



KAF DANA AL-IDDHIKHAR

ANNUAL REPORT

30 SEPTEMBER 2025

MANAGER'S REPORT

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

1. Launch Date

KAF Dana al-Iddhikhar ("KDAI/the Fund") commenced operations on 6 October 2005 and will continue its operations until terminated according to the Deed dated 30 September 2005, Supplemental Deed dated 9 January 2014, Second Supplemental Deed dated 12 March 2015, Third Supplemental Deed dated 26 July 2017 and Fourth Supplemental Deed dated 9 January 2023.

2. Type of Fund

Islamic Income Fund.

3. Category of Fund

Islamic Money Market Fund.

4. Fund's Objective, Benchmark and Distribution Policy

KDAI seeks to provide a regular stream of income by investing primarily in Islamic money market instruments and other fixed-income securities, which comply with Shariah requirements. The Fund is structured to suit more conservative investors who prefer a consistent, reasonable and stable level of return with lower investment risk and a short-term investment horizon.

As an Islamic money market fund, KDAI will invest at least 90% of its Net Asset Value ("NAV") in a diversified portfolio of short-term sukuk, short-term Islamic money market instruments and short-term Islamic deposits. Alternatively, the Fund may also invest up to 10% of its NAV in high quality sukuk which have a remaining maturity period of more than 397 days but fewer than 732 days.

The benchmark used to measure KDAI's performance is the Malayan Banking Berhad ("Maybank") one (1)-month General Investment Account ("GIA") rate.

Income, if any, will be distributed on a monthly basis. All such distribution will be reinvested into the Fund.

MANAGER’S REPORT

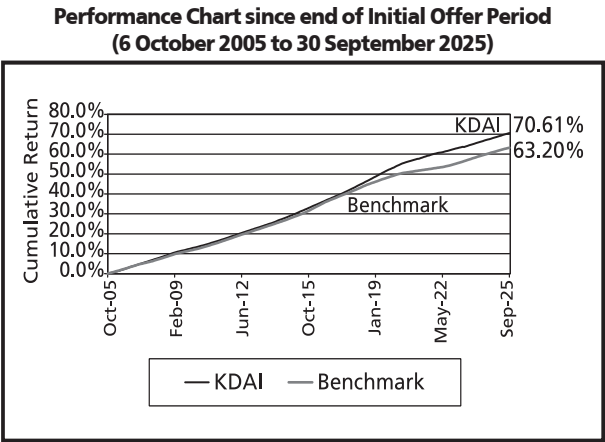
MANAGER’S REPORT

5. Review of Fund Operations and Performance

For the financial year ended 30 September 2025, KDAI’s asset allocation was in Islamic deposits which provided a steady level of return at a very low exposure to risk from fluctuations in interest rate and credit risk.

During the year under review, KDAI based on its NAV gave a return of 1.84%. The Fund outperformed its benchmark, which recorded a return of 1.70%. During this period, KDAI distributed a total of 0.12 sen per unit in monthly distribution in the form of reinvested units.

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



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

Since its inception, KDAI recorded a return of 70.61% and outperformed its benchmark, Maybank’s one (1)-month GIA rate which recorded a gain of 63.20%.

Fund Performance as ranked by Lipper Asia Limited

Period	KDAI		Mean of Industry's Islamic Money Market Funds
	% Change	Rank	% Change
3 months 26/06/2025 - 26/09/2025	0.44	40/44	0.82
6 months 26/03/2025 - 26/09/2025	0.91	43/44	1.59
1 year 26/09/2024 - 26/09/2025	1.79	42/43	3.16
3 years 26/09/2022 - 26/09/2025	5.42	37/38	9.33
5 years 25/09/2020 - 26/09/2025	9.05	32/34	12.70

Source: The Edge, 6 October 2025 issue, The Edge-Lipper Fund Performance Table, an independent source.

For the 1-year period ended 26 September 2025, the Fund was ranked No. 42 out of 43 funds in the Islamic Money Market Fund category by Lipper Asia Limited. KDAI achieved a return of 1.79% compared to the mean of industry’s Islamic Money Market funds’ return of 3.16%.

During the year, the Fund’s NAV increased to RM3.16 million from RM3.14 million as at 30 September 2024 as a result of the positive performance of the Fund.

KDAI’s total realised income amounted to RM0.10 million arising from profit earned from Islamic deposits.

As at the end of the year under review, the Fund NAV per unit was RM0.5297. The NAV per unit at the corresponding date of the previous year was RM0.5213.

Past performance is not necessarily indicative of future performance.

MANAGER'S REPORT

Based on the above, the following distributions have been declared during the year and the impact on NAV per unit arising from the distributions are as follows:

	NAV per unit before Distribution	Distribution per unit	NAV per unit after Distribution
Date	RM	RM	RM
15/10/2024	0.5218	0.0001	0.5217
15/11/2024	0.5225	0.0001	0.5224
16/12/2024	0.5232	0.0001	0.5231
15/01/2025	0.5239	0.0001	0.5238
17/02/2025	0.5247	0.0001	0.5246
17/03/2025	0.5253	0.0001	0.5252
15/04/2025	0.5260	0.0001	0.5259
15/05/2025	0.5267	0.0001	0.5266
16/06/2025	0.5275	0.0001	0.5274
15/07/2025	0.5281	0.0001	0.5280
15/08/2025	0.5288	0.0001	0.5287
17/09/2025	0.5296	0.0001	0.5295

6. Asset Allocation and Investment Strategies Employed

For the year under review, KDAI's asset allocation was 100% in Islamic deposits.

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.

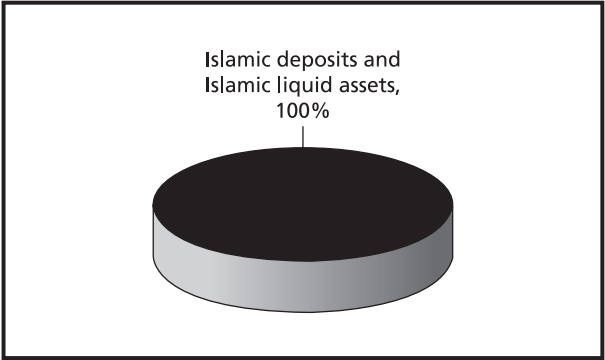
There were no significant changes in the Fund's state of affairs during the year.

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

MANAGER'S REPORT

Asset Class	Percentage of NAV as at		Change in Exposure over Period (%)
	30/09/2024 (%)	30/09/2025 (%)	
Islamic deposits and Islamic liquid assets	100	100	-

Portfolio of Investment and Other Assets
as at 30 September 2025



7. Market Review

Malaysia's exports grew by 1.9% while imports declined by -5.9% Year-on-Year ("YoY") in August. The trade surplus increased to MYR16.1 billion in August; up from MYR15.0 billion in the previous month (July). Malaysia's Consumer Price Index ("CPI") was higher at 1.30% YoY in August compared to 1.20% in July.

Malaysian foreign reserves increased in September to USD122.8 billion from USD122.0 billion in August. Meanwhile, Malaysia's Purchasing Managers' Index ("PMI") was lower at 49.8 in September compared to 49.9 in the previous month.

US Treasury yields were mixed in September with the Treasury 2-year, 5-year and 10-year benchmark yield closing the month at 3.61%, 3.74% and 4.15% respectively compared to 3.62%, 3.70% and 4.23% in August.

MANAGER'S REPORT

Malaysian Government Securities ("MGS") 3-year, 5-year and 10-year yield were higher, ending at 3.10%, 3.22% and 3.45% in September compared to 3.00%, 3.08% and 3.39% in the previous month.

8. Market Outlook and Strategy

Global fixed-income markets sprang to life in September in the run up to the Federal Open Market Committee ("FOMC") meeting in the middle of the month as buyers came out with certainty that the US Federal Reserve ("the Fed") was going to cut the interest rates. The Fed did cut the Fed Funds Rate ("FFR") by 25 basis points ("bps") but instead of a strong follow through rally, bond prices fell off as investors viewed that the market had gotten ahead of itself. Despite more clarity over US President Trump's trade policies, forward guidance from the Fed remains cautious as it navigates a softening labour market and persistent inflation pressures linked to recent tariff measures. Market participants are expecting another 2 rate cuts in 2025 which will bring the FFR down to 3.75% and an eventual neutral rate of 3.25% by end of 2026.

Back in Malaysia, the local bond market soured as investors took profits on their bond holdings after an uptick in local Consumer Price Index ("CPI") inflation and the announcement of subsidised RON95 at RM1.99 per litre down from the previous RM2.05 for all Malaysians with valid driving licenses including the T15 bracket. Investors were also flushed with bonds after a flurry of corporate bond issuances on top of weekly government bond auctions. The four (4) government auctions in September totaling RM16.5 billion saw only moderate demand with the 3-year MGS 04/2028, 30-year Government Investment Issue ("GII") 03/2054, 15-year MGS 04/2039 and 3-year GII 07/2028 minting Bid-to-Cover ("BTC") ratios of 1.928x, 1.928x, 1.52x and 2.876x respectively.

As bond yields are higher now, we are 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.

MANAGER'S REPORT

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 KDAI from one broker/dealer by virtue of transactions conducted for KDAI. 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 analyzing 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 KDAI and other funds or investments managed by the Manager.

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

KEY PERFORMANCE DATA

Portfolio Composition		As at 30 September		
		2025	2024	2023
		(Percentage of NAV)		
		%	%	%
Islamic deposits and Islamic liquid assets		100.00	100.00	100.00
Total return for the year		RM'000	RM'000	RM'000
Capital growth		-	-	-
Income distribution		57	62	73
Performance	Income Return	Capital Return	Annual Total Return KDAI	Total Return Benchmark
	%	%	%	%
Financial year ended				
30/09/2025	0.23	1.61	1.84	1.70
30/09/2024	0.23	1.64	1.87	2.01
30/09/2023	0.14	1.44	1.58	1.99
30/09/2022	0.48	1.10	1.59	1.15
30/09/2021	1.88	-	1.88	1.00
			Average Total Return	
			KDAI	Benchmark
			%	%
One (1) year			1.84	1.70
Three (3) years			1.80	1.94
Five (5) years			1.81	1.62

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

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

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

An illustration of the above would be as follow:-

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

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

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

KEY PERFORMANCE DATA

NAV and Units in Circulation	As at 30 September		
	2025	2024	2023
Total NAV (RM'000)	3,156	3,144	3,292
Units in circulation (in '000)	5,958	6,030	6,417
NAV per unit (RM)	0.5297	0.5213	0.5129
Unit Prices for the year (RM per unit)			
NAV (year high)	0.5298	0.5216	0.5130
NAV (year low)	0.5213	0.5130	0.5057
NAV (year high, ex-distribution)	0.5295	0.5213	0.5126
NAV (year low, ex-distribution)	0.5217	0.5133	0.5097
NAV	0.5297	0.5213	0.5129

Distribution

	2025	
	Sen/unit	Payment Date
Interim - gross/net	0.01	15-Oct-24
Interim - gross/net	0.01	15-Nov-24
Interim - gross/net	0.01	16-Dec-24
Interim - gross/net	0.01	15-Jan-25
Interim - gross/net	0.01	17-Feb-25
Interim - gross/net	0.01	17-Mar-25
Interim - gross/net	0.01	15-Apr-25
Interim - gross/net	0.01	15-May-25
Interim - gross/net	0.01	16-Jun-25
Interim - gross/net	0.01	15-Jul-25
Interim - gross/net	0.01	15-Aug-25
Final - gross/net	0.01	17-Sep-25

Distribution

	2024	
	Sen/unit	Payment Date
Interim - gross/net	0.01	16-Oct-23
Interim - gross/net	0.01	15-Nov-23
Interim - gross/net	0.01	15-Dec-23
Interim - gross/net	0.01	15-Jan-24
Interim - gross/net	0.01	15-Feb-24
Interim - gross/net	0.01	15-Mar-24
Interim - gross/net	0.01	15-Apr-24
Interim - gross/net	0.01	15-May-24
Interim - gross/net	0.01	18-Jun-24
Interim - gross/net	0.01	15-Jul-24
Interim - gross/net	0.01	15-Aug-24
Final - gross/net	0.01	17-Sep-24

KEY PERFORMANCE DATA

	2023	
	Sen/unit	Payment Date
Distribution		
Interim - gross/net	0.01	31-Mar-23
Interim - gross/net	0.01	28-Apr-23
Interim - gross/net	0.01	31-May-23
Interim - gross/net	0.01	15-Jun-23
Interim - gross/net	0.01	17-Jul-23
Interim - gross/net	0.01	15-Aug-23
Final - gross/net	0.01	15-Sep-23

	As at 30 September		
	2025	2024	2023
Unit split ("unit")	Nil	Nil	Nil
Total Expense Ratio ("TER")	1.50%	1.45%	1.23%
Portfolio Turnover Ratio ("PTR")	43.85 times	46.23 times	47.22 times

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

TER was higher than those of the previous years due to overall decrease in the average NAV (refer to Note 15).

PTR was lower at 43.85 times mainly due to overall decrease in portfolio rebalancing activities undertaken by the Fund (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 DANA AL-IDDHIKHAR ("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 30 September 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
28 November 2025

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF
KAF DANA AL-IDDHIKHAR ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 September 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.

We are of the opinion that the distributions of income by the Fund are appropriate and reflect the investment objective of the Fund.

For and on behalf of
CIMB Islamic Trustee Berhad

Tok Puan Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
28 November 2025

STATEMENT BY THE MANAGER

TO THE UNIT HOLDERS OF
KAF DANA AL-IDDHIKHAR

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 49 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 September 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
---	--

28 November 2025

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF DANA AL-IDDHIKHAR

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of **KAF Dana al-Iddhikhar** ("the Fund") give a true and fair view of the financial position of the Fund as at 30 September 2025 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 September 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 49.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF DANA AL-IDDHIKHAR

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 DANA AL-IDDHIKHAR

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 DANA AL-IDDHIKHAR

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
28 November 2025

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

	Note	2025 RM	2024 RM
INCOME			
Profit income from financial assets at fair value through profit or loss		104,622	110,450
EXPENSES			
Manager's fee	3	(11,816)	(12,506)
Trustee's fee	4	(12,000)	(12,000)
Audit fee		(8,000)	(8,000)
Tax agent's fee		(5,400)	(5,400)
Other expenses		(9,978)	(10,542)
		(47,194)	(48,448)
NET PROFIT BEFORE TAXATION		57,428	62,002
TAXATION	6	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		57,428	62,002
Net profit after taxation is made up of the following:			
Realised amount		57,428	62,002

Total amount for distributions (net) and distributions per unit (gross and net) for the distributions, including the declaration date for each distributions, are disclosed in Note 5 to the financial statements.

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025

	Note	2025 RM	2024 RM
ASSETS			
Cash and cash equivalents	8	14,683	18,103
Financial assets at fair value through profit or loss	7	3,169,017	3,159,411
Prepayment	9	2,033	2,033
TOTAL ASSETS		3,185,733	3,179,547
LIABILITIES			
Amount due to Manager			
- Manager's fee		977	965
Amount due to Trustee		11,277	11,231
Other payables and accruals	11	17,370	23,727
TOTAL LIABILITIES		29,624	35,923
NET ASSET VALUE ("NAV") OF THE FUND		3,156,109	3,143,624
EQUITY			
Unit holders' capital		11,210,144	11,247,891
Accumulated losses		(8,054,035)	(8,104,267)
TOTAL NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		3,156,109	3,143,624
NUMBER OF UNITS IN CIRCULATION	12	5,958,470	6,030,277
NAV PER UNIT		0.5297	0.5213

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

Note	Unit holders' capital RM	Accumulated losses RM	Total RM
BALANCE AS AT 1 OCTOBER 2024	11,247,891	(8,104,267)	3,143,624
Movement in unit holders' capital:			
Creation of units arising from applications	35,899	-	35,899
Creation of units arising from distributions	5,235	-	5,235
Cancellation of units	(78,881)	-	(78,881)
	<u>(37,747)</u>	<u>-</u>	<u>(37,747)</u>
Total comprehensive income for the financial year	-	57,428	57,428
Distributions	5	-	(7,196)
	<u>-</u>	<u>50,232</u>	<u>50,232</u>
BALANCE AS AT 30 SEPTEMBER 2025	<u>11,210,144</u>	<u>(8,054,035)</u>	<u>3,156,109</u>
BALANCE AS AT 1 OCTOBER 2023	11,450,122	(8,158,539)	3,291,583
Movement in unit holders' capital:			
Creation of units arising from applications	782,000	-	782,000
Creation of units arising from distributions	5,733	-	5,733
Cancellation of units	(989,964)	-	(989,964)
	<u>(202,231)</u>	<u>-</u>	<u>(202,231)</u>
Total comprehensive income for the financial year	-	62,002	62,002
Distributions	5	-	(7,730)
	<u>-</u>	<u>54,272</u>	<u>54,272</u>
BALANCE AS AT 30 SEPTEMBER 2024	<u>11,247,891</u>	<u>(8,104,267)</u>	<u>3,143,624</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 30 SEPTEMBER 2025

Note	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from maturity of Islamic deposits with licensed financial institutions	138,177,071	154,248,551
Placement of Islamic deposits with licensed financial institutions	(138,178,998)	(154,111,960)
Profit income received from Islamic deposits with licensed financial institutions	96,944	115,590
Manager's fee paid	(11,804)	(12,566)
Trustee's fee paid	(11,954)	(11,733)
Payment of other fees and expenses	(29,736)	(15,220)
Net cash generated from operating activities	<u>41,523</u>	<u>212,662</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(1,961)	(2,167)
Proceeds from creation of units	35,899	782,000
Payments for cancellation of units	(78,881)	(989,964)
Net cash used in financing activities	<u>(44,943)</u>	<u>(210,131)</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	<u>(3,420)</u>	<u>2,531</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>18,103</u>	<u>15,572</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>14,683</u>	<u>18,103</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank	8	14,683
	<u>14,683</u>	<u>18,103</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 30 SEPTEMBER 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 30 SEPTEMBER 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 October 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 that are applicable to the Fund but not yet effective:

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026).
 - The amendments clarify that financial assets are derecognised when the rights to the cash flows expire or when the asset is transferred, and financial liabilities are derecognised at the settlement date (i.e. when the liability is extinguished or qualifies for derecognition);
 - There is an optional exception to derecognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the specified criteria are met;
 - The amendments also clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;

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

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

(b) Standards and amendments that have been issued that are applicable to the Fund but not yet effective: (cont'd)

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026). (cont'd)
 - There are additional new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
 - The amendments update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").
- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.
 - The new MFRS introduces a new structure of profit or loss statement.
 - (a) Income and expenses are classified into 3 new main categories:
 - (i) Operating category which typically includes results from the main business activities;
 - (ii) Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
 - (iii) Financing category that presents income and expenses from financing liabilities.

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

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

(b) Standards and amendments that have been issued that are applicable to the Fund 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)
 - (b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.
 - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal.
 - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

The Fund is currently still assessing the effect of the above standards and amendments. No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.

B INCOME RECOGNITION

Profit income from Islamic deposits with licensed financial institutions is 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).

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

C DISTRIBUTIONS

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee of the Fund.

D 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.

E 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.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its 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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(i) Classification (cont'd)

The contractual cash flows of the Fund's Islamic deposits with licensed financial institutions 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 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.

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.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(ii) Recognition and measurement (cont'd)

Islamic deposits with licensed financial institutions are stated at fair value. Due to the short-term nature of the Islamic deposits, the cost plus accrued profit calculated based on the effective profit rate method over the period from the date of placement to the date of maturity of the respective Islamic deposits is a reasonable estimate of fair value.

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

(iii) Impairment for assets carried at amortised cost

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

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.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

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

Qualitative criteria:

The obligor meets unlikeliness 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.

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

H CREATION AND CANCELLATION OF UNITS

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

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

I UNIT HOLDERS' CAPITAL

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

- the units entitle the unit holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units in the Fund over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if a unit holder exercises the right to put the unit back to the Fund.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 30 SEPTEMBER 2025

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

KAF Dana al-Iddhikhar (hereinafter referred to as “the Fund”) was constituted pursuant to a Deed dated 30 September 2005 (“the Deed”) between KAF Investment Funds Berhad (“the Manager”) and the previous trustee, Universal Trustee (Malaysia) Berhad. The Deed was modified by the Supplemental Deed dated 9 January 2014 and the Second Supplemental Deed dated 12 March 2015. By the Third Supplemental Deed dated 26 July 2017, the previous trustee, Universal Trustee (Malaysia) Berhad has been changed to CIMB Islamic Trustee Berhad effective from 1 October 2017. The Deed was further modified by the Fourth Supplemental Deed dated 9 January 2023. The Deed and the modification made in 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 defined under Article 7 of the Deed, which includes sukuk and Islamic money market instruments and other form of instruments that comply with Shariah requirements as may be approved by the relevant authorities from time to time. The Fund commenced operations on 6 October 2005 and will continue its operations until terminated according to the provisions of the Deed.

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

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

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 30 SEPTEMBER 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	-	14,683	14,683
Financial assets at fair value through profit or loss	3,169,017	-	3,169,017
	<u>3,169,017</u>	<u>14,683</u>	<u>3,183,700</u>

2024

Cash and cash equivalents	-	18,103	18,103
Financial assets at fair value through profit or loss	3,159,411	-	3,159,411
	<u>3,159,411</u>	<u>18,103</u>	<u>3,177,514</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 interest rate risk), liquidity risk, credit risk and Shariah status reclassification risk from its financial instruments.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

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

Market risk

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 deposits with licensed financial institutions. Interest rate risk is actively managed by duration targeting based on the interest rate outlook. The Manager overcomes the exposure of short-term Islamic deposits by way of maintaining Islamic deposits on a short-term basis.

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 effective weighted average profit rates per annum and the average remaining maturities of Islamic deposits with licensed financial institutions 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
Islamic deposits with licensed financial institutions	3.16	3.30	49	55

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulties in meeting its financial obligation. The Manager manages this risk by maintaining sufficient level of Islamic liquid assets to meet anticipated payment and cancellations of unit by unit holders. Islamic liquid assets comprise cash at bank, Islamic deposits with licensed financial institutions 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. The amounts in the table below are the contractual undiscounted cash flows.

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

As at 30 September 2025

Amount due to Manager			
- Manager's fee	977	-	977
Amount due to Trustee	65	11,212	11,277
Other payables and accruals	-	17,370	17,370
Contractual undiscounted cash outflows	1,042	28,582	29,624

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

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

Liquidity risk (cont'd)

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
As at 30 September 2024			
Amount due to Manager			
- Manager's fee	965	-	965
Amount due to Trustee	65	11,166	11,231
Other payables and accruals	-	23,727	23,727
Contractual undiscounted cash outflows	1,030	34,893	35,923

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 placements in Islamic deposits with licensed financial institutions 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.

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

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

Credit risk (cont'd)

The maximum exposure to credit risk before any credit enhancements is the carrying amount of the financial assets as set out below:

	2025 RM	2024 RM
Cash and cash equivalents	14,683	18,103
Financial assets at fair value through profit or loss	3,169,017	3,159,411
	3,183,700	3,177,514

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

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

As at 30 September 2025
Islamic deposits with licensed financial institutions

- AAA	-	1,503,829	1,503,829
- AA3	-	1,665,188	1,665,188

Financial services

- AAA	14,683	-	14,683
	14,683	3,169,017	3,183,700

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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	Total
	RM	RM	RM
As at 30 September 2024			
Islamic deposits with licensed financial institutions			
- AAA	-	1,381,996	1,381,996
- AA3	-	1,163,060	1,163,060
- A1	-	614,355	614,355
Financial services			
- AAA	18,103	-	18,103
	<u>18,103</u>	<u>3,159,411</u>	<u>3,177,514</u>

Capital risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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.

Fair value estimation

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

The fair value of financial assets traded in active markets (such as publicly traded 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.

The carrying values of cash and cash equivalents and all current liabilities are reasonable approximations of their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

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

Fair value hierarchy

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

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

Fair value hierarchy (cont'd)

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

Level 1	Level 2	Level 3	Total
RM	RM	RM	RM

As at 30 September 2025

Financial assets at fair value through profit or loss

- Islamic deposits with licensed financial institutions	- 3,169,017	- 3,169,017
---	-------------	-------------

As at 30 September 2024

Financial assets at fair value through profit or loss

- Islamic deposits with licensed financial institutions	- 3,159,411	- 3,159,411
---	-------------	-------------

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 Islamic deposits with licensed financial institutions. 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 F.

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

3. MANAGER'S FEE

Clause 13.1.2 of the Deed provides that the Manager is entitled to an annual management fee at a rate not exceeding 0.375% 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 0.375% (2024: 0.375%) per annum.

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

4. TRUSTEE'S FEE

Clause 4.5 of the Third Supplemental Deed provides that the Trustee is entitled to an annual trustee fee at a rate not exceeding 0.1% per annum based on the Fund's NAV on a daily basis before deducting the Manager's and Trustee's fees calculated for that particular day or subject to a minimum of RM12,000 per annum.

The Trustee's fee provided in the financial statements is computed based on this basis at a rate of 0.025% (2024: 0.025%) per annum or subject to a 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.

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

5. DISTRIBUTIONS

	Gross/Net distribution	
	2025	2024
	Sen/unit	Sen/unit
Gross/Net distributions for the financial year:		
Interim, declared and reinvested on 15/10/2024 (2024: 16/10/2023)	0.01	0.01
Interim, declared and reinvested on 15/11/2024 (2024: 15/11/2023)	0.01	0.01
Interim, declared and reinvested on 16/12/2024 (2024: 15/12/2023)	0.01	0.01
Interim, declared and reinvested on 15/01/2025 (2024: 15/01/2024)	0.01	0.01
Interim, declared and reinvested on 17/02/2025 (2024: 15/02/2024)	0.01	0.01
Interim, declared and reinvested on 17/03/2025 (2024: 15/03/2024)	0.01	0.01
Interim, declared and reinvested on 15/04/2025 (2024: 15/04/2024)	0.01	0.01
Interim, declared and reinvested on 15/05/2025 (2024: 15/05/2024)	0.01	0.01
Interim, declared and reinvested on 16/06/2025 (2024: 18/06/2024)	0.01	0.01
Interim, declared and reinvested on 15/07/2025 (2024: 15/07/2024)	0.01	0.01
Interim, declared and reinvested on 15/08/2025 (2024: 15/08/2024)	0.01	0.01
Final, declared and reinvested on 17/09/2025 (2024: 17/09/2024)	0.01	0.01
Total gross/net distributions per unit (sen)	0.12	0.12

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

5. DISTRIBUTIONS (CONT'D)

	2025 RM	2024 RM
Distributions to unit holders are from the following sources:		
Profit income from Islamic deposits with licensed financial institutions	28,818	30,836
Gross realised income	28,818	30,836
Less:		
Expenses	(21,622)	(23,106)
Gross/Net distributions	<u>7,196</u>	<u>7,730</u>

Gross distributions per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distributions per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

The distributions are made from current year's net realised income.

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

6. TAXATION

	2025 RM	2024 RM
Current taxation		
- Malaysia taxation	-	-

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	<u>57,428</u>	<u>62,002</u>
Taxation at Malaysian statutory rate of 24% (2024: 24%)	13,783	14,880
Tax effects of:		
Investment income not subject to tax	(25,109)	(26,508)
Expenses not deductible for tax purposes	5,341	5,392
Restriction on tax deductible expenses for unit trust funds	5,985	6,236
Tax expense	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RM	2024 RM
Financial assets at fair value through profit or loss:		
- Islamic deposits with licensed financial institutions#	3,169,017	3,159,411

Includes profit receivables of RM15,953 (2024: RM8,275). A total of RM534,966 (2024: RM596,192) of short-term Islamic deposits 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 deposits with licensed financial institutions are shown in Note 2 to the financial statements.

The Fund's Shariah-compliant investments in Islamic deposits with licensed financial institutions are short-term in nature. Therefore, the fair values of Islamic deposits with licensed financial institutions are taken to approximate their carrying values.

8. CASH AND CASH EQUIVALENTS

	2025 RM	2024 RM
Cash at bank	14,683	18,103

9. PREPAYMENT

	2025 RM	2024 RM
Shariah advisory fee	2,033	2,033

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

10. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund comprises cash placements and liquid assets in local market which are placed in Shariah-compliant instruments.

11. OTHER PAYABLES AND ACCRUALS

	2025 RM	2024 RM
Audit and tax agent's fees	15,250	21,427
Sundry accruals	2,120	2,300
	17,370	23,727

12. NUMBER OF UNITS IN CIRCULATION

	2025 Number of units	2024 Number of units
At the beginning of the financial year	6,030,277	6,417,343
Creation of units arising from applications	68,280	1,513,525
Creation of units arising from distributions	9,959	11,085
Cancellation of units	(150,046)	(1,911,676)
At the end of the financial year	5,958,470	6,030,277

13. TRANSACTIONS WITH DEALERS

There were no transactions with dealers for the financial year ended 30 September 2025 and 30 September 2024, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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
Dato' Ahmad Kadis	Spouse of the 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

	2025		2024	
	No. of units	RM	No. of units	RM
KAF Investment Funds Berhad	25	13	26	14
Dato' Ahmad Kadis	3,075,469	1,629,076	3,068,455	1,599,586

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 30 SEPTEMBER 2025

15. TOTAL EXPENSE RATIO ("TER")

	2025	2024
TER	1.50%	1.45%

TER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis was RM3,150,974 (2024: RM3,334,947).

16. PORTFOLIO TURNOVER RATIO ("PTR")

	2025	2024
PTR	43.85 times	46.23 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 = RM138,178,998 (2024: RM154,111,960)
total disposal for the financial year = RM138,177,071 (2024: RM154,248,551)

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
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

PricewaterhouseCoopers Taxation 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,
Lingkar 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**