

Get active explainer

**How actively managing multi asset portfolios can capture returns
in volatile markets**

Unpredictable markets? Being agile is key

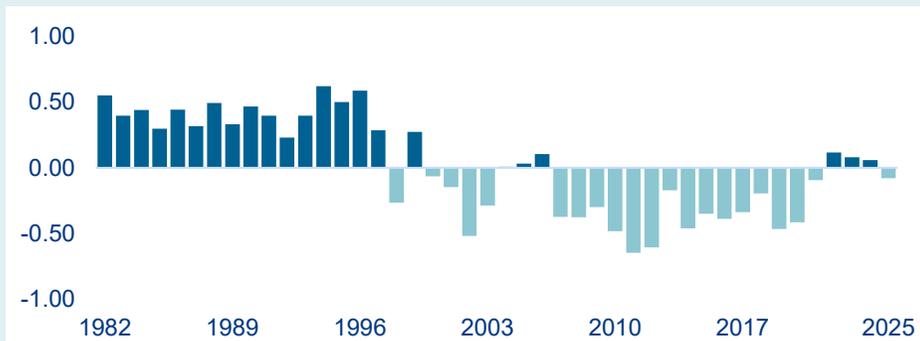
There are several reasons why today's markets are choppy:

01 Economies are diverging:
Different trade deals and economic performance across countries are widening the range of potential outcomes for economies and companies.

02 Some valuations may be inflated:
High valuations in major equity indexes, especially among large tech firms, has raised the risk that other sectors become overpriced – underlining the value of active management to navigate these distortions.

03 The relationship between bonds and stocks is shifting:
The traditional negative correlation between bonds and equities has weakened (see chart), requiring a more sophisticated approach to realise their diversification benefits

Recent history shows that investors cannot always rely on the diversification power of equities and bonds



Conditions like these may reward agile and active risk takers – which is why we apply active approaches in our multi asset portfolios.

The chart shows historical correlations between US equities and bonds on an annual basis. Source: Allianz Global Investors, Bloomberg Finance, US-Equities via ES1 Index, ie, generic first S&P 500 E-mini Future and US-Treasuries via US1 Comdty, ie, generic first US Treasury Bond Futures, daily rolling 63-days-correlations of daily returns, own calculations; as of 31 July 2025. Past performance does not predict future returns. .

Active management in action (1/2)

Five ways active management can help unlock returns in shifting markets

1. Navigate macro risks through fixed income exposure

- **Managing the duration of bonds** within a portfolio can help it adapt to a changing economic outlook.
- Shorter durations typically reduce risk and yield. Longer durations increase both risk and potential return.
- Our fund managers have the **flexibility to adjust the duration** to align with their outlook for interest rates and other risks.

2. Balance equity exposure to adapt to changing markets

- Shifting market conditions call for a **flexible approach to managing equity exposure**.
- Our fund managers can respond with a rigorous selection of sectors, regions and individual stocks.
- They can also **pivot between investment styles**, using different signals to determine the optimal level of exposure.

3. Use hedging to protect portfolios from risk

- A weaker US dollar has pressured many international investors in US markets. Currency hedges can help to mitigate the risk.
- Our fund managers use tools like Vix futures to **mitigate the impact of market volatility**.
- Put options (allowing the sale of a security at a guaranteed price) are used to **guard against sharp equity market falls**.

Active management in action (2/2)

Five ways active management can help unlock returns in shifting markets

4. Rebalance portfolios to keep them aligned with goals

- Some of our strategies use **dynamic allocation techniques** to shape the asset mix, while other portfolios rely on regular rebalancing.
- We take a **strategic approach to rebalancing** to ensure the portfolio remains on track with its investment objectives.
- A well-timed rebalancing can boost a portfolio's performance without significantly its changing volatility.

5. Diversify in new ways to boost returns

- Our faith in gold remains intact thanks to robust central bank demand and macro uncertainty.
- We also **seek out less traditional sources of diversification**, including emerging market debt and catastrophe bonds.
- We can **add alpha through relative-value strategies** which target returns that are uncorrelated with the broader market.

Discover more on the benefits of active management within a multi asset portfolio

Building a resilient portfolio

Combining diverse active investment techniques with expert insights and data analysis helps build a more adaptable, stable and resilient portfolio with stronger long-term performance potential.

Disclaimer

Investing involves risk. The value of an investment and the income from it will fluctuate and investors may not get back the principal invested. Past performance is not indicative of future performance. This is a marketing communication. It is for informational purposes only. This document does not constitute investment advice or a recommendation to buy, sell or hold any security and shall not be deemed an offer to sell or a solicitation of an offer to buy any security.

The views and opinions expressed herein, which are subject to change without notice, are those of the issuer or its affiliated companies at the time of publication. Certain data used are derived from various sources believed to be reliable, but the accuracy or completeness of the data is not guaranteed and no liability is assumed for any direct or consequential losses arising from their use. The duplication, publication, extraction or transmission of the contents, irrespective of the form, is not permitted.

This material has not been reviewed by any regulatory authorities. In mainland China, it is for Qualified Domestic Institutional Investors scheme pursuant to applicable rules and regulations and is for information purpose only. This document does not constitute a public offer by virtue of Act Number 26.831 of the Argentine Republic and General Resolution No. 622/2013 of the NSC. This communication's sole purpose is to inform and does not under any circumstance constitute promotion or publicity of Allianz Global Investors products and/or services in Colombia or to Colombian residents pursuant to part 4 of Decree 2555 of 2010. This communication does not in any way aim to directly or indirectly initiate the purchase of a product or the provision of a service offered by Allianz Global Investors. Via reception of this document, each resident in Colombia acknowledges and accepts to have contacted Allianz Global Investors via their own initiative and that the communication under no circumstances does not arise from any promotional or marketing activities carried out by Allianz Global Investors. Colombian residents accept that accessing any type of social network page of Allianz Global Investors is done under their own responsibility and initiative and are aware that they may access specific information on the products and services of Allianz Global Investors. This communication is strictly private and confidential and may not be reproduced, except for the case of explicit permission by Allianz Global Investors. This communication does not constitute a public offer of securities in Colombia pursuant to the public offer regulation set forth in Decree 2555 of 2010. This communication and the information provided herein should not be considered a solicitation or an offer by Allianz Global Investors or its affiliates to provide any financial products in Brazil, Panama, Peru, and Uruguay. In Australia, this material is presented by Allianz Global Investors Asia Pacific Limited ("AllianzGI AP") and is intended for the use of investment consultants and other institutional /professional investors only, and is not directed to the public or individual retail investors. AllianzGI AP is not licensed to provide financial services to retail clients in Australia. AllianzGI AP is exempt from the requirement to hold an Australian Foreign Financial Service License under the Corporations Act 2001 (Cth) pursuant to ASIC Class Order (CO 03/1103) with respect to the provision of financial services to wholesale clients only. AllianzGI AP is licensed and regulated by Hong Kong Securities and Futures Commission under Hong Kong laws, which differ from Australian laws.

This document is being distributed by the following Allianz Global Investors companies: Allianz Global Investors GmbH, an investment company in Germany, authorized by the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin); Allianz Global Investors (Schweiz) AG; Allianz Global Investors UK Limited, authorized and regulated by the Financial Conduct Authority; in HK, by Allianz Global Investors Asia Pacific Ltd., licensed by the Hong Kong Securities and Futures Commission; in Singapore, by Allianz Global Investors Singapore Ltd., regulated by the Monetary Authority of Singapore [Company Registration No. 199907169Z]; in Japan, by Allianz Global Investors Japan Co., Ltd., registered in Japan as a Financial Instruments Business Operator [Registered No. The Director of Kanto Local Finance Bureau (Financial Instruments Business Operator), No. 424], Member of Japan Investment Advisers Association, the Investment Trust Association, Japan and Type II Financial Instruments Firms Association; in Taiwan, by Allianz Global Investors Taiwan Ltd., licensed by Financial Supervisory Commission in Taiwan; and in Indonesia, by PT. Allianz Global Investors Asset Management Indonesia licensed by Indonesia Financial Services Authority (OJK).