



## **KAF ENHANCED BOND FUND**

### **ANNUAL REPORT**

**30 JUNE 2026**

# MANAGER'S REPORT

We are pleased to present the Manager's Report for the financial year ended 30 June 2026 ("the period").

## 1. Launch Date

KAF Enhanced Bond Fund ("KEBF/the Fund") commenced operations on 30 January 2002 and will continue its operations until terminated according to the Deed dated 27 December 2001, Supplemental Deed dated 9 January 2014, Second Supplemental Deed dated 12 March 2015 and Third Supplemental Deed dated 20 March 2023.

## 2. Type of Fund

Income & Growth Fund.

## 3. Category of Fund

Fixed-income Fund.

## 4. Fund's Objective, Benchmark and Distribution Policy

KEBF seeks to maximize total returns by investing primarily in money market securities and other fixed-income securities, which provide current income, capital appreciation or a combination of both income and capital appreciation.

The Fund will invest in investment grade fixed-income securities and other money market instruments. Although KEBF is predominantly a fixed-income fund, the Fund is also allowed to invest up to a maximum of 10% of the Net Asset Value ("NAV") in equities and /or equity-related securities.

The benchmark used to measure the Fund's performance is RAM Quant Shop MGS All Bond Index. The RAM Quant Shop index may be obtained from the RAM Quant Shop website at [www.quantshop.com](http://www.quantshop.com).

Income distribution (if any) will be paid once a year.

## MANAGER'S REPORT

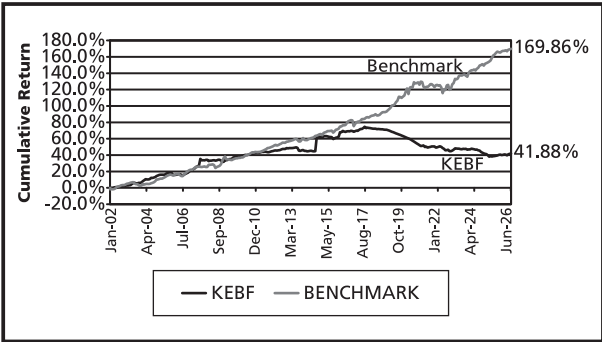
## MANAGER'S REPORT

### 5. Review of Fund Operations and Performance

For the financial year under review, the Fund based on its NAV, recorded a return of 2.18% compared with the benchmark which recorded a return of 2.72%. The underperformance is due to the fund's AUM being below the required size to effectively execute the fund's investment strategy.

No cross-trade transaction carried out during the reported period ended 30 June 2026. The Fund has not undertaken any securities lending or repurchase transaction for the reported period.

**Performance Chart since Inception  
(30 January 2002 to 30 June 2026)**



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

KEBF continues its defensive strategy in maintaining liquidity which may have an impact in the overall performance throughout time. However, due to the small NAV of the Fund, the available investment opportunities were limited and hence provided a lower return.

### Fund Performance as ranked by Lipper Asia Limited

| Period                                     | KEBF     |       | Mean of Industry's Non-Islamic Unclassified Funds |
|--------------------------------------------|----------|-------|---------------------------------------------------|
|                                            | % Change | Rank  | % Change                                          |
| <b>3 months</b><br>26/03/2026 - 26/06/2026 | 1.30     | 19/21 | 5.70                                              |
| <b>6 months</b><br>26/12/2025 - 26/06/2026 | 1.16     | 11/21 | 4.96                                              |
| <b>1 year</b><br>26/06/2025 - 26/06/2026   | 2.15     | 6/14  | 5.49                                              |
| <b>3 years</b><br>26/06/2023 - 26/06/2026  | (3.51)   | 5/7   | 14.74                                             |
| <b>5 years</b><br>25/06/2021 - 26/06/2026  | (5.48)   | 4/6   | 14.32                                             |

Source: The Edge, 06 July 2026 issued, Edge-Lipper Fund Performance Table, an independent source

### Past performance is not necessarily indicative of future performance.

During the financial year under review, KEBF's fund size increase from RM5.76 million as at 30 June 2025 to fund size RM5.88 million as at 30 June 2026. The Fund's NAV per unit increased from RM0.3584 as at 30 June 2025 to RM0.3662 as at 30 June 2026 due to income generated from the Fund's investments. Realised gain amounted to RM62,015 arising from dividend income, management fee rebate from collective investment schemes ("CIS") and interest earned. At the end of the financial year, the unrealized gain stood at RM182,010.

### 6. Asset Allocation and Investment Strategies Employed

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.

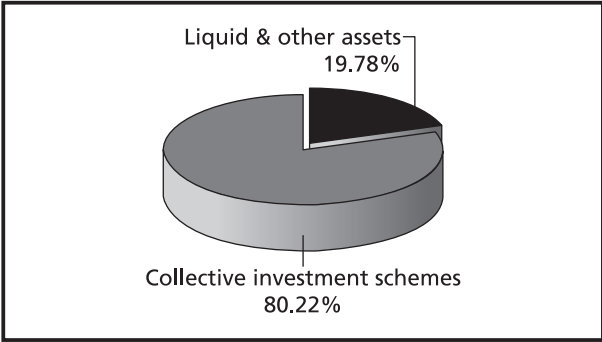
## MANAGER'S REPORT

## MANAGER'S REPORT

### Asset Allocation

| Asset Class                   | Percentage of NAV as at |            | Change in exposure over period (%) |
|-------------------------------|-------------------------|------------|------------------------------------|
|                               | 30/06/2025              | 30/06/2026 |                                    |
| Collective investment schemes | 79.37                   | 80.22      | 0.85                               |
| Liquid and other assets       | 20.63                   | 19.78      | (0.85)                             |

**Portfolio of Investment and Other Assets  
as at 30 June 2026**



### 7. Review of the Market

Malaysia's exports surged by 45.3% while imports increased by 14.1% Year-on-Year ("YoY") in May. The trade surplus increased to MYR40.4 billion in May; up from MYR28.8 billion in the previous month. Malaysia's Consumer Price Index ("CPI") was higher at 2.0% YoY in May compared to 1.90% in April.

Malaysian foreign reserves increased in June to USD 130.5 billion from USD129.5 billion in May. Meanwhile, Malaysia's Purchasing Managers' Index ("PMI") was higher 50.7 in June compared to 49.9 in the previous month.

US Treasury yields were higher in June with the Treasury 2-year, 5-year and 10-year benchmark yield closing the month at 4.17%, 4.23% and 4.47% respectively compared to 4.00%, 4.14% and 4.44% in May.

Malaysian Government Securities ("MGS") 3-year, 5-year yield and 10-year yield were higher, ending at 3.26%, 3.40% and 3.60% in June compared to 3.23%, 3.40% and 3.56% in the previous month.

### 8. Market Outlook and Strategy

The US-Iran war came reached to a ceasefire end in the middle of June and activities in the Strait of Hormuz resumed. While oil prices have returned close to pre-war levels, the political situation in the region remains fragile with the lingering risk of tensions suddenly flaring up at any time. In addition to the supply chain disruptions caused by the war, the barrage of Iranian missiles fired at neighbouring oil producing countries damaged oil and gas facilities that will take between several months to years to fully restore. Hence, the longer-term macroeconomic impact of the oil price and supply chain shocks over the past few months are likely still unfolding.

The US Federal Reserve ("the Fed") committee kept rates unchanged during the June FOMC meeting but new Fed chairman Kevin Warsh signalled that restraining rising inflation will be a higher priority moving forward. Global bonds recovered slightly by the end of June as investors were relieved to see an end of the conflict but most investors are taking a "wait and see" approach as uncertainty remains. With US CPI inflation accelerating for a third month in a row on the back of strong US economy, most market participants have cemented expectations that the Fed will raise rates by 25 or 50 basis points ("bp") by end of the 2026.

In Malaysia, the local bond market remained quiet and subdued amid the ongoing global uncertainty. Government bonds were mostly flattish throughout June but corporate bonds particularly on the long end have seen yields continue to creep up. Despite the targeted fuel subsidies, domestic CPI inflation further climbed to 2% while the Producer Price Index ("PPI") rose sharply to 7.8%. Nonetheless, demand for government bond auctions remained firm throughout the month with the 3-year MGS 03/2029, 15-year GII 07/2040, 5-year MGS 06/2031 and 20-year GII 05/2045 minted strong Bid-to-Cover ("BTC") ratios of 1.928x, 3.41x, 2.282x and 3.136x respectively.

## MANAGER'S REPORT

With the conflict in the Middle East appearing to be over, we look for opportunities to buy quality assets at attractive prices while keeping an eye on potential inflationary risks. Hence, we maintain our conservative stance of 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 reporting 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 KEBF from one broker/dealer by virtue of transactions conducted for KEBF. 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 KEBF 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.

### 11. Other Information

The designated fund manager is Mr. Oliver Tan - Rausch @ Tan Chien Yang. His profile is available on the website, [www.kaf.com.my](http://www.kaf.com.my).

## KEY PERFORMANCE DATA

| Portfolio Composition          | As at 30 June       |                      |                     |           |
|--------------------------------|---------------------|----------------------|---------------------|-----------|
|                                | 2026                | 2025                 | 2024                |           |
|                                | (Percentage of NAV) |                      |                     |           |
|                                | %                   | %                    | %                   |           |
| Collective investment schemes  | 80.22               | 79.37                | 43.85               |           |
| Liquid and other assets        | 19.78               | 20.63                | 56.15               |           |
| Total                          | 100.00              | 100.00               | 100.00              |           |
|                                |                     |                      |                     |           |
| Total return for the year (RM) |                     |                      |                     |           |
| Capital growth                 | 139,882             | 25,469               | 5,589               |           |
| Income distribution            | (15,137)            | (7,272)              | (7,576)             |           |
|                                |                     |                      |                     |           |
| Performance                    | Income Return       | Capital Return       | Annual Total Return |           |
|                                | %                   | %                    | KEBF                | Benchmark |
|                                |                     |                      | %                   | %         |
| Financial year ended           |                     |                      |                     |           |
| 30/06/2026                     | -                   | 2.18                 | 2.18                | 2.72      |
| 30/06/2025                     | -                   | (4.76)               | (4.76)              | 6.59      |
| 30/06/2024                     | -                   | (0.90)               | (0.90)              | 3.93      |
| 30/06/2023                     | -                   | 0.82                 | 0.82                | 8.07      |
| 30/06/2022                     | -                   | (2.49)               | (2.49)              | (2.22)    |
|                                |                     |                      |                     |           |
|                                |                     | Average Total Return |                     |           |
|                                |                     | KEBF                 | Benchmark           |           |
|                                |                     | %                    | %                   |           |
| One (1) year                   |                     | 2.18                 | 2.72                |           |
| Three (3) years                |                     | (1.19)               | 4.60                |           |
| Five (5) years                 |                     | (1.04)               | 4.05                |           |

Source: Novagni Analytics & 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 30 June |            |            |
|-----------------------------------------------|---------------|------------|------------|
|                                               | 2026          | 2025       | 2024       |
| Total NAV (RM)                                | 5,879,050     | 5,756,094  | 229,383    |
| Units in circulation                          | 16,054,503    | 16,059,503 | 609,503    |
| NAV per unit (RM)                             | 0.3662        | 0.3584     | 0.3763     |
| <b>Unit Prices for the year (RM per unit)</b> |               |            |            |
| NAV (year high)                               | 0.3669        | 0.3773     | 0.3821     |
| NAV (year low)                                | 0.3583        | 0.3533     | 0.3775     |
| NAV (year high, ex-distribution)              | Nil           | Nil        | Nil        |
| NAV (year low, ex-distribution)               | Nil           | Nil        | Nil        |
| NAV                                           | 0.3662        | 0.3584     | 0.3763     |
| <b>Distributions</b>                          | Nil           | Nil        | Nil        |
| <b>Unit split</b>                             | Nil           | Nil        | Nil        |
| <b>Total Expense Ratio ("TER")</b>            | 1.33%         | 1.72%      | 6.95%      |
| <b>Portfolio Turnover Ratio ("PTR")</b>       | Nil           | 1.10 times | 0.08 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.

The TER was lower than the previous year due to overall increase in average NAV during the year under review (refer to Note 11).

The PTR was NIL during the year under review (refer to Note 12).

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

## TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial year ended 30 June 2026 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 requirements.

For and on behalf of  
**CIMB Commerce Trustee Berhad**

**Tok Puan Datin Ezreen Eliza binti Zulkiplee**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
Date: 21 August 2026

## STATEMENT BY THE MANAGER

TO THE UNIT HOLDERS OF  
**KAF ENHANCED BOND 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 16 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 June 2026 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**

|                                         |                                                              |
|-----------------------------------------|--------------------------------------------------------------|
| <b>Datuk Khatijah Ahmad</b><br>Director | <b>Mohammed Reza Tan Sri Abu Talib</b><br>Executive Director |
|-----------------------------------------|--------------------------------------------------------------|

Kuala Lumpur, Malaysia  
21 August 2026

## INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF  
**KAF ENHANCED BOND FUND**

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Our opinion

In our opinion, the financial statements of **KAF Enhanced Bond Fund** ("the Fund") give a true and fair view of the financial position of the Fund as at 30 June 2026, 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 June 2026, 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 16 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 ENHANCED BOND FUND**

### 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 ENHANCED BOND FUND**

### **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 ENHANCED BOND FUND**

### **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  
21 August 2026

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

|                                                                                        | Note | 2026<br>RM      | 2025<br>RM      |
|----------------------------------------------------------------------------------------|------|-----------------|-----------------|
| <b>INCOME</b>                                                                          |      |                 |                 |
| Dividend income                                                                        |      | 7,767           | 605             |
| Interest income from financial assets at amortised cost                                |      | 33,516          | 11,611          |
| Net gain on financial assets at fair value through profit or loss                      | 6    | 160,614         | 41,450          |
|                                                                                        |      | <u>201,897</u>  | <u>53,666</u>   |
| <b>EXPENSES</b>                                                                        |      |                 |                 |
| Manager's fee                                                                          | 3    | (60,430)        | (20,658)        |
| Trustee's fee                                                                          | 4    | (3,084)         | (1,033)         |
| Audit fee                                                                              |      | (5,500)         | (5,500)         |
| Tax agent's fee                                                                        |      | (4,150)         | (4,150)         |
| Other expenses                                                                         |      | (3,988)         | (4,128)         |
|                                                                                        |      | <u>(77,152)</u> | <u>(35,469)</u> |
| <b>NET PROFIT BEFORE TAXATION</b>                                                      |      | <u>124,745</u>  | <u>18,197</u>   |
| <b>TAXATION</b>                                                                        | 5    | -               | -               |
| <b>NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b> |      | <u>124,745</u>  | <u>18,197</u>   |
| Net profit after taxation is made up of the following:                                 |      |                 |                 |
| Realised amount                                                                        |      | (15,137)        | (7,272)         |
| Unrealised amount                                                                      |      | 139,882         | 25,469          |
|                                                                                        |      | <u>124,745</u>  | <u>18,197</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 30 JUNE 2026

|                                                       | Note | 2026<br>RM        | 2025<br>RM        |
|-------------------------------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                                         |      |                   |                   |
| Cash and cash equivalents                             | 7    | 1,178,921         | 1,203,184         |
| Financial assets at fair value through profit or loss | 6    | 4,716,211         | 4,568,562         |
| <b>TOTAL ASSETS</b>                                   |      | <u>5,895,132</u>  | <u>5,771,746</u>  |
| <b>LIABILITIES</b>                                    |      |                   |                   |
| Amount due to Manager                                 |      |                   |                   |
| - Manager's fee                                       |      | 3,332             | 3,044             |
| Amount due to Trustee                                 |      | 529               | 236               |
| Other payables and accruals                           | 8    | 12,221            | 12,371            |
| <b>TOTAL LIABILITIES</b>                              |      | <u>16,082</u>     | <u>15,651</u>     |
| <b>NET ASSET VALUE ("NAV") OF THE FUND</b>            |      | <u>5,879,050</u>  | <u>5,756,095</u>  |
| <b>EQUITY</b>                                         |      |                   |                   |
| Unit holders' capital                                 |      | 5,870,644         | 5,872,434         |
| Retained earnings/ (accumulated losses)               |      | 8,406             | (116,339)         |
| <b>TOTAL NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>  |      | <u>5,879,050</u>  | <u>5,756,095</u>  |
| <b>NUMBER OF UNITS IN CIRCULATION</b>                 | 9    | <u>16,054,503</u> | <u>16,059,503</u> |
| <b>NAV PER UNIT</b>                                   |      | <u>0.3662</u>     | <u>0.3584</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 30 JUNE 2026

|                                                   | Unit holders' capital<br>RM | Retained earning/losses<br>(accumulated losses)<br>RM | Total<br>RM      |
|---------------------------------------------------|-----------------------------|-------------------------------------------------------|------------------|
| <b>BALANCE AS AT 1 JULY 2025</b>                  | 5,872,434                   | (116,339)                                             | 5,756,095        |
| <b>Movement in unit holders' capital:</b>         |                             |                                                       |                  |
| Creation of units arising from applications       | 3,636                       | -                                                     | 3,636            |
| Cancellation of units                             | (5,426)                     | -                                                     | (5,426)          |
|                                                   | (1,790)                     | -                                                     | (1,790)          |
| Total comprehensive income for the financial year | -                           | 124,745                                               | 124,745          |
| <b>BALANCE AS AT 30 JUNE 2026</b>                 | <u>5,870,644</u>            | <u>8,406</u>                                          | <u>5,879,050</u> |
| <b>BALANCE AS AT 1 JULY 2024</b>                  | 363,919                     | (134,536)                                             | 229,383          |
| <b>Movement in unit holders' capital:</b>         |                             |                                                       |                  |
| Creation of units arising from applications       | 5,585,543                   | -                                                     | 5,585,543        |
| Cancellation of units                             | (77,028)                    | -                                                     | (77,028)         |
|                                                   | <u>5,508,515</u>            | <u>-</u>                                              | <u>5,508,515</u> |
| Total comprehensive income for the financial year | -                           | 18,197                                                | 18,197           |
| <b>BALANCE AS AT 30 JUNE 2025</b>                 | <u>5,872,434</u>            | <u>(116,339)</u>                                      | <u>5,756,095</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 JUNE 2026

|                                                                         | Note | 2026<br>RM       | 2025<br>RM         |
|-------------------------------------------------------------------------|------|------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |      |                  |                    |
| Proceeds from sale of investments                                       |      | -                | 70,000             |
| Purchase of investments                                                 |      | -                | (4,485,000)        |
| Interest received                                                       |      | 33,516           | 11,611             |
| Manager's fee paid                                                      |      | (39,410)         | (10,672)           |
| Trustee's fee paid                                                      |      | (2,791)          | (807)              |
| Payment of other fees and expenses                                      |      | (13,788)         | (14,758)           |
| <b>Net cash used in from operating activities</b>                       |      | <u>(22,473)</u>  | <u>(4,429,626)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                             |      |                  |                    |
| Proceeds from creation of units                                         |      | 3,636            | 5,585,543          |
| Payments for cancellation of units                                      |      | (5,426)          | (77,028)           |
| <b>Net cash (used in)/generated from financing activities</b>           |      | <u>(1,790)</u>   | <u>5,508,515</u>   |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>             |      | <u>(24,263)</u>  | <u>1,078,889</u>   |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b> |      | <u>1,203,184</u> | <u>124,295</u>     |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>       | 7    | <u>1,178,921</u> | <u>1,203,184</u>   |
| <b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>                            |      |                  |                    |
| Cash at bank                                                            |      | 18,794           | 16,573             |
| Deposits with licensed financial institutions                           |      | 1,160,127        | 1,186,611          |
|                                                                         | 7    | <u>1,178,921</u> | <u>1,203,184</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 JUNE 2026

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.

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 International Financial Reporting Standards 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 period. 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 I.

## SUMMARY OF MATERIAL ACCOUNTING POLICIES

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

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

##### **(a) Standards, amendments to published standards and interpretations that are applicable and effective:**

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2025 that have a material effect on the financial statements of the Fund.

##### **(b) New standards, amendments and interpretations 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;
  - 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").

## SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

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

#### (b) New standards, amendments and interpretations that have been issued that are applicable to the Fund but not yet effective: (cont'd)

- Annual Improvements to MFRS Accounting Standards for enhanced consistency (effective 1 January 2026).
- 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 JUNE 2026

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

#### (b) New standards, amendments and interpretations 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)
  - The new MFRS introduces a new structure of profit or loss statement. (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.

## SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

### B INCOME RECOGNITION

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

Interest income from deposits with licensed financial institutions are recognised using the effective interest rate method on an accrual basis.

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

Realised gains or losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, which is determined on weighted average cost basis.

### 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.

## SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

### 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.

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Investments in collective investment schemes are debt instruments with contractual cash flows that do not represent solely payments of principal and interest, and therefore are classified as fair value through profit or loss.

The Fund classifies cash and cash equivalents 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.

## SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

### E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

#### (ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

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

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

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

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

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Collective investment schemes are valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the last published price of such unit of share (excluding any sales charge included in such selling price).

## SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

### E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

#### (ii) Recognition and measurement (cont'd)

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

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

#### (iii) Impairment for assets carried at amortised cost

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

#### 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:

## SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

### E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

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

##### Quantitative criteria:

Any contractual payment which is more than 90 days past due is considered credit impaired.

##### Qualitative criteria:

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

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

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

##### Write-off

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

## SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

### F CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank and deposits held with licensed financial institutions with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### G 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.

### H 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.

## SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

### H UNIT HOLDERS' CAPITAL (CONT'D)

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.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

### 1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

KAF Enhanced Bond Fund (hereinafter referred to as ("the Fund")) was constituted pursuant to a Deed dated 27 December 2001, between KAF Investment Funds Berhad ("the Manager") and CIMB Commerce Trustee Berhad ("the Trustee") as well as the subsequent issuance of the Supplemental Deed dated 9 January 2014, Second Supplemental Deed dated 12 March 2015 and Third Supplemental Deed dated 20 March 2023 (collectively referred to as "the Deeds").

The principal activity of the Fund is to invest in "Permitted Investments" as defined under schedule 7 of the Deed, which includes stocks and shares of companies quoted on the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), fixed-income securities and short term investment. The Fund commenced operations on 30 January 2002 and will continue its operations until terminated according to the conditions in the Deeds.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

### 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    |

#### 2026

|                                                       |                  |                  |                  |
|-------------------------------------------------------|------------------|------------------|------------------|
| Cash and cash equivalents                             | -                | 1,178,921        | 1,178,921        |
| Financial assets at fair value through profit or loss | 4,716,211        | -                | 4,716,211        |
|                                                       | <u>4,716,211</u> | <u>1,178,921</u> | <u>5,895,132</u> |

#### 2025

|                                                       |                  |                  |                  |
|-------------------------------------------------------|------------------|------------------|------------------|
| Cash and cash equivalents                             | -                | 1,203,184        | 1,203,184        |
| Financial assets at fair value through profit or loss | 4,568,562        | -                | 4,568,562        |
|                                                       | <u>4,568,562</u> | <u>1,203,184</u> | <u>5,771,746</u> |

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

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

#### Market risk

##### (a) Price risk

The Fund is exposed to price risk because of the investments held by the Fund are classified at fair value through profit or loss. Price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices (other than those arising from interest rate risk). Such fluctuation may cause the Fund's NAV and price of units to fall as well as rise and income produced by the Fund may also fluctuate. The price risk is managed through diversification and selection of securities and other financial instruments within specified limits according to the Deed.

The table below shows the financial assets of the Fund as at 30 June which are exposed to price risk:

|                                                                    | 2026<br>RM       | 2025<br>RM       |
|--------------------------------------------------------------------|------------------|------------------|
| <b>Investments</b>                                                 |                  |                  |
| Collective investment schemes at fair value through profit or loss | <u>4,716,211</u> | <u>4,568,562</u> |

The following table summarises the sensitivity of the Fund's investments to price risk movements as at 30 June. The analysis is based on the assumptions that the market price increased and decreased by 5% (2025: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

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

#### Market risk (cont'd)

##### (a) Price risk (cont'd)

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

#### 2026

|                                                                    |       |                |
|--------------------------------------------------------------------|-------|----------------|
| Collective investment schemes at fair value through profit or loss | +/- 5 | <u>235,811</u> |
|--------------------------------------------------------------------|-------|----------------|

#### 2025

|                                                                    |       |                |
|--------------------------------------------------------------------|-------|----------------|
| Collective investment schemes at fair value through profit or loss | +/- 5 | <u>228,428</u> |
|--------------------------------------------------------------------|-------|----------------|

##### (b) Interest rate risk

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

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

#### Market risk (cont'd)

##### (b) Interest rate risk (cont'd)

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

|                                              | Weighted average interest rates |        | Average remaining maturities |             |
|----------------------------------------------|---------------------------------|--------|------------------------------|-------------|
|                                              | 2026 %                          | 2025 % | 2026 Day(s)                  | 2025 Day(s) |
| Deposit with licensed financial institutions | 2.84                            | 3.04   | 1                            | 1           |

##### Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulties in meeting its financial obligations. The Manager manages this risk by maintaining sufficient levels of liquid assets to meet anticipated payment and cancellations of unit by unit holders. Liquid assets comprise cash at bank, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

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

#### Liquidity risk (cont'd)

|  | Less than<br>1 month | Between<br>1 month<br>to 1 year | Total |
|--|----------------------|---------------------------------|-------|
|  | RM                   | RM                              | RM    |

#### As at 30 June 2026

|                                               |              |               |               |
|-----------------------------------------------|--------------|---------------|---------------|
| Amount due to Manager                         |              |               |               |
| - Manager's fees                              | 3,332        | -             | 3,332         |
| Amount due to Trustee                         | 529          | -             | 529           |
| Other payables and accruals                   | -            | 12,221        | 12,221        |
| <b>Contractual undiscounted cash outflows</b> | <b>3,861</b> | <b>12,221</b> | <b>16,082</b> |

#### As at 30 June 2025

|                                               |              |               |               |
|-----------------------------------------------|--------------|---------------|---------------|
| Amount due to Manager                         |              |               |               |
| - Manager's fees                              | 3,044        | -             | 3,044         |
| Amount due to Trustee                         | 236          | -             | 236           |
| Other payables and accruals                   | -            | 12,371        | 12,371        |
| <b>Contractual undiscounted cash outflows</b> | <b>3,280</b> | <b>12,371</b> | <b>15,651</b> |

#### Credit risk

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

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

#### Credit risk (cont'd)

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:

|                           | 2026<br>RM | 2025<br>RM |
|---------------------------|------------|------------|
| Cash and cash equivalents | 1,178,921  | 1,203,184  |

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

|                           | Cash<br>and cash<br>equivalents<br>RM |
|---------------------------|---------------------------------------|
| <b>As at 30 June 2026</b> |                                       |
| <b>Financial services</b> |                                       |
| - AAA                     | 553,107                               |
| - AA3                     | 625,814                               |
|                           | <b>1,178,921</b>                      |
| <b>As at 30 June 2025</b> |                                       |
| <b>Financial services</b> |                                       |
| - AAA                     | 566,615                               |
| - AA3                     | 636,569                               |
|                           | <b>1,203,184</b>                      |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

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

#### Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital and 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 investment activities of the Fund.

#### Fair value estimation

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

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

#### Fair value hierarchy

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

### 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        |
| <b>As at 30 June 2026</b>                                    |           |         |         |           |
| <b>Financial assets at fair value through profit or loss</b> |           |         |         |           |
| - Collective investment schemes                              | 4,716,211 | -       | -       | 4,716,211 |
| <b>As at 30 June 2025</b>                                    |           |         |         |           |
| <b>Financial assets at fair value through profit or loss</b> |           |         |         |           |
| - Collective investment schemes                              | 4,568,562 | -       | -       | 4,568,562 |

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

### 3. MANAGER'S FEE

Clause 14.1.2 of the Deed provides that the Manager is entitled to an annual management fee at a rate not exceeding 1.50% per annum based on the Fund's NAV on a daily basis before deducting the Manager's and Trustee's fee for that particular day.

The Manager's fee provided in the financial statements is computed on this basis at a rate of 1.00% (2025: 1.00%) 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 14.2.2 of the Deed provides that the Trustee is entitled to an annual trustee fee at a rate not exceeding 0.08% per annum based on the Fund's NAV on a daily basis before deducting the Manager's and Trustee's fee calculated for that particular day and subject to a minimum of RM18,000 (2025: RM18,000) per annum. With effect from 1 July 2021 the difference between that recognised by the Fund and the minimum fee of RM18,000 will be borne by the Manager.

The Trustee's fee provided in the financial statements is computed on this basis at a rate of 0.05% (2025: 0.05%) 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 statement.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

**5. TAXATION**

|                     | 2026<br>RM | 2025<br>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:

|                                                             | 2026<br>RM | 2025<br>RM |
|-------------------------------------------------------------|------------|------------|
| Net profit before taxation                                  | 124,745    | 18,197     |
| Taxation at Malaysian statutory rate of 24% (2025: 24%)     | 29,939     | 4,367      |
| Tax effects of:                                             |            |            |
| Investment income not subject to tax                        | (48,455)   | (12,880)   |
| Expenses not deductible for tax purposes                    | 1,970      | 1,416      |
| Restriction on tax deductible expenses for unit trust funds | 16,546     | 7,097      |
| Tax expense                                                 | -          | -          |

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

**6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

|                                                                    | 2026<br>RM | 2025<br>RM |
|--------------------------------------------------------------------|------------|------------|
| Net gain on financial assets at fair value through profit or loss: |            |            |
| - realised gain on sale of investments                             | -          | 8,910      |
| - unrealised gain on fair value movement                           | 139,882    | 25,469     |
| - management fee rebate on collective investment schemes#          | 20,732     | 7,071      |
|                                                                    | 160,614    | 41,450     |
| Financial assets at fair value through profit or loss:             |            |            |
| - Collective investment schemes                                    | 4,716,211  | 4,568,562  |

#In arriving at the fair value of collective investment schemes, the management fee initially paid to the Manager of collective investment schemes have been considered as part of its NAV. In order to prevent the double charging of management fee which is not permissible under the SC's Guildelines on Unit Trust Funds, management fee charged on the Fund's investments in collective investment schemes have been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment schemes is reflected as an increase in the NAV of the collective investment schemes.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

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

Details of collective investment schemes as at 30 June 2026 are set out as follows:

| Name of counter | Nominal value | Aggregate cost | Fair value as at 30/06/2026 expressed as percentage of NAV of Fund | Fair value as at 30/06/2026 expressed as percentage of NAV of Fund |
|-----------------|---------------|----------------|--------------------------------------------------------------------|--------------------------------------------------------------------|
|                 | RM            | RM             | RM                                                                 | %                                                                  |

#### COLLECTIVE INVESTMENT SCHEMES

|                       |         |           |           |       |
|-----------------------|---------|-----------|-----------|-------|
| KAF Bond Fund         | 4,009   | 1,017,394 | 1,071,194 | 18.22 |
| KAF Core Income Fund  | 483,513 | 458,300   | 453,728   | 7.71  |
| KAF iCash Fund        | 926,440 | 1,020,479 | 1,052,806 | 17.91 |
| KAF Money Market Fund | 6,131   | 1,020,307 | 1,062,820 | 18.08 |
| KAF Sukuk Fund        | 6,153   | 1,017,721 | 1,075,663 | 18.30 |

#### TOTAL COLLECTIVE INVESTMENT SCHEMES

|           |           |           |       |
|-----------|-----------|-----------|-------|
| 1,426,246 | 4,534,201 | 4,716,211 | 80.22 |
|-----------|-----------|-----------|-------|

#### UNREALISED GAIN ON COLLECTIVE INVESTMENT SCHEMES

182,010

#### FAIR VALUE OF TOTAL COLLECTIVE INVESTMENT SCHEMES

4,716,211

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

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

Details of collective investment schemes as at 30 June 2025 are set out as follows:

| Name of counter | Nominal value | Aggregate cost | Fair value as at 30/06/2025 expressed as percentage of NAV of Fund | Fair value as at 30/06/2025 expressed as percentage of NAV of Fund |
|-----------------|---------------|----------------|--------------------------------------------------------------------|--------------------------------------------------------------------|
|                 | RM            | RM             | RM                                                                 | %                                                                  |

#### COLLECTIVE INVESTMENT SCHEMES

|                       |         |           |           |       |
|-----------------------|---------|-----------|-----------|-------|
| KAF Bond Fund         | 4,009   | 1,017,393 | 1,040,971 | 18.08 |
| KAF Core Income Fund  | 475,482 | 451,142   | 433,165   | 7.53  |
| KAF iCash Fund        | 926,115 | 1,020,116 | 1,022,246 | 17.76 |
| KAF Money Market Fund | 6,130   | 1,020,061 | 1,030,828 | 17.91 |
| KAF Sukuk Fund        | 6,153   | 1,017,722 | 1,041,352 | 18.09 |

#### TOTAL COLLECTIVE INVESTMENT SCHEMES

|           |           |           |       |
|-----------|-----------|-----------|-------|
| 1,417,889 | 4,526,434 | 4,568,562 | 79.37 |
|-----------|-----------|-----------|-------|

#### UNREALISED GAIN ON COLLECTIVE INVESTMENT SCHEMES

42,128

#### FAIR VALUE OF TOTAL COLLECTIVE INVESTMENT SCHEMES

4,568,562

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

**7. CASH AND CASH EQUIVALENTS**

|                                               | <b>2026<br/>RM</b> | <b>2025<br/>RM</b> |
|-----------------------------------------------|--------------------|--------------------|
| Cash at bank                                  | 18,794             | 16,573             |
| Deposit with licensed financial institutions* | 1,160,127          | 1,186,611          |
|                                               | <b>1,178,921</b>   | <b>1,203,184</b>   |

\* A total of RM625,814 (2025: RM636,569) of the short-term deposit is placed with KAF Investment Bank Berhad, the intermediate holding company of the Manager.

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

**8. OTHER PAYABLES AND ACCRUALS**

|                            | <b>2026<br/>RM</b> | <b>2025<br/>RM</b> |
|----------------------------|--------------------|--------------------|
| Audit and tax agent's fees | 11,021             | 11,021             |
| Sundry accruals            | 1,200              | 1,350              |
|                            | <b>12,221</b>      | <b>12,371</b>      |

**9. NUMBER OF UNITS IN CIRCULATION**

|                                             | <b>2026<br/>Number<br/>of units</b> | <b>2025<br/>Number<br/>of units</b> |
|---------------------------------------------|-------------------------------------|-------------------------------------|
| At the beginning of the financial year      | 16,059,503                          | 609,503                             |
| Creation of units arising from applications | 10,000                              | 15,660,000                          |
| Cancellation of units                       | (15,000)                            | (210,000)                           |
| At the end of the financial year            | <b>16,054,503</b>                   | <b>16,059,503</b>                   |

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

**10. UNITS HELD BY THE MANAGER AND RELATED PARTIES**

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

| <b>Related parties</b>                                                                                              | <b>Relationships</b>                                                                 |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| 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                                              |
| Datuk Khatijah Ahmad                                                                                                | Director of the Manager                                                              |
| Thariq Usman Ahmad                                                                                                  | Son of the Director                                                                  |
| 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 30 JUNE 2026

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

|                             | 2026         |           | 2025         |           |
|-----------------------------|--------------|-----------|--------------|-----------|
|                             | No. of units | RM        | No. of units | RM        |
| KAF Investment Funds Berhad | 1,706        | 625       | 3,459        | 1,240     |
| Datuk Khatijah Ahmad        | 139,782      | 51,188    | 139,782      | 50,098    |
| Thariq Usman Ahmad          | 15,423,444   | 5,648,065 | 15,423,444   | 5,527,762 |

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

**11. TOTAL EXPENSE RATIO ("TER")**

|     | 2026  | 2025  |
|-----|-------|-------|
| TER | 1.33% | 1.72% |

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 RM5,818,180 (2025: RM2,065,788).

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

**12. PORTFOLIO TURNOVER RATIO ("PTR")**

|     | 2026 | 2025       |
|-----|------|------------|
| PTR | -    | 1.10 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  
= Nil (2025: RM4,485,605)  
total disposal for the financial year  
= Nil (2025: RM43,090)

## **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](http://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 Commerce Trustee Berhad

### **Auditor & Reporting Accountant**

PricewaterhouseCoopers PLT

### **Tax Adviser**

PricewaterhouseCoopers Taxation Services Sdn Bhd

### **Banker**

CIMB Bank Berhad

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

For more information,  
log on to **[www.kaf.com.my](http://www.kaf.com.my)**