

RHB CHINA BOND FUND

ANNUAL REPORT

For the financial period from
15 May 2019 (date of inception) to 31 August 2020

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name - RHB China Bond Fund

Fund Category - Feeder fund

Fund Type - Growth fund

Investment Objective, Policy and Strategy

Objective of the Fund

The Fund aims to maximise total return by investing in one (1) target fund.

Strategy

The Fund will invest principally in the Renminbi (“RMB”) denominated class 16 units of the Target Fund.

The investment objective of the Target Fund is to maximise total return. The Target Fund was launched on 11 November 2011. The Target Fund is one (1) of the sub-funds of the BlackRock Global Funds, an umbrella type open-ended variable capital investment company with segregated liability between sub-funds, incorporated with limited liability under the laws of Luxembourg.

Although the Fund is passively managed, the investments in the Fund will be rebalanced from time to time to meet sale and redemption transactions. This is to enable proper and efficient management of the Fund.

This Fund is a feeder fund that invests at least 95% of its NAV in the Target Fund. The risk management strategies and techniques employed will be at the Target Fund level.

When appropriate for all Classes (except RM Class & RMB Class), the Manager may participate in financial derivatives, which include but is not limited to forwards and swaps, for the purpose of hedging the currency risk exposure (if any) of the various currency Classes. The benefit of any upside of currency movement is limited when hedging the various currency Classes’ exposures to foreign currency as the primary interest is to protect the value of the various currency Classes.

The Fund's portfolio will be structured as follows:

At least 95% of - Investments in the RMB denominated class I6 units of the
Net Asset Value Target Fund.

The balance of the NAV shall be invested in liquid assets including money market instruments, deposits that are not embedded with or linked to financial derivative instruments ("Deposits") and collective investment schemes investing in money market instruments and Deposits.

Performance Benchmark

1-year China Household Savings Deposits Rate Index.

Permitted Investments and Restrictions

The Fund will invest in BlackRock Global Funds – China Bond Fund, financial derivatives, money market instruments and/or Deposits, units/shares of collective investment schemes and any other investments in line with the objective of the Fund, provided that there is no inconsistency with the Fund's objective.

In undertaking the Fund's investments, the Fund must not invest in a fund-of-funds, a feeder fund, or any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund.

Distribution Policy

The Fund may declare distributions, if any, is declared at the end of each quarter, or for any other period.

Distributions, if any, after deduction of taxation and expenses (i.e. net distributions) will be reinvested, unless the Unit Holder specifically requests for distribution to be paid out to the Unit Holder by indicating in the purchase / switch form.

MANAGER'S REPORT

MARKET REVIEW

The low correlation / beta across onshore and offshore China bond markets has been the case for the past few years and even more apparent this year. The reason for the low correlation is the low onshore foreign exposure and the inefficient flow in money between the two markets. The onshore Chinese Credit market reflects the onshore view of China while the offshore Chinese Credit market reflects the offshore view of China.

The low correlation between the two markets is likely to persist as index inclusion still excludes credit and onshore capital cannot easily move offshore. Foreign ownership of credit onshore is likely to remain low for the foreseeable future

With Biden accepting the democratic nomination, the election season in the United States ("US") is finally starting with possible focus to start picking up post Labor Day. While this might mean upticks in US-China tensions, the Target Fund manager thinks markets are now better able to discern noise from material policy shifts. Therefore, the Target Fund manager does not expect much market reaction driven by US-China issues unless there is a meaningful escalation. Additionally, the risk of no clear outcome post US elections will start to gain some attention as we get closer to the election. Directly or indirectly, US elections are the key event risk for the markets in fourth quarter of year 2020.

ECONOMIC REVIEW

China continues to see strong economic data. Purchasing Manager Index ("PMI") surveys imply further economic acceleration in manufacturing and services sectors of the economy.

- a. Manufacturing internals showed a sharp acceleration in new export orders suggesting stronger export growth and further gains in global market share.
- b. There is a slight moderation in the construction sector perhaps suggesting a moderation in fiscal stimuli but employment in the sector remains robust.
- c. Strong growth implications from September 2020 PMIs pointing to an upside surprise in Q3 China Gross Domestic Product ("GDP").

China hard-data batch for August 2020 beat expectations more than reversing a somewhat sluggish showing in July 2020. All major headlines for industrial production, fixed asset investment and retail sales accelerated more than consensus.

As the output gap has been in the process of closing, the People's Bank of China has stepped up liquidity injections (CNY 600 billion MLF overnight) over the last few weeks to ensure funding costs do not continue rising.

REVIEW OF TARGET FUND PERFORMANCE AND STRATEGY DURING THE PERIOD

The target portfolio generated 10.20%* over the period, with majority of returns due to income from the Target Fund underlying bond exposures.

Onshore bond market continue to underperform since April 2020. Government bond yields increased across the curve on back of improving economic activity, supply pressure and neutral monetary policy. Monetary policy continues to be neutral and targeted with a focus on improving credit transmission to corporates. On the other hand, offshore Chinese United States Dollar ("USD") credit generated positive returns with continued spread compression. With unprecedented policy support across monetary and fiscal policy across the globe, the Target Fund manager sees strong investor demand and ongoing inflows into the hard currency debt market over the month.

The Target Fund manager's allocation to offshore Chinese USD credit enabled them to generate strong returns since April 2020 despite higher yields onshore. Post the outperformance of onshore bonds in first quarter of year 2020, the Target Fund manager reallocated capital offshore to take advantage of the attractive valuations and dislocations in the offshore markets. As of end August 2020, the target portfolio exposure to offshore USD credit is 80.00%. This has allowed the Target Fund manager to provide strong risk adjusted returns for their investors.

Coming out from a very volatile Q1, the Target Fund manager sees portfolio resilience and credit quality increasing in importance for investments in the coming months. The target portfolio has been resilient, exhibiting low drawdowns amidst the volatility given the diversification between the onshore and offshore Chinese bond markets. Despite global market volatility in credit, the target portfolio has held up well; the Target Fund has a 1Y return of 8.30% and a 5Y ann. return of 7.00% net of fees at a volatility of 2.60% (monthly, ann.).

*Performance refer to primary share class A2 CNH, net of fees

REVIEW OF FUND PERFORMANCE DURING THE PERIOD

During the period under review, the Fund has generated a return of 6.14%*, 7.43%*, 9.72%*, 7.50%*, 7.55%*, 5.49%* and 7.46%* as compared with the benchmark return of -3.61%*, 0.17%*, 4.80%*, 4.80%*, 1.25%*, 3.38%*, and 5.81%* for AUD, GBP, RM, RM-Hedged, RMB, SGD and USD class respectively. The Fund has met its objective of maximising total return.

** Source: Lipper Investment Management ("Lipper IM"), 11 September 2020*

MARKET OUTLOOK AND STRATEGY GOING FORWARD

The Target Fund manager continue to remain constructive on the offshore China USD credit market in general on back of solid fundamentals, positive technicals and attractive valuations given offshore still offers yield pickup compared to onshore after FX hedging. However, the Target Fund manager does expect to see pickup in volatilities around US elections in the offshore market and therefore remain cautious in the near term.

Looking forward, the Target Fund manager thinks US election noise will pick up with US/China tensions getting more attention as we go through the presidential debates starting September 29th 2020. The risk of contested election will pick up further lead to high risk premium in the offshore market in late October 2020/November 2020, which could create dislocation opportunities across risk assets. The Target Fund manager is looking to further increase target portfolio resilience by increasing onshore allocation (to approximately 35.00%) focusing on IG names (mainly through central SOEs) and increase their cash level to high single digit over the next 1 month. The Target Fund manager sees pick up in volatility and dislocation as an opportunity to add risk in the offshore USD credit space, and the Target Fund manager might increase their offshore exposure to 70.00%-75.00% post sell-off to take advantage of the dislocation opportunities in November 2020.

Within HY:

- The Target Fund manager is positive on China HY property. Demand nationwide has improved since the start of March and the Target Fund manager expects credit profiles to be stable due to lower debt requirements over the next 12 months. Most companies under the Target Fund manager's coverage have pre-funded their USD debt obligations in January 2020-February 2020 and have received new NDRC quota for refinancing up to 1H21. The onshore bond market is functioning for these companies to refinance onshore bonds and the Target Fund manager has seen yields of new issuances onshore at fair levels. Thus, the Target Fund manager sees refinancing risk being low. Within the China HY Property sector, the Target Fund manager is mainly positive on larger issuers with more manageable leverage and more diversified funding channels.

Within HY: (continued)

- The Target Fund manager is selective on onshore short-dated industrial names with strong fundamentals for diversification.

Within IG:

- The Target Fund manager is positive on China state owned enterprises (“SOEs”). The ramping up of fiscal stimulus onshore means infrastructure spending to boost the economy, which should be beneficial for these companies. The Target Fund manager prefer offshore names given valuations look attractive after the recent selloff. Besides, SOEs are generally price sensitive. They are more likely to go onshore for refinancing given the lower funding costs, and therefore provide technical support to the USD credit market given lack of supply.
- As the Target Fund manager goes into local SOEs, Local Government Financing Vehicles (“LGFVs”), they have to assess both the systematic importance of the entity and the fundamentals of the corporate.

PERFORMANCE DATA

	Annual Total Return
	Financial Period Ended 31 August 2020^ %
RHB China Bond Fund - RMB Class	
- Capital Return	5.52
- Income Return	1.92
- Total Return	7.55
1-year China Household Savings Deposits Rate Index	1.25

	Annual Total Return
	Financial Period Ended 31 August 2020^ %
RHB China Bond Fund - RM Class	
- Capital Return	7.69
- Income Return	1.89
- Total Return	9.72
1-year China Household Savings Deposits Rate Index	4.80

	Annual Total Return
	Financial Period Ended 31 August 2020^ %
RHB China Bond Fund – RM-Hedged Class	
- Capital Return	5.47
- Income Return	1.92
- Total Return	7.50
1-year China Household Savings Deposits Rate Index	4.80

	Annual Total Return
	Financial Period Ended 31 August 2020^ %
RHB China Bond Fund – AUD-Hedged Class	
- Capital Return	4.12
- Income Return	1.94
- Total Return	6.14
1-year China Household Savings Deposits Rate Index	(3.61)

	Annual Total Return
	Financial Period Ended 31 August 2020^ %
RHB China Bond Fund – USD-Hedged Class	
- Capital Return	5.45
- Income Return	1.91
- Total Return	7.46
1-year China Household Savings Deposits Rate Index	5.81

	Annual Total Return
	Financial Period Ended 31 August 2020^ %
RHB China Bond Fund – SGD-Hedged Class	
- Capital Return	3.85
- Income Return	1.58
- Total Return	5.49
1-year China Household Savings Deposits Rate Index	3.38

	Annual Total Return
	Financial Period Ended 31 August 2020^ %
RHB China Bond Fund – GBP-Hedged Class	
- Capital Return	5.40
- Income Return	1.93
- Total Return	7.43
1-year China Household Savings Deposits Rate Index	0.17

	Average Annual Return
	Since Inception 04.06.2019**- 31.08.2020 %
RHB China Bond Fund - RMB Class	6.88
1-year China Household Savings Deposits Rate Index	1.22

	Average Annual Return
	Since Inception 04.06.2019**- 31.08.2020 %
RHB China Bond Fund - RM Class	8.09
1-year China Household Savings Deposits Rate Index	2.01

	Average Annual Return
	Since Inception 04.06.2019**- 31.05.2020 %
RHB China Bond Fund – RM-Hedged Class	6.54
1-year China Household Savings Deposits Rate Index	2.01

	Average Annual Return
	Since Inception 04.06.2019**- 31.08.2020 %
RHB China Bond Fund – AUD-Hedged Class	5.50
1-year China Household Savings Deposits Rate Index	(2.47)

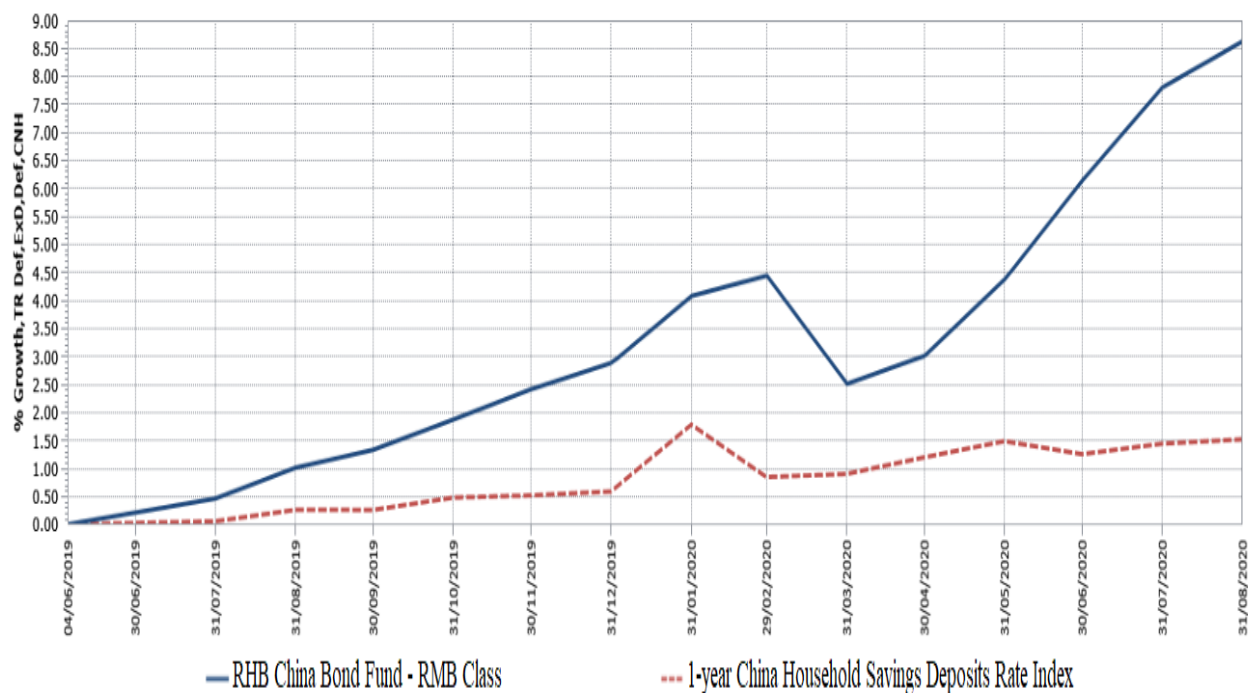
	Average Annual Return
	Since Inception 04.06.2019**- 31.08.2020 %
RHB China Bond Fund – USD-Hedged Class	6.95
1-year China Household Savings Deposits Rate Index	2.19

	Average Annual Return
	Since Inception 06.11.2019**- 31.08.2020 %
RHB China Bond Fund – SGD-Hedged Class	6.74
1-year China Household Savings Deposits Rate Index	4.15

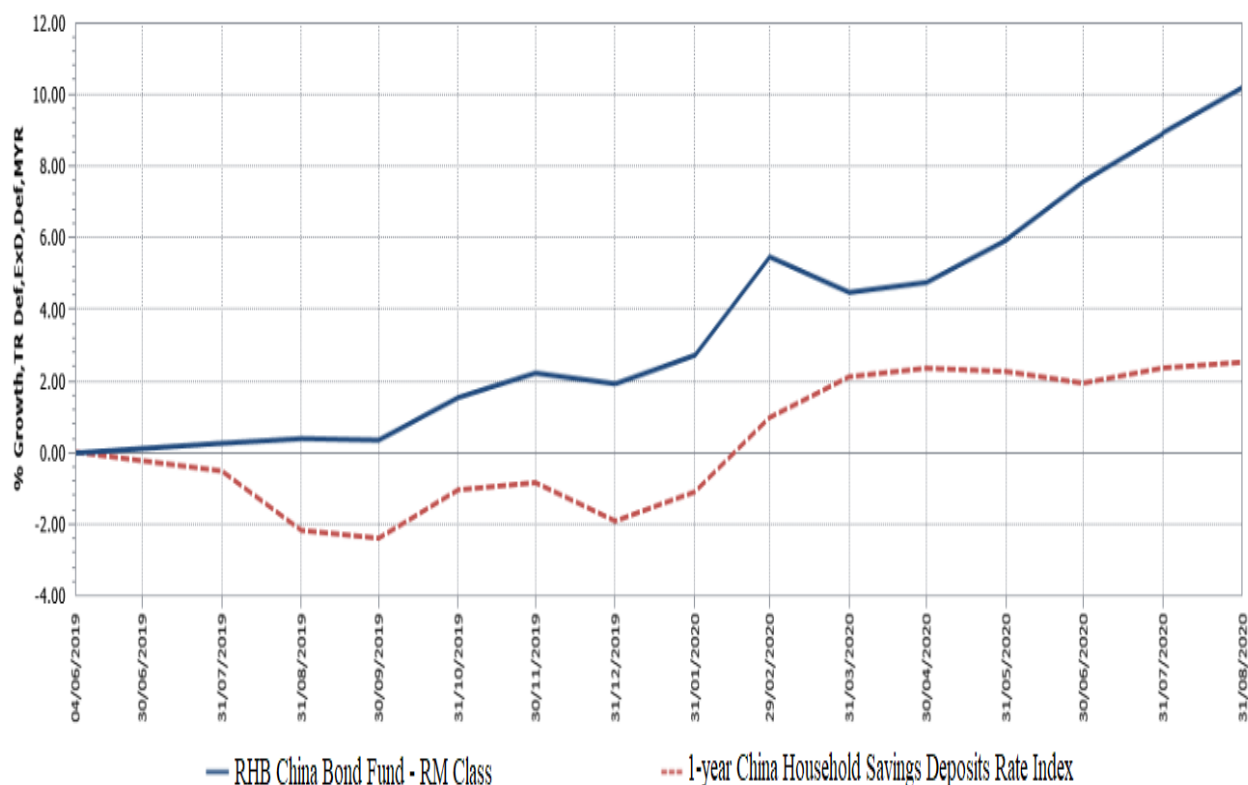
	Average Annual Return
	Since Inception 04.11.2019**- 31.08.2020 %
RHB China Bond Fund – GBP-Hedged Class	9.08
1-year China Household Savings Deposits Rate Index	0.21

[^] For the period since last day of Initial Offer Period

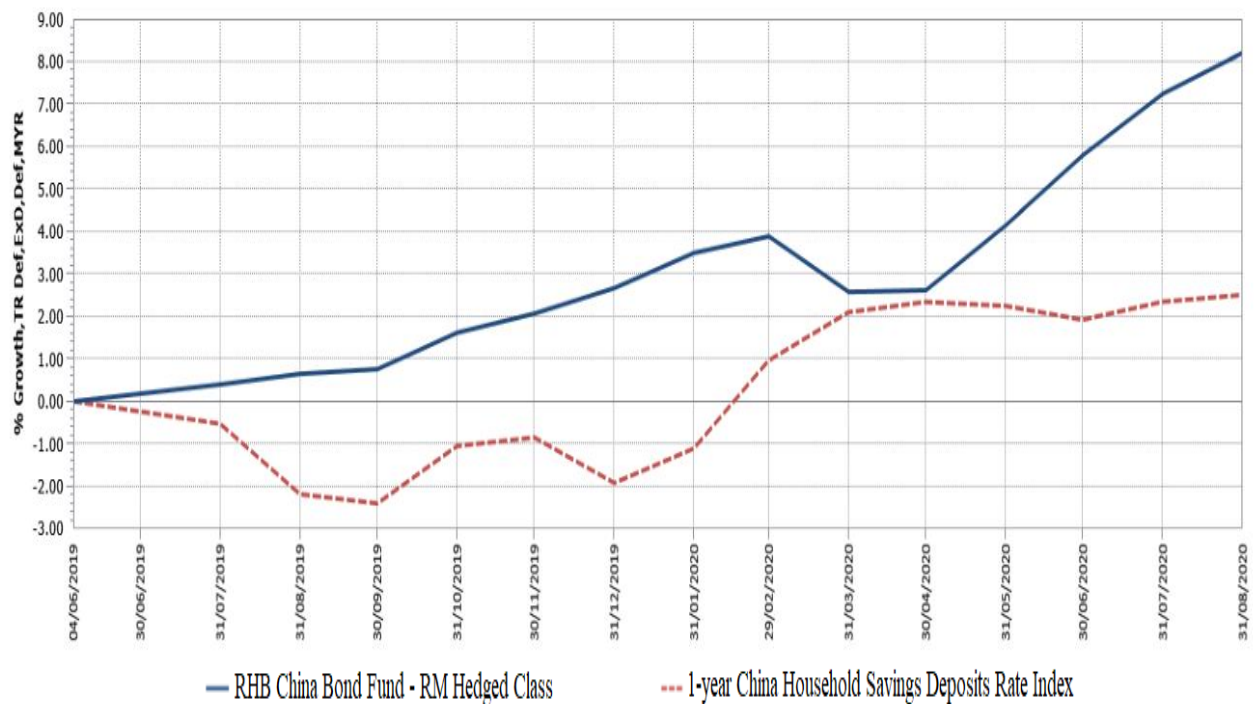
**Performance of RHB China Bond Fund - RMB Class
for the period from 4 June 2019** to 31 August 2020
Cumulative Return Over The Period (%)**



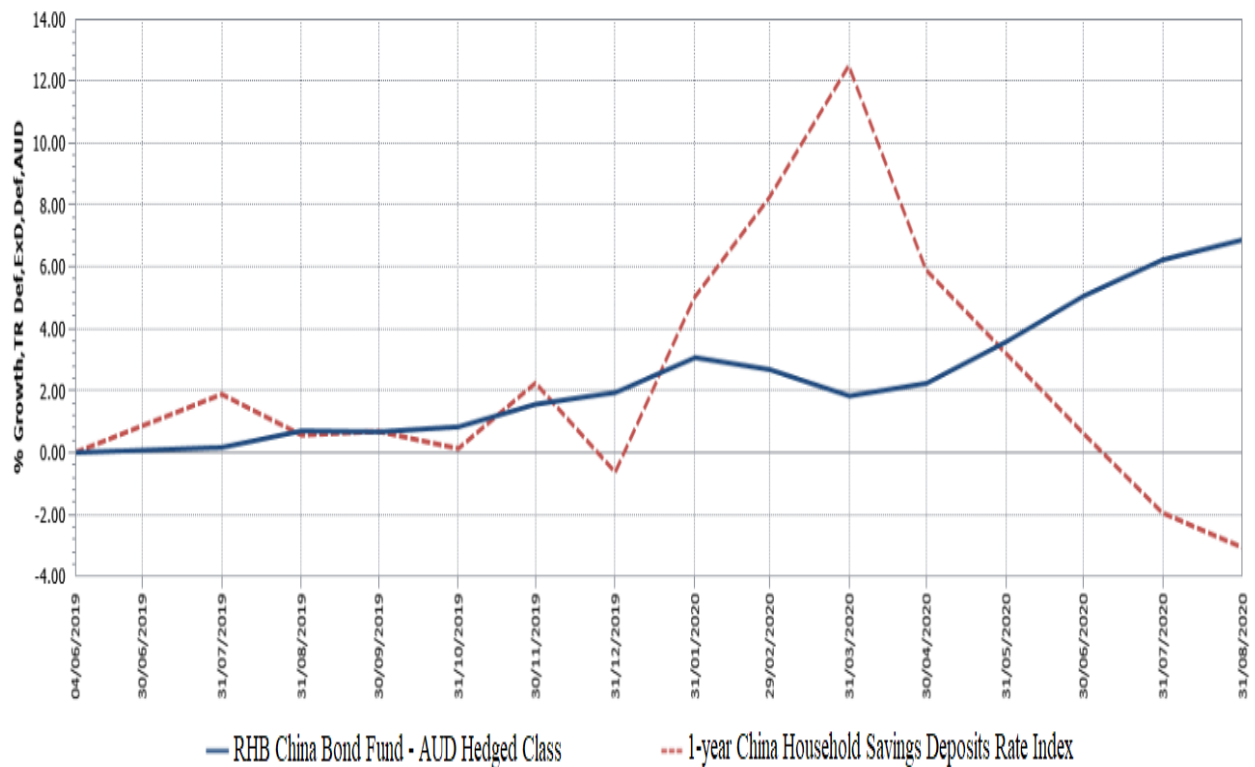
**Performance of RHB China Bond Fund - RM Class
for the period from 4 June 2019** to 31 August 2020
Cumulative Return Over The Period (%)**



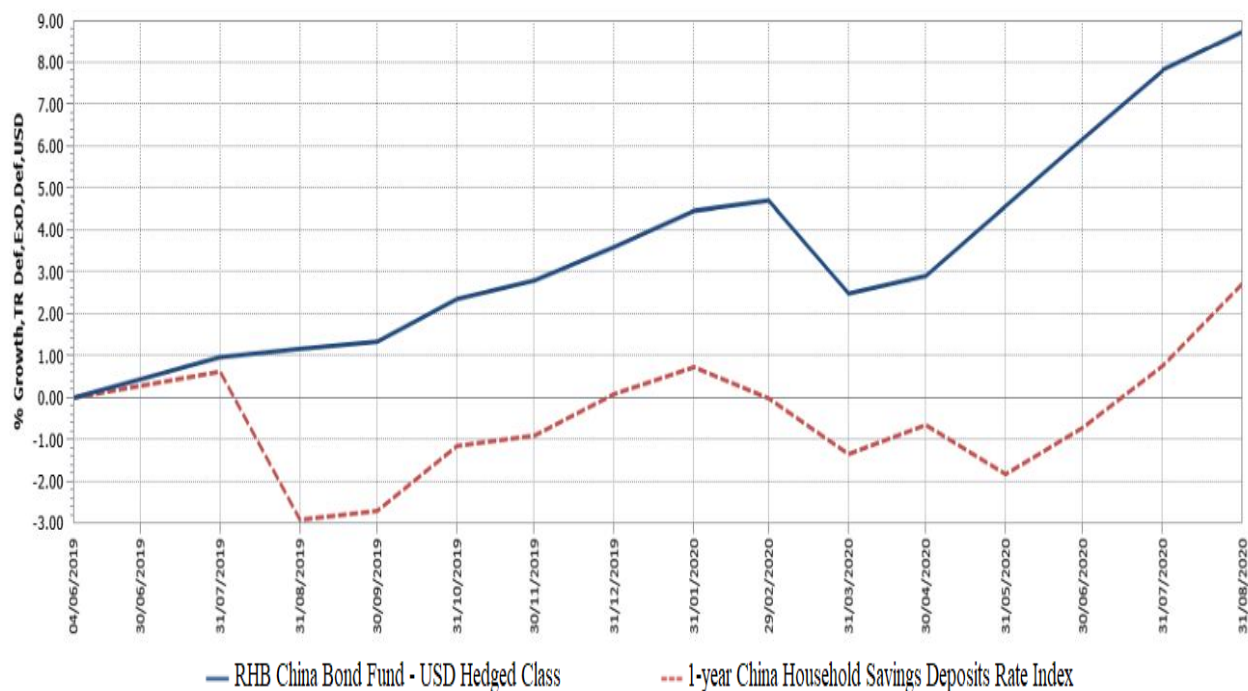
**Performance of RHB China Bond Fund – RM-Hedged Class
for the period from 4 June 2019** to 31 August 2020
Cumulative Return Over The Period (%)**



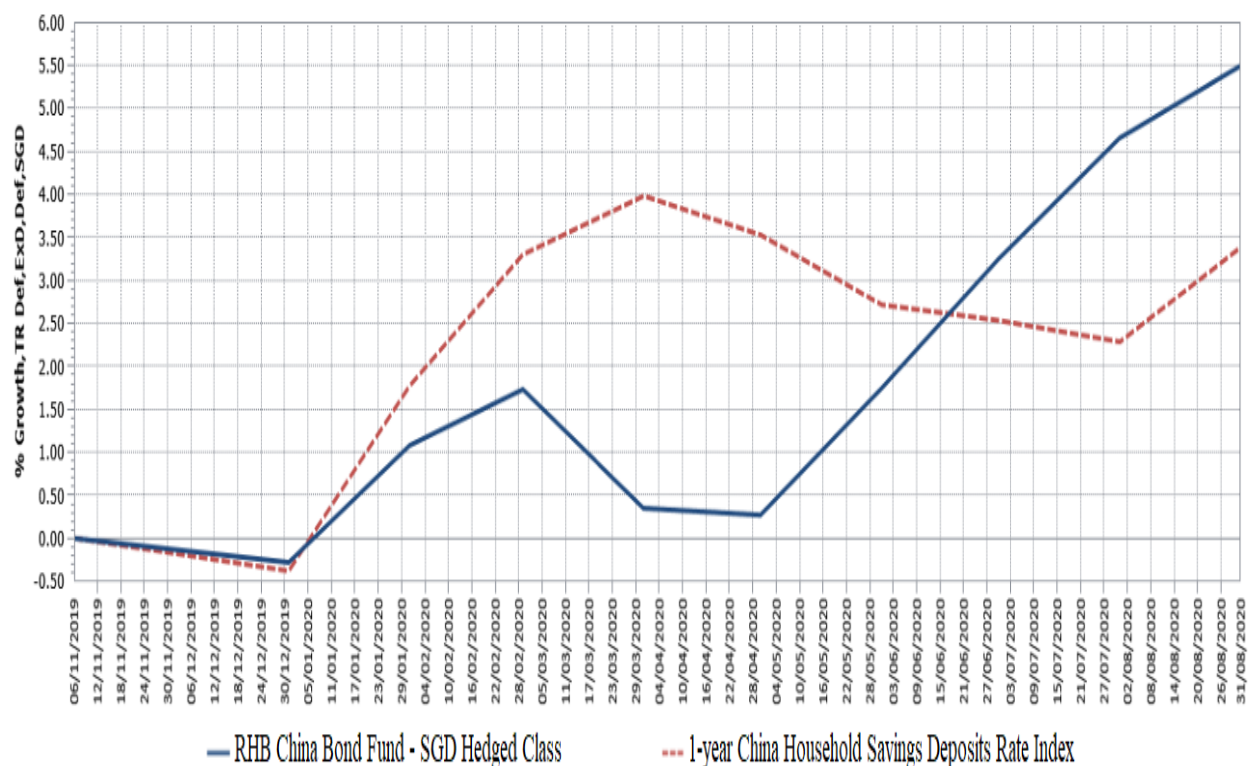
**Performance of RHB China Bond Fund – AUD-Hedged Class
for the period from 4 June 2019** to 31 August 2020
Cumulative Return Over The Period (%)**



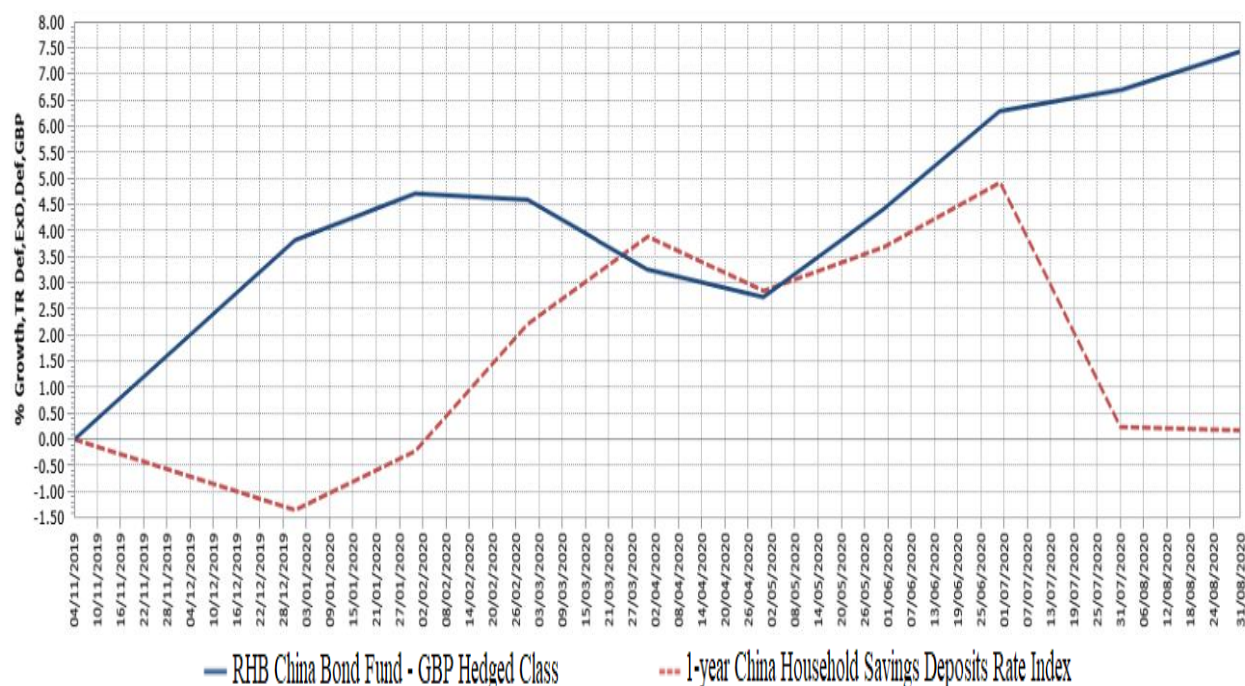
**Performance of RHB China Bond Fund – USD-Hedged Class
for the period from 4 June 2019** to 31 August 2020
Cumulative Return Over The Period (%)**



**Performance of RHB China Bond Fund – SGD-Hedged Class
for the period from 6 November 2019** to 31 August 2020
Cumulative Return Over The Period (%)**



**Performance of RHB China Bond Fund – GBP-Hedged Class
for the period from 4 November 2019** to 31 August 2020
Cumulative Return Over The Period (%)**



**** Being the last day of Initial Offer Period**

Source: Lipper IM, 11 September 2020

The abovementioned performance figures are indicative returns based on daily Net Asset Value of a unit (as per Lipper Database) since inception.

The calculation of the above returns is based on computation methods of Lipper.

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

The abovementioned performance computations have been adjusted to reflect distribution payments and unit splits wherever applicable.

Fund Size – RMB Class	As At 31 August 2020
Net Asset Value (RMB million)	116.00
Units In Circulation (million)	108.91
Net Asset Value Per Unit (RMB)	1.0651

Fund Size – RM Class	As At 31 August 2020
Net Asset Value (RMB million)	303.52
Units In Circulation (million)	170.35
Net Asset Value Per Unit (RMB)	1.7818

Fund Size – RM-Hedged Class	As At 31 August 2020
Net Asset Value (RMB million)	543.48
Units In Circulation (million)	310.70
Net Asset Value Per Unit (RMB)	1.7492

Fund Size – AUD-Hedged Class	As At 31 August 2020
Net Asset Value (RMB million)	157.06
Units In Circulation (million)	29.81
Net Asset Value Per Unit (RMB)	5.2688

Fund Size – USD-Hedged Class	As At 31 August 2020
Net Asset Value (RMB million)	64.15
Units In Circulation (million)	8.77
Net Asset Value Per Unit (RMB)	7.3171

Fund Size – SGD-Hedged Class	As At 31 August 2020
Net Asset Value (RMB million)	33.48
Units In Circulation (million)	6.39
Net Asset Value Per Unit (RMB)	5.2435

Fund Size – GBP-Hedged Class	As At 31 August 2020
Net Asset Value (RMB million)	9.37
Units In Circulation (million)	0.97
Net Asset Value Per Unit (RMB)	9.6160

Historical Data	Since Inception 04.06.2019 - 31.08.2020
Unit Prices	
<u>RMB Class</u>	
NAV - Highest (RMB)	1.0754*
- Lowest (RMB)	0.9828*
<u>RM Class</u>	
NAV - Highest (RM)	1.0884*
- Lowest (RM)	0.9965*
<u>RM-Hedged Class</u>	
NAV - Highest (RM)	1.0701*
- Lowest (RM)	0.9662*
<u>AUD-Hedged Class</u>	
NAV - Highest (AUD)	1.0599*
- Lowest (AUD)	0.9711*
<u>USD-Hedged Class</u>	
NAV - Highest (USD)	1.0758*
- Lowest (USD)	0.9676*
<u>SGD-Hedged Class</u>	
NAV - Highest (SGD)	1.0439*
- Lowest (SGD)	0.9557*
<u>GBP-Hedged Class</u>	
NAV - Highest (GBP)	1.0645*
- Lowest (GBP)	0.9757*
Unit Split	-
Others	
Management Expense Ratio (MER) (%)	0.20
Portfolio Turnover Ratio (PTR) (times)	1.38

* *The figures quoted are ex-distribution*

Distribution Date	Financial Period Ended 31 August			
	Gross Distribution Per Unit (cent)	Net Distribution Per Unit (cent)	NAV before distribution (cum)	NAV after distribution (ex)
<u>2020</u>				
<u>RMB Class</u>				
28.05.2020	1.0000	1.0000	1.0433	1.0337
26.08.2020	1.0000	1.0000	1.0754	1.0652
	2.0000	2.0000		
<u>RM Class</u>				
28.05.2020	1.0000	1.0000	1.0557	1.0502
26.08.2020	1.0000	1.0000	1.0848	1.0782
	2.0000	2.0000		
<u>RM-Hedged Class</u>				
28.05.2020	1.0000	1.0000	1.0402	1.0309
26.08.2020	1.0000	1.0000	1.0701	1.0603
	2.0000	2.0000		
<u>AUD-Hedged Class</u>				
28.05.2020	1.0000	1.0000	1.0345	1.0254
26.08.2020	1.0000	1.0000	1.0599	1.0493
	2.0000	2.0000		
<u>USD-Hedged Class</u>				
28.05.2020	1.0000	1.0000	1.0443	1.0346
26.08.2020	1.0000	1.0000	1.0758	1.0657
	2.0000	2.0000		
<u>SGD-Hedged Class</u>				
28.05.2020	1.0000	1.0000	1.0159	1.0067
26.08.2020	0.6000	0.6000	1.0439	1.0381
	1.6000	1.6000		
<u>GBP-Hedged Class</u>				
28.05.2020	1.0000	1.0000	1.0421	1.0334
26.08.2020	1.0000	1.0000	1.0645	1.0542
	2.0000	2.0000		

DISTRIBUTION

For the financial period under review, the Fund has declared a gross distribution of 2.0000 cent per unit for RMB Class, RM Class, RM-Hedged Class, AUD-Hedged Class, USD-Hedged Class, GBP-Hedged Class and 1.6000 cent per unit for SGD-Hedged Class, which is equivalent to a gross distribution yield of 1.95%, 1.94%, 1.95%, 1.96%, 1.94%, 1.93% and 1.58% based on the average net asset value per unit for the financial period.

PORTFOLIO STRUCTURE

The asset allocations of the Fund as at reporting date were as follows:

	As at 31 August 2020
Sectors	%
Collective investment scheme – foreign	94.20
Liquid assets and other net current assets <i>(inclusive of forward foreign currency contracts)</i>	5.80
	100.00

The assets allocation was reflective of the Manager's stance to risk manage its portfolio in an environment of volatile markets.

BREAKDOWN OF UNIT HOLDINGS BY SIZE – RMB CLASS

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	('000)	%
5,000 and below	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 50,000	-	-	-	-
50,001 to 500,000	-	-	-	-
500,001 and above	8	100.00	108,906	100.00
Total	8	100.00	108,906	100.00

BREAKDOWN OF UNIT HOLDINGS BY SIZE - RM CLASS

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	(‘000)	%
5,000 and below	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 50,000	1	9.09	49	0.03
50,001 to 500,000	-	-	-	-
500,001 and above	10	90.91	170,296	99.97
Total	11	100.00	170,345	100.00

BREAKDOWN OF UNIT HOLDINGS BY SIZE – RM-HEDGED CLASS

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	(‘000)	%
5,000 and below	2	11.11	2	-
5,001 to 10,000	2	11.11	19	0.01
10,001 to 50,000	2	11.11	59	0.02
50,001 to 500,000	-	-	-	-
500,001 and above	12	66.67	310,609	99.97
Total	18	100.00	310,689	100.00

BREAKDOWN OF UNIT HOLDINGS BY SIZE – AUD-HEDGED CLASS

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	(‘000)	%
5,000 and below	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 50,000	1	11.11	23	0.08
50,001 to 500,000	2	22.22	491	1.65
500,001 and above	6	66.67	29,295	98.27
Total	9	100.00	29,809	100.00

BREAKDOWN OF UNIT HOLDINGS BY SIZE – USD-HEDGED CLASS

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	(‘000)	%
5,000 and below	1	11.11	3	0.04
5,001 to 10,000	1	11.11	10	0.11
10,001 to 50,000	1	11.11	15	0.17
50,001 to 500,000	-	-	-	-
500,001 and above	6	66.67	8,739	99.68
Total	9	100.00	8,767	100.00

BREAKDOWN OF UNIT HOLDINGS BY SIZE – SGD-HEDGED CLASS

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	(‘000)	%
5,000 and below	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 50,000	1	20.00	15	0.24
50,001 to 500,000	2	40.00	419	6.56
500,001 and above	2	40.00	5,951	93.20
Total	5	100.00	6,385	100.00

BREAKDOWN OF UNIT HOLDINGS BY SIZE – GBP-HEDGED CLASS

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	(‘000)	%
5,000 and below	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 50,000	2	40.00	82	8.42
50,001 to 500,000	2	40.00	232	23.82
500,001 and above	1	20.00	660	67.76
Total	5	100.00	974	100.00

* Excluding Manager’s stock

SOFT COMMISSION

The Fund Manager may only receive soft commission in the form of research and advisory services that assist in the decision-making process relating to the Fund’s investments.

During the financial period under review, the soft commission received from the brokers had been retained by the Manager as the goods and services provided are of demonstrable benefit to the unitholders.

RHB CHINA BOND FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

	<u>Note</u>	<u>31.08.2020</u> RMB
ASSETS		
Investments	5	1,155,899,607
Forward foreign currency contracts	6	8,606,172
Deposits with licensed financial institutions	7	11,495,178
Bank balances	7	29,842,764
Amount due from Manager		42,158,141
Dividend receivables		5,594,131
Other receivables		3,936,537
TOTAL ASSETS		1,257,532,530
LIABILITIES		
Amount due to fund manager of collective investment scheme		28,100,000
Amount due to Manager		1,133,447
Accrued management fee		756,503
Amount due to Trustee		37,825
Distribution Payable		278,671
Forward foreign currency contracts		140,043
Other payables and accruals		26,697
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		30,473,186
NET ASSET VALUE		1,227,059,344
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		1,227,059,344

The accompanying notes are an integral part of the financial statements.

RHB CHINA BOND FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020 (CONTINUED)

	<u>Note</u>	<u>31.08.2020</u> RMB
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- RMB Class		116,001,272
- RM Class		303,517,039
- RM-Hedged Class		543,477,189
- AUD-Hedged Class		157,060,817
- USD-Hedged Class		64,148,943
- SGD-Hedged Class		33,480,881
- GBP-Hedged Class		9,373,203
		<u>1,227,059,344</u>
UNITS IN CIRCULATION		
RMB Class (units)	8(a)	108,906,061
RM Class (units)	8(b)	170,345,817
RM-Hedged Class (units)	8(c)	310,699,547
AUD-Hedged Class (units)	8(d)	29,809,675
USD-Hedged Class (units)	8(e)	8,766,969
SGD-Hedged Class (units)	8(f)	6,385,229
GBP-Hedged Class (units)	8(g)	974,751
		<u>635,888,049</u>
NET ASSET VALUE PER UNIT:		
RMB Class (RMB)		1.0651
RM Class (RMB)		1.7818
RM-Hedged Class (RMB)		1.7492
AUD-Hedged Class (RMB)		5.2688
USD-Hedged Class (RMB)		7.3171
SGD-Hedged Class (RMB)		5.2435
GBP-Hedged Class (RMB)		<u>9.6160</u>

The accompanying notes are an integral part of the financial statements.

RHB CHINA BOND FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020 (CONTINUED)

31.08.2020

**NET ASSET VALUE PER UNIT IN
RESPECTIVE CURRENCIES:**

RMB Class (RMB)	1.0651
RM Class (RM)	1.0805
RM-Hedged Class (RM)	1.0607
AUD-Hedged Class (AUD)	1.0476
USD-Hedged Class (USD)	1.0658
SGD-Hedged Class (SGD)	1.0376
GBP-Hedged Class (GBP)	<u>1.0530</u>

The accompanying notes are an integral part of the financial statements.

RHB CHINA BOND FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF
INCEPTION) TO 31 AUGUST 2020

	<u>Note</u>	Financial period from 15.05.2019 (date of inception) to <u>31.08.2020</u> RMB
INCOME		
Dividend income		32,483,177
Interest income from deposits with licensed financial institutions		288,566
Net gain on investments	5	15,309,167
Net foreign currency exchange loss		(2,507,520)
Net loss on forward foreign currency contracts	6	<u>(3,796,489)</u>
		<u>41,776,901</u>
EXPENSES		
Management fee	9	(491,612)
Trustee fee	10	(221,407)
Audit fee		(16,001)
Tax agent's fee		(11,616)
Other expenses		<u>(116,307)</u>
		<u>(856,943)</u>
Net income before finance cost and taxation		40,919,958

The accompanying notes are an integral part of the financial statements.

RHB CHINA BOND FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF
INCEPTION) TO 31 AUGUST 2020

	<u>Note</u>	Financial period from 15.05.2019 (date of inception) to <u>31.08.2020</u> RMB
FINANCE COST (EXCLUDING DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		
Distributions:		
RMB Class	12(a)	(1,796,062)
RM Class	12(b)	(3,416,656)
RM-Hedged Class	12(c)	(7,912,880)
AUD-Hedged Class	12(d)	(2,524,827)
USD-Hedged Class	12(e)	(941,679)
SGD-Hedged Class	12(f)	(296,687)
GBP-Hedged Class	12(g)	(117,448)
		<u>(17,006,239)</u>
Net income before taxation		23,913,719
Taxation	11	<u>-</u>
Net increase in net assets attributable to unitholders		<u>23,913,719</u>
Net increase in net assets attributable to unitholders is made up of the following:		
Realised amount		(380,678)
Unrealised amount		24,294,397
		<u>23,913,719</u>

The accompanying notes are an integral part of the financial statements.

RHB CHINA BOND FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF
INCEPTION) TO 31 AUGUST 2020

	Financial period from 15.05.2019 (date of inception) to <u>31.08.2020</u> RMB
Net assets attributable to unitholders at the beginning of the financial period	-
Movement due to units created and cancelled during the financial period:	
Creation of units from distributions	
RMB Class	1,774,812
RM Class	3,305,840
RM-Hedged Class	7,657,925
AUD-Hedged Class	2,448,946
USD-Hedged Class	940,795
SGD-Hedged Class	296,199
GBP-Hedged Class	110,766
	<hr/> 16,535,283 <hr/>
Creation of units from applications	
RMB Class	122,776,383
RM Class	305,448,970
RM-Hedged Class	558,724,692
AUD-Hedged Class	150,912,275
USD-Hedged Class	72,517,581
SGD-Hedged Class	33,793,165
GBP-Hedged Class	9,125,521
	<hr/> 1,253,298,587 <hr/>

The accompanying notes are an integral part of the financial statements.

RHB CHINA BOND FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF
INCEPTION) TO 31 AUGUST 2020 (CONTINUED)

	Financial period from 15.05.2019 (date of inception) to <u>31.08.2020</u> RMB
Cancellation of units	
RMB Class	(11,323,797)
RM Class	(8,653,263)
RM-Hedged Class	(29,474,360)
AUD-Hedged Class	(6,836,372)
USD-Hedged Class	(9,431,631)
SGD-Hedged Class	(968,822)
GBP-Hedged Class	-
	<u>(66,688,245)</u>
Net increase in net assets attributable to unitholders during the financial period	<u>23,913,719</u>
Net assets attributable to unitholders at the end of the financial period	<u>1,227,059,344</u>

The accompanying notes are an integral part of the financial statements.

RHB CHINA BOND FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF
INCEPTION) TO 31 AUGUST 2020

	Financial period from 15.05.2019 (date of inception) to <u>31.08.2020</u> RMB
<u>Note</u>	
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceed from sale of investments	14,414,447
Purchase of investments	(1,126,904,887)
Interest received from deposits with licensed financial institutions	288,566
Dividend received	26,889,046
Management fee paid	(3,671,646)
Trustee's fees paid	(183,582)
Payment for other fees and expenses	(117,227)
Net realised loss on foreign currency forward contracts	(12,262,618)
Net realised loss on foreign exchange	(2,532,235)
Net cash used in operating activities	<u>(1,104,080,136)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash proceeds from units created	1,211,140,446
Cash paid for units cancelled	(65,554,798)
Cash paid for income distribution	(192,285)
Net cash generated from financing activities	<u>1,145,393,363</u>
Net increase in cash and cash equivalents	41,313,227
Foreign currency translation difference	24,715
Cash and cash equivalents at the date of inception	<u>-</u>
Cash and cash equivalents at the end of the financial period	<u>41,337,942</u>

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The accompanying notes are an integral part of the financial statements.

RHB CHINA BOND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF
INCEPTION) TO 31 AUGUST 2020

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB China Bond Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master Deed dated 8 May 2019 between RHB Asset Management Sdn Bhd (“the Manager”) and CIMB Commerce Trustee Berhad (“the Trustee”).

The Fund was launched on 15 May 2019 and will continue in operations until terminated according to the conditions provided in the Deed. The principal activity of the Fund is to invest in Authorised Investments as defined under the Deed.

The main objective of the Fund is to maximise total return by investing in one (1) Target Fund i.e RMB denominated class I6 unit of the BlackRock Global Funds (“BGF”) – China Bond Fund.

All investments will be subject to the Securities Commission’s (“SC”) Malaysia Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, SC requirements, the Deed and Information Memorandum, except where exemptions or variations have been approved by the SC, internal policies and procedures and objective of the Fund.

The Manager, a company incorporated in Malaysia is a wholly-owned subsidiary of RHB Investment Bank Berhad, effective 6 January 2003. Its principal activities include rendering of investment management services, private retirement schemes and management of unit trust funds and provision of investment advisory services.

These financial statements were authorised for issue by the Manager on 27 October 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, except those as disclosed in the summary of significant accounting policies, and in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

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

- (a) Amendments and interpretations which are relevant to the Fund but not yet effective and have not been early adopted are as follows:
 - (i) Financial year beginning on/after 1 September 2020
 - The Conceptual Framework for Financial Reporting (“Framework”) (effective 1 January 2020)

The Framework was revised with the primary purpose to assist the International Accounting Standards Board (“IASB”) to develop IFRS that are based on consistent concepts and enable preparers to develop consistent accounting policies where an issue is not addressed by an IFRS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

(a) Amendments and interpretations which are relevant to the Fund but not yet effective and have not been early adopted are as follows: (continued)

(i) Financial period beginning on/after 1 September 2020 (continued)

- The Conceptual Framework for Financial Reporting (“Framework”) (effective 1 January 2020) (continued)

Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 September 2020.

- Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’ (effective 1 January 2020) clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

The revised Framework and adoption of the amendments to published standards are not expected to give rise to any material impact on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets

Classification

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

- those to be measured subsequently at fair value through profit or loss (“FVTPL”), and
- those to be measured at amortised cost.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value.

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

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in statement of income and expenses in the period in which they arise.

Distribution income from financial assets at fair value through profit or loss is recognised in the statement of income and expenses within dividend income when the Fund's right to receive payments is established.

Collective investment scheme is valued based on the last published net asset value per unit or share of such collective investment scheme or, if unavailable, on the average of the last published buying price and the last published selling price of such unit or share (excluding any sales charge included in such selling price).

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of the statement of financial position, which is a reasonable estimate of fair value due to the short-term nature of the deposits.

Derivative investments are foreign currency forward contracts. Financial derivative position will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instruments are recognised in the statement of income and expenses when settled or at the date of the statement of financial position at which they are included in the measurement of the derivative financial instrument.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Impairment of financial assets

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

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa.

Definition of default and credit-impaired financial assets

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

Write-off

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

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

The Fund's financial liabilities which include amount due to fund manager of collective investment scheme, amount due to Manager, accrued management fee, amount due to Trustee, distribution payable and other payables and accruals are recognised initially at fair value plus directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method.

The Fund's policies on derivative instruments are stated in Note 2.2 and Note 2.13.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in statement of income and expenses when the liabilities are derecognised, and through the amortisation process.

2.4 Creation and cancellation of units

The unitholders' contribution to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 'Financial Instruments: Presentation'.

The Fund issues seven classes of cancellable units, which are cancelled at the unitholders' option. The units are classified as financial liabilities as they do not have identical features subject to restrictions as stipulated in the SC Guidelines on Unit Trust Funds. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value attributable to the unit class. The outstanding units are carried at the redemption amount that is payable at the statement of financial position date if the unitholders exercise the right to put the unit back to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's net asset value per share of the respective classes at the close of business on the relevant dealing day. The Fund's net asset value per share of the respective classes is calculated by dividing the net assets attributable to the unitholders of each class of units with the total number of outstanding units for each respective class.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Income recognition

Distribution of income from collective investment scheme is recognised when the Fund's right to receive payment is established. Distribution of income is received from financial assets measured at FVTPL.

Interest income from deposits with licensed financial institutions is recognised on an accrual basis using the effective interest method.

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

Realised gain or loss on sale of the collective investment scheme is arrived at after accounting for cost of investments, determined on the weighted average cost method.

Realised gain or loss on foreign currency forward contracts are measured by the net settlement amount as per the foreign currency forward contract.

Net income or loss is the total of income less expenses.

2.6 Taxation

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable income earned during the financial period.

Tax on distribution income from foreign collective investment scheme is based on the tax regime of the respective country that the Fund invests in.

2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances and deposits with licensed financial institutions which are subject to an insignificant risk of changes in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Distribution

Distribution to the Fund's unitholders is accounted for as a finance cost in the statement of income and expenses. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee.

2.9 Amount due from/to fund manager of collective investment scheme

Amount due from/to fund manager of collective investment scheme represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the statement of financial position respectively. The amount due from fund manager of collective investment scheme balance is held for collection.

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

2.10 Presentation and functional currency

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

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in RMB primarily due to the following factors:

- (i) The Fund's investments are denominated in RMB
- (ii) The Fund's significant expenses are denominated in RMB.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Foreign currency translation

Foreign currency transactions in the Fund are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the reporting date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in statement of income and expenses.

2.12 Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders.

2.13 Derivative financial instruments

The Fund's derivative financial instruments comprise foreign currency forward contracts. Derivative financial instruments are initially recognised at fair value on the date derivative contracts are entered into and are subsequently re-measured at their fair value.

The fair value of foreign currency forward contracts is determined using forward exchange rates at the date of the statement of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument, and the nature of the item being hedged. Derivative financial instruments that do not qualify for hedge accounting are classified as FVTPL and accounted for as above.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks, which include market risk, price risk, interest rate risk, currency risk, liquidity risk, credit risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the Information Memorandum or SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

Market risk

Market risk is a risk that arises when the prices of investments in the market place are affected by circumstances such as general market or economic events. These circumstances, which may be a local or global event, can affect a local market where the Target Fund is invested in or global markets and subsequently, the value of the Target Fund's investments.

Price risk

Price risk is the risk that the fair value of the investments of the Fund will fluctuate because of changes in market prices.

The Fund is exposed to collective investment scheme (other than those arising from interest rate risk) price risk for its investments of RMB1,155,899,607.

The sensitivity analysis is based on the assumption that the price of the collective investment scheme fluctuate by +/- 5% with all other variables held constant, the impact on the statement of income and expenses and net asset value is +/- RMB57,794,980.

Interest rate risk

Interest rate risk is the risk that the cost or the value of the financial instruments will fluctuate due to changes in market interest rates. The Fund's exposure to the interest rate risk is mainly from short term placements with licensed financial institutions. The Manager overcomes the exposure by way of maintaining deposits on short term basis. Therefore, exposure to interest rate fluctuation is minimal.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk

The Fund is denominated in Chinese Yuan Renminbi (“RMB”), as such investors who are converting from Australian Dollar (“AUD”), British Pound Sterling (“GBP”), Ringgit Malaysia (“RM”), Singapore Dollar (“SGD”) and United States Dollar (“USD”) to RMB to invest into the Fund will be subject to currency risk, as the distribution and payment at maturity is in RMB. When RMB moves unfavourably against AUD, GBP, RM, SGD and USD currencies, investors may face currency losses if they convert from RMB to AUD, GBP, RM, SGD and USD.

The sensitivity analysis is based on the assumption that the foreign exchange rate fluctuates by +/- 5% with all other variable held constant, the impact on statement of income and expenses and net asset value is +/- RMB52,773,863.

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

	Cash and cash equivalents	Amount due from/(to) manager	Payables	Foreign currency forward contracts	Net assets attributable to unitholders	Total
	RMB	RMB	RMB	RMB	RMB	RMB
<u>31.08.2020</u>						
AUD	5,817,328	3,067,577	(38,597)	9,578,647	(157,060,817)	(138,635,862)
GBP	1,295,582	201,470	(3,401)	35,000	(9,373,203)	(7,844,552)
RM	5,809	31,769,692	(224,081)	349,097	(846,994,228)	(815,093,711)
SGD	1,549,491	572,669	(482)	14,671	(33,480,881)	(31,344,532)
USD	2,015,181	1,087,253	(817)	(1,511,286)	(64,148,943)	(62,558,612)
	10,683,391	36,698,661	(267,378)	8,466,129	(1,111,058,072)	(1,055,477,269)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations.

The liquidity risk that exists at the Fund level is associated with the inability of the Target Fund to meet large redemption in a timely manner. In the event of large redemption request that would result in the total redemption shares in the Target Fund to be more than 10% of the shares in the Target Fund or a particular share class of the Target Fund, part or all of such requests for redemption may be deferred for a period typically not exceeding ten business days of the Target Fund.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RMB	Between 1 month to 1 year RMB
<u>31.08.2020</u>		
Amount due to fund manager of collective investment scheme	28,100,000	-
Amount due to Manager	1,133,447	-
Accrued management fee	756,503	-
Amount due to Trustee	37,825	-
Distribution payable	278,671	-
Foreign currency forward contracts	76,363	83,400
Other payables and accruals	-	26,697
Net assets attributable to unitholders*	1,227,059,344	-
	<u>1,257,442,153</u>	<u>110,097</u>

- * Outstanding units are redeemed on demand at the unitholder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as unitholders typically retain them for the medium to long term.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk refers to the possibility that the issuer of a particular investment will not be able to make timely or full payments of principal or income due on that investment. The risk arising from cash and cash equivalents is managed by ensuring that the Fund will only maintain cash balances and place deposits with reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the Information Memorandum and the SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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

	Cash and cash <u>equivalents</u> RMB	<u>Investments</u> RMB	Foreign currency forward <u>contracts</u> RMB	Other financial <u>assets*</u> RMB	<u>Total</u> RMB
<u>31.08.2020</u>					
Financial institutions:					
- AAA	41,337,942	-	7,483,559	-	48,821,501
- AA2	-	-	-	-	-
- AA3	-	-	1,122,613	-	1,122,613
Others	-	1,155,899,607	-	51,688,809	1,207,588,416
	<u>41,337,942</u>	<u>1,155,899,607</u>	<u>8,466,129</u>	<u>51,688,809</u>	<u>1,257,532,530</u>

* Comprise amount due from Manager, dividend receivables and other receivables.

Capital risk

The capital of the Fund is represented by net assets attributable to unitholders of RMB1,227,059,344. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing net assets attributable to unitholders is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. FAIR VALUE ESTIMATION

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair value of financial assets and liabilities traded in an active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the financial period end date.

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

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each financial year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The fair values are based on the following methodologies and assumptions:

- (i) For bank balances and deposits with licensed financial institutions with maturities less than 1 year, the carrying value is a reasonable estimate of fair value.
- (ii) The carrying value of receivables and payables are assumed to approximate their fair values due to their short term nature.

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy

The Fund adopted MFRS 13 'Fair Value Measurement' in respect of disclosures about the degree of reliability of fair value measurement. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

	<u>Level 1</u> RMB	<u>Level 2</u> RMB	<u>Level 3</u> RMB	<u>Total</u> RMB
<u>31.08.2020</u>				
Investments:				
- Collective investment scheme	1,155,899,607	-	-	1,155,899,607
Derivative instruments:				
- Forward foreign currency contracts assets	-	8,606,172	-	8,606,172
- Forward foreign currency contracts liabilities	-	(140,043)	-	(140,043)
	<u>1,155,899,607</u>	<u>8,466,129</u>	<u>-</u>	<u>1,164,365,736</u>

Investments in collective investment scheme, i.e. unit trust fund whose values are based on published prices in active markets are classified within Level 1. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2.2.

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

Financial instruments that are traded in markets which are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes foreign currency forward contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2.2 and Note 2.13.

5. INVESTMENTS

31.08.2020
RMB

Investments:

- Collective investment scheme - foreign	1,155,899,607
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**Financial period
from 15.05.2019
(date of
inception) to
31.08.2020
RMB**

Net gain on investments comprised:

- Net realised loss on disposal	(524,761)
- Net unrealised gain on changes in fair value	15,833,928
	15,309,167

Investments as at 31 August 2020 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RMB	<u>Fair Value</u> RMB	<u>% of Net Asset Value</u> %
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
<u>LUXEMBOURG</u>				
BGF China Bond				
Fund I6 RMB	11,033,788	1,140,065,679	1,155,899,607	94.20

6. FOREIGN CURRENCY FORWARD CONTRACTS

As at 31 August 2020, there were 108 forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contract amounted to RMB714,652,000.

The forward foreign currency contracts entered into was for hedging against the currency exposure arising from the investment in collective investment scheme denominated in RMB.

As the Fund has not adopted hedge accounting, the change in the fair value of the forward foreign currency contract is recognised immediately in statement of income and expenses.

Net fair value loss on foreign currency forward contracts is as follows:

	Financial period from 15.05.2019 (date of inception) to <u>31.08.2020</u> RMB
Net fair value loss on forward foreign currency contracts is as follows:	
- Net realised loss on forward foreign currency contracts	(12,262,618)
- Unrealised gain on forward currency contracts	8,466,129
	<u>(3,796,489)</u>

As at 31 August 2020, there are eight foreign currency forward contracts outstanding with RHB Bank Berhad.

Set out below are the significant related party balances as at period end and transactions during the period.

Related Party Balances

	<u>31.08.2020</u> RMB
Foreign currency forward contracts:	
Balances outstanding with RHB Bank Berhad	<u>(140,043)</u>

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>31.08.2020</u>
	RMB
Deposits with licensed financial institutions	11,495,178
Bank balances	29,842,764
	<u>41,337,942</u>

8. UNITS IN CIRCULATION

(a) RMB Class

	<u>31.08.2020</u>
	Units
At the date of inception	-
Creation of units during the financial period:	
Arising from applications	118,092,000
Arising from distributions	1,687,061
Cancellation of units during the financial period	<u>(10,873,000)</u>
At the end of the financial period	<u>108,906,061</u>

(b) RM Class

	<u>31.08.2020</u>
	Units
At the date of inception	-
Creation of units during the financial period:	
Arising from applications	173,517,200
Arising from distributions	1,866,617
Cancellation of units during the financial period	<u>(5,038,000)</u>
At the end of the financial period	<u>170,345,817</u>

8. UNITS IN CIRCULATION (CONTINUED)

(c) RM-Hedged Class

	<u>31.08.2020</u>
	Units
At the date of inception	-
Creation of units during the financial period:	
Arising from applications	324,034,500
Arising from distributions	4,422,047
Cancellation of units during the financial period	<u>(17,757,000)</u>
At the end of the financial period	<u>310,699,547</u>

(d) AUD-Hedged Class

	<u>31.08.2020</u>
	Units
At the date of inception	-
Creation of units during the financial period:	
Arising from applications	30,785,000
Arising from distributions	484,675
Cancellation of units during the financial period	<u>(1,460,000)</u>
At the end of the financial period	<u>29,809,675</u>

(e) USD-Hedged Class

	<u>31.08.2020</u>
	Units
At the date of inception	-
Creation of units during the financial period:	
Arising from applications	9,918,300
Arising from distributions	127,669
Cancellation of units during the financial period	<u>(1,279,000)</u>
At the end of the financial period	<u>8,766,969</u>

8. UNITS IN CIRCULATION (CONTINUED)

(f) SGD-Hedged Class

	<u>31.08.2020</u>
	Units
At the date of inception	-
Creation of units during the financial period:	
Arising from applications	6,515,000
Arising from distributions	57,229
Cancellation of units during the financial period	<u>(187,000)</u>
At the end of the financial period	<u>6,385,229</u>

(g) GBP-Hedged Class

	<u>31.08.2020</u>
	Units
At the date of inception	-
Creation of units during the financial period:	
Arising from applications	963,000
Arising from distributions	11,751
Cancellation of units during the financial period	<u>-</u>
At the end of the financial period	<u>974,751</u>

9. MANAGEMENT FEE

In accordance with Information Memorandum, the management fee provided in the financial statements is 1.20% per annum based on the net asset value of the Fund, calculated on a daily basis for the financial period. As the Fund invests in the Target Fund, the management fee charged by the Target Fund is included in the management fee and hence unitholders will incur an effective annual management fees at the rate stated above.

10. TRUSTEE'S FEE

In accordance with the Information Memorandum, the Trustee's fee provided in the financial statements is 0.04% per annum based on the net asset value of the Fund, calculated on a daily basis for the financial period; subject to a minimum fee of RM15,000 per annum.

11. TAXATION

(a) Tax charge for the financial period

	Financial period from 15.05.2019 (date of inception) to 31.08.2020 RMB
Current taxation	-

(b) Numerical reconciliation of income tax expense

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

	Financial period from 15.05.2019 (date of inception) to 31.08.2020 RMB
Net income before finance cost and taxation	40,919,958
Tax calculated at statutory tax rate of 24%	9,820,790
Tax effects of:	
- Investment income not subject to tax	(10,026,456)
- Expenses not deductible for tax purposes	83,839
- Restriction on tax deductible expenses	121,827
Tax expense	-

12. DISTRIBUTIONS

Distributions to unitholders are from the following sources:

(a) RMB Class

	Financial period from 15.05.2019 (date of inception) to 31.08.2020 RMB
Dividend income	1,869,827
Less: Expenses	(73,765)
Net distribution amount	<u>1,796,062</u>

(b) RM Class

	Financial period from 15.05.2019 (date of inception) to 31.08.2020 RMB
Dividend income	3,540,422
Less: Expenses	(123,766)
Net distribution amount	<u>3,416,656</u>

(c) RM-Hedged Class

	Financial period from 15.05.2019 (date of inception) to 31.08.2020 RMB
Dividend income	8,340,645
Less: Expenses	(427,765)
Net distribution amount	<u>7,912,880</u>

12. DISTRIBUTIONS (CONTINUED)

Distributions to unitholders are from the following sources: (continued)

(d) AUD-Hedged Class

	Financial period from 15.05.2019 (date of inception) to 31.08.2020 RMB
Dividend income	2,664,825
Less: Expenses	(139,998)
Net distribution amount	<u>2,524,827</u>

(e) USD-Hedged Class

	Financial period from 15.05.2019 (date of inception) to 31.08.2020 RMB
Dividend income	984,602
Less: Expenses	(42,923)
Net distribution amount	<u>941,679</u>

(f) SGD-Hedged Class

	Financial period from 15.05.2019 (date of inception) to 31.08.2020 RMB
Dividend income	306,615
Less: Expenses	(9,928)
Net distribution amount	<u>296,687</u>

12. DISTRIBUTIONS (CONTINUED)

Distributions to unitholders are from the following sources: (continued)

(g) GBP-Hedged Class

	Financial period from 15.05.2019 (date of inception) to 31.08.2020 RMB
Dividend income	119,837
Less: Expenses	(2,389)
Net distribution amount	<u>117,448</u>

	Financial period from 15.05.2019 (date of inception) to 31.08.2020
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Distributions during the financial period

Distribution dates

RMB Class

28 May 2020	1.0000
26 August 2020	1.0000
	<u>2.0000</u>

RM Class

28 May 2020	1.0000
26 August 2020	1.0000
	<u>2.0000</u>

RM-Hedged Class

28 May 2020	1.0000
26 August 2020	1.0000
	<u>2.0000</u>

AUD-Hedged Class

28 May 2020	1.0000
26 August 2020	1.0000
	<u>2.0000</u>

12. DISTRIBUTIONS (CONTINUED)

		Financial period from 15.05.2019 (date of inception) to <u>31.08.2020</u>
Distributions during the financial period		
<u>Distribution dates</u>		<u>Cent per unit</u> <u>Gross/Net</u>
<u>USD-Hedged Class</u>		
28 May 2020		1.0000
26 August 2020		1.0000
		<hr/> 2.0000 <hr/>
 <u>SGD-Hedged Class</u>		
28 May 2020		1.0000
26 August 2020		0.6000
		<hr/> 1.6000 <hr/>
 <u>GBP-Hedged Class</u>		
28 May 2020		1.0000
26 August 2020		1.0000
		<hr/> 2.0000 <hr/>

13. MANAGEMENT EXPENSE RATIO (“MER”)

**Financial period
from 15.05.2019
(date of
inception) to
31.08.2020
%**

MER	<u>0.20</u>
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The MER ratio is calculated based on total expenses of the Fund to the average net asset value of the Fund calculated on a daily basis.

14. PORTFOLIO TURNOVER RATIO (“PTR”)

**Financial period
from 15.05.2019
(date of
inception) to
31.08.2020
%**

PTR (times)	<u>1.38</u>
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The PTR ratio is calculated based on average of acquisition and disposals of the Fund for the financial period to the average net asset value of the Fund calculated on a daily basis.

15. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The number of units held by the Manager and related party are as follows:

	31.08.2020	
	Units	RMB
The Manager		
- RMB Class	553	589
- RM Class	759	1,352
- RM-Hedged Class	10,216	17,870
- AUD-Hedged Class	323	1,702
- USD-Hedged Class	136	995
- SGD-Hedged Class	326	1,709
- GBP-Hedged Class	627	6,029
RHB Capital Nominees (Tempatan) Sdn Bhd		
- RMB Class	7,836,730	8,346,901
- RM Class	25,447,587	45,342,511
- RM-Hedged Class	7,950,816	13,907,567
- AUD-Hedged Class	372,014	1,960,067
- USD-Hedged Class	846,140	6,191,291
- SGD-Hedged Class	120,726	633,027
- GBP-Hedged Class	45,013	432,845

The units are held beneficially by the Manager for booking purposes. The Manager is of the opinion that all transactions with the related parties have been entered into in the normal course of business at agreed terms between the related parties.

The units held by RHB Capital Nominees (Tempatan) Sdn Bhd, a wholly owned subsidiary of ultimate holding company of the Manager, are under nominees structure.

Other than the above, there were no units held by Directors or parties related to the Manager.

The holding company and the ultimate holding company of the Manager is RHB Investment Bank Berhad and RHB Bank Berhad respectively. The Manager treats RHB Bank Berhad group of companies including RHB Investment Bank Berhad and its subsidiaries as related parties.

16. TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial period ended 31 August 2020 are as follows:

<u>Fund manager</u>	<u>Value of trades RMB</u>	<u>Percentage of total trades %</u>	<u>Brokerage fees RMB</u>	<u>Percentage of total brokerage fees %</u>
BlackRock (Luxembourg) S.A	<u>1,169,419,334</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

17. FINANCIAL INSTRUMENTS BY CATEGORIES

31.08.2020
RMB

Financial assets

Financial assets at fair value through
profit or loss ('FVTPL')

• Collective investment scheme	1,155,899,607
• Foreign currency forward contracts	8,606,172
	<u>1,164,505,779</u>

Financial assets at amortised cost

• Deposits with licensed financial institutions	11,495,178
• Bank balances	29,842,764
• Amount due from Manager	42,158,141
• Dividend receivables	5,594,131
• Other receivables	3,936,537
	<u>93,026,751</u>

Financial liabilities

Financial liability at fair value through
profit or loss ("FVTPL")

Foreign currency forward contracts	140,043
	<u>140,043</u>

Financial liabilities

Financial liabilities at amortised cost

• Amount due to fund manager of collective investment scheme	28,100,000
• Amount due to Manager	1,133,447
• Accrued management fee	756,503
• Amount due to Trustee	37,825
• Distribution payable	278,671
• Other payables and accruals	26,697
	<u>30,333,143</u>

18. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The worsening of the macro-economic outlook as a result of Covid-19, both domestically and globally, has impacted the Fund's performance during the financial period.

The Manager is monitoring the situation closely and will be managing the portfolio to achieve the Fund's objective.

19. COMPARATIVES

There are no comparative figures as this is the first set of financial statements prepared since the launch of the Fund.

**STATEMENT BY MANAGER
RHB CHINA BOND FUND**

We, Dato' Darawati Hussain and Chin Yoong Kheong, two of the Directors of RHB Asset Management Sdn Bhd, do hereby state that in the opinion of the Directors of the Manager, the accompanying statement of financial position, statement of income and expenses, statement of changes in net asset value, statement of cash flows and the accompanying notes, are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Fund as at 31 August 2020 and of its financial performance and cash flows for the financial period from 15 May 2019 (date of inception) to 31 August 2020 and comply with provisions of the Deeds.

On behalf of the Manager

Dato' Darawati Hussain
Director

Chin Yoong Kheong
Director

27 October 2020

TRUSTEE'S REPORT TO THE UNITHOLDERS OF RHB CHINA BOND FUND

We, CIMB Commerce Trustee Berhad being the trustee for RHB China Bond Fund ("the Fund") are of the opinion that RHB Asset Management Sdn Bhd ("the Manager"), acting in the capacity as the Manager of the Fund, has fulfilled its duties in the following manner for the financial period from 15 May 2019 (date of inception) to 31 August 2020.

- (a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deed, the Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- (b) Valuation and pricing for the Fund has been carried out in accordance with the Deed and relevant regulatory requirements;
- (c) Creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements; and
- (d) The distributions of income by the Fund are appropriate and reflect the investment objective of the Fund.

For and on behalf of
CIMB Commerce Trustee Berhad

Lee Kooi Yoke
Chief Executive Officer

Kuala Lumpur
27 October 2020

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF RHB CHINA BOND FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB China Bond Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 August 2020 and of its financial performance and its cash flows for the financial period from 15 May 2019 (date of inception) to 31 August 2020 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 August 2020, and the statement of income and expenses, statement of changes in net asset value and statement of cash flows for the financial period from 15 May 2019 (date of inception) to 31 August 2020, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 21 to 60.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF RHB CHINA BOND FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF RHB CHINA BOND FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF RHB CHINA BOND FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

OTHER MATTERS

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

PRICewaterhouseCOOPERS PLT
(LLP0014401-LCA & AF 1146)
Chartered Accountants

Kuala Lumpur
27 October 2020

CORPORATE INFORMATION

MANAGER

RHB Asset Management Sdn Bhd

REGISTERED OFFICE

Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur

PRINCIPAL AND BUSINESS OFFICE

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E-mail Address : rhbam@rhbgroup.com

Tel: 03 - 9205 8000

Fax: 03 - 9205 8100

Website: www.rhbgroup.com

BOARD OF DIRECTORS

Mr Yap Chee Meng (*Independent Non-Executive Chairman*)

Mr Chin Yoong Kheong (*Senior Independent Non-Executive Director*)

Dr. Ngo Get Ping (*Independent Non-Executive Director*)

Ms Ong Yin Suen (*Managing Director*)

YBhg Dato' Darawati Hussain (*Independent Non-Executive Director*)

YBhg Datuk Seri Dr Govindan A/L Kunchambo (Independent Non-Executive Director) (*Appointed with effect from 15 October 2020*)

INVESTMENT COMMITTEE MEMBERS

Mr Yap Chee Meng (*Independent Chairman*)

YBhg Dato' Darawati Hussain

Puan Sharifatu Laila Syed Ali

CHIEF EXECUTIVE OFFICER

Ms Ong Yin Suen

SECRETARY

Encik Azman Shah Md Yaman (LS No. 0006901)

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Batu Pahat Office	53, 53-A and 53-B Jalan Sultanah 83000 Batu Pahat, Johor Tel: 07-438 0271/ 07-438 0988 Fax: 07-438 0277
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Johor Bahru Office	No 34 Jalan Kebun Teh 1 Pusat Perdagangan Kebun Teh 80250 Johor Bahru, Johor Tel: 07-221 0129 Fax: 07-221 0291 2nd Floor, 21 & 23 Jalan Molek 1/30, Taman Molek 81100 Johor Bahru, Johor Tel: 07-358 3587 Fax: 07-358 3581
Kuantan Office	B 32-34, 2nd Floor, Lorong Tun Ismail 8 Sri Dagangan II 25000 Kuantan, Pahang Tel: 09-517 3611 Fax: 09-517 3612
Kuching Office	Lot 133, Section 20, Sublot 2 & 3 1st Floor, Jalan Tun Ahmad Zaidi Adruce 93200 Kuching, Sarawak Tel: 082-550 838 Fax: 082-550 508

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Kota Kinabalu Office	Lot No. C-02-04, 2nd Floor Block C, Warisan Square Jalan Tun Fuad Stephens 88000 Kota Kinabalu Sabah Tel: 088-528 686/ 088-528 692 Fax: 088-528 685
Melaka Office	581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211/ 06-281 4110 Fax: 06-292 2212
Miri Office	Lot 1268 & 1269, Second Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri, Sarawak Tel: 085-422 788 Fax: 085- 415 243
Penang Office	3rd Floor, 44 Lebuhr Pantai 10300 Georgetown, Penang Tel: 04-264 5639 Fax: 04-264 5640
Prai Office	No 38, First Floor Jalan Todak 2 Seberang Jaya 13700 Perai, Penang Tel: 04-386 6670 Fax: 04-386 6528

TRUSTEE	CIMB Commerce Trustee Berhad
BANKER	RHB Bank Berhad
AUDITORS	PricewaterhouseCoopers PLT
TAX ADVISER	KPMG Tax Services Sdn Bhd
DISTRIBUTORS	RHB Asset Management Sdn Bhd RHB Bank Bhd Affin Bank Bhd CIMB Bank Bhd Citibank Bhd HSBC Bank (M) Bhd iFast Capital Sdn Bhd Kenanga Investment Bank Bhd Maybank Bhd OCBC Bank (M) Bhd Philip Mutual Bhd United Overseas Bank (M) Bhd UOB Kay Hian Securities (M) Sdn Bhd

RHB ♦ Asset Management

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