

# 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 May

May brought some welcome respite for global equities following the recent tariff-related volatility. Investor sentiment was bolstered by de-escalating fears of a global trade war and a slew of positive corporate earnings releases. This overshadowed market jitters over the passage of President Donald Trump's "big, beautiful" bill of sweeping tax cuts and the launch of a new trade offensive against the European Union (EU). However, tariff whiplash was rekindled at month end, with global equities soaring on news that the New York-based Court of International Trade had blocked the US president's tariffs, before pulling back after the tariffs were reinstated by a US appeals court.

All but a handful of countries posted positive returns in May, led by offshore China and the US. At a sector level, Information Technology was the strongest performer in the MSCI All Country World Index amid a slew of positive earnings releases. Communication Services, Industrials and Consumer Discretionary stocks also posted strong returns in May, with Health Care the only sector to end the month in the red.

Global bonds sold off over May, undermined by escalating concerns that ballooning government borrowing would lead to a glut of new supply. Additionally, easing trade tensions lessened demand for safe-haven assets. Yields rose the most in the US where the 30-year Treasury yield briefly breached 5.0%. UK and Japanese long-dated bond yields also rose, although yields on eurozone bonds closed the month little changed to slightly lower. Corporate bonds outperformed government debt, particularly high yield bonds which were boosted by a more risk-on tone in equity markets.

De-escalating fears of a global trade war and thawing Sino-American tensions dominated the headlines for most of May. While the US Federal Reserve (Fed) kept rates on hold at its monetary policy meeting, President Trump's tariff uncertainty

unleashed a wave of rate cuts at key central banks, including the Bank of England (BoE) and the People's Bank of China (PBoC), as policymakers grappled with heightened downside risks to growth.

Oil prices fluctuated in May, ending the month around USD 63 per barrel. Meanwhile, gold prices eased from April's record highs, but remained elevated, ending the month just above USD 3,300 (+30% year-on-year).

## Portfolio Review

The Fund returned positively in May, performing along with global equity markets as represented by the MSCI AC World index. Theme selection has been a net positive contributor to overall performance which has been completely erased by negative contributions from stock selection over the same period. 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.

From a single stock perspective, the Fund benefitted from not being exposed to companies like a pharmaceutical company and a health insurance and health care solutions company as the Health Technology theme has been taken out from the portfolio a couple of month ago. The natural underweight to a computer and consumer electronics manufacturer has been a positive effect as the stock underperformed due to uncertainties regarding tariffs. The underweight to Microsoft\*, a graphics processing unit manufacturer, and an electric vehicle manufacturer has been a burden as all three companies benefitted from the recovery of the US Technology sector.

Although being down over the course of the year, the Fund performed well since the end of the last quarter outperforming global equity markets. A main reason for the absolute performance has been the weak development of the US dollar. The structural underweight to the Magnificent Seven<sup>†</sup> has been helpful as the market concentration has come to an end. The underweight to traditional banks has pressured performance slightly as those companies are not suitable for the Fund. The recent easing of the trade restrictions led to a positive contribution from sectors like Industrials and Materials which are benefitting from improved global economic development. Given the recently increased beta, the Fund continues to benefit from the current recovery.

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

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<sup>†</sup>Magnificent Seven refers to a group of US stocks which includes Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla.

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