

# **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 environmental and social characteristics.

#### What Happened in October

Global equities closed October higher. Japanese stocks were among the strongest performers, after fiscally dovish Sanae Takaichi became the first woman appointed to serve as the country's prime minister. Elsewhere, an extended US government shutdown clouded the outlook, although markets generally shrugged off jitters over escalating Sino-American trade tensions and concerns about the health of US regional banks. In late October, US President Donald Trump and Chinese President Xi Jinping agreed to postpone export controls on rare earths and semiconductors as part of a one-year trade deal, although sentiment was knocked by cautious US Federal Reserve (Fed) comments about future rate cuts.

Turning to sectors in the MSCI All Country World Index, Information Technology led the way, buoyed by a slew of upbeat Q3 earnings releases. Utilities and Health Care stocks also outperformed, while Real Estate and Materials were the weakest sectors. Financials also finished down on the month following the "Frantic Friday" sell-off, as bad debts at two regional US banks sparked credit risk concerns.

In currency markets, the US dollar was buffeted in October, initially weakening amid domestic pressures unleashed by the US government shutdown, as well as renewed trade war fears and expectations of further Fed rate cuts. However, the greenback later rebounded on trade talk optimism, strengthening further as Fed Chair Jerome Powell dashed hopes for further rate cuts in December.

Oil prices rebounded on news that the US had imposed fresh sanctions against Russia's two largest oil companies, closing the month just below USD 65 a barrel. Gold prices broke through the USD 4,000 barrier for the first time on record, rising to a fresh high of USD 4,379 amid a flight to safety as the US government shutdown rumbled on and Sino-American trade tensions returned to the fore. Profit taking and optimism about easing trade war fears triggered a sharp correction later in the month, with the yellow metal closing October at just above USD 4,000 per ounce.

#### **ALLIANZ THEMATICA: MONTHLY COMMENTARY**

#### Performance Analysis

The Fund returned positively (in EUR, gross of fees) in October.

Electrification benefitted especially from the large investments associated to artificial intelligence (AI) as well as government related spending plans. Clean Water and Land has been a burden to performance. Besides solid fundamental development, the underweight to the index heavyweights (Magnificent 7\*) has been a major burden over the course of October. This is especially so given the strong returns among four of the Magnificent 7 stocks, which are the largest detractors from a single stock perspective, as those companies outperformed global equity markets, driven by strong earnings and investor optimism.

A Chinese manufacturer of household appliances such as intelligent sweeping robots, and a Chinese maker of lidar sensors used in driver assistance systems underperformed global equity markets, reflecting near-term operational pressures and investor caution in emerging technology segments. The former faced softer-than-expected demand for consumer robotics amid heightened competition and inventory adjustments, leading to lower-than-anticipated revenue growth and margin compression. The latter saw delays in large-scale deployment projects and cautious guidance on order intake, prompting investor rotation away from higher-risk hardware plays. Both companies' exposure to cyclical technology adoption and execution risks contributed to relative weakness, positioning them as underperformers despite long-term structural potential.

Advantest, a solid oxide fuel cell manufacturer, and a supply chain electronics manufacturing services (EMS) company outperformed global equity markets in October 2025, supported by strong earnings and exposure to AI and energy transition themes favoured by institutional investors. Advantest rose after lifting its profit forecast by 25%, driven by robust AI-related semiconductor test demand. The fuel cell manufacturer gained on record revenues, its first operating profit, and a multi-billion-dollar AI data-centre partnership. The supply chain EMS company advanced on 28% year-on-year revenue growth and upgraded 2025 guidance, reflecting strong AI infrastructure demand. Their consistent execution, thematic alignment, and improved outlooks positioned them as preferred holdings amid a selective growth environment.

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All data are sourced from Bloomberg and Allianz Global Investors as at 31 October 2025 unless otherwise stated.

\* Magnificent 7 refers to a group of US stocks which includes Alphabet, Amazon, Apple Mata Platforms, Microsoft, No.

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

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