

Annual Report for

European Equity Alpha

30 November 2024



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

AmFunds Management Berhad
9th & 10th Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur

Trustee

AmanahRaya Trustees Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

CONTENTS

- 1** Manager's Report
- 7** Independent Auditors' Report to the Unit Holders
- 11** Statement of Financial Position
- 12** Statement of Comprehensive Income
- 13** Statement of Changes in Equity
- 14** Statement of Cash Flows
- 15** Notes to the Financial Statements
- 35** Statement by the Manager
- 36** Trustee's Report
- 37** Directory

MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of European Equity Alpha ("Fund") for the financial year ended 30 November 2024.

Salient Information of the Fund

Name	European Equity Alpha ("Fund")
Category/ Type	Feeder (European Equity) / Capital growth
Name of Target Fund	Schroder ISF European Value
Fund Objective	<p>To provide capital growth primarily through investment in equity securities of European companies. It will invest in a select portfolio of securities which it believes offer the best potential for future growth.</p> <p><i>Note: Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>
Duration	<p>The Fund was established on 8 August 2006 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interest of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.</p>
Performance Benchmark	<p>MSCI Europe Net (Total Return) Index ("MSCI-ENTRI"). (Available at www.aminvest.com)</p> <p><i>Note: The Fund adheres to the benchmark of the Target Fund. The risk profile of the performance benchmark is not the same as the risk profile of the Fund.</i></p> <p><i>Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com).</i></p>

Income Distribution Policy	Income distribution (if any) is paid at least once every year.
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Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 30 November are as follows:			
		As at 30 November		
		2024	2023	2022
		%	%	%
	Foreign Collective Investment Scheme	90.83	96.21	96.51
	Money market deposits and cash equivalents	9.17	3.79	3.49
	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 30 November are as follows:			
		FYE 2024	FYE 2023	FYE 2022
	Net asset value (RM)	14,079,299	19,358,578	25,314,669
	Units in circulation	11,143,670	15,587,202	20,032,924
	Net asset value per unit (RM)	1.2634	1.2420	1.2637
	Highest net asset value per unit (RM)	1.4204	1.5247	1.5561
	Lowest net asset value per unit (RM)	1.2323	1.2381	1.1233
	Benchmark performance (%)	4.43	20.12	-6.94
	Total return (%) ⁽¹⁾	1.73	15.72	1.93
	- Capital growth (%)	1.73	-1.66	-6.48
	- Income distribution (%)	-	17.38	8.41
	Gross distribution (sen per unit)	-	21.96	11.33
	Net distribution (sen per unit)	-	21.96	11.33
	Total expense ratio (%) ⁽²⁾	0.59	0.52	0.49
	Portfolio turnover ratio (times) ⁽³⁾	0.18	0.44	0.26
	<i>Note:</i>			
	<i>(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.</i>			
	<i>(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 0.07% as compared to 0.52% per annum for the financial year ended 30 November 2023 mainly due to decrease in average fund size.</i>			
	<i>(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 decrease in the PTR for 2024 and increase in 2023 were due mainly to investing activities.</i>			

Average Total Return (as at 30 November 2024)

	European Equity Alpha^(a) %	Benchmark^(b) %
One year	1.73	4.43
Three years	6.26	5.29
Five years	4.86	6.96
Ten years	5.40	7.34

Annual Total Return

Financial Years Ended (30 November)	European Equity Alpha^(a) %	Benchmark^(b) %
2024	1.73	4.43
2023	15.72	20.12
2022	1.93	-6.94
2021	19.80	18.51
2020	-11.79	1.23

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

(b) MSCI Europe Net (Total Return) Index ("MSCI-ENTRI").
(Available at www.aminvest.com)

The Fund performance is calculated based on 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.

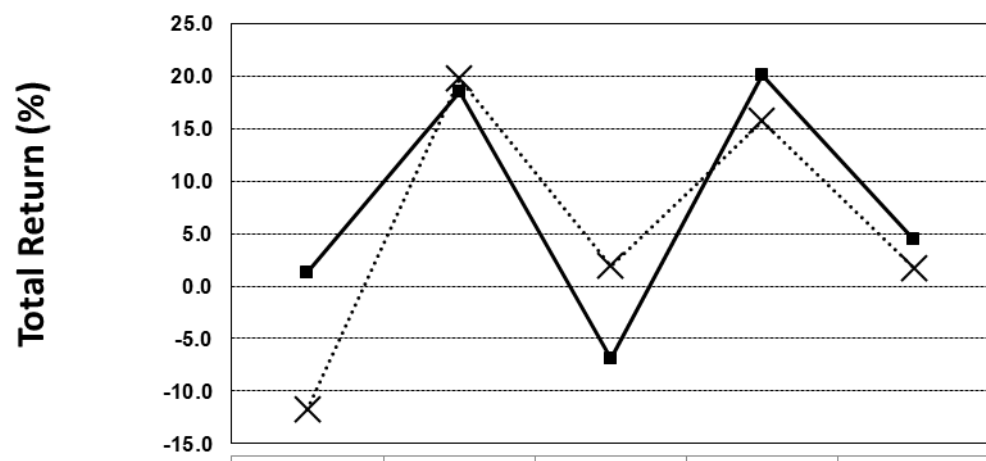
Fund Performance

For the financial year under review, the Fund registered a return of 1.73% which is entirely capital growth in nature.

Thus, the Fund's return of 1.73% has underperformed the benchmark's return of 4.43% by 2.70%.

As compared with the financial year ended 30 November 2023, the net asset value ("NAV") per unit of the Fund increased by 1.72% from RM1.2420 to RM1.2634, while units in circulation decreased by 28.51% from 15,587,202 units to 11,143,670 units.

The following line chart shows comparison between the annual performances of European Equity Alpha and its benchmark for the financial years ended 30 November.



	2020	2021	2022	2023	2024
···x··· Fund	-11.79	19.80	1.93	15.72	1.73
—■— Benchmark	1.23	18.51	-6.94	20.12	4.43

Financial Years Ended (30 November)

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 – Schroder ISF European Value (the “Target Fund”)

The Target Fund marginally underperformed the MSCI Europe over the performance period, gross of fees, returning 12.3% vs the index return of 13.2%. Industrial businesses detracted the most, with BPost and Adecco the main contributors to the underperformance. We have since sold our BPost due to margin pressure in its US parcels business and continued uncertainty over the future of some profitable contracts in Belgium. Adecco we remain supportive of, as the Swiss staffing business tries to turnaround once the wider macroeconomic environment is more supportive.

On the positive side our banking names performed well, including Natwest and Barclays. Both have seen significant improvements in profitability. We see this continuing and believe the shares remain attractively priced.

Source: Aladdin, Schroders, November 2024

Strategies and Policies Employed

Strategies and Policies employed by Target Fund

There has been no change in the strategies and policies employed in the review period. We believe that a great investment process is one with a high probability of superior outcomes over time. Our process is focused on producing the best possible long-term results with minimum risk. High risk does not equal high return; low risk equals high return in the long run. Real investment risk is the chance of permanently losing some or all of the money that you have invested. Buying stocks at a discount to their intrinsic value greatly reduces the risk of capital loss. Overpaying for stocks, however it is justified, will ultimately destroy capital.

Value investing’s major strength is the disciplined focus on buying out-of-favour companies at all stages of the investment cycle. Only by being disciplined and consistent can we deliver its long-term performance advantage.

Source: Aladdin, Schroders, November 2024

Strategies and Policies of the Fund

For the financial year under review, a minimum of 85% of its NAV was invested in the Schroder ISF European Value (“Target Fund”).

Target Fund’s Top 10 Holdings**As at 30 November 2024**

Security	Fund Weight %
Sanofi	2.6%
Icade	2.6%
Roche	2.4%
WPP	2.3%
Societe Generale	2.3%
ITV	2.3%
British American Tobacco	2.2%
Bonava	2.2%
Henkel	2.1%
Grand City Properties	2.1%

As at 30 November 2023

Security	Fund Weight %
Allianz	2.8%
Orange	2.6%
Sanofi Sa	2.6%
Ab Inbev	2.3%
Continental Ag	2.3%
Bnp Paribas	2.3%
Standard Chartered	2.2%
Adecco	2.2%
Gsk	2.2%
British Land	2.2%

Source: Aladdin, Schroders, November 2024

Portfolio Structure

The table below is the asset allocation of the Fund as at 30 November 2024 and 30 November 2023.

	As at 30.11.2024 %	As at 30.11.2023 %	Changes %
Foreign Collective Investment Scheme	90.83	96.21	-5.38
Money market deposits and cash equivalents	9.17	3.79	5.38
Total	100.00	100.00	

For the financial year under review, there are no significant changes in the allocation that is permissible in the Fund’s strategy. As at 30 November 2024, the Fund has invested 90.83% of its NAV in the foreign Collective Investment Scheme and the balance of 9.17% of its NAV in money market deposits and cash equivalents.

Securities Lending / Repurchase Transactions	The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).
Cross Trade	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 changes 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>While European markets delivered an attractive return over the performance period, bumper US market outperformance has stolen the limelight as the US economy has demonstrated a clear decoupling from other major regions, and investor excitement around the widespread application of Artificial Intelligence has driven mega-cap US tech stocks to all-time highs.</p> <p><i>Source: Aladdin, Schroders, November 2024</i></p>
Market Outlook	<p>Markets continue to be volatile, especially in Europe where heightened political and economic uncertainty remains in France and Germany. Nonetheless, we see some of the most attractive valuations on offer today than we have done in several years, especially further down the market cap spectrum. These are names that are less well covered and reside in pockets that we have consistently show strong stock picking historically. Encouragingly, the diversity of this opportunity set is broad, with names in different sector and geographies trading at low valuations, that we believe, do not reflect the fundamental attractiveness of their underlying businesses.</p> <p><i>Source: Aladdin, Schroders, November 2024</i></p>

Kuala Lumpur, Malaysia
AmFunds Management Berhad

17 January 2025

Independent auditors' report to the unit holders of European Equity Alpha

Report on the audit of the financial statements

Opinion

We have audited the financial statements of European Equity Alpha (the "Fund"), which comprise the statement of financial position as at 30 November 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 11 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 November 2024, and of its financial performance and cash flows for the financial year then ended in accordance with MFRS Accounting Standards and IFRS Accounting 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 European Equity Alpha (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 MFRS Accounting Standards and IFRS Accounting 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 European Equity Alpha (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
European Equity Alpha (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 Unit Trust Funds 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
17 January 2025

European Equity Alpha

STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2024

	Note	2024 RM	2023 RM
ASSETS			
Investment	4	12,788,071	18,624,630
Amount due from Manager	5(a)	2,032	90,889
Cash at banks		<u>1,319,275</u>	<u>665,203</u>
TOTAL ASSETS		<u>14,109,378</u>	<u>19,380,722</u>
LIABILITIES			
Amount due to Manager	5(b)	15,066	6,228
Amount due to Trustee	6	823	1,098
Sundry payables and accruals		<u>14,190</u>	<u>14,818</u>
TOTAL LIABILITIES		<u>30,079</u>	<u>22,144</u>
NET ASSET VALUE (“NAV”) OF THE FUND		<u>14,079,299</u>	<u>19,358,578</u>
EQUITY			
Unit holders’ capital	8(a)	(3,374,214)	2,394,166
Retained earnings	8(b)(c)	<u>17,453,513</u>	<u>16,964,412</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	8	<u>14,079,299</u>	<u>19,358,578</u>
UNITS IN CIRCULATION	8(a)	<u>11,143,670</u>	<u>15,587,202</u>
NAV PER UNIT (RM)		<u>1.2634</u>	<u>1.2420</u>

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

European Equity Alpha

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

	Note	2024 RM	2023 RM
INVESTMENT INCOME			
Interest income		2,892	1,922
Net gains from investment:			
– Financial assets at fair value through profit or loss (“FVTPL”)	7	593,326	3,924,480
Other net realised losses on foreign currency exchange		(4,339)	(29,759)
		<u>591,879</u>	<u>3,896,643</u>
EXPENDITURE			
Manager’s fee	5	(68,744)	(78,290)
Trustee’s fee	6	(12,201)	(15,777)
Audit fee		(8,700)	(8,700)
Tax agent’s fee		(3,800)	(3,800)
Custodian’s fee		(2,363)	(3,047)
Other expenses		(6,970)	(6,799)
		<u>(102,778)</u>	<u>(116,413)</u>
Net income before taxation		489,101	3,780,230
Taxation	10	-	-
Net income after taxation, representing total comprehensive income for the financial year		<u>489,101</u>	<u>3,780,230</u>
Total comprehensive income comprises the following:			
Realised income		1,704,845	3,153,606
Unrealised (loss)/gain		(1,215,744)	626,624
		<u>489,101</u>	<u>3,780,230</u>
Distribution for the financial year			
Net distribution	11	-	<u>2,893,671</u>
Gross distribution per unit (sen)	11	-	<u>21.96</u>
Net distribution per unit (sen)	11	-	<u>21.96</u>

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

European Equity Alpha

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 December 2023		2,394,166	16,964,412	19,358,578
Total comprehensive income for the financial year		-	489,101	489,101
Creation of units	8(a)	3,102,063	-	3,102,063
Cancellation of units	8(a)	(8,870,443)	-	(8,870,443)
Balance at 30 November 2024		<u>(3,374,214)</u>	<u>17,453,513</u>	<u>14,079,299</u>
At 1 December 2022		9,236,816	16,077,853	25,314,669
Total comprehensive income for the financial year		-	3,780,230	3,780,230
Creation of units	8(a)	11,146,258	-	11,146,258
Reinvestment of distribution	8(a)	2,893,671	-	2,893,671
Cancellation of units	8(a)	(20,882,579)	-	(20,882,579)
Distribution	11	-	(2,893,671)	(2,893,671)
Balance at 30 November 2023		<u>2,394,166</u>	<u>16,964,412</u>	<u>19,358,578</u>

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

European Equity Alpha

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

	2024	2023
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investment	6,425,545	14,991,623
Purchases of investment	-	(4,954,838)
Interest received	2,892	1,922
Manager's fee paid	(69,313)	(80,187)
Trustee's fee paid	(12,476)	(16,167)
Tax agent's fee paid	(3,800)	(3,800)
Custodian's fee paid	(2,363)	(3,046)
Payments for other expenses	(16,297)	(15,926)
Net cash generated from operating and investing activities	<u>6,324,188</u>	<u>9,919,581</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	3,190,920	11,148,485
Payments for cancellation of units	(8,861,036)	(20,882,579)
Distribution paid	-	(11,449)
Net cash used in financing activities	<u>(5,670,116)</u>	<u>(9,745,543)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	654,072	174,038
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>665,203</u>	<u>491,165</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>1,319,275</u>	<u>665,203</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>1,319,275</u>	<u>665,203</u>

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

1. GENERAL INFORMATION

European Equity Alpha (the “Fund”) was established pursuant to a Deed dated 30 June 2006 as amended by Deeds supplemental thereto (the “Deeds”), between AmFunds Management Berhad as the Manager, AmanahRaya Trustees Berhad as the Trustee and all unit holders.

The Fund aims to provide capital growth primarily through investment in equity securities of European companies. Being a feeder fund, a minimum of 85% of the Fund’s NAV will be invested in the Schroder International Selection Fund European Value (“Target Fund”), which is separately managed by Schroder Investment Management (Europe) S.A. (formerly known as Schroder Investment Management (Luxembourg) S.A.) (“Target Fund Manager”). As provided in the Deeds, the financial year shall end on 30 November and the units in the Fund were first offered for sale on 8 August 2006.

The financial statements were authorised for issue by Manager on 17 January 2025.

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

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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
Amendments that are part of Annual Improvements - Volume 11: Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2026
Amendments to MFRS 7 <i>Financial Instruments: Disclosures</i>	
Amendments to MFRS 9 <i>Financial Instruments</i>	
Amendments to MFRS 10 <i>Consolidated Financial Statements*</i>	
Amendments to MFRS 107 <i>Statement of Cash Flows</i>	
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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024**

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

3.1 Income recognition (cont'd.)

(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.

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 are readily convertible to cash with insignificant risk of changes in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024**

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

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 investment 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.

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 assets. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024**

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

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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.)

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.

The Fund subsequently measures its investment in Collective Investment Scheme ("CIS") at FVTPL. Distributions 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024**

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

3.11 Derecognition of financial instruments (cont'd.)

(i) Derecognition of financial asset (cont'd.)

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

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.

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 quoted 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.

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

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

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.

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>9,537,433</u>	<u>14,158,248</u>
At fair value:		
Foreign CIS	<u>12,788,071</u>	<u>18,624,630</u>

Details of investment are as follows:

Foreign CIS	Number of units	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
2024				
Schroder International Selection Fund European Value ("Target Fund")	<u>31,579</u>	<u>12,788,071</u>	<u>9,537,433</u>	<u>90.83</u>
Excess of fair value over purchased cost		<u>3,250,638</u>		

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

5. AMOUNT DUE FROM/TO MANAGER

	Note	2024 RM	2023 RM
(a) Due from Manager			
Creation of units	(i)	<u>2,032</u>	<u>90,889</u>
(b) Due to Manager			
Cancellation of units	(ii)	9,407	-
Manager's fee payable	(iii)	<u>5,659</u>	<u>6,228</u>
		<u>15,066</u>	<u>6,228</u>

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

(ii) This represents amount payable to the Manager for units cancelled.

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

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

	2024 % p.a.	2023 % 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 0.07% (2023: 0.07%) per annum on the NAV of the Fund, calculated on a daily basis.

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

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

7. NET GAINS FROM INVESTMENT

	2024 RM	2023 RM
Net gains on financial assets at FVTPL comprised:		
– Net realised gains on sale of investment	1,647,767	3,263,930
– Net realised gains on foreign currency exchange	161,303	33,926
– Net unrealised losses on changes in fair value of investment	(185,997)	(1,143,135)
– Net unrealised (loss)/gain on foreign currency fluctuation of investment denominated in foreign currency	(1,029,747)	1,769,759
	<u>593,326</u>	<u>3,924,480</u>

8. TOTAL EQUITY

Total equity is represented by:

	Note	2024 RM	2023 RM
Unit holders' capital	(a)	(3,374,214)	2,394,166
Retained earnings			
– Realised income	(b)	14,202,875	12,498,030
– Unrealised gains	(c)	3,250,638	4,466,382
		<u>14,079,299</u>	<u>19,358,578</u>

(a) Unit holders' capital/Units in circulation

	2024		2023	
	Number of units	RM	Number of units	RM
At beginning of the financial year	15,587,202	2,394,166	20,032,924	9,236,816
Creation during the financial year	2,351,662	3,102,063	7,911,967	11,146,258
Reinvestment of distribution	-	-	2,337,187	2,893,671
Cancellation during the financial year	(6,795,194)	(8,870,443)	(14,694,876)	(20,882,579)
At end of the financial year	<u>11,143,670</u>	<u>(3,374,214)</u>	<u>15,587,202</u>	<u>2,394,166</u>

The negative balance of unit holders' capital was due to the cancellation of units at a higher NAV per unit following the price appreciation of the Fund as compared to the units being created at a lower NAV per unit in prior years.

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

8. TOTAL EQUITY (CONT'D.)

(b) Realised - distributable

	2024 RM	2023 RM
At beginning of the financial year	12,498,030	12,238,095
Net realised income for the financial year	1,704,845	3,153,606
Distribution out of realised income (Note 11)	-	(2,893,671)
At end of the financial year	<u>14,202,875</u>	<u>12,498,030</u>

(c) Unrealised - non-distributable

	2024 RM	2023 RM
At beginning of the financial year	4,466,382	3,839,758
Net unrealised (loss)/gain for the financial year	<u>(1,215,744)</u>	<u>626,624</u>
At end of the financial year	<u>3,250,638</u>	<u>4,466,382</u>

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 30 November 2024 and 30 November 2023.

Other than those disclosed elsewhere in the financial statements, the significant related party balance as at the reporting date is as follows:

	2024 RM	2023 RM
Significant related party balance		
<u>AmBank (M) Berhad</u>		
Cash at bank	<u>289</u>	<u>319</u>

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

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>489,101</u>	<u>3,780,230</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	117,384	907,255
Tax effects of:		
Income not subject to tax	(434,871)	(1,216,689)
Losses not allowed for tax deduction	292,820	281,495
Restriction on tax deductible expenses for unit trust fund	16,728	18,790
Non-permitted expenses for tax purposes	6,080	7,062
Permitted expenses not used and not available for future financial years	<u>1,859</u>	<u>2,087</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

11. DISTRIBUTION

No distribution has been declared to unit holders during the current financial year.

Details of distribution to unit holders for the previous financial year are as follows:

	2023
	RM
Gross distribution per unit (sen)	<u>21.96</u>
Net distribution per unit (sen)	<u>21.96</u>

Financial year ended 30 November 2023

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
23 November 2023	<u>21.96</u>	<u>21.96</u>	<u>2,893,671</u>

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

11. DISTRIBUTION (CONT'D.)

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Distribution during the previous financial year was sourced from realised income. There was no distribution out of capital.

12. TOTAL EXPENSE RATIO ("TER")

The Fund's TER is as follows:

	2024	2023
	% p.a.	% p.a.
Manager's fee	0.39	0.35
Trustee's fee	0.07	0.07
Fund's other expenses	0.13	0.10
Total TER	<u>0.59</u>	<u>0.52</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.

13. 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 0.18 times (2023: 0.44 times).

14. 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.

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

15. TRANSACTIONS WITH THE TARGET FUND MANAGER

Details of transactions with the Target Fund Manager for the financial year ended 30 November 2024 are as follows:

Target Fund Manager	Transaction value	
	RM	%
Schroder Investment Management (Europe) S.A. <i>(formerly known as Schroder Investment Management (Luxembourg) S.A.)</i>	<u>6,429,885</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.

16. 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 FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2024				
Financial assets				
Investment	12,788,071	-	-	12,788,071
Amount due from Manager	-	2,032	-	2,032
Cash at banks	-	1,319,275	-	1,319,275
Total financial assets	<u>12,788,071</u>	<u>1,321,307</u>	-	<u>14,109,378</u>
Financial liabilities				
Amount due to Manager	-	-	15,066	15,066
Amount due to Trustee	-	-	823	823
Total financial liabilities	-	-	<u>15,889</u>	<u>15,889</u>

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

16. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Classification of financial instruments (cont'd.)

	Financial assets FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2023				
Financial assets				
Investment	18,624,630	-	-	18,624,630
Amount due from Manager	-	90,889	-	90,889
Cash at banks	-	665,203	-	665,203
Total financial assets	18,624,630	756,092	-	19,380,722
Financial liabilities				
Amount due to Manager	-	-	6,228	6,228
Amount due to Trustee	-	-	1,098	1,098
Total financial liabilities	-	-	7,326	7,326

	Income, expenses, gains and losses	
	2024 RM	2023 RM
Net gains from financial assets at FVTPL	593,326	3,924,480
Income, of which derived from:		
- Interest income from financial assets at amortised cost	2,892	1,922
- Other net realised losses on foreign currency exchange	(4,339)	(29,759)

(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.

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

16. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments that are carried at fair value (cont'd.)

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	-	12,788,071	-	12,788,071
2023				
Financial assets at FVTPL	-	18,624,630	-	18,624,630

(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 banks
- 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.

17. 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 Markets and Services Act 2007, Securities Commission Malaysia's Guidelines on Unit Trust Funds and the Deeds as the backbone of risk management of the Fund.

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

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

(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%	(639,404)	(931,232)
+5.00%	639,404	931,232

(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.

(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.

European Equity Alpha

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024

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

(a) Market risk (cont'd.)

(iii) Currency risk (cont'd.)

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%	(639,521)	(931,359)
+5.00%	<u>639,521</u>	<u>931,359</u>

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

Financial assets denominated in	2024		2023	
	RM equivalent	% of NAV	RM equivalent	% of NAV
Euro				
Investment	12,788,071	90.83	18,624,630	96.21
Cash at bank	<u>2,345</u>	<u>0.02</u>	<u>2,540</u>	<u>0.11</u>
	<u>12,790,416</u>	<u>90.85</u>	<u>18,627,170</u>	<u>96.32</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 banks are held for liquidity purposes and are not exposed to significant credit risk.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024**

17. 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 Manger 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, deposits with licensed financial institutions 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2024**

17. 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 the 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.

18. 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 investment meeting the description, risk exposure and expected return indicated in its Prospectus;
- (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.

European Equity Alpha

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 European Equity Alpha (the “Fund”) as at 30 November 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

17 January 2025

TRUSTEE'S REPORT

To the unit holders of **EUROPEAN EQUITY ALPHA** ("Fund"),

We have acted as Trustee of the Fund for the financial year ended 30 November 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 Unit Trust Funds;
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 **AMANAHRAYA TRUSTEES BERHAD**

ZAINUDIN BIN SUHAIMI

Chief Executive Officer

Date: 15 January 2025

DIRECTORY

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Email: enquiries@aminvest.com

Postal Address

AmFunds Management Berhad
P.O Box 13611, 50816 Kuala Lumpur

*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.)*

