

# 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 August

US equity markets recovered in August after approaching correction territory (a decline of 10%) earlier in the month, led by a broad rally across multiple sectors. The S&P 500 Index grew by 2.43% while the technology-heavy Nasdaq Composite Index inched up by 0.65%. Large caps beat small caps and value stocks modestly outperformed growth stocks.

The US bond market advanced during the month on expectations of an impending interest rate cut in September. At the US Federal Reserve's (Fed) annual meeting in Jackson Hole, Wyoming, Fed Chair Powell indicated that "the time has come for policy to adjust" and reiterated that the central bank will rely on incoming economic data, the evolving outlook and the balance of risks in determining the pace and timing of rate cuts. The Bloomberg US Aggregate Bond Index rose by 1.44%, while the 10-year US Treasury yield slipped 18 basis points, settling at 3.91% at month end.

#### Portfolio Review

For the month of August, the Strategy underperformed the benchmark, the S&P 500 Index (the Index), on a both gross-and net-of-fees basis due to unfavorable stock selection. Stock selection was the main reason for underperformance. Stock selection within consumer staples, industrials and financials sectors detracted the most. Stock selection within the communication services, health care and information technology sectors contributed the most to performance.

## Outlook and Strategy

The resilience of the US economy persists. The Fed left interest rates unchanged at its July meeting, but markets have fully priced in a September rate cut after the central bank noted further progress on taming inflation as the labor market softens. Despite the effects from continued monetary tightness, economic growth remains strong, driven by gains in payrolls and productivity. Consumer spending is stable, supported by a significant increase in household net worth. However, consumer confidence remains below average due to the lasting impact of higher prices.

Strong earnings momentum—which could continue through the rest of this year—has supported US stocks. The growth and quality of earnings have justified expensive stock valuations, particularly in mega-cap technology stocks. However, we expect the rally to broaden, with value-oriented and smaller cap segments taking the lead. The economic soft landing and anticipated rate cuts should create favorable conditions for US stocks, despite potential near-term pullbacks.

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Source: Bloomberg and Allianz Global Investors dated as of 31 August 2024 unless otherwise stated.

**Allianz Global Investors and Voya Investment Management (Voya IM) have entered into a long-term strategic partnership, and as such, as of 25 July 2022, the investment team transferred to Voya IM and Voya IM became the delegated manager for this fund. AllianzGI continues to provide information and services to Voya IM for this investment through a transitional service agreement.**

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