

RHB ASIAN TOTAL RETURN FUND

ANNUAL REPORT 2022

For the financial year ended 31 December 2022

GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name - RHB Asian Total Return Fund

Fund Category - Feeder Fund

Fund Type - Income and growth Fund

Investment Objective, Policy and Strategy

Objective of the Fund

The Fund aims to provide stable current income and capital appreciation by investing in debt securities issued by Asian corporations, financial institutions, governments and their agencies (including money market instruments). The Asian countries include but are not limited to Singapore, Malaysia, Thailand, Indonesia, Philippines, Hong Kong SAR, South Korea, Taiwan, China, Australia, New Zealand and Japan.

Strategy

The Fund invests principally in United Asian Bond Fund (“Target Fund”) launched on 8 March 2000 (SGD Class). The Target Fund is a collective investment scheme domiciled in Singapore investing in debt securities issued by Asian corporations, Asian financial institutions, Asian government and their agencies (including money market instruments) by generally maintaining an exposure of at least 70% and above in such debt securities.

The Manager may take temporary defensive positions that may be inconsistent with Fund’s principal strategy in attempting to respond to adverse economic, political or any other market conditions. In such circumstances, the Manager may reallocate up to 100% of the Fund’s investments into other asset classes such as money market instruments, cash and deposits with licensed financial institutions, which are defensive in nature. In the event that the Manager reallocate up to 100% of the Fund’s investments into other asset classes such as money market instruments, cash and deposits with licensed financial institutions, the Fund will no longer be able to track the performance of the United Asian Bond Fund, as the Fund is not invested into the United Asian Bond Fund.

As such, there would be a risk of underperformance of the Fund, should the United Asian Bond Fund outperform the market during the period where the Fund is not invested into the United Asian Bond Fund.

In addition, the Manager may take foreign exchange hedge positions in order to mitigate currency exposure that may erode the Fund's returns.

The Manager may, in consultation with the Trustee, replace the Target Fund with another collective investment scheme with a similar objective if, in the Manager's opinion, the Target Fund no longer meets the Fund's investment objective, or when acting in the interest of the unit holders. However, unit holders' approval must be obtained.

The Manager adopts the following forms of risk management strategies to mitigate the risk inherent to the Fund:

- Temporary defensive measures
These can be undertaken upon consultation with the investment committee of the Fund and may include holding a high level of cash over investments in the United Asian Bond Fund.

The asset allocation of the Fund will be as follows:

At least 95% of - Investments in the Target Fund
Net Asset Value

Up to 5% of - Investments in liquid assets to provide for liquidity purpose
Net Asset Value

Performance Benchmark

JP Morgan Asia Credit Index Total Return Composite ("JPMACI")

Permitted Investments and Restrictions

The Fund may invest in local or foreign collective investment schemes (including exchange traded funds), financial derivatives, liquid assets and any other investment permitted by the Securities Commission Malaysia from time to time.

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

Annual distribution, subject to the availability of income at the end of the financial year.

MANAGER’S REPORT

TARGET FUND PERFORMANCE

For the financial year ended 31 December 2022, the Target Fund registered a negative return of 6.67% (in Malaysian Ringgit (“MYR”) terms), compared with a negative return of 5.69% (in MYR terms) for the benchmark (JP Morgan Asia Credit Index (“JACI”) Investment Grade (“IG”) Total Return, prior 4 April 2022: JACI Total Return Composite).

The key detractors versus benchmark were from overall overweight in sovereign sector and Singapore. This was partially offset by contributors from overall underweight in property sector and China.

As of 31 December 2022, the Target Fund held 3.54% in cash. The Target Fund was mainly overweight in India while underweight in China and Korea. Sector-wise, the Target Fund was mainly overweight in the sovereign while underweight in the oil and gas, as well as industrial. The Target Fund had an average portfolio yield of 5.13% and a duration of 4.00 years, compared to 5.73% and a duration of 4.77 years in the benchmark index.

TARGET FUND’S TOP 10 HOLDINGS

The Target Fund’s top 10 holdings as at 31 December 2022 are as follows:

No.	Security Name	Fair Value (SGD)	% of Net Asset Value (%)
1	US Treasury N/B 05/50 1.25	5,125,561	9.57
2	US Treasury N/B 02/23 0.125	3,598,651	6.72
3	Temasek Financial (I) Ltd 08/61 2.75	3,269,692	6.11
4	Republic Of Philippines 10/24 9.5	1,484,854	2.77
5	Republic Of Indonesia 01/23 2.95	1,349,952	2.52
6	Korea Gas Corporation 01/24 4	1,095,417	2.05
7	China Cinda Finance 2017 02/23 3.875	1,088,231	2.03
8	ABJA Investment Co 07/23 4.45	1,086,824	2.03
9	SF Holding Investment Ltd 07/23 4.125	1,085,388	2.03
10	Bank Of China/Singapore 04/23 VAR	1,085,008	2.03

The Target Fund’s top 10 holdings as at 31 December 2021 are as follows:

No.	Security Name	Fair Value (SGD)	% of Net Asset Value (%)
1	United Asian High Yield Bond	3,755,000	4.68
2	United Asian Local Currency Bond Fund	3,689,887	4.60
3	Tencent Holdings Ltd 1.81 01/26/26	1,356,465	1.69
4	Chinalco Capital Holding 2 1/8 06/03/26	1,329,679	1.66
5	Baidu Inc 2 3/8 08/23/31	1,311,323	1.63
6	Republic of Philippines 5 1/2 03/30/26	1,275,870	1.59
7	CHN Clean Energy Develop 4 11/05/25	1,155,033	1.44
8	China Construction Leasin 1 3/4 09/16/26	1,094,164	1.36
9	CMB International Leasin 1 3/4 09/16/26	1,056,532	1.32
10	AliBaba Group Holding 3.4 12/06/27	859,414	1.07

REVIEW OF FUND PERFORMANCE DURING THE FINANCIAL YEAR

For the financial year, the Fund has generated a negative return of 8.61%* as compared to the benchmark negative return of 5.92%*. The Fund has not met its objective of providing stable current income and capital appreciate to its investors. The Net Asset Value per unit of the Fund was RM0.5784 (2021: RM0.6329) as at 31 December 2022.

* Source: Lipper Investment Management (“Lipper IM”), 16 January 2023

ECONOMIC AND MARKET OUTLOOK

Asia credit had one of the most challenging years in 2022 since the Global Financial Crisis. This was driven by Federal Reserve (“Fed”) rate hikes in the United States (“US”), ramifications from the war in Ukraine, China’s adherence to Zero-COVID policy, a severe and continuing downturn in the China property sector, and regulatory risk in China.

The Fed raised interest rates by 425 basis points (“bps”) to 4.25%-4.50%, capping off one of the most aggressive years in the central bank’s history. United States Treasury (“UST”) 2-year and 10-year UST closed at 4.43% (+370bps) and 3.88% (+237bps), respectively.

Investors skirted around credit events such as the potential delisting of China companies in the US, the wave of China property bond defaults as well as delays in financial reporting from China asset management companies. Despite significant volatile moves throughout the year 2022, the overall credit spread marginally changed. The JACI IG spread closed the year at 180bps (+5bps), with China underperforming within the region.

G3 Asia ex-Japan new issue supply plunged 53.50% to United States Dollar (“USD”) 160.50 billion (“bn”), the lowest level since year 2013. Investors shunned Chinese developers and other weak credits while rising USD borrowing costs deterred stronger issuers from the primary markets. Seasoned IG borrowers such as financials, agencies, and sovereigns sustained the deal flow contributing to 84.00% of total bonds issued.

TARGET FUND STRATEGY & OUTLOOK

While many of year 2022 issues remain risk factors in year 2023, the Target Fund Manager may usher better performance for Asia credit given the expected slowdown in rate hikes and potential pause as a possibility. The stabilization in rates will lead to stabilization in Asian credits. All in yield, the highest since year 2009 will provide a sufficient margin of safety. Meanwhile, China has accelerated the country’s economic and social reopening. While the path toward living with COVID-19 and restoring normality to economic and social activities will likely be uneven and choppy, the government’s direction appears set.

The world is transitioning to a more challenging era where interest rates are higher and geopolitical tensions are more significant. The big build-up in debt during an ultra-low interest rates environment has increased the risk of potential debt blow-ups. The intensifying US/China rivalry and unresolved Russia/Ukraine war also continued to weigh against market sentiment. Finally, potential US recession risk remains a key negative factor to watch.

Another tectonic shift is a steep slowdown in China’s long-term growth. While its economy should enjoy a bounce this year in 2022 with the end of Zero-COVID restrictions, deeper-seated difficulties with a Chinese growth model that depends heavily on excessive infrastructure spending and a bloated property sector to boost gross domestic product. Its property crisis is far from over, with USD17.00 bn of non-defaulted property bonds maturing in year 2022.

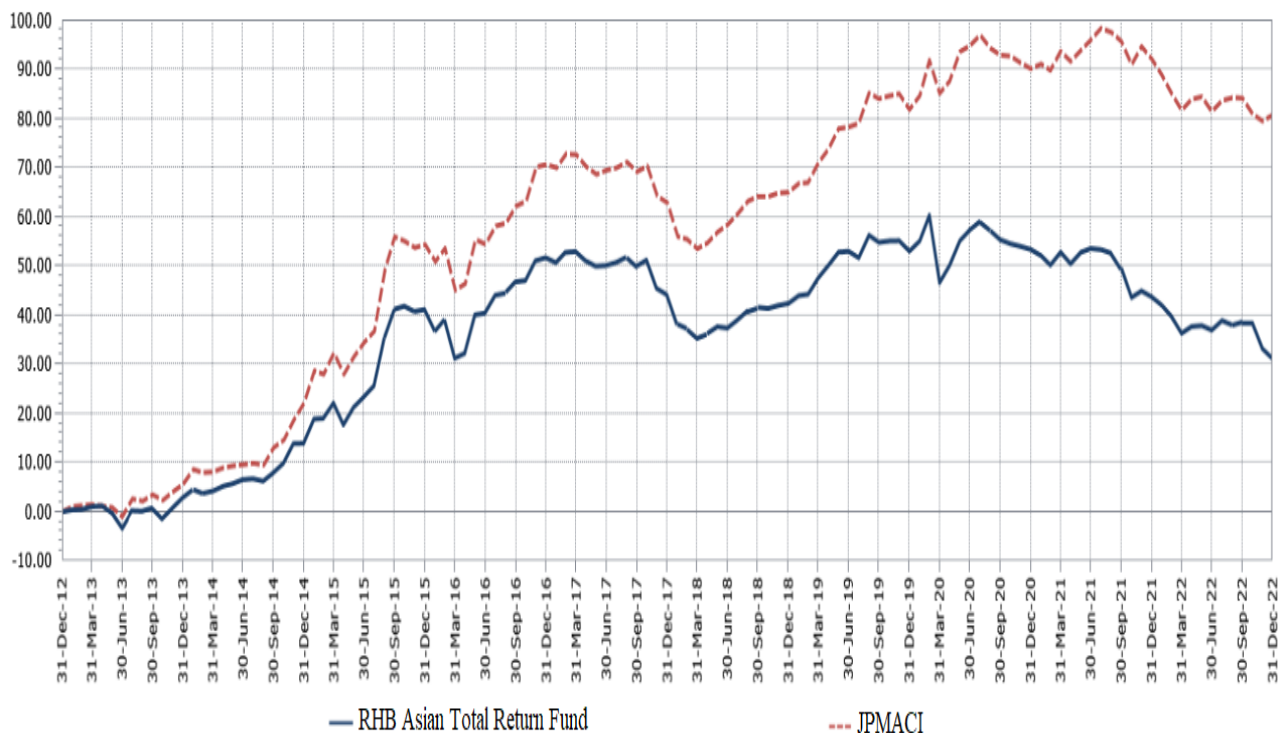
With the interplay between higher levels of interest rates and slower growth (or recession risks) creating a potentially wide range of outcomes, the Target Fund Manager will continue to maintain their defensive positioning with a preference for quality credits with leading market shares and systemic importance in defensive sectors. The Target Fund is also underweighting the China Property sector.

PERFORMANCE DATA

	Annual Total Returns				
	Financial Year Ended 31 December				
	2022	2021	2020	2019	2018
	%	%	%	%	%
RHB Asian Total Return Fund					
- Capital Return	(8.61)	(6.46)	0.36	7.48	(1.29)
- Income Return	-	-	-	-	-
- Total Return	(8.61)	(6.46)	0.36	7.48	(1.29)
JPMACI	(5.92)	1.04	4.56	10.21	1.33

	Average Annual Returns			
	1 Year	3 Years	5 Years	10 Years
	31.12.2021-	31.12.2019-	31.12.2017-	31.12.2012-
	31.12.2022	31.12.2022	31.12.2022	31.12.2022
	%	%	%	%
RHB Asian Total Return Fund	(8.61)	(4.98)	(1.86)	2.74
JPMACI	(5.92)	(0.20)	2.11	6.09

**Performance of RHB Asian Total Return Fund
for the period from 31 December 2012 to 31 December 2022
Cumulative Return Over The Period (%)**



Source: Lipper IM, 16 January 2023

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	As at 31 December		
	2022	2021	2020
Net Asset Value (RM million)	6.74	9.15	12.77
Units In Circulation (million)	11.66	14.46	18.88
Net Asset Value Per Unit (RM)	0.5784	0.6329	0.6766

Historical Data	Financial Year Ended 31 December		
	2022	2021	2020
Unit Prices			
NAV - Highest (RM)	0.6369	0.6926	0.7149
- Lowest (RM)	0.5784	0.6227	0.6419
Distribution and Unit Split	-	-	-
Others			
Total Expense Ratio (TER) (%) #	0.41	0.36	0.40
Portfolio Turnover Ratio (PTR) (times) ##	0.11	0.13	0.14

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

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

DISTRIBUTION

For the financial year under review, no distribution has been proposed by the Fund.

PORTFOLIO STRUCTURE

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

	As at 31 December		
	2022	2021	2020
Sectors	%	%	%
Collective investment scheme	97.56	96.53	97.86
Liquid assets and other net current assets	2.44	3.47	2.14
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The asset allocation was reflective of the Fund's investment strategy.

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 TOTAL RETURN FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Bank balances		54,955	50,395
Deposits with licensed financial institutions		123,376	263,505
Investments	5	6,579,323	8,836,361
Other receivables		19,005	24,997
TOTAL ASSETS		<u>6,776,659</u>	<u>9,175,258</u>
LIABILITIES			
Amount due to Manager		-	636
Accrued management fee		7,302	9,830
Amount due to Trustee		351	472
Tax payable		14,591	-
Other payables and accruals		10,450	10,450
TOTAL LIABILITIES		<u>32,694</u>	<u>21,388</u>
NET ASSET VALUE		<u>6,743,965</u>	<u>9,153,870</u>
EQUITY			
Unit holders' capital		1,012,958	2,724,468
Retained earnings		5,731,007	6,429,402
		<u>6,743,965</u>	<u>9,153,870</u>
UNITS IN CIRCULATION (UNITS)	6	<u>11,660,000</u>	<u>14,464,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5784</u>	<u>0.6329</u>

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

**RHB ASIAN TOTAL RETURN FUND
STATEMENT OF INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
LOSS			
Distribution income from investments		301,780	427,350
Interest income from deposits with licensed financial institutions		3,397	3,764
Net realised loss on disposal		(272,940)	(164,146)
Net unrealised loss on changes in fair value		(643,984)	(895,046)
Net foreign currency exchange loss		(3,339)	(7,794)
		<u>(615,086)</u>	<u>(635,872)</u>
EXPENSES			
Management fee	7	(14,148)	(19,644)
Trustee's fee	8	(4,601)	(6,401)
Audit fee		(6,650)	(6,650)
Tax agent's fee		(3,800)	(3,800)
Other expenses		(2,018)	(1,890)
		<u>(31,217)</u>	<u>(38,385)</u>
Net loss before taxation		(646,303)	(674,257)
Taxation	9	(52,092)	-
Net loss after taxation		<u>(698,395)</u>	<u>(674,257)</u>
Net loss after taxation is made up as follow:			
Realised amount		(54,411)	220,789
Unrealised amount		(643,984)	(895,046)
		<u>(698,395)</u>	<u>(674,257)</u>

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

RHB ASIAN TOTAL RETURN FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Unit holders’ capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 January 2021	1,978,090	10,796,829	12,774,919
Movement in net asset value:			
Net loss after taxation	-	(674,257)	(674,257)
Creation of units arising from applications	166,687	-	166,687
Cancellation of units	(3,113,479)	-	(3,113,479)
Equalisation adjustment*	3,693,170	(3,693,170)	-
Balance as at 31 December 2021	<u>2,724,468</u>	<u>6,429,402</u>	<u>9,153,870</u>
Balance as at 1 January 2022	2,724,468	6,429,402	9,153,870
Movement in net asset value:			
Net loss after taxation	-	(698,395)	(698,395)
Creation of units arising from applications	78,025	-	78,025
Cancellation of units	(1,789,535)	-	(1,789,535)
Balance as at 31 December 2022	<u>1,012,958</u>	<u>5,731,007</u>	<u>6,743,965</u>

* Equalisation is to ensure the existing unit holders are equally compensated for the dilution of their interests arising from new unit holders in the Fund.

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

**RHB ASIAN TOTAL RETURN FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	<u>2022</u> RM	<u>2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	1,338,712	2,601,189
Distribution income received from investments	302,213	426,964
Interest received from deposits with licensed financial institutions	3,397	3,764
Management fee paid	(13,054)	(16,932)
Trustee's fee paid	(4,722)	(6,592)
Payment for other fees and expenses	(12,468)	(12,340)
Tax paid	(37,501)	-
Net cash generated from operating activities	<u>1,576,577</u>	<u>2,996,053</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	78,025	166,687
Cash paid for units cancelled	<u>(1,790,171)</u>	<u>(3,212,870)</u>
Net cash used in financing activities	<u>(1,712,146)</u>	<u>(3,046,183)</u>
Net decrease in cash and cash equivalents	(135,569)	(50,130)
Cash and cash equivalents at the beginning of the financial year	<u>313,900</u>	<u>364,030</u>
Cash and cash equivalents at the end of the financial year	<u>178,331</u>	<u>313,900</u>

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

**RHB ASIAN TOTAL RETURN FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Asian Total Return Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master deed (conventional funds) dated 12 June 2008 as amended via its first supplemental master deed (conventional funds) dated 25 August 2008, second supplemental master deed (conventional funds) dated 12 December 2008, third supplemental master deed (conventional funds) dated 19 June 2009, fourth supplemental master deed (conventional funds) dated 18 August 2009, fifth supplemental master deed (conventional funds) dated 26 April 2010, sixth supplemental master deed (conventional funds) dated 28 June 2010, seventh supplemental master deed (conventional funds) dated 3 October 2011, eighth supplemental master deed (conventional funds) dated 24 April 2012, ninth supplemental master deed (conventional funds) dated 7 March 2012, tenth supplemental master deed (conventional funds) dated 13 April 2012, eleventh supplemental master deed (conventional funds) dated 30 May 2012, twelfth supplemental master deed (conventional funds) dated 30 May 2012, thirteenth supplemental master deed (conventional funds) dated 24 September 2012, fourteenth supplemental master deed (conventional funds) dated 19 November 2012, fifteenth supplemental master deed (conventional funds) dated 30 April 2013, sixteenth supplemental master deed (conventional funds) dated 24 September 2013, seventeenth supplemental master deed (conventional funds) dated 2 March 2015, eighteenth supplemental master deed (conventional funds) dated 20 May 2015, nineteenth supplemental master deed (conventional funds) dated 3 August 2015 and twentieth supplemental master deed (conventional funds) dated 14 July 2022 (collectively 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 26 February 2007 and will continue its operations until terminated according to the conditions provided in the Deeds. The principal activity of the Fund is to invest in Permitted Investments as defined in the Deeds.

The Fund is a feeder fund that invests in the United Asian Bond Fund (“Target Fund”), a collective investment scheme domiciled in Singapore that is managed by UOB Asset Management Limited, Singapore.

When the investment in the Target Fund does not meet the objectives of the Fund, or when acting in the interest of the unit holders, the Manager may choose to replace it with other collective investment scheme with similar objectives, subject to the approval from the unit holders.

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES (CONTINUED)

All investments will be subject to the Securities Commission Malaysia (“SC”)’s Guidelines on Unit Trust Funds, SC’s requirements, the Deeds, 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 stable current income and capital appreciation by investing in debt securities issued by Asian corporations, financial institutions, governments and their agencies (including money market instruments). The Asian countries include but are not limited to Singapore, Malaysia, Thailand, Indonesia, Philippines, Hong Kong SAR, South Korea, Taiwan, China, Australia, New Zealand and Japan.

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 24 February 2023.

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. There were no areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

(a) Standards and amendments to existing standards effective 1 January 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 January 2022 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 January 2022. 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 January 2024.

The amendment shall be applied retrospectively.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Classification (continued)

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 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 and financial liabilities at fair value through profit or loss are initially recognised at fair value.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

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.

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.

Definition of default and credit-impaired financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

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 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.

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Unit holders' capital (continued)

The outstanding units are carried at the redemption amount that is payable at each financial period 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 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 deposits with licensed financial institutions is recognised on an accrual basis using the effective interest method.

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

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

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

2.6 Taxation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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:

- 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.

2.9 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.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the SC 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 (other than these arising from interest rate risk).

The Fund is exposed to collective investments scheme price risk (other than those arising from interest rate risk) for its investments of RM6,579,323 (2021: RM8,836,361) in collective investments scheme.

The sensitivity analysis is based on the assumption that the price of the investments fluctuate by +/- 5% with all other variables held constant, the impact on statement of income and expenses and net asset value is +/- RM328,966 (2021: RM441,818).

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk

The Fund invests in the Target Fund which is denominated in Singapore Dollar (“SGD”). Fluctuations in foreign exchange rate between SGD and Ringgit Malaysia 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 Ringgit Malaysia.

The sensitivity analysis is based on the assumption that the foreign exchange rate fluctuates by +/- 5% with all other variable remain constant, the impact on statement of income and expenses and net asset value is +/- RM329,916 (2021: RM443,068).

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

	<u>Investments</u> RM	<u>Other receivables</u> RM	<u>Total</u> RM
<u>2022</u>			
Singapore Dollar	<u>6,579,323</u>	<u>19,005</u>	<u>6,598,328</u>
<u>2021</u>			
Singapore Dollar	<u>8,836,361</u>	<u>24,997</u>	<u>8,861,358</u>

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

Liquidity risk

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

The Fund invests principally in the Target Fund. The liquidity risk that exists at the Fund level is associated with the inability of the Target Fund to meet large redemption requests in a timely manner. This is related to the risk of substantial redemptions.

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 <u>RM</u>
<u>2022</u>		
Accrued management fee	7,302	-
Amount due to Trustee	351	-
Other payables and accruals	-	10,450
	<u>7,653</u>	<u>10,450</u>
<u>2021</u>		
Amount due to Manager	636	-
Accrued management fee	9,830	-
Amount due to Trustee	472	-
Other payables and accruals	-	10,450
	<u>10,938</u>	<u>10,450</u>

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 SC Guidelines on Unit Trust Funds.

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

	Cash and cash equivalents	Other receivables	Total
	RM	RM	RM
<u>2022</u>			
AAA	178,331	-	178,331
Others	-	19,005	19,005
	<u>178,331</u>	<u>19,005</u>	<u>197,336</u>
<u>2021</u>			
AAA	313,900	-	313,900
Others	-	24,997	24,997
	<u>313,900</u>	<u>24,997</u>	<u>338,897</u>

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM1,012,958 (2021: RM2,724,468) and retained earnings of RM5,731,007 (2021: RM6,429,402). 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 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.

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

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

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy

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

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2022</u>				
Financial assets at FVTPL:				
- Collective investment scheme	6,579,323	-	-	6,579,323
<u>2021</u>				
Financial assets at FVTPL:				
- Collective investment scheme	8,836,361	-	-	8,836,361

Investments in collective investment scheme, i.e. unit trust fund whose values are based on published prices in active markets is 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.

5. INVESTMENTS

	<u>2022</u> RM	<u>2021</u> RM
Investments:		
- Collective investment scheme – foreign	<u>6,579,323</u>	<u>8,836,361</u>

Investments as at 31 December 2022 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair</u> <u>Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
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COLLECTIVE INVESTMENT SCHEME - FOREIGN

SINGAPORE

United Asian Bond Fund	1,624,402	<u>8,507,300</u>	6,579,323	97.56
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Investments as at 31 December 2021 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair</u> <u>Value</u> RM	<u>% of Net</u> <u>Asset</u> <u>Value</u> %
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COLLECTIVE INVESTMENT SCHEME - FOREIGN

SINGAPORE

United Asian Bond Fund	1,932,402	<u>10,120,354</u>	8,836,361	96.53
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6. UNITS IN CIRCULATION

	<u>2022</u> Units	<u>2021</u> Units
At the beginning of the financial year	14,464,000	18,882,000
Creation of units arising from applications during the financial year	128,000	251,000
Cancellation of units during the financial year	<u>(2,932,000)</u>	<u>(4,669,000)</u>
At the end of the financial year	<u>11,660,000</u>	<u>14,464,000</u>

7. MANAGEMENT FEE

In accordance with the Prospectus, the management fee provided in the financial statements is 1.25% (2021: 1.25%) 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.

8. TRUSTEE'S FEE

In accordance with the Prospectus, the Trustee's fee provided in the financial statements is 0.06% (2021: 0.06%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

9. TAXATION

(a) Tax charge for the financial year

	<u>2022</u> RM	<u>2021</u> RM
Current taxation	<u>52,092</u>	<u>-</u>

9. TAXATION (CONTINUED)

(b) Numerical reconciliation of income tax expense

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

	<u>2022</u> RM	<u>2021</u> RM
Net loss before taxation	<u>(646,303)</u>	<u>(674,257)</u>
Tax calculated at statutory income tax rate of 24%	(155,113)	(161,822)
Tax effects of:		
- Loss not deductible for tax purposes	176,126	152,609
- Expenses not deductible for tax purposes	2,323	2,902
- Restriction on tax deductible expenses	21,712	6,311
- Income subject to different tax rate	<u>7,044</u>	<u>-</u>
Tax expense	<u>52,092</u>	<u>-</u>

10. TOTAL EXPENSE RATIO (“TER”)

	<u>2022</u> %	<u>2021</u> %
TER	<u>0.41</u>	<u>0.36</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.

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2022</u>	<u>2021</u>
PTR (times)	<u>0.11</u>	<u>0.13</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.

12. 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:

	<u>2022</u>		<u>2021</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The Manager	5,008	2,897	5,123	3,242
RHB Capital Nominees (Tempatan) Sdn Bhd	<u>2,044,912</u>	<u>1,182,777</u>	<u>2,096,530</u>	<u>1,326,894</u>

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.

13. TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial year ended 31 December 2022 are 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> %
UOB Asset Management Ltd, Singapore	1,340,114	100.00	-	-

Details of transactions by the Fund for the financial year ended 31 December 2021 are 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> %
UOB Asset Management Ltd, Singapore	2,606,328	100.00	-	-

14. FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>2022</u> RM	<u>2021</u> RM
Financial assets		
Financial assets at FVTPL		
• Collective investment scheme	<u>6,579,323</u>	<u>8,836,361</u>
Financial assets at amortised cost		
• Bank balances	54,955	50,395
• Deposits with licensed financial institutions	123,376	263,505
• Other receivables	<u>19,005</u>	<u>24,997</u>
	<u>197,336</u>	<u>338,897</u>
Financial liabilities		
Financial liabilities at amortised cost		
• Amount due to Manager	-	636
• Accrued management fee	7,302	9,830
• Amount due to Trustee	351	472
• Other payables and accruals	<u>10,450</u>	<u>10,450</u>
	<u>18,103</u>	<u>21,388</u>

**STATEMENT BY MANAGER
RHB ASIAN TOTAL RETURN FUND**

We, Dato' Darawati Hussain and Syed Ahmad Taufik Albar, 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 December 2022 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

Syed Ahmad Taufik Albar
Director

24 February 2023

TRUSTEE'S REPORT

To the unit holders of RHB Asian Total Return Fund (“Fund”),

We have acted as Trustee of the Fund for the financial year ended 31 December 2022 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:

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

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
24 February 2023

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Asian Total Return Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 December 2022 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 December 2022, 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 a summary of significant accounting policies, as set out on pages 10 to 33.

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 TOTAL RETURN 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 TOTAL RETURN 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 TOTAL RETURN 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
24 February 2023

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: www.rhbgroup.com

BOARD OF DIRECTORS

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

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

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

(*Resigned with effect from 1 December 2022*)

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

YBhg Datuk Seri Dr Govindan A/L Kunchambo

(*Independent Non-Executive Director*)

(*Resigned with effect from 30 September 2022*)

Encik Mohd Rashid Bin Mohamad (*Non-Independent Non-Executive Director*)

(*Resigned with effect from 20 June 2022*)

Tuan Syed Ahmad Taufik Albar (*Non-Independent Non-Executive Director*)

(*Appointed with effect from 20 June 2022*)

Puan Hijah Arifakh Binti Othman (*Independent Non-Executive Director*)

(*Appointed with effect from 30 September 2022*)

INVESTMENT COMMITTEE MEMBERS

Mr Yap Chee Meng (*Independent Chairman*)

YBhg Dato' Darawati Hussain

Puan Sharifatu Laila Syed Ali (*Resigned with effect from 30 September 2022*)

Puan Hijah Arifakh Binti Othman (*Appointed with effect from 30 September 2022*)

CHIEF EXECUTIVE OFFICER

Ms Ong Yin Suen (*Resigned with effect from 1 December 2022*)

ACTING CHIEF EXECUTIVE OFFICER / ACTING MANAGING DIRECTOR

Mohd Farid Bin Kamarudin (*Appointed with effect from 1 December 2022*)

SECRETARIES

Encik Azman Shah Md Yaman (LS No. 0006901)

Cik Hasnita Sulaiman (MAICSA No. 7060582)

BRANCH OFFICE

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
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

Kota Bharu Office
Ground Floor, No 3486-G
Jalan Sultan Ibrahim
15050 Kota Bharu, Kelantan
Tel: 09-740 6891 Fax: 09-740 6890

Kota Kinabalu Office
Lot No. C-02-04, 2nd Floor
Block C, Warisan Square
Jalan Tun Fuad Stephens
88000 Kota Kinabalu, Sabah
Tel: 088-528 686/ 088-528 692
Fax: 088-528 685

Melaka Office
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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 AmBank Berhad Areca Capital Sdn Bhd CIMB Private Banking Genexus Advisory Sdn Bhd HSBC Bank (Malaysia) Berhad iFAST Capital Sdn Bhd Kenanga Investors Berhad OCBC Bank (Malaysia) Berhad Phillip Mutual Berhad United Overseas Bank (Malaysia) Bhd UOB Kay Hian Securities (M) Sdn Bhd Standard Chartered Bank (Malaysia) Berhad

RHB ♦ Asset Management

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