



KAF CORE INCOME FUND

ANNUAL REPORT

31 AUGUST 2024

MANAGER'S REPORT

We are pleased to present the Manager's Report for the financial year ended 31 August 2024 ("the period").

1. Launch Date

KAF Core Income Fund ("KCIF/the Fund") commenced operations on 2 September 2004 and will continue its operations until terminated according to the Master Deed dated 29 July 2004, Supplemental Master Deed dated 9 January 2014, Second Supplemental Master Deed dated 12 March 2015 and Third Supplemental Master Deed dated 20 March 2023.

2. Type of Fund

Income Fund.

3. Category of Fund

Equity Fund.

4. Fund's Objective, Benchmark and Distribution Policy

KCIF's investment objective is to provide unit holders with a stable income that is potentially higher than the prevailing fixed deposit rates ("FD") by investing in high-dividend yielding portfolio of stocks and fixed-income securities.

As an equity fund, the strategic limit on KCIF's asset allocation is subject to a maximum 98% exposure in equities and a minimum 2% in fixed-income securities and other liquid assets.

The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM-KLCI") is used as the benchmark to reflect KCIF's investment policy of investing up to a maximum 98% of the Net Asset Value ("NAV") in equities.

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

5. Review of Fund Operations and Performance

For the financial year under review, KCIF registered a return of 28.10% compared to its benchmark FBM-KLCI, which recorded a return of 15.62%. The Fund outperformed

MANAGER'S REPORT

relative to the benchmark mainly due to the Fund's overweight position in industrial products, technology and energy sectors.

No cross-trade transaction carried out during the reported period ended 31 August 2024. The Fund has not undertaken any securities lending or repurchase transaction for the reported period.

The Fund realised a net gain of RM31.37 million arising from dividend income, interest earned and gain on disposal of equities.

As at end of the financial year, total unrealised gain stood at RM54.57 million.

KCIF's NAV increased to RM750.41 million on 31 August 2024 from RM130.42 million on 31 August 2023 as a result of inflows and appreciation in the value of investments. The NAV per unit of the Fund increased to RM1.1552 (adjusted for income distributions) as at 31 August 2024 from RM0.9018 as at 31 August 2023 due to the positive return recorded during the year under review.

Fund Performance as ranked by Lipper Asia Limited

Period	KCIF		Mean of Industry's Equity Malaysia Income Non-Islamic Funds % Change
	% Change	Rank	
3 months 30/05/2024 - 30/08/2024	(1.15)	10/17	(0.81)
6 months 29/02/2024 - 30/08/2024	10.49	6/17	8.84
1 year 30/08/2023 - 30/08/2024	28.11	1/17	18.88
3 years 30/08/2021 - 30/08/2024	78.78	1/17	18.30
5 years 30/08/2019 - 30/08/2024	285.85	1/17	53.47

Source: The Edge, 9 September 2024 issue, The Edge-Lipper Fund Performance Table, an independent source.

MANAGER'S REPORT

KCIF's performance against the Benchmark and Indices of Bursa Malaysia

Fund/Index	31/08/2023	31/08/2024	Change (%)
KCIF (RM)	0.9018	1.1552*	28.10
FBM-KLCI (benchmark)	1,451.94	1,678.80	15.62
FBM EMAS Index	10,740.70	12,484.26	16.23
FBM EMAS Shariah Index	10,920.64	12,286.67	12.51

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

*Note: NAV per unit adjusted for income distributions.

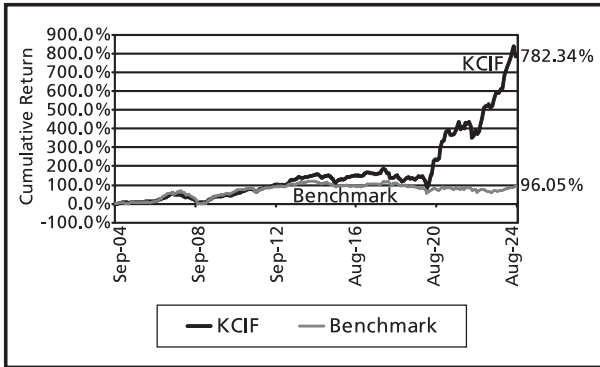
We are pleased to declare a total gross/net distributions of 5.00 sen per unit including the interim distribution of 3.00 sen per unit on 15 February 2024, representing a yield of 4.34% based on the Fund's closing NAV per unit of RM1.1511 on 15 August 2024. The impact on NAV per unit arising from the distribution is as follows:

	RM/Unit as at 15 August 2024
NAV before distribution	1.1511
Less: Distribution of 2.00 sen net	(0.0200)
NAV after distribution	1.1311

Past performance is not necessarily indicative of future performance.

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**Performance Chart since Inception
(22 September 2004 to 31 August 2024)**



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

Past performance is not necessarily indicative of future performance.

6. Asset Allocation and Investment Strategies Employed

KCIF continues to invest in stocks with reasonable payout ratios, offer growth potential and trade below estimated intrinsic value. The search for these companies is a continuous effort aimed at replacing stocks that have been disposed for profits or due to changes in the company's fundamentals or prospects. During the year under review, KCIF equity exposure decrease from 94.01% to 85.16% mainly due to the creation of units towards the end of the year and it would take time to deploy the cash into investments which meet our criteria.

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.

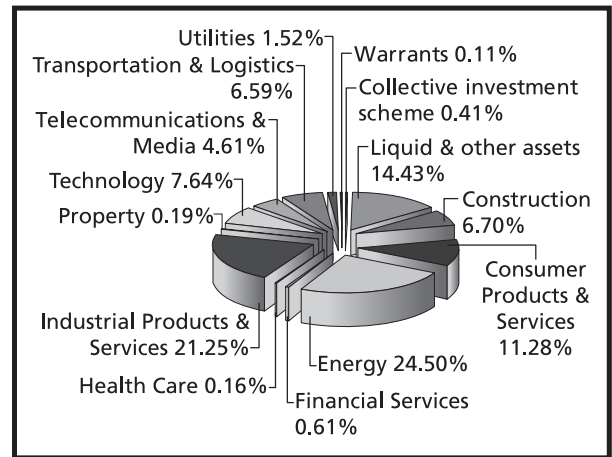
There were no circumstances which could materially affect any interest of the unit holders.

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Asset Allocation

Asset class	Percentage of NAV as at		Change in Exposure over period (%)
	31/08/2023 (%)	31/08/2024 (%)	
Collective investment scheme	-	0.41	0.41
Equity and derivative securities	94.01	85.16	(8.85)
Liquid & other assets	5.99	14.43	8.44

Portfolio of Investment and Other Assets as at 31 August 2024



7. Equity Market Review

During the period of review, FBM-KLCI, FBM EMAS and FBM EMAS Shariah increased by 15.62%, 16.23% and 12.51% respectively. The Dow Jones Industrial Average, S&P 500 and NASDAQ meanwhile also increased by 19.70%, 25.31% and 26.21% respectively during this period. The MSCI World Index delivered positive returns of 22.61% while the MSCI Emerging Market Index increased by 12.20% during the period of review.

MANAGER'S REPORT

With global inflation trending lower and US interest rates already at a multi-year high, there was hope that the US Federal Reserve ("the Fed") may start to reduce interest rates. While Fed officials have indicated that interest rate may have peaked, any reductions would likely be gradual and data dependent. This, however, did not dampen the investors' bullishness in the equity markets as the investors rejoiced at the lower likelihood of an economic "hard-landing" and the hopes of a new secular growth driver from Artificial Intelligence ("AI").

Locally, Malaysia's Gross Domestic Products' ("GDP") growth accelerated to 5.9% in the second quarter of 2024 as compared to 3.7% in 2023 as recovery in global demand drove export orders and ongoing foreign direct investment into the country continued to bear fruits. The Malaysian government and Bank Negara Malaysia ("BNM") are expecting the 2024 GDP growth rate to come in between 4% to 5% with the recovery of industrial activities and export demand.

During the period in review, BNM maintained the Overnight Policy Rate ("OPR") at 3.00% to balance the considerations between economic growth, inflation risk and the Ringgit currency trend.

For the first part of the period under review, Malaysian equities underperformed developed markets as there is a general lack of local companies involved in the AI supply chain. However, Malaysian equities subsequently outperformed most foreign markets particularly other emerging markets as foreign investors returned into the Malaysian market after being enticed by Malaysia's robust economic outlook and the strengthening Ringgit.

8. Market Outlook and Strategy

Global central banks are expected to reverse their monetary policies from tightening to easing. The change in the direction of interest rates coupled with improving global demand are expected to cushion the global economy into a "soft-landing". The Chinese economy continues to be weighed down by weak global demand for its exports while the flailing real estate sector and high youth unemployment weigh on consumer sentiment. The Chinese government remains reluctant to introduce significant measures to stimulate the economy as it tries to steer the country toward higher quality and more sustainable growth. A stronger Chinese economy would be a boost to the global economic landscape particularly for ASEAN countries such as Malaysia.

MANAGER'S REPORT

In the period under review, global equities roared back as investors dialled down the bearish expectations on the global economy and equity markets. However, this has raised concerns that whether investors are being overly bullish especially when the risk of a potential recession cannot yet be completely ruled out. In the local equity market, we do observe that some companies or sectors have enjoyed a valuation re-rating which may be outpacing their earnings growth trajectory. This is especially prevalent among the companies with larger market capitalisations which tend to attract foreign investors. Nonetheless, the overall market valuations remain manageable and within its historical range.

Regardless of the current market conditions, we have stressed that there will always be different companies which may perform well in different economic environments. We remain committed and focused on quality stock-picking and continue to see pockets of opportunities to outperform the benchmark and deliver positive returns to the unit holders.

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

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

KEY PERFORMANCE DATA

Portfolio Composition	As at 31 August		
	2024	2023	2022
	(Percentage of NAV)		
	%	%	%
Quoted Equities			
Construction	6.70	2.63	4.30
Consumer Products & Services	11.28	7.04	7.20
Energy	24.50	20.56	20.30
Financial Services	0.61	2.41	2.76
Health Care	0.16	-	0.56
Industrial Products & Services	21.25	28.45	26.56
Plantation	-	-	2.06
Property	0.19	-	-
Technology	7.64	17.12	19.63
Telecommunications & Media	4.61	4.86	-
Transportation & Logistics	6.59	-	3.06
Utilities	1.52	10.87	4.19
Warrants	0.11	0.07	0.02
Total Quoted Equities	85.16	94.01	90.64
Collective investment scheme	0.41	-	-
Liquid and other assets	14.43	5.99	9.36
Total	100.00	100.00	100.00
Total return for the year	RM'000	RM'000	RM'000
Capital growth	28,809	26,323	(4,457)
Income distribution	23,396	5,528	3,075

Performance	Income Return	Capital Return	Annual Total Return	
	%	%	KCIF %	Benchmark %

Financial year ended

31/08/2024	4.78	22.26	28.10	15.62
31/08/2023	7.63	30.79	40.77	(3.98)
31/08/2022	8.36	(8.52)	(0.87)	(5.58)
31/08/2021	6.71	36.44	45.60	4.99
31/08/2020	1.81	45.60	48.23	(5.39)

KEY PERFORMANCE DATA

	Average Total Return	
	KCIF %	Benchmark %
One (1) year	28.10	15.62
Three (3) years	26.25	1.61
Five (5) years	57.16	0.83

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:-

$$\begin{aligned} \text{Capital return} &= \text{NAV per Unit end} / \text{NAV per Unit begin} - 1 \\ \text{Income return} &= \text{Income distribution per Unit} / \text{NAV per Unit ex-date} \\ \text{Total return} &= (1 + \text{Capital return}) \times (1 + \text{Income return}) - 1 \end{aligned}$$

KEY PERFORMANCE DATA

NAV and Units in Circulation	As at 31 August		
	2024	2023	2022
Total NAV (RM'000)	750,414	130,420	72,232
Units in circulation (in '000)	680,622	144,627	104,762
NAV per unit (RM)	1.1025	0.9018	0.6895
Unit Prices for the year (RM per unit)			
NAV (year high)	1.2321	0.9255	0.8312
NAV (year low)	0.8828	0.6475	0.6084
NAV (year high, ex-distribution)	1.1311	0.8905	0.7802
NAV (year low, ex-distribution)	1.0140	0.8423	0.6895
NAV	1.1025	0.9018	0.6895
Distribution			
Final - gross/net (sen per unit)	2.00	3.50	3.00
Payment date	15/08/2024	15/08/2023	30/08/2022
Interim - gross/net (sen per unit)	3.00	3.00	3.00
Payment date	15/02/2024	28/02/2023	01/03/2022
Unit Split	Nil	Nil	Nil
Total Expense Ratio ("TER")	1.59%	1.61%	1.61%
Portfolio Turnover Ratio ("PTR")	0.99 times	0.74 times	1.27 times

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

TER was lower than the previous years due to overall increase in average NAV (refer to Note 14).

PTR was higher than the previous years due to overall increase in portfolio rebalancing activities undertaken by the Fund (refer to Note 15).

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 CORE INCOME FUND

We, **Universal Trustee (Malaysia) Berhad** ("the Trustee") being the Trustee of **KAF Core Income Fund** ("the Fund") are of the opinion that **KAF Investment Funds Berhad** ("the Manager"), acting in the capacity of Manager of the Fund, has fulfilled their duties in the following manner for the financial year ended 31 August 2024.

- The Fund is being managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deed, Supplemental Deed, other provisions of the Deed, the SC's Guidelines on the Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- Valuation/pricing is carried out in accordance with the Deed and any regulatory requirements;
- Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements; and
- The two distributions of 3.00 sen (gross) per unit declared in February 2024 and 2.00 sen (gross) per unit for the financial year ended 31 August 2024 consistent with the objective of the Fund.

For and on behalf of the Trustee,
Universal Trustee (Malaysia) Berhad

Ong Tee Vann
Chief Executive Officer

Kuala Lumpur, Malaysia
29 October 2024

STATEMENT BY THE MANAGER

TO THE UNIT HOLDERS OF
KAF CORE INCOME 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 17 to 69 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 August 2024 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 **Mohammed Reza Tan Sri Abu Talib**
Director Executive Director

Kuala Lumpur, Malaysia
29 October 2024

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF CORE INCOME FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of **KAF Core Income Fund** ("the Fund") give a true and fair view of the financial position of the Fund as at 31 August 2024 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 August 2024, 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 17 to 69.

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 CORE INCOME FUND

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF CORE INCOME FUND

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

TO THE UNIT HOLDERS OF
KAF CORE INCOME FUND

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

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

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

Kuala Lumpur
29 October 2024

	Note	2024 RM	2023 RM
INCOME			
Dividend income		5,805,903	3,070,973
Interest income from financial assets at amortised cost		1,180,256	175,534
Net gain on financial assets at fair value through profit or loss	7	53,191,990	30,629,197
		<u>60,178,149</u>	<u>33,875,704</u>
EXPENSES			
Manager's fee	3	(5,355,079)	(1,413,449)
Trustee's fee	4	(249,904)	(65,961)
Transaction costs		(2,285,540)	(508,257)
Audit fee		(8,000)	(5,500)
Tax agent's fee		(6,000)	(6,000)
Other expenses		(68,339)	(25,365)
		<u>(7,972,862)</u>	<u>(2,024,532)</u>
NET PROFIT BEFORE TAXATION		52,205,287	31,851,172
TAXATION	6	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>52,205,287</u>	<u>31,851,172</u>
Net profit after taxation is made up of the following:			
Realised amount		23,396,607	5,528,317
Unrealised amount		28,808,680	26,322,855
		<u>52,205,287</u>	<u>31,851,172</u>

Total amount for distributions (net) and distribution per unit (gross and net) for the distributions, including the declaration date for each distribution, 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 31 AUGUST 2024

	Note	2024 RM	2023 RM
ASSETS			
Cash and cash equivalents	8	95,339,522	4,890,948
Financial assets at fair value through profit or loss	7	642,144,265	122,606,790
Amount due from broker	9	14,083,626	1,568,158
Amount due from Manager - creation of units		9,550,670	2,302,658
Dividend receivables		1,066,404	168,534
TOTAL ASSETS		762,184,487	131,537,088
LIABILITIES			
Amount due to broker	9	8,797,969	521,475
Amount due to Manager			
- Cancellation of units		1,955,258	411,435
- Manager's fee		942,006	155,184
Amount due to Trustee		43,960	7,242
Other payables and accruals	10	31,454	21,478
TOTAL LIABILITIES		11,770,647	1,116,814
NET ASSET VALUE ("NAV") OF THE FUND		750,413,840	130,420,274
EQUITY			
Unit holders' capital		689,000,528	100,406,885
Retained earnings		61,413,312	30,013,389
TOTAL NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		750,413,840	130,420,274
NUMBER OF UNITS IN CIRCULATION			
	11	680,622,354	144,626,855
NAV PER UNIT		1.1025	0.9018

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

Note	Unit holders' capital RM	Retained earnings RM	Total RM
BALANCE AS AT 1 SEPTEMBER 2023			
	100,406,885	30,013,389	130,420,274
Movement in unit holders' capital:			
Creation of units arising from applications	975,786,464	-	975,786,464
Creation of units arising from distributions	20,805,364	-	20,805,364
Cancellation of units	(407,998,185)	-	(407,998,185)
	<u>588,593,643</u>	<u>-</u>	<u>588,593,643</u>
Total comprehensive income for the financial year	-	52,205,287	52,205,287
Distributions	5	(20,805,364)	(20,805,364)
	<u>-</u>	<u>31,399,923</u>	<u>31,399,923</u>
BALANCE AS AT 31 AUGUST 2024			
	689,000,528	61,413,312	750,413,840
BALANCE AS AT 1 SEPTEMBER 2022			
	66,106,961	6,124,782	72,231,743
Movement in unit holders' capital:			
Creation of units arising from applications	41,658,554	-	41,658,554
Creation of units arising from distributions	7,962,565	-	7,962,565
Cancellation of units	(15,321,195)	-	(15,321,195)
	<u>34,299,924</u>	<u>-</u>	<u>34,299,924</u>
Total comprehensive income for the financial year	-	31,851,172	31,851,172
Distributions	5	(7,962,565)	(7,962,565)
	<u>-</u>	<u>23,888,607</u>	<u>23,888,607</u>
BALANCE AS AT 31 AUGUST 2023			
	100,406,885	30,013,389	130,420,274

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	120,983,336	57,790,037
Purchase of investments	(593,853,335)	(84,812,762)
Dividends received	4,893,172	3,055,428
Interest income received	1,180,256	175,534
Manager's fee paid	(4,568,257)	(1,347,687)
Trustee's fee paid	(213,186)	(62,892)
Payment of other fees and expenses	(57,502)	(33,876)
Net cash used in operating activities	(471,635,516)	(25,236,218)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	968,538,452	39,478,610
Payments for cancellation of units	(406,454,362)	(14,945,848)
Net cash generated from financing activities	562,084,090	24,532,762
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	90,448,574	(703,456)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	4,890,948	5,594,404
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8 95,339,522	4,890,948
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank	16,044	247,044
Deposit with a licensed financial institution	95,323,478	4,643,904
8	95,339,522	4,890,948

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 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 judgement 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 L.

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

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

- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'.
- Amendment to MFRS 108 'Definition of Accounting Estimates'.
- Amendment to MFRS 101 'Classification of liabilities as current or non-current'.

The adoption of the above standards, amendments to standards or interpretations did not have a material effect on the financial statements of the Fund.

(b) Standards and amendments that have been issued but not yet effective

There are no new standards, amendments to standards or interpretations that have yet to be effective and are applicable to the Fund.

B INCOME RECOGNITION

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

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

B INCOME RECOGNITION (CONT'D)

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

C DISTRIBUTION

A distribution to the Fund's unit holders is accounted for as a deduction from the 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.

Withholding taxes on investment income from investments are based on the tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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 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. Consequently, all investments are measured at fair value through profit or loss.

Investments in collective investment scheme 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, amount due from broker, amount due from Manager - creation of units and dividend receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to broker, 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 31 AUGUST 2024

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(ii) Recognition and measurement

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

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

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

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

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

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

In accordance to the Deeds, quoted investments in Malaysia are valued at the last traded market price quoted on the Bursa Malaysia Securities Berhad ("Bursa Securities") at the date of the statement of financial position. In circumstances where the last traded market price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

F 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 rate method over the period from the date of placement to the date of maturity of the respective deposits.

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

(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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

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

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.

Qualitative criteria:

The debtor meets unlikelihood 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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

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

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.

G CASH AND CASH EQUIVALENTS

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

H AMOUNT DUE FROM/(TO) BROKERS

Amounts due from/(to) brokers represent receivables for quoted securities sold and payables for quoted securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from brokers balance is held for collection.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

H AMOUNT DUE FROM/(TO) BROKERS (CONT'D)

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

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

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

I TRANSACTION COSTS

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

J 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.

K 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 31 AUGUST 2024

L CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information contents of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

KAF Core Income Fund (hereinafter referred to as “the Fund”) was constituted pursuant to a Master Deed dated 29 July 2004 (hereinafter referred to as “the Deed”) between KAF Investment Funds Berhad (“the Manager”) and Universal Trustee (Malaysia) Berhad (“the Trustee”) as well as the subsequent issuance of the Supplemental Master Deed dated 9 January 2014, Second Supplemental Master Deed dated 12 March 2015 and Third Supplemental Master Deed dated 20 March 2023 (collectively referred to as “the Master Deed”).

The principal activity of the Fund is to invest in “Permitted Investments” as defined under the Seventh Schedule of the Deed, which includes stocks and shares of companies quoted on the Bursa Malaysia and short-term investment. The Fund commenced operations on 2 September 2004 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 31 AUGUST 2024

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

2024

Cash and cash equivalents	- 95,339,522	95,339,522
Financial assets at fair value through profit or loss	642,144,265	- 642,144,265
Amount due from broker	- 14,083,626	14,083,626
Amount due from Manager - creation of units	- 9,550,670	9,550,670
Dividend receivables	- 1,066,404	1,066,404
	<u>642,144,265</u>	<u>120,040,222</u>
		<u>762,184,487</u>

2023

Cash and cash equivalents	- 4,890,948	4,890,948
Financial assets at fair value through profit or loss	122,606,790	- 122,606,790
Amount due from broker	- 1,568,158	1,568,158
Amount due from Manager - creation of units	- 2,302,658	2,302,658
Dividend receivables	- 168,534	168,534
	<u>122,606,790</u>	<u>8,930,298</u>
		<u>131,537,088</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

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.

Market risk

(a) Price risk

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

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

	2024 RM	2023 RM
Investments		
- Quoted equities at fair value through profit or loss	639,055,207	122,606,790
- Collective investment scheme at fair value through profit or loss	3,089,058	-
	<u>642,144,265</u>	<u>122,606,790</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Market risk (cont'd)

(a) Price risk (cont'd)

The following table summarises the sensitivity of the Fund's investments to price risk movements as at 31 August. The analysis is based on the assumptions that the market price increased and decreased by 5% (2023: 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.

	Change in price %	Impact on profit before tax/NAV RM
2024		
- Quoted equities at fair value through profit or loss	+/- 5	<u>31,952,760</u>
- Collective investment scheme at fair value through profit or loss	+/- 5	<u>154,453</u>
2023		
- Quoted equities at fair value through profit or loss	+/- 5	<u>6,130,340</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Market risk (cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the value of the 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 deposit with a licensed financial institution. Interest rate risk is actively managed by duration targeting based on the interest rate outlook. The Manager overcomes the exposure to interest rate risk of short-term deposit with a licensed financial institution by way of maintaining deposit with a licensed financial institution on a short-term basis.

The effective weighted average interest rates per annum and the average remaining maturities of deposit with a licensed financial institution as at the date of the statement of financial position is as follows:

	Weighted average interest rates		Average remaining maturities	
	2024 %	2023 %	2024 Day(s)	2023 Day(s)
Deposit with a licensed financial institution	3.20	3.20	2	1

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Liquidity risk

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

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

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

	Less than 1 month 1 month RM	Between 1 month to 1 year 1 year RM	Total RM
As at 31 August 2024			
Amount due to broker	8,797,969	-	8,797,969
Amount due to Manager			
- Cancellation of units	1,955,258	-	1,955,258
- Manager's fee	942,006	-	942,006
Amount due to Trustee	43,960	-	43,960
Other payables and accruals	-	31,454	31,454
Contractual undiscounted cash outflows	11,739,193	31,454	11,770,647

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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 31 August 2023			
Amount due to broker	521,475	-	521,475
Amount due to Manager			
- Cancellation of units	411,435	-	411,435
- Manager's fee	155,184	-	155,184
Amount due to Trustee	7,242	-	7,242
Other payables and accruals	-	21,478	21,478
Contractual undiscounted cash outflows	1,095,336	21,478	1,116,814

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 deposit with a licensed financial institution is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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:

	2024 RM	2023 RM
Cash and cash equivalents	95,339,522	4,890,948
Other assets*	24,700,700	4,039,350
	120,040,222	8,930,298

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

	Cash and cash equivalents	Other assets*	Total
	RM	RM	RM

As at 31 August 2024

Financial services

- AA3	95,323,478	-	95,323,478
- A1	16,044	-	16,044

Others

- not rated	-	24,700,700	24,700,700
	95,339,522	24,700,700	120,040,222

As at 31 August 2023

Financial services

- AA3	4,643,904	-	4,643,904
- A1	247,044	-	247,044

Others

- not rated	-	4,039,350	4,039,350
	4,890,948	4,039,350	8,930,298

* Other assets consist of amount due from broker, amount due from Manager - creation of units and dividend receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Capital risk

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

Fair value estimation

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

The fair value of financial assets traded in active markets (such as publicly-traded 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, amount due from broker, amount due from Manager - creation of units, dividend receivables and all current liabilities are reasonable approximations of their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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 31 AUGUST 2024

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 31 August 2024				
Financial assets at fair value through profit or loss				
- Quoted equities	639,055,207	-	- 639,055,207	
- Collective investment scheme	3,089,058	-	- 3,089,058	
	<u>642,144,265</u>	<u>-</u>	<u>- 642,144,265</u>	

As at 31 August 2023 **Financial assets at fair value through profit or loss**

- Quoted equities	<u>122,606,790</u>	<u>-</u>	<u>- 122,606,790</u>	
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Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed quoted equities and collective investment scheme.

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 31 AUGUST 2024

3. MANAGER'S FEE

Clause 13.1.2 of the Master 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 fees for that particular day.

The Manager's fee provided in the financial statements is computed on this basis at a rate of 1.50% (2023: 1.50%) 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 13.2.2 of the Master Deed provides that the Trustee is entitled to an annual trustee fee at a rate not exceeding 0.07% 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.

The Trustee's fee provided in the financial statements is computed on this basis at a rate of 0.07% (2023: 0.07%) 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 31 AUGUST 2024

5. DISTRIBUTIONS

	2024 RM	2023 RM
Gross/Net distributions for the financial year:		
Interim, declared and reinvested on 15/02/2024 (2023: 28/02/2023)	7,753,106	3,323,748
Final, declared and reinvested on 15/08/2024 (2023: 15/08/2023)	13,052,258	4,638,817
	<u>20,805,364</u>	<u>7,962,565</u>
Distributions to unit holders are from the following sources:		
Dividend income	4,981,611	2,902,439
Interest income	1,034,802	164,583
Realised gain on sale of investments	17,921,500	99,761
Prior year's realised income	4,253,239	6,687,487
Gross realised income	28,191,152	9,854,270
Less:		
Expenses	(7,385,788)	(1,891,705)
Distributions for the financial year	<u>20,805,364</u>	<u>7,962,565</u>
Gross/Net distributions per unit (sen) - Interim	<u>3.00</u>	<u>3.00</u>
Gross/Net distributions per unit (sen) - Final	<u>2.00</u>	<u>3.50</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 and prior year's net realised income.

The Fund did not incur any unrealised losses for the financial year ended 31 August 2024 and 31 August 2023, respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

6. TAXATION

	2024 RM	2023 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:

	2024 RM	2023 RM
Net profit before taxation	<u>52,205,287</u>	<u>31,851,172</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	12,529,269	7,644,281
Tax effects of:		
Investment income not subject to tax	(14,442,756)	(8,130,169)
Expenses not deductible for tax purposes	614,384	140,771
Restriction on tax deductible expenses for unit trust funds	1,299,103	345,117
Tax expense	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RM	2023 RM
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	24,383,310	4,306,342
- unrealised gain on fair value movement	28,808,680	26,322,855
	<u>53,191,990</u>	<u>30,629,197</u>
Financial assets at fair value through profit or loss:		
- Quoted equities	639,055,207	122,606,790
- Collective investment scheme	3,089,058	-
	<u>642,144,265</u>	<u>122,606,790</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Details of quoted equities as at 31 August 2024 are set out as follows:

Name of counter	Quantity Units	Aggregate cost RM	Fair value as at 31/08/2024 expressed as percentage of NAV of Fund	
			Fair value as at 31/08/2024 RM	percentage of NAV of Fund %
QUOTED EQUITIES				
Construction				
Binastra Corporation Berhad	3,160,000	2,401,600	3,981,600	0.53
Eversendai Corporation Berhad	9,655,000	5,004,520	4,682,675	0.63
Fajarbaru Builder Group Berhad	8,000,000	3,882,905	3,320,000	0.44
Gamuda Berhad	2,057,449	12,315,649	15,430,868	2.06
Kumpulan Kitacon Berhad	16,929,700	11,401,707	12,612,626	1.68
MN Holdings Berhad	3,840,000	1,566,690	3,360,000	0.45
Muhibbah Engineering (M) Berhad	8,066,900	6,412,255	6,856,865	0.91
	<u>51,709,049</u>	<u>42,985,326</u>	<u>50,244,634</u>	<u>6.70</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2024 expressed as	
			Fair value as at 31/08/2024	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Consumer Products & Services

Able Global Berhad	11,500,000	23,047,768	22,770,000	3.03
Farm Price Holdings Berhad	20,300,000	8,344,273	11,977,000	1.60
Genting Berhad	4,796,400	22,591,805	20,720,448	2.76
Hup Seng Industries Berhad	3,000,000	3,871,326	3,480,000	0.46
Magni-Tech Industries Berhad	684,400	1,480,266	1,560,432	0.21
MSM Malaysia Holdings Berhad	1,195,000	2,192,619	1,386,200	0.19
PT Resources Holdings Berhad	17,491,600	10,342,900	9,970,212	1.33
RGB International Berhad	33,566,100	12,280,968	12,755,118	1.70
	<u>92,533,500</u>	<u>84,151,925</u>	<u>84,619,410</u>	<u>11.28</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2024 expressed as	
			Fair value as at 31/08/2024	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Energy

Bumi Armada Berhad	93,604,000	49,209,011	50,078,140	6.67
Carimin Petroleum Berhad	9,224,800	7,433,873	8,440,692	1.13
Coastal Contracts Berhad	10,440,900	17,314,961	18,271,575	2.44
Dayang Enterprise Holdings Berhad	7,650,000	17,257,808	19,890,000	2.65
Deleum Berhad	1,948,000	1,974,259	2,785,640	0.37
Dialog Group Berhad	9,985,900	23,538,844	23,566,724	3.14
Keyfield International Berhad	7,451,000	17,351,882	17,733,380	2.36
Perdana Petroleum Berhad	20,554,200	7,153,141	7,605,054	1.01
T7 Global Berhad	14,423,500	6,828,678	6,995,397	0.93
UZMA Berhad	13,559,800	12,528,446	13,559,800	1.81
Yinson Holdings Berhad	5,200,000	12,311,179	14,924,000	1.99
	<u>194,042,100</u>	<u>172,902,082</u>	<u>183,850,402</u>	<u>24.50</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2024 expressed as	
			as at 31/08/2024	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Financial Services

Tune Protect Group Berhad	13,269,300	5,174,923	4,577,909	0.61
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Health Care

Alpha IVF Group Berhad	2,297,400	735,168	735,168	0.10
DC Healthcare Holdings Berhad	3,000,000	1,410,000	480,000	0.06
	5,297,400	2,145,168	1,215,168	0.16

Industrial Products & Services

Aurelius Technologies Berhad	319,000	1,068,650	934,670	0.13
AWC Berhad	3,063,800	1,669,510	3,216,990	0.43
CPE Technology Berhad	3,000,000	3,960,000	3,180,000	0.42
Critical Holdings Berhad	10,396,800	6,206,616	8,681,328	1.16

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2024 expressed as	
			as at 31/08/2024	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Industrial Products & Services

EG Industries Berhad	16,259,800	20,433,292	29,918,032	3.99
Elridge Energy Holdings Berhad	34,400,000	12,033,120	14,448,000	1.93
EPB Group Berhad	12,000,000	7,342,855	7,080,000	0.94
Focus Lumber Berhad	1,260,654	881,402	516,868	0.07
HE Group Berhad	13,833,500	5,026,739	7,608,425	1.01
HSS Engineers Berhad	13,281,600	11,655,666	14,742,576	1.96
Kelington Group Berhad	2,937,300	4,317,200	8,870,646	1.18
Pantech Group Holdings Berhad	14,190,100	10,365,398	14,473,902	1.93
Powerwell Holdings Berhad	12,970,400	5,010,813	4,928,752	0.66

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2024 expressed as	
			Fair value as at 31/08/2024	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Industrial Products & Services

Seng Fong Holdings Berhad	5,333,333	3,920,000	5,653,333	0.75
SKP Resources Berhad	15,685,300	16,543,518	17,724,389	2.36
Thong Guan Industries Berhad	5,500,000	10,931,006	9,130,000	1.22
Wentel Engineering Holdings Berhad	25,350,000	7,198,217	8,365,500	1.11
	<u>189,781,587</u>	<u>128,564,002</u>	<u>159,473,411</u>	<u>21.25</u>

Property

KSL Holdings Berhad	800,000	1,374,780	1,416,000	0.19
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2024 expressed as	
			Fair value as at 31/08/2024	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Technology

Autocount Dotcom Berhad	1,700,000	1,224,340	1,666,000	0.22
Cloudpoint Technology Berhad	11,174,000	6,166,268	8,603,980	1.15
D&O Green Technologies Berhad	1,000,000	3,685,646	2,760,000	0.37
Frontken Corporation Berhad	1,101,800	3,108,988	3,966,480	0.53
Genetec Technology Berhad	7,100,000	14,926,188	7,100,000	0.94
Greatech Technology Berhad	778,000	3,769,875	3,672,160	0.49
Infoline Tec Group Berhad	10,518,200	8,522,731	9,098,243	1.21
Infomina Berhad	8,306,000	8,872,416	10,714,740	1.43
Mi Technovation Berhad	4,684,500	9,587,658	9,228,465	1.23
VisDynamics Holdings Berhad	1,480,350	774,981	503,319	0.07
	<u>47,842,850</u>	<u>60,639,091</u>	<u>57,313,387</u>	<u>7.64</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2024		Fair value as at 31/08/2024 expressed as percentage of NAV of Fund
			as at 31/08/2024	as at 31/08/2024	
	Units	RM	RM	RM	%
QUOTED EQUITIES					
Telecommunications & Media					
OCK Group Berhad	31,833,000	17,415,761	17,030,655		2.27
REDtone Digital Berhad	16,737,200	13,649,371	17,574,060		2.34
	<u>48,570,200</u>	<u>31,065,132</u>	<u>34,604,715</u>		<u>4.61</u>
Transportation & Logistics					
AGX Group Berhad	16,654,000	6,551,852	7,910,650		1.05
Magnum Berhad	3,000,000	3,663,267	3,720,000		0.50
Malaysia Airports Holdings Berhad	1,646,900	15,906,475	17,292,450		2.31
Marine & General Berhad	9,000,000	2,964,875	2,880,000		0.38
PBA Holdings Berhad	2,500,000	5,101,347	6,375,000		0.85
Sealink International Berhad	19,500,000	6,572,740	7,215,000		0.96
TAS Offshore Berhad	6,302,200	4,195,321	4,064,919		0.54
	<u>58,603,100</u>	<u>44,955,877</u>	<u>49,458,019</u>		<u>6.59</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2024		Fair value as at 31/08/2024 expressed as percentage of NAV of Fund
			as at 31/08/2024	as at 31/08/2024	
	Units	RM	RM	RM	%
QUOTED EQUITIES					
Utilities					
Mega First Corporation Berhad	2,599,700	10,653,061	11,438,680		1.52
Warrants					
EG Industries Berhad - WD	1,650,000	-	759,000		0.10
Frontken Corporation Berhad - WB	62,500	-	18,437		-
VisDynamics Holdings Berhad - WC	471,675	-	66,035		0.01
	<u>2,184,175</u>	<u>-</u>	<u>843,472</u>		<u>0.11</u>
TOTAL QUOTED EQUITIES					
	<u>707,232,961</u>	<u>584,611,367</u>	<u>639,055,207</u>		<u>85.16</u>
UNREALISED GAIN ON QUOTED EQUITIES AT FAIR VALUE THROUGH PROFIT OR LOSS					
			<u>54,443,840</u>		
FAIR VALUE OF TOTAL QUOTED EQUITIES					
			<u>639,055,207</u>		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Details of collective investment scheme as at 31 August 2024 are set out as follows:

Name of Counter	Quantity	Aggregate cost	Fair value as at 31/08/2024 expressed as	
			as at 31/08/2024	percentage of NAV of Fund
	Units	RM	RM	%
REITs				
Sentral Real Estate Investment Trust	3,910,200	2,964,068	3,089,058	0.41
TOTAL COLLECTIVE INVESTMENT SCHEME	3,910,200	2,964,068	3,089,058	0.41
UNREALISED GAIN ON COLLECTIVE INVESTMENT SCHEME		124,990		
FAIR VALUE OF TOTAL COLLECTIVE INVESTMENT SCHEME		3,089,058		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Details of quoted equities as at 31 August 2023 are set out as follows:

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2023 expressed as	
			as at 31/08/2023	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED EQUITIES				
Construction				
Kumpulan Kitacon Berhad	300,000	198,990	199,500	0.15
Muhibbah Engineering (M) Berhad	3,844,000	2,785,483	2,825,340	2.17
Southern Score Builders Berhad	2,000,000	400,000	400,000	0.31
	6,144,000	3,384,473	3,424,840	2.63
Consumer Products & Services				
Berjaya Food Berhad	1,636,500	812,384	1,112,820	0.85
Mr D.I.Y. Group (M) Berhad	1,400,000	2,183,510	2,170,000	1.67
MST Golf Group Berhad	1,777,400	1,339,812	924,248	0.71
PT Resources Holdings Berhad	2,637,300	1,318,253	1,305,464	1.00
RGB International Berhad	12,017,200	2,757,328	3,665,246	2.81
	19,468,400	8,411,287	9,177,778	7.04

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Details of quoted equities as at 31 August 2023 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2023 expressed as	
			as at 31/08/2023	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Energy

Bumi Armada Berhad	18,102,400	7,775,096	9,232,224	7.08
Carimin Petroleum Berhad	4,124,800	2,796,575	3,691,696	2.83
Coastal Contracts Berhad	1,342,000	2,179,972	2,925,560	2.24
Dayang Enterprise Holdings Berhad	1,300,000	2,143,430	2,262,000	1.73
Deleum Berhad	1,048,000	753,489	974,640	0.75
Perdana Petroleum Berhad	10,087,200	1,967,004	2,521,800	1.93
T7 Global Berhad	4,300,000	1,779,230	2,042,500	1.57
UZMA Berhad	3,959,800	2,733,759	3,167,840	2.43
	<u>44,264,200</u>	<u>22,128,555</u>	<u>26,818,260</u>	<u>20.56</u>

Financial Services

Tune Protect Group Berhad	6,916,600	2,845,160	3,147,053	2.41
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Details of quoted equities as at 31 August 2023 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2023 expressed as	
			as at 31/08/2023	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Industrial Products & Services

Aurelius Technologies Berhad	373,900	864,780	983,357	0.75
AWC Berhad	5,950,000	3,163,223	3,004,750	2.30
Cape EMS Berhad	2,600,000	3,404,290	3,120,000	2.39
EG Industries Berhad	6,980,800	5,262,979	10,541,008	8.08
Focus Lumber Berhad	1,260,654	881,402	592,507	0.45
HSS Engineers Berhad	5,125,600	2,539,704	3,152,244	2.42
Kelington Group Berhad	2,637,300	3,861,860	3,955,950	3.03
Kobay Technology Berhad	320,000	1,178,621	572,800	0.44
Kumpulan Perangas Selangor Berhad	1,154,900	978,852	819,979	0.63
Malaysia Smelting Corporation Berhad	500,000	1,005,926	1,115,000	0.86

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Details of quoted equities as at 31 August 2023 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2023 expressed as percentage of NAV of Fund	
			as at 31/08/2023	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Industrial Products & Services

Pantech Group Holdings Berhad	8,955,600	5,272,128	7,567,482	5.80
P.I.E Industrial Berhad	328,000	1,009,765	938,080	0.72
SKP Resources Berhad	780,000	1,380,180	752,700	0.58
	<u>36,966,754</u>	<u>30,803,710</u>	<u>37,115,857</u>	<u>28.45</u>

Technology

Autocount Dotcom Berhad	1,700,000	1,224,340	1,062,500	0.82
Frontken Corporation Berhad	627,500	1,619,207	2,196,250	1.68
Greatech Technology Berhad	478,000	2,383,380	2,151,000	1.65
Infomina Berhad	6,022,700	4,158,515	10,599,952	8.13
Malaysian Pacific Industries Berhad	35,100	1,248,379	1,010,880	0.78
Mi Technovation Berhad	1,150,000	2,187,185	1,828,500	1.40

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Details of quoted equities as at 31 August 2023 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2023 expressed as percentage of NAV of Fund	
			as at 31/08/2023	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Technology

Microlink Solutions Berhad	2,000,000	1,630,000	1,840,000	1.41
SFP Tech Holdings Berhad	886,700	220,805	895,567	0.69
VisDynamics Holdings Berhad	1,886,700	1,232,008	735,813	0.56
	<u>14,786,700</u>	<u>15,903,819</u>	<u>22,320,462</u>	<u>17.12</u>

Telecommunications & Media

REDtone Digital Berhad	6,198,900	3,132,833	4,029,285	3.09
TIME dotCom Berhad	420,000	2,049,365	2,310,000	1.77
	<u>6,618,900</u>	<u>5,182,198</u>	<u>6,339,285</u>	<u>4.86</u>

Utilities

YTL Corporation Berhad	711,300	838,115	1,116,741	0.86
YTL Power International Berhad	6,100,000	7,349,323	13,054,000	10.01
	<u>6,811,300</u>	<u>8,187,438</u>	<u>14,170,741</u>	<u>10.87</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Details of quoted equities as at 31 August 2023 are set out as follows: (cont'd)

Name of counter	Quantity	Aggregate cost	Fair value as at 31/08/2023 expressed as	
			Fair value as at 31/08/2023	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED EQUITIES				
Warrants				
Frontken Corporation Berhad - WB	62,500	-	14,688	0.01
VisDynamics Holdings Berhad - WC	471,675	-	77,826	0.06
	534,175	-	92,514	0.07
TOTAL QUOTED EQUITIES	142,511,029	96,846,640	122,606,790	94.01
UNREALISED GAIN ON QUOTED EQUITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		25,760,150		
FAIR VALUE OF TOTAL QUOTED EQUITIES		122,606,790		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

8. CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Cash at bank	16,044	247,044
Deposit with a licensed financial institution*	95,323,478	4,643,904
	95,339,522	4,890,948

* A total of RM95,323,478 (2023: RM4,643,904) 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 a licensed financial institution are shown in Note 2(b) to the financial statements.

9. AMOUNT DUE FROM/(TO) BROKER

The amount due from/(to) broker which relates to sale/ (purchase) of investment securities and instruments are unsecured, interest-free and receivable/(payable) according to the settlement rules of the applicable stock exchange.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

10. OTHER PAYABLES AND ACCRUALS

	2024 RM	2023 RM
Audit and tax agent's fees	15,854	12,778
Sundry accruals	15,600	8,700
	<u>31,454</u>	<u>21,478</u>

11. NUMBER OF UNITS IN CIRCULATION

	2024 Number of units	2023 Number of units
At the beginning of the financial year	144,626,855	104,761,590
Creation of units arising from applications	882,860,000	48,950,000
Creation of units arising from distributions	19,185,499	9,155,265
Cancellation of units	(366,050,000)	(18,240,000)
At the end of the financial year	<u>680,622,354</u>	<u>144,626,855</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

12. TRANSACTIONS WITH BROKERS

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

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage
	RM	%	RM	%
2024				
Public				
Investment Bank Berhad	116,296,646	15.94	260,537	16.60
Affin Hwang Investment Bank Berhad	72,786,094	9.98	145,664	9.28
Maybank Investment Bank Berhad	68,147,205	9.34	130,372	8.30
RHB Investment Bank Berhad	64,768,108	8.88	145,773	9.29
Hong Leong Investment Bank Berhad	59,413,843	8.14	102,915	6.56
UBS Securities Malaysia Sdn Bhd	58,383,245	8.00	105,091	6.69
CIMB Securities Sdn Bhd (formerly known as KAF Equities Sdn Bhd)	56,266,165	7.71	127,885	8.15
MIDF Amanah Investment Bank Berhad	53,604,245	7.35	107,332	6.84
UOB Kay Hian Securities (M) Sdn Bhd	51,729,985	7.09	140,503	8.95
CGS International Securities Malaysia Sdn Bhd	39,090,609	5.36	72,802	4.64
Others	89,073,465	12.21	230,789	14.70
	<u>729,559,610</u>	<u>100.00</u>	<u>1,569,663</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

12. TRANSACTIONS WITH BROKERS (CONT'D)

Details of transactions with brokers for the financial year ended 31 August 2023 are as follows:

Name of brokers	Value of trades RM	Percentage	Percentage	Percentage	Percentage
		of total trades %	of total Brokerage fees RM		
2023					
KAF Equities Sdn Bhd*	55,205,604	38.57	124,328	41.31	
Public Investment Bank Berhad	40,732,072	28.46	90,190	29.97	
Maybank Investment Bank Berhad	20,457,412	14.29	36,868	12.25	
Affin Hwang Investment Bank Berhad	8,903,122	6.22	17,854	5.93	
CIMB Investment Bank Berhad	6,801,635	4.75	13,603	4.52	
Hong Leong Investment Bank Berhad	4,984,552	3.48	7,377	2.45	
RHB Investment Bank Berhad	3,748,477	2.62	10,743	3.57	
Kenanga Investment Bank Berhad	1,166,000	0.82	-	-	
M&A Securities Sdn Bhd	1,135,170	0.79	-	-	
	143,134,044	100.00	300,963	100.00	

*A related company to the Manager.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

13. UNITS HELD BY THE MANAGER AND RELATED PARTIES

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

Related parties	Relationships
KAF Investment Funds Berhad	The Manager
KAF-Seagroatt & Campbell Berhad	Immediate holding company of the Manager
AKKA Sdn Bhd	Ultimate holding company of the Manager
KAF Enhanced Bond Fund	Fund managed by the Manager
Datuk Khatijah Ahmad	Director of the Manager
Mohammed Reza Tan Sri Abu Talib	Executive Director of the Manager
Subsidiaries and associates of the ultimate holding company of the Manager as disclosed in its financial statements	Subsidiaries and associated companies of the ultimate holding company of the Manager

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Significant related party transactions and balances that are not already disclosed in other notes to the financial statements are set out below:

	2024		2023	
	No. of units	RM	No. of units	RM
KAF Investment Funds Berhad	1,821,098	2,007,761	311,976	281,340
KAF-Seagroatt & Campbell Berhad	11,525,301	12,706,644	-	-
AKKA Sdn Bhd	23,266,429	25,651,238	30,785,297	27,762,181
KAF Enhanced Bond Fund	17,540	19,338	31,349	28,271
Datuk Khatijah Ahmad	19,798,127	21,827,435	18,859,342	17,007,355
Mohammed Reza Tan Sri Abu Talib	70,985	78,261	75,755	68,316

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

14. TOTAL EXPENSE RATIO ("TER")

	2024	2023
TER	1.59%	1.61%

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, excluding withholding taxes
- 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 RM356,989,966 (2023: RM94,225,859).

15. PORTFOLIO TURNOVER RATIO ("PTR")

	2024	2023
PTR	0.99 times	0.74 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 = RM600,232,982 (2023: RM84,818,878)
- total disposal for the financial year = RM109,504,187 (2023: RM54,008,823)

CORPORATE INFORMATION

Manager

KAF Investment Funds Berhad
Reg. No: 199501004999

Registered Office

Level 13A, Menara IQ
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur

Business Office

Level 13, Menara IQ
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur
Tel: 03-9767 6000 Fax: 03-9767 6001
Website: www.kaf.com.my

Board of Directors

Datuk Khatijah binti Ahmad
Tan Sri Abu Talib Othman
Mohammed Reza Tan Sri Abu Talib
Mohd Hasnul Ismar bin Mohd Ismail
Nor Rejina binti Abdul Rahim

Secretary

Siti Nurmazita binti Mustapha (LS 0009160)

Trustee

Universal Trustee (Malaysia) Berhad

Auditor & Reporting Accountant

PricewaterhouseCoopers PLT

Tax Adviser

PricewaterhouseCoopers Taxation Services Sdn Bhd

Banker

Alliance Bank Malaysia Berhad

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

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