



INVESTMENT FUNDS BERHAD

Master Prospectus

Name of the Funds	Constitution Date
KAF First Fund	22 December 1995
KAF Vision Fund	24 January 2000
KAF Enhanced Bond Fund	27 December 2001
KAF Tactical Fund	29 July 2004
KAF Core Income Fund	29 July 2004
KAF Jade Fund	26 July 2006
KAF Money Market Fund	26 July 2006
KAF Bond Fund	26 July 2006

Manager:

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

Trustees:

Universal Trustee (Malaysia) Berhad - Registration No: 197401000629 (17540-D)

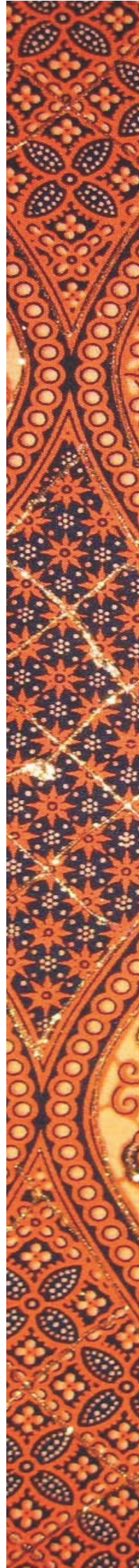
RHB Trustees Berhad - Registration No: 200201005356 (573019-U)

CIMB Commerce Trustee Berhad - Registration No: 199401027349 (313031-A)

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 46.

THIS MASTER PROSPECTUS IS DATED 30 SEPTEMBER 2023. THIS IS A REPLACEMENT MASTER PROSPECTUS THAT REPLACES AND SUPERSEDES THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017, THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017, THE THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018, THE FOURTH SUPPLEMENTARY MASTER PROSPECTUS DATED 23 NOVEMBER 2018, THE FIFTH SUPPLEMENTARY MASTER PROSPECTUS DATED 22 MARCH 2019, THE SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019 AND THE SEVENTH 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.

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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.
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.
FBM KLCI	FTSE Bursa Malaysia Kuala Lumpur Composite Index.
FTSE	Financial Times Stock Exchange.
FTSE Emas	FTSE Bursa Malaysia Emas Index.
Fund (respectively) Funds (collectively)	or KAF First Fund (“ KFF ”); or KAF Vision Fund (“ KVF ”); or KAF Enhanced Bond Fund (“ KEBF ”); or KAF Tactical Fund (“ KTF ”); or KAF Core Income Fund (“ KCIF ”); or KAF Jade Fund (“ KJF ”); or KAF Money Market Fund (“ KMMF ”); or KAF Bond Fund (“ KBF ”).

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.
MSCI	Morgan Stanley Capital International.
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.
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).
short-term	A period of not more than one (1) year.
short term debt securities / short-term money market instruments	Means a debt security or a money market instrument that meets the following criteria: <ul style="list-style-type: none"> (a) It must meet either one of the following requirements: <ul style="list-style-type: none"> (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 a debt security or a money market instrument 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.
short-term deposits	Means a deposit with a tenure of not more than 12 months.

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 **KFF**, **KTF** and **KCIF**.

CIMB Commerce Trustee Berhad in respect of **KEBF**, **KJF**, **KMMF** and **KBF**.

RHB Trustees Berhad in respect of **KVF**.

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 address: ***investmentfund@kaf.com.my***

Trustee in respect of KFF, KTF and KCIF

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***
Email address: ***unitrust@utmb.com.my***

Trustee in respect of KEBF, KJF, KMMF and KBF

Name: CIMB Commerce 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 address: ***ss.corptrust@cimb.com***

Trustee in respect of KVF

Name: RHB Trustees Berhad
Registered address: Level 10, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Telephone number: 03-9287 8888
Facsimile number: 03-9280 6507

Business address: Level 11, Tower Three
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Telephone number: 03-9280 5933
Facsimile number: 03-9280 5934
Website: ***www.rhbgroup.com***
Email address: ***rhbt.ut@rhbgroup.com / rhbtrustees@rhbgroup.com***

CHAPTER 3: DETAILED INFORMATION ON THE FUND

3.1 Information on KAF First Fund

Fund category	Balanced.
Fund type	Income and growth.
Investor profile	The Fund is suitable for investors who: <ul style="list-style-type: none">▪ want a professionally managed portfolio of equities and fixed-income securities;▪ have a medium to long-term investment horizon of three (3) to five (5) years or more; and▪ want to achieve an adequate level of regular income and capital gain at an acceptable level of risk.
Distribution policy	Income distribution (if any) is incidental*. *Note: 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	16 January 1996.

3.1.1 Investment objective

The Fund's investment objective is to provide medium to long-term investors with a reasonable level of income and capital growth.

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:

Equities	Minimum 40% and maximum 60%
Fixed-income securities and 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 stock 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, stock and 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 asset allocation appropriately between equities, bonds and money market instruments.

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 liquid assets/cash and/or money market instruments. The Manager will then decide on the best appropriate asset allocation strategy and reallocate the Fund's equity investment into other more defensive investments. The weighting for equity investments then may be scaled down to not less than 20% of the Fund's NAV.

For **equity securities**, the Manager adopts a bottom-up approach in selecting equities after having ascertained the direction of the economy. Portfolio construction will focus on the category of stocks, 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 stocks 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 stocks 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; and
- Sustainable financial performance.

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

To mitigate risks, the Manager may also invest (when necessary) in futures contracts and options to hedge against market volatility and protect the Fund's value. Futures contract will only be used to hedge against the Fund's equity exposure from any unexpected price movements in the underlying market.

For **fixed-income securities**, the Fund will at all times place/invest its non-equity investments in money market deposits, Malaysian Government Securities ("MGS") and a diversified portfolio of corporate bonds (listed or unlisted) rated at least "BBB" by RAM or other approved rating agencies. The fundamental investment process for the fixed-income investments is mainly driven by the interest rate outlook over the medium to long-term horizon. The Manager will from time to time, review the economic and interest rates outlook to determine the appropriate duration for the bond investments. Regular reviews on credit ratings of bond investments are conducted to seek for

potential upgrades and avoid potential downgrades of bond investments to achieve better returns for the Fund.

Accordingly, some of the important investment criteria or principal valuations measures for selections of fixed-income securities are as follows:

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

The Manager may from time to time decide on hedging the bond investments against interest rate movements using interest rates swaps. Hedging with interest rates swap would be effective in an aggressive interest rate hikes environment.

For the purposes of the Fund's investment in 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 derivatives is calculated as the sum of the:

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

3.1.3 Liquid assets

The Fund would have a minimum level of 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 liquid asset levels beyond the stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risks when necessary.

3.1.4 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 FBM KLCI and 40% of the current Malayan Banking Berhad ("Maybank") twelve (12)-month fixed-deposit rate.

The performance of this Fund cannot be compared directly with any specific publicly available benchmark such as FBM KLCI or FTSE as the Fund is a balanced fund where investment in equities and fixed income securities are each restricted to a maximum of 60%. The combination in the benchmark is in line with the investment strategy of the Fund over medium to long term.

For information on the FBM KLCI, investors may refer to the Bursa Malaysia website at www.bursamalaysia.com.my while the Maybank twelve (12)-month fixed-deposit

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.

3.1.5 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) Securities of companies listed on Bursa Malaysia;
- (b) Securities listed on a foreign stock exchange;
- (c) Units or shares of local collective investment scheme;
- (d) Units or shares of foreign collective investment scheme;
- (e) Securities not traded in, or under the rules of an Eligible Market but 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 on a tender basis;
- (f) 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;
- (g) Malaysia Government Securities, Treasury Bills, Bank Negara Malaysia Certificates and Government Investment Certificates;
- (h) Malaysian Government Investment Issues ("GII"), Bank Negara Malaysia Monetary Notes-i/Certificates, Islamic Accepted Bills, Cagamas sukuk and any other government Islamic papers;
- (i) Malaysian currency balances in hand, Malaysian currency deposits with commercial banks, finance companies, merchant banks and Bank Islam Malaysia Berhad including Negotiable Certificates of Deposit and placements of money at call with discount houses;
- (j) Negotiable Islamic Debt Certificates ("NIDC"), General Investment Account, Islamic money market instruments, Islamic time deposit and placements of money at call with licensed financial institution;
- (k) Cagamas bonds and bankers acceptances, unlisted loan stocks and corporate bonds that are traded in the money market and either bank-guaranteed or carrying at least a BBB rating by RAM and private debt securities that have an equivalent rating by RAM;
- (l) Futures contracts traded in a futures market of an exchange company approved or an exempt futures market declared, by the Minister under the CMSA and securities lending subject to the provisions in the Guidelines;
- (m) Warrants and options including futures option and eligible exchange traded options as permitted by the Securities Commission;
- (n) Fixed-income securities of governments and companies that meet a minimum rating of 'BBB' as ascertained by reputable international rating agencies like those by Standard & Poor's or Moody's;
- (o) Fixed-income securities/sukuk and approved stock market and non-traded fixed-income securities/sukuk or any other market considered as Eligible Market and non-traded fixed-income securities which are either bank-guaranteed or rated by RAM and/or other recognised rating agencies; and
- (p) Any other form of investments as may be permitted by the Securities Commission 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 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 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 transferable securities and 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 deposit with any single financial institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements of 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 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 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 transferable securities, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC 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 a collective investment scheme must not exceed 20% of the Fund's NAV provided that the 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 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 transferable securities and 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 securities or 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 shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by a single issuer;
- (k) the Fund's investments in debt securities must not exceed 20% of the debt securities 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 debt securities in issue cannot be determined;
- (l) the Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size; and
- (m) the Fund's investment in collective investment schemes must not exceed 25% of the unit or shares in any one 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 securities or instruments issued or guaranteed by the Malaysian government or BNM.

3.2 Information on KAF Vision Fund

Fund category	Equity.
Fund type	Growth.
Investor profile	The Fund is suitable for investors who: <ul style="list-style-type: none">▪ are willing to adopt a fairly aggressive approach towards investing;▪ are willing to accept a higher level of risk in order to obtain higher growth of capital; and▪ have a medium to long-term investment horizon of three (3) to five (5) years or more.
Distribution policy	Income distribution (if any) is incidental.
Launch date	1 March 2000.

3.2.1 Investment objective

The Fund's investment objective is to provide Unit Holders with medium to long-term capital growth.

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

Asset allocation:

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

Equities	Minimum 70% and maximum 95% <ul style="list-style-type: none">• Maximum 65% of the Fund's NAV will be invested in smaller capitalised companies with market capitalisation not exceeding RM1 billion at the time of purchase.• Maximum 30% of the Fund's NAV will be invested in larger capitalised companies with market capitalisation exceeding RM1 billion at the time of purchase.
Fixed-income securities and liquid assets	Minimum 5% and maximum 30%

The process begins with a top-down view for asset allocation decisions and a bottom-up view for stock 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, stock and 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 increase / decrease the equity exposure appropriately between equities, bonds and money market instruments. The equity exposure of the Fund is expected to be within 70% to 95% in normal economic and investment circumstances.

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 a significantly higher amount of liquid assets/cash and/or money market instruments. The Manager will then decide on the best appropriate asset allocation strategy and reallocate the Fund's equity investment into other more defensive investments. The weighting for equity investments then may be scaled down to not less than 20% of the Fund's NAV.

For **equity securities**, the Fund will invest primarily in the common stocks of Malaysian companies that have the potential to grow steadily. In the selection process, the Manager will consider the price, risk, growth prospects, management quality, competitive position and prospects for investment return. The Manager will preferably concentrate on companies with the following characteristics:

- Focused and competent top management;
- Comparatively low gearing;
- Markets leaders in growing industries, with significant competitive advantages;
- High earning growth potential;
- Low stock valuation in relation to book values and earnings.

The Manager will conduct both on site company visits and financial analysis to determine the suitability of potential investments. In addition, the Manager will also take advantage of any special situation and mispricing opportunities in the market place. These opportunities generally represent short to medium-term inefficiencies in the market that are subsequently corrected to its fair value over the longer term.

Companies offering the best growth prospects over the longer term horizon tend to be small to medium-sized companies. Hence, to achieve the Fund's objective of attaining maximum capital growth in the long-term, the Fund's portfolio will have a significantly higher equities exposure in companies with market capitalisation of not more than RM1 billion at the time of purchase and above-average earnings growth.

While the Fund's primary objective is to invest in small to medium-sized companies, which would potentially realise faster earnings growth than the overall market, investments will also be made in larger capitalised companies with good earnings, growth prospect and attractive valuations. Depending on the view taken on the market, the Manager may reallocate the equity mix between the small-cap and larger cap stocks with the aim to enhance the Fund's return. For example, the Manager has the option to raise its larger cap stocks to a maximum of 30% of the Fund's NAV to take advantage of a rise in larger cap stocks, while maintaining between 30% and 65% of NAV in small-cap stocks. Similarly, the Manager may also have the option to scale down the larger cap stocks to of at least 5% of the Fund's NAV while maintaining 65% of the Fund's NAV in the smaller cap stocks.

Below is an illustration on combination of equity mix between the small-cap and large-cap stocks in a bearish and bullish market.

Market view	Bearish	Bullish
Small-caps	30% - 65 % of NAV	65% of NAV
Large-caps	5% - 30 % of NAV	30% of NAV
Total equity exposure	70% (minimum) of NAV	95% (maximum) of NAV

To mitigate risks, the Manager may also invest (when necessary) in futures and options contracts to hedge against market volatility and protect the Fund's value. Futures contract will only be used to hedge against the Fund's equity exposure from any unexpected price movements in the underlying market. For the purposes of the Fund's investment in 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 derivatives is calculated as the sum of the:

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

The Manager will ensure that any funds not invested in equities will be invested in fixed-income securities and money market instruments.

3.2.3 Liquid assets

The Fund would have a minimum level of 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 liquid asset levels beyond the stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risks 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 is the FTSE Emas.

For information on the FTSE Emas, 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.

3.2.5 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) Securities of companies listed on Bursa Malaysia;
- (b) Securities listed on a foreign stock exchange;
- (c) Units or shares of local collective investment scheme;
- (d) Units or shares of foreign collective investment scheme;

- (e) Securities not traded in, or under the rules of an Eligible Market but 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 on a tender basis;
- (f) 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;
- (g) Malaysia Government Securities, Treasury Bills, Bank Negara Malaysia Certificates and Government Investment Certificates;
- (h) Malaysian Government Investment Issues (“GII”), Bank Negara Malaysia Monetary Notes-i/Certificates, Islamic Accepted Bills, Cagamas sukuk and any other government Islamic papers;
- (i) Malaysian currency balances in hand, Malaysian currency deposits with commercial banks, finance companies, merchant banks and Bank Islam Malaysia Berhad including Negotiable Certificates of Deposit and placements of money at call with discount houses;
- (j) Negotiable Islamic Debt Certificates (“NIDC”), General Investment Account, Islamic money market instruments, Islamic time deposit and placements of money at call with licensed financial institution;
- (k) Cagamas bonds and bankers acceptances, unlisted loan stocks and corporate bonds that are traded in the money market and either bank-guaranteed or carrying at least a BBB rating by RAM and private debt securities that have an equivalent rating by RAM;
- (l) Futures contracts traded in a futures market of an exchange company approved or an exempt futures market declared, by the Minister under the CMSA and securities lending subject to the provisions in the Guidelines;
- (m) Warrants and options including futures option and eligible exchange traded options as permitted by the Securities Commission;
- (n) Fixed-income securities of governments and companies that meet a minimum rating of ‘BBB’ as ascertained by reputable international rating agencies like those by Standard & Poor’s or Moody’s;
- (o) Fixed-income securities/sukuk and approved stock market and non-traded fixed-income securities/sukuk or any other market considered as Eligible Market and non-traded fixed-income securities which are either bank-guaranteed or rated by RAM and/or other recognised rating agencies; and
- (p) Any other form of investments as may be permitted by the Securities Commission 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 aggregate value of the Fund’s investment in 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 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 transferable securities and 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 deposit with any single financial institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements of 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 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 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 transferable securities, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC 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 a collective investment scheme must not exceed 20% of the Fund's NAV provided that the 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 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 transferable securities and 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 securities or 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 shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by a single issuer;
 - (k) the Fund's investments in debt securities must not exceed 20% of the debt securities 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 debt securities in issue cannot be determined;

- (l) the Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size; and
- (m) the Fund's investment in collective investment schemes must not exceed 25% of the unit or shares in any one 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 securities or instruments issued or guaranteed by the Malaysian government or BNM.

3.3 Information on KAF Enhanced Bond Fund

Fund category	Fixed income.
Fund type	Income and growth.
Investor profile	The Fund is suitable for investors who: <ul style="list-style-type: none">▪ require a regular income distribution;▪ want a professionally-managed portfolio of fixed-income securities and money market securities;▪ have a medium-term investment horizon of one (1) to three (3) years or more.
Distribution policy	Income distribution (if any) will be paid once a year.
Launch date	30 January 2002.

3.3.1 Investment objective

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

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:

Fixed-income securities and liquid assets	Minimum 90% and maximum 100%
Equities and equity-related securities	Minimum 0% and maximum 10%

The Fund shall normally invest in the following fixed-income securities:

- Fixed-income securities with a minimum rating of P2 by RAM or MARC-2 by MARC or equivalent for short-term issues;
- Fixed-income securities with a minimum rating of BBB3 by RAM or equivalent for long-term issues;
- Securities issued or guaranteed by Malaysia's federal government, BNM or other related Malaysian government agencies or any state government of Malaysia;
- Securities/instruments issued or guaranteed/endorsed by the banks or other licensed financial institutions;
- If a rated corporate issue is downgraded to below the minimum rating of local short-term rating of P2 by RAM or MARC-2 by MARC or equivalent, or the local long-term rating of BBB3 by RAM or equivalent, the Manager should use his best efforts to dispose of the holdings before maturity, failing which, it shall be held to maturity.

The Fund may invest up to a maximum of 10% of the Fund's NAV in equities and/or equity-related securities.

For **fixed-income securities**, the Fund seeks to achieve its objective by investing primarily in fixed-income securities and other money market instruments of investment grade. The fundamental investment process for the fixed-income investments is mainly driven by the interest rate outlook over the medium to long-term horizon. The Manager will from time to time, review the economic and interest rates outlook to determine the appropriate duration for the bond investments to match the Fund's objective. The Manager will decide which security or instrument to buy based primarily on their yields relative to their credit qualities and the period to maturities. Regular reviews on credit ratings of bond investments are conducted to seek potential upgrades and to avoid potential downgrades of bond investments to achieve better returns for the Fund.

The Fund will at all times place/invest its cash in money market instruments and deposit. Accordingly, some of the important investment criteria or principal valuations measures for selections of fixed-income securities are as follows:

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

The Manager may from time to time decide on hedging the bond investments against interest rate movements using interest rates swaps. Hedging with interest rates swap would be effective in an aggressive interest rate hikes environment.

For **equity securities**, the Manager adopts a bottom-up approach in selecting equities after having ascertained the direction of the economy. Focus will be on good quality stocks to benefit from the asset allocation. 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. The Manager may participate in new issues, which are expected to yield good returns.

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

To mitigate risks, the Manager may also invest (when necessary) in futures contracts and options to hedge against market volatility and protect the Fund's value. Futures contract will only be used to hedge against the Fund's equity exposure from any unexpected price movements in the underlying market.

Accordingly, some of the important investment criteria preferred by the Manager for stocks selections are as follows:

- 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.

For the purposes of the Fund's investment in 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 derivatives is calculated as the sum of the:

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

3.3.3 Liquid assets

The Fund would have a minimum level of 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 liquid asset levels beyond the stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

3.3.4 Benchmark

A selected benchmark is used to measure the relative performance of the Fund. The benchmark used is RAM-Quant Shop MGS All Bond Index.

For information on the RAM Quant Shop Index, investors may refer to the RAM Quant Shop website at www.quantshop.com.

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) Securities of companies listed on Bursa Malaysia;
- (b) Units or shares of local collective investment scheme;
- (c) Securities not traded in, or under the rules of an Eligible Market but 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 on a tender basis;
- (d) 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;
- (e) Malaysia Government Securities, Treasury Bills, Bank Negara Malaysia Certificates and Government Investment Certificates;
- (f) Malaysian Government Investment Issues ("GII"), Bank Negara Malaysia Monetary Notes-i/Certificates, Islamic Accepted Bills, Cagamas sukuk and any other government Islamic papers;

- (g) Malaysian currency balances in hand, Malaysian currency deposits with commercial banks, finance companies, merchant banks and Bank Islam Malaysia Berhad including Negotiable Certificates of Deposit and placements of money at call with discount houses;
- (h) Negotiable Islamic Debt Certificates (“NIDC”), General Investment Account, Islamic money market instruments, Islamic time deposit and placements of money at call with licensed financial institution;
- (i) Cagamas bonds and bankers acceptances, unlisted loan stocks and corporate bonds that are traded in the money market and either bank-guaranteed or carrying at least a BBB rating by RAM and private debt securities that have an equivalent rating by RAM;
- (j) Futures contracts traded in a futures market of an exchange company approved or an exempt futures market declared, by the Minister under the CMSA and securities lending subject to the provisions in the Guidelines;
- (k) Warrants and options including futures option and eligible exchange traded options as permitted by the Securities Commission;
- (l) Fixed-income securities/sukuk and approved stock market and non-traded fixed-income securities/sukuk or any other market considered as Eligible Market and non-traded fixed-income securities which are either bank-guaranteed or rated by RAM and/or other recognised rating agencies; and
- (m) Any other form of investments as may be permitted by the Securities Commission 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 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 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 transferable securities and 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;
- (d) the value of the Fund’s placement in deposit with any single financial institution must not exceed 20% of the Fund’s NAV. The single financial institution limit does not apply to placements of 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 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 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 transferable securities, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC 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 a collective investment scheme must not exceed 20% of the Fund's NAV provided that the 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 collective investment scheme that invests in real estate must not exceed 15% of the Fund's NAV;
- (h) the single issuer limit in item (c) may be increased to 30% of the Fund's NAV if the debt security 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 (e) may be raised to 30% of the Fund's NAV;
- (i) the value of the Fund's investments in transferable securities and 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;
- (j) the single issuer limit in item (c) may be increased to 35% of the Fund's NAV if the debt securities or 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 (e) may be raised, subject to the group limit in item (i) not exceeding 35% of the Fund's NAV;
- (k) the Fund's investments in shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by a single issuer;
- (l) the Fund's investments in debt securities must not exceed 20% of the debt securities 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 debt securities in issue cannot be determined;
- (m) the Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size; and
- (n) the Fund's investment in collective investment schemes must not exceed 25% of the unit or shares in any one 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 securities or instruments issued or guaranteed by the Malaysian government or BNM.

3.4 Information on KAF Tactical Fund

Fund category	Equity.
Fund type	Growth.
Investor profile	The Fund is suitable for investors who: <ul style="list-style-type: none">▪ seek to achieve maximum capital growth by investing in securities of companies under certain preferred industry sectors;▪ prefer a medium to long-term investment horizon to achieve potentially strong growth prospect; and▪ are willing to accept medium to high risk tolerance in order to obtain higher growth of capital.
Distribution policy	Income distribution (if any) is incidental.
Launch date	2 September 2004.

3.4.1 Investment objective

The Fund's investment objective is to provide Unit Holders with enhanced capital growth through a focused investment approach in certain preferred industry sectors at any one time.

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

3.4.2 Investment policy and strategy

Asset allocation:

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

Equities	Minimum 70% and maximum 95%
	The Fund equity exposure will be at 70% to 95% under normal economic conditions and at any one time, the Fund will also invest between 40% to 70% of the total equity exposure in the preferred industry sectors that are expected to outperform.
Fixed-income securities and liquid assets	Minimum 5% and maximum 30%

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 a significantly higher amount of liquid assets/cash and/or money market instruments. The Manager will then decide on the best appropriate asset allocation strategy and reallocate the Fund's equity investment into other more defensive investments. The weighting for equity investments then may be scaled down to not less than 20% of the Fund's NAV.

The investment process will be based on an active management strategy incorporating both the top-down view for asset allocation decisions and a bottom-up view for stock 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, stock and 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 asset allocation appropriately between equities and fixed-income securities within the strategic limit of the asset allocation.

Once the equity allocation has been determined, the focus of this Fund will be for the Manager to invest the bulk, i.e. between 40% and 70% of the total equity investment in sectors and market themes that the Manager perceives to be those capable of outperforming the benchmark. Greater emphasis will be placed in top-down views to identify sectors that are poised for an upturn, either cyclically or structurally, and for those that are peakish or on the decline. The Manager will also take short trading positions or situation plays such as merger & acquisitions, should opportunities arise.

For **equity securities**, the Manager adopts a bottom-up approach in selecting equities after having ascertained the direction of the economy. Portfolio construction will focus on the category of stocks, which will benefit most from the Manager's view of the market. Fundamental analysis will be conducted to determine the attractiveness of stock ideas based on sector and market themes. Information is obtained from regular company visits and participation in various industry presentations and stockbrokers forums. In addition to fundamental analysis, technical analysis also plays an important role in timing the purchases and sales. Apart from stock picks, the Manager will also actively monitor industries trends, earnings revision trends and financial performances of companies which the Fund has interests in, so that appropriate decisions can be made.

Accordingly, some of the principal valuations for stock selections preferred by the Manager are as follows:

- High earnings per share growth potential;
- Low price earnings to growth ratio;
- Strong balance sheets;
- Focused management team;
- Sustainable financial performance potential;
- Industry/sectors trends.

The Manager will ensure that any funds not invested in equities will be invested in fixed-income securities and money market instruments.

3.4.3 Liquid assets

The Fund would have a minimum level of 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 liquid asset levels

beyond the stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

3.4.4 Benchmark

A selected benchmark is used by the Manager to measure the relative performance of the Fund. The benchmark used will be the FTSE Emas.

For information on the FTSE Emas, 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.

3.4.5 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) Securities of companies listed on Bursa Malaysia;
- (b) Securities listed on a foreign stock exchange;
- (c) Units or shares of local collective investment scheme;
- (d) Units or shares of foreign collective investment scheme;
- (e) Securities not traded in, or under the rules of an Eligible Market but 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 on a tender basis;
- (f) 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;
- (g) Malaysia Government Securities, Treasury Bills, Bank Negara Malaysia Certificates and Government Investment Certificates;
- (h) Malaysian Government Investment Issues ("GII"), Bank Negara Malaysia Monetary Notes-i/Certificates, Islamic Accepted Bills, Cagamas sukuk and any other government Islamic papers;
- (i) Malaysian currency balances in hand, Malaysian currency deposits with commercial banks, finance companies, merchant banks and Bank Islam Malaysia Berhad including Negotiable Certificates of Deposit and placements of money at call with discount houses;
- (j) Negotiable Islamic Debt Certificates ("NIDC"), General Investment Account, Islamic money market instruments, Islamic time deposit and placements of money at call with licensed financial institution;
- (k) Cagamas bonds and bankers acceptances, unlisted loan stocks and corporate bonds that are traded in the money market and either bank-guaranteed or carrying at least a BBB rating by RAM and private debt securities that have an equivalent rating by RAM;
- (l) Futures contracts traded in a futures market of an exchange company approved or an exempt futures market declared, by the Minister under the CMSA and securities lending subject to the provisions in the Guidelines;
- (m) Warrants and options including futures option and eligible exchange traded options as permitted by the Securities Commission;
- (n) Fixed-income securities of governments and companies that meet a minimum rating of 'BBB' as ascertained by reputable international rating agencies like those by Standard & Poor's or Moody's;
- (o) Fixed-income securities/sukuk and approved stock market and non-traded

- fixed-income securities/sukuk or any other market considered as Eligible Market and non-traded fixed-income securities which are either bank-guaranteed or rated by RAM and/or other recognised rating agencies; and
- (p) Any other form of investments as may be permitted by the Securities Commission 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 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 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 transferable securities and 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 deposit with any single financial institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements of 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 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 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 transferable securities, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC 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 a collective investment scheme must not exceed 20% of the Fund's NAV provided that the 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 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 transferable securities and 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 securities or 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 shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by a single issuer;
- (k) the Fund's investments in debt securities must not exceed 20% of the debt securities 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 debt securities in issue cannot be determined;
- (l) the Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size; and
- (m) the Fund's investment in collective investment schemes must not exceed 25% of the unit or shares in any one 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 securities or instruments issued or guaranteed by the Malaysian government or BNM.

3.5 Information on KAF Core Income Fund

Fund category	Equity.
Fund type	Income.
Investor profile	The Fund is suitable for investors who: <ul style="list-style-type: none">▪ seek a stable income stream with potentially higher than the prevailing fixed deposit rates;▪ prefer a medium to long-term investment horizon in order to achieve reasonable capital growth; and▪ have a medium degree of risk tolerance.
Distribution policy	Income distribution (if any) will be paid twice a year.
Launch date	2 September 2004.

3.5.1 Investment objective

The Fund's investment objective is to provide Unit Holders with a stable income that is potentially higher than the prevailing fixed-deposit rate by investing in high-dividend yielding portfolio of stocks and fixed-income securities.

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

3.5.2 Investment policy and strategy

Asset allocation:

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

Equities	Minimum 70% and maximum 98%
Fixed-income securities and liquid assets	Minimum 2% and maximum 30%

The investment process begins with a top-down view for asset allocation decisions and a bottom-up view for stock selection purposes.

The asset allocation strategy between equities and fixed-income securities is dependent on the state of the macro picture as perceived by the Manager after going through a stringent investment process to review the outlook for the economy and business statistics in order to produce in-house views for the stock market and economy. Beneficiaries of this, sector-wise and stocks-wise, are then predetermined before being subject to a rigorous stock selection process.

Once the rigorous stock selection process has been performed, the Manager adopts a relatively passive investment strategy in view of the underlying objective to provide stable income from high-yielding stocks and fixed-income securities.

For **equity securities**, the Manager adopts a bottom-up approach in selecting equities after having ascertained the direction of the economy. Focus will be on the category of

stocks to best take advantage of the asset allocation and view taken on the market whilst keeping with the Fund's objective to provide stable income. Fundamental analysis will be conducted to determine the attractiveness of stock ideas. Information can be obtained from regular company visits and participation in various industry presentations and stockbroker forums.

Accordingly, some of the principal valuations for stock selections preferred by the Manager are as follows:

- Relatively high dividend yield;
- Strong balance sheets;
- Focused management team;
- Sustainable financial performance potential.

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

To mitigate risks, the Manager may also invest (when necessary) in futures contracts and options to hedge against market volatility and protect the Fund's value. Futures contract will only be used to hedge against the Fund's equity exposure from any unexpected price movements in the underlying market.

The Manager will ensure that any funds not invested in equities will be invested in fixed-income securities and money market instruments.

For **fixed-income securities**, the Fund will at all times place/invest its non-equity investments in money market deposits, MGS and a diversified portfolio of corporate bonds (listed or unlisted) rated at least BBB3 by RAM or other approved rating agencies. The fundamental investment process for the fixed-income investments is mainly driven by the interest outlook over the medium to long-term horizon. The Manager will from time to time, review the economic and interest rates outlook to determine the appropriate duration for the bond investments. The focus of choices for fixed-income securities will be those issues, which have high relative yields to maturity / yields to first call within its rating category. Regular reviews on credit ratings of bond investments are conducted to seek for potential upgrades and avoid potential downgrades of bond investments to achieve better returns for the Fund.

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 liquid assets / cash and / or money market instruments. The Manager will then decide on the best appropriate asset allocation strategy and reallocate the Fund's equity investment into other more defensive investments. The weighting for equity investments then may be scaled down to not less than 20% of the Fund's NAV.

Accordingly, some of the important investment criteria or principal valuations measures for selections of fixed-income securities 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;
- Price and yield to maturity;
- Yield to first call;
- Ratings by RAM/MARC;
- Other applicable measures as and when necessary.

The Manager may from time to time decide on hedging the bond investments against interest rate movements using interest rates swaps. Hedging with interest rates swap would be effective in an aggressive interest rate hikes environment.

For the purposes of the Fund's investment in 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 derivatives is calculated as the sum of the:

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

3.5.3 Liquid assets

The Fund would have a minimum level of 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 liquid asset levels beyond the stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

3.5.4 Benchmark

A selected benchmark is used by the Manager to measure the relative performance of the Fund. The benchmark used will be the FBM KLCI.

For information on the FBM KLCI, 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.

3.5.5 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) Securities of companies listed on Bursa Malaysia;
- (b) Units or shares of local collective investment scheme;
- (c) Securities not traded in, or under the rules of an Eligible Market but 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 on a tender basis;
- (d) Securities not traded that have been approved by the Securities Commission for listing and quotation on Bursa Malaysia, which are offered directly by the

- (e) company approved for listing by way of private placement or a tender basis; Malaysia Government Securities, Treasury Bills, Bank Negara Malaysia Certificates and Government Investment Certificates;
- (f) Malaysian Government Investment Issues (“GII”), Bank Negara Malaysia Monetary Notes-i/Certificates, Islamic Accepted Bills, Cagamas sukuk and any other government Islamic papers;
- (g) Malaysian currency balances in hand, Malaysian currency deposits with commercial banks, finance companies, merchant banks and Bank Islam Malaysia Berhad including Negotiable Certificates of Deposit and placements of money at call with discount houses;
- (h) Negotiable Islamic Debt Certificates (“NIDC”), General Investment Account, Islamic money market instruments, Islamic time deposit and placements of money at call with licensed financial institution;
- (i) Cagamas bonds and bankers acceptances, unlisted loan stocks and corporate bonds that are traded in the money market and either bank-guaranteed or carrying at least a BBB rating by RAM and private debt securities that have an equivalent rating by RAM;
- (j) Futures contracts traded in a futures market of an exchange company approved or an exempt futures market declared, by the Minister under the CMSA and securities lending subject to the provisions in the Guidelines;
- (k) Warrants and options including futures option and eligible exchange traded options as permitted by the Securities Commission;
- (l) Fixed-income securities/sukuk and approved stock market and non-traded fixed-income securities/sukuk or any other market considered as Eligible Market and non-traded fixed-income securities which are either bank-guaranteed or rated by RAM and/or other recognised rating agencies; and
- (m) Any other form of investments as may be permitted by the Securities Commission from time to time.

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 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 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 transferable securities and 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 deposit with any single financial institution must not exceed 20% of the Fund’s NAV. The single financial institution limit does not apply to placements of 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 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 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 transferable securities, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC 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 a collective investment scheme must not exceed 20% of the Fund's NAV provided that the 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 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 transferable securities and 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 securities or 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 shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by a single issuer;
- (k) the Fund's investments in debt securities must not exceed 20% of the debt securities 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 debt securities in issue cannot be determined;
- (l) the Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size; and
- (m) the Fund's investment in collective investment schemes must not exceed 25% of the unit or shares in any one 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 securities or instruments issued or guaranteed by the Malaysian government or BNM.

3.6 Information on KAF Jade Fund

Fund category	Equity.
Fund type	Growth.
Investor profile	The Fund is suitable for investors who have a medium to high risk profile looking for capital gains over the medium to long-term from exposure to the share markets of the Asia Pacific region.
Distribution policy	Distribution of income, if any, will be incidental.
Launch date	1 November 2006.

3.6.1 Investment objective

The Fund aims to provide investors with capital appreciation by accessing the long-term growth potential of stock markets in Asia Pacific region.

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

3.6.2 Investment policy and strategy

Asset allocation:

In order to meet its objective, the Fund will invest a minimum of 70% of its NAV in Asia Pacific region related investments that comprise of equities and collective investment schemes which invest in equities.

The Manager will maintain a minimum of 1% of the Fund's NAV in liquid assets such as money market instruments or placements in deposits to meet repurchase requests.

Investment strategy:

The Fund will invest a minimum of 70% of its investments in Asia Pacific region related investments to benefit from the strong growth of the economies in the Asia Pacific region which has surpassed the growth of economies of developed countries. The Fund will be invested in a portfolio of Asia Pacific region related investments consisting of equities and collective investment schemes which invest in equities. The foreign markets in the Asia Pacific region that the Fund may invest include, but are not limited to, Australia, Hong Kong SAR, India, Indonesia, Japan, South Korea, the People's Republic of China, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan and Thailand.

Generally, companies and collective investment schemes with growth prospects over the medium to long-term are sought. In identifying such companies, the Fund relies on fundamental research where the financial health and industry growth prospects are considered. In the selection of collective investment schemes, management process, quality and past track records will be the primary considerations.

Risk management in response to adverse market conditions, economic or political conditions:

The Fund will invest in a variety of equities and collective investment schemes which invest in equities as a means of diversifying risk. In response to adverse conditions, market, economic, political or otherwise, the Manager may temporarily adjust the asset allocation of the Fund by reducing its equity and collective investment schemes exposure and invest in permitted investments that have low correlation to market movements for example, to hold more cash through placement of deposits.

3.6.3 Liquid assets

The Fund would have a minimum level of liquid assets set at 1% 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 increasing the liquid asset levels beyond the stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

3.6.4 Benchmark

The Fund aims to consistently provide returns that equal to or better than that of the MSCI AC Asia Pacific.

Source: www.bloomberg.com/markets/

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

3.6.5 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) Securities in Asia Pacific region which are consistent with the Fund's objective;
- (b) Unlisted securities approved or an exempt stock market declared by the Minister under the Act, which are offered directly to the scheme;
- (c) Malaysian government securities, Malaysian treasury bills, Bank Negara Malaysia bills, Cagamas notes/bonds, government instrument issues, commercial papers, medium-term notes;
- (d) Private debt securities and bonds, which include foreign debt securities traded on Eligible Markets and approved stock exchanges, both local and foreign;
- (e) Bankers' acceptances, negotiable certificates of deposits and other tradable money-market instruments in the money market, both local and foreign;
- (f) Ringgit-denominated deposits placed with financial institutions;
- (g) Foreign currency deposits placed with financial institutions;
- (h) Convertible loan stocks and exchangeable bonds traded on Eligible Markets, both local and foreign;
- (i) Units or shares in other collective investment schemes, both local and foreign; and
- (j) Any other form of investments as may be permitted by the relevant authorities from time to time where necessary.

3.6.6 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 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 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 transferable securities and 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 deposit with any single financial institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements of 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 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 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 transferable securities, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC 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 a collective investment scheme must not exceed 20% of the Fund's NAV provided that the collective investment scheme complies with the requirements of the Guidelines. The Manager has sought and received approval from the Securities Commission for this limit to be increased to 30% of the Fund's NAV for the investment in a collective investment scheme i.e. the Amundi Funds - Greater China;
- (g) the value of the Fund's investments in units or shares of a listed 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 transferable securities and 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 securities or 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 shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by a single issuer;
- (k) the Fund's investments in debt securities must not exceed 20% of the debt securities 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 debt securities in issue cannot be determined;
- (l) the Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size; and
- (m) the Fund's investment in collective investment schemes must not exceed 25% of the unit or shares in any one 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 securities or instruments issued or guaranteed by the Malaysian government or BNM.

3.7 Information on KAF Money Market Fund

Fund category	Money market.
Fund type	Income.
Investor profile	The Fund is suitable for investors who: <ul style="list-style-type: none">▪ have a low to medium risk appetite looking for a short-term investment; and▪ seek regular income* and high liquidity. <p>*Note: Please refer to the Fund's distribution policy.</p>
Distribution policy	It is intended that the Fund will distribute income once every quarter of the year.
Launch date	1 November 2006.

3.7.1 Investment objective

The Fund aims to generate regular income* for Unit Holders by investing primarily in money market instruments.

Note:

The Fund provides the Unit Holder with an investment vehicle that will provide the same levels of liquidity as a savings account which is held by the Unit Holder.

*Note: Please refer to the Fund's distribution policy.

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

3.7.2 Investment policy and strategy

Asset allocation:

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

Investment strategy:

The Fund's assets will be placed in short-term deposits or invested in money market instruments and debt securities with a minimum short-term credit rating of P2 by RAM or MARC-2 by MARC or a minimum long-term credit rating of A3 by RAM or A- by MARC.

The Manager will decide which money market instrument or debt security to buy based primarily on their yield, relative to their credit quality and the period to maturity. Some of the principal valuation measures used by the Manager for the analysis of money market instruments and debt securities are as follows:

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

In the event that a money market or a debt security 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 allowable minimum credit rating, 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 disposal as deemed reasonable.

3.7.3 Benchmark

The conventional 1 month interbank deposit rate at the Interbank Money Market in Kuala Lumpur.

Source: Bank Negara Malaysia website or any equivalent source.

Note:

- (i) *the risk profile of the Fund is higher than the risk profile of the performance benchmark;*
- (ii) *as a result of the higher risk assumed, the expected returns of the Fund could be higher than the performance benchmark; and*
- (iii) *Unit Holders should be advised that unlike a placement in a deposit, there is potential for losses.*

Investment in the Fund is not the same as placement in a 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.

3.7.4 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) Fixed income securities traded in or under the rules of an Eligible Market;
- (b) Fixed income securities issued by Bank Negara Malaysia, the Malaysian government and government related agencies such as Danamodal Nasional Berhad, Pengurusan Danaharta Nasional Berhad, Khazanah Nasional Berhad and Cagamas Berhad;
- (c) Issues guaranteed by the government of Malaysia or Bank Negara Malaysia or any state government in Malaysia;
- (d) Issues by banks or financial institutions such as banker's acceptances and negotiable certificates of deposit;
- (e) Unlisted fixed income securities which are either bank-guaranteed or rated by RAM, MARC or other recognised rating agencies;
- (f) Futures contracts traded in futures markets of an exchange approved under the CMSA, only for hedging purposes; and

- (g) Any other form of investments as may be permitted by the relevant authorities from time to time where necessary.

3.7.5 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 term debt securities, short-term money market instruments and short-term deposits must not be less than 90% of the Fund's NAV;
- (b) the value of the Fund's investments in high quality debt securities 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 debt securities and 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 deposit with any single financial institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements of 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 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 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 debt securities 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 debt securities, money market instruments and deposits must not exceed 25% of the Fund's NAV;
- (g) the value of the Fund's investments in debt securities and money market instruments issued by any group of companies must not exceed 30% of the Fund's NAV;
- (h) the Fund's investments in debt securities must not exceed 20% of the debt securities 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 debt securities in issue cannot be determined; and
- (i) the Fund's investments in 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 securities instruments issued or guaranteed by the Malaysian government or BNM.

3.8 Information on KAF Bond Fund

Fund category	Bond/Fixed income.
Fund type	Income.
Investor profile	The Fund is suitable for investors who: <ul style="list-style-type: none">▪ have a low to medium risk profile; and▪ seek a steady income stream over the medium to long-term. <p>*Note: Please refer to the Fund's distribution policy.</p>
Distribution policy	It is intended that the Fund will distribute income at least once a year.
Launch date	1 November 2006.

3.8.1 Investment objective

The Fund aims to provide a regular income[#] stream by investing in medium to long-term fixed-income instruments.

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

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

3.8.2 Investment policy and strategy

Asset allocation:

The Fund will invest primarily in medium to long-term government bonds, private debt securities and other fixed income securities. There will be no equity investment. In terms of asset allocation, the Fund will be at least 70% invested in the above mentioned fixed income securities at most times. The balance will be held in cash deposits and shorter-term money market instruments. 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, political or any other conditions. Under such situations, a larger portion of the Fund may be temporarily invested in cash deposits and shorter term money market instruments.

Investment strategy:

The Fund seeks to meet its objective of producing a steady and recurring annual income stream by investing in a portfolio of fixed income securities such as sovereign bonds and corporate debt with the balance invested in money market instruments.

As much as possible, the Fund will seek to maximise the return potential of the Fund by investing in corporate bonds that command higher yields than money market instruments. In doing so, the Fund will likely be exposed to the risks of adverse interest rate movements and corporate credit deterioration. On the other hand, should interest rates turn favourable i.e. fall, or corporate credit of the bond issues improve, then the

Fund stands to benefit from the resultant capital gains. Nevertheless, the credit risks assumed are limited to the extent that any bond invested must have credit ratings of no lower than a 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. Notwithstanding the aforesaid, the exposures to the risk and return potentials need to be managed actively to achieve the risk-reward trade-off that is reasonable to the Fund.

Risk management in response to adverse market conditions, economic or political conditions:

While the Fund would normally hold a high exposure to bonds, should the need arise, due to adverse conditions, such as market, economic, political or otherwise, the Manager may pursue a strategy of lowering the Fund's bond holdings and shifting the investments to other permitted instruments such as government bonds, fixed deposits and current account as deemed appropriate.

Other defensive strategies that the Manager may use to counter adverse conditions include:

- To lengthen or shorten the average maturity or duration of the Fund's holdings, in anticipation of changing interest rates;
- Selecting investments that carry ratings higher than the allowable minimum short-term credit rating of P2 by RAM or MARC-2 by MARC or long-term credit rating of A3 by RAM or A- by MARC to ensure the liquidity of the Fund's investments; and
- Invest more of the Fund's holdings in bank or government guaranteed investments or investments that are secured against assets to mitigate default risks.

Additionally, if the credit rating of the bonds held by the Fund has been downgraded below the minimum credit rating, the Manager reserves the right to employ its judgment in dealing with the bonds in the best interest of Unit Holders.

3.8.3 Benchmark

The benchmark will be the RAM-Quant MGS Index (All Durations).

Source: www.quantshop.com

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

3.8.4 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 securities, Malaysian treasury bills, Bank Negara Malaysia bills, Cagamas notes/bonds, government instrument issues, commercial papers and medium-term notes;
- (b) Private debt securities and bonds, which may include debt securities traded on Eligible Markets and recognized stock exchanges;
- (c) Bankers' acceptances, negotiable certificates of deposits and other tradable money market instruments in the money market;
- (d) Ringgit-denominated deposits placed with financial institutions and

placements of money at call with financial institutions;

- (e) Convertible loan stocks and exchangeable bonds traded on Eligible Markets;
- (f) Units or shares in other collective investment schemes; and
- (g) Any other form of investments as may be permitted by the relevant authorities from time to time where necessary.

3.8.5 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 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 transferable securities and 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 deposit with any single financial institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements of 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 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 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 transferable securities, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC 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 a collective investment scheme must not exceed 20% of the Fund's NAV provided that the 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 debt security 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 transferable securities and 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 debt securities or 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 debt securities must not exceed 20% of the debt securities 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 debt securities in issue cannot be determined;
- (j) the Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size; and
- (k) the Fund's investment in collective investment schemes must not exceed 25% of the unit or shares in any one 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 securities or instruments issued or guaranteed by the Malaysian government or BNM.

3.9 Risk factors

3.9.1 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 money includes the inability to service the loan repayments and effect of increase in interest rate risk. Where loan or financing obtained by investors are based on variable interest rate instead of fixed interest rate, and if the interest rate rise, the total repayment 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 or financing.

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.

Distribution 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 derivatives for hedging purposes)

The Funds may invest in derivatives, where appropriate for hedging purposes. When the Funds participate in derivatives for hedging activities, any potential upsides of currency or interest rate or securities' price movements arising is limited as the objective is to protect the Funds' value. Participation in 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 derivatives are monitored closely. Such participation in derivatives is also subject to the failure or default of the counterparty to the derivative which may adversely affect the Funds' value. Investing in derivative may also result in the likelihood of the high volatility in the NAV of the Funds.

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.

3.9.2 Specific risks of investing in the Funds

KFF

- *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 bond/sukuk portfolio management as it depends on forecasting interest rate movements. Prices of bond/valuation of sukuk move inversely with interest rates and the degree of sensitivity to interest rates is a function of bond/sukuk maturity and coupon/profit payment as well as the level of interest rates. In the event of rising interest rates, prices of bond/valuation of sukuk will 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 bonds/sukuk, moderate for intermediate term bonds/sukuk and high for long-term bonds/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.
- *Credit/default risk*
Credit risk refers to the possibility that the issuer of a bond/sukuk will not be able to make timely payments of interest/profit on the coupon/profit payment date or principal repayment/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 repayment or a payment on time will result in an event of default. A default by the issuer will result in a fall in the value of bonds/sukuk which ultimately reduced the NAV of the Fund. The lower the rating, the greater the risk that the bond/sukuk issuer will default. All things being equal, the lower a bond's/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.

KVF

- *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.
- *Small capitalisation companies risk*
Investments in small capitalisation companies would require due considerations because of, for example, less public information, more limited financial resources and product lines, higher risk of failure than larger companies and lack of business operational history of such company. Any adverse events may result in greater volatility in the securities prices of the small capitalisation companies than normally experienced by larger capitalisation companies. Moreover, the trading volume of securities for small capitalisation companies are generally low that may require a longer time period for acquisition or disposal.

KEBF

- *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 bond/sukuk portfolio management as it depends on forecasting interest rate movements. Prices of bond/valuation of sukuk move inversely with interest rates and the degree of sensitivity to interest rates is a function of bond/sukuk maturity and coupon/profit payment as well as the level of interest rates. In the event of rising interest rates, prices of bond/valuation of sukuk will 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 bonds/sukuk, moderate for intermediate term bonds/sukuk and high for long-term bonds/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.
- *Credit/default risk*
Credit risk refers to the possibility that the issuer of a bond/sukuk will not be able to make timely payments of interest/profit on the coupon/profit payment date or principal repayment/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 repayment or a payment on time will result in an event of default. A default by the issuer will result in a fall in the value of bonds/sukuk which ultimately reduced the NAV of the Fund. The lower the rating, the greater the risk that the bond/sukuk issuer will default. All things being equal, the lower a bond's/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.

- *Equity-related securities risk*
The Fund may invest in equity-related securities such as warrants and loan stocks. The value of the equity-related securities is dependent upon the performance of the particular underlying equity securities. It inherits the risk associated such as market risk, specific equity risk or liquidity risk and will subject to fluctuations in the prices, adverse issuer or market information. Should the value of underlying equity security decrease, it may affect the value of the equity-related security and lead to a lower NAV of the Fund. Warrants have a limited life with a specified expiry date. The Fund's investment in warrant may experience time decay, and the erosion of the value of the warrant as it advances toward the specified expiry date. Warrants are worthless should they are not exercised before the expiry date.

KTF

- *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

KCIF

- *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 bond/sukuk portfolio management as it depends on forecasting interest rate movements. Prices of bond/valuation of sukuk move inversely with interest rates and the degree of sensitivity to interest rates is a function of bond/sukuk maturity and coupon/profit payment as well as the level of interest rates. In the event of rising interest rates, prices of bond/valuation of sukuk will 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 bonds/sukuk, moderate for intermediate term bonds/sukuk and high for long-term bonds/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.
- *Credit/default risk*
Credit risk refers to the possibility that the issuer of a bond/sukuk will not be able to make timely payments of interest/profit on the coupon/profit payment date or principal repayment/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 repayment or a payment on time will result in an event of default. A default by the issuer will result in a fall in the value of bonds/sukuk which ultimately reduced the NAV of the Fund. The lower the rating, the greater the risk that the bond/sukuk issuer will default. All things being equal, the lower a bond's/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.

KJF

- *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.
- *Country risk*
The investment of the Fund may be adversely affected by risks specific to the country in which it invests. Such risks include changes in the country's economic fundamentals, social and political instability as well as exchange control, changes in taxation, foreign investment policies and other restrictions and controls which may be imposed by the authority in the country that the Fund invests in. Country 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.
- *Currency risk*
It is also known as foreign exchange risk. It is a risk associated with investments that are denominated in foreign currencies. When the foreign currencies fluctuate with unfavourable movements against RM, the investments will face currency losses in addition to the capital gains/losses. This will lead to a lower NAV of the Fund. Currency 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.
- *Liquidity risk*
Liquidity risk may be defined as the difficulty of selling components of an investment portfolio at or near its fair value without taking a significant discount. This risk depends on the volume of the particular security traded on the market.

KMMF and KBF

- *Interest rate risk*

In respect of **KMMF**, the yield and/or returns from its placement in deposits and investments in money market instruments may be affected in response to the fluctuations in interest rates environment. The return of placement of deposits moves in tandem with fluctuations in interest rates. When interest rates rise, interest income for any new placements in deposits will also increase, and vice versa. However, the Fund may experience opportunity loss should the Fund unable to unwind its current position of placement on time during the rising interest rate. Changes in interest rates will also impact the yield of money market instruments.

Generally, higher interest rates will drive the yield of money market instruments lower, and vice versa.

For **KBF**, interest rate risk is crucial since the bond portfolio management depends on forecasting interest rate movements. Prices of bond move inversely with interest rates and the degree of sensitivity to interest rates is a function of bond maturity and coupon payment as well as the level of interest rates. In the event of rising interest rates, prices of bond will 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 bonds, moderate for intermediate term bonds and high for long-term bonds. 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.

- *Credit risk*

Credit risk refers to the possibility that the issuer of a bond will not be able to make timely payments of interest on the coupon payment date or principal repayment 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 or a repayment on time will result in an event of default. A default by the issuer will result in a fall in the value of bonds which ultimately reduced the NAV of the Fund. The lower the rating, the greater the risk that the bond issuer will default. All things being equal, the lower a bond'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.

- *Liquidity risk*

Liquidity risk may be defined as the difficulty of selling components of an investment portfolio at or near its fair value without taking a significant discount. This risk depends on the volume of the particular security traded on the market. Investments in bonds generally carry a higher degree of liquidity risk than investments in listed stocks and shares. For mitigation purposes, the fund manager will attempt to balance the entire portfolio by investing in a mix of bonds which have good credit ratings and satisfactory trading volume. This is expected to reduce the liquidity risk of the Fund.

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, currency 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 investments, including the use of 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 borrow cash 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 Fund were to invest in OTC 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 **KFF**:

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

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

Credit/default risk will be reduced through rigorous and disciplined credit analysis besides spreading investment over many bond issues.

For **KVF**:

Actively monitor and manage the asset allocation to ensure there is minimum negative impact from any adverse market movements.

The specific stock risk will be managed by investing in a well diversified portfolio of securities from different sectors.

For **KEBF**:

Careful selection of the securities, which the Fund invests, ought to mitigate the equity risk.

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

Interest rate risk is actively managed by duration targeting based on the interest rate outlook.

The credit/default risk and specific stock risk are mitigated through investing in a well-diversified and wide range of companies in different sectors, which function independently from one another.

For **KTF**:

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

For **KCIF**:

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

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

Credit/default risk will be reduced through rigorous and disciplined credit analysis besides spreading investment over many bond issues.

For **KJF, KMMF and KBF**:

Proper risk management is ensured throughout the entire investment management process. Some of the general measures which the Manager will employ are:

- adhering to the Fund's investment objectives, policies and strategies of the Fund;
- undertaking stringent evaluation of movements in market prices and regularly monitor to ensure that the Fund's investment objectives are met;
- employing stringent screening process by conducting fundamental analysis of economic, political and social factors to evaluate their likely effects on the performance of the markets and sectors; and
- determining effective asset allocations.

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.

3.10 General information

3.10.1 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.

Securities listed on any exchange	The official closing price or last known transacted price on the Eligible Market on which the investment is quoted. However, if the price is not representative or not available to the market, the investments must be valued at fair value.
Unlisted bonds/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 bond/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 bonds/sukuk	Fair value by reference to the average indicative yield quoted by three (3) independent and reputable institutions.
Unlisted collective investment schemes	Last published repurchase price.
Deposit	Reference to the principal value of such investments and the interest income accrued thereon for the relevant period.
Money market instruments	Banker acceptance, Islamic accepted bills, BNM monetary notes or BNM monetary notes-i, negotiable certificate of deposits or Islamic negotiable instruments is valued each day by reference to the value of such investments and the interests or profits accrued thereon for the relevant period. For money market instruments and Islamic money market instruments such as commercial papers and treasury bills are valued at fair value determined using the price quoted by a BPA registered with the Securities Commission.
Foreign exchange rate conversion	Where the value of an asset of the Fund is denominated in a foreign currency (if any), the assets are translated on a daily basis to RM using the bid foreign exchange rate quoted by either Reuters or Bloomberg, at UK time 4.00 p.m.
Any other 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.

3.10.2 Gearing policy

The Funds are not permitted to borrow 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 borrow cash for the purpose of meeting repurchase requests. Such borrowings are subjected to the following:

- the cash borrowing is only on a temporary basis and that borrowings are not persistent;
- the borrowing period should not exceed one (1) month;
- the aggregate borrowings of the Fund should not exceed 10% of the Fund's NAV at the time the borrowing is incurred; and
- the Fund may only borrow 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.

3.10.3 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.

3.10.4 EPF Member Investment Scheme

If the Fund is eligible to be invested via EPF Member Investment Scheme (EPF-MIS), all investments made by the Fund will comply with the requirements of EPF-MIS.

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.

KFF KVF KTF KCIF

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.

KJF

Sales charge imposed by various distribution channels are as follows:

Distribution channel	Sales charge
Direct investment with the Manager	Up to 3.00% of NAV per unit.
Authorised IUTAs	Up to 3.00% of NAV per unit.
Authorised tied agents	Up to 3.00% 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.

KEBF KMMF KBF

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

KFF	KVF	KEBF	KTF	KCIF
KJF	KMMF	KBF		

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

4.3 Switching fee

KFF	KVF	KEBF	KTF	KCIF
KJF	KMMF	KBF		

Nil. The Manager does not impose any switching fee.

4.4 Transfer fee

KFF	KVF	KEBF	KTF	KCIF
KJF	KMMF	KBF		

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
KFF, KVF, KTF and KCIF	1.50% per annum of NAV
KEBF	1.00% per annum of NAV
KJF	2.00% per annum of NAV
KMMF and KBF	0.40% 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	
KFF	The annual trustee fee is dependent on the size of the Fund as follows:	
	Size of the Fund (NAV)	Annual trustee fee
	First RM20 million	RM12,000

	Next RM20 million	RM10,000
	Next RM20 million	RM8,000
	Next RM20 million	RM6,000
	Next RM20 million	RM4,000
	Any amount above RM100 million	RM15,000
	Being the custodian, the Trustee is also entitled to a custodian fee of RM30,000 per annum.	
KVF	0.07% per annum of NAV, subject to a minimum fee of RM18,000.	
KEBF	Up to 0.05% per annum of NAV, subject to a minimum fee of RM18,000.	
KTF and KCIF	0.07% per annum of NAV.	
KJF	Up to 0.05% per annum of NAV, subject to a minimum fee of RM9,000 (excluding foreign custodian fee and charges).	
KMMF	Up to 0.02% per annum of NAV, subject to a minimum fee of RM12,000.	
KBF	Up to 0.05% 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 Funds' 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 KFF using hypothetical figures:

Daily NAV	RM35,760,804.86
Units in circulation	67,272,000.0000
NAV per unit	$\frac{\text{RM35,760,804.86}}{67,272,000.0000}$
	= RM0.5316*

*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 RM0.5316 (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	RM0.5316	X	18,811.1362 units
	=	RM650.00				

Investment amount	=	RM10,000.00
Add: sales charge payable	=	RM650.00
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 RM0.5316 (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 RM5,316.00 as follows:

Repurchase amount (10,000.0000 units x RM0.5316)	=	RM5,316.00
Less: repurchase charge		<u>NIL</u>
Net amount payable to the investor	=	<u>RM5,316.00</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:-

- by the Manager to the Fund;
- from the Fund to the Manager; or
- 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:

- completed application form;
- necessary remittance; and
- 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
KFF, KVF, KEBF, KTF	RM1,000.00 or such other amount as the Manager may	RM100.00 or such other amount as the Manager may accept from

and KCIF	accept from time to time	time to time.
KJF, KMMF and KBF	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 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
KFF, KVF, KEBF, KTF, and KCIF.	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.
KJF and KMMF	Any number of units.	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 leave a Unit Holder with less than 10 units or RM1,000.00 whichever is lower value in term of RM, or such other lower amount 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.
KBF	10 units or RM1,000.00 whichever is the lower value in term of RM, or such other lower amount	10 units or RM1,000.00 whichever is the lower value in term of RM, or such other lower amount as the	There is no restriction on the repurchase frequency. If following the repurchase request leave a Unit Holder with less than 10 units or RM1,000.00, whichever is the lower value in term of RM, or such other

	as the Manager may accept from time to time.	Manager may decide from time to time.	lower amount 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.
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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 are as follows:

	Minimum number of units or amount for transfer
KFF, KEBF, KCIF and KMMF KVF, KTF, and	500 units.
KJF and KBF	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.

5.3.6 Switching facility

KFF KVF KEBF KTF KCIF
KJF KMMF KBF

This is considered as a redemption from a fund and an investment 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 are as follows:

	Minimum amount for switching
KFF, KVF, KEBF, KTF, KCIF and KMMF	RM1,000.
KJF and KBF	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.

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.

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.

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

Mr Chue Kwok Yan (Designated fund manager for KEBF)

Mr Chue Kwok Yan is the Chief Investment Officer of the Manager. Prior to joining the Manager, he was the Head of Research at Affin Hwang Capital for two years. Earlier, Mr Chue Kwok Yan spent nine years in the research function at KAF Seagroatt & Campbell Securities Sdn Bhd, a year at CLSA Securities Malaysia Sdn Bhd and five years at ABN Amro Research Malaysia, where he started his career before rising to the ranks of an Assistant Director. He has more than 18 years of experience in finance. Mr Chue Kwok Yan graduated from Imperial College of Science, Technology and Medicine in London with a Bachelor of Engineering Degree in Electrical & Electronics

Engineering. He is also a holder of a Capital Market Services Representative's Licence to carry on the regulated activity of fund management.

Mr Tan Gan Leong (Designated fund manager for KFF, KVF, KTF and KJF)

Mr Tan Gan Leong graduated with a Bachelor of Business, majoring in Economics & Marketing from Monash University, Australia. He is a Chartered Financial Analyst (CFA) charterholder and also a holder of a Capital Market Services Representative's Licence to carry on the regulated activity of fund management. He joined the Manager in 2013 as an investment analyst tasked with research responsibilities for both the Malaysian and Hong Kong market. Prior to joining the Manager, he spent several years working as a business development executive in the manufacturing industry.

Mr Loh Jia Ying (Designated fund manager for KCIF)

Mr Loh Jia Ying graduated with a BSc (Hons) in Applied Accounting from Oxford Brookes University, United Kingdom. He qualified as an Association of Chartered Certified Accountants (ACCA) member, a Chartered Financial Analyst (CFA) charterholder and also a holder of a Capital Market Services Representative's Licence to carry on the regulated activity of fund management. He joined the Manager in 2017 as an investment analyst tasked with research responsibilities for the Malaysian market. He started his career in corporate finance. Prior to joining the Manager, he was a sell-side equity research analyst in Affin Hwang Capital, providing coverage on banking, insurance and rubber gloves sectors.

Ms. Zarina Muhammad (Designated fund manager for KBF)

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 is also 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 KMMF)

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.

FURTHER INFORMATION ON THE MANAGER AND FUND MANAGER IS PROVIDED IN THE MANAGER'S WEBSITE AT WWW.KAF.COM.MY

CHAPTER 7: TRUSTEE

7.1 Universal Trustee (Malaysia) Berhad

KFF KTF KCIF

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 and the Guidelines.
- 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.

7.1.4 Trustee's delegate

The Trustee has delegated its foreign custodian function to Standard Chartered Bank Malaysia Berhad ("SCBMB").

SCBMB was incorporated in Malaysia on 29 February 1984 under the Companies Act 1965 (now known as Companies Act 2016) as a public limited company and has been providing custody services for more than twenty (20) years. The assets are held in the name of the Fund through the custodian's wholly owned subsidiary and nominee

company, Cartaban Nominees (Tempatan) Sdn Bhd. The assets are automatically registered into the name of the Fund. The custodian acts only in accordance with the instruction from the Trustee.

7.2 CIMB Commerce Trustee Berhad

KEBF KJF KMMF KBF

The Trustee was incorporated on 25 August 1994 and 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 1996. It acts as trustee to various unit trust funds, real estate investment trust fund, wholesale funds private retirement schemes and exchange traded funds.

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 Funds and hold the investments in trust for the Unit Holders;
- (b) ensure that the Manager, operates and administers the Funds in accordance with the provisions of the Deed and the Guidelines;
- (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 opinions 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 Funds 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 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; 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 roles, duties and responsibilities, 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 Bank Berhad (CIMB Bank). CIMB Bank's ultimate holding company is CIMB Group Holdings Berhad, a listed company on Bursa Malaysia.

CIMB 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 Group Nominees (Tempatan) Sdn Bhd". For foreign non-RM assets, CIMB 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. CIMB Bank acts only in accordance with instructions from the Trustee.

7.3 RHB Trustees Berhad

KVF

The Trustee was incorporated in Malaysia under the Companies Act, 1965 (now known as Companies Act 2016) on 6 March 2002. It is registered as a trust company under the Trust Companies Act, 1949 and is also registered with the Securities Commission to conduct unit trust business. The principal activity of the Trustee is providing retail and corporate trustee services. The Trustee has been in the trustee business since 2002.

7.3.1 Experience in trustee business

The Trustee undertakes all types of trustee business allowed under the Trust Companies Act, 1949, ranging from corporate trustee services to retail services. The Trustee offers corporate trustee services such as trustee for real estate investment trusts (REITs), unit trust funds (UTFs), private retirement schemes and custodian services. Its retail services include estate planning services (will writing, custodian and executor/trustee services) and private trustee services (private purpose trust, investment trust, charitable trust, insurance trust, business succession trust, estate administration trust, custodian and stakeholder services).

As of 31 May 2023, the Trustee is the trustee for nine (9) UTFs, thirty (30) wholesale funds and four (4) REITs.

7.3.2 Duties and responsibilities of the Trustee

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

- (a) acting as trustee and safeguarding the rights and interests of the Unit Holders;
- (b) holding the assets of the Fund for the benefit of the Unit Holders; and
- (c) exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of the Fund.

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.

7.3.3 Trustee's statement of responsibility

The Trustee has given its willingness to assume the position as trustee of the Fund and all the obligations in accordance with the Deed, the Guidelines, securities laws and other relevant law, and 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 interest of the Unit Holders.

7.3.4 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 fact likely to give rise to

any proceedings which might materially affect the business or financial position of the Trustee.

7.3.5 Anti-money laundering provisions

The Trustee adopts the Anti-Money Laundering and Counter Financing of Terrorism (“AML/CFT”) Program for Investment Banking Business (“the Program”) in dealing with the principles to combat money laundering and terrorism financing.

The Program inter alia provides guidance to all employees of RHB Investment Banking Group (“RHB IB Group”) on the requirement of Know Your Client (“KYC”) / clients’ due diligence (“CDD”), whereby they are required to obtain satisfactory evidence to establish the identity and legal existence of any person applying to do business with any companies of RHB IB Group. The employees should not compromise any attempt to circumvent the CDD requirement.

The policies and procedures in the Program serve to prevent the Trustee from being used as a conduit for money laundering and terrorism financing activities. This is through the prevention and detection of AML/CFT suspicious transaction and fraud, and reporting of such activities to the relevant regulatory bodies.

7.3.6 Trustee’s delegate

KVF

The Trustee has appointed Standard Chartered Bank Malaysia Berhad (“SCBMB”) as custodian of the quoted and unquoted investments of the Fund. The assets are held in the name of the Fund through the custodian’s wholly owned subsidiary and nominee company, Cartaban Nominees (Tempatan) Sdn Bhd. The assets are also automatically registered into the name of the Fund. SCBMB was incorporated in Malaysia on 29 February 1984 under the Companies Act 1965 (now known as Companies Act 2016) as a public limited company and is a subsidiary of Standard Chartered plc (the holding company of a global banking group). SCBMB was granted a license on 1 July 1994 under the Banking and Financial Institutions Act, 1989 (which has been repealed and replaced by Financial Services Act 2013). SCBMB has been providing custody services for more than twenty (20) years. SCBMB has been providing sub-custody services to local investors in Malaysia since 1995.

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

CHAPTER 8: SALIENT TERMS OF THE DEED

8.1 Salient terms of the Deed in relation to KFF, KVF, KEBF, KTF and KCIF

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
KFF	10% of NAV per unit	5% of NAV per unit
KVF	10% of NAV per unit	Nil
KEBF	3% of NAV per unit	1% of NAV per unit in the event the request to repurchase is received by the Manager within 1 year of the purchase of the units by Unit Holders.
KTF	10% of NAV per unit	10% of NAV per unit
KCIF	10% of NAV per unit	10% of NAV per unit

	Maximum annual management fee	Maximum annual trustee fee	
KFF	1.50% of NAV	The annual trustee fee is dependent on the size of the Fund	
		Size of the Fund (NAV)	Annual trustee fee
		First RM20 million	RM12,000
		Next RM20 million	RM10,000
		Next RM20 million	RM8,000
		Next RM20 million	RM6,000
		Next RM20 million	RM4,000
	Any amount above RM100 million	RM15,000	
KVF	1.50% of NAV	0.10% of NAV subject to a minimum of RM35,000 per annum	
KEBF	1.50% of NAV	0.08% of NAV subject to a minimum of RM18,000 per annum	
KTF	2.00% of NAV	0.10% of NAV	
KCIF	2.00% of NAV	0.10% of NAV	

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 and/or dealers 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;
- fees 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.

* Note – not applicable for **KFF**, **KVF** and **KEBF**.

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 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 KJF, KMMF and KBF

8.2.1 Rights and Liabilities of the Unit Holders

Rights of Unit Holders:

As a Unit Holder, 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 NAV 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. Neither would a Unit Holder have the right to interfere with or to question the exercise by the Trustee (or the Manager on the Trustee's behalf) of the rights of the Trustee as the registered owner of such investments or assets. In amplification and not in derogation of the aforesaid, units held shall not confer on any Unit Holder any interest in any investment 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, and subject to the provisions of the Deed, your liabilities would be limited to the following:

- A Unit Holder would not be liable for nor would a Unit Holder be required to pay any amount in addition to the payment for units of the Fund
- A Unit Holder would not be liable to indemnify the Trustee and/or the Manager in the event that the liabilities incurred by the Trustee and/or the Manager on behalf of the Fund exceed the NAV of the Fund.

8.2.2 Maximum fees and charges permitted by the Deed

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

	Maximum sales charge	Maximum repurchase charge
KJF	10% of NAV per unit	5% of NAV per unit
KMMF	10% of NAV per unit	5% of NAV per unit
KBF	10% of NAV per unit	5% of NAV per unit

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

	Maximum annual management fee	Maximum annual trustee fee
KJF	2.00% of NAV	Up to 0.1% per annum of NAV subject to a minimum of RM9,000 per annum.
KMMF	1.50% of NAV	Up to 0.1% per annum of NAV subject to a minimum of RM12,000 per annum.
KBF	1.50% of NAV	Up to 0.1% per annum of NAV subject to a minimum 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 set out in the Deed can only be increased if a Unit Holders' meeting has been held in accordance with the Deed. Thereafter, a supplemental deed proposing a modification to the Deed to increase the aforesaid maximum charges and fees is required to be submitted for registration with the Securities Commission accompanied by a resolution of not less than two-thirds (2/3) of all Unit Holders present and voting at the Unit Holders' meeting sanctioning the proposed modification to the Deed.

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;
- fees 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 the 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 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 Power of the Trustee to remove or replace 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 it 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;
- 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 is under investigation for conduct that contravenes the Companies Act 1956 or any relevant law.

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 CMSA;
- a special resolution is passed at a Unit Holders' meeting 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; or
- the effective date of an approved transfer scheme, as defined under the Guidelines has resulted in the 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 Trustee 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.

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 of 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.

In relation to **KEBF, KJF, KMMF** and **KBF**:

CIMB Commerce Trustee Berhad

The Trustee is independent of the Manager. The Trustee will carry out transactions on an arm's length basis and on terms which are best available for the Funds, as well as act at all times in the best interest of the Unit Holders. The Trustee also has adequate procedures and processes in place to prevent or control conflicts of interest.

In relation to **KVF**:

RHB Trustees Berhad

There are no existing and/or proposed related party transactions involving or in connection with the Fund.

Should there be any proposed related party transaction(s) entered into by the Trustee, such transaction(s) will be on terms that are no less favourable to the Fund, neither will it be detrimental to the interest of the Unit Holders.

Other declarations

PricewaterhouseCoopers Taxation Services Sdn Bhd has given confirmation that there are no existing or potential conflict of interest in its capacity as the tax adviser for **KFF, KVF, KEBF, KTF** and **KCIF**.

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 **KJF**, **KMMF** and **KBF**.

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, 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
Lingkaran TRX, Tun Razak Exchange
55188 Kuala Lumpur

10 July 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 First Fund
2. KAF Vision Fund
3. KAF Enhanced Bond Fund
4. KAF Tactical Fund
5. KAF Core 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 or interest (other than interest 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%.

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 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 derived from the following investments is exempt from tax:

- (a) Interest paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013;
- (b) Interest 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 paid or credited by Malaysia Building Society Berhad³.

The interest 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 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 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 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%. 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% and a maximum of 25% 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% 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% to 30%. Individuals and other non-corporate Unit Holders who are not resident in Malaysia will be subject to income tax at 30%. 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 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 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 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. 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.
 2. Exemption granted through letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 and it is with effect YA 2015.
 3. 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% 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.
 4. 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

10 July 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 Jade Fund ("the Fund").

Taxation of the Fund

The Fund is 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").

Subject to certain exemptions, the income of the Fund in respect of investment income derived from or accruing in Malaysia are 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 Holder 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

The Board of Directors

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

10 July 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 Money Market Fund ("the Fund").

Taxation of the Fund

The Fund is 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").

Subject to certain exemptions, the income of the Fund in respect of investment income derived from or accruing in Malaysia are 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 Holder 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

The Board of Directors

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

10 July 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 Bond Fund ("the Fund").

Taxation of the Fund

The Fund is 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").

Subject to certain exemptions, the income of the Fund in respect of investment income derived from or accruing in Malaysia are 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 Holder 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

KFF

KVF

KEBF

KTF

KCIF

KMMF

KBF

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.

KJF

On 30 May 2006, the Securities Commission has allowed the Fund's variation to comply with investment spread limit of the Guidelines whereby the Fund is allowed to invest up to 30% of NAV in a collective investment scheme i.e. the Amundi Funds - Greater China.

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 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
KFF	Deed of trust dated 22 December 1995 as modified via its first supplemental trust deed dated 8 July 1996, 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.
KVF	Deed of trust dated 24 January 2000 as modified via its supplemental deed dated 20 July 2001, second supplemental deed dated 9 January 2014, third supplemental deed dated 7 October 2014, fourth supplemental deed dated 12 March 2015 and fifth supplemental deed dated 20 March 2023.
KEBF	Deed dated 27 December 2001 as modified via its supplemental deed dated 9 January 2014, second supplemental deed dated 12 March 2015 and third supplemental deed dated 20 March 2023.

KTF and KCIF	Master deed dated 29 July 2004 as modified via its supplemental deed dated 9 January 2014, second supplemental deed dated 12 March 2015 and third supplemental deed dated 20 March 2023.
KJF, KMMF and KBF	Master deed dated 26 July 2006 as modified via its supplemental master deed dated 13 September 2007, second supplemental master deed dated 4 November 2008, third supplemental master deed dated 27 October 2009, fourth supplemental master deed dated 20 March 2013, fifth supplemental master deed 9 January 2014, sixth supplemental master deed dated 12 March 2015, seventh supplemental master deed dated 20 August 2018 and eighth supplemental master deed dated 20 March 2023.

12.4 Financial year of the Fund

Fund	Financial year end
KFF	31 December.
KVF	31 March.
KEBF	30 June.
KTF, KCIF, KJF, KMMF and KBF	31 August.

THE FUNDS' ANNUAL REPORT IS AVAILABLE UPON REQUEST.

CHAPTER 13: CONSENTS

The Trustees and the solicitors 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:
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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

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

Malaysian Resident

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

Private Limited Sole Proprietorship Partnership State / Federal

Public Limited Co-Operative Public listed corporation

Association / Club / Society / Trust foundation / Charity body Others, please specify: _____

Affiliation

Are you an affiliate company of a group of companies ?

Yes (Please provide corporate structure) No

Nature of Business

Status of Incorporation

Malaysian Bumiputera Controlled Malaysian Non-Bumiputera Controlled

Non-Malaysian Controlled 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

≤ RM10,000,000 RM100,000,001 - RM500,000,000

RM10,000,001 - RM100,000,000 > 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)

	<input type="checkbox"/> Intra group financing <input type="checkbox"/> Business loan <input type="checkbox"/> External investment <input type="checkbox"/> Business income wealth (accumulated profit retained earnings) <input type="checkbox"/> Investment by beneficial owner / partner <input type="checkbox"/> Sale of property <input type="checkbox"/> Stock transfer / fund raising exercise such as right issues / public offering <input type="checkbox"/> Others Please specify :
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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: Name: UTC Code: Date:	Attended by Sales & Marketing: Name: Date:
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6. FOR OFFICE USE ONLY

Account No. _____	Trans. No. _____	Price (RM) _____
Processed by: Name: Date:	Checked by: Name: Date:	