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 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.

During July, the fund's leading share class decreased in value and performed weaker than the benchmark. The underperformance can mostly be explained by unfavourable stock selection. This proved especially disadvantageous in the health care, industrials and material sectors. Stock selection in the information technology, communication services and consumer staples areas was most successful, however. The fund's leading share class sector allocation had a slightly negative impact on the overall result. The overweight in information technology stocks as well as the underweights in energy and financials 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 health care and real estate sectors.

On a single stock basis, our overweight positions in ASSA ABLOY*, a Swedish company supplying building products and Legrand, a corporation from the electrical components & equipment sector headquartered in France, together with our underweight position in the world's largest food and beverage company, helped most. Our overweight positions in a German company supplying apparel, accessories & luxury goods, ASML*, a corporation from the semiconductor materials & equipment sector headquartered in the Netherlands and Sika*, a Swiss specialty chemicals 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 July, we made only a few minor adjustments to the portfolio.

The top holdings of the fund were SAP*, a German name from the application software sector, ASML* and Dsv A/S*, a Danish company from the air freight & logistics area. The fund's heaviest overweights were ASML*, Dsv A/S* and a German name from the interactive media & services sector. On the other hand, the two Swiss names – the world's largest food and beverage company and a pharmaceutical company, as well as a name from the personal care products sector headquartered in the United Kingdom, were the fund's main underweights at the end of July.

As a result of the fund's specific stock selection approach, the sector and country positionings looked as follows: the fund was overweight in the information technology, industrials and consumer discretionary sectors, while it was underweight in the health care, utilities and consumer staples areas. From a regional perspective, the fund had an overweight exposure to stocks from Sweden, the Netherlands and Denmark, whereas stocks from the United Kingdom, Switzerland and Italy were underweight.