KAF ENHANCED BOND FUND

ANNUAL REPORT

30 JUNE 2025

KAF INVESTMENT FUNDS BERHAD Reg. No: 199501004999

MANAGER'S REPORT

We are pleased to present the Manager's Report for the financial year ended 30 June 2025 ("the period").

1. Launch Date

KAF Enhanced Bond Fund ("KEBF/the Fund") commenced operations on 30 January 2002 and will continue its operations until terminated according to the Deed dated 27 December 2001, Supplemental Deed dated 9 January 2014, Second Supplemental Deed dated 12 March 2015 and Third Supplemental Deed dated 20 March 2023.

2. Type of Fund

Income & Growth Fund.

3. Category of Fund

Fixed-income Fund.

4. Fund's Objective, Benchmark and Distribution Policy

KEBF seeks to maximize total returns by investing primarily in money market securities and other fixed-income securities, which provide current income, capital appreciation or a combination of both income and capital appreciation.

The Fund will invest in investment grade fixed-income securities and other money market instruments. Although KEBF is predominantly a fixed-income fund, the Fund is also allowed to invest up to a maximum of 10% of the Net Asset Value ("NAV") in equities and /or equity-related securities.

The benchmark used to measure the Fund's performance is RAM Quant Shop MGS All Bond Index. The RAM Quant Shop index may be obtained from the RAM Quant Shop website at www.quantshop.com.

Income distribution (if any) will be paid once a year.

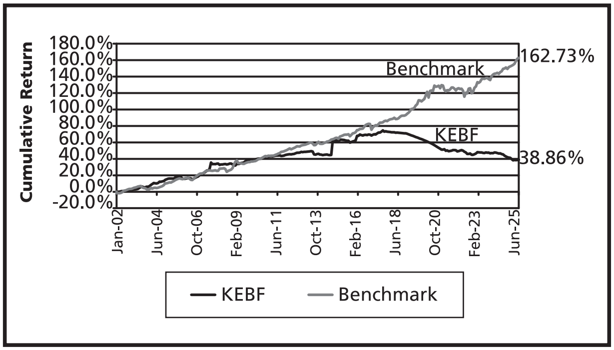
MANAGER'S REPORT

5. Review of Fund Operations and Performance

For the financial year under review, the Fund based on its NAV, recorded a negative return of 4.76% compared with the benchmark which recorded a positive return of 6.59%. The underperformance is due to the fund's AUM being below the required size to effectively execute the fund's investment strategy.

No cross-trade transaction carried out during the reported period ended 30 June 2025. The Fund has not undertaken any securities lending or repurchase transaction for the reported period.

Performance Chart since Inception
(30 January 2002 to 30 June 2025)



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

KEBF continues its defensive strategy in maintaining liquidity which may have an impact in the overall performance throughout time. However, due to the small NAV of the Fund, the available investment opportunities were limited and hence provided a lower return.

Fund Performance as ranked by Lipper Asia Limited

Period	KEBF % Change	KEBF Rank	Mean of Industry's Non-Islamic Unclassified Funds % Change
3 months 27/03/2024-27/06/2025	0.14	8/16	(2.85)
6 months 27/12/2024-27/06/2025	(1.76)	8/15	(4.94)
1 year 27/06/2024-27/06/2025	(5.16)	10/13	(5.57)
3 years 27/06/2022-27/06/2025	(4.99)	6/8	5.05
5 years 27/06/2020-27/06/2025	(12.29)	6/7	7.25

Source: The Edge, 7 July 2025 issued, Edge-Lipper Fund Performance Table, an independent source

Past performance is not necessarily indicative of future performance.

During the financial year under review, KEBF's fund size increase from RM0.23 million as at 30 June 2024 to fund size RM5.76million as at 30 June 2025. The Fund's NAV per unit decreased from RM0.3763 as at 30 June 2024 to RM0.3584 as at 30 June 2025 due to increased volatility of the equity fund that KEBF was invested in. Realised gain amounted to RM28,197 arising from disposal of collective investment schemes ("CIS"), dividend income from CIS and interest earned. At the end of the financial year, the unrealized gain stood at RM42,128.

6. Asset Allocation and Investment Strategies Employed

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.

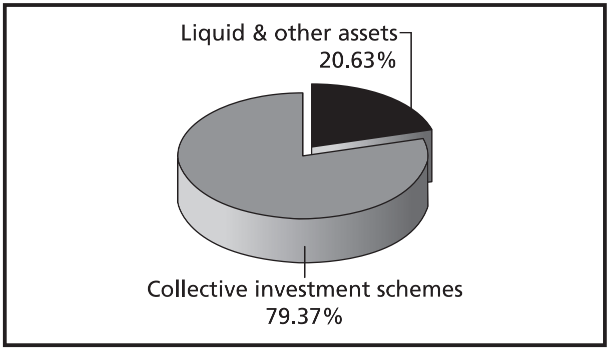
There were no significant changes in the Fund's state of affairs during the year.

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

Asset Allocation

Asset Class	Percentage of NAV as at		Change in exposure over period (%)
	30/06/2024	30/06/2025	
Collective investment schemes	43.85	79.37	35.52
Liquid and other assets	56.15	20.63	(35.52)

Portfolio of Investment and Other Assets as at 30 June 2025



7. Review of the Market

From June 2024 to June 2025, US Treasury yields experienced significant volatility and generally trended upward, driven by a combination of economic and political factors. The period was notable for a counterintuitive trend where long-term Treasury yields, particularly the 10-year, increased even as the Federal Reserve began cutting its key interest rate in the latter half of 2024. This defied the typical pattern where long-term yields fall after a Fed rate cut. The reason for this divergence was the market's reaction to a strengthening US economy, which led investors to anticipate a more gradual pace of future rate cuts than initially expected. Therefore, despite the rate cuts, the yield continue to rise and stay elevated.

Stronger-than-expected US economic growth throughout late 2024 and into 2025 put upward pressure on yields. The market recalibrated its expectations for a soft landing, with robust economic data suggesting that the Fed would not need to be as aggressive in its rate-cutting cycle.

Domestically, the yield on Malaysian Government Securities ("MGS") generally experienced a downward trend, particularly in the latter half of the period, due to a combination of domestic and global factors. Overnight Policy Rate ("OPR") cut was widely anticipated by the market towards the end of the period, signaled a shift toward a more accommodative monetary policy to support the domestic economy. This expectations of OPR cut directly influenced short- and long-term MGS yields to fall. The market also priced in the expectation of a more supportive policy environment, which led to a rally in government bonds and a subsequent decrease in yields.

8. Market Outlook and Strategy

Global fixed-income markets were quiet at the end of the period with US Treasury yields gradually creeping lower as investors remained paralysed by uncertainty amid ongoing US trade negotiations and sprinkled with confusing remarks at random intervals by US President Donald Trump. Nonetheless, hints that financial markets are returning to normalcy have become more evident as recent investor reactions to the US President's bold announcements have become more muted. Despite the elevated tariffs, major US economic indicators have not yet pointed to a significant slowdown or a spike in inflation. The US Federal Reserve ("the Fed") also continued to leave the Fed Funds Rate unchanged at 4.50% and maintained the "wait and see" approach to minimise the risk of a policy mistake. For now, market participants remain hopeful for at least 2 cuts by the Fed this year which will bring the Fed Funds Rate down to 4.00% from 4.50% currently.

Back in Malaysia, local government bonds traded in a choppy range for most of the month while investors waited in anticipation for a possible rate cut by Bank Negara Malaysia ("BNM") during the Monetary Policy Committee meeting ("MPC") in July. However, the softer Year-on-Year CPI print prompted investors to push the 10-year MGS auction below 3.50% as lower inflation will provide the Malaysian government with a buffer for the higher SST announced in June and upcoming petrol rationalisation. Nonetheless, economic uncertainty remains high and all eyes will be on the upcoming end of the 90-day US tariff pause in early July. Demand for the 3 government auctions for the month was strong with the 15-year MGS 04/2039, 30-year GII 03/2054 and 10-year MGS 07/2035 minting Bid-to-Cover ("BTC") ratios of 2.857x, 3.262x and 2.958x respectively.

The outlook for Fixed-Income remains uncertain and we have taken measures to protect the portfolios from the potential risks that may unfold over the next few months. We continue to monitor the fixed-income environment while looking for opportunities to buy quality assets at attractive prices. For now, we maintain our conservative stance of low to medium 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 reporting 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 KEBF from one broker/dealer by virtue of transactions conducted for KEBF. 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 KEBF 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.

Portfolio Composition	**As at 30 June**		
	2025	**2024**	**2023**
	(Percentage of NAV)		
	%	**%**	**%**
Collective investment schemes	79.37	43.85	47.69
Liquid and other assets	20.63	56.15	52.31
Total	100.00	100.00	100.00
Total return for the year (RM)			
Capital growth	25,469	5,589	11,833
Income distribution	(7,272)	(7,576)	(9,333)

Performance	**Income Return**	**Capital Return**	**Annual Total Return KEBF**	**Benchmark**
	%	**%**	**%**	**%**
Financial year ended				
30/06/2025	-	(4.76)	(4.76)	6.59
30/06/2024	-	(0.90)	(0.90)	3.93
30/06/2023	-	0.82	0.82	8.07
30/06/2022	-	(2.49)	(2.49)	(2.22)
30/06/2021	-	(5.06)	(5.06)	0.96

	Average Total Return	
	KEBF	**Benchmark**
	%	**%**
One (1) year	(4.76)	6.59
Three (3) years	(1.61)	6.57
Five (5) years	(2.38)	3.64

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

NAV and Units in Circulation	**As at 30 June**		
	2025	**2024**	**2023**
Total NAV (RM)	5,756,094	229,383	280,800
Units in circulation	16,059,503	609,503	739,503
NAV per unit (RM)	0.3584	0.3763	0.3797
Unit Prices for the year (RM per unit)			
NAV (year high)	0.3773	0.3821	0.3834
NAV (year low)	0.3533	0.3775	0.3727
NAV (year high, ex-distribution)	Nil	Nil	Nil
NAV (year low, ex-distribution)	Nil	Nil	Nil
NAV	0.3584	0.3763	0.3797
Distributions	Nil	Nil	Nil
Unit split	Nil	Nil	Nil
Total Expense Ratio ("TER")	1.72%	6.95%	4.94%
Portfolio Turnover Ratio ("PTR")	1.10 times	0.08 times	0.09 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.

The TER was lower than the previous year due to overall increase in average NAV during the year under review (refer to Note 12).

The PTR was higher than the previous year due to increase in the portfolio rebalancing activities undertaken by the Fund during the year under review (refer to Note 13).

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 ENHANCED BOND FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 June 2025 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 requirements.

For and on behalf of
CIMB Commerce Trustee Berhad

Tok Puan Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
28 August 2025

STATEMENT BY THE MANAGER

TO THE UNIT HOLDERS OF
KAF ENHANCED 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 16 to 49 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 June 2025 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 August 2025

TO THE UNIT HOLDERS OF
KAF ENHANCED BOND FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of KAF Enhanced Bond Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 June 2025, 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 June 2025, 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 16 to 49.

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 ENHANCED 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 ENHANCED 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 ENHANCED 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, Malaysia
28 August 2025

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

	Note	2025 RM	2024 RM
INCOME			
Dividend income		605	1,682
Interest income from financial assets at amortised cost		11,611	-
Net gain on financial assets at fair value through profit or loss	6	41,450	13,731
		53,666	15,413
EXPENSES			
Manager's fee	3	(20,658)	(2,504)
Trustee's fee	4	(1,033)	(125)
Audit fee		(5,500)	(5,500)
Tax agent's fee		(4,150)	(4,150)
Other expenses		(4,128)	(5,121)
		(35,469)	(17,400)
NET PROFIT/(LOSS) BEFORE TAXATION		18,197	(1,987)
TAXATION	5	-	-
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		18,197	(1,987)
Net profit /(loss)after taxation is made up of the following:			
Realised amount		(7,272)	(7,576)
Unrealised amount		25,469	5,589
		18,197	(1,987)

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 JUNE 2025

	Note	2025 RM	2024 RM
ASSETS			
Cash and cash equivalents	7	1,203,184	124,295
Financial assets at fair value through profit or loss	6	4,568,562	100,578
Amount due from brokers	8	-	18,000
TOTAL ASSETS		5,771,746	242,873
LIABILITIES			
Amount due to Manager			
- Manager's fee		3,044	129
Amount due to Trustee		236	10
Other payables and accruals	9	12,371	13,351
TOTAL LIABILITIES		15,651	13,490
NET ASSET VALUE ("NAV") OF THE FUND		5,756,095	229,383
EQUITY			
Unit holders' capital		5,872,434	363,919
Accumulated losses		(116,339)	(134,536)
TOTAL NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		5,756,095	229,383
NUMBER OF UNITS IN CIRCULATION	10	16,059,503	609,503
NAV PER UNIT		0.3584	0.3763

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 JUNE 2025

	Unit holders' capital RM	Accumulated losses RM	Total RM
BALANCE AS AT 1 JULY 2024	363,919	(134,536)	229,383
Movement in unit holders' capital:			
Creation of units arising from applications	5,585,543	-	5,585,543
Cancellation of units	(77,028)	-	(77,028)
	5,508,515	-	5,508,515
Total comprehensive income for the financial year	-	18,197	18,197
BALANCE AS AT 30 JUNE 2025	5,872,434	(116,339)	5,756,095
BALANCE AS AT 1 JULY 2023	413,349	(132,549)	280,800
Movement in unit holders' capital:			
Creation of units arising from applications	5,715	-	5,715
Cancellation of units	(55,145)	-	(55,145)
	(49,430)	-	(49,430)
Total comprehensive loss for the financial year	-	(1,987)	(1,987)
BALANCE AS AT 30 JUNE 2024	363,919	(134,536)	229,383

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 JUNE 2025

	Note	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		70,000	30,000
Purchase of investments		(4,485,000)	-
Interest received		11,611	-
Manager's fee paid		(10,672)	(1,782)
Trustee's fee paid		(807)	(127)
Payment of other fees and expenses		(14,758)	(11,811)
Net cash (used in)/ generated from operating activities		(4,429,626)	16,280
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		5,585,543	5,715
Payments for cancellation of units		(77,028)	(55,145)
Net cash generated from/ (used in) financing activities		5,508,515	(49,430)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		1,078,889	(33,150)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		124,295	157,445
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	1,203,184	124,295
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash at bank		16,573	124,295
Deposits with licensed financial institutions		1,186,611	-
	7	1,203,184	124,295

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

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.

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'.
- Amendments to MFRS 101 'Classification of liabilities as current or non-current'.

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

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

- 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.

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

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

(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.

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

Dividend income is recognised on the ex-dividend date, when the right to receive the dividend has been established.

Interest income from deposits with licensed financial institutions are recognised using the 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 weighted average cost basis.

SUMMARY OF MATERIAL ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

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.

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 Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. 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.

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(i) Classification (cont'd)

Investments in collective investment schemes are debt instruments with contractual cash flows that do not represent solely payments of principal and interest, and therefore are classified as fair value through profit or loss.

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 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. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

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.

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.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Collective investment schemes are valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the last published price of such unit of share (excluding any sales charge included in such selling price).

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated using the effective interest 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.

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(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.

<u>Significant increase in credit risk</u>

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

<u>Definition of default and credit-impaired financial assets</u>

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

<u>Quantitative criteria:</u>

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 30 JUNE 2025

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

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

<u>Qualitative criteria:</u>

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;
- consessions 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.

<u>Write-off</u>

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 held 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) BROKERS

Amount due from/(to) brokers represent receivables for quoted equities sold and payables for quoted equities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from brokers 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 brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If 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 broker, probability that the broker 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 30 JUNE 2025

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 Securities Commision Malaysia's (''SC") Guidelines on Unit Trust Funds.

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

KAF Enhanced Bond Fund (hereinafter referred to as ("the Fund") was constituted pursuant to a Deed dated 27 December 2001, between KAF Investment Funds Berhad ("the Manager") and CIMB Commerce Trustee Berhad ("the Trustee") as well as the subsequent issuance of the Supplemental Deed dated 9 January 2014, Second Supplemental Deed dated 12 March 2015 and Third Supplemental Deed dated 20 March 2023 (collectively referred to as "the Deeds").

The principal activity of the Fund is to invest in "Permitted Investments" as defined under schedule 7 of the Deed, which includes stocks and shares of companies quoted on the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), fixed-income securities and short term investment. The Fund commenced operations on 30 January 2002 and will continue its operations until terminated according to the conditions in the Deeds.

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 RM	Financial assets at amortised cost RM	Total RM
2025			
Cash and cash equivalents	-	1,203,184	1,203,184
Financial assets at fair value through profit or loss	4,568,562	-	4,568,562
	4,568,562	1,203,184	5,771,746
2024			
Cash and cash equivalents	-	124,295	124,295
Financial assets at fair value through profit or loss	100,578	-	100,578
Amount due from brokers	-	18,000	18,000
	100,578	142,295	242,873

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 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.

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

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 30 June which are exposed to price risk:

	2025 RM	2024 RM
Investments		
Collective investment schemes at fair value through profit or loss	4,568,562	100,578

The following table summarises the sensitivity of the Fund's investments to price risk movements as at 30 June. The analysis is based on the assumptions that the market price increased and decreased by 5% (2024: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

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

Market risk (cont'd)

(a) Price risk (cont'd)

	Change in price %	Impact on profit/(loss) before taxation NAV RM
2025		
Collective investment schemes at fair value through profit or loss	+/- 5	228,428
2024		
Collective investment schemes at fair value through profit or loss	+/- 5	5,029

(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 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 to interest rate risk by way of maintaining deposits with on a short-term basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

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 per annum and the average remaining maturities of deposit with licensed financial institutions as at the date of the statement of financial position are as follows:

	Weighted average interest rates		Average remaining maturities	
	2025 %	2024 %	2025 Day(s)	2024 Day(s)
Deposit with licensed financial institutions	3.04	-	1	-

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 a 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 30 June 2025			
Amount due to Manager			
- Manager's fees	3,044	-	3,044
Amount due to Trustee	236	-	236
Other payables and accruals	-	12,371	12,371
Contractual undiscounted cash outflows	3,280	12,371	15,651
As at 30 June 2024			
Amount due to Manager			
- Manager's fees	129	-	129
Amount due to Trustee	10	-	10
Other payables and accruals	-	13,351	13,351
Contractual undiscounted cash outflows	139	13,351	13,490

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 placements in deposits with a 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:

	2025 RM	2024 RM
Cash and cash equivalents	1,203,184	124,295

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

	Cash and cash equivalents RM
As at 30 June 2025	
Financial services	
- AAA	566,615
- AA3	636,569
	1,203,184
As at 30 June 2024	
Financial services	
- AAA	124,295

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 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 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 trading 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 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.

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 30 June 2025				
Financial assets at fair value through profit or loss				
- Collective investment schemes	4,568,562	-	-	4,568,562
As at 30 June 2024				
Financial assets at fair value through profit or loss				
- Collective investment schemes	100,578	-	-	100,578

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active collective investment schemes.

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

3. MANAGER'S FEE

Clause 14.1.2 of the Deed 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 fee for that particular day.

The Manager's fee provided in the financial statements is computed on this basis at a rate of 1.00% (2024: 1.00%) 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 14.2.2 of the Deed provides that the Trustee is entitled to an annual trustee fee at a rate not exceeding 0.08% per annum based on the Fund's NAV on a daily basis before deducting the Manager's and Trustee's fee calculated for that particular day and subject to a minimum of RM18,000 (2024: RM18,000) per annum. With effect from 1 July 2021 the difference between that recognised by the Fund and the minimum fee of RM18,000 will be borne by the Manager.

The Trustee's fee provided in the financial statements is computed on this basis at a rate of 0.05% (2024: 0.05%) 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 statement.

5. TAXATION

	2025 RM	2024 RM
Current taxation		
- Malaysia taxation	-	-

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

	2025 RM	2024 RM
Net profit/ (loss) before taxation	18,196	(1,987)
Taxation at Malaysian statutory rate of 24% (2024: 24%)	4,367	(477)
Tax effects of:		
Investment income not subject to tax	(12,880)	(3,699)
Expenses not deductible for tax purposes	1,416	1,224
Restriction on tax deductible expenses for unit trust funds	7,097	2,952
Tax expense	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RM	2024 RM
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	8,910	7,385
- unrealised gain on fair value movement	25,469	5,589
- management fee rebate on collective investment schemes#	7,071	757
	41,450	13,731
Financial assets at fair value through profit or loss:		
- Collective investment schemes	4,568,562	100,578

In arriving at the fair value of collective investment schemes, the management fee initially paid to the Manager of collective investment schemes have been considered as part of its NAV. In order to prevent the double charging of management fee which is not permissible under the SC's Guildelines on Unit Trust Funds, management fee charged on the Fund's investments in collective investment schemes have been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment schemes is reflected as an increase in the NAV of the collective investment schemes.

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

Details of collective investment schemes as at 30 June 2025 are set out as follows:

Name of counter	Nominal value	Aggregate cost	Fair value as at 30/06/2025	Fair value as at 30/06/2025 expressed as percentage of NAV of Fund
	RM	RM	RM	%
COLLECTIVE INVESTMENT SCHEMES				
KAF Bond Fund	4,009	1,017,393	1,040,971	18.08
KAF Core Income Fund	475,482	451,142	433,165	7.53
KAF iCash Fund	926,115	1,020,116	1,022,246	17.76
KAF Money Market Fund	6,130	1,020,061	1,030,828	17.91
KAF Sukuk Fund	6,153	1,017,722	1,041,352	18.09
TOTAL COLLECTIVE INVESTMENT SCHEMES	1,417,889	4,526,434	4,568,562	79.37
UNREALISED GAIN ON COLLECTIVE INVESTMENT SCHEMES		42,128		
FAIR VALUE OF TOTAL COLLECTIVE INVESTMENT SCHEMES		4,568,562		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

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

Details of collective investment schemes as at 30 June 2024 are set out as follows:

Name of counter	Nominal value	Aggregate cost	Fair value as at 30/06/2024	Fair value as at 30/06/2024 expressed as percentage of NAV of Fund
	RM	RM	RM	%
COLLECTIVE INVESTMENT SCHEMES				
KAF Bond Fund	162	35,464	40,042	17.46
KAF Core Income Fund	17,236	12,367	20,221	8.81
KAF Sukuk Fund	249	36,088	40,315	17.58
TOTAL COLLECTIVE INVESTMENT SCHEMES	17,647	83,919	100,578	43.85
UNREALISED GAIN ON COLLECTIVE INVESTMENT SCHEMES		16,659		
FAIR VALUE OF TOTAL COLLECTIVE INVESTMENT SCHEMES		100,578		

7. CASH AND CASH EQUIVALENTS

	2025 RM	2024 RM
Cash at bank	16,573	124,295
Deposit with licensed financial institutions*	1,186,611	-
	1,203,184	124,295

* A total of RM636,569 (2024: Nil) of short-term deposit is 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 deposit with licensed financial institutions are shown in Note 2(b) to the financial statements.

8. AMOUNT DUE FROM/(TO) BROKERS

The amount due from/(to) brokers which relates to sale/(purchase) of investment securities and instruments are unsecured, interest-free and receivable/(payable) according to the settlement rules of the applicable stock exchange.

9. OTHER PAYABLES AND ACCRUALS

	2025 RM	2024 RM
Audit and tax agent's fees	11,021	11,021
Sundry accruals	1,350	2,330
	12,371	13,351

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

10. NUMBER OF UNITS IN CIRCULATION

	2025 Number of units	2024 Number of units
At the beginning of the financial year	609,503	739,503
Creation of units arising from applications	15,660,000	15,000
Cancellation of units	(210,000)	(145,000)
At the end of the financial year	16,059,503	609,503

11. 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
Datuk Khatijah Ahmad	Director of the Manager
Thariq Usman Ahmad	Son of the Director
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

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

	2025		2024	
	No. of units	RM	No. of units	RM
KAF Investment Funds Berhad	3,459	1,240	7,853	2,955
Datuk Khatijah Ahmad	139,782	50,098	-	-
Thariq Usman Ahmad	15,423,444	5,527,762	-	-

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.

12. TOTAL EXPENSE RATIO ("TER")

	2025	2024
TER	1.72%	6.95%

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 RM2,065,788 (2024: RM250,387).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2025	2024
PTR	1.10 times	0.08 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 = RM4,485,605 (2024: Nil)
total disposal for the financial year = RM43,090 (2024: RM40,615)

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 Commerce Trustee Berhad

Auditor & Reporting Accountant
PricewaterhouseCoopers PLT

Tax Adviser
PricewaterhouseCoopers Taxation Services Sdn Bhd

Banker
CIMB Bank Berhad

KAF Investment Funds Berhad Reg. No: 199501004999
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For more information,
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