

Allianz

Europe Equity

Growth

Monthly commentary

- The Fund aims at long-term capital growth by investing in European 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 February

European equities rallied over February, as President Trump's push for peace in Ukraine raised hopes that the three-year war would soon end, although markets closed the month on a weaker note after he hinted that he may introduce 25% tariffs on European exports to the US. Defence stocks benefitted from signs that European governments will be forced to increase military spending sharply. At a sector level, financials, communication services and consumer staples rallied the most, while information technology was the only sector to close the month with notable losses.

The Fund's leading share class remained stable, however, the portfolio underperformed its benchmark. This was almost entirely due to adverse stock selection. This proved especially disadvantageous in the health care, consumer discretionary and

communication services sectors. Stock selection in the information technology area worked well, however. Sector allocation had a slightly negative impact on the overall result. The overweight in information technology stocks as well as the underweights in health care and consumer staples companies weighed on the fund's leading share class relative performance. However, this was the result of being overweight in industrials companies and having an underweight exposure to the energy and real estate sectors.

On a single stock basis, our overweight positions in an Irish supplier of building products, a German semiconductor company and Adyen*, a name from the transaction & payment processing services sector headquartered in the Netherlands, helped most. Our overweight positions in ASML*, a name from the semiconductor materials & equipment sector headquartered in the Netherlands and a British name from the hotels, resorts & cruise lines area, together with our underweight position in a food and beverage company, particularly hurt the overall result.

Portfolio Review

The Fund continued to focus on European companies that can benefit from long-term competitive advantages, significant pricing power, and high barriers to entry.

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

The top holdings of the fund were SAP*, a German firm operating in the application software area, ASML* and Novo Nordisk*, a Danish pharmaceutical company. The fund's heaviest overweights were a Swiss company operating in the asset management & custody banks area, ASSA ABLOY*, a Swedish company supplying building products and Dsv A/S*, a Danish air freight & logistics company. On the other hand, the two Swiss firms, a food and beverage company, a pharmaceuticals company, as well as a British firm from the personal care products sector, were the fund's main underweights at the end of February.

As a result of the fund's specific stock selection approach, the average EPS ratio of the fund stood higher than the benchmark. Furthermore, active management resulted in the following sector and country allocations: equities from the information technology, industrials and consumer discretionary were overweight, while the fund only held selective positions in the health care, consumer staples and utilities. From a regional perspective, the fund had an overweight exposure to stocks from Sweden, Denmark and Germany, whereas stocks from the United Kingdom, Switzerland and Spain were underweight.

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All data are sourced from Allianz Global Investors, Eurostat, IHS Markit and Office for National Statistics, as at 28 February 2025 unless otherwise stated.

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