

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. With the adoption of the Sustainability Key Performance Indicator Strategy (Relative) ("KPI Strategy (Relative)"), the Fund also seeks 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 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 rallied over May, buoyed by growing hopes that the European Central Bank (ECB) would cut rates in June, although some late-month weakness capped the monthly gains. At a sector level, financials and real estate stocks were the strongest in the MSCI Europe Index, while energy was the only sector to end the month in negative territory.

In May, the fund's leading share class made sizeable returns and performed in line with the benchmark. This was due to stock selection which was most successful in the information technology, industrials and materials areas, whereas stock selection in the health care and consumer staples sectors proved disadvantageous. Sector allocation contributed positively to overall returns. Our overweight exposure to the industrials sector and our underweights in energy and consumer

discretionary companies were beneficial. On the other hand, the underweights in utilities, real estate and health care companies weighed on the fund's leading share class relative performance.

On a single stock basis, our overweight positions in a German semiconductor, a Danish firm from the health care equipment sector, and a Swedish name operating in the construction machinery & heavy transportation equipment area, helped most. Our overweight positions in two firms from (life sciences tools & services) and (health care equipment), as well as a Danish supplier of health care products, weighed heavily on 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.

During the month under review, we liquidated an Irish supplier of packaged food and meat. The fund's top holdings were a Danish pharma company, a Dutch firm from the semiconductor materials & equipment sector, and a Swiss specialty chemicals producer. The fund's heaviest overweights were a Danish firm from the air freight & logistics area, a specialty chemicals company and the Swedish industrial machinery. On the other hand, the two pharma companies (the United Kingdom) and (Switzerland), as well as a food and beverage company, were the fund's main underweights at the end of May.

Thanks to the fund's specific stock selection approach, the average EPS ratio of the fund stood at 14.9, significantly higher than the 10.3 of the benchmark. Overall, active management resulted in the following sector and country positionings: the fund was overweight in the industrials, information technology and materials areas, while it was underweight in the consumer staples, health care and utilities sectors. From a regional perspective, the fund had an overweight exposure to stocks from Sweden, Denmark and Germany, whereas stocks from the United Kingdom, Spain and Italy were underweight.

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