

Allianz

Global Income

Monthly commentary

Investment Objective

The Fund aims at long term income and capital growth by investing in a broad range of asset classes, in particular in global equity and global bond markets.

What Happened in November

Global equities and fixed income finished higher in November, while global convertible securities finished lower. Q3 earnings momentum continued. With the majority of S&P 500 companies having reported, 82% topped estimates for an earnings growth rate of 13.3%. The government shutdown concluded in the period, driving a resumption of economic data releases. Initial jobless claims were subdued, and durable goods beat expectations whereas retail sales and consumer confidence missed projections. December rate cut expectations whipsawed over period to end in favour of a 25-basis point (25-bps) reduction. Against this backdrop, the 10-year US Treasury yield fell to 4.02%.^{**}

In this environment, key markets were mixed:

- Global equity markets, as measured by the MSCI World Index, returned +0.31%.^{*}
- Global convertible securities, as measured by the ICE BofA Global 300 Convertible Index, returned -1.66%.^{**}
- Global high yield bonds, as measured by the ICE BofA Global High Yield Index, returned +0.38%.^{**}
- Global fixed income, as measured by the Bloomberg Global Aggregate Index, returned +0.23%.[^]

Portfolio Review

The portfolio benefitted from strength across global equity and most fixed income markets.

Top contributors in November were led by Alphabet, which was driven by a favourable response to its newest artificial intelligence (AI) model as well as optimism around reported plans to commercialise its internally developed data centre chips. Broadcom also benefitted from the latter report as a design partner for the chips, while Apple gained on headlines around strong penetration for its latest smartphone offering. A major pharmaceutical company reached an agreement with the US government to expand access to obesity drugs in exchange for favourable tariff treatment, while a health care REIT and an immunology company both maintained upside momentum from a beat-and-raise earnings report last month. An industrial services provider also boosted guidance, and a diversified telecom holding rallied on potential mergers and acquisitions (M&A) headlines. The other top contributors were an optical components manufacturer and an energy services provider.

Top detractors in the period included Nvidia, which was lower on competitive concerns despite a strong quarterly report, along with a number of hyperscalers like Microsoft and Amazon that declined on broader scrutiny around the AI spending narrative. A video surveillance provider was negatively impacted by tariffs, a heavy equipment manufacturer saw margin contraction, and a shipbuilder reported lighter-than-expected orders. The other top detractors in the period were a consumer electronics company, an aerospace holding, and an electric vehicle manufacturer.

Exposure increased the most in Health Care, Financials, and Materials, and decreased in Technology and Real Estate. Covered call option positioning increased month-over-month.

Market Outlook

The macro outlook is improving following a stronger-than-expected economic rebound, an inflection in earnings estimates, a shift in the US Federal Reserve's (Fed's) stance, the One Big Beautiful Bill Act (OBBBA) being signed into law, and increased visibility around trade policy.

Outside of the US, monetary and fiscal policy stimulus measures could help to stabilise the global economy. US economic growth for Q3 is tracking ahead of forecasts due to resilient consumption and strong corporate spending. Unemployment and inflation have increased but only modestly. Potential growth tailwinds include rising capital expenditure (capex), reshoring, deregulation, and credit expansion whereas a sharp rise in either unemployment or inflation could increase the odds of an economic slowdown.

The Fed is targeting a more neutral policy position with the market expecting additional interest rate cuts over the coming quarters. However, Chair Powell has noted that future rate decisions remain highly data dependent.

Global equity market strength is the result of better-than-expected top- and bottom-line results and inflecting earnings estimates. Potential earnings growth tailwinds include reaccelerating economic momentum in 2026, rising productivity, the proliferation of AI, low oil prices, and falling borrowing costs. Headwinds include rising operating expenses as well as the impact of tariffs, but clarity has improved on this point. There is evidence earnings breadth is beginning to expand. This dynamic could lead to a broadening out of the market, aided by industries that have underperformed since 2022. The Fed's shift in stance is also notable because equities are generally higher a year after the first rate cut.

Global convertible securities have an attractive asymmetric return profile, providing upside participation potential when stock prices rise and downside mitigation when stock prices fall. The asset class's year-to-date outperformance of the broad equity market can continue if volatility rises or breadth expands. Strategist forecasts for annual new issuance continue to be revised higher, currently sitting at USD 140-150 billion[#] compared to an initial forecast of USD 85-95 billion. Heavy primary market activity is a function of coupon savings demand, elevated refinancing needs, and a

positive outlook for price appreciation among small- and mid-cap companies. Aside from diversification benefits, new issuance expands the opportunity set of investments with attractive terms and the desired risk/reward characteristics.

The global high yield market, yielding nearly 7%^{^^}, offers equity-like returns but with less volatility. Currently, the asset class is on track to deliver a coupon-plus return in 2025. The market's attractive total return potential is a function of its discount to face value and higher coupon, which also serves to cushion downside volatility. Credit fundamentals are stable, near-term refinancing obligations remain low, and management teams continue to exercise balance sheet discipline. Additionally, the market's credit quality composition continues to improve. In this environment, new issuance is expected to remain steady, spreads can stay tight, and the default rate should continue to reside below the historical average.

Global investment grade corporate bond's risk/reward opportunity is compelling. Rising interest rates are a risk for high grade corporates, however the investment opportunity remains attractive given higher coupons and yields, and a positive fundamental outlook with limited default risk. The asset class trades at a discount to par, offering compelling total return potential and downside cushioning. If the 10-year US Treasury yield finishes 2025 near the lower bound of the expected range of 3.5-4.5%, the asset class return could exceed mid-single digits.

A covered call options strategy can be utilised to generate premium income. In periods of elevated or rising equity volatility, premiums collected may translate into more attractive annualised yields.

Collectively, these asset classes can provide a steady source of income and a compelling "participate and protect" return profile.

The Fund is a client solution designed to provide high monthly income, the potential for capital appreciation, and less volatility than an equity-only fund.

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All data are sourced from Allianz Global Investors dated 30 November 2025 unless otherwise stated.

* Source: MSCI, as at 30 November 2025

^ Source: Bloomberg, as at 30 November 2025

** Source: BofA Merrill Lynch, as at 30 November 2025

^^ Source: ICE Data Services, as at 30 November 2025

Source: BofA Research, as at 30 November 2025

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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