



KAF MILLENNIUM FUND

SEMI-ANNUAL REPORT

31 DECEMBER 2024

MANAGER'S REPORT

We are pleased to present the Manager's semi-annual report for the financial period ended 31 December 2024 ("the period").

1. Launch Date

KAF Millennium Fund ("KMF/the Fund") was launched on 15 April 1999. The Fund commenced operations on 6 May 1999 and will continue its operations until terminated according to the Master Deed dated 14 April 1999, First Supplemental Deed dated 13 June 2000, Second Supplemental Deed dated 7 August 2000, Third Supplemental Deed dated 18 December 2000, Fourth Supplemental Deed dated 30 August 2007, Supplemental Master Deed dated 27 April 2011, Second Supplemental Master Deed dated 2 June 2011, Third Supplemental Master Deed dated 4 March 2013, Fourth Supplemental Master Deed dated 5 October 2020, Fifth Supplemental Master Deed dated 6 November 2020, Sixth Supplemental Master Deed dated 25 November 2020 and Seventh Supplemental Master Deed dated 8 August 2022.

2. Type of Fund

Growth and Income Fund.

3. Category of Fund

Equity Fund.

4. Fund's Objective, Benchmark and Distribution Policy

The Fund aims to achieve long-term capital growth, with income[^] as its secondary objective, by investing mainly in fundamentally sound large market capitalisation companies and also any other investments as may be permitted by the Securities Commission from time to time.

[^]Note: Please refer to the Fund's distribution policy.

The Fund may invest up to 100% (minimum equity allocation is 70%) of its Net Asset Value ("NAV") in equities and equity-related securities*. An internal allocation for cash and other liquid assets will be maintained to ensure that the Fund is able to meet redemption requests without jeopardising the Fund's performance.

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* Equity-related securities include warrants and preference shares.

The balance of the NAV that is not invested in equities and equity-related securities, will be invested in fixed-income securities and money market instruments.

The benchmark is FTSE Bursa Malaysia Top 100 Index ("FBM 100").

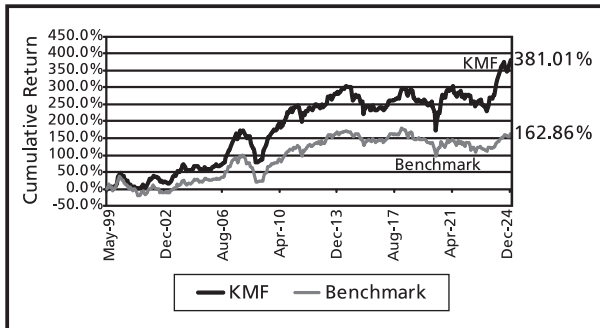
Distribution of income, if any, will be made once a year.

5. Review of Fund Operations and Performance

For the financial period under review, the Fund registered a return of 2.42%, underperforming its benchmark which recorded a return of 3.97%. The underperformance was primarily due to the Fund's overweight of oil and gas stocks and underweight of financial, utilities and property counters.

No cross-trade transaction carried out during the reported period ended 31 December 2024. The Fund has not undertaken any securities lending or repurchase transaction for the reported period.

**Performance Chart since Commencement
(6 May 1999 to 31 December 2024)**



*Prior to 6 July 2009, Kuala Lumpur Composite Index ("KLCI").
**With effect from 6 July 2009, FTSE Bursa Malaysia Top 100 Index ("FBM 100").

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

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Since its inception, KMF registered a return of 381.01% and outperformed its benchmark, which recorded a return of 162.86%.

Fund Performance as ranked by Lipper Asia Limited

Period	KMF		Mean of the Industry's Equity Malaysia Non-Islamic Funds
	% Return	Rank	% Return
3 months 03/10/2024 - 03/01/2025	8.02	15/66	5.75
6 months 03/07/2024 - 03/01/2025	(0.60)	38/66	(0.52)
1 year 03/01/2024 - 03/01/2025	24.90	17/66	20.58
3 years 03/01/2022 - 03/01/2025	26.94	12/62	15.68
5 years 03/01/2020 - 03/01/2025	32.98	42/58	43.23

Source: The Edge, 13 January 2025 issue, The Edge-Lipper Fund Performance Table, an independent source.

For the six months period, the Fund ranked at No. 38 out of 66 funds in the Equity Malaysia Non-Islamic Funds category by Lipper Asia Limited.

The Fund realised a net gain of RM3.17 million from gain on disposal of equities and after accounting for dividend income, interest earned and loss on foreign exchange transactions. The unrealised gain arising from investments stood at RM1.68 million.

KMF's NAV decreased to RM30.20 million on 31 December 2024 from RM31.43 million on 30 June 2024 as a result of outflows. The NAV per unit of the Fund increased to RM0.4996 as at 31 December 2024 from RM0.4878 as at 30 June 2024 as a result of positive performance recorded during the period.

Past performance is not necessarily indicative of future performance.

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6. Asset Allocation and Investment Strategies Employed

The quoted equity securities allocation of KMF decreased to 90.32% as at 31 December 2024 from 90.59% recorded as at 30 June 2024 as the Fund realised gains amidst window-dressing activities that took place in the second half of December.

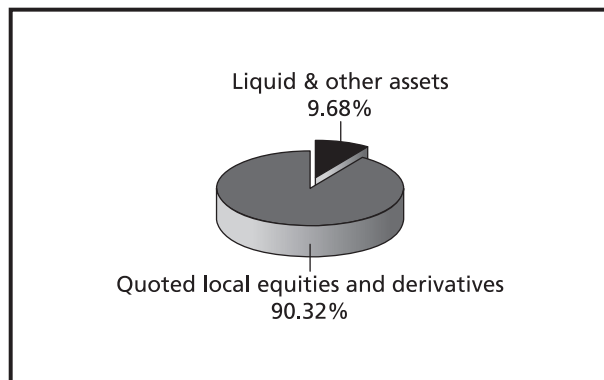
Other than the investment strategy stated in the Replacement Prospectus dated 21 December 2022, the designated Fund Manager has not employed any other investment strategy since the last reporting period.

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

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 (%)
	30/06/2024 (%)	31/12/2024 (%)	
Quoted foreign equities	0.59	-	(0.59)
Quoted local equities and derivatives	90.59	90.32	(0.27)
Liquid and other assets	8.82	9.68	0.86

Portfolio of Investment and Other Assets as at 31 December 2024



MANAGER'S REPORT

7. Market Review

During the period under review, FBM KLCI, FBM Emas and FBM Emas Shariah indices increased by 3.29%, 3.02% and 0.30% respectively. Meanwhile, the Dow Jones Industrial Average, S&P 500 and Nasdaq Composite indices also increased by 8.76%, 7.71% and 8.90% respectively during the review period. Diverging from the MSCI World Index which appreciated by 5.58%, the MSCI Emerging Market Index weakened by 0.99%.

Investor sentiment remained upbeat on developments in Artificial Intelligence-related technologies while economic data releases have remained generally robust which supported financial markets despite a less dovish outlook by the US Federal Reserve ("the Fed"). However, emerging markets underperformed following Donald Trump's victory in the US Presidential election which cast uncertainty over the future direction of global trades.

Locally, the Malaysian economy remained resilient supported by stronger industrial activities as multinational companies diversified their supply chain out of China. Consumer price index ("CPI") inflation remained tepid below 2% during the period under review which helped to sustain consumer spending. Against the backdrop of a Goldilocks economy, Bank Negara Malaysia ("BNM") maintained the Overnight Policy Rate ("OPR") at 3.00%. Despite expectations of re-inflation from petrol subsidy removal in the second half of 2025, the OPR is not expected to be significantly higher than its current level considering the global rate cut trajectory.

Overall, Malaysian equities have outperformed during the period under review against most regional markets as robust economic outlook and government policy clarity lent strength to the market.

8. Market Outlook and Strategy

Notwithstanding the consensus for an economic "soft landing" in the US, the global financial markets are expected to experience more volatility over the next four years under the presidency of Donald Trump. The Chinese government's continual measures to rejuvenate a stagnated economy could also amplify stock market swings as seen in the last few months of 2024.

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Nonetheless, volatility brings opportunities. We believe that Malaysian equities as well as Regional equities in general will provide a greater risk-reward proposition to global investors amidst the narrative of trade diversions. While we continue to see pockets of opportunities in Malaysian equities, we will also take advantage of the Fund's flexibility to invest parts of its NAV in foreign equities in 2025.

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 period under review, which intended to bring direct benefit or advantage to the management of KMF from one broker/dealer by virtue of transactions conducted for KMF. 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 KMF 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 31 December		
	2024	2023	2022
	(Percentage of NAV)		
	%	%	%
Quoted local equities and derivatives			
Construction	2.83	9.07	-
Consumer Products & Services	0.43	12.36	11.58
Energy	9.02	15.71	4.37
Financial Services	25.51	11.04	26.79
Health Care	-	3.64	3.12
Industrial Products & Services	7.26	5.38	11.85
Plantation	3.52	-	7.70
Property	11.33	-	-
Technology	6.97	15.14	6.44
Telecommunications & Media	4.48	3.41	5.48
Transportation & Logistics	9.43	-	1.06
Utilities	9.37	14.58	4.28
Warrants	0.17	0.10	0.10
Total Quoted local equities and derivatives	90.32	90.43	82.77
Quoted foreign equities			
Consumer Discretionary	-	0.72	1.26
Financials	-	-	6.14
Total Quoted foreign equities	-	0.72	7.40
Collective investment schemes			
- local	-	-	1.20
Liquid and other assets	9.68	8.85	8.63
Total	100.00	100.00	100.00
Total return for the year	RM'000	RM'000	RM'000
Capital growth	(1,986)	2,555	584
Income distribution	2,721	1,150	(18)

KEY PERFORMANCE DATA

Performance	Income Return	Capital Return	Annual Total Return	
	%	%	KMF %	Benchmark %
Financial year ended				
30/06/2024	4.03	36.98	42.51	19.85
30/06/2023	-	(6.73)	(6.73)	(2.03)
30/06/2022	0.26	(6.63)	(6.38)	(7.61)
30/06/2021	-	15.97	15.97	4.44
30/06/2020	-	(10.51)	(10.51)	(10.48)
			Average Total Return	
			KMF %	Benchmark %
One (1) year			26.64	16.98
Three (3) years			8.91	3.79
Five (5) years			6.86	2.07

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 31 December		
	2024	2023	2022
Total NAV (RM'000)	30,196	27,707	29,547
Units in circulation (in '000)	60,436	67,512	75,927
NAV per unit (RM)	0.4996	0.4104	0.3891
Unit Prices for the year (RM per unit)			
NAV (year high)	0.5062	0.4128	0.3916
NAV (year low)	0.4491	0.3567	0.3642
NAV (year high, ex-distribution)	Nil	Nil	Nil
NAV (year low, ex-distribution)	Nil	Nil	Nil
NAV	0.4996	0.4104	0.3891
Unit Split	Nil	Nil	Nil
Distribution	Nil	Nil	Nil
Total Expense Ratio ("TER")	1.62%	1.68%	1.69%
Portfolio Turnover Ratio ("PTR")	1.06 times	0.29 times	0.20 times

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

The TER was lower than the previous period due to overall increase in average NAV (refer to Note 13).

PTR was higher than the previous period due to increase in portfolio rebalancing activities undertaken by the Fund (refer to Note 14).

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

	Note	2024 RM	2023 RM
INCOME			
Dividend income		342,659	399,705
Interest income from financial assets at amortised cost		52,067	22,329
Net gain on financial assets at fair value through profit or loss	6	795,914	3,567,715
Net foreign currency exchange (loss)/gain		(2,682)	14
		<u>1,187,958</u>	<u>3,989,763</u>
EXPENSES			
Manager's fee	3	(226,623)	(202,139)
Trustee's fee	4	(9,065)	(8,086)
Transaction costs		(208,768)	(57,417)
Audit fee		(5,042)	(5,027)
Tax agent's fee		(2,672)	(2,865)
Other expenses		(615)	(7,883)
		<u>(452,785)</u>	<u>(283,417)</u>
NET PROFIT BEFORE TAXATION		735,173	3,706,346
TAXATION	5	-	(1,060)
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>735,173</u>	<u>3,705,286</u>
Net profit after taxation is made up of the following:			
Realised amount		2,720,920	1,150,414
Unrealised amount		(1,985,747)	2,554,872
		<u>735,173</u>	<u>3,705,286</u>

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 RM	2023 RM
ASSETS			
Cash and cash equivalents	7	3,087,586	2,522,298
Financial assets at fair value through profit or loss	6	27,273,075	25,255,194
Amount due from broker	8	146,616	-
Amount due from Manager - creation of units		4,986	-
Dividend receivables		37,825	10,694
Tax recoverable		5,008	948
TOTAL ASSETS		<u>30,555,096</u>	<u>27,789,134</u>
LIABILITIES			
Amount due to broker	8	300,634	-
Amount due to Manager			
- Manager's fee		38,304	34,951
- Cancellation of units		-	24,612
Amount due to Trustee		2,992	1,398
Other payables and accruals	9	17,534	21,230
TOTAL LIABILITIES		<u>359,464</u>	<u>82,191</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>30,195,632</u>	<u>27,706,943</u>
EQUITY			
Unit holders' capital		23,554,744	26,848,036
Retained earnings		6,640,888	858,907
TOTAL NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>30,195,632</u>	<u>27,706,943</u>
NUMBER OF UNITS IN CIRCULATION			
	10	60,435,511	67,512,178
NAV PER UNIT		<u>0.4996</u>	<u>0.4104</u>

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

	Unit holders' capital RM	Retained earnings RM	Total RM
BALANCE AS AT 1 JULY 2024	25,525,020	5,905,715	31,430,735
Movement in unit holders' capital:			
Creation of units arising from applications	319,382	-	319,382
Cancellation of units	(2,289,658)	-	(2,289,658)
	<u>(1,970,276)</u>	<u>-</u>	<u>(1,970,276)</u>
Total comprehensive income for the financial period	-	735,173	735,173
BALANCE AS AT 31 DECEMBER 2024	<u>23,554,744</u>	<u>6,640,888</u>	<u>30,195,632</u>
BALANCE AS AT 1 JULY 2023	27,596,575	(2,846,379)	24,750,196
Movement in unit holders' capital:			
Creation of units arising from applications	567,067	-	567,067
Cancellation of units	(1,315,606)	-	(1,315,606)
	<u>(748,539)</u>	<u>-</u>	<u>(748,539)</u>
Total comprehensive income for the financial period	-	3,705,286	3,705,286
BALANCE AS AT 31 DECEMBER 2023	<u>26,848,036</u>	<u>858,907</u>	<u>27,706,943</u>

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

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	34,122,511	9,268,892
Purchase of investments	(31,995,003)	(7,441,320)
Dividends received	337,490	426,285
Interest income received	52,067	22,329
Manager's fee paid	(226,953)	(197,971)
Trustee's fee paid	(7,618)	(7,919)
Tax paid	-	(1,060)
Realised foreign currency exchange loss	(2,430)	-
Payment of other fees and expenses	(21,594)	(20,057)
Net cash generated from operating activities	<u>2,258,470</u>	<u>2,049,179</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	338,711	567,067
Payments for cancellation of units	(2,289,658)	(1,290,994)
Net cash used in financing activities	<u>(1,950,947)</u>	<u>(723,927)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	307,523	1,325,252
EFFECTS OF FOREIGN CURRENCY EXCHANGE	(252)	14
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>2,780,315</u>	<u>1,197,032</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>7 3,087,586</u>	<u>2,522,298</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at banks	23,890	46,862
Deposit with a licensed financial institution	3,063,696	2,475,436
	<u>7 3,087,586</u>	<u>2,522,298</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 PERIOD ENDED 31 DECEMBER 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 judgement 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 L.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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

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

Interest income earned 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 a weighted average cost basis.

SUMMARY OF MATERIAL ACCOUNTING POLICIES
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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.

Withholding taxes on investment income from foreign investments are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not “income tax” in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

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 FOREIGN CURRENCY TRANSLATIONS

Foreign currency transactions in the Fund are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing as at the date of the statement of financial position. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the statement of comprehensive income.

Translation differences on non-monetary financial assets such as foreign quoted investments classified as financial assets at fair value through profit or loss are included in the statement of comprehensive income as part of net gain/(loss) on financial assets at fair value through profit or loss.

SUMMARY OF MATERIAL ACCOUNTING POLICIES
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

E FOREIGN CURRENCY TRANSLATIONS (CONT'D)

The principal closing rates used in the translation of foreign currency amounts are as follows:

	2024	2023
	RM	RM
Foreign currency		
Hong Kong Dollar	0.5755	0.5876
Singapore Dollar	3.2835	3.4749

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 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 collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(i) Classification (cont'd)

The Fund classifies amount due to broker, 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 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.

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 financial year 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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(ii) Recognition and measurement (cont'd)

Foreign exchange gains and losses on the financial instrument are recognised in statement of comprehensive income when settled or at date of the statement of financial position at which time they are included in the measurement of the financial instrument.

In accordance to the Deed, quoted investments in Malaysia are valued at the last traded market price quoted on the Bursa Malaysia Securities Berhad ("Bursa Securities") at the date of the statement of financial position. Quoted investments outside Malaysia are valued at the last traded market price quoted on the respective foreign stock exchanges as at the date of the statement of financial position. In circumstances where the last traded market price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(iii) Impairment for assets carried at amortised cost

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

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

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.

Qualitative criteria:

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

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

Write-off

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

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at banks and deposit with a licensed financial institution 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.

H TRANSACTION COSTS

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

I AMOUNT DUE FROM/(TO) BROKERS

Amounts due from/(to) brokers represent receivables for quoted securities sold and payables for quoted securities 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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

I AMOUNT DUE FROM/(TO) BROKERS (CONT'D)

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, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the brokers, probability that the brokers 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 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.

J 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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

K 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.

L 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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

L CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONT'D)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

KAF Millennium Fund (hereinafter referred to as "the Fund"), was constituted pursuant to the execution of a Master Deed dated 14 April 1999 as amended by the First Supplemental Deed dated 13 June 2000, Second Supplemental Deed dated 7 August 2000, Third Supplemental Deed dated 18 December 2000, Fourth Supplemental Deed dated 30 August 2007, Supplemental Master Deed dated 27 April 2011, Second Supplemental Master Deed dated 2 June 2011, Third Supplemental Master Deed dated 4 March 2013, Fourth Supplemental Master Deed dated 5 October 2020, Fifth Supplemental Master Deed dated 6 November 2020 and Sixth Supplemental Master Deed dated 25 November 2020 (collectively referred to as "the Deeds") made between the previous Manager, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2022) and the Trustee, CIMB Commerce Trustee Berhad for the registered unit holders of the Fund.

With issuance of the Seventh Supplemental Master Deed dated 8 August 2022 and following the retirement of the previous Manager effective from 1 December 2022, KAF Investment Funds Berhad took over the management of the Fund.

The principal activity of the Fund is to invest in "Permitted Investments" as defined in the Deeds, which include stocks and shares of companies quoted on Bursa Malaysia Securities Berhad, foreign securities, fixed income securities and money market instruments as approved by the SC Malaysia. The Fund commenced operations on 6 May 1999 and will continue its operations until terminated as provided in the Deeds.

All 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES (CONT'D)

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 period 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	-	3,087,586	3,087,586
Financial assets at fair value through profit or loss	27,273,075	-	27,273,075
Amount due from broker	-	146,616	146,616
Amount due from Manager - creation of units	-	4,986	4,986
Dividend receivables	-	37,825	37,825
	<u>27,273,075</u>	<u>3,277,013</u>	<u>30,550,088</u>

2023

Cash and cash equivalents	-	2,522,298	2,522,298
Financial assets at fair value through profit or loss	25,255,194	-	25,255,194
Dividend receivables	-	10,694	10,694
	<u>25,255,194</u>	<u>2,532,992</u>	<u>27,788,186</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

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, foreign currency 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 Prospectus and the SC's Guidelines on Unit Trust Funds.

Market risk

(a) Price risk

The Fund is exposed to price risk because of the investments held by the Fund and 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 Deeds.

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

	2024 RM	2023 RM
Investments		
Quoted foreign equities at fair value through profit or loss	-	198,315
Quoted local equities at fair value through profit or loss	27,273,075	25,056,879
	<u>27,273,075</u>	<u>25,255,194</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Market risk (cont'd)

(a) Price risk (cont'd)

The following table summarises the sensitivity of the Fund's investments to price risk movements as at 31 December. The analysis is based on the assumptions that the market price increased and decreased by 5% (2023: 5%) with all other variables held constant and that fair value of the Fund's investments moves according to the historical volatility of the index. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

Change in price	Impact on profit
	before tax/NAV
%	RM

2024

Quoted local equities at fair value through profit or loss	+/- 5	<u>1,363,654</u>
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2023

Quoted foreign equities at fair value through profit or loss	+/- 5	<u>9,916</u>
Quoted local equities at fair value through profit or loss	+/- 5	<u>1,252,844</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Market risk (cont'd)

(b) Foreign currency risk

The foreign quoted investments of the Fund are denominated in Hong Kong Dollar and Singapore Dollar. Foreign currency risk is the risk that the value of each financial instruments will fluctuate due to changes in foreign exchange rates. As such, the foreign currency risks may have a significant impact on the returns of the Fund. The Manager will evaluate the likely directions of the foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels and technical chart considerations.

The following table sets out the foreign currency risk concentrations and counterparties of the Fund.

Financial assets

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

2024

Foreign currency

Hong Kong Dollar	-	1,151	1,151
Singapore Dollar	-	5,087	5,087
Total	-	6,238	6,238

2023

Foreign currency

Hong Kong Dollar	198,315	1,638	199,953
Singapore Dollar	-	4,392	4,392
Total	198,315	6,030	204,345

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Market risk (cont'd)

(b) Foreign currency risk (cont'd)

The table below summarises the sensitivity of the Fund's profit before tax and NAV to changes in foreign exchange movements as at 31 December. The analysis is based on the assumption that the foreign exchange rate changes by 5% (2023: 5%) to Hong Kong Dollar and Singapore Dollar with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	2024		2023	
	Increase/ (Decrease) in		Increase/ (Decrease) in	
	profit before tax/ NAV		profit before tax/ NAV	
	+5%	-5%	+5%	-5%
	RM	RM	RM	RM
Foreign currency				
Hong Kong Dollar	58	(58)	9,998	(9,998)
Singapore Dollar	254	(254)	220	(220)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Market risk (cont'd)

(c) 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 deposit with a licensed financial institution. Interest rate risk is actively managed by duration targeting based on the interest rate outlook. The Manager overcomes the exposure to interest rate risk of short-term deposit with a licensed financial institution by way of maintaining deposit with a licensed financial institution on a short-term basis.

The effective weighted average interest rates per annum and the average remaining maturities of deposit with a licensed financial institution as at the date of the statement of financial position is as follows:

	Weighted average interest rates		Average remaining maturities	
	2024 %	2023 %	2024 Day(s)	2023 Day(s)
Deposit with a licensed financial institution	3.20	2.90	2	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 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, deposit with a licensed financial institution 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.

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 31 December 2024

Amount due to broker	300,634	-	300,634
Amount due to Manager			
- Manager's fee	38,304	-	38,304
Amount due to Trustee	2,992	-	2,992
Other payables and accruals	-	17,534	17,534
Contractual undiscounted cash outflows	341,930	17,534	359,464

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Liquidity risk (cont'd)

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

As at 31 December 2023

Amount due to Manager			
- Manager's fee	34,951	-	34,951
- Cancellation of units	24,612	-	24,612
Amount due to Trustee	1,398	-	1,398
Other payables and accruals	-	21,230	21,230
Contractual undiscounted cash outflows	60,961	21,230	82,191

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 deposit with a licensed financial institution 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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	3,087,586	2,522,298
Other assets*	189,427	10,694
	<u>3,277,013</u>	<u>2,532,992</u>

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

	Cash and cash equivalents RM	Other assets* RM	Total RM
--	---------------------------------------	------------------------	-------------

As at 31

December 2024

Financial services

- AAA	23,890	-	23,890
- AA3	3,063,696	-	3,063,696

Others

- not rated	-	189,427	189,427
	<u>3,087,586</u>	<u>189,427</u>	<u>3,277,013</u>

As at 31

December 2023

Financial services

- AAA	2,522,298	-	2,522,298
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Others

- not rated	-	10,694	10,694
	<u>2,522,298</u>	<u>10,694</u>	<u>2,532,992</u>

* Other assets comprises amount due from broker, amount due from Manager - creation of units and dividend receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Capital risk

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

Fair value estimation

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

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

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

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

The carrying values of cash and cash equivalents, amount due from broker, amount due from Manager - creation of units, dividend receivables 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 PERIOD ENDED 31 DECEMBER 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 PERIOD ENDED 31 DECEMBER 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 31 December 2024

Financial assets at fair value through profit or loss

- Quoted local equities	27,273,075	-	-	27,273,075
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As at 31 December 2023

Financial assets at fair value through profit or loss

- Quoted foreign equities	198,315	-	-	198,315
- Quoted local equities	25,056,879	-	-	25,056,879
	<u>25,255,194</u>	-	-	<u>25,255,194</u>

Investments whose values are based on quoted market prices in active markets, are therefore classified within Level 1, which include active listed equities. The Fund does not adjust the quoted prices for these instruments.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

3. MANAGER'S FEE

Clause 12.1.2 of the Seventh Supplemental Master Deed dated 8 August 2022 provides that the Manager is entitled to an annual management fee at a rate not exceeding 2.00% 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 1.50% (2023: 1.50%) per annum.

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

4. TRUSTEE'S FEE

Clause 12.2.2 of the Seventh Supplemental Master Deed dated 8 August 2022 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 fees calculated for that particular day or subject to a minimum of RM12,000 per annum.

The Trustee's fee provided in the financial statements is computed on this basis at a rate of 0.06% (2023: 0.06%) per annum or at the minimum of RM12,000 per annum.

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

5. TAXATION

	2024 RM	2023 RM
Current taxation		
- Malaysia taxation	-	1,060

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

5. TAXATION (CONT'D)

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	735,173	3,706,346
Taxation at Malaysian statutory rate of 24% (2023: 24%)	176,442	889,523
Tax effects of:		
Investment income not subject to tax	(285,110)	(957,543)
Expenses not deductible for tax purposes	53,342	16,772
Restriction on tax deductible expenses for unit trust funds	55,326	51,248
Tax on repatriation of foreign income onshore	-	1,060
Tax expense	-	1,060

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RM	2023 RM
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	2,781,409	1,012,857
- unrealised (loss)/gain on fair value movement	(1,985,495)	2,554,858
	795,914	3,567,715
Financial assets at fair value through profit or loss:		
- Quoted foreign equities	-	198,315
- Quoted local equities	27,273,075	25,056,879
	27,273,075	25,255,194

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Details of quoted local equities as at 31 December 2024 are set out as follows:

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2024		percentage of NAV of Fund
			as at 31/12/2024	expressed as	
	Units	RM	RM		%
QUOTED LOCAL EQUITIES					
Construction					
Gamuda Berhad	180,000	393,834	853,200		2.83
Consumer Products & Services					
DXN Holdings Berhad	250,000	127,500	128,750		0.43
Energy					
Bumi Armada Berhad	3,000,000	1,557,931	1,965,000		6.51
Dayang Enterprise Holdings Berhad	133,000	292,440	277,970		0.92
Dialog Group Berhad	260,000	566,696	481,000		1.59
	<u>3,393,000</u>	<u>2,417,067</u>	<u>2,723,970</u>		<u>9.02</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Details of quoted local equities as at 31 December 2024 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2024		percentage of NAV of Fund
			as at 31/12/2024	expressed as	
	Units	RM	RM		%
QUOTED LOCAL EQUITIES					
Financial Services					
AEON Credit Service (M) Berhad	100,000	619,810	626,000		2.07
AMMB Holdings Berhad	120,000	585,456	657,600		2.18
Bank Islam Malaysia Berhad	220,000	598,249	543,400		1.80
CIMB Group Holdings Berhad	111,000	908,702	910,200		3.01
LPI Capital Berhad	60,000	755,473	753,600		2.50
Malayan Banking Berhad	90,000	913,995	921,600		3.05
MBSB Berhad	400,000	302,000	296,000		0.98
Public Bank Berhad	330,000	1,485,578	1,504,800		4.98
RHB Bank Berhad	230,000	1,431,651	1,490,400		4.94
	<u>1,661,000</u>	<u>7,600,914</u>	<u>7,703,600</u>		<u>25.51</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Details of quoted local equities as at 31 December 2024 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2024 expressed as	
			Fair value as at 31/12/2024	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED LOCAL EQUITIES				
Industrial Products & Services				
P.I.E. Industrial Berhad	15,000	83,227	91,350	0.30
Petronas Chemicals Group Berhad	60,000	296,802	310,200	1.03
Petronas Gas Berhad	33,000	589,499	583,440	1.93
Press Metal Aluminium Holdings Berhad	120,000	605,820	588,000	1.95
SKP Resources Berhad	520,000	675,901	618,800	2.05
	<u>748,000</u>	<u>2,251,249</u>	<u>2,191,790</u>	<u>7.26</u>
Plantation				
Johor Plantations Group Berhad	329,800	382,143	445,230	1.47
SD Guthrie Berhad	125,000	587,712	618,750	2.05
	<u>454,800</u>	<u>969,855</u>	<u>1,063,980</u>	<u>3.52</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Details of quoted local equities as at 31 December 2024 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2024 expressed as	
			Fair value as at 31/12/2024	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED LOCAL EQUITIES				
Property				
Eastern & Oriental Berhad	1,559,000	1,459,656	1,488,845	4.93
KSL Holdings Berhad	360,000	653,292	622,800	2.06
OSK Holdings Berhad	735,000	1,197,778	1,308,300	4.34
	<u>2,654,000</u>	<u>3,310,726</u>	<u>3,419,945</u>	<u>11.33</u>
Technology				
Malaysian Pacific Industries Berhad	23,000	601,595	595,700	1.97
Mi Technovation Berhad	560,000	1,090,904	1,265,600	4.19
SFP Tech Holdings Berhad	335,000	244,954	244,550	0.81
	<u>918,000</u>	<u>1,937,453</u>	<u>2,105,850</u>	<u>6.97</u>
Telecommunications & Media				
Axiata Group Berhad	250,000	594,195	622,500	2.06
Telekom Malaysia Berhad	110,000	722,513	731,500	2.42
	<u>360,000</u>	<u>1,316,708</u>	<u>1,354,000</u>	<u>4.48</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Details of quoted local equities as at 31 December 2024 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2024 expressed as percentage of NAV of Fund	
			as at 31/12/2024	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED LOCAL EQUITIES				
Transportation & Logistics				
Magnum Berhad	500,000	588,000	630,000	2.09
Malakoff Corporation Berhad	600,000	508,322	507,000	1.68
Malaysia Airports Holdings Berhad	100,000	917,510	1,058,000	3.50
Westports Holdings Berhad	140,000	602,154	652,400	2.16
	<u>1,340,000</u>	<u>2,615,986</u>	<u>2,847,400</u>	<u>9.43</u>
Utilities				
Gas Malaysia Berhad	360,000	1,365,954	1,544,400	5.11
Tenaga Nasional Berhad	86,000	1,232,277	1,284,840	4.26
	<u>446,000</u>	<u>2,598,231</u>	<u>2,829,240</u>	<u>9.37</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Details of quoted local equities as at 31 December 2024 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2024 expressed as percentage of NAV of Fund	
			as at 31/12/2024	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED LOCAL EQUITIES				
Warrants				
Frontken Corporation Berhad - WB				
03/05/2026	130,000	54,288	51,350	0.17
TOTAL QUOTED LOCAL EQUITIES	<u>12,534,800</u>	<u>25,593,811</u>	<u>27,273,075</u>	<u>90.32</u>
UNREALISED GAIN ON QUOTED LOCAL EQUITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>1,679,264</u>		
FAIR VALUE OF TOTAL QUOTED LOCAL EQUITIES				
			<u>27,273,075</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Details of quoted foreign equities as at 31 December 2023 are set out as follows:

Name of counter	Quantity	Aggregate cost	Fair value	
			as at 31/12/2023	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED FOREIGN EQUITIES				
HONG KONG				
Consumer Discretionary				
JD.com, Inc.	3,000	428,949	198,315	0.72
TOTAL QUOTED FOREIGN EQUITIES	3,000	428,949	198,315	0.72
UNREALISED LOSS ON QUOTED FOREIGN EQUITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		(230,634)		
FAIR VALUE OF TOTAL QUOTED FOREIGN EQUITIES				
		198,315		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Details of quoted local equities as at 31 December 2023 are set out as follows:

Name of counter	Quantity	Aggregate cost	Fair value	
			as at 31/12/2023	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED LOCAL EQUITIES				
Construction				
Gamuda Berhad	293,841	1,274,083	1,348,730	4.87
Sunway Construction Group Berhad	600,000	987,322	1,164,000	4.20
	893,841	2,261,405	2,512,730	9.07
Consumer Products & Services				
Genting Berhad	300,000	1,493,360	1,386,000	5.00
Genting Malaysia Berhad	300,000	858,105	807,000	2.91
Mr D.I.Y. Group (M) Berhad	850,000	1,479,931	1,232,500	4.45
	1,450,000	3,831,396	3,425,500	12.36

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Details of quoted local equities as at 31 December 2023 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2023 expressed as	
			as at 31/12/2023	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED LOCAL EQUITIES				
Energy				
Bumi Armada Berhad	4,700,000	2,440,758	2,326,500	8.40
Dayang Enterprise Holdings Berhad	750,000	1,181,050	1,200,000	4.33
Yinson Holdings Berhad	330,880	722,163	827,200	2.98
	<u>5,780,880</u>	<u>4,343,971</u>	<u>4,353,700</u>	<u>15.71</u>
Financial Services				
Alliance Bank Malaysia Berhad	160,000	560,000	542,400	1.96
Hong Leong Bank Berhad	48,900	944,355	924,210	3.33
Hong Leong Financial Group Berhad	35,000	580,983	575,400	2.08
Syarikat Takaful Malaysia Keluarga Berhad	275,000	1,007,743	1,017,500	3.67
	<u>518,900</u>	<u>3,093,081</u>	<u>3,059,510</u>	<u>11.04</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Details of quoted local equities as at 31 December 2023 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2023 expressed as	
			as at 31/12/2023	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED LOCAL EQUITIES				
Health Care				
KPJ Healthcare Berhad	700,000	942,130	1,008,000	3.64
Industrial Products & Services				
Nationgate Holdings Berhad	600,000	852,000	906,000	3.27
SKP Resources Berhad	740,000	1,228,875	584,600	2.11
	<u>1,340,000</u>	<u>2,080,875</u>	<u>1,490,600</u>	<u>5.38</u>
Technology				
Frontken Corporation Berhad	250,000	768,450	810,000	2.92
Greotech Technology Berhad	150,000	574,605	720,000	2.60
Inari Amertron Berhad	486,100	1,290,633	1,463,161	5.28
Mi Technovation Berhad	650,000	1,236,235	1,202,500	4.34
	<u>1,536,100</u>	<u>3,869,923</u>	<u>4,195,661</u>	<u>15.14</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Details of quoted local equities as at 31 December 2023 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value	
			as at 31/12/2023	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED LOCAL EQUITIES				
Telecommunications & Media				
TIME dotCom Berhad	174,800	774,245	943,920	3.41
Utilities				
Mega First Corporation Berhad	258,800	943,370	954,972	3.45
Tenaga Nasional Berhad	92,100	975,014	924,684	3.34
YTL Power International Berhad	850,000	929,686	2,159,000	7.79
	<u>1,200,900</u>	<u>2,848,070</u>	<u>4,038,656</u>	<u>14.58</u>
Warrants				
Yinson Holdings Berhad - WA 21/06/2025	65,005	-	28,602	0.10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

Details of quoted local equities as at 31 December 2023 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value	
			as at 31/12/2023	percentage of NAV of Fund
	Units	RM	RM	%
TOTAL QUOTED LOCAL EQUITIES				
	<u>13,660,426</u>	<u>24,045,096</u>	<u>25,056,879</u>	<u>90.43</u>
UNREALISED GAIN ON QUOTED LOCAL EQUITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
			<u>1,011,783</u>	
FAIR VALUE OF TOTAL QUOTED LOCAL EQUITIES				
			<u>25,056,879</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

7. CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Cash at banks	23,890	46,862
Deposit with a licensed financial institution*	3,063,696	2,475,436
	<u>3,087,586</u>	<u>2,522,298</u>

*A short-term deposit of RM3,063,696 (2023: Nil) 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 a licensed financial institution are shown in Note 2(c) to the financial statements.

8. AMOUNT DUE FROM/(TO) BROKER

The amount due from/(to) broker 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

9. OTHER PAYABLES AND ACCRUALS

	2024 RM	2023 RM
Audit and tax agent's fees	14,634	15,280
Sundry accruals	2,900	5,950
	<u>17,534</u>	<u>21,230</u>

10. NUMBER OF UNITS IN CIRCULATION

	2024 Number of units	2023 Number of units
At the beginning of the financial period	64,435,511	69,502,178
Creation of units arising from applications	680,000	1,430,000
Cancellation of units	(4,680,000)	(3,420,000)
At the end of the financial period	<u>60,435,511</u>	<u>67,512,178</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

11. TRANSACTIONS WITH BROKERS

Details of transactions with brokers for the financial period ended 31 December 2024 are as follows:

Name of brokers	Percentage		Percentage	
	Value of trades RM	of total trades %	Brokerage fees RM	of total brokerage %
2024				
CGS				
International Securities Malaysia Sdn Bhd	8,731,561	13.12	17,463	14.14
RHB				
Investment Bank Berhad	8,680,363	13.05	13,804	11.18
Public				
Investment Bank Berhad	8,591,329	12.91	19,331	15.66
Affin Hwang				
Investment Bank Berhad	8,018,880	12.05	11,619	9.41
Maybank				
Investment Bank Berhad	6,792,378	10.21	11,862	9.61
UBS Securities Malaysia Sdn Bhd	6,512,148	9.79	11,773	9.54
Hong Leong				
Investment Bank Berhad	5,540,073	8.33	10,249	8.30
MIDF Amanah				
Investment Bank Berhad	5,161,283	7.76	10,323	8.36
Phillip Capital Sdn Bhd	4,446,640	6.68	8,893	7.20
UOB Kay Hian Securities (M) Sdn Bhd	4,055,214	6.10	8,147	6.60
	<u>66,529,869</u>	<u>100.00</u>	<u>123,464</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

11. TRANSACTIONS WITH BROKERS (CONT'D)

Details of transactions with brokers for the financial period ended 31 December 2023 are as follows:

Name of brokers	Percentage		Percentage	
	Value of trades RM	of total trades %	Brokerage fees RM	of total brokerage %
2023				
KAF Equities Sdn Bhd* Public	7,342,197	44.30	16,550	46.35
Investment Bank Berhad	2,932,389	17.69	6,598	18.48
Hong Leong				
Investment Bank Berhad	1,682,290	10.15	3,112	8.71
Affin Hwang				
Investment Bank Berhad	1,658,609	10.01	3,317	9.29
CIMB				
Investment Bank Berhad	1,150,577	6.94	2,301	6.44
Maybank				
Investment Bank Berhad	956,960	5.77	1,914	5.36
RHB				
Investment Bank Berhad	852,000	5.14	1,917	5.37
	<u>16,575,022</u>	<u>100.00</u>	<u>35,709</u>	<u>100.00</u>

*A related company to the Manager.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

12. 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
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	9,555	4,774	3,191	1,310

The above units were transacted at the prevailing market price. All related party units are held legally.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

13. TOTAL EXPENSE RATIO ("TER")

	2024	2023
TER ("annualised")	1.62%	1.68%

TER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis was RM29,968,802 (2023: RM26,804,279).

14. PORTFOLIO TURNOVER RATIO ("PTR")

	2024	2023
PTR	1.06 times	0.29 times

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial period} + \text{total disposal for the financial period}) \div 2}{\text{Average NAV of the Fund}}$$

for the financial period calculated on a daily basis

Where: Total acquisition for the financial period = RM32,194,004 (2023: RM7,282,497)
Total disposal for the financial period = RM31,594,852 (2023: RM8,288,167)

15. SEMI-ANNUAL ACCOUNTS

The semi-annual accounts for the financial period ended 31 December 2024 is unaudited.

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

Ernst & Young Tax Consultants Sdn Bhd

Banker

CIMB Bank Berhad

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

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