

Allianz Global Hi-Tech Growth

Monthly commentary

Investment Objective

The Fund aims at long-term capital growth by investing in global equity markets with a focus on the information technology sector or on an industry which forms part of this sector in accordance with environmental and social characteristics.

What Happened in March

Politics continued to play a major role in the performance of stock markets as the anticipation of Trump's trade tariffs in April weighed on investor sentiment and made it hard for companies to anticipate the potential impact. This was the major takeaway from our meetings with Technology companies during the month as team members attended conferences in the US.

Whilst Q4 results have generally been positive, particularly for Technology firms, the upcoming Q1 results for 2025 could be one of the most challenging earnings seasons since the COVID pandemic began in 2020. For those companies in the MSCI World Index that have reported results for Q4 2024 (calendar year 2024), 59% beat revenue estimates and 66% beat earnings estimates. Within the Technology component of the same index, 69% beat revenue estimates and 79% beat earnings estimates. For the Fund, 75% of holdings beat revenue estimates and 81% beat earnings estimates.

Portfolio Review

The Fund declined, underperforming the MSCI World Information Technology index in March (in USD).

Technology stocks were hit by a combination of Trump tariff uncertainty, continued underperformance of artificial intelligence (AI) names and Department of Government Efficiency (DOGE) related concerns. There are fears that the uncertainty around tariffs leads to a potential pause in discretionary spending across the consumer and corporates. We have seen a few data supporting this narrative – weak consumer sentiment combined with sell-side advertising checks and information technology (IT) spending surveys suggesting a downward inflection.

AI names continued to underperform with concerns about the sustainability of high levels of capital expenditure (capex). Rumours around potential Microsoft capex cuts, limited data points from software companies on AI monetisation, and an initially underwhelming initial public offering (IPO) from a cloud services company added to these concerns. Software vendors exposed to US federal government spending and small medium businesses (SMBs) were also hit, the former on DOGE and the latter on recession fears. Magnificent 7[^] tech names were down significantly with Nvidia, Meta Platforms and Amazon all down double digit whilst Microsoft, Alphabet and Apple were down single digit.

Our underweight in Microsoft (imposed by the UCITS rules whereby the Fund cannot have positions above 10%) was the biggest detractor given the company's defensive characteristics in the selloff. Outside of our underweight position in Microsoft, the biggest detractors to performance in the month included Meta Platforms, a supply chain solutions company, and an optical connectivity solutions provider. The former saw their share price under pressure due to expected pressure in advertising amid the expectations that the US economy will weaken, whilst the latter two were weak due to their association with AI-related capex.

Three stocks (Apple, Microsoft and Nvidia) comprise approximately 53% of the index; weightings that we cannot (nor would we wish to) replicate in a diversified portfolio. Our weighting in these three names is approximately 18% and our lower-than-index weighting resulted in a negative relative contribution in the month.

Our top active contributors during March were a Chinese internet conglomerate, a provider of electronic design automation (EDA) tools, and an online travel agent. The Chinese internet business continues to benefit from a more favourable sentiment towards Chinese technology companies as well as success with its AI assistant app. Its decision to integrate an AI model developed by an emerging Chinese startup into its messaging app was also received positively. Products of the provider of EDA tools are used by semiconductor and system design teams to develop their products and verify their functionality. The Chinese online travel agent continues to benefit from a robust demand for travel (both domestic and international) from Chinese consumers.

Significant Transactions

We have used the recent market volatility to upgrade the quality of the portfolio. We have sold out of positions in a supplier of infrastructure semiconductor solutions, and database and infrastructure software developer. We have added to a recent cyber security IPO which we view as well positioned in the identity security segment. We also increased our analog semis exposure by buying a provider of analog, digital, and software solutions as we see signs of a potential bottoming of the sector ahead of restocking. In addition, we have been adding to our China internet names.

Market Outlook

On 2 April, US President Donald Trump announced widespread significant increases to tariffs for many nations that export products into the US. Since, there have been almost daily changes and updates, resulting in an elevated level of uncertainty for businesses. Most recently, the increase in tariffs have been put on pause for all countries other than China.

Concerns touch upon many aspects of the global economy as ramifications could be felt by corporations and consumers alike, raising the prospect of economic challenges such as inflation and even a possible recession.

We will start to hear from companies as they begin to report their Q1 results in the coming weeks but given that it is too early to fully digest the new challenges that Technology companies will face, we anticipate that management teams will be limited to how much visibility they can provide, and many might choose to provide no guidance at all.

However, when uncertainty is elevated is also when some of the best long-term investment opportunities can present themselves. The current environment reinforces our view that, when investing in the Technology sector, it is important to focus on companies with solid management teams. Our bottom-up stockpicking approach incorporating over 70 years of experience within the team plays an even more critical role when uncertainty is elevated.

Connect with Us

sg.allianzgi.com

+65 6438 0828

Search more

 Allianz Global Investors



Like us on Facebook [Allianz Global Investors Singapore](#)



Connect on LinkedIn [Allianz Global Investors](#)



Subscribe to YouTube channel [Allianz Global Investors](#)

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

^Magnificent Seven refers to a group of US stocks which includes Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla.

Allianz Global Investors and Voya Investment Management have entered into a long-term strategic partnership, and as such, as of 25 July 2022, 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").

The information presented here is intended for general circulation and does not constitute a recommendation to anyone; it also has not taken into account the specific investment objectives, financial situation or particular needs of any particular person. Information herein is based on sources we believe to be accurate and reliable as at the date it was made. We reserve the right to revise any information herein at any time without notice. No offer or solicitation to buy or sell securities and no investment advice or recommendation is made herein. In making investment decisions, investors should not rely solely on this publication but should seek independent professional advice. However, if you choose not to seek professional advice, you should consider the suitability of the product for yourself. Past performance of the fund manager(s) and the fund is not indicative of future performance. Prices of units in the Fund and the income from them, if any, may fall as well as rise and cannot be guaranteed. Distribution payments of the Fund, where applicable, may at the sole discretion of the Manager, be made out of either income and/or net capital gains or capital of the Fund. As a result of the payment, the Fund's net asset value is expected to be immediately reduced. The dividend yields and payouts are not guaranteed and might change depending on the market conditions or at the Manager's discretion; past payout yields and payments do not represent future payout yields and payments. Investment involves risks including the possible loss of principal amount invested and risks associated with investment in emerging and less developed markets. The Fund may invest in financial derivative instruments and/or structured products and be subject to various risks (including counterparty, liquidity, credit and market risks etc.). Past performance, or any prediction, projection or forecast, is not indicative of future performance. Investors should read the Prospectus obtainable from Allianz Global Investors Singapore Limited or any of its appointed distributors for further details including the risk factors, before investing. The duplication, publication, extraction, or transmission of the contents, irrespective of the form is not permitted, except for the case of explicit permission by Allianz Global Investors. This publication has not been reviewed by the Monetary Authority of Singapore (MAS). MAS authorization/recognition is not a recommendation or endorsement. The issuer of this publication is Allianz Global Investors Singapore Limited (79 Robinson Road, #09-03, Singapore 068897, Company Registration No. 199907169Z).