

Semi-Annual Report for

# Pan European Property Equities

30 November 2023



**AmInvest**

Growing Your Investments in a Changing World

## TRUST DIRECTORY

### **Manager**

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

### **Board of Directors**

Jeyaratnam A/L Tamotharam Pillai  
Ng Chih Kaye  
Jas Bir Kaur A/P Lol Singh  
Arnold Lim Boon Lay  
Goh Wee Peng

### **Investment Committee**

Arnold Lim Boon Lay  
Tracy Chen Wee Keng  
Goh Wee Peng

### **Trustee**

AmanahRaya Trustees Berhad

### **Auditors and Reporting Accountants**

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 unaudited accounts of Pan European Property Equities ("Fund") for the financial period from 1 June 2023 to 30 November 2023.

### Salient Information of the Fund

<b>Name</b>	Pan European Property Equities ("Fund")
<b>Category/ Type</b>	Feeder (European Property Equity) / Capital growth and income
<b>Name of Target Fund</b>	Janus Henderson Horizon Pan European Property Equities Fund
<b>Fund Objective</b>	<p>To seek long-term capital appreciation by investing its assets in quoted equity securities of companies or REITs (or its equivalent) having their registered office in the EEA (European Economic Area) or United Kingdom if it's not part of the EEA and listed or traded on a regulated market which derive the main part of their revenue from the ownership, management and/or development of real estate in Europe. The Fund is denominated in RM.</p> <p><i>Note: Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>
<b>Duration</b>	The Fund was established on 6 March 2007 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.
<b>Performance Benchmark</b>	<p>FTSE EPRA/NAREIT Developed Europe Capped Index Net TRI ("EPRA-Index"). (Available at <a href="http://www.aminvest.com">www.aminvest.com</a>)</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: London Stock Exchange Group plc and its group undertakings, including FTSE International Limited (collectively, the "LSE Group"), European Public Real Estate Association ("EPRA"), and the National Association of Real Estate Investments Trusts ("Nareit") (and together the "Licensor Parties"). © LSE Group 2023. FTSE Russell is a trading name of certain LSE Group companies. "FTSE®" and "Russell®" are a trade mark(s) of the relevant LSE Group companies and are used by any other LSE Group company under license. "Nareit®" is a trade mark of Nareit, "EPRA®" is a trade mark of EPRA and all are used by the LSE Group under license. All rights in the FTSE EPRA Nareit Global Real Estate Index Series index(es) or data vest in the Licensor Parties. The Licensor Parties do not accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The Licensor Parties do not promote, sponsor or endorse the content of this communication.</i></p>

<b>Income Distribution Policy</b>	Income distribution (if any) is paid at least once every year.
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### Fund Performance Data

<b>Portfolio Composition</b>	Details of portfolio composition of the Fund as at 30 November 2023 and for the past three financial years are as follows:				
		<b>As at 30.11.2023 %</b>	<b>As at 31 May</b>		
			<b>2023 %</b>	<b>2022 %</b>	<b>2021 %</b>
	Foreign collective investment scheme	97.29	96.00	97.83	95.02
	Money market deposits and cash equivalents	2.71	4.00	2.17	4.98
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	
	<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>				

<b>Performance Details</b>	Performance details of the Fund for the financial period ended 30 November 2023 and three financial years ended 31 May are as follows:				
		<b>FPE 30.11.2023</b>	<b>FYE 2023</b>	<b>FYE 2022</b>	<b>FYE 2021</b>
	Net asset value (RM)	23,678,374	21,244,823	30,281,506	27,246,697*
	Units in circulation	22,475,783	23,418,260	24,434,441	9,675,061*
	Net asset value per unit (RM)	1.0535	0.9072	1.2393	1.3848*
	Highest net asset value per unit (RM)	1.0570	1.2258	1.5511	1.3885*
	Lowest net asset value per unit (RM)	0.8662	0.7807	1.1398	1.0265*
	Benchmark performance (%)	15.53	-30.74	-15.03	27.81
	Total return (%) <sup>(1)</sup>	16.13	-26.80	-10.51	35.15
	- Capital growth (%)	16.13	-26.80	-10.51	33.70
	- Income distribution (%)	-	-	-	1.45
	Gross distribution (sen per unit)	-	-	-	1.50
	Net distribution (sen per unit)	-	-	-	1.50
	Total expense ratio (%) <sup>(2)</sup>	0.16	0.32	0.29	0.31
	Portfolio turnover ratio (times) <sup>(3)</sup>	0.04	0.08	0.21	0.21
		* Above prices and net asset value per unit are shown as ex-distribution.			
		<i>Note:</i>			
	(1) Total return is the actual return of the Fund for the respective financial period/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.				
	(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.				

**Average Total Return (as at 30 November 2023)**

	<b>Pan European Property Equities<sup>(a)</sup> %</b>	<b>EPRA-Index<sup>(b)</sup> %</b>
One year	16.36	11.00
Three years	-3.32	-7.69
Five years	4.23	-4.24
Ten years	8.40	1.38

**Annual Total Return**

<b>Financial Years Ended (31 May)</b>	<b>Pan European Property Equities<sup>(a)</sup> %</b>	<b>EPRA-Index<sup>(b)</sup> %</b>
2023	-26.80	-30.74
2022	-10.51	-15.03
2021	35.15	27.81
2020	10.49	-10.17
2019	5.65	-1.19

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

(b) FTSE EPRA/NAREIT Developed Europe Capped Index Net TRI ("EPRA-Index")  
(Available at [www.aminvest.com](http://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.**

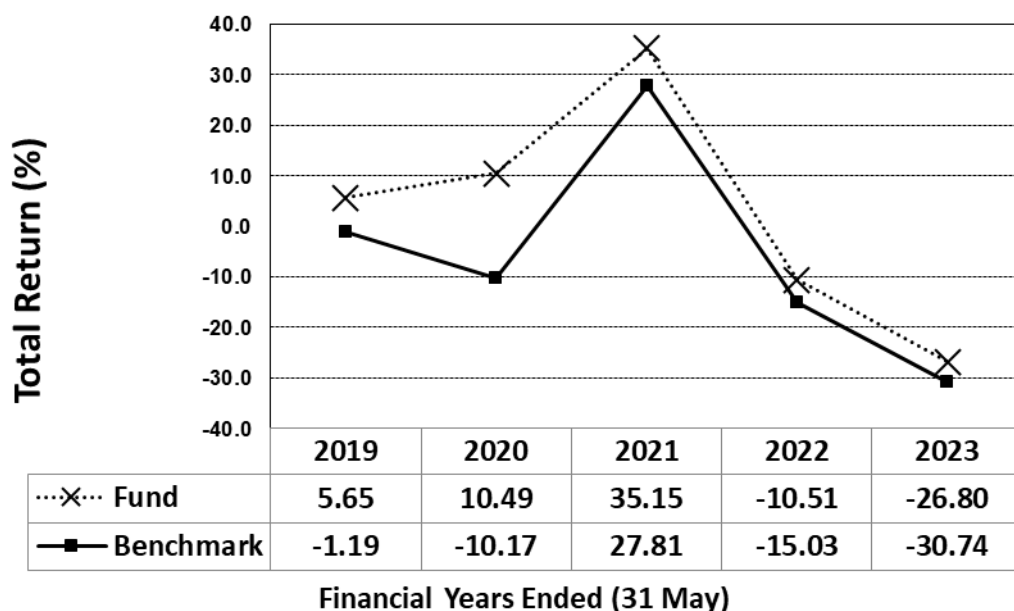
**Fund Performance**

For the financial period under review, the Fund registered a return of 16.13% which is entirely capital growth in nature.

Thus, the Fund's return of 16.13% has outperformed the benchmark's negative return of 15.53% by 0.60%.

As compared with the financial year ended 31 May 2023, the net asset value ("NAV") per unit of the Fund increased by 16.13% from RM0.9072 to RM1.0535, while units in circulation decreased by 4.02% from 23,418,260 units to 22,475,783 units.

The following line chart shows comparison between the annual performances of Pan European Property Equities and its benchmark, EPRA-Index, for the financial years ended 31 May.



**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 – Janus Henderson Horizon Pan European Property Equities Fund (the “Target Fund”)**

Over the six-month period ending 30 November 2023, the Target Fund (gross of fees) returned 14.38%, outperforming the benchmark (FTSE EPRA NAREIT Developed Europe Index), which delivered 12.98%.

Stock selection added value, with positions in logistics landlord CTP, German residential landlords LEG Immobilien and Vonovia, and diversified REIT Merlin Properties all generating meaningful alpha. This was partly offset by exposure to self-storage operator, Safestore Holdings, as well as cell tower owner, Cellnex. An underweight to retail also detracted.

*Source: Janus Henderson Investors, as at 30 November 2023*

**Strategies and Policies Employed**

**Strategies and Policies employed by Target Fund**

We introduced a new position in UK retail landlord Hammerson on valuation following a multi-year sharp decline in rents and values, which we feel had found a bottom. We used long income play LXi as a funding source, exiting the holding given our lower conviction. We sold out of UK diversified landlord Land Securities, switching into peer British Land following significant relative underperformance that has resulted in a more attractive valuation. We also added French listed shopping centre owner Unibail Rodamco Westfield (URW) where we continue to observe retail sales migrating towards prime, dominant centres.

We were active in the various front-footed equity raises over the period to add names in sectors where we have higher conviction. Here we grew exposure to healthcare owner Aedifica, logistics focused Montea, student accommodation provider Unite and UK storage owner Lok'nStore. Elsewhere we added pan-European storage owner Shurgard, logistic landlords WDP, and UK-listed Sirius Real Estate all via raises to fund growth. We used Belgian listed logistics/office specialist Intervest Offices as a source of funding following a cash bid for the business. Likewise, we trimmed the positions in various outperformers, most notably in Sweden, and further reduced the Target Fund's office exposure.

Source: Janus Henderson Investors, as at 30 November 2023

### Strategies and Policies of the Fund

For the financial period under review, the Fund invested a minimum of 95% of its NAV in the Target Fund.

### Target Fund's Top 10 Holdings

#### As at 30 November 2023

Asset Reporting Name	Weight %	Reporting Market Value In Fund Base Ccy
Vonovia	9.7	43,998,453
Segro	8.4	38,066,229
PSP Swiss Property	5.2	23,834,019
Merlin Properties Socimi	4.9	22,385,000
LEG Immobilien	4.7	21,303,390
Tritax Big Box REIT	4.1	18,536,851
UNITE Group	4.0	18,050,873
Castellum	3.7	16,983,377
VGP	3.5	16,065,985
British Land	3.4	15,500,194

#### As at 30 November 2022

Asset Reporting Name	Weight %	Reporting Market Value In Fund Base Ccy
Vonovia	9.7	39,551,430.18
Segro	7.8	32,103,474.76
Land Securities Group	5.5	22,448,568.95
Gecina	5.5	22,337,362.58
LEG Immobilien	5.3	21,535,501.25
Merlin Properties Socimi	4.8	19,563,374.51
PSP Swiss Property	4.8	19,560,387.80
Safestore	4.3	17,474,068.78
UNITE Group	4.0	16,517,463.71
Tritax Big Box REIT	3.4	14,027,346.74

Source: Janus Henderson Investors, as at 30 November 2023

### Portfolio Structure

The table below is the asset allocation of the Fund as at 30 November 2023 and 31 May 2023.

	As at 30.11.2023 %	As at 31.05.2023 %	Changes %
Foreign collective investment scheme	97.29	96.00	1.29
Money market deposits and cash equivalents	2.71	4.00	-1.29
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	

For the financial period under review, the Fund has invested 97.29% of its NAV in the foreign collective investment scheme while the remaining 2.71% of its NAV in money market deposits and cash equivalents.



<b>Securities Lending / Repurchase Transactions</b>	The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).
<b>Cross Trade</b>	There were no cross trades undertaken during the financial period under review.
<b>Distribution/ Unit splits</b>	There is no income distribution and unit split declared for the financial period under review.
<b>State of Affairs</b>	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 period under review.
<b>Rebates and Soft Commission</b>	During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.
<b>Market Review</b>	<p>The dominant theme in markets has been the aggressive monetary tightening pursued by central banks to cool persistently elevated inflation. Despite this, European equities made gains, aided by a notably strong rally into period end, boosted by lower-than-expected inflation prints and increasing confidence that peak rates had been achieved, with interest rate cuts priced in to 2024. Against this backdrop, real estate stocks materially outperformed the wider market, benefiting from falling yields. Higher leveraged names in German residential and Sweden outperformed.</p> <p>Within real estate, earnings seasons highlighted generally growing rental income streams, benefitting from the impact of indexation, which is helping to mitigate the impact of rising funding costs. With transaction evidence remaining low, UK valuers continue to be more aggressive with further value declines in office and retail assets, but stability in logistics, student, storage and rental residential values.</p> <p>The mismatch between public and private real estate values was once again highlighted by a cash offer for Belgian logistics and office owner Intervest from private equity. The offer price represented a substantial 52% premium to the undisturbed share price, but still a small discount to NAV. We also saw several well supported equity raises from REITs across Europe, most notably in logistics, student accommodation, and storage, to fund accretive investment in development pipelines and new acquisitions.</p> <p><i>Source: Janus Henderson Investors, as at 30 November 2023</i></p>
<b>Market Outlook</b>	<p>While real estate markets will continue to face headwinds from a slowing economy and more restrictive financial conditions, increasing confidence that we have reached peak rates in Europe is likely to prove a key moment for the listed property sector. While the direct property market will need more time to reflect higher rates in published asset values, in the listed market we can start to look forward. Typically, REITs start to recover 6-9 months before direct values stabilise and we feel we are now in this phase.</p> <p>Even after a recovery, European property shares are 35% below peak levels and are trading at still wide discounts to realistic bottom of the cycle asset values. While further balance sheet strengthening will be required in some cases, we expect this to be manageable for most. In a lower growth environment, the importance of management, asset and balance sheet quality will matter more and we continue to expect divergence across different property types, driven by the themes of changing</p>

	<p>demographics, digitisation, sustainability and the convenience lifestyle. It therefore remains important, in our view, to be selective.</p> <p><i>Source: Janus Henderson Investors, as at 30 November 2023</i></p>
<p><b>Additional Information</b></p>	<p>The following information was updated:</p> <ol style="list-style-type: none"> <li>1) Pn Azian Binti Kassim has been appointed as an Independent Non-Executive Director of AmIslamic Funds Management Sdn Bhd and a member of the Fund Management Division's Audit and Risk Management Committee with effect 30 June 2023.</li> <li>2) The Tenth Supplementary Master Prospectus dated 31 August 2023 has been registered with the Securities Commission Malaysia. The issuance of the Tenth Supplementary Master Prospectus is to be in line with the revised Guidelines on Unit Trust Funds and the Prospectus Guidelines for Collective Investment Schemes.</li> <li>3) Mr Tai Terk Lin, an Independent Non-Executive Director of AmFunds Management Berhad ('AFM'), has retired from the Board and the Fund Management Division's Audit and Risk Management Committee with effect from 15 December 2023.</li> <li>4) Mdm Jas Bir Kaur A/P Lol Singh, an Independent Non-Executive Director of AFM, has resigned as the Chairperson of the Investment Committee and has been appointed as a member of the Fund Management Division's Audit and Risk Management Committee with effect from 15 December 2023.</li> <li>5) Mr Arnold Lim Boon Lay has been appointed as an Independent Non-Executive Director of AFM and the Chairman of the Investment Committee with effect from 15 December 2023.</li> </ol> <p>Notice of issuance of the Tenth Supplementary Master Prospectus dated 31 August 2023 has been published on our website at <a href="http://www.aminvest.com">www.aminvest.com</a> and sent to the unit holders on 31 August 2023.</p>

Kuala Lumpur, Malaysia  
AmFunds Management Berhad

18 January 2024

## Pan European Property Equities

### STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2023

	Note	30.11.2023 (unaudited) RM	31.05.2023 (audited) RM
<b>ASSETS</b>			
Investment	4	23,037,695	20,394,175
Amount due from Target Fund Manager	5	411,554	-
Amount due from Manager	6(a)	-	2,783
Cash at banks		576,149	897,601
<b>TOTAL ASSETS</b>		<u>24,025,398</u>	<u>21,294,559</u>
<b>LIABILITIES</b>			
Amount due to Manager	6(b)	206,586	10,925
Amount due to Trustee	7	1,321	1,299
Tax payable		127,993	25,712
Sundry payables and accruals		11,124	11,800
<b>TOTAL LIABILITIES</b>		<u>347,024</u>	<u>49,736</u>
<b>NET ASSET VALUE (“NAV”) OF THE FUND</b>		<u>23,678,374</u>	<u>21,244,823</u>
<b>EQUITY</b>			
Unit holders’ capital	9(a)	224,786,440	225,729,941
Accumulated losses	9(b)(c)	<u>(201,108,066)</u>	<u>(204,485,118)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<u>23,678,374</u>	<u>21,244,823</u>
<b>UNITS IN CIRCULATION</b>	9(a)	<u>22,475,783</u>	<u>23,418,260</u>
<b>NAV PER UNIT (RM)</b>		<u>1.0535</u>	<u>0.9072</u>

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

## Pan European Property Equities

### STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

	Note	01.06.2023 to 30.11.2023 RM	01.06.2022 to 30.11.2022 RM
<b>INVESTMENT INCOME/(LOSS)</b>			
Distribution income		854,022	834,735
Interest income		1,106	937
Other income		-	955
Net gain/(loss) from investment:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	2,771,751	(9,184,915)
Other net realised losses on foreign currency exchange		(11,107)	(684)
Other net unrealised loss on foreign currency exchange		(1,254)	-
		<u>3,614,518</u>	<u>(8,348,972)</u>
<b>EXPENDITURE</b>			
Manager’s fee	6	(17,443)	(19,042)
Trustee’s fee	7	(7,734)	(8,513)
Audit fee		(3,999)	(4,015)
Tax agent’s fee		(1,900)	(1,905)
Custodian’s fee		(372)	(2,231)
Other expenses		(3,754)	(4,710)
		<u>(35,202)</u>	<u>(40,416)</u>
<b>Net income/(loss) before taxation</b>		3,579,316	(8,389,388)
<b>Taxation</b>	11	<u>(202,264)</u>	<u>(96,000)</u>
<b>Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial period</b>		<u>3,377,052</u>	<u>(8,485,388)</u>
Total comprehensive income/(loss) comprises the following:			
Realised income		474,554	269,008
Unrealised gain/(loss)		<u>2,902,498</u>	<u>(8,754,396)</u>
		<u>3,377,052</u>	<u>(8,485,388)</u>

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

## Pan European Property Equities

### STATEMENT OF CHANGES IN EQUITY *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

	Note	Unit holders' capital RM	Accumulated losses RM	Total equity RM
At 1 June 2023		225,729,941	(204,485,118)	21,244,823
Total comprehensive income for the financial period		-	3,377,052	3,377,052
Creation of units	9(a)	704,325	-	704,325
Cancellation of units	9(a)	(1,647,826)	-	(1,647,826)
Balance at 30 November 2023		<u>224,786,440</u>	<u>(201,108,066)</u>	<u>23,678,374</u>
At 1 June 2022		226,425,727	(196,144,221)	30,281,506
Total comprehensive loss for the financial period		-	(8,485,388)	(8,485,388)
Creation of units		1,607,286	-	1,607,286
Cancellation of units		(2,466,267)	-	(2,466,267)
Balance at 30 November 2022		<u>225,566,746</u>	<u>(204,629,609)</u>	<u>20,937,137</u>

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

## Pan European Property Equities

### STATEMENT OF CASH FLOWS *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

	01.06.2023 to 30.11.2023 RM	01.06.2022 to 30.11.2022 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of investment	534,808	1,404,255
Purchase of investment	(830,492)	(1,588,849)
Distributions received	854,022	834,735
Interests received	1,106	937
Other income	-	955
Manager's fee paid	(18,068)	(20,009)
Trustee's fee paid	(7,712)	(9,080)
Tax agent's fee paid	-	(3,800)
Tax paid	(99,983)	-
Payments for other expenses	(10,701)	(13,516)
Net cash generated from operating and investing activities	<u>422,980</u>	<u>605,628</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	707,108	1,568,451
Payments for cancellation of units	(1,451,540)	(2,344,232)
Net cash used in financing activities	<u>(744,432)</u>	<u>(775,781)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(321,452)	(170,153)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>897,601</u>	<u>684,661</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>576,149</u>	<u>514,508</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>576,149</u>	<u>514,508</u>

## Pan European Property Equities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

#### 1. GENERAL INFORMATION

Pan European Property Equities (“the Fund”) was established pursuant to a Deed dated 29 January 2007 as amended by Deeds supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, AmanahRaya Trustees Berhad as the Trustee and all unit holders.

The Fund was set up with the objective of providing investors with long term capital appreciation by investing in the Luxembourg-based Janus Henderson Horizon Pan European Property Equities Fund (“Target Fund”) which invests primarily in quoted equity securities of companies or Real Estate Investment Trusts (“REITs”) having their registered office in the European Economic Area listed or traded on a regulated market which derive the main part of their revenue from the ownership, management and/or development of real estate in Europe. Being a feeder fund, a minimum of 95% of the Fund’s NAV will be invested in the Target Fund, which is a separate unit trust fund managed by Henderson Management S.A. (“Target Fund Manager”). As provided in the Deed, the financial year shall end on 31 May and the units in the Fund were first offered for sale on 6 March 2007.

The financial statements were authorised for issue by the Manager on 18 January 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 134: *Interim Financial Reporting* (“MFRS 134”) as issued by the Malaysian Accounting Standards Board (“MASB”).

##### Standards effective during the financial period

The adoption of the following MFRS which became effective during the financial period 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 and Amendments to MFRS 17*</i>	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

## Pan European Property Equities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

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

##### Standards issued but not yet effective

The standards and amendments to 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 Leases: <i>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 and MFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
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 SIGNIFICANT 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) Distribution income

Distribution income is recognised when the Fund's right to receive payment is established.

(ii) Interest income

Interest income on short-term deposits is recognised on an accrual basis using the effective interest method.

(iii) 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.



## Pan European Property Equities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

#### 3. SUMMARY OF SIGNIFICANT 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 are at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from the retained earnings and realised income. Realised income is the income earned from distribution income, interest income, other 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023**

**3. SUMMARY OF SIGNIFICANT 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 under MFRS 132 *Financial Instruments: Presentation* ("MFRS 132").

**3.8 Financial assets – 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 under MFRS 9**

*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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023**

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

**3.9 Financial assets under MFRS 9 (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 asset. In addition, the contractual terms of the financial assets give rise on specified date 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". Distribution income and interest earned elements of such instruments are recorded separately in "Distribution income" and "Interest income" respectively. 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023**

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

**3.9 Financial assets under MFRS 9 (cont'd.)**

*Classification and measurement (cont'd.)*

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

*Financial assets at FVTPL*

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, realised and unrealised, are

**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 holder. 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 PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023**

**3. SUMMARY OF SIGNIFICANT 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 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.

**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.

## Pan European Property Equities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

#### 3. SUMMARY OF SIGNIFICANT 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 period.

#### 4. INVESTMENT

	30.11.2023 RM	31.05.2023 RM
<b>Financial assets at FVTPL</b>		
At cost:		
Foreign CIS	<u>25,039,524</u>	<u>25,299,756</u>
At fair value:		
Foreign CIS	<u>23,037,695</u>	<u>20,394,175</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 %
<b>30.11.2023</b>				
Janus Henderson Horizon Pan European Property Equities Fund ("Target Fund")	<u>133,149</u>	<u>23,037,695</u>	<u>25,039,524</u>	<u>97.29</u>
<b>Shortfall of fair value over purchased cost</b>		<u>(2,001,829)</u>		

#### 5. AMOUNT DUE FROM TARGET FUND MANAGER

The amount due from Target Fund Manager arose from the sale of investment. The settlement period is within five business days from the transaction date.

## Pan European Property Equities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

#### 6. AMOUNT DUE FROM/TO MANAGER

	Note	30.11.2023 RM	31.05.2023 RM
<b>(a) Due from Manager</b>			
Creation of units	(i)	-	2,783
<b>(b) Due to Manager</b>			
Cancellation of units	(ii)	203,616	7,330
Manager's fee payable	(iii)	2,970	3,595
		<u>206,586</u>	<u>10,925</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 financial year and current financial period 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:

	01.06.2023 to 30.11.2023 % p.a.	01.06.2022 to 30.11.2022 % p.a.
Manager's fee charged by the Target Fund Manager, on the NAV of the Target Fund	1.70	1.70
Manager's fee charged by the Manager, on the NAV of investment in the Target Fund (Note a)	0.10	0.10
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 0.10% on 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 financial year and current financial period for Manager's fee payable is one month.

#### 7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.07% (31.05.2023: 0.07%) per annum on the NAV of the Fund, calculated on a daily basis.

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

## Pan European Property Equities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

#### 8. NET GAIN/(LOSS) FROM INVESTMENT

	01.06.2023 to 30.11.2023 RM	01.06.2022 to 30.11.2022 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
– Net realised losses on sale of investment	(193,343)	(350,668)
– Net realised gain/(loss) on foreign currency exchange	61,342	(79,851)
– Net unrealised gain/(loss) on changes in fair value of investment	2,105,135	(8,239,384)
– Net unrealised gain/(loss) on foreign currency of investment denominated in foreign currency	798,617	(515,012)
	<u>2,771,751</u>	<u>(9,184,915)</u>

#### 9. TOTAL EQUITY

Total equity is represented by:

	Note	30.11.2023 RM	31.05.2023 RM
Unit holders' capital	(a)	224,786,440	225,729,941
Accumulated losses			
– Realised losses	(b)	(199,104,983)	(199,579,537)
– Unrealised losses	(c)	(2,003,083)	(4,905,581)
		<u>23,678,374</u>	<u>21,244,823</u>

##### (a) Unit holders' capital/units in circulation

	30.11.2023		31.05.2023	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	23,418,260	225,729,941	24,434,441	226,425,727
Creation during the financial period/year	750,162	704,325	2,889,461	2,802,720
Cancellation during the financial period/year	<u>(1,692,639)</u>	<u>(1,647,826)</u>	<u>(3,905,642)</u>	<u>(3,498,506)</u>
At end of the financial period/year	<u>22,475,783</u>	<u>224,786,440</u>	<u>23,418,260</u>	<u>225,729,941</u>

The Manager imposed an exit penalty of 1.00% (31.05.2023: 1.00%) if cancellation is made within 90 days of purchase on the NAV per unit of the Fund during the financial period. The exit penalty will be recognised as income of the Fund.



## Pan European Property Equities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

#### 9. TOTAL EQUITY (CONT'D.)

##### (b) Realised

	30.11.2023 RM	31.05.2023 RM
At beginning of the financial period/year	(199,579,537)	(199,618,128)
Net realised income for the financial period/year	474,554	38,591
At end of the financial period/year	<u>(199,104,983)</u>	<u>(199,579,537)</u>

##### (c) Unrealised - non-distributable

	30.11.2023 RM	31.05.2023 RM
At beginning of the financial period/year	(4,905,581)	3,473,907
Net unrealised gain/(loss) for the financial period/year	2,902,498	(8,379,488)
At end of the financial period/year	<u>(2,003,083)</u>	<u>(4,905,581)</u>

#### 10. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

The related parties and its 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 related party as at 30 November 2023 and 31 May 2023.

## Pan European Property Equities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

#### 11. TAXATION

	<b>01.06.2023 to 30.11.2023 RM</b>	<b>01.06.2022 to 30.11.2022 RM</b>
Local tax	<u>202,264</u>	<u>96,000</u>

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

Pursuant to the Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempted from tax. Foreign-sourced income (“FSI”) received in Malaysia will be taxed at the prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.

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

	<b>01.06.2023 to 30.11.2023 RM</b>	<b>01.06.2022 to 30.11.2022 RM</b>
Net income/(loss) before taxation	<u>3,579,316</u>	<u>(8,389,388)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	859,036	(2,013,453)
Tax effects of:		
Income not subject to tax	(714,589)	(104,791)
Losses not allowed for tax deduction	49,369	2,204,544
Restriction on tax deductible expenses for unit trust fund	4,660	5,098
Non-permitted expenses for tax purposes	3,270	4,035
Permitted expenses not used and not available for future financial periods	<u>518</u>	<u>567</u>
Tax expense for the financial period	<u>202,264</u>	<u>96,000</u>

## Pan European Property Equities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

#### 12. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	01.06.2023 to 30.11.2023 % p.a.	01.06.2022 to 30.11.2022 % p.a.
Manager’s fee	0.08	0.08
Trustee’s fee	0.03	0.04
Fund’s other expenses	0.05	0.05
Total TER	<u>0.16</u>	<u>0.17</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 0.04 times (01.06.2022 to 30.11.2022: 0.06 times).

#### 14. SEGMENTAL REPORTING

As stated in Note 1, the Fund is a feeder fund whereby a minimum of 95% 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.

#### 15. TRANSACTIONS WITH THE TARGET FUND MANAGER

Details of transactions with the Target Fund Manager for the financial period ended 30 November 2023 are as follows:

Target Fund Manager	Transaction value	
	RM	%
Henderson Management S.A.	<u>1,789,215</u>	<u>100.00</u>

There is no transaction with financial institutions related to the Manager, during the financial period.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023**

**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 Unit Trust Funds and the Deed 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.

**(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 assets and 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.

## Pan European Property Equities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023

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

##### (a) Market risk (cont'd.)

##### (iii) Currency risk (cont'd.)

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

Assets denominated in Euro	30.11.2023		31.05.2023	
	RM equivalent	% of NAV	RM equivalent	% of NAV
Investment	23,037,695	97.29	20,394,175	96.00
Amount due from Target Fund Manager	411,554	1.74	-	-
Cash at banks	2,540	0.01	2,459	0.01
	<u>23,451,789</u>	<u>99.04</u>	<u>20,396,634</u>	<u>96.01</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 and distributions receivable. 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.

##### (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 asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. 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 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023**

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

**(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.

**(h) Non-compliance risk**

This is the risk of the Manager or the Trustee not complying with their respective internal policies, the Deed and its Supplemental Deed, 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.

## **Pan European Property Equities**

### **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 134: *Interim Financial Reporting* (“MFRS 134”) so as to give a true and fair view of the financial position of Pan European Property Equities (“the Fund”) as at 30 November 2023 and the comprehensive income, the changes in equity and cash flows for the financial period then ended.

For and on behalf of the Manager

**GOH WEE PENG**  
Executive Director

Kuala Lumpur, Malaysia  
18 January 2024

## **TRUSTEE'S REPORT**

To the unit holders of **PAN EUROPEAN PROPERTY EQUITIES** ("Fund"),

We have acted as Trustee of the Fund for the financial period ended 30 November 2023 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 period 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: 18 January 2024



## DIRECTORY

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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.)*

