



KAF FIRST FUND

ANNUAL REPORT

31 DECEMBER 2024

MANAGER'S REPORT

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

1. Launch Date

The KAF First Fund ("KFF/the Fund") commenced operations on 16 January 1996 and will continue its operations until terminated according to the Deed dated 22 December 1995, Second Supplemental Deed dated 8 January 1999, Third Supplemental Deed dated 27 July 2001, Fourth Supplemental Deed dated 9 January 2014, Fifth Supplemental Deed dated 12 March 2015 and Sixth Supplemental Deed dated 20 March 2023.

2. Type of Fund

Income & Growth Fund.

3. Category of Fund

Balanced Fund.

4. Fund's Objective, Benchmark and Distribution Policy

KFF seeks to provide medium-to-long term investors with a reasonable level of income and capital growth by investing in both equities and fixed-income securities.

Diversification of investments across equities, fixed-income securities and money market instruments is a strategy used to reduce the investment risks. The equity portion is expected to contribute both capital and income returns. Investors will benefit from the stability arising from investments in fixed-income securities, which are expected to offer a steady flow of income and lower volatility.

KFF's asset allocation is subject to a maximum 60% exposure in equities and a minimum 40% in fixed-income securities and other liquid assets.

The benchmark used to measure KFF's performance is a weighted index derived by taking 60% from the returns of the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM-KLCI") and 40% of Maybank's monthly average 12-month fixed deposit rate. The weighted benchmark index is designed to replicate KFF's investment policy of

MANAGER'S REPORT

investing up to a maximum 60% of the Net Asset Value ("NAV") in equities.

Income distribution (if any) is incidental.

5. Review of Fund Operations and Performance

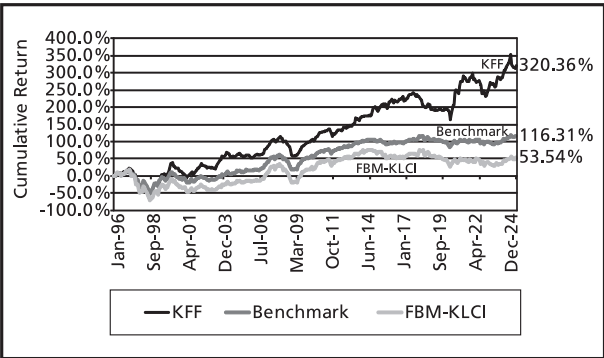
For the financial year under review, the Fund based on its NAV, recorded a return of 8.78%, underperforming the benchmark, which recorded a return of 8.79%. The underperformance is largely due to the exposure to the Energy sector which underperformed the benchmark during the period of review.

The Fund maintained a high equity exposure for most of the period with stock selection made up of a combination mid to large cap stocks. KFF's objective remains in place, which is to grow the value of investments and providing medium to long-term capital growth.

Since inception, based on its NAV, KFF recorded a return of 320.36% compared to its benchmark, composite FTSE Bursa Malaysia KLCI Index and the Maybank 1-month GIA rate (Balanced FBMS Index), which rose by 116.31%.

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

**Performance Chart since Inception
(16 January 1996 to 31 December 2024)**



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

MANAGER'S REPORT

Fund Performance as ranked by Lipper Asia Limited

Period	KFF		Mean of Industry: Non-Islamic Mixed Asset Balanced
	% Change	Rank	% Change
3 months 03/10/2024 - 03/01/2025	1.80	18/23	3.78
6 months 03/07/2024 - 03/01/2025	(6.00)	22/23	0.45
1 years 03/01/2024 - 03/01/2025	8.85	20/23	14.33
3 years 03/01/2022 - 03/01/2025	9.69	16/22	16.76
5 years 03/01/2020 - 03/01/2025	41.96	4/22	30.06

Source: The Edge, 13 January 2025 issue, The Edge-Lipper Fund Performance Table, an independent source.

Past performance is not necessary indication of future performance.

For the financial year ended 31 December 2024, the Fund realised net gain amounted to RM2.60 million. These arise from realised gain from the disposal of shares and income earned from dividends and interest.

As at end of the financial year under review, the Fund stood at net unrealised gain position of RM2.62 million. The Fund's NAV decreased to RM22.67 million as at 31 December 2024 from RM22.97 million as at 31 December 2023.

Returns	RM'000
Realised gain	
Equities securities	2,081
Collective investment schemes	77
Management fee rebate on collective investment scheme	18
Dividend earned	275
Interest income	153
Unrealised gain	
Equities securities	2,408
Collective investment schemes	210

MANAGER'S REPORT

MANAGER'S REPORT

The NAV per unit of the Fund increased to RM0.4503 as (adjusted for income distribution) as at 31 December 2024 from RM0.4140 as at 31 December 2023.

We are pleased to declare a net distribution of 1.00 sen on 16 December 2024. The gross distribution of 1.00 sen represents a yield of 2.23% based on the Fund's closing NAV per unit of RM0.4477 as at 16 December 2024. The impact of the NAV of the Fund arising from the final distribution is as following:

	RM/Unit as at 16 December 2024
NAV before distribution	0.4477
Less: Distribution of 1.00 sen net	(0.010)
NAV after distribution	0.4377

6. Asset Allocation and Investment Strategies Employed

Our equity exposure declined slightly during the review period; whereby we intend to maintain our equity exposure close to the 60% level. Equity selections were focused mainly on large caps and a mixture of mid to small-cap stocks, whilst bond holdings were primarily held in high-grade papers with short to mid-duration positioning.

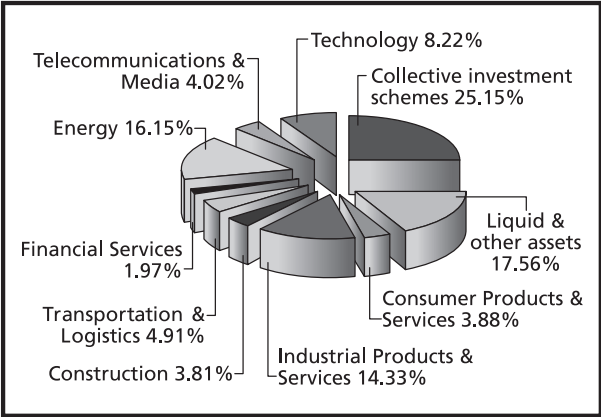
Other than the investment strategy stated in the Replacement Master Prospectus dated 30 September 2023, the designated Fund Manager has not employed any other investments strategy.

There were no significant changes in the Fund's state of affairs during the year. Also, there were no circumstances which could materially affect any interest of the unit holders.

Asset Allocation

Asset Class	Percentage of NAV as at		Changes in Exposure over Period (%)
	31/12/2023 (%)	31/12/2024 (%)	
Equity & derivative securities	58.14	57.29	(0.85)
Collective investment schemes	19.34	25.15	5.81
Liquid & other assets	22.52	17.56	(4.96)

Portfolio of Investments and Other Assets
as at 31 December 2024



7. Market Review

During the review period, the MSCI World, MSCI Asia Pacific and MSCI ASEAN increased by 17.00%, 7.23% and 7.67% while the MSCI World Small Cap, MSCI Asia Pacific Small Cap and MSCI ASEAN also increased by 6.43%, 2.51% and 2.33% respectively. In the US, the S&P 500, Dow Jones Industrial Index and NASDAQ increased by 23.31%, 12.88% and 28.64% during the review period and back in Malaysia, the FBM-KLCI outperformed regional indices making it one of the best-performing markets in 2024 as the FBM-KLCI, FBM Emas and FBM Small Caps managed to register returns of 12.90%, 16.28% and 9.85% within the same period.

December 2024 shortened the Christmas holidays for fixed-income investors globally and was a deflating end to a tough year for the global bond markets. Looking back on 2024, the year started with optimistic expectations of aggressive rate cuts by the US Federal Reserve ("the Fed") and a strong protracted bond rally. Instead of a straightforward year and strong gains, fixed-income investors were slapped with the unpleasant reality of stubborn inflation, a very resilient US economy, a hawkish Fed and finally the Trump trade. To the disappointment of investors, the strong bond rally did not materialise and investors instead were served with a seesaw of hopeful rallies followed by volatile selloffs as bonds struggled to hold on to gains.

MANAGER'S REPORT

The Malaysian Government Securities ("MGS") benchmark 3-year, 5-year, and 10-year yields closed at 3.47%, 3.62% and 3.82% from 3.48%, 3.58% and 3.74% respectively in the previous period while the US Treasury benchmark 2-year, 5-year and 10-year yields rose to 4.42%, 4.38%, and 4.57% from 4.25%, 3.85%, and 3.88% previously. The Malaysian Ringgit appreciated against the US Dollar during the period in review closing at RM4.47 from RM4.59.

Malaysia's Gross Domestic Product ("GDP") accelerated to 5.3% Year-on-Year ("Y-o-Y") in the third quarter of 2024 compared to the 2.9% Y-o-Y expansion in the second quarter of 2024. In the third quarter, all expenditure components showed positive quarter-on-quarter growth except for private consumption. Investments rose 5.7% likely driven by government development spending and interest in data centres and E&E segments. However, the supply-side sectors experienced softer growth with construction at 5.7% and manufacturing at 2.0%. The Business Condition Index compiled by the Malaysia Institute of Economic Research increased to 104.9 in the third quarter of 2024, compared to 86.2 in the previous quarter.

8. Market Outlook and Strategy

The Federal Reserve has initiated its rate-cutting cycle in September 2024 with a 50 basis point ("bp") reduction which was a larger move than market expectations and subsequently cut another 25bp in November and December 2024 totalling 100bp in cuts. We foresee additional rate cuts ahead, though at a more measured pace given the underlying resilience of the U.S. economy. In the short term, we remain constructive on the U.S. economic outlook but challenges still persist in the case of China as recent economic data continues to signal weakness particularly in household consumption and discretionary spending.

We believe the Fed's easing cycle presents a favourable backdrop for emerging markets as the anticipated narrowing of yield differentials between U.S. Treasuries and EM bonds could support emerging market currencies. Despite strong year-to-date performance in ASEAN equities, valuations remain compelling with key metrics still trading around their 10-year historical averages. Moreover, many ASEAN indices are yet to recover to pre-pandemic levels suggesting

MANAGER'S REPORT

further upside potential. While we maintain a cautiously optimistic view on near-term risk assets, we acknowledge the potential for volatility in the months ahead. Our strategy remains focused on disciplined analysis and selective positioning aiming to identify mispricings and capitalize on market dislocations to optimize our portfolios in this evolving environment.

9. Changes made to the Fund's prospectus

There were no changes made to the Fund's prospectus during the reported period.

10. Soft Commission

The Manager had received a soft commission (in the form of goods and services) during the year under review, which intended to bring direct benefit or advantage to the management of KFF from one broker/dealer by virtue of transactions conducted for KFF. The broker/dealer had also executed trades for other funds or investments managed by the Manager.

The soft commission received is in the form of research services that can add value to the investment process by analysing data to extract insights and arrive at meaningful conclusions. Such data assists the Manager in the investment decision-making process which is of demonstrable benefit to unit holders of KFF and other funds or investments managed by the Manager.

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

KEY PERFORMANCE DATA

Portfolio Composition	As At 31 December		
	2024	2023	2022
	(Percentage of NAV)		
	%	%	%
Quoted Equities			
Construction	3.81	2.11	1.43
Consumer Products & Services	3.88	6.43	7.93
Energy	16.15	14.36	11.45
Financial Services	1.97	2.47	2.21
Health care	-	-	0.94
Industrial Products & Services	14.33	9.03	7.00
Technology	8.22	18.83	19.40
Telecommunications & Media	4.02	1.88	1.80
Transportation & Logistics	4.91	-	2.06
Utilities	-	3.03	2.24
Total Quoted Equities	57.29	58.14	56.46
Collective investment schemes	25.15	19.34	19.39
Unquoted Fixed-Income Securities			
Unquoted Bonds	-	-	9.31
Liquid and other assets	17.56	22.52	14.84
Total	100.00	100.00	100.00
Total return for the year	(RM'000)	(RM'000)	(RM'000)
Capital growth	(143)	1,819	(885)
Income Distribution	2,131	384	(1,264)

Performance	Income Return	Capital Return	Annual Total Return	
	%	%	KFF %	Benchmark %
Financial year ended				
31.12.2024	2.28	6.35	8.78	8.79
31.12.2023	2.40	7.64	10.23	(0.47)
31.12.2022	2.59	(10.70)	(8.39)	(1.75)
31.12.2021	3.07	(0.65)	2.41	(1.36)
31.12.2020	5.31	20.32	26.70	2.79

KEY PERFORMANCE DATA

	Average Annual Return	
	KFF %	Benchmark %
One (1) year	8.78	8.79
Three (3) years	3.28	2.13
Five (5) years	8.51	1.57

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

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

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

An illustration of the above would be as follow:-

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

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

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

KEY PERFORMANCE DATA

NAV and Units in Circulation	As at 31 December		
	2024	2023	2022
Total NAV (RM'000)	22,667	22,968	21,828
Units in Circulation (in '000)	51,480	55,480	56,759
NAV per unit (RM)	0.4403	0.4140	0.3846
Unit Prices for the year (RM per unit)			
NAV (year high)	0.4952	0.4279	0.4345
NAV (year low)	0.4138	0.3866	0.3635
NAV (year high, ex-distribution)	0.4377	0.4162	0.3855
NAV (year low, ex-distribution)	0.4377	0.4162	0.3855
NAV	0.4403	0.4140	0.3846
Distribution Per Unit			
Final - gross/net (sen per unit)	1.00	1.00	1.00
Payment date	16-Dec-24	15-Dec-23	23-Dec-22
Unit Split (unit)	Nil	Nil	Nil
Total Expense Ratio ("TER")	1.73%	1.72%	1.69%
Portfolio Turnover Ratio ("PTR")	0.41 times	0.49 times	0.55 times

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

The TER was higher than those of the previous years due to overall increase in Fund's expenses during the year under review (refer to Note 14).

The PTR was lower than the previous years due to decrease in portfolio rebalancing activities undertaken by the Fund (refer to Note 15).

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

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF KAF FIRST FUND

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

- The Fund is being managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deed, Supplemental Deed, other provisions of the Deed, the SC's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- Valuation/pricing is carried out in accordance with the Deed and any regulatory requirements; and
- Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements.

During the financial year, a total distribution of 1.00 sen per unit (net) has been distributed to the unit holders of the Fund. We are of the view that the distribution is consistent with the objective of the Fund.

For and on behalf of the Trustee,
UNIVERSAL TRUSTEE (MALAYSIA) BERHAD

AHMAD MAHADI LOURDSAMY BIN ABDULLAH
Assistant Manager

Kuala Lumpur, Malaysia
26 February 2025

STATEMENT BY THE MANAGER

TO THE UNIT HOLDERS OF
KAF FIRST FUND

We, **Datuk Khatijah Ahmad** and **Mohammed Reza Tan Sri Abu Talib**, two of the Directors of **KAF Investment Funds Berhad**, do hereby state that, in the opinion of the Manager, the audited financial statements set out on pages 17 to 64 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 December 2024 and of its financial performance, changes in equity and cash flows of the Fund for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
KAF Investment Funds Berhad

Datuk Khatijah Ahmad **Mohammed Reza Tan Sri Abu Talib**
Director Executive Director

Kuala Lumpur, Malaysia
26 February 2025

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF FIRST FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, comprising material accounting policy information, and other explanatory information, as set out on pages 17 to 64.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF FIRST FUND

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF
KAF FIRST FUND

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

TO THE UNIT HOLDERS OF
KAF FIRST FUND

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

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

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

Kuala Lumpur, Malaysia

26 February 2025

	Note	2024 RM	2023 RM
INCOME			
Dividend income		274,743	356,792
Interest income from financial assets at fair value through profit or loss		-	18,640
Interest income from financial assets at amortised cost		152,960	141,235
Net gain on financial assets at fair value through profit or loss	6	2,033,591	2,121,975
		<u>2,461,294</u>	<u>2,638,642</u>
EXPENSES			
Manager's fee	3	(356,811)	(341,755)
Trustee's fee	4	(13,894)	(13,392)
Transaction costs		(61,942)	(42,447)
Audit fee		(9,000)	(8,500)
Tax agent's fee		(6,200)	(6,200)
Other expenses		(24,965)	(23,076)
		<u>(472,812)</u>	<u>(435,370)</u>
NET PROFIT BEFORE TAXATION		1,988,482	2,203,272
TAXATION	5	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>1,988,482</u>	<u>2,203,272</u>
Net profit after taxation is made up of the following:			
Realised amount		2,131,436	384,057
Unrealised amount		(142,954)	1,819,215
		<u>1,988,482</u>	<u>2,203,272</u>

The details of the distribution are shown in Note 11 to the financial statements.

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 RM	2023 RM
ASSETS			
Cash and cash equivalents	7	4,033,390	5,167,842
Financial assets at fair value through profit or loss	6	18,686,692	17,793,885
Amount due from broker	8	-	106,702
Dividend receivables		-	17,526
TOTAL ASSETS		22,720,082	23,085,955
LIABILITIES			
CURRENT LIABILITIES			
Amount due to broker	8	-	16,061
Amount due to Manager			
- Cancellation of units		-	49,716
- Manager's fee		27,338	27,815
Amount due to Trustee		1,124	1,147
Other payables and accruals	9	24,204	23,545
TOTAL LIABILITIES		52,666	118,284
NET ASSET VALUE ("NAV") OF THE FUND		22,667,416	22,967,671
EQUITY			
Unit holders' capital		19,021,097	20,806,336
Retained earnings		3,646,319	2,161,335
TOTAL NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		22,667,416	22,967,671
NUMBER OF UNITS IN CIRCULATION	10	51,480,141	55,479,814
NAV PER UNIT		0.4403	0.4140

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
BALANCE AS AT 1 JANUARY 2024		20,806,336	2,161,335	22,967,671
Movement in unit holders' capital:				
Creation of units arising from applications		544,872	-	544,872
Creation of units arising from distribution		503,498	-	503,498
Cancellation of units		(2,833,609)	-	(2,833,609)
		<u>(1,785,239)</u>	<u>-</u>	<u>(1,785,239)</u>
Total comprehensive income for the financial year		-	1,988,482	1,988,482
Distribution	11	-	(503,498)	(503,498)
		<u>-</u>	<u>1,484,984</u>	<u>1,484,984</u>
BALANCE AS AT 31 DECEMBER 2024		19,021,097	3,646,319	22,667,416
BALANCE AS AT 1 JANUARY 2023		21,326,525	501,699	21,828,224
Movement in unit holders' capital:				
Creation of units arising from applications		215,110	-	215,110
Creation of units arising from distribution		543,636	-	543,636
Cancellation of units		(1,278,935)	-	(1,278,935)
		<u>(520,189)</u>	<u>-</u>	<u>(520,189)</u>
Total comprehensive income for the financial year		-	2,203,272	2,203,272
Distribution	11	-	(543,636)	(543,636)
		<u>-</u>	<u>1,659,636</u>	<u>1,659,636</u>
BALANCE AS AT 31 DECEMBER 2023		20,806,336	2,161,335	22,967,671

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported year. It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note L.

	Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		11,390,807	13,075,291
Purchase of investments		(10,239,281)	(9,975,905)
Dividends received		292,269	352,631
Interest received		152,960	189,103
Manager's fee paid		(339,332)	(322,977)
Trustee's fee paid		(13,917)	(13,346)
Payment of other fees and expenses		(39,505)	(36,340)
Net cash generated from operating activities		1,204,001	3,268,457
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		544,872	215,110
Payments for cancellation of units		(2,883,325)	(1,229,219)
Net cash used in financing activities		(2,338,453)	(1,014,109)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(1,134,452)	2,254,348
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		5,167,842	2,913,494
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	4,033,390	5,167,842
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash at bank		16,767	18,200
Deposit with a licensed financial institution		4,016,623	5,149,642
	7	4,033,390	5,167,842

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

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

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

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

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

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

B INCOME RECOGNITION

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

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

B INCOME RECOGNITION (CONT'D)

Realised gains or losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, which is determined on a weighted average cost basis (for equity securities) or cost adjusted for accretion of discount or amortisation of premium (for fixed-income securities).

C DISTRIBUTION

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

D TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profits earned during the financial year.

E FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation currency.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

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

The Fund classifies cash and cash equivalents, amount due from broker and dividend receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to broker, amount due to Manager, amount due to Trustee and other payables and accruals as financial liabilities measured at amortised cost.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(ii) Recognition and measurement

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

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

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

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

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

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

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(ii) Recognition and measurement (cont'd)

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

Unquoted fixed-income securities are revalued to reflect its fair value on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission Malaysia ("SC") as per the SC's Guidelines on Unit Trust Funds. Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed-income security differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price and keeps as audit trail of all decisions and basis for adopting the use of non-BPA price.

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

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(iii) Impairment for assets carried at amortised cost

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

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

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

Qualitative criteria:

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

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

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

Write-off

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

G CASH AND CASH EQUIVALENTS

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

H AMOUNT DUE FROM/(TO) BROKERS

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

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

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

I TRANSACTION COSTS

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

J CREATION AND CANCELLATION OF UNITS

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

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

K UNIT HOLDERS' CAPITAL

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

K UNIT HOLDERS' CAPITAL (CONT'D)

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

L CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

KAF First Fund (hereinafter referred to as “the Fund”) was constituted pursuant to a Deed dated 22 December 1995, between KAF Investment Funds Berhad (“the Manager”) and Universal Trustee (Malaysia) Berhad (“the Trustee”) as well as subsequent issuance of the 1st Supplementary Deed dated 8 July 1996, 2nd Supplementary Deed dated 8 January 1999, 3rd Supplementary Deed dated 27 July 2001, 4th Supplementary Deed dated 9 January 2014, 5th Supplementary Deed dated 12 March 2015 and 6th Supplementary Deed dated 20 March 2023 (collectively referred to as “the Deeds”).

The principal activity of the Fund is to invest in “Permitted Investments” as defined under Article 7 of the Deed, which includes securities and shares of companies quoted on Bursa Securities, fixed-income securities and short-term investments. The Fund commenced operations on 16 January 1996 and will continue its operations until terminated according to the conditions in the Deed.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund as at financial year end are as follows:

Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
RM	RM	RM

2024

Cash and cash equivalents	-	4,033,390	4,033,390
Financial assets at fair value through profit or loss	18,686,692	-	18,686,692
	<u>18,686,692</u>	<u>4,033,390</u>	<u>22,720,082</u>

2023

Cash and cash equivalents	-	5,167,842	5,167,842
Financial assets at fair value through profit or loss	17,793,885	-	17,793,885
Amount due from broker	-	106,702	106,702
Dividend receivables	-	17,526	17,526
	<u>17,793,885</u>	<u>5,292,070</u>	<u>23,085,955</u>

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

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

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

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

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

Market risk

(a) Price risk

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

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

	2024 RM	2023 RM
Investments		
Quoted equities at fair value through profit or loss	12,986,378	13,351,801
Collective investment schemes at fair value through profit or loss	5,700,314	4,442,084
	<u>18,686,692</u>	<u>17,793,885</u>

The following table summarises the sensitivity of the Fund's investments to price risk movements as at 31 December. The analysis is based on the assumptions that the market price increased and decreased by 5% (2023: 5%) with all other variables held constant. This represent management's best estimate of a reasonable possible shift in the quoted equities, having regard to the historical volatility of the prices. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

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

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

Market risk (cont'd)

(a) Price risk (cont'd)

	Change in price %	Impact on profit before taxation/ NAV RM
2024		
Quoted equities at fair value through profit or loss	+/- 5	<u>649,319</u>
Collective investment schemes at fair value through profit or loss	+/- 5	<u>285,016</u>
2023		
Quoted equities at fair value through profit or loss	+/- 5	<u>667,590</u>
Collective investment schemes at fair value through profit or loss	+/- 5	<u>222,104</u>

(b) Interest rate risk

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

The Fund's exposure to the interest rate risk is mainly confined to unquoted fixed-income security and short-term deposit with a licensed financial institution. Interest rate risk is actively managed by duration targeting based on the interest rate outlook. The Manager overcomes the exposure to interest rate risk of short-term deposit with a licensed financial institution by way of maintaining deposit with a licensed financial institution on a short-term basis.

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

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

Market risk (cont'd)

(b) Interest rate risk (cont'd)

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

	Weighted average interest rate		Average remaining maturities	
	2024 %	2023 %	2024 Days	2023 Days
Deposits with a licensed financial institution	3.20	3.06	2	3

Liquidity risk

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

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

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

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

Liquidity risk (cont'd)

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

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

As at 31 December 2024

Amount due to Manager			
- Manager's fee	27,338	-	27,338
Amount due to Trustee	1,124	-	1,124
Other payables and accruals	-	24,204	24,204
Contractual undiscounted cash outflows	28,462	24,204	52,666

As at 31 December 2023

Amount due to brokers	16,061	-	16,061
Amount due to Manager			
- Cancellation of units	49,716	-	49,716
- Manager's fee	27,815	-	27,815
Amount due to Trustee	1,147	-	1,147
Other payables and accruals	-	23,545	23,545
Contractual undiscounted cash outflows	94,739	23,545	118,284

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

Credit risk

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

Credit risk arising from unquoted fixed-income security can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund.

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

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

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

	2024 RM	2023 RM
Cash and cash equivalents	4,033,390	5,167,842
Other assets*	-	124,228
	<u>4,033,390</u>	<u>5,292,070</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

Credit risk (cont'd)

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

	Cash and cash equivalents	Other assets*	Total
	RM	RM	RM

As at 31 December 2024

Financial services

- AA3	4,016,623	-	4,016,623
- A1	16,767	-	16,767
	<u>4,033,390</u>	<u>-</u>	<u>4,033,390</u>

As at 31 December 2023

Financial services

- AAA	2,385,388	-	2,385,388
- AA3	2,764,254	-	2,764,254
- A1	18,200	-	18,200

Others

- not rated	-	124,228	124,228
	<u>5,167,842</u>	<u>124,228</u>	<u>5,292,070</u>

* Other assets comprise amount due from broker and dividend receivables.

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

Capital risk

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

Fair value estimation

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

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

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

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

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

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

Fair value hierarchy

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

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

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

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

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

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

Fair value hierarchy (cont'd)

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
As at 31 December 2024				
Financial assets at fair value through profit or loss				
- Quoted equities	12,986,378	-	-	12,986,378
- Collective investment schemes	5,700,314	-	-	5,700,314
	<u>18,686,692</u>	<u>-</u>	<u>-</u>	<u>18,686,692</u>

As at 31 December 2023

Financial assets at fair value through profit or loss

- Quoted equities	13,351,801	-	-	13,351,801
- Collective investment schemes	4,442,084	-	-	4,442,084
	<u>17,793,885</u>	<u>-</u>	<u>-</u>	<u>17,793,885</u>

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

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

Fair value hierarchy (cont'd)

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

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

3. MANAGER'S FEE

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

The Manager's fee provided in the financial statements is computed on this basis at a rate of 1.50% (2023: 1.50%) per annum.

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

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

4. TRUSTEE'S FEE

Clause 14.2.2 of the Deed provides that the Trustee is entitled to a fee not exceeding the following sums:

Size of Fund	Fee
First RM20 million	RM12,000
Next RM20 million	RM10,000
Next RM20 million	RM 8,000
Next RM20 million	RM 6,000
Next RM20 million	RM 4,000
Any amount above RM100 million	RM15,000

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

5. TAXATION

	2024 RM	2023 RM
Current taxation		
- Malaysia taxation	-	-

The numerical reconciliation between net profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	2024 RM	2023 RM
Net profit before taxation	1,988,482	2,203,272
Taxation at Malaysian statutory rate of 24% (2023: 24%)	477,236	528,785
Tax effects of:		
Investment income not subject to tax	(590,711)	(633,274)
Expenses not deductible for tax purposes	20,145	16,712
Restriction on tax deductible expenses for unit trust funds	93,330	87,777
Tax expense	-	-

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

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RM	2023 RM
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	2,158,588	285,291
- unrealised (loss)/gain on fair value movement	(142,954)	1,819,215
- management fee rebate on collective investment schemes#	17,957	17,469
	2,033,591	2,121,975
Financial assets at fair value through profit or loss:		
- Quoted equities	12,986,378	13,351,801
- Collective investment schemes	5,700,314	4,442,084
	18,686,692	17,793,885

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

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

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2024 expressed as	
			as at 31/12/2024	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Construction

Kimlun Corporation Berhad	300,000	397,650	360,000	1.59
Muhibbah Engineering (M) Berhad	625,000	376,338	503,125	2.22
	925,000	773,988	863,125	3.81

Consumer Products & Services

Able Global Berhad	199,600	414,725	385,228	1.70
Farm Price Holdings Berhad	1,000,000	405,000	495,000	2.18
	1,199,600	819,725	880,228	3.88

Energy

Bumi Armada Berhad	1,564,500	419,959	1,024,747	4.52
Carimin Petroleum Berhad	550,000	463,172	445,500	1.97
Coastal Contracts Berhad	100,000	164,670	152,000	0.67

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

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2024 expressed as	
			as at 31/12/2024	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Energy

Dayang Enterprise Holdings Berhad	280,000	454,860	585,200	2.58
Keyfield International Berhad	197,000	423,066	429,460	1.89
Perdana Petroleum Berhad	2,200,000	445,940	550,000	2.43
T7 Global Berhad	500,000	241,000	242,500	1.07
UZMA Berhad	300,000	183,000	231,000	1.02
	5,691,500	2,795,667	3,660,407	16.15

Financial Services

Tune Protect Group Berhad	1,416,900	496,150	446,324	1.97
---------------------------	-----------	---------	---------	------

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2024 expressed as		percentage of NAV of Fund
			as at 31/12/2024	expressed as	
	Units	RM	RM		%

QUOTED EQUITIES

Industrial Products & Services

EG Industries Berhad	500,000	429,650	1,225,000		5.40
Elridge Energy Holdings Berhad	600,000	235,090	252,000		1.11
HSS Engineers Berhad	543,500	700,888	559,805		2.47
Hume Cement Industries Berhad	200,000	627,920	638,000		2.81
Northeast Group Berhad	260,900	137,546	156,540		0.69
Pantech Group Holdings Berhad	453,700	279,570	419,673		1.85
	<u>2,558,100</u>	<u>2,410,664</u>	<u>3,251,018</u>		<u>14.33</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2024 expressed as		percentage of NAV of Fund
			as at 31/12/2024	expressed as	
	Units	RM	RM		%

QUOTED EQUITIES

Technology

Frontken Corporation Berhad	150,000	394,512	669,000		2.95
Inari Amertron Berhad	100,000	269,000	306,000		1.35
Infoline Tec Group Berhad	300,000	240,000	286,500		1.26
Infomina Berhad	50,200	49,156	69,276		0.31
Notion VTec Berhad	400,000	411,520	532,000		2.35
	<u>1,000,200</u>	<u>1,364,188</u>	<u>1,862,776</u>		<u>8.22</u>

Telecommunications & Media

OCK Group Berhad	900,000	513,000	436,500		1.93
REDtone Digital Berhad	550,000	502,315	473,000		2.09
	<u>1,450,000</u>	<u>1,015,315</u>	<u>909,500</u>		<u>4.02</u>

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

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2024 expressed as	
			as at 31/12/2024	percentage of NAV of Fund
	Units	RM	RM	%
QUOTED EQUITIES				
Transportation & Logistics				
AGX Group Berhad	1,200,000	420,000	672,000	2.96
Sealink International Berhad	1,400,000	482,580	441,000	1.95
	<u>2,600,000</u>	<u>902,580</u>	<u>1,113,000</u>	<u>4.91</u>
TOTAL QUOTED EQUITIES	<u>16,841,300</u>	<u>10,578,277</u>	<u>12,986,378</u>	<u>57.29</u>
UNREALISED GAIN ON QUOTED EQUITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>2,408,101</u>		
FAIR VALUE OF TOTAL QUOTED EQUITIES		<u>12,986,378</u>		

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

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

Details of collective investment schemes as at 31 December 2024 are set out as follows:

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2024 expressed as	
			as at 31/12/2024	percentage of NAV of Fund
	Units	RM	RM	%
COLLECTIVE INVESTMENT SCHEMES				
Unit Trust				
KAF Bond Fund*	13,452	3,190,583	3,397,531	14.99
KAF Sukuk Fund*	14,001	2,300,000	2,302,783	10.16
	<u>27,453</u>	<u>5,490,583</u>	<u>5,700,314</u>	<u>25.15</u>
TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>27,453</u>	<u>5,490,583</u>	<u>5,700,314</u>	<u>25.15</u>
UNREALISED GAIN ON COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS				
			<u>209,731</u>	
FAIR VALUE OF TOTAL COLLECTIVE INVESTMENT SCHEMES			<u>5,700,314</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2023 expressed as	
			as at 31/12/2023	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Construction

Muhibbah Engineering (M) Berhad	625,000	376,338	484,375	2.11
---------------------------------	---------	---------	---------	------

Consumer Products & Services

Genting Berhad	200,000	842,920	924,000	4.02
Genting Malaysia Berhad	200,000	446,140	538,000	2.34
MSM Malaysia Holdings Berhad	10,000	16,000	16,100	0.07
	410,000	1,305,060	1,478,100	6.43

Energy

Bumi Armada Berhad	1,564,500	419,959	774,427	3.37
Carimin Petroleum Berhad	550,000	463,172	445,500	1.94
Coastal Contracts Berhad	100,000	164,670	165,000	0.72

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2023 expressed as	
			as at 31/12/2023	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Energy

Dayang Enterprise Holdings Berhad	280,000	454,860	448,000	1.95
Hibiscus Petroleum Berhad	280,000	580,060	711,200	3.10
Perdana Petroleum Berhad	2,200,000	445,940	440,000	1.92
T7 Global Berhad	200,000	88,000	88,000	0.38
UZMA Berhad	300,000	183,000	225,000	0.98
	5,474,500	2,799,661	3,297,127	14.36

Financial Services

Tune Protect Group Berhad	1,416,900	496,150	566,760	2.47
---------------------------	-----------	---------	---------	------

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2023 expressed as	
			as at 31/12/2023	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Industrial Products & Services

Aurelius Technologies Berhad	44,900	102,251	116,740	0.51
Cape EMS Berhad	320,000	448,128	339,200	1.48
CPE Technology Berhad	460,100	492,307	457,800	1.99
EG Industries Berhad	500,000	429,650	750,000	3.27
EG Industries Berhad - WA	250,000	-	-	-
Pantech Group Holdings Berhad	453,700	279,570	408,330	1.78
	<u>2,028,700</u>	<u>1,751,906</u>	<u>2,072,070</u>	<u>9.03</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2023 expressed as	
			as at 31/12/2023	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Technology

D & O Green Technologies Berhad	100,000	410,116	362,000	1.58
Frontken Corporation Berhad	300,000	789,023	972,000	4.23
Greatech Technology Berhad	80,000	400,000	384,000	1.67
Inari Amertron Berhad	160,000	430,400	481,600	2.10
Infoline Tec Group Berhad	500,000	400,000	380,000	1.65
Infomina Berhad	440,000	430,848	734,800	3.20
SFP Tech Holdings Berhad	880,000	197,384	844,800	3.68
Unisem (M) Berhad	49,900	147,838	165,169	0.72
	<u>2,509,900</u>	<u>3,205,609</u>	<u>4,324,369</u>	<u>18.83</u>

Telecommunications & Media

TIME dotCom Berhad	80,000	383,968	432,000	1.88
--------------------	--------	---------	---------	------

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

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

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2023 expressed as	
			as at 31/12/2023	percentage of NAV of Fund
	Units	RM	RM	%

QUOTED EQUITIES

Utilities

YTL Corporation Berhad	100,000	92,570	189,000	0.82
YTL Power International Berhad	200,000	245,369	508,000	2.21
	300,000	337,939	697,000	3.03

TOTAL QUOTED EQUITIES	12,845,000	10,656,631	13,351,801	58.14
------------------------------	-------------------	-------------------	-------------------	--------------

UNREALISED GAIN ON QUOTED EQUITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

2,695,170

FAIR VALUE OF TOTAL QUOTED EQUITIES	13,351,801
--	-------------------

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

Details of collective investment scheme as at 31 December 2023 are set out as follows:

Name of counter	Quantity	Aggregate cost	Fair value as at 31/12/2023 expressed as	
			as at 31/12/2023	percentage of NAV of Fund
	Units	RM	RM	%

COLLECTIVE INVESTMENT SCHEME

Unit Trust

KAF Bond Fund*	18,452	4,376,468	4,442,084	19.34
----------------	--------	-----------	-----------	-------

TOTAL COLLECTIVE INVESTMENT SCHEME	18,452	4,376,468	4,442,084	19.34
---	---------------	------------------	------------------	--------------

UNREALISED GAIN ON COLLECTIVE INVESTMENT SCHEME AT FAIR VALUE THROUGH PROFIT OR LOSS

65,616

FAIR VALUE OF TOTAL COLLECTIVE INVESTMENT SCHEME	4,442,084
---	------------------

*Fund managed by the Manager of the Fund.

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

7. CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Cash at bank	16,767	18,200
Deposit with a licensed financial institution*	4,016,623	5,149,642
	4,033,390	5,167,842

* A total of RM4,016,623 (2023: RM2,764,254) of short-term deposit is placed with KAF Investment Bank Berhad, the intermediate holding company of the Manager.

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

8. AMOUNT DUE FROM/(TO) BROKERS

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

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

9. OTHER PAYABLES AND ACCRUALS

	2024 RM	2023 RM
Audit and tax agent's fees	17,204	16,245
Sundry accruals	7,000	7,300
	24,204	23,545

10. NUMBER OF UNITS IN CIRCULATION

	2024 Number of units	2023 Number of units
At the beginning of the financial year	55,479,814	56,758,624
Creation of units arising from applications	1,180,000	520,000
Creation of units arising from distribution	1,150,327	1,306,190
Cancellation of units	(6,330,000)	(3,105,000)
At the end of the financial year	51,480,141	55,479,814

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

11. DISTRIBUTION

	2024 RM	2023 RM
Gross/Net distribution for the financial year: Final, declared and; reinvested on 16/12/2024 (2023:15/12/2023)	503,498	543,636
Distribution to unit holders are from the following sources:		
Realised gain on sale of investment	428,943	-
Prior years' realised income	516,700	937,689
Gross realised income	945,643	937,689
Less:		
Expenses	(442,145)	(394,053)
Distribution for the financial year	503,498	543,636
Gross/Net distribution per unit (sen)	1.00	1.00

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

The distribution is made from current and prior years' net realised income.

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

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

12. TRANSACTIONS WITH BROKERS

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

Name of brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage %
2024				
Phillip Capital Sdn Bhd	2,880,014	16.04	5,760	14.62
RHB Investment Bank Berhad	2,305,867	12.85	5,188	13.17
Public Investment Bank Berhad	2,077,356	11.57	4,674	11.87
UBS Securities Malaysia Sdn Bhd	1,923,393	10.72	3,462	8.79
Affin Hwang Investment Bank Berhad	1,419,523	7.91	2,444	6.20
Maybank Investment Bank Berhad	1,095,060	6.10	2,190	5.56
MIDF Amanah Investment Bank Berhad	1,065,726	5.94	2,131	5.41
Hong Leong Investment Bank Berhad	993,107	5.53	1,837	4.66
UOB Kay Hian Securities (M) Sdn Bhd	926,420	5.16	1,853	4.70
CGS International Securities Malaysia Sdn Bhd	846,480	4.72	1,086	2.76
Others	2,416,464	13.46	8,768	22.26
	17,949,410	100.00	39,393	100.00

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

12. TRANSACTIONS WITH BROKERS (CONT'D)

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

Name of brokers	Percentage of total trades		Percentage of total Brokerage fees	
	Value of trades RM	%	RM	%
2023				
KAF Equities Sdn Bhd* Public Investment Bank Berhad	5,138,452	41.70	11,595	47.05
Maybank Investment Bank Berhad	2,141,714	17.38	4,819	19.55
Affin Hwang Investment Bank Berhad	1,721,848	13.97	3,444	13.97
Hong Leong Investment Bank Berhad	1,141,204	9.26	2,282	9.26
KAF Investment Bank Berhad#	923,019	7.49	1,718	6.97
CIMB Investment Bank Berhad	492,307	3.99	-	-
Kenanga Investment Bank Berhad	488,975	3.97	578	2.35
RHB Investment Bank Berhad	183,000	1.48	-	-
	93,203	0.76	210	0.85
	12,323,722	100.00	24,646	100.00

#The intermediate holding company of the Manager.

*A related company to the Manager.

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

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

13. UNITS HELD BY THE MANAGER AND RELATED PARTIES

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

Related parties	Relationships
KAF Investment Funds Berhad	The Manager
KAF-Seagroatt & Campbell Berhad	Immediate holding company of the Manager
AKKA Sdn Bhd	Ultimate holding company of the Manager
Subsidiaries and associates of the ultimate holding company of the Manager as disclosed in its financial statements	Subsidiaries and associated companies of the ultimate holding company of the Manager

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

	2024		2023	
	No. of units	RM	No. of units	RM
KAF Investment Funds Berhad	17,097	7,528	4,335	1,795

The above units were transacted at the prevailing market price. All related party units are held legally.

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

CORPORATE INFORMATION

14. TOTAL EXPENSE RATIO ("TER")

	2024	2023
TER	1.73%	1.72%

TER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis was RM23,786,407 (2023: RM22,782,725).

15. PORTFOLIO TURNOVER RATIO ("PTR")

	2024	2023
PTR	0.41 times	0.49 times

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2}{\text{Average NAV of the Fund for the financial year calculated on a daily basis}}$$

where: total acquisition for the financial year
= RM10,194,735 (2023: RM9,973,506)
total disposal for the financial year
= RM9,158,975 (2023: RM12,557,167)

Manager

KAF Investment Funds Berhad
Reg. No: 199501004999

Registered Office

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

Business Office

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

Board of Directors

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

Secretary

Siti Nurmazita binti Mustapha (LS 0009160)

Trustee

Universal Trustee (Malaysia) Berhad

Auditor & Reporting Accountant

PricewaterhouseCoopers PLT

Tax Adviser

PricewaterhouseCoopers Taxation Services Sdn Bhd

Banker

Alliance Bank Malaysia Berhad

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

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