

### KAF FIRST FUND (KFF)

To provide medium to long-term investors with a reasonable level of income and capital growth.

JANUARY 2018

#### THE FUND IS SUITABLE FOR INVESTORS WHO:

- Want a professionally managed portfolio of equity and fixed-income securities;
- Have a medium to long-term investment horizon of 3 to 5 years or more; and
- Want to achieve an adequate level of regular income and capital gain at an acceptable level of risk.

#### MANAGER'S COMMENTS

The FTSE Bursa Malaysia index ("KLCI") closed the month of December at 1796.81 up 78.9 points from 1717.86 (+4.60%) on year end window dressing activities. Selected blue chips such as Maybank, Nestle, DiGi, Sime Darby Property, Sime Darby Plantation, SP Setia, British American Tobacco, KLCC Stapled Group saw their share price spiking on the last trading day of the year. For the month, the Ringgit appreciated to 4.0445 from 4.0895 (+0.9%) on the back of positive macroeconomic and general election expectations going into 2018. It was the strongest level against the US dollar over the last one year, when the exchange rate was between 4.0895 and 4.5002. On the economic front, Malaysia's consumer price inflation slowed in Nov (+3.4% yoy vs. +3.7% yoy in October), ahead of our forecast of 3.2% and in line with the Bloomberg forecast of 3.4%. However, headline inflation rebounded by 0.7% mom in Nov (-0.2% mom in Oct). YTD, inflation was unchanged at 3.9% yoy in 11M17 while core inflation eased to 2.2% yoy in Nov (+2.3% in Oct).

We expect 2018 to be a more volatile and challenging year for the Malaysian market compared to 2017. We expect the market to be choppy in 1H18, before rising in 2H18. Thematic for 2018 include 1) beneficiaries of ringgit strength; (2) General Election 14 plays (3) construction; (4) corporate earnings improvement; (5) small-mid cap sectors – small-mid cap stocks. The KLCI could trade higher on the back of possible 8-9% improvement in corporate earnings. On the monetary policy side, we believe Bank Negara Malaysia (BNM) would likely increase the overnight policy rate (OPR) by 25bps to 3.25% next year, in tandem with monetary policy tightening by major global central banks and as the Malaysian economy strengthens further. This is also supported by the central bank's hawkish tone in its latest monetary policy statement.

#### INVESTMENT STRATEGY

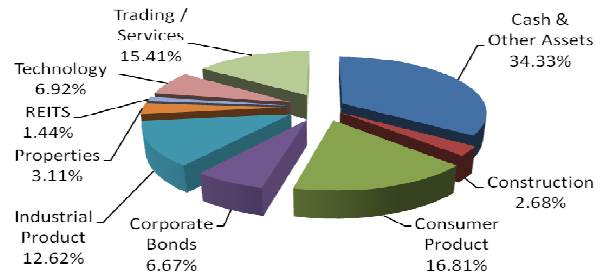
The strategic limit on asset allocation of the Fund is as follows:

- Equities: Minimum 40% and maximum 60%.
- Fixed-income securities and liquid assets : Minimum 40% and maximum 60%

#### FUND DETAILS AS AT 31 DECEMBER 2017

Manager	KAF Investment Funds Bhd.	
External Investment Manager	Amundi Malaysia Sdn Bhd.	
Trustee	Universal Trustee (Malaysia) Bhd.	
Fund Category	Balanced Fund.	
Fund Type	Income & Growth Fund.	
Launch Date	16 January 1996.	
Unit net asset value (NAV)	RM0.5054	
Fund size	RM32.957mil	
Units in Circulation	65.199mil	
Financial Year End	31 December.	
Min. Initial Investment	RM1,000.00	
Min. Additional Investment	RM100.00	
Benchmark	60% of the FBM KLCI & 40% of the current Malayan Banking Berhad ("Maybank") twelve (12) month fixed deposit rate.	
Sales Charge	Up to 6.50% of NAV per unit.	
Repurchase Charge	None.	
Annual management fee	1.50% per annum of NAV.	
Annual trustee fee	<b>Size of the Fund</b>	<b>Trustee fee</b>
	First RM20 mil	RM12,000
	Next RM20 mil	RM10,000
	Next RM20 mil	RM8,000
	Next RM20 mil	RM6,000
	Next RM20 mil	RM4,000
	Any amount above RM100 mil	RM15,000
	Being the custodian, the Trustee is also entitled to a custodian fee of RM30,000 per annum.	
Redemption payment period	Within 10 days after receipt of the request to repurchase.	

#### SECTOR ALLOCATION\* AS AT 31 DECEMBER 2017

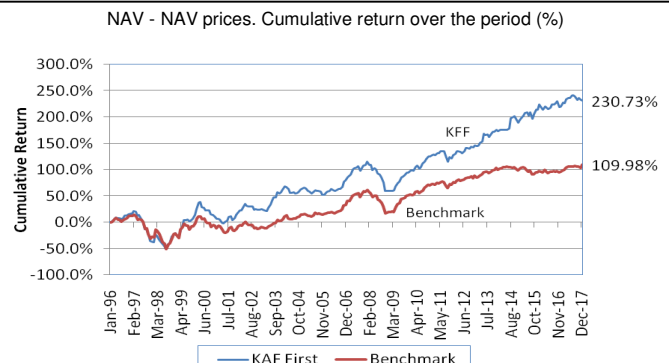


\*As percentage of NAV. Asset exposure is subject to change on a daily basis. Source: KAF Investment Funds Berhad.

#### Distribution History

Year	Distribution (sen)
2012	4.50
2013	4.50
2014	4.50
2015	4.50
2016	4.50
2017	4.50

#### FUND PERFORMANCE ANALYSIS AS AT 31 DECEMBER 2017



%	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years
<b>KFF</b>	-0.57	-0.32	-2.90	3.52	14.45	34.35
<b>Benchmark</b>	2.84	1.72	1.76	6.90	5.39	11.01

Source: ExNovo Fund Analytics Portal by Perkasa Normandy Managers Sdn Bhd.

#### LARGEST HOLDINGS\* AS AT 31 DECEMBER 2017

Manjung Island Energy Bhd IMTN	6.67%
KESM Industries Bhd	5.20%
Dutch Lady Milk Industries Bhd	5.16%
Uchi Technologies Bhd	5.07%
CCK Consolidated Holdings Bhd	4.40%

\*as percentage of NAV.

#### Disclaimer:

Based on the Fund's portfolio returns as at 15 December 2017, the Volatility Factor (VF) for this Fund is 6.37 and is classified as "Moderate" (source: Lipper). "Moderate" includes Funds with VF that are between 6.225 to 8.225 (source: Lipper). The VF means there is a possibility for the Fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified Funds. VF is subject to monthly revision and VC will be revised every six months. The Fund's portfolio may have changed since this date and there is no guarantee that the Fund will continue to have the same VF or VC in the future. Presently, only Funds launched in the market for at least 36 months will display the VF and its VC.

A Product Highlights Sheet ("PHS") highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the PHS and the contents of the Master Prospectus dated 15 January 2017 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. Amongst others, investors should consider the fees and charges involved. Investors should also note that the price of units and distributions payable, if any, may go down as well as up. Where a unit split/distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV; and where a unit split is declared, investors should be highlighted of the fact that the value of their investment in Malaysian Ringgit will remain unchanged after the distribution of the additional units. Any issue of units to which the Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 03-2171 0559 for a copy of the PHS and the Master Prospectus or collect one from any of our authorised distributors. The Manager wishes to highlight the specific risks of the Fund are specific stock risk, interest rate risk and credit / default risk. These risks and other general risks are elaborated in the Master Prospectus.

This factsheet is prepared for information purposes only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Past performance is not necessarily a guide for future performance. Returns may vary from year to year.

Head Office: Level 11, Chulan Tower, No. 3, Jalan Conlay, 50450 Kuala Lumpur

General Line: (603)-2171 0559 Fax: (603)-2171 0583

Website: www.kaf.com.my