Allianz Global Investors

Allianz Best Styles Global Equity

Monthly commentary

Investment Objective

The Fund aims at long-term capital growth by investing in global equity markets.

What Happened in July

Global equities rose modestly in July, bolstered by progress in US trade talks for most of the period. A positive start to the Q2 earnings season also boosted stocks, although gains were capped after President Trump stepped up his campaign against US Federal Reserve (Fed) Chair Jerome Powell, raising concerns about the central bank's independence, as well as by ongoing geopolitical tensions. Turning to sectors, Information Technology and Energy were the strongest sectors in the MSCI All Country World Index, followed by Utilities. Conversely, the Health Care and Consumer Staples sectors generated negative returns in July.

Portfolio Review

In July, the Fund returned positively (in EUR, gross of fees).

In July global investment styles had weaker relative returns. Our predominant investment style Value performed in line. At the same time, the trend-following styles Revisions and Growth as well as Quality detracted from relative performance, while Momentum supported.

Market Outlook

Overall, we remain cautiously optimistic for the equity markets, with Europe and Asia currently appearing more attractive than the US in a regional comparison. While corporate earnings in general look set to suffer from the subdued global growth outlook and the US import tariffs, we continue to expect moderate earnings growth in Europe in 2025 and a considerable acceleration in 2026. We foresee a positive impact from the likely improvement in the macroeconomic conditions, companies' efforts to adapt to the new tariff regime and abating foreign exchange (FX) effects. US earnings growth looks set to pick up in 2026, too, but less than that in Europe. As a result, the "earnings growth gap" between the US and Europe is likely to narrow, which means that an important reason for the current valuation discount of European versus US equities should lose significance. Numerous emerging markets appear promising as well, given that they benefit from a strong domestic momentum and solid fundamentals as well as from the US dollar depreciation, better earnings opportunities and favourable political framework conditions. However, we may be in for significant equity market volatility due to persistent geopolitical risks and the fact that markets are, at times, driven more by sentiment than by fundamentals. In the longer term, a thorough analysis at the single stock level remains key in order to reduce company-specific risks and benefit from return opportunities.

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All data are sourced from Bloomberg and Allianz Global Investors as of 31 July 2025 unless otherwise stated.