

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 moved higher in February, although markets were not immune to the AI disruption fears dragging stocks lower elsewhere. The STOXX 600 Index touched a fresh record high as investors rotated out of mega-cap high growth US tech names. Defence stocks also moved higher after US-brokered peace talks between Moscow and Kyiv collapsed dashing hopes of an end to the conflict as it entered its fifth year. Mounting concerns about renewed conflict in the Middle East further supported the sector. Reports that European Central Bank (ECB) President Christine Lagarde was planning to step down before her eight-year term ends in October 2027 fuelled succession talk and speculation about the central bank's policy outlook. Stocks rose later in the review period after the US Supreme Court's decision to overturn President Donald Trump's emergency tariffs.

The fund's leading share class continued to perform substantially on an absolute basis and performed in line with the benchmark. This was due to stock-picking. This was most successful in the industrials, health care and information technology sectors, whereas stock-picking in the financials, communication services and consumer staples areas had a detrimental impact. Sector allocation contributed positively to overall returns. Our overweight in industrials and our underweights in financials and health care stocks are worth mentioning and contributed positively to relative performance. On the other hand, a light drag on relative performance, was the underweight of utilities, communication services and materials companies.

On a single stock basis, our overweight positions in an Irish supplier of building products and a Swiss supplier of packaged food and meat, together with our underweight position in a Danish pharma company, helped most. Our overweight positions in a Swiss company operating in the asset management & custody banks area and a Dutch name operating in the transaction & payment processing services area, together with our underweight position in a Swiss pharma company, particularly hurt the overall outcome.

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.

Regarding key transactions in the fund, we sold our holdings in a Spanish name from the hotels, resorts & cruise lines area and a German name operating in the application software area. Besides, a Spanish apparel retailer and a French company operating in the oil & gas storage & transportation area, were added to the portfolio.

The Fund's top holdings were ASML*, a Dutch name operating in the semiconductor materials & equipment area, AstraZeneca*, a British pharma company and Schneider Electric*, a French name operating in the electrical components & equipment area. The Fund's heaviest overweights were the two names from Sweden Atlas Copco*, an industrial machinery name, ASSA ABLOY*, a company supplying building products, as well as L'Oréal*, a French name from the personal care products sector. On the other hand, the two Swiss names from the pharmaceuticals sector as well as a British name 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, its average EPS ratio was higher than the corresponding benchmark figure. This reflects the fund's quality bias. Overall, stock selection resulted in the following sector and country allocations: the fund was overweight in the industrials, consumer discretionary and information technology areas, while it was underweight in the financials, health care and utilities sectors. From a regional perspective, the fund had an overweight exposure to stocks from Sweden, France and Ireland, whereas stocks from Switzerland, Spain and Italy were underweight.

Connect with Us | hk.allianzgi.com | +852 2238 8000 | Search more  Allianz Global Investors

 Like us on Facebook [安聯投資 – 香港](#)

 Connect on LinkedIn [Allianz Global Investors](#)

 Subscribe to YouTube channel [安聯投資](#)

All data are sourced from Allianz Global Investors, Eurostat, IHS Markit and Office for National Statistics, as at 28 February 2026 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. Any securities mentioned (above) is for illustrative purposes only. It should not be considered as an investment advice, or a recommendation to buy or sell any particular security or strategy.

Information herein is based on sources we believe to be accurate and reliable as at the date it was made. We reserve the right to revise any information herein at any time without notice. No offer or solicitation to buy or sell securities and no investment advice or recommendation is made herein. In making investment decisions, investors should not rely solely on this material but should seek independent professional advice.

Investment involves risks, in particular, risks associated with investment in emerging and less developed markets. Past performance is not indicative of future performance. Investors should read the offering documents for further details, including the risk factors, before investing. This material and website have not been reviewed by the Securities and Futures Commission of Hong Kong. Issued by Allianz Global Investors Asia Pacific Limited.

The Fund is not domiciled in the Macao Special Administrative Region ("Macao SAR"), and its regulatory standards may differ from those applicable in the Macao SAR.