



INVESTMENT FUNDS BERHAD

(334195-K)

Master Prospectus

Name of the Funds	Constitution Date
Local funds:	
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
Global fund:	
KAF Advantage GEM Bond Fund	27 August 2007

Manager:
KAF Investment Funds Berhad (334195-K)
a company incorporated in Malaysia under Companies Act 1965

Trustees:
Universal Trustee (Malaysia) Berhad (17540-D)
RHB Trustees Berhad (573019-U)
CIMB Commerce Trustee Berhad (313031-A)
HSBC (Malaysia) Trustee Berhad (1281-T)

**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 61.**

This master prospectus is dated 15 January 2017.

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.
Base Currency or Ringgit or RM	The lawful currency of Malaysia, Ringgit Malaysia.
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.
CSSF	Commission de Surveillance du Secteur Financier (Luxembourg financial supervisory authority).
Deed	The deeds and supplemental deeds of the respective Funds entered into between the Manager and the respective Trustee of the Funds.
EEC	European Economic Community.
EPF	Employees Provident Fund.
Eligible Market	A market that is regulated by a regulatory authority, operates regularly, is open to the public and has adequate liquidity for the purposes of the Fund in question. Note: A non-exhaustive list of Eligible Markets includes stock exchange, derivative exchange, over-the-counter debt securities market and money market.
Emerging Markets	Refer to developing countries, which include many of the countries in Asia, Latin America, Europe, Africa, and the Middle East (i.e. a country which is considered middle income or low income by the World Bank, and which may or may not be sub-investment grade).
External Manager	Investment In relation to KAF First Fund, KAF Vision Fund, KAF Money Market Fund and KAF Bond Fund: Amundi Malaysia Sdn Bhd.
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 ”); or KAF Advantage GEM Bond Fund (“ KAGBF ”).
Group of Twenty		the informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, UK, USA and the European Union.
GST		The tax levied on goods and services pursuant to the Goods and Services Tax Act 2014.
Guidelines		Guidelines on Unit Trust Funds including any amendments, guidance notes and circulars issued by Securities Commission from time to time.
HGB or Target Fund		HSBC Global Investment Funds – Global Emerging Markets Bond.
Investment Grade		fixed income securities that are rated at least Baa3/BBB- by Moody’s, Standard & Poor’s or another recognised credit rating agency.
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.
Non-Investment Grade		fixed income securities that are rated Ba1/BB+ or lower by Moody’s, Standard & Poor’s or another recognised credit rating agency.
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).

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.
SICAV	Societe d'investissement'a capital variable.
Trustee(s)	Universal Trustee (M) Berhad in respect of KFF , KTF and KCIF . CIMB Commerce Trustee Berhad in respect of KEBF . RHB Trustees Berhad in respect of KVF and KAGBF . HSBC (Malaysia) Trustee Berhad in respect of KJF , KMMF and KBF .
UCITS	An Undertaking for Collective Investment in Transferable Securities authorised pursuant to Council Directive 85/611/EEC, as amended from time to time.
Unit Holders	The person registered for the time being as a holder of units in accordance with the provisions of the Deed.
USA or US	Unites States of America.
USD	United States Dollars.
UK	United Kingdom.

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 14, Chulan Tower
No. 3 Jalan Conlay
50450 Kuala Lumpur
Business address: Level 11, Chulan Tower
No. 3 Jalan Conlay
50450 Kuala Lumpur
Telephone number: 03-2171 0559
Facsimile number: 03-2171 0583
Website: ***www.kaf.com.my***
Email: ***investmentfund@kaf.com.my***

Trustee in respect of KFF, KTF and KCIF

Name: Universal Trustee (Malaysia) Berhad
Registered and business address: 3rd Floor, 1 Jalan Ampang
50450 Kuala Lumpur
Telephone number: 03-2070 8050
Facsimile number: 03-2031 8715
Website: ***www.universaltrustee.com.my***

Trustee's delegate (foreign) for KFF and KTF only

Name: Standard Chartered Bank Malaysia Berhad
Registered address: Level 16, Menara Standard Chartered
30, Jalan Sultan Ismail
50250 Kuala Lumpur
Business address: Level 13A, Menara Standard Chartered
30, Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone number: 03-2721 5602/ 03-2781 7319
Facsimile number: 03-2711 6060
Email: ***my.securitiesservices@sc.com***
Website: ***www.standardchartered.com.my***

Trustee in respect of KEBF

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 9889

Trustee's delegate

Name: CIMB Bank Berhad
Registered business address: Level 13, Menara CIMB Jalan Stesen Sentral 2
Kuala Lumpur Sentral

50470, Kuala Lumpur
Telephone number: 03-2084 8888
Facsimile number: 03-2261 8889
Website: ***www.cimb.com***
Business address: Level 21, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470, Kuala Lumpur
Telephone number: 03-2084 8888
Facsimile number: 03-2261 9892

Trustee in respect of KVF and KAGBF

Name: RHB Trustees Berhad
Registered address: Level 9, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Business address: Level 11, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Telephone number: 03-9280 8799
Facsimile number: 03-9280 8796
Email: ***rhbt.ut@rhbgroup.com***
Website: ***www.rhbgroup.com***

Trustee's delegate for KVF (as custodian)

Name: Standard Chartered Bank Malaysia Berhad
Registered business address: Level 16, Menara Standard Chartered
30, Jalan Sultan Ismail
50250 Kuala Lumpur
Business address: Level 13A, Menara Standard Chartered
30, Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone number: 03-2721 5602/ 03-2781 7319
Facsimile number: 03-2711 6060
Email: ***my.securitiesservices@sc.com***
Website: ***www.standardchartered.com.my***

Trustee's delegate for KAGBF (as custodian)

Name: United Overseas Bank (Malaysia) Bhd
Registered address: Level 11, Menara UOB
Jalan Raja Laut
50350 Kuala Lumpur
Business address: Level 9, Bangunan UOB
Medan Pasar,
10-12 Medan Pasar
50050 Kuala Lumpur
Telephone number: 03-2772 8000
Facsimile number: 03-2031 0470

Trustee in respect of KJF, KMMF and KBF

Name: HSBC (Malaysia) Trustee Berhad
Registered and business address: 13th Floor, Bangunan HSBC, South Tower,
No.2, Leboh Ampang,
50100 Kuala Lumpur.
Telephone number: 03-2075 7800
Facsimile number: 03-2179 6511

Trustee's delegate (local)

Name: The Hongkong And Shanghai Banking Corporation Limited (as
Custodian) and assets held through HSBC Nominees
(Tempatan) Sdn Bhd
Registered and business address: No.2, Leboh Ampang,
50100 Kuala Lumpur.
Telephone number: 03-2075 3000
Facsimile number: 03-2179 6488

Trustee's delegate (foreign)

Name: HSBC Institutional Trust Services (Asia) Limited
Registered and business address: 6th Floor, Tower One, HSBC Centre,
No.1, Sham Mong Road, Kowloon, Hong Kong.
Telephone number: (852) 2822 1111
Facsimile number: (852) 2810 5259

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. Although the Fund is actively managed, the frequency of its trading is very much depend on the market opportunities.

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 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 **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 review 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.

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

- (a) The value of the Fund’s investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund’s NAV;
- (b) The value of the Fund’s investment in unlisted securities must not exceed 10% of the Fund’s NAV. This limit however does not apply to securities that have

- been approved for listing and offered directly to the Fund by the issuer;
- (c) The value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;
 - (d) The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV;
 - (e) For investments in derivatives, the exposure to the underlying assets must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund's over-the-counter ("OTC") derivatives transaction with any single counterparty must not exceed 10% of the Fund's NAV.
 - (f) The value of the Fund's investments in structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;
 - (g) The aggregate value of the Fund's investments or participation in transferable securities, money market instruments, deposits, OTC financial derivatives and structured products issued by or placed with (as the case may be) any single issuer/institution must not exceed 25% of the Fund's NAV;
 - (h) The value of the Fund's investments in units/shares of a collective investment scheme must not exceed 20% 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 20% of the Fund's NAV;
 - (j) The Fund's investments in transferable securities (other than debentures) must not exceed must not exceed 10% of the securities issued by any single issuer;
 - (k) The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
 - (l) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer; however, this limit is not applicable to money market instruments that do not have a pre-determined issue size; and
 - (m) The Fund's investments in collective investment schemes must not exceed 25% of the units/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. However, a 5% allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation or depreciation of NAV (whether as a result of an appreciation or depreciation of the investment or as a result of repurchase of units or payment made from the Fund). The Manager should not make any further acquisitions to which the relevant limit or restriction is breached and the Manager should, within a reasonable period of not more than three (3) months from the date of the breach, take all necessary steps and actions to rectify the breach. Such limits and restrictions however, do not apply to securities and instrument that are issued or guaranteed by the 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">▪ willing to adopt a fairly aggressive approach towards investing;▪ 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. Although the Fund is actively managed, the frequency of its trading is very much depend on the market opportunities.

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.

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

- (a) The value of the Fund’s investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund’s NAV;
- (b) The value of the Fund’s investment in unlisted securities must not exceed 10% of the Fund’s NAV. This limit however does not apply to securities that have been approved for listing and offered directly to the Fund by the issuer;
- (c) The value of the Fund’s investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund’s NAV;
- (d) The value of the Fund’s placement in deposits with any single financial institution must not exceed 20% of the Fund’s NAV;

- (e) For investments in derivatives, the exposure to the underlying assets must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund's over-the-counter ("OTC") derivatives transaction with any single counterparty must not exceed 10% of the Fund's NAV.
- (f) The value of the Fund's investments in structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;
- (g) The aggregate value of the Fund's investments or participation in transferable securities, money market instruments, deposits, OTC financial derivatives and structured products issued by or placed with (as the case may be) any single issuer/institution must not exceed 25% of the Fund's NAV;
- (h) The value of the Fund's investments in units/shares of a collective investment scheme must not exceed 20% 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 20% of the Fund's NAV;
- (j) The Fund's investments in transferable securities (other than debentures) must not exceed must not exceed 10% of the securities issued by any single issuer;
- (k) The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- (l) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer; however, this limit is not applicable to money market instruments that do not have a pre-determined issue size; and
- (m) The Fund's investments in collective investment schemes must not exceed 25% of the units/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. However, a 5% allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation or depreciation of NAV (whether as a result of an appreciation or depreciation of the investment or as a result of repurchase of units or payment made from the Fund). The Manager should not make any further acquisitions to which the relevant limit or restriction is breached and the Manager should, within a reasonable period of not more than three (3) months from the date of the breach, take all necessary steps and actions to rectify the breach. Such limits and restrictions however, do not apply to securities and instrument that are issued or guaranteed by the 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 P3 by RAM or MARC-3 by MARC or equivalent for short-term issues;
- Fixed-income securities with a minimum rating of BBB 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 P3 by RAM or MARC-3 by MARC or equivalent, or the local long-term rating of BBB 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.

The Fund is actively managed. However, the frequency of its trading is very much depends on the market opportunities.

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 review 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 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.

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.

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

- (a) The value of the Fund’s investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund’s NAV;
- (b) The value of the Fund’s investment in unlisted securities must not exceed 10% of the Fund’s NAV. This limit however does not apply to securities that have been approved for listing and offered directly to the Fund by the issuer;
- (c) The value of the Fund’s placement in deposits with any single financial institution must not exceed 20% of the Fund’s NAV;
- (d) For investments in derivatives, the exposure to the underlying assets must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund’s over-the-counter (“OTC”) derivatives transaction with any single counterparty must not exceed 10% of the Fund’s NAV.
- (e) The value of the Fund’s investments in structured products issued by a single counter-party must not exceed 15% of the Fund’s NAV;
- (f) The aggregate value of the Fund’s investments or participation in transferable securities, money market instruments, deposits, OTC financial derivatives and structured products issued by or placed with (as the case may be) any single issuer/institution must not exceed 25% of the Fund’s NAV;
- (g) The value of the Fund’s investments in units/shares of a collective investment scheme must not exceed 20% of the Fund’s NAV;
- (h) The value of the Fund’s investments in debentures issued by any single issuer must not exceed 20% of the Fund’s NAV;
- (i) The value of the Fund’s investments in debentures issued by any single issuer may be increased to 30% if the debentures are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of interest/profit and principal. Where the single issuer limit is

increased to 30%, the aggregate value of the Fund's investments in transferable securities, money market instruments, deposits, OTC derivatives and structured products issued by or placed with (as the case maybe) any single issuer/institution must not exceed 30%.

- (j) The value of the Fund's investments in debentures issued by any group of companies must not exceed 30% of the Fund's NAV;
- (k) The Fund's investments in transferable securities (other than debentures) must not exceed 10% of the securities issued by any single issuer;
- (l) The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- (m) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer; however, this limit is not applicable to money market instruments that do not have a pre-determined issue size; and
- (n) The Fund's investments in collective investment schemes must not exceed 25% of the units/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. However, a 5% allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation or depreciation of NAV (whether as a result of an appreciation or depreciation of the investment or as a result of repurchase of units or payment made from the Fund). The Manager should not make any further acquisitions to which the relevant limit or restriction is breached and the Manager should, within a reasonable period of not more than three (3) months from the date of the breach, take all necessary steps and actions to rectify the breach. Such limits and restrictions however, do not apply to securities and instrument that are issued or guaranteed by the 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▪ 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. Although the Fund is actively managed, the frequency of its trading is very much depend on the market opportunities.

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

- (a) The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- (b) The value of the Fund's investment in unlisted securities must not exceed 10% of the Fund's NAV. This limit however does not apply to securities that have been approved for listing and offered directly to the Fund by the issuer;
- (c) The value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;
- (d) The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- (e) For investments in derivatives, the exposure to the underlying assets must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund's over-the-counter ("OTC") derivatives transaction with any single counterparty must not exceed 10% of the Fund's NAV.
- (f) The value of the Fund's investments in structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;
- (g) The aggregate value of the Fund's investments or participation in transferable securities, money market instruments, deposits, OTC financial derivatives and structured products issued by or placed with (as the case may be) any single issuer/institution must not exceed 25% of the Fund's NAV;
- (h) The value of the Fund's investments in units/shares of a collective investment scheme must not exceed 20% 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 20% of the Fund's NAV;
- (j) The Fund's investments in transferable securities (other than debentures) must not exceed must not exceed 10% of the securities issued by any single issuer;
- (k) The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;

- (l) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer; however, this limit is not applicable to money market instruments that do not have a pre-determined issue size; and
- (m) The Fund's investments in collective investment schemes must not exceed 25% of the units/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. However, a 5% allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation or depreciation of NAV (whether as a result of an appreciation or depreciation of the investment or as a result of repurchase of units or payment made from the Fund). The Manager should not make any further acquisitions to which the relevant limit or restriction is breached and the Manager should, within a reasonable period of not more than three (3) months from the date of the breach, take all necessary steps and actions to rectify the breach. Such limits and restrictions however, do not apply to securities and instrument that are issued or guaranteed by the 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. Although the Fund is passively managed, the frequency of its trading is very much depend on the market opportunities.

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 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.

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 "BBB" 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 review 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.

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 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.

3.5.6 Investments restrictions and limits

- (a) The value of the Fund’s investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund’s NAV;
- (b) The value of the Fund’s investment in unlisted securities must not exceed 10% of the Fund’s NAV. This limit however does not apply to securities that have been approved for listing and offered directly to the Fund by the issuer;
- (c) The value of the Fund’s investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund’s NAV;
- (d) The value of the Fund’s placement in deposits with any single financial institution must not exceed 20% of the Fund’s NAV;
- (e) For investments in derivatives, the exposure to the underlying assets must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund’s over-the-counter (“OTC”) derivatives transaction with any single counterparty must not exceed 10% of the Fund’s NAV.
- (f) The value of the Fund’s investments in structured products issued by a single counter-party must not exceed 15% of the Fund’s NAV;
- (g) The aggregate value of the Fund’s investments or participation in transferable securities, money market instruments, deposits, OTC financial derivatives and structured products issued by or placed with (as the case may be) any single issuer/institution must not exceed 25% of the Fund’s NAV;
- (h) The value of the Fund’s investments in units/shares of a collective investment scheme must not exceed 20% 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 20% of the Fund's NAV;

- (j) The Fund's investments in transferable securities (other than debentures) must not exceed must not exceed 10% of the securities issued by any single issuer;
- (k) The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- (l) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer; however, this limit is not applicable to money market instruments that do not have a pre-determined issue size; and
- (m) The Fund's investments in collective investment schemes must not exceed 25% of the units/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. However, a 5% allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation or depreciation of NAV (whether as a result of an appreciation or depreciation of the investment or as a result of repurchase of units or payment made from the Fund). The Manager should not make any further acquisitions to which the relevant limit or restriction is breached and the Manager should, within a reasonable period of not more than three (3) months from the date of the breach, take all necessary steps and actions to rectify the breach. Such limits and restrictions however, do not apply to securities and instrument that are issued or guaranteed by the 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 objectives, 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.

The Fund is actively managed. However, the frequency of its trading very much depends on market opportunities.

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

- (a) The value of the Fund's investment in unlisted securities must not exceed 10% of the Fund's NAV. This limit however does not apply to securities that have been approved for listing and offered directly to the Fund by the 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;
- (d) The value of the Fund's placement in deposits with any single institution must not exceed 20% of the Fund's NAV;
- (e) The Fund's exposure from derivatives positions must not exceed the Fund's NAV at all times;
- (f) The value of the Fund's over-the-counter (OTC) derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV;
- (g) The aggregate value of the Fund's investments in transferable securities, money market instruments, deposits and OTC derivatives issued by or placed with (as the case may be) any single issuer/institution must not exceed 25% of the Fund's NAV;
- (h) The value of the Fund's investments in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV. 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;
- (i) 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 (please take note of the exemption from the Guidelines as set out under item (c) above);
- (j) The Fund's investments in transferable securities must not exceed 10% of the securities issued by any single issuer;
- (k) The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- (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/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. However, a 5% allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation or depreciation of NAV (whether as a result of an appreciation or

depreciation of the investment or as a result of repurchase of units or payment made from the Fund). The Manager should not make any further acquisitions to which the relevant limit or restriction is breached and the Manager should, within a reasonable period of not more than three (3) months from the date of the breach, take all necessary steps and actions to rectify the breach. Such limits and restrictions however, do not apply to securities and instrument that are issued or guaranteed by the 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▪ seeks 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 primarily in a diversified portfolio of short-term money market instruments. Due to the nature of this Fund, its policy would be to hold only liquid money market instruments.

This Fund will try to achieve its objective by investing primarily in high-quality short-term instruments with a minimum short-term credit rating of P1 by RAM/MARC1 by MARC or long-term credit rating of AA3 by RAM/AA- by MARC.

The value of the Fund's holdings in permitted investments which have a remaining maturity period of not more than 365 days will be maintained at not less than 90% of NAV.

Up to 10% of the Fund will be invested in permitted investments that have a maturity period of more than 365 days but less than 732 days.

Any remaining assets which are not invested will be placed in cash deposits.

Investment strategy:

The Fund's assets will be placed in deposits or invested in money market instruments such as treasury bills, negotiable certificates of deposits, bankers acceptances, repurchase agreement (repos) and promissory notes as well as short-term debentures maturing within 365 days with a minimum short-term credit rating of P1 by RAM/MARC1 by MARC or long-term credit rating of AA3 by RAM/AA- by MARC. The strategy is to invest in liquid, low risk short-term investments with a high degree of capital preservation*.

In the unlikely event of credit rating downgrading below the minimum stipulated, the Manager reserves the right to deal with the security in the best interest of investors, bearing in mind that the instrument would mature in a few months' time. The Manager may consider and will endeavor to take necessary actions to dispose the security within a time frame as deemed reasonable.

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

Risk is mitigated by way of the nature of the Fund's investments, the Fund will invest mainly in Malaysian government, banked-backed and highly rated corporate instruments / securities. It is also restricted to investing a minimum of 90% of its NAV in instruments / securities that have a maturity period of less than 365 days, this ensures a high level of liquidity for the Fund's holdings. In response to adverse conditions, market, economic, political or otherwise, the Manager may adjust the investment exposure of the Fund and shift investments into other permitted investments such as cash deposits in order to maintain the Fund's objective of providing a regular income stream to investors.

Note: The Fund is not a capital guaranteed nor a capital protected fund.

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

- (a) The value of the Fund's investments in permitted investments which have a remaining maturity period of not more than 365 days must not be less than 90% of the Fund's NAV;
- (b) The value of the Fund's investments in permitted investments which have a remaining maturity period of more than 365 days but fewer than 732 days must not exceed 10% of the Fund's NAV;
- (c) The value of the Fund's investments in debentures and money market instruments issued by any single issuer must not exceed 20% of the Fund's NAV;
- (d) The value of the Fund's investments in debentures and money market instruments issued by any single issuer may be increased to 30% if the debentures are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of interest and principal;
- (e) The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- (f) The value of the Fund's investments in debentures and money market instruments issued by any group of companies must not exceed 30% of the Fund's NAV;
- (g) The aggregate value of the Fund's investments in debentures, money market

instruments and deposits issued by or placed with (as the case may be) any single issuer/institution must not exceed 25% of the Fund's NAV.

- (h) The value of the Fund's investments in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV.
- (i) The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- (j) The Fund's investments in money market instruments must not exceed 20% of the instruments issued by any single issuer;
- (k) The Fund's investment in collective investment schemes must not exceed 25% of the units/shares in any collective investment scheme; and
- (l) There will be no restriction or limit for securities issued or guaranteed by the Malaysian government or BNM.

The above limits and restrictions must be complied with at all times based on the most up-to-date value of the Fund's investments. However, a 5% allowance in excess of any limit or restriction is permitted where the limit or restriction is breached through the appreciation or depreciation of the NAV (whether as a result of an appreciation or depreciation in the value of the investments, or as a result of repurchase of units or payment made from the Fund). The External Investment Manager will not make any further acquisitions to which the relevant limit is breached and the External Investment Manager should within reasonable period of not more than 3 months from the date of the breach take all necessary steps and actions to rectify the breach.

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 A3 by RAM/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, be they market, economic, political or otherwise, the External Investment 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 External Investment 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 MARC2 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 to lower than A3 by RAM or A- by MARC, the External Investment 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

- (a) The value of the Fund's investments in debentures issued by any single issuer must not exceed 20% of the Fund's NAV.
- (b) The value of the Fund's investments in debentures issued by any single issuer may be increased to 30% of the Fund's NAV if the debentures are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of interest and principal.
- (c) The value of the Fund's investments in debentures issued by any one group of companies must not exceed 30% of the Fund's NAV.
- (d) The value of the Fund's placement in deposits with any single institution must not exceed 20% of the Fund's NAV.
- (e) The aggregate value of the Fund's investments in transferable securities, money market instruments, deposits, over the counter ("OTC") derivatives and structured products issued by or placed with (as the case may be) any single issuer/institution must not exceed 25% of the Fund's NAV. Where the single issuer limit of the Fund's investments in debentures is increased to 30% of the Fund's NAV as explained in point (b) above, the aggregate value of the Fund's investments in transferable securities, money market instruments, deposits, OTC derivatives and structured products issued by or placed with (as the case may be) any single issuer/institution must not exceed 30% of the Fund's NAV.
- (f) The value of the Fund's investments in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV.
- (g) For investments in derivatives:
 - (i) the exposure to the underlying assets must not exceed the investment spread limits as set out above under item (a) to (f).
 - (ii) the value of the Fund's OTC derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV.
- (h) The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer.
- (i) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. However, this limit does not apply to money market instruments that do not have a pre-determined issue size.
- (j) The Fund's investments in collective investment schemes must not exceed

25% of the units/shares in any one collective investment scheme.

- (k) There will be no restriction or limit for securities issued or guaranteed by the Malaysian government or BNM.

The above limits and restrictions must be complied with at all times based on the most up-to-date value of the Fund's investments. However, a 5% allowance in excess of any limit or restriction is permitted where the limit or restriction is breached through the appreciation or depreciation of the NAV (whether as a result of an appreciation or depreciation in the value of the investments, or as a result of repurchase of units or payment made from the Fund). The External Investment Manager will not make any further acquisitions to which the relevant limit is breached and the External Investment Manager should within reasonable period of not more than 3 months from the date of the breach take all necessary steps and actions to rectify the breach.

3.9 Information on KAF Advantage GEM Bond Fund

Fund category	Feeder fund (bond).
Fund type	Income and growth.
Investor profile	The Fund is suitable for investors who: <ul style="list-style-type: none">▪ have medium to long-term investment horizon;▪ want diversification into an emerging market portfolio;▪ are able to tolerate moderately high volatility and risk associated with emerging market portfolios as the assets may be invested in bonds rated below investment grade.
Distribution policy	In line with the distribution policy of the target fund, the Fund will distribute income at least once a year, subject to availability of income.
Launch date	23 October 2007.

3.9.1 Investment objective

The Fund aims to achieve total investment return consisting of income and capital appreciation by investing in the target fund known as the HSBC Global Investment Funds – Global Emerging Markets Bond.

Note: The Fund is not a capital guaranteed / protected fund.

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

3.9.2 Investment policy and strategy

The Fund offer investors an opportunity to invest in a diversified portfolio of investment grade and non-investment grade rated fixed income (e.g. bonds) and other similar securities either issued by companies which have their registered office in Emerging Markets around the world, primarily denominated in USD, or which are issued or guaranteed by governments, government agencies and supranational bodies of Emerging Markets via the Target Fund, i.e. the HSBC Global Investment Funds – Global Emerging Markets Bond (“HGB”). HGB is managed by HSBC Investment Funds (Luxembourg) S.A and its investment adviser is HSBC Global Asset Management (USA) Inc.

Asset allocation:

The Fund is a feeder fund and it aims to invest a minimum of 95% of the NAV in the HSBC Global Investment Funds – Global Emerging Markets Bond; the balance of the NAV will be invested in liquid assets.

The Fund is passively managed. However, the Fund's investment will be rebalanced from time to time following the units redemption transaction and units sales.

The Target Fund invests for total return primarily in a diversified portfolio of Investment Grade and Non-Investment Grade rated fixed income (e.g. bonds) and other similar

securities either issued by companies which have their registered office in Emerging Markets around the world, primarily denominated in USD, or which are issued or guaranteed by governments, government agencies and supranational bodies of Emerging Markets.

The Target Fund may also invest in financial derivative instruments such as futures, forwards (including non-deliverable forwards), swaps, options, credit default swaps, as well as other structured products. The Target Fund intends to use such financial derivative instruments for, inter alia, return enhancement, hedging, tax-advantage access to instruments and whenever the investment adviser of the Target Fund believes the investment in financial derivative instruments will assist the Target Fund in achieving its investment objectives.

As the Fund is a feeder fund, it will stay invested in the Target Fund in so far as its investment strategy is consistent with the objective of the Fund. In view of the aforesaid, the Fund will not undertake any temporary defensive position.

As the Target Fund is denominated in USD, the Fund may be currency-hedged back to RM. By currency hedging, the Manager aims to mitigate any erosion from currency movements against RM on the Fund's portfolio.

Currency hedging

USD-RM

Since the Fund's Base Currency is denominated in RM whilst the Target Fund's base currency is denominated in the USD, the Fund will be subjected to currency fluctuations between RM and the USD. In order to substantially mitigate these currency fluctuations, the Manager intends to hedge approximately 90% of the Fund's NAV exposure to the USD. The hedging will be on monthly or quarterly rollover.

The Manager will utilise derivatives to hedge the Fund. A common instrument used is forward contract where the determination of the RM and the USD exchange value is made at a particular time and settled at some other time in the future.

As an illustration, we assume the following: hedging tenure of 19 June 2017 to 18 September 2017.

	19 June 2017	18 September 2017
Mark-to-market exchange rate	4.3200	4.2800
Underlying asset	USD1,000,000.00 (RM4,320,000.00)	-
Amount to be hedged (90% of the underlying asset)	USD900,000.00 (RM3,888,000.00)	USD900,000.00 (RM3,852,000.00)
Foreign contract details:		
Contract exchange rate	4.3300	
Amount based on contract rate	USD900,000.00 (RM3,897,000.00)	USD900,000 (RM3,897,000.00)

Maturity date	18 September 2017
Unrealised gain/(loss) (RM)	9,000.00
Realised gain/(loss) (RM)	45,000.00

During the hedging tenure, the amount of RM9,000.00 is the unrealised gain of income. Upon the maturity of the hedge period, the amount of RM45,000.00 will be the realized gain of income.

Due to currency fluctuation, cash flow would be affected, where if the USD weakens, the Fund would receive cash flow but the value of the underlying asset may be lesser than its initial investment value after conversion to RM. As illustrated above, when the hedge tenure matures, the Fund receives a cash flow of RM45,000.00 but the value of the underlying asset in RM denomination would be lesser than its initial investment value.

However, if the situation is of the opposite, where the USD has strengthened against the RM, the Fund would pay out the difference between the forward contract receivable and forward contract payable but the underlying asset would experience and appreciation in value when converted to RM as it would ride on the strength of the USD. As illustrated below, upon maturity of the hedge tenure, the Fund would have suffered a loss of RM45,000.00 but its underlying asset in RM denomination would have increased in value than its initial investment value due to the strengthening of the USD.

	20 January 2017	19 March 2017
Mark-to-market exchange rate	4.3200	4.3800
Underlying asset	USD1,000,000.00 (RM4,320,000.00)	-
Amount to be hedged (90% of the underlying asset)	USD900,000.00 (RM3,888,000.00)	USD900,000.00 (RM3,942,000.00)
Foreign contract details:		
Contract exchange rate	4.330	
Amount based on contract rate	USD900,000.00 (RM3,897,000.00)	USD900,000.00. (RM3,897,000.00)
Maturity date	19 March 2017	
Unrealised gain/(loss) (RM)	9,000.00	
Realised gain/(loss) (RM)		(45,000.00)

The Manager will monitor the performance of the Target Fund on a weekly basis to determine the amount to hedge, to be unwound or to be initiated as a result of appreciation or diminution of the Target Fund's net asset value.

However, daily monitoring would be conducted in respect of the Fund to determine the appropriate level of hedge required taking into account the daily subscription and repurchase amount for the Fund. Unit Holders are to note that in the event there are hedging losses, the Fund may have to liquidate its investments in the Target Fund to fund the hedging losses.

Ancillary measures aimed at protecting the Unit Holder's interest

The Manager may exercise their prerogative to replace the HGB with any other funds of similar objective or investment objectives with HGB, if based on the Manager's assessment, the Luxembourg-based fund no longer satisfies the KAGBF's investment objectives, or when acting in the best interest of the Unit Holders. Prior approval of the Unit Holders will be obtained before replacing the existing HGB with any other fund with a similar objective.

These measures enable KAGBF to be switched to another global emerging market fund managed by any other external manager that is more aligned to the original objective of KAGBF, if by any means the investment adviser of the Target Fund deviates from the original investment objectives or in an attempt to protect the Unit Holders' interest if HGB, consecutively underperforms its peers in the same fund category.

3.9.3 Liquid asset

The Fund will maintain a maximum of 5% of the NAV for the purpose of meeting redemptions and to enable proper and efficient management.

3.9.4 Benchmark

JP Morgan Emerging Market Bond Index (EMBI) Global Index (RM)

The benchmark is chosen for the Fund as it is consistent and corresponds to the benchmark of the Target Fund, except that it is in RM in order to allow for similar comparison with the Fund which is denominated in RM. For ease of reference, investors may refer to Bloomberg L.P. or the Manager's website.

Investors should note that the value of units of the Fund and the income accruing to units of the Fund may fall or rise and that investors may not get back their original investments. The HGB faces a number of investment risks greater than those normally associated with international investments in securities. Please refer to page 67 to 69 for the risk associated with HGB.

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

3.9.5 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) Units or shares in other foreign collective investment schemes;
- (b) Liquid assets which comprise of:
 - Ringgit-denominated deposits placed with commercial banks, investment banks and placements of money at call with investment bank;

- Ringgit-denominated deposits and placement of money at call with any bank having Islamic banking facilities; and
 - Foreign currency deposits including placements of money at call.
- (c) Any other form of investments as may be agreed upon between the Manager and the Trustee from time to time and permitted by the relevant authorities, where necessary.

3.9.6 Investments restrictions and limits

- (a) The Fund may not invest in:
- a fund-of-funds;
 - a feeder fund; and
 - any sub-fund of an umbrella scheme which is a fund-of funds or a feeder fund.
- (b) The Target Fund has to be regulated and registered or authorised or approved by the relevant regulatory authority in its home jurisdiction;
- (c) The Target Fund has to be managed by another management company or a foreign operator;
- (d) The Fund's net market exposure of the futures contracts position must not exceed the Fund's NAV. The participation of the Fund in future contracts must be for hedging purposes only. In addition, the future contracts must be traded in or under the rules of Eligible Market; and
- (e) The value of a Fund's placement in deposits with any single institution must not exceed 20% of the Fund's NAV.

3.9.7 Information on the target fund

(a) About HSBC Global Investment Funds – Global Emerging Markets Bond (“HGB”)

The HSBC Global Investment Funds – Global Emerging Markets Bond (“the Target Fund” or “HGB”) is a sub-fund of HSBC Global Investment Funds (“the Company”) which is a SICAV. The Target Fund or HGB is domiciled in Luxembourg and was launched on 24 July 1998.

HSBC Global Investment Funds is an investment company incorporated in the Grand Duchy of Luxembourg and the regulatory authority regulating the Fund is Commission de Surveillance du Secteur Financier (“CSSF”) (Luxembourg Financial Authority) and qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) complying with the provisions of Part I of the Luxembourg Law of 17 December 2010 (the “Law of 2010”).

The Company offers investors, within the same investment vehicle under an umbrella structure, a choice of investments in one or more sub-funds, in respect of which a separate portfolio of investments is held, which are distinguished among others by their specific investment policy and objective and/or by the currency of denomination.

The board of directors of the Company is responsible for the overall investment policy, objective and management of the Company and the Target Fund.

The board of directors of the Company has appointed HSBC Investment Funds (Luxembourg) S.A. as the management company of the Target Fund to be responsible on a day to day basis under the supervision of the board of directors of the Company, for providing administration, marketing, investment management and advice services in respect of the Target Fund.

The management company of the Target Fund has delegated the investment management services of the Target Fund to HSBC Global Asset Management (USA) Inc, the investment adviser of the Target Fund.

The management company of the Target Fund:

HSBC Investment Funds (Luxembourg) S.A. was incorporated on 26 September 1988 as a *société anonyme* under the laws of the Grand Duchy of Luxembourg and the regulatory authority regulating the management company of the Target Fund is Commission de Surveillance du Secteur Financier (“CSSF”) (Luxembourg Financial Authority). The management company of the Target Fund is approved as a management company regulated by chapter 15 of the Law of 2010.

Regulatory authority regulating the management company of the Target Fund is Commission de Surveillance du Secteur Financier.

The investment adviser of the Target Fund:

HSBC Global Asset Management (USA) Inc. was incorporated under the laws of New York State, United States on 29 January 1986, and is ultimately a wholly owned subsidiary of HSBC Holdings plc.

Regulatory authority regulating the Investment Adviser of the Target Fund is U.S. Securities and Exchange Commission (SEC).

The management company of the Target Fund and the investment adviser of the Target Fund are members of the HSBC Group, which serves customers worldwide from over 6,100 offices in over 73 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa. The management company of the Target Fund has been managing HSBC Global Investment Funds and collective investment schemes in general since September 1988.

(b) Investment objective:

The HGB invests for total return primarily in a diversified portfolio of Investment Grade and Non-Investment Grade rated fixed income (e.g. bonds) and other similar securities either issued by companies which have their registered office in Emerging Markets around the world, primarily denominated in USD, or which are issued or guaranteed by governments, government agencies and supranational bodies of Emerging Markets.

HGB may invest more than 10% and up to 30% of its net assets in securities issued by and/or guaranteed by a single sovereign issuer with a Non-Investment Grade credit rating. This is due to the fact that the HGB’s reference benchmark, the JP Morgan Emerging Market Bond Index, may contain sovereign issuers that may have a Non-Investment Grade rating. The investment adviser of HGB may decide

to invest in a specific non-investment grade sovereign issuer and/or to overweight (in relation to the reference benchmark) a particular Non-Investment Grade sovereign issuer.

The Non-Investment Grade sovereign issuers that HGB may invest up to 30% of its net assets in include, but are not limited to, Venezuela, Turkey and the Philippines. However, this list may change at any time as a result of: changes in credit ratings, changes in the HGB's benchmark weights, the investment adviser of HGB's decision to allocate a higher or lower proportion of the HGB's net assets to a particular benchmark constituent and/or market movements.

The HGB may also invest in financial derivative instruments such as futures, forwards (including non-deliverable forwards), swaps, options, credit default swaps, as well as other structured products. The HGB intends to use such financial derivative instruments for, *inter alia*, return enhancement, hedging, tax-efficient access to instruments and whenever the investment adviser of the Target Fund believes the investment in financial derivative instruments will assist the HGB in achieving its investment objectives.

(c) Investment strategy

The Target Fund aims to provide income whilst maintaining a prudent policy of capital conservation*. The Company's view of interest rate trends will be reflected in the type and the maturity dates of securities in which the Target Fund is invested.

*Note: Please note that this is not a capital guaranteed fund.

Overall returns will be achieved through both capital appreciation and income, which may result in lower income yields than might otherwise normally be obtainable from the relevant securities markets.

The Target Fund aims to provide investors with an actively managed portfolio of interest bearing transferable securities. Such securities are generally denominated in the currency of the Target Fund and include those traded both domestically and internationally. The portfolio may also include ancillary liquid assets and from time to time other permitted assets with a short remaining maturity, especially in times of rising interest rates.

Financial derivative instruments may be used for investment, hedging and efficient portfolio management purposes

Country of Origin of the Target Fund
Grand Duchy of Luxembourg

Regulatory Authority regulating the Target Fund
Commission de Surveillance du Secteur Financier ("CSSF")

Applicable Legislation
Luxembourg law of 17 December 2010 on undertakings for collective investment, implementing UCITS IV directive 2009/65/EC into the Luxembourg law

(d) Distribution of income:

The Fund will be investing in Class A Monthly Distribution Shares (USD) of the Target Fund. The Monthly Distribution Shares will pay a dividend normally on a monthly basis.

(e) Authorised investments and investment restrictions of the Target Fund

- A (1) The Company may invest in:
- (a) transferable securities and money market instruments admitted to or dealt in on a regulated market;
 - (b) transferable securities and money market instruments dealt in on another market in a member state of the European Union ("EU") which is regulated, operates regularly and open to the public;
 - (c) transferable securities and money market Instruments admitted to official listing on a stock exchange in a non-member state of the EU or dealt in on another market in a non-member state of the EU which is regulated, operates regularly and is recognised and open to the public provided that the choice of the stock exchange or market has been provided for in the constitutional documents of the Company;
 - (d) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market which operates regularly and is recognised and open to the public, provided that the choice of the stock exchange or the markets has been provided for in the constitutional documents of the Company and such admission is secured within one year of the issue;
 - (e) units of UCITS and/or other UCIs, whether situated in a member state of the EU or not, provided that:
 - such other UCIs have been authorised under the laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Community law, and that cooperation between authorities is sufficiently ensured,
 - the level of protection for unit holders in such other UCIs is equivalent to that provided for unit holders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of directive 2009/65/EC, as amended,
 - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
 - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other

UCITS or other UCIs;

- (f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is a member state of the EU or if the registered office of the credit institution is situated in a third country provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Community law;
- (g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs 1. (a), (b) and (c) above and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of instruments covered by this section A. (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Target Fund may invest according to its investment objective;
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;

and/or

- (h) money market instruments other than those dealt in on a regulated market and defined in Appendix 1 "Glossary" of the Target Fund prospectus, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of a member state of the EU, the European Central Bank, the EU or the European Investment Bank, a non-member state of the EU or, in case of a federal state, by one of the members making up the federation, or by a public international body to which one or more member states of the EU belong, or
 - issued by an undertaking any securities of which are dealt in on regulated markets referred to in subparagraphs 1 (a), (b) or (c) above, or
 - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the European Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by European Community law, or
 - issued by other bodies belonging to the categories approved by the

CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (Euro 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (2) In addition, the Company may invest a maximum of 10% of the net assets of the Target Fund in transferable securities and money market instruments other than those referred to under section A (1) above.

B The Company may hold ancillary liquid assets.

C (a) (i) The Company will invest no more than 10% of the net assets of the Target Fund in transferable securities or money market instruments issued by the same issuing body.

(ii) The Company may not invest more than 20% of the net assets of the Target Fund in deposits made with the same body. The risk exposure of the Target Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in section A (1) (f) above or 5% of its net assets in other cases.

(b) Moreover, where the Company holds on behalf of the Target Fund investments in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of the Target Fund, the total of all such investments must not account for more than 40% of the total net assets of the Target Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph C (1), the Company shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following for the Target Fund:

- investments in transferable securities or money market instruments issued by that body;
- deposits made with that body; or
- exposure arising from OTC derivative transactions undertaken with that body.

(c) The limit of 10% laid down in sub-paragraph C (a) (i) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a member state of the EU, its public local authorities, or by another eligible state or by public international bodies of which one or more member states of the EU are members.

- (d) The limit of 10% laid down in sub-paragraph C (a) (i) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a member state of the EU and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If the Target Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the Target Fund.

- (e) The transferable securities and money market instruments referred to in paragraphs C (c) and (d) shall not be included in the calculation of the limit of 40% in paragraph C (b).

The limits set out in paragraphs C (a), (b), (c) and (d) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in financial derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of the Target Fund's net assets;

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph C.

The Company may cumulatively invest up to 20% of the net assets of the Target Fund in transferable securities and money market instruments within the same group.

- (f) Notwithstanding the above provisions, the Company is authorised to invest up to 100% of the net assets of the Target Fund, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by any member state of the EU, by one or more of its local authorities or agencies, a non-member state of the EU or by another member state of the Organisation for Economic Co-operation and Development, Singapore or any member state of the Group of Twenty or by public international bodies of which one or more member states of the EU are members, provided that the Target Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of the Target Fund.

- D (a) Without prejudice to the limits laid down in paragraph E, the limits provided in paragraph C are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of the Target Fund is to replicate

the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the Target Fund's investment policy.

- (b) The limit laid down in paragraph D (a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- E
- (a) The Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
 - (b) The Company may acquire no more than:
 - 10% of the non-voting shares of the same issuer;
 - 10% of the debt securities of the same issuer;
 - 10% of the money market instruments of the same issuer.
 - (c) These limits under second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the money market instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of paragraph E shall not be applicable to transferable securities and money market instruments issued or guaranteed by a member state of the EU or its local authorities or by any other eligible state, or issued by public international bodies of which one or more member states of the EU are members.

These provisions are also waived as regards shares held by the Company in the capital of a company incorporated in a non-member state of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that state, where under the legislation of that state, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that state provided that the investment policy of the company from the third country EU complies with the limits laid down in paragraph C, E and F (a), (b) and (c).

- F
- (a) The Company may acquire units of the UCITS and/or other UCIs referred to in paragraph A (1) (e), provided that no more than 10% of the Target Fund's net assets be invested in the units of UCITS or other UCIs or in one single such UCITS or other UCI.
 - (b) The underlying investments held by the UCITS or other UCIs in which the Company invests do not have to be considered for the purpose of the investment restrictions set forth under paragraph C above.
 - (c) If the Company invests in the units of UCITS and/or other UCIs that are managed, directly or by delegation, by the management company of the Target Fund or by any other company with which the management company of the Target Fund is linked by common

management or control, or by way of a substantial direct or indirect holding stake of more than 10% of the capital of votes then there will be no duplication, subscription or repurchase fees between the Company and the UCITS and/or UCIs into which the Company invests.. In derogation of this, if the Company invests in shares of HSBC ETFs PLC, then there may be duplication of management fee of the Target Fund. The Company will indicate in its annual report the total management fee charged both to the Target Fund and to HSBC ETFs PLC. The management company of the Target Fund or other company cannot charge subscription, redemption or management fee on account of the Company's investment in the units of such other UCITS and/or other UCIs.

If the Target Fund's investments in UCITS and other UCIs constitute a substantial proportion of the Target Fund's assets, the total management fee (excluding any performance fee, if any) charged both to the Target Fund itself and the other UCITS and/or other UCIs concerned shall not exceed 3.00% of the relevant assets. The Company will indicate in its annual report the total management fees charged both to the Target Fund and to the UCITS and other UCIs in which the Target Fund has invested during the relevant period.

- (d) The Company may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all compartments combined.
- (e) To the extent that, pursuant to section 3.2. "Sub-Fund Details" of the Target Fund's prospectus, the Target Fund may invest more than 10% of its net assets in the units of UCITS or other UCIs or in one single such UCITS or other UCIs (including target sub-funds), the following will apply:
 - The Target Fund may acquire units of the UCITS and/or other UCIs referred to in paragraph A (1) e), provided that no more than 20% of the Target Fund's net assets be invested in the units of a single UCITS or other UCI.

For the purpose of the application of the investment limit, each compartment of a UCITS and/or UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

- Investments made in units of other UCIs may not in aggregate exceed 30% of the net assets of the Target Fund.

- G. The Target Fund (the "Investing Sub-Fund") may subscribe, acquire and/or hold securities to be issued or issued by one or more sub-funds of the Company (each a "Target Sub-Fund") without the Company being subject to the requirements of the 1915 Law with respect to the subscription, acquisition

and/or the holding by a company of its own shares; under the condition however that:

- (a) The Investing Sub-Fund may not invest more than 10% of its net asset value in a single Target Sub-Fund, this limit being increased to 20% if the Investing Sub-Fund is permitted, pursuant to Section 3.2. "Sub-Fund Details" of the Target Fund's prospectus, to invest more than 10% of its net assets in the units of UCITS or other UCIs or in one single such UCITS or other UCIs; and
- (b) The Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund(s); and
- (c) The investment policy(ies) of the Target Sub-Fund(s) whose acquisition is contemplated does not allow such Target Sub-Fund(s) to invest more than 10% of its(their) net asset value in UCITS and other UCIs; and
- (d) Voting rights, if any, attaching to the Shares of the Target Sub-Fund(s) held by the Investing Sub-Fund are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- (e) In any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law; and
- (f) There is no duplication of management/subscription or repurchase fees between those at the level of the Investing Sub-Fund(s).

H The Company shall ensure for the Target Fund that the global exposure relating to derivative instruments does not exceed the net assets of the Target Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph C above. When the Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in paragraph C.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph H.

I (a) The Company may not borrow for the account of the Target Fund amounts in excess of 10% of the net assets of the Target Fund, any such borrowings to be from banks and to be effected only on a

temporary basis, provided that the Company may acquire foreign currencies by means of back-to-back loans;

- (b) The Company may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the Company from (i) acquiring transferable securities, money market instruments or other financial instruments referred to in paragraph A (1) (e), (g) and (h) which are not fully paid, and (ii) performing permitted securities lending activities, that shall not be deemed to constitute the making of a loan.

- (c) The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
- (d) The Company may not acquire movable or immovable property.
- (e) The Company may not acquire either precious metals or certificates representing them.

- J (a) The Company need not comply with the limits laid down in the above mentioned investment restrictions when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created sub-funds may derogate from paragraphs C, D and F (a), (b) and (c) for a period of six months following the date of their creation.

- (b) If the limits referred to in paragraph J (a) are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its shareholders.

(f) Dealing currency of the Target Fund

The base currency of the Target Fund is the USD. Any payment made in a currency different to the base currency of the HGB will be converted prior to purchasing the units. The cost of the currency conversion and other expenses will be borne by the investors of the HGB.

(g) Risk management

The global exposure relating to the Target Fund will be calculated using a relative value-at-risk (VaR) approach benchmarked against the JP Morgan Emerging Market Bond Index. The average leverage of the Target Fund, under normal market conditions, calculated as the sum of the notionals of the financial derivative instruments used, is expected to be 50%, although higher levels are possible, under certain circumstances, including but not limited to, during high levels of market volatility (when financial derivative instruments are generally used to manage the risk of the portfolio) or stability (when financial derivative instruments are generally used to access the relevant markets or securities in a more cost efficient way).

In financial risk management, VaR is a risk assessment technique used to estimate for a fund the probability of loss over a given time horizon. The relative VaR approach is used to measure market risk as the Target Fund has a consistent benchmark called the JP Morgan EMBI Global. The relative VaR is the ratio between the VaR of the fund and the VaR of the benchmark. The VaR of the Target Fund is limited to no more than twice the VaR on the benchmark i.e. relative VaR $\leq 200\%$.

Risk management process

The management company of the Target Fund, on behalf of the Company, will employ a risk-management process which enables it with the investment adviser of the Target Fund to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund. The investment adviser of the Target Fund will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Upon request of the Fund, the investment adviser of the Target Fund will provide to the management company of the Target Fund supplementary information relating to the quantitative limits that apply in the risk management of the Target Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments. In summary:

- 1) Responsibility of the risk management team of the investment adviser of the Target Fund

The management company of the Target Fund, responsible for the risk management of the Company, has delegated the day to day implementation to the risk management team of the investment adviser of the Target Fund. They are in charge of the implementation of risk control procedures for the Target Fund. This team will collaborate with the investment team of the investment adviser of the Target Fund to determine various control limits in order to match the risk profile and strategy of the Target Fund. The management company of the Target Fund will supervise these risk management functions and will receive appropriate reports.

When the investment adviser of the Target Fund invests, on behalf of the Target Fund, in different types of assets pursuant to the investment objective, it will follow the risk management and control mechanism as described in the risk management procedure of the management company of the Target Fund.

- 2) Value-at-risk approach

The Target Fund applies a relative VaR approach to measure market risk.

The relative VaR approach is used where a consistent reference portfolio or benchmark reflecting the investment strategy which the Target Fund is pursuing is defined. The relative VaR of the Target Fund is expressed as a multiple of the VaR of a benchmark or reference portfolio. The relative VaR is limited to no more than twice the VaR on the comparable benchmark.

The risk management methodology for the Target Fund and the expected level of leverage, the approach used and the reference portfolio or benchmark used to express the relative VaR will be specified in Section 3.2. "Sub-Fund Details" of the Target Fund prospectus.

3) Risk monitoring systems

Appropriate tools and systems are utilised to monitor different areas of risk, including but not limited to counterparty risk, market risk, liquidity risk, concentration risk and operational risks.

4) Procedure for counterparty approval

Systematic procedures are in place to select and approve counterparties, and to monitor the exposure to various counterparties.

5) Investment breach reporting

In case of any investment breach, an "escalation process" up to the management company of the Target Fund will be triggered to inform relevant parties in order for necessary actions to be taken. The compliance team of the investment adviser of the Target Fund will provide investment breach report to the management company of the Target Fund for review.

3.10 Risk factors

3.10.1 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 due to human errors or weaknesses in operational process and systems that require rectifications that 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 situation such as system failures and oversight 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 or 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 Fund's 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 Fund's value. Investing in derivative may also result in the likelihood of the high volatility in the NAV of the Fund.

3.10.2 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 Ringgit Malaysia, 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.

KAGBF

- *Counterparty risk*
The Manager may utilize over the counter ("OTC") derivatives such as forward contracts to hedge currency risk. The use of these OTC derivatives instruments exposes the Fund to risks relating to the credit standing of counterparties and their ability to fulfill the conditions of the contracts when the contracts fall due. Such failure or inability of counterparty will lead to a lower NAV of the Fund.
- *Country risk*
The investment of the Fund may be adversely affected by risks specific to the country 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.

- *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 Ringgit Malaysia, the investments will face currency losses in addition to the capital gains/losses. This will lead to a lower NAV of the Fund.
- *Derivatives risk*
Investment in derivatives for hedging purposes may be subject to risks associated with such derivatives investments. Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the hedging position. If no provision is made for the required margin within the prescribed time, the position may be liquidated at a loss. This will lead to a lower NAV of the Fund.
- *Decline in value risk*
The risk that the price of the target fund, HGB may go up or down. These price changes could cause an impact to the NAV which invests in the target fund, HGB.

Specific risks associated with the target fund, HGB:

- *Liquidity risk*
The Target Fund is exposed to the risk that a particular investment or position cannot be easily unwound or offset due to insufficient market depth or market disruption. This can affect the ability of a shareholder, including the Fund to request the redemption of his shares from the Target Fund, and can also have an impact on the value of the Target Fund.

Although the Target Fund will invest mainly in liquid securities in which the shareholders including the Fund, are entitled to request the redemption of their shares within a reasonable timeframe, there may be exceptional circumstances in which the liquidity of such securities cannot be guaranteed. Absence of liquidity may have a determined impact on the Target Fund and the value of its investments.

- *Emerging markets*
Because of the special risks associated with investing in Emerging Markets, the Target Fund which invests in such securities should be considered speculative. Investors are advised to consider carefully the special risks of investing in Emerging Market securities. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

Brokerage commissions, custodial services and other costs relating to investment in Emerging Markets generally are more expensive than those relating to investment in more developed markets. Lack of adequate custodial systems in some markets may prevent investment in a given country or may require the Target Fund to accept greater custodial risks in order to invest, although the depository bank appointed by HSBC Global Investment Funds will endeavour to minimise such risks through the appointment of correspondents that are international, reputable and creditworthy financial institutions. In addition, such markets have different settlement and clearance procedures. In certain markets there have been times

when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of the Target Fund to make intended securities purchases due to settlement problems could cause the Target Fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to the Target Fund due to subsequent declines in value of the portfolio security or, if the Target Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

The risk also exists that an emergency situation may arise in one or more developing markets as a result of which trading of securities may cease or may be substantially curtailed and prices for the Target Fund's securities in such markets may not be readily available. Investors should note that changes in the political climate in Emerging Markets may result in significant shifts in the attitude to the taxation of foreign investors. Such changes may result in changes to legislation, the interpretation of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the investment return of investors so affected.

- *Interest rate risk*

The Target Fund that invests in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

- *Credit risk*

The Target Fund, which invests in bonds and other fixed income securities, is subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. The Target Fund investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

- *Foreign exchange rate risk*

Because the Target Fund's assets and liabilities may be denominated in currencies different to the base currency of the Target Fund, the Target Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the base currency of the Target Fund and other currencies. Changes in currency exchange rates may influence the value of the Target Fund, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

If the currency in which a security is denominated appreciates against the base currency of the Target Fund, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

The Target Fund may engage in foreign currency transactions in order to hedge against currency exchange risk, however there is no guarantee that hedging or protection will be achieved. This strategy may also limit the Target Fund from benefiting from the performance of the Target Fund's securities if the currency in

which the securities held by the Target Fund are denominated rises against the base currency of the Target Fund.

- *Non-investment grade debt*
Credit risk is greater for investments in fixed-income securities that are rated below Investment Grade or which are of comparable quality than for Investment Grade securities. It is more likely that income or capital payments may not be made when due. Thus the risk of default is greater. The amounts that may be recovered after any default may be smaller or zero and the Target Fund may incur additional expenses if it tries to recover its losses through bankruptcy or other similar proceedings. Adverse economic events may have a greater impact on the prices of Non-Investment Grade fixed-income securities. Investors should therefore be prepared for greater volatility than for Investment Grade fixed-income securities, with an increased risk of capital loss, but with the potential of higher returns. The market liquidity for Non-Investment Grade fixed-income securities can be low and there may be circumstances in which there is no liquidity of for these securities, making it more difficult to value and/or sell these securities.

- *Volatility*
The price of a financial derivative instrument can be very volatile. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Investment in financial derivative instruments may result in losses in excess of the amount invested.

- *OTC Financial Derivative Transactions*
In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC financial derivative transactions. Therefore, the Target Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Target Fund will sustain losses. The HSBC Investment Funds (Luxembourg) S.A (“the Company”) will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of these measures, the Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Target Fund will not sustain losses as a result.

From time to time, the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts on currencies do not provide the investment adviser of the Target Fund with the possibility to offset the Company's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Company may be required, and must be able, to perform its obligations under the contracts.

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 investment committee will also constantly review the Funds' asset allocation strategy, followed by active portfolio rebalancing to further mitigate these risks. 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.

- **Derivatives risk**

If the Fund were to invest in over-the-counter ("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.

The investment committee will also constantly review the Fund's asset allocation strategy, followed by active portfolio rebalancing to further mitigate the risks.

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. The investment committee will constantly review the Fund's asset allocation strategy, followed by active portfolio rebalancing to further mitigate the 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**:

The investment committee will constantly review the Fund's asset allocation strategy, followed by active portfolio rebalancing to further mitigate risk.

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. The investment committee will also constantly review the Fund's asset allocation strategy, followed by active portfolio rebalancing to further mitigate the risk.

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**:

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, review and report to the investment committee 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;

- practicing prudent liquidity management in a timely and cost effective manner; and
- determining effective asset allocations.

For **KMMF** and **KBF**:

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

- adhering to the Fund's investment objectives, policies and strategies of the Funds;
- undertaking stringent evaluation of movements in market prices and regularly monitor, review and report to the investment committee to ensure that the Funds' 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;
- practicing prudent liquidity management in a timely and cost effective manner; and
- determining effective asset allocations.

For **KAGBF**, the management of specific risk is carried out at the Target Fund level as elaborated in section 3.9.7 (g).

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.

3.11 General information

3.11.1 Valuation

The respective Funds will be valued at least once every Business Day. The valuation of the respective Funds (except for **KAGBF**) will be conducted at the close of Bursa Malaysia for that Business Day. For **KAGBF**, the valuation of the Fund for a particular Business Day will be conducted on the next day when the Manager is open for business as the valuation of the Target Fund would have been obtained from the Target Fund's manager.

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

Securities listed on any exchange	Market price. However, if : (a) a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions; or (b) no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee; then the securities should be valued at fair value, as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.
Unlisted bonds 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.
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 in good faith by the Manager on methods or bases, which have been verified by the auditor of the Fund and approved by the Trustee.
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3.11.2 Gearing Policy

The Funds are not permitted to borrow cash or other assets (including the borrowing of securities within the meaning of the Securities Borrowing and Lending Guidelines (SBL)) 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 a 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 licensed financial institutions.

Except for securities lending as provided under SBL, 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.

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 Member Savings 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 Member Savings 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.

KAGBF

Sales charge imposed by distribution channel is as follows:

Distribution channel	Sales charge
Authorised IUTAs	Up to 2.00% 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 KJF 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	KAGBF	

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.

However, the Unit Holders may be subject to a sales charge if the Unit Holders are switching in from other funds (that allow switching) with a lower rate of sales charge to a fund under the management of the Manager which imposes a higher rate of sales charge and such difference in sales charge is deductible from the repurchase proceeds of the units to be switched from. No switching fee will be imposed in the event of a switch between funds that have the same rate of sales charge. There will be no refund when switching out from a fund that imposes a higher sales charge to a fund with a lower rate of sales charge.

The Manager reserves the right to vary this fee or to vary the terms of the switching facility from time to time at its discretion.

KAGBF

Not applicable as switching facility is not available.

4.4 Transfer fee

KFF	KVF	KEBF	KTF	KCIF
KJF	KMMF	KBF	KAGBF	

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, KCIF, and KAGBF	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
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In respect of **KAGBF**, the Target Fund that the Fund invests into, charges a management fee. As such, a portion of the management fee received is paid to HSBC Investment Funds (Luxembourg) S.A. **Accordingly, there is no double charging of management fee.**

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	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 0.07% per annum of NAV, subject to a minimum of RM18,000 per annum (excluding foreign custodian fee and charges).	
KMMF and KBF	Up to 0.08% per annum of NAV, subject to a minimum of RM18,000 per annum (excluding foreign custodian fee and charges).	
KAGBF	0.08% of per annum NAV, subject to a minimum of RM18,000 per annum (including local custodian fee but excluding foreign custodian fee).	

4.7 Other expenses

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

- (a) Commissions/fees paid to brokers in effecting dealings in the respective Fund's investments;
- (b) Tax and other duties charged on the respective Funds by the government and other authorities;
- (c) Fees and other expenses properly incurred by the auditors and tax advisers appointed for the Funds;
- (d) Fees for valuation of any investment of the respective Funds by an independent valuer for the benefit of the Fund;
- (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) Investment committee members' fee for independent members; and
- (i) Any other fees, cost and expenses related to the respective Funds as provided in the Deed.

4.8 Other indirect fees

As **KAGBF** invests in units of the Target Fund, there is an operating, administrative and servicing expenses indirectly incurred by the Fund which are incurred at the Target Fund level. The operating, administrative and services expenses payable by the Target Fund is 0.35% per annum, calculated as a percentage of the net asset value of the Target Fund. As such, Unit Holders of **KAGBF** are indirectly bearing these expenses charged at the Target Fund level.

Investors may be subjected to higher fees arising from layered investment structure by the Target Fund.

4.9 Policy on rebates and soft commission

It is the Manager's policy to credit all rebates and soft commission to the account of the respective Funds.

The Manager does not receive any soft commissions from the brokers and/or dealers in consideration for directing dealings in the investments of the respective Funds. However, in the event the Manager were to receive any soft commission in future, they will only be retained by the Manager if they are in the form of goods and services which are of demonstrable benefit to the Unit Holders and in the form of research and advisory services that assist in the decision making process relation to the Funds' investments.

4.10 Goods and service tax (“GST”)

All fees and charges payable to the Manager and the Trustee are subject to GST 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 GST-EXCLUSIVE BASIS. ACCORDINGLY, TO THE EXTENT THAT SERVICES PROVIDED ARE SUBJECT TO GST, THE AMOUNT OF GST 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)

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*

*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:

Units allocated to investor's account:

$$\frac{\text{Amount invested}}{\text{NAV per unit}} = \frac{\text{RM10,000.00}}{\text{RM0.5316}} = 18,811.14 \text{ units}^{**}$$

**Units computed are rounded to the nearest 2 decimal places.

Sales charge payable:

$$\begin{aligned}
 \text{Sales charge payable} &= \text{Sales charge per unit} \times \text{NAV per unit} \times \text{Units allocated} \\
 &= 6.50\% \times \text{RM0.5316} \times 18,811.14 \text{ units} \\
 &= \text{RM650.00}
 \end{aligned}$$

$$\begin{aligned}
 \text{Investment amount} &= \text{RM10,000.00} \\
 \text{Add: sales charge payable} &= \text{RM650.00} \\
 \text{Total amount paid by the investor} &= \underline{\underline{\text{RM10,650.00}}}
 \end{aligned}$$

If an investor redeems 10,000.00 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:

$$\begin{aligned}
 \text{Repurchase amount (10,000.00 units x RM0.5316)} &= \text{RM5,316.00} \\
 \text{Less: repurchase charge} &= \text{NIL} \\
 \text{Net amount payable to the investor} &= \underline{\underline{\text{RM5,316.00}}}
 \end{aligned}$$

5.2.2 Incorrect pricing

In the event there is incorrect/error to the pricing of the Fund and if the error is at or above the significant threshold of 0.5% of the NAV per unit or if the impact is more than RM10.00, the Manager shall take immediate remedial action to rectify any incorrect valuation or pricing. Rectification shall be extended to the reimbursement of money:-

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

However, if the error is below 0.5% of the NAV or the total impact on an individual is less than RM10.00 in absolute amount, of which no reimbursement is required as the reprocessing costs may in fact be greater than the amount of the adjustment.

5.3 Transaction details

5.3.1 Sale of units

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

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

to the Manager's office, its authorized tied agents or participating 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, KCIF, KMMF and KAGBF	RM1,000.00 or such other amount as the Manager may decide from time to time	RM100.00 or such other amount as the Manager may decide from time to time.
KJF	RM50,000.00.	RM1,000.00.
KBF	RM100,000.00.	RM10,000.00.

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, KCIF, and KAGBF	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	Any number of units.	500 units or RM50,000.00 whichever is lower.	There is no restriction on the repurchase frequency. If the repurchase request leaves a Unit Holder with less than 500 units or RM50,000.00 whichever is lower (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.
KMMF	Any number of units.	10 units or RM1,000.00 whichever is lower.	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 (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	Any number of units.	1,000 units or RM100,000.00 whichever is lower.	There is no restriction on the repurchase frequency. If the repurchase request leaves a Unit Holder with less than 1,000 units or RM100,000.00 whichever is lower (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.

Repurchase proceeds will be paid within 10 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 participating 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 03-2171 0559 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) the Selling Price on the day the units were purchased; and
- (b) 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 10 days of the receipt of the notice of cooling-off by the Manager. In the case of a Unit Holder under the EPF Members Savings Investment Withdrawal 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 for transfer
KFF, KVF, KEBF, KTF, KCIF, KMMF and KAGBF	500 units.
KJF	500 units or RM50,000.00, whichever is lower.
KBF	1,000 units.

5.3.6 Switching facility

KFF	KVF	KEBF	KTF	KCIF
KJF	KMMF	KBF		

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

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

	Minimum amount for switching
KFF, KVF, KEBF, KTF and KCIF	RM1,000.
KJF	RM50,000.00
KMMF	10,000 units.
KBF	RM100,000.00.

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.

KAGBF

Not applicable as switching facility is not available.

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.

The Manager has an authorised share capital of RM25 million of which RM11,286,802 is paid-up capital and represented by 11,286,802 ordinary shares of RM1.00 each.

Currently, the Manager is managing 18 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 Shariah-compliant collective investment schemes.

6.2 Board of directors

The following are the board of directors of the Manager:

- 1) Tan Sri Abu Talib bin Othman (Chairman and non-independent non-executive director)
- 2) Datuk Khatijah binti Ahmad (Non-independent non-executive director)
- 3) Mr Chan Hwang Hsiung (Independent non-executive director)

Note:

Under the requirement of paragraph 3.03 of the Guidelines, the board of directors of a management company must comprise of at least two (2) independent directors, while maintaining a ratio of one-third (1/3) independent members at all times. An extension of time has been granted by the Securities Commission for the Manager to comply with said requirement of paragraph 3.03 of the Guidelines. Please refer to Chapter 11: Approvals and Conditions for further details.

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 Investment committee

The investment committee is responsible to:

- Ensure the investment strategy and investment allocation selected by the fund manager, or the External Investment Manager is in line with the stated investment objectives of the Funds;
- Continually review and monitor the success of the fund manager's, or the External Investment Manager's strategies and policies using the predetermined benchmark as comparison; and
- Ensure that the investment management of the Funds complies with the provisions of the Deed, the CMSA, the Guidelines, relevant securities law and all internal investment restrictions and policies.

6.5 Fund management team

Mr Gan Kong Yik (Chief investment officer and designated fund manager for KEBF, KMMF, KBF and KAGBF)

Mr Gan Kong Yik ("Mr Gan") joined the Manager on 1 July 2014 as a fund manager managing a pension fund and private mandate funds. Before joining the Manager, Mr Gan was a fund manager with Pheim Asset Management Sdn Bhd since July 2012. In Pheim, he was given the task to co-manage 12 portfolios, ranging from pension funds, unit trust funds with individual mandates. For the regional market, he covered China, India, Vietnam and the Philippines. Prior to Pheim, Mr Gan was a Senior Dealer in Kenanga Investment Bank Berhad. The 12 years of experience in the stock broking industry has equipped him with an in-depth understanding of the Malaysian stock market, trading mechanics and regulations governing the listing/trading of securities. Mr Gan has a degree in Economics and Finance from The Royal Melbourne Institute of Technology University, Melbourne, Australia.

Encik Mohammed Reza Abu Talib (Designated fund manager for KVF)

Encik Mohammed Reza Abu Talib holds a Degree in Business Administration, majoring in Finance from Boston University, USA. He started his career with Hong Leong Finance as a credit risk management trainee in 1993. A year later, he moved to Inter-Pacific Securities Sdn Bhd as a company dealer, managing institutional sales. Subsequently in 1995, he joined Capital Corp Securities Sdn Bhd as a commission dealer, buying and selling shares for high net worth clients. In 2000, he joined Rashid Hussain Securities Sdn Bhd and was responsible for managing the company's high net worth clients. He became a licensed fund manager of the Manager since 2003 and started his fund management career in the same year. Apart from handling the company's money market transactions, he also manages retirement funds and portfolios of high net-worth clients' portfolio.

Mr Alex Teow (Designated fund manager for KFF and KCIF)

Mr Alex Teow holds a Bachelor of Business majoring in Finance & Economics from the University of Monash Australia. He began his career as an investment analyst in K&N Kenanga Holdings Bhd in 2002. He subsequently moved to fund management at Mayban Fortis Holdings Bhd and Mercury Asset Management Sdn Bhd managing insurance funds and direct mandates for high net worth clients. He joined the Manager since 2007, conducting research on public listed companies and managing retirement funds and portfolios of high net worth clients.

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

Mr Tan Gan Leong graduated with a Bachelor of Business, majoring in Economics & Marketing from Monash University, Australia. He has passed all three levels of the CFA Program and will be eligible for the CFA charter upon completion of the required working experience. 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.

6.6 Material litigation

As at 30 November 2016, there is no current material litigation or arbitration, including those pending or threatened, and any facts likely to give rise to any proceeding which might materially affect the business/financial position of the Manager.

6.7 External Investment Manager

KFF

KVF

KMMF

KBF

The Manager has delegated its investment management functions of the Fund to the External Investment Manager, Amundi Malaysia Sdn Bhd. The External Investment Manager will at its discretion, manage, realize, invest, reinvest or howsoever deal with the investments of the Fund in accordance with the investment objective of the Fund and the Deed, and be subject to the CMSA, the Guidelines issued by the Securities Commission as amended, consolidated or replaced from time to time, as well as the internal policies and procedures of the Manager. The External Investment Manager reports to the investment committee of the Fund on a regular basis on the status of the portfolio, proposed investment strategy and other matters relating to the portfolio of the Fund.

The External Investment Manager, Amundi Malaysia Sdn Bhd (“Amundi Malaysia”) is a holder of a Capital Markets Services Licence for the regulated activity of fund management issued by the Securities Commission under the CMSA and provides professional investment services for clients looking to invest in the fixed income and equity markets within Malaysia and globally.

Mr Tan Ming Han (Designated fund manager for KFF and KVF)

Mr Tan Ming Han (“Ming Han”) joined Amundi Malaysia in June 2012 as an investment manager responsible for the management of conventional equity funds as well as research coverage of the Malaysia market. Prior to joining the firm, he was an investment manager at Meridian Asset Management where he was managing unit trust mandates specializing in Malaysian and small mid cap equities. From 2010 to 2011, he was with a hedge fund in Singapore as an investment manager focusing on long short portfolio. Ming Han has past investment experiences in the investment management industry in Malaysia at HwangDBS Investment Management and Phillip Capital Management where he was managing unit trust funds and discretionary mandates. He began his career in corporate finance advisory in Malaysia. Ming Han holds a Bachelor of Commerce degree majoring in Corporate Finance and International Business from the University of Adelaide in Australia. He is the designated fund manager for **KFF** and **KVF**.

Encik Idafi Harun (Designated Fund Manager for KMMF and KBF)

Encik Idafi Harun joined Amundi Malaysia as a portfolio manager in March 2014. Idafi started his career in KAF Investment Bank Sdn Bhd as an analyst, in the capital markets department in September 2007. In this role, Idafi performed credit analysis and provided fixed income investment recommendations. Subsequently, he was in charge to monitor, recommend appropriate investment calls, and co-managed KAF Fund Management Sdn Bhd's (currently known as KFM Advisory Sdn Bhd) fixed income funds.

Idafi graduated from the Curtin University of Technology, Perth, Australia with a Bachelor of Commerce majoring in Finance. He is the designated fund manager for **KMMF** and **KBF**.

Material litigation

As at 30 November 2016, 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 External Investment Manager.

FURTHER INFORMATION ON THE MANAGER, INVESTMENT COMMITTEE 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's paid up capital is RM500,000 and its shareholder's funds as of 31.12.2015 stood at RM4,629,149. The Trustee has more than thirty years of experience in handling unit trusts matters. The Trustee is currently the trustee for 24 unit trusts schemes.

7.1.1 Duties and responsibilities of the Trustee

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

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

7.1.2 Trustee's statement of responsibility

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

7.1.3 Material litigation and arbitration

As at 30 November 2016, 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 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

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 and private retirement schemes.

7.2.2 Duties and responsibilities of the Trustee

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

- (a) Take into custody the investments of the Fund and hold the investments in trust for the Unit Holders;
- (b) Ensure that the Manager, operates and administers the Fund in accordance with the provisions of the Deed, the Guidelines and acceptable business practice within the unit trust industry;
- (c) As soon as practicable, notify the Securities Commission of any irregularity or breach of the provisions of the Deed, the Guidelines and any other matters which in the Trustee's 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 Fund by the Manager to safeguard the interests of Unit Holders;
- (e) Maintain, or cause the Manager to maintain, proper accounting records and other records as are necessary to enable a complete and accurate view of the Fund to be formed and to ensure that the Fund is operated and managed in accordance with the Deed, this master prospectus, the Guidelines and securities law; and
- (f) Require that the accounts be audited at least annually.

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

7.2.3 Material litigation and arbitration

As at 30 November 2016, 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 appointed CIMB Bank Berhad (CIMB Bank) as the custodian of the Fund's assets. CIMB Bank's ultimate holding company is CIMB Group Holdings Berhad, a listed company in Bursa Malaysia and currently the second largest financial services provider in 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 Ringgit assets, they are held through its wholly owned nominee subsidiary "CIMB Group Nominees (Tempatan) Sdn Bhd". For foreign non-Ringgit 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 KAGBF

The Trustee was incorporated in Malaysia under the Companies Act, 1965 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.

The present authorised share capital of the Trustee is RM25,000,000 comprising 2,500,000 ordinary shares of RM10.00 each, of which 1,200,000 are currently issued and credited as partially paid-up of RM5.00 each in the Trustee. The shareholders are as follows:

Shareholders	%
RHB Bank Berhad	20
RHB Investment Bank Berhad	20
RHB Nominees (Tempatan) Sdn Berhad	20
RHB Nominees (Asing) Sdn. Berhad	20
RHB Futures and Options Sdn. Berhad	20

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, 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 30 November 2016, the Trustee is the trustee for ten (10) unit trust funds, twenty three (23) wholesale funds and three (3) 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 also its willingness to provide indemnity to the Manager for the benefit of the Unit Holders for any loss incurred as a result of any non-performance of the Trustee.

7.3.4 Litigation and arbitration

As at the Latest Practicable Date, 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 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. 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.

KAGBF

The Trustee has appointed United Overseas Bank (Malaysia) Bhd (“UOBM”) as custodian of the quoted and unquoted investments of the Fund. The assets are held through the custodian’s wholly owned subsidiary and nominee company, UOB Nominees (Tempatan) Sdn Bhd. UOBM was incorporated in Malaysia in 1993 under the Companies Act 1965 as a public limited company and is ultimately owned by United Overseas Bank Ltd, Singapore. The custodian acts only in accordance with instructions from the Trustee.

7.4 HSBC (Malaysia) Trustee Berhad

KJF KMMF KBF

The Trustee is HSBC (Malaysia) Trustee Berhad (Company No. 1281-T), a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13th Floor, Bangunan HSBC, South Tower, No. 2, Leboh Ampang, 50100 Kuala Lumpur.

7.4.1 Experience in trustee business

Since 1993, the Trustee has acquired experience in the administration of unit trusts and as at 30 November 2016, is the Trustee for 183 funds (including unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme).

As at 30 November 2016, the Trustee has a workforce of 50 employees consisting of 43 executives and 7 non-executives. A good number of the staff has been with the Trustee for many years.

7.4.2 Duties and responsibilities of the Trustee

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, CMSA and the Guidelines. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, the CMSA and the Guidelines. In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of redemption, the Trustee's responsibility is discharged once it has paid the redemption amount to the Manager.

7.4.3 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, all relevant laws and rules of law. The Trustee shall be entitled to be indemnified out of the Fund against all losses, damages or expenses incurred by the Trustee in performing any of its duties or exercising any of its powers under this Deed in relation to the Fund. The right to indemnity shall not extend to loss occasioned by breach of trust, wilful default, negligence, fraud or failure to show the degree of care and diligence required of the Trustee having regard to the provisions of the Deed.

7.4.4 Trustee's disclosure of material litigation

As at 30 November 2016, 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 and any of its delegates.

7.4.5 Anti-money laundering and anti-terrorism financing provisions

The Trustee has in place policies and procedures across the HSBC Group, which may exceed local regulations. Subject to any local regulations, the Trustee shall not be liable for any loss resulting from compliance of such policies, except in the case of negligence, willful default or fraud of the Trustee.

7.4.6 Statement of disclaimer

The Trustee is not liable for doing or failing to do any act for the purpose of complying with law, regulation or court orders.

7.4.7 Consent to disclosure

The Trustee shall be entitled to process, transfer, release and disclose from time to time any information relating to the Fund, Manager and Unit Holders for purposes of performing its duties and obligations in accordance to the Deed, the CMSA, Guidelines and any other legal and/or regulatory obligations such as conducting financial crime risk management, to the Trustee's parent company, subsidiaries, associate companies, affiliates, delegates, service providers, agents and any governing or regulatory authority, whether within or outside Malaysia (who may also subsequently process, transfer, release and disclose such information for any of the above mentioned purposes) on the basis that the recipients shall continue to maintain the confidentiality of information disclosed, as required by law, regulation or directive, or in relation to any legal action, or to any court, regulatory agency, government body or authority.

7.4.8 Trustee's delegate

The Trustee has appointed The Hongkong and Shanghai Banking Corporation Ltd as custodian of the quoted and unquoted local investments of the Fund. The assets of the Fund are held through their nominee company, HSBC Nominees (Tempatan) Sdn Bhd. If and when the Fund should invest overseas, HSBC Institutional Trust Services (Asia) Limited will be appointed as the custodian of the foreign assets of the Fund. Both The Hongkong And Shanghai Banking Corporation Ltd and HSBC Institutional Trust Services (Asia) Limited are wholly owned subsidiaries of HSBC Holdings Plc, the holding company of the HSBC Group. The custodian's comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are registered in the name of the Trustee for the Fund or to the order of the Trustee for the Fund. The custodian acts only in accordance with instructions from the Trustee.

The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

However, the Trustee is not liable for the acts, omissions or failure of third party depository such as central securities depositories, or clearing and/or settlement systems and/or authorised depository institutions, where the law or regulation of the relevant jurisdiction requires the Trustee to deal or hold any asset of the Fund through such third parties.

Trustee's delegates

1. The Hongkong And Shanghai Banking Corporation Limited (as custodian) and

assets held through
HSBC Nominees (Tempatan) Sdn Bhd (Co. No. 258854-D)
No 2 Leboh Ampang 50100 Kuala Lumpur
Telephone no: (603)2075 3000 Fax no: (603)2179 6488

- 2 . HSBC Institutional Trust Services (Asia) Limited
6th Floor, Tower One, HSBC Centre
No 1 Sham Mong Road Kowloon, Hong Kong
Telephone no: (852)2822 1111 Fax no: (852)2810 5259

CHAPTER 8: SALIENT TERMS OF THE DEED

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

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 interim 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
KAGBF	6.50% of NAV per unit	1% 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
KAGBF	2.00% of NAV	0.10% of NAV subject to a minimum of RM18,000 per annum (excluding foreign custodian fees and charges)

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/fees paid to brokers/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;
- Costs, fees and expenses incurred for the valuation of any investment of the respective Funds by independent valuers for the benefit 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 valuer, adviser or contractor 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 independent members of the investment committee, unless the Manager decides otherwise*; and
- 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*.

* 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.

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.

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

KFF KVF KEBF KTF KCIF

The quorum required for a meeting of the Unit Holders shall be five (5) Unit Holders of the Fund, whether present in person or by proxy, provided always that the quorum for a meeting of the Unit Holders convened for the purpose of removing the Manager and/or the Trustee shall be ten (10) Unit Holders of the Fund, whether present in person or by proxy, who must hold in aggregate at least fifty per centum (50%) of the units of the Fund in circulation at the time of meeting.

KAGBF

If the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders shall be two (2) Unit Holders, whether present in person or by proxy; if the meeting has been convened for the purpose of removing the Manager and/or the Trustee, the Unit Holders present in person or by proxy must hold in aggregate at least fifty per centum (50%) of the units in circulation at the time of meeting.

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 interim 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
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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	0.20% of NAV subject to a minimum of RM18,000 per annum (excluding foreign custodian fees and charges)
KMMF	1.50% of NAV	0.20% of NAV subject to a minimum of RM18,000 per annum (excluding foreign custodian fees and charges)
KBF	1.50% of NAV	0.20% of NAV subject to a minimum of RM18,000 per annum (excluding foreign custodian fees and charges)

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/fees paid to brokers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- taxes and other duties charged on the Fund by the government and/or other authorities;
- costs, fees and expenses properly incurred by the auditor of the Fund;
- costs, fees and expenses incurred for the valuation of any investment of the Fund by independent valuers for the benefit 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 valuer, adviser or contractor 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 independent members of the investment committee 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; and
- (where the custodial function is delegated by the Trustee) charges and fees paid to custodians of the foreign assets of the Fund.

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;
- 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.

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.

Quorum required for convening a Unit Holders' meeting

The quorum required for a meeting of the Unit Holders shall be five (5) Unit Holders, whether present in person or by proxy, provided always that the quorum for a meeting of the Unit Holders convened for the purpose of voting on a special resolution shall be five (5) Unit Holders, whether present in person or by proxy, who must hold in aggregate at least twenty five per centum (25%) of the units in circulation at the time of the meeting, and provided further that if the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders shall be two (2) Unit Holders, whether present in person or by proxy; if the meeting has been convened for the purpose of removing the Manager and/or the Trustee, 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 at the time of the meeting.

Unit Holders meeting convened by Unit Holders

Unless otherwise required or allowed by the relevant laws, the Manager shall, within twenty-one (21) days of receiving an application from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders, whichever is less, summon a meeting of the Unit Holders by:

- (a) sending by post at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders; and
- (b) publishing at least fourteen (14) days before the date of the proposed meeting an advertisement giving notice of the proposed meeting in a national language newspaper published daily and another newspaper approved by the relevant authorities.
- (c) specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

The Unit Holders may apply to the Manager to summon a meeting for any purpose including, without limitation, for the purpose of:

- requiring the retirement or removal of the Manager;
- requiring the retirement or removal of the Trustee;
- considering the most recent financial statements of the Fund;
- giving to the Trustee such directions as the meeting thinks proper; or
- considering any matter in relation to the Deed.

provided always that the Manager shall not be obliged to summon such a meeting unless application has been received from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders, whichever is the lesser number.

Unit Holders meeting convened by the Manager or Trustee

The Manager or Trustee may convene a Unit Holders' meeting by giving Unit Holders written notice in the manner prescribed by the Deed or the relevant laws.

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 or investment committee members holding substantial shareholding or directorship of a company where the Funds invests in that particular company's securities, the said member shall refrain from any decision-making relating to that particular company's securities.

In addition, all the employees of the Manager must disclose their shareholding interest or personal dealings, which are monitored by the compliance officer of the Manager.

As at 30 November 2016, except for the following, none of the directors and substantial shareholders has any direct or indirect interest in any other corporation carrying out similar business with the Manager:

- Datuk Khatijah binti Ahmad, who is a director of the Manager, is a shareholder of AKKA Sdn Bhd, which indirectly owns KAF Seagroatt & Campbell Berhad. The Manager is a subsidiary of KAF Seagroatt & Campbell Berhad; and
- AKKA Sdn Bhd is the sole shareholder of KAF Fund Management Sdn Bhd. The Manager is of the view that there is no conflict of interest as the Manager and KAF Fund Management Sdn Bhd are within the same group of companies and that their interests are aligned.

In relation to **KEBF**:

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 Fund, 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** and **KAGBF**:

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.

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

HSBC (Malaysia) Trustee Berhad

As trustee for the Fund, there may be related party transaction involving or in connection with the Fund in the following events:-

- a) where the Fund invests in instruments offered by the related party of the Trustee (e.g. placement of monies, structured products, etc);
- b) where the Fund is being distributed by the related party of the Trustee as IUTA;
- c) where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (Trustee's delegate); and
- d) where the Fund obtains financing as permitted under the Guidelines, from the related party of the Trustee.

The Trustee has in place policies and procedures to deal with conflict of interest, if any. The Trustee will not make improper use of its position as the owner of the Fund's assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit Holders. Any related party transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

Subject to the above and any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit Holder or enter into any contract or transaction with each other, the Fund or any Unit Holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

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**, **KCIF** and **KAGBF**.

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 Manager.

CHAPTER 10: TAX ADVISER'S LETTER

TAXATION ADVISER'S LETTER ON TAXATION OF THE FUNDS AND UNIT HOLDERS (Prepared for inclusion in this Master Prospectus dated 15 January 2017)

PricewaterhouseCoopers Taxation Services Sdn Bhd
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
P.O.Box 10192
50706 Kuala Lumpur

30 November 2016

The Board of Directors

KAF Investment Funds Berhad
Level 11, Chulan Tower
No.3, Jalan Conlay
50450 Kuala Lumpur

TAXATION OF THE FUNDS AND UNIT HOLDERS

Dear Sirs,

This letter has been prepared for inclusion in the 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
6. KAF Advantage GEM Bond 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 are resident in Malaysia.

(1) Domestic Investments

(i) General Taxation

Subject to certain exemptions, the income of the Funds consisting of dividends, 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 per cent.

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

(ii) Dividends and Other Exempt Income

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

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

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

- (a) Securities or bonds issued or guaranteed by the government of Malaysia;
- (b) Debentures¹ or sukuk, other than convertible loan stocks, approved or authorized 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 2013²;
- (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.

(2) Foreign Investments

Income of the Funds in respect of income received from overseas investment is exempt from Malaysian tax by virtue of Paragraph 28 of Schedule 6 of the Act and distributions from such income will be tax exempt in the hands of the Unit Holders. Such income from foreign investments may be subject to foreign taxes or withholding taxes. Any foreign tax suffered on the income in respect of overseas investment is not tax refundable to the Funds.

The foreign income exempted from Malaysian tax at the Funds level will also be exempted from tax upon distribution to the Unit Holders.

(3) Hedging Instruments

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

Generally, any gain / loss relating to the principal portion will be treated as capital gain / loss. Gains / losses relating to the income portion would normally be treated as revenue gains / losses. The gain / loss on revaluation will only be taxed or claimed upon realisation. Any gain

/ loss on foreign exchange is treated as capital gain / loss if it arises from the revaluation of the principal portion of the investment.

(4) Tax Deductible Expenses

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

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

With effect from 1 January 2014, any gains on disposal of real properties ("chargeable asset") or shares in real property companies⁴ ("chargeable asset") would be subject to RPGT as follows:-

Disposal time frame	RPGT rates
Within 3 years	30%
In the 4 th year	20%
In the 5 th year	15%
In the 6 th year and subsequent years	5%

(6) Goods and Services Tax (GST)

GST has been implemented on 1 April 2015 at the rate of 6 per cent to replace the existing sales tax and service tax. Based on the guidelines⁵ issued, the Funds, being collective investment vehicles, will be making exempt supplies. Hence, the Funds are not required to be registered for GST purposes. However, the Funds will incur expenses such as management fees, trustee fees and other administrative charges which will be subject to 6 per cent GST. The 6 per cent input tax incurred on such expenses will not be claimable by the Funds and represents a cost to the Funds.

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 Funds. 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. No additional withholding tax will be imposed on the income distribution from the Funds.

Corporate Unit Holders, resident⁶ and non-resident, will generally be liable to income tax at 24 per cent on distribution of income received from the Funds. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these Unit Holders.

Individuals and other non-corporate Unit Holders who are tax resident in Malaysia will be subject to income tax at graduated rates ranging from 1 per cent to 28 per cent. Individuals and other non-corporate Unit Holders who are not resident in Malaysia will be subject to

income tax at 28 per cent. The tax credits attributable to the distribution of income will be utilised against the tax liabilities of these Unit Holders.

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

The distribution of exempt income and gains arising from the disposal of investments by the Funds 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.

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.

The issuance of units by the Funds is an exempt supply. The selling or redemption of the units is also an exempt supply and therefore is not subject to GST. Any fee based charges related to buying of the units such as sales or service charge or switching fees will be subject to GST at a standard rate of 6 per cent.

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
Senior Executive Director

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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. It was recently announced during the 2017 Budget that interest income received for a wholesale fund which is a money market fund, the exemption shall only apply to a wholesale fund which complies with the criteria as set out in the relevant guidelines of the Securities Commission Malaysia effective from YA 2017.
 3. Exemption granted through letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 and it is with effect YA 2015.

4. A real property company is a controlled company which owns or acquires real property or shares in real property companies with a market value of not less than 75 per cent of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 persons.
5. Pursuant to Goods And Services Tax Guide on Funds Management (as at 11 April 2016) issued by the Royal Malaysian Customs.
6. Resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below will pay tax at 19* per cent for the first RM500,000 of chargeable income with the balance taxed at 24 per cent.

With effect from YA 2009, the above shall not apply if more than –

- (a) 50 per cent of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
- (b) 50 per cent 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 per cent 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 year of assessment.

*It was recently announced during the 2017 budget that the tax rate for the first RM500,000 of chargeable income will be reduced to 18 per cent effective from YA 2017.

The Board of Directors

KAF Investment Funds Berhad
Level 11, Chulan Tower
No.3, Jalan Conlay
50450 Kuala Lumpur

30 November 2016

Dear Sirs,

Re: Taxation of the Funds and Unit holders

This letter has been prepared for inclusion in the Master Prospectus dated 15 January 2017 in connection with the offer of units in the KAF Money Market Fund, KAF Bond Fund and KAF Jade Fund (“the Funds”).

Taxation of the Funds

The Fund is a unit trust for Malaysian tax purposes. The taxation of the Funds 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 Funds in respect of investment income derived from or accruing in Malaysia is liable to income tax at the prevailing rate of 24%.

Gains from the realisation of investments by the Funds will not be subject to income tax.

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

- any savings certificates issued by the 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 licensed under the Financial Services Act 2013 or an Islamic bank licensed under the Islamic Financial Services Act 2013^{N1}; or
- a development financial institution prescribed 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 and approved or authorized by, or lodged with, the Securities Commission, or approved by the Labuan Financial Services Authority; or
- a Sukuk Wakala, other than a convertible loan stock, issued in any currency by Wakala Global Sukuk Berhad; or
- a Sukuk Wakala issued in accordance with the principle of Wakala Bil Istithmar with the nominal value of up to one billion and five hundred million United States Dollars, other than a convertible loan stock, issued by the Malaysia Sovereign Sukuk Berhad (with effect from Year of Assessment (“YA”) 2015).

The Funds may receive dividends, interest and other income from investments outside Malaysia. Income derived from sources outside Malaysia and received in Malaysia by a resident unit trust is exempt from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

Any income received by the Funds from a Sukuk Issue which has been issued by the Malaysia Global Sukuk Inc will be exempt from tax.

Any income received by the Funds from a Sukuk Ijarah, other than convertible loan stock, issued in any currency by 1Malaysia Sukuk Global Berhad will be exempt from tax.

Discounts earned by the Funds 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 a 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 dividends received by the Funds are exempt from tax and expenses incurred^{N1} by the Fund in relation to such dividend income are disregarded.

^{N1} Based on the Finance Bill 2016, it is proposed that the proviso "Provided that in the case of a unit trust which is a money market fund, the exemption shall only apply to a wholesale fund which complies with the relevant guidelines of the Securities Commission Malaysia", be added with effect from YA 2017 and subsequent YAs.

^{N1} Based on the Finance Bill 2016, it is proposed that the words "expenses incurred" be substituted with the words "deductions", with effect from YA 2017 and subsequent YAs.

Real Property Gains Tax ("RPGT")

Gains on disposal of investments by the Funds 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. Such gains would be subject to RPGT at the applicable rate depending on the holding period of the chargeable assets.

Goods and Services Tax ("GST")

GST has been implemented with effect from 1 April 2015 and it replaced the Sales Tax and Service Tax. The GST prevailing rate is 6%.

The issuance, holding or redemption of any unit under a trust fund is regarded as an exempt supply. The investment activities of the Funds such as buying and selling of securities are exempt supplies and thus not subject to GST. Thus, if the Funds is only making such exempt supplies, it is not required to be registered for GST.

However, certain expenses incurred by the Funds such as fund manager's fees, trustee fees and professional fees will be subject to GST at a standard rate if the service providers are registered persons. If the Funds is only making exempt supplies, any input tax incurred by the Funds for the aforementioned expenses are not claimable.

Taxation of Unit Holders

Unit Holders are taxed on an amount equivalent to their share of the total taxable income of the Funds to the extent that this is distributed to them. The income distribution from the Funds 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 Funds. 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. No other withholding tax will be imposed on the income distribution of the Funds.

Corporate Unit Holders, resident or non resident in Malaysia, would be taxed at the prevailing corporate tax rate of 24% on distributions of income from the Funds to the extent of an amount equivalent to their share of the total taxable income of the Funds. 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 19% (proposed to be reduced to 18% based on the Finance Bill 2016, effective from YA 2017 and subsequent YAs) on chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the tax rate of 24% is still applicable. However, the said tax rate of 19% (proposed to be reduced to 18% based on the Finance Bill 2016, effective from YA 2017 and subsequent YAs) on chargeable income of up to RM500,000 would not apply if more than 50% of the paid up capital in respect of ordinary shares of that corporate Unit Holders is directly or indirectly owned by a related company which has a paid up capital exceeding RM2.5 million in respect of ordinary shares, or vice versa, or more than 50% of the paid up capital in respect of ordinary shares of both companies are directly or indirectly owned by another company.

Individuals and other non-corporate Unit Holders who are resident in Malaysia will be subject to income tax at scale rates. The prevailing scale tax rates range from 0% to 28% with effect from YA 2016.

Individuals and other non-corporate Unit Holders who are not resident in Malaysia, for tax purposes, will be subject to Malaysian income tax of 28% with effect from YA 2016. 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 jurisdictions.

The distribution of single-tier dividends and tax exempt income by the Funds will not be subject to tax in the hands of the Unit Holders in Malaysia. Distribution of foreign income will also be exempt in the hands of the Unit Holders.

Units split by the Funds will be exempt from tax in Malaysia in the hands of the Unit Holders.

Any gains realised by the Unit Holders (other than financial institutions, insurance companies and those dealing in securities) from the transfers or redemptions of the unit 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 specific circumstances of the Unit Holders.

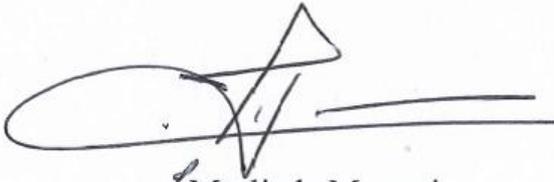
The following gains or income received by the Unit Holders are not subject to GST:-

- the distribution of income from the Funds to the unit holders which may comprise of dividends, interest income and gains from realisation of investments;
- distribution of foreign income from the Funds;
- unit split by the Funds and reinvestment of distribution; and
- gain made from selling or redemption of units.

Any fee based charges in relation to buying of the units and transferring of units should be subject to GST if the supplier is GST registered.

The tax position is based on the Malaysian tax laws and provisions 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,



Maslinda Masseri
Executive Director

KPMG Tax Services Sdn Bhd

CHAPTER 11: APPROVALS AND CONDITIONS

In a letter dated 17 November 2016, the Securities Commission has granted approval for extension of time in respect of the Manager to comply with paragraphs 3.03 of the Guidelines.

The said approval is for six (6) months, until 11 April 2017 or until a new independent director of the Manager is appointed, whichever earlier; and subject to the condition that the Manager is to submit a three (3)-month update report to the Securities Commission.

KJF

On 30 May 2006, the Securities Commission has allowed the Fund's variation to comply with Schedule A (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 interim reports from the Manager.

Unit Holders can also seek assistance pertaining to their investments from our customer service personnel at 03-2171 0559 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 compliance officer 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 compliance officer 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 and fifth supplemental deed dated 12 March 2015.
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 and fourth supplemental deed dated 12 March 2015.
KEBF	Deed dated 27 December 2001 as modified via its supplemental deed dated 9 January 2014 and second supplemental deed dated 12 March 2015.
KTF and KCIF	Master deed dated 29 July 2004 as modified via its supplemental deed dated 9 January 2014 and second supplemental deed dated 12 March 2015.

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 and sixth supplemental master deed dated 12 March 2015.
KAGBF	Deed dated 27 August 2007 as modified via its supplemental deed dated 25 August 2008, second supplemental deed dated 11 June 2012, third supplemental deed dated 9 January 2014 and fourth supplemental deed dated 12 March 2015.

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.
KAGBF	30 September.

THE FUNDS' ANNUAL REPORT IS AVAILABLE UPON REQUEST.

CHAPTER 13: 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 interim reports of the Funds;
- d) Each material contract disclosed in the 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 or if less than three (3) years, from the date of incorporation or commencement;
- 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 03-2171 0559 during our office hours: Mondays through Fridays from 9:00 a.m.
– 5:00 p.m.



INVESTMENT FUNDS BERHAD (334195-K)

SUPPLEMENTARY MASTER PROSPECTUS

This supplementary master prospectus is dated 31 March 2017 which must be read together with the master prospectus dated 15 January 2017 for:-

Name of the Funds	Constitution Date
Local funds:	
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
Global funds:	
KAF Advantage GEM Bond Fund	27 August 2007

Manager

KAF Investment Funds Berhad (334195-K)

a company incorporated in Malaysia under the Companies Act 1965

Trustees

Universal Trustee (Malaysia) Berhad (17540-D)

RHB Trustees Berhad (573019-U)

CIMB Commerce Trustee Berhad (313031-A)

HSBC (Malaysia) Trustee Berhad (1281-T)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017.

Responsibility Statement

This supplementary master prospectus dated 31 March 2017 (“Supplementary 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 this Supplementary Master Prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has authorised the Funds and a copy of this Supplementary Master Prospectus and the master prospectus dated 15 January 2017 (collectively, “the Prospectuses”) have been registered with the Securities Commission Malaysia.

The authorisation of the Funds, and registration of the Prospectuses, 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 the Prospectuses.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of KAF Investment Funds Berhad, the management company responsible for the said Funds and takes no responsibility for the contents in the Prospectuses. The Securities Commission Malaysia makes no representation on the accuracy or completeness of the Prospectuses, 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 Prospectuses that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectuses or the conduct of any person in relation to the Funds.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017.

1. Sales charge of KAF Jade Fund

A sales charge of up to 3.00% of net asset value (“NAV”) per unit will be imposed when investing in KAF Jade Fund (“KJF”). It will **take effect after 30 days from the date of this Supplementary Master Prospectus i.e. from 1 May 2017.**

Therefore, the table on page 75 of the master prospectus dated 15 January 2017 (“Master Prospectus”) that describes, amongst other, the information in relation to the sales charge of KJF is hereby deleted and the disclosures shall be as follows:

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.

^The sales charge of up to 3.00% of NAV per unit shall be effective after 30 days from the date of this Supplementary Master Prospectus i.e. **from 1 May 2017.**

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

2. Minimum initial investment and minimum additional investment for KJF and KAF Money Market Fund

Effective from 1 May 2017, the minimum initial investment and minimum additional investment for KJF shall be as follows:

Minimum initial investment	Minimum additional investment
RM10,000.00.	RM1,000.00.

Effective from 31 March 2017, the minimum additional investment for KAF Money Market Fund shall be RM1,000.00 or such other amount as the Manager may decide from time to time.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017.

Consequently, the disclosures on the minimum initial investment and additional investment for the respective funds under section 5.3.1, "Sale of units" on page 82 of the Master Prospectus is hereby deleted and replaced with the disclosures below:

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

	Minimum initial investment	Minimum additional investment
KFF, KVF, KEBF, KTF, KCIF and KAGBF	RM1,000.00 or such other amount as the Manager may decide from time to time.	RM100.00 or such other amount as the Manager may decide from time to time.
KMMF	RM1,000.00 or such other amount as the Manager may decide from time to time.	RM1,000.00* or such other amount as the Manager may decide from time to time.
KJF	RM10,000.00 [^] .	RM1,000.00.
KBF	RM100,000.00.	RM10,000.00.

Note:

[^] Effective from 1 May 2017.

* Effective from 31 March 2017.

3. Minimum investment balance and frequency of repurchase for KJF

Effective from 1 May 2017, the minimum investment balance and frequency of repurchase for KJF shall be as follows:

Minimum investment balance	Frequency of repurchase
100 units or RM10,000.00 whichever is lower.	There is no restriction on the repurchase frequency. If the repurchase request leaves a Unit Holder with less than 100 units or RM10,000.00 whichever is lower (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.

Consequently, the disclosures regarding KJF in the table under section 5.3.2, "Repurchase of units" on page 82 to 83 of the Master Prospectus is hereby deleted and replaced with the following:

	Minimum repurchase units	Minimum investment balance	Frequency of repurchase
KJF	Any number of units.	100 units or RM10,000.00 whichever is lower [^] .	There is no restriction on the repurchase frequency. If the repurchase request leaves a Unit Holder with less than 100 units or

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017.

			RM10,000.00 whichever is lower [^] (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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Note:

[^] Effective from 1 May 2017.

4. Minimum number of units for transfer for KJF

Effective from 1 May 2017, the minimum number of units for transfer for KJF shall be 100 units or RM10,000.00, whichever is lower.

Consequently, the disclosures regarding KJF in the table under section 5.3.5, "Transfer of ownership of units" on page 84 of the Master Prospectus is hereby deleted and replaced with the following:

	Minimum number of units for transfer
KJF	100 units or RM10,000.00, whichever is lower. [^]

Note:

[^] Effective from 1 May 2017.

5. Information on the board of directors

The information regarding the board of directors of the Manager under section 6.2, "Board of directors" in the Master Prospectus on page 86 is hereby deleted and replaced with the following:

6.2 Board of directors

The following are the board of directors of the Manager:

- (1) Tan Sri Abu Talib bin Othman (Chairman and non-independent non-executive director)
- (2) Datuk Khatijah binti Ahmad (Non-independent non-executive director)
- (3) Encik Mohammed Reza bin Tan Sri Abu Talib (Non-independent executive director)
- (4) Mr Chan Hwang Hsiung (Independent non-executive director)
- (5) Mr Yong Yit Hin (Independent non-executive director)

6. Update the information regarding "Chapter 11: Approvals and Conditions" in the Master Prospectus

The information regarding "Chapter 11: Approvals and Conditions" in the Master Prospectus on page 123 is hereby deleted and replaced with the following:

KFF	KVF	KEBF	KTF	KCIF
KMMF	KBF	KAGBF		

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017.

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 Schedule A (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.

7. Master Prospectus remains in full force subject to the amendments in the Supplementary Master Prospectus

Subject only to the variations herein contained and such other alterations as may be necessary to make the Master Prospectus consistent with this Supplementary Master Prospectus, the Master Prospectus shall remain in full force and effect and shall be read and construed and be enforceable as if the terms of this Supplementary Master Prospectus were inserted therein by way of addition or substitution as the case may be.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017.



INVESTMENT FUNDS BERHAD (334195-K)

SUPPLEMENTARY MASTER PROSPECTUS

This second supplementary master prospectus is dated 18 August 2017 which must be read together with the master prospectus dated 15 January 2017 and its supplementary master prospectus is dated 31 March 2017 for:-

Name of the Funds	Constitution Date
Local funds:	
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
Global funds:	
KAF Advantage GEM Bond Fund	27 August 2007

Manager

KAF Investment Funds Berhad (334195-K)

a company incorporated in Malaysia under the Companies Act 1965

Trustees

Universal Trustee (Malaysia) Berhad (17540-D)

RHB Trustees Berhad (573019-U)

CIMB Commerce Trustee Berhad (313031-A)

HSBC (Malaysia) Trustee Berhad (1281-T)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017 AND ITS SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017.

Responsibility Statement

This second supplementary master prospectus dated 18 August 2017 ("Second Supplementary 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 this Second Supplementary Master Prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has authorised the Funds and a copy of this Second Supplementary Master Prospectus and the master prospectus dated 15 January 2017 and its supplementary master prospectus dated 31 March 2017 (collectively, "the Prospectuses") have been registered with the Securities Commission Malaysia.

The authorisation of the Funds, and registration of the Prospectuses, 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 the Prospectuses.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of KAF Investment Funds Berhad, the management company responsible for the said Funds and takes no responsibility for the contents in the Prospectuses. The Securities Commission Malaysia makes no representation on the accuracy or completeness of the Prospectuses, 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 Prospectuses that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectuses or the conduct of any person in relation to the Funds.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017 AND ITS SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017.

1. Information regarding the fund management team of KAF Investment Funds Berhad (“the Manager”)

The information regarding the fund management team of the Manager under section 6.5 Fund management team on page 87 – 88 of the master prospectus dated 15 January 2017 (“Master Prospectus”) is hereby deleted and replaced with the following:

Encik Mohammed Reza Abu Talib (Designated fund manager for KFF, KVF, KEBF, KMMF, KBF and KAGBF)

Encik Mohammed Reza Abu Talib holds a Degree in Business Administration, majoring in Finance from Boston University, USA. He started his career with Hong Leong Finance as a credit risk management trainee in 1993. A year later, he moved to Inter-Pacific Securities Sdn Bhd as a company dealer, managing institutional sales. Subsequently in 1995, he joined Capital Corp Securities Sdn Bhd as a commission dealer, buying and selling shares for high net worth clients. In 2000, he joined Rashid Hussain Securities Sdn Bhd and was responsible for managing the company’s high net worth clients. He became a licensed fund manager of the Alliance Unit Trust Management Bhd (now known as KAF Investment Funds Berhad) since 2003 and started his fund management career in the same year.

Encik Pengiran Aizuddin (Designated fund manager for KCIF)

Encik Pengiran Aizuddin graduated with 1st Class Honours in Finance from the University of Western Australia, Australia. He also holds a Bachelor of Laws degree from the same university. He joined the Manager in 2016 as an analyst cum fund manager. Previously, he was a sell-side analyst with KAF Seagroatt & Campbell Securities Sdn Bhd and HwangDBS Vickers Research Sdn Bhd covering the transportation, autos and healthcare sectors. He also had a stint as a finance executive in a subsidiary of Petronas Chemicals Group.

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

Mr Tan Gan Leong graduated with a Bachelor of Business, majoring in Economics & Marketing from Monash University, Australia. He has passed all three levels of the CFA Program and will be eligible for the CFA charter upon completion of the required working experience. 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.

2. Information regarding the designated fund manager of Amundi Malaysia Sdn Bhd

The information regarding the designated fund manager of Amundi Malaysia Sdn Bhd, the external investment manager in respect of KAF Money Market Fund and KAF Bond Fund under section 6.7 External Investment Manager on page 89 of the Master Prospectus is hereby deleted and replaced with the following:

Designated fund manager for KMMF and KBF

Ms Eridani Tutiana Jusat
(Chief investment officer – fixed income)

Ms Eridani Tutiana Jusat (“Ms Tutiana”) joined Amundi Malaysia in January 2016 as chief investment officer for fixed income. She has over 20 years of experience in capital markets,

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017 AND ITS SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017.

proprietary trading, asset management and institutional sales in both conventional and Islamic at fund management institutions, commercial and investment banks.

Prior to joining Amundi Malaysia, Ms Tutiana was the executive director, head of treasury and capital markets at Ibdar Bank based in Bahrain from 2013 to 2016 and head of investment and trading at Elaf Bank in Bahrain from 2009 to 2013. Ms Tutiana began her career as a fixed income trader at Affin Merchant Bank, Malaysia in 1997. Her last post in Malaysia was at Bank Muamalat as acting head of treasury & capital markets/head of fixed income sales & trading.

Ms Tutiana has an MSc in Investment Management from Cass Business School in London and a BSc (Hons) in Economics from Queen Mary College, University of London.

3. Master Prospectus remains in full force subject to the amendments in the Second Supplementary Master Prospectus

Subject only to the variations herein contained and such other alterations as may be necessary to make the Master Prospectus as amended by its supplementary master prospectus dated 31 March 2017 consistent with this Second Supplementary Master Prospectus, the Master Prospectus as amended by its supplementary master prospectus dated 31 March 2017 shall remain in full force and effect and shall be read and construed and be enforceable as if the terms of this Second Supplementary Master Prospectus were inserted therein by way of addition or substitution as the case may be.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017 AND ITS SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017.



INVESTMENT FUNDS BERHAD (334195-K)

THIRD SUPPLEMENTARY MASTER PROSPECTUS

This third supplementary master prospectus is dated 12 October 2018 which must be read together with the master prospectus dated 15 January 2017, the supplementary master prospectus dated 31 March 2017 and the second supplementary master prospectus dated 18 August 2017 for:-

Name of the Funds	Constitution Date
Local funds:	
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
Global funds:	
KAF Advantage GEM Bond Fund	27 August 2007

Manager

KAF Investment Funds Berhad (334195-K)

Trustees

Universal Trustee (Malaysia) Berhad (17540-D)

RHB Trustees Berhad (573019-U)

CIMB Commerce Trustee Berhad (313031-A)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 AND THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017.

Responsibility Statement

This third supplementary master prospectus dated 12 October 2018 (“Third Supplementary 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 this Third Supplementary Master Prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has authorised the Funds and a copy of this Third Supplementary Master Prospectus, the master prospectus dated 15 January 2017, the supplementary master prospectus dated 31 March 2017 and the second supplementary master prospectus dated 18 August 2017 (collectively, “the Prospectuses”) have been registered with the Securities Commission Malaysia.

The authorisation of the Funds, and registration of the Prospectuses, 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 the Prospectuses.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of KAF Investment Funds Berhad, the management company responsible for the said Funds and takes no responsibility for the contents in the Prospectuses. The Securities Commission Malaysia makes no representation on the accuracy or completeness of the Prospectuses, 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 Prospectuses that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectuses or the conduct of any person in relation to the Funds.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 AND THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017.

1. Trustee for KAF Jade Fund (“KJF”), KAF Money Market Fund (“KMMF”) and KAF Bond Fund (“KBF”)

Effective from **1 October 2018**, the trustee for **KJF, KMMF and KBF** shall be CIMB Commerce Trustee Berhad.

Therefore, the following relevant information in relation to the trustee for **KJF, KMMF and KBF** as described throughout the master prospectus dated 15 January 2017 as amended by the supplementary master prospectus dated 31 March 2017 and the second supplementary master prospectus dated 18 August 2017 (“Master Prospectus”) is hereby amended or replaced and **took effect from 1 October 2018**:

a. Definitions

The definition of “Trustee (s)” on page 3 of the Master Prospectus is hereby deleted and replaced with the following:

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 and KAGBF**.

b. Corporate Directory

The details in relation to the trustee for **KJF, KMMF and KBF** on page 6 of the Master Prospectus are hereby deleted in its entirety. Consequently, the details in relation to the trustee of KAF Enhanced Bond Fund (“KEBF”) are hereby amended as follows:

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:	<i>www.cimb.com</i>
Registered address:	Level 21, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur
Telephone number:	03-2261 8888
Facsimile number:	03-2261 9889

Trustee’s delegate

Name:	CIMB Bank Berhad
Registered business address:	Level 13, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 AND THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017.

Telephone number:	50470, Kuala Lumpur 03-2084 8888
Facsimile number:	03-2261 8889
Website:	www.cimb.com
Business address:	Level 21, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470, Kuala Lumpur
Telephone number:	03-2084 8888
Facsimile number:	03-2261 9892

c. Annual trustee fee

The table under section 4.6, “Annual trustee fee” on page 77 of the Master Prospectus that describes, amongst other, the information of the annual trustee fee of **KJF**, **KMMF** and **KBF** is hereby deleted and replaced with the following:

	Annual trustee fee
KJF	0.05% per annum of NAV, subject to a minimum fee of RM9,000 (excluding foreign custodian fee and charges).
KMMF	0.02% per annum of NAV, subject to a minimum fee of RM12,000.
KBF	0.05% per annum of NAV, subject to a minimum fee of RM12,000.

d. Information of trustee for KJF, KMMF and KBF

Section 7.4, “HSBC (Malaysia) Trustee Berhad” of the Master Prospectus is hereby deleted in its entirety. Consequently, the entire section 7.2 of the Master Prospectus is hereby amended as follows:

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 and private retirement schemes.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 AND THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017.

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, the Guidelines and acceptable business practice within the unit trust industry;
- (c) As soon as practicable, notify the Securities Commission of any irregularity or breach of the provisions of the Deed, the Guidelines and any other matters which in the Trustee's 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 3 September 2018, 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 Ringgit assets, they are held through its wholly owned nominee subsidiary "CIMB Group Nominees (Tempatan) Sdn Bhd". For foreign non-

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 AND THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017.

Ringgit 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.

e. Maximum annual trustee fee for KJF, KMMF and KBF

The table under section 8.2.2, “Maximum fees and charges permitted by the Deed” on page 106 – 107 of the Master Prospectus that describes, amongst other, the information of the maximum annual trustee fee of **KJF**, **KMMF** and **KBF** is hereby deleted and replaced with the following:

	Maximum annual trustee fee
KJF	Up to 0.1% per annum of NAV subject to a minimum of RM9,000 per annum.
KMMF	Up to 0.1% per annum of NAV subject to a minimum of RM12,000 per annum.
KBF	Up to 0.1% per annum of NAV subject to a minimum of RM12,000 per annum.

f. Descriptions of related-party transactions and conflict of interest in relation to the trustee of KJF, KMMF and KBF

The related-party transactions and conflict of interest in relation to the trustee of **KJF**, **KMMF** and **KBF** as described on page 113 of the Master Prospectus in hereby deleted in its entirety. Consequently, the description of related-party transactions and conflict of interest in relation to the trustee of **KEBF** is hereby amended as follows:

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.

g. Deed in respect of KJF, KMMF and KBF

The table under section 12.3, “Deed of the Fund” on page 124 – 125 of the Master Prospectus that describes, amongst other, the information of deed for **KJF**, **KMMF** and **KBF** is hereby deleted and replaced with the following:

	Deed
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

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 AND THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017.

	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 and seventh supplemental master deed dated 20 August 2018.
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2. Descriptions of Good and Service Tax (“GST”)

The definition of “GST” mentioned in Chapter 1, “Definitions” on page 2 of the Master Prospectus is hereby deleted and Section 4.10, “Goods and service tax (“GST”) on page 80 of the Master Prospectus is hereby replaced with the following:

4.10 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.

3. Descriptions of switching facility

The descriptions of Section 5.3.6, “Switching facility” on page 85 – 86 of the Master Prospectus is hereby deleted and replaced with the following:

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 and KCIF	RM1,000.
KJF	RM10,000.00

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KMMF	10,000 units.
KBF	RM100,000.00.

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.

As guidance to the Unit Holders, the switching application received by the Manager before the cut-off time of 4:00 p.m. on a Business Day (T day) shall be treated as follows:

Type of fund		Pricing day	
Existing fund	Intended fund	Switch out fund	Switch in fund
Money market fund	Non-money market fund	T day	T day
Non-money market fund			
Money market fund	Money market fund	T day	At the next valuation point upon getting the proceeds by the intended fund.
Non-money market fund			

KAGBF

Not applicable as switching facility is not available.

4. Information on board of director

The information regarding the board of directors of the Manager in the Master Prospectus is hereby deleted and replaced with the following:

6.2 Board of directors

The following are the board of directors of the Manager:

- (1) Tan Sri Abu Talib bin Othman (Non-independent non-executive director)
- (2) Datuk Khatijah binti Ahmad (Non-independent non-executive director)
- (3) Encik Mohammed Reza bin Tan Sri Abu Talib (Non-independent executive director)
- (4) Mr Chan Hwang Hsiung (Independent non-executive director)
- (5) Mr Yong Yit Hin (Independent non-executive director)

5. Information regarding the fund management team

The information regarding the fund management team of the Manager in the Master Prospectus is hereby deleted and replaced with the following:

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 AND THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017.

6.5 Fund management team

Mr Chue Kwok Yan (Designated fund manager for KFF, KVF, KEBF, KMMF, KBF and KAGBF)

Mr Chue Kwok Yan joined the Manager in March 2018 and later is appointed as the Chief Investment Officer. 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.

Encik Pengiran Aizuddin (Designated fund manager for KCIF)

Encik Pengiran Aizuddin graduated with 1st Class Honours in Finance from the University of Western Australia, Australia. He also obtained a Bachelor of Laws degree from the same university. Encik Pengiran Aizuddin is 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 2016 as an analyst cum fund manager. Previously, he was a sell-side analyst with KAF Seagroatt & Campbell Securities Sdn Bhd and HwangDBS Vickers Research Sdn Bhd covering the transportation, autos and healthcare sectors. He also had a stint as a finance executive in a subsidiary of Petronas Chemicals Group.

Mr Tan Gan Leong (Designated fund manager for 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.

6. Master Prospectus remains in full force subject to the amendments in the Third Supplementary Master Prospectus

Subject only to the variations herein contained and such other alterations as may be necessary to make the Master Prospectus as amended by the supplementary master prospectus dated 31 March 2017 and the second supplementary master prospectus dated 18 August 2017 consistent with this Third Supplementary Master Prospectus, the Master Prospectus as amended by the supplementary master prospectus dated 31 March 2017 and the second supplementary master prospectus dated 18 August 2017 shall remain in full force and effect and shall be read and construed and be enforceable as if the terms of this Third Supplementary Master Prospectus were inserted therein by way of addition or substitution as the case may be.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017 AND THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017.



INVESTMENT FUNDS BERHAD (334195-K)

FOURTH SUPPLEMENTARY MASTER PROSPECTUS

This fourth supplementary master prospectus is dated 23 November 2018 which must be read together with the master prospectus dated 15 January 2017, the supplementary master prospectus dated 31 March 2017, the second supplementary master prospectus dated 18 August 2017 and the third supplementary master prospectus is dated 12 October 2018 for:-

Name of the Funds	Constitution Date
Local funds:	
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
Global funds:	
KAF Advantage GEM Bond Fund	27 August 2007

Manager

KAF Investment Funds Berhad (334195-K)

Trustees

Universal Trustee (Malaysia) Berhad (17540-D)

RHB Trustees Berhad (573019-U)

CIMB Commerce Trustee Berhad (313031-A)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FOURTH SUPPLEMENTARY MASTER PROSPECTUS DATED 23 NOVEMBER 2018 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017, THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017 AND THE THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018.

Responsibility Statement

This fourth supplementary master prospectus dated 23 November 2018 (“Fourth Supplementary 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 this Fourth Supplementary Master Prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has authorised the Funds and a copy of this Fourth Supplementary Master Prospectus, the master prospectus dated 15 January 2017, the supplementary master prospectus dated 31 March 2017, the second supplementary master prospectus dated 18 August 2017 and the third supplementary master prospectus dated 12 October 2018 (collectively, “the Prospectuses”) have been registered with the Securities Commission Malaysia.

The authorisation of the Funds, and registration of the Prospectuses, 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 the Prospectuses.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of KAF Investment Funds Berhad, the management company responsible for the said Funds and takes no responsibility for the contents in the Prospectuses. The Securities Commission Malaysia makes no representation on the accuracy or completeness of the Prospectuses, 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 Prospectuses that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectuses or the conduct of any person in relation to the Funds.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FOURTH SUPPLEMENTARY MASTER PROSPECTUS DATED 23 NOVEMBER 2018 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017, THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017 AND THE THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018.

1. Information regarding the fund management team

The profile of Mr Chue Kwok Yan, the designated fund manager for KAF First Fund (“KFF”), KAF Vision Fund (“KVF”), KAF Enhanced Bond Fund (“KEBF”), KAF Money Market Fund (“KMMF”), KAF Bond Fund (“KBF”) and KAF Advantage GEM Bond Fund (“KAGBF”) in the master prospectus dated 15 January 2017 as amended by the supplementary master prospectus dated 31 March 2017, the second supplementary master prospectus dated 18 August 2017 and third supplementary master prospectus dated 12 October 2018 (“**Master Prospectus**”) is hereby deleted and replaced with the following:

Mr Chue Kwok Yan (Designated fund manager for KFF, KVF, KEBF, KMMF, KBF and KAGBF)

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.

2. Information regarding the designated fund manager of Amundi Malaysia Sdn Bhd

The information regarding the designated fund manager of Amundi Malaysia Sdn Bhd, the external investment manager in respect of **KFF** and **KVF** in the Master Prospectus is hereby deleted and replaced with the following:

Encik Muhammad Asif Mohd Noh (Designated fund manager for KFF and KVF)

Encik Muhammad Asif Mohd Noh (“Asif”) joined Amundi Malaysia in April 2015 as part of the domestic equity fund management team. His responsibilities includes fund management activities, research coverage and idea generation for the Malaysian equity market, covering small, medium and large capitalisation securities. Prior to joining Amundi Malaysia, he was with RAM Rating Services Berhad for about 2.5 years as a credit rating analyst. In his previous position, he specialized in infrastructure and utilities ratings covering independent power producers, toll-road companies, ports and telecommunication companies.

He graduated in May 2012 with a Bachelor of Liberal Arts and Science majoring in Actuarial Science from University of Illinois at Urbana-Champaign. Asif is also a Chartered Financial Analyst (CFA) charter holder and a member of the Society of Technical Analysts (UK).

3. Master Prospectus remains in full force subject to the amendments in the Fourth Supplementary Master Prospectus

Subject only to the variations herein contained and such other alterations as may be necessary to make the Master Prospectus as amended by the supplementary master

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FOURTH SUPPLEMENTARY MASTER PROSPECTUS DATED 23 NOVEMBER 2018 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017, THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017 AND THE THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018.

prospectus dated 31 March 2017, the second supplementary master prospectus dated 18 August 2017 and the third supplementary master prospectus dated 12 October 2018 consistent with this Fourth Supplementary Master Prospectus, the Master Prospectus as amended by the supplementary master prospectus dated 31 March 2017 and third supplementary master prospectus dated 12 October 2018 shall remain in full force and effect and shall be read and construed and be enforceable as if the terms of this Fourth Supplementary Master Prospectus were inserted therein by way of addition or substitution as the case may be.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FOURTH SUPPLEMENTARY MASTER PROSPECTUS DATED 23 NOVEMBER 2018 WHICH IS TO BE READ TOGETHER WITH THE MASTER PROSPECTUS DATED 15 JANUARY 2017, THE SUPPLEMENTARY MASTER PROSPECTUS DATED 31 MARCH 2017, THE SECOND SUPPLEMENTARY MASTER PROSPECTUS DATED 18 AUGUST 2017 AND THE THIRD SUPPLEMENTARY MASTER PROSPECTUS DATED 12 OCTOBER 2018.



INVESTMENT FUNDS BERHAD (334195-K)

FIFTH SUPPLEMENTARY MASTER PROSPECTUS

This fifth supplementary master prospectus is dated 22 March 2019 which must be read together with 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 and the fourth supplementary master prospectus dated 23 November 2018 for: -

Name of the Funds	Constitution Date
Local funds:	
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
Global funds:	
KAF Advantage GEM Bond Fund	27 August 2007

Manager

KAF Investment Funds Berhad (334195-K)

Trustees

Universal Trustee (Malaysia) Berhad (17540-D)

RHB Trustees Berhad (573019-U)

CIMB Commerce Trustee Berhad (313031-A)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FIFTH SUPPLEMENTARY MASTER PROSPECTUS DATED 22 MARCH 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE FOURTH SUPPLEMENTARY MASTER PROSPECTUS DATED 23 NOVEMBER 2018.

Responsibility Statement

This fifth supplementary master prospectus dated 22 March 2019 ("Fifth Supplementary 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 this Fifth Supplementary Master Prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has authorised the Funds and a copy of this Fifth Supplementary Master Prospectus, 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 and the fourth supplementary master prospectus dated 23 November 2018 (collectively, "the Prospectuses") have been registered with the Securities Commission Malaysia.

The authorisation of the Funds, and registration of the Prospectuses, 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 the Prospectuses.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of KAF Investment Funds Berhad, the management company responsible for the said Funds and takes no responsibility for the contents in the Prospectuses. The Securities Commission Malaysia makes no representation on the accuracy or completeness of the Prospectuses, 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 Prospectuses that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectuses or the conduct of any person in relation to the Funds.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FIFTH SUPPLEMENTARY MASTER PROSPECTUS DATED 22 MARCH 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE FOURTH SUPPLEMENTARY MASTER PROSPECTUS DATED 23 NOVEMBER 2018.

1. **Removal of all references made to the external investment manager, i.e. Amundi Malaysia Sdn Bhd (“Amundi Malaysia”) for KAF Money Market Fund (“KMMF”) and KAF Bond Fund (“KBF”)**

The investment management functions of **KMMF** and **KBF** which had previously been delegated to Amundi Malaysia is under the management of the Manager’s fund management team **with effect from 23 March 2019**.

Note: Amundi Malaysia continue to act as the external investment manager for KAF First Fund and KAF Vision Fund.

Consequently, the information throughout the master prospectus dated 15 January 2017 as amended by 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 and the fourth supplementary master prospectus dated 23 November 2018 (collectively, “Master Prospectus”) is hereby be revised as detailed below and **took effect from 23 March 2019**.

a. Definitions

The definition of “External Investment Manager” in the Master Prospectus is hereby deleted and replaced with the following:

External Investment Manager	In relation to KAF First Fund and KAF Vision Fund: Amundi Malaysia Sdn Bhd.
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b. Section 3.7.5 – Investment restrictions and limits

The references to the external investment manager in the last paragraph of section 3.7.5 of the Master Prospectus in relation to the investment restrictions and limits of **KMMF** are hereby deleted and such references are replaced with the Manager.

c. Section 3.8.2 – Investment policy and strategy

The references to the external investment manager that appears in the relevant paragraphs in section 3.8.2 of the Master Prospectus in relation to the descriptions of risk management strategies and techniques for **KBF** are hereby deleted and such references are replaced with the Manager.

d. Section 3.8.5 – Investment restrictions and limits

The references to the external investment manager in the last paragraph of section 3.8.5 of the Master Prospectus in relation to the investment restrictions and limits of **KBF** are hereby deleted and such references are replaced with the Manager.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FIFTH SUPPLEMENTARY MASTER PROSPECTUS DATED 22 MARCH 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE FOURTH SUPPLEMENTARY MASTER PROSPECTUS DATED 23 NOVEMBER 2018.

e. Section 3.10.2 – Specific risks of investing in the Funds

The descriptions of “Management of specific risks” for **KMMF** and **KBF** of section 3.10.2 of the Master Prospectus which comprises reference to the external investment manager is hereby deleted and such reference is replaced with the Manager.

f. Section 6.7 – External Investment Manager

The references to **KMMF** and **KBF** and information of designated fund manager in respect of **KMMF** and **KBF** throughout section 6.7 of the Master Prospectus are hereby deleted.

2. Information regarding the fund management team

The information regarding the fund management team of the Manager in the Master Prospectus is hereby deleted and replaced with the following:

6.5 Fund management team

Mr Chue Kwok Yan (Designated fund manager for KFF, KVF, KEBF, KMMF, KBF and KAGBF)

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 KTF and KCIF)

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 Kenneth Yap Cheong Leng (Designated fund manager for KJF)

Mr Kenneth Yap Cheong Leng graduated from Oxford University with a degree in Economics & Management. He also qualified as a Chartered Accountant (ICAEW) with Deloitte Touche,

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FIFTH SUPPLEMENTARY MASTER PROSPECTUS DATED 22 MARCH 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE FOURTH SUPPLEMENTARY MASTER PROSPECTUS DATED 23 NOVEMBER 2018.

London and a holder of a Capital Market Services Representative's Licence to carry on the regulated activity of fund management. Prior to joining the Manager, Mr Kenneth Yap Cheong Leng was based for 5 years in Jakarta, where he was Head of Equity Sales at Macquarie. His previous stint in KL was with a family office as well as with CIMB Investment Bank proprietary trading desk. He returned to Asia after being part of Extel ranked European semiconductor research team at Dresdner Kleinwort Wasserstein.

3. Master prospectus remains in full force subject to the amendments in the Fifth Supplementary Master Prospectus

Subject only to the variations herein contained and such other alterations as may be necessary to make the master prospectus dated 15 January 2017 as amended by 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 and the fourth supplementary master prospectus dated 23 November 2018 consistent with this Fifth Supplementary Master Prospectus, the master prospectus dated 15 January 2017 as amended by 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 and the fourth supplementary master prospectus dated 23 November 2018 shall remain in full force and effect and shall be read and construed and be enforceable as if the terms of this Fifth Supplementary Master Prospectus were inserted therein by way of addition or substitution as the case may be.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FIFTH SUPPLEMENTARY MASTER PROSPECTUS DATED 22 MARCH 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE FOURTH SUPPLEMENTARY MASTER PROSPECTUS DATED 23 NOVEMBER 2018.



INVESTMENT FUNDS BERHAD (334195-K)

SIXTH SUPPLEMENTARY MASTER PROSPECTUS

This sixth supplementary master prospectus is dated 3 June 2019 which must be read together with 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 and the fifth supplementary master prospectus dated 22 March 2019 for: -

Name of the Funds	Constitution Date
Local funds:	
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
Global funds:	
KAF Advantage GEM Bond Fund	27 August 2007

Manager

KAF Investment Funds Berhad (334195-K)

Trustees

Universal Trustee (Malaysia) Berhad (17540-D)

RHB Trustees Berhad (573019-U)

CIMB Commerce Trustee Berhad (313031-A)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE FIFTH SUPPLEMENTARY MASTER PROSPECTUS DATED 22 MARCH 2019.

Responsibility Statement

This sixth supplementary master prospectus dated 3 June 2019 (“Sixth Supplementary 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 this Sixth Supplementary Master Prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has authorised the Funds and a copy of this Sixth Supplementary Master Prospectus, 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 and the fifth supplementary master prospectus dated 22 March 2019 (collectively, “the Prospectuses”) have been registered with the Securities Commission Malaysia.

The authorisation of the Funds, and registration of the Prospectuses, 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 the Prospectuses.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of KAF Investment Funds Berhad, the management company responsible for the said Funds and takes no responsibility for the contents in the Prospectuses. The Securities Commission Malaysia makes no representation on the accuracy or completeness of the Prospectuses, 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 Prospectuses that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectuses or the conduct of any person in relation to the Funds.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE FIFTH SUPPLEMENTARY MASTER PROSPECTUS DATED 22 MARCH 2019.

1. Removal of all references made to the external investment manager, i.e. Amundi Malaysia Sdn Bhd (“Amundi Malaysia”) for KAF First Fund (“KFF”) and KAF Vision Fund (“KVF”)

The investment management functions of **KFF** and **KVF** which had previously been delegated to Amundi Malaysia is under the management of the Manager’s fund management team **with effect from 1 June 2019**.

Consequently, the information throughout the master prospectus dated 15 January 2017 as amended by 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 and the fifth supplementary master prospectus dated 22 March 2019 (collectively, “Master Prospectus”) is hereby be revised as detailed below and **took effect from 1 June 2019**.

a. Definitions

The definition of “External Investment Manager” in the Master Prospectus is hereby deleted in its entirety.

b. Section 6.4 – Investment committee

The description of roles and primary functions of the investment committee in section 6.4 of the Master Prospectus is hereby deleted and replaced with the following:

The investment committee is responsible to:

- Ensure the investment strategy and investment allocation selected by the fund manager is in line with the stated investment objectives of the Funds;
- Continually review and monitor the success of the fund manager’s strategies and policies using the predetermined benchmark as comparison; and
- Ensure that the investment management of the Funds complies with the provisions of the Deed, the CMSA, the Guidelines, relevant securities law and all internal investment restrictions and policies.

c. Section 6.7 – External Investment Manager

The disclosures of section 6.7 in the Master Prospectus is hereby deleted in its entirety.

2. Information regarding the fund management team

The information regarding the fund management team of the Manager in the Master Prospectus is hereby deleted and replaced with the following:

6.5 Fund management team

Mr Chue Kwok Yan (Designated fund manager for KEBF, KMMF, KBF and KAGBF)

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

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE FIFTH SUPPLEMENTARY MASTER PROSPECTUS DATED 22 MARCH 2019.

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 KCIF)

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 Kenneth Yap Cheong Leng (Designated fund manager for KJF)

Mr Kenneth Yap Cheong Leng graduated from Oxford University with a degree in Economics & Management. He also qualified as a Chartered Accountant (ICAEW) with Deloitte Touche, London and a holder of a Capital Market Services Representative's Licence to carry on the regulated activity of fund management. Prior to joining the Manager, Mr Kenneth Yap Cheong Leng was based for 5 years in Jakarta, where he was Head of Equity Sales at Macquarie. His previous stint in KL was with a family office as well as with CIMB Investment Bank proprietary trading desk. He returned to Asia after being part of Extel ranked European semiconductor research team at Dresdner Kleinwort Wasserstein.

3. Master prospectus remains in full force subject to the amendments in the Sixth Supplementary Master Prospectus

Subject only to the variations herein contained and such other alterations as may be necessary to make the master prospectus dated 15 January 2017 as amended by 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 and the fifth supplementary master prospectus dated 22 March 2019 consistent with this Sixth Supplementary Master Prospectus, the master prospectus dated 15 January 2017 as amended by 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 and the fifth supplementary master prospectus dated 22 March 2019 shall remain in full force and effect and shall be read and construed and be enforceable as if the terms of this Sixth Supplementary Master Prospectus were inserted therein by way of addition or substitution as the case may be.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE FIFTH SUPPLEMENTARY MASTER PROSPECTUS DATED 22 MARCH 2019.

SEVENTH SUPPLEMENTARY MASTER PROSPECTUS

This seventh supplementary master prospectus is dated 31 December 2019 which must be read together with 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 and the sixth supplementary master prospectus dated 3 June 2019 for: -

Name of the Funds	Constitution Date
Local funds:	
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
Global fund:	
KAF Advantage GEM Bond Fund	27 August 2007

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 SEVENTH SUPPLEMENTARY MASTER PROSPECTUS DATED 31 DECEMBER 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019.

Responsibility Statement

This seventh supplementary master prospectus dated 31 December 2019 (“Seventh Supplementary 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 this Seventh Supplementary Master Prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has authorised the Funds and a copy of this Seventh Supplementary Master Prospectus, 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 and the sixth supplementary master prospectus dated 3 June 2019 (collectively, “the Prospectuses”) have been registered with the Securities Commission Malaysia.

The authorisation of the Funds, and registration of the Prospectuses, 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 the Prospectuses.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of KAF Investment Funds Berhad, the management company responsible for the said Funds and takes no responsibility for the contents in the Prospectuses. The Securities Commission Malaysia makes no representation on the accuracy or completeness of the Prospectuses, 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 Prospectuses that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectuses or the conduct of any person in relation to the Funds.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SEVENTH SUPPLEMENTARY MASTER PROSPECTUS DATED 31 DECEMBER 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019.

1. Minimum initial investment and minimum additional investment for KAF Bond Fund

Effective from 1 January 2020, the minimum initial investment and the minimum additional investment for KAF Bond Fund (“KBF”) shall be as follows:

Minimum investment:	initial	RM10,000.00 or such other amount as the Manager may decide from time to time.
Minimum investment:	additional	RM10,000.00 or such other amount as the Manager may decide from time to time.

Consequently, the disclosures on the minimum initial investment and additional investment for the respective funds under section 5.3.1, “Sale of units” of the master prospectus dated 15 January 2017 as amended by 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 and the sixth supplementary master prospectus dated 3 June 2019 (collectively, “Master Prospectus”) is hereby deleted and replaced with the disclosures below:

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

	Minimum initial investment	Minimum additional investment
KFF, KVF, KEBF, KTF, KCIF and KAGBF	RM1,000.00 or such other amount as the Manager may decide from time to time.	RM100.00 or such other amount as the Manager may decide from time to time.
KMMF	RM1,000.00 or such other amount as the Manager may decide from time to time.	RM1,000.00 or such other amount as the Manager may decide from time to time.
KJF	RM10,000.00.	RM1,000.00.
KBF	RM10,000.00 or such other amount as the Manager may decide from time to time [^] .	RM10,000.00 or such other amount as the Manager may decide from time to time [^] .

Note:

[^] Effective from 1 January 2020.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SEVENTH SUPPLEMENTARY MASTER PROSPECTUS DATED 31 DECEMBER 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019.

2. Minimum repurchase units, minimum investment balance and frequency of repurchase of KBF

Effective from 1 January 2020, the minimum repurchase units, the minimum investment balance and the frequency of repurchase for KBF shall be as follows:

Minimum repurchase units:	100 units or RM10,000.00 whichever is the lower value in term of RM, or such other lower amount as the Manager may decide from time to time.
Minimum investment balance:	100 units or RM10,000.00 whichever is the lower value in term of RM, or such other lower amount as the Manager may decide from time to time.
Frequency of repurchase:	There is no restriction on the repurchase frequency. If following the repurchase request leave a Unit Holder with less than 100 units or RM10,000.00, whichever is the lower value in term of RM, or such other lower amount as the Manager may decide from time to time (minimum 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.

Consequently, the disclosures regarding KBF in the table under section 5.3.2, "Repurchase of units" of the Master Prospectus is hereby deleted and replaced with the following:

	Minimum repurchase units	Minimum investment balance	Frequency of repurchase
KBF	100 units or RM10,000.00 whichever is the lower value in term of RM, or such other lower amount as the Manager may decide from time to time [^] .	100 units or RM10,000.00 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 100 units or RM10,000.00, whichever is the lower value in term of RM, or such other lower amount as the Manager may decide from time to time [^] (minimum 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.

Note:

[^] Effective from 1 January 2020.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SEVENTH SUPPLEMENTARY MASTER PROSPECTUS DATED 31 DECEMBER 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019.

3. Minimum number of units for transfer for KBF

Effective from 1 January 2020, the minimum number of units for transfer for KBF shall be 100 units or RM10,000.00 whichever is the lower value in term of RM, or such other amount as the Manager may decide from time to time.

Consequently, the disclosures regarding KBF in the table under section 5.3.5, “Transfer of ownership of units” of the Master Prospectus is hereby deleted and replaced with the following:

	Minimum number of units for transfer
KBF	100 units or RM10,000.00 whichever is the lower value in term of RM, or such other amount as the Manager may decide from time to time [^] .

Note:

[^] Effective from 1 January 2020.

4. Minimum amount for switching for KBF

Effective from 1 January 2020, the minimum amount for switching for KBF shall be 100 units or RM10,000.00 whichever is the lower value in term of RM, or such other amount as the Manager may decide from time to time.

Consequently, the disclosures regarding KBF in the table under section 5.3.6, “Switching facility” of the Master Prospectus is hereby deleted and replaced with the following:

	Minimum amount for switching
KBF	100 units or RM10,000.00 whichever is the lower value in term of RM, or such other amount as the Manager may decide from time to time [^] .

Note:

[^] Effective from 1 January 2020.

5. Information of board of directors

The information regarding the board of directors of the Manager in section 6.2, “Board of directors” of the Master Prospectus is hereby deleted and replaced with the following:

6.2 Board of directors

The following are the board of directors of the Manager:

- 1) Datuk Khatijah binti Ahmad
(Non-independent non-executive director)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SEVENTH SUPPLEMENTARY MASTER PROSPECTUS DATED 31 DECEMBER 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019.

- 2) Tan Sri Abu Talib bin Othman
(Non-independent non-executive director)
- 3) Encik Mohammed Reza bin Tan Sri Abu Talib
(Non-independent executive director)
- 4) Mr Chan Hwang Hsiung
(Independent non-executive director)
- 5) Encik Mohd Hasnul Ismar bin Mohd Ismail
(Independent non-executive director)

6. Information on the fund management team

The information regarding the fund management team of the Manager in section 6.5, “Fund management team” of the Master Prospectus is hereby deleted and replaced with the following:

6.5 Fund management team

Mr Chue Kwok Yan (Designated fund manager for KEBF, KMMF, KBF and KAGBF)

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, KCIF 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.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SEVENTH SUPPLEMENTARY MASTER PROSPECTUS DATED 31 DECEMBER 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019.

7. Consents

A new “Chapter 14” is hereby inserted in the Master Prospectus as follow:

CHAPTER 14: CONSENTS

The Trustees and the management company of HSBC Global Investment Funds – Global Emerging Markets Bond (HSBC Investment Funds (Luxembourg) S.A) have given their consent to the inclusion of their names and statements in the form and context in which they appear in the master prospectus dated 15 January 2017 as amended by 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 and this seventh supplementary master prospectus, and have not withdrawn such consent prior to the issue of this seventh supplementary 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 the master prospectus dated 15 January 2017 as amended by 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 and this seventh supplementary master prospectus, and have not withdrawn such consent prior to the issue of this seventh supplementary 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 the master prospectus dated 15 January 2017 as amended by 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 and this seventh supplementary master prospectus, and have not withdrawn such consent prior to the issue of this seventh supplementary master prospectus.

8. Master prospectus remains in full force subject to the amendments in the Seventh Supplementary Master Prospectus

Subject only to the variations herein contained and such other alterations as may be necessary to make the master prospectus dated 15 January 2017 as amended by 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 and the sixth

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SEVENTH SUPPLEMENTARY MASTER PROSPECTUS DATED 31 DECEMBER 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019.

supplementary master prospectus dated 3 June 2019 consistent with this Seventh Supplementary Master Prospectus, the master prospectus dated 15 January 2017 as amended by 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 and the sixth supplementary master prospectus dated 3 June 2019 shall remain in full force and effect and shall be read and construed and be enforceable as if the terms of this Seventh Supplementary Master Prospectus were inserted therein by way of addition or substitution as the case may be.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SEVENTH SUPPLEMENTARY MASTER PROSPECTUS DATED 31 DECEMBER 2019 WHICH IS TO BE READ TOGETHER WITH 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 AND THE SIXTH SUPPLEMENTARY MASTER PROSPECTUS DATED 3 JUNE 2019.



INVESTMENT FUNDS BERHAD (334195-K)

Level 11, Chulan Tower, No. 3 Jalan Conlay, 50450 Kuala Lumpur
Tel:603-2171 0559 Fax: 603-2171 0583
Website: www.kaf.com.my

ACCOUNT OPENING FORM
Individual / Corporate

Individual Joint 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). Investor(s) should read and understand the contents of the relevant master prospectus(es)/ prospectus(es) and its supplementary(ies) if any before completing this form.

Please complete in BLOCK LETTERS only, and tick (✓) where applicable. For first time Investor(s), this Form is required to be completed.

1. PARTICULARS OF INDIVIDUAL APPLICANT

You MUST be 18 years old and above as at the date of this application. Please provide a copy of your NRIC or Passport.

Name of Individual Applicant
(as in NRIC/Passport No.)
NRIC(old)/Passport No./Company Registration No.
Date of Birth (DD/MM/YYYY)
Gender Male Female

(To be completed if Individual Applicant)

Marital Status Single Married Widowed Divorced
Nationality Malaysian Others (please specify)
Bumiputera Status Yes No
Race Malay Chinese Indian Others
Education Level Primary Secondary STPM / Diploma /PreU Degree Post Graduate
Source of Income Employment Business Savings / Inheritance Others (please specify)
Annual Household Income
Below RM20,000
RM120,001 - RM180,000
RM20,001 - RM60,000
RM180,001 - RM240,000
RM60,001 - RM120,000
RM240,001 and above

Mother's Maiden Name
Individual Applicant Email Address :

BY PROVIDING YOUR EMAIL ADDRESS TO KAF INVESTMENT FUNDS BERHAD ("KIF"), YOU HAVE CONSENTED TO RECEIVE COMMUNICATIONS AND/OR INFORMATION FROM KIF RELATING TO YOUR INVESTMENT VIA EMAIL. NOTICES DELIVERED VIA EMAIL TO APPLICANT ARE DEEMED SENT AND RECEIVED ON THE DATE SUCH EMAIL IS SENT.

2. PARTICULARS OF JOINT INDIVIDUAL APPLICANT (not applicable for EPF Investment Scheme("EPF"))

Name as in NRIC/Passport
NRIC(old)/Passport No./Birth Certificate No.
Date of Birth (DD/MM/YYYY)
Sex Male Female
Nationality Malaysian Others (please specify)
Bumiputera Status Yes No
Occupation
Relationship to Individual Applicant Parent Spouse Child Sibling Relative Others

3. PARTICULARS OF CORPORATE APPLICANT

Name of Corporate Applicant
(as in certificate of incorporation)
Nature of Business
Company Registration No.
Date of Incorporation (DD/MM/YYYY)
Status Bumiputra Controlled Non-Bumiputra Controlled Non-Malaysian Controlled

Contact Person (1)

Designation
Department
Tel No. ext Fax No.
Office Email Address

Contact Person (2)

Designation
Department
Tel No. ext Fax No.
Office Email Address

Please refer to clause 4 of the Terms and Conditions to ascertain the documents required to be submitted with this application.

4. CORRESPONDENCE ADDRESS

Address
Post Code Town / City
State Country
Tel No. (house) (office) ext. Fax No. (mobile)

5. PARTICULARS OF INSURANCE (KAF FIRST FUND ONLY)

Are you currently under medical treatment or taking prescribed drugs or receiving medical advice in connection with any illness including AIDS-related complex?

Yes No

If yes, please specify

6. INSTRUCTION FOR REDEMPTION PAYMENT (for joint applicants account only)

We would like to request the redemption payment to be issued in the name of :-

Applicant only Joint Applicant only

Please tick (✓) one

All Applicants

7. FATCA COMPLIANCE REQUIREMENT

Are you a US resident? Yes No

[If you ticked Yes, we will not be able to accept your application. Please speak to your Financial Adviser.]

A US person is a living individual to whom one or more of the following applies:

- Dual citizens of the US and another country
- Born in US, unless citizenship is renounced
- US citizen even if residing outside the United States
- Lawful permanent resident of the US
- US passport holder
- A "substantially present" person as declared by the US tax regulator

8. DECLARATIONS AND SIGNATURES (all applicants must sign this form)

INDIVIDUAL APPLICANT

- I/We acknowledge that I/We have received, read and understood the relevant Master Prospectus(es) / Prospectus(es) for the Fund(s) to be invested in, the Terms and Conditions of this Form and I/We undertake to be bound by them for my/our initial and subsequent transactions with KAF Investment Funds Berhad ("KIF").
- 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 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. Copy/Copies of my/our NRIC/Passport is/are enclosed.
- 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 declare that I am / We are neither engaged in any unlawful activity nor are my/our monies obtained from any illegal source or related to any illegal activity.
- I/We declare that I am / We are in compliance and undertake that I/We will comply with all applicable laws and regulations.
- I/We undertake to provide KIF 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, my/our information on financial position, condition or prospect.
- I/We acknowledge that I/We shall keep KIF informed of any change of my/our particulars as stated in this Account Application Form and/or of any material facts that will, direct or indirectly, affect my/our financial position(s), condition(s) or prospect(s).
- I/We undertake to provide such information and documents that KIF may reasonably require for the purpose of due diligence/enhanced due diligence as required under the Anti-Money Laundering and Counter Financing Terrorism Act 2001 ("AMLCFTA").
- (For joint application only) In the absence of written explicit instructions, I/We acknowledge that instructions must be given by both of us.
- Depending on the Fund invested and subject to its relevant Master Prospectus(es)/Prospectus(es), income distribution will be reinvested into further units in the relevant Fund unless been stated otherwise.
- I/We hereby declare and acknowledge that I/We have the sole legal and proprietary right over all monies accompanying this application.
- I/We hereby agree to indemnify KIF against all actions, suits, proceedings, claims, damages and losses which may be suffered by KIF as a result of any inaccuracy of the declarations herein.

CORPORATE APPLICANT

- I/We acknowledge that I/We have received, read and understood the relevant Master Prospectus(es)/ Prospectus(es) for the Fund(s) to be invested in, the Terms and Conditions of this Form and I/We undertake to be bound by them for my/our initial and subsequent transactions with KAF Investment Funds Berhad ("KIF").
- 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 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 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). Attached is a certified true copy of the Corporation's list of authorised signatories.
- I/We, as directors(s) of the Corporation do hereby declare that the Corporation is a legally incorporated Corporation. Copy of the Certificate of Incorporation is enclosed.
- I/We, hereby declare and represent that as at this date, the Corporation is not wound up nor has there been any winding-up petition presented to the Corporation.
- I/We declare that I am / We are neither engaged in any unlawful activity nor are my/our monies obtained from any illegal source or related to any illegal activity.
- I/We undertake to provide KIF 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 KIF informed of any change of the information stated in this Account Application 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.
- I/We undertake to provide such information and documents that KIF may reasonably require for the purpose of due diligence/enhanced due diligence as required under the AMLCFTA.
- Depending on the Fund invested and subject to its relevant Master Prospectus(es)/ Prospectus(es), income distribution will be reinvested into further units in the relevant Fund unless been stated otherwise.
- I/We hereby declare and acknowledge that I/We have the sole legal and proprietary right over all monies accompanying this application.
- I/We hereby agree to indemnify KIF against all actions, suits, proceedings, claims, damages and losses which may be suffered by KIF as a result of any inaccuracy of the declarations herein.
- We, the abovenamed 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.

DECLARATION FOR PERSONAL DATA PROTECTION ACT 2010 ("Act")

- I/We hereby declare that all information stated in this application 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 Act or any relevant regulatory body as are in force from time to time which governs the operations of this account;
 - agree and acknowledge that it is my/our duty and responsibility to examine the entries in the statements of account provided by KIF and undertake to notify KIF in writing of any discrepancy therein forthwith; and
 - agree and authorise KIF 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 Act, I/We hereby agree that KIF may collect, use and disclose our personal data for the purposes as stated in the KIF's Privacy Statement that available on KIF'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 KIF's Privacy Statement stated therein. You are required to visit the KIF'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).

No delay or omission by KIF 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.

For Joint Application, please tick

(v) account operating mode for future transactions

- Applicant Only
- Joint Applicant Only
- Either Applicant to sign
- Both Applicants to sign

Note: To repurchase, both principal and joint applicants are required to sign the Repurchase Form should the proceeds to be credited into a single account.

Applicant / Authorised Signatory (ies)	Applicant / Authorised Signatory (ies)	
Date	Date	

TERMS AND CONDITIONS

- You are advised to read and understand the relevant Master Prospectus(es)/Prospectus(es) and deed(s) which shall be made available upon request before investing in the fund(s).
- 1. MINIMUM INVESTMENT**
 - Initial and subsequent investment must be for a minimum amount stated in the relevant Master Prospectus(es)/Prospectus(es).
 - 2. INDIVIDUAL APPLICANT**
 - Applicant must be 18 years old and above.
 - Please enclose a photocopy of your identity card or passport.
 - 3. JOINT INDIVIDUAL APPLICANT**
 - Please enclose a photocopy of your identity card or passport.
 - If aged 18 years old and above, he/she is also required to sign the application form.
 - In the case of death of a joint-holder, the surviving holder will be the only person recognised by the Manager and the Trustee as having any title to or interest in the units held.
 - In the absence of written explicit instructions, I/We acknowledge that instructions must be given by both of us.
 - 4. CORPORATE APPLICANT**
 - Please enclose a copy of the Memorandum and Articles of Association, Company's latest audited accounts, list of Authorised Signatories and Specimen Signatures.
 - For a corporation, the Common Seal or the Company stamp will have to be affixed. If the Company stamp is used, an Authorised Officer must sign and state his/her representative capacity.
 - Certified True Copy (by company secretary, if applicable) of the Board Resolution, Form 11, Form 9, Form 13 (if applicable), Form 24, Form 44 and Form 49.
 - 5. RIGHTS OF THE MANAGER**
 - The Manager reserves the right to accept or reject any application in whole or in part thereof and reject any Account Application Form which is not completed in full and supported by the requested documents and payments.
 - 6. CUSTOMER CARE**
 - If you require further information or clarification, please contact our Customer Service for assistance.
- All notices and other communications sent by or to the applicant shall be sent at the risk of the applicant. Unless due to wilful default or negligence of the Manager, the Manager 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. The Manager shall not be liable for any direct or indirect consequential losses arising from the foregoing.
 - The information that you have provided will be used strictly for our own purpose and shall not be shared with any other parties unless as required by law.

7. FOR DISTRIBUTOR / STAFF USE ONLY

Name _____ UTC Code _____ Date _____

8. FOR OFFICE USE ONLY

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

PURCHASE / SWITCH FORM



INVESTMENT FUNDS BERHAD (334195-K)

Level 11, Chulan Tower, No. 3 Jalan Conlay, 50450 Kuala Lumpur
 Tel: 603-2171 0559 Fax: 603-2171 0583
 Website: www.kaf.com.my

Account No.

(for existing unit holders only)

Purchase

Switch

In compliance with Section 232(2) of the Capital Markets and Services Act 2007, this Form must be circulated with the Master Prospectus(es)/ Prospectus(es) and Supplementary Master Prospectus(es)/ Prospectus(es) (if any). Investors should read and understand the contents of the relevant Master Prospectus(es)/ Prospectus(es) and Supplementary Master Prospectus(es)/ Prospectus(es) if any before completing this form.

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 Form.

1. INDIVIDUAL APPLICANT

Name of Individual Applicant

NRIC (old) :

Tel No. -

NRIC (new) :

Remain as previous application Update

Occupation

Education Level Primary Secondary STPM / Diploma / PreU Degree Post Graduate

Annual Household Income Below RM20,000 RM20,001 - RM60,000 RM60,001 - RM120,000

RM120,001 - RM180,000 RM180,001 - RM240,000 RM240,001 and above

Source of Income Employment Business Savings / Inheritance Others (please specify) _____

Name of Joint Individual Applicant (not applicable for EPF Investment Scheme ("EPF"))

NRIC No. (old) :

Tel No. -

NRIC No. (new) :

2. CORPORATE APPLICANT (not applicable for EPF)

Remain as previous application Update on Corporation's documents _____

Name of Company

Company Registration No

Name of Contact Person(s)

Tel - (office) ext. Fax No. -

3. DETAILS OF INVESTMENT APPLICATION

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

* Note: C - Cash Plan
 E - EPF Plan

Payment Mode for investment :

Cheque/Bank Draft (Bank _____ No. _____) (Payable to "KAF Investment Funds Berhad")

EPF Investment Scheme ("EPF")

Note to be read before completing this section:

Cheque/bank draft should be crossed and made payable to "KAF Investment Funds Berhad" for all funds and must be drawn on a bank located in Malaysia. You should write your full name and NRIC No. on the back of each cheque. The cheque(s)/ bank draft(s) must be attached with this Form.

4. DETAILS OF SWITCHING

Please ensure you maintain the minimum amount required in the original Fund as stated in the relevant Master Prospectus(es)/ Prospectus(es) and Supplementary Master Prospectus(es)/ Prospectus(es).

SWITCH FROM	
Fund Name	No of Units
1.	
2.	
3.	
4.	
5.	

SWITCH TO	
Fund Name	Remarks
1.	
2.	
3.	
4.	
5.	

5. 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 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.

I / We acknowledge that I / We have read and understood the contents of the investment Loan Financing Risk Disclosure Statement. I / We do declare and represent that as at the date hereof, I / We am / are not an undischarged bankrupt nor has any petition for bankruptcy been filed against me/us. With the completion of this form, it constitutes that I have read, understood and agreed to be bound by the notes, terms and conditions stated in this form. I also accept and acknowledge that KAF Investment Funds Berhad has absolute discretion to reply on facsimile confirmation from me and undertake to indemnify and hold harmless KAF Investment Funds Berhad, its employees and agents at all costs, expenses, loss of liabilities, claims and demands arising out of this confirmation.

6. DECLARATIONS & SIGNATURES (all applicants must sign this form)

- I/We acknowledge that I/We have received, read and understood the relevant Master Prospectus(es)/ Prospectus for the Fund(s) to be invested in, the Terms and Conditions of this Form and I/We undertake to be bound by them for my / our initial and subsequent transactions with KAF Investment Funds Berhad ("KIF").
- 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 acknowledge that I/We are aware that there are risks associated with the Fund(s) where the investment may go down as well as up.
- I/We acknowledge that I/We are aware of the fees and charges that I/We will incur directly or indirectly when investing in the Fund(s).
- I/We hereby declare and acknowledge that I/We have sole legal and proprietary right over all monies accompanying this application.
- I/We hereby agree to indemnify KIF against all actions, suits, proceedings, claims, damages and losses which may be suffered by KIF as a result of any inaccuracy of the declarations herein.

Applicant / Authorised Signatory (ies)
Date

Joint Applicant / Authorised Signatory (ies)
Date

**7. FOR DISTRIBUTOR / STAFF USE ONLY**

Name _____ UTC Code _____ Date _____

8. FOR OFFICE USE ONLY

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