JULY 2026

Global Equity Compass

AI's expanding opportunity set

Michael Heldmann
CIO Equity

Global equity markets continued to show resilience in June, with investors looking through geopolitical tensions and policy uncertainty to focus on robust economic data, supportive earnings and the long-term growth opportunities associated with artificial intelligence. While AI-related stocks remain an important driver of performance, enthusiasm has broadened beyond sectors that dominated the market over the past two years. At the same time, investors are increasingly focused on the physical infrastructure required to support the next phase of AI adoption, including power generation, electricity networks and data-centre capacity.

Against this backdrop, attention is shifting from the companies building AI to those deploying it, with traditional sectors such as manufacturing, agriculture and logistics particularly well positioned to benefit from AI-driven improvements. The key question for investors is which companies will be able to convert productivity gains into sustainable margin expansion and stronger competitive position.

Global Equity Compass | What to watch

1 AI story evolving

The AI opportunity set continues to evolve as the focus shifts from model training towards real-world adoption. While demand for GPUs remains strong, investors are paying attention to the broader ecosystem supporting AI, including power generation, electricity networks, and cooling systems. Physical infrastructure will be a key enabler of the next phase of AI growth.

2 A broadening market

Value stocks continue to offer diversification benefits. While growth-oriented sectors remain an important driver, broader market participation and a more uncertain macroeconomic backdrop are encouraging investors to look beyond a narrow group of market leaders. Companies with attractive valuations and resilient cash flows should be well positioned if market leadership continue to broaden.

3 Strategic autonomy

Energy security is becoming a central pillar of the strategic autonomy agenda. Governments continue to prioritise investment in power generation, electricity networks and broader energy infrastructure alongside defence, digital infrastructure and supply-chain resilience. Greater opportunities are thus emerging across areas such as power, industrial technology, critical resources, and grid modernisation.

Equity market data

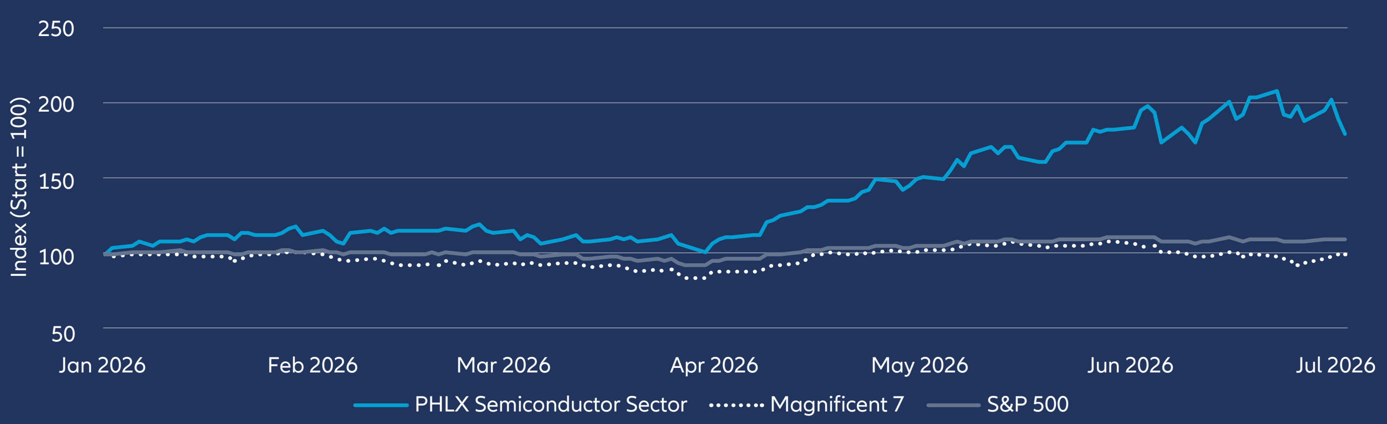
Market indices	3M	12M	YTD	12M fw. PE
MSCI World	12.20%	19.18%	9.30%	18.803
MSCI EM	19.47%	39.17%	22.58%	11.516
MSCI World SC	12.19%	25.33%	15.27%	-
MSCI World LC	12.75%	20.00%	9.22%	-
MSCI World Growth	15.82%	19.26%	7.67%	-
MSCI World Value	9.04%	18.72%	10.95%	-
USA				
S&P 500	13.68%	20.17%	9.32%	20.081
Nasdaq 100	21.97%	29.54%	16.16%	23.547
EUROPE				
MSCI Europe	8.66%	17.11%	7.69%	14.871
Dax 40	11.27%	7.71%	5.26%	14.614
CAC 40	6.85%	9.72%	4.40%	14.176
SMI	11.11%	20.42%	8.72%	17.658
FTSE 100	2.33%	21.03%	7.53%	12.289
ASIA				
Topix	11.51%	43.68%	19.23%	16.366
CSI 300	9.04%	22.03%	4.58%	15.807
Nifty 50	6.86%	-4.47%	-7.11%	19.022

Source: Allianz Global Investors E&S team, 30 June 2026.

Market review – style lens

- Resilient, higher quality stocks (“Quality”) delivered broadly neutral performance in June. Investors continue to appreciate companies with strong balance sheets and dependable earnings, but current market sentiment limited demand for defensive characteristics.
- Attractively valued stocks (“Value”) had a challenging month, making them the weakest-performing major style factor in June. Investor preference remained firmly focused on companies demonstrating historically stronger growth prospects and positive earnings momentum, leaving lower-valued stocks lagging despite ongoing discussion around market broadening.
- Stocks that have shown recent strong performance (“Momentum”) were the leading investment style in June. Extant market trends, combined with investor enthusiasm for companies delivering strong earnings and positive revisions, provided a supportive environment.

Chart of the month: AI hardware drives new market leaders



Source: AllianzGI, as of July 2026.

While AI remains a dominant market theme, leadership within the theme is evolving. Semiconductors have been the primary beneficiaries in 2026, substantially outperforming both the Magnificent 7 and the broader S&P 500. The sharp acceleration from April onwards highlights continued confidence in AI-related capital expenditure and infrastructure spending.

By contrast, returns from the Magnificent 7 have been comparatively muted. Following weakness in the first quarter, the index recovered during April and May but remained close to flat for the year overall. The S&P 500 delivered steadier gains, advancing gradually throughout the period and ending June modestly higher.

July 2026

MACS-P-21145536

ADM-5736745