

# Allianz Global Sustainability

## Monthly commentary

### Investment Objective

The Fund aims at long-term capital growth by investing in global equity markets of developed countries in accordance with environmental and social characteristics. The Investment Manager may engage in foreign currency overlay and thus assume separate foreign currency risks with regard to currencies of OECD member states, even if the Sub-Fund does not include any assets denominated in these respective currencies.

### What Happened in July

Global equities rose modestly in July, bolstered by progress in US trade talks for most of the period. A positive start to the Q2 earnings season also boosted stocks, although gains were capped after President Trump stepped up his campaign against Federal Reserve Chair Jerome Powell, raising concerns about the central bank's independence, as well as by ongoing geopolitical tensions. Turning to sectors, Information Technology and Energy were the strongest sectors in the MSCI All-Country World Index, followed by Utilities. Conversely, the Health Care and Consumer Staples sectors generated negative returns in July.

Trade talks dominated the headlines for much of July. President Trump's 90-day pause on 'Liberation Day' tariffs expired on 9 July, and the president ramped up the pressure on the US's trading partners to sign trade deals by a new deadline of 1 August. Among the most notable trade deals the US signed in July were agreements with Japan and the European Union (EU).

In currency markets, the US dollar clawed back some of its recent losses in July as US economic data remained resilient. In contrast, the euro weakened in the aftermath of the trade deal announced by Washington and Brussels.

## Portfolio Review

Stock selection was positive in Health Care despite continued disappointment in a medical insurer and care operator. The Health Care sector had another poor month of performance and this holding featured as the top detractor over the month. The company has suffered a series of setbacks with the departure of the CEO and a significant profit warning.

This was offset by our position in Thermo Fisher who was the top contributor over the month having posted a solid set of numbers and given guidance that was well received. Life science and tools health care companies had suffered most within the sector in Q2, with the pressure on the sector from Trump, despite showing signs that the industry is stabilising. A recovery in their end markets is now expected and the valuation is extremely attractive.

Amongst the top contributors to relative performance, our holding in Consumer Staples company Reckitt Benckiser contributed to relative returns, performing strongly having released better-than-expected results demonstrating solid growth in emerging markets.

Meanwhile our position in a data provider performed poorly despite posting a solid set of numbers. The stock reacted negatively to the potential impact of artificial intelligence (AI) on their business and their ability to innovate quickly, as well as pointing out a disappointing outlook for subscription revenue growth in an environment of heightened pricing competition. We believe concerns regarding both are overdone and we continue to see a business with compounding earnings growth and improving financial quality trading at a discount to peers.

## Market Outlook

The positioning of the Fund continues to be relatively defensive with a focus on predictability of earnings and return in what remains an environment of economic fragility.

We believe there will be a pause in the outperformance of the Magnificent 7\*. Market returns are expected to broaden in 2025 and beyond, as valuations and earnings revisions become less compelling for that group of companies. They are spending record levels on capital expenditure and will need to show a return on this spend shortly. Recent narrative suggests that demand still outweighs supply, but this is coming to the point where more questions are being asked. Additionally, 2026 is looking like a tough year in terms of comparison.

From a regional standpoint, Europe is looking more interesting, although the region is lacking economic impulse. Asia is struggling to show better-than-expected growth which leaves investors still focused on the US as the economic engine that is firing.

We continue to find attractive valuations and investment cases that will work well if the market rotates away from the mega cap AI stocks.

Connect with Us

[sg.allianzgi.com](https://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 July 2025 unless otherwise stated.

\* Magnificent 7 refers to a group of US stocks which includes Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla.

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.). Environmental, Social and Governance (ESG) strategies consider factors beyond traditional financial information to select securities or eliminate exposure which could result in relative investment performance deviating from other strategies or broad market benchmarks. 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).