

Allianz Global High Payout Fund

Monthly commentary

Investment Objective

The Fund aims to provide investors with total return from dividend income, option premiums and capital appreciation, sustainable distributions, and typically lower portfolio volatility compared to an equity investment, by investing in a globally diversified portfolio of equities which offer attractive and sustainable dividend yields, and selling call options to generate option premiums which will enhance dividends and reduce overall portfolio risk.

What Happened in September

Global equities mostly rallied over September, buoyed by the US Federal Reserve's (Fed's) larger-than-usual cut in interest rates, its first reduction in four years. In late September, a raft of further stimulus measures from the People's Bank of China (PBoC) and the Chinese government further boosted sentiment, particularly towards Chinese stocks which surged over the month. Sectoral performance was mixed, with Consumer Discretionary, Utilities, Real Estate and Communication Services rising the most, while Health Care and Energy were the weakest.

US stocks started the month on a weak footing as recessionary fears resurfaced but closed the month higher as the Fed started its rate-cutting cycle. The S&P 500 Index closed the month at a fresh record high, while the Nasdaq Composite Index remained below its July peak. With only five weeks to go until the presidential election, Vice President Kamala Harris remains ahead of Donald Trump at a national level, but the race is neck-and-neck in the seven swing states that will decide who wins the most electoral college votes.

Euro-zone equities closed the month little changed. To an extent, the US stock market influenced movements in Europe. Shares sold off in the first half of the month as continued weak US job growth raised recessionary fears once more, before rallying in the second half as central banks loosened monetary policy and the Chinese authorities announced additional stimulus measures. Sectoral returns were mixed: Materials, Real Estate and Utilities were the strongest sectors, while the largest losses came from Energy, Health Care and Information Technology.

Portfolio Highlights

What helped?	<ul style="list-style-type: none"> • In September, equity markets turned positive. • Stocks with higher dividend yield did well in the past month.
What hurt?	<ul style="list-style-type: none"> • The Fund lagged the benchmark Index MSCI World in September. • Stocks with attractive valuation, stable dividends and quality features lagged the market and contributed to underperformance of the strategy.

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