

# 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 January

European equities delivered strong gains over January, with the EuroStoxx 600 Index hitting fresh highs. Shares benefitted from increased interest in the region as attractive relative valuations helped investors overlook lacklustre growth and the threat of higher US tariffs. A rotation away from richly-valued US tech stocks was a further tailwind. At a sector level, financials, communication services and consumer discretionary stocks rallied the most. In contrast to the US, European technology shares also rallied strongly, with semiconductor equipment maker ASML\* noting that DeepSeek's announcement was good news for chip makers. Meanwhile, the utilities, consumer staples and real estate sectors lagged.

## Portfolio Review

The Fund's leading share class continued to perform strongly on an absolute basis and performed considerably better than the benchmark\*. This result was thanks to favourable stock-picking. This worked especially well in the health care, consumer discretionary and information technology areas, whereas stock-picking in the industrials and material sectors had a particularly negative impact on performance. Sector allocation added to the fund's performance. Our overweight exposure to the consumer discretionary and information technology areas and our underweight in utilities companies were beneficial. On the other hand, the overweights in materials and consumer staples stocks as well as the underweight in financials companies weighed on the fund's leading share class relative performance.

On a single stock basis, our overweight positions in the two companies from Germany Nemetschek SE\*, a name operating in the application software area, a firm from the health care equipment sector, as well as Hermes International\*, a French company supplying apparel, accessories & luxury goods, helped most. Our overweight positions in Kingspan Group\*, an Irish company supplying building products and a Dutch company from the semiconductor materials & equipment sector, together with our underweight position in a name from the integrated telecommunication area, particularly hurt the overall result.

## 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 January, we made only a few minor adjustments to the portfolio.

The top holdings of the Fund were the French names, Hermes International\*, LVMH\*, as well as ASML\*, a name from the semiconductor materials & equipment sector headquartered in the Netherlands. The Fund's heaviest overweights were two names from Germany Nemetschek SE\*, Scout24\* (interactive media & services), as well as Hermes International\*. On the other hand, two names from an aerospace & defense company, an electrical components & equipment company, as well as a name from the integrated telecommunication area, were the Fund's main underweights at the end of January.

Due 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 and Ireland, whereas stocks from Italy, Belgium and France were underweight.

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

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