



KAF FIRST FUND

SEMI-ANNUAL REPORT

30 JUNE 2025

MANAGER'S REPORT

We are pleased to present the Manager's semi-annual report for the financial period ended 30 June 2025 ("the period").

1. Launch Date

The KAF First Fund ("KFF/the Fund") commenced operations on 16 January 1996 and will continue its operations until terminated according to the Deed dated 22 December 1995, Second Supplemental Deed dated 8 January 1999, Third Supplemental Deed dated 27 July 2001, Fourth Supplemental Deed dated 9 January 2014, Fifth Supplemental Deed dated 12 March 2015 and Sixth Supplemental Deed dated 20 March 2023.

2. Type of Fund

Income & Growth Fund.

3. Category of Fund

Balanced Fund.

4. Fund's Objective, Benchmark and Distribution Policy

KFF seeks to provide medium-to-long term investors with a reasonable level of income and capital growth by investing in both equities and fixed-income securities.

Diversification of investments across equities, fixed-income securities and money market instruments is a strategy used to reduce investment risks. The equity portion is expected to contribute both capital and income returns. Investors will benefit from the stability arising from investments in fixed-income securities, which are expected to offer a steady flow of income and lower volatility.

KFF's asset allocation is subject to a maximum 60% exposure in equities and a minimum 40% in fixed-income securities and other liquid assets.

The benchmark used to measure KFF's performance is a weighted index derived by taking 60% from the returns of the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM-KLCI") and 40% of Maybank's monthly average 12-month fixed deposit rate. The weighted benchmark index is designed to replicate KFF's investment policy of

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investing up to a maximum 60% of the Net Asset Value (“NAV”) in equities.

Income distribution (if any) is incidental.

5. Review of Fund Operations and Performance

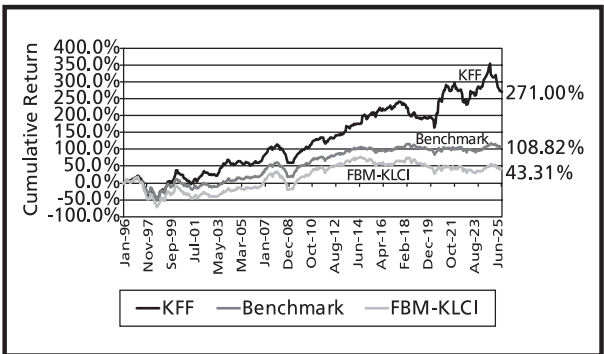
For the financial period under review, the Fund based on its NAV, recorded a return of -11.74%, underperforming the benchmark which recorded a return of -3.46% due to its exposure to the technology and energy sector which underperformed the broad based index during the period under review.

The Fund maintained a high equity exposure for most of the period with stock selection made up of a combination mid to large cap stocks. KFF’s objective remains in place, which is to grow the value of investments and providing medium to long-term capital growth.

Since its inception, based on its NAV, KFF recorded a return of 271.00% compared to its benchmark, composite FTSE Bursa Malaysia KLCI Index and the Maybank 1-month GIA rate (Balanced FBMS Index), which rose by 108.82%.

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
(16 January 1996 to 30 June 2025)**



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

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Fund Performance as ranked by Lipper Asia Limited

Period	KFF		Mean of Industry: Non-Islamic Mixed Asset Balanced
	% Change	Rank	% Change
3 months 27/03/2025 - 27/06/2025	(3.10)	24/24	0.21
6 months 27/12/2024 - 27/06/2025	(11.92)	24/24	(4.31)
1 years 27/06/2024 - 27/06/2025	(15.04)	24/24	(2.52)
3 years 27/06/2022 - 27/06/2025	8.27	22/23	19.39
5 years 26/06/2020 - 27/06/2025	21.82	17/23	26.91

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

Past performance is not necessary indication of future performance.

During the period under review, the Fund realised net loss amounted to RM0.27 million. These arise from realised loss from the disposal of shares and income earned from dividends and interest.

As at end of the financial period, the Fund stood at net unrealised gain position of RM0.43 million. The Fund’s NAV decreased to RM19.70 million as at 30 June 2025 from RM22.67 million as at 31 December 2024.

Returns	RM'000
Realised loss	
Equities securities	(451)
Management fee rebate on collective Investment scheme	12
Dividend earned	112
Interest income	56
Unrealised gain	
Equities securities	54
Collective investment schemes	372

The NAV per unit of the Fund decreased to RM0.3886 as at 30 June 2025 from RM0.4403 as at 31 December 2024 due to the decreased at the value of the investments within the portfolio.

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There is no distribution declared in the semi-annual period ended 30 June 2025.

6. Asset Allocation and Investment Strategies Employed

Our equity exposure decreased during the review period; whereby we intend to maintain our equity exposure close to the 60% level. Equity selections were focused mainly on large caps and a mixture of mid to small-cap stocks, whilst bond holdings were primarily held in high-grade papers with short to mid-duration positioning.

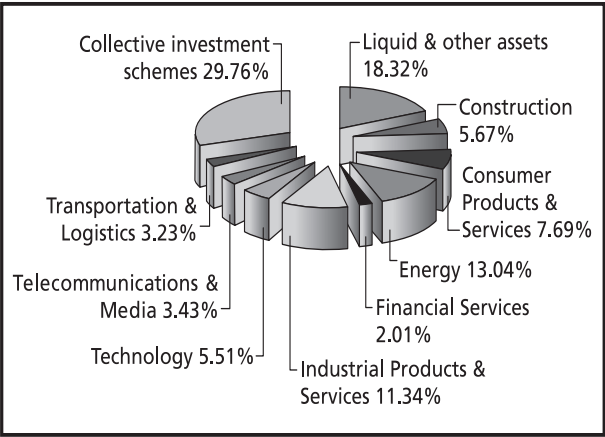
Other than the investment strategy stated in the Replacement Master Prospectus dated 30 September 2023, the designated Fund Manager has not employed any other investments strategy.

There were no significant changes in the Fund’s state of affairs during the period. Also, there were no circumstances which could materially affect any of the unit holders.

Asset Allocation

Asset Class	Percentage of NAV as at		Changes in Exposure over Period (%)
	31/12/2024 (%)	30/06/2025 (%)	
Equity & derivative securities	57.29	51.92	(5.37)
Collective investment schemes	25.15	29.76	4.61
Liquid & other assets	17.56	18.32	0.76

Portfolio of Investments and Other Assets as at 30 June 2025



7. Market Review

During the review period, MSCI World, MSCI Asia Pacific and MSCI ASEAN increased by 8.59%, 11.97% and 3.37%. MSCI World Small Cap and MSCI Asia Pacific Small Cap increased by 6.40% and 11.51% though the MSCI ASEAN Small Cap declined by 6.30% during the period review. S&P 500, Dow Jones Industrial Index and NASDAQ increased by 5.50%, 3.64% and 5.48% during the review period. Malaysian equities struggled to maintain the strong performance last year as the FBM-KLCI, FBM Emas and FBM Small Caps declined by 6.66%, 9.04% and 14.82% in the same period.

Global bond markets were quiet in June 2025, with US Treasury yields drifting lower as investors navigated uncertainty surrounding US trade negotiations. While the US Federal Reserve (“the Fed”) maintained its “wait and see” approach, holding rates at 4.50%, market participants still anticipate at least two rate cuts this year.

In Malaysia, local government bonds traded range-bound as investors awaited a potential rate cut by Bank Negara Malaysia in July. Softer inflation data helped drive strong demand for government auctions, with all three auctions for the month seeing robust bid-to-cover ratios. However, economic uncertainty remains elevated, with focus shifting to the looming US tariff deadline and its potential impact on the local market.

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The Malaysian Government Securities ("MGS") benchmark 3-year, 5-year and 10-year yields closed at 3.15%, 3.19% and 3.52% from 3.47%, 3.62% and 3.82%, respectively, in the previous period. US Treasury benchmark 2-year, 5-year yields and 10-year yields declined to 3.72%, 3.80% and 4.23% from 4.42%, 4.38% and 4.57% during the review period. The Malaysian Ringgit appreciated against the US Dollar during this period closing at RM 4.21 from RM 4.47 previously.

Malaysia's Gross Domestic Product ("GDP") growth moderated to 4.4% Year-on-Year ("YoY") in the first quarter of 2025, compared to the 4.9% yoy expansion in the fourth quarter of 2024. In the first quarter, growth was anchored by firm domestic demand, driven by resilient private consumption and steady investment activity. Private consumption was supported by favourable labour market conditions and policy interventions, while investments gained from ongoing project implementation. Supply-side expansion was led by the services and manufacturing sectors, but overall performance was weighed down by a contraction in the mining sector.

8. Market Outlook and Strategy

We anticipate that 2025 will be a volatile year for risk assets, primarily driven by significant policy shifts under the new U.S. administration. The rapid pace of regulatory and fiscal changes already underway underscores this uncertainty. However, while the administration has outlined an ambitious policy agenda, the execution of these measures remains a key challenge. For example, President Donald Trump suspended tariffs on low-value packages from China after their implementation led to severe disruptions at U.S. customs, causing backlogs at airports. This underscores the complexities of passing sweeping policy changes, and we believe it would be premature to assume that all policies proposed will take effect as planned this year.

Our investment strategy has always focused on identifying high-quality companies trading at attractive valuations. We believe companies that have benefited from trade diversion stemming from U.S.-China trade tensions should continue to perform well in the current environment. Moreover, during periods of heightened volatility, markets often exhibit elevated levels of irrationality, where stock prices are driven more by sentiment than by underlying fundamentals. In such conditions, the role of active management becomes

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increasingly critical in capitalizing on market dislocations. We are already beginning to see compelling opportunities emerge from the recent market sell-off, reinforcing our view that the potential upside for long-term investors remains promising.

9. Changes made to the Fund's prospectus

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

10. Soft Commission

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

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

KEY PERFORMANCE DATA

Portfolio Composition	As At 30 June		
	2025	2024	2023
	(Percentage of NAV)		
	%	%	%
Quoted Equities			
Construction	5.67	4.00	1.68
Consumer Products & Services	7.69	12.49	7.91
Energy	13.04	16.88	7.08
Financial Services	2.01	2.04	2.42
Health care	-	-	0.73
Industrial Products & Services	11.34	11.57	8.61
Technology	5.51	12.03	19.74
Telecommunications & Media	3.43	4.36	1.89
Transportation & Logistics	3.23	1.51	1.89
Utilities	-	-	5.18
Total Quoted Equities	51.92	64.88	57.13
Collective Investment Scheme	29.76	18.21	20.09
Liquid and other assets	18.32	16.91	22.78
Total	100.00	100.00	100.00
Total return for the year	(RM'000)	(RM'000)	(RM'000)
Capital growth	(2,192)	1,365	786
Income Distribution	(468)	1,704	(162)

Performance	Income Return	Capital Return	Annual Total Return	
	%	%	KFF %	Benchmark %
Financial year ended				
31.12.2024	2.28	6.35	8.78	8.79
31.12.2023	2.40	7.64	10.23	(0.47)
31.12.2022	2.59	(10.70)	(8.39)	(1.75)
31.12.2021	3.07	(0.65)	2.41	(1.36)
31.12.2020	5.31	20.32	26.70	2.79

KEY PERFORMANCE DATA

	Average Annual Return	
	KFF %	Benchmark %
One (1) year	(15.57)	(0.99)
Three (3) years	2.99	2.46
Five (5) years	4.26	1.38

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

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

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

An illustration of the above would be as follow:-

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

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

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

KEY PERFORMANCE DATA

NAV and Units in Circulation	As At 30 June		
	2025	2024	2023
Total NAV (RM'000)	19,697	24,998	21,989
Units in circulation (in '000)	50,691	53,100	55,604
NAV per unit (RM)	0.3886	0.4708	0.3954
Unit Prices for the year (RM per unit)			
NAV (year high)	0.4430	0.4724	0.4140
NAV (year low)	0.3638	0.4138	0.3866
NAV (year high, ex-distribution)	Nil	Nil	Nil
NAV (year low, ex-distribution)	Nil	Nil	Nil
NAV	0.3886	0.4708	0.3954
Distribution	Nil	Nil	Nil
Unit Split (unit)	Nil	Nil	Nil
Total Expense Ratio ("TER")	1.72%	1.74%	1.75%
Portfolio Turnover Ratio ("PTR")	0.16 times	0.19 times	0.18 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 decrease in Fund's expenses during the period under review (refer to Note 12).

The PTR was lower than the previous period due to decrease in portfolio rebalancing activities undertaken by the Fund (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 FIRST FUND

We, **Universal Trustee (Malaysia) Berhad** ("the Trustee") being the Trustee of **KAF First Fund** ("the Fund"), are of the opinion that **KAF Investment Funds Berhad** ("the Manager"), acting in the capacity of Manager of the Fund, has fulfilled their duties in the following manner for the financial period ended 30 June 2025.

- The Fund is being managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deed, Supplemental Deed, other provisions of the Deed, the SC's Guidelines on the Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- Valuation/pricing is carried out in accordance with the Deed and any regulatory requirements; and
- Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements.

For and on behalf of the Trustee,
UNIVERSAL TRUSTEE (MALAYSIA) BERHAD

AHMAD MAHADI LOURDSAMY BIN ABDULLAH
Manager

Kuala Lumpur, Malaysia
28 August 2025

STATEMENT BY THE MANAGER

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

TO THE UNIT HOLDERS OF
KAF FIRST 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 unaudited financial statements set out on pages 13 to 59 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 period 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 **Mohammed Reza Tan Sri Abu Talib**
Director Executive Director

Kuala Lumpur, Malaysia
28 August 2025

	Note	2025 RM	2024 RM
INCOME			
Dividend income		111,942	141,115
Interest income from financial assets at amortised cost		55,931	75,317
Net (loss)/gain on financial assets at fair value through profit or loss	6	(2,631,750)	3,100,434
		<u>(2,463,877)</u>	<u>3,316,866</u>
EXPENSES			
Manager's fee	3	(153,107)	(179,358)
Trustee's fee	4	(6,089)	(6,973)
Transaction costs		(20,914)	(39,024)
Audit fee		(4,464)	(4,476)
Tax agent's fee		(3,075)	(3,083)
Other expenses		(8,474)	(14,578)
		<u>(196,123)</u>	<u>(247,492)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		<u>(2,660,000)</u>	<u>3,069,374</u>
TAXATION	5	-	-
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD		<u>(2,660,000)</u>	<u>3,069,374</u>
Net (loss)/profit after taxation is made up of the following:			
Realised amount		(467,687)	1,704,054
Unrealised amount		(2,192,313)	1,365,320
		<u>(2,660,000)</u>	<u>3,069,374</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 30 JUNE 2025

	Note	2025 RM	2024 RM
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	3,639,501	4,344,210
Financial assets at fair value through profit or loss	6	16,089,254	20,769,014
Dividend receivables		22,428	15,038
TOTAL ASSETS		19,751,183	25,128,262
LIABILITIES			
CURRENT LIABILITIES			
Amount due to Manager			
- Cancellation of units		15,504	79,373
- Manager's fee		22,498	29,026
Amount due to Trustee		977	1,181
Other payables and accruals	8	15,534	20,739
TOTAL LIABILITIES		54,513	130,319
NET ASSET VALUE ("NAV") OF THE FUND		19,696,670	24,997,943
EQUITY			
Unit holders' capital		18,710,351	19,767,234
Retained earnings		986,319	5,230,709
TOTAL NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		19,696,670	24,997,943
NUMBER OF UNITS IN CIRCULATION	9	50,691,141	53,099,814
NAV PER UNIT		0.3886	0.4708

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 30 JUNE 2025

	Unit holders' capital RM	Retained earnings RM	Total RM
BALANCE AS AT 1 JANUARY 2025	19,021,097	3,646,319	22,667,416
Movement in unit holders' capital:			
Creation of units arising from applications	241,808	-	241,808
Cancellation of units	(552,554)	-	(552,554)
	(310,746)	-	(310,746)
Total comprehensive loss for the financial period	-	(2,660,000)	(2,660,000)
BALANCE AS AT 30 JUNE 2025	18,710,351	986,319	19,696,670
BALANCE AS AT 1 JANUARY 2024	20,806,336	2,161,335	22,967,671
Movement in unit holders' capital:			
Creation of units arising from applications	207,603	-	207,603
Cancellation of units	(1,246,705)	-	(1,246,705)
	(1,039,102)	-	(1,039,102)
Total comprehensive income for the financial period	-	3,069,374	3,069,374
BALANCE AS AT 30 JUNE 2024	19,767,234	5,230,709	24,997,943

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 30 JUNE 2025

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

	Note	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		3,092,182	5,582,342
Purchase of investments		(3,159,402)	(5,414,364)
Dividends received		89,514	143,603
Interest received		55,931	75,317
Manager's fee paid		(145,953)	(169,203)
Trustee's fee paid		(6,236)	(6,939)
Payment of other fees and expenses		(24,683)	(24,943)
Net cash (used in)/ generated from operating activities		(98,647)	185,813
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		241,808	207,603
Payments for cancellation of units		(537,050)	(1,217,048)
Net cash used in financing activities		(295,242)	(1,009,445)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(393,889)	(823,632)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		4,033,390	5,167,842
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	7	3,639,501	4,344,210
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash at bank		17,026	44,419
Deposits with licensed financial institutions		3,622,475	4,299,791
	7	3,639,501	4,344,210

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.

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 30 JUNE 2025

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'.
- Amendments 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 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

- 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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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 and unquoted fixed-income security 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).

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

B INCOME RECOGNITION (CONT'D)

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 (for equity securities) or cost adjusted for accretion of discount or amortisation of premium (for fixed-income securities).

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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(i) Classification (cont'd)

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.

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 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.

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(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.

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 or share (excluding any sales charge included in such selling price).

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(ii) Recognition and measurement (cont'd)

In accordance to the Deeds, 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. 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.

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

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on 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.

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.

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.

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

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

Qualitative criteria:

The debtor meets unlikelyness 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.

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 pay the amount. The Fund may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

F CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank and deposit 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 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.

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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

KAF First Fund (hereinafter referred to as "the Fund") was constituted pursuant to a Deed dated 22 December 1995, between KAF Investment Funds Berhad ("the Manager") and Universal Trustee (Malaysia) Berhad ("the Trustee") as well as subsequent issuance of the 1st Supplementary Deed dated 8 July 1996, 2nd Supplementary Deed dated 8 January 1999, 3rd Supplementary Deed dated 27 July 2001, 4th Supplementary Deed dated 9 January 2014, 5th Supplementary Deed dated 12 March 2015 and 6th Supplementary 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 Article 7 of the Deed, which includes securities and shares of companies quoted on Bursa Securities, fixed-income securities and short-term investments. The Fund commenced operations on 16 January 1996 and will continue its operations until terminated according to the conditions in the Deed.

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

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

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

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

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
2025			
Cash and cash equivalents	-	3,639,501	3,639,501
Financial assets at fair value through profit or loss	16,089,254	-	16,089,254
Dividend receivables	-	22,428	22,428
	<u>16,089,254</u>	<u>3,661,929</u>	<u>19,751,183</u>

2024

Cash and cash equivalents	-	4,344,210	4,344,210
Financial assets at fair value through profit or loss	20,769,014	-	20,769,014
Dividend receivables	-	15,038	15,038
	<u>20,769,014</u>	<u>4,359,248</u>	<u>25,128,262</u>

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

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

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

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

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

Market risk

(a) Price risk

The Fund is exposed to price risk because of the investments held by the Fund 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 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		
Quoted equities at fair value through profit or loss	10,226,652	16,216,924
Collective investment schemes at fair value through profit or loss	5,862,602	4,552,090
	<u>16,089,254</u>	<u>20,769,014</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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 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 represent management's best estimate of a reasonable possible shift in the quoted equities, having regard to the historical volatility of the prices. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

Change in price	Impact on (loss)/profit before taxation/NAV
%	RM

2025

Quoted equities at fair value through profit or loss	+/- 5	<u>511,333</u>
Collective investment schemes at fair value through profit or loss	+/- 5	<u>293,130</u>

2024

Quoted equities at fair value through profit or loss	+/- 5	<u>810,846</u>
Collective investment schemes at fair value through profit or loss	+/- 5	<u>227,605</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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

Market risk (cont'd)

(b) Interest rate risk

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

The Fund's exposure to the interest rate risk is mainly confined to unquoted fixed-income security and short-term deposits with a 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 of short-term deposit with licensed financial institutions by way of maintaining deposits with a licensed financial institutions on a short-term basis.

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

	Weighted average interest rate		Average remaining maturities	
	2025 %	2024 %	2025 Days	2024 Days
Deposits with licensed financial institutions	3.05	3.32	1	10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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 cashflows.

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

As at 30 June 2025

Amount due to Manager			
- Cancellation of units	15,504	-	15,504
- Manager's fees	22,498	-	22,498
Amount due to Trustee	977	-	977
Other payables and accruals	-	15,534	15,534
Contractual undiscounted cash outflows	38,979	15,534	54,513

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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 30 June 2024

Amount due to Manager			
- Cancellation of units	79,373	-	79,373
- Manager's fees	29,026	-	29,026
Amount due to Trustee	1,181	-	1,181
Other payables and accruals	-	20,739	20,739
Contractual undiscounted cash outflows	109,580	20,739	130,319

Credit risk

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

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

Credit risk arising from placements in deposits with 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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:

	2025 RM	2024 RM
Cash and cash equivalents	3,639,501	4,344,210
Other assets*	22,428	15,038
	<u>3,661,929</u>	<u>4,359,248</u>

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

Cash and cash equivalents	Other assets*	Total
RM	RM	RM

As at 30 June 2025

Financial services

- AAA	1,560,022	-	1,560,022
- AA3	2,062,453	-	2,062,453
- A1	17,026	-	17,026

Others

- not rated	-	22,428	22,428
	<u>3,639,501</u>	<u>22,428</u>	<u>3,661,929</u>

As at 30 June 2024

Financial services

- AAA	2,002,986	-	2,002,986
- AA3	2,296,805	-	2,296,805
- A1	44,419	-	44,419

Others

- not rated	-	15,038	15,038
	<u>4,344,210</u>	<u>15,038</u>	<u>4,359,248</u>

*Other assets comprise dividend receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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 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, 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 30 JUNE 2025

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

Fair value hierarchy

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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

Fair value hierarchy (cont'd)

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM

As at 30 June 2025

Financial assets at fair value through profit or loss

- Quoted equities	10,226,652	-	-	10,226,652
- Collective investment schemes	5,862,602	-	-	5,862,602
	<u>16,089,254</u>	<u>-</u>	<u>-</u>	<u>16,089,254</u>

As at 30 June 2024

Financial assets at fair value through profit or loss

- Quoted equities	16,216,924	-	-	16,216,924
- Collective investment schemes	4,552,090	-	-	4,552,090
	<u>20,769,014</u>	<u>-</u>	<u>-</u>	<u>20,769,014</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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

Fair value hierarchy (cont'd)

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

3. MANAGER'S FEE

Clause 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 1.50% (2024: 1.50%) per annum.

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

4. TRUSTEE'S FEE

Clause 14.2.2 of the Deed provides that the Trustee is entitled to a fee not exceeding the following sums:

Size of Fund	Fee
First RM20 million	RM12,000
Next RM20 million	RM10,000
Next RM20 million	RM 8,000
Next RM20 million	RM 6,000
Next RM20 million	RM 4,000
Any amount above RM100 million	RM15,000

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

5. TAXATION

	2025 RM	2024 RM
Current taxation		
- Malaysia taxation	-	-

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

	2025 RM	2024 RM
Net (loss)/profit before taxation	(2,660,000)	3,069,374
Taxation at Malaysian statutory rate of 24% (2024: 24%)	(638,400)	736,650
Tax effects of:		
Investment loss not deductible for tax purposes/(Investment income not subject to tax)	591,330	(796,048)
Expenses not deductible for tax purposes	7,448	11,954
Restriction on tax deductible expenses for unit trust funds	39,622	47,444
Tax expense	-	-

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

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RM	2024 RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- realised (loss)/gain on sale of investments	(451,431)	1,726,169
- unrealised (loss)/gain on fair value movement	(2,192,313)	1,365,320
- management fee rebate on collective investment schemes#	11,994	8,945
	(2,631,750)	3,100,434
Financial assets at fair value through profit or loss:		
- Quoted equities	10,226,652	16,216,924
- Collective investment schemes	5,862,602	4,552,090
	16,089,254	20,769,014

In arriving at the fair value of the collective investment scheme managed by the Manager, the management fee initially paid to the Manager of collective investment scheme has 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 Guidelines on Unit Trust Funds, management fee charged on the Fund's investment in the collective investment scheme has been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment scheme is reflected as an increase in the NAV of the collective investment scheme.

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

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

Details of quoted equities as at 30 June 2025 are set out as follows:

Name of counter	Quantity	Aggregate cost	Fair value as at 30/06/2025 expressed as percentage of NAV of Fund	
			as at 30/06/2025	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED EQUITIES				
Construction				
Gamuda Berhad	111,443	483,646	533,812	2.71
Lim Seong Hai Capital Berhad	250,000	206,250	201,250	1.02
Muhibbah Engineering (M) Berhad	625,000	376,338	381,250	1.94
	986,443	1,066,234	1,116,312	5.67
Consumer Products & Services				
Able Global Berhad	199,600	414,725	315,368	1.60
Farm Price Holdings Berhad	1,000,000	405,000	430,000	2.18
Oriental Kopi Holdings Berhad	900,000	752,660	769,500	3.91
	2,099,600	1,572,385	1,514,868	7.69

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

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

Details of quoted equities as at 30 June 2025 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 30/06/2025 expressed as	
			as at 30/06/2025	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED EQUITIES				
Energy				
Bumi Armada Berhad	1,564,500	419,959	704,025	3.57
Carimin Petroleum Berhad	550,000	463,172	357,500	1.81
Coastal Contracts Berhad	100,000	164,670	135,000	0.69
Dayang Enterprise Holdings Berhad	280,000	454,860	515,200	2.62
Keyfield International Berhad	197,000	423,067	334,900	1.70
Perdana Petroleum Berhad	2,200,000	445,940	374,000	1.90
Uzma Berhad	400,000	183,000	148,000	0.75
	<u>5,291,500</u>	<u>2,554,667</u>	<u>2,568,625</u>	<u>13.04</u>

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

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

Details of quoted equities as at 30 June 2025 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 30/06/2025 expressed as	
			as at 30/06/2025	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED EQUITIES				
Financial Services				
Tune Protect Group Berhad	1,416,900	496,150	396,732	2.01
Industrial Products & Services				
Coraza Integrated Technology Berhad	800,000	407,840	372,000	1.89
EG Industries Berhad	1,000,000	429,650	1,120,000	5.69
HSS Engineers Berhad	543,500	700,888	304,360	1.54
Northeast Group Berhad	260,900	137,546	139,582	0.71
Pantech Group Holdings Berhad	453,700	279,570	297,174	1.51
	<u>3,058,100</u>	<u>1,955,494</u>	<u>2,233,115</u>	<u>11.34</u>

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

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

Details of quoted equities as at 30 June 2025 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 30/06/2025 expressed as	
			as at 30/06/2025	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Technology

Frontken Corporation Berhad	150,000	394,512	594,000	3.02
Genetec Technology Berhad	350,000	458,395	323,750	1.64
Infoline Tec Group Berhad	300,000	240,000	168,000	0.85
	<u>800,000</u>	<u>1,092,907</u>	<u>1,085,750</u>	<u>5.51</u>

Telecommunications & Media

OCK Group Berhad	900,000	513,000	364,500	1.85
REDtone Digital Berhad	550,000	502,315	310,750	1.58
	<u>1,450,000</u>	<u>1,015,315</u>	<u>675,250</u>	<u>3.43</u>

Transportation & Logistics

AGX Group Berhad	1,200,000	420,000	636,000	3.23
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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

Details of quoted equities as at 30 June 2025 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 30/06/2025 expressed as	
			as at 30/06/2025	percentage of NAV of Fund
	Units	RM	RM	%

TOTAL QUOTED EQUITIES

	<u>16,302,543</u>	<u>10,173,152</u>	<u>10,226,652</u>	<u>51.92</u>
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UNREALISED GAIN ON QUOTED EQUITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>53,500</u>
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FAIR VALUE OF TOTAL QUOTED EQUITIES

	<u>10,226,652</u>
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD 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 2025 are set out as follows:

Name of counter	Quantity	Aggregate cost	Fair value as at 30/06/2025 expressed as	percentage of NAV of Fund
	Units	RM	RM	%
COLLECTIVE INVESTMENT SCHEMES				
Unit Trust				
KAF Bond Fund*	13,452	3,190,583	3,493,243	17.73
KAF Sukuk Fund*	14,001	2,300,000	2,369,359	12.03
TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>27,453</u>	<u>5,490,583</u>	<u>5,862,602</u>	<u>29.76</u>
UNREALISED GAIN ON COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>372,019</u>		
FAIR VALUE OF TOTAL COLLECTIVE INVESTMENT SCHEMES		<u>5,862,602</u>		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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

Details of quoted equities as at 30 June 2024 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 30/06/2024 expressed as	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED EQUITIES				
Construction				
Kimlun Corporation Berhad	300,000	397,650	399,000	1.60
Muhibbah Engineering (M) Berhad	625,000	376,338	600,000	2.40
	<u>925,000</u>	<u>773,988</u>	<u>999,000</u>	<u>4.00</u>
Consumer Products & Services				
Able Global Berhad	199,600	414,724	415,168	1.66
Farm Price Holdings Berhad	1,000,000	405,000	650,000	2.60
Genting Berhad	200,000	842,920	942,000	3.77
Genting Malaysia Berhad	200,000	446,140	510,000	2.04
MSM Malaysia Holdings Berhad	260,000	454,250	605,800	2.42
	<u>1,859,600</u>	<u>2,563,034</u>	<u>3,122,968</u>	<u>12.49</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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

Details of quoted equities as at 30 June 2024 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 30/06/2024 expressed as	
			as at 30/06/2024	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Energy

Bumi Armada Berhad	1,564,500	419,959	876,120	3.50
Carimin Petroleum Berhad	550,000	463,172	508,750	2.04
Coastal Contracts Berhad	100,000	164,670	172,000	0.69
Dayang Enterprise Holdings Berhad	280,000	454,860	736,400	2.95
Perdana Petroleum Berhad	2,200,000	445,940	869,000	3.48
T7 Global Berhad	500,000	241,000	247,500	0.99
Uzma Berhad	300,000	183,000	342,000	1.37
Yinson Holdings Berhad	200,000	472,000	466,000	1.86
	<u>5,694,500</u>	<u>2,844,601</u>	<u>4,217,770</u>	<u>16.88</u>

Financial Services

Tune Protect Group Berhad	1,416,900	496,150	510,084	2.04
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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

Details of quoted equities as at 30 June 2024 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 30/06/2024 expressed as	
			as at 30/06/2024	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Industrial Products & Services

CPE Technology Berhad	460,100	492,307	579,726	2.32
EG Industries Berhad	500,000	429,650	1,025,000	4.10
Hume Cement Industries Berhad	200,000	627,920	670,000	2.68
NationGate Holdings Berhad	75,000	100,500	137,250	0.55
Pantech Group Holdings Berhad	453,700	279,570	480,922	1.92
	<u>1,688,800</u>	<u>1,929,947</u>	<u>2,892,898</u>	<u>11.57</u>

Technology

D & O Green Technologies Berhad	100,000	410,116	366,000	1.46
Frontken Corporation Berhad	200,000	526,016	892,000	3.57
Inari Amertron Berhad	160,000	430,400	592,000	2.37

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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

Details of quoted equities as at 30 June 2024 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 30/06/2024 expressed as	
			as at 30/06/2024	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Technology

Infoline Tec Group Berhad	500,000	400,000	492,500	1.97
Infomina Berhad	315,600	309,035	457,620	1.83
Unisem (M) Berhad	49,900	147,838	207,584	0.83
	<u>1,325,500</u>	<u>2,223,405</u>	<u>3,007,704</u>	<u>12.03</u>

Telecommunications & Media

OCK Group Bhd	900,000	513,000	522,000	2.09
REDtone Digital Berhad	550,000	502,315	566,500	2.27
	<u>1,450,000</u>	<u>1,015,315</u>	<u>1,088,500</u>	<u>4.36</u>

Transportation & Logistics

AGX Group Berhad	1,200,000	420,000	378,000	1.51
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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

Details of quoted equities as at 30 June 2024 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 30/06/2024 expressed as	
			as at 30/06/2024	percentage of NAV of Fund
	Units	RM	RM	%

TOTAL QUOTED EQUITIES

	<u>15,560,300</u>	<u>12,266,440</u>	<u>16,216,924</u>	<u>64.88</u>
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UNREALISED GAIN ON QUOTED EQUITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>3,950,484</u>
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FAIR VALUE OF TOTAL QUOTED EQUITIES

	<u>16,216,924</u>
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 30/06/2024 expressed as	
			as at 30/06/2024	percentage of NAV of Fund
	Units	RM	RM	%
COLLECTIVE INVESTMENT SCHEME				
Unit Trust				
KAF Bond Fund*	18,452	4,376,468	4,552,090	18.21
TOTAL COLLECTIVE INVESTMENT SCHEME	18,452	4,376,468	4,552,090	18.21
UNREALISED GAIN ON COLLECTIVE INVESTMENT SCHEME AT FAIR VALUE THROUGH PROFIT OR LOSS				
		175,622		
FAIR VALUE OF TOTAL COLLECTIVE INVESTMENT SCHEME		4,552,090		

*Fund managed by the Manager of the Fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

7. CASH AND CASH EQUIVALENTS

	2025 RM	2024 RM
Cash at bank	17,026	44,419
Deposits with licensed financial institutions*	3,622,475	4,299,791
	3,639,501	4,344,210

* A total of RM2,062,453 (2024: RM2,296,805) 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 a licensed financial institutions are shown in Note 2(b) to the financial statements.

8. OTHER PAYABLES AND ACCRUALS

	2025 RM	2024 RM
Audit and tax agent's fees	8,534	15,139
Sundry accruals	7,000	5,600
	15,534	20,739

9. NUMBER OF UNITS IN CIRCULATION

	2025 Number of units	2024 Number of units
At the beginning of the financial period	51,480,141	55,479,814
Creation of units arising from applications	601,000	460,000
Cancellation of units	(1,390,000)	(2,840,000)
At the end of the financial period	50,691,141	53,099,814

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

10. TRANSACTIONS WITH BROKERS

Details of transactions with brokers for the financial period ended 30 June 2025 are as follows:

Name of brokers	Percentage		Percentage	
	Value of trades	of total trades	Brokerage fees	of total brokerage
	RM	%	RM	%
2025				
Affin Hwang Investment Bank Berhad	1,550,215	24.82	3,101	24.26
CGS International Securities (M) Sdn Bhd	1,523,040	24.39	3,046	23.83
Maybank Investment Bank Berhad	1,110,671	17.78	2,221	17.38
Public Investment Bank Berhad	936,543	15.00	2,107	16.48
UOB Kay Hian Securities Sdn Bhd	397,952	6.37	796	6.23
Phillip Capital Sdn Bhd	279,985	4.48	560	4.38
CLSA Securities Malaysia Sdn Bhd	263,340	4.22	527	4.12
CIMB Securities Sdn Bhd	109,412	1.75	246	1.92
MIDF Amanah Investment Bank Berhad	69,620	1.11	139	1.09
Hong Leong Investment Bank Berhad	5,000	0.08	40	0.31
	6,245,778	100.00	12,783	100.00

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

10. TRANSACTIONS WITH BROKERS (CONT'D)

Details of transactions with brokers for the financial period ended 30 June 2024 are as follows:

Name of brokers	Percentage		Percentage	
	Value of trades	of total trades	Brokerage fees	of total brokerage
	RM	%	RM	%
2024				
Phillip Capital Sdn Bhd	2,397,434	22.05	4,795	18.67
Public Investment Bank Berhad	1,517,549	13.96	3,414	13.29
RHB Investment Bank Berhad	1,010,528	9.29	2,274	8.85
UOB Kay Hian Securities Sdn Bhd	926,420	8.52	1,853	7.21
CIMB Securities Sdn Bhd (formerly known as KAF Equities Sdn Bhd)	894,957	8.23	2,129	8.29
CGS International Securities (M) Sdn Bhd	751,680	6.91	896	3.49
Affin Hwang Investment Bank Berhad	691,192	6.36	1,382	5.38
MIDF Amanah Investment Bank Berhad	662,925	6.10	1,326	5.16
Kenanga Investment Bank Berhad	513,000	4.72	1,026	3.99
Am Investment Bank Berhad	472,000	4.34	1,180	4.59
Others	1,034,657	9.52	5,414	21.08
	10,872,342	100.00	25,689	100.00

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 30 JUNE 2025

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
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

	2025		2024	
	No. of units	RM	No. of units	RM
KAF Investment Funds Berhad	3,901	1,516	7,234	3,406

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 30 JUNE 2025

12. TOTAL EXPENSE RATIO ("TER")

	2025	2024
TER ("annualised")	1.72%	1.74%

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

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 RM20,582,639 (2024: RM24,044,862).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2025	2024
PTR	0.16 times	0.19 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
= RM3,148,791 (2024: RM5,377,991)

total disposal for the financial period
= RM3,553,916 (2024: RM3,768,182)

14. SEMI-ANNUAL ACCOUNTS

The semi-annual accounts for the financial period ended 30 June 2025 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

Universal Trustee (Malaysia) Berhad

Auditor & Reporting Accountant

PricewaterhouseCoopers PLT

Tax Adviser

PricewaterhouseCoopers Taxation Services Sdn Bhd

Banker

Alliance Bank Malaysia 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**