. Profit taking and optimism about easing trade war fears triggered a sharp correction later in the month, with the yellow metal closing October at just above USD 4,000 per ounce.

Portfolio Review

The Fund returned positively (in EUR, gross of fees) in October.

Electrification benefitted especially from the large investments associated to artificial intelligence (AI) as well as government related spending plans. Clean Water and Land has been a burden to performance. Besides solid fundamental development, the underweight to the index heavyweights (Magnificent 7*) has been a major burden over the course of October. This is especially so given the strong returns among four of the Magnificent 7 stocks, which are the largest detractors from a single stock perspective, as those companies outperformed global equity markets, driven by strong earnings and investor optimism.

A Chinese manufacturer of household appliances such as intelligent sweeping robots, and a Chinese maker of lidar sensors used in driver assistance systems underperformed global equity markets, reflecting near-term operational pressures and investor caution in emerging technology segments. The former faced softer-than-expected demand for consumer robotics amid heightened competition and inventory adjustments, leading to lower-than-anticipated revenue growth and margin compression. The latter saw delays in large-scale deployment projects and cautious guidance on order intake, prompting investor rotation away from higher-risk hardware plays. Both companies' exposure to cyclical technology adoption and execution risks contributed to relative weakness, positioning them as underperformers despite long-term structural potential.

Advantest, a solid oxide fuel cell manufacturer, and a supply chain electronics manufacturing services (EMS) company outperformed global equity markets in October 2025, supported by strong earnings and exposure to AI and energy transition themes favoured by institutional investors. Advantest rose after lifting its profit forecast by 25%, driven by robust AI-related semiconductor test demand. The fuel cell manufacturer gained on record revenues, its first operating profit, and a multi-billion-dollar AI data-centre partnership. The supply chain EMS company advanced on 28% year-on-year revenue growth and upgraded 2025 guidance, reflecting strong AI infrastructure demand. Their consistent execution, thematic alignment, and improved outlooks positioned them as preferred holdings amid a selective growth environment.

Source: Bloomberg and Allianz Global Investors as at 31 October 2025 unless otherwise stated.

*The information above is provided for the purpose to demonstrate the Fund's investment strategy only, it should not be considered a recommendation nor investment advice to buy or sell any shares of securities. There is no assurance that any securities discussed herein will remain in the Fund at the time you receive this document.

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

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