

RHB ASIA HIGH INCOME BOND FUND

ANNUAL REPORT 2021

For the financial year ended 30 April 2021

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name	-	RHB Asia High Income Bond Fund
Fund Category	-	Feeder Fund
Fund Type	-	Growth Fund

Investment Objective, Policy and Strategy

Objective of the Fund

The Fund aims to provide capital appreciation over the medium to long term[^] by investing in one (1) target fund.

Note: [^] “medium to long term” in this context refers to a period of 3 to 7 years.

Strategy

The Fund will invest principally in the USD denominated class AM2 units of HSBC Asia High Income Bond Fund (“Target Fund”). The investment objective of the Target Fund is to invest in fixed income securities which provide higher yield compared to their peers and the potential for capital appreciation over the medium to long term. A minimum of 70% of the Target Fund’s net asset value will be invested in a diversified portfolio of fixed income securities issued or guaranteed by government, government agencies or supranational bodies in Asia, or issued by companies which are domiciled in, based in or carry out the larger part of their business in Asia.

The Target Fund is one (1) of the sub-funds of the HSBC Collective Investment Trust, an umbrella unit trust established under the laws of Hong Kong by trust deed between HSBC Investment Funds (Hong Kong) Limited as manager and HSBC Institutional Trust Services (Asia) Limited as trustee. HSBC Collective Investment Trust is authorised and regulated by the Securities and Futures Commission of Hong Kong (“SFC HK”) pursuant to Section 104 of the Securities and Futures Ordinance. The investment management duties of the Target Fund are delegated to the investment adviser, HSBC Global Asset Management (Hong Kong) Limited. The manager and investment adviser of the Target Fund are regulated by the SFC HK. The trustee of the Target Fund is registered as a trust company under the Trustee Ordinance (Cap.29 of the Laws of Hong Kong).

When appropriate for all Classes (except USD 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 Class exposures to foreign currency risk as the primary interest is to protect the value of the portfolio of the various currency Classes.

The asset allocation of the Fund will be as follows:-

At least 95% of Net Asset Value	- Investments in the USD denominated class AM2 units of the Target Fund.
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The balance of the Net Asset Value 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

The performance of the Fund is benchmarked against 65% of J.P. Morgan Asia Credit Diversified Investment Grade Index and 35% of J.P. Morgan Asia Credit Diversified Non-Investment Grade Index.

Permitted Investments and Restrictions

The Fund will invest in HSBC Asia High Income Bond Fund, financial derivatives, money market instruments, Deposits, units/ shares of collective investment schemes and any other investments as agreed between the Trustee and the Manager from time to time, 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

Incidental. Distribution, if any, is declared at the end of each financial year, or for any other period.

MANAGER'S REPORT

MARKET REVIEW

Over the review year, Asian credit market generated a positive return amid credit spread compression while higher bond yields weighed on performance. United States (“US”) treasury curve steepened with the short-end falling and long-end rising on the back of upbeat economic data, fresh rounds of US fiscal stimulus under Biden’s administration as well as positive progress of vaccine rollout in major developed markets, driving inflation, growth and rate hike expectation higher. Given the low rates environment, corporate issuers have flushed into the market to refinance their debt, absorbing demand from US treasuries, supply of which also picked up to fund the expanded fiscal stimulus. At the same time, alongside the decent rebound in economic data, recovering commodity prices and low base effect on inflation, the expansionary support might lift consumption demand and has bolstered inflation expectation. The new average inflation targeting framework from the Federal Reserve (“Fed”) also meant that the central bank would tolerate a higher average inflation for some time, together driving yield curve much steeper. Led by Heightened risk appetite alongside upbeat economic data, the futures market continues to disregard the Fed’s forward guidance to price in aggressive rate hike expectation in year 2023. With rising inflation and growth in the backdrop, the Fed revised growth forecast for the year higher, but is comfortable to look through inflation and remain accommodative on its monetary stance. The central also stated that the market was long way from reaching the central bank’s goals and that it was too early for a tapering talk, keeping policy setting unchanged and short-yields anchored.

In the Asian credit market, investment grade (“IG”) bonds underperformed high yield bonds by a large margin amid decent credit spreads compression across the board. Net bond issuance continued to pick up compared with first half of year 2020 (“1H20”) and carried forward to year 2021 as issuers took advantage of the upbeat sentiments to refinance their debt, with IG issuers from non-China markets seeing a notable rise from the previous year. Nonetheless, new supply was well absorbed by decent and increasing fund inflows amid robust demand for yield carry. In terms of market performance, the lowest rated segment fared the best, led by Sri Lankan sovereign bonds that were able to secure new funding for near term maturities. Elsewhere, cyclical names from India and Indonesia also saw a decent rally. Other than that, China property sector also outperformed on robust demand and improved fundamentals trend despite experiencing idiosyncratic events in first quarter of year 2021 (“1Q21”). In the IG space, wider spread names from India and Indonesia as well as Macau gaming

sector were heavily sought after. Conversely, China state-owned enterprises (“SOEs”) underperformed the US put a number of names into its Department of Defence List that could prompt forced selling from US persons or potential index exclusion. Adding onto that was China asset management company that came under the spotlight in April 2021 as a sizable issuer delayed result announcement and halted share trading, prompting concerns on a potential debt restructuring. At the same time, duration sensitive names such as sovereign bonds and ultra-long dated bonds lagged their peers.

MARKET OUTLOOK

In April 2021, idiosyncratic news headlines from China continued to cast a shadow over the Asian credit market. Meanwhile, the resurgence in COVID-19 cases in India has sparked fresh concerns over the outlook of Asian credit. The Target Fund Manager believes that there is increasing growth differentiation between north Asia and India, and other southeast Asian countries. However, overall, the region continues to see strong growth but only moderate underlying inflation. This should continue to point to accommodative monetary policies and help alleviate any impact from COVID-19 on credit markets.

The Target Fund Manager continues to see higher-than-average growth levels, dovish policy stance, still very low yield globally and improving balance sheet quality to remain supportive of further spread tightening. However, the strong technical support from search-for-yield demand on one hand and the idiosyncratic event risk on the other, should warrant a strategy to focus on carry while at the same time avoiding credit events. The bias towards quality issuers in each credit rating bucket is therefore expected to intensify, leading to further divergence in credit risk pricing. The Target Fund Manager believes the push and pull from positive technical support and idiosyncratic worries will continue to drive the market in the months ahead.

TARGET PORTFOLIO REVIEW AND STRATEGY

Over the review year, the Target Fund delivered a positive return and outperformed its benchmark. Among factors, credit exposure was the largest contributor, driven mainly by favourable selection in the banking, sovereign and energy sectors as well as a credit underweight to banking sector. Meanwhile, currency impact added value to performance, with off-benchmark exposure to the Renminbi (“RMB”) faring the best followed by off-benchmark long position to Canadian Dollar (“CAD”). The Target Fund also ran a yield carry advantage due to its overweight to high yield bonds. On the contrary, duration exposure detracted due to overall higher bond yields. Lastly, yield curve positioning also weighed on performance as the yield curve steepened to

hurt the Target Fund Manager underweight in the short-end and overweight to the belly.

In terms of overall target portfolio allocation, the Target Fund Manager continues to overweight the Chinese property sector, although more on an individual bond selection basis. The Target Fund Manager expects to see greater divergence in credit quality within the sector against a tightened policy backdrop. The Target Fund Manager also overweighs Indonesia corporates, favouring mostly sectors that are more cyclical in nature. In particular, the Target Fund Manager overweighs the Indonesia coal as well as the oil & gas sectors which they expect to benefit from improved demand on the back of recovering global economic growth. The consumer sector is also another sector which the Target Fund Manager favours as they expect it to benefit from an improving macro environment. In particular, the Target Fund Manager favours the Macau gaming and the China consumer sectors. On the other hand, the Target Fund Manager remains underweight markets such as Korea and Philippines where they find valuations unattractive. Similarly, the Target Fund Manager also underweights sovereign and quasi sovereign bonds. The Target Fund Manager continues to expect accommodative monetary policy stance in the US to buffer against the near-term economic downside risks. However, given the market optimism on global growth, the Target Fund Manager looks to actively manage their duration exposure and remain neutral to slight underweight in the Target Fund's duration exposure.

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

During the financial year under review, the Fund has generated a return of 9.47%*, 9.00%*, 8.11%*, 8.98%* and 7.40%* as compared to the benchmark return of 10.54%*, 5.30%*, 0.70%*, 4.47%* and -6.31%* for USD Class, RM Hedged Class, GBP Hedged Class, SGD Hedged Class and AUD Hedged Class respectively. The Fund is working to meet its objective by providing capital appreciation over the medium to long term (3-7 years).

** Source: Lipper Investment Management ("Lipper IM"), 10 May 2021*

PERFORMANCE DATA

	Annual Total Returns		
	Financial Year/Period Ended 30 April		
	2021 %	2020 %	2019^ %
RHB Asia High Income Bond Fund – USD Class			
- Capital Return	5.53	(4.02)	6.11
- Income Return	3.73	3.46	-
- Total Return	9.47	(0.71)	6.11
Asia High Income Fund Index	10.54	1.19	7.97

	Annual Total Returns		
	Financial Year/Period Ended 30 April		
	2021 %	2020 %	2019^ %
RHB Asia High Income Bond Fund – RM Hedged Class			
- Capital Return	5.13	(3.57)	7.51
- Income Return	3.68	3.69	-
- Total Return	9.00	(0.02)	7.51
Asia High Income Fund Index	5.30	5.24	10.50

	Annual Total Returns		
	Financial Year/Period Ended 30 April		
	2021 %	2020 %	2019^ %
RHB Asia High Income Bond Fund – GBP Hedged Class			
- Capital Return	4.02	(6.35)	4.33
- Income Return	3.93	3.91	-
- Total Return	8.11	(2.69)	4.33
Asia High Income Fund Index	0.70	4.59	9.94

	Annual Total Returns		
	Financial Year/Period Ended 30 April		
	2021 %	2020 %	2019^ %
RHB Asia High Income Bond Fund – SGD Hedged Class			
- Capital Return	5.00	(4.13)	5.10
- Income Return	3.79	3.45	-
- Total Return	8.98	(0.82)	5.10
Asia High Income Fund Index	4.47	4.65	8.21

	Annual Total Returns		
	Financial Year/Period Ended 30 April		
	2021 %	2020 %	2019^ %
RHB Asia High Income Bond Fund – AUD Hedged Class			
- Capital Return	3.47	(3.32)	4.89
- Income Return	3.80	2.86	-
- Total Return	7.40	(0.55)	4.89
Asia High Income Fund Index	(6.31)	8.79	13.91

	Average Annual Returns	
	1 Year 30.04.2020- 30.04.2021 %	Since Launch 08.07.2018**- 30.04.2021 %
RHB Asia High Income Bond Fund – USD Class	9.47	5.20
Asia High Income Fund Index	10.54	6.94

	Average Annual Returns	
	1 Year 30.04.2020- 30.04.2021 %	Since Launch 08.07.2018**- 30.04.2021 %
RHB Asia High Income Bond Fund – RM Hedged Class	9.00	5.79
Asia High Income Fund Index	5.30	7.47

	Average Annual Returns	
	1 Year 30.04.2020- 30.04.2021 %	Since Launch 08.07.2018**- 30.04.2021 %
RHB Asia High Income Bond Fund – GBP Hedged Class	8.11	3.37
Asia High Income Fund Index	0.70	5.35

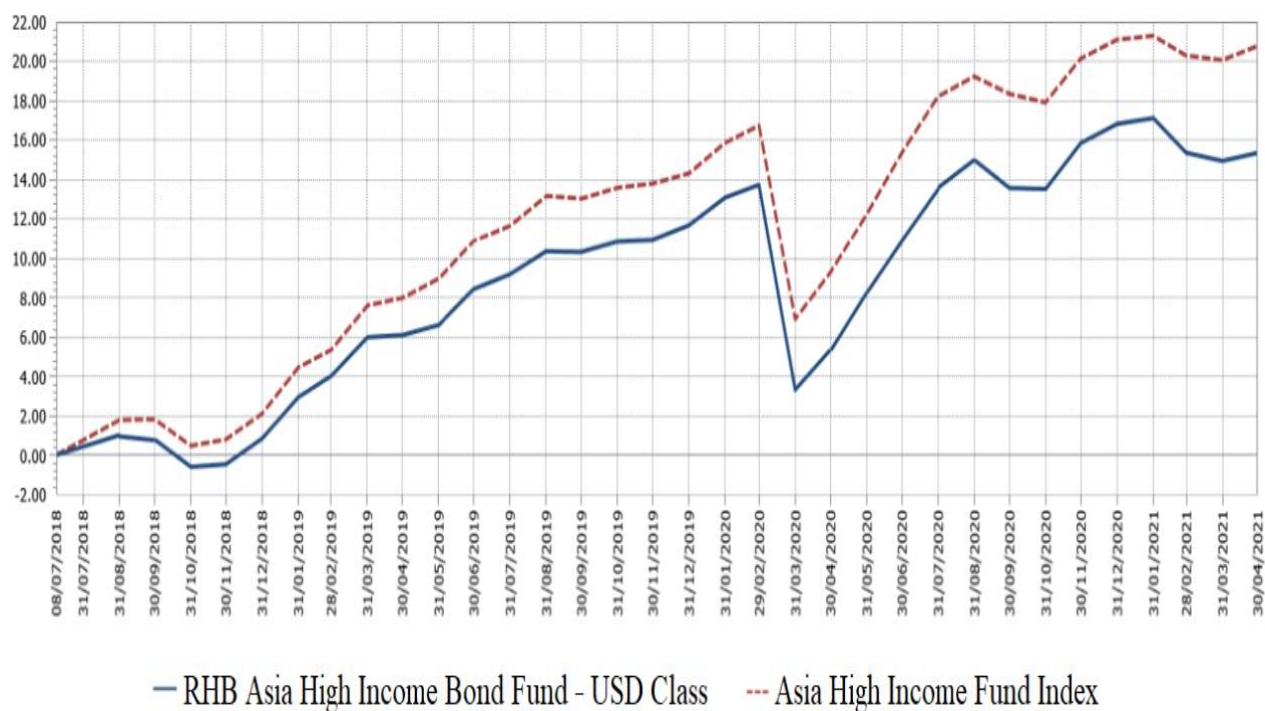
	Average Annual Returns	
	1 Year 30.04.2020- 30.04.2021 %	Since Launch 08.07.2018**- 30.04.2021 %
RHB Asia High Income Bond Fund – SGD Hedged Class	8.98	4.63
Asia High Income Fund Index	4.47	6.16

	Average Annual Returns	
	1 Year 30.04.2020- 30.04.2021 %	Since Launch 08.07.2018**- 30.04.2021 %
RHB Asia High Income Bond Fund – AUD Hedged Class	7.40	4.12
Asia High Income Fund Index	(6.31)	5.45

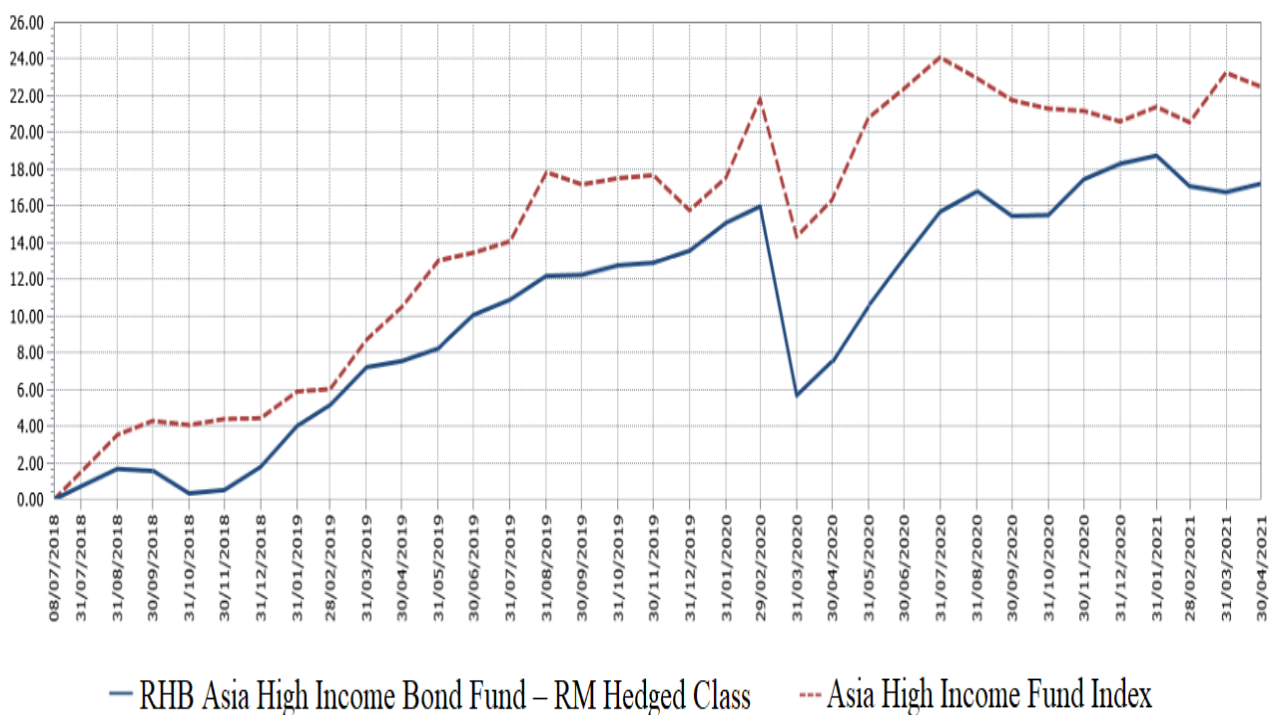
^ Being the financial period since last day of Initial Offer Period

** Being the last day of Initial Offer Period

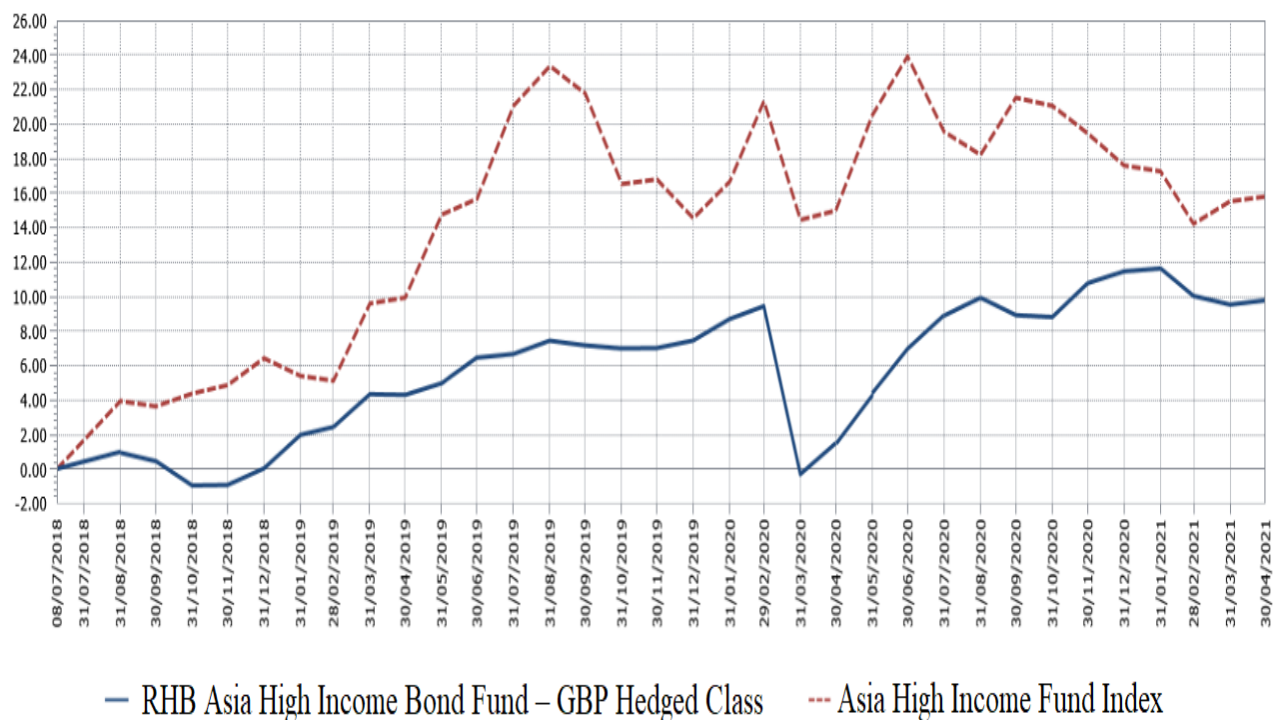
**Performance of RHB Asia High Income Bond Fund – USD Class
for the period from 8 July 2018** to 30 April 2021
Cumulative Return Over The Period (%)**



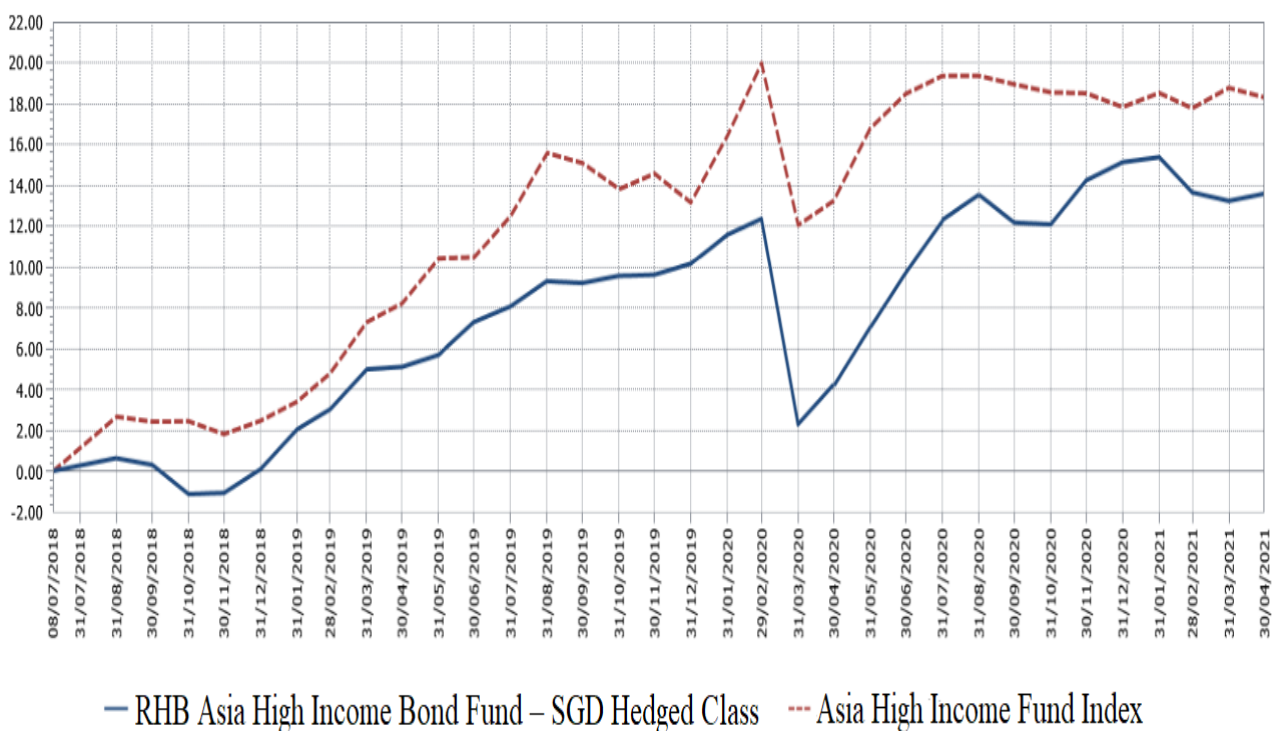
**Performance of RHB Asia High Income Bond Fund – RM Hedged Class
for the period from 8 July 2018** to 30 April 2021
Cumulative Return Over The Period (%)**



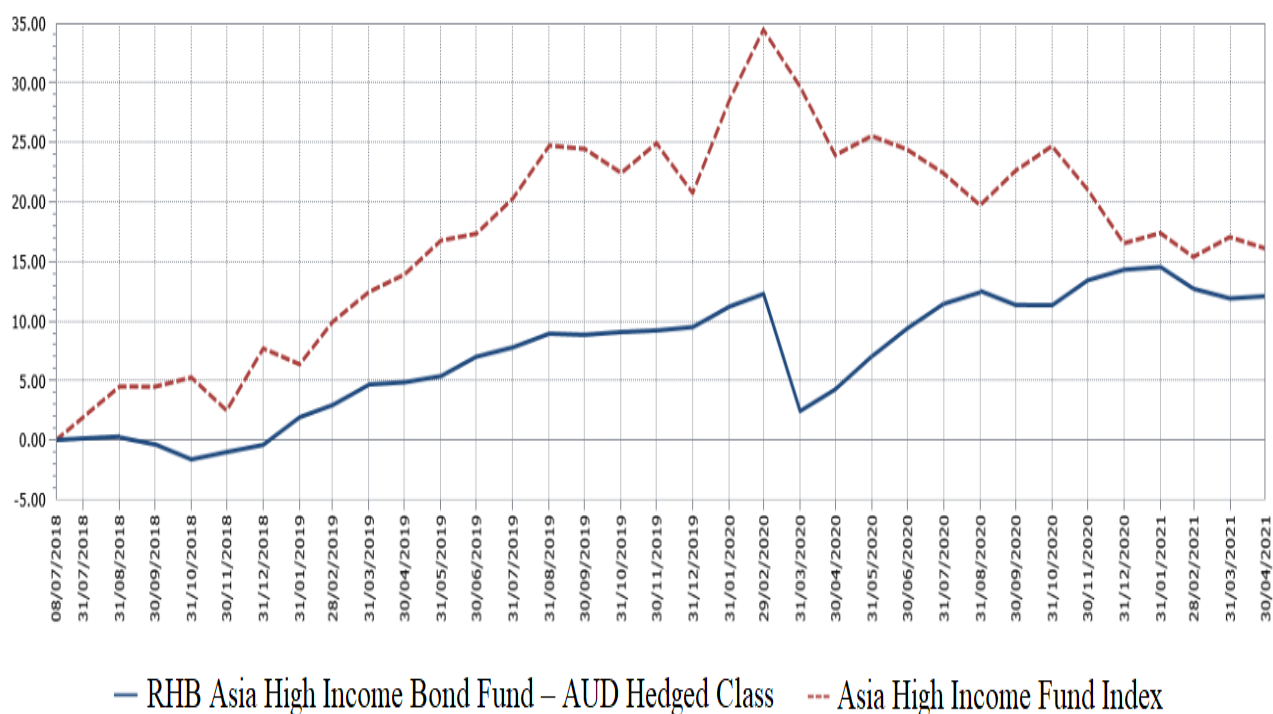
**Performance of RHB Asia High Income Bond Fund – GBP Hedged Class
for the period from 8 July 2018** to 30 April 2021
Cumulative Return Over The Period (%)**



**Performance of RHB Asia High Income Bond Fund – SGD Hedged Class
for the period from 8 July 2018** to 30 April 2021
Cumulative Return Over The Period (%)**



**Performance of RHB Asia High Income Bond Fund – AUD Hedged Class
for the period from 8 July 2018** to 30 April 2021
Cumulative Return Over The Period (%)**



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

Source: Lipper IM, 10 May 2021

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 – USD Class	As at 30 April		
	2021	2020	2019
Net Asset Value (USD million)	14.72*	16.32*	4.40
Units In Circulation (million)	13.70	16.03	4.15
Net Asset Value Per Unit (USD)	1.0747*	1.0182*	1.0611

Fund Size – RM Hedged Class	As at 30 April		
	2021	2020	2019
Net Asset Value (USD million)	59.88*	65.37*	24.74
Units In Circulation (million)	224.89	271.24	95.07
Net Asset Value Per Unit (USD)	0.2663*	0.2410*	0.2602

Fund Size – GBP Hedged Class	As at 30 April		
	2021	2020	2019
Net Asset Value (USD million)	12.99*	12.14*	7.25
Units In Circulation (million)	9.23	9.85	5.33
Net Asset Value Per Unit (USD)	1.4070*	1.2315*	1.3599

Fund Size – SGD Hedged Class	As at 30 April		
	2021	2020	2019
Net Asset Value (USD million)	7.60*	5.89*	1.65
Units In Circulation (million)	9.56	8.23	2.14
Net Asset Value Per Unit (USD)	0.7954*	0.7162*	0.7723

Fund Size – AUD Hedged Class	As at 30 April		
	2021	2020	2019
Net Asset Value (USD million)	20.72*	25.01*	5.83
Units In Circulation (million)	25.57	37.70	7.90
Net Asset Value Per Unit (USD)	0.8104*	0.6635*	0.7381

* *The figures quoted are ex-distribution*

Historical Data	Financial Year/Period Ended 30 April		
	2021	2020	2019
Unit Prices			
<u>USD Class</u>			
NAV - Highest (USD)	1.1140*	1.1276*	1.0631
- Lowest (USD)	1.0181*	0.9751*	0.9924
<u>RM Hedged Class</u>			
NAV - Highest (RM)	1.1251*	1.1502*	1.0772
- Lowest (RM)	1.0357*	0.9954*	1.0000
<u>GBP Hedged Class</u>			
NAV - Highest (GBP)	1.0577*	1.0843*	1.0459
- Lowest (GBP)	0.9769*	0.9368*	0.9879
<u>SGD Hedged Class</u>			
NAV - Highest (SGD)	1.0977*	1.1141*	1.0531
- Lowest (SGD)	1.0070*	0.9643*	0.9865
<u>AUD Hedged Class</u>			
NAV - Highest (AUD)	1.0956*	1.1170*	1.0509
- Lowest (AUD)	1.0145*	0.9764*	0.9823
Unit Split	-	-	-
Others			
Management Expense Ratio (MER) (%) #	0.15	0.14	0.16
Portfolio Turnover Ratio (PTR) (times) ##	0.25	0.62	1.24

* *The figures quoted are ex-distribution*

The MER for the financial year was higher compared with the previous financial year due to higher expenses incurred during the financial year under review.

The PTR for the financial year was lower compared with the previous financial year due to lesser investment activities carried out during the financial year under review.

Distribution Date	Financial Year Ended 30 April			
	Gross Distribution Per Unit (cent/sen)	Net Distribution Per Unit (cent/sen)	NAV before distribution (cum)	NAV after distribution (ex)
<u>2021</u>				
<u>USD Class</u>				
24.07.2020	1.0000	1.0000	1.0911	1.0811
27.10.2020	1.0000	1.0000	1.0909	1.0854
26.01.2021	1.0000	1.0000	1.1079	1.1023
27.04.2021	1.0000	1.0000	1.0840	1.0737
Total	4.0000	4.0000		
<u>RM Hedged Class</u>				
24.07.2020	1.0000	1.0000	1.1095	1.0996
27.10.2020	1.0000	1.0000	1.1064	1.1018
26.01.2021	1.0000	1.0000	1.1211	1.1154
27.04.2021	1.0000	1.0000	1.0990	1.0887
Total	4.0000	4.0000		
<u>GBP Hedged Class</u>				
24.07.2020	1.0000	1.0000	1.0436	1.0333
27.10.2020	1.0000	1.0000	1.0399	1.0341
26.01.2021	1.0000	1.0000	1.0509	1.0447
27.04.2021	1.0000	1.0000	1.0258	1.0155
Total	4.0000	4.0000		
<u>SGD Hedged Class</u>				
24.07.2020	1.0000	1.0000	1.0793	1.0692
27.10.2020	1.0000	1.0000	1.0770	1.0714
26.01.2021	1.0000	1.0000	1.0917	1.0857
27.04.2021	1.0000	1.0000	1.0674	1.0571
Total	4.0000	4.0000		
<u>AUD Hedged Class</u>				
24.07.2020	1.0000	1.0000	1.0774	1.0678
27.10.2020	1.0000	1.0000	1.0751	1.0693
26.01.2021	1.0000	1.0000	1.0896	1.0839
27.04.2021	1.0000	1.0000	1.0584	1.0483
Total	4.0000	4.0000		

Distribution Date	Financial Year Ended 30 April			
	Gross Distribution Per Unit (cent/sen)	Net Distribution Per Unit (cent/sen)	NAV before distribution (cum)	NAV after distribution (ex)
<u>2020</u>				
<u>USD Class</u>				
29.10.2019	1.6000	1.6000	1.1068	1.0906
25.02.2020	1.3000	1.3000	1.1276	1.1142
24.04.2020	0.8000	0.8000	1.0297	1.0208
Total	3.7000	3.7000		
<u>RM Hedged Class</u>				
29.10.2019	1.6000	1.6000	1.1256	1.1092
25.02.2020	1.3000	1.3000	1.1502	1.1369
24.04.2020	1.1000	1.1000	1.0513	1.0394
Total	4.0000	4.0000		
<u>GBP Hedged Class</u>				
29.10.2019	1.6000	1.6000	1.0690	1.0523
25.02.2020	1.3000	1.3000	1.0843	1.0698
24.04.2020	1.1000	1.1000	0.9914	0.9797
Total	4.0000	4.0000		
<u>SGD Hedged Class</u>				
29.10.2019	1.6000	1.6000	1.0939	1.0775
25.02.2020	1.3000	1.3000	1.1141	1.1005
24.04.2020	0.7500	0.7500	1.0179	1.0092
Total	3.6500	3.6500		
<u>AUD Hedged Class</u>				
29.10.2019	0.9000	0.9000	1.0899	1.0802
25.02.2020	0.8000	0.8000	1.1170	1.1087
24.04.2020	1.3000	1.3000	1.0313	1.0174
Total	3.0000	3.0000		

DISTRIBUTION

For the financial year under review, the Fund has declared a total net distribution of 4.000 cent/sen per unit for USD Class, RM Hedged Class, GBP Hedged Class, SGD Hedged Class and AUD Hedged Class, which is equivalent to a net distribution yield of 3.68%, 3.63%, 3.87%, 3.73% and 3.74% based on the average net asset value for the financial year.

PORTFOLIO STRUCTURE

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

	As at 30 April		
	2021 %	2020 %	2019 %
Sectors			
Collective investment scheme – foreign	97.30	96.35	94.88
Liquid assets and other net current assets	2.70	3.65	5.12
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The assets allocation reflects the Fund's strategy to have maximum exposure to the investments.

BREAKDOWN OF UNIT HOLDINGS BY SIZE – USD CLASS

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	('000)	%
5,000 and below	-	-	-	-
5,001 to 10,000	1	20.00	6	0.04
10,001 to 50,000	2	40.00	34	0.25
50,001 to 500,000	-	-	-	-
500,001 and above	2	40.00	13,657	99.71
Total	5	100.00	13,697	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	20.00	8	-
5,001 to 10,000	-	-	-	-
10,001 to 50,000	-	-	-	-
50,001 to 500,000	5	50.00	1,122	0.50
500,001 and above	3	30.00	223,755	99.50
Total	10	100.00	224,885	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	1	33.34	13	0.14
50,001 to 500,000	1	33.33	288	3.12
500,001 and above	1	33.33	8,932	96.74
Total	3	100.00	9,233	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	1	16.67	2	0.02
5,001 to 10,000	-	-	-	-
10,001 to 50,000	2	33.33	49	0.51
50,001 to 500,000	1	16.67	244	2.55
500,001 and above	2	33.33	9,262	96.92
Total	6	100.00	9,557	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	25.00	20	0.08
50,001 to 500,000	1	25.00	65	0.25
500,001 and above	2	50.00	25,484	99.67
Total	4	100.00	25,569	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 year 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 ASIA HIGH INCOME BOND FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2021

	<u>Note</u>	<u>2021</u> <u>USD</u>	<u>2020</u> <u>USD</u>
ASSETS			
Bank balances	5	1,683,580	1,703,493
Deposits with licensed financial institutions	5	549,462	1,710,470
Investments	6	112,792,180	120,173,126
Amount due from Fund Manager of collective investment scheme		193,860	-
Amount due from Manager		129,151	323,665
Distribution income receivables		416,323	515,474
Other receivables		311,794	530,195
Forward foreign currency contracts	7	640,219	1,311,687
TOTAL ASSETS		<u>116,716,569</u>	<u>126,268,110</u>
LIABILITIES			
Forward foreign currency contracts	7	311,747	1,359,617
Amount due to Manager		391,326	89,093
Amount due to Trustee		5,810	5,984
Accrued management fee		77,470	79,790
Distribution payables		7,900	3,602
Other payables and accruals		4,892	3,854
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>799,145</u>	<u>1,541,940</u>
NET ASSET VALUE		<u>115,917,424</u>	<u>124,726,170</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>115,917,424</u>	<u>124,726,170</u>

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

RHB ASIA HIGH INCOME BOND FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2021 (CONTINUED)

	<u>Note</u>	<u>2021</u> USD	<u>2020</u> USD
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING			
UNITS			
- USD Class		14,721,507	16,320,988
- RM Hedged Class		59,878,737	65,366,343
- GBP Hedged Class		12,992,278	12,135,478
- SGD Hedged Class		7,602,786	5,891,144
- AUD Hedged Class		20,722,116	25,012,217
		<u>115,917,424</u>	<u>124,726,170</u>
UNITS IN CIRCULATION			
- USD Class (Units)	8(a)	13,697,976	16,028,701
- RM Hedged Class (Units)	8(b)	224,887,053	271,241,483
- GBP Hedged Class (Units)	8(c)	9,233,965	9,854,329
- SGD Hedged Class (Units)	8(d)	9,558,335	8,225,386
- AUD Hedged Class (Units)	8(e)	25,569,767	37,697,185
		<u>282,947,096</u>	<u>343,047,084</u>
NET ASSET VALUE PER UNIT			
(EX-DISTRIBUTION):			
- USD Class (USD)		1.0747	1.0182
- RM Hedged Class (USD)		0.2663	0.2410
- GBP Hedged Class (USD)		1.4070	1.2315
- SGD Hedged Class (USD)		0.7954	0.7162
- AUD Hedged Class (USD)		<u>0.8104</u>	<u>0.6635</u>
NET ASSET VALUE PER UNIT IN			
RESPECTIVE CURRENCIES:			
- USD Class (USD)		1.0747	1.0182
- RM Hedged Class (RM)		1.0899	1.0351
- GBP Hedged Class (GBP)		1.0164	0.9765
- SGD Hedged Class (SGD)		1.0580	1.0080
- AUD Hedged Class (AUD)		<u>1.0493</u>	<u>1.0138</u>

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

RHB ASIA HIGH INCOME BOND FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

	<u>Note</u>	<u>2021</u> <u>USD</u>	<u>2020</u> <u>USD</u>
INCOME/(LOSS)			
Distribution income		6,429,314	5,026,507
Interest income from deposits with licensed financial institutions		30,148	41,183
Net gain/(loss) on investments	6	5,945,949	(8,842,082)
Net foreign currency exchange gain/(loss)		271,125	(315,511)
Net gain/(loss) on forward foreign currency contracts	7	9,347,581	(4,271,106)
		<u>22,024,117</u>	<u>(8,361,009)</u>
EXPENSES			
Management fee	9	(115,805)	(79,083)
Trustee's fee	10	(83,033)	(61,638)
Audit fee		(1,500)	(1,500)
Tax agent's fee		(950)	(950)
Other expenses		(3,031)	(1,665)
		<u>(204,319)</u>	<u>(144,836)</u>
Net income/(loss) before finance cost and taxation		21,819,798	(8,505,845)
FINANCE COST (EXCLUDING DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)			
Distribution:			
USD Class	12(a)	(623,540)	(581,345)
RM Hedged Class	12(b)	(2,557,730)	(2,485,998)
GBP Hedged Class	12(c)	(553,870)	(447,022)
SGD Hedged Class	12(d)	(304,642)	(180,163)
AUD Hedged Class	12(e)	(947,910)	(617,774)
		<u>(4,987,692)</u>	<u>(4,312,302)</u>

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

RHB ASIA HIGH INCOME BOND FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

	<u>Note</u>	<u>2021</u> <u>USD</u>	<u>2020</u> <u>USD</u>
Net income/(loss) after finance cost and before taxation		16,832,106	(12,818,147)
Taxation	11	-	-
Net increase/(decrease) in net assets attributable to unitholders		<u>16,832,106</u>	<u>(12,818,147)</u>
Net increase/(decrease) in net assets attributable to unitholders is made up of the following:			
Realised amount		10,266,276	(4,785,850)
Unrealised amount		<u>6,565,830</u>	<u>(8,032,297)</u>
		<u>16,832,106</u>	<u>(12,818,147)</u>

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

RHB ASIA HIGH INCOME BOND FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

	<u>2021</u> USD	<u>2020</u> USD
Net assets attributable to unitholders at the beginning of the financial year	124,726,170	43,871,386
Movement due to units created and cancelled during the financial year:		
Creation of units from distribution		
- USD Class	623,473	581,283
- RM Hedged Class	2,538,572	2,480,821
- GBP Hedged Class	553,661	446,145
- SGD Hedged Class	297,030	180,327
- AUD Hedged Class	945,019	620,388
Creation of units from applications		
- USD Class	3,259,619	15,837,314
- RM Hedged Class	10,099,010	55,726,546
- GBP Hedged Class	2,555,694	11,012,835
- SGD Hedged Class	3,311,515	5,718,009
- AUD Hedged Class	2,101,804	22,811,746
Cancellation of units		
- USD Class	(6,459,700)	(3,252,730)
- RM Hedged Class	(25,775,499)	(10,760,466)
- GBP Hedged Class	(4,111,782)	(5,326,218)
- SGD Hedged Class	(2,629,778)	(1,031,099)
- AUD Hedged Class	(12,949,490)	(1,371,970)
Increase/(decrease) in net assets attributable to unitholders during the financial year	<u>16,832,106</u>	<u>(12,818,147)</u>
Net assets attributable to unitholders at the end of the financial year	<u>115,917,424</u>	<u>124,726,170</u>

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

RHB ASIA HIGH INCOME BOND FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

	<u>Note</u>	<u>2021</u> USD	<u>2020</u> USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of investments		41,147,035	21,256,365
Purchase of investments		(28,014,000)	(110,240,688)
Distribution income received		6,528,465	4,700,123
Interest received from deposits with licensed financial institutions		30,148	41,183
Management fee rebate received /(Management fee paid)		100,276	(443,592)
Trustee's fee paid		(83,207)	(57,525)
Payment for other fees and expenses		(4,443)	(3,306)
Net realised gain/(loss) on forward foreign currency contracts		8,971,179	(4,510,692)
Net realised foreign exchange loss		(37,219)	(49,932)
Net cash generated from/(used in) operating activities		<u>28,638,234</u>	<u>(89,308,064)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		26,479,911	116,177,658
Cash paid for units cancelled		(51,624,016)	(21,653,390)
Cash paid for income distribution		(4,983,394)	(4,308,700)
Net cash (used in)/generated from financing activities		<u>(30,127,499)</u>	<u>90,215,568</u>
Net (decrease)/increase in cash and cash equivalents		(1,489,265)	907,504
Foreign currency translation differences		308,344	(265,579)
Cash and cash equivalents at the beginning of the financial year		<u>3,413,963</u>	<u>2,772,038</u>
Cash and cash equivalents at the end of the financial year	5	<u>2,233,042</u>	<u>3,413,963</u>

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

**RHB ASIA HIGH INCOME BOND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Asia High Income Bond Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 8 June 2018 (hereinafter referred to as “the Deed”) between RHB Asset Management Sdn Bhd (“the Manager”) and HSBC (Malaysia) Trustee Berhad (“the Trustee”).

The Fund was launched on 18 June 2018 and will continue its operations until terminated according to the conditions provided in the Deed. The principal activity of the Fund is to invest in Permitted Investments as defined under the Deed.

The Fund is a feeder fund that invests in the USD denominated class AM2 units of the Target Fund, a collective investment scheme domiciled in Hong Kong that is managed by between HSBC Investment Funds (Hong Kong) Limited.

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, except where exemptions or variations have been approved by the SC, internal policies and procedures and objective of the Fund.

The main objective of the Fund is to provide capital appreciation over the medium to long term by investing in one (1) Target 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, management of unit trust funds and private retirement schemes and provision of investment advisory services.

These financial statements were authorised for issue by the Manager on 25 June 2021.

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) The Fund has applied the following amendments and interpretations for the first time for the financial year beginning on 1 May 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

- (a) The Fund has applied the following amendments and interpretations for the first time for the financial year beginning on 1 May 2020: (continued)
- The Conceptual Framework for Financial Reporting (“Framework”) (effective 1 January 2020) (continued)

Key changes include: (continued)

- 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 are 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 have to apply the revised Framework from 1 May 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 did not have any impact on the current year or any prior period and is not likely to affect future periods.

- (b) A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 May 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect 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 Fund Manager of collective investment scheme, amount due from Manager, distribution income receivables and other receivables as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund designates its investments in collective investment scheme as financial assets at fair value through profit or loss at inception.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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 within net gain or losses on investments 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 distribution 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 schemes 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).

Derivative investments are forward foreign currency 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 time they are included in the measurement of the derivative financial instruments.

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 the statement of financial position, which is a reasonable estimate of fair value due to the short-term nature of the deposits.

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 year.

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 Manager, amount due to Trustee, accrued management fee, distribution payables and other payables and accruals are recognised initially at fair value 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 2.4.

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 Derivative financial instruments

The Fund's derivative financial instruments comprise forward foreign currency 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 forward foreign currency 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 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 five 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 Information Memorandum or Securities Commission Malaysia Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. 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.

2.6 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 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Income recognition (continued)

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 forward foreign currency 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.

2.7 Taxation

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

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

2.8 Amount due from/to Fund Manager of collective investment scheme

Amounts 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 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 of 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.

2.9 Cash and cash equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Distribution

Distribution to the Fund's unitholders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee.

2.11 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 United States Dollar ("USD"), 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 USD primarily due to the following factors:

- Part of the Fund's cash is denominated in USD for the purpose of making settlement of the creation and cancellation.
- The Fund's units are denominated in USD.
- The Fund's significant expenses are denominated in USD.
- The Fund's investments are significantly denominated in USD.

2.12 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.

2.13 Increase/decrease in net assets attributable to unitholders

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

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, credit risk, currency risk, liquidity 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 Malaysia 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 an investment of the Fund will fluctuate because of changes in market prices.

The Fund is exposed to collective investment scheme (other than those arising interest risk) price risk for its investments of USD112,792,180 (2020: USD120,173,126).

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 +/- USD5,639,609 (2020: USD6,008,656).

Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments and its return will fluctuate because of changes in market interest rates. The Fund's exposure to the interest rate risk is mainly confined to short term placements with financial institutions. The Manager overcomes the exposure by way of maintaining deposits on short term basis. Therefore, exposure to interest rate fluctuations is minimal.

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 credit 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 Malaysia Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

For amount due from Fund Manager of collective investment scheme, the settlement terms are governed by the relevant rules and regulations as prescribed by the relevant regulatory authority in its home jurisdiction.

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

	Cash and cash <u>equivalents</u> USD	Forward foreign currency <u>contracts</u> USD	Other financial <u>assets*</u> USD	<u>Total</u> USD
<u>2021</u>				
Financial institutions:				
AAA	2,233,042	640,219	-	2,873,261
Others	-	-	1,051,128	1,051,128
	<u>2,233,042</u>	<u>640,219</u>	<u>1,051,128</u>	<u>3,924,389</u>
<u>2020</u>				
Financial institutions:				
AAA	3,413,963	1,310,037	-	4,724,000
AA3	-	1,650	-	1,650
Others	-	-	1,369,334	1,369,334
	<u>3,413,963</u>	<u>1,311,687</u>	<u>1,369,334</u>	<u>6,094,984</u>

* Comprise of amount due from Fund Manager of collective investment scheme, amount due from Manager, distribution income receivables and other receivables.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk

The Fund is denominated in USD, as such investors who are converting from Ringgit Malaysia (“RM”) to USD to invest into the Fund will be subject to currency risk, as the distribution and payment at maturity is in USD. When USD moves unfavourably against the RM, investors may face currency losses if they convert from USD to RM.

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 -USD9,406,304/+USD10,563,972 (2020: -USD10,012,825/+USD10,425,337).

	Cash and equivalents USD	Amount due from/(to) Manager USD	Forward foreign currency contracts USD	Net assets attributable to unitholders USD	Other financial liabilities* USD	Total USD
<u>2021</u>						
RM	561,797	(249,996)	196,012	(59,878,737)	(10,861)	(59,381,785)
AUD	422,257	44,143	(12,405)	(20,722,116)	(8)	(20,268,129)
SGD	251,021	(1,589)	73,572	(7,602,786)	(1,851)	(7,281,633)
GBP	298,600	-	71,293	(12,992,278)	(16)	(12,622,401)
	<u>1,533,675</u>	<u>(207,442)</u>	<u>328,472</u>	<u>(101,195,917)</u>	<u>(12,736)</u>	<u>(99,553,948)</u>
<u>2020</u>						
RM	1,722,627	(66,162)	(1,063,992)	(65,366,343)	(7,364)	(64,781,234)
AUD	616,172	199,055	746,591	(25,012,217)	(17)	(23,450,416)
SGD	170,379	34,365	39,978	(5,891,144)	(10)	(5,646,432)
GBP	395,977	12,321	229,493	(12,135,478)	(16)	(11,497,703)
	<u>2,905,155</u>	<u>179,579</u>	<u>(47,930)</u>	<u>(108,405,182)</u>	<u>(7,407)</u>	<u>(105,375,785)</u>

* Comprise of distribution payables and other payables and accruals.

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 <u>1 month</u> USD	Between 1 month to <u>1 year</u> USD
<u>2021</u>		
Forward foreign currency contracts	200,495	111,183
Amount due to Manager	391,326	-
Amount due to Trustee	5,810	-
Accrued management fee	77,470	-
Distribution payable	7,900	-
Other payables and accruals	-	4,892
Net assets attributable to unitholders*	115,917,424	-
	<u>116,600,425</u>	<u>116,075</u>
<u>2020</u>		
Forward foreign currency contracts	1,386,669	25,902
Amount due to Manager	89,093	-
Amount due to Trustee	5,984	-
Accrued management fee	79,790	-
Distribution payables	3,602	-
Other payables and accruals	-	3,854
Net assets attributable to unitholders*	124,726,170	-
	<u>126,291,308</u>	<u>29,756</u>

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

- * 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.

Capital risk

The capital of the Fund is represented by net assets attributable to unitholders of USD115,917,424 (2020: USD124,726,170). 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 capital 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 year end date.

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

The fair value of financial assets 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.

4. FAIR VALUE ESTIMATION (CONTINUED)

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.

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)

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

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

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>2021</u>				
Investments:				
- Collective investment scheme	112,792,180	-	-	112,792,180
Derivative Instruments:				
- Forward foreign currency contracts	-	328,472	-	328,472
	<u>112,792,180</u>	<u>328,472</u>	<u>-</u>	<u>113,120,652</u>
<u>2020</u>				
Investments:				
- Collective investment scheme	120,173,126	-	-	120,173,126
Derivative Instruments:				
- Forward foreign currency contracts	-	(47,930)	-	(47,930)
	<u>120,173,126</u>	<u>(47,930)</u>	<u>-</u>	<u>120,125,196</u>

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

Financial instruments that are traded in markets that 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 forward foreign currency 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 this financial instruments are stated in Note 2.2 and Note 2.4.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>2021</u> <u>USD</u>	<u>2020</u> <u>USD</u>
Bank balances	1,683,580	1,703,493
Deposits with licensed financial institutions	549,462	1,710,470
	<u>2,233,042</u>	<u>3,413,963</u>

6. INVESTMENTS

	<u>2021</u> <u>USD</u>	<u>2020</u> <u>USD</u>
Investments:		
- Collective investments scheme	<u>112,792,180</u>	<u>120,173,126</u>
	<u>2021</u> <u>USD</u>	<u>2020</u> <u>USD</u>
Net gain/(loss) on investments comprised:		
- Net realised gain/(loss) on investment	64,865	(835,778)
- Net unrealised gain/(loss) on changes in fair value	<u>5,881,084</u>	<u>(8,006,304)</u>
	<u>5,945,949</u>	<u>(8,842,082)</u>

Investments as at 30 April 2021 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> <u>USD</u>	<u>Fair Value</u> <u>USD</u>	<u>% of Net Asset Value</u> <u>%</u>
COLLECTIVE INVESTMENT SCHEME				
<u>Hong Kong</u>				
HSBC Global Asset Management (Hong Kong) Limited - Asia				
High Income Bond Fund	11,661,722	<u>114,441,334</u>	<u>112,792,180</u>	<u>97.30</u>

6. INVESTMENTS (CONTINUED)

Investments as at 30 April 2020 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> USD	<u>Fair Value</u> USD	<u>% of Net Asset Value</u> %
COLLECTIVE INVESTMENT SCHEME				
<u>Hong Kong</u>				
HSBC Global Asset Management (Hong Kong) Limited - Asia				
High Income Bond Fund	13,017,020	127,703,364	120,173,126	96.35

7. FORWARD FOREIGN CURRENCY CONTRACTS

As at 30 April 2021, there were thirteen (2020: eighteen) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD98,927,576 (2020: USD98,472,443).

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

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

Net gain/(loss) on forward foreign currency contracts is as follows:

	<u>2021</u> USD	<u>2020</u> USD
Net gain/(loss) on forward foreign currency contracts:		
- Net realised gain/(loss) on forward foreign currency contracts	8,971,179	(4,510,692)
- Net unrealised gain on forward foreign currency contracts	376,402	239,586
	<u>9,347,581</u>	<u>(4,271,106)</u>

8. UNITS IN CIRCULATION

(a) USD Class

	<u>2021</u> Units	<u>2020</u> Units
At the beginning of the financial year	16,028,701	4,146,000
Creation of units during the financial year:		
Arising from applications	3,016,000	14,470,000
Arising from distributions	574,275	536,701
Cancellation of units during the financial year	(5,921,000)	(3,124,000)
At the end of the financial year	<u>13,697,976</u>	<u>16,028,701</u>

(b) RM Hedged Class

	<u>2021</u> Units	<u>2020</u> Units
At the beginning of the financial year	271,241,483	95,074,000
Creation of units during the financial year:		
Arising from applications	39,119,000	207,203,000
Arising from distributions	9,540,570	9,585,483
Cancellation of units during the financial year	(95,014,000)	(40,621,000)
At the end of the financial year	<u>224,887,053</u>	<u>271,241,483</u>

(c) GBP Hedged Class

	<u>2021</u> Units	<u>2020</u> Units
At the beginning of the financial year	9,854,329	5,328,000
Creation of units during the financial year:		
Arising from applications	1,910,000	8,214,000
Arising from distributions	401,636	338,329
Cancellation of units during the financial year	(2,932,000)	(4,026,000)
At the end of the financial year	<u>9,233,965</u>	<u>9,854,329</u>

8. UNITS IN CIRCULATION (CONTINUED)

(d) SGD Hedged Class

	<u>2021</u> Units	<u>2020</u> Units
At the beginning of the financial year	8,225,386	2,141,000
Creation of units during the financial year:		
Arising from applications	4,255,000	7,294,000
Arising from distributions	373,949	234,386
Cancellation of units during the financial year	(3,296,000)	(1,444,000)
At the end of the financial year	<u>9,558,335</u>	<u>8,225,386</u>

(e) AUD Hedged Class

	<u>2021</u> Units	<u>2020</u> Units
At the beginning of the financial year	37,697,185	7,901,000
Creation of units during the financial year:		
Arising from applications	2,770,000	31,005,000
Arising from distributions	1,199,582	895,185
Cancellation of units during the financial year	(16,097,000)	(2,104,000)
At the end of the financial year	<u>25,569,767</u>	<u>37,697,185</u>

9. MANAGEMENT FEE

In accordance with the Information Memorandum, the management fee provided in the financial statements is up to 1.20% (2020: 1.20%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year. As the Fund invests in the Target Fund, the management fee charged by the Target Fund is fully refunded to this Fund. There is no double charging of management fee to the Fund.

10. TRUSTEE'S FEE

In accordance with the Information Memorandum, the Trustee's fee provided in the financial statements is 0.06% (2020: 0.06%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

11. TAXATION

(a) Tax charge for the financial year

	<u>2021</u> <u>USD</u>	<u>2020</u> <u>USD</u>
Current taxation	<u>-</u>	<u>-</u>

(b) Numerical reconciliation of income tax expense

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

	<u>2021</u> <u>USD</u>	<u>2020</u> <u>USD</u>
Net income/(loss) before finance cost and taxation	<u>21,819,798</u>	<u>(8,505,845)</u>
Tax calculated at a statutory income tax rate of 24%	5,236,752	(2,041,403)
Tax effects of:		
- (Income not subject to tax)/ loss not deductible for tax purposes	(5,285,788)	2,006,642
- Expenses not deductible for tax purposes	20,883	15,421
- Restriction on tax deductible expenses	<u>28,153</u>	<u>19,340</u>
Tax expense	<u>-</u>	<u>-</u>

12. DISTRIBUTION

Distribution to unitholders are derived from the following sources:

(a) USD Class

	<u>2021</u> USD	<u>2020</u> USD
Prior financial year's realised income	-	91,876
Dividend income	649,155	508,519
Less: Expenses	(25,615)	(19,050)
Net distribution amount	<u>623,540</u>	<u>581,345</u>

(b) RM Hedged Class

	<u>2021</u> USD	<u>2020</u> USD
Prior financial year's realised income	-	378,465
Dividend income	2,663,722	2,189,049
Less: Expenses	(105,992)	(81,516)
Net distribution amount	<u>2,557,730</u>	<u>2,485,998</u>

(c) GBP Hedged Class

	<u>2021</u> USD	<u>2020</u> USD
Prior financial year's realised income	-	124,481
Dividend income	574,747	336,130
Less: Expenses	(20,877)	(13,589)
Net distribution amount	<u>553,870</u>	<u>447,022</u>

(d) SGD Hedged Class

	<u>2021</u> USD	<u>2020</u> USD
Prior financial year's realised income	-	33,081
Dividend income	316,310	152,811
Less: Expenses	(11,668)	(5,729)
Net distribution amount	<u>304,642</u>	<u>180,163</u>

12. DISTRIBUTION (CONTINUED)

Distribution to unitholders are derived from the following sources: (continued)

(e) AUD Hedged Class

	<u>2021</u> USD	<u>2020</u> USD
Prior financial year's realised income	-	111,112
Dividend income	986,356	528,624
Less: Expenses	(38,446)	(21,962)
Net distribution amount	<u>947,910</u>	<u>617,774</u>

	<u>2021</u> Gross/Net Cent/sen <u>per unit</u>	<u>2020</u> Gross/Net Cent/sen <u>per unit</u>
<u>Distribution during the financial year</u>		
<u>Distribution date</u>		
<u>USD Class</u>		
24 July 2020	1.0000	-
27 October 2020/29 October 2019	1.0000	1.6000
26 January 2021/25 February 2020	1.0000	1.3000
27 April 2021/24 April 2020	1.0000	0.8000
	<u>4.0000</u>	<u>3.7000</u>
<u>RM Hedged Class</u>		
24 July 2020	1.0000	-
27 October 2020/29 October 2019	1.0000	1.6000
26 January 2021/25 February 2020	1.0000	1.3000
27 April 2021/24 April 2020	1.0000	1.1000
	<u>4.0000</u>	<u>4.0000</u>
<u>GBP Hedged Class</u>		
24 July 2020	1.0000	-
27 October 2020/29 October 2019	1.0000	1.6000
26 January 2021/25 February 2020	1.0000	1.3000
27 April 2021/24 April 2020	1.0000	1.1000
	<u>4.0000</u>	<u>4.0000</u>
<u>SGD Hedged Class</u>		
24 July 2020	1.0000	-
27 October 2020/29 October 2019	1.0000	1.6000
26 January 2021/25 February 2020	1.0000	1.3000
27 April 2021/24 April 2020	1.0000	0.7500
	<u>4.0000</u>	<u>3.6500</u>

12. DISTRIBUTION (CONTINUED)

Distribution during the financial year (continued)	<u>2021</u> Gross/Net Cent/sen per unit	<u>2020</u> Gross/Net Cent/sen per unit
<u>Distribution date (continued)</u>		
<u>AUD Hedged Class</u>		
24 July 2020	1.0000	-
27 October 2020/29 October 2019	1.0000	0.9000
26 January 2021/25 February 2020	1.0000	0.8000
27 April 2021/24 April 2020	1.0000	1.3000
	<u>4.0000</u>	<u>3.0000</u>

Included in the above distribution is an amount of USD Nil (2020: USD739,015) derived from prior financial year's/period's realised income.

There was unrealised losses of USD8,032,297 for the financial year ended 30 April 2020.

13. MANAGEMENT EXPENSE RATIO ("MER")

	<u>2021</u> %	<u>2020</u> %
MER	<u>0.15</u>	<u>0.14</u>

The MER ratio is calculated based on total expenses excluding investment transaction related costs of the Fund to the average net asset value of the Fund calculated on a daily basis.

14. PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2021</u>	<u>2020</u>
PTR (times)	<u>0.25</u>	<u>0.62</u>

The PTR ratio is calculated based on average of acquisition and disposals of the Fund for the financial year 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:

	2021		2020	
	Units	USD	Units	USD
The Manager				
- USD Class	1,330	1,429	1,928	1,963
- RM Hedged Class	1,680	447	1,145	276
- GBP Hedged Class	1,131	1,591	1,006	1,239
- SGD Hedged Class	1,002	797	1,403	1,005
- AUD Hedged Class	1,137	921	1,201	797
	6,280	5,185	6,683	5,280
RHB Capital Nominees (Tempatan) Sdn Bhd				
- USD Class	5,573	5,989	-	-
- RM Hedged Class	128,544	34,231	-	-
- AUD Hedged Class	65,099	52,756	-	-
	199,216	92,976	-	-

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 year ended 30 April 2021 is as follows:

<u>Fund Manager</u>	<u>Value of trades</u> USD	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> USD	<u>Percentage of total brokerage fees</u> %
HSBC Investment Funds (HK) Ltd	69,354,895	100.00	-	-
	<u>69,354,895</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Details of transactions by the Fund for the financial year ended 30 April 2020 is as follows:

<u>Fund Manager</u>	<u>Value of trades</u> USD	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> USD	<u>Percentage of total brokerage fees</u> %
HSBC Investment Funds (HK) Ltd	127,235,366	100.00	-	-
	<u>127,235,366</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

17. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2021</u> <u>USD</u>	<u>2020</u> <u>USD</u>
Financial assets		
Financial assets at fair value through profit or loss (“FVTPL”)		
• Collective investment scheme	112,792,180	120,173,126
• Forward foreign currency contracts	640,219	1,311,687
	<u>113,432,399</u>	<u>121,484,813</u>
Financial assets at amortised cost		
• Bank balances	1,683,580	1,703,493
• Deposits with licensed financial institutions	549,462	1,710,470
• Amount due from Fund Manager of collective investment scheme	193,860	-
• Amount due from Manager	129,151	323,665
• Distribution income receivables	416,323	515,474
• Other receivables	311,794	530,195
	<u>3,284,170</u>	<u>4,783,297</u>
Financial liabilities		
Financial liabilities at amortised cost		
• Forward foreign currency contracts	311,747	1,359,617
• Amount due to Manager	391,326	89,093
• Amount due to Trustee	5,810	5,984
• Accrued Management fee	77,470	79,790
• Distribution payables	7,900	3,602
• Other payables and accruals	4,892	3,854
	<u>799,145</u>	<u>1,541,940</u>

18. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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 year.

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

STATEMENT BY MANAGER
RHB ASIA HIGH INCOME BOND FUND

We, Dato' Darawati Hussain and Ong Yin Suen, 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 30 April 2021 and of its financial performance and cash flows for the financial year then ended and comply with the provisions of the Deeds.

On behalf of the Manager,

Dato' Darawati Hussain
Director

Ong Yin Suen
Director

25 June 2021

TRUSTEE'S REPORT TO THE UNITHOLDERS OF RHB ASIA HIGH INCOME BOND FUND

We have acted as Trustee of RHB Asia High Income Bond Fund (“the Fund”) for the financial year ended 30 April 2021. To the best of our knowledge, RHB Asset Management Sdn Bhd (“the Management Company”), has operated and managed the Fund in accordance with the following:

- (a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deed, the Securities Commission’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deed and any regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements.

During this financial year, a total distribution of 4.0000 cent per unit for USD Class, 4.0000 sen per unit for RM Hedged Class, 4.0000 cent per unit for GBP Hedged Class, 4.0000 cent per unit for SGD Hedged Class and 4.0000 cent per unit for AUD Hedged Class have been distributed to the unitholders of the Fund respectively. We are of the view that the distributions are not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
25 June 2021

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF RHB ASIA HIGH INCOME BOND FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Asia High Income Bond Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 April 2021 and of its financial performance and its cash flows for the financial year 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 30 April 2021, and the statement of income and expenses, statement of changes in net asset value and statement of cash flows for the financial year, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 18 to 51.

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 ASIA HIGH INCOME 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 ASIA HIGH INCOME 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 ASIA HIGH INCOME 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
25 June 2021

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

Level 8, Tower Two & Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur

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*) (*Retired with effect from 24 May 2021*)

Ms Ong Yin Suen (*Managing Director / Chief Executive Officer*)

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

YBhg Datuk Seri Dr Govindan A/L Kunchambo (*Independent Non-Executive Director*)

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

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Cik Hasnita Sulaiman (MAICSA No. 7060582)

BRANCH OFFICE

Kuala Lumpur Office	B-9-6, Megan Avenue 1 No. 189, Jalan Tun Razak 50400 Kuala Lumpur Tel: 03-2171 2755/ 03-2166 7011 Fax: 03-2770 0022
Shah Alam Office	B-3-1, 1st Floor Jalan Serai Wangi G16/G, Alam Avenue Persiaran Selangor, Section 16 40200 Shah Alam Tel: 03-5523 1909 Fax: 03-5524 3471
Sri Petaling Office	Level 1 & 2, No 53 Jalan Radin Tengah Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel: 03-9054 2470 Fax: 03-9054 0934
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
Ipoh Office	No.7A, Persiaran Greentown 9 Pusat Perdagangan Greentown 30450 Ipoh, Perak Tel: 05-242 4311 Fax: 05-242 4312
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	1st Floor, Lot 10, Jalan Putra Square 1 Putra Square 25300 Kuantan, Pahang Tel: 09-517 3611/ 09-517 3612/ 09-531 6213 Fax: 09-517 3615

Kuching Office	<p>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</p> <p>Yung Kong Abell, Units 1-10 2nd Floor Lot 365 Section 50 Jalan Abell 93100 Kuching, Sarawak Tel: 082-245 611 Fax: 082-230 326</p>
Kota Bharu Office	<p>Ground Floor, No 3486-G Jalan Sultan Ibrahim 15050 Kota Bharu, Kelantan Tel: 09-740 6891 Fax: 09-740 6890</p>
Kota Kinabalu Office	<p>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</p>
Melaka Office	<p>581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211/ 06-281 4110 Fax: 06-292 2212</p>
Miri Office	<p>Lot 1268 & 1269, Second Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri, Sarawak Tel: 085-422 788 Fax: 085- 415 243</p>
Penang Office	<p>3rd Floor, 44 Lebuh Pantai 10300 Georgetown, Penang Tel: 04-264 5639 Fax: 04-264 5640</p>
Prai Office	<p>No 38, First Floor Jalan Todak 2 Seberang Jaya 13700 Perai, Penang Tel: 04-386 6670 Fax: 04-386 6528</p>

TRUSTEE	HSBC (Malaysia) Trustee Berhad
BANKER	RHB Bank Berhad
AUDITORS	PricewaterhouseCoopers PLT
TAX ADVISER	PricewaterhouseCoopers Taxation Services Sdn Bhd
DISTRIBUTORS	RHB Bank Bhd Areca Capital Sdn Bhd HSBC Bank (M) Bhd iFAST Capital Sdn Bhd Kenanga Investors Bhd OCBC Bank (M) Berhad Phillip Mutual Bhd UOB Kay Hian Securities (M) Sdn Bhd

RHB ♦ Asset Management

RHB Asset Management Sdn Bhd 198801007231 (174588-X)

Head Office

Level 8, Tower 2 & 3,

RHB Centre, Jalan Tun Razak,

50400 Kuala Lumpur

Tel: +603 9205 8000

Fax: +603 9205 8100

www.rhbgroup.com