

Annual Report for

Europe Equity Growth

31 July 2024



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

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9th & 10th Floor, Bangunan AmBank Group
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50200 Kuala Lumpur

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Jeyaratnam A/L Tamotharam Pillai
Ng Chih Kaye
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Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of Europe Equity Growth ("Fund") for the financial year ended 31 July 2024.

Salient Information of the Fund

| | |
|----------------------------------|---|
| Name | Europe Equity Growth ("Fund") |
| Category/ Type | Wholesale (Feeder Fund) / Growth |
| Name of Target Fund | Allianz Europe Equity Growth |
| Objective | <p>The Fund seeks to provide long term* capital growth by investing in the Target Fund, which invests primarily in European equity markets.</p> <p><i>Note:</i> <i>* Long term means the investment horizon should at least be ten (10) years.</i> <i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p> |
| Duration | The Fund was established on 10 July 2014 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund. |
| Performance Benchmark | <p>S&P Europe LargeMidCap Growth Net Total Return ("S&P") (Available at www.aminvest.com)</p> <p><i>Note: The risk profile of the Fund is not the same as the risk profile of the performance benchmark.</i></p> <p><i>The S&P Europe LargeMidCap Growth Net Total Return (the "Index") is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by AmFunds Management Berhad. S&P® is a registered trademark of S&P Global ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); Europe Equity Growth are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, any of their respective affiliates (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices makes no representation or warranty, express or implied, to the owners of the Europe Equity Growth or any member of the public regarding the advisability of investing in securities generally or in Europe Equity Growth particularly or the ability of the S&P Europe LargeMidCap Growth Net Total Return to track general market performance. S&P Dow Jones Indices' only relationship to AmFunds Management Berhad with respect to the S&P Europe LargeMidCap Growth Net Total Return is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The S&P Europe LargeMidCap Growth Net Total Return is determined, composed and calculated by S&P Dow Jones Indices without regard to AmFunds Management Berhad or the Europe Equity Growth. S&P Dow Jones Indices have no obligation to take the needs of AmFunds Management Berhad or the owners of Europe Equity Growth into consideration in determining, composing or calculating the S&P Europe LargeMidCap Growth Net Total Return. S&P Dow Jones Indices are not responsible for and have not participated in the determination of the prices, and amount of Europe Equity</i></p> |

| | <i>Growth or the timing of the issuance or sale of Europe Equity Growth or in the determination or calculation of the equation by which Europe Equity Growth is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of Europe Equity Growth. There is no assurance that investment products based on the S&P Europe LargeMidCap Growth Net Total Return will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|-----------------------|--------------------|-----------------------|--------------------|--|------------------|-----------------------|------------------|-----------------------|-----------------|---|---|---|---|--------------|---|---|---|---|---------------|--------|---|--------|---|----------------|---------|---|---------|---|-------------------|------------|---|------------|---|
| Income Distribution Policy | Subject to availability of income, distribution is incidental and will be reinvested. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Breakdown of Unit Holdings by Size | For the financial year under review, the size of the Fund stood at 20,726,473 units. <table border="1" data-bbox="373 680 1466 965"> <thead> <tr> <th rowspan="2">Size of holding</th> <th colspan="2">As at 31 July 2024</th> <th colspan="2">As at 31 July 2023</th> </tr> <tr> <th>No of units held</th> <th>Number of unitholders</th> <th>No of units held</th> <th>Number of unitholders</th> </tr> </thead> <tbody> <tr> <td>5,000 and below</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>5,001-10,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>10,001-50,000</td> <td>26,374</td> <td>1</td> <td>26,374</td> <td>1</td> </tr> <tr> <td>50,001-500,000</td> <td>626,106</td> <td>3</td> <td>612,169</td> <td>2</td> </tr> <tr> <td>500,001 and above</td> <td>20,073,993</td> <td>4</td> <td>32,194,899</td> <td>4</td> </tr> </tbody> </table> | Size of holding | As at 31 July 2024 | | As at 31 July 2023 | | No of units held | Number of unitholders | No of units held | Number of unitholders | 5,000 and below | - | - | - | - | 5,001-10,000 | - | - | - | - | 10,001-50,000 | 26,374 | 1 | 26,374 | 1 | 50,001-500,000 | 626,106 | 3 | 612,169 | 2 | 500,001 and above | 20,073,993 | 4 | 32,194,899 | 4 |
| Size of holding | As at 31 July 2024 | | As at 31 July 2023 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | No of units held | Number of unitholders | No of units held | Number of unitholders | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5,000 and below | - | - | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5,001-10,000 | - | - | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10,001-50,000 | 26,374 | 1 | 26,374 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50,001-500,000 | 626,106 | 3 | 612,169 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 500,001 and above | 20,073,993 | 4 | 32,194,899 | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Fund Performance Data

| | | | | |
|--|--|-----------------|-----------------|--|
| Portfolio Composition | Details of portfolio composition of the Fund as at 31 July are as follows: | | | |
| | As at 31 July | | | |
| | 2024 | 2023 | 2022 | |
| | % | % | % | |
| Foreign collective investment scheme | 91.60 | 96.97 | 97.73 | |
| Money market deposits and cash equivalents | 8.40 | 3.03 | 2.27 | |
| Total | 100.00 | 100.00 | 100.00 | |
| | <i>Note: The abovementioned percentages are calculated based on total net asset value.</i> | | | |
| Performance Details | Performance details of the Fund for the financial years ended 31 July are as follows: | | | |
| | FYE 2024 | FYE 2023 | FYE 2022 | |
| Net asset value (RM) | 54,268,502 | 78,715,685 | 91,443,737 | |
| Units in circulation | 20,726,473 | 32,833,442 | 43,935,467 | |
| Net asset value per unit (RM) | 2.6183 | 2.3974 | 2.0813 | |
| Highest net asset value per unit (RM) | 2.7669 | 2.4565 | 2.8184 | |
| Lowest net asset value per unit (RM) | 2.0863 | 1.6889 | 1.8478 | |
| Benchmark performance (%) | 11.39 | 17.40 | -15.38 | |
| Total return (%) ⁽¹⁾ | 9.21 | 15.19 | -16.73 | |
| - Capital growth (%) | 9.21 | 15.19 | -20.90 | |
| - Income distribution (%) | - | - | 4.17 | |

| | FYE 2024 | FYE 2023 | FYE 2022 |
|---|-------------|-------------|-------------|
| Gross distribution (sen per unit) | - | - | 11.00 |
| Net distribution (sen per unit) | - | - | 11.00 |
| Total expense ratio (%) ⁽²⁾ | 0.44 | 0.42 | 0.42 |
| Portfolio turnover ratio (times) ⁽³⁾ | 0.32 | 0.18 | 0.40 |

Note:

- (1) Total return is the actual return of the Fund for the respective financial years computed based on the net asset value per unit and net of all fees.
- (2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The TER increased by 0.02% as compared to 0.42% per annum for the financial year ended 31 July 2023 mainly due to decrease in average fund size.
- (3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The increase in the PTR for 2024 and decrease in 2023 were due mainly to investing activities.

Average Total Return (as at 31 July 2024)

| | Europe Equity Growth ^(a) % | S&P ^(b) % |
|-------------|--|-------------------------|
| One year | 9.21 | 11.39 |
| Three years | 1.56 | 3.43 |
| Five years | 10.53 | 9.78 |
| Ten years | 10.68 | 8.92 |

Annual Total Return

| Financial Years Ended (31 July) | Europe Equity Growth ^(a) % | S&P ^(b) % |
|------------------------------------|--|-------------------------|
| 2024 | 9.21 | 11.39 |
| 2023 | 15.19 | 17.40 |
| 2022 | -16.73 | -15.38 |
| 2021 | 38.46 | 31.67 |
| 2020 | 13.75 | 9.47 |

(a) Source: Novagni Analytics and Advisory Sdn. Bhd.

(b) S&P Europe LargeMidCap Growth Net Total Return ("S&P").
(Available at www.aminvest.com)

The Fund performance is calculated based on the net asset value per unit of the Fund. Average total return of the Fund and its benchmark for a period is computed based on the absolute return for that period annualised over one year.

Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

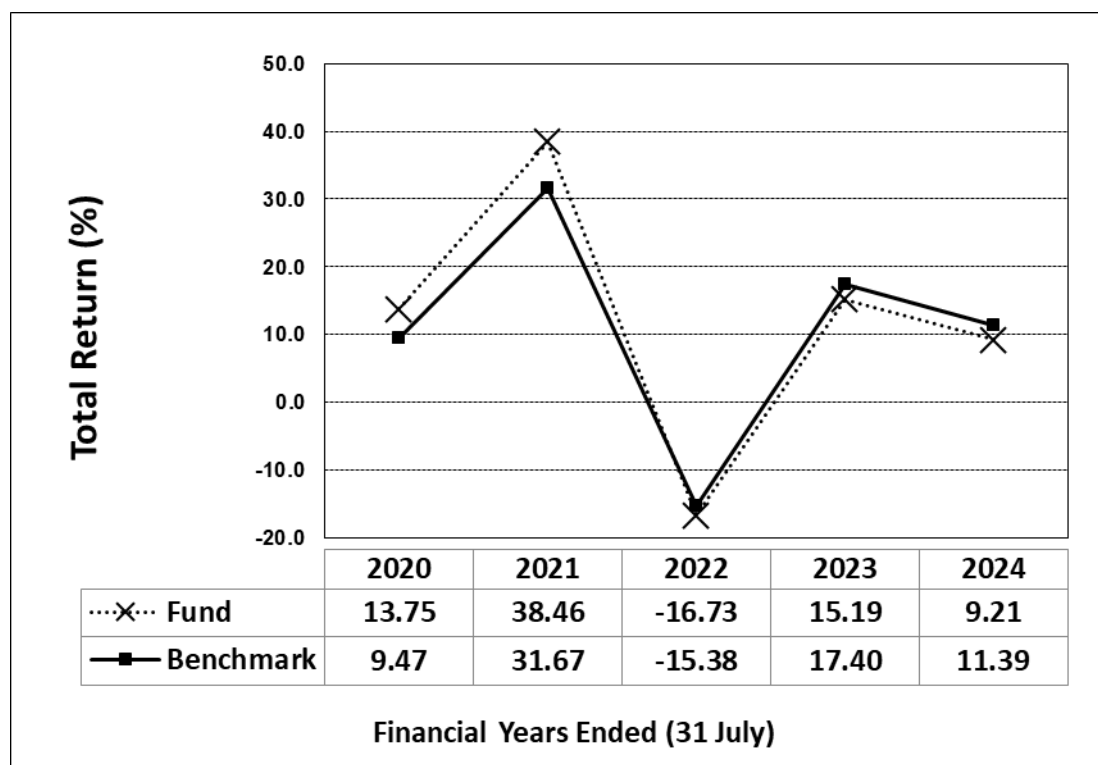
Fund Performance

For the financial year under review, the Fund registered a return of 9.21% which is entirely capital growth in nature.

Thus, the Fund's return of 9.21% has underperformed the benchmark's return of 11.39% by 2.18%.

As compared with the financial year ended 31 July 2023, the net asset value ("NAV") per unit of the Fund increased by 9.21% from to RM2.3974 to RM2.6183, while units in circulation decreased by 36.87% from 32,833,442 units to 20,726,473 units.

The following line chart shows comparison between the annual performances of Europe Equity Growth and its benchmark, S&P, for the financial years ended 31 July.



Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

Performance of the Target Fund

Fund Performance Review of the Target Fund – Allianz Europe Equity Growth (“the Target Fund”)

Allianz Europe Equity Growth delivered solid returns of 9.48% over the 1-year period as of 31 July 2024, a slight underperformance versus its benchmark S&P Europe LargeMidCap Growth Net Total Return given our sharper Growth orientation. Persistent US inflation, heightened geopolitical risk, and sharper valuations framed the backdrop for the period, while market sentiment ran high. Overall Value outperformed Growth.

Our high-Quality Industrial companies reported well in the earnings seasons, contributing positively. AI trends continued to have a positive impact on some of our local enablers of leading-edge chips and datacentres, and therefore our highest conviction position ASML Holding (semiconductor equipment) was the top active contributor to performance. Our second highest conviction position Novo Nordisk (pharma) is working on a new oral weight loss pill, even more effective than injectable Wegovy, and was the second best active contributor.

Conversely, our MedTech names continued to show weakness and lower market expectations. Some of these companies are listed among our top 10 active detractors. Short term issues affecting these names include the post-Pandemic inventory build-up that has slowed demand, weakness in China, and higher interest rates reducing new drug and MedTech equipment funding. Having spoken to these companies, full year guidance has been reset where necessary and inventories appear to have normalised now. We are hopeful this quarter represents their trough, with potential upside from here. While this was a clear theme, the main active detractor was logistics firm DSV which was sold off on macro sentiment, the scaling back of new Saudi Arabian city Neom project, and low visibility on their potential

| | <p>acquisition of DB Schenker. DSV beat consensus expectations in their Q2 results and is now one of three bidders left for DB Schenker after DHL and Maersk dropped out. The stock rallied strongly in July.</p> <p>During the 12-month period under review, we exited our holding in a European online fashion leader. Despite its significant growth and ample net cash, the investment case for a higher margin business did not materialize. We also sold a UK wealth advisor due to concerns over future profit growth and increased regulatory control over client fees by the UK regulator. We closed four tail positions too—two in healthcare, one in materials, and one in consumer staples—due to their low growth potential. This allowed us to reallocate funds to higher-growth, higher-conviction positions, concentrating the portfolio accordingly. The proceeds from these sales were reinvested into three new positions with higher growth potential: a high-end luxury brand, a branded hotel franchise, and Germany's leading real estate classifieds company. All three are asset-light businesses with strong cash generation and high return profiles.</p> <p><i>Source: Allianz Global Investors, IDS GmbH as of 31 July 2024, unless otherwise stated.</i></p> <p><i>Performance is calculated in the respective fund currency (SGD) with net income and dividends reinvested.</i></p> | | | | | | | | | | | | | | | | |
|--|--|--------------------------|--------------------------|--------------------------|--------------|--------------------------------------|-------|-------|-------|--|------|------|------|--------------|---------------|---------------|--|
| <p>Has the Fund achieved its objective?</p> | <p>For the financial year under review, the Fund is in line with its stated objective to invest in the Target Fund which has an investment focus on European equity markets.</p> | | | | | | | | | | | | | | | | |
| <p>Strategies and Policies Employed</p> | <p>Strategies and Policies employed by Target Fund</p> <p>The Target Fund remains true to process in all market environments and will continue to focus on long term structural growth investment cases. The investment team seeks to identify high quality companies that benefit from their unique competitive advantages and barriers to entry to sustainably grow returns and cash flows over the longer term. At present this leads to overweight allocations to the Industrials and Information Technology sectors, while the most significant underweight is now in Consumer Staples.</p> <p><i>Source: Allianz Global Investors unless otherwise stated.</i></p> <p>Strategies and Policies of the Fund</p> <p>For the financial year under review, the Fund seeks to achieve its investment objective by investing a minimum of 85% of the Fund's net asset value ("NAV") in the Allianz Europe Equity Growth at all times. This implies that the Fund has a passive strategy.</p> | | | | | | | | | | | | | | | | |
| <p>Portfolio Structure</p> | <p>The table below is the asset allocation of the Fund as at 31 July 2024 and 31 July 2023.</p> <table border="1" data-bbox="352 1727 1469 1973"> <thead> <tr> <th></th> <th>As at 31.07.2024 %</th> <th>As at 31.07.2023 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Foreign collective investment scheme</td> <td>91.60</td> <td>96.97</td> <td>-5.37</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>8.40</td> <td>3.03</td> <td>5.37</td> </tr> <tr> <td>Total</td> <td>100.00</td> <td>100.00</td> <td></td> </tr> </tbody> </table> <p>For the financial year under review, the Fund invested 91.60% of its NAV in the foreign collective investment scheme and the balance 8.40% of its NAV in money market deposits and cash equivalents.</p> | | As at 31.07.2024 % | As at 31.07.2023 % | Changes % | Foreign collective investment scheme | 91.60 | 96.97 | -5.37 | Money market deposits and cash equivalents | 8.40 | 3.03 | 5.37 | Total | 100.00 | 100.00 | |
| | As at 31.07.2024 % | As at 31.07.2023 % | Changes % | | | | | | | | | | | | | | |
| Foreign collective investment scheme | 91.60 | 96.97 | -5.37 | | | | | | | | | | | | | | |
| Money market deposits and cash equivalents | 8.40 | 3.03 | 5.37 | | | | | | | | | | | | | | |
| Total | 100.00 | 100.00 | | | | | | | | | | | | | | | |

| | |
|------------------------------------|---|
| Cross Trades | There were no cross trades undertaken during the financial year under review. |
| Distribution/ Unit Splits | There is no income distribution and unit split declared for the financial year under review. |
| State of Affairs | There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review. |
| Rebates and Soft Commission | During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund. |
| Market Review | <p>European equities delivered robust gains over the 12-month period, boosted by hopes that the European Central Bank (ECB) would cut rates ahead of the US Federal Reserve. Sentiment was also lifted by signs of accelerating economic momentum in the euro zone. Political risks rose though, with far-right parties gaining significant ground in EU elections. France's president Emmanuel Macron unexpectedly called a snap parliamentary election: a victory for the far-right could threaten the integrity of the EU and lead to a sharp increase in government spending, further increasing France's already large budget deficit. The news led to a sharp sell-off in French stocks. The second round of France's parliamentary elections resulted in no outright majority for any party, although the far-right RN slumped to third place. France now needs to form a coalition government although the process will not commence until after the Paris Olympic Games.</p> <p>Eurozone GDP grew 0.3% in both the first and second quarters, recovering from a 0.1% contraction in each of the previous two quarters². Growth appears to be stagnating in the second quarter. The HCOB Eurozone composite purchasing managers' index (PMI) fell to a five-month low of 50.1 in July³. Services activity fell from 52.8 to 51.9, while the manufacturing index dropped from 45.8 to 45.6⁴.</p> <p>Headline eurozone inflation quickened to 2.6% in July, up from 2.5% in June⁵. As widely expected, the ECB kept rates on hold as minutes of its rate-setting meeting in June showed that policymakers had been divided over whether to cut rates by 25 basis points given higher-than-expected wage growth. ECB president Christine Lagarde said another cut in September was "wide open" as she noted that "the risks to economic growth are tilted to the downside".</p> <p>² Eurostat, July 2024 ³ S&P Global, July 2024 ⁴ S&P Global, July 2024 ⁵ Eurostat, July 2024 Source: Allianz Global Investors unless otherwise stated.</p> |
| Market Outlook | <p>With markets very noisy currently, we rather defer to fundamentals and our Management teams, who are looking ahead to a brighter couple of quarters.</p> <p>Our Q2 earnings results were generally robust, although with low reward at this time. Key headwinds represented the Consumer space (rather than B2B which we tend to favour), selected cyclical end markets like construction and automotive, and especially China, being a major market for our global leaders. Investors seem to view Q2 as the trough however, with stocks in more cyclical sectors rebounding to enjoy some of the best performance in July. Smaller cap companies, and Value names, were also beneficiaries of this rotation that pre-empted the first interest rate cuts in the US, highly anticipated now in the weeks ahead.</p> |

Funding this was profits taken from crowded large tech and semiconductor linked names, following the incredible run of some AI leaders, particularly Nvidia (not owned) which momentarily became the world's most valuable company. Most recently, investors broadly have been querying how long it will take for the major AI infrastructure investments to pay off. This change in optimism affected semiconductor linked companies also in Europe. Increasingly, investors like us want to see companies really monetizing on AI technology, given the extreme costs involved in the infrastructure build-out. This would provide more confidence when presented with extreme back of the envelope estimates of market opportunities worth "hundreds of billions of dollars" over the next years.

At the time of writing in early August, this rotational activity has met with recession fears, a surprise interest rate increase from Japan that upended the yen carry trade, and low market liquidity, creating a stunning surge in volatility that even rivalled the 2020 Pandemic and 2008 Global Financial Crisis. As always, such volatility brings opportunities, and we made several smaller repositioning trades across our portfolios over the past few weeks.

As we look ahead to the remainder of 2024, we are optimistic on the sentiment effects of rate cuts, as well as their technical effect on valuations. They are also valuable to unlock capex, with our companies across various industries relaying that customers are waiting for lower rates seemingly just around the corner. This could support our numerous Industrial names, while our semiconductor leaders are projecting an excellent 2025 set to neutralise the current selloff, and our fallen MedTech stars appear to have troughed with upside from here. Meanwhile, M&A seems to be increasing with our cashed-up firms not beholden to interest rates noting there are great opportunities at the current time.

Volatility could well continue, on monetary policy changes, and the sectoral factors above, plus the US elections, the wild card of China given recent stimulus, and even Nvidia's quite crucial results and outlook in late August as a test for the traction and sustainability of AI. On solid fundamental grounds, and owning high Quality market leaders that are active currently to maintain high structural Growth, we believe we are well positioned for a more optimistic environment ahead.

Opportunities

- High return potential of stocks in the long run
- Investments specifically in the European stock market
- Growth stocks outperform in some phases
- Sustainability aspects are taken into account by the Target Fund management. For more information on the sustainability approach, please refer to the sales prospectus.
- Broad diversification across numerous securities
- Possible extra returns through single security analysis and active management

Risks

- High volatility of stocks, losses possible. The volatility of fund unit prices may be strongly increased.
- Underperformance of the European stock market possible
- Growth stocks may underperform at times
- Sustainability approach narrows the investment universe
- Limited participation in the yield potential of single securities
- Success of single security analysis and active management not guaranteed

Source: Allianz Global Investors unless otherwise stated.

Kuala Lumpur, Malaysia
AmFunds Management Berhad

18 September 2024

Independent auditors' report to the unit holders of Europe Equity Growth

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Europe Equity Growth (the "Fund"), which comprise the statement of financial position as at 31 July 2024, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 13 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 July 2024, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent auditors' report to the unit holders of Europe Equity Growth (cont'd.)

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of the Manager and the Trustee for the financial statements

The Manager is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' report to the unit holders of Europe Equity Growth (cont'd.)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with the approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent auditors' report to the unit holders of
Europe Equity Growth (cont'd.)**

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ng Sue Ean
No. 03276/07/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
18 September 2024

Europe Equity Growth

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024

| | Note | 2024 RM | 2023 RM |
|--|---------|-------------------|-------------------|
| ASSETS | | | |
| Investment | 4 | 49,710,830 | 76,333,639 |
| Amount due from Manager | 5(a) | 26,337 | 30,101 |
| Cash at bank | | <u>4,570,698</u> | <u>2,393,730</u> |
| TOTAL ASSETS | | <u>54,307,865</u> | <u>78,757,470</u> |
| LIABILITIES | | | |
| Amount due to Manager | 5(b) | 23,415 | 24,691 |
| Amount due to Trustee | 6 | 2,867 | 4,013 |
| Sundry payables and accruals | | <u>13,081</u> | <u>13,081</u> |
| TOTAL LIABILITIES | | <u>39,363</u> | <u>41,785</u> |
| NET ASSET VALUE (“NAV”) OF THE FUND | | <u>54,268,502</u> | <u>78,715,685</u> |
| EQUITY | | | |
| Unit holders’ capital | 8(a) | 17,743,706 | 48,854,126 |
| Retained earnings | 8(b)(c) | <u>36,524,796</u> | <u>29,861,559</u> |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | 8 | <u>54,268,502</u> | <u>78,715,685</u> |
| UNITS IN CIRCULATION | 8(a) | <u>20,726,473</u> | <u>32,833,442</u> |
| NAV PER UNIT (RM) | | <u>2.6183</u> | <u>2.3974</u> |

The accompanying notes form an integral part of the financial statements.

Europe Equity Growth

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

| | Note | 2024 RM | 2023 RM |
|--|------|------------------|------------------|
| INVESTMENT INCOME | | | |
| Interest income | | 58,276 | 39,809 |
| Net gains from investment: | | | |
| – Financial assets at fair value through profit or loss (“FVTPL”) | 7 | 7,557,213 | 9,367,171 |
| Other net realised losses on foreign currency exchange | | (647,138) | (344,698) |
| | | <u>6,968,351</u> | <u>9,062,282</u> |
| EXPENDITURE | | | |
| Manager’s fee | 5 | (249,878) | (263,060) |
| Trustee’s fee | 6 | (41,605) | (46,500) |
| Audit fee | | (7,500) | (7,500) |
| Tax agent’s fee | | (3,800) | (3,800) |
| Other expenses | | (2,331) | (5,226) |
| | | <u>(305,114)</u> | <u>(326,086)</u> |
| Net income before taxation | | 6,663,237 | 8,736,196 |
| Taxation | 10 | - | - |
| Net income after taxation, representing total comprehensive income for the financial year | | <u>6,663,237</u> | <u>8,736,196</u> |
| Total comprehensive income comprises the following: | | | |
| Realised income/(loss) | | 5,209,654 | (3,085,174) |
| Unrealised gains | | 1,453,583 | 11,821,370 |
| | | <u>6,663,237</u> | <u>8,736,196</u> |

The accompanying notes form an integral part of the financial statements.

Europe Equity Growth

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

| | Note | Unit holders' capital RM | Retained earnings RM | Total equity RM |
|--|------|--------------------------------|----------------------------|-----------------------|
| At 1 August 2023 | | 48,854,126 | 29,861,559 | 78,715,685 |
| Total comprehensive income for the financial year | | - | 6,663,237 | 6,663,237 |
| Creation of units | 8(a) | 14,129,848 | - | 14,129,848 |
| Cancellation of units | 8(a) | <u>(45,240,268)</u> | <u>-</u> | <u>(45,240,268)</u> |
| Balance at 31 July 2024 | | <u>17,743,706</u> | <u>36,524,796</u> | <u>54,268,502</u> |
| At 1 August 2022 | | 70,318,374 | 21,125,363 | 91,443,737 |
| Total comprehensive income for the financial year | | - | 8,736,196 | 8,736,196 |
| Creation of units | 8(a) | 6,853,877 | - | 6,853,877 |
| Cancellation of units | 8(a) | <u>(28,318,125)</u> | <u>-</u> | <u>(28,318,125)</u> |
| Balance at 31 July 2023 | | <u>48,854,126</u> | <u>29,861,559</u> | <u>78,715,685</u> |

The accompanying notes form an integral part of the financial statements.

Europe Equity Growth

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

| | 2024 | 2023 |
|---|---------------------|---------------------|
| | RM | RM |
| CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES | | |
| Proceeds from sale of investment | 38,323,066 | 26,161,076 |
| Purchases of investment | (4,790,182) | (2,472,834) |
| Interest received | 58,276 | 39,809 |
| Manager's fee paid | (251,154) | (262,957) |
| Trustee's fee paid | (42,751) | (46,586) |
| Tax agent's fee paid | (3,800) | (3,800) |
| Payments for other expenses | (9,831) | (10,945) |
| Net cash generated from operating and investing activities | <u>33,283,624</u> | <u>23,403,763</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from creation of units | 14,133,612 | 6,823,776 |
| Payments for cancellation of units | (45,240,268) | (30,333,844) |
| Net cash used in financing activities | <u>(31,106,656)</u> | <u>(23,510,068)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 2,176,968 | (106,305) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | <u>2,393,730</u> | <u>2,500,035</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | <u>4,570,698</u> | <u>2,393,730</u> |
| Cash and cash equivalents comprise: | | |
| Cash at bank | <u>4,570,698</u> | <u>2,393,730</u> |

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

1. GENERAL INFORMATION

Europe Equity Growth (the “Fund”) was established pursuant to a Deed dated 26 June 2014 as amended by Deeds supplemental thereto (the “Deeds”), between AmFunds Management Berhad as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and all unit holders.

The Fund seeks to provide long term capital growth by investing in the Allianz Europe Equity Growth (“Target Fund”) which invests primarily in European equity markets. Being a feeder fund, a minimum of 85% of the Fund’s NAV will be invested in the Target Fund, which is a separate unit trust fund managed by Allianz Global Investors Luxembourg S.A. (“Target Fund Manager”). As provided in the Deeds, the financial period shall end on 31 July and the units in the Fund were first offered for sale on 10 July 2014.

The financial statements were authorised for issue by the Manager on 18 September 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”) and International Financial Reporting Standards (“IFRS”).

Standards effective during the financial year

The adoption of the following MFRS and amendments to MFRS which became effective during the financial year did not have any material financial impact to the financial statements.

| Description | Effective for financial periods beginning on or after |
|---|--|
| MFRS 17 <i>Insurance Contracts</i> and Amendments to MFRS 17* | 1 January 2023 |
| Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i>)* | 1 January 2023 |
| Amendments to MFRS 101 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current</i> | 1 January 2023 |
| Amendments to MFRS 101 <i>Presentation of Financial Statements: Disclosure of Accounting Policies</i> | 1 January 2023 |
| Amendments to MFRS 108 <i>Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>Income Taxes: International Tax Reform - Pillar Two Model Rules</i> | 1 January 2023 |

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D.)

Standards issued but not yet effective

The new and amended standards that have been issued but not yet effective up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new pronouncements, if applicable, when they become effective.

| Description | Effective for financial periods beginning on or after |
|--|---|
| Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback*</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Presentation of Financial Statements: Non-Current Liabilities with Covenants</i> | 1 January 2024 |
| Amendments to MFRS 107 <i>Statement of Cash Flows</i> and MFRS 7 <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i> | 1 January 2024 |
| Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i> | 1 January 2025 |
| Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures: Amendments to the Classifications and Measurement of Financial Instruments</i> | 1 January 2026 |
| MFRS 18 <i>Presentation and Disclosure in Financial Statements</i> | 1 January 2027 |
| MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures*</i> | 1 January 2027 |
| Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*</i> | Deferred |

* These MFRS and Amendments to MFRSs are not relevant to the Fund.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

(i) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(ii) Gain or loss on disposal of investment

On disposal of investment, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investment. The net realised gain or loss is recognised in profit or loss.

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.2 Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3.3 Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the Fund operates that most faithfully represents the economic effects of the underlying transactions. The functional currency of the Fund is Ringgit Malaysia ("RM") which reflects the currency in which the Fund competes for funds, issues and redeems units. The Fund has also adopted RM as its presentation currency.

3.4 Foreign currency transactions

Transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using exchange rates prevailing at the transaction dates. At each reporting date, foreign currency monetary items are translated into RM at exchange rates ruling at the reporting date. All exchange gains or losses are recognised in profit or loss.

3.5 Statement of cash flows

The Fund adopts the direct method in the preparation of the statement of cash flows.

Cash and cash equivalents are short-term, highly liquid investment that is readily convertible to cash with insignificant risk of changes in value.

3.6 Distribution

Distribution is at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from retained earnings and realised income. Realised income is the income earned from interest income and net gain on disposal of investments after deducting expenses and taxation. A proposed distribution is recognised as a liability in the period in which it is approved. Distribution is either reinvested or paid in cash to the unit holders on the distribution payment date. Reinvestment of units is based on the NAV per unit on the distribution payment date, which is also the time of creation.

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.7 Unit holders' capital

The unit holders' capital of the Fund meets the definition of puttable instruments and is classified as equity instruments as it meets all criteria for such classification under MFRS 132 *Financial Instruments: Presentation* ("MFRS 132").

3.8 Financial instruments – initial recognition and measurement

(i) Initial recognition

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets.

(ii) Initial measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at FVTPL, net of directly attributable transaction costs.

(iii) "Day 1" profit or loss

At initial measurement, if the transaction price differs from the fair value, the Fund immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in profit or loss provided that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets. In all other cases, the difference between the transaction price and model value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

3.9 Financial assets

Classification and measurement

The classification of financial assets depends on the Fund's business model of managing the financial assets in order to generate cash flows ("business model test") and the contractual cash flow characteristics of the financial instruments ("SPPI test"). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both and the assessment is performed on a portfolio basis. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest and the assessment is performed on a financial instrument basis.

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.9 Financial assets (cont'd.)

Classification and measurement (cont'd.)

The Fund may classify its financial assets under the following categories:

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets include in this category are deposits with licensed financial institutions, cash at banks, amount due from Target Fund Manager, amount due from Manager, amount due from brokers/financial institutions, dividend/distribution receivables and other receivables.

Financial assets at FVOCI

A financial asset is measured at fair value through other comprehensive income ("FVOCI") if its business model is both to hold the asset to collect contractual cash flows and to sell the financial assets. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All fair value adjustments are initially recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment.

Financial assets at FVTPL

Any financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in "Net gain or loss on financial assets at FVTPL". Interest earned element of such instrument is recorded in "Interest income". Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gain or net loss on changes in fair value of financial assets at FVTPL.

Instruments that qualify for amortised cost or FVOCI may be irrevocably designated as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are normally measured at FVTPL, nevertheless, the Fund is allowed to irrevocably designate equity instruments that are not held for trading as FVOCI, with no subsequent reclassification of gains or losses to profit or loss.

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.9 Financial assets (cont'd.)

Classification and measurement (cont'd.)

The Fund may classify its financial assets under the following categories: (cont'd.)

Financial assets at FVTPL (cont'd.)

The Fund subsequently measures its investment in Collective Investment Scheme ("CIS") at FVTPL. Distribution earned whilst holding the investment in CIS is recognised in profit or loss when the right to receive the payment has been established. Gains and losses on the investment in CIS, realised and unrealised, are included in profit or loss.

3.10 Financial liabilities – classification and subsequent measurement

Financial liabilities issued by the Fund are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holders. After initial measurement, financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

3.11 Derecognition of financial instruments

(i) Derecognition of financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
 - the Fund has transferred substantially all the risks and rewards of the asset, or
 - the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

For investments classified as FVOCI - debt instruments, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(ii) Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains and losses are recognised in profit or loss when the liabilities are recognised, and through the amortisation process.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.12 Financial instruments – expected credit losses (“ECL”)

The Fund assesses the ECL associated with its financial assets at amortised cost using simplified approach. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The ECL in respect of financial assets at amortised cost, if any, is recognised in profit or loss.

Financial assets together with the associated allowance are written off when it has exhausted all practical recovery efforts and there is no realistic prospect of future recovery. The Fund may also write-off financial assets that are still subject to enforcement activity when there is no reasonable expectation of full recovery. If a write-off is later recovered, the recovery is credited to profit or loss.

3.13 Determination of fair value

For the investment in CIS, fair value is determined based on the closing NAV per unit of the foreign CIS. Purchased cost is the price that the Fund paid when buying its investment. The difference between purchased cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

3.14 Classification of realised and unrealised gains and losses

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting period.

Realised gains and losses on disposals of financial instruments classified at FVTPL are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

3.15 Significant accounting estimates and judgments

The preparation of the Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

The Fund classifies its investment as financial assets at FVTPL as the Fund may sell its investment in the short-term for profit-taking or to meet unit holders' cancellation of units.

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.15 Significant accounting estimates and judgments (cont'd.)

No major judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. INVESTMENT

| | 2024 RM | 2023 RM |
|---------------------------------|-------------------|-------------------|
| Financial asset at FVTPL | | |
| At cost: | | |
| Foreign CIS | <u>41,217,369</u> | <u>69,293,761</u> |
| At fair value: | | |
| Foreign CIS | <u>49,710,830</u> | <u>76,333,639</u> |

| Foreign CIS | Number of units | Fair value RM | Purchased cost RM | Fair value as a percentage of NAV % |
|---|--------------------|---------------------|-------------------------|---|
| 2024 | | | | |
| Allianz Europe Equity Growth ("Target Fund") | <u>496,507</u> | <u>49,710,830</u> | <u>41,217,369</u> | <u>91.60</u> |
| Excess of fair value over purchased cost | | <u>8,493,461</u> | | |

5. AMOUNT DUE FROM/TO MANAGER

| | Note | 2024 RM | 2023 RM |
|-----------------------------|------|---------------|---------------|
| (a) Due from Manager | | | |
| Creation of units | (i) | <u>26,337</u> | <u>30,101</u> |
| (b) Due to Manager | | | |
| Manager's fee payable | (ii) | <u>23,415</u> | <u>24,691</u> |

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

5. AMOUNT DUE FROM/TO MANAGER (CONT'D.)

- (i) This represents amount receivable from the Manager for units created.

The normal credit period in the previous and current financial years for creation of units is three business days.

- (ii) As the Fund is investing in the Target Fund, the Manager's fee is charged as follows:

| | 2024 | 2023 |
|--|---------------|---------------|
| | % p.a. | % p.a. |
| Manager's fee charged by the Target Fund Manager, on the NAV of the Target Fund | 1.50 | 1.50 |
| Manager's fee charged by the Manager, on the NAV of investment in the Target Fund (Note a) | 0.30 | 0.30 |
| Manager's fee charged by the Manager, on the remaining NAV of the Fund (Note a) | 1.80 | 1.80 |

Note (a) The Manager's fee is charged on 0.30% of the NAV of investment in the Target Fund and 1.80% on the remaining NAV of the Fund.

The normal credit period in the previous and current financial years for Manager's fee payable is one month.

6. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.06% (2023: 0.06%) per annum on the NAV of the Fund, calculated on a daily basis, subject to a minimum fee of RM10,000 per annum.

The normal credit period in the previous and current financial years for Trustee's fee payable is one month.

7. NET GAINS FROM INVESTMENT

| | 2024 | 2023 |
|--|------------------|------------------|
| | RM | RM |
| Net gains on financial assets at FVTPL comprised: | | |
| – Net realised gain/(loss) on sale of investment | 1,946,269 | (4,393,201) |
| – Net realised gains on foreign currency exchange | 4,157,361 | 1,939,002 |
| – Net unrealised gains on changes in fair value of investment | 4,179,748 | 9,138,376 |
| – Net unrealised (loss)/gain on foreign currency fluctuation of investment denominated in foreign currency | (2,726,165) | 2,682,994 |
| | <u>7,557,213</u> | <u>9,367,171</u> |

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

8. TOTAL EQUITY

Total equity is represented by:

| | Note | 2024 RM | 2023 RM |
|-----------------------|------|-------------------|-------------------|
| Unit holders' capital | (a) | 17,743,706 | 48,854,126 |
| Retained earnings | | | |
| – Realised income | (b) | 28,031,335 | 22,821,681 |
| – Unrealised gains | (c) | 8,493,461 | 7,039,878 |
| | | <u>54,268,502</u> | <u>78,715,685</u> |

(a) Unit holders' capital/Units in circulation

| | 2024 | | 2023 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | Number of units | RM | Number of units | RM |
| At beginning of the financial year | 32,833,442 | 48,854,126 | 43,935,467 | 70,318,374 |
| Creation during the financial year | 5,590,721 | 14,129,848 | 3,085,310 | 6,853,877 |
| Cancellation during the financial year | <u>(17,697,690)</u> | <u>(45,240,268)</u> | <u>(14,187,335)</u> | <u>(28,318,125)</u> |
| At end of the financial year | <u>20,726,473</u> | <u>17,743,706</u> | <u>32,833,442</u> | <u>48,854,126</u> |

(b) Realised - distributable

| | 2024 RM | 2023 RM |
|---|-------------------|--------------------|
| At beginning of the financial year | 22,821,681 | 25,906,855 |
| Net realised income/(loss) for the financial year | <u>5,209,654</u> | <u>(3,085,174)</u> |
| At end of the financial year | <u>28,031,335</u> | <u>22,821,681</u> |

(c) Unrealised - non-distributable

| | 2024 RM | 2023 RM |
|---|------------------|-------------------|
| At beginning of the financial year | 7,039,878 | (4,781,492) |
| Net unrealised gains for the financial year | <u>1,453,583</u> | <u>11,821,370</u> |
| At end of the financial year | <u>8,493,461</u> | <u>7,039,878</u> |

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

9. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

The related parties and their relationships with the Fund are as follows:

| <u>Related parties</u> | <u>Relationships</u> |
|---|--|
| AmFunds Management Berhad | The Manager |
| AmInvestment Bank Berhad | Holding company of the Manager |
| AMMB Holdings Berhad (“AMMB”) | Ultimate holding company of the Manager |
| Subsidiaries and associates of AMMB as disclosed in its financial statements | Subsidiaries and associate companies of the ultimate holding company of the Manager |

There are no units held by the Manager or any other related party as at 31 July 2024 and 31 July 2023.

10. TAXATION

Income tax payable is calculated on investment income less deduction for permitted expenses as provided under Section 63B of the Income Tax Act, 1967.

A reconciliation of income tax expense applicable to net income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

| | 2024 | 2023 |
|---|------------------|------------------|
| | RM | RM |
| Net income before taxation | <u>6,663,237</u> | <u>8,736,196</u> |
| Taxation at Malaysian statutory rate of 24% (2023: 24%) | 1,599,177 | 2,096,687 |
| Tax effects of: | | |
| Income not subject to tax | (2,481,997) | (3,312,043) |
| Losses not allowed for tax deduction | 809,593 | 1,137,096 |
| Restriction on tax deductible expenses | 55,594 | 58,981 |
| Non-permitted expenses for tax purposes | 11,456 | 12,726 |
| Permitted expenses not used and not available for future financial years | <u>6,177</u> | <u>6,553</u> |
| Tax expense for the financial year | <u>-</u> | <u>-</u> |

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

11. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

| | 2024 | 2023 |
|-----------------------|---------------|---------------|
| | % p.a. | % p.a. |
| Manager’s fee | 0.36 | 0.34 |
| Trustee’s fee | 0.06 | 0.06 |
| Fund’s other expenses | 0.02 | 0.02 |
| Total TER | <u>0.44</u> | <u>0.42</u> |

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis.

12. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investment to the average NAV of the Fund calculated on a daily basis is 0.32 times (2023: 0.18 times).

13. SEGMENTAL REPORTING

As stated in Note 1, the Fund is a feeder fund whereby a minimum of 85% of the Fund’s NAV will be invested in the Target Fund.

As the Fund operates substantially as a feeder fund which invests primarily in the Target Fund, it is not possible or meaningful to classify its investment by separate business or geographical segments.

14. TRANSACTIONS WITH THE TARGET FUND MANAGER

Details of transactions with the Target Fund Manager for the financial year ended 31 July 2024 are as follows:

| Target Fund Manager | Transaction value | |
|--|--------------------------|---------------|
| | RM | % |
| Allianz Global Investors Luxembourg S.A. | <u>43,760,386</u> | <u>100.00</u> |

The above transactions are in respect of investment in foreign CIS. Transactions in this investment do not involve any commission or brokerage fee.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

15. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

| | Financial assets at FVTPL RM | Financial assets at amortised cost RM | Financial liabilities at amortised cost RM | Total RM |
|---|---------------------------------------|---|--|--------------------|
| 2024 | | | | |
| Financial assets | | | | |
| Investment | 49,710,830 | - | - | 49,710,830 |
| Amount due from Manager | - | 26,337 | - | 26,337 |
| Cash at bank | - | 4,570,698 | - | 4,570,698 |
| Total financial assets | 49,710,830 | 4,597,035 | - | 54,307,865 |
| Financial liabilities | | | | |
| Amount due to Manager | - | - | 23,415 | 23,415 |
| Amount due to Trustee | - | - | 2,867 | 2,867 |
| Total financial liabilities | - | - | 26,282 | 26,282 |
| 2023 | | | | |
| Financial assets | | | | |
| Investment | 76,333,639 | - | - | 76,333,639 |
| Amount due from Manager | - | 30,101 | - | 30,101 |
| Cash at bank | - | 2,393,730 | - | 2,393,730 |
| Total financial assets | 76,333,639 | 2,423,831 | - | 78,757,470 |
| Financial liabilities | | | | |
| Amount due to Manager | - | - | 24,691 | 24,691 |
| Amount due to Trustee | - | - | 4,013 | 4,013 |
| Total financial liabilities | - | - | 28,704 | 28,704 |
| Income, expenses, gains and losses | | | | |
| | | | 2024 RM | 2023 RM |
| Net gains from financial assets at FVTPL | | | 7,557,213 | 9,367,171 |
| Income, of which derived from: | | | | |
| – Interest income from financial assets at amortised cost | | | 58,276 | 39,809 |
| – Other net realised losses on foreign currency exchange | | | (647,138) | (344,698) |

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

15. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments that are carried at fair value

The Fund's financial assets and liabilities are carried at fair value.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable; either directly or indirectly; or

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy:

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|---------------------------|---------------|---------------|---------------|-------------|
| 2024 | | | | |
| Financial assets at FVTPL | - | 49,710,830 | - | 49,710,830 |
| 2023 | | | | |
| Financial assets at FVTPL | - | 76,333,639 | - | 76,333,639 |

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value due to their short period to maturity or short credit period:

- Amount due from/to Manager
- Cash at bank
- Amount due to Trustee

There are no financial instruments which are not carried at fair value and whose carrying amounts are not reasonable approximation of their respective fair value.

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, country risk, management risk and non-compliance risk.

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of investment coupled with stringent compliance to investment restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and the Deeds as the backbone of risk management of the Fund.

(a) Market risk

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments.

The Fund's market risk is affected primarily by the following risks:

(i) Price risk

Price risk refers to the uncertainty of an investment's future prices. In the event of adverse price movements, the Fund might endure potential loss on its investment in the Target Fund. In managing price risk, the Manager actively monitors the performance and risk profile of the investment portfolio.

The result below summarised the price risk sensitivity of the Fund's NAV due to movements of price by -5.00% and +5.00% respectively:

| Percentage movements in price by: | Sensitivity of the Fund's NAV | |
|--------------------------------------|-------------------------------|------------------|
| | 2024 RM | 2023 RM |
| -5.00% | (2,485,542) | (3,816,682) |
| +5.00% | <u>2,485,542</u> | <u>3,816,682</u> |

(ii) Interest rate risk

Interest rate risk will affect the value of the Fund's investment, given the interest rate movements, which are influenced by regional and local economic developments as well as political developments.

Domestic interest rates on deposits and placements with licensed financial institutions are determined based on prevailing market rates.

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Market risk (cont'd.)

(iii) Currency risk

Currency risk is associated with the Fund's financial assets and financial liabilities that are denominated in currencies other than the Fund's functional currency. Currency risk refers to the potential loss the Fund might face due to unfavorable fluctuations of currencies other than the Fund's functional currency against the Fund's functional currency.

The result below summarised the currency risk sensitivity of the Fund's NAV due to appreciation/depreciation of the Fund's functional currency against currencies other than the Fund's functional currency.

| Percentage movements in currencies other than the Fund's functional currency: | Sensitivity of the Fund's NAV | |
|---|-------------------------------|------------------|
| | 2024 RM | 2023 RM |
| -5.00% | (2,485,542) | (3,816,682) |
| +5.00% | <u>2,485,542</u> | <u>3,816,682</u> |

The net unhedged financial asset of the Fund that is not denominated in Fund's functional currency is as follows:

| Financial asset denominated in | 2024 | | 2023 | |
|---------------------------------------|-------------------|--------------|-------------------|--------------|
| | RM equivalent | % of NAV | RM equivalent | % of NAV |
| Singapore Dollar Investment | <u>49,710,830</u> | <u>91.60</u> | <u>76,333,639</u> | <u>96.97</u> |

(b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. Credit risk applies to short-term deposits. The issuer of such instruments may not be able to fulfill the required interest payments or repay the principal invested or amount owing. These risks may cause the Fund's investment to fluctuate in value.

The Fund, as a feeder fund, invests significantly all its assets in the Target Fund. The Target Fund manages the risk by setting internal counterparty limits and undertaking internal credit evaluation to minimise such risk.

Cash at bank is held for liquidity purposes and is not exposed to significant credit risk.

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its financial liabilities or redeem its units earlier than expected. This is also the risk of the Fund experiencing large redemptions, when the Investment Manager could be forced to sell large volumes of its holdings at unfavorable prices to meet redemption requirements.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of cash at banks, deposit with licensed financial institution and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

The Fund's financial liabilities have contractual maturities of not more than six months.

(d) Single issuer risk

The Fund, as a feeder fund, invests significantly all its assets in the Target Fund. The Target Fund is restricted from investing in securities issued by any issuer in excess of a certain percentage of its NAV. Under such restriction, the risk exposure to the securities of any single issuer is diversified and managed by the Target Fund Manager based on internal/external ratings.

(e) Regulatory risk

Any changes in national policies and regulations may have effects on the capital market and the NAV of the Fund.

(f) Country risk

The risk of price fluctuation in foreign securities may arise due to political, financial and economic events in foreign countries. If this occurs, there is a possibility that the NAV of the Fund may be adversely affected.

(g) Management risk

Poor management of the Fund may cause considerable losses to the Fund that in turn may affect the NAV of the Fund.

Europe Equity Growth

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(h) Non-compliance risk

This is the risk of the Manager or the Trustee not complying with their respective internal policies, the Deeds, securities laws or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

The specific risks associated to the Target Fund include market risk, securities risk, emerging market risk, settlement and credit risks, regulatory and accounting standards risks, political risk, custody risk and liquidity risk.

17. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for creation and cancellation of units to the Fund.

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and expected return indicated in its Information Memorandum;
- (b) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet cancellation requests as they arise; and
- (c) To maintain sufficient fund size to make the operations of the Fund cost-efficient.

No changes were made to the capital management objectives, policies or processes during the current and previous financial years.

Europe Equity Growth

STATEMENT BY THE MANAGER

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Europe Equity Growth (the “Fund”) as at 31 July 2024 and of the comprehensive income, the changes in equity and cash flows for the financial year then ended.

For and on behalf of the Manager

GOH WEE PENG

Executive Director

Kuala Lumpur, Malaysia

18 September 2024

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF EUROPE EQUITY GROWTH ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 July 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AmFunds Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
18 September 2024

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*For enquiries about this or any of the other Funds offered by AmFunds Management Berhad
Please call 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday to Thursday),
Friday (8.45 a.m. to 5.00 p.m.)*

