

KAF ISLAMIC DIVIDEND INCOME FUND

RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors of KAF Investment Funds Berhad and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in the Product Highlights Sheet false or misleading.

STATEMENT OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of KAF Islamic Dividend Income Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the KAF Islamic Dividend Income Fund and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the KAF Islamic Dividend Income Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of KAF Investment Funds Berhad responsible for the KAF Islamic Dividend Income Fund and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

This Product Highlights Sheet only highlights the key features and risks of KAF Islamic Dividend Income Fund. Investors are advised to request, read and understand the Master Prospectus before deciding to invest.

PRODUCT HIGHLIGHTS SHEET

KAF ISLAMIC DIVIDEND INCOME FUND

Name of Fund	KAF Islamic Dividend Income Fund.
Fund Category	Equity fund (Islamic).
Fund Type	Income fund.
Commencement Date	15 January 2016.
Capital Protected / Guaranteed	No.

PRODUCT SUITABILITY

WHO IS THE PRODUCT SUITABLE FOR?

This Fund is suitable for investors who:

- a) seek income;
- b) are willing to accept medium degree of risk associated in investing in Shariah-complaint equities; and
- c) wish for investments that comply with Shariah requirements.

KEY PRODUCT FEATURES

WHAT ARE YOU INVESTING IN?

The Fund aims to provide income[^] by investing primarily in dividend yielding Shariah-compliant equities.

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

Investment Strategy

The Fund seeks to achieve its investment objective by investing primarily, i.e. at least 70% of its NAV in Shariah-compliant equities listed on Bursa Malaysia. The Fund will focus its investments in Shariah-compliant equities with dividend yield that are able to generate income for the Fund. The Fund's portfolio may also include sukuk, Islamic money market instruments, Islamic collective investment scheme and Islamic deposit.

The Manager's investment process for the Fund's Shariah-compliant equity investments will be a combination of top-down analysis for asset allocation decision and a bottom-up analysis for selection of Shariah-compliant equities. The asset allocation decision is dependent upon the state of the economy and the stock market outlook as perceived by the Manager. In the bottom-up approach, the Manager will select the Shariah-compliant equities after having ascertained the strength of the various sectors of the economy. The Fund's investments in Shariah-compliant equities are not sector specific and can invest in a board range of sectors and industries.

The investment criteria for Shariah-compliant equities selection include but are not limited to the following:

- Dividend yield;
- Sustainable financial performance;
- Low price earnings to growth ratio; and
- Cash flows and debt levels.

The Manager may invest in sukuk should the Manager be of the view that the yield being offered will contribute to generate income for the Fund. These are sukuk denominated in RM issues by corporation, financial institutions, government and their agencies. Sukuk issued by Malaysian incorporated companies or financial institutions must carry a rating of at least BBB at the point of purchase by RAM or its equivalent rating by MARC whereas sukuk issued by government and their agencies need not be rated. The Fund may also invest in sukuk denominated in RM that are issued by corporations or financial institutions which are unrated and such investments will be based on the Manager's investment selection criteria.

The main investment criteria for selection of sukuk includes but are not limited to the following:

- Industry outlook;
- Issuer's financial position and gearing levels;
- Issuer's future cash flows;
- Duration and interest rates sensitivity;

- Yield to maturity or first call; and
- Ratings by RAM or MARC.

The Manager will only make an investment in Islamic collective investment scheme if those investment objectives complement the Fund's objective and enhance the return of the Fund.

The Fund's portfolio will be structured as follows:

70% to 98% of NAV

- Investments in Shariah-compliant equities.

2% to 30% of NAV

- Investments in sukuk and Islamic liquid assets including Islamic money market instruments and Islamic deposit.

The above asset allocation of the Fund may be reviewed from time to time based on the general market and economic situations. The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse market conditions, economic or political and other market conditions. This defensive position may take the form of holding significantly higher amount of cash and/or Islamic liquid assets including Islamic money market instrument and Islamic deposit. The Manager will then decide on the best appropriate asset allocation strategy and reallocate the Fund's Shariah-compliant equity investment into other more defensive investments such as sukuk. The weighting for Shariah-compliant equity investments then may be scaled down to not less than 20% of NAV.

Benchmark

FTSE Bursa Malaysia Emas Shariah Index.

Note: The risk profile of the Fund is different from the risk profile of the benchmark.

Distribution Policy

The Fund will distribute income on a half yearly basis, subject to the availability of income and/or realised gains.

Parties Involved

WHO ARE YOU INVESTING WITH?

Manager	KAF Investment Funds Berhad.
Trustee	Maybank Trustees Berhad.
Shariah adviser	BIMB Securities Sdn Bhd.
Tax adviser	PricewaterhouseCoopers Taxation Services Sdn Bhd.
Auditors	PricewaterhouseCoopers.

KEY RISKS

WHAT ARE THE KEY RISKS OF THIS INVESTMENT?

Specific risks of the Fund

- **Specific equity risk**

Specific equity risk relates to adverse price movements of a particular Shariah-compliant equity invested by the Fund that may adversely affect the value of the Fund and unit price. Such movements of a particular Shariah-compliant equity is dependent on the company's business situation. If the company fail to achieve its expected earnings, this would result in the price of its Shariah-compliant equity to decline which in turn will affect the performance of the Fund.

- **Interest rate risk**

This risk refers to how the change in the interest rate environment affects the performance of the sukuk portfolio of the Fund. In the event of a rising interest rate environment, the valuation for sukuk may generally decrease, and vice versa. In addition, sukuk with longer maturity and lower profit rates are more sensitive to interest rate changes. This risk may be mitigated via the management of the duration of the sukuk portfolio.

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 investments carried out for the Fund are in accordance with Shariah requirements.

- **Credit / Default risk**

This refers to the creditworthiness of the issuers of sukuk and its expected ability to make timely payment of profit and/or principal. Default happens when the issuers are not able to make timely payments of profit and/or principal. Sukuk are subject to both actual and perceived measures of creditworthiness. Investments

in unrated sukuk will imply a higher credit risk as the Manager will rely on its own judgements and assessments of the issuer's creditworthiness. Although the Manager conducts rigorous and disciplined credit analysis on the unrated sukuk, this will not eliminate the possibility that the issuer may default on its payments. The downgrading of a rated sukuk or adverse publicity and investor perception could decrease the value and liquidity of the sukuk, particularly in a thinly traded market. An economic recession may adversely affect an issuer's financial condition and the market value of sukuk issued by such entity. The issuer's ability to service its obligations may be adversely affected by specific issuer developments, or the issuer's inability to meet specific projected business forecasts. All this may impact the value of the Fund or result in the Fund experiencing losses.

▪ **Distribution risk**

Although the Fund targets half yearly distributions, the Manager does not guarantee income distributions to Unit Holders.

▪ **Shariah status reclassification risk**

(a) *Shariah-compliant equity securities*

This risk refers to the risk that the currently held Shariah-compliant equity securities in the portfolio of the Fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the SACSC or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of such securities.

Opportunity loss could occur due to the restriction on the Fund to retain the excess capital gains derived from the disposals of the reclassified Shariah non-compliant securities. In such an event, the Fund is required:

- (i) to dispose of such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of reclassification of the list of Shariah-compliant securities ("Reclassification") by the SACSC or the date of review ("Review") by the Shariah Adviser. The Fund is allowed to keep dividends received up to the effective date of Reclassification or Review and capital gains from the disposal of the securities on the effective date of Reclassification or Review. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Reclassification or Review should be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser;
- (ii) to hold such securities if the value of the said securities is below the investment cost on the effective date of Reclassification or Review until the total subsequent dividends received (if any) and the market price of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month, excess capital gains (if any) from the disposal of the securities should be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser; or
- (iii) to dispose of such securities at a price lower than the investment cost which will result in a decrease in the Fund's value.

(b) *Sukuk or Islamic money market instruments or Islamic deposits or Islamic collective investment schemes*

This risk refers to the risk of a possibility that the currently held sukuk or Islamic money market instruments or Islamic deposits or Islamic collective investment schemes 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 or collective investment schemes.

Please be advised that if a Unit Holder invests in units through an IUTA which adopts the nominee system of ownership, the Unit Holder would not be considered to be a Unit Holder under the deed and the Unit Holder may consequently not have all the rights ordinarily exercisable by a Unit Holder (for example, the right to call for a Unit Holder's meeting and to vote thereat and the right to have the Unit Holder's particulars appearing in the register of Unit Holders of the Fund).

FEES & CHARGES

WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?

This table describes the charges that you may **directly** incur when you buy or redeem units of the Fund:

Charges	
Sales charge by distribution channels	
Direct investment with the Manager	Up to 6.50% of NAV per unit.
Authorised IUTAs	Up to 6.50% of NAV per unit.
Authorised tied agents	Up to 6.50% of NAV per unit.
EPF Members Investment Scheme	Up to 3.00% of NAV per unit.
The sales charge is negotiable. The Manager may at his discretion impose a lower sales charge based on the size of investment and/or other criteria to be determined by the Manager.	
Repurchase charge	Nil.
Switching fee	Nil.
Transfer fee	Nil.
Other charges	Charges, for instance bank charges, telegraphic charges and courier charges, shall be borne by the Unit Holder in order to execute transactions on behalf of the Unit Holder.

This table describes the fees that you may **indirectly** incur when you invest in the Fund:

Fees	
Annual management fee	1.50% per annum of NAV calculated and accrued on a daily basis. <i>Note: The Manager reserves the right to waive or reduce the annual management fee at its discretion.</i>
Annual trustee fee	0.06% per annum of NAV, subject to a minimum fee of RM12,000.

Note: All fees and charges disclosed above are expressed on a tax-exclusive basis. Accordingly, to the extent that services provided are subject to tax, the amount of tax payable on any related fees and/or charges will be payable by the Unit Holder and / or the Fund (as the case may be) in addition to the fees and charges as disclosed above.

YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.

FUND PERFORMANCE

Average total return:

	Average total returns (%) *			
	1 year	3 years	5 years	Since inception
	31/01/2025 - 31/01/2026	31/01/2023 - 31/01/2026	31/01/2021 - 31/01/2026	05/02/2016** - 31/01/2026
Fund	0.35	3.39	4.44	8.85
FTSE Bursa Malaysia Emas Shariah Index	4.59	3.61	(0.93)	(0.06)

* The Fund's performances are calculated on NAV per unit to NAV per unit basis.

** Being the last day of the Fund's initial offer period.

Annual total return:

	Annual total return									
	Financial year ended 31 January									Since inception 05/02/2016** - 31/01/2017
	2026	2025	2024	2023	2022	2021	2020	2019	2018	
Fund	0.35	8.76	0.95	6.91	3.74	42.85	3.67	(14.81)	17.25	4.22
FTSE Bursa Malaysia Emas Shariah Index	4.59	4.07	1.82	(4.26)	(10.11)	11.41	-	(15.42)	11.70	(0.93)

* The Fund's performances are calculated on NAV per unit to NAV per unit basis.

** Being the last day of the Fund's initial offer period.

Performance review:

The Fund underperformed the benchmark by 4.24% for the latest financial year, with a total return of 0.35% compared to the benchmark's return of 4.59%. This was largely due to the Fund's overweighting of energy and technology Shariah-compliant stocks, which underperformed the broader market during the year.

Since its inception, the Fund recorded a total return of 88.38% compared to its benchmark, which recorded a return of (0.55%).

Distribution record:

	Financial year ended 31 January					
	2026		2025		2024	
	Final	Interim	Final	Interim	Final	Interim
Gross distribution per unit (sen)	0.5000	-	0.5000	1.000	0.5000	2.000
Net distribution per unit (sen)	0.5000	-	0.5000	1.000	0.5000	2.000

Portfolio turnover ratio (PTR)

	Financial year ended 31 January		
	2026	2025	2024
PTR	0.84 times.	0.63 times.	0.85 times.

The PTR for the latest financial year was higher than the previous financial year due to the increase in portfolio rebalancing activities undertaken by the Fund.

PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE

VALUATIONS AND EXITING FROM INVESTMENT

HOW OFTEN ARE VALUATIONS AVAILABLE?

The Fund will be valued at least once every Business Day. The valuation of the Fund will be conducted at the close of Bursa Malaysia for that Business Day.

From time to time, Unit Holders will be able to obtain the unit price of the Fund as published in the major newspaper and at our website, www.kaf.com.my to monitor their investments. Unit Holders may also obtain the latest NAV per unit by contacting the Manager directly.

HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?

Unit Holders may redeem their investments in the Fund by completing the prescribed repurchase request form and returning it to the Manager before the cut-off time of 4:00 p.m. on a Business Day. Any repurchase request received after 4:00 p.m. on a Business Day, will be considered to be received on the next Business Day.

There are no restrictions on the number of units a Unit Holders can redeem out of his investments and no restrictions on the repurchase frequency. If following a repurchase request leaves the Unit Holder with less than 1,000 units or such other lower quantity as the Manager may decide from time to time (the minimum investment balance), the Manager has the option to liquidate the balance of the units held in the Unit Holder's account and forward the proceeds to the Unit Holder.

Repurchase proceeds will be paid within seven (7) Business Days from the date on which the repurchase request is received by the Manager.

CONTACT INFORMATION

HOW CAN YOU CONTACT US?

To contact the Manager or to find out about the distribution channels of the Fund, you may call our customer service number: 03-9767 6000 at any time during our office hours: Mondays through Fridays from 9:00 a.m. – 5:30 p.m. or email your enquiries to investmentfund@kaf.com.my or visit our website, www.kaf.com.my.

HOW DO YOU LODGE A COMPLAINT?

1. For internal dispute resolution, you may contact:

- (a) via phone to : 03-9767 6000
- (b) via fax to : 03-9767 6001
- (c) via email to : investmentfund@kaf.com.my
- (d) via letter to : KAF Investment Funds Berhad
Level 13, Menara IQ
Lingkar TRX, Tun Razak Exchange,
55188 Kuala Lumpur

2. If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the **Financial Markets Ombudsman Service (FMOS)**:

- (a) via phone to : 03-2272 2811
- (b) via online : www.fmos.org.my ("File A Complaint")
- (c) via letter/walk in : Financial Markets Ombudsman Service (FMOS)
Level 14, Main Block
Menara Takaful Malaysia
No. 4, Jalan Sultan Sulaiman
50000 Kuala Lumpur

3. You can also direct your complaint to the Securities Commission Malaysia (SC) even if you have initiated a dispute resolution process with FMOS. To make a complaint, please contact the SC's Consumer & Investor Office:

- (a) via phone to the Aduan Hotline at : 03-6204 8999
- (b) via fax to : 03-6204 8991
- (c) via email to : aduan@seccom.com.my
- (d) via online complaint form available at www.sc.com.my
- (e) via letter to : Consumer & Investor Office
Securities Commission Malaysia
No 3 Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur

4. Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:

- (a) via phone to : 03-2092 3800
- (b) via fax to : 03-2093 2700
- (c) via email to : complaints@fimm.com.my
- (d) via online complaint form available at www.fimm.com.my
- (e) via letter to : Legal, Secretarial & Regulatory Affairs
Federation of Investment Managers Malaysia
19-06-1, 6th Floor Wisma Tune
No. 19 Lorong Dungun

GLOSSARY

Authorised tied agents	An individual who is duly registered with the Federation of Investment Managers Malaysia to market and distribute unit trust funds.
<i>baitulmal</i>	Refers to the treasury of a State Islamic Religious Council.
Bursa Malaysia	The stock exchange managed or operated by Bursa Malaysia Securities Berhad.
Business Day	A day on which Bursa Malaysia is open for trading.
EPF	Employees Provident Fund.
Fund	KAF Islamic Dividend Income Fund.
IUTA	Institutional unit trust adviser registered with Federation of Investment Managers Malaysia.
MARC	Malaysian Rating Corporation Berhad.
Master Prospectus	Master prospectus dated 30 September 2023 and its supplementary master prospectus(es) (if any).
Net Asset Value or NAV	Means the value of all the fund's assets less the value of all the fund's liability at the valuation point.
RAM	RAM Rating Services Berhad.
RM	The lawful currency of Malaysia, Ringgit Malaysia.
SACSC	Means the Shariah Advisory Council of the Securities Commission Malaysia.
Unit Holders	The person registered for the time being as a holder of units of the Fund in accordance with the provisions of the deed.