

Allianz Global Twin-Focus Fund

06/2018

Investment Objective

The Fund aims to provide investors with: (i) total return from investments in a portfolio of global stocks; (ii) sustainable distributions through stock dividends and the writing of call options; and (iii) downside protection from a put option strategy.

Market Review and Outlook

It was a mixed month for global equities which had to contend with heightened geopolitical turmoil and ongoing concerns about the prospects for global trade. While US and UK equities closed the month slightly higher, euro-zone stocks retreated as political risks in Italy led to rising risk aversion. Most emerging markets also declined in the face of a strengthening US dollar.

US equities started May on a positive footing, holding up well despite rising Treasury bond yields. Company earnings remained supportive although there were signs that investors were starting to wonder whether the pace of earnings growth may have peaked.

Growing geopolitical uncertainty caused the market to relinquish some of its gains towards month-end, as did the news that President Trump had pressed ahead with tariffs on steel and aluminium imports from the EU, Canada and Mexico.

Although global economic data have improved slightly, the figures for key industrial regions such as the US, the euro zone and Japan recently weakened. The global economy appears to be moving towards the next stage of the current cycle. During this late-cycle deflation phase, the global economy will probably continue to grow, but the momentum will not accelerate further.

The US economy is growing at an above-potential rate, and US unemployment has dropped to another cyclical low. Despite minor disappointments, the US is still doing well, mainly thanks to a robust labour market. This should support US equities, even though margins are likely to come under pressure from rising wages. In the euro zone, the economic environment is robust, but while growth rates are still healthy, the cycle might already have passed its peak.

Portfolio Highlights

What helped?	<ul style="list-style-type: none"> The Fund performed slightly better than its customised benchmark.
What hurt?	<ul style="list-style-type: none"> The Fund lagged global equity markets as measured against Dow Jones Global Titans 50 Index. In a volatile but positive market environment, the options overlay as well as the put protection strategy both detracted from total fund performance.

Connect with Us | sg.allianzgi.com | +65 6438 0828

 Subscribe to YouTube channel [Allianz Global Investors](#)

 Connect on LinkedIn [Allianz Global Investors](#)

 Download [AllianzGI for Advisors](#) Mobile App

Search more 

All data are sourced from Allianz Global Investors as at 31 May 2018 unless otherwise stated.

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 material 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, it may reduce the Fund's net asset value. The dividend yields and payouts are not guaranteed and might change depending on the market conditions or at the Manager's discretion. 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.). 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. This material has not been reviewed by the Monetary Authority of Singapore (MAS). MAS authorization/recognition is not a recommendation or endorsement. The issuer of this material is Allianz Global Investors Singapore Limited (12 Marina View, #13-02 Asia Square Tower 2, Singapore 018961, Company Registration No. 199907169Z).