

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 June

Equity markets enjoyed a “melt-up” in June supported by an increased confidence that the US-led trade negotiations would result in favourable outcomes and more stability. As a result, US indices, the S&P 500 and Nasdaq Composite, made new all-time highs as did the MSCI AC World Index which gained 4.4% despite other bourses not faring as well. The Technology sector was the biggest driver of these gains, followed by the internet-heavy Communication Services component.

Military action in Iran, initially by Israel and then subsequently by the US, did not deter the positive sentiment being displayed by equity investors, whilst economic data from the US was received positively with inflation continuing to rise less than expected. The widely touted concerns of a recession in the US because of the tariffs announced on “Liberation Day” appear to have dissipated, at least for the time being, whilst trade agreements are being negotiated.

Portfolio Review

Our top active contributors during June included our underweight position in a smartphone, computer and communications equipment giant. Other stocks that contributed positively were a Japanese semi cap equipment maker, a UK semiconductor company, a Canadian based electronic hardware manufacturer, and a maker of optical components.

The biggest detractors to performance during the month included our underweight position in Nvidia. Additionally, payments network Visa; a data centre provider; and a Chinese provider of social media, gaming and payments

platforms were holdings that detracted most from performance. Additionally, we do not own a position in a producer of semiconductor products and devices, and the stock enjoyed a strong gain during the month.

Three stocks (Microsoft, Nvidia, and the afore-mentioned smartphone, computer and communications equipment manufacturer) comprise approximately 48% 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 weighting resulted in a positive relative contribution in the month.

Significant Transactions

We introduced three new stocks to the portfolio, all Asia-based. Firstly, a South Korean manufacturer of memory chips, such as dynamic random-access memory (DRAM), who is currently the market leader in high bandwidth memory, and a necessity in the adoption of generative artificial intelligence (AI) infrastructure. Secondly, a Taiwanese manufacturer of power supply systems used for a wide range of computing equipment including AI servers, and lastly, an India-based online travel agent (OTA).

Market Outlook

The 90-day tariff reprieve provided by President Trump's administration is set to expire in July, so it would not be surprising if market volatility picks up again as we approach the deadline if satisfactory trade agreements are not announced.

Economic data will continued be scrutinised for any indication of a downturn in the US that could suggest that a recession is looming, however recent inflation and employment numbers are suggesting that any negative effects from Trump's policies are yet to materialise.

Companies will begin to announce their Q2 earnings reports during the month, with the early reporters being amongst those that had to provide their initial guidance when the post "Liberation Day" uncertainty was at its peak.

In April, Gartner pared back their expectations for worldwide information technology (IT) spending growth in 2025 from 9.8% year-on-year growth to 5.7% growth. More recently, JP Morgan published their CIO survey highlighting that IT budget growth is set at 2.8% compared with 3.8% growth when the CIOs were surveyed back in January. It is fair to say that elevated levels of uncertainty that have been introduced by tariffs and geopolitics are influencing near-term spending decisions.

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All data are sourced from Bloomberg and Allianz Global Investors as at 30 June 2025 unless otherwise stated.

Allianz Global Investors and Voya Investment Management entered into a long-term strategic partnership on 25 July 2022, upon which 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").

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