

Allianz

US Equity Fund

Monthly commentary

Investment Objective

The Fund aims at long-term capital growth by investing in companies of the United States of America equity markets with a minimum market capitalisation of USD 500 million.

What Happened in March

US equity markets fell in March as rising geopolitical tensions and higher energy prices hurt investor confidence and increased market volatility. The S&P 500 dropped by -4.98% on a total return basis, while the Nasdaq Composite declined by -4.75% on a price return basis, as selling spread beyond mega cap stocks. Defensive investing influenced sector results, with Energy being the only sector to post gains, while Industrials, Health Care, Consumer Staples, and other sectors lagged. The month saw a broad-based market sell-off, with losses across both growth and value stocks and weakness in small and large cap shares, highlighting elevated risk aversion.

Beyond the initial market decline, investor sentiment weakened further due to energy-driven inflation concerns, rising bond yields, and reduced expectations for near-term US Federal Reserve (Fed) easing. While several cyclical and rate-sensitive areas remained under pressure, some Energy-related and defensive sectors showed relative strength. Corporate buybacks, positioning factors, and continued optimism around artificial intelligence (AI) related earnings helped limit deeper losses in major indices, despite negative economic data and increasingly hawkish policy signals.

Performance Review

For the month of March, the Fund underperformed the benchmark, the S&P 500 Index, on both a gross- and net-of-fees basis due primarily to unfavourable stock selection. Stock selection within the Industrials, Materials, and Communication Services sectors detracted the most from performance. Stock selection within the Financials, Consumer Discretionary, and Information technology sectors contributed to performance.

Detractors

Key detractors from performance were Exxon Mobil Corp., Axon Enterprise, Inc., and Sherwin-Williams Co.

Not owning Exxon Mobil Corp. (XOM) detracted from performance as the company benefitted from an Energy sector rally amid a surge in crude prices driven by geopolitical tensions in the Middle East.

An overweight position in Axon Enterprise, Inc. (AXON) detracted from performance amid broader concerns of AI advancements disrupting the software industry.

Our positioning in The Sherwin-Williams Co. (SHW) detracted from performance. Shares declined as higher oil prices tied to geopolitical tensions increased input cost pressures.

Contributors

Key contributors to performance were Diamondback Energy, Inc., Chevron Corp., and Cloudflare, Inc.

An overweight to Diamondback Energy, Inc. (FANG) contributed to performance. Energy stocks benefitted from rising oil prices driven by heightened geopolitical tensions related to the Iran conflict.

An overweight position in Chevron Corp. (CVX) contributed to performance as escalating Middle East tension drove a sharp rise in crude prices.

A non-benchmark position in Cloudflare, Inc. (NET) contributed to performance. Shares rose following the announcement of increased traffic from AI agents, reinforcing demand amid broader software volatility.

New buys and sells

This month we initiated new positions in Ecolab Inc. (ECL), JPMorgan Chase & Co. (JPM), Travelers Companies, Inc. (TRV), SLB Ltd. (SLB), Freeport-McMoRan, Inc. (FCX), and SanDisk Corporation (SNDK).

We initiated a new position in Ecolab Inc. (ECL), a global leader in sustainability, water, hygiene, and infection-prevention solutions. We view it as a high-quality business with an attractive investment capital profile, currently trading at a discount. The company is positioned for compelling growth supported by strong pricing power, an expanding total addressable market in life sciences and technology, and meaningful margin opportunities driven by operational efficiencies.

We initiated a new position in JPMorgan Chase & Co. (JPM). We made adjustments within Financials and initiated a position in JPM where we see a more attractive risk-reward profile relative to Bank of America (BAC) among the money-centre banks, driven by JPM's exposure to stronger end markets and more resilient earnings power.

We initiated a new position in Travelers Companies, Inc. (TRV), given its exposure to the more attractive small- and mid-sized business and homeowners' segments within Insurance, where we see durable growth extending through 2026.

We initiated a position in SLB Ltd. (SLB) as Middle East exposure has created a temporary earnings headwind despite an improving global cycle, presenting an attractive entry point in our view. In longer term, SLB's differentiated research and development positions the company as a technology leader, supporting growth across emerging digital and data centre-related platforms.

We initiated a position in Freeport-McMoRan, Inc. (FCX), as part of a repositioning within the Materials sector, where the recent pullback provided an attractive entry point despite the potential for continued volatility tied to Middle East developments. FCX offers differentiated global macro exposure through copper, benefitting from long-term demand drivers including electrification, grid stabilisation, electric vehicles, and data centre buildouts, while supply growth remains constrained.

We initiated a new position in SanDisk Corp. (SNDK). We believe SNDK is poised for significant growth opportunities in memory, particularly within flash memory (NAND), driven by increased inference compute in AI.

This month we eliminated our positions in Wells Fargo & Co. (WFC), Bank of America Corp. (BAC), and The Sherwin-Williams Co. (SHW).

We eliminated our position in Wells Fargo & Co. (WFC) to fund our new positions in JPM and TRV, where we see a more compelling risk-reward opportunity within Financials.

We eliminated our position in Bank of America Corp. (BAC), similar to WFC, to fund our new positions in JPM and TRV, where we see a more compelling risk-reward opportunity within Financials.

We eliminated our position in The Sherwin-Williams Co. (SHW), due to near-term risks, including volatility in the Middle East that could pressure input costs and an uncertain pace of demand recovery.

Market Outlook

The US economy entered 2026 in a strong position despite high interest rates and tighter financial conditions, as markets moved from expecting rate cuts to anticipating an extended period of steady policy. Consumer spending continued to support demand, while expectations for double-digit earnings growth led to shifts across sectors, especially in Technology amid ongoing disruption from AI. Market leadership expanded beyond mega cap stocks, and although labour market conditions eased, broader data pointed to moderation rather than a clear downturn.

Inflation trends and geopolitical events played a growing role in shaping interest rate expectations and asset performance. Ongoing inflation pressures and higher energy prices – linked to Middle East tensions involving Iran and disruptions near the Strait of Hormuz – supported a higher-for-longer interest rate environment. US assets remained relatively strong, with the dollar posting its strongest quarterly gain since late 2024, defensive sectors and equal-weight equities showing resilience, and demand for safe-haven assets staying firm. Overall, the environment reflected high uncertainty alongside solid underlying economic fundamental factors.

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All data are sourced from Bloomberg and Allianz Global Investors dated as of 31 March 2026 unless otherwise stated.

Allianz Global Investors and Voya Investment Management entered into a long-term strategic partnership on 25 July 2022, upon which the investment team transferred to Voya Investment Management. This did not materially change the composition of the team, the investment philosophy nor the investment process. Management Company: Allianz Global Investors GmbH. Delegated Manager: Voya Investment Management Co. LLC ("Voya IM").

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