



KAF DANA AL-IDDHIKHAR

ANNUAL REPORT

30 SEPTEMBER 2024

MANAGER'S REPORT

We are pleased to present the Manager's Report for the financial year ended 30 September 2024 ("the period").

1. Launch Date

KAF Dana al-Iddhikhar ("KDAI/the Fund") commenced operations on 6 October 2005 and will continue its operations until terminated according to the Deed dated 30 September 2005, Supplemental Deed dated 9 January 2014, Second Supplemental Deed dated 12 March 2015, Third Supplemental Deed dated 26 July 2017 and Fourth Supplemental Deed dated 9 January 2023.

2. Type of Fund

Islamic Income Fund.

3. Category of Fund

Islamic Money Market Fund.

4. Fund's Objective, Benchmark and Distribution Policy

KDAI seeks to provide a regular stream of income by investing primarily in Islamic money market instruments and other fixed-income securities, which comply with Shariah requirements. The Fund is structured to suit more conservative investors who prefer a consistent, reasonable and stable level of return with lower investment risk and a short-term investment horizon.

As an Islamic money market fund, KDAI will invest at least 90% of its Net Asset Value ("NAV") in a diversified portfolio of short-term sukuk, short-term Islamic money market instruments and short-term Islamic deposits. Alternatively, the Fund may also invest up to 10% of its NAV in high quality sukuk which have a remaining maturity period of more than 397 days but fewer than 732 days.

The benchmark used to measure KDAI's performance is the Malayan Banking Berhad ("Maybank") one (1)-month General Investment Account ("GIA") rate.

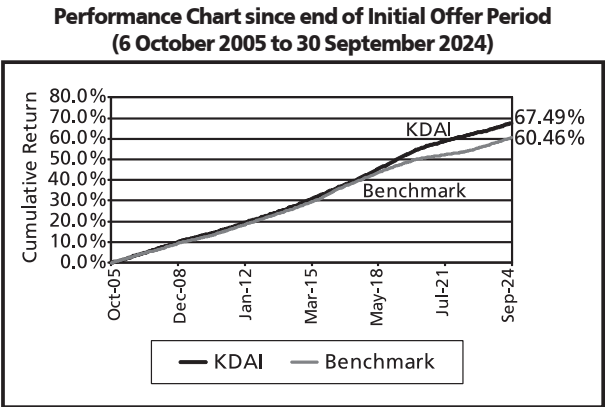
Income, if any, will be distributed on a monthly basis. All such distribution will be reinvested into the Fund.

5. Review of Fund Operations and Performance

For the financial year ended 30 September 2024, KDAI’s asset allocation was in Islamic deposits which provided a steady level of return at a very low exposure to risk from fluctuations in interest rate and credit risk.

During the year under review, KDAI based on its NAV gave a return of 1.87%. The Fund underperformed its benchmark, which recorded a return of 2.01%. During this period, KDAI distributed a total of 0.12 sen per unit in monthly distribution in the form of reinvested units.

No cross-trade transaction carried out during the reported period ended 30 September 2024. The Fund has not undertaken any securities lending or repurchase transaction for the reported period.



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

Since its inception, KDAI recorded a return of 67.49% and outperformed its benchmark, Maybank’s one (1)-month GIA rate which recorded a gain of 60.46%.

Fund Performance as ranked by Lipper Asia Limited

Period	KDAI		Mean of Industry's Islamic Money Market Funds
	% Change	Rank	% Change
3 months 27/06/2024 - 27/09/2024	0.48	40/42	0.75
6 months 27/03/2024 - 27/09/2024	0.97	41/42	1.51
1 year 27/09/2023 - 27/09/2024	1.91	41/42	3.08
3 years 27/09/2021 - 27/09/2024	5.17	35/36	7.69
5 years 27/09/2019 - 27/09/2024	10.13	29/32	12.25

Source: The Edge, 7 October 2024 issue, The Edge-Lipper Fund Performance Table, an independent source.

For the 1-year period ended 27 September 2024, the Fund was ranked No. 41 out of 42 funds in the Islamic Money Market Fund category by Lipper Asia Limited. KDAI achieved a return of 1.91% compared to the mean of industry’s Islamic Money Market funds’ return of 3.08%.

During the year, the Fund’s NAV decreased to RM3.14 million from RM3.29 million as at 30 September 2023 as a results of outflows.

KDAI’s total realised income amounted to RM0.11 million arising from profit earned from Islamic deposits.

As at the end of the year under review, the Fund NAV per unit was RM0.5213. The NAV per unit at the corresponding date of the previous year was RM0.5129.

Past performance is not necessarily indicative of future performance.

MANAGER’S REPORT

MANAGER’S REPORT

Based on the above, the following distributions have been declared during the year and the impact on NAV per unit arising from the distributions are as follows:

Date	NAV per unit before Distribution	Distribution per unit	NAV per unit after Distribution
	RM	RM	RM
16/10/2023	0.5134	0.0001	0.5133
15/11/2023	0.5142	0.0001	0.5141
15/12/2023	0.5148	0.0001	0.5147
15/01/2024	0.5156	0.0001	0.5155
15/02/2024	0.5164	0.0001	0.5163
15/03/2024	0.5170	0.0001	0.5169
15/04/2024	0.5177	0.0001	0.5176
15/05/2024	0.5184	0.0001	0.5183
18/06/2024	0.5192	0.0001	0.5191
15/07/2024	0.5198	0.0001	0.5197
15/08/2024	0.5206	0.0001	0.5205
17/09/2024	0.5214	0.0001	0.5213

6. Asset Allocation and Investment Strategies Employed

For the year under review, KDAI’s asset allocation was 100% in Islamic deposits.

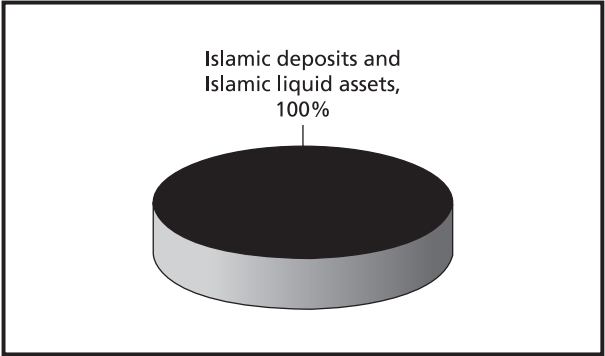
Other than the investment strategy stated in the Replacement Master Prospectus dated 30 September 2023, the designated Fund Manager has not employed any other investment strategy.

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 Class	Percentage of NAV as at		Change in Exposure over Period (%)
	30/09/2023 (%)	30/09/2024 (%)	
Islamic deposits and Islamic liquid assets	100	100	-

Portfolio of Investment and Other Assets
as at 30 September 2024



7. Market Review

Malaysia’s exports increased by 12.1% while imports also increased by 26.2% Year-on-Year (“YoY”) in August respectively. The trade surplus fell to MYR5.67 billion in August; down by 11.7% compared to the previous month (July). Malaysia’s Consumer Price Index (“CPI”) declined to 1.90% YoY in August.

Malaysian foreign reserves rose by USD2.9 billion in September to USD117.6 billion from USD114.7 billion in August. Meanwhile, Malaysia’s Purchasing Managers’ Index (“PMI”) declined to 49.5 in August compared to 49.7 in the previous month.

US Treasury yields fell sharply in September with the Treasury 2-year, 5-year and 10-year benchmark yields closing the month at 3.64%, 3.56% and 3.78% respectively compared to 3.92%, 3.70% and 3.90% in August.

Malaysian Government Securities (“MGS”) 3-year, 5-year and 10-year yield were mostly flat, ending at 3.34%, 3.50% and 3.71% in September compared to 3.35%, 3.50% and 3.76% in the previous month.

8. Market Outlook and Strategy

The US Federal Reserve ("the Fed") exceeded expectations and delivered a surprise 50 basis point ("bp") cut during the Federal Open Market Committee ("FOMC") meeting in September which marked the start of the US rate cut cycle. In the weeks prior to the rate cut, US employment data continued to point to a weakening US labour market although inflation remained stable and still above the Fed's target 2% return. Given the recent softer but not terrible economic data, investors were only expecting the Fed to start with a 25bp cut as the Fed has historically reserved larger 50bp cuts for times of crisis. The unexpected decision suggests that the Fed is changing its stance in managing interest rates to increase the priority of stabilising the labour market instead of only focusing on inflation. Fed chairman Jerome Powell stated in the press conference that he is confident that inflation still is on track to meeting the 2% and hence the Fed is taking a more balanced approach to simultaneously support the labour market. However, even more surprising than the big rate cut was the investor reaction to the surprise which was a quiet muted reaction meaning that the rate cut was likely already priced in. For the next FOMC meeting in November, expectations are divided between a 25bp and 50bp cut while the longer term outlook is for the Fed to continue to gradually cut down rates to 3.00% by the end of 2025.

Back in Malaysia, the local bond market was quiet despite the rally in global markets and the sharp strengthening of the Ringgit. The Malaysian economy continues to chug along at a moderate pace with major economic metrics hovering in a stable healthy range. Inflation is also under control implying that the rationalisation of diesel prices has not caused significant price pressure which may pave the way for the government to move ahead to reduce subsidies on RON95 petrol. Unless there is a sudden spike in inflation, the outlook for interest rates in Malaysia remains unchanged with Bank Negara Malaysia ("BNM") likely to hold the Overnight Policy Rate ("OPR") at 3.00% going into 2025. Demand for bonds throughout September was concentrated on the short end of the curve and the three (3) government auctions which were mid and longer bonds was lackluster with the 20-year Government Investment Issue ("GII") 08/2043, 7-year MGS 04/2031 and 30-year GII 03/2054 minted soft Bid-to-Cover ("BTC") ratios of 1.922x, 1.729x and 1.86x respectively.

Fixed-income markets continue to look bullish as the US Fed has started the long anticipated the US rate cut cycle. While we have positioned our portfolios to capitalize on potential rate cuts, we still remain cautious with a close eye on inflation and the risk of bond yields suddenly reversing should an unfavourable macroeconomic situation unfold. Hence, we maintain our conservative stance of very short portfolio duration and an emphasis on high credit quality.

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 KDAI from one broker/dealer by virtue of transactions conducted for KDAI. 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 KDAI 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.

KEY PERFORMANCE DATA

Portfolio Composition		As at 30 September		
		2024	2023	2022
		(Percentage of NAV)		
		%	%	%
Islamic deposits and Islamic liquid assets		100.00	100.00	100.00
Total return for the year		RM'000	RM'000	RM'000
Capital growth		-	-	-
Income distribution		62	73	1,898
Performance	Income Return	Capital Return	Annual Total Return KDAI	Total Return Benchmark
	%	%	%	%
Financial year ended				
30/09/2024	0.23	1.64	1.87	2.01
30/09/2023	0.14	1.44	1.58	1.99
30/09/2022	0.48	1.10	1.59	1.15
30/09/2021	1.88	-	1.88	1.00
30/09/2020	2.77	-	2.77	1.72
			Average Total Return	
			KDAI	Benchmark
			%	%
One (1) year			1.87	2.01
Three (3) years			1.71	1.74
Five (5) years			2.01	1.62

Source: Novagni Analytics and 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 30 September		
	2024	2023	2022
	(Percentage of NAV)		
Total NAV (RM'000)	3,144	3,292	9,091
Units in circulation (in '000)	6,030	6,417	17,980
NAV per unit (RM)	0.5213	0.5129	0.5056
Unit Prices for the year (RM per unit)			
NAV (year high)	0.5216	0.5130	0.5056
NAV (year low)	0.5130	0.5057	0.5001
NAV (year high, ex-distribution)	0.5213	0.5126	0.5001
NAV (year low, ex-distribution)	0.5133	0.5097	0.5001
NAV	0.5213	0.5129	0.5056

Distribution

	2024	
	Sen/unit	Payment Date
Interim - gross/net	0.01	16-Oct-23
Interim - gross/net	0.01	15-Nov-23
Interim - gross/net	0.01	15-Dec-23
Interim - gross/net	0.01	15-Jan-24
Interim - gross/net	0.01	15-Feb-24
Interim - gross/net	0.01	15-Mar-24
Interim - gross/net	0.01	15-Apr-24
Interim - gross/net	0.01	15-May-24
Interim - gross/net	0.01	18-Jun-24
Interim - gross/net	0.01	15-Jul-24
Interim - gross/net	0.01	15-Aug-24
Final - gross/net	0.01	17-Sep-24

Distribution

	2023	
	Sen/unit	Payment Date
Interim - gross/net	0.01	31-Mar-23
Interim - gross/net	0.01	28-Apr-23
Interim - gross/net	0.01	31-May-23
Interim - gross/net	0.01	15-Jun-23
Interim - gross/net	0.01	17-Jul-23
Interim - gross/net	0.01	15-Aug-23
Final - gross/net	0.01	15-Sep-23

KEY PERFORMANCE DATA

	2022	
	Sen/unit	Payment Date
Distribution		
Interim - gross/net	0.08	1-Nov-21
Interim - gross/net	0.09	1-Dec-21
Final - gross/net	0.07	31-Dec-21

	As at 30 September		
	2024	2023	2022
Unit split ("unit")	Nil	Nil	Nil
Total Expense Ratio ("TER")	1.45%	1.23%	0.42%
Portfolio Turnover Ratio ("PTR")	46.23 times	47.22 times	52.10 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 acquisitions and disposal of the Fund divided by the average fund size.

TER was higher than those of the previous years due to overall decrease in average NAV (refer to Note 15).

PTR was lower at 46.23 times mainly due to overall decrease in portfolio rebalancing activities undertaken by the Fund (refer to Note 16).

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

SHARIAH ADVISER'S REPORT

TO THE UNIT HOLDERS OF
KAF DANA AL-IDDHIKHAR ("FUND")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, **KAF Investment Funds Berhad** has operated and managed the Fund for the period covered by these financial statements namely, the year ended 30 September 2024, in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah-compliant.

For and on behalf of the Shariah Adviser,
BIMB Securities Sdn Bhd

Nurul Aqila Sufiyah Lokman
Designated Shariah Officer

Kuala Lumpur, Malaysia
27 November 2024

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF
KAF DANA AL-IDDHIKHAR ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 September 2024 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.

We are of the opinion that the distributions of income by the Fund are appropriate and reflect the investment objective of the Fund.

For and on behalf of
CIMB Islamic Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
27 November 2024

STATEMENT BY THE MANAGER

TO THE UNIT HOLDERS OF
KAF DANA AL-IDDHIKHAR

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 18 to 47 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 30 September 2024 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
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Kuala Lumpur, Malaysia
27 November 2024

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF DANA AL-IDDHIKHAR

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of **KAF Dana al-Iddhikhar** ("the Fund") give a true and fair view of the financial position of the Fund as at 30 September 2024 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 30 September 2024, 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 18 to 47.

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.

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF DANA AL-IDDHIKHAR

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.

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF DANA AL-IDDHIKHAR

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.

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF DANA AL-IDDHIKHAR

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
27 November 2024

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

	Note	2024 RM	2023 RM
INCOME			
Profit income from financial assets at fair value through profit or loss		110,450	126,913
EXPENSES			
Manager's fee	3	(12,506)	(16,567)
Trustee's fee	4	(12,000)	(12,000)
Audit fee		(8,000)	(7,300)
Tax agent's fee		(5,400)	(5,400)
Other expenses		(10,542)	(13,069)
		(48,448)	(54,336)
NET PROFIT BEFORE TAXATION		62,002	72,577
TAXATION	6	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		62,002	72,577
Net profit after taxation is made up of the following:			
Realised amount		62,002	72,577

Total amount for distributions (net) and distribution per unit (gross and net) for the distributions, including the declaration date for each distribution, are disclosed in Note 5 to the financial statements.

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 30 SEPTEMBER 2024

	Note	2024 RM	2023 RM
ASSETS			
Cash and cash equivalents	8	18,103	15,572
Financial assets at fair value through profit or loss	7	3,159,411	3,301,142
Prepayment	9	2,033	2,017
TOTAL ASSETS		3,179,547	3,318,731
LIABILITIES			
Amount due to Manager			
- Manager's fee		965	1,025
Amount due to Trustee		11,231	10,964
Distribution payable		-	171
Other payables and accruals	11	23,727	14,988
TOTAL LIABILITIES		35,923	27,148
NET ASSET VALUE ("NAV") OF THE FUND		3,143,624	3,291,583
EQUITY			
Unit holders' capital		11,247,891	11,450,122
Accumulated losses		(8,104,267)	(8,158,539)
TOTAL NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		3,143,624	3,291,583
NUMBER OF UNITS IN CIRCULATION	12	6,030,277	6,417,343
NAV PER UNIT		0.5213	0.5129

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 30 SEPTEMBER 2024

Note	Unit holders' capital RM	Accumulated losses RM	Total RM
BALANCE AS AT 1 OCTOBER 2023	11,450,122	(8,158,539)	3,291,583
Movement in unit holders' capital:			
Creation of units arising from applications	782,000	-	782,000
Creation of units arising from distributions	5,733	-	5,733
Cancellation of units	(989,964)	-	(989,964)
	(202,231)	-	(202,231)
Total comprehensive income for the financial year	-	62,002	62,002
Distributions	5	-	(7,730)
	-	54,272	54,272
BALANCE AS AT 30 SEPTEMBER 2024	<u>11,247,891</u>	<u>(8,104,267)</u>	<u>3,143,624</u>
BALANCE AS AT 1 OCTOBER 2022	17,317,097	(8,226,473)	9,090,624
Movement in unit holders' capital:			
Creation of units arising from applications	404,522	-	404,522
Creation of units arising from distributions	3,450	-	3,450
Cancellation of units	(6,274,947)	-	(6,274,947)
	(5,866,975)	-	(5,866,975)
Total comprehensive income for the financial year	-	72,577	72,577
Distributions	5	-	(4,643)
	-	67,934	67,934
BALANCE AS AT 30 SEPTEMBER 2023	<u>11,450,122</u>	<u>(8,158,539)</u>	<u>3,291,583</u>

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 30 SEPTEMBER 2024

Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from maturity of Islamic deposits with licensed financial institutions	154,248,551	211,522,835
Placement of Islamic deposits with licensed financial institutions	(154,111,960)	(205,722,499)
Profit income received from Islamic deposits with licensed financial institutions	115,590	117,596
Manager's fee paid	(12,566)	(18,957)
Trustee's fee paid	(11,733)	(1,264)
Payment of other fees and expenses	(15,220)	(26,456)
Net cash generated from operating activities	<u>212,662</u>	<u>5,871,255</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(2,167)	(1,022)
Proceeds from creation of units	782,000	404,522
Payments for cancellation of units	(989,964)	(6,274,947)
Net cash used in financing activities	<u>(210,131)</u>	<u>(5,871,447)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>2,531</u>	<u>(192)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>15,572</u>	<u>15,764</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>8</u> <u>18,103</u>	<u>15,572</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank	8	18,103
	<u>18,103</u>	<u>15,572</u>

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 30 SEPTEMBER 2024

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 ("IFRS").

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

The preparation of financial statements in conformity with MFRS and IFRS 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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

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

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

- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'.
- Amendment to MFRS 108 'Definition of Accounting Estimates'.
- Amendment to MFRS 101 'Classification of liabilities as current or non-current'.

The adoption of the above standards, amendments to standards or interpretations did not have a material effect on the financial statements of the Fund.

(b) Standards and amendments that have been issued but not yet effective

There are no new standards, amendments to standards or interpretations that have yet to be effective and are applicable to the Fund.

B INCOME RECOGNITION

Profit income from Islamic deposits with licensed financial institutions is recognised using the effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit 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 profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

C DISTRIBUTIONS

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee of the Fund.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

D 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.

E 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.

F 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 Shariah-compliant 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 Islamic deposits with licensed financial institutions are solely principal and profit. However, these Shariah-compliant 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 Shariah-compliant investments are measured at fair value through profit or loss.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(i) Classification (cont'd)

The Fund classifies cash and cash equivalents as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, distribution payable and other payables and accruals as financial liabilities 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. Shariah-compliant 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 Shariah-compliant investments have expired or have been transferred and the Fund has transferred substantially all risks 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.

Islamic deposits with licensed financial institutions are stated at fair value. Due to the short-term nature of the Islamic deposits, the cost plus accrued profit calculated based on the effective profit rate method over the period from the date of placement to the date of maturity of the respective Islamic deposits is a reasonable estimate of fair value.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(ii) Recognition and measurement (cont'd)

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

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.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

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

Qualitative criteria:

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

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

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

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 obligor's sources of income or assets to generate sufficient future cash flows to pay 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 were no write-offs/recoveries during the financial year.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

I UNIT HOLDERS' CAPITAL (CONT'D)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

KAF Dana al-Iddhikhar (hereinafter referred to as “the Fund”) was constituted pursuant to a Deed dated 30 September 2005 (“the Deed”) between KAF Investment Funds Berhad (“the Manager”) and the previous trustee, Universal Trustee (Malaysia) Berhad. The Deed was modified by the Supplemental Deed dated 9 January 2014 and the Second Supplemental Deed dated 12 March 2015. By the Third Supplemental Deed dated 26 July 2017, the previous trustee, Universal Trustee (Malaysia) Berhad has been changed to CIMB Islamic Trustee Berhad effective from 1 October 2017. The Deed was further modified by the Fourth Supplemental Deed dated 9 January 2023. The Deed and the modification made in the Supplemental Deeds issued regarding the Fund are collectively referred to as “the Deeds”.

The principal activity of the Fund is to invest in “Permitted Investments” as defined under Article 7 of the Deed, which includes sukuk and Islamic money market instruments and other form of instruments that comply with Shariah requirements as may be approved by the relevant authorities from time to time. The Fund commenced operations on 6 October 2005 and will continue its operations until terminated according to the provisions of the Deed.

All Shariah-compliant investments will be subject to the SC’s Guidelines on Unit Trust Funds, 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 trusts 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

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

2024

Cash and cash equivalents	-	18,103	18,103
Financial assets at fair value through profit or loss	3,159,411	-	3,159,411
	<u>3,159,411</u>	<u>18,103</u>	<u>3,177,514</u>

2023

Cash and cash equivalents	-	15,572	15,572
Financial assets at fair value through profit or loss	3,301,142	-	3,301,142
	<u>3,301,142</u>	<u>15,572</u>	<u>3,316,714</u>

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

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

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

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

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

Market risk

(a) Interest rate risk

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

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

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic unit trust fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments are carried out for the Fund are in accordance with Shariah requirements.

The effective weighted average profit rates per annum and the average remaining maturities of Islamic deposits with licensed financial institutions as at the date of the statement of financial position are as follows:

	Weighted average profit rates		Average remaining maturities	
	2024 %	2023 %	2024 Days	2023 Days
Islamic deposits with licensed financial institutions	3.30	3.43	55	33

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

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulties in meeting its financial obligation. The Manager manages this risk by maintaining sufficient level of Islamic liquid assets to meet anticipated payment and cancellations of unit by unit holders. Islamic liquid assets comprise cash at bank, Islamic deposits with licensed financial institutions and other Shariah-compliant 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. The amounts in the table below are the contractual undiscounted cash flows.

Less than 1 month	Between 1 month to 1 year	Total
RM	RM	RM

**As at 30
September 2024**

Amount due to Manager			
- Manager's fee	965	-	965
Amount due to Trustee	65	11,166	11,231
Other payables and accruals	-	23,727	23,727
Contractual undiscounted cash outflows	1,030	34,893	35,923

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

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

Liquidity risk (cont'd)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
As at 30 September 2023			
Amount due to Manager			
- Manager's fee	1,025	-	1,025
Amount due to Trustee	68	10,896	10,964
Distribution payable	171	-	171
Other payables and accruals	-	14,988	14,988
Contractual undiscounted cash outflows	1,264	25,884	27,148

Credit risk

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

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

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

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

Credit risk (cont'd)

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

	2024 RM	2023 RM
Cash and cash equivalents	18,103	15,572
Financial assets at fair value through profit or loss	3,159,411	3,301,142
	3,177,514	3,316,714

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

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Total RM
As at 30 September 2024			
Islamic deposits with licensed financial institutions			
- AAA	1,381,996	-	1,381,996
- AA3	1,163,060	-	1,163,060
- A1	614,355	-	614,355
Financial services			
- AAA	-	18,103	18,103
	3,159,411	18,103	3,177,514

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

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)

Financial assets at fair value through profit or loss	Cash and cash equivalents	Total
RM	RM	RM

As at 30 September 2023

Islamic deposits with licensed financial institutions

- AAA	2,080,740	-	2,080,740
- AA3	606,608	-	606,608
- A1	613,794	-	613,794

Financial services

- AAA	-	15,572	15,572
	3,301,142	15,572	3,316,714

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital and accumulated losses. 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 Shariah-compliant investment activities of the Fund.

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

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

Shariah status reclassification risk

This risk refers to the risk of a possibility that the currently held sukuk or Islamic money market instruments or Islamic deposits invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such fixed income securities or money market instruments or deposits.

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 Shariah-compliant 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 and all current liabilities are reasonable approximations of their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

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 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 30 SEPTEMBER 2024

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	Level 2	Level 3	Total
RM	RM	RM	RM

As at 30
September
2024

Financial assets
at fair value
through profit
or loss

- Islamic deposits with licensed financial institutions	- 3,159,411	- 3,159,411
---	-------------	-------------

As at 30
September
2023

Financial assets
at fair value
through profit
or loss

- Islamic deposits with licensed financial institutions	- 3,301,142	- 3,301,142
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Financial instruments that are traded 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 input are classified within Level 2. These include Islamic deposits with licensed financial institutions. 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.

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

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 F.

3. MANAGER'S FEE

Clause 13.1.2 of the Deed provides that the Manager is entitled to an annual management fee at a rate not exceeding 0.375% per annum based on the Fund's NAV on a daily basis before deducting the Manager's and Trustee's fees for that particular day.

The Manager's fee provided in the financial statements is computed on this basis at a rate of 0.375% (2023: 0.375%) per annum.

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

4. TRUSTEE'S FEE

Clause 4.5 of the Third Supplemental Deed provides that the Trustee is entitled to an annual trustee fee at a rate not exceeding 0.1% 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 based on this basis at a rate of 0.025% (2023: 0.025%) per annum or subject to a 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 30 SEPTEMBER 2024

5. DISTRIBUTIONS

	Gross/Net distribution	
	2024 Sen/unit	2023 Sen/unit
Gross/Net distributions for the financial year:		
Interim, declared and reinvested on 16/10/2023 (2023: Nil)	0.01	-
Interim, declared and reinvested on 15/11/2023 (2023: Nil)	0.01	-
Interim, declared and reinvested on 15/12/2023 (2023: Nil)	0.01	-
Interim, declared and reinvested on 15/01/2024 (2023: Nil)	0.01	-
Interim, declared and reinvested on 15/02/2024 (2023: Nil)	0.01	-
Interim, declared and reinvested on 15/03/2024 (2023: 31/03/2023)	0.01	0.01
Interim, declared and reinvested on 15/04/2024 (2023: 28/04/2023)	0.01	0.01
Interim, declared and reinvested on 15/05/2024 (2023: 31/05/2023)	0.01	0.01
Interim, declared and reinvested on 18/06/2024 (2023: 15/06/2023)	0.01	0.01
Interim, declared and reinvested on 15/07/2024 (2023: 17/07/2023)	0.01	0.01
Interim, declared and reinvested on 15/08/2024 (2023: 15/08/2023)	0.01	0.01
Final, declared and reinvested on 17/09/2024 (2023: 15/09/2023)	0.01	0.01
Total gross/net distributions per unit (sen)	0.12	0.07

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

5. DISTRIBUTIONS (CONT'D)

	2024 RM	2023 RM
Distributions to unit holders are from the following sources:		
Profit income from Islamic deposits with licensed financial institutions	30,836	18,236
Gross realised income	30,836	18,236
Less:		
Expenses	(23,106)	(13,593)
Gross/Net distributions	<u>7,730</u>	<u>4,643</u>

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

The distributions are made from current year's net realised income.

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

6. TAXATION

	2024 RM	2023 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:

	2024 RM	2023 RM
Net profit before taxation	<u>62,002</u>	<u>72,577</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	14,880	17,418
Tax effects of:		
Investment income not subject to tax	(26,508)	(30,459)
Expenses not deductible for tax purposes	5,392	6,859
Restriction on tax deductible expenses for unit trust funds	6,236	6,182
Tax expense	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RM	2023 RM
Financial assets at fair value through profit or loss:		
- Islamic deposits with licensed financial institutions#	3,159,411	3,301,142

#Includes profit receivables of RM8,275 (2023: RM13,415). A total of RM596,192 (2023: Nil) of short-term Islamic deposits are placed with KAF Investment Bank Berhad, the intermediate holding company of the Manager.

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

The Fund's Shariah-compliant investments in Islamic deposits with licensed financial institutions are short-term in nature. Therefore, the fair values of Islamic deposits with licensed financial institutions are taken to approximate their carrying values.

8. CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Cash at bank	18,103	15,572

9. PREPAYMENT

	2024 RM	2023 RM
Shariah advisory fee	2,033	2,017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

10. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund comprises cash placements and liquid assets in local market which are placed in Shariah-compliant instruments.

11. OTHER PAYABLES AND ACCRUALS

	2024 RM	2023 RM
Audit and tax agent's fees	21,427	14,188
Sundry accruals	2,300	800
	23,727	14,988

12. NUMBER OF UNITS IN CIRCULATION

	2024 Number of units	2023 Number of units
At the beginning of the financial year	6,417,343	17,979,564
Creation of units arising from applications	1,513,525	790,920
Creation of units arising from distributions	11,085	6,751
Cancellation of units	(1,911,676)	(12,359,892)
At the end of the financial year	6,030,277	6,417,343

13. TRANSACTIONS WITH DEALERS

There are no transactions with dealers for the financial year ended 30 September 2024 and 30 September 2023, respectively.

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

14. 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 the Director of 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

Significant related party transactions and balances that are not already disclosed in other notes to the financial statements are set out below:

	2024		2023	
	No. of units	RM	No. of units	RM
KAF Investment Funds Berhad	26	14	8	4
Dato' Ahmad Kadis	3,068,455	1,599,586	3,061,346	1,570,164

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

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

15. TOTAL EXPENSE RATIO ("TER")

	2024	2023
TER	1.45%	1.23%

TER is derived from the following calculation:

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

- 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 RM3,334,947 (2023: RM4,417,841).

16. PORTFOLIO TURNOVER RATIO ("PTR")

	2024	2023
PTR	46.23 times	47.22 times

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM154,111,960 (2023: RM205,722,499)
total disposal for the financial year = RM154,248,551 (2023: RM211,522,835)

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
Tan Sri Abu Talib Othman
Mohammed Reza Tan Sri Abu Talib
Mohd Hasnul Ismar bin Mohd Ismail
Nor Rejina binti Abdul Rahim

Secretary

Siti Nurmazita binti Mustapha (LS 0009160)

Trustee

CIMB Islamic Trustee Berhad

Auditor & Reporting Accountant

PricewaterhouseCoopers PLT

Tax Adviser

PricewaterhouseCoopers Taxation Services Sdn Bhd

Shariah Adviser

BIMB Securities Sdn Bhd
Reg. No: 199401004484

Banker

CIMB Islamic 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**