

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 May

Global equities rose in May. The MSCI All Country World Index (ACWI) was largely driven by events in the Middle East and the commentary emanating from Washington and Tehran. Stocks rallied on slumping oil prices on reports that the two sides may be edging closer to agreeing to a peace deal, only to retreat amid subsequent clashes near the Strait of Hormuz. Risk assets were supported into month-end as oil dipped back below USD 100 a barrel on optimism surrounding a deal to reopen the strait and extend the fragile ceasefire. Turning to the MSCI ACWI, Information Technology shares led the way, boosted by the artificial intelligence (AI) rally, with the Consumer Discretionary and Materials sectors also generating positive returns.

May was a quiet month for the major central bank rate setters, with only the People's Bank of China (PBoC) meeting and leaving its loan prime rates unchanged for the 11th consecutive month. In the US, Kevin Warsh was confirmed by the Senate to serve as the new chair of the US Federal Reserve (Fed), succeeding Jerome Powell. The vote largely followed party lines but represented the narrowest Senate approval margin since the process began in 1977. With US inflation elevated, Warsh faces a particularly tough challenge, as he aims to contain price pressures through monetary policy without undermining economic growth or the labour market. A volatile geopolitical backdrop and heightened economic uncertainty are likely to further complicate the balancing act. The Bank of England (BoE) is expected to hold the base rate at 3.75% at its June meeting, while speculation that the European Central Bank (ECB) could raise rates mounted. Elsewhere, the Bank of Japan (BoJ) is expected to deliver a 25-basis-point (25-bps) rate hike in June.

Oil prices eased in May. Brent crude moved off recent highs at the start of the month, falling back below USD 100 a barrel amid hopes of a US-Iran peace deal and news that a handful of tankers had crossed the strait, spurring hopes that the crucial shipping lane might fully reopen. Despite reports of fresh exchanges of fire in the strait, oil prices eased amid renewed optimism around a deal, with Brent crude recording the steepest monthly decline in six years to close May just above USD 91 a barrel. Meanwhile, gold prices eased in May. The precious metal rose early on as mounting optimism around a US-Iran peace deal helped to ease inflationary risks and expectations of higher interest rates.

Performance Analysis

The Fund returned positively (in EUR, gross of fees) in May and year-to-date, underperforming the benchmark. Sector allocation was negative as the overweight to Industrials and the underweight to Information Technology created a burden. Stock selection has been weak among Information Technology sector as the underweight to Micron and SK Hynix contributed negatively given that both stocks skyrocketed. Humanoid Robots contributed positively, driven by solid momentum in China, while AI Adaption suffered from negative mix on stock selection.

In May, performance was mainly driven by a rotation into AI, semiconductors and high-growth technology, while more defensive and capital-intensive names lagged. Datadog outperformed after strong quarterly results and upgraded guidance reinforced confidence that AI-related cloud workloads are supporting demand for observability and monitoring software. Arm Holdings benefitted from the broader AI semiconductor rally, with investors focusing on its exposure to data centres, custom silicon and higher royalty opportunities. Orbbec also gained from enthusiasm around robotics, 3D vision and AI-enabled hardware, helped by improving growth and profitability.

By contrast, Cheniere Energy underperformed as investors reacted negatively to earnings volatility and a large reported quarterly loss, even though the underlying liquified natural gas (LNG) demand story remains intact. CDSB lagged after results disappointed expectations, with the market questioning the quality and sustainability of growth driven partly by tariff effects. SSE also underperformed as lower earnings and heavy investment needs weighed on sentiment, with rising capital expenditure (capex) putting pressure on near-term cash flow despite the longer-term appeal of grid and renewables infrastructure. Overall, May rewarded scalable AI-linked growth stories and penalised companies with earnings volatility, regulatory exposure or high capital intensity.

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All data are sourced from Bloomberg and Allianz Global Investors as at 31 May 2026 unless otherwise stated.

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