



KAF SUKUK FUND

ANNUAL REPORT

31 AUGUST 2025

MANAGER'S REPORT

We are pleased to present the Manager's Report for the financial year ended 31 August 2025 ("the period").

1. Launch Date

KAF Sukuk Fund ("KSF/the Fund") commenced operations on 1 November 2013 and will continue its operations until terminated according to the Deed dated 25 September 2013, Supplemental Deed dated 19 March 2014, Second Supplemental Deed dated 12 March 2015, Third Supplemental Deed dated 20 August 2018 and Fourth Supplemental Deed dated 9 January 2023.

2. Type of Fund

Growth Fund.

3. Category of Fund

Sukuk.

4. Fund's Objective, Benchmark and Distribution Policy

KSF seeks to achieve capital growth in the medium to long-term by investing primarily in sukuk.

The Fund will invest primarily in sukuk with a minimum short-term credit rating of P2 by RAM and MARC2 by MARC or long-term credit rating of A3 by RAM and A- by MARC or an equivalent rating by any other recognised foreign credit rating agency; and/or sukuk issued or guaranteed by issuers or guarantors with a minimum short-term credit rating of P2 by RAM or MARC2 by MARC or a long-term credit rating of A3 by RAM or A- by MARC or an equivalent rating by any other recognised foreign credit rating agencies.

KSF's asset allocation is subject to a minimum of 70% of NAV exposure in sukuk and a maximum of 30% of NAV in either Islamic collective investment schemes, Islamic deposits or Islamic money market instruments.

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

As the Fund's objective is to provide capital growth, the Manager does not intend to distribute income.

MANAGER’S REPORT

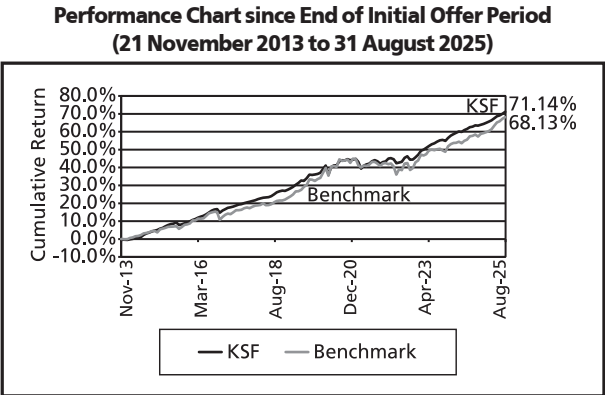
MANAGER’S REPORT

5. Review of Fund Operations and Performance

For the financial year ended 31 August 2025, KSF recorded a return of 5.08% based on Time Weighted Rate of Return against its stipulated benchmark, which recorded a return of 6.59%. The underperformance was attributable to the Fund’s defensive strategy in managing the credit rating and medium duration of the portfolio.

Since its inception, KSF recorded a return of 71.14% and outperformed its benchmark, which recorded 68.13%.

No cross-trade transaction carried out during the reported period ended 31 August 2025. The Fund has not undertaken any securities lending or repurchase transaction for the reported period.



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

Fund Performance as ranked by Lipper Asia Limited

Period	KSF		Mean of the Industry's Islamic Bond Funds
	% Return	Rank	% Return
3 months 29/05/2025 - 29/08/2025	1.46	28/64	1.41
6 months 28/02/2025 - 29/08/2025	3.31	29/63	3.15
1 year 29/08/2024 - 29/08/2025	5.00	30/60	5.00
3 years 29/08/2022 - 29/08/2025	16.96	19/53	14.89
5 years 28/08/2020 - 29/08/2025	18.77	9/45	15.20

Source: The Edge, 8 September 2025 issue, The Edge-Lipper Fund Performance Table, an independent source.

For the 1-year period, the Fund ranked at No. 30 out of 60 funds in the Islamic Bond Fund category by Lipper Asia Limited.

KSF’s total realised income amounted to RM7.78 million, arising from Islamic deposits, profit earned and after accounting for gain on disposal of unquoted sukuk.

The Fund’s NAV decreased to RM134.04 million from RM173.58 million as at 31 August 2024 as a result of outflows while the NAV per unit increased to RM171.2752 as of 31 August 2025 compared to RM162.9899 as of 31 August 2024 due to positive performance recorded during the year under review.

As at the end of the financial year under review, unrealised gain stood at RM4.97 million.

Past performance is not necessarily indicative of future performance.

MANAGER'S REPORT

Returns	Local Market (RM'000)
Realised Gain	
Profit from Islamic deposits	429
Profit from unquoted sukuk	6,861
Amortisation of premium net accretion of discount	(466)
Realised gain from unquoted sukuk	952
Unrealised Gain	
Unquoted sukuk	4,975

6. Asset Allocation and Investment Strategies

For the year under review, KSF's asset allocation was in unquoted sukuk and Islamic deposits. The exposure to unquoted sukuk slightly increased, in line with the strategy of achieving a stable rate of return with steady income. As at 31 August 2025, the Fund's exposure to unquoted sukuk was at an aggregate of 92.62%.

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

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

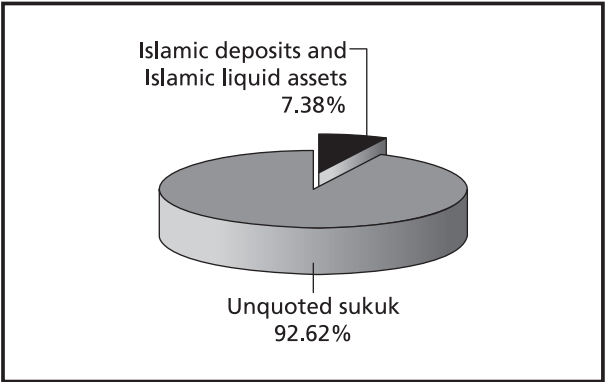
There were no circumstances which could materially affect any interest of the unit holders.

Asset Allocation

Asset Class	Percentage of NAV as at		Change in Exposure over Period (%)
	31/08/2024	31/08/2025	
Unquoted sukuk	82.45	92.62	10.17
Islamic deposits and Islamic liquid assets	17.55	7.38	(10.17)

MANAGER'S REPORT

**Portfolio of Investment and Other Assets
as at 31 August 2025**



7. Market Review

The period in review ended with Malaysia's exports climbing by 6.8% while imports also rose by 0.6% Year-on-Year ("YoY") in July. The trade surplus increased to MYR15.0 billion in July; up from MYR8.6 billion in the previous month (June). Malaysia's Consumer Price Index ("CPI") was higher at 1.20% YoY in July compared to 1.10% in June.

Malaysian foreign reserves increased in August to USD122.0 billion from USD120.9 billion in July. Meanwhile, Malaysia's Purchasing Managers' Index ("PMI") was higher at 49.9 in August compared to 49.7 in the previous month.

US Treasury yields were lower in August with the Treasury 2-year, 5-year and 10-year benchmark yield closing the month at 3.62%, 3.70% and 4.23% respectively compared to 3.95%, 3.97% and 4.37%.

Malaysian Government Securities ("MGS") 3-year, 5-year yield were lower while the 10-year yield was higher, ending at 3.00%, 3.08% and 3.39% in August compared to 3.06%, 3.15% and 3.37% in the previous month.

8. Market Outlook and Strategy

It was a quiet but tense ending for the Fund's review period as well as for global bond markets. At the Jackson Hole meeting, Jerome Powell commented on the signs of weakening US labour market and persistent US inflation, which could set the backdrop of a further rate cut. Nonetheless, most market participants now consider a 25 basis point (bp) cut to be a certainty, with expectations for at least one additional cut before the end of the year. This anticipation, combined with ongoing US trade tariff negotiations, led investors to remain cautious for most of the month and bond yields traded in a narrow downward range.

In Malaysia, the local bond market also remained supported throughout August after investors breathed a sigh of relief when the export tariff to the US was finalized at 19% instead of the previous 25%. While 2nd Quarter YoY Gross Domestic Product ("GDP") came in softer at 4.4% and there a slight uptick in local CPI inflation, the Malaysian economy overall remains on solid footing. Looking forward, the upcoming challenges to the country's economy are the potential impact of the US tariffs and the rationalisation of the RON95 petrol. There were 4 government auctions in August totaling RM13.5 billion which saw moderate demand with the 20-year MGS 05/2044, 15-year Government Investment Issue ("GII") 07/2040, 5-year MGS 05/2030 and 20-year GII 05/2045 minting Bid-to-Cover ("BTC") ratios of 2.725x, 2.848x, 1.867x and 1.841x respectively.

While the volatility in the fixed-income market has subsided, we continue to monitor the horizon for potential risks and also looking for opportunities to buy quality assets at attractive prices. For now, we maintain our conservative stance of low to medium portfolio duration and an emphasis on high credit quality.

9. Changes made to the Fund's Prospectus

There were no changes made to the Fund's prospectus during the 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 KSF from one broker/dealer by virtue of transactions conducted for KSF. 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 KSF 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 August		
	2025	2024	2023
	(Percentage of NAV)		
	%	%	%
Unquoted sukuk	92.62	82.45	76.04
Islamic deposits and Islamic liquid assets	7.38	17.55	23.96
Total	100.00	100.00	100.00
Total return for the year	RM'000	RM'000	RM'000
Capital growth	681	1,643	2,669
Income distribution	7,034	6,819	4,389

Performance	Income Return	Capital Return	Annual Total Return	
			KSF	Benchmark
	%	%	%	%
Financial year ended				
31/08/2025	-	5.08	5.08	6.59
31/08/2024	-	4.94	4.94	4.85
31/08/2023	-	6.08	6.08	5.54
31/08/2022	-	1.51	1.51	(0.39)
31/08/2021	-	0.03	0.03	(0.41)

	Average Total Return	
	KSF	Benchmark
	%	%
One (1) year	5.08	6.59
Three (3) years	5.66	5.99
Five (5) years	3.76	3.40

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

KEY PERFORMANCE DATA

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

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

An illustration of the above would be as follow:-

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

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

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

KEY PERFORMANCE DATA

NAV and Units in Circulation	As at 31 August		
	2025	2024	2023
Total NAV (RM'000)	134,044	173,581	153,412
Units in circulation (in '000)	783	1,065	988
NAV per unit (RM)	171.2752	162.9899	155.3191
Unit Prices for the year (RM per unit)			
NAV (year high)	171.2752	163.0684	155.3191
NAV (year low)	163.0262	154.7854	144.1858
NAV (year high, ex-distribution)	Nil	Nil	Nil
NAV (year low, ex-distribution)	Nil	Nil	Nil
NAV	171.2752	162.9899	155.3191
Unit split	Nil	Nil	Nil
Distribution	Nil	Nil	Nil
Total Expense Ratio ("TER")	0.47%	0.47%	0.48%
Portfolio Turnover Ratio ("PTR")	0.67 times	0.66 times	0.41 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 for the year remained consistent with those of previous years (refer to Note 15).

The PTR was higher than the previous years due to decrease in the average NAV (refer to Note 16).

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

SHARIAH ADVISER'S REPORT

TO THE UNIT HOLDERS OF
KAF SUKUK FUND ("FUND")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, **KAF Investment Funds Berhad** has operated and managed the Fund for the period covered by these financial statements namely, the year ended 31 August 2025, in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah-compliant.

For and on behalf of the Shariah Adviser,
BIMB SECURITIES SDN BHD

MUHAMMAD SHAHIER SA'MIN
Designated Shariah Person

Kuala Lumpur, Malaysia
30 October 2025

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial year ended 31 August 2025 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **KAF Investment Funds Berhad** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For and on behalf of
CIMB Islamic Trustee Berhad

Tok Puan Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
30 October 2025

STATEMENT BY THE MANAGER

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

We, **Datuk Khatijah Ahmad** and **Mohammed Reza Tan Sri Abu Talib**, two of the Directors of **KAF Investment Funds Berhad**, do hereby state that, in the opinion of the Manager, the audited financial statements set out on pages 18 to 63 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 August 2025 and of its financial performance, changes in equity and cash flows of the Fund for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

Datuk Khatijah Ahmad Director	Mohammed Reza Tan Sri Abu Talib Executive Director
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Kuala Lumpur, Malaysia
30 October 2025

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF SUKUK FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of **KAF Sukuk Fund** ("the Fund") give a true and fair view of the financial position of the Fund as at 31 August 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 August 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 18 to 63.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF SUKUK FUND

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

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the Manager's report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF SUKUK FUND

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF SUKUK FUND

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

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

(d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
30 October 2025

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

	Note	2025 RM	2024 RM
INCOME			
Profit income from financial assets at fair value through profit or loss		6,394,286	6,174,895
Profit income from financial assets at amortised cost		429,061	1,088,684
Net gain on financial assets at fair value through profit or loss	6	1,633,411	2,013,118
		<u>8,456,758</u>	<u>9,276,697</u>
EXPENSES			
Manager's fee	3	(636,709)	(697,167)
Trustee's fee	4	(79,589)	(87,146)
Audit fee		(12,500)	(12,500)
Tax agent's fee		(4,500)	(4,500)
Other expenses		(8,626)	(13,027)
		<u>(741,924)</u>	<u>(814,340)</u>
NET PROFIT BEFORE TAXATION		<u>7,714,834</u>	<u>8,462,357</u>
TAXATION	5	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>7,714,834</u>	<u>8,462,357</u>
Net profit after taxation is made up of the following:			
Realised amount		7,033,884	6,818,699
Unrealised amount		680,950	1,643,658
		<u>7,714,834</u>	<u>8,462,357</u>

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2025

	Note	2025 RM	2024 RM
ASSETS			
Cash and cash equivalents	7	9,973,459	25,449,072
Financial assets at fair value through profit or loss	6	124,145,907	143,112,162
Amount due from dealer	8	-	5,147,158
Amount due from Manager - creation of units		8,160	-
Prepayment	10	2,362	2,362
TOTAL ASSETS		<u>134,129,888</u>	<u>173,710,754</u>
LIABILITIES			
Amount due to Manager			
- Cancellation of units		6,162	40,779
- Manager's fee		46,714	59,801
Amount due to Trustee		12,026	7,475
Other payables and accruals	11	20,594	21,594
TOTAL LIABILITIES		<u>85,496</u>	<u>129,649</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>134,044,392</u>	<u>173,581,105</u>
EQUITY			
Unit holders' capital		87,190,963	134,442,510
Retained earnings		46,853,429	39,138,595
TOTAL NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>134,044,392</u>	<u>173,581,105</u>
NUMBER OF UNITS IN CIRCULATION	12	<u>782,626</u>	<u>1,064,981</u>
NAV PER UNIT		<u>171.2752</u>	<u>162.9899</u>

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

	Unit holders' capital RM	Retained earnings RM	Total RM
BALANCE AS AT 1 SEPTEMBER 2024	134,442,510	39,138,595	173,581,105
Movement in unit holders' capital:			
Creation of units arising from applications	19,267,192	-	19,267,192
Cancellation of units	(66,518,739)	-	(66,518,739)
	<u>(47,251,547)</u>	<u>-</u>	<u>(47,251,547)</u>
Total comprehensive income for the financial year	-	7,714,834	7,714,834
BALANCE AS AT 31 AUGUST 2025	<u>87,190,963</u>	<u>46,853,429</u>	<u>134,044,392</u>
BALANCE AS AT 1 SEPTEMBER 2023	122,735,679	30,676,238	153,411,917
Movement in unit holders' capital:			
Creation of units arising from applications	30,334,664	-	30,334,664
Cancellation of units	(18,627,833)	-	(18,627,833)
	<u>11,706,831</u>	<u>-</u>	<u>11,706,831</u>
Total comprehensive income for the financial year	-	8,462,357	8,462,357
BALANCE AS AT 31 AUGUST 2024	<u>134,442,510</u>	<u>39,138,595</u>	<u>173,581,105</u>

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

Note	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of unquoted sukuk	124,913,250	97,244,123
Purchase of unquoted sukuk	(99,819,000)	(136,763,000)
Profit income received	7,475,921	7,084,298
Manager's fee paid	(649,796)	(685,108)
Trustee's fee paid	(75,038)	(85,639)
Payment of other fees and expenses	(26,626)	(27,633)
Net cash generated from/ (used in) operating activities	<u>31,818,711</u>	<u>(33,232,959)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	19,259,032	30,374,064
Payments for cancellation of units	(66,553,356)	(23,616,979)
Net cash (used in)/ generated from financing activities	<u>(47,294,324)</u>	<u>6,757,085</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(15,475,613)</u>	<u>(26,475,874)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>25,449,072</u>	<u>51,924,946</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>7 9,973,459</u>	<u>25,449,072</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank	77,300	57,556
Islamic deposit with a licensed financial institution	9,896,159	25,391,516
	<u>7 9,973,459</u>	<u>25,449,072</u>

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

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

The Fund has applied the following amendments for the first time for the financial year beginning on 1 September 2024:

- 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

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 September 2024. None of these are expected to have a significant effect on the financial statements of the Fund, except the following set out below:

- 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;

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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)

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

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

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

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

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

- Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal.
- Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

B INCOME RECOGNITION

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

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

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

C TAXATION

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

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 YEAR ENDED 31 AUGUST 2025

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(i) Classification (cont'd)

The Fund classifies its Shariah-compliant investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The contractual cash flows of the Fund's unquoted sukuk are solely principal and profit. However, these Shariah-compliant securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all Shariah-compliant investments are measured at fair value through profit or loss.

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

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

(ii) Recognition and measurement

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(ii) Recognition and measurement (cont'd)

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

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

Unquoted sukuk 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 sukuk 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 an audit trail of all decisions and basis for adopting the use of non-BPA price.

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

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

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective profit 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 obligor meets unlikelihood to pay criteria, which indicates the obligor is in significant financial difficulty. The Fund considers the following instances:

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

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

Write-off

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

F CASH AND CASH EQUIVALENTS

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

G AMOUNT DUE FROM/(TO) DEALERS

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

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

If the credit risk increases to the point that it is considered to be credit impaired, profit 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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

H CREATION AND CANCELLATION OF UNITS

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

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

I UNIT HOLDERS' CAPITAL

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

- the units entitle the unit holders 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 YEAR ENDED 31 AUGUST 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 on the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

KAF Sukuk Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Deed dated 25 September 2013 (hereinafter referred to as "the Deed") between the previous manager, KAF Fund Management Sdn Bhd and the previous trustee, HSBC (Malaysia) Trustee Berhad. With the issuance of the Supplemental Deed dated 19 March 2014, the previous manager, KAF Fund Management Sdn Bhd has been changed to KAF Investment Funds Berhad ("the Manager"). The Deed was further modified by the Second Supplemental Deed dated 12 March 2015 and in the Third Supplemental Deed dated 20 August 2018, the previous trustee, HSBC (Malaysia) Trustee Berhad has been changed to CIMB Islamic Trustee Berhad ("the Trustee"). The Deed was further modified by the Fourth Supplemental Deed dated 9 January 2023. The Deed and the Supplemental Deeds issued regarding the Fund are collectively referred to as "the Deeds".

The principal activity of the Fund is to invest in "Permitted Investments" as set out in the Seventh Schedule of the Deed, which includes sukuk, short-term Islamic money market instruments and any other form of Shariah-compliant investments that comply with Shariah requirements as may be approved by the relevant authorities from time to time. The Fund commenced operations on 1 November 2013 and will continue its operation until terminated by the Trustee as provided under Part 12 of the Deed. The Fund aims to generate regular income for unit holders by investing primarily in Islamic deposits, Islamic money market instruments and sukuk.

All Shariah-compliant investments will be subject to the SC's Guidelines 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 trusts funds and provision of fund management.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

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

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RM	RM	RM
2025			
Cash and cash equivalents	-	9,973,459	9,973,459
Financial assets at fair value through profit or loss	124,145,907	-	124,145,907
Amount due from Manager - creation of units	-	8,160	8,160
	<u>124,145,907</u>	<u>9,981,619</u>	<u>134,127,526</u>

2024			
Cash and cash equivalents	-	25,449,072	25,449,072
Financial assets at fair value through profit or loss	143,112,162	-	143,112,162
Amount due from dealer	-	5,147,158	5,147,158
	<u>143,112,162</u>	<u>30,596,230</u>	<u>173,708,392</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, credit risk and Shariah status reclassification risk from its financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 Shariah-compliant 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 Shariah-compliant investments held by the Fund and classified at fair value through profit or loss. Price risk is the risk that the fair value of a Shariah-compliant 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 Shariah-compliant securities and other Shariah-compliant financial instruments within specified limits according to the Deed.

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

	2025 RM	2024 RM
Shariah-compliant investment		
Unquoted sukuk at fair value through profit or loss*	<u>124,145,907</u>	<u>143,112,162</u>

* Includes profit receivable of RM1,443,998 (2024: RM1,626,568).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 Shariah-compliant investments to price risk movements as at 31 August. The analysis is based on the assumptions that the market price increased and decreased by 5% (2024: 5%) with all other variables held constant and that fair value of the Fund's Shariah-compliant investments moves according to the historical correlation 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 taxation/ NAV RM
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2025

Unquoted sukuk at fair value through profit or loss	+/- 5	<u>6,135,096</u>
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2024

Unquoted sukuk at fair value through profit or loss	+/- 5	<u>7,074,280</u>
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(b) Interest rate risk

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

The Fund's exposure to the interest rate risk is mainly confined to short-term Islamic 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 of short-term Islamic deposit by way of maintaining Islamic deposit on a short-term basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Market risk (cont'd)

(b) Interest rate risk (cont'd)

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

The table below summarises the sensitivity of the Fund's NAV to movements in valuation of unquoted sukuk held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 5% (2024: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

Increase/(Decrease) in profit before taxation/NAV	
+5%	-5%
RM	RM

2025

Unquoted sukuk at fair value through profit or loss	(1,156,674)	<u>1,173,601</u>
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2024

Unquoted sukuk at fair value through profit or loss	(1,525,152)	<u>1,551,828</u>
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Market risk (cont'd)

(b) Interest rate risk (cont'd)

The effective weighted average profit rates per annum and the average remaining maturities of unquoted sukuk and Islamic deposit with a licensed financial institution as at the date of the statement of financial position are as follows:

	Weighted average profit rates		Average remaining maturities	
	2025 %	2024 %	2025 Days	2024 Days
Unquoted sukuk	3.87	4.06	2,355	2,544
Islamic deposit with a licensed financial institution	2.85	3.05	2	3

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 Islamic liquid assets to meet anticipated payment and cancellations of unit by unit holders. Islamic liquid assets comprise cash at bank, Islamic deposit with a licensed financial institution and other Shariah-compliant instruments, which are capable of being converted into cash within 7 days.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Liquidity risk (cont'd)

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
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As at 31 August 2025

Amount due to Manager			
- Cancellation of units	6,162	-	6,162
- Manager's fee	46,714	-	46,714
Amount due to Trustee	12,026	-	12,026
Other payables and accruals	-	20,594	20,594
Contractual undiscounted cash outflows	64,902	20,594	85,496

As at 31 August 2024

Amount due to Manager			
- Cancellation of units	40,779	-	40,779
- Manager's fee	59,801	-	59,801
Amount due to Trustee	7,475	-	7,475
Other payables and accruals	-	21,594	21,594
Contractual undiscounted cash outflows	108,055	21,594	129,649

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Credit risk

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

Credit risk arising from unquoted sukuk 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 Shariah-compliant investments in accordance with the objective of the Fund.

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

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

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	9,973,459	25,449,072
Financial assets at fair value through profit or loss	124,145,907	143,112,162
Other assets*	8,160	5,147,158
	<u>134,127,526</u>	<u>173,708,392</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Credit risk (cont'd)

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

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Other assets* RM	Total RM
As at 31 August 2025				
Financial services				
- AAA	77,300	-	-	77,300
- AA3	9,896,159	-	-	9,896,159
Others				
- non rated	-	-	8,160	8,160
Unquoted sukuk				
- AAA	-	27,704,449	-	27,704,449
- AA1	-	22,030,001	-	22,030,001
- AA2	-	12,965,410	-	12,965,410
- AA3	-	16,378,555	-	16,378,555
- AA	-	5,516,410	-	5,516,410
- AA-	-	29,092,487	-	29,092,487
- A1	-	10,458,595	-	10,458,595
	<u>9,973,459</u>	<u>124,145,907</u>	<u>8,160</u>	<u>134,127,526</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Credit risk (cont'd)

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

	Cash and cash equivalents	Financial assets at fair value through profit or loss	Other assets*	Total
	RM	RM	RM	RM
As at 31 August 2024				
Financial services				
- AAA	57,556	-	-	57,556
- AA3	25,391,516	-	-	25,391,516
Others				
- non rated	-	- 5,147,158	-	5,147,158
Unquoted sukuk				
- AAA	- 42,605,337	-	- 42,605,337	
- AA1	- 16,472,026	-	- 16,472,026	
- AA2	- 5,342,352	-	- 5,342,352	
- AA3	- 21,036,569	-	- 21,036,569	
- AA-	- 39,998,122	-	- 39,998,122	
- A1	- 10,362,245	-	- 10,362,245	
- A2	- 2,214,441	-	- 2,214,441	
- non rated	- 5,081,070	-	- 5,081,070	
	<u>25,449,072</u>	<u>143,112,162</u>	<u>5,147,158</u>	<u>173,708,392</u>

* Other assets comprise amount due from dealer and amount due from Manager - creation of units.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Shariah status reclassification risk

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

Capital risk

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

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 market (such as publicly traded Shariah-compliant securities) are based on quoted market prices at the close of trading on the financial year end date.

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

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

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

Fair value estimation (cont'd)

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

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.

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

Fair value hierarchy (cont'd)

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.

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
August
2025
Financial
assets at
fair value
through
profit or
loss**

- Unquoted sukuk	- 124,145,907	- 124,145,907
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**As at 31
August
2024
Financial
assets at
fair value
through
profit or
loss**

- Unquoted sukuk	- 143,112,162	- 143,112,162
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Fair value hierarchy (cont'd)

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

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

3. MANAGER'S FEE

Clause 13.1.2 of the Deed dated 25 September 2013 and Supplemental Deed dated 19 March 2014 provide that the Manager is entitled to an annual management fee at a rate not exceeding 1.00% 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 0.40% (2024: 0.40%) per annum.

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

4. TRUSTEE'S FEE

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

4. TRUSTEE'S FEE (CONT'D)

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

Current taxation
- Malaysia taxation

	2025 RM	2024 RM
	-	-

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

	2025 RM	2024 RM
Net profit before taxation	7,714,834	8,462,357
Taxation at Malaysian statutory rate of 24% (2024: 24%)	1,851,560	2,030,966
Tax effects of:		
Investment income not subject to tax	(2,029,622)	(2,226,407)
Expenses not deductible for tax purposes	21,466	23,253
Restriction on tax deductible expenses for unit trust funds	156,596	172,188
Tax expense	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RM	2024 RM
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of Shariah-compliant investments	952,461	369,460
- unrealised gain on fair value movement	680,950	1,643,658
	1,633,411	2,013,118
Financial assets at fair value through profit or loss:		
- Unquoted sukuk*	124,145,907	143,112,162

* Includes profit receivable of RM1,443,998 (2024: RM1,626,568).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Details of unquoted sukuk as at 31 August 2025 are set out as follows:

Name of issuer	Nominal value	Aggregate cost	Fair value as at 31/08/2025 expressed as percentage of NAV of Fund	
			as at 31/08/2025	percentage of NAV of Fund
	RM	RM	RM	%
UNQUOTED SUKUK				
Affin Islamic Bank Berhad				
- 4.66%				
13/10/33	5,000,000	5,088,489	5,226,089	3.90
Bank Islam Malaysia Berhad				
- 4.70%				
17/10/33	5,000,000	5,088,206	5,232,505	3.90
CIMB Group Holdings Berhad				
- 4.00%				
12/08/38	5,000,000	5,010,959	5,072,009	3.78
Edra Energy Sdn Bhd				
- 6.00%				
05/07/28	5,000,000	5,262,670	5,367,171	4.00
Edra Energy Sdn Bhd				
- 6.03%				
05/01/29	5,000,000	5,202,216	5,422,860	4.05
Edra Energy Sdn Bhd				
- 6.12%				
05/07/30	5,000,000	5,528,582	5,588,525	4.17

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Details of unquoted sukuk as at 31 August 2025 are set out as follows: (cont'd)

Name of issuer	Nominal value	Aggregate cost	Fair value as at 31/08/2025 expressed as	
			as at 31/08/2025	percentage of NAV of Fund
	RM	RM	RM	%

UNQUOTED SUKUK

Imtiaz Sukuk II Berhad - 5.00%				
08/11/29	5,000,000	5,079,452	5,330,502	3.98
Jimah East Power Sdn Bhd - 5.74%				
04/06/29	5,000,000	5,153,919	5,410,881	4.04
Johor Port Berhad - 5.10%				
04/10/27	5,000,000	5,104,795	5,255,794	3.92
Lebuhraya DUKE Fasa 3 Sdn Bhd - 5.24%				
23/08/27	10,000,000	10,136,220	10,104,921	7.54
Lebuhraya DUKE Fasa 3 Sdn Bhd - 5.34%				
23/08/28	5,000,000	5,095,934	5,074,534	3.79
Lebuhraya DUKE Fasa 3 Sdn Bhd - 6.04%				
23/08/35	3,000,000	3,128,236	3,246,358	2.42

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Details of unquoted sukuk as at 31 August 2025 are set out as follows: (cont'd)

Name of issuer	Nominal value	Aggregate cost	Fair value as at 31/08/2025 expressed as	
			as at 31/08/2025	percentage of NAV of Fund
	RM	RM	RM	%

UNQUOTED SUKUK

MEX I Capital Berhad^ - 5.70%				
21/01/36	1,201,803	1,249,779	1,483,167	1.11
MEX I Capital Berhad^ - 5.70%				
21/01/37	858,028	892,868	1,079,732	0.80
Point Zone (M) Sdn Bhd - 4.86%				
11/03/33	5,000,000	5,202,771	5,516,410	4.11
Sarawak Energy Berhad - 4.95%				
25/11/33	5,000,000	5,171,109	5,546,124	4.14
SMJ Sdn Bhd - 4.43%				
25/10/30	10,000,000	10,287,597	10,543,453	7.87
Tenaga Nasional Berhad - 5.23%				
30/06/37	10,000,000	10,254,584	11,614,871	8.66

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Details of unquoted sukuk as at 31 August 2025 are set out as follows: (cont'd)

Name of issuer	Nominal value	Aggregate cost	Fair value as at 31/08/2025 expressed as percentage of NAV of Fund	
	RM	RM	RM	%
UNQUOTED SUKUK				
YTL Power International Berhad - 5.05% 03/05/27	10,500,000	10,678,658	10,933,661	8.16
YTL Power International Berhad - 4.99% 24/03/33	10,000,000	10,554,183	11,096,340	8.28
TOTAL UNQUOTED SUKUK	<u>115,559,831</u>	<u>119,171,227</u>	<u>124,145,907</u>	<u>92.62</u>
UNREALISED GAIN ON UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>4,974,680</u>		
FAIR VALUE OF TOTAL UNQUOTED SUKUK		<u>124,145,907</u>		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Details of unquoted sukuk as at 31 August 2024 are set out as follows:

Name of issuer	Nominal value	Aggregate cost	Fair value as at 31/08/2024 expressed as percentage of NAV of Fund	
	RM	RM	RM	%
UNQUOTED SUKUK				
Affin Islamic Bank Berhad - 4.15% 11/12/26	5,000,000	5,045,922	5,082,472	2.93
Affin Islamic Bank Berhad - 4.66% 13/10/33	5,000,000	5,088,489	5,186,789	2.99
Bank Islam Malaysia Berhad - 4.70% 17/10/33	5,000,000	5,088,205	5,175,455	2.98
Bank Pembangunan Malaysia Berhad - 4.05% 06/06/31	5,000,000	5,074,354	5,103,258	2.94
Bank Pertanian Malaysia Berhad - 3.90% 02/11/28	5,000,000	5,067,042	5,090,325	2.93
Edra Energy Sdn Bhd - 6.00% 05/07/28	5,000,000	5,338,199	5,422,371	3.12
Edra Energy Sdn Bhd - 6.03% 05/01/29	5,000,000	5,248,268	5,469,110	3.15

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Details of unquoted sukuk as at 31 August 2024 are set out as follows: (cont'd)

Name of issuer	Nominal value	Aggregate cost	Fair value as at 31/08/2024 expressed as percentage of NAV of Fund	
			as at 31/08/2024	%
	RM	RM	RM	

UNQUOTED SUKUK

Imtiaz Sukuk II Berhad - 5.00% 08/11/29	5,000,000	5,079,452	5,342,352	3.08
Jimah East Power Sdn Bhd - 5.74% 04/06/29	5,000,000	5,176,235	5,435,231	3.13
Johor Port Berhad - 5.10% 04/10/27	5,000,000	5,104,795	5,294,594	3.05
Lebuhraya DUKE Fasa 3 Sdn Bhd - 5.24% 23/08/27	10,000,000	10,198,554	10,192,021	5.87
Lebuhraya DUKE Fasa 3 Sdn Bhd - 5.34% 23/08/28	5,000,000	5,125,908	5,121,084	2.95
Lebuhraya DUKE Fasa 3 Sdn Bhd - 6.04% 23/08/35	3,000,000	3,140,633	3,261,748	1.88

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Details of unquoted sukuk as at 31 August 2024 are set out as follows: (cont'd)

Name of issuer	Nominal value	Aggregate cost	Fair value as at 31/08/2024 expressed as percentage of NAV of Fund	
			as at 31/08/2024	%
	RM	RM	RM	

UNQUOTED SUKUK

Lembaga Pembiayaan Perumahan Sektor Awam - 4.11% 18/04/44	5,000,000	5,076,570	5,081,070	2.93
MEX I Capital Berhad^ - 5.50% 21/01/36	1,201,803	1,252,668	1,290,308	0.74
MEX I Capital Berhad^ - 5.50% 21/01/37	858,028	894,740	924,133	0.53
MMC Port Holdings Sdn Bhd - 4.66% 06/04/29	5,000,000	5,160,723	5,255,835	3.03
Pengurusan Air SPV Berhad - 4.14% 07/02/34	5,000,000	5,014,178	5,105,228	2.94
Perbadanan Kemajuan Pertanian Negeri Pahang - 3.96% 30/10/24	5,000,000	5,067,635	5,062,616	2.92

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Details of unquoted sukuk as at 31 August 2024 are set out as follows: (cont'd)

Name of issuer	Nominal value	Aggregate cost	Fair value as at 31/08/2024 expressed as percentage of NAV of Fund	Fair value as at 31/08/2024 expressed as percentage of NAV of Fund
	RM	RM	RM	%
UNQUOTED SUKUK				
Point Zone (M) Sdn Bhd - 4.86% 11/03/33	5,000,000	5,214,491	5,437,610	3.13
Sarawak Energy Berhad - 4.95% 25/11/33	5,000,000	5,183,891	5,473,874	3.15
Sarawak Petchem Sdn Bhd - 5.05% 27/07/29	5,000,000	5,024,904	5,309,254	3.06
SMJ Sdn Bhd - 4.43% 25/10/30	5,000,000	5,077,677	5,240,027	3.02
Tenaga Nasional Berhad - 5.23% 30/06/37	10,000,000	10,268,464	11,283,371	6.50
YTL Power International Berhad - 5.05% 03/05/27	10,500,000	10,680,379	11,014,406	6.35
YTL Power International Berhad - 4.99% 24/03/33	5,000,000	5,126,056	5,457,620	3.15

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

Details of unquoted sukuk as at 31 August 2024 are set out as follows: (cont'd)

Name of issuer	Nominal value	Aggregate cost	Fair value as at 31/08/2024 expressed as percentage of NAV of Fund	Fair value as at 31/08/2024 expressed as percentage of NAV of Fund
	RM	RM	RM	%
TOTAL UNQUOTED SUKUK				
	<u>135,559,831</u>	<u>138,818,432</u>	<u>143,112,162</u>	<u>82.45</u>
UNREALISED GAIN ON UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>4,293,730</u>		
FAIR VALUE OF TOTAL UNQUOTED SUKUK				
		<u>143,112,162</u>		

The weighted average profit rates per annum and average remaining maturities of unquoted sukuk are shown in Note 2(b) to the financial statements.

[^]On 13 October 2021, the sukukholders of MEX 1 Capital Berhad approved the restructuring exercise for its Islamic medium-term notes ("existing sukuk"). Subsequently, on 21 January 2022, the restructuring exercise has been completed with the exchange of the existing sukuk with a new Senior Sukuk Musharakah of up to RM1.13 billion in nominal value ("new sukuk"). RAM Ratings has assigned a final A2/Stable rating to the new sukuk on 19 January 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

7. CASH AND CASH EQUIVALENTS

	2025 RM	2024 RM
Cash at bank	77,300	57,556
Islamic deposit with a licensed financial institution*	9,896,159	25,391,516
	9,973,459	25,449,072

* A total of RM9,896,159 (2024: RM25,391,516) of the short-term Islamic deposit are placed with KAF Investment Bank Berhad, the intermediate holding company of the Manager.

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

8. AMOUNT DUE FROM DEALER

The amount due from dealer which relates to sale of Shariah-compliant investment securities and instruments are unsecured, interest free and receivable according to the settlement rules of the respective dealer.

9. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- (a) Sukuk as per the list of sukuk available at Bond Info Hub, Fully Automated System For Issuing/Tendering of Bank Negara Malaysia and the Bond and Sukuk Information Exchange; and
- (b) Cash placements and liquid assets in local market which are placed in Shariah-compliant instruments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

10. PREPAYMENT

	2025 RM	2024 RM
Shariah advisory fee	2,362	2,362

11. OTHER PAYABLES AND ACCRUALS

	2025 RM	2024 RM
Audit and tax agent's fees	19,294	19,294
Sundry accruals	1,300	2,300
	20,594	21,594

12. NUMBER OF UNITS IN CIRCULATION

	2025 Number of units	2024 Number of units
At the beginning of the financial year	1,064,981	987,721
Creation of units arising from applications	116,080	193,649
Cancellation of units	(398,435)	(116,389)
At the end of the financial year	782,626	1,064,981

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

13. TRANSACTIONS WITH DEALERS

Details of transactions with the dealers for the financial year ended 31 August 2025 and 31 August 2024 are as follows:

Name of dealers	Value of trades RM	Percentage of total trades %
2025		
Hong Leong Bank Berhad	57,883,250	26.98
Bank Islam Malaysia Berhad	51,891,000	24.18
CIMB Bank Berhad	46,845,000	21.83
RHB Investment Bank Berhad	15,702,000	7.32
Hong Leong Investment Bank Berhad	12,059,000	5.62
Hong Leong Islamic Bank Berhad	10,134,500	4.72
Ambank (M) Berhad	5,048,500	2.35
Affin Hwang Investment Bank Berhad	5,018,000	2.34
United Overseas Bank (Malaysia) Berhad	5,006,500	2.33
KAF Investment Bank Berhad*	5,001,000	2.33
	<u>214,588,750</u>	<u>100.00</u>
2024		
Hong Leong Bank Berhad	92,290,000	41.19
Bank Islam Malaysia Berhad	30,645,500	13.68
United Overseas Bank (Malaysia) Berhad	30,640,500	13.67
RHB Investment Bank Berhad	25,138,000	11.22
CIMB Bank Berhad	20,004,000	8.93
Affin Hwang Investment Bank Berhad	20,000,000	8.93
Hong Leong Islamic Bank Berhad	5,333,500	2.38
	<u>224,051,500</u>	<u>100.00</u>

*The intermediate holding company of the Manager.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

14. UNITS HELD BY THE MANAGER AND RELATED PARTIES

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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

	2025		2024	
	No. of units	RM	No. of units	RM
KAF Investment Funds Berhad	1	171	1	163
KAF Enhanced Bond Fund	6,153	1,053,856	249	40,584
KAF First Fund	14,001	2,398,024	-	-
KAF Dana Alif	12,812	2,194,378	12,451	2,029,387
Dato' Ahmad Kadis	3,500	599,463	3,500	570,465
Subsidiaries and associates of the ultimate holding company of the Manager	108,988	18,666,941	255,096	41,578,072

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

15. TOTAL EXPENSE RATIO ("TER")

	2025	2024
TER	0.47%	0.47%

TER is derived from the following calculation:

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

A = Manager's fee

B = Trustee's fee

C = Audit fee

D = Tax agent's fee

E = Other expenses

F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis was RM159,175,225 (2024: RM174,289,487).

16. PORTFOLIO TURNOVER RATIO ("PTR")

	2025	2024
PTR	0.67 times	0.66 times

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM99,819,000 (2024: RM126,659,000)
total disposal for the financial year = RM113,817,289 (2024: RM102,023,040)

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
Nor Rejina binti Abdul Rahim
Tunku Rozita binti Tunku Abdul Malek

Secretary

Siti Nurmazita binti Mustapha (LS 0009160)

Trustee

CIMB Islamic Trustee Berhad

Auditor & Reporting Accountant

PricewaterhouseCoopers PLT

Tax Adviser

KPMG Tax Services Sdn Bhd

Shariah Adviser

BIMB Securities Sdn Bhd
Reg. No: 199401004484

Banker

CIMB Islamic Bank Berhad

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

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