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 May

European equities moved higher in May, with defence names leading the way amid faltering hopes of a ceasefire in Ukraine. Having sold off sharply mid-month after President Donald Trump threatened to slap 50% tariffs on all of the bloc's exports to the US from 1 June, European markets rebounded on news that Trump had delayed implementation until 9 July to allow more time for negotiations. At a sector level, information technology and industrials stocks were the strongest performers amid a slew of positive earnings releases. Health care stocks brought up the rear, but still managed a modest positive return during the month.

MAY 2025

Portfolio Review

The fund's leading share class gained strongly in value and performed in line with the benchmark*. This was due to stockpicking. This worked especially well in the communication services, health care and energy sectors, whereas stock-picking in the industrials, information technology and material areas had a detrimental influence. The fund’s leading share class sector allocation had a slightly negative impact on performance. The overweights in health care and consumer discretionary stocks as well as the underweight in industrials companies weighed on the fund's leading share class relative performance. However, our overweight in information technology and our underweights in utilities and energy stocks are worth mentioning and had a slightly negative impact on relative performance.

On a single stock basis, our overweight positions in Adyen*, a name from the transaction & payment processing services sector headquartered in the Netherlands and Scout24*, a name from the interactive media & services sector headquartered in Germany, together with our underweight position in a Spanish electric-utilities name, helped most. Our overweight positions in the two German names a company operating in the life science tools & services area and a firm from the health care equipment sector, together with our underweight position in a German aerospace & defence name, 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.

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

The fund's top holdings were Hermes International*, a French company supplying apparel, accessories & luxury goods, SAP*, a German corporation operating in the application software area and ASML*, a Dutch corporation operating in the semiconductor materials & equipment area. The fund's heaviest overweights were two corporations from Germany Nemetschek SE* (application software), Scout24*, as well as Hermes International*. On the other hand, a name from the integrated telecommunication area, the Spanish electric-utilities name and a French aerospace & defence name, were the fund's main underweights at the end of May.

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

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

*The information above is provided for the purpose to demonstrate the Fund's investment strategy only, it should not be considered a recommendation nor investment advice to buy or sell any shares of securities. There is no assurance that any securities discussed herein will remain in the Fund at the time you receive this document.

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ADM-W4612182