Allianz
Global Investors

Allianz US Equity Fund

Monthly commentary

- The Fund aims at long-term capital growth by investing in companies of the United States of America ("US") equity markets with a minimum market capitalization of US$500 million.
- The Fund is exposed to significant risks of investment/general market, country and region, emerging market and company-specific.
- 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 February

US equity markets delivered mixed performance this month. The S&P 500 declined by –1.30%, despite reaching a new high intra-month while the Nasdaq Composite declined by –3.97%, primarily due to the underperformance of major technology stocks. The consumer staples and real estate sectors led, while consumer discretionary and communication services sectors lagged. Large-caps stocks beat small-caps, while value stocks outperformed growth stocks.

The US bond market advanced in February. The Bloomberg US Aggregate Bond Index increased by 2.20% for the month, while the 10-year US Treasury yield declined by 34 basis points to 4.24%. This performance was influenced by market uncertainty over federal government policies and a shift from a patient US Federal Reserve (Fed) toward the rising likelihood of a sooner rate cut.

Portfolio Review

For the month of February, the Strategy underperformed the benchmark, the S&P 500 Index (the Index), on a both gross- and net-of-fees basis due to favorable stock selection. Stock selection within the financials and real estate sectors contributed the most to performance. However, stock selection within industrials, information technology and communication services detracted the most.

Outlook and Strategy

The US economy casted mixed signals. The announcement of tariffs on Canada, Mexico and China, though later delayed on the first two, fueled fears of reduced growth and rising inflationary pressures. Geopolitical tensions, particularly the lack of progress in Russia and Ukraine peace talks, further contributed to market caution. The Fed maintained a cautious stance, with Chair Powell emphasizing the need to address inflation and remain independent of political pressures.

Source: Bloomberg and Allianz Global Investors dated as of 28 February 2025 unless otherwise stated.

Allianz Global Investors and Voya Investment Management entered into a long-term strategic partnership on 25 July 2022, upon which the investment team transferred to Voya Investment Management. This did not materially change the composition of the team, the investment philosophy nor the investment process. Management Company: Allianz Global Investors GmbH. Delegated Manager: Voya Investment Management Co. LLC ("Voya IM").