# KAF BOND FUND

# ANNUAL REPORT

# 31 AUGUST 2026

**KAF INVESTMENT FUNDS BERHAD** Reg. No: 199501004999

# MANAGER'S REPORT

We are pleased to present the Manager's Report for the financial year ended 31 August 2026 ("the period").

## 1. Launch Date

The KAF Bond Fund ("KBF/the Fund") was established on 26 July 2006 and shall exist for as long as it appears to the Manager and the Trustee that it is in the unit holders' interests for it to continue. In some circumstances, the unit holders can resolve at a meeting, to terminate the Fund according to the Master Deed dated 26 July 2006, First Supplemental Master Deed dated 13 September 2007, Second Supplemental Master Deed dated 4 November 2008, Third Supplemental Master Deed dated 27 October 2009, Fourth Supplemental Master Deed dated 20 March 2013, Fifth Supplemental Master Deed dated 9 January 2014, Sixth Supplemental Master Deed dated 12 March 2015, Seventh Supplemental Master Deed dated 20 August 2018 and Eighth Supplemental Master Deed dated 20 March 2023.

## 2. Type of Fund

Income Fund.

## 3. Category of Fund

Bond/Fixed-Income Fund.

## 4. Fund's Objective, Benchmark and Distribution Policy

KBF aims to provide a regular income stream by investing in medium to long-term fixed-income instruments.

The Fund will invest a minimum of 70% of its NAV in bonds and other fixed-income securities. The Fund will only invest in securities with a minimum short-term credit rating of P2 by RAM/MARC2 by MARC or long-term credit rating of A3 by RAM/A- by MARC.

The benchmark for the Fund is the RAM-Quant MGS Index (All Durations).

It is intended that the Fund will distribute income at least once a year.

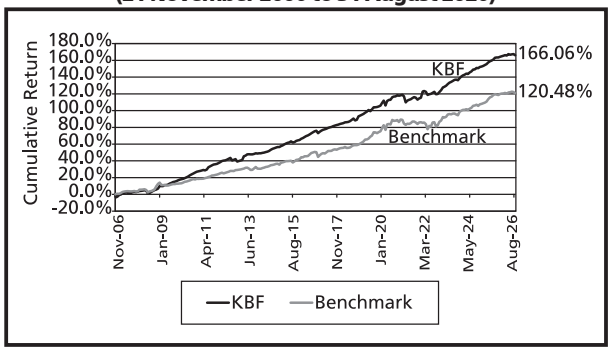
## 5. Review of Fund Operations and Performance

For the financial year ended 31 August 2026, KBF's Time Weighted Rate of Return ("TWRR") was 1.15% against its benchmark return of 0.36%. The outperformance was attributable to the Fund's shift to a more conservative strategy relative to the benchmark in view of higher uncertainty in global financial markets.

Since its inception, KBF recorded a return of 166.06% and outperformed its benchmark, which recorded 120.48%.

No cross-trade transaction carried out during the reported period ended 31 August 2026. The Fund has not undertaken any securities lending or repurchase transaction for the reported period.

**Performance Chart since Inception**
**(21 November 2006 to 31 August 2026)**




Source: Novagni Analytics and Advisory Sdn Bhd, an independent source.





**Fund Performance as ranked by Lipper Asia Limited**

| Period | KBF | | Mean of the Industry's Bond Non-Islamic Funds |
|---|---|---|---|
| | % Return | Rank | % Return |
| **3 months**<br>28/05/2026 - 28/08/2026 | (0.22) | 72/90 | 0.18 |
| **6 months**<br>27/02/2026 - 28/08/2026 | (0.07) | 81/89 | 0.69 |
| **1 year**<br>28/08/2025 - 28/08/2026 | 1.18 | 71/89 | 1.98 |
| **3 years**<br>28/08/2023 - 28/08/2026 | 12.50 | 27/77 | 11.91 |
| **5 years**<br>27/08/2021 - 28/08/2026 | 23.17 | 4/72 | 18.01 |

Source: The Edge, 7 September 2026 issue, The Edge-Lipper Fund Performance Table, an independent source.

For the 1-year period, the Fund ranked No. 71 out of 89 funds in the Bond Non-Islamic Funds category by Lipper Asia Limited.

KBF's total realised income amounted to RM17.65 million arising from deposits, interest income earned and after accounting for loss on disposal of bonds.

During the financial year ended 31 August 2026, the Fund's NAV increased to RM463.33 million from RM457.46 million as at 31 August 2025 as a results of inflows. The NAV per unit of the Fund increased to RM266.0608 as at 31 August 2026 from RM263.0470 as at 31 August 2025, indicating a gain of 1.15% during the year under review.

As at the end of the financial year under review, unrealised gain stood at RM0.13 million.

**Past performance is not necessarily indicative of future performance.**

| Returns | Local Market (RM'000) |
|---|---|
| **Realised Gain/(Loss)** | |
| Interest income from deposits | 2,295 |
| Interest income from bond | 17,183 |
| Net amortisation of premium/accretion of discount | (504) |
| Realised loss from bond | (1,324) |
| **Unrealised Gain** | |
| Unquoted fixed-income securities | 130 |

**6. Asset Allocation and Investment Strategies Employed**

For the year under review, KBF's asset allocation were in unquoted fixed-income and money market deposits. The exposure to unquoted fixed-income was maintained, in line with the strategy of achieving a stable rate of return with steady income. As at 31 August 2026, the Fund's exposure to unquoted fixed-income was at an aggregate of 94.40%.

Other than the investment strategy stated in the Replacement Master Prospectus dated 30 September 2023, the designated Fund Manager has not employed any other investment strategy.

There were no significant changes in the Fund's state of affairs during the year.

There were no circumstances, which could materially affect any interest of the unit holders.

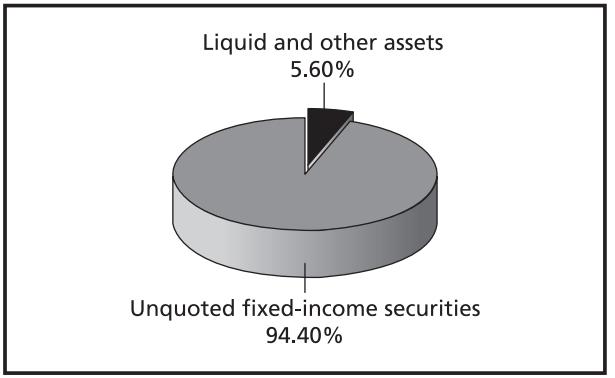
**Asset Allocation**

| Asset class | Percentage of NAV as at 31/08/2025 (%) | Percentage of NAV as at 31/08/2026 (%) | Change in Exposure over Period (%) |
|---|---|---|---|
| Unquoted fixed-income securities | 80.29 | 94.40 | 14.11 |
| Liquid and other assets | 19.71 | 5.60 | (14.11) |





**Portfolio of Investment and Other Assets as at 31 August 2026**




**7. Market Review**

Malaysia's exports declined by 38.1% while imports deceased by 36.4% Year-on-Year ("YoY") in July. The trade surplus grew to MYR22.5 billion in July; up from MYR14.9 billion in the previous month. Malaysia's Consumer Price Index ("CPI") was lower at 1.8% YoY in July compared to 1.9% in June.

Malaysian foreign reserves increased in August to USD132.7 billion from USD131.8 billion in July. Meanwhile, Malaysia's Purchasing Managers' Index ("PMI") was lower at 50.2 in August compared to 50.9 in the previous month.

US Treasury yields were higher in August with the Treasury 2-year, 5-year and 10-year benchmark yield closing the month at 4.34%, 4.50% and 4.75% respectively compared to 4.29%, 4.45% and 4.73% in July.

Malaysian Government Securities ("MGS") 3-year, 5-year and 10-year yield were higher, ending at 3.35%, 3.61% and 3.87% in August compared to 3.30%, 3.49% and 3.70% in the previous month.

## 8. Market Outlook and Strategy

The reporting period concluded with significant pressure across global fixed-income markets in August, driven by a convergence of adverse macroeconomic headwinds. Investor concerns regarding expanding global sovereign debt were heightened following the announcement of a US Treasury bond buyback initiative aimed at managing long-term yields, which drew skepticism from key market participants. Fixed-income securities faced persistent selling pressure throughout the month, further compounded by escalating geopolitical tensions in the Middle East. Market sentiment weakened further following hawkish remarks from Federal Reserve Chairman Kevin Warsh at the late-August Jackson Hole symposium, reinforcing the central bank's commitment to inflation control. Consequently, market consensus has shifted toward expecting two interest rate increases in 2026, beginning at the September Federal Open Market Committee ("FOMC") meeting, which would bring the targeted Federal Funds Rate to 4.25%.

Domestic fixed-income markets aligned with global sell-offs, pushing the 10-year MGS yield past 3.80% with potential upward pressure toward 4.00% entering September. Foreign investor appetite was further tempered by emerging political uncertainty. While consumer inflation moderated to 1.80% YoY, a sharp acceleration in the Producer Price Index to 9.7% YoY highlights lingering cost-push inflation risks across supply chains. The 4 government auctions for the month reflected the negative sentiment with the 5-year Government Investment Issue ("GII") 10/2031, 30-year MGS 07/2055, 7-year GII 03/2033 and 20-year MGS 04/2046 minting deteriorating Bid-to-Cover ("BTC") ratios of 2.242x, 2.017x, 2.147x and 1.635x respectively.

Despite widespread headwinds in global fixed-income markets, bond yields have risen to very attractive levels. Hence, we look for opportunities to buy quality assets while keeping an eye on potential inflationary risks. For now, we maintain our conservative stance of medium portfolio duration and an emphasis on high credit quality.



MANAGER'S REPORT

## 9. Changes made to the Fund's Prospectus

There were no changes made to the Fund's prospectus during the reported period.

## 10. Soft Commission

The Manager had received a soft commission (in the form of goods and services) during the year under review, which intended to bring direct benefit or advantage to the management of KBF from one broker/dealer by virtue of transactions conducted for KBF. The broker/dealer had also executed trades for other funds or investments managed by the Manager.

The soft commission received is in the form of research services that can add value to the investment process by analysing data to extract insights and arrive at meaningful conclusions. Such data assists the Manager in the investment decision-making process which is of demonstrable benefit to unit holders of KBF and other funds or investments managed by the Manager.

The soft commissions received were for the benefit of the Fund, and there was no churning of trades.

## 11. Other Information

The designated fund manager is Mr. Oliver Tan - Rausch @ Tan Chien Yang. His profile is available on the website, www.kaf.com.my.

| Portfolio Composition | As at 31 August | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| | (Percentage of NAV) | | |
| | % | % | % |
| **Unquoted fixed-income securities** | 94.40 | 80.29 | 97.92 |
| **Liquid and other assets** | 5.60 | 19.71 | 2.08 |
| **Total** | 100.00 | 100.00 | 100.00 |
| | | | |
| **Total return for the year** | **RM'000** | **RM'000** | **RM'000** |
| Capital growth | (9,585) | 4,523 | 3,375 |
| Income distribution | 15,286 | 15,681 | 9,275 |

| Performance | Income Return | Capital Return | Annual Total Return | |
|---|---|---|---|---|
| | | | KBF | Benchmark |
| | % | % | % | % |
| **Financial year ended** | | | | |
| 31/08/2026 | - | 1.15 | 1.15 | 0.36 |
| 31/08/2025 | - | 5.56 | 5.56 | 6.59 |
| 31/08/2024 | - | 5.30 | 5.30 | 4.85 |
| 31/08/2023 | - | 6.35 | 6.35 | 5.54 |
| 31/08/2022 | - | 2.97 | 2.97 | (0.39) |

| | Average Total Return | |
|---|---|---|
| | KBF | Benchmark |
| | % | % |
| One (1) year | 1.15 | 0.36 |
| Three (3) years | 4.14 | 4.06 |
| Five (5) years | 4.63 | 3.58 |

Source: Novagni Analytics & Advisory Sdn Bhd, an independent source.





**Basis of calculation and assumption made in calculating the returns:**

The performance figures are a comparison of the growth/ decline in NAV for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

An illustration of the above would be as follow:

Capital return = NAV per Unit end / NAV per Unit begin -1

Income return = Income distribution per Unit / NAV per Unit ex-date

Total return = (1+Capital return) x (1+Income return) - 1

# KEY PERFORMANCE DATA

| NAV and Units in Circulation | As at 31 August 2026 | 2025 | 2024 |
|---|---|---|---|
| Total NAV (RM'000) | 463,326 | 457,461 | 285,575 |
| Units in circulation (in'000) | 1,741 | 1,739 | 1,146 |
| NAV per unit (RM) | 266.0608 | 263.0470 | 249.1833 |
| **Unit Prices for the year (RM per unit)** | | | |
| NAV (year high) | 267.7492 | 263.0470 | 249.4748 |
| NAV (year low) | 263.0188 | 249.1671 | 235.8494 |
| NAV (year high, ex-distribution) | Nil | Nil | Nil |
| NAV (year low, ex-distribution) | Nil | Nil | Nil |
| NAV | 266.0608 | 263.0470 | 249.1833 |
| **Distribution** | Nil | Nil | Nil |
| **Unit split** | Nil | Nil | Nil |
| **Total Expense Ratio ("TER")** | 0.49% | 0.46% | 0.46% |
| **Portfolio Turnover Ratio ("PTR")** | 0.72 times | 1.46 times | 0.62 times |

**Note:** Total Expense Ratio ("TER") is calculated by taking the total fees and recovered expenses incurred by the Fund divided by the average fund size. Portfolio Turnover Ratio ("PTR") is calculated by taking the average of the acquisition and disposal of the Fund divided by the average fund size.

The TER was higher than the previous years due to the overall increase in the Fund's expenses during the year under review (refer to Note 14).

The PTR was lower than the previous year due to decrease in portfolio rebalancing activities undertaken by the Fund during the year under review (refer to Note 15).

**Past performance is not necessarily indicative of future performance. Unit prices and investment returns may go down, as well as up.**



# TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF
**KAF BOND FUND ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 August 2026 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **KAF Investment Funds 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 and on behalf of
**CIMB Commerce Trustee Berhad**

**Tok Puan Datin Ezreen Eliza binti Zulkiplee**
Chief Executive Officer

Kuala Lumpur, Malaysia
Date: 28 October 2026

## STATEMENT BY THE MANAGER

TO THE UNIT HOLDERS OF
**KAF BOND FUND**

We, **Datuk Khatijah Ahmad** and **Mohammed Reza Tan Sri Abu Talib**, two of the Directors of **KAF Investment Funds Berhad**, do hereby state that, in the opinion of the Manager, the audited financial statements set out on pages 17 to 72 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 August 2026 and of its financial performance, changes in equity and cash flows of the Fund for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
**KAF Investment Funds Berhad**

**Datuk Khatijah Ahmad**
Director

**Mohammed Reza Tan Sri Abu Talib**
Executive Director

Kuala Lumpur, Malaysia
28 October 2026



## INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
**KAF BOND FUND**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Our opinion**

In our opinion, the financial statements of **KAF Bond Fund** ("the Fund") give a true and fair view of the financial position of the Fund as at 31 August 2026, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**What we have audited**

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 August 2026, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 17 to 72.

**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 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 Ethics Standards Board for Accountants' 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.

TO THE UNIT HOLDERS OF
**KAF BOND FUND**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

**Information other than the financial statements and auditors' report thereon**

The Manager of the Fund is responsible for the other information. The other information comprises the Manager's Report, 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.

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 that fact. We have nothing to report in this regard.

**Responsibilities of the Manager for the financial statements**

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

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





TO THE UNIT HOLDERS OF
**KAF BOND FUND**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

**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.

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

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

TO THE UNIT HOLDERS OF
**KAF BOND FUND**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

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

(d) 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.

(e) 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.

**OTHER MATTERS**

This report is made solely to the unit holders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PRICEWATERHOUSECOOPERS PLT**
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
28 October 2026





| | Note | 2026 RM | 2025 RM |
|---|---|---|---|
| **INCOME** | | | |
| Interest income from financial assets at fair value through profit or loss | | 16,678,330 | 12,246,486 |
| Interest income from financial assets at amortised cost | | 2,294,957 | 2,485,781 |
| Net (loss)/gain on financial assets at fair value through profit or loss | 6 | (10,908,270) | 7,119,675 |
| | | 8,065,017 | 21,851,942 |
| **EXPENSES** | | | |
| Manager's fee | 3 | (2,080,940) | (1,442,946) |
| Trustee's fee | 4 | (260,117) | (180,368) |
| Audit fee | | (13,000) | (12,500) |
| Tax agent's fee | | (4,500) | (4,500) |
| Other expenses | | (5,402) | (7,473) |
| | | (2,363,959) | (1,647,787) |
| **NET PROFIT BEFORE TAXATION** | | 5,701,058 | 20,204,155 |
| **TAXATION** | 5 | - | - |
| **NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR** | | 5,701,058 | 20,204,155 |
| Net profit after taxation is made up of the following: | | | |
| Realised amount | | 15,285,583 | 15,681,522 |
| Unrealised amount | | (9,584,525) | 4,522,633 |
| | | 5,701,058 | 20,204,155 |

*The accompanying summary of material accounting policies and notes to the financial statements form an integral part of these financial statements.*

## STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2026

| | Note | 2026 RM | 2025 RM |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 7 | 25,145,235 | 39,523,811 |
| Deposits with licensed financial institutions | 8 | - | 60,631,233 |
| Financial assets at fair value through profit or loss | 6 | 437,367,808 | 367,298,198 |
| Amount due from Manager - creation of units | | 2,426,304 | 1,328,007 |
| **TOTAL ASSETS** | | 464,939,347 | 468,781,249 |
| **LIABILITIES** | | | |
| Amount due to dealer | 9 | - | 10,163,000 |
| Amount due to Manager | | | |
| - Cancellation of units | | 1,378,279 | 945,289 |
| - Manager's fee | | 171,262 | 152,963 |
| Amount due to Trustee | | 43,108 | 37,632 |
| Other payables and accruals | 10 | 21,061 | 21,394 |
| **TOTAL LIABILITIES** | | 1,613,710 | 11,320,278 |
| **NET ASSET VALUE ("NAV") OF THE FUND** | | 463,325,637 | 457,460,971 |
| **EQUITY** | | | |
| Unit holders' capital | | 258,231,726 | 258,068,118 |
| Retained earnings | | 205,093,911 | 199,392,853 |
| **TOTAL NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS** | | 463,325,637 | 457,460,971 |
| **NUMBER OF UNITS IN CIRCULATION** | 11 | 1,741,427 | 1,739,084 |
| **NAV PER UNIT** | | 266.0608 | 263.0470 |

*The accompanying summary of material accounting policies and notes to the financial statements form an integral part of these financial statements.*



## STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

| | Unit holders' capital RM | Retained earnings RM | Total RM |
|---|---|---|---|
| **BALANCE AS AT 1 SEPTEMBER 2025** | 258,068,118 | 199,392,853 | 457,460,971 |
| **Movement in unit holders' capital:** | | | |
| Creation of units arising from applications | 200,532,936 | - | 200,532,936 |
| Cancellation of units | (200,369,328) | - | (200,369,328) |
| | 163,608 | - | 163,608 |
| Total comprehensive income for the financial year | - | 5,701,058 | 5,701,058 |
| **BALANCE AS AT 31 AUGUST 2026** | 258,231,726 | 205,093,911 | 463,325,637 |
| **BALANCE AS AT 1 SEPTEMBER 2024** | 106,386,569 | 179,188,698 | 285,575,267 |
| **Movement in unit holders' capital:** | | | |
| Creation of units arising from applications | 285,914,253 | - | 285,914,253 |
| Cancellation of units | (134,232,704) | - | (134,232,704) |
| | 151,681,549 | - | 151,681,549 |
| Total comprehensive income for the financial year | - | 20,204,155 | 20,204,155 |
| **BALANCE AS AT 31 AUGUST 2025** | 258,068,118 | 199,392,853 | 457,460,971 |

*The accompanying summary of material accounting policies and notes to the financial statements form an integral part of these financial statements.*

# STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

| | Note | 2026 RM | 2025 RM |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Proceeds from redemption and sale of investments | | 316,254,499 | 505,500,500 |
| Purchase of investments | | (407,115,212) | (576,972,572) |
| Placement of deposits with licensed financial institutions | | - | (60,000,000) |
| Proceeds from maturity of deposits with licensed financial institutions | | 60,631,233 | - |
| Interest income received | | 18,693,120 | 15,190,819 |
| Manager's fee paid | | (2,062,641) | (1,386,844) |
| Trustee's fee paid | | (254,641) | (154,844) |
| Payment of other fees and expenses | | (23,235) | (24,673) |
| **Net cash used in operating activities** | | (13,876,877) | (117,847,614) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from creation of units | | 199,434,639 | 284,890,166 |
| Payments for cancellation of units | | (199,936,338) | (133,790,664) |
| **Net cash (used in)/ generated from financing activities** | | (501,699) | 151,099,502 |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | | (14,378,576) | 33,251,888 |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR** | | 39,523,811 | 6,271,923 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR** | 7 | 25,145,235 | 39,523,811 |
| **ANALYSIS OF CASH AND CASH EQUIVALENTS** | | | |
| Cash at bank | | 5,039,043 | 3,857,092 |
| Deposits with licensed financial institutions | | 20,106,192 | 35,666,719 |
| | 7 | 25,145,235 | 39,523,811 |

*The accompanying summary of material accounting policies and notes to the financial statements form an integral part of these financial statements.*



# SUMMARY OF MATERIAL ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

## A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and International Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager's best knowledge of current events and actions, actual results may differ.

Estimates and judgements are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note J.

**A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

**(a) Standards, amendments to published standards and interpretations that are applicable and effective:**

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 September 2025 that have a material effect on the financial statements of the Fund.

**(b) New standards, amendments and interpretations that have been issued that are applicable to the Fund but not yet effective:**

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026).

  - The amendments clarify that financial assets are derecognised when the rights to the cash flows expire or when the asset is transferred, and financial liabilities are derecognised at the settlement date (i.e. when the liability is extinguished or qualifies for derecognition);

  - There is an optional exception to derecognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the specified criteria are met;

  - The amendments also clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;

  - There are additional new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and

  - The amendments update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").



SUMMARY OF MATERIAL ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

**A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

**(b) New standards, amendments and interpretations that have been issued that are applicable to the Fund but not yet effective: (cont'd)**

- Annual Improvements to MFRS Accounting Standards for enhanced consistency (effective 1 January 2026).

- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.

  - The new MFRS introduces a new structure of profit or loss statement.

    (a) Income and expenses are classified into 3 new main categories:

      (i) Operating category which typically includes results from the main business activities;

      (ii) Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and

      (iii) Financing category that presents income and expenses from financing liabilities.

    (b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.

  - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal.

  - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

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

**(b) New standards, amendments and interpretations that have been issued that are applicable to the Fund but not yet effective: (cont'd)**

The Fund is currently still assessing the effect of the above standards and amendments. No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.

## B INCOME RECOGNITION

Interest income earned from deposits with licensed financial institutions and unquoted fixed-income securities are recognised using effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gains or losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, which is determined on a cost adjusted for accretion of discount or amortisation of premium.

## C TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profits earned during the financial year.



SUMMARY OF MATERIAL ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

## D FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation currency.

## E FINANCIAL ASSETS AND FINANCIAL LIABILITIES

**(i) Classification**

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss, and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Fund's debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, deposits with licensed financial institutions and amount due from Manager - creation of units as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

**E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)**

**(i) Classification (cont'd)**

The Fund classifies amount due to dealer, amount due to Manager, amount due to Trustee and other payables and accruals as financial liabilities measured at amortised cost.

**(ii) Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risk and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unquoted fixed-income securities are revalued to reflect its fair value on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission Malaysia ("SC") as per the SC's Guidelines on Unit Trust Funds. Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed-income securities differs from the market price by more than 20 basis points, the Manager may use market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.



SUMMARY OF MATERIAL ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

**E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)**

**(ii) Recognition and measurement (cont'd)**

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit or loss' in the period in which they arise.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated using the effective interest rate method over the period from the date of placement to the date of maturity of the respective deposits.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest rate method.

**(iii) Impairment for assets carried at amortised cost**

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month lifetime expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

**E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)**

**(iii) Impairment for assets carried at amortised cost (cont'd)**

Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

Any contractual payment which is more than 90 days past due is considered credit impaired.

Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the creditor relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on an individual basis.



SUMMARY OF MATERIAL ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

**E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)**

**(iii) Impairment for assets carried at amortised cost (cont'd)**

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/ recoveries during the financial year.

**F CASH AND CASH EQUIVALENTS**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank and deposits with licensed financial institutions with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## G AMOUNT DUE FROM/(TO) DEALERS

Amounts due from/(to) dealers represent receivables for securities sold and payables for securities purchased that have been contracted for but yet to be settled or delivered on the statement of financial position date respectively. The due from dealers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from dealer at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the dealer, probability that the dealer will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the management as any contractual payment which is more than 30 days past due.

Any contractual payment which is more than 90 days past due is considered credit impaired.



SUMMARY OF MATERIAL ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

## H CREATION AND CANCELLATION OF UNITS

The Fund issues cancellable units, which are cancelled at the unit holder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV. The outstanding units are carried at the redemption amount that is payable as at the date of the statement of financial position if the unit holder exercises the right to put the units back to the Fund.

Units are created and cancelled at the unit holder's option at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

## I UNIT HOLDERS' CAPITAL

The unit holders' capital to the Fund meets the definition of puttable instruments classified as equity instruments under MFRS 132 'Financial Instruments: Presentation'. Those criteria include:

- the units entitle the unit holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units in the Fund over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if a unit holder exercises the right to put the unit back to the Fund.

**J CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES**

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information contents on the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgements are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

However, the Manager is of the opinion that there are no accounting policies which require significant judgement to be exercised.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC's Guidelines on Unit Trust Funds.





**1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

KAF Bond Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Master Deed dated 26 July 2006 (hereinafter referred to as "the Deed") between the previous manager, KAF Fund Management Sdn Bhd and the previous trustee, HSBC (Malaysia) Trustee Berhad. The Deed was modified by the Supplemental Master Deed dated 13 September 2007, the 2nd Supplemental Master Deed dated 4 November 2008, the 3rd Supplemental Master Deed dated 27 October 2009, and the 4th Supplemental Master Deed dated 20 March 2013. By the 5th Supplemental Master Deed dated 9 January 2014, the previous manager, KAF Fund Management Sdn Bhd has been changed to KAF Investment Funds Berhad ("the Manager"). The Deed was further modified by the 6th Supplemental Master Deed dated 12 March 2015 and with the issuance of the 7th Supplemental Master Deed dated 20 August 2018, the previous trustee, HSBC (Malaysia) Trustee Berhad has been changed to CIMB Commerce Trustee Berhad ("the Trustee"). The Deed was further modified by the 8th Supplemental Master Deed dated 20 March 2023. The Deed and the modifications made in the Supplemental Master Deeds issued are collectively referred to as "the Deeds".

The principal activity of the Fund is to invest in "Permitted Investments" as set out in the Seventh Schedule of the Deed, which includes fixed-income securities traded on Eligible Market and short-term money market instruments. The Fund commenced operations on 1 November 2006 and will continue its operations until terminated by the Trustee as provided under Part 12 of the Deed.

All investments will be subject to the SC's Guidelines on Unit Trust Funds and the Deeds, except where exemptions and variations have been approved by the SC, internal policies and procedures and the Fund's objective.

The Manager, KAF Investment Funds Berhad, is incorporated in Malaysia. Its principal activities are the management of unit trust funds and provision of fund management.

The principal place of business of the Manager is located at Level 13, Menara IQ, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur.

## 2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund as at financial year end are as follows:

| | Financial assets at fair value through profit or loss | Financial assets at amortised cost | Total |
|---|---|---|---|
| | RM | RM | RM |
| **2026** | | | |
| Cash and cash equivalents | - | 25,145,235 | 25,145,235 |
| Financial assets at fair value through profit or loss | 437,367,808 | - | 437,367,808 |
| Amount due from Manager - creation of units | - | 2,426,304 | 2,426,304 |
| | 437,367,808 | 27,571,539 | 464,939,347 |
| **2025** | | | |
| Cash and cash equivalents | - | 39,523,811 | 39,523,811 |
| Deposits with licensed financial institutions | - | 60,631,233 | 60,631,233 |
| Financial assets at fair value through profit or loss | 367,298,198 | - | 367,298,198 |
| Amount due from Manager - creation of units | - | 1,328,007 | 1,328,007 |
| | 367,298,198 | 101,483,051 | 468,781,249 |

All current liabilities are financial liabilities which are carried at amortised cost.





## 2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The Fund is exposed to a variety of risks which include market risk (including price risk and interest rate risk), liquidity risk and credit risk from its financial instruments.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the Replacement Master Prospectus and the SC's Guidelines on Unit Trust Funds.

**Market risk**

**(a) Price risk**

The Fund is exposed to price risk because of the investments held by the Fund are classified at fair value through profit or loss. Price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices (other than those arising from interest rate risk). Such fluctuation may cause the Fund's NAV and price of units to fall as well as rise and income produced by the Fund may also fluctuate. The price risk is managed through diversification and selection of securities and other financial instruments within specified limits according to the Deed.

The table below shows the financial assets of the Fund as at 31 August which are exposed to price risk:

| | 2026 RM | 2025 RM |
|---|---|---|
| **Investments at fair value through profit or loss** | | |
| Unquoted fixed-income securities* | 437,367,808 | 367,298,198 |

* Includes interest receivable of RM3,955,617 (2025: RM3,171,146).

## 2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**Market risk (cont'd)**

**(a) Price risk (cont'd)**

The following table summarises the sensitivity of the Fund's investments to price risk movements as at 31 August. The analysis is based on the assumptions that the market price increased and decreased by 5% (2025: 5%) with all other variables held constant and that fair value of the Fund's investments moves according to the historical volatility of the prices. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

| | Change in price | Impact on profit before taxation/ NAV |
|---|---|---|
| | % | RM |
| **2026** | | |
| Unquoted fixed-income securities at fair value through profit or loss | +/- 5 | 21,670,610 |
| **2025** | | |
| Unquoted fixed-income securities at fair value through profit or loss | +/- 5 | 18,206,353 |





## 2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**Market risk (cont'd)**

**(b) Interest rate risk**

Interest rate risk is the risk that the value of the Funds will fluctuate because of changes in market interest rates.

The Fund's exposure to the interest rate risk is mainly confined to short-term and long-term deposits with licensed financial institutions and unquoted fixed-income securities. Interest rate risk is actively managed by duration targeting based on the interest rate outlook. The Manager overcomes the exposure to interest rate risk of short-term deposits with licensed financial institutions by way of maintaining deposits with licensed financial institutions on a short-term basis.

The table below summarises the sensitivity of the Fund's NAV to movements in prices of unquoted fixed-income securities held by the Fund as at 31 August as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 5% (2025: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

| | Increase/(Decrease) in profit before taxation/NAV | |
|---|---|---|
| | +5% | -5% |
| | RM | RM |
| **2026** | | |
| Unquoted fixed-income securities at fair value through profit or loss | (6,720,433) | 6,868,300 |
| **2025** | | |
| Unquoted fixed-income securities at fair value through profit or loss | (4,573,492) | 4,653,440 |

## 2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**Market risk (cont'd)**

**(b) Interest rate risk (cont'd)**

The effective weighted average interest rates and average remaining maturities of unquoted fixed-income securities and deposits with licensed financial institutions per annum as at the date of the statement of financial position are as follows:

| | Weighted average interest rates | | Average remaining maturities | |
|---|---|---|---|---|
| | 2026 % | 2025 % | 2026 Days | 2025 Days |
| Unquoted fixed-income securities at fair value through profit or loss | 4.09 | 3.79 | 3,719 | 2,699 |
| Deposits with licensed financial institutions: | | | | |
| - less than 3 months | 3.40 | 3.45 | 4 | 10 |
| - more than 3 months | - | 3.87 | - | 95 |

**Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulties in meeting its financial obligations. The Manager manages this risk by maintaining sufficient levels of liquid assets to meet anticipated payment and cancellations of unit by unit holders. Liquid assets comprise cash at bank, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.





## 2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**Liquidity risk (cont'd)**

The amounts in the table below are the contractual undiscounted cash flows.

| | Less than 1 month RM | Between 1 month to 1 year RM | Total RM |
|---|---|---|---|
| **As at 31 August 2026** | | | |
| Amount due to Manager | | | |
| - Cancellation of units | 1,378,279 | - | 1,378,279 |
| - Manager's fee | 171,262 | - | 171,262 |
| Amount due to Trustee | 43,108 | - | 43,108 |
| Other payables and accruals | - | 21,061 | 21,061 |
| **Contractual undiscounted cash outflows** | 1,592,649 | 21,061 | 1,613,710 |
| **As at 31 August 2025** | | | |
| Amount due to dealer | 10,163,000 | - | 10,163,000 |
| Amount due to Manager | | | |
| - Cancellation of units | 945,289 | - | 945,289 |
| - Manager's fee | 152,963 | - | 152,963 |
| Amount due to Trustee | 37,632 | - | 37,632 |
| Other payables and accruals | - | 21,394 | 21,394 |
| **Contractual undiscounted cash outflows** | 11,298,884 | 21,394 | 11,320,278 |

## 2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**Credit risk**

Credit risk refers to the inability of an issuer or counterparty to make timely payments of interest, principals and proceeds from realisation of investment. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

Credit risk arising from unquoted fixed-income securities is managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund.

Credit risk arising from placements in deposits with licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

The maximum exposure to credit risk before any credit enhancements is the carrying amount of the financial assets as set out below:

| | 2026<br>RM | 2025<br>RM |
|---|---|---|
| Cash and cash equivalents | 25,145,235 | 39,523,811 |
| Deposits with licensed financial institutions | - | 60,631,233 |
| Financial assets at fair value through profit or loss | 437,367,808 | 367,298,198 |
| Amount due from Manager - creation of units | 2,426,304 | 1,328,007 |
| | 464,939,347 | 468,781,249 |





## 2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**Credit risk (cont'd)**

The following table sets out the credit risk concentration of the Fund:

| | Cash and cash equivalents<br>RM | Financial assets at fair value through profit or loss<br>RM | Amount due from Manager<br>RM | Total<br>RM |
|---|---|---|---|---|
| **As at 31 August 2026** | | | | |
| **Financial services** | | | | |
| - AAA | 25,145,235 | - | - | 25,145,235 |
| **Others** | | | | |
| - non rated | - | - | 2,426,304 | 2,426,304 |
| **Unquoted fixed-income securities** | | | | |
| - AAA | - | 92,764,452 | - | 92,764,452 |
| - AA1 | - | 101,296,490 | - | 101,296,490 |
| - AA2 | - | 53,722,481 | - | 53,722,481 |
| - AA3 | - | 56,517,894 | - | 56,517,894 |
| - AA- | - | 34,379,758 | - | 34,379,758 |
| - A1 | - | 10,127,306 | - | 10,127,306 |
| - non rated | - | 88,559,427 | - | 88,559,427 |
| | 25,145,235 | 437,367,808 | 2,426,304 | 464,939,347 |

## 2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**Credit risk (cont'd)**

The following table sets out the credit risk concentration of the Fund: (cont'd)

| | Cash and cash equivalents | Deposits with licensed financial institutions | Financial assets at fair value through profit or loss | Amount due from Manager | Total |
|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM |
| **As at 31 August 2025** | | | | | |
| **Financial services** | | | | | |
| - AAA | 24,011,175 | 60,631,233 | - | - | 84,642,408 |
| - AA3 | 15,512,636 | - | - | - | 15,512,636 |
| **Others** | | | | | |
| - non rated | - | - | - | 1,328,007 | 1,328,007 |
| **Unquoted fixed-income securities** | | | | | |
| - AAA | - | - | 100,972,548 | - | 100,972,548 |
| - AA1 | - | - | 108,276,058 | - | 108,276,058 |
| - AA2 | - | - | 44,916,894 | - | 44,916,894 |
| - AA3 | - | - | 47,379,559 | - | 47,379,559 |
| - AA- | - | - | 45,371,433 | - | 45,371,433 |
| - A1 | - | - | 5,232,506 | - | 5,232,506 |
| - P1 | - | - | 4,986,200 | - | 4,986,200 |
| - non rated | - | - | 10,163,000 | - | 10,163,000 |
| | 39,523,811 | 60,631,233 | 367,298,198 | 1,328,007 | 468,781,249 |





## 2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**Capital risk**

The capital of the Fund is represented by equity consisting of unit holders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

**Fair value estimation**

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. exit price).

The fair value of financial assets traded in active markets (such as publicly traded securities) are based on quoted market prices at the close of trading on the financial year end date.

An active market is a market in which transactions for the assets and liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

The carrying values of cash and cash equivalents, deposits with licensed financial institutions, amount due from Manager - creation of units and all current liabilities are a reasonable approximation of their fair values due to their short-term nature.

## 2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**Fair value hierarchy**

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

## 2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**Fair value hierarchy (cont'd)**

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|---|---|---|---|---|
| **As at 31 August 2026** | | | | |
| **Financial assets at fair value through profit or loss** | | | | |
| - Unquoted fixed-income securities | - | 437,367,808 | - | 437,367,808 |
| **As at 31 August 2025** | | | | |
| **Financial assets at fair value through profit or loss** | | | | |
| - Unquoted fixed-income securities | - | 367,298,198 | - | 367,298,198 |

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate bonds and commercial papers. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

**2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

**Fair value hierarchy (cont'd)**

The Fund's policies on valuation of these financial assets are stated in Note E.

**3. MANAGER'S FEE**

Clause 13.1 of the Master Deed dated 26 July 2006 provides that the Manager is entitled to an annual management fee at a rate not exceeding 1.50% per annum based on the Fund's NAV on a daily basis before deducting the Manager's and Trustee's fees calculated for that particular day.

The Manager's fee provided in the financial statements is computed on this basis at a rate of 0.40% (2025: 0.40%) per annum.

There will be no further liability to the Manager in respect of Manager's fee other than the amounts recognised in the financial statements.

**4. TRUSTEE'S FEE**

Clause 4.8 of the Seventh Supplemental Master Deed dated 20 August 2018 provides that the Trustee is entitled to an annual trustee fee at a rate not exceeding 0.10% per annum based on the Fund's NAV on a daily basis before deducting the Manager's and Trustee's fees calculated for that particular day or subject to a minimum of RM12,000 per annum.

The Trustee's fee provided in the financial statements is computed on this basis at a rate of 0.05% (2025: 0.05%) per annum or at the minimum of RM12,000 per annum.

There will be no further liability to the Trustee in respect of Trustee's fee other than the amounts recognised in the financial statements.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

**5. TAXATION**

| | 2026 RM | 2025 RM |
|---|---|---|
| Current taxation | | |
| - Malaysia taxation | - | - |

The numerical reconciliation between net profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

| | 2026 RM | 2025 RM |
|---|---|---|
| Net profit before taxation | 5,701,058 | 20,204,155 |
| Taxation at Malaysian statutory rate of 24% (2025: 24%) | 1,368,254 | 4,848,997 |
| Tax effects of: | | |
| Investment income not subject to tax | (1,935,604) | (5,244,466) |
| Expenses not deductible for tax purposes | 64,023 | 44,804 |
| Restriction on tax deductible expenses for unit trust funds | 503,327 | 350,665 |
| Tax expense | - | - |

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2026 RM | 2025 RM |
|---|---|---|
| Net (loss)/gain on financial assets at fair value through profit or loss: | | |
| - realised (loss)/gain on sale of investments | (1,323,745) | 2,597,042 |
| - unrealised (loss)/gain on fair value movement | (9,584,525) | 4,522,633 |
| | (10,908,270) | 7,119,675 |
| Financial assets at fair value through profit or loss: | | |
| - Unquoted fixed-income securities* | 437,367,808 | 367,298,198 |

*Includes interest receivable of RM3,955,617 (2025: RM3,171,146).





## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2026 are set out as follows:

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2026 | Fair value as at 31/08/2026 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| AEON Credit Service (M) Berhad - 4.08% 20/05/32 | 5,000,000 | 5,102,126 | 5,071,826 | 1.09 |
| Alliance Bank Malaysia Berhad - 4.04% 07/11/40 | 5,000,000 | 5,064,751 | 4,948,451 | 1.07 |
| AmBank (M) Berhad - 4.15% 19/06/34 | 5,000,000 | 5,097,412 | 5,028,919 | 1.09 |
| AmBank (M) Berhad - 4.55% 03/11/33 | 10,000,000 | 10,150,836 | 10,277,536 | 2.22 |
| AmBank (M) Berhad - 5.20% 12/10/32 | 5,000,000 | 5,190,164 | 5,176,551 | 1.12 |
| Bank Islam Malaysia Berhad - 4.70% 17/10/33 | 5,000,000 | 5,088,205 | 5,178,855 | 1.12 |

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2026 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2026 | Fair value as at 31/08/2026 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| CIMB Bank Berhad - 4.19% 15/07/41 | 10,000,000 | 10,055,101 | 9,786,701 | 2.11 |
| CIMB Group Holdings Berhad - 3.93% 03/12/37 | 10,000,000 | 10,096,904 | 9,946,904 | 2.15 |
| CIMB Group Holdings Berhad - 4.00% 12/08/38 | 5,000,000 | 5,010,959 | 4,930,959 | 1.06 |
| CIMB Islamic Bank Berhad - 4.37% 27/08/41 | 5,000,000 | 5,002,993 | 5,002,993 | 1.08 |
| Edra Energy Sdn Bhd - 6.39% 05/01/34 | 5,000,000 | 5,125,184 | 5,762,720 | 1.24 |
| Gamuda Berhad - 4.09% 27/08/32 | 5,000,000 | 5,005,296 | 5,005,151 | 1.08 |
| Gamuda Berhad - 4.14% 26/08/33 | 10,000,000 | 10,011,659 | 10,011,671 | 2.16 |



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2026 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2026 | Fair value as at 31/08/2026 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| Government Investment Issue - 3.612% 30/04/35 | 40,000,000 | 40,274,828 | 39,746,835 | 8.58 |
| Great Eastern Life Assurance (Malaysia) Berhad - 3.85% 18/12/37 | 30,000,000 | 30,237,329 | 29,874,029 | 6.45 |
| Hong Leong Bank Berhad - 3.85% 19/06/37 | 20,000,000 | 20,149,781 | 19,964,981 | 4.31 |
| Johor Port Berhad - 5.35% 04/10/32 | 10,000,000 | 10,572,584 | 10,962,263 | 2.37 |
| Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd - 5.25% 02/12/33 | 5,000,000 | 5,012,326 | 5,322,995 | 1.15 |

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2026 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2026 | Fair value as at 31/08/2026 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| Konsortium ProHAWK Sdn Bhd - 5.32% 26/06/29 | 5,000,000 | 5,110,760 | 5,238,420 | 1.13 |
| Lebuhraya DUKE Fasa 3 Sdn Bhd - 5.44% 21/02/48 | 4,904,487 | 4,910,334 | 4,742,846 | 1.02 |
| Lebuhraya DUKE Fasa 3 Sdn Bhd - 5.46% 23/02/49 | 507,368 | 507,975 | 490,030 | 0.11 |
| Lebuhraya DUKE Fasa 3 Sdn Bhd - 5.47% 23/02/50 | 7,402,741 | 7,411,616 | 7,137,937 | 1.54 |
| Lebuhraya DUKE Fasa 3 Sdn Bhd - 5.53% 23/02/51 | 397,480 | 397,962 | 383,664 | 0.08 |
| Lebuhraya DUKE Fasa 3 Sdn Bhd - 6.00% 23/02/39 | 97,713 | 97,842 | 98,954 | 0.02 |



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2026 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2026 | Fair value as at 31/08/2026 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| Lebuhraya DUKE Fasa 3 Sdn Bhd - 6.00% 23/02/38 | 48,857 | 48,921 | 49,670 | 0.01 |
| Lebuhraya DUKE Fasa 3 Sdn Bhd - 6.00% 23/08/38 | 65,142 | 65,228 | 66,072 | 0.01 |
| Malaysian Government Securities - 3.476% 02/07/35 | 50,000,000 | 49,346,273 | 48,812,592 | 10.54 |
| Malaysian Reinsurance Berhad - 5.21% 26/10/32 | 5,000,000 | 5,091,104 | 5,175,054 | 1.12 |
| MEX I Capital Berhad^ - 5.80% 21/01/36 | 6,609,914 | 6,847,802 | 7,868,805 | 1.70 |
| MEX I Capital Berhad^ - 5.80% 21/01/37 | 4,719,152 | 4,893,149 | 5,724,025 | 1.24 |
| MEX II Sdn Bhd# - 30/04/27 | 2,000,000 | 2,000,000 | - | - |

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2026 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2026 | Fair value as at 31/08/2026 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| Mumtaz Rakyat Sukuk Berhad - 3.96% 19/06/36 | 10,000,000 | 10,080,285 | 10,037,385 | 2.17 |
| Notable Vision Sdn Bhd - 4.75% 10/01/31 | 5,000,000 | 5,041,866 | 5,064,086 | 1.09 |
| Paradigm Capital Berhad - 4.05% 08/12/34 | 5,000,000 | 5,046,048 | 5,019,548 | 1.08 |
| Paradigm Capital Berhad - 4.18% 10/12/37 | 5,000,000 | 5,047,526 | 4,961,076 | 1.07 |
| Penang Port Sdn Bhd - 4.48% 27/12/29 | 5,000,000 | 4,992,552 | 5,125,327 | 1.11 |
| Pengurusan Air SPV Berhad - 4.02% 05/02/37 | 5,000,000 | 5,014,868 | 4,936,818 | 1.07 |





## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2026 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2026 | Fair value as at 31/08/2026 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| Projek Lebuhraya Usahasama Berhad - 5.63% 11/01/36 | 5,000,000 | 5,365,201 | 5,638,383 | 1.22 |
| Public Bank Berhad - 4.00% 25/07/34 | 20,000,000 | 20,101,167 | 20,213,104 | 4.36 |
| RHB Bank Berhad - 3.93% 30/06/37 | 15,000,000 | 15,101,749 | 14,984,449 | 3.23 |
| Sarawak Petchem Sdn Bhd - 5.05% 27/07/29 | 5,000,000 | 5,024,904 | 5,191,604 | 1.12 |
| Tenaga Nasional Berhad - 4.84% 30/06/32 | 10,000,000 | 10,507,989 | 10,577,640 | 2.28 |
| Tenaga Nasional Berhad - 5.23% 30/06/37 | 10,000,000 | 10,240,702 | 10,952,771 | 2.36 |

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2026 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2026 | Fair value as at 31/08/2026 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| TNB Power Generation Sdn Bhd - 4.21% 09/03/46 | 5,000,000 | 5,100,925 | 4,974,025 | 1.07 |
| UniTapah Sdn Bhd - 6.19% 12/06/31 | 5,000,000 | 5,066,988 | 5,541,638 | 1.20 |
| Westports Malaysia Sdn Bhd - 4.29% 13/05/39 | 15,000,000 | 15,708,463 | 15,117,168 | 3.26 |
| YTL Corporation Berhad - 4.97% 10/04/31 | 10,000,000 | 10,207,581 | 10,675,177 | 2.30 |
| YTL Power International Berhad - 4.08% 11/12/40 | 10,000,000 | 10,102,130 | 9,799,860 | 2.12 |
| YTL Power International Berhad - 4.99% 24/03/33 | 10,000,000 | 10,509,854 | 10,769,340 | 2.32 |
| **TOTAL UNQUOTED FIXED-INCOME SECURITIES** | 431,752,854 | 437,238,202 | 437,367,808 | 94.40 |
| **UNREALISED GAIN ON UNQUOTED FIXED-INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** | | 129,606 | | |
| **FAIR VALUE OF TOTAL UNQUOTED FIXED-INCOME SECURITIES** | | 437,367,808 | | |



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2026 are set out as follows: (cont'd)

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2025 are set out as follows:

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2025 | Fair value as at 31/08/2025 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| AEON Credit Service (M) Berhad - 4.08% 20/05/32 | 10,000,000 | 10,204,252 | 10,359,552 | 2.26 |
| AmBank (M) Berhad - 4.15% 19/06/34 | 5,000,000 | 5,104,504 | 5,173,868 | 1.13 |
| AmBank (M) Berhad - 5.20% 12/10/32 | 5,000,000 | 5,204,709 | 5,251,801 | 1.15 |
| AmBank (M) Berhad - 4.55% 03/11/33 | 10,000,000 | 10,150,836 | 10,387,436 | 2.27 |
| Bank Islam Malaysia Berhad - 4.70% 17/10/33 | 5,000,000 | 5,088,206 | 5,232,505 | 1.14 |
| Bank Islam Malaysia Berhad - 3.85% 23/07/32 | 5,000,000 | 5,020,041 | 5,071,491 | 1.11 |





## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2025 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2025 | Fair value as at 31/08/2025 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| Bank Islam Malaysia Berhad - 4.13% 15/07/31 | 5,000,000 | 5,086,323 | 5,149,206 | 1.13 |
| Bank Pertanian Malaysia Berhad - 3.90% 02/11/28 | 5,000,000 | 5,074,112 | 5,129,525 | 1.12 |
| Bermaz Auto Berhad - 25/09/25 | 5,000,000 | 4,986,273 | 4,986,200 | 1.09 |
| CIMB Group Holdings Berhad - 4.00% 12/08/38 | 5,000,000 | 5,010,959 | 5,072,009 | 1.11 |
| Edra Energy Sdn Bhd - 6.39% 05/01/34 | 5,000,000 | 5,135,303 | 5,979,920 | 1.31 |
| Government Investment Issue - 3.612% 30/04/35 | 10,000,000 | 10,162,908 | 10,163,000 | 2.22 |

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2025 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2025 | Fair value as at 31/08/2025 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| Hong Leong Bank Berhad - 3.85% 19/06/37 | 20,000,000 | 20,154,000 | 20,255,400 | 4.43 |
| Inti Universal Holdings Sdn Bhd - 4.72% 02/11/28 | 10,000,000 | 10,242,622 | 10,451,564 | 2.28 |
| Jimah East Power Sdn Bhd - 5.68% 04/12/28 | 10,000,000 | 10,426,905 | 10,724,099 | 2.34 |
| Johor Port Berhad - 5.35% 04/10/32 | 10,000,000 | 10,630,419 | 11,216,863 | 2.45 |
| Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd - 5.25% 02/12/33 | 5,000,000 | 5,005,009 | 5,413,895 | 1.18 |
| Konsortium ProHAWK Sdn Bhd - 5.32% 26/06/29 | 5,000,000 | 5,133,222 | 5,325,270 | 1.16 |



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2026

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2025 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2025 | Fair value as at 31/08/2025 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| Lebuhraya DUKE Fasa 3 Sdn Bhd - 5.77% 23/08/32 | 5,000,000 | 5,178,401 | 5,248,414 | 1.15 |
| Lebuhraya DUKE Fasa 3 Sdn Bhd - 6.04% 23/08/35 | 7,000,000 | 7,552,156 | 7,574,835 | 1.66 |
| Malayan Banking Berhad - 3.85% 28/08/37 | 25,000,000 | 25,010,548 | 25,132,298 | 5.49 |
| Malaysia Airports Holdings Berhad - 3.60% 06/11/30 | 5,000,000 | 4,990,174 | 5,088,092 | 1.11 |
| Malaysia Airports Holdings Berhad - 4.02% 21/11/31 | 5,000,000 | 5,084,097 | 5,198,670 | 1.14 |

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2025 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2025 | Fair value as at 31/08/2025 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| Malaysian Reinsurance Berhad - 5.21% 26/10/32 | 5,000,000 | 5,091,104 | 5,180,154 | 1.13 |
| MEX I Capital Berhad^ - 5.70% 21/01/37 | 4,719,152 | 4,906,303 | 5,938,528 | 1.30 |
| MEX I Capital Berhad^ - 5.70% 21/01/36 | 6,609,914 | 6,867,653 | 8,157,419 | 1.78 |
| MEX II Sdn Bhd# - 30/04/26 | 2,000,000 | 2,000,000 | - | - |
| Notable Vision Sdn Bhd - 4.75% 10/01/31 | 5,000,000 | 5,043,556 | 5,105,636 | 1.12 |
| Paradigm Capital Berhad - 4.05% 08/12/34 | 5,000,000 | 5,046,048 | 5,090,648 | 1.11 |





## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2025 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2025 | Fair value as at 31/08/2025 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| Paradigm Capital Berhad - 4.18% 10/12/37 | 5,000,000 | 5,047,526 | 5,092,426 | 1.11 |
| Penang Port Sdn Bhd - 4.48% 27/12/29 | 5,000,000 | 4,978,503 | 5,193,327 | 1.14 |
| Projek Lebuhraya Usahasama Berhad - 5.63% 11/01/36 | 5,000,000 | 5,399,978 | 5,892,683 | 1.29 |
| Public Bank Berhad - 4.00% 25/07/34 | 20,000,000 | 20,103,984 | 20,355,704 | 4.45 |
| RHB Bank Berhad - 3.93% 30/06/37 | 15,000,000 | 15,101,749 | 15,249,799 | 3.33 |
| Sarawak Petchem Sdn Bhd - 5.05% 27/07/29 | 5,000,000 | 5,024,904 | 5,285,504 | 1.16 |

**6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)**

Details of unquoted fixed-income securities as at 31 August 2025 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2025 | Fair value as at 31/08/2025 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| SMJ Energy Sdn Bhd - 3.81% 08/06/35 | 10,000,000 | 10,087,682 | 10,160,382 | 2.22 |
| Tenaga Nasional Berhad - 4.84% 30/06/32 | 10,000,000 | 10,580,722 | 10,877,740 | 2.38 |
| Tenaga Nasional Berhad - 5.23% 30/06/37 | 10,000,000 | 10,254,584 | 11,614,871 | 2.54 |
| Toyota Capital Malaysia Sdn Bhd - 4.30% 26/02/30 | 10,000,000 | 10,145,036 | 10,281,369 | 2.25 |
| UniTapah Sdn Bhd - 6.19% 12/06/31 | 5,000,000 | 5,066,988 | 5,703,438 | 1.25 |





**6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)**

Details of unquoted fixed-income securities as at 31 August 2025 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2025 | Fair value as at 31/08/2025 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **UNQUOTED FIXED-INCOME SECURITIES** | | | | |
| United Overseas Bank (Malaysia) Berhad - 3.85% 03/07/37 | 10,000,000 | 10,063,288 | 10,116,688 | 2.21 |
| YTL Corporation Berhad - 4.65% 10/04/28 | 10,000,000 | 10,374,219 | 10,456,352 | 2.29 |
| YTL Corporation Berhad - 4.97% 10/04/31 | 10,000,000 | 10,210,078 | 10,863,277 | 2.37 |
| YTL Power International Berhad - 4.99% 24/03/33 | 10,000,000 | 10,554,183 | 11,096,340 | 2.43 |

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of unquoted fixed-income securities as at 31 August 2025 are set out as follows: (cont'd)

| Name of issuer | Nominal value | Aggregate cost | Fair value as at 31/08/2025 | Fair value as at 31/08/2025 expressed as percentage of NAV of Fund |
|---|---|---|---|---|
| | RM | RM | RM | % |
| **TOTAL UNQUOTED FIXED-INCOME SECURITIES** | 350,329,066 | 357,584,067 | 367,298,198 | 80.29 |
| **UNREALISED GAIN ON UNQUOTED FIXED-INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** | | 9,714,131 | | |
| **FAIR VALUE OF TOTAL UNQUOTED FIXED-INCOME SECURITIES** | | 367,298,198 | | |

The weighted average interest rates per annum and the average remaining maturities of unquoted fixed-income securities are shown in Note 2(b) to the financial statements.





## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

^On 13 October 2021, the sukukholders of MEX I Capital Berhad approved the restructuring exercise for its Islamic medium-term notes ("existing sukuk"). Subsequently, on 21 January 2022, the restructuring exercise has been completed with the exchange of the existing sukuk with a new Senior Sukuk Musharakah of up to RM1.13 billion in nominal value ("new sukuk"). RAM Ratings has assigned a final A2/Stable rating to the new sukuk on 19 January 2022. On 22 August 2025, RAM Ratings has upgraded MEX I Capital Berhad's sukuk to AA2/Stable.

#On 7 January 2022, MEX II Sdn Bhd's RM1.3 billion Sukuk Murabahah Programme and RM150 million Junior Bonds' MARC ratings were downgraded to defaulted rating of D from C. This is due to a non-payment on the principal and profit totaling RM107.8 million on the outstanding sukuk of RM1.3 billion on the maturity date despite two previous extensions granted by sukukholders. The sukukholders had rejected the further maturity date deferment and restructuring proposed prior to the default. As of October 2026, MEX II has received significant attention from various government departments, but the MEX II sukuk remains in default status, and the MEX II highway has yet to be completed.

## 7. CASH AND CASH EQUIVALENTS

| | 2026 RM | 2025 RM |
|---|---|---|
| Cash at bank | 5,039,043 | 3,857,092 |
| Deposits with licensed financial institutions* | 20,106,192 | 35,666,719 |
| | 25,145,235 | 39,523,811 |

*A total of Nil (2025: RM15,512,636) of short-term deposit are placed with KAF Investment Bank Berhad, the intermediate holding company of the Manager.

The weighted average interest rates per annum and the average remaining maturities of deposits with licensed financial institutions are shown in Note 2(b) to the financial statements.

## 8. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

| | 2026 RM | 2025 RM |
|---|---|---|
| Deposits with licensed financial institutions^ | - | 60,631,233 |

^The amount includes interest receivables of Nil (2025: RM631,233).

The weighted average interest rates per annum and the average remaining maturities of deposits with licensed financial institutions are shown in Note 2(b) to the financial statements.

## 9. AMOUNT DUE TO DEALER

The amount due to dealer which relates to purchase of investment securities and instruments are unsecured, interest-free and payable according to the settlement rules of the respective dealer.

## 10. OTHER PAYABLES AND ACCRUALS

| | 2026 RM | 2025 RM |
|---|---|---|
| Audit and tax agent's fees | 19,861 | 19,294 |
| Sundry accruals | 1,200 | 2,100 |
| | 21,061 | 21,394 |

## 11. NUMBER OF UNITS IN CIRCULATION

| | 2026 Number of units | 2025 Number of units |
|---|---|---|
| At the beginning of the financial year | 1,739,084 | 1,146,045 |
| Creation of units arising from applications | 756,806 | 1,119,156 |
| Cancellation of units | (754,463) | (526,117) |
| At the end of the financial year | 1,741,427 | 1,739,084 |





## 12. TRANSACTIONS WITH DEALERS

Details of transactions with the dealers for the financial year ended 31 August 2026 and 31 August 2025 are as follows:

| Name of dealers | Value of trades RM | Percentage of total trades % |
|---|---|---|
| **2026** | | |
| Hong Leong Bank Berhad | 506,563,500 | 72.60 |
| CIMB Bank Berhad | 80,556,500 | 11.55 |
| AmBank (M) Berhad | 40,789,000 | 5.85 |
| Malayan Banking Berhad | 34,755,000 | 4.98 |
| KAF Investment Bank Berhad# | 30,000,000 | 4.30 |
| AmBank Islamic Berhad | 5,047,500 | 0.72 |
| | 697,711,500 | 100.00 |
| **2025** | | |
| Hong Leong Bank Berhad | 734,699,100 | 70.13 |
| RHB Investment Bank Berhad | 90,740,050 | 8.66 |
| CIMB Bank Berhad | 71,147,000 | 6.79 |
| Malayan Banking Berhad | 55,556,000 | 5.30 |
| AmBank (M) Berhad | 30,035,000 | 2.87 |
| Hong Leong Investment Bank Berhad | 29,919,422 | 2.86 |
| Bank Islam Malaysia Berhad | 20,403,000 | 1.95 |
| Hong Leong Islamic Bank Berhad | 10,104,000 | 0.96 |
| United Overseas Bank (Malaysia) Berhad | 5,032,500 | 0.48 |
| | 1,047,636,072 | 100.00 |

#The intermediate holding company of the Manager.

The Manager is of the opinion that all the transactions with the intermediate holding company have been entered into in the normal course of business and have been established on terms and conditions that have been agreed upon by the parties involved.

## 13. UNITS HELD BY THE MANAGER AND RELATED PARTIES

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

| Related parties | Relationships |
|---|---|
| KAF Investment Funds Berhad | The Manager |
| KAF-Seagroatt & Campbell Berhad | Immediate holding company of the Manager |
| AKKA Sdn Bhd | Ultimate holding company of the Manager |
| Dato' Ahmad Kadis | Spouse of Director of the Manager |
| KAF First Fund<br>KAF Enhanced Bond Fund | Fund managed by the Manager |
| Subsidiaries and associates of the ultimate holding company of the Manager as disclosed in its financial statements | Subsidiaries and associated companies of the ultimate holding company of the Manager |





## 13. UNITS HELD BY THE MANAGER AND RELATED PARTIES (CONT'D)

| | 2026 | | 2025 | |
|---|---|---|---|---|
| | No. of units | RM | No. of units | RM |
| KAF Investment Funds Berhad | 22 | 5,853 | 28 | 7,365 |
| Dato' Ahmad Kadis | 20,500 | 5,454,246 | 20,620 | 5,424,029 |
| KAF First Fund | 13,452 | 3,579,050 | 13,452 | 3,538,508 |
| KAF Enhanced Bond Fund | 4,009 | 1,066,638 | 4,009 | 1,054,555 |

The above units were transacted at the prevailing market price. All related parties units are held beneficially, except for the Manager where the units are held legally.

## 14. TOTAL EXPENSE RATIO ("TER")

| | 2026 | 2025 |
|---|---|---|
| TER | 0.49% | 0.46% |

TER is derived from the following calculation:

$$TER = \frac{(A+B+C+D+E) \times 100}{F}$$

A = Manager's fee
B = Trustee's fee
C = Audit fee
D = Tax agent's fee
E = Other expenses
F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis was RM484,520,997 (2025: RM360,732,091).

## 15. PORTFOLIO TURNOVER RATIO ("PTR")

| | 2026 | 2025 |
|---|---|---|
| PTR | 0.72 times | 1.46 times |

PTR is derived from the following calculation:

$$\frac{\text{(Total acquisition for the financial year + total disposal for the financial year)} \div 2}{\text{Average NAV of the Fund for the financial year calculated on a daily basis}}$$

where: total acquisition for the financial year
= RM396,952,212 (2025: RM587,135,572)
total disposal for the financial year
= RM303,056,868 (2025: RM462,903,458)



# CORPORATE INFORMATION

**Manager**
KAF Investment Funds Berhad
Reg. No: 199501004999

**Registered Office**
Level 13A, Menara IQ
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur

**Business Office**
Level 13, Menara IQ
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur
Tel: 03-9767 6000 Fax: 03-9767 6001
Website: www.kaf.com.my

**Board of Directors**
Datuk Khatijah binti Ahmad
Mohammed Reza Tan Sri Abu Talib
Nor Rejina binti Abdul Rahim
Tunku Rozita binti Tunku Abdul Malek

**Secretary**
Siti Nurmazita binti Mustapha (LS 0009160)

**Trustee**
CIMB Commerce Trustee Berhad

**Auditor & Reporting Accountant**
PricewaterhouseCoopers PLT

**Tax Adviser**
KPMG Tax Services Sdn Bhd

**Banker**
CIMB Bank Berhad

**KAF Investment Funds Berhad** Reg. No: 199501004999
Level 13, Menara IQ,
Lingkaran TRX, Tun Razak Exchange
55188 Kuala Lumpur
Tel: 03-9767 6000 Fax: 03-9767 6001

For more information,
log on to **www.kaf.com.my**