

Allianz European Equity Dividend

- The Fund aims at long-term capital growth by investing in companies of European equity markets that are expected to achieve permanent dividend returns in accordance with environmental and social characteristics. The Fund aims to achieve the Sustainability KPI with the adoption of the Sustainability Key Performance Indicator Strategy (Absolute) ("KPI Strategy (Absolute)"). The Fund does not constitute as an ESG fund pursuant to the SFC's circular issued on 29 June 2021.
- The Fund is exposed to significant risks of investment/general market, country and region, European country and company-specific, and the adverse impact on RMB share classes due to currency depreciation. The economic and financial difficulties in Europe may get worse and thus may adversely affect the Fund (such as increased volatility, liquidity and currency risks associated with investments in Europe).
- The Fund is exposed to sustainable investment risks relating to KPI Strategy (Absolute) (such as foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, selling securities when it might be disadvantageous to do so, and/or reducing risk diversifications compared to broadly based funds) which may result in the Fund being more volatile and have adverse impact on the performance of the Fund and consequently adversely affect an investor's investment in the Fund.
- The Fund may invest in financial derivative instruments ("FDI") which may expose to higher leverage, counterparty, liquidity, valuation, volatility, market and over the counter transaction risks. The Fund's net derivative exposure may be up to 50% of the Fund's net asset value.
- This investment may involve risks that could result in loss of part or entire amount of investors' investment.
- In making investment decisions, investors should not rely solely on this material.

Note: Dividend payments may, at the sole discretion of the Investment Manager, be made out of the Fund's capital or effectively out of the Fund's capital which represents a return or withdrawal of part of the amount investors originally invested and/or capital gains attributable to the original investment. This may result in an immediate decrease in the NAV per share and the capital of the Fund available for investment in the future and capital growth may be reduced, in particular for hedged share classes for which the distribution amount and NAV of any hedged share classes (HSC) may be adversely affected by differences in the interests rates of the reference currency of the HSC and the base currency of the Fund, particularly if such HSC are applying the IRD Neutral Policy.

DIVIDENDS – THE ICING ON THE CAKE | SEPTEMBER 2025

Industrial strength: capturing Europe's structural shift through dividends

In response to the clarification of tariffs imposed by the United States, Europe is entering a new phase of strategic renewal. This shift is guided by a shared commitment to enhancing competitiveness, achieving climate goals, and securing economic sovereignty. Since the beginning of 2025, governments across Europe have launched targeted investment programmes to support long-term growth and industrial transformation, while reinforcing autonomy in key sectors such as energy, mobility, and defence. The trade agreement reached in July 2025 provides a clearer framework for transatlantic commerce, but the

economic impact of the remaining tariffs is still expected to reduce the European Union's gross domestic product by approximately 0.2% to 0.3% cumulatively¹ over the coming years. While this drag on growth is modest, the fiscal response across Europe is expected to more than compensate for it.

France launched its EUR 54 billion France 2030 investment programme in August 2024, aiming to accelerate industrial innovation, energy transition, and technological sovereignty². Germany followed in early 2025 with its EUR 500 billion transformation and infrastructure fund, projected to increase national output by up to

2.1% cumulatively by 2027³, driven by strong multiplier effects across industrial supply chains, employment, and innovation. In addition, the federal government significantly increased its defence spending in 2025, as part of a broader investment push in external and internal security, confirmed in the official federal budget adopted in June 2025⁴. These measures are expected to generate substantial industrial momentum, particularly in aerospace, electronics, cybersecurity, and advanced manufacturing, reinforcing Germany's role as a key driver of European reindustrialisation. In the United Kingdom, the government unveiled a comprehensive GBP 725 billion infrastructure strategy in June

2025, covering transport, energy, digital infrastructure, and public services.⁵ The strategy is designed to deliver tangible improvements across the country, build supply chain capacity, tackle skills shortages, and create high-quality jobs, while supporting long-term economic growth and business investment. In Northern Europe, Finland, Denmark, and Sweden have launched coordinated infrastructure and energy initiatives, including cross-border cooperation on offshore wind development, grid expansion, and industrial decarbonisation.⁶

Complementing these national efforts, the European Union is reinforcing industrial renewal through a series of strategic initiatives aimed at long-term competitiveness and resilience. Besides smaller programs such as the Clean Industrial Deal⁷ and

the DIGITAL investment programme⁸, a central pillar of the EU's strategic response is REARM Europe. This is a defence initiative expected to mobilise up to EUR 800 billion over the coming years through national contributions, loans, and joint programmes.⁹

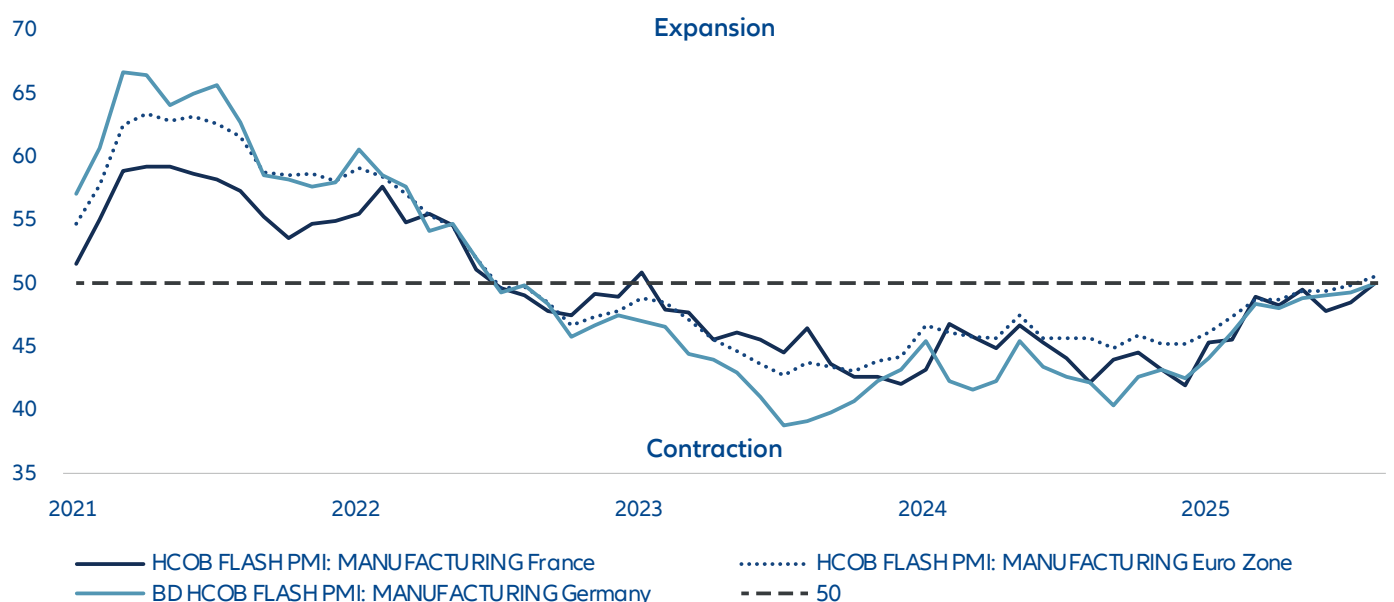
These investments are designed to enhance security while accelerating industrial renewal and innovation. EU-wide programmes are channelling substantial public and private funds into clean energy, digital infrastructure and the transformation of manufacturing. Their coordinated rollout marks a shift from reactive policymaking to a forward-looking industrial strategy.

As structural trends begin to support corporate performance, the outlook for European industrials

is improving. Demand is rising across automation, transport, and construction, with private funding increasingly complementing public initiatives. Recent PMI data show Eurozone manufacturing returning to expansion for the first time since mid-2022, reaching 50.5 in August.¹⁰

Consensus forecasts indicate that European industrial firms will deliver some of the strongest earnings growth globally, with earnings per share (EPS) projected to rise by 12.5% between 2024 and 2026.¹¹ While industrials have not traditionally been seen as a core dividend sector, this is changing. Strong balance sheets, disciplined capital allocation, and resilient cash flows are supporting a more attractive dividend profile.

Flash Manufacturing PMI country/regional indices¹⁰



Source: LSEG Datastream, AllianzGI Economics & Strategy, 27 August 2025. Past performance does not predict future returns.



Positioned for transformation: dividend opportunities in Europe's industrial revival

This evolving landscape aligns well with our Allianz European Equity Dividend strategy. Historically, exposure to industrials was often trivial for dividend-focused investors due to their lower yields. However, our strategy has taken a different approach for a while, allocating to high-quality companies in this segment that offer resilient cash flows and sustainable dividends. This enables us to access an attractive, growing part of the market and position the strategy to benefit from Europe's ongoing industrial renewal. The following holdings demonstrate how we have implemented this approach, with selected industrial companies positioned to capitalise on long-term opportunities arising from structural transformation across the region while offering attractive dividend yields.



Unlocking upside: a focused view on stock potential

A Swedish bearing and seal manufacturing company has been well placed to profit from Europe's rising investment in industrial

infrastructure and defence. With approximately 41% of its revenue generated in the EMEA region¹², a large share of which is attributable to Europe, the company has benefitted from national programmes aimed at modernising key sectors. In Germany, the €500 billion infrastructure fund includes significant support for industrial decarbonisation and automation-areas where the company's bearings, seals, and condition monitoring systems play a critical role. Additionally, increased defence spending across Europe is expected to drive demand in aerospace and heavy machinery applications. These investments are likely to trigger a multiplier effect across the industrial value chain, further boosting demand for the company's technologies and services. These developments reinforce the company's strategic importance as a supplier of essential components for Europe's industrial transformation.

Volvo AB* has benefitted from Europe's accelerating push toward zero-emission transport. Across the EU, regulatory pressure and climate targets are driving large-scale investments in sustainable infrastructure, including subsidies for electric and hydrogen-powered trucks, charging networks, and fleet decarbonisation. Volvo has responded with a broad portfolio of battery-electric and fuel-cell vehicles and is already supporting logistics operators across a wide range of applications. In the UK, the government's 2025 EV Infrastructure

Investment Package-part of the broader Plan for Change-includes £63 million¹³ to expand charging networks, support fleet electrification, and lower operating costs for logistics operators. These developments strengthen Volvo's position as a key enabler of the transition to sustainable heavy-duty transport across Europe.

A German multinational company and the world's leading logistics provider has capitalised Germany's infrastructure investments and the broader momentum of the EU. The expansion of transport routes and digital infrastructure enhances supply chain efficiency, thereby directly supporting the company's core operations. At the same time, the company can access national and EU subsidies for sustainable logistics solutions, such as electric fleets and carbon-neutral warehouses. As Germany's stimulus measures are expected to have a positive knock-on effect across the EU, the company has benefitted disproportionately thanks to its extensive cross-border logistics network and presence throughout Europe.

INDUSTRIAL STRENGTH: CAPTURING EUROPE'S STRUCTURAL SHIFT THROUGH DIVIDENDS

- 1 Kiel Institute for the World Economy (IfW Kiel), KITE simulation dated 28 July 2025
- 2 Secrétariat général pour l'investissement, Gouvernement français – France 2030 overview, August 2024
- 3 Allianz Trade, Analysis of the impact of new debt and investment, March 2025
- 4 German Press and Information Office of the Federal Government, June 2025
- 5 NISTA Annual Report 2024-25, 11 August 2025
- 6 Nordic Council Infrastructure Cooperation Report, May 2025.
- 7 European Commission, Clean Industrial Deal, Strategy for Competitiveness and Decarbonisation, February 2025
- 8 European Commission, DIGITAL Europe Programme 2025–2027, 28 March 2025.
- 9 European Commission; Press statement on the defence package, March 2025
- 10 LSEG Datastream, 27 August 2025
- 11 Bloomberg, August 2025
- 12 SKF, Annual and Sustainability Report 2024, 7 March 2025
- 13 UK Department for Transport, New £63 million boost for Britain's electric vehicle revolution, 13 July 2025, EMEA - Europe, Middle East and Africa

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