

RHB ASIAN INCOME FUND

ANNUAL REPORT 2024

For the financial year ended 31 July 2024

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name - RHB Asian Income Fund

Fund Category - Feeder Fund

Fund Type - Income and growth

Investment Objective, Policy and Strategy

Objective of the Fund

The Fund aims to provide income[^] and capital growth over the medium to long term* by investing in one target fund, i.e. the Schroder Asian Income.

Note: [^] The income is in the form of units.

* “medium to long term” in this context refers to a period of between 3-10 years.

Strategy

The Fund will invest principally in one of the sub-funds of the Schroder International Opportunities Portfolio, that is, the Schroder Asian Income (“Schroder AI”) denominated in Singapore dollars and managed by Schroder Investment Management (Singapore) Ltd. (“Schroder Singapore”). The Schroder AI is an open-ended collective investment scheme domiciled in Singapore and was launched on 21 October 2011. Schroder Singapore is regulated by the Monetary Authority of Singapore and Schroder AI is authorised under Section 286 of the Securities and Futures Act (Chapter 289), Singapore. The investment objective of Schroder AI is to provide income and capital growth over the medium to longer term (i.e. between 3-10 years) by investing primarily in Asian equities (including real estate investment trusts) and Asian fixed income securities.

Since the Fund’s launch, the Fund has been investing into the shares of the then single share class of the Schroder AI, i.e. the SGD class denominated in Singapore dollars. When the Fund and Schroder AI were established, only the SGD class was available. However, effective 25 February 2013, Schroder Singapore, the manager of Schroder AI, established another share class, i.e. the X share class so that any reinvestment of units of the Fund from this effective date is invested into this X share class and new investments of the Fund, i.e. subscriptions of Schroder AI is made into this X share class. The features of the X share class are the same as the SGD class so the Fund’s investment in Schroder AI continue uninterrupted.

Its asset allocation is as follows:

At least 95% of the Fund's Net Asset Value

- Investments in the units of Schroder AI.

The balance of the Fund's Net Asset Value

- Investments in liquid assets including money market instruments and deposits with financial institutions.

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

The Manager does not adopt a temporary defensive position for the Fund in response to adverse market, economic, political, or any other conditions as such defensive strategies are expected to be implemented at the target fund level, i.e. the Schroder AI, when deemed necessary by the Schroder AI's manager. The Manager does not adopt any temporary defensive positions for the Fund as this will allow the Fund to best track the performance of the Schroder AI. It also follows that if the Schroder AI fails to adopt a successful defensive position in response to adverse market and economic conditions, there is a risk that the Fund will mirror the Schroder AI's negative performance, if any.

Notwithstanding anything contained herein, the Manager may, in consultation with the Trustee and with the Unit Holders' approval, replace the Schroder AI with another fund of a similar objective if, in the Manager's opinion, the Schroder AI no longer meets this Fund's investment objective, or when acting in the interest of the Unit Holders.

Performance Benchmark

The performance of the Fund is benchmarked against the 50% MSCI AC Asia Pacific ex Japan Net (RM) and 50% JP Morgan Asia Credit Index (SGD Hedged) (RM).

Permitted Investments

The Fund may invest in one collective investment scheme i.e. Schroder AI, trade in financial derivatives for hedging purposes only, money market instruments and deposits with any financial institutions and any other investment permitted by the Securities Commission Malaysia from time to time.

Distribution Policy

The Fund will declare distributions, if any, to unit holders depending on the level of income generated at each relevant period. Distributions, if any, after deduction of taxation and expenses (i.e. net distributions) are generally declared quarterly.

MANAGER’S REPORT

MARKET REVIEW

Global equities trended higher over the 12-month period ending July 2024, despite a challenging third quarter of year 2023 on concerns relating to interest rates, sticky inflation data and global economic growth. This was aggravated by rising geopolitical tensions within the Middle East in early October 2023. However, investor sentiment improved towards the end of the year 2023 as falling inflation prints provided hope that rates may have peaked. In the United States (“US”), the rally was marked by narrow leadership, dominated by the Magnificent 7 stocks against the backdrop of the Artificial Intelligence (“AI”) boom. Outside of the US, European equities also returned positively with improved investor sentiment against the backdrop of moderating inflation, expectations for the European Central Bank to cut rates in June 2024, and ongoing improvement in the region’s economic growth. Elsewhere, Japanese equities gained, supported by a macro regime shift from deflation to inflation, attractive earnings growth and corporate reforms which fueled a strong rally in first quarter of year 2024. Within Asia, Taiwan was a strong performer as a beneficiary of the AI narrative, while India also returned positively on rising growth prospects. Overall, the Morgan Stanley Capital International (“MSCI”) All-Country (“AC”) Asia Pacific ex-Japan Index returned 7.80% in Singapore Dollar (“SGD”) terms over the 12-month period.

In fixed income, the 10-year US Treasury (“UST”) yield rose sharply from 3.95% as at end of July 2023 and traded to a 16 year high by crossing the 5.00% mark in October 2023, and then ending the financial year at 4.03% by July 2024. Similar to equities, bond markets recovered in the final quarter of year 2023, with the change in direction for monetary policy the major driver of positive bond market performance. However, the second half of year 2023 produced few highlights, with the Fitch Ratings downgrade of US long term credit ratings in August 2023 from AAA to AA+ seeing minimal impact to debt markets. Despite the overall rise in yields over the 12-month period, Global and Asia credits delivered gains as credit spreads tightened, while high yields outperformed investment grade. The JP Morgan Asia Credit Index (“JACI”) (SGD Hedged) returned +6.10% in SGD terms.

ECONOMIC REVIEW AND OUTLOOK

Global stock markets saw extreme volatility during the second half of July 2024 with steep falls for major indices. This was an unfortunate combination of events that spooked investors, which started with the release of US consumer price index data on 11 July 2024 which led to US recession fears and then culminated with the Bank of Japan’s surprise decision to raise rates at month end.

In the Target Fund Manager's view, economic data remains consistent with a soft landing, although the Target Fund Manager acknowledge the risks of a hard landing have gone up. Nonetheless, the Target Fund Manager continues to forecast global gross domestic product growth of 2.80% both this year and next, and the Target Fund Manager cyclical model supports a positive outlook, with year 2024 in expansionary mode. The US is likely to remain the key driver of global growth this year, against the backdrop of healthy consumer balance sheets, a recovering global manufacturing cycle and stable real income growth. While the Target Fund Manager expects rate cuts, most likely 75 basis points by year end, the Target Fund Manager thinks, absent a major geopolitical incident or natural disaster, recession concerns are overblown. Looking ahead, the investment team is keeping a close watch on several upcoming market events, including Jackson Hole and the US elections.

REVIEW OF TARGET FUND PERFORMANCE AND STRATEGY DURING THE FINANCIAL YEAR

Schroder Asian Income returned a strong 9.30%, net of fees over the 12-month period, in SGD terms. The Target Fund outperformed the 50% MSCI AC Asia Pacific ex-Japan Index and 50% JACI (SGD Hedged) reference benchmark which returned 7.00%. Both equities and fixed income contributed positively, as did the Target Fund Manager tactical positioning in equity futures.

The target equity portfolio performed well, with the Technology sector leading the gains, primarily due to the Target Fund Manager exposure to a Taiwan semiconductor manufacturer, driven by AI enthusiasm. The Target Fund Manager tactical positions in equity futures overlays also added value, led by their long positions in Taiwan index futures, supported by large cap technology names. India utilities did well, benefitting from India's expansionary budget to support energy and power plants, while the Target Fund Manager Chinese holdings also added value amid expectations that the country was past its worst and that valuations are attractive.

Fixed income returned positively as spreads tightened over the financial year. Hong Kong and Singapore bonds were led by financials and technology, media and telecommunications names, while Indian utilities and financial securities also performed strongly. On the other hand, Indonesia and Philippine sovereign and quasi-sovereign bonds detracted due to the rise in government bond yields over the financial year.

Within Global ex-Asia, the Target Fund Manager position in the US Semiconductor Exchange Traded Fund ("ETF") (now sold) and long US index futures generated strong alpha, supported by strong corporate earnings. The US Energy Infrastructure ETF, which provides an alternative source of high income of more than 8.00% yield, also added value, as did the Target Fund US Financials ETF and catastrophe bonds.

TARGET PORTFOLIO POSITIONING

As at end of July 2024, the net exposure to Asian equities stood at 55.30%, while Asian bonds and global allocation was at 36.40% and 4.70% respectively. In terms of the Target Fund futures overlay, the Target Fund Manager continued to hold India (2.20%) as its growth conditions and rising domestic investor participation remain supportive. The Target Fund Manager also held long positions in Taiwan (5.60%) on the back of Taiwan's leading role in the global chip market and the long term growth for AI. However, given the recent volatility due to concerns over US growth, the Target Fund Manager has decided to book some profits in their equity exposure while retaining their structurally positive view on these growth sectors. The Target Fund Manager also continues to hold short positions in Singapore (-3.10%) to rebalance lower opportunities compared to the other regions which are offering higher growth. The short position in UST to manage duration risk is at -8.70%. In currencies, the Target Fund Manager retained hedges on US Dollar ("USD"), Hong Kong Dollar ("HKD"), Japanese Yen and Taiwan Dollar. The net exposure to SGD stood at 53.10%, with USD and HKD at 16.30%.

Outside of Asia, the Target Fund Manager closed their long positions in US Semiconductors to take profits and to reduce volatility for the target portfolio. At the same time, the Target Fund Manager added US Financials (1.00%) given the broader financial services sector's robust and resilient earnings. Meanwhile, the Target Fund Manager also held US Energy Infrastructure (1.00%) which provides an alternative source of high income, with a dividend yield of more than 8.00%, and an investment opportunity to the growth within domestic US energy infrastructure. Separately, the Target Fund Manager also held catastrophe bonds (2.10%) to provide diversification and higher yields of 12.00% for their income strategy.

Within Asian equities, the Target Fund Manager took some profits from the outperformers in the semiconductor sector, given how well it has done. Going forward, the Target Fund Manager will continue to run a balanced portfolio. While the Target Fund Manager seeks defensiveness in high quality big caps, such as major internet names, gold miners, and selected Hong Kong financials, the Target Fund Manager continue to look for opportunities in sectors with structural growth stories, such as healthcare, technology, and advanced manufacturing.

In terms of fixed income, the Target Fund Manager continued to add to several high quality financial names across the region including Japan, Hong Kong, Australia and Thailand, given their solid corporate fundamentals and compelling yields. The Target Fund Manager also increased their exposure to Japan life insurers, as a higher rate environment will generally be more conducive to their insurance business by lowering their value of liabilities. The overall target portfolio duration was at 1.90 years in July 2024.

MARKET OUTLOOK AND STRATEGY GOING FORWARD

Despite the release of weak US labour data in July 2024, the Target Fund Manager base case remains for a soft landing in the next 6 to 12 months, with economic activity positive and inflation moving in the right direction. For now, the Target Fund Manager does not see significant risks of a sharp US recession. US Institute of Supply Management Services data received on 5 August 2024 remained in expansionary territory and this has somewhat calmed the Asia Pacific markets, with equities stabilizing most recently.

The Target Fund Manager continues to remain positive on Asia equities. In China, while structural challenges remain, there have been signs of more self-help among corporates recently, with a notable increase in dividend payouts and buyback activity. The Target Fund Manager also encouraged by recent steps from the government to bolster the property market, and further support could be forthcoming if conditions do not improve. Regarding technology, despite recent volatility, the Target Fund Manager continues to believe the underlying structural drivers for semiconductors will remain strong in the years to come. Overall, aggregate valuations for regional equities are close to longer term average levels. The Target Fund Manager remains very selective in their exposure, given the continued uneven nature of the recovery in the region, and disciplined about valuations.

On bonds, despite the tightening of spreads, Asia credit remains a good carry play. This is primarily attributable to (1) stable fundamentals, (2) supportive technicals, given the low issuance volume, and (3) high all in yields compared to history. The Target Fund Manager expects rate volatility is here to stay as expectations for rate cuts are bumpy and uncertain, especially as investors reassess the economic conditions with upcoming data. With regards to duration, in the short term, barring any further weakness in the data, the central scenario may see limited downside to yields from here. However, the medium term scenario is more constructive on duration, reason being that the absence of an increased risk in inflation suggests to the Target Fund Manager that higher moves in rates will be met with solid bidding by investors. The Target Fund Manager thus stays nimble in their duration positioning, focusing on credit selection as the key driver of returns.

Looking ahead, the Target Fund Manager is keeping a close watch on the US election as the issues of protectionism and immigration policy raise concerns about more expansionary fiscal policy which could point to a second round of inflation. Nonetheless, the expectation of Federal Reserve rate cuts in September 2024 is beneficial for Asian equities and bonds as it will attract capital flow back from USD to Asian capital markets. In addition, many economies in Asia Pacific have brought inflation under control, and are running prudent fiscal policy. Asia will also benefit from the manufacturing recovery that is currently under way.

TARGET FUND'S TOP 10 HOLDINGS

The Target Fund's top 10 holdings as at 31 July 2024 are as follows:

No.	Security Name	% of Net Asset Value (%)
1	Taiwan Semiconductor Manufacturing Co Ltd	3.90
2	MediaTek Inc	1.70
3	BHP Group Ltd	1.50
4	Hon Hai Precision Industry Ltd	1.30
5	Rio Tinto Ltd	1.30
6	NTPC Ltd	1.20
7	Tencent Holdings Ltd	1.10
8	HK Electric Investments Ltd	1.10
9	Samsung Electronics Co Ltd	1.10
10	India Grid Trust	1.00

The Target Fund's top 10 holdings as at 31 July 2023 are as follows:

No.	Security Name	% of Net Asset Value (%)
1	Taiwan Semiconductor Manufacturing Co Ltd	2.77
2	BHP Group Ltd	1.58
3	Rio Tinto Ltd	1.50
4	India Grid Trust	1.29
5	HK Electric Investments Ltd	1.15
6	NTPC Ltd	1.13
7	ANZ Group Holdings Ltd	1.05
8	Samsung Electronics Co Ltd	1.01
9	PT Bank Mandiri (Persero) Tbk	0.98
10	MediaTek Inc	0.93

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

For the financial year under review, the Fund has generated a return of 8.80%* against its benchmark return of 7.08%*. The Fund thus outperformed its benchmark by 1.72% during the financial year under review. The Fund is working to meet its objective by providing income and capital growth over the medium to long term (3-10 years). The Net Asset Value per unit of the Fund was RM0.5461 (2023: RM0.5271) as at 31 July 2024.

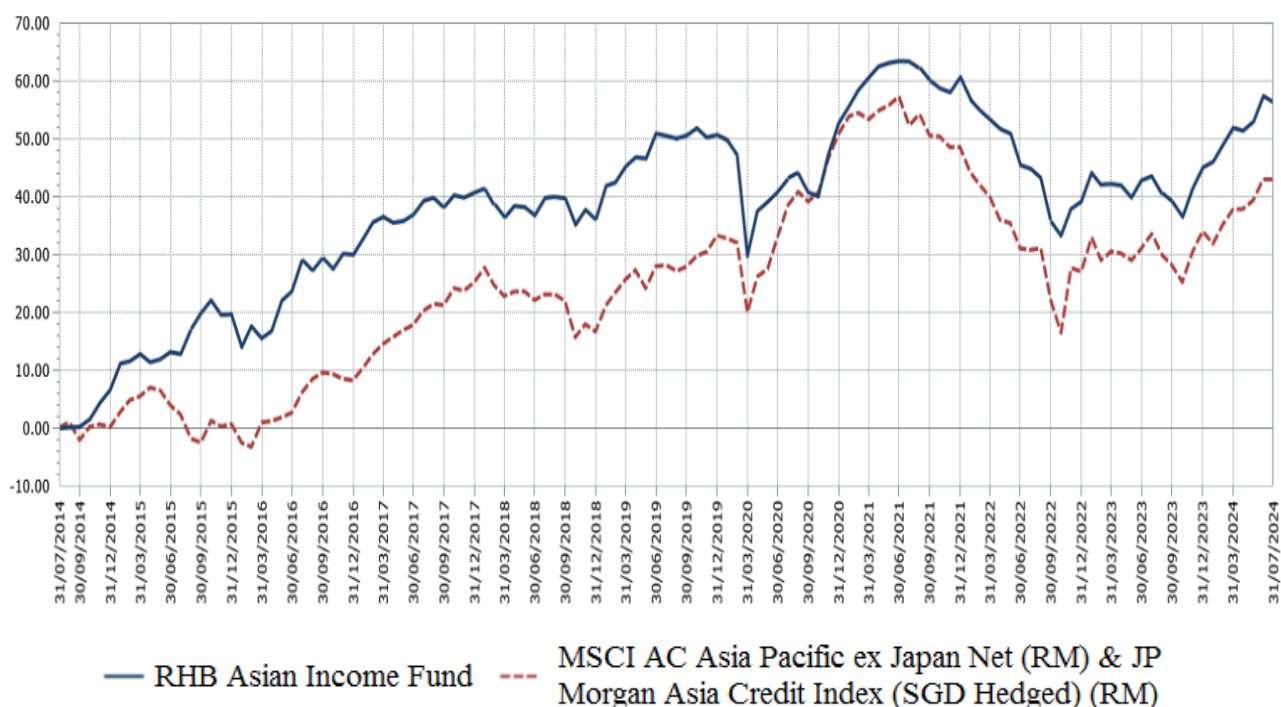
* Source: Lipper Investment Management (“Lipper IM”), 14 August 2024

PERFORMANCE DATA

	Annual Total Returns Financial Year Ended 31 July				
	2024 %	2023 %	2022 %	2021 %	2020 %
RHB Asian Income Fund					
- Capital Return	3.60	(3.83)	(15.10)	9.70	(10.03)
- Income Return	5.02	3.08	4.48	4.04	5.69
- Total Return	8.80	(0.87)	(11.30)	14.13	(4.91)
MSCI AC Asia Pacific ex Japan Net (RM) & JP Morgan Asia Credit Index (SGD Hedged) (RM)	7.08	2.17	(14.18)	9.94	8.15

	Average Annual Returns			
	1 Year 31.07.2023- 31.07.2024 %	3 Years 31.07.2021- 31.07.2024 %	5 Years 31.07.2019- 31.07.2024 %	10 Years 31.07.2014- 31.07.2024 %
RHB Asian Income Fund	8.80	(1.46)	0.75	4.56
MSCI AC Asia Pacific ex Japan Net (RM) & JP Morgan Asia Credit Index (SGD Hedged) (RM)	7.08	(2.07)	2.23	3.63

**Performance of RHB Asian Income Fund
for the period from 31 July 2014 to 31 July 2024
Cumulative Return Over The Period (%)**



Source: Lipper IM, 14 August 2024

The abovementioned performance figures are indicative returns based on daily Net Asset Value of a unit (as per Lipper Database) since 31 July 2014.

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	As at 31 July		
	2024	2023	2022
Net Asset Value (RM million)*	1,519.63	2,017.95	2,396.17
Units In Circulation (million)	2,782.68	3,828.68	4,371.80
Net Asset Value Per Unit (RM)*	0.5461	0.5271	0.5481

Historical Data	Financial Year Ended 31 July		
	2024	2023	2022
Unit Prices			
NAV - Highest (RM)*	0.5712	0.5511	0.6534
- Lowest (RM)*	0.4964	0.5045	0.5461
Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	0.65	0.64	0.65
Portfolio Turnover Ratio (PTR) (times) ##	0.21	0.12	0.05

* *The figures quoted are ex-distribution*

The TER for the financial year was higher compared with the previous financial year due to lower average net asset value for the financial year under review.

The PTR for the financial year was higher compared with the previous financial year due to more investments activities for the financial year under review.

	Financial Year Ended 31 July			
Distributions Date	Gross Distributions Per Unit (sen)	Net Distributions Per Unit (sen)	NAV before distributions (cum)	NAV after distributions (ex)
<u>2024</u>				
25.10.2023	0.4500	0.4500	0.5039	0.4985
26.01.2024	0.6000	0.6000	0.5266	0.5222
25.04.2024	0.6000	0.6000	0.5416	0.5325
25.07.2024	0.9500	0.9500	0.5574	0.5436
	2.6000	2.6000		
<u>2023</u>				
26.04.2023	0.8000	0.8000	0.5334	0.5264
24.07.2023	0.8000	0.8000	0.5296	0.5208
	1.6000	1.6000		
<u>2022</u>				
27.10.2021	0.6500	0.6500	0.6319	0.6240
26.01.2022	0.6500	0.6500	0.6173	0.6118
26.04.2022	0.6500	0.6500	0.5855	0.5801
26.07.2022	0.6500	0.5581	0.5508	0.5485
	2.6000	2.5081		

DISTRIBUTION

For the financial year under review, the Fund has declared a total net distribution of 2.6000 sen per unit, which is equivalent to a net distribution yield of 4.91% based on the average net asset value for the financial year.

PORTFOLIO STRUCTURE

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

	As at 31 July		
	2024	2023	2022
	%	%	%
Sectors			
Foreign collective investment scheme	96.02	95.97	98.23
Forward foreign currency contracts	0.95	0.53	(1.25)
Liquid assets and other net current assets	3.03	3.50	3.02
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The asset allocation has been structured to meet the Fund's intended objective.

SECURITIES FINANCING TRANSACTIONS

The Fund has not undertaken any securities lending or repurchase transactions for the financial year under review.

CROSS TRADE

The Fund has not carried out any cross trade transactions for the financial year under review.

SOFT COMMISSION

There were no soft commissions received by the management company for the financial year under review.

RHB ASIAN INCOME FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
ASSETS			
Bank balances	5	282,811	130,349
Deposits with licensed financial institutions	5	25,714,896	43,520,944
Investments	6	1,459,155,998	1,936,535,530
Amount due from Fund Manager of collective investment scheme		18,006,975	28,866,771
Other receivables		1,560,319	2,022,189
Tax recoverable		6,730,148	2,954,883
Forward foreign currency contracts	7	14,388,354	11,653,602
TOTAL ASSETS		<u>1,525,839,501</u>	<u>2,025,684,268</u>
LIABILITIES			
Forward foreign currency contracts	7	-	928,074
Amount due to counterparty		-	733,000
Amount due to Manager		3,719,457	2,865,351
Accrued management fee		2,394,588	3,095,482
Amount due to Trustee		79,823	103,188
Other payables and accruals		15,700	13,200
TOTAL LIABILITIES		<u>6,209,568</u>	<u>7,738,295</u>
NET ASSET VALUE		<u>1,519,629,933</u>	<u>2,017,945,973</u>
EQUITY			
Unit holders' capital		1,886,471,952	2,444,123,554
Accumulated losses		(366,842,019)	(426,177,581)
		<u>1,519,629,933</u>	<u>2,017,945,973</u>
UNITS IN CIRCULATION (UNITS)	8	<u>2,782,683,322</u>	<u>3,828,680,723</u>
NET ASSET VALUE PER UNIT (EX-DISTRIBUTION*) (RM)		<u>0.5461</u>	<u>0.5271</u>

The accompanying material accounting policy information and notes to the financial statement from an integral part of the financial statements.

RHB ASIAN INCOME FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
INCOME/(LOSS)			
Distribution income		103,270,471	121,300,935
Interest income from deposits with licensed financial institutions		1,043,051	1,430,474
Net realised loss on disposal		(91,698,377)	(79,578,596)
Net unrealised gain on changes in fair value		154,012,305	5,335,775
Net foreign currency exchange (loss)/gain		(317,492)	936,002
Net loss on forward foreign currency contracts	7	<u>(17,730,974)</u>	<u>(61,685,548)</u>
		<u>148,578,984</u>	<u>(12,260,958)</u>
EXPENSES			
Management fee	9	(10,256,076)	(12,551,301)
Trustee's fee	10	(1,053,171)	(1,307,632)
Audit fee		(8,200)	(8,200)
Tax agent's fee		(2,500)	(2,500)
Other expenses		(42,179)	(36,970)
		<u>(11,362,126)</u>	<u>(13,906,603)</u>
Net income/(loss) before taxation		137,216,858	(26,167,561)
Taxation	11	2,694,340	-
Net income/(loss) after taxation		<u>139,911,198</u>	<u>(26,167,561)</u>
Net income/(loss) after taxation is made up as follow:			
Realised amount		(17,353,432)	(71,863,299)
Unrealised amount		157,264,630	45,695,738
		<u>139,911,198</u>	<u>(26,167,561)</u>

The accompanying material accounting policy information and notes to the financial statement from an integral part of the financial statements.

RHB ASIAN INCOME FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

	Unit holders’ capital RM	Accumulated losses RM	Total net asset value RM
Balance as at 1 August 2022	2,734,382,663	(338,215,386)	2,396,167,277
Movement in net asset value:			
Net loss after taxation	-	(26,167,561)	(26,167,561)
Creation of units arising from distributions	61,794,634	-	61,794,634
Creation of units arising from applications	4,706,162	-	4,706,162
Cancellation of units	(356,759,905)	-	(356,759,905)
Distributions (Note 12)	-	(61,794,634)	(61,794,634)
Balance as at 31 July 2023	<u>2,444,123,554</u>	<u>(426,177,581)</u>	<u>2,017,945,973</u>
Balance as at 1 August 2023	2,444,123,554	(426,177,581)	2,017,945,973
Movement in net asset value:			
Net income after taxation	-	139,911,198	139,911,198
Creation of units arising from distributions	80,575,636	-	80,575,636
Creation of units arising from applications	7,988,001	-	7,988,001
Cancellation of units	(646,215,239)	-	(646,215,239)
Distributions (Note 12)	-	(80,575,636)	(80,575,636)
Balance as at 31 July 2024	<u>1,886,471,952</u>	<u>(366,842,019)</u>	<u>1,519,629,933</u>

The accompanying material accounting policy information and notes to the financial statement from an integral part of the financial statements.

**RHB ASIAN INCOME FUND
STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 JULY 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		653,858,794	436,437,479
Interest received from deposits with licensed financial institutions		1,043,051	1,430,474
Management fee paid		(10,476,088)	(12,700,140)
Trustee's fee paid		(1,076,536)	(1,326,553)
Payment for other fees and expenses		(50,379)	(44,670)
Net realised loss on forward foreign currency contracts		(22,126,800)	(101,614,900)
Tax paid		(1,080,925)	(5,285,533)
Net cash generated from operating activities		<u>620,091,117</u>	<u>316,896,157</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		7,988,001	4,706,162
Cash paid for units cancelled		<u>(645,361,133)</u>	<u>(356,841,678)</u>
Net cash used in financing activities		<u>(637,373,132)</u>	<u>(352,135,516)</u>
Net decrease in cash and cash equivalents		(17,282,015)	(35,239,359)
Foreign currency translation differences		(371,571)	(243,670)
Cash and cash equivalents at the beginning of the financial year		<u>43,651,293</u>	<u>79,134,322</u>
Cash and cash equivalents at the end of the financial year	5	<u>25,997,707</u>	<u>43,651,293</u>

The accompanying material accounting policy information and notes to the financial statement from an integral part of the financial statements.

**RHB ASIAN INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2024**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Asian Income Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 5 January 2012 as modified via its First Supplemental Deed dated 4 September 2013, Second Supplemental Deed dated 26 February 2015, Third Supplemental Deed dated 3 August 2015 and Fourth Supplemental Deed dated 22 March 2023 (hereinafter referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and HSBC (Malaysia) Trustee Berhad (“the Trustee”).

The Fund was launched on 5 June 2012 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 set out in the Deed.

The Fund is a feeder fund that will invest principally in one of the sub-funds of the Schroder International Opportunities Portfolio, that is, the Schroder Asian Income (“Schroder AI”) denominated in Singapore dollars and managed by Schroder Investment Management (Singapore) Ltd. (“Schroder Singapore”). The Schroder AI is an open ended collective investment scheme domiciled in Singapore and was launched on 21 October 2011.

All investments will be subject to the Securities Commission Malaysia (“SC”)’s Guidelines on Unit Trust Funds, SC’s 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 income and capital growth over the medium to long term by investing in one target fund, i.e. the Schroder Asian Income.

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, private retirement schemes and provision of investment advisory services.

These financial statements were authorised for issue by the Manager on 25 September 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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 material accounting policy information, 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 their judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ. There were no areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

(a) Standards and amendments to existing standards effective 1 August 2023

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 August 2023 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 August 2023 and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 August 2023. None of these is expected to have a significant effect on the financial statements of the Fund, except the following set out below:

- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’ clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

The amendment is effective for the annual financial reporting period beginning on or after 1 August 2024.

The amendment shall be applied retrospectively.

2. MATERIAL ACCOUNTING POLICY INFORMATION (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 financial assets measured at fair value through other comprehensive income. The contractual cash flows of the Fund’s debt securities are solely payment of 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 and derivatives 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 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.

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 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 within net gains or losses on investments in the financial year in which they arise.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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 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 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 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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Financial assets (continued)

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.

2.3 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 counterparty, amount due to Manager, accrued management fee, amount due to Trustee 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 2.12.

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. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 Unit holders' capital

The unit holders' contributions to the Fund meet the criteria of the definition of puttable instruments to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". These criteria include:

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

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

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

2.5 Income recognition

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

Interest income from short-term 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 gains or losses on sale of 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 forward foreign currency contract.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Taxation

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

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 with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

2.8 Distribution

Distribution to the Fund's unit holders 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.

2.9 Amount due from/to Fund Manager of collective investment scheme and counterparties

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 amount due from Fund Manager of collective investment scheme balance is held for collection.

Amounts due from/to counterparties represent forward contract receivables/payables that have been contracted for but not yet settled or delivered on the date of the statement of financial position respectively.

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 and counterparties 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 and counterparties, probability that the Fund Manager of collective investment scheme and counterparties will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 Ringgit Malaysia (“RM”), 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 RM primarily due to the following factors:

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

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 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 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 in accordance with the accounting policy set out in Note 2.2.

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, credit 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 SC's Guidelines on Unit Trust Funds.

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 RM1,459,155,998 (2023: RM1,936,535,530) in collective investment scheme.

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 of the Fund is +/- RM72,957,800 (2023: +/- RM96,826,777).

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.

Currency risk

The Fund invests in the Target Fund which is denominated in Singapore Dollar ("SGD"). Fluctuations in foreign exchange rate between SGD and Malaysia Ringgit ("MYR") will affect the value of the Fund's foreign investments when converted to local currency and subsequently the value of unit holders' investment. As such, the performance of the Fund will also be affected by the movements in the exchange rate between SGD and MYR.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk (continued)

The analysis is based on the assumption that the foreign exchange rate fluctuates by +/- 5%, with all other variables remain constants, the impact on statement of income and expenses and net asset value is +RM7,661,889/(-)RM40,592,597 (2023: +/-) RM49,277,830.

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

	<u>Investments</u> RM	<u>Forward foreign currency contracts</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other financial assets/ (liabilities)*</u> RM	<u>Total</u> RM
<u>2024</u>					
Singapore					
Dollar	1,459,155,998	14,388,354	231,888	19,567,294	1,493,343,534
<u>2023</u>					
Singapore					
Dollar	1,936,535,530	10,725,528	80,080	30,155,960	1,977,497,098

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

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 SC's Guidelines on Unit Trust Funds.

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.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

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

	Forward foreign currency contracts	Cash and cash equivalents	Other financial assets*	Total
	RM	RM	RM	RM
<u>2024</u>				
AAA	8,444,923	25,997,707	-	34,442,630
AA1	5,943,431	-	-	5,943,431
Other	-	-	19,567,294	19,567,294
	<u>14,388,354</u>	<u>25,997,707</u>	<u>19,567,294</u>	<u>59,953,355</u>
<u>2023</u>				
AAA	4,619,655	43,651,293	-	48,270,948
AA1	6,480,659	-	-	6,480,659
AA-	553,288	-	-	553,288
Other	-	-	30,888,960	30,888,960
	<u>11,653,602</u>	<u>43,651,293</u>	<u>30,888,960</u>	<u>86,193,855</u>

* Comprised of amount due from Fund Manager of collective investment scheme and other receivables.

Liquidity risk

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

Liquidity risk exists when particular investments are difficult to sell, possibly preventing a unit trust fund from selling such illiquid securities at an advantageous time or price. As part of its risk management, the Manager will attempt to manage the liquidity of the Fund through asset allocation and diversification strategies within the portfolio. The Manager will also conduct constant fundamental research and analysis to forecast future liquidity of its investments.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

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> RM	Between 1 month to 1 year RM
<u>2024</u>		
Amount due to Manager	3,719,457	-
Accrued management fee	2,394,588	-
Amount due to Trustee	79,823	-
Other payables and accruals	-	15,700
	<u>6,193,868</u>	<u>15,700</u>
<u>2023</u>		
Forward foreign currency contracts	928,074	-
Amount due to counterparty	733,000	-
Amount due to Manager	2,865,351	-
Accrued management fee	3,095,482	-
Amount due to Trustee	103,188	-
Other payables and accruals	-	13,200
	<u>7,725,095</u>	<u>13,200</u>

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM1,886,471,952 (2023: RM2,444,123,554) and accumulated losses of RM366,842,019 (2023: RM426,177,581). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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 financial 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 financial 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 balance and deposit 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 at fair value through profit or loss (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2024</u>				
Financial assets at FVTPL:				
- Collective investment scheme - foreign	1,459,155,998	-	-	1,459,155,998
- Forward foreign currency contracts	-	14,388,354	-	14,388,354
	<u>1,459,155,998</u>	<u>14,388,354</u>	-	<u>1,473,544,352</u>
<u>2023</u>				
Financial assets at FVTPL:				
- Collective investment scheme - foreign	1,936,535,530	-	-	1,936,535,530
- Forward foreign currency contracts	-	11,653,602	-	11,653,602
	<u>1,936,535,530</u>	<u>11,653,602</u>	-	<u>1,948,189,132</u>
Financial liabilities at FVTPL:				
- Forward foreign currency contracts	-	(928,074)	-	(928,074)

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 published prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2.2.

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 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 these financial assets are stated in Note 2.2 and Note 2.12.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>2024</u> RM	<u>2023</u> RM
Bank balances	282,811	130,349
Deposits with licensed financial institutions	25,714,896	43,520,944
	<u>25,997,707</u>	<u>43,651,293</u>

6. INVESTMENTS

	<u>2024</u> RM	<u>2023</u> RM
Investments:		
- Collective investment scheme – foreign	<u>1,459,155,998</u>	<u>1,936,535,530</u>

Investments as at 31 July 2024 is as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
<u>SINGAPORE</u>				
Schroder Asian Income Fund – X Class	483,984,431	<u>1,617,931,066</u>	1,459,155,998	96.02

Investments as at 31 July 2023 is as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
<u>SINGAPORE</u>				
Schroder Asian Income Fund – X Class	667,714,347	<u>2,249,322,903</u>	1,936,535,530	95.97

7. FORWARD FOREIGN CURRENCY CONTRACTS

As at 31 July 2024, there were twenty nine (2023: twenty eight) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounting of RM992,773,000 (2023: RM992,940,500) were entered into for hedging against the currency exposure arising from the investments in the collective investment scheme denominated in SGD.

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

Net loss on forward foreign currency contracts is as follows:

	<u>2024</u> RM	<u>2023</u> RM
Net loss on forward foreign currency contracts:		
- Net realised loss on forward currency contracts	(21,393,800)	(102,347,900)
- Net unrealised gain on forward currency contracts	3,662,826	40,662,352
	<u>(17,730,974)</u>	<u>(61,685,548)</u>

Forward foreign currency contracts as at 31 July 2024 are as follows:

<u>Counterparties</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
Hong Leong Bank Berhad	389,182,051	(383,418,000)	5,764,051	0.38
Hong Leong Investment Berhad	17,627,220	(17,393,000)	234,220	0.02
RHB Bank Berhad	423,813,431	(417,870,000)	5,943,431	0.39
United Overseas Bank (Malaysia) Berhad	176,538,652	(174,092,000)	2,446,652	0.16
TOTAL FORWARD FOREIGN CURRENCY CONTRACTS	<u>1,007,161,354</u>	<u>(992,773,000)</u>	<u>14,388,354</u>	<u>0.95</u>

7. FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

Forward foreign currency contracts as at 31 July 2023 are as follows:

<u>Counterparties</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair Value</u> RM	<u>% of Net Asset Value</u> %
Hong Leong Investment Berhad	138,400,235	(136,959,000)	1,441,235	0.07
JP Morgan Chase Bank Berhad	34,976,288	(34,423,000)	553,288	0.03
RHB Bank Berhad	554,166,580	(548,012,500)	6,154,080	0.30
United Overseas Bank (Malaysia) Berhad	276,122,925	(273,546,000)	2,576,925	0.13
TOTAL FORWARD FOREIGN CURRENCY CONTRACTS	<u>1,003,666,028</u>	<u>(992,940,500)</u>	<u>10,725,528</u>	<u>0.53</u>

As at 31 July 2024, there are twelve (2023: sixteen) forward foreign currency contracts outstanding with RHB Bank Berhad.

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

Related Party Balances

	<u>2024</u> RM	<u>2023</u> RM
Forward foreign currency contracts:		
- RHB Bank Berhad	<u>5,943,431</u>	<u>6,154,081</u>

8. UNITS IN CIRCULATION

	<u>2024</u> Units	<u>2023</u> Units
At the beginning of the financial year	3,828,680,723	4,371,801,510
Creation of units during the financial year:		
Arising from distributions	153,118,599	118,010,213
Arising from applications	14,719,000	8,715,000
Cancellation of units during the financial year	<u>(1,213,835,000)</u>	<u>(669,846,000)</u>
At the end of the financial year	<u>2,782,683,322</u>	<u>3,828,680,723</u>

9. MANAGEMENT FEE

In accordance with the Prospectus, the Management fee is computed on a daily basis at 1.80% (2023: 1.80%) per annum on the net asset value of the Fund before deducting the Manager's and Trustee's fee for that particular day. As this Fund invests in units of Schroder Singapore, any management fee charged to Schroder Singapore is fully refunded to this Fund. Accordingly, there is no double charging of management fee.

10. TRUSTEE'S FEE

In accordance with the Prospectus, the Trustee's fee provided in the financial statements is 0.06% (2023: 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>2024</u> RM	<u>2023</u> RM
Current taxation	-	-
Over provision of tax in prior years	(2,694,340)	-
	<u>(2,694,340)</u>	<u>-</u>

(b) Numerical reconciliation of income tax expense

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

	<u>2024</u> RM	<u>2023</u> RM
Net income/(loss) before taxation	<u>137,216,858</u>	<u>(26,167,561)</u>
Tax calculated at a statutory income tax rate of 24%	32,932,046	(6,280,215)
Tax effects of:		
- (Investment income not subject to tax)/ Investment loss not brought to tax	(35,658,956)	2,942,630
- Expenses not deductible for tax purposes	253,601	314,692
- Restriction on tax deductible expenses	2,473,309	3,022,893
- Overprovision of tax in prior years	(2,694,340)	-
Tax expense	<u>(2,694,340)</u>	<u>-</u>

12. DISTRIBUTIONS

Distributions to unit holders are from the following sources:

	<u>2024</u> RM	<u>2023</u> RM
Previous financial year's realised income	-	5,478,606
Distribution income	90,098,979	68,477,221
Interest income from deposits with licensed financial institutions	941,372	1,364,499
	<u>91,040,351</u>	<u>75,320,326</u>
Less: Expenses	(10,464,715)	(13,525,692)
Net distribution amount	<u>80,575,636</u>	<u>61,794,634</u>
	Gross/net	Gross/net
<u>Distributions date</u>	<u>sen per unit</u>	<u>sen per unit</u>
25 October 2023	0.4500	-
26 January 2024	0.6000	-
25 April 2024 / 26 April 2023	0.6000	0.8000
25 July 2024 / 24 July 2023	0.9500	0.8000
	<u>2.6000</u>	<u>1.0500</u>

13. TOTAL EXPENSE RATIO ("TER")

	<u>2024</u> %	<u>2023</u> %
TER	<u>0.65</u>	<u>0.64</u>

The TER 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")

	<u>2024</u>	<u>2023</u>
PTR (times)	<u>0.21</u>	<u>0.12</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 parties are as follows:

	2024		2023	
	Units	RM	Units	RM
The Manager	17,607	9,615	22,370	11,791
RHB Capital Nominees (Tempatan) Sdn Bhd	161,110,683	87,982,544	219,684,554	115,795,728
RHB Nominees (Tempatan) Sdn Bhd	2,210,270	1,207,028	2,104,702	1,109,388
RHB Trustee Berhad*	2,859,861	1,561,770	1,782,736	939,680

* A wholly owned subsidiary of holding company of the Manager

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, RHB Nominees (Tempatan) Sdn Bhd and RHB Trustees Berhad, both wholly owned subsidiary of holding company of the Manager, are under the 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 31 July 2024 is as follows:

<u>Fund Manager</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
Schroder Investment Management (Singapore) Ltd	643,296,970	100.00	-	-

16. TRANSACTIONS BY THE FUND (CONTINUED)

Details of transactions by the Fund for the financial year ended 31 July 2023 is as follows:

<u>Fund Manager</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
Schroder Investment Management (Singapore) Ltd	464,829,721	100.00	-	-

17. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2024</u> RM	<u>2023</u> RM
Financial assets		
Financial assets at FVTPL		
• Collective investment scheme	1,459,155,998	1,936,535,530
• Forward foreign currency contracts	14,388,354	11,653,602
	<u>1,473,544,352</u>	<u>1,948,189,132</u>
Financial assets at amortised cost		
• Bank balances	282,811	130,349
• Deposits with licensed financial institutions	25,714,896	43,520,944
• Amount due from Fund Manager of collective investment scheme	18,006,975	28,866,771
• Other receivables	1,560,319	2,022,189
	<u>45,565,001</u>	<u>74,540,253</u>
Financial liabilities		
Financial liabilities at FVTPL		
• Forward foreign currency contracts	-	928,074
Financial liabilities at amortised cost		
• Amount due to counterparty	-	733,000
• Amount due to Manager	3,719,457	2,865,351
• Accrued management fee	2,394,588	3,095,482
• Amount due to Trustee	79,823	103,188
• Other payables and accruals	15,700	13,200
	<u>6,209,568</u>	<u>6,810,221</u>

**STATEMENT BY MANAGER
RHB ASIAN INCOME FUND**

We, Dato' Darawati Hussain and Sharizad Binti Juma'at, 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 July 2024 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

Sharizad Binti Juma'at
Director

25 September 2024

TRUSTEE'S REPORT

To the unit holders of RHB Asian Income Fund (“Fund”)

We have acted as Trustee of the Fund for the financial year ended 31 July 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, RHB Asset Management Sdn Bhd has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

We are of the opinion that the distributions of income by the Fund are appropriate and reflects the investment objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
25 September 2024

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB ASIAN INCOME FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Asian Income Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 July 2024 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 July 2024, and the statement of income and expenses, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 13 to 37.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF RHB ASIAN INCOME 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 UNIT HOLDERS OF RHB ASIAN INCOME 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 UNIT HOLDERS OF
RHB ASIAN INCOME 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 of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
25 September 2024

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

Email address: rhbam@rhbgroup.com

Tel: 03-9205 8000

Fax: 03-9205 8100

Website: <https://rhbgroup.com/myinvest>

BOARD OF DIRECTORS

Mr Chin Yoong Kheong (*Independent Non-Executive Chairman*)

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

Tuan Syed Ahmad Taufik Albar (*Non-Independent Non-Executive Director*)
(*Resigned with effect from 29 February 2024*)

Encik Mohd Farid Bin Kamarudin (*Chief Executive Officer / Managing Director*)
(*Resigned with effect from 14 June 2024*)

Mr Ng Chze How (*Chief Executive Officer / Managing Director*)
(*Appointed with effect from 11 September 2024*)

Puan Sharizad Binti Juma'at (*Independent Non-Executive Director*)

INVESTMENT COMMITTEE MEMBERS

YBhg Dato' Darawati Hussain (*Independent Chairperson*)

Mr Chin Yoong Kheong

Puan Sharizad Binti Juma'at

CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Encik Mohd Farid Bin Kamarudin (*Resigned with effect from 14 June 2024*)

Mr Ng Chze How (*Appointed with effect from 11 September 2024*)

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Izafaniz Binti Abdullah Kamir (MACS01851)

Filza Zainal Abidin (LS No: 0008413)

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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
Ipoh Office	No.7A, Persiaran Greentown 9 Pusat Perdagangan Greentown 30450 Ipoh, Perak Tel: 05-242 4311 Fax: 05-242 4312
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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	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 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

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Melaka Office	581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211 / 06-281 4110 Fax: 06-292 2212
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	HSBC Malaysia (Trustee) Berhad
BANKER	RHB Bank Berhad
AUDITORS	PricewaterhouseCoopers PLT
TAX ADVISER	PricewaterhouseCoopers Taxation Services Sdn Bhd
DISTRIBUTORS	RHB Asset Management Sdn Bhd RHB Bank Berhad RHB Investment Bank Berhad Affin Bank Berhad Alliance Bank Malaysia Berhad AmBank (M) Berhad AmInvestment Bank Berhad Areca Capital Sdn Bhd CIMB Bank Berhad CIMB Private Banking Citibank Berhad Genexus Advisory Sdn Bhd Hong Leong Bank Berhad HSBC Bank (M) Berhad iFAST Capital Sdn Bhd Kenanga Investors Berhad Malayan Banking Berhad OCBC Bank (Malaysia) Berhad Phillip Mutual Berhad Standard Chartered Bank Malaysia Berhad TA Investment Management Berhad United Overseas Bank (Malaysia) Berhad UOB Kay Hian Securities (M) Sdn Bhd

RHB ♦ Asset Management

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