

Allianz Thematica

Monthly commentary

Investment Objective

The Fund aims at long-term capital growth by investing in global equity markets with a focus on theme and stock selection in accordance with the Sustainability Key Performance Indicator Strategy (Absolute Threshold). In this context, the aim is to target a specific minimum allocation into sustainable investments to achieve the investment objective.

What Happened in June

Global equities closed June higher as “tariff fatigue” took hold after months of heightened volatility. However, as Sino-American trade relations thawed, mounting geopolitical tensions in the Middle East moved sharply into focus. Shares sold off on news of Israeli strikes against Iran with oil prices spiking on fears of supply risks. But the risk-on mood returned as oil prices slumped after Tehran’s restrained response to US strikes paved the way for a de-escalation in tensions and a ceasefire between Israel and Iran appeared to take hold.

In currency markets, the US dollar extended its decline for most of June, hitting its lowest level in more than three years after President Trump announced that he would be writing to trading partners to outline new tariff rates after the current 90-day pause on reciprocal tariffs expires on 9 July.

De-escalating fears of a global trade war and soaring geopolitical tensions in the Middle East dominated the headlines for most of June. In monetary policy news, the ECB cut its key interest rate by 25 basis points (bps) to 2.0% amid increasing deflationary pressures on the back of President Donald Trump’s erratic trade policy.

Brent crude falling back early in the month on increased supply from the Organisation of the Petroleum Exporting Countries Plus (OPEC+) before soaring because of the rapid escalation of geopolitical tensions in the Middle East. Oil prices briefly surged to a 5-month high of USD 80 per barrel after the US launched a series of strikes on Iranian nuclear facilities amid fears that Tehran could retaliate by blocking the Strait of Hormuz. However, prices eased on news of Iran’s restrained response and reports of a ceasefire between Iran and Israel, ending the month below USD 67 a barrel.

Performance Analysis

The Fund returned positively (in EUR, gross of fees) in June. Theme and stock selection had both positive effect to the overall results. The exposure to Intelligent Machines as well as Digital Finance resulted positively as those themes benefitted from the strong recovery among technology-driven sectors.

On the other hand, the exposure to Generation Wellbeing and Clean Water and Land slightly detracted. A producer of flavours and fragrances struggled as investor sentiment dimmed over weakening consumer demand. Jefferies downgraded the stock to “underperform”, citing slower growth in pet-food ingredients and uncertainty under new management, prompting profit-taking. A provider of precision motion solutions saw a sharp decline after missing profit expectations, despite adequate revenues. Softening order intake – especially from Europe and China – plus hefty valuation levels unsettled shareholders. A mining company dipped mid-June following its demerger and share consolidation. This structural change, coupled with pressure from lower commodity prices and muted trading volume, dragged on the stock.

On the other hand, Advantest performed well after announcing a share buyback and offering stock-based rewards to its management team. This move showed strong confidence in its future and reassured investors about its growth in the semiconductor testing space. A financial services company saw a big boost after launching tokenised US stocks and exchange-traded funds (ETFs) for European customers. This new feature, along with expanded crypto offerings and artificial intelligence (AI) tools, attracted more users and renewed retail investor interest. An online platform for buying, selling, transferring, and storing cryptocurrency jumped sharply after US lawmakers passed clear crypto rules (the GENIUS Act). Strong institutional growth and positive analyst upgrades added to investor excitement.

The structural underweight to the Magnificent Seven* has been a burden. The underweight to traditional banks has pressured performance slightly as those companies are not suitable for the Fund. Given the recently increased beta and the focus on growth-related equities, the Fund continues to benefit from the current recovery.

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All data are sourced from Bloomberg and Allianz Global Investors as at 30 June 2025 unless otherwise stated.

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

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