Allianz Global Investors

Allianz Euroland Equity Growth

Monthly commentary

- The Fund aims at long-term capital growth by investing in Eurozone equity markets with a focus on growth stocks in accordance with environmental and social characteristics. With the adoption of the Sustainability Key Performance Indicator Strategy (Relative) ("KPI Strategy (Relative)"), the Fund aims to achieve the reduction in greenhouse gas emissions ("GHG") of the Fund's portfolio which shall be at least 20% lower than that of its benchmark within the same period ("Sustainability KPI").
- The Fund is exposed to significant risks of investment/general market, country and region, European country and company-specific. 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 (Relative) (such as foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities when it might be disadvantageous to do so or relying on information and data from third party ESG research data providers and internal analyses which may be subjective, incomplete, inaccurate or unavailable). The Fund focuses on the Sustainability KPI which may reduce risk diversifications and may be more volatile compared to broadly based funds. Also, the Fund may be particularly focusing on the GHG efficiency of the investee companies rather than their financial performance which may have an adverse impact on the Fund's performance.
- 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.

What Happened in July

European equities closed July little changed. Some EU members reacted negatively to the announcement of a US-EU trade deal with 15% tariffs on EU imports into the US, with Germany and France among the EU countries concluding that the terms disproportionately favour the US. The negative impact of euro strength is also starting to surface in secondquarter corporate earnings releases, with analysts slashing full-year forecasts. At a sector level, information technology stocks fared worst, dragged lower by Dutch semiconductor manufacturer ASML as its shares plunged after US tariff uncertainty clouded the outlook for 2026. Communication services and real estate stocks also posted negative returns, while energy and financials stocks were among the positive performers.

Portfolio Review

During July, the Fund's leading share class decreased in value and performed in line with the benchmark. This result was due to stock-picking. This worked especially well in the information technology, industrials and consumer staples areas, whereas stock-picking in the health care, financials and consumer discretionary sectors was disadvantageous. Sector allocation contributed negatively to overall returns. The overweight in information technology stocks as well as the underweights in industrials and energy companies weighed on the Fund's leading share class relative performance. However, our overweight exposure to the health care, consumer staples and communication services areas was beneficial.

On a single stock basis, our overweight positions in Nemetschek SE*, a corporation from the application software sector headquartered in Germany, Ryanair*, a corporation from the passenger airlines sector headquartered in Ireland and a French company operating in the life science tools & services area, helped most. Our overweight positions in the two corporations from Germany, an apparel, accessories & luxury goods company and a health care equipment company, as well as Hermes International*, a French supplier of apparel, accessories & luxury goods, particularly hurt the overall outcome.

Outlook and Strategy

The Fund remained overweight euro zone companies with upside potential that does not appear to be sufficiently priced in. Stock-picking focused in particular on identifying factors such as structural competitive advantages that are above long-term averages.

In July, we made only a few minor adjustments to the portfolio.

The Fund's top holdings were Hermes International*, SAP*, a German firm from the application software sector and ASML*, a Dutch firm from the semiconductor materials & equipment sector. The Fund's heaviest overweights were the two German firms Nemetschek SE*, Scout24* (interactive media & services) as well as Hermes International*. On the other hand, a company providing integrated telecommunication services, a Spanish electric-utilities name and a French aerospace & defence name, were the Fund's main underweights at the end of July.

Thanks to the Fund's specific stock selection approach, the sector and country positionings looked as follows: equities from the consumer discretionary, information technology and health care were overweight, while the Fund only held selective positions in the industrials, utilities and energy. From a regional perspective, the Fund had an overweight exposure to stocks from Germany, Ireland and the Netherlands, whereas stocks from Italy, Belgium and Greece were underweight.

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All data sourced from Allianz Global Investors, Eurostat, IHS Markit and Office for National Statistics, as at 31 July 2025 unless otherwise stated.