

# Allianz Smart Energy

## Monthly commentary

### Investment Objective

The Fund aims at long-term capital growth by investing in global equity markets with a focus on companies with an engagement in the area of transition of energy usage in accordance with environmental and social characteristics.

### What Happened in February

February was another turbulent month for global equity markets, with the MSCI All Country World Index (ACWI) posting a modest gain. Stocks rallied after the US Supreme Court overturned the Trump administration's emergency tariffs. The evolving situation in the Middle East also buffeted sentiment, culminating in joint US-Israeli attacks against Iran and reports that Supreme Leader Ayatollah Ali Khamenei had been killed. Tehran unleashed deadly retaliatory strikes against Israel and US allies across the region, while Russia's bombardment of Ukraine and its power grid continued, even as the second round of US-brokered peace talks took place in Abu Dhabi.

Overall, Japan finished in front, with stocks buoyed by Prime Minister Sanae Takaichi's election victory. The UK was next, bolstered by a slew of better-than-expected data prints, followed by Europe. The US brought up the rear with a broadly flat return. Once again, emerging markets significantly outperformed their developed market peers. Turning to the MSCI ACWI, Materials and Utilities were the strongest sectors, followed closely by Energy and Consumer Staples. Less positively, Communication Services, Consumer Discretionary and Information Technology stocks delivered negative returns.

It was a subdued month on the monetary policy front among the key central banks. The Bank of England (BoE) and European Central Bank (ECB) both held their respective benchmark borrowing rates steady at 3.75% and 2.0% respectively, as widely anticipated. Likewise, the Bank of Japan (BoJ) held rates at 0.75% and the People's Bank of China (PBoC) left the loan prime rates unchanged for the ninth consecutive month. The US Federal Reserve (Fed) did not meet in February, although market participants do not anticipate further easing before the end of Fed Chair Jerome Powell's term in May. In currency markets, the US dollar rose early on after the US Senate agreed a deal to avoid another protracted federal government shutdown.

Oil prices rose in February, amid growing fears of a US-Iran conflict, with Washington continuing to bolster its naval presence in the Persian Gulf and Tehran conducting live military exercises in the Strait of Hormuz, a vital shipping lane in

the region. Meanwhile, gold prices rallied after the sharpest sell-off since 1983 as mounting US-Iran tensions triggered a flight to safety, with the yellow metal closing February near USD 5,300 an ounce.

## Portfolio Strategy and Activity

The Fund returned positively in February, ahead of the MSCI AC World Index return. Over the course of February, the topics of the Smart Energy universe generation and storage clearly outperformed with electric utilities and basic materials in particular showing strength. The consumer-facing aspects like electric vehicles (EVs) showed some weakness.

In term of single stocks, GS Yuasa was the strongest single contributor, returning 53.2% due to good results and ongoing good momentum automotive and industrial batteries. Also, Vertiv Holdings benefitted from accelerating investment in data centre infrastructure, particularly high-density cooling and power management systems tied to artificial intelligence (AI) related demand growth. Finally, Schneider Electric delivered strong returns supported by resilient demand for energy management solutions and automation equipment.

Key detractors were mainly US clean tech and renewables like Fluence Energy, whose stock fell 49.5%. Markets saw the company pressured by margin concerns and project execution risks in the energy storage market. Also, Array Technology was weak as the company disappointed with weak margins development despite good top-line perspectives. Lastly, NuScale stock suffered on continued concerns around long development timelines, uncertain contract visibility, and significant upfront capital requirements for small modular reactors.

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All data are sourced from Bloomberg and Allianz Global Investors as at 28 February 2026 unless otherwise stated.

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