

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 September

Euro-zone equities closed the month of September little changed. To an extent, the US stock market influenced movements in Europe. Shares sold off in the first half of the month as continued weak US job growth raised recessionary fears once more, before rallying in the second half as central banks loosened monetary policy and the Chinese authorities announced additional stimulus measures. Sectoral returns were mixed: materials, real estate and utilities were the strongest sectors, while the largest losses came from energy, health care and information technology.

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.

During the month under review, we liquidated a company from the environmental & facilities services sector headquartered in the United Kingdom.

The top holdings of the Fund were the two Danish corporations, a healthcare company, and a transport and logistics company, as well as a chipmaking company. The Fund's heaviest overweights were a Danish transport and logistics company, a Swedish company supplying building products, and a Swiss specialty chemicals producer. On the other hand, two companies from Switzerland, a pharmaceutical company and a food and drink processing conglomerate corporation, as well as a British firm from the personal care products sector, were the Fund's main underweights at the end of September.

Due to the Fund's specific stock selection approach, its average EPS ratio was significantly higher than the corresponding benchmark figure. This highlights the Fund's quality bias. Overall, active management resulted in the following sector and country allocations: the Fund was overweight in the industrials, information technology and materials sectors, while it was underweight in the health care, consumer staples and utilities areas. 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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