

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 August

Global equities moved higher in August. Stocks rebounded from losses on the first day of the month as President Trump's postponed "Liberation Day" tariffs came into effect. While Russian forces stepped up the offensive in eastern Ukraine, market sentiment was lifted by dovish commentary from US Federal Reserve (Fed) Chair Jerome Powell at the Jackson Hole annual symposium. This fuelled expectations of a rate cut at the US central bank's September meeting and unleashed a global equity rally. During August, Materials, Health Care and Communication Services were the strongest sectors in the MSCI All Country World Index, while Utilities and Industrials were weakest.

US equities had a bumpy start to the month, with the S&P 500 Index recording its worst day since May as President Trump's postponed "Liberation Day" tariffs came into effect on 1 August. Renewed accusations of political interference also weighed on sentiment as President Trump renewed his hostile campaign against the Fed and fired Bureau of Labour Statistics Commissioner Erika McEntarfer following the publication of disappointing jobs data. However, US stocks recovered to close the month modestly higher, boosted by rising hopes of a September rate cut.

European equities moved slightly higher in August but underperformed the global index as investors cautiously awaited the outcome of a series of high-level meetings to discuss the future of Russia's war in Ukraine. Intensifying political turmoil in Paris also undermined sentiment towards month-end. Ballooning French national debt and budget deficit levels prompted French Prime Minister François Bayrou to call a parliamentary vote of confidence in early September. The CAC 40 Index plummeted, driven lower by French banks and insurers, after the three major opposition parties

vowed to vote against the proposed slew of budget cuts, which includes the contentious cancellation of two public holidays.

Portfolio Highlights

What helped?	<ul style="list-style-type: none">• August was a strong month for global equity markets where the Fund could perform better than its benchmark. This can be attributed to trend-following investment styles like Momentum and Earnings Revisions.
What hurt?	<ul style="list-style-type: none">• Stocks with high dividend stability and defensive characteristics lagged global equity markets.

Market Outlook

We forecast a global economic slowdown for H2, mainly as a consequence of US tariff policies. At the same time, a soft landing in the US is still our baseline scenario, as the US economy will be supported by productivity gains related to the use of artificial intelligence (AI) and a generally high willingness to invest. Moreover, the Fed might reduce its target rate during the remainder of the year. In the European Union (EU), fiscal policy stimulus might counteract structural growth weaknesses. The Chinese government looks set to adopt stimulus measures, too. Nevertheless, increased uncertainty might weigh on investors’ risk appetite. In combination with the fact that some equity valuations are no longer cheap, this development might make the markets vulnerable to setbacks in the short term. Investors should be prepared for more volatility and select their investments carefully. The environment is difficult to navigate, and developments in the individual sectors and regions look set to diverge considerably. Against this background, we believe that it is useful to take an active investment approach based on long-term fundamentals.

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