



INVESTMENT FUNDS BERHAD

Master Prospectus



Name of the Funds

Constitution Date

Islamic funds:

KAF Dana Adib
KAF Dana al-Iddhikhar
KAF Dana Alif
KAF Sukuk Fund
KAF Islamic Dividend Income Fund

25 February 2004
30 September 2005
28 September 2007
25 September 2013
25 May 2015

Manager:

KAF Investment Funds Berhad - Registration No: 199501004999 (334195-K)

Trustees:

Universal Trustee (Malaysia) Berhad - Registration No: 197401000629 (17540-D)
CIMB Islamic Trustee Berhad - Registration No: 198801000556 (167913-M)
Maybank Trustees Berhad - Registration No: 196301000109 (5004-P)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS MASTER PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 28.

THIS MASTER PROSPECTUS IS DATED 30 SEPTEMBER 2023. THIS IS A REPLACEMENT MASTER PROSPECTUS THAT REPLACES AND SUPERSEDES THE MASTER PROSPECTUS DATED 12 OCTOBER 2018, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 22 MARCH 2019, THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 16 AUGUST 2019, AND THE THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 31 DECEMBER 2019.

Responsibility Statements

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

Statements of Disclaimer

The Securities Commission Malaysia has authorised the Funds and a copy of this master prospectus has been registered with the Securities Commission Malaysia.

The authorisation of the Funds, and registration of this master prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the said Funds or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this master prospectus.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of KAF Investment Funds Berhad, the management company who is responsible for the said Funds and takes no responsibility for the contents in this master prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this master prospectus, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.

Additional Statements

Investors should note that they may seek recourse under the Capital Markets and Services Act 2007 for breaches of securities laws including any statement in the master prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the master prospectus or the conduct of any other person in relation to the Funds.

The Funds have been certified as Shariah-compliant by the Shariah Adviser appointed for the said Funds.

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CHAPTER 1: DEFINITIONS

In this master prospectus, the following abbreviations or words shall have the following meanings unless otherwise stated.

Act or CMSA	The Capital Markets and Services Act 2007 including all amendments thereto and all regulations, rules and guidelines issued in connection therewith.
Authorised tied agents	An individual who is duly registered with the Federation of Investment Managers Malaysia to market and distribute unit trust funds.
<i>baitulmal</i>	Refers to the treasury of a State Islamic Religious Council.
BNM	Bank Negara Malaysia.
Bursa Malaysia	The stock exchange managed and operated by Bursa Malaysia Securities Berhad.
Business Day	A day on which Bursa Malaysia is open for trading. Note: The Manager may declare certain business days to be non-business days although Bursa Malaysia is open for business, if more than 50% of the foreign markets in which the Funds are invested therein are closed for business.
Deed	The deeds and supplemental deeds of the respective Funds entered into between the Manager and the respective Trustee of the Funds.
deposit	As per the definition of “deposit” in the Financial Services Act 2013 and “Islamic deposit” in the Islamic Financial Services Act 2013. Note: This excludes structured deposits and Islamic structured deposits.
EPF	Employees Provident Fund.
Eligible Market	Means an exchange, government securities market or an over-the-counter (OTC) market (a) that is regulated by a regulatory authority of that jurisdiction; (b) that is open to the public or to a substantial number of market participants; and (c) on which financial instruments are regularly traded.
FBSI	FTSE Bursa Malaysia EMAS Shariah Index.
Fund (respectively) or Funds (collectively)	KAF Dana Adib (“ KDA ”); or KAF Dana al-Iddhikhar (“ KDAI ”); or KAF Dana Alif (“ KDL ”); or KAF Sukuk Fund (“ KSF ”); or KAF Islamic Dividend Income Fund (“ KIDIF ”).
Guidelines	Guidelines on Unit Trust Funds including any amendments, guidance notes and circulars issued by Securities Commission from time to time.
IUTA	Institutional unit trust adviser registered with Federation of Investment Managers Malaysia.
long-term	A period of more than three (3) years.
Manager or Management Company	KAF Investment Funds Berhad.
MARC	Malaysian Rating Corporation Berhad.

medium-term	A period between one (1) year to three (3) years.
NAV per unit	The net asset value of the Fund divided by the number of units in circulation at the valuation point.
Net Asset Value or NAV	means the value of all the fund's assets less the value of all the fund's liability at the valuation point.
RAM	RAM Rating Services Berhad.
Repurchase Price	The price payable to a Unit Holder pursuant to a repurchase of a unit of a Fund; for the avoidance of doubt, Repurchase Price does not include any repurchase charge which may be imposed (where applicable).
RM	The lawful currency of Malaysia, Ringgit Malaysia.
SAC of BNM	Shariah Advisory Council of the BNM.
SACSC	Shariah Advisory Council of the Securities Commission.
Securities Commission	Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
Selling Price	The price payable by an applicant for a unit of a Fund pursuant to a successful application for units; for the avoidance of doubt, Selling Price does not include any sales charge which may be imposed (where applicable).
Shariah	Means Islamic Law comprising the whole body of rulings pertaining to human conducts derived from the sources of the Shariah namely the <i>Qur'an</i> (the holy book of Islam) and <i>Sunnah</i> [practices and explanations rendered by the Prophet Muhammad (<i>pbuh</i>)] and other sources of Shariah such as <i>Ijtihad</i> (exertion of individual efforts to determine the true ruling of the divine law on matters whose revelations are not explicit) of Shariah scholars.
Shariah Adviser	BIMB Securities Sdn Bhd including its permitted assigns and successors in title.
Shariah requirements	Means the rulings, guidelines and resolutions made by the SACSC or the advice given by the Shariah Adviser.
short-term	A period of not more than one (1) year.
short-term Islamic deposit	Means an Islamic deposit with a tenure of not more than 12 months.
short-term money market instruments / short term sukuk	Means an Islamic money market instrument or a sukuk that meets the following criteria: (a) It must meet either one of the following requirements: (i) it has a legal maturity at issuance of 397 days or less; (ii) it has a remaining term of maturity of not more than 397 days; or (iii) where an Islamic money market instrument or a sukuk is issued by, or the issue is guaranteed by, either a government, government agency, central bank or supranational, the remaining maturity period must not be more than two years; (b) It must be traded or dealt in under the rules of an Eligible Market; and (c) It must not contain an embedded derivative.

sukuk	Means certificates of equal value evidencing undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the SACSC.
transferable securities	Refers to shares or securities equivalent to shares, bonds or other forms of securitised debt and sukuk but do not include money market instruments or any securities where the title can be transferred only with the consent of a third party.
Trustee(s)	Universal Trustee (M) Berhad in respect of KDA and KDL . CIMB Islamic Trustee Berhad in respect of KDAI and KSF . Maybank Trustees Berhad in respect of KIDIF .
Unit Holders	The person registered for the time being as a holder of units in accordance with the provisions of the Deed.

Definition or meaning of words not otherwise expressed above shall follow the meaning or interpretation as ascribed in the Guidelines and the CMSA.

CHAPTER 2: CORPORATE DIRECTORY

Manager

Name: KAF Investment Funds Berhad
Registered address: Level 13A, Menara IQ,
Lingkaran TRX, Tun Razak Exchange,
55188 Kuala Lumpur
Telephone number: 03-2708 2800
Business address: Level 13, Menara IQ,
Lingkaran TRX, Tun Razak Exchange,
55188 Kuala Lumpur
Telephone number: 03-9767 6000
Facsimile number: 03-9767 6001
Website: ***www.kaf.com.my***
Email: ***investmentfund@kaf.com.my***

Trustee in respect of KDA and KDL

Name: Universal Trustee (Malaysia) Berhad
Registered address: Lot 5, Level 10, Menara Great Eastern 2
No. 50, Jalan Ampang,
50450 Kuala Lumpur
Telephone number: 03-2031 1988
Facsimile number: 03-2031 9788
Business address: 3rd Floor, 1 Jalan Ampang
50450 Kuala Lumpur
Telephone number: 03-2070 8050
Facsimile number: 03-2031 8715
Website: ***www.universaltrustee.com.my***

Trustee in respect of KDAI and KSF

Name: CIMB Islamic Trustee Berhad
Registered address: Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Telephone number: 03-2261 8888
Facsimile number: 03-2261 0099
Website: ***www.cimb.com***
Business address: Level 21, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Telephone number: 03-2261 8888
Facsimile number: 03-2261 9894
Email: ***ss.corptrust@cimb.com***

Trustee in respect of KIDIF

Name: Maybank Trustees Berhad
Registered and business address: 8th Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Telephone number: (603) 2070 8833
Facsimile number: (603) 2070 9387
Website: www.maybank2u.com.my
Email: mtb.ut@maybank.com

Shariah Adviser

Name: BIMB Securities Sdn Bhd
Registered address: 32nd Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Telephone number: 03-2726 7814
Facsimile number: 03-2088 8033
Business address: Level 32, Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone number: 03-2613 1600
Facsimile number: 03-2613 1799
Website: www.bimbsec.com.my
Email: shariah@bimbsec.com.my

CHAPTER 3: DETAILED INFORMATION ON THE FUND

3.1 Information on KAF Dana Adib

Fund category	Equity (Islamic)
Fund type	Growth.
Investor profile	The Fund is suitable for investors who: <ul style="list-style-type: none">▪ seek high capital appreciation over a longer period of time and do not expect any dividend or regular income from Shariah-compliant investment;▪ are willing to accept moderate to high risk tolerance; and▪ prefer to invest in Shariah-compliant securities.
Distribution policy	Income distribution (if any) is incidental.
Launch date	25 March 2004.

3.1.1 Investment objective

The Fund's investment objective is to attain capital growth in the medium to long-term through investing in securities listed in the Malaysian equities market whilst abiding by Shariah principles.

Any material changes to the investment objective of the Fund would be subject to the Unit Holders' approval.

3.1.2 Investment policy and strategy

Asset allocation:

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

Shariah-compliant equities	Minimum 70% and maximum 90%
Sukuk and Islamic liquid assets	Minimum 10% and maximum 30%

In selecting **Shariah-compliant equities**, the Manager will combine both top-down and bottom-up approach after having ascertained the direction of the economy. The focus will be on value and growth Shariah-compliant equities. The Fund will also invest in Islamic money market instruments for cash management purposes. All investments will adhere strictly to Shariah requirements. Shariah-compliant equities investments are subject to specific stock risk, market risk and Shariah status reclassification risk. The Manager aims to reduce all these risks by using diversification that is expected to reduce the market volatility.

Accordingly, the principal valuation for Shariah-compliant equities selection preferred by the Manager will comprise the following attributes:

- High earnings per share growth potential;
- Low price earnings to growth ratio;
- Strong balance sheets;
- Focused management team;
- Relatively high-dividend yield;
- Sustainable financial performance potential.

The Fund's asset allocation strategy is dependent on the state of the economy as perceived by the Manager after going through the investment process. The asset allocation may swing very widely in exceptional circumstances, i.e. the Asian Financial Crisis of 1997/98 being a prime example, but the Fund's Shariah-compliant equity exposure is expected to be within 70% to 90% in normal economic and investment circumstances. A portion of the Fund may be utilised for short-term trading from time to time as and when opportunities arise. Opportunities may include but are not limited to arbitrage situations, discrepancies in valuation, expected liquidity surge and thematic plays.

The Manager may invest directly in Shariah-compliant equities and sukuk and/or may invest through other Islamic collective investment schemes if those investment objectives complement the Fund's objective and enhance the return of the Fund.

The Manager will invest in Islamic derivatives for hedging purposes, when appropriate. Such investments shall be made in Islamic futures and Islamic options or any other Islamic derivatives that may be allowable by the relevant authorities from time to time. For the purposes of the Fund's investment in Islamic derivatives, the global exposure will be calculated using commitment approach to ensure it does not exceed the Fund's NAV. The global exposure of the Fund to Islamic derivatives is calculated as the sum of the:

- absolute value of the exposure of each individual Islamic derivative not involved in netting or hedging arrangements;
- absolute value of the net exposure of each individual Islamic derivative after netting or hedging arrangement; and
- the values of cash collateral received pursuant to the reduction of exposure to counterparties of OTC Islamic derivatives.

The Fund will at all times place/invest its non-equity investments in Islamic money market. The tenure of Islamic deposits shall vary in accordance to the Manager's outlook of the stock market.

The Fund will at all times place/invest its cash in Islamic money market, Government Investment Issues ("GII") and/or sukuk rated at least "BBB" by RAM or other approved rating agencies. These sukuk are mainly subject to interest rate risk and the credit risk.

3.1.3 Islamic liquid assets

The Fund would have a minimum level of Islamic liquid assets set at 2% of the Fund's NAV to enable the repurchase of units, which may be reviewed from time to time. However, this does not preclude the Fund from lowering or increasing the Islamic liquid asset levels beyond the stipulated levels to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

3.1.4 Benchmark

A selected benchmark is used by the Manager to measure the relative performance of the Fund. The selected benchmark is the FBSI.

For information on the FBSI, investors may refer to the Bursa Malaysia website at www.bursamalaysia.com.my.

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

3.1.5 Permitted investments

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund may invest in the following:

- (a) Shariah-compliant securities listed on Bursa Malaysia;
- (b) Securities not traded that have been approved by the Securities Commission for listing and quotation on Bursa Malaysia, which are offered directly by the company approved for listing by way of private placement or a tender basis and the securities must be classified as Shariah-compliant;
- (c) Malaysian Government Investment Issues ("GII"), Bank Negara Malaysia Monetary Notes-i/Certificates, Islamic Accepted Bills, Cagamas sukuk and any other government Islamic papers;
- (d) Negotiable Islamic Debt Certificates ("NIDC"), General Investment Account, Islamic money market instruments, Islamic time deposit and placements of money at call with licensed Islamic financial institution; and
- (e) Any other form of Shariah-compliant investments as may be approved by the SACSC and/or the Shariah Adviser and in accordance with Shariah requirements from time to time.

3.1.6 Investments restrictions and limits

The acquisition of permitted investments of the Fund is subject to the following restrictions:

- (a) the aggregate value of the Fund's investment in Shariah-compliant transferable securities (i.e., unlisted shares) that are not traded or dealt in or under the rules of an Eligible Market must not exceed 15% of the Fund's NAV subject to a maximum limit of 10% of the Fund's NAV in a single issuer;
- (b) the value of the Fund's investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- (c) the value of the Fund's investment in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV ("single issuer limit"). In determining the single issuer limit, the value of the Fund's investments in instruments in item (a) issued by the same issuer must be included in the calculation;
- (d) the value of the Fund's placement in Islamic deposit with any single Islamic financial institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements of Islamic deposits arising from:
 - i. subscription monies received prior to the commencement of investment by the Fund;
 - ii. liquidation of investments prior to the termination of the Fund, where the placement of Islamic deposits with various financial institutions would not be in the best interests of Unit Holders; or
 - iii. monies held for the settlement of redemption or other payment obligations, where the placement of Islamic deposits with various financial institutions would not be in the best interest of Unit Holders;
- (e) the aggregate value of the Fund's investments in, or exposure to, a single

issuer through Shariah-compliant transferable securities, Islamic money market instruments, Islamic deposits, underlying assets of Islamic derivatives and counterparty exposure arising from the use of OTC Islamic derivatives must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). In determining the single issuer aggregate limit, the value of the Fund's investments in instruments in item (a) issued by the same issuer must be included in the calculation;

- (f) the value of the Fund's investments in units or shares of an Islamic collective investment scheme must not exceed 20% of the Fund's NAV provided that the Islamic collective investment scheme complies with the requirements of the Guidelines;
- (g) the value of the Fund's investments in units or shares of a listed Islamic collective investment scheme that invests in real estate must not exceed 15% of the Fund's NAV;
- (h) the value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV ("group limit"). In determining the group limit, the value of the Fund's investments in instruments in item (a) issued by the issuers within the same group of companies must be included in the calculation;
- (i) the single issuer limit in item (c) for government and other public Shariah-compliant securities or Islamic money market instruments may be increased to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the single issuer limit is increased to 35%, the single issuer aggregate limit of 25% in item (e) may be raised, subject to the group limit in item (h) not exceeding 35% of the Fund's NAV;
- (j) the Fund's investments in Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed 10% of the Shariah-compliant shares or Shariah-compliant securities equivalent to shares, as the case may be, issued by a single issuer;
- (k) the Fund's investments in sukuk must not exceed 20% of the sukuk issued by a single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition, the gross amount of sukuk in issue cannot be determined;
- (l) the Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size; and
- (m) the Fund's investment in Islamic collective investment schemes must not exceed 25% of the unit or shares in any one Islamic collective investment scheme.

The above limits and restrictions shall be complied with at all times based on the most up-to-date value of the Fund's investments. Where the limit or restriction is breached as a result of an appreciation or depreciation of the investment, repurchase of units or

payment made out of the Fund, change in capital of a corporation in which the Fund has invested in or downgrade in or cessation of a credit rating, the Manager will rectify the breach as soon as practicable within three (3) months from the date of the breach. Such limits and restrictions however, do not apply to Shariah-compliant securities or Shariah-compliant instruments issued or guaranteed by the Malaysian government or BNM.

3.2 Information on KAF Dana al-Iddhikhar

Fund category	Money market (Islamic).
Fund type	Income.
Investor profile	The Fund is suitable for investors who: <ul style="list-style-type: none">▪ are conservative in nature in terms of Shariah-compliant investment;▪ prefer a consistent, reasonable and stable level of return on Shariah-compliant investment;▪ prefer a lower level of investment risk; and▪ have a short-term investment horizon.
Distribution policy	Income, if any, will be distributed on a monthly basis. All such distribution will be reinvested into the Fund.
Launch date	6 October 2005.

3.2.1 Investment objective

The Fund seeks to provide a regular stream of income by investing primarily in Islamic money market instruments and other fixed income securities, which comply with Shariah requirements.

Any material changes to the investment objective of the Fund would be subject to the Unit Holders' approval.

3.2.2 Investment policy and strategy

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

The Fund shall invest in the following Shariah-compliant securities:

- Islamic money market and sukuk with a minimum local short-term credit rating of P2 by RAM or MARC-2 by MARC;
- sukuk with a minimum local long-term credit rating of A3 by RAM or A- by MARC;
- sukuk issued or guaranteed by the Malaysia's federal government, BNM or other related Malaysian government agencies or any state government of Malaysia;
- sukuk issued or guaranteed/endorsed by banks or other licensed financial institutions;
- Islamic deposits with banks or other licensed Islamic financial institutions;
- any other form of investment/instruments that comply with Shariah requirements and are approved by the SACSC and/or the Shariah Adviser and in accordance with Shariah requirements from time to time.

The credit/default risk is limited to the extent that any sukuk invested must have credit ratings of no lower than A3 by RAM or A- by MARC for long-term instruments and P2 by RAM or MARC-2 by MARC for short-term instruments. In the event that a sukuk is

placed under a negative outlook by any rating agencies, the Manager will immediately assess its continued investability and may take the necessary steps to mitigate any negative impact to the Fund. Should the instrument be downgraded below the minimum investment grade, the Manager will divest the instrument. However, in order to protect the Fund's best interest, the Manager has the discretion to take into consideration all relevant factors that affect the fair value of the investment via an internal credit assessment process before deciding on the manner and time frame of the sale.

The Fund's structure is such that it is confined to instruments of short duration of maturity in order to minimise the impact of fluctuations in interest rate on the Fund's performance over the short-term while the credit risks it may face are mitigated by strict limits on concentration of investments, i.e. diversification and due diligence in the credit assessments by ensuring high credit ratings as mentioned above. Commensurate to this requirement for high liquidity and low tolerance to credit risk, the overall risk profile of the Fund is low.

The Fund seeks to achieve its objective by investing primarily in short-term Islamic money market instruments and short-term sukuk. The Manager will decide which instrument or security to buy based primarily on their yield, relative to their credit quality and the period to maturity. The Fund will at all times place/invest its cash in Islamic money market deposits/instruments and sukuk (listed or unlisted), which are rated by RAM, MARC or other approved rating agencies.

Some of the principal valuation measures used by the Manager for the analysis of Islamic money market instruments and sukuk are as follows:

- Yield to maturity;
- Yield to first call;
- Duration;
- Other applicable measures as necessary.

3.2.3 Islamic liquid assets

The Fund would have a minimum level of Islamic liquid assets set at 5% of the Fund's NAV to enable the repurchase of units, which may be reviewed from time to time. However, this does not preclude the Fund from lowering or increasing the Islamic liquid asset levels beyond the stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

3.2.4 Benchmark

A selected benchmark is used by the Manager to measure the relative performance of the Fund. The benchmark used will be Malayan Banking Berhad ("Maybank") one (1)-month General Investment Account ("GIA") rate. The information is obtainable at www.maybank2u.com.my.

Note:

- The risk profile of the Fund is different from the risk profile of the benchmark;
- The Fund assumes a higher risk compared to the benchmark; and
- As a result of the higher risk assumed by the Fund, investors should expect returns of the Fund to outperform that of the benchmark.

Investment in the Fund is not the same as placement in an Islamic deposit with a financial institution.

There are risks involved and investors should rely on their own evaluation to assess the merits and risks when investing in the Fund.

3.2.5 Permitted investments

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund may invest in the following:

- (a) Malaysian Government Investment Issues (“GII”), Bank Negara Malaysia Monetary Notes-i/Certificates, Islamic Accepted Bills, Cagamas sukuk and any other government Islamic papers;
- (b) Negotiable Islamic Debt Certificates (“NIDC”), General Investment Account, Islamic money market instruments, Islamic time deposit and placements of money at call with licensed Islamic financial institution;
- (c) Sukuk in approved stock market and non-traded sukuk in any other market considered as Eligible Market and non-traded sukuk which are either bank-guaranteed or rated by RAM and/or other recognised rating agencies; and
- (d) Any other form of Shariah-compliant investments as may be approved by the SACSC and/or the Shariah Adviser and in accordance with Shariah requirements from time to time.

3.2.6 Investments restrictions and limits

The acquisition of permitted investments of the Fund is subject to the following restrictions:

- (a) the value of the Fund’s investments in short-term sukuk, short-term Islamic money market instruments and short-term Islamic deposits must not be less than 90% of the Fund’s NAV;
- (b) the value of the Fund’s investments in high quality sukuk which have a remaining maturity period of more than 397 days but fewer than 732 days must not exceed 10% of the Fund’s NAV;
- (c) the value of the Fund’s investment in sukuk and Islamic money market instruments issued by any single issuer must not exceed 20% of the Fund’s NAV (“single issuer limit”);
- (d) the value of the Fund’s placement in Islamic deposit with any single Islamic financial institution must not exceed 20% of the Fund’s NAV. The single financial institution limit does not apply to placements of Islamic deposits arising from:
 - i. subscription monies received prior to the commencement of investment by the Fund;
 - ii. liquidation of investments prior to the termination of the Fund, where the placement of Islamic deposits with various financial institutions would not be in the best interests of Unit Holders; or
 - iii. monies held for the settlement of redemption or other payment obligations, where the placement of Islamic deposits with various financial institutions would not be in the best interest of Unit Holders;

- (e) the single issuer limit in item (c) may be increased to 30% of the Fund's NAV if the sukuk are rated by any Malaysian or global rating agency to have the highest long-term credit rating;
- (f) the aggregate value of the Fund's investments in, or exposure to, a single issuer through sukuk, Islamic money market instruments and Islamic deposits must not exceed 25% of the Fund's NAV;
- (g) the value of the Fund's investments in sukuk and Islamic money market instruments issued by any group of companies must not exceed 30% of the Fund's NAV;
- (h) the Fund's investments in sukuk must not exceed 20% of the sukuk issued by any single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition, the gross amount of sukuk in issue cannot be determined; and
- (i) the Fund's investments in Islamic money market instruments must not exceed 20% of the instruments issued by any single issuer.

The above limits and restrictions shall be complied with at all times based on the most up-to-date value of the Fund's investments. Where the limit or restriction is breached as a result of an appreciation or depreciation of the investment, repurchase of units or payment made out of the Fund, change in capital of a corporation in which the Fund has invested in or downgrade in or cessation of a credit rating, the Manager will rectify the breach as soon as practicable within three (3) months from the date of the breach. Such limits and restrictions however, do not apply to Shariah-compliant securities or Shariah-compliant instruments issued or guaranteed by the Malaysian government or BNM.

3.3 Information on KAF Dana Alif

Fund category	Balanced (Islamic).
Fund type	Income and growth.
Investor profile	The Fund is suitable for investors who: <ul style="list-style-type: none">▪ have a medium to long-term investment horizon and reasonable risk tolerance; and▪ prefer to invest in Shariah-compliant securities.
Distribution policy	Distribution of income, if any is subject to the availability of income and/or realised gains and will be declared on yearly basis.
Launch date	26 February 2003.

3.3.1 Investment objective

The Fund aims to provide Unit Holders with a steady and consistent dividend income over the medium-term to long-term investment period. It is intended that the returns will be further enhanced through capital appreciation of investments.

Any material changes to the investment objective of the Fund would be subject to the Unit Holders' approval.

3.3.2 Investment policy and strategy

Asset allocation:

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

Shariah-compliant equities	Minimum 40% and maximum 60%
Sukuk and Islamic liquid assets	Minimum 40% and maximum 60%

The process begins with a top-down view for asset allocation decisions and a bottom-up view for Shariah-compliant equities selection.

The asset allocation strategy is dependent on the state of the macro picture as perceived by the Manager after going through a strict investment process to review the outlook of the economy, Shariah-compliant stock and Islamic money markets over the medium to long-term horizon. This entails relevant analysis on economy and business statistics in order to produce forecasts for stock market and interest rates directions. The Manager adopts an active asset allocation policy and will time the investment strategies to suit market developments and global economic conditions. Where necessary, the Manager will switch the Fund's asset allocation appropriately between Shariah-compliant equities, sukuk and Islamic money market instruments. The Manager aims to reduce all these risks by using diversification that is expected to reduce the market volatility.

The above asset allocation policy of the Fund may be reviewed from time to time based on the general market and economic situations. The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal

strategy in attempting to respond to adverse market conditions, economic or political market conditions. This defensive position may take the form of holding significantly higher amount of Islamic liquid assets/cash and/or Islamic money market instruments. The Manager will then decide on the best appropriate asset allocation strategy and reallocate the Fund's Shariah-compliant equity investment into other more defensive investments. The weighting for Shariah-compliant equity investments then may be scaled down to not less than 20% of the Fund's NAV.

For **Shariah-compliant equities**, the Manager adopts a bottom-up approach in selecting Shariah-compliant equities after having ascertained the direction of the economy. Portfolio construction will focus on the category of Shariah-compliant equities, which will benefit most from the Manager's view of the market. In order to enhance returns to the Fund, the Manager will conduct fundamental analysis on potential investable companies to determine the suitability of the investment. Information can be obtained from regular company visits and participation in various industry presentations and stockbrokers forums. Apart from Shariah-compliant equities picks, the Manager will also actively monitor industry trends, earnings revision trends and financial performances of companies which the Fund has interest in, so that appropriate investment decisions can be made.

Accordingly, some of the important investment criteria for Shariah-compliant equities selections are as follows:

- High earnings per share growth potential;
- Low price earnings to growth ratio;
- Strong balance sheets;
- Cash flows and gearing levels;
- Relatively high dividend yield;
- Focused management team and its track records;
- Sustainable financial performance.

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

The Manager will invest in Islamic derivatives for hedging purposes, when appropriate. Such investments shall be made in Islamic futures and Islamic options or any other Islamic derivatives that may be allowable by the relevant authorities from time to time. For the purposes of the Fund's investment in Islamic derivatives, the global exposure will be calculated using commitment approach to ensure it does not exceed the Fund's NAV. The global exposure of the Fund to Islamic derivatives is calculated as the sum of the:

- absolute value of the exposure of each individual Islamic derivative not involved in netting or hedging arrangements;
- absolute value of the net exposure of each individual Islamic derivative after netting or hedging arrangement; and
- the values of cash collateral received pursuant to the reduction of exposure to counterparties of OTC Islamic derivatives.

The Fund will at all times place/invest its cash in Islamic money market, Government Investment Issues ("GII"), sukuk and/or Islamic deposits. The Fund shall invest in sukuk that are rated at least "BBB" by RAM or other approved rating agencies. These sukuk are mainly subject to interest rate risk and credit risk. As for the Fund's

placement in Islamic deposit, the tenure of such placement shall vary in accordance to the Manager's outlook of the stock.

Accordingly, some of the important investment criteria or principal valuations measures for selections of sukuk are as follows:

- Issuer's financial position and gearing levels;
- Issuer's cash flows quality;
- Issuer's expected future cash flows and repayment ability;
- Industry outlook;
- Duration and interest rates sensitivity analysis;
- Yield to maturity;
- Yield to first call;
- Ratings by RAM/MARC;
- Other applicable measures as and when necessary

3.3.3 Islamic liquid assets

The Fund would have a minimum level of Islamic liquid assets set at 5% of the Fund's NAV to enable the repurchase of units, which may be reviewed from time to time. However, this does not preclude the Fund from lowering or increasing the Islamic liquid asset beyond the stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

3.3.4 Benchmark

A selected benchmark is used by the Manager to measure the relative performance of the Fund. The benchmark used will be 60% of the FBSI and 40% of the Malayan Banking Berhad ("Maybank") one (1)-month General Investment Account (GIA) rate. The combination of the benchmarks is in line with investment strategy of the Fund over medium to long term.

For information on the FBSI, investors may refer to the Bursa Malaysia website at www.bursamalaysia.com.my while the Malayan Banking Berhad ("Maybank") one (1)-month General Investment Account (GIA) rate is obtainable at www.maybank2u.com.my. Investors may also refer to the Manager for this benchmark indicator.

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

3.3.5 Permitted investments

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund may invest in the following:

- (a) Shariah-compliant securities listed on Bursa Malaysia;
- (b) Securities not traded that have been approved by the Securities Commission for listing and quotation on Bursa Malaysia, which are offered directly by the company approved for listing by way of private placement or a tender basis and the securities must be classified as Shariah-compliant;
- (c) Malaysian Government Investment Issues ("GII"), Bank Negara Malaysia Monetary Notes-i/Certificates, Islamic Accepted Bills, Cagamas sukuk and any other government Islamic papers;

- (d) Negotiable Islamic Debt Certificates (“NIDC”), General Investment Account, Islamic money market instruments, Islamic time deposit and placements of money at call with licensed Islamic financial institution;
- (e) Sukuk in approved stock market and non-traded sukuk in any other market considered as Eligible Market and non-traded sukuk which are either bank-guaranteed or rated by RAM and/or other recognised rating agencies; and
- (f) Any other form of Shariah-compliant investments as may be approved by the SACSC and/or the Shariah Adviser and in accordance with Shariah requirements from time to time.

3.3.6 Investments restrictions and limits

The acquisition of permitted investments of the Fund is subject to the following restrictions:

- (a) the aggregate value of the Fund’s investment in Shariah-compliant transferable securities (i.e., unlisted shares) that are not traded or dealt in or under the rules of an Eligible Market must not exceed 15% of the Fund’s NAV subject to a maximum limit of 10% of the Fund’s NAV in a single issuer;
- (b) the value of the Fund’s investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund’s NAV;
- (c) the value of the Fund’s investment in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund’s NAV (“single issuer limit”). In determining the single issuer limit, the value of the Fund’s investments in instruments in item (a) issued by the same issuer must be included in the calculation;
- (d) the value of the Fund’s placement in Islamic deposit with any single Islamic financial institution must not exceed 20% of the Fund’s NAV. The single financial institution limit does not apply to placements of Islamic deposits arising from:
 - i. subscription monies received prior to the commencement of investment by the Fund;
 - ii. liquidation of investments prior to the termination of the Fund, where the placement of Islamic deposits with various financial institutions would not be in the best interests of Unit Holders; or
 - iii. monies held for the settlement of redemption or other payment obligations, where the placement of Islamic deposits with various financial institutions would not be in the best interest of Unit Holders;
- (e) the aggregate value of the Fund’s investments in, or exposure to, a single issuer through Shariah-compliant transferable securities, Islamic money market instruments, Islamic deposits, underlying assets of Islamic derivatives and counterparty exposure arising from the use of OTC Islamic derivatives must not exceed 25% of the Fund’s NAV (“single issuer aggregate limit”). In determining the single issuer aggregate limit, the value of the Fund’s investments in instruments in item (a) issued by the same issuer must be included in the calculation;
- (f) the value of the Fund’s investments in units or shares of an Islamic collective investment scheme must not exceed 20% of the Fund’s NAV provided that the Islamic collective investment scheme complies with the requirements of the Guidelines;

- (g) the value of the Fund's investments in units or shares of a listed Islamic collective investment scheme that invests in real estate must not exceed 15% of the Fund's NAV;
- (h) the value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV ("group limit"). In determining the group limit, the value of the Fund's investments in instruments in item (a) issued by the issuers within the same group of companies must be included in the calculation;
- (i) the single issuer limit in item (c) for government and other public Shariah-compliant securities or Islamic money market instruments may be increased to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the single issuer limit is increased to 35%, the single issuer aggregate limit of 25% in item (e) may be raised, subject to the group limit in item (h) not exceeding 35% of the Fund's NAV;
- (j) the Fund's investments in Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed 10% of the Shariah-compliant shares or Shariah-compliant securities equivalent to shares, as the case may be, issued by a single issuer;
- (k) the Fund's investments in sukuk must not exceed 20% of the sukuk issued by a single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition, the gross amount of sukuk in issue cannot be determined;
- (l) the Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size; and
- (m) the Fund's investment in Islamic collective investment schemes must not exceed 25% of the unit or shares in any one Islamic collective investment scheme.

The above limits and restrictions shall be complied with at all times based on the most up-to-date value of the Fund's investments. Where the limit or restriction is breached as a result of an appreciation or depreciation of the investment, repurchase of units or payment made out of the Fund, change in capital of a corporation in which the Fund has invested in or downgrade in or cessation of a credit rating, the Manager will rectify the breach as soon as practicable within three (3) months from the date of the breach. Such limits and restrictions however, do not apply to Shariah-compliant securities or Shariah-compliant instruments issued or guaranteed by the Malaysian government or BNM.

3.4 Information on KAF Sukuk Fund

Fund category	Sukuk.
Fund type	Growth.
Investor profile	Investors with a low to medium risk profile seeking capital growth over the medium to long term.
Distribution policy	As the Fund's objective is to provide capital growth, the Manager does not intend to distribute income.
Launch date	1 November 2013.

3.4.1 Investment objective

The Fund seeks to achieve capital growth in the medium to long term by investing primarily in sukuk.

Any material change to the objective of the Fund will require the approval of Unit Holders.

3.4.2 Investment policy and strategy

The Fund seeks to achieve its objective by investing in a diversified portfolio of RM denominated sukuk issued in Malaysia. For the avoidance of doubt, the sukuk portfolio of the Fund may contain sukuk issued by issuers domiciled in Malaysia or out of Malaysia.

The Fund will only invest in:

- (1) sukuk with a minimum short term credit rating of P2 (by RAM) or MARC-2 (by MARC) or a long-term credit rating of A3 (by RAM) or A- (by MARC) or an equivalent rating by any other recognized foreign credit rating agencies; and/or
- (2) sukuk issued or guaranteed by issuers or guarantors with a minimum short term credit rating of P2 (by RAM) or MARC-2 (by MARC) or a long-term credit rating of A3 (by RAM) or A- (by MARC) or an equivalent rating by any other recognized foreign credit rating agencies.

Should the credit rating of the sukuk, the issuer or the guarantor fall below the minimum credit rating, the Manager may dispose of those investments in the best interest of Unit Holders. The proceeds from the disposal of those investments will be invested in permitted investments in line with the investment objective of the Fund. The tenure of the sukuk held by the Fund will vary depending on the Manager's view of the future yield curve and will be adjusted accordingly.

The Fund's sukuk investments will be placed in RM denominated sukuk issued in Malaysia that includes but are not limited to:

- (i) government sukuk;
- (ii) corporate sukuk; and

- (iii) Islamic commercial papers.

Any balance of the NAV not invested in sukuk will be invested in Islamic deposits, Islamic money market instruments or Islamic collective investment schemes. The Manager will only invest in Islamic collective investment schemes which invest in RM denominated sukuk issued in Malaysia. Any Shariah-compliant investments of the Fund other than sukuk and Islamic collective investment schemes are purely for liquidity purposes while awaiting favourable sukuk investments.

It is the intention of the Manager to retain and reinvest the profits earned from the Fund's permitted investments in accordance with the Fund's investment policy and strategy to achieve the objective.

Asset allocation

The Fund will invest a minimum of 70% of NAV in sukuk and a maximum of 30% of NAV in either Islamic collective investment schemes, Islamic deposits or Islamic money market instruments.

3.4.3 Islamic liquid asset

The Manager will ensure that there is sufficient liquidity for the Fund to meet repurchase requests. This will be done by ensuring that an adequate portion of NAV is placed in Islamic deposits which can be liquidated easily and quickly.

3.4.4 Benchmark

RAM-Quant MGS Index (All Durations).

Source: www.quantshop.com

Note: Please note that the risk profile of the Fund is higher than that of the performance benchmark.

3.4.5 Permitted investments

Unless otherwise prohibited by the relevant authorities or any relevant laws and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted to invest in the following:

- (a) Sukuk either bank-guaranteed or rated by RAM, MARC or any other recognized foreign credit rating agencies;
- (b) Sukuk issued by BNM, the Malaysian government and Malaysian government related agencies such as Khazanah Nasional Berhad and Cagamas Berhad;
- (c) Sukuk guaranteed by the Malaysian government or BNM or any state government in Malaysia;
- (d) Islamic collective investment schemes (provided it is consistent with the objective of the Fund);
- (e) Islamic money market instruments issued by Islamic financial institutions;
- (f) Islamic deposits with Islamic financial institutions; and
- (g) Any other form of Shariah-compliant investments as may be permitted by the Securities Commission and/or the Shariah Adviser and/or the relevant authorities from time to time.

3.4.6 Investments restrictions and limits

The acquisition of permitted investments of the Fund is subject to the following restrictions:

- (a) the aggregate value of the Fund's investment in Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market must not exceed 15% of the Fund's NAV subject to a maximum limit of 10% of the Fund's NAV in a single issuer;
- (b) the value of the Fund's investment in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 20% of the Fund's NAV ("single issuer limit"). In determining the single issuer limit, the value of the Fund's investments in instruments in item (a) issued by the same issuer must be included in the calculation;
- (c) the value of the Fund's placement in Islamic deposit with any single Islamic financial institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements of Islamic deposits arising from:
 - i. subscription monies received prior to the commencement of investment by the Fund;
 - ii. liquidation of investments prior to the termination of the Fund, where the placement of Islamic deposits with various financial institutions would not be in the best interests of Unit Holders; or
 - iii. monies held for the settlement of redemption or other payment obligations, where the placement of Islamic deposits with various financial institutions would not be in the best interest of Unit Holders;
- (d) the aggregate value of the Fund's investments in, or exposure to, a single issuer through Shariah-compliant transferable securities, Islamic money market instruments, Islamic deposits, underlying assets of Islamic derivatives and counterparty exposure arising from the use of OTC Islamic derivatives must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). In determining the single issuer aggregate limit, the value of the Fund's investments in instruments in item (a) issued by the same issuer must be included in the calculation;
- (e) the value of the Fund's investments in units or shares of an Islamic collective investment scheme must not exceed 20% of the Fund's NAV provided that the Islamic collective investment scheme complies with the requirements of the Guidelines;
- (f) the single issuer limit in item (b) may be increased to 30% of the Fund's NAV if the sukuk is rated by any Malaysian or global rating agency to have the highest long-term credit rating. Where the single issuer limit is increased to 30%, the single issuer aggregate limit of 25% in item (d) may be raised to 30% of the Fund's NAV;
- (g) the value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 30% of the Fund's NAV ("group limit"). In determining the group limit, the value of the Fund's investments in instruments in item (a) issued by the issuers within the same group of companies must be included in the calculation;

- (h) the single issuer limit in item (b) may be increased to 35% of the Fund's NAV if the sukuk or Islamic money market instruments are issued, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the single issuer limit is increased to 35%, the single issuer aggregate limit of 25% in item (d) may be raised, subject to the group limit in item (g) not exceeding 35% of the Fund's NAV;
- (i) the Fund's investments in sukuk must not exceed 20% of the sukuk issued by a single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition, the gross amount of sukuk in issue cannot be determined;
- (j) the Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size; and
- (k) the Fund's investment in Islamic collective investment schemes must not exceed 25% of the unit or shares in any one Islamic collective investment scheme.

The above limits and restrictions shall be complied with at all times based on the most up-to-date value of the Fund's investments. Where the limit or restriction is breached as a result of an appreciation or depreciation of the investment, repurchase of units or payment made out of the Fund, change in capital of a corporation in which the Fund has invested in or downgrade in or cessation of a credit rating, the Manager will rectify the breach as soon as practicable within three (3) months from the date of the breach. Such limits and restrictions however, do not apply to Shariah-compliant securities or Shariah-compliant instruments issued or guaranteed by the Malaysian government or BNM.

3.5 Information on KAF Islamic Dividend Income Fund

Fund category	Equity fund (Islamic).
Fund type	Income fund.
Investor profile	The Fund is suitable for investors who: <ul style="list-style-type: none">▪ seek income;▪ are willing to accept medium degree of risk associated in investing in Shariah-complaint equities; and▪ wish for investments that comply with Shariah requirements.
Distribution policy	The Fund will distribute income on a half yearly basis, subject to the availability of income and/or realised gains.
Launch date	15 January 2016.

3.5.1 Investment objective

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

Any material change to the objective of the Fund will require the approval of Unit Holders.

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

3.5.2 Investment policy and strategy

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

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

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

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

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

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

- Industry outlook;
- Issuer's financial position and gearing levels;
- Issuer's future cash flows;
- Duration and interest rates sensitivity;
- Yield to maturity or first call;
- Ratings by RAM or MARC.

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

The Fund's portfolio will be structured as follows:

70% to 98% of NAV

- Investments in Shariah-compliant equities.

2% to 30% of NAV

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

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

3.5.3 Islamic liquid asset

The Manager in structuring the Fund's portfolio will maintain a minimum Islamic liquid assets level of 2% of NAV to enable the repurchase of units. However, this does not preclude the Fund from lowering or increasing the Islamic liquid asset beyond the stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

3.5.4 Benchmark

The benchmark is FBSI. Investors may refer to the Manager or newspapers for this benchmark indicator.

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

3.5.5 Permitted investments

This Fund may invest or participate in Shariah-compliant securities of and securities relating to companies whose business activities comply with Shariah requirements listed on Bursa Malaysia or traded in any market considered as an Eligible Market; Shariah-compliant securities not listed in or traded under the rules of an Eligible Market (“unlisted Shariah-compliant securities”); sukuk or instruments of companies whose business activities comply with Shariah requirements listed on Bursa Malaysia or traded in any other market considered as an Eligible Market; Government Investment Issues (GII), Islamic Accepted Bills, Bank Negara Monetary Notes-i, Islamic Negotiable Instruments, Cagamas sukuk and other obligations issued or guaranteed by the Malaysian government, BNM and other government-related agencies that comply with Shariah requirements; Islamic collective investment schemes; Islamic derivatives; Islamic liquid assets (including Islamic money market instruments and Islamic deposit) and any other Shariah-compliant investments permitted by the Shariah Adviser from time to time. Consequently, all investments for this Fund are to be designated as Shariah-compliant and in this regard, the Shariah Adviser will advise on the selection of investments to ensure compliance with Shariah requirements.

3.5.6 Investments restrictions and limits

The acquisition of permitted investments of the Fund is subject to the following restrictions:

- (a) the aggregate value of the Fund’s investment in Shariah-compliant transferable securities (i.e., unlisted shares) that are not traded or dealt in or under the rules of an Eligible Market must not exceed 15% of the Fund’s NAV subject to a maximum limit of 10% of the Fund’s NAV in a single issuer;
- (b) the value of the Fund’s investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund’s NAV;
- (c) the value of the Fund’s investment in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund’s NAV (“single issuer limit”). In determining the single issuer limit, the value of the Fund’s investments in instruments in item (a) issued by the same issuer must be included in the calculation;
- (d) the value of the Fund’s placement in Islamic deposit with any single Islamic financial institution must not exceed 20% of the Fund’s NAV. The single financial institution limit does not apply to placements of Islamic deposits arising from:
 - i. subscription monies received prior to the commencement of investment by the Fund;
 - ii. liquidation of investments prior to the termination of the Fund, where the placement of Islamic deposits with various financial institutions would not be in the best interests of Unit Holders; or

- iii. monies held for the settlement of redemption or other payment obligations, where the placement of Islamic deposits with various financial institutions would not be in the best interest of Unit Holders;
- (e) the aggregate value of the Fund's investments in, or exposure to, a single issuer through Shariah-compliant transferable securities, Islamic money market instruments, Islamic deposits, underlying assets of Islamic derivatives and counterparty exposure arising from the use of OTC Islamic derivatives must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). In determining the single issuer aggregate limit, the value of the Fund's investments in instruments in item (a) issued by the same issuer must be included in the calculation;
- (f) the value of the Fund's investments in units or shares of an Islamic collective investment scheme must not exceed 20% of the Fund's NAV provided that the Islamic collective investment scheme complies with the requirements of the Guidelines;
- (g) the value of the Fund's investments in units or shares of a listed Islamic collective investment scheme that invests in real estate must not exceed 15% of the Fund's NAV;
- (h) the value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV ("group limit"). In determining the group limit, the value of the Fund's investments in instruments in item (a) issued by the issuers within the same group of companies must be included in the calculation;
- (i) the single issuer limit in item (c) for government and other public Shariah-compliant securities or Islamic money market instruments may be increased to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the single issuer limit is increased to 35%, the single issuer aggregate limit of 25% in item (e) may be raised, subject to the group limit in item (h) not exceeding 35% of the Fund's NAV;
- (j) the Fund's investments in Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed 10% of the Shariah-compliant shares or Shariah-compliant securities equivalent to shares, as the case may be, issued by a single issuer;
- (k) the Fund's investments in sukuk must not exceed 20% of the sukuk issued by a single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition, the gross amount of sukuk in issue cannot be determined;
- (l) the Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size; and

- (m) the Fund's investment in Islamic collective investment schemes must not exceed 25% of the unit or shares in any one Islamic collective investment scheme.

The above limits and restrictions shall be complied with at all times based on the most up-to-date value of the Fund's investments. Where the limit or restriction is breached as a result of an appreciation or depreciation of the investment, repurchase of units or payment made out of the Fund, change in capital of a corporation in which the Fund has invested in or downgrade in or cessation of a credit rating, the Manager will rectify the breach as soon as practicable within three (3) months from the date of the breach. Such limits and restrictions however, do not apply to Shariah-compliant securities or Shariah-compliant instruments issued or guaranteed by the Malaysian government or BNM.

3.6 Risk factors

3.6.1 General risk

Any investment carries with it elements of risk. There is no assurance that a unit trust fund will achieve its investment objective. Therefore, prior to making any investment decision, prospective investors should consider the following risk factors in addition to the other information set out in this master prospectus.

Below are some of the general risks which Unit Holders should be aware of when investing in unit trust funds:

Market risk

Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the NAV of the Funds.

Loan Financing risk

This risk occurs when investors take a loan or obtain financing to finance their investment in the Funds. The inherent risk of investing with borrowed/financed money includes the inability to service the loan repayments/financing payments and effect of increase in interest rate/profit rate risk. Where loan or financing obtained by investors are based on variable interest rate/profit rate instead of fixed interest rate/profit rate, and if the interest rate/profit rate rise, the total repayment/payment amount payable by the investors will also be increased. In the event units of the Funds are used as collateral, additional collateral may be required if the unit price fall beyond a certain level. If the investor fails to honor the additional collateral within the prescribed time, units of the Funds may be sold at towards settlement of the loan/financing.

Investors are advised to seek Islamic financing to finance their acquisition.

Inflation risk

This is the risk that investors' investment in the Funds may not grow or generate income at a rate that keeps pace with inflation. This would reduce investors' purchasing power even though the value of the investment in monetary terms has increased.

Management company risk

Management company risk arises when the management company does not adhere to the investment mandate of a unit trust fund. Such incidents may be due to human

errors or weaknesses in operational process and systems that require rectifications, the neglect of which may adversely affect the performance of a unit trust fund.

Non-compliance risk

The risk arising from non-conformance with regulations and internal policies and procedures by the management company due to situations such as system failures and oversight which may adversely affect the investment of Unit Holders. The non-compliance may also expose the unit trust fund to higher risks that may result in a fall in the value of the unit trust fund.

Return on investment risk

There is no guarantee on the investment returns nor on the distribution to investors.

Fund management risk

The performance of the Fund depends on, amongst other things, the expertise of the fund manager in carrying out the fund management function. Lack of expertise of investment techniques by the fund manager may have an adverse impact on the Fund's performance which in turn may affect the investment of Unit Holders.

Derivative risk (applicable to the Funds that employ Islamic derivatives for hedging purposes)

The Funds may invest in Islamic derivatives, where appropriate for hedging purposes. When the Funds participate in Islamic derivatives for hedging activities, any potential upsides of Shariah-compliant securities' price movements arising is limited as the objective is to protect the Fund's value. Participation in Islamic derivative may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the hedging positions. If no provision is made for the required margin within the prescribed time, the position may be liquidated at a loss. Therefore, it is essential that such positions in Islamic derivatives are monitored closely. Such participation in Islamic derivatives is also subject to the failure or default of the counterparty to the Islamic derivative which may adversely affect the Fund's value. Investing in Islamic derivative may also result in the likelihood of the high volatility in the NAV of the Fund.

Liquidity risk

Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund and the investment of the Unit Holders will be negatively affected when it has to sell such assets at unfavourable prices.

This risk also refers to the potential scenario where the Fund is unable to meet the redemption requests in the prescribed redemption period. It may resort to the Fund having to sell the most liquid assets to meet the redemption requests, leaving the Fund with illiquid assets and at the same time unduly affecting the risk profile of the Fund.

3.6.2 Specific risks of investing in the Funds

KDA

- *Specific stock risk*
Specific stock risk can be associated with the shift in consumer taste, advertising campaigns, lawsuits and competitive industry conditions. It can be mitigated by

diversifying the Fund's investment over more companies in various segments of the economy, which operate independently from one another. Failing to achieve the expected earnings would result in the stock price declining, which in turn will affect the performance of the Fund. Specific stock risk is mitigated by exercising prudence in stock selection.

- *Shariah status reclassification risk*

- (a) Shariah-compliant equity securities

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

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

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

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

This risk refers to the risk of a possibility that the currently held sukuk or Islamic money market instruments or Islamic deposits or Islamic collective investment schemes invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such fixed income securities or money market instruments or deposits or collective investment schemes.

Please refer to the cleansing process for the Fund on section 3.7.2.

KDAI

- *Interest rate risk*

Interest rate risk is crucial in a sukuk fund since sukuk portfolio management depends on forecasting interest rate movements. Valuation of sukuk move inversely with interest rates and the degree of sensitivity to interest rates is a function of sukuk maturity and profit payment as well as the level of interest rates. In the event of rising interest rates, valuation of sukuk will generally decrease and vice versa. Corporate profits may be affected by high interest rates, hence affecting the NAV of the Fund. Therefore, interest rate risk should be low for short-term sukuk, moderate for intermediate term sukuk and high for long-term sukuk. Interest rate risk is mitigated by exercising prudence in the selection of investments, strict monitoring of those investments and ensuring sufficient diversification of the Fund's investments. The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic unit trust fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All investments carried out for the Fund are in accordance with Shariah requirements.
- *Credit/default risk*

Credit risk refers to the possibility that the issuer of a sukuk will not be able to make timely payments of profit on the profit payment date or principal payment on the maturity date. The risk is graded by credit rating agencies that rate the issuer's ability to meet these obligations in a timely manner. Failure to comply with conditions attached to the issue or to make a payment on time will result in an event of default with serious consequences for the issuer and loss to the investor. A default by the issuer will result in a fall in the value of sukuk which ultimately reduced the NAV of the Fund. The lower the rating, the greater the risk that the sukuk issuer will default. All things being equal, the lower a sukuk's credit rating, the higher its yield should be to compensate investors for assuming higher risk. Mitigating credit risk involves diversification of the Fund's investments.
- *Shariah status reclassification risk*

This risk refers to the risk of a possibility that the currently held sukuk or Islamic money market instruments or Islamic deposits invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of such fixed income securities or money market instruments or deposits.

Please refer to the cleansing process for the Fund on section 3.7.2.

KDL

- *Specific stock risk*

Specific stock risk can be associated with the shift in consumer taste, advertising campaigns, lawsuits and competitive industry conditions. It can be mitigated by diversifying the Fund's investment over more companies in various segments of the economy, which operate independently from one another. Failing to achieve the expected earnings would result in the stock price declining, which in turn will affect the performance of the Fund. Specific stock risk is mitigated by exercising prudence in stock selection.

- *Interest rate risk*
 Interest rate risk is crucial in a sukuk fund since sukuk portfolio management depends on forecasting interest rate movements. Valuation of sukuk move inversely with interest rates and the degree of sensitivity to interest rates is a function of sukuk maturity and profit payment as well as the level of interest rates. In the event of rising interest rates, valuation of sukuk will generally decrease and vice versa. Corporate profits may be affected by high interest rates, hence affecting the NAV of the Fund. Therefore, interest rate risk should be low for short-term sukuk, moderate for intermediate term sukuk and high for long-term sukuk. Interest rate risk is mitigated by exercising prudence in the selection of investments, strict monitoring of those investments and ensuring sufficient diversification of the Fund's investments. The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic unit trust fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All investments carried out for the Fund are in accordance with Shariah requirements.

- *Credit/default risk*
 Credit risk refers to the possibility that the issuer of a sukuk will not be able to make timely payments of profit on the profit payment date or principal payment on the maturity date. The risk is graded by credit rating agencies that rate the issuer's ability to meet these obligations in a timely manner. Failure to comply with conditions attached to the issue or to make a payment on time will result in an event of default with serious consequences for the issuer and loss to the investor. A default by the issuer will result in a fall in the value of sukuk which ultimately reduced the NAV of the Fund. The lower the rating, the greater the risk that the sukuk issuer will default. All things being equal, the lower a sukuk's credit rating, the higher its yield should be to compensate investors for assuming higher risk. Mitigating credit risk involves diversification of the Fund's investments.

- *Shariah status reclassification risk*
 - (a) Shariah-compliant equity securities

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

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

 - (i) to dispose of such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of reclassification of the list of Shariah-compliant securities ("Reclassification") by the SACSC or the date of review ("Review") by the Shariah Adviser. The Fund is allowed to keep dividends received up to the effective date of Reclassification or Review and capital gains from the disposal of the securities on the effective date of Reclassification or Review. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Reclassification or

Review should be channeled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser;

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

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

This risk refers to the risk of a possibility that the currently held sukuk or Islamic money market instruments or Islamic deposits or Islamic collective investment schemes invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such fixed income securities or money market instruments or deposits or collective investment schemes.

Please refer to the cleansing process for the Fund on section 3.7.2.

KSF

- *Credit/default risk*

Investments in sukuk are subject to the risk of non-payment and/or untimely payment of the principal amount and/or the profits when they fall due. Credit/default risk is assessed based on the issuer's overall ability to meet its obligations when they fall due. For example, an issuer suffering an adverse change in its financial condition could result in the credit rating of the sukuk lowered, leading to greater price volatility of the sukuk. A downgrade of the credit rating of a sukuk may have an effect on the sukuk's liquidity, making it more difficult to sell and greater volatility on the Fund's valuation.

However, such risk can be mitigated by taking appropriate actions after vigorous credit analysis and having regular updates on the business profile and the financial position of the sukuk issuer.

The Fund may invest in Islamic deposits with various financial institutions or in Islamic money market instruments. As such, the Fund will be exposed to the risks of change of financial conditions of various financial institutions which may affect its creditworthiness. This is the risk of the financial institution defaulting on the payment of principal and/or profit. These events can lead to loss of capital and/or delayed or reduced income for the Fund resulting in a reduction in the value of the Fund.

- *Interest rate risk*

This risk refers to how the change in the interest rate environment affects the performance of the sukuk portfolio of the Fund. In the event of a rising interest rate environment, the valuation for sukuk may generally decrease, and vice versa. In

addition, sukuk with longer maturity and lower profit rates are more sensitive to interest rate changes. This risk may be mitigated via the management of the duration of the sukuk portfolio.

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic unit trust fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All investments carried out for the Fund are in accordance with Shariah requirements.

- *Liquidity risk*

This risk refers to the possibility that the sukuk and Islamic money market instruments held by the Fund cannot be readily sold at or near its fair value due to insufficient trading volume. This in turn may adversely affect the value of the Fund. To mitigate liquidity risk, the Manager will maintain a diversified portfolio in terms of the tenure and the issuers of the sukuk or Islamic money market instruments. Furthermore, the Manager will ensure that the Fund will hold adequate level of Islamic liquid assets (Islamic deposits and/or Islamic money market instruments) to serve as buffer for meeting short term liquidity requirements.

- *Reinvestment risk*

As it is the Manager's intention to reinvest proceeds from the sukuk held by the Fund to achieve the objective of the Fund, there is a risk that the proceeds may be reinvested into sukuk which may provide lower profit rates than previously earned.

- *Shariah status reclassification risk*

This risk refers to the risk of a possibility that the currently held sukuk or Islamic money market instruments or Islamic deposits invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of such fixed income securities or money market instruments or deposits.

Please refer to the cleansing process for the Fund on section 3.7.2.

KIDIF

- *Specific equity risk*

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

- *Interest rate risk*

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

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic unit trust fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All investments carried out for the Fund are in accordance with Shariah requirements.

- *Credit / Default risk*

This refers to the creditworthiness of the issuers of sukuk and its expected ability to make timely payment of profit and/or principal. Default happens when the issuers are not able to make timely payments of profit and/or principal. Sukuk are subject to both actual and perceived measures of creditworthiness. Investments in unrated sukuk will imply a higher credit risk as the Manager will rely on its own judgements and assessments of the issuer's creditworthiness. Although the Manager conducts rigorous and disciplined credit analysis on the unrated sukuk, this will not eliminate the possibility that the issuer may default on its payments. The downgrading of a rated sukuk or adverse publicity and investor perception could decrease the value and liquidity of the sukuk, particularly in a thinly traded market. An economic recession may adversely affect an issuer's financial condition and the market value of sukuk issued by such entity. The issuer's ability to service its obligations may be adversely affected by specific issuer developments, or the issuer's inability to meet specific projected business forecasts. All this may impact the value of the Fund or result in the Fund experiencing losses.

- *Distribution risk*

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

- *Shariah status reclassification risk*

- (a) Shariah-compliant equity securities

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

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

- (i) to dispose of such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of reclassification of the list of Shariah-compliant securities ("Reclassification") by the SACSC or the date of review ("Review") by the Shariah Adviser. The Fund is allowed to keep dividends received up to the effective date of Reclassification or Review and capital gains from the disposal of the securities on the effective date of Reclassification or Review. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Reclassification or Review should be channeled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser;

- (ii) to hold such securities if the value of the said securities is below the investment cost on the effective date of Reclassification or Review until the total subsequent dividends received (if any) and the market price of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month, excess capital gains (if any) from the disposal of the securities should be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser; or
 - (iii) to dispose of such securities at a price lower than the investment cost which will result in a decrease in the Fund's value.
- (b) Sukuk or Islamic money market instruments or Islamic deposits or Islamic collective investment schemes

This risk refers to the risk of a possibility that the currently held sukuk or Islamic money market instruments or Islamic deposits or Islamic collective investment schemes invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such fixed income securities or money market instruments or deposits or collective investment schemes.

Please refer to the cleansing process for the Fund on section 3.7.2.

Risk management

The respective Funds have implemented several risk management measures in relation to the Funds' portfolio management. The Manager will take the following measures in order to mitigate the risk that is associated with the Funds:

- **Market risk and interest rate risk**

The primary responsibility for the management of these risks is vested with the Manager. The Manager will manage these risks by conducting a thorough and detailed analysis of such risks with the assistance of its investment personnel. The Manager will regularly monitor all Shariah-compliant investments, including the use of Islamic derivatives for hedging purposes by the Funds.

- **Specific stock risk**

This risk will be mitigated through diversification by investing in a wide range of securities from different industries.

- **Liquidity risk**

The Manager will be able to mitigate this risk by taking greater care in stock selection and diversification by avoiding illiquid stocks from the portfolio.

In addition, the Manager is practicing prudent liquidity management in a timely and cost-effective manner. The Manager continuously monitors the Fund's holding of liquid assets to ensure that the Fund is able to meet the redemption requests in an orderly manner. If there is a need and the Manager deems it is appropriate, the Fund will seek an Islamic financing facility on a temporary basis to meet such redemption requests. The Manager

may also engage with the large Unit Holders to give notice in advance if they plan to make substantial redemptions of their investments.

- **Derivatives risk**

If the Funds were to invest in OTC Islamic derivatives, the Manager will monitor the credit rating of the counterparty issuing the derivatives and dispose of the derivatives should the rating of the said derivative counterparty fall below the credit rating of A by RAM or its equivalent rating by other approved rating agencies.

Management of specific risks

For KDA:

Specific stock risk will be managed through the conduct of fundamental analyses of economic, social and political factors on a local and global basis to evaluate the likely effects on the performance of Shariah-compliant equities. Sukuk are screened for the underlying fundamentals before arriving at the final selection for a model portfolio, which serves as the guide for investment in the Fund.

For overall Fund's portfolio, risk is further controlled by strict diversification on both sector and Shariah-compliant equities picks. The Manager will be guided by the Guidelines and restrictions that are imposed internally where the management of the Fund is concerned.

Investment in sukuk by the Fund is subject to interest rate risk and credit risk. It will be managed by exercising prudence in the selection of investments, strict monitoring, ensuring sufficient diversification and management of the duration of the sukuk portfolio.

The Manager expects that by practising diversification of the investments of the Fund and careful selection of Shariah-compliant equities and monitoring for changes to the operating environment, the risks of investing shall be reduced.

For KDAI:

Credit/default risk will be managed through rigorous and disciplined credit analysis. Diversification of the Islamic money market and sukuk portfolio over several industrial sectors will reduce the risk related to any particular sector. Articles and credit rating by the rating agencies will be closely monitored for prospective changes in credit ratings.

Credit/default risk will be mitigated by investing in a wide range of companies in different sectors (diversification).

Since the nature of the investments is short-term, exposure to interest rate risk is minimal.

For KDL:

Interest rate risk will be managed through detailed and thorough analysis conducted by the Manager's investment professional.

The specific stock risk may be greatly reduced through diversification. The Manager's expertise in proper research prior to sector and Shariah-compliant equities selection by adopting defensive Shariah-compliant equities selection strategies will also help to reduce this risk.

Credit/default risk will be mitigated by investing in a wide range of companies in different sectors (diversification).

For **KSF**:

The Manager will review the portfolio composition of the Fund which include Malaysian government, bank-backed and rated corporate sukuk and will manage risks accordingly. While the Fund would normally have a high exposure in sukuk, should the need arise, due to adverse conditions, be they market, economic, political or otherwise, the Manager may pursue a strategy of lowering the Fund's sukuk holdings and shifting the investments to other permitted investments deemed appropriate. Other risk management strategies that the Manager may employ include:

- To lengthen or shorten the average maturity or duration of the sukuk portfolio of the Fund;
- Selecting investments that carry ratings higher than the allowable minimum short term credit rating of P2 by RAM or MARC-2 by MARC or a long-term credit rating of A3 by RAM or A- by MARC or an equivalent rating by any other recognized foreign credit rating agencies to ensure the liquidity of the Fund's investments; and
- To increase the Fund's holdings in bank guaranteed or government guaranteed investments.

For **KIDIF**:

The risk management measures taken by the Manager include diversification of the Fund's Shariah-compliant equity investments by investing in a wide range of Shariah-compliant equities from different sectors and industries. Risk associated with investing in sukuk will be managed through rigorous and disciplined credit analysis besides spreading the investment over various sukuk issuance. The Manager will be guided by the Guidelines and restrictions that are imposed internally where the management of the Fund is concerned.

The abovementioned risks, which investors should consider before investing into a Fund, should not be considered to be an exhaustive list. Investors should be aware that investment in a Fund may be exposed to other risks of an exceptional nature from time to time.

3.7 General information

3.7.1 Shariah investment guidelines

The following guidelines are adopted by the Shariah Adviser in determining the Shariah status of investments of the Funds.

- The Funds must at all times and all stages of its operation comply with Shariah requirements as resolved by the SACSC or in cases where no specific rulings are made by the SACSC, the decisions of the Shariah Adviser.
- The Funds must be established and operated by the Manager, and finally redeemed by the investors on the basis of contracts which are acceptable in Shariah. The banking facilities and short-term money market instruments used for the Funds have to be Shariah-compliant. Similarly, all the other investment instruments must be Shariah-compliant.

- For Shariah-compliant securities listed on Bursa Malaysia, the Funds' investments must be strictly confined to those Shariah-compliant securities on the list of Shariah-Compliant Securities by the SACSC.
- For Islamic money market instruments, sukuk and Islamic deposits, they shall be based on the data readily available on BNM, the Securities Commission and the financial institutions' websites respectively.
- The SACSC has adopted a standard methodology to determine the Shariah compliance for the securities of companies listed on Bursa Malaysia. This methodology takes into consideration both the quantitative and qualitative aspects of the listed companies.

(a) Quantitative analysis:

The quantitative part is a two-tier benchmark applied to the business activities of the companies and to the financial ratios of the companies. The business activity benchmarks consist of a 5% benchmark and a 20% benchmark.

(i) Business activity benchmarks

For the business activity benchmarks, the revenue or income contribution of Shariah non-compliant business activities to the group revenue or group profit before taxation of the listed companies will be computed and compared against the relevant business activity benchmarks, and must be less than the 5% or the 20% benchmarks.

The 5% benchmark would be applicable to the following business activities:

- Conventional banking and lending;
- Conventional insurance;
- Gambling;
- Liquor and liquor-related activities;
- Pork and pork-related activities;
- Non-halal food and beverages;
- Shariah non-compliant entertainment;
- Interest income¹ from conventional accounts and instruments (including interest income awarded arising from a court judgement or arbitration);
- Dividends¹ from Shariah non-compliant investments;
- Tobacco and tobacco-related activities; and
- Other activities deemed non-compliant according to Shariah principles as determined by the SACSC.

¹Interest income and dividends from Shariah non-compliant investments will be compared against the group revenue. However, if the main activity of the company is holding of investment, the dividends from Shariah non-compliant investments will be compared against the group revenue and group profit before taxation.

The 20% benchmark would be applicable to the following activities:

- Share trading in Shariah non-compliant securities;

- Stockbroking business other than Islamic stockbroking company;
- Rental received from Shariah non-compliant activities; and
- Other activities deemed non-compliant according to Shariah principles as determined by the SACSC.

(ii) Financial ratio benchmarks

In addition, the financial ratios for cash in conventional accounts and instruments as well as interest bearing debts over the total assets of the listed companies are also considered in the analysis carried out by the SACSC to determine their Shariah compliance status.

The financial ratios applied are as follows:

- Ratio of cash over total assets
Cash will only include cash placed in conventional accounts and instruments, whereas cash placed in Islamic accounts and instruments will be excluded from the calculation.
- Ratio of debt over total assets
Debt will only include interest-bearing debt whereas Islamic financing or sukuk will be excluded from the calculation.

Both benchmark ratios, which are intended to measure *riba and riba*-based elements within a company's balance sheet, must be less than 33%.

(b) Quantitative analysis:

As for qualitative aspect of the Shariah compliance analysis, an additional criterion will be considered namely the public perception or image of the listed company which must be acceptable from the Shariah perspective.

- The SACSC had considered the following criteria for a special purpose acquisition company (SPAC) to be classified as Shariah-compliant:
 - The proposed business activity should be Shariah-compliant;
 - The entire proceeds raised from the initial public offering should be placed in Islamic accounts; and
 - In the event that the proceeds are invested, the entire investment should be Shariah-compliant.
- Shariah-compliant securities include ordinary shares and warrants (issued by the companies themselves). This means that warrants are classified as Shariah-compliant securities provided the underlying shares are also Shariah-compliant. On the other hand, loan stocks and bonds are Shariah non-compliant securities unless they are structured based on SACSC's approved Shariah rulings, concepts and principles.
- For investments in unlisted Shariah-compliant equities, the Shariah Adviser also applies the screening methodology of the SACSC in its Shariah screening. As such, the Manager must submit to the Shariah Adviser the latest information pertaining to the issuer's business activities, its complete financial statements and other related

information to enable the Shariah Adviser to carry out the Shariah screening.

- For investments in Islamic collective investment schemes, the Manager must submit to the Shariah Adviser all pertinent information including the prospectuses, its structures, investment avenues, Shariah investment guidelines, Shariah contracts and Shariah pronouncements by the relevant Shariah advisers advising the Islamic collective investment schemes, for the Shariah Adviser to confirm the Shariah status of the said Islamic collective investment schemes.
- The Funds may only use derivatives for hedging purposes. Such derivatives must be Islamic derivatives. However, if Islamic derivatives are not available or are not commercially viable, the Funds may use conventional derivatives subject to prior approval from the Shariah Adviser being obtained.
- The decision of the Shariah Adviser shall be final.

3.7.2 Cleansing process for the Funds

a) Wrong investment

(i) Investment in Shariah non-compliant equity securities

The said investment shall be disposed of or withdrawn with immediate effect, if possible, or otherwise within one (1) calendar month of knowing the status of the investment. In the event that the investment resulted in any gain in the form of capital gain or dividend before or after the disposal of the investment, it has to be channeled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser. The Funds have a right to retain only the investment cost. The Shariah Adviser advises that this cleansing process (namely, channeling of income from wrongful investment to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser) shall be carried out within two (2) calendar months from the said disposal or withdrawal date. If the disposal of the investment resulted in losses to the Funds, the losses are to be borne by the Manager.

(ii) Investment in other Shariah non-compliant instruments (namely, fixed income securities or money market instruments or deposits or collective investment schemes)

The said investment shall be disposed of or withdrawn with immediate effect, if possible, or otherwise within one (1) calendar month of knowing the status of the investment. In the event that the investment resulted in Shariah non-compliant income received before or after the disposal of the investment, it has to be channeled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser. The Funds have a right to retain only the investment cost. The Shariah Adviser advises that this cleansing process (namely, channeling of income from wrongful investment to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser) shall be carried out within two (2) calendar months from the said disposal or withdrawal date. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.

b) Reclassification of Shariah status of the Funds' investments

(i) Shariah-compliant equity securities

Reclassification of Shariah status refers to securities which were earlier classified as Shariah-compliant securities but due to failure to meet the set benchmark criteria, are subsequently reclassified as Shariah non-compliant by the SACSC or the Shariah Adviser. If on the reclassification effective date, the value of the securities held exceeds or is equal to the investment cost, the Funds which hold such Shariah non-compliant securities must liquidate them. To determine the time frame to liquidate such securities, the Shariah Adviser advises that such securities should be disposed of within one (1) calendar month of reclassification.

Any dividends received up to the reclassification effective date and capital gains arising from the disposal of the said reclassified Shariah non-compliant securities made with respect to the closing price on the reclassification effective date can be kept by the Funds. However, any dividends received and excess capital gain derived from the disposal after the reclassification effective date at a market price that is higher than the closing price on the reclassification effective date shall be channeled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser. The Shariah Adviser advises that this cleansing process should be carried out within two (2) calendar months from the above disposal date.

The Funds are allowed to hold the Shariah non-compliant securities if the market price of the said securities is below the investment cost. It is also permissible for the Funds to keep the dividends received during the holding period until such time when the total amount of the dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, the Funds are advised to dispose of their holdings. In addition, during the holding period, the Funds are allowed to subscribe to:

- any issue of new securities by a company whose Shariah non-compliant securities are held by the Funds such as rights issues, bonus issues, special issues and warrants [excluding securities whose nature is Shariah non-compliant such as irredeemable convertible unsecured loan stock (ICULS)]; and
- securities of other companies offered by the company whose Shariah non-compliant securities are held by the Funds,

on conditions that the Funds expedite the disposal of the Shariah non-compliant securities. For securities of other companies [as stated in the second bullet above], they must be Shariah-compliant securities.

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

This refers to the instruments which were earlier classified as sukuk or Islamic money market instruments or Islamic deposits or Islamic collective investment schemes but due to certain factors such as changes in the issuers' business direction and policy or failure to carry out proper Shariah contracts' transactions, which render the instruments Shariah non-

compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such fixed income securities or money market instruments or deposits or collective investment schemes.

If on the reclassification effective date, the value of the Shariah non-compliant instruments held exceeds or is equal to the investment cost, the Funds which hold such Shariah non-compliant instruments must liquidate them. To determine the time frame to liquidate such instruments, the Shariah Adviser advises that such reclassified Shariah non-compliant instruments should be disposed of within one (1) calendar month of reclassification.

Any income received up to the reclassification effective date and capital gains arising from the disposal or withdrawal of the said reclassified Shariah non-compliant instruments made on the reclassification effective date can be kept by the Funds.

However, any income received and excess capital gain derived from the disposal or withdrawal after the reclassification effective date at a price that is higher than the price on the reclassification effective date shall be channeled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser. The Shariah Adviser advises that this cleansing process should be carried out within two (2) calendar months from the above disposal date.

The Shariah Adviser confirms that the investment portfolio of the Funds comprises instruments which have been classified as Shariah-compliant by the SACSC and, where applicable the SAC of BNM. As for the instruments which have not been classified as Shariah-compliant by the SACSC and, where applicable the SAC of BNM, the Shariah Adviser will review and determine the Shariah status of the said instruments in accordance with the ruling issued by the Shariah Adviser.

3.7.3 Zakat for the Funds

The Funds do not pay zakat on behalf of both Muslim individuals and Islamic legal entities who are investors of the Funds. Thus, investors are advised to pay zakat on their own.

3.7.4 Valuation

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

The Funds shall adopt the bases of valuation of investments prescribed in the Guidelines.

<p>Shariah-compliant securities listed on any exchange</p>	<p>The official closing price or last known transacted price on the Eligible Market on which the investment is quoted.</p> <p>However, if the price is not representative or not available to the market, the investments must be</p>
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	valued at fair value.
Unlisted sukuk denominated in RM	Price quoted by a bond pricing agency (“BPA”) registered with the Securities Commission: Where the Manager is of the view that the price quoted by a BPA for a specific sukuk differs from the “market price” by more than twenty (20) basis points, the Manager may use the “market price”, provided that the Manager: (a) records its basis for using a non-BPA price; (b) obtains necessary internal approvals to use the non-BPA price; and (c) keeps an audit trail of all decisions and basis for adopting the “market yield”.
Other unlisted sukuk	Fair value by reference to the average indicative yield quoted by three (3) independent and reputable institutions.
Unlisted Islamic collective investment schemes	Last published repurchase price.
Islamic deposit	Reference to the principal value of such investments and the profits accrued thereon for the relevant period.
Islamic money market instruments	Islamic accepted bills, BNM monetary notes-i, Islamic negotiable instruments is valued each day by reference to the value of such investments and the profits accrued thereon for the relevant period. For Islamic money market instruments such as Islamic commercial papers and Islamic treasury bills are valued at fair value determined using the price quoted by a BPA registered with the Securities Commission.
Any other Shariah-compliant investment (including suspended counter)	Fair value as determined with due care and in good faith by the Manager on methods or bases, which are approved by the Trustee after appropriate technical consultation.

3.7.5 Gearing policy

The Funds are not permitted to borrow or obtain cash financing or other assets (including the borrowing of securities within the meaning of the Securities Borrowing and Lending Guidelines in connection with its activities.

However, the Funds may seek Islamic financing facilities, for the purpose of meeting repurchase requests. Such financings are subjected to the following:

- the Islamic financing facility is only on a temporary basis and that the Islamic financing facility is not persistent;
- the period of the Islamic financing facility should not exceed one (1) month;
- the aggregate of the Islamic financing facility should not exceed 10% of NAV at the time the Islamic financing facility is incurred; and
- the Fund seek Islamic financing facility from financial institutions.

Except for securities lending as provided under the Guidelines, none of the cash or investments of the Funds may be lent. Further, the Funds may not assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

3.7.6 Cross trades policy

The Manager may undertake cross trades between Funds and/or its private mandate clients under the management provided that:

- the sale and purchase decisions are in the best interest of the Funds and/or the Manager's private mandate clients;
- transactions are executed on arm's length and fair value basis;
- reason for such transactions is documented prior to execution; and
- transaction is executed through a dealer or financial institution.

Cross trades between (a) the personal account of an employee of the Manager with the Funds and/or the Manager's private mandate clients; and (b) the Manager's proprietary accounts with the Funds and/or the Manager's private mandate clients, are strictly prohibited.

CHAPTER 4: FEES, CHARGES AND EXPENSES

The following are the charges that will be **directly** incurred by Unit Holders.

4.1 Sales charge

Investors investing under the EPF Members Investment Scheme will be levied a maximum sales charge of up to 3.00% of NAV per unit (or such other rate that may be determined by the EPF from time to time) of the respective Funds. Funds approved under the EPF Members Investment Scheme are subject to change from time to time. Investors may contact the Manager for the list of Funds.

KDA **KDL** **KIDIF**

Sales charge imposed by various distribution channels are as follows:

Distribution channel	Sales charge
Direct investment with the Manager	Up to 6.50% of NAV per unit
Authorised IUTAs	Up to 6.50% of NAV per unit
Authorised tied agents	Up to 6.50% of NAV per unit

The sales charge is negotiable. The Manager may at his discretion impose a lower sales charge based on the size of investment and/or other criteria to be determined by the Manager.

KDAI **KSF**

Sales charge imposed by various distribution channels are as follows:

Distribution channel	Sales charge
Direct investment with the Manager	Nil
Authorised IUTAs	Nil
Authorised tied agents	Nil

4.2 Repurchase charge

KDA **KDAI** **KDL** **KSF** **KIDIF**

The Manager does not impose any repurchase charge when redeeming units of the Funds.

4.3 Switching fee

KDA **KDAI** **KDL** **KSF** **KIDIF**

Nil. The Manager does not impose any switching fee.

4.4 Transfer fee

KDA KDAI KDL KSF KIDIF

The Manager does not impose any fee for transfer of units of the Funds.

The following are the fees that will be **indirectly** incurred by Unit Holders:

4.5 Annual management fee

The Manager is entitled to the following management fee in respect of the Fund, which is calculated and accrued on a daily basis and payable monthly to the Manager.

	Annual management fee
KDA, KDL and KIDIF	1.50% per annum of NAV
KSF	0.40% per annum of NAV
KDAI	0.375% per annum of NAV

The Manager may waive or reduce the annual management fee at its discretion.

4.6 Annual trustee fee

The Trustee is entitled to the following trustee fee in respect of the Fund, which is calculated on a daily basis and payable monthly to the Trustee.

	Annual trustee fee
KDA	0.07% per annum of NAV.
KDAI	Up to 0.025% per annum of NAV, subject to a minimum trustee fee of RM12,000.
KDL	0.08% per annum of NAV, subject to a minimum fee of RM18,000.
KSF	Up to 0.05% per annum of NAV, subject to a minimum fee of RM12,000.
KIDIF	0.06% per annum of NAV, subject to a minimum fee of RM12,000.

4.7 Other expenses

Only expenses directly related and necessary in operating and administering the respective Funds will be paid out from each of the Fund. These expenses include the following:

- (a) Commissions/fees paid to brokers in effecting dealings in the respective Fund's investments;
- (b) Tax and other duties charged on the respective Funds by the government and other authorities;
- (c) Fees and other expenses properly incurred by the auditors and tax advisers appointed for the Funds;
- (d) Fees for valuation of any investment of the respective Funds;
- (e) Costs incurred for the modification of the Deed other than for the benefit of the Manager or Trustee;

- (f) Costs incurred for any meeting of the Unit Holders other than those convened by or for the benefit of the Manager or Trustee;
- (g) Administration charges like printing of annual reports, distribution of cheques and postage;
- (h) Remuneration and out of pocket expenses of the person(s) undertaking the oversight function of the Funds, unless the Manager decides otherwise; and
- (i) Any other fees, cost and expenses related to the respective Funds as provided in the Deed.

4.8 Policy on rebates and soft commission

The Manager will not retain any rebates from or otherwise share in any commission with any broker or dealer in consideration for direct dealings in the investments of the Funds. Accordingly, any rebate and shared commission will be directed to the account of the Funds.

However, the Manager may retain goods and services (“soft commissions”) provided by any broker or dealer if:

- the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and
- the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager shall not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

4.9 Tax

All fees and charges payable to the Manager and the Trustee are subject to any tax as may be imposed by the government from time to time.

THERE ARE FEES AND CHARGES INVOLVED AND INVESTORS ARE ADVISED TO CONSIDER THEM BEFORE INVESTING IN ANY OF THE FUNDS.

ALL FEES, CHARGES AND EXPENSES DISCLOSED IN THIS MASTER PROSPECTUS ARE EXPRESSED ON A TAX-EXCLUSIVE BASIS. ACCORDINGLY, TO THE EXTENT THAT SERVICES PROVIDED ARE SUBJECT TO TAX, THE AMOUNT OF TAX PAYABLE ON ANY RELATED FEES, CHARGES AND/OR EXPENSES WILL BE PAYABLE BY THE UNIT HOLDER AND/OR THE FUND (AS THE CASE MAY BE) IN ADDITION TO THE FEES, CHARGES AND EXPENSES DISCLOSED IN THIS MASTER PROSPECTUS.

CHAPTER 5: TRANSACTION INFORMATION

SALE AND PURCHASE OF UNITS

5.1 Computation of NAV and NAV per unit

The NAV of a Fund is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at the valuation point. The NAV per unit of a Fund at a valuation point is determined by dividing the NAV at that valuation point by the number of units in circulation of the Fund at the same valuation point.

5.2 Pricing of units

5.2.1 Single pricing

The Manager adopts a single pricing policy, i.e. the Selling Price and Repurchase Price is the NAV per unit of the respective Funds.

The Selling Price and Repurchase Price are calculated based on the forward pricing policy, whereby the Selling Price and Repurchase Price shall be the NAV per unit of the respective Funds at the next valuation point following the receipt by the Manager of an application to purchase or a request to repurchase units of a Fund.

Investors will have to pay the sales charge, where applicable which is calculated and payable separately on top of their investments, as computed below. The Manager does not impose any repurchase charge when redeeming units of the Funds.

Illustration based on KDA using hypothetical figures:

Daily NAV	RM34,586,852.54
Units in circulation	54,044,500.0000
NAV per unit	$\frac{\text{RM34,586,852.54}}{54,044,500.0000}$
	= RM0.6400*

*The NAV per Unit is rounded to the nearest 4 decimal places.

If an investor makes an investment of RM10,000.00 at the Selling Price of RM0.6400 (which is the NAV per unit as at the next valuation point) and the distributor levied a sales charge of 6.50% of NAV per unit, the investor will pay a total of RM10,650.00 as follows:

Sales charge payable:

Sales charge payable	=	Sales charge per unit	X	NAV per unit	X	Units allocated
	=	6.50%	X	RM0.6400	X	15,625.0000 units
	=	RM650.00				

Investment amount	= RM10,000.00
Add: sales charge payable	= <u>RM650.00</u>
Total amount paid by the investor	= <u>RM10,650.00</u>

The above illustrations shows that sales charge is calculated separately from the investment amount, whereas the sales charge imposed by a Fund are deducted upfront from the total amount paid by the investors.

If an investor redeems 10,000.0000 units at the Repurchase Price of RM0.6400 (which is the NAV per unit as at the next valuation point) and there is no repurchase charge, the investor would receive repurchase proceeds of RM6,400.00 as follows:

Repurchase amount (10,000.0000 units x RM0.6400)	= RM6,400.00
Less: repurchase charge	<u>NIL</u>
Net amount payable to the investor	= <u>RM6,400.00</u>

5.2.2 Incorrect pricing

In the event there is incorrect valuation and/or pricing of the Fund and/or units of the Fund which is at or above the threshold of 0.5% of the NAV per unit, the Manager shall take immediate remedial action to rectify any incorrect valuation or pricing. Rectification shall be extended to the reimbursement of money:-

- (a) by the Manager to the Fund;
- (b) from the Fund to the Manager; or
- (c) by the Manager to Unit Holders and/or former Unit Holders.

However, if the amount to be reimbursed to a Unit Holder's account is less than RM10.00, no such reimbursement is applicable.

5.3 Transaction details

5.3.1 Sale of units

When purchasing units of a Fund, investors must forward the following:

- (a) completed application form;
- (b) necessary remittance; and
- (c) relevant supporting documents such as a photocopy of their identity card (for an individual applicant) or certified true copies of the certificate of incorporation or registration, memorandum and articles of association or constitution or by-laws, and relevant resolutions (for a corporate applicant)

to the Manager's office, its Authorized tied agents or authorised IUTAs before their respective cut-off times.

The minimum initial investment and additional investment for the respective Funds are as follows:

	Minimum initial investment	Minimum additional investment
KDA, KDL and KIDIF	RM1,000.00 or such other amount as the Manager may	RM100.00 or such other amount as the Manager may accept from

	accept from time to time	time to time.
KDAI and KSF	RM1,000.00 or such other amount as the Manager may accept from time to time.	RM1,000.00 or such other amount as the Manager may accept from time to time.

Investors can obtain this master prospectus and an application form for the purchase of units from the Manager's office. This master prospectus is also available at the Manager's website at www.kaf.com.my.

INVESTORS ARE ADVISED NOT TO MAKE PAYMENT IN CASH TO ANY INDIVIDUAL AGENT WHEN PURCHASING UNITS OF A FUND.

5.3.2 Repurchase of units

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

	Minimum repurchase units	Minimum investment balance	Frequency of repurchase
KDA and KDL	Any number of units.	500 units or such other lower quantity as the Manager may decide from time to time.	There is no restriction on the repurchase frequency. If the repurchase request leaves a Unit Holder with less than 500 units or such other lower quantity as the Manager may decide from time to time (minimum investment balance), the Manager has the option to liquidate the balance of the units held in the Unit Holder's account and forward the proceeds to the Unit Holder.
KDAI and KIDIF	Any number of units.	1,000 units or such other lower quantity as the Manager may decide from time to time.	There is no restriction on the repurchase frequency. If the repurchase request leaves a Unit Holder with less than 1,000 units or such other lower quantity as the Manager may decide from time to time (minimum investment balance), the Manager has the option to liquidate the balance of the units held in the Unit Holder's account and forward the proceeds to the Unit Holder.
KSF	10 units or RM1,000.00 whichever is the lower value in term of RM, or such other lower amount as the Manager may accept from	10 units or RM1,000.00 whichever is the lower value in term of RM, or such other lower amount as the Manager may decide from time to time.	There is no restriction on the repurchase frequency. If following the repurchase request leaves a Unit Holder with less than 10 units or RM1,000.00, whichever is the lower value in term of RM, or such other lower amount as the Manager may decide from time to time (minimum

	time to time.		investment balance), the Manager has the option to liquidate the balance of the units held in the Unit Holder's account and forward the proceeds to the Unit Holder.
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Repurchase proceeds will be paid within seven (7) Business Days from the date on which the repurchase request is received by the Manager.

5.3.3 Where units can be purchased and redeemed

Units of the respective Funds can be purchased or redeemed at the Manager's office, or from any of its Authorised tied agents or authorised IUTAs before their respective cut-off time. The dealing hours of the Manager is from 9:00 a.m. to 4:00 p.m. on any Business Day.

Customer or investors may seek assistance from our customer service personnel at 03-9767 6000 during our office hours, Mondays through Fridays from 9:00 a.m. – 5:00 p.m. Investors may also visit our website, **www.kaf.com.my**.

Please refer to our Directory of Outlets for Purchase and Sale of Unit at the end of this master prospectus. Account opening forms, purchase/switch forms, repurchase forms and this master prospectus are also available from these distributors.

5.3.4 Cooling-off period

The cooling-off right refers to the rights of an investor to obtain a refund of his/her investment in the Funds if he so request within the cooling-off period.

The cooling-off right is only given to an individual investor, other than those listed below, who is investing for the first time in any unit trust fund managed by the Manager:

- (a) staff of the Manager; and
- (b) persons registered with a body approved by the Securities Commission to deal in unit trusts funds.

The cooling-off period shall be within six (6) Business Days from the day application to purchase units is received by the Manager.

Unit Holders who exercise their cooling-off rights will receive a refund on their investment which will be the sum of:

- (a) if the original price of a unit is higher than the price of a unit at the point of exercise of the cooling-off right ("market price"), the market price at the point of cooling-off; or;
- (b) if the market price is higher than the original price, the original price at the point of cooling-off; and
- (c) any charges (for example, a sales charge) imposed on the day the units were purchased (where applicable).

When a cooling-off right is exercised, the refund will be paid within seven (7) Business Days of the receipt of the notice of cooling-off by the Manager. In the case

of a Unit Holder under the EPF Members Investment Scheme, cooling-off right is subject to the terms and conditions imposed by EPF.

5.3.5 Transfer of ownership of units

Subject to the discretion of the Manager, Unit Holders may transfer the ownership of their units to any person by completing the transfer application form and returning it to the Manager before the cut-off time of 4:00 p.m. on a Business Day.

The minimum number of units for transfer for the respective Funds is as follows:

	Minimum number of units or amount for transfer
KDA, KDAI and KDL	500 units.
KSF	10 units or RM1,000.00 whichever is the lower value in term of RM, or such other amount as the Manager may accept from time to time.
KIDIF	1,000 units.

5.3.6 Switching facility

KDA KDAI KDL KSF KIDIF

This is considered as a redemption from a fund and an investments into other funds under the management of the Manager. Unit Holders are required to complete the switching form and forward it to the Manager's office before the cut-off time of 4:00 p.m. on a Business Day. There are no restrictions as to the frequency of switching.

The minimum amount for a switch for the respective Funds is as follows:

	Minimum amount for switching
KDA, KDL and KIDIF	RM1,000
KDAI	100 units or RM1,000.00 whichever is the lower value in term of RM, or such other amount as the Manager may accept from time to time.
KSF	10 units or RM1,000.00 whichever is the lower value in term of RM, or such other amount as the Manager may accept from time to time.

Units of the fund to be switched into shall be purchased at the net asset value per unit of that fund as at the next valuation point of the fund's relevant business day after the switching form is received by the Manager ("forward pricing"). The Manager reserves the right to vary the terms of the switching facility from time to time at its discretion.

Switching from an Islamic fund to a conventional fund is not encouraged for Muslim Unit Holders.

5.3.7 Distribution mode

Distribution may be declared by the Manager in line with the respective Funds' objective. Please refer to Chapter 3: Detailed information of the Fund for the respective Fund's distribution policy.

KDA

KDAI

KDL

KIDIF

Income distribution, if any will be automatically reinvested to purchase additional units of the respective Fund. Such additional units will be purchased at the NAV per unit on the income payment date i.e. the closing of the 15th day of the following month or such earlier date as may be determined by the Manager. There will be no additional charges incurred for any reinvestment of the income distribution.

KSF

As the Fund's objective is to provide capital growth, the Manager does not intend to distribute income.

UNIT PRICES AND DISTRIBUTIONS PAYABLE, IF ANY, MAY GO DOWN AS WELL AS UP.

5.3.8 Unclaimed monies

All money payable to a Unit Holder may be paid by cheques. In the event, the cheque is not presented for payment within six (6) months from date of issuance, the Unit Holder may request the Manager to issue a new cheque as substitution for such amount payable.

However, all money payable to Unit Holders which remain unclaimed after one year from the date of cheque will be handled by the Manager in accordance with the requirements of the Unclaimed Moneys Act, 1965.

CHAPTER 6: MANAGEMENT COMPANY

6.1 Background information

The Manager, KAF Investment Funds Berhad is a holder of a Capital Markets Services Licence issued under the CMSA. The Manager became a subsidiary of KAF Seagroatt & Campbell Berhad, with effect from 15 April 2013 when the latter acquired majority interest in Alliance Investment Management Berhad. Alliance Investment Management Berhad was later renamed as KAF Investment Funds Berhad to reflect the change in ownership.

As at 31 May 2023, the Manager is managing 16 collective investment schemes in its suite of offerings which covers a range of products types with different risk profiles. The Manager offers both conventional and Islamic collective investment schemes.

6.2 Board of directors

The board of directors of the Manager takes a proactive role in the activities and affairs of the Manager and the collective investment schemes under its management.

It consists of esteemed members with vast experienced in the banking and financial industry.

The list of board of directors are available on the Manager's website, www.kaf.com.my/Home/Investment-Funds#investor

6.3 Roles, duties and responsibilities of the Manager

The Manager is responsible for the day-to-day management of the Funds in accordance with the provisions of the Deed, Guidelines and all relevant laws. The Manager's functions include:

- Valuation and pricing of units;
- Implementing appropriate investment strategies to achieve the respective Funds' objectives;
- Administering Unit Holder's transactions;
- Issuing reports to Unit Holders on a timely basis;
- Distributing income to Unit Holders;
- Keeping proper records of the Funds; and
- Marketing the units of the Funds.

6.4 Fund management team

Encik Ahmad Tajuddin bin Yeop Aznan (Designated fund manager for KDA, KDL and KIDIF)

Encik Ahmad Tajuddin bin Yeop Aznan has more than 10 years of investment experience in both equities and fixed income. Prior to joining the Manager, he was the Equity Portfolio Manager at Kenanga Islamic Investors Berhad, responsible for all Islamic unit trust funds and private mandates. Previously, he was with CIMB Principal Islamic Asset Management Bhd managing the global sukuk portfolios. He is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. He also holds a BSc. (Hons.) in Applied Accounting from Oxford Brookes University and

a Capital Market Services Representative's Licence to carry on the regulated activity of fund management.

Ms. Zarina Muhammad (Designated fund manager for KSF)

Ms. Zarina Muhammad joined the Manager in 2019, as the fixed income Senior Portfolio Manager. She has a Bachelor of Science in Finance from Indiana State University, Terre Haute Indiana, USA, a holder of the Capital Market Services Representative to carry out the regulated activity of fund management and a member of Persatuan Pasaran Kewangan Malaysia (PPKM). She has more than 27 years of experience in the investment industry managing fixed income in treasury banking and portfolio management companies. She has worked with Valuecap Sdn Bhd, Maybank Investment Bank, and OSK Investment Bank prior to joining the Manager.

Mr Tan-Rausch (Designated fund manager for KDAI)

Mr. Tan-Rausch graduated from the University of South Australia with a Bachelor's Degree in Applied Finance. He holds the Capital Market Services Representative's Licence to carry out the regulated activity of fund management and a member of Persatuan Pasaran Kewangan Malaysia (PPKM). Mr Tan-Rausch joined the Manager in 2020 as a fixed income portfolio manager tasked with the responsibilities of managing fixed income and money market unit trust funds. Prior to joining the Manager, he started his career in the financial markets industry as a foreign exchange (FX) and interest rates trader in the treasury department at OSK Investment Bank Bhd and subsequently RHB Investment Bank Bhd. Mr. Tan-Rausch then made his transition to the fund management industry by joining Public Mutual Bhd as a unit trust consultant and subsequently as a portfolio manager for a Singaporean hedge fund.

6.5 Material litigation

As at 31 May 2023, there is no current material litigation or arbitration, including those pending or threatened, and any facts likely to give rise to any proceeding which might materially affect the business/financial position of the Manager.

6.6 Shariah Adviser for the Funds

Profile of the Shariah Adviser

BIMB Securities Sdn Bhd ("BIMBSEC") has been appointed as the Shariah Adviser for the Funds. BIMBSEC will provide Shariah advisory services on the management and operations of the Funds to ensure the operations of the Funds comply with Shariah requirements.

About BIMBSEC

BIMBSEC is a stockbroking subsidiary of Bank Islam Malaysia Berhad incorporated on 21 February 1994 and is licensed by the Securities Commission. The corporate mission of BIMBSEC is to be an active participant in a modern, innovative and dynamic Islamic capital market in Malaysia, catering for the needs of all investors, Muslims or non-Muslims, looking for Shariah-compliant investment products and services.

Experience in Shariah advisory services

BIMBSEC is registered with the Securities Commission to act as a Shariah adviser for Islamic products and services regulated by the Securities Commission, which include Islamic collective investment schemes. BIMBSEC is independent from the Manager and does not hold office as a member of the committee undertaking the oversight function of the Funds or any other funds managed and administered by the Manager.

As at 31 May 2023, BIMBSEC is a corporate Shariah adviser to ninety-nine (99) Islamic funds including two (2) Islamic real estate investment trusts. Its staff strength consists of 67 employees of whom 63 are executive staff and the rest are non-executive staff.

Roles and responsibilities of BIMBSEC as the Shariah Adviser

As the Shariah Adviser for the Funds, the role of BIMBSEC is to ensure that the investment operations and processes of the Funds are in compliance with Shariah requirements. BIMBSEC will review the Funds' investments on a monthly basis to ensure Shariah compliance and it also reviews the semi-annual and annual reports of the Funds.

Notwithstanding the role played by the Shariah Adviser, the ultimate responsibility for ensuring Shariah compliance of the Funds in all aspects of operations and processes rests solely with the Manager.

In line with the Guidelines on Islamic Capital Market Products and Services, the roles of BIMBSEC as the Shariah Adviser are:

1. to advise on all Shariah aspects of the Funds and the Funds' operations and process such that they are in accordance with Shariah requirements;
2. to provide Shariah expertise and guidance in all matters related to the Funds, particularly on the documentation such as the Deed and this master prospectus, structure, investments and related operational matters;
3. to ensure that the Funds are managed and operated in accordance with Shariah requirements;
4. to review the Funds' compliance reports as provided by the Manager's compliance officer, and investment transaction reports provided or duly approved by the Trustee to ensure that the Funds' investments are in line with Shariah;
5. to prepare a report to be included in the semi-annual and annual reports of the Funds stating the Shariah Adviser's opinion whether the Funds have been operated and managed in compliance with Shariah, including rulings, principles and concepts endorsed by the SACSC for the financial period concerned;
6. to consult the Securities Commission where there is ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process;
7. to meet the Manager on a quarterly basis (or as and when required by the Manager and/or the Shariah Adviser) for the review of the Funds' operations

and processes; and

8. to apply *Ijtihad* (intellectual reasoning) to ensure all aspects relating to the Funds are in compliance with Shariah, in the absence of any rulings, principles and concepts endorsed by the SACSC.

Designated person responsible for Shariah matters

Ir. Dr. Muhamad Fuad bin Abdullah (“Dr. Muhamad Fuad”)

Ir. Dr. Muhamad Fuad is the designated person in charge of all Shariah matters in BIMBSEC.

He graduated with a Bachelor of Science Degree in Electrical Engineering in 1977 and a Master of Philosophy Degree in Electrical Engineering in 1982, both from the University of Southampton, England. He also obtained a Bachelor of Arts (Jayyid) Degree in Shariah from the University of Jordan in 1994 and a Doctor of Philosophy in Muslim Civilization from the University of Aberdeen, Scotland in 1996.

He is a registered individual Shariah adviser with the Securities Commission. He is the chairman of the Shariah Advisory Committee of BIMBSEC and the Shariah Supervisory Council of Bank Islam Malaysia Berhad. He sits on the Shariah committee of AIA-Public Takaful Berhad.

He is also the non-executive chairman of Gagasan Nadi Cergas Berhad and a board member of Universiti Tun Abd Razak Sdn Bhd (UniRAZAK).

Nurussaádah binti Nasarudin (“Nurussaádah”)

Nurussaádah joined BIMBSEC in June 2015 as the Shariah executive and has been promoted as the head of Shariah section effective 1 May 2021. She is also the designated shariah officer registered under the BIMBSEC’ Shariah adviser registration, responsible for the Shariah advisory services offered by BIMBSEC.

Nurussaádah graduated with a Bachelor of Shariah majoring in Islamic Banking and Economics from the University of Yarmouk, Jordan.

Currently, she is responsible in providing Shariah inputs on the advisory, consultancy and research functions with regards to Islamic capital market and Islamic collective investment schemes, including but not limited to, conducting surveillance on non-financial institution activities.

She is experienced in product development and review for Islamic capital market products specifically in Islamic stockbroking services.

FURTHER INFORMATION ON THE MANAGER, SHARIAH ADVISER AND FUND MANAGER IS PROVIDED IN THE MANAGER’S WEBSITE AT WWW.KAF.COM.MY

CHAPTER 7: TRUSTEE

7.1 Universal Trustee (Malaysia) Berhad

KDA

KDL

The Trustee is a registered trust company under the Trust Companies Act 1949 and was incorporated in 1974. The Trustee is also registered with the Securities Commission as a trustee for unit trust schemes. The Trustee has more than thirty years of experience in handling unit trusts matters.

7.1.1 Duties and responsibilities of the Trustee

The Trustee has agreed willingly to assume all their obligations under the Deed, all written laws and the Guidelines which cover the following:

- Take into custody the investments of the respective Funds and hold the investments in trust for the Unit Holders.
- Ensure that the Manager operates and administers the Funds in accordance with the provisions of the Deed, the Guidelines and acceptable business practice within the unit trust industry.
- As soon as practicable notify the Securities Commission of any irregularity or breach of the provisions of the Deed, the Guidelines and any other matters which in the Trustees' opinions may indicate that the interests of Unit Holders are not served.
- Exercise reasonable diligence in carrying out their functions and duties, in actively monitoring the operation and management of the Funds by the Manager to safeguard the interests of Unit Holders.
- Maintain, or cause the Manager to maintain, proper accounting records and other records as are necessary to enable a complete and accurate view of the Funds to be formed and to ensure that the Funds are operated and managed in accordance with the Deed, this master prospectus, the Guidelines and securities law.
- Require that the accounts be audited at least annually.

7.1.2 Trustee's statement of responsibility

The Trustee is willing to assume the position and all obligations that come with it under the Deed, all relevant written laws and rules of laws.

7.1.3 Material litigation and arbitration

As at 31 May 2023, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee.

7.2 CIMB Islamic Trustee Berhad

KDAI KSF

The Trustee was incorporated on 19 January 1988, registered as a trust company under the Trust Companies Act, 1949 and having its registered office at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470, Kuala Lumpur, Malaysia. The Trustee is qualified to act as a trustee for collective investment schemes approved under the CMSA.

7.2.1 Experience in trustee business

The Trustee has been involved in unit trust industry as trustee since 1990. It acts as trustee to various unit trust funds, real estate investment trust fund, wholesale funds and private retirement schemes.

7.2.2 Duties and responsibilities of the Trustee

The Trustee's functions, duties and responsibilities are set out in the Deed. The general functions, duties and responsibilities of the Trustee include, but are not limited to, the following:

- (a) Take into custody the investments of the Fund and hold the investments in trust for the Unit Holders;
- (b) Ensure that the Manager, operates and administers the Fund in accordance with the provisions of the Deed, the Guidelines and acceptable business practice within the unit trust industry;
- (c) As soon as practicable, notify the Securities Commission of any irregularity or breach of the provisions of the Deed, the Guidelines and any other matters which in the Trustee's opinion, may indicate that the interests of Unit Holders are not served;
- (d) Exercise reasonable diligence in carrying out its functions and duties, actively monitoring the operations and management of the Fund by the Manager to safeguard the interests of Unit Holders;
- (e) Maintain, or cause the Manager to maintain, proper accounting records and other records as are necessary to enable a complete and accurate view of the Fund to be formed and to ensure that the Fund is operated and managed in accordance with the Deed, this master prospectus, the Guidelines and securities law; and
- (f) Require that the accounts be audited at least annually.

The Trustee has covenanted in the Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unit Holders.

7.2.3 Material litigation and arbitration

As at 31 May 2023, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely

to give rise to any proceedings which might materially affect the business and or financial position of the Trustee or any of its delegates.

7.2.4 Trustee's delegate

The Trustee has delegated its custodian function to CIMB Islamic Bank Berhad (CIMB Islamic Bank). CIMB Islamic Bank's ultimate holding company is CIMB Group Holdings Berhad, a listed company on Bursa Malaysia.

CIMB Islamic Bank provides full fledged custodial services, typically clearing settlement and safekeeping of all types of investment assets and classes, to a cross section of investors and intermediaries client base, both locally and overseas.

For the local RM assets, they are held through its wholly owned nominee subsidiary "CIMB Islamic Nominees (Tempatan) Sdn Bhd". For foreign non-RM assets, CIMB Islamic Bank appoints global custodian as its agent bank to clear, settle and safekeep on its behalf and to its order.

All investments are automatically registered in the name of the custodian to the order of the Trustee for the Fund. CIMB Islamic Bank acts only in accordance with instructions from the Trustee.

7.3 Maybank Trustees Berhad

KIDIF

Maybank Trustees Berhad is the trustee of the Fund with its registered office at 8th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur.

The Trustee was incorporated on 12 April 1963 and registered as a Trust Company under the Trust Companies Act 1949 on 11 November 1963. It was one of the first local trust companies to provide trustee services with the objective of meeting the financial needs of both individual and corporate clients.

7.3.1 Experience in trustee business

The Trustee has acquired experience in the administration of unit trust funds/ schemes since 1991.

7.3.2 Duties and responsibilities of the Trustee

The Trustee's role is mainly to act as custodian of the Fund and to exercise all due diligence and vigilance in carrying out its functions and duties and to safeguard the rights and interests of the Unit Holders. Apart from being the legal owner of the Fund's assets, the Trustee is responsible for ensuring that the Manager performs its obligations in accordance with the provisions of the Deed and the relevant laws.

7.3.3 Delegates of the Trustee

The Trustee has delegated its custodian function to Malayan Banking Berhad. The custodian function is run under Maybank Securities Services ("MSS"), a unit within Malayan Banking Berhad. MSS provides a comprehensive end to end clearing and custody services for global and domestic equities and fixed income securities. MSS provides a complete suite of corporate outsourcing solutions with a proven track record in servicing international institutional clients: sub custodian for major foreign banks and global custodians. MSS also provides global custody services in more than 100 different markets via a special arrangement with their reputable partners.

The roles and duties of the trustee's delegate, MSS, are as follows:

- Safekeep, reconcile and maintain assets holdings records of Fund against Trustee's instructions;
- Act as settlement agent for shares and monies to counterparties against Trustee's instructions;
- Act as agents for money market placement, where applicable against Trustee's instructions;
- Disseminate listed companies' announcements to and follow through for corporate actions instructions from Trustee;
- Compile, prepare and submit holdings report to Trustee and beneficial owners where relevant; and
- Other ad-hoc payments for work done for the Fund against Trustee's instructions, etc.

The custodian acts only in accordance with instructions from the Trustee.

7.3.4 Material litigation

As at 31 May 2023, the Trustee is not engaged in any material litigation as plaintiff or defendant and the Trustee is not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect its financial position or business.

CHAPTER 8: SALIENT TERMS OF THE DEED

8.1 Salient terms of the Deed in relation to KDA, KDAI and KDL

The Funds are trust constituted by the Deed, entered into between the respective Trustees and the Manager. The Deed came into effect when they were registered by the Securities Commission.

Each Unit Holder shall be entitled to the benefit and shall be bound by the terms and conditions of the Deed. Pursuant to the Deed, the respective Trustees shall take into their custody and control all the assets of the respective Funds and hold the same in trust for the Unit Holders in accordance with the Deed and all relevant laws. The Deed is governed by and shall be construed in accordance with the laws of Malaysia.

8.1.1 Rights and Liabilities of the Unit Holders

Unit Holders' rights

Unit Holders are entitled to the following:

- the right to receive distributions of the respective Funds, participate in any increase in the value of the units and such other rights and privileges as provided in the Deed;
- entitled to receive annual and semi-annual reports of the respective Funds and to call for Unit Holders' meetings and to vote for the removal of the Trustee or the Manager through a special resolution; and
- shall have the cooling-off right.

Unit Holders' liabilities

Unit Holders' shall not be under any obligation to indemnify the Manager and/or the respective Trustees in the event that the liabilities incurred by the Manager and/or the respective Trustees in the name of or on behalf of the respective Funds pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the respective Funds and any right of indemnity of the Manager and/or the respective Trustees shall be limited to recourse to the respective Funds.

No Unit Holder shall by reason of any provision of the Deed and the relationship created hereby between the Manager, the respective Trustees and the Unit Holders or in any event whatsoever, be liable for any amount in excess of the purchase price paid for the units as determined in accordance with the Deed at the time the units were purchased and any charges payable in relation thereto.

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

Unit Holders' limitations and restrictions

No Unit Holder shall be entitled to require the transfer to him of any of the investments or assets of the respective Funds or be entitled to interfere with or question the exercise by the respective Trustees or the Manager on its behalf, of the rights of the respective Trustees as the registered owner of such investments and assets. In amplification and not in derogation of the aforesaid, units held shall not confer on any Unit Holder any interest in any particular part of asset of the respective Funds but only in such interest in the respective Funds as a whole as may be conferred on Unit Holders by the provisions of the Deed.

No Unit Holder shall have any right by reason of being a Unit Holder to attend any meeting of shareholders, stockholders or debenture holders or to vote or take part in or consent to any company or shareholders', stockholders' or debenture holders' action.

8.1.2 Maximum fees and charges permitted by the Deed

The following are the maximum fees and charges as provided in the Deed:

	Maximum sales charge	Maximum repurchase charge
KDA	10% of NAV per unit	Nil
KDAI	10% of NAV per unit	5% of NAV per unit
KDL	10% of NAV per unit	Nil

	Maximum annual management fee	Maximum annual trustee fee
KDA	2.00% of NAV	0.10% of NAV
KDAI	2.00% of NAV	Up to 0.1% of NAV before the deduction of the management fee and trustee fee for the relevant day subject to a minimum of RM12,000 per annum.
KDL	2.00% of NAV	0.10% of NAV subject to a minimum of RM18,000 per annum

8.1.3 Increase in fees and charges

A lower fee and/or charges than what is stated in the Deed may be charged. All current fees and/or charges will be disclosed in this master prospectus.

Any increase of the fees and/or charges above that which are stated in this master prospectus may be made provided that a supplemental master prospectus is issued. Furthermore, the Manager has to notify the Unit Holders of the higher rate and the effective date (where necessary or required to do so by the Deed) provided always that the maximum stated in the Deed shall not be breached.

Any increase of the fees and/or charges above the maximum stated in the Deed shall require the Unit Holders' approval in accordance with the Deed, Guidelines and/or the CMSA.

8.1.4 Permitted expenses

There are annual operating expenses involved in running a Fund, including but not limited to those stated below and such expenses are paid out of the respective Funds' assets.

- commissions and/or fees paid to brokers in effecting dealings in the investments of the respective Funds, shown on the contract notes or confirmation notes;
- taxes and other duties charged on the respective Funds by the government and/or other authorities;
- costs, fees and expenses properly incurred by the auditor appointed for the respective Funds;
- costs, fees and expenses incurred for the valuation of any investment of the respective Funds;
- costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the respective Trustees;
- costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the respective Trustees;
- costs, commissions, fees and expenses of the sale, purchase, insurance/takaful and any other dealing of any asset of the respective Funds;
- costs, fees and expenses incurred in engaging any specialist approved by the respective Trustees for investigating or evaluating any proposed investment of the respective Funds;
- costs, fees and expenses incurred in engaging any adviser for the benefit of the respective Funds;
- costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the respective Funds;
- costs, fees and expenses incurred in the termination of the respective Funds or the removal of the respective Trustees or the Manager and the appointment of a new trustee or management company;
- costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the respective Funds or any asset of the respective Funds, including proceedings against the respective Trustees or the Manager by the other for the benefit of the respective Funds (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the respective Funds);
- remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the respective Funds, unless the Manager decides otherwise;
- costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement whether or not having the force of law of any governmental or regulatory authority; and
- any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred as above.

8.1.5 Retirement, removal or replacement of the Manager

The Manager shall have the power to retire in favour of some other corporation and as necessary under the written law upon giving twelve (12) months notice in writing to the respective Trustees of its desire to do so or such lesser time as the Manager and

the respective Trustees may agree and subject to fulfilment of the conditions as stated in the Deed.

The Manager may be removed and another corporation appointed as manager by special resolution of the Unit Holders' at a duly convened meeting of which notice has been given to the Manager, the respective Trustees and the Unit Holders.

The respective Trustees shall take the necessary steps to remove and replace the Manager as soon as practicable after becoming aware of any such circumstances.

8.1.6 Power of the Manager to remove/replace the Trustee

A Trustee may be removed and another Trustee may be appointed by special resolution of the Unit Holders at a Unit Holders' meeting convened in accordance with the Deed.

The Manager shall take all reasonable steps to replace a Trustee as soon as practicable after becoming aware that:

- The respective Trustees have ceased to exist;
- The respective Trustees have not been validly appointed;
- The respective Trustees are not eligible to be appointed or to act as trustee under the CMSA;
- The respective Trustees have failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or the provisions of the CMSA;
- A receiver is appointed over the whole or a substantial part of the assets or undertaking of the existing Trustee and has not ceased to act under the appointment, or a petition is presented for the winding up of the existing Trustee other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the existing Trustee becomes or is declared to be insolvent; or
- The Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 1965 (now known as the Companies Act 2016) or any securities law.

8.1.7 Retirement, removal or replacement of Trustees

The Trustees may retire upon giving twelve (12) months' notice to the Manager of their desire to do so or such shorter period as the Manager and the respective Trustees may agree, and may by the Deed appoint in its stead a new trustee, approved by the Securities Commission.

A Trustee may be removed and another trustee may be appointed by special resolution of the Unit Holders at a Unit Holders' meeting convened in accordance with the Deed or as stipulated in the CMSA.

8.1.8 Power of the Trustee to remove the Manager

The Manager may be removed by the respective Trustees on the grounds that the Manager is into liquidation (except for the purpose of amalgamation or reconstruction or some other purpose approved by the relevant authorities); or has had a receiver appointed or has ceased to carry on business; or is in breach of its obligations under the Deed or it has failed or neglected to carry out its duties to the satisfaction of the respective Trustees and the respective Trustees consider that it would be in the

interests of Unit Holders for it to do so after the respective Trustees have given notice to it of that opinion and the reasons for that opinion and after consultation with the Securities Commission and with the approval of the Unit Holders by way of a special resolution.

8.1.9 Termination of the Fund

The Funds may be terminated or wound-up upon the occurrence of any of the following events:

- The Securities Commission's authorization has been withdrawn under Section 256E of the CMSA;
- A special resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund, following the occurrence of events stipulated under Section 301(1) of the CMSA and the court has confirmed the resolution, as required under Section 301(2) of the CMSA;
- A special resolution is passed at a Unit Holders' meeting to terminate or wind up the respective Funds;
- On reaching the maturity date; or
- The effective date of an approved transfer scheme, as defined under the Guidelines has resulted in the respective Funds, which is the subject of the transfer scheme, being left with no asset/property.

Notwithstanding the above, the Manager may, in consultation with the respective Trustees terminate and wind up the Fund at any time if the Manager deems it uneconomical to continue managing the Fund and that the termination of the Fund is in the best interest of the Unit Holders. If the Fund is left with no Unit Holder, the Manager shall also be entitled to terminate the Fund.

8.1.10 Unit Holders' meeting

A Unit Holders' meeting may be called by the Manager, the respective Trustees and/or the Unit Holders. Any such meeting must be convened in accordance with the Deed and/or the Guidelines. The meeting of Unit Holders may be conducted in a physical, virtual or hybrid manner.

Every question arising at any meeting shall be decided in the first instance by a show of hands unless a poll is demanded or if it is a question, which under the Deed requires a special resolution, in which case a poll shall be taken. On a show of hands, every Unit Holder who is present in person or by proxy shall have one (1) vote.

Quorum required for convening a Unit Holders' meeting

- (a) The quorum required for a meeting of the Unit Holders shall be five (5) Unit Holders, whether present in person or by proxy, however if the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund shall be two (2) Unit Holders, whether present in person or by proxy.
- (b) If the meeting has been convened for the purpose of voting on a special resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty-five per centum (25%) of the units in circulation of the Fund at the time of the meeting.

- (c) If the Fund has only one (1) remaining Unit Holder, such Unit Holder, whether present in person or by proxy, shall constitute the quorum required for the meeting of the Unit Holders.

Participation by a Unit Holder in a Unit Holders' meeting by any of the communication facilities referred to in the Deed shall be deemed as present at the said Unit Holders' meeting and shall be counted towards the quorum notwithstanding the fact that the Unit Holder is not physically present at the place of where the Unit Holders' meeting is held.

8.2 Salient terms of the Deed in relation to KSF and KIDIF

8.2.1 Rights and Liabilities of the Unit Holders

Rights of the Unit Holders

As a Unit Holder of the Fund and subject to the provisions of the Deed, you have the right:

- to receive distributions, if any, of the Fund;
- to participate in any increase in the value of Units of the Fund;
- to call for Unit Holders' meetings and to vote for the removal of the Trustee or the Manager through a special resolution;
- to exercise the cooling-off right (only for qualified investors);
- to receive annual and semi-annual reports on the Fund; and
- to exercise such other rights and privileges as provided for in the Deed.

However, a Unit Holder would not have the right to require the transfer to the Unit Holder of any of the investments or assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on its behalf, of the rights of the Trustee as the registered owner of such investments and assets. In amplification and not in derogation of the aforesaid, Units held shall not confer on any Unit Holder any interest in any particular part or asset of the Fund but only in such interest in the Fund as a whole as may be conferred on Unit Holders by the provisions of the Deed.

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

Liabilities of Unit Holders

As a Unit Holder of the Fund, and subject to the provisions of the Deed, your liabilities would be limited to the following:

- A Unit Holder would not be liable for any amount in excess of the purchase price paid for Units as determined in accordance with the Deed at the time the Units were purchased and any charges payable in relation thereto.
- A Unit Holder would not be under any obligation to indemnify the Manager and/or

the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund.

8.2.2 Maximum fees and charges permitted by the Deed

The maximum rate of fees and charges allowable by the Deed are as follows:

	Maximum sales charge	Maximum repurchase charge
KSF	1.00% of NAV per unit	1.00% of NAV per unit
KIDIF	10.00% of NAV per unit	5.00% of NAV per unit

	Maximum annual management fee	Maximum annual trustee fee
KSF	2.00% of NAV	Up to 0.1% per annum of NAV, subject to a minimum fee of RM12,000 per annum
KIDIF	5.00% per annum of NAV	0.15% per annum of NAV, subject to a minimum fee of RM12,000 per annum.

8.2.3 Increase in fees and charges

The increase of the actual sales charge, actual repurchase charge, annual management fee or annual trustee fee above the rate as disclose in this master prospectus (but below the maximum rate prescribed in the Deed) can be made by way of a supplementary master prospectus.

The maximum sales charge, repurchase charge, annual management fee or annual trustee fee as prescribed in the Deed may not be increased without the prior consent from the Unit Holders and will require the issuance of a supplemental deed and a supplementary master prospectus.

8.2.4 Permitted expenses

Only the expenses (or part thereof) which are directly related and necessary in operating and administering the Fund may be charged to the Fund. These would include (but are not limited to) the following:

- commissions and/or fees paid to brokers and/or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- taxes and other duties charged on the Fund by the government and/or other authorities;
- costs, fees and expenses properly incurred by the auditor of the Fund;
- costs, fees and expenses incurred for the valuation of any investment of the Fund;
- costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;

- costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;
- costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;
- costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund);
- remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless the Manager decides otherwise;
- costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;
- (where the custodial function is delegated by the Trustee) charges and fees paid to custodians of the foreign assets of the Fund; and
- any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred as above.

8.2.5 The Manager's right to retire

The Manager has the power to retire in favour of some other corporation by giving to the Trustee three (3) months' notice in writing of the Manager's desire so to do, or such other period as the Trustee and the Manager may agree upon, and subject to the fulfilment of the conditions prescribed in the Deed and in accordance with the relevant law.

8.2.6 The Manager's power to remove or replace the Trustee

The Manager shall take all reasonable steps to replace the Trustee as soon as practicable after becoming aware that:

- the Trustee has ceased to exist;
- the Trustee has not been validly appointed;
- the Trustee is not eligible to be appointed or act as a trustee under the Act;
- the Trustee has failed or refused to act as trustee in accordance with the provisions and covenants of the Deed and the provisions of the Act;
- a receiver is appointed over the whole or substantial part of the assets or undertaking of the Trustee and has not ceased to act under the appointment,
- a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or

- the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 1965 (now known as the Companies Act 2016) or any securities law.

The Trustee may be removed and another trustee may be appointed by special resolution of the Unit Holders at a duly convened meeting of which notice has been given to the Unit Holders in accordance with the Deed.

8.2.7 The Trustee's right to retire

Provided always that the Manager has in place a corporation approved by the relevant authorities to act as the trustee of the Fund, the Trustee may retire upon the expiration of three (3) months' (or such other period as the Manager and the Trustee may agree upon), notice in writing to the Manager of its desire so to do.

8.2.8 Removal and replacement of the Manager

The Manager may be removed by the Trustee on the grounds that:

- if the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the Unit Holders' interest to do so after the Trustee has given notice to the Manager of that opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion, and after consultation with the relevant authorities and with the approval of the Unit Holders by way of a special resolution;
- unless expressly directed otherwise by the relevant authorities, if the Manager are in breach of any of its obligations or duties under the Deed or the relevant laws, or has ceased to be eligible to be a management company under the relevant laws; or
- the Manager has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or has ceased to carry on business.

The Manager may also be removed or be required to retire by the Unit Holders if a special resolution is passed at a meeting of the Unit Holders.

8.2.9 Termination of the Fund

The Funds may be terminated or wound-up upon the occurrence of any of the following events:

- The Securities Commission's authorization has been withdrawn under Section 256E of the CMAA;
- A special resolution is passed at a meeting of Unit Holders summoned by the Trustee to terminate or wind up the Fund and thereafter the Trustee obtained an order from the court to confirm the said special resolution;
- A special resolution is passed at a Unit Holders' meeting to terminate or wind up the respective Funds;
- The Fund has reached its maturity date as specified in the Deed;
- The effective date of an approved transfer scheme, as defined under the Guidelines has resulted in the Fund, which is the subject of the transfer scheme, being left with no asset/property.

Notwithstanding the above, the Manager may, in consultation with the respective Trustees terminate and wind up the Fund at any time if the Manager deems it uneconomical to continue managing the Fund and that the termination of the Fund is in the best interest of the Unit Holders. If the Fund is left with no Unit Holder, the Manager shall also be entitled to terminate the Fund.

8.2.10 Meeting of Unit Holders

A Unit Holders' meeting may be summoned by the Manager, Trustee or Unit Holders in accordance with the provisions of the Deed and the Guidelines. The meeting of Unit Holders may be conducted in a physical, virtual or hybrid manner.

Quorum required for convening a Unit Holders' meeting

- (a) The quorum required for a meeting of the Unit Holders shall be five (5) Unit Holders, whether present in person or by proxy, however if the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund shall be two (2) Unit Holders, whether present in person or by proxy.
- (b) If the meeting has been convened for the purpose of voting on a special resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty-five per centum (25%) of the units in circulation of the Fund at the time of the meeting.
- (c) If the Fund has only one (1) remaining Unit Holder, such Unit Holder, whether present in person or by proxy, shall constitute the quorum required for the meeting of the Unit Holders.

Participation by a Unit Holder in a Unit Holders' meeting by any of the communication facilities referred to in the Deed shall be deemed as present at the said Unit Holders' meeting and shall be counted towards the quorum notwithstanding the fact that the Unit Holder is not physically present at the place of where the Unit Holders' meeting is held.

Manner of voting and resolution

Every Unit Holder entitled to attend the meeting of Unit Holders and to vote, may do so personally or by proxy. At a meeting of Unit Holders, every resolution shall be decided by a show of hands unless a poll is demanded or if the meeting of Unit Holders is to determine on a matter of special resolution, in which case a poll should be taken. On a show of hands every Unit Holder who is present in person or by proxy shall have one vote.

A poll may be demanded on any resolution. If a poll is taken or demanded, every vote held by every Unit Holder who is present in person or by proxy shall be proportionate to the number or to the value of Units held by the Unit Holder.

A poll may be demanded by the chairman of the meeting of Unit Holders, the Trustee, the Manager or by Unit Holders holding (or representing by proxy) between them not less than one-tenth (1/10) of the total number of Units then in issue.

Unless a poll is so demanded, a declaration by the chairman of the meeting of Unit Holders of the result of the resolution shall be conclusive evidence of the fact whether in favour of or against such resolution.

All resolutions presented at the meeting of Unit Holders shall be passed by a simple majority except for special resolutions. Resolutions passed at the meeting of Unit Holders shall bind all Unit Holders whether or not they were present at such meeting.

The Manager may attend any meeting of Unit Holders but must not exercise the voting rights for the Units it or its nominees hold in any meeting of Unit Holders, regardless of the party who requested for the meeting and the matters that are laid before the meeting.

CHAPTER 9: RELATED-PARTY TRANSACTIONS AND CONFLICT OF INTEREST

The Manager has existing, and proposes to continue having broker-dealer relationships with its related entities within its group of companies. However, the Manager has in place policies and procedures to deal with any conflict of interest and/or related party transactions situations.

All transactions with related parties are to be executed on terms which are best available to the Funds and which are not less favourable to the Funds than an arms-length transaction between independent parties.

The Manager observes high standards of integrity and fair dealing for the Unit Holders' best and exclusive interests. The Manager will not conduct transactions in any manner which will result in unnecessary costs or risk to the Funds. The Manager shall not, without prior approval of the Trustees, invest any moneys available under the Deed in any securities, property and assets in which the Manager or any of its officers (including directors and staff) has a financial interest or from which the Manager or any of its officers, derives a benefit.

Where a conflict of interest arises due to the directors holding substantial shareholding or directorship of a company where the Funds invests in that particular company's securities, the said director shall refrain from any decision-making relating to that particular company's securities.

In addition, the Manager has in place a policy and procedure on disclosure and conduct, which regulates its employees' securities and other investments dealings. All the employees of the Manager must disclose their shareholding interest or personal dealings to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to the Manager and customers of the Manager.

Other declarations

BIMB Securities Sdn Bhd has given confirmation that there is no existing or potential conflict of interest in its capacity as the Shariah Adviser.

PricewaterhouseCoopers Taxation Services Sdn Bhd has given confirmation that there is no existing or potential conflict of interest in its capacity as the tax adviser for **KDA, KDAI, KDL** and **KIDIF**.

KPMG Tax Services Sdn Bhd has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the tax adviser for **KSF**.

Messrs. Wei Chien & Partners has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the solicitors for the Funds.

CHAPTER 10: TAX ADVISER'S LETTER

TAXATION ADVISER'S LETTER ON TAXATION OF THE FUNDS AND UNIT HOLDERS (Prepared for inclusion in this Replacement Master Prospectus)

PricewaterhouseCoopers Taxation Services Sdn Bhd

Level 10, Menara TH 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
P.O.Box 10192
50706 Kuala Lumpur

The Board of Directors

KAF Investment Funds Berhad
Level 13, Menara IQ,
Lingkar TRX, Tun Razak Exchange,
55188 Kuala Lumpur

31 May 2023

TAXATION OF THE FUNDS AND UNIT HOLDERS

Dear Sirs,

This letter has been prepared for inclusion in the Replacement Master Prospectus in connection with the offer of units in the following funds ("the Funds"):

1. KAF Dana Adib
2. KAF Dana al-Iddhikhar
3. KAF Dana Alif
4. KAF Islamic Dividend Income Fund

The taxation of income for both the Funds and the Unit Holders are subject to the provisions of the Malaysian Income Tax Act 1967 ("the Act"). The applicable provisions are contained in Section 61 of the Act, which deals specifically with the taxation of trust bodies in Malaysia.

TAXATION OF THE FUNDS

The Funds will be regarded as resident for Malaysian tax purposes since the Trustee of the Funds is resident in Malaysia.

(1) Domestic Investments

(i) General Taxation

Subject to certain exemptions, the income of the Funds consisting of dividends, interest or profit¹ (other than interest and profit¹ which is exempt from tax) and other investment income derived from or accruing in Malaysia, after deducting tax allowable expenses, is liable to Malaysian income tax at the rate of 24 per cent.

Gains on disposal of investments in Malaysia by the Funds will not be subject to Malaysian income tax.

(ii) Dividends and Other Exempt Income

Effective 1 January 2014, all companies would adopt the single-tier system. Hence dividends received would be exempted from tax and the deductibility of expenses incurred against such dividend income would be disregarded. There will no longer be any tax refunds available for single-tier dividends received. Dividends received from companies under the single-tier system would be exempted.

The Funds may receive Malaysian dividends which are tax exempt. The exempt dividends may be received from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Funds will not be taxable on such exempt income.

Interest or profit¹ or discount income derived from the following investments is exempt from tax:

- (a) Securities or bonds issued or guaranteed by the government of Malaysia (Government);
- (b) Debentures² or sukuk, other than convertible loan stocks, approved or authorised by, or lodged with, the Securities Commission Malaysia; and
- (c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

Interest or profit¹ derived from the following investments is exempt from tax:

- (a) Interest or profit¹ paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013;
- (b) Interest or profit¹ paid or credited by any development financial institution regulated under the Development Financial Institutions Act 2002;
- (c) Bonds, other than convertible loan stocks, paid or credited by any company listed in Bursa Malaysia Securities Berhad ACE Market; and
- (d) Interest or profit¹ paid or credited by Malaysia Building Society Berhad³.

The interest or profit¹ or discount income exempted from tax at the Funds level will also be exempted from tax upon distribution to the Unit Holders.

Exception: -

i. Wholesale money market fund

With effect from 1 January 2019, the exemption shall not apply to interest or profit¹ paid or credited to a unit trust that is a wholesale money market fund.

ii. Retail money market fund ("RMMF")

Based on the Finance Act 2021, the interest income or profit¹ of a RMMF will remain tax exempted under Paragraph 35A, Schedule 6 of the Act. However, resident and non-resident Unit Holders (other than individual Unit Holders), who receive income distributed from interest or profit¹ income of the RMMF which are exempted under Paragraph 35A of Schedule 6, will be subject to withholding tax ("WHT") at the rate of 24 per cent. This new WHT will be effective from 1 January 2022 onwards.

The WHT is to be withheld and remitted by the RMMF to the tax authorities within 30 days upon distribution of the income to the Unit Holders.

(2) Foreign Investments

With effect from 1 January 2022, the exemption of foreign-sourced income received in Malaysia is only applicable to a person who is a non-resident.

The Ministry of Finance (“Minister”) subsequently announced on 30 December 2021 that subject to conditions, which will be set out in guidelines to be issued by the Inland Revenue Board (“IRB”), the following foreign-sourced income received from 1 January 2022 to 31 December 2026 (5 years) will continue to be exempted from Malaysian income tax:

- Dividend income received by resident companies and limited liability partnerships (“LLPs”).
- All classes of income received by resident individuals, except for resident individuals which carry on business through a partnership.

In addition to the conditions already spelt out previously, resident companies, LLPs and individuals (in relation to a partnership business in Malaysia) are required to comply with economic substance requirements in order to qualify for the tax exemption on foreign-sourced dividend income received in Malaysia from outside Malaysia.

Based on clarifications from the IRB, foreign-sourced income (e.g. dividends, interest, etc.) of a resident Fund which is received in Malaysia will be subject to tax. There will be a transitional period from 1 January 2022 to 30 June 2022 where foreign-sourced income remitted to Malaysia will be taxed at the rate of 3% on gross income. From 1 July 2022 onwards, any foreign-sourced income remitted to Malaysia will be subject to Malaysian income tax at the rate of 24% for a resident Fund.

Such income from foreign investments may be subject to taxes or withholding taxes in the specific foreign country. Subject to meeting the relevant prescribed requirements, the Fund in Malaysia is entitled for double taxation relief on any foreign tax suffered on the income in respect of overseas investment.

Gains on disposal of foreign investments by the Fund will not be subject to Malaysian income tax.

The foreign income subjected to Malaysian tax at the Fund level will also be taxable upon distribution to the Unit Holders. However, the income distribution from the Fund will carry a tax credit in respect of the Malaysian tax paid by the Fund. Unit Holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them.

(3) Hedging Instruments

The tax treatment of hedging instruments would depend on the particular hedging instruments entered into.

Generally, any gain / loss relating to the principal portion will be treated as capital gain / loss. Gains / losses relating to the income portion would normally be treated as revenue gains / losses. The gain / loss on revaluation will only be taxed or claimed upon realisation. Any gain / loss on foreign exchange is treated as capital gain / loss if it arises from the revaluation of the principal portion of the investment.

(4) Tax Deductible Expenses

Expenses wholly and exclusively incurred in the production of gross income are allowable as deductions under Section 33(1) of the Act. In addition, Section 63B of the Act provides for tax deduction in respect of managers' remuneration, expenses on maintenance of the register of Unit Holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postages based on a formula subject to a minimum of 10 per cent and a maximum of 25 percent of the expenses.

(5) Real Property Gains Tax ("RPGT")

With effect from 1 January 2019, any gains on disposal of real properties or shares in real property companies⁴ would be subject to RPGT as follows:-

Disposal time frame	RPGT rates (Companies incorporated in Malaysia and trustee of a trust)
Within 3 years	30%
In the 4 th year	20%
In the 5 th year	15%
In the 6 th year and subsequent years	10%

(6) Sales and Service Tax ("SST")

Effective from 1 September 2018, SST has been reintroduced to replace the Goods and Services Tax ("GST"). Both the Sales Tax Act 2018 and Services Tax Act 2018 have been gazetted on 28 August 2018. The rates for sales tax are nil, 5%, 10% or a specific rate whereas the rate for service tax is at 6%.

Sales tax will be chargeable on taxable goods manufactured in or imported into Malaysia, unless specifically exempted by the Minister. Whereas, only specific taxable services provided by specific taxable persons will be subject to service tax. Sales tax and service tax are single stage taxes. As such, SST incurred would generally form an irrecoverable cost to the business.

In general, the Fund, being a collective investment vehicle, will not be caught under the service tax regime.

Certain brokerage, professional, consultancy or management services obtained by the Fund may be subject to service tax at 6%. However, fund management services and trust services are excluded from service tax. With effect from 1 January 2019, service tax will apply to any taxable service that is acquired by any business in Malaysia from a non-Malaysian service provider. In this connection, the Fund, being non-taxable person who acquire imported taxable services (if any) will need to declare its imported taxable services through the submission of prescribed declaration, i.e. Form SST-02A to the Royal Malaysian Customs Department ("RMCD").

With effect from 1 January 2020, service tax on digital services was implemented at the rate of 6%. Under the service tax on digital services, foreign service providers selling digital services to Malaysian consumers are required to register for and charge service tax. Digital services are defined as services which are delivered or subscribed over the internet or other electronic network, cannot be delivered without the use of IT and the delivery of the service is substantially automated.

Furthermore, the provision of digital services has also been prescribed as a taxable service when provided by a local service provider with effect from 1 January 2020. Hence, where the Fund obtains any of the prescribed digital services, those services may be subject to service tax at 6%.

TAXATION OF UNIT HOLDERS

Unit Holders will be taxed on an amount equivalent to their share of the total taxable income of the Funds to the extent of the distributions received from the Fund. The income distribution from the Funds will carry a tax credit in respect of the tax paid by the Funds. Unit Holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them. Generally, no additional withholding tax will be imposed on the income distribution from the Fund; unless the Fund is an RMMF, in which case there is a WHT on distribution from interest income of a RMMF which are exempted under Paragraph 35A of Schedule 6 and distributed to non-individual unitholders.

Corporate Unit Holders, resident⁵ and non-resident, will generally be liable to income tax at 24 per cent on distribution of income received from the Funds. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these Unit Holders.

Individuals and other non-corporate Unit Holders who are tax resident in Malaysia will be subject to income tax at graduated rates ranging from 1 per cent to 30 per cent. Individuals and other non-corporate Unit Holders who are not resident in Malaysia will be subject to income tax at 30 per cent. The tax credits attributable to the distribution of income will be utilised against the tax liabilities of these Unit Holders.

Non-resident Unit Holders may also be subject to tax in their respective jurisdictions. Depending on the provisions of the relevant country's tax legislation and any double tax treaty with Malaysia, the Malaysian tax suffered may be creditable against the relevant foreign tax.

Effective from 1 January 2022, in respect of distribution from a RMMF, resident and non-resident corporate Unit Holders (other than individual Unit Holders), who receive income distributed from interest or profit¹ income of the RMMF which are exempted under Paragraph 35A of Schedule 6, is subject to WHT at the rate of 24%, effective from 1 January 2022.

For resident corporate Unit Holders, the WHT is not a final tax. The resident corporate Unit Holders will need to subject the income distributed from interest or profit¹ income of a RMMF which are exempted under Paragraph 35A of Schedule 6 to tax in its income tax returns and the attached tax credit i.e. the 24% WHT suffered will be available for set-off against the tax chargeable on the resident corporate Unit Holders.

For non-resident corporate Unit Holders, the 24% WHT on income distributed from interest or profit¹ income of a RMMF which are exempted under Paragraph 35A of Schedule 6, is a final tax.

The distribution of exempt income and gains arising from the disposal of investments by the Fund will be exempted from tax in the hands of the Unit Holders.

Any gains realised by Unit Holders (other than those in the business of dealing in securities, insurance companies or financial institutions) on the sale or redemption of the units are treated as capital gains and will not be subject to income tax. This tax treatment will include in the form of cash or residual distribution in the event of the winding up of the Funds.

Based on the Budget 2023 retabled and announced on 24 February 2023, the Government will study the introduction of a Capital Gains Tax for the disposal of unlisted shares by companies beginning 2024 at a lower rate. It is currently unclear whether such Capital Gains Tax, if introduced, will apply to disposal of units in unit trust funds by corporate investors.

Unit Holders electing to receive their income distribution by way of investment in the form of new units will be regarded as having purchased the new units out of their income distribution after tax.

Unit splits issued by the Funds are not taxable in the hands of Unit Holders.

We hereby confirm that the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Funds.

Yours faithfully,
for and on behalf of

PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN BHD

Lim Phaik Hoon
Partner

-
1. Under Section 2(7) of the Income Tax Act 1967, any reference to interest shall apply, *mutatis mutandis*, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah.

The effect of this is that any gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah, will be accorded the same tax treatment as if they were interest.

2. Structured products approved by the Securities Commission Malaysia are deemed to be "debenture" under the Capital Markets and Services Act, 2007 and fall within the scope of exemption.
3. Exemption granted through letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 and it is with effect YA 2015.
4. A real property company is a controlled company which owns or acquires real property or shares in real property companies with a market value of not less than 75 per cent of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 person.
5. Resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below and having an annual sales of not more than RM50 million will pay tax at 15% for the first RM150,000 of chargeable income, 17% for RM150,001 to RM600,000 with the balance taxed at 24% with effect from YA 2023.

The above shall not apply if more than –

- (a) 50% of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
- (b) 50% of the paid up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company;
- (c) 50% of the paid up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company.

“Related company” means a company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the basis period for a YA.

Additional shareholding condition of not more than 20% of the paid up capital or capital contribution, at the beginning of a YA is directly own or indirectly by one or more:

- Companies incorporated outside of Malaysia, or
- individuals who are not Malaysian citizens,

which is required to be observed from YA 2024.

The Board of Directors

KAF Investment Funds Berhad
Level 13, Menara IQ
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur

20 June 2023

Dear Sirs

Re: **Taxation of the Funds and Unit Holders**

This letter has been prepared for inclusion in this Replacement Master Prospectus in respect of KAF Sukuk Fund (“the Fund”).

Taxation of the Funds

Income Tax

The Fund is a unit trust for Malaysian tax purposes. The taxation of the Fund is therefore governed principally by Sections 61 and 63B of the Income Tax Act, 1967 (“the Act”).

Any reference to interest in the Act shall apply, mutatis mutandis, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah. The effect of this is that any gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah, will be accorded the same tax treatment as if they were interest.

Subject to certain exemptions, the income of the Fund in respect of investment income derived from or accruing in Malaysia is liable to income tax at the rate of 24% effective Year of Assessment (“YA”) 2016.

The Fund may receive dividends, interest and other income from investments outside Malaysia. Income derived from sources outside Malaysia and received in Malaysia was previously exempt from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

Based on the Finance Act 2021, income derived by a resident unit trust from foreign sources and received in Malaysia from 1 January 2022 onwards will be subject to Malaysian income tax. A transitional tax rate of 3% is accorded on the gross amount of the foreign income received in Malaysia from 1 January 2022 to 30 June 2022. From 1 July 2022, the prevailing tax rate of 24% will apply to the chargeable income computed in respect of the foreign source income remitted into Malaysia by the Fund.

Where the same foreign income has been taxed in both Malaysia and the foreign country, a tax credit in the form of bilateral relief under a Double Tax Agreement (“DTA”) or unilateral relief under the domestic law (if there is no available DTA or a limited DTA which does not provide such relief) may be given in respect of such income, subject to conditions.

Gains from the realisation of investments by the Fund will not be subject to income tax in Malaysia. However, such gains may be subject to tax in the country from which it is derived.

Interest income or profits earned by the Fund from the following are exempt from tax:-

- any savings certificates issued by the Government of Malaysia (“Government”) or
- securities or bonds issued or guaranteed by the Government; or
- debentures or sukuk, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission; or
- Bon Simpanan Malaysia issued by the Central Bank of Malaysia; or
- a bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial Services Act 2013^{N1}; or
- any development financial institution regulated under the Development Financial Institutions Act 2002^{N1}; or
- sukuk originating from Malaysia, other than convertible loan stocks, issued in any currency other than Ringgit Malaysia and approved or authorized by, or lodged with, the Securities Commission, or approved by the Labuan Financial Services Authority^{N2}.

Discounts earned by the Fund from the following are also exempt from tax: -

- securities or bonds issued or guaranteed by the Government; or
- debentures or sukuk, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission; or
- Bon Simpanan Malaysia issued by the Central Bank of Malaysia.

Tax deductions in respect of the Fund’s expenses such as manager's remuneration, expenses on maintenance of register of Unit Holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage (“permitted expenses”) are allowed based on a prescribed formula subject to a minimum of 10% and a maximum of 25% of the total permitted expenses.

Single tier Malaysian dividends received by the Fund are exempt from tax and expenses in relation to such dividend income are disregarded.

^{N1} Effective from 1 January 2019, the exemption shall not apply to the interest paid or credited to a unit trust that is a wholesale fund which is a money market fund.

^{N2} Effective from YA 2017, income tax exemption shall not apply to interest paid or credited to a company in the same group, licensed banks and prescribed development financial institutions. Based on the Finance Act 2021, income tax exemption shall also not apply to interest paid or credited by a special purpose vehicle to a company pursuant to the issuance of asset-backed securities lodged with the Securities Commission or approved by the Labuan Financial Services Authority from 1 January 2022 where the company and the person who established the special purpose vehicle solely for the issuance of the asset-backed securities are in the same group.

Real Property Gains Tax (“RPGT”)

Gains on disposal of investments by the Fund will not be subject to income tax in Malaysia. However, such gains may be subject to RPGT in Malaysia, if the gains are derived from sale of Malaysian real properties and shares in Malaysian real property companies (as defined). Such gains would be subject to RPGT at the applicable rate depending on the holding period of the chargeable assets.

Sales Tax and Service Tax

The Goods and Services Tax (“GST”) has been replaced by Sales Tax and Service Tax effective from 1 September 2018.

Under the Sales Tax Act 2018, Service Tax Act 2018 and subsidiary legislation, the sales tax rate for taxable goods is 5% or 10% while the service tax rate for taxable services is generally 6%. There are certain goods which are exempted from sales tax.

The issue, holding or redemption of any unit of the Fund does not fall within the list of taxable services under the First Schedule of the Service Tax Regulations 2018 and hence, is not subject to service tax. The investment activities of the Fund such as buying and selling of securities and deposits in financial institutions are also not subject to service tax. As such, if the Fund is only deriving income from such activities, the Fund is not liable to be registered for service tax.

However, certain expenses incurred by the Fund such as legal fees, consultancy fees and management fees may be subject to service tax at 6%. For management fees, this specifically excludes fees charged by any person who is licensed or registered with the Securities Commission for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007. The service tax incurred by the Fund is a cost to the Fund and is not recoverable, unlike the GST input tax which was claimable under the GST regime.

Based on the Finance Act 2018, the imposition and scope of service tax has been widened to include any imported taxable service. This is effective from 1 January 2019.

Taxation of Unit Holders

Income Tax

Unit Holders are taxed on an amount equivalent to their share of the total taxable income of the Fund, to the extent that this is distributed to them. The income distribution from the Fund may carry with it applicable tax credits proportionate to each Unit Holder's share of the total taxable income in respect of the tax paid by the Fund. Unit Holders will be entitled to utilise the tax credit as a set off against the tax payable by them. Any excess over their tax liability will be refunded to the Unit Holders.

Corporate Unit Holders, resident or non-resident in Malaysia, would be taxed at the corporate tax rate of 24% (effective from YA 2016), on distributions of income from the Fund to the extent of an amount equivalent to their share of the total taxable income of the Fund. Corporate Unit Holders in Malaysia with paid-up capital in the form of ordinary shares of RM2.5 million and below will be subject to a tax rate of 17% on chargeable income of up to RM600,000, effective from YA 2020. This concessionary income tax rate is given only to corporate Unit Holders having gross business income for the relevant year of assessment of not more than RM50 million, in addition to the share capital requirement. For chargeable income in excess of RM600,000, the tax rate of 24% is still applicable.

However, the said tax rate of 17% on chargeable income of up to RM600,000 would not apply if more than 50% of the paid up capital in respect of ordinary shares of that corporate Unit Holders is directly or indirectly owned by a related company which has a paid up capital exceeding RM2.5 million in respect of ordinary shares, or vice versa, or more than 50% of the paid up capital in respect of ordinary shares of both companies are directly or indirectly owned by another company.

Based on the Finance Act 2023, the tax rate of 17% will be reduced to 15% for chargeable income of up to RM150,000, while the tax rate for chargeable income from RM150,001 up to RM600,000, will remain unchanged at 17%. For chargeable income in excess of RM600,000, the tax rate of 24% will apply. These changes will come into effect from YA 2023.

In addition to the current conditions as mentioned above, the preferential tax rate would not apply if more than 20% of the paid-up capital in respect of ordinary shares of the company at the beginning of the basis period for a YA is directly or indirectly owned by a company or companies incorporated outside Malaysia or an individual or individuals who are not Malaysian citizens. The condition is effective from YA 2024.

Based on the Finance Act 2021, a corporate tax rate of 33% (“Cukai Makmur”) will be levied on corporate Unit Holders with chargeable income exceeding RM100 million. Corporate Unit Holders with chargeable income below RM100 million will still be taxed at tax rate of 24%. However, the chargeable income in respect of foreign source income received in Malaysia from 1 July 2022 is exempted from the application of Cukai Makmur, computed based on a prescribed formula. The Cukai Makmur is effective for YA 2022 only.

Individuals and other non-corporate Unit Holders who are resident in Malaysia will be subject to income tax at scale rates. The scale tax rates range from 0% to 30% with effect from YA 2020.

Individuals and other non-corporate Unit Holders who are not resident in Malaysia, for tax purposes, are subject to Malaysian income tax at the rate of 30% with effect from YA 2020. Non-resident Unit Holders may also be subject to tax in their respective jurisdictions and depending on the provisions of the relevant tax legislation and any double tax treaties with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdiction.

The distribution of single-tier Malaysian dividends and tax exempt income by the Fund will not be subject to tax in the hands of the Unit Holders in Malaysia. Units split by the Fund will also be exempt from tax in Malaysia in the hands of the Unit Holders.

However, based on the Finance Act 2021, the income distributed to a Unit Holder other than an individual, out of the interest income exempt from tax of a unit trust that is a retail money market fund which is paid or credited by a bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial Services Act 2013, or any development financial institution regulated under the Development Financial Institutions Act 2002, will be subjected to tax. This is effective from 1 January 2022. Further, a new withholding tax mechanism is applicable on the above distribution. The income distributed to the Unit Holder other than an individual will be subject to withholding tax at the rate of 24% and the tax deducted can be utilised to set off against the tax payable by a tax resident Unit Holder. Withholding tax deducted on the income distributed to a non-individual Unit Holder who is not a tax resident in Malaysia will be regarded as a final tax. This is also effective from 1 January 2022.

Any gains realised by the Unit Holders (other than financial institutions, insurance companies and those dealing in securities) from the transfer or redemption of the units are generally treated as capital gains which are not subject to income tax in Malaysia. However, certain Unit Holders may be subject to income tax in Malaysia on such gains, due to the specific circumstances of the Unit Holders.

Service Tax

Only taxable services listed in the First Schedule of the Service Tax Regulations 2018 are subject to service tax, which exclude investment income or gains.

However, certain expenses such as legal fees, consultancy fees and management fees may be subject to service tax at 6%. For management fees, this specifically excludes fees charged by any person who is licensed or registered with the Securities Commission for

carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007.

Based on the Finance Act 2018, the imposition and scope of service tax has been widened to include any imported taxable service. This is effective from 1 January 2019.

The tax position is based on our understanding and interpretation of the Malaysian tax legislations and proposals as they stand at present. All prospective investors should not treat the contents of this letter as advice relating to taxation matters and are advised to consult their own professional advisers concerning their respective investments.

Yours faithfully,

Ong Guan Heng
Executive Director

KPMG Tax Services Sdn Bhd

CHAPTER 11: APPROVALS AND CONDITIONS

There are no other approvals required, sought or pending from any relevant authorities in respect of the Funds.

There are no waivers or exemptions granted by the Securities Commission for the Funds as none has been sought for.

CHAPTER 12: ADDITIONAL INFORMATION

12.1 Customer service

The Manager will send a statement of investment to the Unit Holders for any investments made in the respective Funds. The Unit Holders will also receive a half-yearly statement of investments that shows the balance of investments and transactions made during last six (6) months.

From time to time, Unit Holders will be able to obtain the unit price of the respective Funds as published in the major newspaper and at our website, www.kaf.com.my to monitor their investments. In addition, Unit Holders will receive regular updates on the respective Funds through the annual and semi-annual reports from the Manager. The annual and semi-annual reports of the Fund will be sent to the Unit Holders within two (2) months after the end of the Fund's financial period.

Unit Holders can also seek assistance pertaining to their investments from our customer service personnel at 03-9767 6000 during our office hours, Mondays through Fridays from 9:00 a.m. – 5:00 p.m.

12.2 Anti money laundering policies and procedures

In preventing from the Manager being used as a platform for money laundering and terrorism financing activities, the Manager has set in place controls and procedures when establishing business relationship with potential investors. An effective Know Your Customer (“KYC”) procedures is adopted whereby reasonable effect and measures must be taken to obtain proper identification of all customers. Verification of investors will also be made with various reliable sources for money laundering information. If the Manager discovers that the information held on the Unit Holders account is insufficient or in the event a suspicious transaction is detected by the Manager, the Manager will then report to BNM via their Financial Intelligence Unit of such transactions.

12.3 Deed of the Fund

Fund	Deed
KDA	Deed dated 25 February 2004 as modified via its supplemental deed dated 9 January 2014, second supplemental deed dated 12 March 2015 and third supplemental deed dated 9 January 2023.
KDAI	Deed dated 30 September 2005 as modified via its supplemental deed dated 9 January 2014, second supplemental deed dated 12 March 2015, third supplemental deed dated 26 July 2017 and fourth supplemental deed dated 9 January 2023.
KDL	Deed dated 21 February 2003 as modified via its supplemental deed dated 28 September 2007, second supplemental deed dated 9 January 2014, third supplemental deed dated 12 March 2015, fourth supplemental deed dated 20 August 2018 and fifth supplemental deed dated 9 January 2023.

KSF	Deed dated 25 September 2013 as modified via its supplemental deed dated 19 March 2014, second supplemental deed dated 12 March 2015, third supplemental deed dated 20 August 2018 and fourth supplemental deed dated 9 January 2023.
KIDIF	Deed dated 25 May 2015 and first supplemental deed dated 9 January 2023.

12.4 Financial year of the Fund

Fund	Financial year end
KDA	30 April.
KDAI	30 September.
KDL	30 September.
KSF	31 August.
KIDIF	31 January.

THE FUNDS' ANNUAL REPORT IS AVAILABLE UPON REQUEST.

CHAPTER 13: CONSENT

The Trustees and the Shariah Adviser have given their consent to the inclusion of their names and statements in the form and context in which they appear in this master prospectus and have not withdrawn such consent prior to the issue of this master prospectus.

KPMG Tax Services Sdn Bhd has given its consent to the inclusion of its name and its letter on taxation of the funds and unit holders in the form and context in which it appears in this master prospectus, and have not withdrawn such consent prior to the issue of this master prospectus.

PricewaterhouseCoopers Taxation Services Sdn Bhd has given its consent to the inclusion of its name and its letter on taxation of the funds and unit holders in the form and context in which it appears in this master prospectus, and have not withdrawn such consent prior to the issue of this master prospectus.

CHAPTER 14: DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents (where applicable) may be inspected at the registered office of the Manager or such other place as the Securities Commission may determine:

- a) Deed;
- b) This master prospectus and its supplementary master prospectus, if any;
- c) The latest annual and semi-annual reports of the Funds;
- d) Each material contract disclosed in this master prospectus;
- e) The audited financial statements of the Manager and the Funds for the current financial year and for the last three financial years;
- f) All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in this master prospectus;
- g) Writ and relevant cause papers for all material litigation and arbitration disclosed in this master prospectus; and
- h) Any consent given by experts disclosed in this master prospectus.

DIRECTORY OF OUTLETS FOR PURCHASE AND SALE OF UNITS

For information on the participating distributors, please contact:

KAF Investment Funds Berhad office.
(Kindly refer to the Corporate Directory for details.)

Or call us at 03-9767 6000 during our office hours: Mondays through Fridays from 9:00 a.m.
– 5:00 p.m.



INVESTMENT FUNDS BERHAD 199501004999 (334195-K)

Level 13, Menara IQ, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur
 Tel:603-9767 6000 Fax: 603-9767 6001
 Website: www.kaf.com.my

Account Opening Form (Individual)

Individual Joint

In compliance with the Capital Markets and Services Act 2007, this Account Opening Form should not be circulated unless accompanied by the relevant master prospectus(es)/ prospectus(es) and its supplementary(ies) (if any) [collectively shall be referred to as Disclosure Document]. Investor(s) should read and understand the contents of the Disclosure Document.

Please complete in BLOCK LETTERS only, and tick(√) where applicable. For first time investor(s), this Account Opening Form is required to be completed. KAF Investment Funds Berhad shall be referred to as **KAF IF** in this Account Opening Form.

1. PARTICULARS OF INDIVIDUAL/PRINCIPAL APPLICANT

Name of Individual/Principal Applicant			
(as per NRIC / Passport /Others)			
New NRIC No. / Passport No / Others			
Date of Birth (DD/MM/YYYY)	-	-	
Residential Address			
	Postcode		Town / City:
	State:		Country:
Correspondence Address (if different from residential address)			
	Postcode		Town / City:
	State:		Country:
Telephone No. (office)			
Telephone No.(house)			
Handphone No. (mobile)			
Email Address			
Nationality			
Country of Residence			
Religion			
Race	<input type="checkbox"/> Malay <input type="checkbox"/> Chinese <input type="checkbox"/> Indian <input type="checkbox"/> Others, please specify _____		
Marital Status	<input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced No. of Dependants (please indicate) _____		
Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female		
Employment Status	<input type="checkbox"/> Employed <input type="checkbox"/> Self-employed <input type="checkbox"/> Unemployed		
Occupation			
Name of Employer			
Employer / Self-employment Address			
	Postcode		Town / City:
	State:		Country:
Nature of Business			
Annual Income	<input type="checkbox"/> ≤ RM60,000 <input type="checkbox"/> ≤ RM120,001 - RM180,000 <input type="checkbox"/> > RM240,001 <input type="checkbox"/> ≤ RM60,001 - RM120,000 <input type="checkbox"/> ≤ RM180,001 - RM240,000		
Asset Net Worth	<input type="checkbox"/> ≤ RM300,000 <input type="checkbox"/> RM300,000 - RM1million <input type="checkbox"/> RM1million - RM3million <input type="checkbox"/> > RM3million		
Source of Wealth and Net Worth	<input type="checkbox"/> Salary <input type="checkbox"/> Business Income <input type="checkbox"/> Investment Returns <input type="checkbox"/> Pension Funds <input type="checkbox"/> Rental Income <input type="checkbox"/> Inheritance <input type="checkbox"/> Others, please specify: _____		
Purpose of Investment			
Expected Investment Amount per annum / Maximum amount to be invested per annum			
Anticipated transaction pattern (Frequency)	<input type="checkbox"/> Daily <input type="checkbox"/> Monthly <input type="checkbox"/> Yearly <input type="checkbox"/> Others, please specify: _____		
Transaction Channel	<input type="checkbox"/> Online Transfer <input type="checkbox"/> Telegraphic Transfer <input type="checkbox"/> Cheque		

Note: You may select more than one (1)

Hold prominent position in organisation including political party Yes No
If Yes, please specify position

2. PARTICULARS OF JOINT APPLICANT

Name of Joint Holder			
(as per NRIC / Passport /Others)			
New NRIC No. / Passport No / Others			
Date of Birth (DD/MM/YYYY)	-	-	
Residential Address			
	Postcode	Town / City:	
	State:	Country:	
Correspondence Address (if different from residential address)			
	Postcode	Town / City:	
	State:	Country:	
Telephone No. (office)			
Telephone No.(house)			
Handphone No. (mobile)			
Email Address			
Nationality			
Country of Residence			
Religion			
Race	<input type="checkbox"/> Malay <input type="checkbox"/> Chinese <input type="checkbox"/> Indian <input type="checkbox"/> Others, please specify		
Marital Status	<input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced No. of Dependants (please indicate)		
Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female		
Employment Status	<input type="checkbox"/> Employed <input type="checkbox"/> Self-employed <input type="checkbox"/> Unemployed		
Occupation			
Name of Employer			
Employer / Self-employment Address			
	Postcode	Town / City:	
	State:	Country:	
Annual Income	<input type="checkbox"/> ≤ RM60,000 <input type="checkbox"/> ≤ RM120,001 - RM180,000 <input type="checkbox"/> > RM240,001 <input type="checkbox"/> ≤ RM60,001 - RM120,000 <input type="checkbox"/> ≤ RM180,001 - RM240,000		
Asset Net Worth	<input type="checkbox"/> ≤ RM300,000 <input type="checkbox"/> RM300,000 - RM1million <input type="checkbox"/> RM1million - RM3million <input type="checkbox"/> > RM3million		
Source of Wealth and Net Worth	<input type="checkbox"/> Salary <input type="checkbox"/> Business Income <input type="checkbox"/> Investment Returns <input type="checkbox"/> Pension Funds <input type="checkbox"/> Rental Income <input type="checkbox"/> Inheritance <input type="checkbox"/> Others, please specify:		
Purpose of Investment			
Expected Investment Amount per annum / Maximum amount to be invested per annum			
Anticipated transaction pattern (Frequency)	<input type="checkbox"/> Daily <input type="checkbox"/> Monthly <input type="checkbox"/> Yearly <input type="checkbox"/> Others, please specify:		
Transaction Channel	<input type="checkbox"/> Online Transfer <input type="checkbox"/> Telegraphic Transfer <input type="checkbox"/> Cheque		
	Note: You may select more than one (1)		
Hold prominent position in organisation including political party	<input type="checkbox"/> Yes <input type="checkbox"/> No		
If Yes, please specify position			
Relationship to Principal Applicant			

3. BANK ACCOUNT DETAILS FOR REDEMPTION PAYMENT

Bank Name:			
Bank Account Holder Name:			
Type of Account:	<input type="checkbox"/> Current <input type="checkbox"/> Saving Account Ownership: <input type="checkbox"/> Single <input type="checkbox"/> Joint		
Account Number:			

4. JOINT APPLICANT ACCOUNT OPERATING MODE/INSTRUCTION AND REDEMPTION PAYMENT (IF APPLICABLE)

Account Operating Mode/Instruction Principal Applicant Only Joint Applicant Only Either Applicant to sign Both Applicants to sign

In the absence of written explicit instructions, I/We acknowledge that instructions must be given by both of us.

*Redemption payment to be issued in the name of: Principal Applicant Only Joint Applicant Only All Applicant

**Note: both Principal Applicant and Joint Applicant are required to sign the Repurchase (Redemption) Form should the proceeds to be credited into a single account.*

5. DECLARATIONS AND SIGNATURES

- I/We acknowledge that I/We have received, read and understood the Disclosure Document for the fund(s) to be invested in, the terms and conditions of this Account Opening Form and I/We undertake to be bound by them for my/our initial and subsequent transactions with KAF IF.
- I/We acknowledge that I am / We are aware of the fees and charges that I/We will incur directly or indirectly when investing in the fund(s). I/We also acknowledge that fees and charges payable to KAF IF and the trustee are subject to any tax as may be imposed by the government or other authorities from time to time.
- I/We undertake to be bound by the provisions of the documents constituting the fund(s) subscribed to as if I was / We were a party thereto.
- I am / We are 18 years old and above as at the date of this application.
- I/We do declare and represent that as at the date hereof, I am / We are not an undischarged bankrupt nor has any petition for bankruptcy been filed against me/us.
- I/We undertake to provide KAF IF with all information as it may require for the purpose of and in connection with completing the Account Opening Form, including but not limited to, my/our information on financial position, condition or prospect.
- I/We acknowledge that I/We shall keep KAF IF informed of any change of my/our particulars as stated in this Account Opening Form and/or of any material facts that will, direct or indirectly, affect my/our financial position(s), condition(s) or prospect(s).

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) AND COMMON REPORTING STANDARD (CRS)

- I/We hereby give my/our consent to KAF IF to report my/our information to regulatory or tax authorities in accordance with the requirements of FATCA and CRS as may be stipulated by the applicable laws, regulations, agreements, regulatory guidelines or directives.

DECLARATION ON ANTI-MONEY LAUNDERING, ANTI –TERRORISM FINANCING AND PROCEEDS OF UNLAWFUL ACTIVITIES ACT 2001 (AMLATFAPUAA)

- I am/We are fully aware of the provisions of the AMLATFAPUAA and hereby declare that all information given hereunder is true and accurate and further agree that I/We shall, upon request by KAF IF, provide all relevant documents to verify, including but not limited to my/our identity, domicile, legal capacity, occupation, etc.
- I/We further agree and undertake that I/We will on demand pay and make good to KAF IF the amount of all loss, damage and expense which may be sustained or incurred by KAF IF in respect of any contravention of any provisions of AMLATFAPUAA caused by me/us howsoever arising.
- I/We hereby confirm, represent and shall ensure that all funds used or to be used in respect of any of my/our transactions with KAF IF are obtained or shall be obtained from legitimate and lawful sources AND NOT generated from any unlawful activity either directly or indirectly such as including but not limited to drug trafficking, arms dealing or terrorism or arising from or in connection with any of the serious offences as described in Second Schedule to AMLATFAPUAA or any unlawful or fraudulent activities covered by AMLATFAPUAA or any other existing laws of this country.
- I/We further consent and confirm that KAF IF may rely on my/our representation and/or information and/or documents provided to KAF IF as indicated above, in discharge of any of KAF IF's obligations, if any, under AMLATFAPUAA.

DECLARATION ON MALAYSIAN ANTI-CORRUPTION COMMISSION ACT (MACC)

- I/We hereby declare that I/We shall not offer or give bribes, monetary or non-monetary offerings or use influence on any individuals in KAF IF or KAF Group of companies or any other individuals, as gratification to obtain this engagement.
- If there is any attempt of bribery from any party from KAF IF or KAF Group of companies, I/We shall immediately lodge a report with the relevant authorities. I/We am aware that failure to do so is an offence under the MACC.

DECLARATION FOR PERSONAL DATA PROTECTION ACT 2010 (PDPA)

- I/We hereby declare that I/We agree and authorise KAF IF to disclose at any time and without liability to me/us, information about or with regards to my/our affairs and/or accounts when required by law or by order of court of competent jurisdiction, or by any rule, direction or regulation of any regulatory or governmental authority, to the extent permitted by law.
- In accordance with the PDPA, I/ We hereby agree that KAF IF may collect, use and disclose our personal data for the purposes as stated in the KAF IF's Privacy Statement that is available on KAF IF's website, <http://www.kaf.com.my/privacy.aspx>
(Kindly note that, by signing this Account Opening Form, you will be deemed to have agreed and consented to the KAF IF's Privacy Statement stated therein. You are advised to visit the KAF IF's website, <http://www.kaf.com.my/privacy.aspx> for further details on how the data protection works on you, including how you may access and correct your personal data or withdraw consent to the collection).

I/ We hereby declare that all information stated in this Account Opening Form is true and correct. I/ We also hereby declare that I/We:

- agree to abide by all applicable rules and regulations of the Capital Markets and Services Act 2007, the FATCA and CRS, the AMLATFAPUAA, the MACC, the PDPA or any relevant regulatory body as are in force from time to time which governs the operations of this account; and
- agree to indemnify KAF IF against all actions, suits, proceedings, claims, damages and losses which may be suffered by KAF IF as a result of any inaccuracy of the declarations herein.

No delay or omission by KAF IF in exercising any right under this declaration will operate as a waiver of that or any other right. The covenants set out in this declaration are separate and severable and enforceable accordingly and whilst the restrictions are considered by the parties to be reasonable in all the circumstances as at the date hereof, it is acknowledged that restrictions of such a nature may be invalid because of changing of the circumstances or other unforeseen reasons and accordingly, if any restrictions shall be adjudged to be void or ineffective for whatever reason but would be adjudged to be valid and effective if part of the wording thereof were deleted or the periods thereof reduced, such modifications shall be applied as may be necessary to make them valid and effective.

--

Name of Principal:

Date:

--

Name of Joint Applicant (if applicable):

Date:

TERMS AND CONDITIONS

You are advised to read and understand the Disclosure Document before investing in the fund(s).

▪ **INDIVIDUAL/PRINCIPAL APPLICANT**

Applicant must be 18 years old and above.

➤ Please enclose a photocopy of your identity card or passport.

▪ **JOINT APPLICANT**

If aged 18 years old and above, he/she is also required to sign the Account Opening Form.

➤ Please enclose a photocopy of your identity card or passport.

In the case of death of a joint-holder, the surviving holder will be the only person recognised by KAF IF and the respective trustee as having any title to or interest in the units held.

▪ **MINIMUM INVESTMENT**

Initial and subsequent investment must be as the minimum amount stated in the Disclosure Document.

▪ **INCOME DISTRIBUTION**

Depending on the fund invested and subject to Disclosure Document, income distribution will be reinvested into further units in the relevant fund unless been stated otherwise.

▪ **INVESTMENT**

All monies due and payable to KAF IF shall be made with clear funds and any cheques issued must be honoured when presented.

No physical cash shall be accepted as payment for investment.

If any application made which been rejected by KAF IF for whatsoever reason, whether in part or whole, any monies paid or remaining balance thereof will be returned (without interest or return) and any costs or expenses incurred thereof shall be borne solely by the investor.

Any investment, repurchase or switching requests received after the respective fund's cut-off time or on the fund's non-business day will be treated as the next business day's transaction.

Sending cash or transfer money to any unit trust consultant is prohibited and any payment made by a third party other than applicant or account holders is not allowed.

▪ **REDEMPTION**

If following a repurchase request leaves you with less than the minimum investment balance as stated in the Disclosure Document, KAF IF has the option to liquidate the balance of the units held in your fund's account and forward the proceeds to you accordingly.

Payment of repurchase proceeds to a third party is strictly prohibited.

▪ **RIGHTS OF THE KAF IF**

KAF IF reserves the right to accept or reject any application in whole or in part thereof and reject any Account Opening Form which is not completed in full and supported by the requested documents and payments.

▪ **CUSTOMER CARE**

If you require further information or clarification, please contact our Customer Service for assistance.

▪ **NOTICES**

By providing your email address to KAF IF, you have consented to receive communications and/or information from KAF IF relating to your investment via email. Notices delivered via email to applicant are deemed sent and received on the date such email is sent.

All notices and other communications sent by or to the applicant shall be sent at the risk of the applicant. Unless due to willful default or negligence of KAF IF, KAF IF shall not be responsible for any inaccuracy, interruption, error, delay or failure in transmission or delivery of any notices via whatever means, or for any equipment failure or malfunction. KAF IF shall not be liable for any direct or indirect consequential losses arising from the foregoing.

6. FOR DISTRIBUTOR AND SALES & MARKETING

Submitted by: Name: UTC Code: Date:	Attended by Sales & Marketing: Name: Date:
--	--

7. FOR OFFICE USE ONLY

Account No. _____ Trans. No. _____ Price (RM) _____

Input by / Date Name: Date:	Checked by: Name: Date:
---------------------------------------	-----------------------------------



INVESTMENT FUNDS BERHAD 199501004999 (334195-K)

Level 13, Menara IQ, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur
Tel:603-9767 6000 Fax: 603-9767 6001
Website: www.kaf.com.my

Purchase Form (Individual)

In compliance with the Capital Markets and Services Act 2007, this Purchase Form should not be circulated unless accompanied by the relevant master prospectus(es)/ prospectus(es) and its supplementary(ies) (if any) [collectively shall be referred to as Disclosure Document]. Investor(s) should read and understand the contents of the Disclosure Document.

Please complete in BLOCK LETTERS only, and tick(√) where applicable. For first time investor(s), please fill up the Account Opening Form to be submitted with this Purchase Form. KAF Investment Funds Berhad shall be referred to as **KAF IF** in this Purchase Form.

1. PARTICULARS OF INDIVIDUAL/PRINCIPAL APPLICANT

Name of Individual/Principal Applicant	
(as per NRIC / Passport /Others)	
New NRIC No. / Passport No / Others	
Handphone No. (mobile)	
Email Address	
Employment Status	<input type="checkbox"/> Employed <input type="checkbox"/> Self-employed <input type="checkbox"/> Unemployed
Source of Funds for Investment	<input type="checkbox"/> Salary <input type="checkbox"/> Business Income <input type="checkbox"/> Pension funds / Retiree
<i>(please tick on the applicable item and provide the necessary information)</i>	(a) Name of employer (employed) / Business (self-employed) / Name of previous employer (retiree) _____
	(b) Nature of business of the entity named in (a) _____
	(c) Name of pension fund _____
	<input type="checkbox"/> Income from investment <i>(e.g. derived from investment in capital market products such as bonds, shares, mutual funds or sales or assets/property/rental income)</i>
	<input type="checkbox"/> Inheritance Estimation amount: _____
	<input type="checkbox"/> Support from parents/spouse Estimation amount: _____
	<input type="checkbox"/> Others Please specify : _____

2. PARTICULARS OF JOINT APPLICANT

Name of Joint Holder	
(as per NRIC / Passport /Others)	
New NRIC No. / Passport No / Others	
Handphone No. (mobile)	
Email Address	

3. DETAILS OF INVESTMENT APPLICATION

Fund Name	*Plan	Amount (RM)	Investment Type
1.			<input type="checkbox"/> Current <input type="checkbox"/> Additional
2.			<input type="checkbox"/> Current <input type="checkbox"/> Additional
3.			<input type="checkbox"/> Current <input type="checkbox"/> Additional
* Note: C - Cash Plan / E - EPF Plan		TOTAL	

Payment Mode for investment :

- Online Transfer Telegraphic Transfer EPF Investment Scheme ("EPF")
 Cheque (Bank _____ No. _____)

Note:

- Cheque should be crossed and made payable to "KAF Investment Funds Berhad". You should write your full name and NRIC No. on the back of each cheque. The cheque(s) and the remittance advice slip must be attached with this Purchase Form.
- Sending cash or transfer money to any unit trust consultant is prohibited and any payment made by a third party other than applicant or account holders is not allowed.**

4. LOAN FINANCING RISK DISCLOSURE STATEMENT

Investing in a unit trust fund with borrowed money is more risky than investing with your own savings. You should assess if loan financing is suitable for you in light of your objectives, attitude to risk and financing circumstances. You should be aware of the risk, which would include the following:-

- The higher the margin of financing (that is, the amount of money you borrow for every ringgit of your own money which you put in as deposit or down payment), the greater the loss or gains on your investment.
- You should assess whether you have the ability to service the repayments on the proposed loan. If your loan is a variable rate loan, and if interest rates rise, your total repayment amount will be increased.
- If unit prices fall beyond a certain level, you may be asked to provide additional acceptable collateral (where units are used as collateral) or pay additional amount on top of your normal installments. If you fail to comply within the prescribed time, your units may be sold towards the settlement of your loan.
- Returns on unit trusts are not guaranteed and may not be earned evenly over time. This means that there may be some years where returns are high and other years where losses are experienced. Whether you eventually realise a gain or incur loss may be affected by the timing of the sale of your

units. The value of units may fall just when you want you money back even though the investment may have done well in the past.

This brief statement cannot disclose all the risks and other aspects of loan financing. You should therefore carefully study the terms and conditions before you decide to take a loan. If you are in doubt of any aspect of this Risk Disclosure Statement or the terms of the loan financing, you should consult the institution offering the loan.

5. DECLARATIONS & SIGNATURES

- I/We acknowledge that I/We have received, read and understood the Disclosure Document for the fund(s) to be invested in, the terms and conditions of this Purchase Form and I/We undertake to be bound by them for my/our initial and subsequent transactions with KAF IF.
- I/We acknowledge that I / We have read and understood the contents of the investment Loan Financing Risk Disclosure Statement.
- I/We acknowledge that I am / We are aware of the fees and charges that I/We will incur directly or indirectly when investing in the fund(s). I/We also acknowledge that fees and charges payable to KAF IF and the trustee are subject to any tax as may be imposed by the government or other authorities from time to time.
- I/We acknowledge and agree that KAF IF reserves the right to accept or reject the application in whole or part without assigning any reasons in respect thereof. I am/We are aware that KAF IF may initiate any form of communications to verify and/or validate the application and I/We will provide the confirmation as required within the prescribed timeframe.
- I/We acknowledge that confirmation advices, statements and other documents shall be sent to my/our latest address as notified to KAF IF and shall be at my/or own risk. In the event that I/We fail to notify KAF IF in writing of any discrepancy in the confirmation advice and/or statement within 90 calendar days from the date of issuance, I/We shall be deemed to have waived any right to raise any objection or to pursue any remedies against KAF IF for such case.
- I/We undertake to be bound by the provisions of the documents constituting the fund(s) subscribed to as if I was / We were a party thereto.
- I/We do declare and represent that as at the date hereof, I am / We are not an undischarged bankrupt nor has any petition for bankruptcy been filed against me/us.
- I/We hereby declare and acknowledge that I/We have sole legal and proprietary right over all monies accompanying this application. I/We further confirm that all monies paid or to be paid to KAF IF come from lawful source and not from unlawful activities.
- I/We hereby agree to indemnify KAF IF against all actions, suits, proceedings, claims, damages and losses which may be suffered by KAF IF in connection with or in any manner out of KAF IF acting or on my/our instruction(s) as stated above and any inaccuracy of the instruction(s) including as a result of any inaccuracy of the declarations herein.

Name of Individual/Principal Applicant

Name of Joint Applicant

Date: _____

Date: _____

Important: Pre-signing of forms relating to investments is strictly prohibited.

6. FOR DISTRIBUTOR AND SALES & MARKETING USE ONLY

Submitted by: Name: UTC Code: Date:	Attended by Sales & Marketing: Name: Date:
--	--

7. FOR OFFICE USE ONLY

Account No. _____ Trans. No. _____ Price (RM) _____

Processed by: Name: Date:	Checked by: Name: Date:
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INVESTMENT FUNDS BERHAD 199501004999 (334195-K)

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

Tel:603-9767 6000 Fax: 603-9767 6001

Website: www.kaf.com.my

ACCOUNT OPENING FORM (Corporate)

In compliance with the Capital Markets and Services Act 2007, this Form should not be circulated unless accompanied by the relevant master prospectus(es)/ prospectus(es) and its supplementary(ies) (if any) [collectively shall be referred to as Disclosure Document]. Investor(s) should read and understand the contents of the Disclosure Document.

Please complete in BLOCK LETTERS only, and tick(✓) where applicable. For first time Investor(s), this Account Opening Form is required to be completed. KAF Investment Funds Berhad shall be referred to as **KAF IF** in this Account Opening Form.

1. PARTICULARS OF CORPORATE APPLICANT

Name of Corporate Applicant (as in certificate of incorporation)			
Company Registration No.			
Date of Incorporation/Registration	-	-	
Country of Incorporation/Registration			
Status of Residency	<input type="checkbox"/> Malaysian Resident <input type="checkbox"/> Non-Malaysian Resident. Please specify country of resident :		
Registered Address			
	Postcode		Town / City:
	State:		Country:
Principal Place of Business (if different from Registered Address)			
	Postcode		Town / City:
	State:		Country:
Correspondence Address (if different from Registered Address)			
	Postcode		Town / City:
	State:		Country:
Type of Corporation	<input type="checkbox"/> Private Limited <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> State / Federal <input type="checkbox"/> Public Limited <input type="checkbox"/> Co-Operative <input type="checkbox"/> Public listed corporation <input type="checkbox"/> Association / Club / Society / Trust foundation / Charity body <input type="checkbox"/> Others, please specify: _____		
Affiliation	Are you an affiliate company of a group of companies ? <input type="checkbox"/> Yes (Please provide corporate structure) <input type="checkbox"/> No		
Nature of Business			
Status of Incorporation	<input type="checkbox"/> Malaysian Bumiputera Controlled <input type="checkbox"/> Malaysian Non-Bumiputera Controlled <input type="checkbox"/> Non-Malaysian Controlled <input type="checkbox"/> State / Government Controlled		
Contact Person (1)			
Name			
Designation			
Department			
Telephone No. (Office)			Fax No.
Handphone No. (mobile)			
Office Email Address			
Contact Person (2)			
Name			
Designation			
Department			
Telephone No. (Office)			Fax No.
Handphone No. (mobile)			
Office Email Address			
Asset Net Worth	<input type="checkbox"/> ≤ RM10,000,000 <input type="checkbox"/> RM100,000,001 - RM500,000,000 <input type="checkbox"/> RM10,000,001 - RM100,000,000 <input type="checkbox"/> > RM500,000,000		

Source of Wealth and Net Worth Investments Business Income
 Others, please specify: _____

Source of Funds for Investment Disposal of non-core business/ Asset / Investments
 Cash in Hand / Surplus Fund / Working Capital/ Asset / Investments
 Fund raising exercise such as right issues / Public Offering
 Others, please specify: _____

Purpose of Investment _____

Expected Investment Amount per annum / Maximum amount to be invested per annum _____

Anticipated transaction pattern (Frequency) Daily Monthly Yearly Others, please specify: _____

Transaction Channel Online Transfer Telegraphic Transfer Cheque
 Note: You may select more than one (1)

2. PARTICULARS OF BENEFICIAL OWNER

"Beneficial Owner" means the natural person who ultimately owns or controls the customer or the natural person on whose behalf a transaction is conducted or business relations are established and includes any person who exercises ultimate effective control over a legal person or legal arrangement. Reference to "ultimately owns or controls" and "ultimate effective control" refer to situations in which ownership/control is exercised through a chain of ownership or by means of control other than direct control.

Name of Beneficial Owner _____
 (as per NRIC / Passport /Others) _____

New NRIC No. / Passport No / Others _____

Date of Birth (DD/MM/YYYY) _____ - _____ - _____

Residential Address _____

 Postcode _____ Town / City: _____
 State: _____ Country: _____

Correspondence Address _____
 (if different from residential address) _____

 Postcode _____ Town / City: _____
 State: _____ Country: _____

Telephone No. (office) _____
 Telephone No.(house) _____
 Handphone No. (mobile) _____
 Email Address _____
 Nationality _____
 Country of Residence _____
 Religion _____

Race Malay Chinese Indian Others, please specify _____

Marital Status Married Single Widowed Divorced No. of Dependants (please indicate) _____

Gender Male Female

Employment Status Employed Self-employed Unemployed

Occupation _____

Name of Employer _____

Employer / Self-employment _____
 Address _____

 Postcode _____ Town / City: _____
 State: _____ Country: _____

Nature of Business _____

Annual Income ≤ RM60,000 ≤ RM120,001 - RM180,000 > RM240,001
 ≤ RM60,001 - RM120,000 ≤ RM180,001 - RM240,000

Asset Net Worth ≤ RM300,000 RM300,000 - RM1million RM1million - RM3million > RM3million

Source of Wealth and Net Worth Salary Business Income Investment Returns Pension Funds
 Rental Income Inheritance Savings
 Others, please specify: _____

Hold prominent position in organisation including political party Yes No
 If Yes, please specify position _____

Relationship to Corporate Applicant _____

3. PARTICULARS OF BENEFICIAL OWNER

"Beneficial Owner" means the natural person who ultimately owns or controls the customer or the natural person on whose behalf a transaction is conducted or business relations are established and includes any person who exercises ultimate effective control over a legal person or legal arrangement. Reference to "ultimately owns or controls" and "ultimate effective control" refer to situations in which ownership/control is exercised through a chain of ownership or by means of control other than direct control.

Name of Beneficial Owner
(as per NRIC / Passport /Others)

New NRIC No. / Passport No / Others

Date of Birth (DD/MM/YYYY)

Residential Address

Postcode _____ Town / City: _____
State: _____ Country: _____

Correspondence Address
(if different from residential address)

Postcode _____ Town / City: _____
State: _____ Country: _____

Telephone No. (office)

Telephone No.(house)

Handphone No. (mobile)

Email Address

Nationality

Country of Residence

Religion

Race Malay Chinese Indian Others, please specify _____

Marital Status Married Single Widowed Divorced No. of Dependants (please indicate) _____

Gender Male Female

Employment Status Employed Self-employed Unemployed

Occupation

Name of Employer

Employer / Self-employment

Address

Postcode _____ Town / City: _____
State: _____ Country: _____

Nature of Business

Annual Income ≤ RM60,000 ≤ RM120,001 - RM180,000 > RM240,001
 ≤ RM60,001 - RM120,000 ≤ RM180,001 - RM240,000

Asset Net Worth ≤ RM300,000 RM300,000 - RM1million RM1million - RM3million > RM3million

Source of Wealth and Net Worth Salary Business Income Investment Returns Pension Funds
 Rental Income Inheritance Savings
 Others, please specify: _____

Hold prominent position in organisation including political party Yes No

If Yes, please specify position

Relationship to Corporate Applicant

4. BANK ACCOUNT DETAILS FOR REDEMPTION PAYMENT

Bank Name:

Bank Account Holder Name:

Type of Account: Current Saving

Account Number:

5. POLITICALLY EXPOSED PERSON (PEP)

Definition of PEPs (foreign PEP, domestic PEP and internal organisation PEP, their family and associates):
 "foreign PEP" refers to individuals who are or who have been entrusted with prominent public functions by a foreign country.
 "domestic PEP" refers to individuals who are or have been entrusted domestically with prominent public functions.
 "internal organisation PEP" refers to persons who are or have been entrusted with a prominent function by an international organisation which refers to members of senior management, i.e. director, deputy director and member of the board or equivalent functions.
 "family members" refers to individuals who are related to a PEP either directly (consanguinity) or through marriage or similar (civil) forms of partnership.
 "close associates" refers to individuals who are closely connected to a PEP either socially or professionally.

Are any of the directors, shareholders or authorised personnel is considered as PEPs?

Yes No

[If Yes, please provide the following information.]

No	Name	Designation

6. DECLARATIONS AND SIGNATURES

- I/We acknowledge that I/We have received, read and understood the Disclosure Document for the fund(s) to be invested in, the terms and conditions of this Account Opening Form and I/We undertake to be bound by them for my/our initial and subsequent transactions with KAF IF.
- I/We acknowledge that I am / We are aware of the fees and charges that I/We will incur directly or indirectly when investing in the fund(s). I/We also acknowledge that fees and charges payable to KAF IF and the trustee are subject to any tax as may be imposed by the government or other authorities from time to time.
- I/We undertake to be bound by the provisions of the documents constituting the fund(s) subscribed to as if I was / We were a party thereto.
- I am / We are duly authorised officer(s) of the Corporation, and warrant that the Corporation has the power and capacity to enter into this agreement and undertake transactions involving the fund(s).
- I/We, as directors(s) of the Corporation do hereby declare that the Corporation is a legally incorporated corporation.
- We, the authorised signatories and representatives for the Company, do declare and represent that as at the date hereof, no petition for winding-up has been filed against the Company nor any receiver has been appointed over any of its assets.
- I/We undertake to provide KAF IF with all information as it may require for the purpose of and in connection with completing the Account Application Form, including but not limited to, the Corporation and its group of companies' information on financial position, condition, operation, business or prospect.
- I/We acknowledge that I/We shall keep KAF IF informed of any change of the information stated in this Account Opening Form and/or of any material facts that will, direct or indirectly, affect the Corporation and its group of companies' financial position, condition, operation, business or prospect.

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) AND COMMON REPORTING STANDARD (CRS)

- I/We hereby give my/our consent to KAF IF to report my/our information to regulatory or tax authorities in accordance with the requirements of FATCA and CRS as may be stipulated by the applicable laws, regulations, agreements, regulatory guidelines or directives.

DECLARATION ON ANTI-MONEY LAUNDERING, ANTI-TERRORISM FINANCING AND PROCEEDS OF UNLAWFUL ACTIVITIES ACT 2001 (AMLATFAPUAA)

- I am/We are fully aware of the provisions of the AMLATFAPUAA and hereby declare that all information given hereunder is true and accurate and further agree that I/We shall, upon request by KAF IF, provide all relevant documents to verify, including but not limited to my/our identity, domicile, legal capacity, occupation, etc.
- I/We further agree and undertake that I/We will on demand pay and make good to KAF IF the amount of all loss, damage and expense which may be sustained or incurred by KAF IF in respect of any contravention of any provisions of AMLATFAPUAA caused by me/us howsoever arising.
- I/We hereby confirm, represent and shall ensure that all funds used or to be used in respect of any of my/our transactions with KAF IF are obtained or shall be obtained from legitimate and lawful sources AND NOT generated from any unlawful activity either directly or indirectly such as including but not limited to drug trafficking, arms dealing or terrorism or arising from or in connection with any of the serious offences as described in Second Schedule to AMLATFAPUAA or any unlawful or fraudulent activities covered by AMLATFAPUAA or any other existing laws of this country.
- I/We further consent and confirm that KAF IF may rely on my/our representation and/or information and/or documents provided to KAF IF as indicated above, in discharge of any of KAF IF's obligations, if any, under AMLATFAPUAA.

DECLARATION ON MALAYSIAN ANTI-CORRUPTION COMMISSION ACT (MACC)

- I/We hereby declare that I/We shall not offer or give bribes, monetary or non-monetary offerings or use influence on any individuals in KAF IF or KAF Group of companies or any other individuals, as gratification to obtain this engagement.
- If there is any attempt of bribery from any party from KAF IF or KAF Group of Companies, I/We shall immediately lodge a report with the relevant authorities. I/We am aware that failure to do so is an offence under the MACC.

DECLARATION FOR PERSONAL DATA PROTECTION ACT 2010 (PDPA)

- I/We hereby declare that I/We agree and authorise KAF IF to disclose at any time and without liability to me/us, information about or with regards to my/our affairs and/or accounts when required by law or by order of court of competent jurisdiction, or by any rule, direction or regulation of any regulatory or governmental authority, to the extent permitted by law.
- In accordance with the PDPA, I/ We hereby agree that KAF IF may collect, use and disclose our personal data for the purposes as stated in the KAF IF's Privacy Statement that available on KAF IF's their website, <http://www.kaf.com.my/privacy.aspx>
(Kindly note that, by signing this Account Opening Form, you will be deemed to have agreed and consented to the KAF IF's Privacy Statement stated therein. You are required to visit the KAF IF's website, <http://www.kaf.com.my/privacy.aspx> for further details on how the data protection works on you, including how you may access and correct your personal data or withdraw consent to the collection).

I/ We hereby declare that all information stated in this Account Opening Form is true and correct. I/ We also hereby declare that I/We:

- agree to abide by all applicable rules and regulations of the Capital Markets and Services Act 2007, the FATCA and CRS, the AMLATFAPUAA, the MACC, the PDPA or any relevant regulatory body as are in force from time to time which governs the operations of this account; and**
- agree to indemnify KAF IF against all actions, suits, proceedings, claims, damages and losses which may be suffered by KAF IF as a result of any inaccuracy of the declarations herein.**

No delay or omission by KAF IF in exercising any right under this declaration will operate as a waiver of that or any other right. The covenants set out in this declaration are separate and severable and enforceable accordingly and whilst the restrictions are considered by the parties to be reasonable in all the circumstances as at the date hereof, it is acknowledged that restrictions of such a nature may be invalid because of changing of the circumstances or other unforeseen reasons and accordingly, if any restrictions shall be adjudged to be void or ineffective for whatever reason but would be adjudged to be valid and effective if part of the wording thereof were deleted or the periods thereof reduced, such modifications shall be applied as may be necessary to make them valid and effective.

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Name of Authorised Signatory:

Name of Authorised Signatory:

Date:

Date:

TERMS AND CONDITIONS

You are advised to read and understand the Disclosure Document before investing in the fund(s).

DOCUMENTS REQUIRED

All documents shall be certified as true copies where applicable:

- Memorandum and Articles of Association or its equivalent.
- Board of directors' resolution to open an investment account, list of authorised signatories including its specimen signatures to operate the investment account.
- Photocopy of NRIC/passport of directors and authorised signatories.

For companies incorporated prior to 31 January 2017

- Certificate of Incorporation – Form 9 (for Sdn Bhd) / Section 17.
- Certificate for Commencement of Business – Form 23 (for Bhd).
- List of Directors & Secretary - Form 49 / Section 58.
- Shareholding/Issue & Paid up Capital - Form 24 / Section 78.
- Registered Office - Form 44 / Section 46(3).
- Certificate of Change of Name - Form 13 / Section 28.
- Latest Annual Return (within 3 months validity).
- Latest audited financial statement.

For companies incorporated on/after 31 January 2017

- Notice of Registration (Section 15) – Email Format / Certificate of Incorporation (Section 17).
- Application of registration of a Company (Section 14).
- Return for allotment of share - Section 78.
- Notification of Appointment of the first Company Secretary – Section 58 & 236(2).
- Notification of Change in the Register of Directors, Managers and Secretaries – Section 58.
- Notification of Change in the Registered Address - Section 46(3).
- Certificate of Change of Name - Section 28.
- Latest Annual Return (within 3 months validity).
- Latest audited financial statement.

KAF IF reserves the right to request additional documents to support application.

MINIMUM INVESTMENT

Initial and subsequent investment must be for a minimum amount stated in the Disclosure Document.

INCOME DISTRIBUTION

Depending on the fund invested and subject to Disclosure Document, income distribution will be reinvested into further units in the relevant fund unless been stated otherwise.

INVESTMENT

All monies due and payable to KAF IF shall be made with clear funds and any cheques issued must be honoured when presented.

No physical cash shall be accepted as payment for investment.

If any application made which been rejected by KAF IF for whatsoever reason, whether in part or whole, any monies paid or remaining balance thereof will be returned (without interest or return) and any costs or expenses incurred thereof shall be borne solely by the investor.

Any investment, repurchase or switching requests received after the respective fund's cut-off time or on the fund's non-business day will be treated as the next business day's transaction.

Sending cash or transfer money to any unit trust consultant is prohibited and any payment made by a third party other than applicant or account holders is not allowed.

REDEMPTION

If following a repurchase request leaves you with less than the minimum investment balance as stated in the Disclosure Document, KAF IF has the option to liquidate the balance of the units held in your fund's account and forward the proceeds to you accordingly.

Payment of repurchase proceeds to a third party is strictly prohibited.

RIGHTS OF THE KAF IF

KAF IF reserves the right to accept or reject any application in whole or in part thereof and reject any Account Opening Form which is not completed in full and supported by the requested documents and payments.

CUSTOMER CARE

If you require further information or clarification, please contact our Customer Service for assistance.

NOTICES

By providing your email address to KAF IF, you have consented to receive communications and/or information from KAF IF relating to your investment via email. Notices delivered via email to applicant are deemed sent and received on the date such email is sent.

All notices and other communications sent by or to the applicant shall be sent at the risk of the applicant. Unless due to willful default or negligence of KAF IF, KAF IF shall not be responsible for any inaccuracy, interruption, error, delay or failure in transmission or delivery of any notices via whatever means, or for any equipment failure or malfunction. KAF IF shall not be liable for any direct or indirect consequential losses arising from the foregoing.

7. FOR DISTRIBUTOR AND SALES & MARKETING

Submitted by:	Attended by Sales & Marketing:
Name:	Name:
UTC Code:	Date:
Date:	

8. FOR OFFICE USE ONLY

Account No. _____ Trans. No. _____ Price (RM) _____

Input by / Date	Checked by:
Name:	Name:
Date:	Date:

Account no:

(for existing unit holder only)

In compliance with the Capital Markets and Services Act 2007, this Purchase Form should not be circulated unless accompanied by the relevant master prospectus(es)/ prospectus(es) and its supplementary(ies) (if any) [collectively shall be referred to as Disclosure Document]. Investor(s) should read and understand the contents of the Disclosure Document.

Please complete in BLOCK LETTERS only, and tick(✓) where applicable. For first time investor(s), please fill up the Account Opening Form to be submitted with this Purchase Form. KAF Investment Funds Berhad shall be referred to as **KAF IF** in this Form.

1. CORPORATE APPLICANT

Name of Corporate Applicant
 (as in certificate of incorporation)

Company Registration No.

Contact Person (1)

Name

Designation

Department

Telephone No. (Office) Fax No.

Handphone No. (mobile)

Office Email Address

Contact Person (2)

Name

Designation

Department

Telephone No. (Office) Fax No.

Handphone No. (mobile)

Office Email Address

Source of Funds for Investment

(please tick on the applicable item and provide the necessary information)

- Intra group financing
- Business loan
- External investment
- Business income wealth (accumulated profit retained earnings)
- Investment by beneficial owner / partner
- Sale of property
- Stock transfer / fund raising exercise such as right issues / public offering
- Others Please specify :

2. DETAILS OF INVESTMENT APPLICATION

Fund Name	Amount (RM)	Investment Type
1.		<input type="checkbox"/> Current <input type="checkbox"/> Additional
2.		<input type="checkbox"/> Current <input type="checkbox"/> Additional
3.		<input type="checkbox"/> Current <input type="checkbox"/> Additional
TOTAL		

Payment Mode for investment :

Online Transfer Telegraphic Transfer Cheque (Bank _____ No. _____)

Note:

- Cheque should be crossed and made payable to "KAF Investment Funds Berhad". You should write the company name and company registration no on the back of each cheque. The cheque(s) and the remittance advice slip must be attached with this Purchase Form.
- **Sending cash or transfer money to any unit trust consultant is prohibited and any payment made by a third party other than applicant or account holders is not allowed.**

3. LOAN FINANCING RISK DISCLOSURE STATEMENT

Investing in a unit trust fund with borrowed money is more risky than investing with your own savings. You should assess if loan financing is suitable for you in light of your objectives, attitude to risk and financing circumstances. You should be aware of the risk, which would include the following:-

- (i) The higher the margin of financing (that is, the amount of money you borrow for every ringgit of your own money which you put in as deposit or down payment), the greater the loss or gains on your investment.
- (ii) You should assess whether you have the ability to service the repayments on the proposed loan. If your loan is a variable rate loan, and if interest rates rise, your total repayment amount will be increased.
- (iii) If unit prices fall beyond a certain level, you may be asked to provide additional acceptable collateral (where units are used as collateral) or pay additional amount on top of your normal installments. If you fail to comply within the prescribed time, your units may be sold towards the settlement of your loan.

- (iv) Returns on unit trusts are not guaranteed and may not be earned evenly over time. This means that there may be some years where returns are high and other years where losses are experienced. Whether you eventually realise a gain or incur loss may be affected by the timing of the sale of your units. The value of units may fall just when you want your money back even though the investment may have done well in the past.

This brief statement cannot disclose all the risks and other aspects of loan financing. You should therefore carefully study the terms and conditions before you decide to take a loan. If you are in doubt of any aspect of this Risk Disclosure Statement or the terms of the loan financing, you should consult the institution offering the loan.

4. DECLARATIONS & SIGNATURES

- I/We acknowledge that I/We have received, read and understood the Disclosure Document for the fund(s) to be invested in, the terms and conditions of this Purchase Form and I/We undertake to be bound by them for my/our initial and subsequent transactions with KAF IF.
- I/We acknowledge that I / We have read and understood the contents of the investment Loan Financing Risk Disclosure Statement.
- I/We acknowledge that I am / We are aware of the fees and charges that I/We will incur directly or indirectly when investing in the fund(s). I/We also acknowledge that fees and charges payable to KAF IF and the trustee are subject to any tax as may be imposed by the government or other authorities from time to time.
- I/We acknowledge and agree that KAF IF reserves the right to accept or reject the application in whole or part without assigning any reasons in respect thereof. I am/We are aware that KAF IF may initiate any form of communications to verify and/or validate the application and I/We will provide the confirmation as required within the prescribed timeframe.
- I/We acknowledge that confirmation advices, statements and other documents shall be sent to my/our latest address as notified to KAF IF and shall be at my/or own risk. In the event that I/We fail to notify KAF IF in writing of any discrepancy in the confirmation advice and/or statement within 90 calendar days from the date of issuance, I/We shall be deemed to have waived any right to raise any objection or to pursue any remedies against KAF IF for such case.
- I/We undertake to be bound by the provisions of the documents constituting the fund(s) subscribed to as if I was / We were a party thereto.
- I/We do declare and represent that as at the date hereof, I am / We are not an undischarged bankrupt nor has any petition for bankruptcy been filed against me/us.
- I/We hereby declare and acknowledge that I/We have sole legal and proprietary right over all monies accompanying this application. I/We further confirm that all monies paid or to be paid to KAF IF come from lawful source and not from unlawful activities.
- I/We hereby agree to indemnify KAF IF against all actions, suits, proceedings, claims, damages and losses which may be suffered by KAF IF in connection with or in any manner out of KAF IF acting or on my/our instruction(s) as stated above and any inaccuracy of the instruction(s) including as a result of any inaccuracy of the declarations herein.

Name of Authorised signatory:

Date: _____

Name of Authorised Signatory:

Date: _____



Important: Pre-signing of forms relating to investments is strictly prohibited.

5. FOR DISTRIBUTOR AND SALES & MARKETING USE ONLY

Submitted by:	Attended by Sales & Marketing:
Name:	Name:
UTC Code:	Date:
Date:	Date:

6. FOR OFFICE USE ONLY

Account No. _____ Trans. No. _____ Price (RM) _____

Processed by:	Checked by:
Name:	Name:
Date:	Date: