

# Allianz Europe

# Equity Growth

## Monthly commentary

### Investment Objective

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.

### What Happened in June

European equities fell slightly in June. Earlier gains were offset by negative tariff sentiment, as a trade deal between Washington and Brussels remains elusive as the 9 July deadline approaches. Failure to reach a trade deal will result in a 50% tariff on all goods imported to the US – the European Union's biggest export partner – which will have a crippling impact on the bloc, particularly Germany. Escalating geopolitical tensions in the Middle East also weighed on sentiment, although the month ended on a more positive note following a ceasefire between Israel and Iran. At a sector level, the Consumer sectors fared worst, while Energy rose the most.

### Performance Review

During June, the Fund decreased in value and performed in line with the benchmark. This was due to stockpicking, which proved profitable in the Consumer Staples, Health Care and Material sectors, whereas stockpicking in the Industrials, Financials and Consumer Discretionary areas had a detrimental impact. Sector allocation had a positive influence on the overall result. The Fund's overweights in the Information Technology and Industrials sectors, and its underweight position in the Consumer Staples area were highly favourable. On the other hand, a light drag on relative performance was the overweight of Materials stocks as well as the underweight of Energy and Utilities companies.

On a single stock basis, our overweight positions in the Dutch firms – ASML and a semiconductor equipment manufacturer – together with our underweight position in a multinational packaged food company, helped most. Our overweight positions in a German sporting apparel company and Adyen (a Dutch firm operating in the transaction and

payment processing services area), together with our underweight position in a French aerospace and defence name, particularly hurt the overall result.

## Portfolio Strategy and Activity

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 terms of trading activity, we liquidated a British company operating in the trading companies and distributors sector.

The top holdings of the Fund were SAP, ASML, and DSV A/S. The Fund's heaviest overweights were ASML, DSV A/S, and a platform for residential and commercial real estate in Germany.

On the other hand, two Swiss names – the afore-mentioned packaged food company, a developer and manufacturer of pharmaceutical and diagnostic products, as well as a name from the personal care products sector headquartered in the UK, were the Fund's main underweights at the end of June.

As a result of the Fund's specific stock selection approach, the sector and country allocations 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 Germany, whereas stocks from the UK, Switzerland and Italy were underweight.

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