

# 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. With the adoption of the Sustainability Key Performance Indicator Strategy (Relative) ("KPI Strategy (Relative)"), the Fund also seeks 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 May

European equities rallied over May, buoyed by growing hopes that the European Central Bank (ECB) would cut rates in June, although some late-month weakness capped the monthly gains. At a sector level, financials and real estate stocks were the strongest in the MSCI Europe Index, while energy was the only sector to end the month in negative territory.

#### Portfolio Review

During May, the fund's leading share class moved sideways, however, the portfolio performed weaker than the benchmark. This was mostly attributable to stock-picking which contributed negatively to performance from the healthcare, industrials and communication services sectors. Stock-picking in the materials, financials and consumer discretionary areas added to the fund's leading share class performance, however. Sector allocation contributed negatively to overall returns. The

overweight in consumer discretionary stocks as well as the underweights in utilities and industrials companies weighed on the fund's leading share class relative performance. However, our overweights in communication services and information technology and our underweight in materials stocks are worth mentioning and had a positive effect on performance.

On a single stock basis, our overweight positions in the two German names, operating in the diversified financial services area, and a semiconductor company, as well as a Spanish firm from the metal, glass & plastic containers sector, helped most. Our overweight positions in two companies from Germany (health care equipment) and (life sciences tools & services), as well as an Irish firm from the passenger airlines sector, weighed heavily on 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.

Regarding key transactions in the fund, we liquidated Worldline, a French name operating in the transaction & payment processing services area.

The fund's top holdings were the two French companies supplying apparel, accessories & luxury goods, as well as a Dutch name operating in the semiconductor materials & equipment area. The fund's heaviest overweights were, an Irish corporation supplying building products, a company from the application software sector headquartered in Germany, and a luxury good company. On the other hand, a company from the electrical components & equipment sector headquartered in France, a leading chipmaker and a Spanish electric-utilities company, were the fund's main underweights at the end of May.

As a result of the fund's specific stock selection approach, the sector and country allocations looked as follows: the fund was overweight in the consumer discretionary, information technology and communication services areas, while it was underweight in the utilities, industrials and materials sectors. From a regional perspective, the fund had an overweight exposure to stocks from Germany and Ireland, whereas stocks from France, Italy and the Netherlands were underweight.

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All data sourced from Allianz Global Investors, Eurostat, IHS Markit and Office for National Statistics, as at 31 May 2024 unless otherwise stated.

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