Allianz Global Investors

Allianz Dynamic Multi Asset Strategy SRI 50

Monthly commentary

Investment Objective

The Fund aims at long-term capital growth by investing in a broad range of asset classes, with a focus on global equity, bond and money markets in order to achieve over the medium-term a performance comparable to a balanced portfolio within a volatility range of 6% to 12% in accordance with E/S characteristics. The assessment of the volatility of the capital markets by the Investment Manager is an important factor in this process, with the aim of typically not falling below or exceeding a volatility of the share price within a range of 6% to 12% on a medium to long-term average, similar to a portfolio consisting of 50% global bond markets (hedged to EUR) and 50% global equity markets.

What Happened in February

Global equities delivered mixed returns in February as markets struggled with President Trump's unpredictable policy agenda. Chinese stocks surged, driven by strength in Technology companies, while European equities advanced on optimism over a potential resolution to the war in Ukraine. In contrast, US and Japanese stocks declined, with US equities pressured by rising inflation expectations and weaker economic data. Defensive sectors, including Consumer Staples, outperformed, while Consumer Discretionary and Communication Services stocks lagged. Emerging markets ended slightly higher, led by gains in Eastern Europe.

Global bonds posted positive returns in February, with US Treasuries rallying as slowing economic momentum fuelled demand for safer assets. European government bonds also rose but underperformed US Treasuries, as expectations of increased defence spending weighed on fiscal outlooks. Japanese government bonds declined.

Portfolio Review

Against this backdrop, the Fund posted a negative performance. We increased equity allocations while slightly reducing exposure to fixed income, and maintaining our position in commodities. Within satellite investments, we raised exposure to sustainable European equities and Japanese equities, while scaling back positions in US small caps, sustainable US equities, and emerging market equities.

Additionally, we initiated a position in a gold producers ETF to capitalise on the recent strength in gold prices. To mitigate downside risk, we established a new long VIX position, which stands to benefit from heightened market volatility. Furthermore, we acquired long puts on the US and EuroStoxx equity markets to enhance downside protection. In addition, the weighting of US equities was reduced in favour of European equities. The portfolio changes were implemented based on a combination of signals from both fundamental and quantitative analyses.

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All data are sourced from Bloomberg and Allianz Global Investors as of 28 February 2025 unless otherwise stated.