BOS WEALTH MANAGEMENT

A subsidiary of Bank of Singapore

BOSWM CORE GROWTH FUND

ANNUAL REPORT

For the financial period from 30 April 2020 (date of commencement) to 31 December 2021

CONTENTS

FUND INFORMATION
As At 31 December 2021

Name Of Fund (Feeder)	:	BOSWM Core Growth Fund
Manager Of Fund	:	BOS Wealth Management Malaysia Berhad 199501006861 (336059-U)
Name of Target Fund	:	BOS International Fund – Growth
Investment Manager Of Target Fund	:	Bank of Singapore Limited (197700866R)
Manager Of Target Fund	:	UBS Fund Management (Luxembourg) S.A. (B 154.210)
Launch Date	:	Class MYR-Hedged BOS – 30 April 2020 Class USD BOS – 30 April 2020 Class PP USD – 16 December 2021 Class PP MYR Non-Hedged – 16 December 2021
Category Of Fund	:	The Fund will continue its operations until terminated as provided under Clause 25 of the Deed.
Type Of Fund	:	Feeder fund (wholesale)
Investment Objective	:	Growth and income BOSWM Core Growth Fund aims to provide long-term capital growth and/or income return by investing into a collective investment scheme. *Income is in reference to the Fund's distribution, which could be in the form of cash or unit.*
Performance Benchmark	:	BOS International Fund – Growth* * This is the Fund's new benchmark effective 1 March 2021. It will be used as the Fund's benchmark retrospectively (i.e. since the Fund's launch date). *Notes:* • *BOS International Fund – Growth is the Target Fund of BOSWM Core Growth Fund* • *Class Retail C USD of the Target Fund will be used for calculation based on data obtained from Bloomberg*

Distribution Policy	:	Incidental, subject to Manager's discretion.
Fund Size	:	5.42 million units
Breakdown Of Unitholdings	:	

Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
5,000 units & below	-	-	-
5,001-10,000 units	-	-	-
10,001-50,000 units	-	-	-
50,001-500,000 units	-	-	-
500,001 units & above	1	100.00	5.42
Total	1	100.00	5.42

FUND PERFORMANCE

Financial Highlights

Category	As At 31.12.2021
	%
Collective Investment Scheme	95.23
Cash And Islamic Money Market Instruments	4.77
Total	100.00

	Class MYR-Hedged BOS
Net Asset Value (USD'000) - ex distribution	1,271
Number Of Units In Circulation (Units '000)	5,424
Net Asset Value Per Unit (USD)	0.2344
Net Asset Value Per Unit (RM)	0.9757
Management Expense Ratio ("MER")	0.80%
Portfolio Turnover Ratio (times)	0.54

The MER for the current financial period was computed based on 211 days from 4 June 2021, which was the date of the first unit was sold since commencement date of the Fund.

[1] The MER does not include brokerage and other transaction fees.

Notes:
The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.

FUND PERFORMANCE
For The Financial Year Ended 31 December 2021

Market And Fund Review
Review Of BOS International Fund – Growth (Target Fund Of BOSWM Core Growth Fund)

January 2021

General:
The BOS International Growth Fund returned 1.03% respectively in January, with markets consolidating in January on the back of recent strength, full valuations, and some hitches with regards to the COVID-19 vaccine rollout.

Equities:
After a strong start to the month equity markets retraced toward the end of January as the market took a pause given recent strength, rising COVID-19 infection rates in some regions, and full valuations. Asian equities led (+4.7%) for the month, followed by Japan (+0.39%). The US (-0.93%) and Europe (-1.48%) finished in negative territory for January (Source: Bloomberg; in USD terms).

In the US President Biden wasted little time in making his mark on his new office, by signing an executive order committing the US to rejoin the Paris Climate Accord – the landmark nonbinding accord among nations aimed at reducing carbon emissions – which Trump previously withdrew from in 2017. Despite ongoing high COVID-19 case numbers, macroeconomic data continued to provide comfort regarding the ongoing recovery. US jobless claims fell by 67,000 to 847,000 in late January – a steady improvement, although the figure is still more than four times prepandemic levels, underlining the ongoing challenges faced by many Americans. US GDP grew at a 4% annualised rate in the fourth quarter (or +1% on a sequential Q/Q basis). This followed on from a 33.4% rise in Q3 – the strongest annual growth rate in history following Q2's deep contraction. All told, the US economy shrank by 3.5% in 2020, after growing 2.2% in 2019. For the month, Energy, Health Care and Consumer Discretionary were the leading sectors (all positive for the month) while Industrials and Consumer Staples were the lagging sectors.

Despite fresh pandemic related lockdowns, Europe's major economies beat gloomy Q4 GDP forecasts. Despite consensus expectations of shrinking output, the German and Spanish economies grew 0.1% and 0.4% respectively in Q4. The French economy shrank 1.3% in the final quarter of 2020, although this was well ahead of the 4% contraction expected by consensus. These figures compare with Q4 GDP growth of 1% in the US and 6.5% in China, a reminder of the harder hit that the Eurozone has taken from the pandemic. Indeed, the patchy recovery from the impact of 2020's slowdown, and somewhat disappointing vaccine rollout shows that the Eurozone economy is not out of the woods yet and does risk a double dip recession. The economic situation in the UK remains challenging, with flash HIS Markit/Cips composite purchasing managers' index falling to 40.6 in January, the lowest reading in eight months, and a miss compared with consensus expectations of 45.5. Sector wise, Energy, Information Technology, and Materials were the leading European sectors in January (all small positive) while Real Estate, Consumer Staples and Financials were the lagging sectors.

Asia markets started the month very strongly before erasing some of the gains although still ended in positive territory for the month. Big swings in prices were seen in some of the largest companies in Asia. The large price movements attracted the attention of China's central bank which promptly withdrew liquidity in the market and warned that the stock frenzy was leading to a bubble. The People's Bank of China withdrew a total of 78 billion yuan or USD$12 billion via open market operations. On the economic front, Asian exports continued to grow and China industrial profits for December were up 20.1% year on year, as external demand pushed China's exports up 18% in December. China has moved out of the recession, recording 4th quarter GDP growth of 6.5% bringing the whole year to a positive 2.3%. Not everything is rosy, as retail sales fell -3.9% on a year-to-date basis although for December it was up slightly at 4.6%. Regionally, North Asia as a whole is doing better than South East Asia.

Fixed income:
EM credit performance started the year with muted performance over the month of January, as only moderate credit spread tightening failed to compensate for a bear-steepening in the US Treasury (UST) rate curve. Markets remained in a risk-on mode, with more of the same in terms of dovish signals from the Federal Reserve (Fed), expectations of substantial fiscal stimulus in the US, and the rollout of virus campaigns globally. JPM CEMBI Broad High Grade and High Yield indices returned -0.22% and -0.16% (MTD), respectively.

In the UST market, volatility remained at multi-year lows, and the curve bear-steepened as inflation expectations kept building up. The long part of the curve ended the month 15-20bps wider, and the 2Yr-30Yr spread widened 20bps, closing the month at 172bps. On the one hand, the Fed reiterated its dovish guidance. Chairman Powell painted a moderate growth outlook, acknowledging persisting weaknesses in specific sectors such as leisure and hospitality. Importantly, Powell qualified a tapering of the quantitative easing programme as premature at this stage and reiterated his intention to allow inflation to average 2% over the business cycle before tightening monetary policy. On the other hand, investors expect substantial fiscal support. President Biden proposed a $1.9 trillion fiscal package (which included increased funding for vaccines and testing, larger direct transfers to households, and further support for small businesses, states and local governments), which was met by a scaled-down counterproposal by Senate republicans.

EM credit spreads tightened only moderately during the month, with CEMBI Broad composite blended spread indices down 6.5bps (IG) and 5.0bps (HY) respectively, from December. Going forward, we still expect credit investors to continue looking through the emergence of new pandemic waves across the globe, with an eye on the improvement of fundamentals (based on expectations of economic re-opening in 2021 and a benign inflation outlook which should allow central banks to remain accommodative) and technical drivers (as the hunt for yield persists). Yet, we also recognize January's weaker performance seems to reflect some concerns with regards to a lengthier timeline for a new US fiscal stimulus support, and short-term hurdles with regards to vaccine rollouts and renewed lockdowns. For example, Latin-America based credits saw negative spread movement in January as lockdowns measures were reimposed in the region, following a strong finish to 2020. Finally, we believe the outlook for geopolitical risk has reduced under a Biden Presidency, with regards to several fronts which include diplomatic ties with China and a potential revival of the Joint Comprehensive Plan of Action (JCPOA) with Iran, in addition to improved relations with traditional allies in Europe.

We remain constructive on EM credit, as we expect a global recovery to translate into stronger credit fundamentals. At the same time, we think this is largely priced-in already, and we see limited potential for further spread tightening going forward. Indeed, JPM CEMBI broad blended spread indices indicate corporate credit spreads have now retraced 90-95% of their February-March 2020 widening.

We remain overweight cash and continue to actively manage our portfolios by taking profit in bonds that are trading rich and trimming risk as we see fit. We remain positioned with a short duration, which we will look to extend to Neutral (v/s our benchmarks), as the curve steepens and edges toward our year-end 2021 house projections (1.5% 10Yr and 2.50% 30Yr yields). We still expect UST front-end rates will remain anchored at the zero-lower bound, as the Fed tolerates higher inflation in the years to come, to compensate for missing inflation targets in the past. We also think current UST curve steepness reflects substantial recovery optimism. And while we do not disagree with this view, we are wary of potential disappointments with regards to delays and regulatory hurdles to the roll-out of vaccine campaigns, and potential inefficacy of current vaccines against new virus strains. Such events would penalize growth and inflation expectations, and pressure the UST curve into a bull-flattening.

In EM IG, we retain our market-weight position. By country, we remain overweight China, Indonesia, Mexico, Kuwait and UAE. We are also fairly diversified across sectors and look to rotate gradually into cyclical issuers. As we add risk, we remain mostly active within BBB/BBB+ space (and avoid “fallen angel” risk).

In EM HY, we retain our overweight position. We remain largely overweight China with a bias toward property sector, in which we adopt a defensive stance as we selectively focus on high quality name. We are also overweight Brazil (mainly Oil & Gas and Protein) Indonesia (Real Estate and Utilities) and India (Iron & Steel, Utilities and Mining). We adopt a defensive approach in this space, focusing on quality name while continue to trim the weaker names. Though we favour the BB/BB+ space, we also selectively pick single B credit especially those with potential for upgrades.

<u>February 2021</u>

General:
The BOS International Growth Fund returned 0.34% respectively in February. After a strong start to month, markets sold off into the end of February in response to rising US 10-yr Treasury yields – and associated expectations for higher rates and inflation going forward.

Equities:
Despite a sell-off into the end of the month, equity markets posted positive returns in February. US equities led (+2.6%) for the month, followed by Europe (+2.1%), Japan (+1.4%) and Asia (+0.8%) (Source: Bloomberg; in USD terms).

The US equity market began February strongly, although gave up some of the gains in the latter part of the month as Benchmark 10-year Treasury yields rose to the highest levels in more than a year (the rate peaked above 1.5% in late February, having started the month at just over 1%). Equities reacted by pricing in higher borrowing costs, discount rates, and future inflation expectations. Value sectors Energy and Financials led the way in the US, up 20% and 10% respectively, while interest rate sensitive and long duration sectors lagged, with Utilities, Consumer Discretionary, Health Care, Consumer Staples, Information Technology and Real Estate, all negative for the month.

Eurozone manufacturing continues to rebound on the back of robust demand. Services meanwhile remain challenged given ongoing regulations and lockdowns to curb the spread of the COVID-19 pandemic, demonstrating Europe's two-speed economic recovery. The IHS Markit pan-Eurozone manufacturing purchasing managers' indices (PMI) rose to a three-year high of 57.9 (v the prior 54.8). The manufacturing PMI for Italy, the Eurozone's second-largest manufacturer after Germany, rose to a three-year high of 56.9 in February, while Spain also exceeded consensus expectations with a 52.9 print (a seven-month high). German (60.7) and French (56.1) PMI's also saw upward revisions, lifting them both to their highest levels since January 2018. Similar to the US, Energy and Financials led the way on February, whist the longer duration, interest rates sensitive sectors underperformed, with Utilities, Consumer Staples, Health Care and Real Estate – all in negative territory for the month.

Asian equity markets started strongly in February on the back of expected continued growth and recovery. Markets were being bid up. By the middle of the month, there were some concerns of potential inflation and the US 10-year Treasury yield started moving up. The expectation of a recovery and subsequent inflation started to worry investors. Long end rates were moving higher and cause increased volatility in the equity markets. Asian equities were not spared. By the 3rd week of February, markets were selling off and at times the selling pressure was high, especially in technology names. Those that performed well last were sold down most. However, growth and long-term recovery in Asia remains intact. Controlling COVID-19 and the ongoing vaccine rollout added some positivity that will likely support markets.

Ongoing vaccine rollouts and rebounding economic data provide ongoing support for the Bank of Singapore "risk-on" stance. However, rising interest rate and inflation assumptions – evidence by sharp recent rises in US treasury yields does bring more balance to the debate. Given the reflationary pressures are a function of robust demand, we aren't shocked by recent yield curve moves. Continued macroeconomic recovery should continue to be supportive for the equities, and we will continue to seek attractive risk/reward opportunities into any further volatility, with our longer-term investment horizon.

Fixed income:
EM credit had a bumpy ride during the month of February, driven to large extent by bear-steepening and rise in volatility in the US Treasury (UST) market. Similar to the previous month, EM credit spread tightened only moderately and failed to compensate for UST rate movement. Markets remained in a risk-on mode with more of the same, in terms of dovish signals from the US Federal Reserve (Fed), expectations of substantial fiscal stimulus in the US, and the rollout of virus campaigns globally.

In the UST market, we saw a significant pick-up in volatility (as per the MOVE Index) to a 10-month high, and the curve bear-steepening trend accelerated, as inflation expectations rose.

The medium and long part of the curve ended the month 30-40 basis points (bps) wider, and the 2Yr-30Yr spread widened 30bps, closing the month at 202bps. On the one hand, the Fed reiterated its dovish guidance. January FOMC minutes presented an improved growth outlook based on the passage of the federal aid package in addition to a return to quasi normal mobility by year-end. However, the Fed continues to expect any inflation overshoot to be temporary, acknowledging considerably slack in the labour market compared to pre-pandemic level. The Fed continues to signal a tapering of its quantitative easing program is premature at this stage and reiterated his intention to allow inflation to average 2% over the business cycle before tightening monetary policy. On the other hand, the House of Representatives approved President Biden's USD1.9 trillion fiscal package (which included increased funding for vaccines and testing, larger direct transfers to households, and support for small businesses, states and local governments), and will be submitted to Senate vote.

EM credit spreads tightened some more during the month, with JPM CEMBI Broad composite blended spread indices down 19bps (IG) and 25bps (HY) respectively from January, closing the month at their pre-pandemic levels. We expect credit investors to continue looking through the emergence of new pandemic waves, with an eye on improving fundamentals and technical drivers. We also expect the outlook for geopolitical risk will generally improve under a Biden Presidency. Yet, we also recognize valuation are currently stretched, with spreads below their pre-pandemic levels and the UST curve bear-steepening trend. Broadly speaking, see limited potential for improved valuations going forward.

We remain overweight cash and continue to actively manage our funds by taking profit in bonds that are trading rich and trimming risk as we see fit. We remain positioned with a short duration, as we expect further bear steepening of the UST curve. On the one hand, the US Federal Reserve monetary policy guidance remains dovish, signaling stable fed funds rate at the zero-lower bound till at least 2024. Moreover, it has repeatedly messaged its intention to allow overshoots of the official 2% target, as the labour market recovers to pre-pandemic levels. On the other hand, while the Fed dismissed a tapering of its asset purchases for now, we still expect medium and long-term rates to move upward, driven by rising inflation expectations as well as further supply of US Treasuries to fund substantial fiscal spending which is ultimately aimed at reflating the economy. We will look to extend to Neutral (v/s our benchmarks), as the curve steepens and edges toward our year-end 2021 house projections (1.5% 10Yr and 2.50% 30Yr yields). Nevertheless, we are wary of potential disappointments with regards to the roll-out of vaccine campaigns, and potential inefficacy of current vaccines against new virus strains. This would penalize growth and inflation expectations, and pressure the UST curve into an opposite bull-flattening trend. In EM IG, we retain our market weight position. By country, we remain overweight China (mainly real estate developers), Indonesia (state-owned entities), in addition to Mexico, Kuwait and UAE (across different sectors). Overall, we remain fairly diversified across sectors, and continue to rotate gradually into cyclical issuers. As we add risk, we remain mostly active within BBB/BBB+ space (and avoid “fallen angel” risk).

In EM HY, we retain our overweight position. We remain largely overweight China with a bias toward property sector, focusing selectively on high quality names. We are also overweight Brazil (mainly Oil & Gas and Protein) Indonesia (real estate and utilities) and India (Iron & steel, utilities, and mining). We adopt a defensive stance, focusing on quality name while also trimming exposure to weaker names. Though we favour the BB/BB+ space, we also selectively pick single B credit especially those for which we see potential for rating upgrade.

<u>March 2021</u>

General:
The BOS International Growth Fund returned 0.88% respectively in March, with rising Treasury Yields and a third wave of COVID-19 in Europe causing some market volatility in March. Positive market events included ongoing US stimulus packages as well on ongoing improvement in macroeconomic data.

Equities:
Despite some selling pressure toward the end of the period, equity markets delivered healthy returns in the first quarter of 2021, led by the US market (+5.5%). Europe (+4.3%), Asia-ex Japan (+2.3%) and Japan (+1.5%) also posted positive returns for the quarter (Source: Bloomberg; in USD terms).

In the US, President Biden's administration has continued to a deliver positive impact. Early highlights including his signing an executive order for the US to rejoin the Paris Climate Accord – the landmark nonbinding accord among nations aimed at reducing carbon emissions – which Trump previously withdrew from in 2017, more conciliatory tones with rival nations, have been followed with ongoing stimulus support – the latest being the $2.3 trillion infrastructure plan aimed largely at spend on upgrading roads and bridges as well as offering manufacturing subsidies seeking to address climate change with plans to upgrade buildings, and facilitate the use of Electric Vehicles. Macroeconomic data continued to improve, with the US adding 916,000 jobs in March, which saw the unemployment rate come down to 6%. The US ISM Manufacturing PMI meanwhile came in at 64.7 – its highest reading in over 35 years. Rising 10-year treasury yields did cause some market consolidation in February and into March, as heightened expectations for forward looking inflation and interest rates caused some market angst. Whilst all sectors were positive for the first quarter, the Growth (Technology) into Value rotation continued throughout Q1 – with Energy and Financials delivering the strongest returns.

Europe is facing a third wave of COVID-19, with infection rates climbing materially into the end of Q1 – as the new variant proliferates, and vaccine shortages begin to bite. Eurozone inflation rose to 1.3% in March – the highest level since the pandemic started. The reading was in line with expectations, and a rise from February's 0.9% reading and still below the European Central Banks target of 2%. German jobless numbers fell by 8,000 to 2.8 million in March, with the unemployment rate unchanged at 6% - up from 5% a year ago. These numbers do not however include the Kurzarbeit furlough scheme, which paid subsidised wages to 2.9 million people in January. Rising exports helped drive a surge in Eurozone manufacturing, with the IHS Markit Eurozone flash purchasing mangers' index for manufacturing rising to 62.4 in March – its highest level since records began in 1997 and up from 57.9 in February. The Eurozone's service sector remains in contractionary territory, although is trending positively, with March's reading of 48.8 an improvement on February's 45.7 due to stabilisations in France and Germany.

Asian market correction continued in March led by the Chinese stock markets as it reacted to a slew of information. Overvaluation of over owned stocks in the technology sectors were the leading reasons for the sell off. US Biden's administration first meeting with the Chinese in Alaska resulted in little progress and only showed how deep the gulf of differences can be. China's stock market is showing the world what happens when central banks and governments start exiting pandemic-era stimulus. But not all Asian markets were running in the red. Singapore has lagged most in 2020 but is now one of the best performing stock markets. Economic data continue to be strong with the latest Chinese home prices growing at one of the fastest pace in the month of February. Asia continues to be an attractive region for investors, with the recent pull back, valuations are now more appealing. As such we remain constructive and remain invested to take advantage of Asian Growth for the future.

Fixed income:
Market performance in the first quarter was driven by reopening prospects, fiscal stimulus, and inflation concerns. The benchmark 10-year US Treasury yield staged a dramatic move for the quarter, rising from 0.93% at the end of last year to a high of 1.74% end March. The US Treasury curve steepened to its widest level between the two and ten-year part of the curve. This is due to market expectation that rising inflation and strong economic growth with vaccines being rolled out and announcement of fiscal stimulus together with the USD2.24 trillion infrastructure plan by the US president Biden. With this backdrop, credit spread tightened over the period but failed to compensate for the US Treasury rate movement with the reference indices JPM CEMBI High Yield (+0.4%) outperformed compared to the investment grade (-1.7%) during the quarter.

Despite the US Treasury yields going higher, the US Federal Reserve (Fed) continue to show tolerance in reiterating its dovish guidance and assurance that rates will not be raised for the next one to two years. However, the Fed continues to guide that any inflation overshoot will be temporary as its main concern is the slack in labour. The return of IG EM bonds was negatively impacted by the sharp move in the US Treasury yield this quarter. However, with the significant drop in price, we do selectively see value in some of these bonds and may look for opportunity to add positions.

In the high yield (HY) space, Asia HY market outperformed even though having to contend with some idiosyncratic events that dampened investor sentiment. Notwithstanding the negative news on several credits (like onshore defaults and some property companies not meeting the three red line requirement), we believe that most high yield issuers in our portfolios have seen the worst and sentiment to improve when they release their result in the coming weeks.

In CEEMEA, despite the negative headlines in Turkey with its President sacking its Central Bank Governor (again), bond prices held up well especially for those high-quality financials which are held in our portfolios. We are comfortable to continue holding them and in fact, will look for opportunities to add.

We continue to expect credit fundamentals to improve as mobility normalizes and growth recovers globally. Therefore, we generally remain constructive on EM credit. With the recent drop in prices with the steepening of yield curve with the long rates rising higher than the short end, we are beginning to see value again and will look for better entry level to establish our positions in the IG bonds segment. With cash rates to remain low for longer, technical support for EM bonds will remain as investors hunt for yield for their cash holdings.

We remain positioned with a short duration, as we expect further bear steepening of the UST curve. On the one hand, the US Fed monetary policy guidance remains dovish, signaling stable Fed funds rate at the zero-lower bound till at least 2024. Moreover, it has repeatedly messaged its intention to allow overshoots of the official 2% target, as the labour market recovers to pre-pandemic levels. On the other hand, while the Fed dismissed a tapering of its asset purchases for now, we still expect medium- and long-term rates to move upward as our house view expect US 10 Year Treasury yield to reach 1.9% by end 2021. We will look to extend to Neutral (v/s our benchmarks), as the curve steepens and edges toward our year-end 2021 house projections. Nevertheless, we are wary of potential disappointments with regards to delays and regulatory hurdles to the roll-out of vaccine campaigns, and potential inefficacy of current vaccines against new virus strains. This would penalize growth and inflation expectations and pressure the UST curve into an opposite bull-flattening trend.

In EM IG, we retain our market weight position. By country, we remain overweight China (mainly real estate developers), Indonesia (state-owned entities), in addition to Mexico, Kuwait and UAE (across different sectors). Overall, we remain fairly diversified across sectors, and continue to rotate gradually into cyclical issuers. As we add risk, we remain mostly active within BBB/BBB+ space (and avoid "fallen angel" risk).

In EM HY, we retain our overweight position. We remain largely overweight China with a bias toward property sector, focusing selectively on high quality names. We are also overweight Brazil (mainly Oil & Gas and Protein) Indonesia (Real Estate and Utilities) and India (Iron & Steel, Utilities and Mining). We adopt a defensive stance, focusing on quality name while also trimming exposure to weaker names. Though we favour the BB/BB+ space, we also selectively pick single B credit especially those for which we see potential for rating upgrade.

April 2021

General:
The BOS International Growth Fund returned 2.26% in April. Markets were supported by ongoing stimulus, economy reopenings, recovering employment and strong corporate earnings. Downside risks included higher treasury yields relative to recent history, resurgences of COVID-19 infections is countries such as India and Singapore, as well as full valuations within many risk assets.

Equities:
US markets continued their upward trajectory in April, on the back a strong start to Q1 earnings season. While corporate earnings “beats” have been at near record levels, share prices reactions have been more muted – a function of “full” valuations and high expectations coming into earnings season. The closely watched Institute for Supply Management’s manufacturing index fell to 60.7 in April, down from March’s record high level of 64.7. US employment continued to trend positively with initial jobless claims for the week ending April 24 falling by 13,000 to 553,000 – the third straight week below 600,000. Sector wise, we saw a partial reversal of the recent Growth (tech) into Value rotation, with information technology being the leading sector in US markets, and energy being the only sector showing negative returns for April.

Manufacturing in the euro area rose remained strong, with the IHS Markit final manufacturing purchasing managers’ index (PMI) rising to 62.9 in April from March’s 62.5 – the highest reading since the survey began in 1997. Supply constraints are also running at unprecedented levels, leading to inflationary pressures as well as a record build-up of uncompleted orders at factories. The UK’s composite PMI surged to 60.0 in April from 56.4 in March as the country continues its phased exit from lockdown. Sector-wise, information technology, real estate and consumer discretionary were the leading sectors, while energy was the laggard, and the only European sector to finish April in negative territory for the month.

After some first quarter volatility, Asian markets delivered positive returns for the month. Results season started in earnest and were inline or better than expected for most companies, leading to healthy share price reactions. Additionally, North Asian economic growth remains strong, led by China which registered a record 18.3% GDP growth for the first quarter vs the same period last year. The numbers were skewed by the fact that first quarter 2020 was the time China started to shut down to curb the first sign of the COVID-19 outbreak.

On a quarterly basis, the growth was more sedate with a 0.6% increase sequentially. China has already slowed its fiscal and monetary stimulus as the economic rebound take root. Most telling is the strong industrial output and export numbers that were generated by a pandemic fueled demand for medical and electronic devices from Asia and mostly made in China. The Chinese government can now focus on reducing the buildup of excessive risk and debt levels.

We have already seen the three red lines for the Real estate sector on various debt ratios that property companies must maintain. In addition, concerns on anti-trust measures on big tech companies in China continue to weigh on share prices. Meituan and Tencent are the latest companies the regulators are looking into while up to 30 other companies will also come under scrutiny. In Taiwan, companies such as Taiwan Semiconductor and other technology exporters, are benefitting from increasing demand and supply shortages. Singapore is opening-up even more and this should auger well for the domestic economy. A recent resurgence of COVID-19 cases within the community may lead to some renewed concern. However, the market remains one of the best performing in the world year to date.

Somewhat muted reactions to stellar earnings show signs of potential fatigue in the current bull market. However, we see this as a natural consolidation, as earnings catch up to (rightfully) bullish market expectations. Strong growth ahead will allow for further gains, as earnings grow into the full valuations, that we see in the market today. Soaring raw material and commodity prices, as well as shortages of parts, materials and labor do threaten to undermine the global manufacturing recovery in the near term, although we'd see such potential blips as temporary in nature, and still see pathways to compelling medium term growth rates. As ever, DPM will take longer term horizons when managing portfolios and we continue to remain constructive on equity markets in this context.

Fixed income:
The reversal in rates in April provided relief to fixed income returns overall as the rise in US Treasury yield in the first quarter had contributed to most of the negative returns in EM bonds especially for EM Investment Grade bonds. US Treasury 10-year yield ended the month at 1.62% (vs 1.74% as at end March).

In the month of April, JPM CEMBI High Yield (HY) Bonds (+1.02%) continued to outperform the CEMBI Investment Grade (IG) Bonds (-0.13%). With FOMC reiterated its decision to continue with its asset purchases and market thus expect the Federal Reserve to keep rates unchanged for now.

The US Federal Reserve continue to show tolerance in reiterating its dovish guidance and assurance that rates will not be raised for the next one to two years. However, the Fed continues to guide that any inflation overshoot will be temporary as its main concern is the slack in labour. This has further contributed positively to the technical flows into EM debts.

In EM IG, we witnessed a fair bit of volatility in April, largely contributed by the selloff in China Huarong, which is a quasi-sovereign IG credit from China as investors re-assessed the Chinese government's support to strategically important state-owned enterprises. The surge in COVID-19 cases in India had also initially caused knee-jerk reactions with some Indian IG credits to widen. This, however, has also created opportunities as valuations look more attractive.

We continue to expect credit fundamentals to improve as mobility normalizes and growth recovers globally. We thus remain constructive on EM credits. With our base case expectation that Huarong should be supported by the government given the systemic importance, we thus expect further recovery in China credits as market sentiment stabilizes. The broad earnings trend also remain positive for EM corporates which will also render support to the asset class. In addition, new issuance has been measured and met with robust cashflows from both scheduled and non-scheduled redemptions, keeping net supply minimal which is another positive for EM debts.

We remain positioned with a short duration, as we still expect medium- and long-term rates to move upward as our house view expect the US 10 Year Treasury yield to reach 1.9% by end 2021. We will look to extend to Neutral (versus our benchmarks), as the curve steepens and edges toward our year-end 2021 house projections.

Nevertheless, we are wary of potential disappointments with regards to delays and regulatory hurdles to the roll-out of vaccine campaigns, and potential inefficacy of current vaccines against new virus strains. This would penalize growth and inflation expectations and pressure the UST curve into an opposite bull-flattening trend.

Other risks which we are closely watching are the political situation in Latin America with various upcoming elections in Peru (Presidential election in June), Mexico and Argentina (midterm election this year), Colombia and Brazil (Presidential elections in 2022).

In EM IG, we maintained our underweight position. By country, we remain overweight China (mainly real estate developers), Indonesia (state-owned entities), in addition to Mexico, Kuwait and UAE (across different sectors). Overall, we remain fairly diversified across sectors, and continue to rotate gradually into cyclical issuers. As we add risk, we remain mostly active within BBB/BBB+ space (and avoid "fallen angel" risk).

In EM HY, we retain our overweight position. We remain largely overweight China with a bias toward property sector, focusing selectively on high quality names. We favour commodity and exporters for the gradual recovery story. We have exposure in Brazil (mainly Oil & Gas and Protein), India (Iron & steel, utilities, and mining) and Indonesia (Utilities). We also favour sub debts of systematically important financials as a way to pick up yield in relatively high-quality credits. We continue to adopt a defensive stance, focusing on quality name favouring the BB/ BB+ space and selectively pick single B credit especially those for which we see potential for rating upgrade.

May 2021

General:
The BOS International Growth Fund returned 0.37% in May. Markets remain supported by ongoing stimulus, economy re-opening, recovering employment and strong corporate earnings. Downside risks included higher treasury yields relative to recent history, the surge of new COVID-19 variants as well as full valuations within many risk assets.

We remain constructive on risk assets amidst global growth recovery and our forecast of a gradually steepening yield curve. Hence, we are overweight equities and underweight fixed income. Within fixed income, we are overweight high yield bonds, underweight investment grade credits and with a positive tilt to emerging markets.

Equities:
Equity markets were strong in May, led by Europe (+4.7%) and Japan (+2.4%). The US (+0.5%) and Asia-ex Japan (+0.2%) were also positive for May (Source: Bloomberg; in USD terms). Market strength was due to accelerating economic growth, ongoing stimulus measures, vaccine rollouts, economy re-openings and monetary policy that is likely to remain supportive despite higher levels of inflation.

The recent US earnings season showcased the best quarter in over a decade, with year-on-year earnings growth of more than 50% (admittedly off a low 2020 base) and with 87 per cent of companies beating consensus estimates according to Refinitiv. Re-opening beneficiaries continued to outperform in May with energy, materials, financials and industrials the strongest sectors. Lagging sectors included consumer discretionary, utilities, and information technology. The technology underperformance continues the “growth” into “value / cyclical” rotation that we’ve seen year-to-date. The US economy is on track to grow at its fastest pace since 1984, with the Organisation of Economic Cooperation and Development (OECD) increasing its 2021 U.S. GDP growth projection to 6.9% (compared with 2020’s 3.5% contraction, and their prior projection of 6.5% back in March).

After an underwhelming start, Europe's vaccine rollout has started gathering momentum, allowing the Eurozone to start relaxing restrictions. This is causing confidence to return, and economies to start normalising. After being in negative territory in late 2020, Eurozone inflation rose to 1.6% in April. The final manufacturing purchasing managers' index (PMI) reading for the Eurozone rose to 62.9 in April – the highest level since these records began in 1997. The European Central Bank (ECB) seems determined to maintain ultraloose monetary policy despite the growing likelihood that Eurozone inflation will top its target later this year as pandemic containment measures are lifted, and the bloc's economy continues to rebound from last year's historic recession. All European sectors were positive for the month, led by consumer discretionary, real estate and consumer staples, while information technology, utilities and telecommunication services where the relative laggards.

A COVID-19 resurgence in various Asian countries resulted in higher market volatility for the month of May. Most concerning were the rising cases in Taiwan and Singapore which had controlled the pandemic well. Low levels of vaccination rates are now taking a toll on the economy and reversing what was a well-controlled pandemic. Taiwan's equity market briefly fell over 10% in the first two weeks before regaining some ground. In the rest of Asia, Chief trade negotiators for China and the US met for the first time since the US election, signalling some form of coordinated effort in improving ties. China's big tech companies are now being forced to invest heavily into existing and new avenues of business after Chinese government curtailed the lucrative fintech and e-commerce business. Large investments have been announced in areas like cloud computing, autonomous driving and artificial intelligence which will help drive Asian growth.

Despite "full" valuations in stock markets today, we believe we are in an earnings sweet-spot, and that current valuations are, in the main justified by the growth that we see ahead. Whilst there are segments of the market that do look expensive, our valuation discipline and investment process lead us away from such segments of the market. We continue to monitor the pandemic situation closely, but for now, we remain exposed to re-opening beneficiaries, while continuing to have material parts of the portfolio exposed to more reliable and less volatile companies with more predictable earnings streams.

Fixed income:
US Treasury yields stayed range bound in May, with 10-year Treasury yield stayed between 1.55% to 1.65% for most part of the month. This provided constructive backdrop for credit spreads to tighten. In the month of May, JPM CEMBI High Yield (HY) Bonds (+0.94%) continued to outperform the CEMBI Investment Grade (IG) Bonds (+0.41%).

The US Federal Reserve reiterated dovish guidance and assurance that rates will not be raised for the next one to two years. The Fed continues to guide that any inflation overshoot will be temporary and its main concern is the labour market slack. This has further contributed positively to the technical flows into Emerging Markets (EM) debt.

Higher commodities prices and de-escalation of geopolitical risks were among other reasons which also supported EM debt. The market also took the surge in COVID-19 cases and lockdowns in certain parts of EM in stride as vaccination rates continued to accelerate.

We continue to expect credit fundamentals to improve as mobility normalizes and growth recovers globally. We remain constructive on EM credits. Positive earnings trend, limited net new supply coupled with robust inflows renders support to the asset class.

We maintain underweight IG, with a short duration bias as we still expect medium and long-term rates to inch higher given BOS house view for the US 10 Year Treasury yield to reach 1.9% by end 2021. We retain overweight EM HY. We favour quality names in BB/BB+ space, and selectively pick single B with potential for rating upgrade. By country, we remain overweight China with a bias toward property sector, focusing selectively on high quality names. We favour commodity and exporters for the gradual recovery story.

Nevertheless, we remain cognizant of the risk of resurgence of new COVID-19 variants in certain countries/region and bottlenecks in the pace of vaccine roll-out. Other risks which we are closely watching include the political situation in Latin America with various upcoming elections.

<u>June 2021</u>

General:
The BOS International Growth Fund returned -0.43% in June. Strong macroeconomic data, on-going economic re-openings, and vaccine rollouts underpinned markets, although second and third waves of Covid-19 infections, as well as new variants did temper market gains for the month.

Equities:
Equity markets were mixed in June 2021 with the US delivering +2.8%. Other regions were down with Asia ex-Japan (-0.1%), Japan (-0.3%), Europe (-1.4%) all in negative territory. (Source: Bloomberg; in USD terms). Market strength was due to accelerating economic growth, ongoing stimulus measures, vaccine rollouts, economy re-openings and monetary policy that is likely to remain supportive despite higher levels of inflation. Q1 earnings season was particularly strong, with record numbers of companies beating expectations. Increased confidence from management teams was demonstrated with conviction in committing to robust forward earnings guidance. Gains were tempered somewhat by rising COVID-19 cases in certain regions, with second and even third waves, and new variants emerging.

The recent Q1 US earnings season showcased the best quarter in over a decade, with year-on-year earnings growth of more than 50% (admittedly off a low 2020 base) and with 87 per cent of companies beating consensus estimates according to Refinitiv. Growth stocks outperformed in June with information technology, health care, and consumer discretionary the strongest sectors. Lagging sectors included materials, financials, and industrials, which showed some mean reversion after recent strength. Strength in technology stocks reversed some of the "growth" into "value/cyclical" rotation that we saw earlier in 2021.

The US economy is on track to grow at its fastest pace since 1984, with the Organisation of Economic Cooperation and Development (OECD) increasing its 2021 US GDP growth projection to 6.9% (compared with 2020's 3.5% contraction, and their prior projection of 6.5% back in March). Europe's vaccine rollout has started gathering momentum, allowing the Eurozone to start relaxing restrictions. This is causing confidence to return with European manufacturers hiring at the fastest rate in over two decades. The number of unemployed people in the EU fell by 382,000 in May which saw the unemployment rate fall from 7.4% (April) to 7.3%. This compares with the pandemic peak of 7.7% in September 2020 but is still above the pre-pandemic low of 6.6%. The European Central Bank (ECB) seems determined to maintain ultra-loose monetary policy despite the growing likelihood that eurozone inflation will top its target later this year as pandemic containment measures are lifted, and the bloc's economy continues to rebound from last year's historic recession. Health care and information technology were the only sectors in Europe to finish in positive territory for June, while financials and utilities were the biggest laggard sectors for the month.

Asian equity markets delivered -0.1% in June 2021. Underlying stock performance continue to be divergent with some big Tech names rebounding from the recent sell offs. Singapore and Taiwan markets continue to improve post the latest COVID-19 resurgences. Singapore is now going the way of treating COVID-19 as endemic and living with it. Emerging Asia also saw a resurgence that is impacting the region negatively. Malaysia is extending the Movement Control Order (MCO) and Indonesia implementing another round of lockdowns. These measures will continue to dampen their economies. For North Asia, latest economic numbers are still encouraging partly due to the unusual low base effect last year which is ending. Industrial output for China was up 36.4% in May. Profitability continues to climb. As a result, economic expansion for China is more balanced.

Despite "full" valuations in stock markets today, we believe we are in an earnings sweet-spot, and that current valuations are, in the main justified by the growth that we see ahead. Whilst there are segments of the market that do look somewhat frothy on the valuation front, our valuation discipline and investment process are calibrated to lead us away from such segments of the market. We continue to monitor the pandemic situation closely, but for now, we remain exposed to reopening beneficiaries, while continuing to have material parts of the portfolio exposed to more reliable and less volatile companies with more predictable earnings streams. As ever, we seek to diversify holdings, and continue to hold a mix of value, growth, cyclical, and defensive stocks, with "quality" being the overriding common factor that we aim to consistently exploit.

Fixed income:
Rates continued to dominate fixed income performance, but 2Q saw a reversal of 1Q, as 10yr Treasury yield fell from the high of 1.75% to finish the quarter at 1.47%. the 28bps decline in yield over 2Q provided relief to fixed income returns as higher yields in 1Q was the main contributor to negative returns in 1Q.

In June, JPM CEMBI High Yield (HY) Bonds returned +0.46%, while CEMBI Investment Grade (IG) Bonds delivered +0.91%. Lower rates, higher commodities prices, and de-escalation of geopolitical risks were among the reasons to support positive performance by EM credits.

Despite a record-high inflation print not seen in decades, the markets reacted patiently, waiting for more evidence in future data releases. The US Federal Reserve reiterated dovish guidance and any inflation overshoot will be temporary, while its main concern is the labour market slack. However, they left the door open for potential tapering being brought forward.

We expect credit fundamentals to continue improving as the vaccination drive deepens and growth recovers globally. We thus maintain our constructive view on EM credits, supported by better earnings, limited net new supply coupled with robust inflows.

We maintain underweight on IG, with a short duration bias on the expectation of higher rates. We retain our overweight stance on EMHY. We favour quality names in the BB/BB+ space, and selectively pick single B credits with potential for improving fundamentals. By country, we turn neutral from positive on China given the unresolved situation on Huarong and continued tight regulatory pressure and financing conditions on real estate. We focus selectively on high quality names, and closely monitor several idiosyncratic events for potential contagion. We favour commodities and exporters to ride on the global recovery.

Nevertheless, we are cognizant of the risks such as the recent surge in the Delta COVID-19 variant infections and the political situation in Latin America with various upcoming elections.

<u>July 2021</u>

General:
The BOS International Growth Fund returned -0.56% in July.

Equities:
Equity markets were mixed in July, led by the US (+2.4%) and Europe (+2.0%). Japan delivered -1.2% whilst Asia ex-Japan lagged with -8.5% (Source: Bloomberg; in USD terms). Developed markets showed volatility mid-month as COVID-19 infections saw the market question growth assumptions, although recovered into the month end.

In the US, Q2 earnings season began strongly, although with high expectations, earnings need to deliver to justify current full valuations that we see in the current market. Defensive sectors such as real estate, health care and utilities outperformed in July while financials and energy were the laggard sectors – both finishing the month in negative territory. "Growth" outperformed "value" which continues the trend from late in Q2. The US economy is staging a slower recovery than consensus expected following rising COVID-19 cases. The economy grew at an annualized rate of 6.5% in Q2. Whilst this was ahead of Q1, growth was below forecasts of 8.5%.

The Eurozone is recovering more quickly than expected from the pandemic and growing faster than the US and China. The Eurozone's quarter-on-quarter growth of 2% for the three months to June is stronger than the US at 1.6% and China at 1.3% for the same period and follows a 0.3% contraction in the first quarter. The European Central Bank (ECB) seems determined to maintain ultra-loose monetary policy despite the growing likelihood that Eurozone inflation will top its target later this year as pandemic containment measures are lifted, and the bloc's economy continues to rebound from last year's historic recession. Most European sectors were positive for the quarter, led by information technology, materials and real estate, while telecommunication services, consumer discretionary and energy where the relative laggards – all in negative territory for the month.

Increased regulatory concerns in China led to a sell-off in Asian markets. The most recent being the imposition of new rules for the Educational Technology companies, which are now subject to reforms that fundamentally undermine current business models. Further controls on property and technology companies created further uncertainty in the market. China tried to calm the markets by reaffirming their objectives of protecting online data security and social welfare rather than stopping the business. China's aim to increase long term domestic consumption will still depend on big technology and e-commerce to drive the country to the next level. Other than China, emerging Asian countries are still struggling with managing COVID-19 and the more transmissible Delta variant. The northern economies are still doing well, where exports are still growing. We expect growth to moderate to a more sustainable level after the COVID-19 out break from last year. We remain constructive as the region remains one of the fastest growing in the world.

By and large, the "full" valuations in stock markets today, are being justified by strong corporate earnings and constructive outlooks. Some segments of the market that do look somewhat frothy on the valuation front, but our valuation discipline and investment process are calibrated to lead us away from such segments of the market.

We continue to monitor the pandemic situation closely, but for now, we remain exposed to re-opening beneficiaries, while continuing to have material parts of the portfolio exposed to defensive compounders and structural growth.

As ever, we seek to diversify holdings, and continue to hold a mix of value, growth, cyclical, and defensive stocks, with "quality" being the overriding common factor that we aim to consistently exploit.

Fixed income:
Rates continued to support the performance of fixed income. The 10yr US Treasury yield fell 23bps over the month to end at 1.22% as COVID-19 resurgence in the US and other countries raised concerns over re-opening efforts and growth.

In July, the JPM CEMBI High Yield (HY) Bonds (-1.02%) underperformed CEMBI Investment Grade (IG) Bonds (+0.52%). DMIG bonds, represented by the US IG Index returned +1.37% in July. Lower rates supported the outperformance of IG bonds while turbulence in China weighed on the HY Index performance.

We expect the trend of improving credit fundamentals to continue, as we believe the new Delta COVID-19 variant should delay but not derail growth. We thus maintain our constructive view on EM credits, supported by better earnings, limited net new supply and robust inflows.

We maintain underweight on IG, with a short duration bias on the expectation of higher long-term rates. We are overweight on EM high yield, which we believe will remain supported by the global search for yield. We favour quality names in BB/BB+ space, and selectively pick single B credits with potential for improving fundamentals. By region, we keep overweight in CEEMEA and neutral in Asia. We favour commodities and exporters to ride on the global recovery. While valuations in China credits are attractive, we prefer to maintain current exposure in selected high-quality names rather than add further positions till the regulatory overhang clears.

Nevertheless, we are conscious of the risks such as a potential further surge in the COVID-19 delta variant, evolving regulatory conditions in China and the fluid political situation in Latin America.

<u>August 2021</u>

General:
The BOS International Growth Fund returned 1.57% in August.

Equities:
Equity markets were positive in August, led by Japan (+3.0%) and the US (+3.0%). Europe (+1.5%) and Asia ex-Japan (+1.1%) also delivered healthy returns for the month (Source: Bloomberg; in USD terms). Developed markets shrugged off concerns of moderating growth and rising case numbers of the Delta variant and continued their upward trajectory on the back of strong corporate earnings. Asian markets sold off in early August as confidence was undermined by further regulatory measures imposed by the Chinese government but recovered into month end.

In the US, Q2 earnings season delivered strong results and reassuring forward guidance, which justified the full valuations we see in the US market today. All sectors apart from Energy finished in positive territory for the month of August, with the strongest sectors being financials, telecommunication services and information technology. “Growth” outperformed “value” again in August which continues the trend from late in Q2. There are signs of moderation starting to emerge. The US manufacturing PMI number for August was 61.2 – a slowdown from July’s 63.4, albeit still a strong number. The US Consumer Confidence Index declined to 113.8 for the month of August, down from 125 in July.

The Eurozone recovery continued in August, although manufacturing data showed signs of moderating with final August manufacturing PMIs coming in at 61.4, slightly below the initial flash estimate of 61.5 (and July’s 62.8). German inflation reached 3.4 per cent in August from a year earlier. This was an increase on July’s 3.1 per cent and a 13 year high. Such an increase is likely to intensify concerns that the eurozone’s ultra-loose monetary policy could cause its largest economy to overheat. Information technology, utilities, and health care where the leading European sectors in August, while consumer staples, materials, and consumer discretionary were the relative laggards – all in negative territory for the month.

After an initial sell-off at the start of August, Asian markets ended positive for the month. Chinese regulatory curbs continue to impact the market with increased controls from gaming, video sharing and terms of engagement for e-commerce companies. The Delta variant of COVID-19 had the Chinese government imposing stringent controls on travel, mass testing and quarantine. This resulted in a drop in business confidence and the manufacturing PMI dropping to 50.1. Company results remained strong however, and bellwether stocks reported mostly better than expected earnings and growth. We may see more cuts in the Reserve Ratio Requirements to support the economy. In other parts of Asia, Singapore is now opening up again, which bodes well for the economy.

Despite “full” valuations in stock markets today, we are still finding attractive investment opportunities, and are comfortable with the current portfolio positioning, as signs of growth moderation continue to appear. We continue to monitor the pandemic situation closely, but for now, we remain exposed to re-opening beneficiaries, while continuing to have material parts of the portfolio exposed to defensive compounders and structural growth. We continue to believe that recent spikes in inflation will prove somewhat transitory, and that Central Banks are flagging potential asset purchase tapering, so as to allow a smooth implementation likely late 2021 or early 2022.

Fixed income:
The 10-year US Treasury yield edged up 7bps over the month to end at 1.29% as odds shortened on an earlier than expected start to Fed QE tapering. However, lingering concerns of COVID-19 resurgence and a still dovish comments by Powell kept a lid on further spikes.

In August, the JPM CEMBI High Yield (EMHY) Bonds and CEMBI Investment grade (EMIG) indices rebounded +1.36% and +0.79% respectively, outperforming developed markets. DMIG bonds, represented by the Bloomberg Barclays US IG Index ended slightly down -0.3% in August after a volatile month. The resolution of Huarong help China credit spreads tighten after they had widened for most of the year.

We expect the trend of improving credit fundamentals to continue, as we believe the new Delta COVID-19 variant should delay but not derail growth. We thus maintain our constructive view on EM credits, supported by better earnings, limited net new supply and robust inflows.

We maintain underweight on IG, with a short duration bias on the expectation of higher long-term rates. We are overweight on EMHY. We favour quality names in in the BB/BB+ space. By region, we are overweight on CEEMEA and neutral on Asia. We favour commodities and exporters to ride on the global recovery. We are reviewing our position in China following the resolution of Huarong, but the precarious situation of Evergrande still warrants caution in the high yield property segment.

Nevertheless, we are conscious of the risks such as a potential further surge in the COVID-19 Delta variant, evolving regulatory conditions in China and the fluid political situation in Latin America.

<u>September 2021</u>

General:
The BOS International Growth Fund returned -3.54% in September. Volatility returned to markets in September, as tapering talk and more hawkish monetary policy commentary emerged from Central Banks. Regulatory pressures continued in China around President Xi's "comment prosperity" drive and pressures started to emerge in segments of the Chinese property market. On the positive side, growth rates in general remain healthy, and reopening trades remain intact in many parts of the world.

Equities:
Except for Japan (+3.0%), equity markets were lower in September. The US fell by 4.7% while Europe and Asia ex-Japan were both down by 4.9% (Source: Bloomberg; in USD terms). After a strong run developed markets sold of given increasing negative factors including Delta uncertainty, hawkish comments from Central Banks, moderating growth rates, inflation concerns, and disruption in global supply chains. Rising treasury yields also contributed to a sell-off in higher growth sectors such as technology into the end of September.

In the US, signs of moderation are starting to emerge. The US manufacturing PMI number fell to 60.5 in September compared with August's 61.1 – which in turn was a slowdown from July's record 63.4. Whilst moderating, the data does remain strong, and well into expansionary territory.

The Eurozone recovery continued in Q3, although manufacturing data did show signs of moderating from high levels. The IHS Markit manufacturing PMIs dropped each month in the quarter showing 62.8 (July), 61.4 (August) to 58.7 (September) – although do remain at healthy levels. German inflation reached 4.1 per cent in September from a year earlier. This was an increase on August's 3.4 per cent and a 29 year high. Such an increase is likely to intensify concerns that the Eurozone's ultra-loose monetary policy could cause its largest economy to overheat.

Asian markets sold off in September as confidence was undermined by further regulatory measures imposed by the Chinese government as well as property related concerns which accelerated into the end of the quarter. Japan markets moved higher in advance of a change in Prime Minister and a falling rate of COVID-19 infections.

Despite "full" valuations in stock markets today, we are still finding attractive investment opportunities, and are comfortable with the current portfolio positioning, as signs of growth moderation continue to appear. Rising treasury yields saw higher growth sectors correct into the quarter end. Previous episodes of yield related selloffs in tech have proven short lived, and we may look to opportunistically add to such sectors.

We continue to monitor the pandemic situation closely, but for now, we remain exposed to re-opening beneficiaries, while continuing to have material parts of the portfolio exposed to defensive compounders and structural growth.

Fixed income:
The 10-year US Treasury yield rose 18bps in September to end at 1.49% as the Federal Reserve signaled it would start tapering in November. Chairman Powell also indicated the Fed would aim to finish its bond buying by the middle of next year, while our house view expects Fed to start raising interest rates in 2023.

In September, the JPM CEMBI High Yield (EMHY) Bonds and CEMBI Investment grade (EMIG) indices lost 0.79% and 1.57%, respectively. EMHY was largely dragged by China HY as the space struggled with contagion risk of Evergrande. On the other hand, the negative return at EMIG was largely driven by rise in US Treasury yields, which had negative impact on bond price. By sector, commodities-related outperformed while real estate unsurprisingly underperformed.

Fed's tapering could put pressure on bond prices but also reflect the constructive fundamentals, which would lend support to credits spreads. We take a relatively defensive stance but remain committed to invest in companies that deliver long-term sustainable returns, as we have always done.

We keep underweight on IG, with preference of short duration on the expectation of higher long-term rates. We are overweight on EMHY. We favour quality names in in the BB/BB+ space. By region, we are overweight on CEEMEA and neutral on Asia. We like commodities and exporters to ride on the global recovery. We remain cautious in China amid Evergrande contagion. That said, valuation starts to look cheap by historical standards and we will monitor for signs of directional changes to revisit our allocation. We believe volatility can be a friend and a foe, as it often presents best long-term opportunities.

Elsewhere, we also watch out for risks such as a potential further surge in COVID-19 and the fluid political situation in Latin America.

<u>October 2021</u>

General:
The BOS International Growth Fund returned 1.72% in October, with lower volatility compared with September, as the markets focus returned to growth expectations, with fewer incremental market concerns versus prior months.

Equities:
Equity markets were mixed in October, but generally strong. The US (+0.7%) led the way, with strong performance also coming from Europe (+4.4%) and a rebounding Asia ex-Japan (+1.7%). Japan bucked the trend (-3.5%) partly reversing prior strength (Source: Bloomberg; in USD terms). Developed markets shrugged off inflation concerns and continued their upward trajectory on the back of strong corporate earnings. Asian markets stabilized after the “common prosperity” and Chinese property related Q3 sell-off, as investors were tempted back into the market as valuations became more attractive, and corporate earnings continued to deliver.

Third-quarter earnings season is delivering robust results and reassuring forward guidance, which in general, continues to justify the full valuations in the US market. Of the US companies to report so far, 64% of the S&P500 beat estimates (with information technology and communication services delivering the highest rates of "beats"). Best performing sectors for the quarter were consumer discretionary, energy and information technology, while the laggards were communication services, consumer staples and health care. "Growth" outperformed "value" for the October, with most of the outperformance coming into the end of the month. Figures showed that US consumer spending softened in September, with growth of 0.6 percent for September (compared with August's 1 per cent). Core personal consumption expenditure price index – a measure of inflation-rose 3.6% in September year on year, while the preliminary HIS Markit US manufacturing PMI fell to 59.2 in October from 60.7 in September, the lowest reading since March, and below market forecasts of 60.3.

The Eurozone's economic rebound gathered pace with growth of 2.2 per cent in the third quarter, closing the gap on the US and Chinese recoveries (which grew 0.5 per cent and 0.2 percent, respectively, on the previous quarter. There was a mixed picture between Eurozone countries with France and Italy beating expectations, but Germany and Spain missing expectations. Eurozone Inflation rose to a 13-year high of 4.1% in October, up from Septembers 3.4 per cent, according to Eurostat's flash estimate. The increase was predominately driven by a 23.5 per cent rise in energy prices; industrial goods prices were up 2 per cent, and services prices increased 2.1 per cent. Supply bottlenecks saw the Eurozone's composite purchasing managers' index (PMI) fall from 56.2 in September to a six-month low of 54.3 in October. Utilities, consumer discretionary and information technology where the leading European sectors in October, while materials, reals estate and telecommunication services were the relative laggards for October. October was a positive month for Asian Markets. Markets sentiment toward Chinese big tech space improved as regulatory concerns and implementation maybe less severe than expected. As the Chinese real estate debt issues seem to be an increasing problem, big tech internet names appeal with their high cash levels. This should also buffer any operational concerns and volatility due to regulations. Singapore MAS tightened its monetary policy modestly considering potential risk to persistent inflation. China GDP for third quarter came in at 4.9% from a year earlier down from 7.9% in the previous quarter. Headwinds in property and a supply issue for energy affected its growth. Still China's export numbers remain strong. Results have been resilient and should help buffer valuations as Asian performance lagged the rest of the world.

Despite "full" valuations in developed markets today, we are still finding attractive investment opportunities, and are comfortable with the current portfolio positioning. Asian market valuations are relatively more compelling after recent under-performance. The market feels somewhat at ease with rising yields and inflation concerns and takes comfort from ongoing growth in corporate earnings. Looking forward, we continue to believe that the path of least resistance leads to further equity market gains. With different countries adopting varied strategies, we continue to monitor the pandemic situation closely, but for now, we remain exposed to re-opening beneficiaries, while continuing to have material parts of the portfolio exposed to defensive compounders and structural growth.

Fixed income:
The 10-year US Treasury yield ended October at 1.6% marginally higher by +6bps vs the prior month. During the month, 10-year US Treasury hit an almost 6-month high of 1.7% on inflation concerns, commodity price surges and Fed tapering expectations.

In October, risk sentiments were dampened by developments in Asia/China due to ongoing property sector headlines and IMF's weaker global growth forecasts. Monthly returns were mixed with -2.2% for JPM CEMBI High Yield (EMHY), -0.3% for JPM CEMBI Investment Grade (EMIG) and +0.3% for Bloomberg Barclays US (DMIG). Bank of Singapore's 12-month forecast for US 10-year Treasury yield is 1.9%. We expect yields to rise given Fed signaling that tapering would commence soon, although yields would still be low compared to historical levels.

As global activity rebounds post- pandemic and vaccination rates rise, the broad economic outlook suggest a supportive environment for risk assets in the near term. We remain overweight EMHY and underweight CEEMEA, neutral Asia and underweight LatAm.

EMHY presents attractive risk-reward given relative value versus other credit market segments. IG performance over the past year has led to generally low all-in yields. We are selectively positioned within IG – focusing on shorter duration and more resilient credits in a tapering environment.

Recent China property volatility has led to repricing in valuations and relatively more attractive entry points. We are monitoring closely policy direction and the Evergrande situation. Given greater credit bifurcation, we favour a quality-bias such as BBs/BBBs with a focus on high quality credits to better buffer against potential price volatility.

November 2021

General:
The BOS International Growth Fund returned -2.61% in November. Markets were relatively calm for most of November. However, the emergence of a new COVID-19 variant – Omicron – saw market volatility rise into the end of the month. It is too early to assess the full impact of Omicron and we retain a moderately risk-on stance.

Equities:
After being positive for most of the November, equity markets sold off on in the last week of the month and finished in negative territory, largely on the back of Omicron concerns (the new COVID-19 variant). The US (-1.0%) was relatively resilient, with Japan (-2.1%), Asia-ex Japan (-4.0%) and Europe (-4.4%) all harder hit (Source: Bloomberg; in USD terms).

The US market largely shrugged off inflation concerns while the more value oriented European market underperformed for the month.

Asian markets had continued to stabilise after the “common prosperity” and Chinese property related Q3 sell-off, investors were tempted back into the market as valuations became more attractive, and corporate earnings continued to deliver, but like other markets sold off into the month end.

Despite “full” valuations in developed markets today, we are still finding attractive investment opportunities, and are comfortable with the current portfolio positioning. Asian market valuations are relatively more compelling after recent under-performance.

While the Omicron variant has our attention, early signs suggest a variant with no worse illness, hospitalisation and death rates, relative to other variants. It is still too early to come to clear conclusions, and we continue to monitor the situation as it evolves.

With different countries adopting varied strategies, we continue to monitor the pandemic situation closely, but for now, we remain exposed to re-opening beneficiaries, while continuing to have material parts of the portfolio exposed to defensive compounders and structural growth.

Fixed income:
The 10-year US Treasury yield retraced lower by 11bps in November to end at 1.4%. The November Fed meeting confirmed its plans to start tapering the bond buying program but left interest rates near zero. While global recovery growth remains on track, the new COVID-19 variant poses new uncertainties on effectiveness of vaccines and consequently growth trajectory. Bank of Singapore's 12-month forecast for US 10-year Treasury yield is 1.9%. We expect yields to move modestly higher given Fed tapering expectations and an increasingly hawkish stance on inflation, while real yields remain low.

Global bond markets were mixed during the month with ongoing idiosyncratic EM volatility. Returns were -1.21% for JPM CEMBI High Yield (EMHY), +0.02% for JPM CEMBI Investment Grade (EMIG) and +0.02% for Bloomberg Barclays US (DMIG).

The global economic outlook suggests a supportive environment for risk assets. While new COVID variants and more aggressive tapering pose near term risks, the growth trajectory remains on track as economic activity normalizes and vaccinations progress globally.

Our regional preferences are overweight CEEMEA, neutral Asia and underweight Latam. EMHY continue to present favourable risk reward with robust underlying fundamentals and attractive relative valuations to other credit asset classes. Looking ahead, country specific factors – China property, CEEMEA geopolitics and Latam elections – present both risks and opportunities for bond investors. We remain focus on diversification and high quality opportunities with good entry points.

December 2021

General:
The BOS International Growth Fund returned 2.70% in December. Markets were less volatile in December. Equities – particularly developed markets – rebounded for the month, while bond markets stabilised after earlier volatility. Despite surging Omicron cases, early indications suggest this variant is less severe in terms of illness and hospitalisations. Whilst inflation is proving more persistent than originally expected, we remain modestly "risk-on" at this point in the cycle.

Equities:
Despite the emergence of the Omicron Covid-19 variant, developed markets delivered strong returns December – the US market delivered +4.3% and Europe +5.8%. Asian equity performance remained subdued (+0.1%) while Japan returned +1.5% for the month. (Source: Bloomberg; in USD terms).

The US market largely shrugged off inflation concerns during the month, as did the more value oriented European market. Asian markets had shown signs of stabilising after the "common prosperity" and Chinese property related sell-off previously, as investors were tempted back into the market as valuations became more attractive, although volatility did return as Omicron cases emerged.

In the US, corporate activity remained strong into the year-end which saw the US market rise for the month of December. Such delivery continues to justify full valuations in our view. With regards to style, "value" (+6.5%) outperformed "growth" (+1.9%) for the month. The IHS Markit US Manufacturing PMI was 57.7 in December, a slowdown from 58.3 in November, but still pointing to a strong expansion in factory activity. However, companies recorded the softest rise in new orders in a year, and a further deterioration in vendor performance amid materials shortages.

Eurozone inflation rose to 4.9 per cent year-on-year in November, up from 4.1 per cent in October, a record high since the single currency was created more than two decades ago. A 27.4 per cent rise in energy prices in November from a year earlier was the biggest driver of inflation in the bloc's 19 countries. The Eurozone's economic recovery risks being undermined if persistently high inflation erodes consumers' disposable income and forces the European Central Bank to withdraw its stimulus more quickly than planned.

Asian markets ended mixed for the fourth quarter, bringing 2021 to a close with a negative year-to-date return. With the new variant of Covid-19, Omicron, spreading much faster, several countries have resorted to more restrictive regulations to curb it. After property prices kept rising, Singapore introduced new property curbs to cool down the surge in home prices. Higher stamp duties and loan limits have been imposed. China signals its intention to shift its focus to support the economy during the annual Central economic Work Conference in Beijing, with expectations of increased infrastructure investments along with cuts in fees and taxes for 2022. Other regulatory and governmental concerns include the delisting of Didi from the US exchange and moving to a local listing, which has caused some concern on the remaining American Depository Receipt (ADRs).

Fixed income:
Global credit closed the year on a mixed note. Emerging Markets (EM) credit had an eventful 2021 with meaningful dispersions across countries/sectors. Macro themes such as Chinese policy, the Fed hiking cycle, geopolitics, and divergences in countries reopening have all played a role. As economies globally emerge from the pandemic two years on, new strains such as Omicron introduced uncertainties in our progress towards normalization and global vaccination programs.

Policy developments in China especially regulatory tightening seen in the property sector has led to significant market moves. Looking ahead we are constructive on broad-based normalisation for the sector and we have seen some early signs of policy fine-tuning. We favour a diversified and quality tilt approach here to better navigate potential tail risks. Latin America's (Latam) forthcoming elections has elevated political and macro uncertainties for the region. Elsewhere, geopolitics and idiosyncratic sovereign risks has led to repricing in pockets of Central and Eastern Europe Middle East and Africa (CEEMEA). As active bond managers we view these as opportunities to capture alpha.

Fundamentally, many EM companies are in good shape bolstered by healthy earnings and are well positioned in a rising rates environment. As central banks recalibrate monetary policy globally, we believe policymakers will continue to support risk assets with a moderately accommodative stance. Bank of Singapore's 12 month forecast for 10-year Treasuries is 1.9% (end-2021: 1.5%).

A moderately risk-on investment strategy is optimal for 2022 with the current macro and market backdrop. Our asset class preferences are overweight EM High Yield and underweight Investment Grade across Developed and Emerging Markets. We look to take advantage of mispricing in the markets and seek fundamentally driven relative-value opportunities as they arise.

Fund Returns

	Total Returns			
	Class MYR-Hedged BOS		Class USD BOS	
	Fund	Benchmark	Fund	Benchmark
1.7.2021 To 30.9.2021	-2.72%	-1.76%	-	-
1.10.2021 To 31.12.2021	1.25%	1.24%	-	-
Since Investing Date To 31.12.2021	-2.43%	-0.62%	-	-

	Total Returns			
	Class PP USD		Class PP MYR Non-Hedged	
	Fund	Benchmark	Fund	Benchmark
1.7.2021 To 30.9.2021	-	-	-	-
1.10.2021 To 31.12.2021	-	-	-	-
Since Investing Date To 31.12.2021	-	-	-	-

Notes:
- BOSWM Core Growth Fund Class MYR-Hedged BOS – Launch date: 30.4.2020; Investing date: 14.6.2021
- BOSWM Core Growth Fund Class USD BOS – Launch date: 30.4.2020; Investing date: -
- BOSWM Core Growth Fund Class PP USD – Launch date: 16.12.2021; Investing date: -
- BOSWM Core Growth Fund Class PP MYR Non-Hedged – Launch date: 16.12.2021; Investing date: -

Source: Lipper, Bloomberg

Asset Allocation

	As At 31 December 2021
Collective Investment Scheme: BOS International Fund – Growth (Class Retail C USD)	95.23%
Cash And Liquid Assets	4.77%
	100.00%

Income Distribution
Nil

NAV per unit
(as at 31 December 2021)

Class MYR-Hedged BOS	RM0.9757
Class USD BOS	-
Class PP USD	-
Class PP MYR Non-Hedged	-

REPORT OF THE TRUSTEE

To the Unitholders of **BOSWM CORE GROWTH FUND**

We, **CIMB COMMERCE TRUSTEE BERHAD** being the trustee for **BOSWM CORE GROWTH FUND** ("the Fund"), are of the opinion that **BOS WEALTH MANAGEMENT MALAYSIA BERHAD** ("the Manager"), acting in the capacity as the Manager of the Fund, has fulfilled its duties in the following manner for the financial period from 30 April 2020 (date of commencement) to 31 December 2021.

(a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deeds, the Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;

(b) Valuation and pricing for the Fund has been carried out in accordance with the Deeds and relevant regulatory requirements; and

(c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of the Trustee
CIMB COMMERCE TRUSTEE BERHAD

EZREEN ELIZA ZULKIPLEE
Chief Executive Officer

Kuala Lumpur, Malaysia
15 February 2022

STATEMENT BY THE MANAGER

We, **TEH CHI-CHEUN** and **TAN AI CHIN**, being two of the directors of **BOS WEALTH MANAGEMENT MALAYSIA BERHAD**, do hereby declare that, in the opinion of the Manager, the accompanying financial statements set out on pages 44 to 68 are prepared in accordance with the requirements of the Deeds, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in Malaysia so as to give a true and fair view of the financial position of **BOSWM CORE GROWTH FUND** as at 31 December 2021 and of its results, changes in net asset value and cash flows for the financial period from 30 April 2020 (date of commencement) to 31 December 2021.

Signed on behalf of the Manager in accordance with a resolution of the Directors

TEH CHI-CHEUN **TAN AI CHIN**

Kuala Lumpur, Malaysia
15 February 2022

INDEPENDENT AUDITORS' REPORT

To the Unitholders of **BOSWM CORE GROWTH FUND**

Report On The Audit Of The Financial Statements

Opinion
We have audited the financial statements of **BOSWM CORE GROWTH FUND** ("the Fund"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the financial period from 30 April 2020 (date of commencement) to 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 68.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund for the financial period from 30 April 2020 (date of commencement) to 31 December 2021, and of its financial performance and cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis For Opinion
We conducted our audit in accordance with approved standards of 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 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.

Information Other Than The Financial Statements And Auditors' Report Thereon
The Manager is responsible for the other information. The other information comprises the information included in the annual report of the Fund, 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.

Responsibility Of The Manager And Trustee For The Financial Statements
The Manager is responsible for the preparation of 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 cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

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 of auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of 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.

- 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, as a body, in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

BRANDON BRUCE STA MARIA
No. 02937/09/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
15 February 2022

STATEMENT OF FINANCIAL POSITION
As At 31 December 2021

	Note	2021 USD
Assets		
Investments	**3**	1,210,313
Interest receivable		2
Financial derivatives	**7**	19,303
Other receivables		4,495
Cash and cash equivalents	**5**	42,681
Total Assets		1,276,794
Liabilities		
Amount due to Manager	**6**	1,060
Other payables		4,775
Total Liabilities (Excluding Net Assets Attribute to Unitholders)		5,835
Net Asset Value ("NAV") Of The Fund Attributable To Unitholders		1,270,959
Net Assets Attributable To Unitholders Of The Fund Comprise:	**14**	
Unitholders' capital		1,300,508
Accumulated loss		(29,549)
		1,270,959

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

STATEMENT OF FINANCIAL POSITION (continuation)
As At 31 December 2021

	Note	2021 USD
Net Asset Value		
Class MYR-Hedged BOS		1,270,959
Number Of Units In Circulation (Units)		
Class MYR-Hedged BOS	**14**	5,424,242
NAV Per Unit In Ringgit Malaysia		
Class MYR-Hedged BOS		0.9757
NAV Per Unit In Respective Currency		
Class MYR-Hedged BOS		0.2344

STATEMENT OF COMPREHENSIVE INCOME
For The Financial Period From 30 April 2020 (Date Of Commencement) To 31 December 2021

	Note	30.04.2020 (Date Of Commencement) To 31.12.2021 USD
Investment Loss		
Interest income		449
Net loss on investments		
- Financial assets at FVTPL		(278)
- Foreign exchange		(883)
- Financial derivatives		(21,831)
Net unrealised gain on foreign exchange		11,962
Net unrealised loss on changes in the value of financial assets at FVTPL		(9,409)
		(19,990)
Expenses		
Audit fee	**8**	1,840
Tax agent's fee	**9**	861
Manager's fee		2,316
Trustee's fee		2,880
Administration expenses		1,662
		9,559
Net Loss Before Taxation	**12**	(29,549)
Less: Taxation		-
Net Loss After Taxation, Representing Total Comprehensive Loss For The Financial Period		(29,549)
Total Comprehensive Loss For The Period Comprises The Following:		
Realised loss		(32,102)
Unrealised income		2,553
		(29,549)

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

STATEMENT OF CHANGES IN NET ASSET VALUE
For The Financial Period From 30 April 2020 (Date Of Commencement) To 31 December 2021

	Note	Unitholders' Capital USD	Accumulated Loss USD	NAV Attributable To Unitholders USD
At 30 April 2020 (Date Of Commencement)				
Net loss after taxation		-	-	-
Creation of units	**14**	-	(29,549)	(29,549)
Class MYR-Hedged BOS		1,300,508	-	1,300,508
At 31 December 2021		1,300,508	(29,549)	1,270,959

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

STATEMENT OF CASH FLOWS
For The Financial Period From 30 April 2020 (Date Of Commencement) To 31 December 2021

	30.04.2020 (Date Of Commencement) To 31.12.2021 USD
Cash Flows From Operating And Investing Activity	
Proceeds from sale of investments	30,000
Purchase of investments	(1,250,000)
Settlement of forward contracts	(21,831)
Interest received	1,731
Manager's fee paid	(5,751)
Trustee's fee paid	(233)
Payment for other fees and expenses	(2,235)
Net cash used in operating and investing activities	(1,248,320)
Cash Flows From Financing Activity	
Cash proceeds from units created	1,302,197
Net cash generated from financing Activity	1,302,197
Net Increase In Cash And Cash Equivalents	53,877
Effect Of Exchange Rate Changes	(11,196)
Cash And Cash Equivalents At Beginning Of Financial Period	-
Cash And Cash Equivalents At End Of Financial Period	42,681
Cash And Cash Equivalents Comprise:	
Cash at banks	4,256
Deposits with financial institutions	38,425
	42,681

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

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Period From 30 April 2020 (Date Of Commencement) To 31 December 2021

1. The Fund, The Manager And Their Principal Activities

BOSWM Core Growth Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Deed dated 20 April 2020 as amended by the First Supplemental Master Deed dated 3 December 2021, (hereinafter referred to as "the Deeds") made between the Manager, BOS Wealth Management Malaysia Berhad and the Trustee, CIMB Commerce Trustee Berhad for the registered holders of the Fund.

The principal activity of the Fund is to invest in "Permitted Investments" as defined in the Deeds, which include the Inst C USD and/or Inst D USD Share Class of the BOS International Fund - Growth, financial derivatives, money market instruments and any other investments approved by the Securities Commission Malaysia. The Fund was launched on 30 April 2020 and will continue its operations until terminated as provided in the Deeds.

Prior to 29 November 2019, the Manager, a company incorporated in Malaysia was a 70% owned subsidiary of Lion Global Investors Limited (formerly known as Lion Capital Management Limited), a company incorporated in Singapore. The remaining 30% of the share capital of the Manager was held by Koperasi Angkatan Tentera Malaysia Bhd.

On 29 November 2019, the Manager became a wholly owned subsidiary of Bank of Singapore Limited, a private bank based in Singapore. The ultimate holding company is Oversea-Chinese Banking Corporation Limited, a public listed company incorporated in Singapore.

The principal activities of the Manager are the establishment and management of unit trust funds as well as the management of private investment mandates. The Manager received approval from the Securities Commission Malaysia to include the regulated activity of investment advice under the variation of its Capital Markets Services License on 25 October 2019. The Manager registered to be an Institutional Unit Trust Adviser with the Federation of Investment Managers Malaysia on 13 November 2019. The Manager has not commenced activities relating to investment advise and marketing and distribution of third party funds as of the end of the financial year.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 15 February 2022.

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in Malaysia.

2. Summary Of Significant Accounting Policies

(a) Basis Of Preparation

The Fund will adopt the following MFRSs and Amendments to MFRSs when they become effective in the respective financial periods and these MFRSs and Amendments to MFRSs are not expected to have any material impact to the financial statements of the Fund upon initial application.

Standards issued but not yet effective:

	Effective for annual periods beginning on or after
Amendments to MFRSs contained in the document entitled *"Annual Improvements to MFRS Standards 2018-2020"*	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 *Business Combination*)*	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 *Property, Plant and Equipment*)*	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*)	1 January 2022
Amendments to MFRS 101: *Presentation of Financial Statements Classification of Liabilities as Current or Non-Current*	1 January 2023
Amendments to MFRS 101: *Disclosure of Accounting Policies*	1 January 2023
MFRS 17 *Insurance Contracts**	1 January 2023
Amendments to MFRS 17 *Insurance Contracts**	
Amendments to MFRS 108: *Definition of Accounting Estimates*	1 January 2023

Amendments to MFRS 112 Income Taxes: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**	Deferred

** These MFRS and Amendments to MFRSs are not relevant to the Fund.*

(b) Functional And Presentation Currency

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in United States Dollar ("USD"), which is also the Fund's functional currency.

(c) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into USD at rates of exchange prevailing at the reporting date.

Transactions in foreign currencies are translated into USD at the rates of exchange ruling on the dates of transactions. Exchange differences arising are included in profit or loss.

(d) Financial Instruments

The Fund recognises financial assets and financial liabilities in the statement of financial position on the date it becomes a party to the contractual provisions of the instruments.

Regular way purchase and sales of all categories of investments in financial instruments are recognised on trade dates i.e. dates on which the Fund commits to purchase or sell the financial instruments.

Financial Assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss ("FVTPL") on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value with gain and loss recognised in profit or loss. Transaction costs are recognised in profit or loss as incurred. Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gains or net losses on changes in fair value of financial assets at FVTPL.

The fair value of collective investment scheme is determined from last published repurchase price at the reporting date as reported by the management company of such funds and as agreed by the Trustee and the Manager so as to reflect its fair value.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(i) Financial Assets At Amortised Cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Receivables are classified as financial assets at amortised cost. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include cash and cash equivalents, amount due from Manager, brokers/dealers and other receivables.

(ii) Financial Assets At FVTPL

A financial asset is measured at FVTPL if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding; or

(b) It is held within a business model whose objective is to sell; or

(c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category its Permitted Investments and financial derivative assets. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

Financial Liabilities

Financial liabilities are recognised initially at fair value i.e. the consideration for goods and services received and subsequently stated at amortised cost. These include amounts due to Manager, brokers/dealers, Trustee and other payables. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

(e) Derecognition Of Financial Assets And Liabilities

Financial Assets

A financial asset is derecognised when the asset is disposed and the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liability is derecognised, and through the amortisation process.

(f) Impairment Of Financial Assets

Credit losses are recognised based on the expected credit loss ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL, either on a 12-month or lifetime basis based on the significant increase in credit risk since initial recognition. The impairment model does not apply to equity investments.

Given the limited exposure of the Fund to credit risk, there is no material impact on the Fund's financial statements. For balances which are short-term in nature and with no financing component (e.g. interest receivable, dividend receivable and amount due from brokers/dealers), full impairment will be recognised on uncollected balances after the grace period is exceeded.

(g) Income Recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Dividend income is recognised when the Fund's right to receive payment is established.

Interest income, accretion of discount and amortisation of premium are recognised using the effective interest method on an accrual basis.

(h) Unrealised Reserves/(Deficits)

The unrealised reserves/(deficits) represent the net gain or loss arising from carrying quoted investments at their fair value and are recognised in the statement of comprehensive income.

(i) Cash And Cash Equivalents

Cash and cash equivalents comprise cash at banks and deposits with licensed financial institutions with original maturities of 3 months or less which have an insignificant risk of changes in value.

(j) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(k) Fair Value Measurement

Fair value is 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.

(l) Unitholders' Capital

Unitholders' Capital meets the conditions for the definition of puttable instruments classified as liability instruments under the requirements of MFRS 132 Financial Instruments: Presentation ("MFRS 132").

Under MFRS 132, a unit trust fund with one common class of Unitholders is classified as Equity as it meets the requirement of having identical features. In a multi-unit class fund, if any one class (or a group of classes) can be differentiated in terms of their features, then all the classes will be classified as Liability.

The Fund issues cancellable units in four classes on which further details are disclosed in Notes 13 and 14.

Distribution equalisation is accounted for on the date of creation and cancellation of units. It represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

(m) Significant Accounting Estimates And Judgments

The preparation of financial statements in accordance with MFRS and IFRS requires the use of certain accounting estimates and exercise of judgments. Estimates and judgments are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

No major estimates or judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at the reporting date.

3. Investments

	2021 USD
Financial Assets At FVTPL	
Quoted investments	
- Collective investment scheme	1,210,313
Total Investments	1,210,313

Quoted investments at the reporting date is as detailed below.

COLLECTIVE INVESTMENT SCHEME

Quantity	Name Of Fund	Cost USD	Fair Value USD	Fair Value As A % Of NAV %
	Luxembourg			
12,157	BOS International Fund - Growth - INST C USD (LU)*	1,219,722	1,210,313	95.23
TOTAL QUOTED INVESTMENTS		1,219,722	1,210,313	95.23
UNREALISED LOSS FROM QUOTED INVESTMENTS			(9,409)	

** Managed by a related party of the Manager.*

4. Fair Value Hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques:

Level 1: Quoted prices (unadjusted) in active markets 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 (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2021				
Financial Assets At FVTPL				
Quoted investments	1,210,313	-	-	1,210,313
Derivative assets	-	19,303	-	19,303
	1,210,313	19,303	-	1,229,616

The carrying amounts of other financial assets and financial liabilities, approximate fair values due to the relatively short term maturities of these financial instruments.

5. Cash And Cash Equivalents

Cash and cash equivalents include cash at banks and deposits with licensed financial institutions.

	2021 USD
Cash at banks	4,256
Deposits with licensed financial institutions:	
- Commercial bank	38,425
Cash and cash equivalents	42,681

The weighted average effective interest rate and remaining maturity of deposits with licensed financial institutions at the reporting date were as follows:

	Weighted Average Effective Interest Rate (% Per Annum) 2021	Weighted Average Remaining Maturity (Days) 2021
Deposits with licensed financial institutions:		
- Commercial bank	1.65	4

6. Amount Due To Manager

The amount due to Manager represents amount payable for management fee.

Management fee is payable on a monthly basis.

7. Financial Derivatives

Financial derivatives contracts comprise forward foreign currency contracts due for settlement within 3 months from the reporting date. The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in Target Fund which is denominated in US Dollar. The contract amounts and their corresponding gross fair values at the reporting date were as follows:

Maturity Date	Contracts Or Underlying Principal Amounts USD	Contract Value At The Reporting Date USD	Unrealised Gains From Forward Foreign Currency Contracts USD
2021			
17.6.2022	1,177,756	1,158,453	19,303
	1,177,756	1,158,453	19,303

8. Manager's Fee

The Manager's fee provided in the financial statements is calculated on a daily basis based on NAV attributable to unitholders of the Fund for the respective class of units at the following rates:

Class	Rate p.a.
MYR-Hedged BOS	1.00%

The Manager's fee provided in the financial statements is net of the Manager's fee rebate on the collective investment scheme as agreed by the Trustee and the Manager as follows:

Name of Fund	Rate p.a.
BOS International Fund - Growth - INST C USD (LU)	0.70%

9. Trustee's Fee

The Trustee's fee provided in the financial statements is computed at 0.04% per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis, subject to a minimum fee of RM12,000 per annum.

10. Portfolio Turnover Ratio ("PTR")

	30.04.2020 (Date Of Commencement) To 31.12.2021
Portfolio turnover ratio ("PTR")	0.54 times

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period over the average NAV attributable to unitholders of the Fund calculated on a daily basis.

11. Management Expense Ratio ("MER")

	30.04.2020 (Date Of Commencement) To 31.12.2021
Class MYR-Hedged BOS	0.80%

MER is the ratio of expenses of the Fund expressed as a percentage of the average NAV attributable to unitholders of the Fund for the financial period calculated on a daily basis. The MER for the current financial period was computed based on 211 days from 4 June 2021, which was the date of the first unit was sold since the commencement of the Fund.

12. Taxation

	30.04.2020 (Date Of Commencement) To 31.12.2021 USD
Malaysian income tax:	
Current year's provision	-

Income tax is calculated at the Malaysian statutory rate of taxation of 24% of the estimated assessable income for the financial period.

There was no taxation charge for the current financial period due to tax exempt income received.

A reconciliation of income tax expense applicable to net loss before taxation at the statutory rate of taxation to income tax expense at the effective rate of taxation is as follows:

	30.04.2020 (Date Of Commencement) To 31.12.2021 USD
Net loss before taxation	(29,549)
Taxation at Malaysian statutory rate of 24%	(7,092)
Tax effects of:	
Income not subject to tax	(2,979)
Losses not subject to tax	7,776
Expenses not deductible for tax purpose	1,035
Restriction on tax deductible expenses for wholesale funds	1,260
Tax expense for the financial period	-

13. Net Asset Value ("NAV") Attributable To Unitholders

	2021 USD
Unitholders' contribution	
- Class MYR-Hedged BOS	1,300,508
Accumulated loss	
- Realised deficit	(32,102)
- Unrealised reserve	2,553
NAV attributable to unitholders	1,270,959

The NAV per unit is rounded up to four decimal places.

The Fund may issue cancellable units in three classes. The following are the features of each class:

Features	Class MYR-Hedged BOS	Class MYR BOS	Class PP USD	Class PP MYR Non Hedged
Management fee rate	1.0% of Class NAV			
Sales Charge	Up to 2% of Class NAV			
Distribution policy	Incidental, subject to the Manager's discretion			

As at 31 December 2021, only units in Class MYR-Hedged BOS have been issued.

14. Number Of Units In Circulation

	2021 No. Of Units	2021 USD
30 April 2020		
Creation		
Class MYR-Hedged BOS	5,424,242	1,300,508
31 December 2021	5,424,242	1,300,508

There were no units in circulation other than Class MYR-Hedged BOS for current financial period.

15. Units Held By The Manager And Its Related Parties

	2021 No. Of Units^	2021 USD
Holding Company of the Manager		
Class MYR-Hedged BOS	5,424,242	1,270,959

There were no units held by other related parties.

^ All units are held legally by the Manager as per the unitholders' register.

16. Transactions With Brokers/Dealers

Details of transactions with the brokers/dealers for the financial year are as follows:

Brokers/Dealers	Value Of Trade USD	% Of Total Trades %
UBS Fund Management (Luxembourg) S.A.	1,280,000	100.00

The Fund is a feeder fund into the target fund, BOS International Fund - Growth, hence transactions were made wholly with the appointed fund manager of the target fund, UBS Fund Management (Luxembourg) S.A. The Investment Manager of the target fund is Bank of Singapore Limited, the holding Company of the Manager.

The directors of the Manager are of the opinion that the transactions with the related party have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

17. Financial Risk Management Objectives And Policies

The Fund is exposed to a variety of risks which include market risk, credit risk, liquidity risk and target fund risk.

Financial risk management is carried out through policy reviews, internal control systems and adherence to the investment restrictions as stipulated in the Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in Malaysia.

(i) Market Risk
The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments. The Fund seeks to diversify some of these risks by investing into different sectors to mitigate risk exposure to any single asset class.

Financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as Covid-19. The outbreak of Covid-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The outcomes of global and local financial markets are highly uncertain and cannot be predicted at this point in time. Due to this, the Manager of the Fund is unable to reliably estimate the quantitative impact of Covid-19 towards the Fund's performance for the next twelve months. The Manager of the Fund will continue to actively monitor the developments in the market to minimise any potential impact to the Fund.

The Fund's market risk is affected primarily by the following risks:

(a) Price Risk
The Manager manages this risk by monitoring the performance of the investment portfolio. The price risk exposure arises from the Fund's investment in collective investment scheme.

The table below summarises the effect on the net loss before tax and NAV attributable to the unitholders of the Fund at the reporting date due to possible changes in prices, with all other variables held constant:

Change In Price (%)	**Effect On Net Loss Before Tax And Nav Attributable To Unitholders (Decrease)/Increase 30.04.2020 (Date Of Commencement) To 31.12.2021 USD**
+5/	60,516
(5)	(60,516)

(b) Interest Rate Risk
This risk refers to the effect of interest rate changes on the returns of deposits with licensed financial institutions. In the event of reduction in interest rates, the returns on deposits with licensed financial institutions will decrease, thus affecting the NAV of the Fund. This risk will be minimised via the management of the duration structure of the deposits with licensed financial institutions.

(c) Currency Risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than the functional currency. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore subject to foreign exchange risks.

The Fund Manager employs forward foreign currency contracts to reduce the Fund's exposure to foreign exchange fluctuations of the Target Fund as part of its currency risk management.

The table below indicates the currency to which the Fund had significant exposure at the reporting date on its NAV. The analysis shows the currency risk concentration and calculates the effect on net income before tax and NAV attributable to unitholders due to fluctuations in currency rates against the functional currency, with all other variables held constant.

An equivalent decrease in the currency rate shown above would have resulted in an equivalent, but opposite impact.

	Currency Risk Concentration USD	**As A % Of NAV %**	**Changes In Currency Rates %**	**Effect On Net Loss Before Tax And NAV Attributable To Unitholders USD**
2021				
RM	1,214,808	95.58	+5	60,740

(ii) Credit Risk
The Fund's principal exposure to credit risk arises primarily due to changes in the financial conditions of an issuer or a counterparty to make payment of principals, interest and proceeds from realisation of investments. Such events can lead to loss of capital or delayed or reduced income for the Fund resulting in a reduction in the Fund's asset value and thus, unit price. This risk is mitigated by setting counterparty limits and vigorous credit analyses.

Credit risk generally arises from investments,financial derivatives, cash and cash equivalents and other receivables. The maximum exposure to credit risk is presented in the Statement of Financial Position. None of these balances are impaired. Financial derivatives and cash and cash equivalents are placed in licensed financial institutions with strong credit ratings.

(iii) Liquidity Risk
This risk occurs in thinly traded or illiquid securities. Should the Fund need to sell a relatively large amount of such securities, the act itself may significantly depress the selling price. The risk is minimised by maintaining a prudent level of liquid assets that allows the Fund to meet daily redemption of units without jeopardising potential returns.

The maturity of the Fund's financial liabilities fall due within three months while the NAV attributable to unitholders are repayable on demand.

(iv) Target fund risk
The Fund is exposed to target fund risk as it feeds into a single target fund. This risk may occur when there is an underperformance or non-performance due to less optimal investment management at the target fund level in terms of securities selection and market, sector and economic analysis. This risk is mitigated by selecting a target fund which has a long track record and managed by a reputable investment manager.

18. Operating Segment

The Fund is a feeder fund whose assets are primarily invested in the target fund, BOS International Fund - Growth. The target fund is domiciled in Luxembourg and the investment of the target fund is managed by Bank of Singapore Limited, the holding company of the Manager.

As the Fund is a feeder fund it only has one business segment.

19. Capital Management

The Fund's capital comprises unitholders' subscription to the Fund. The unitholders' capital fluctuates according to the daily subscription and redemption of units at the discretion of unitholders.

The Fund aims to achieve its investment objective and at the same time maintain sufficient liquidity to meet unitholders' redemptions.

20. Comparative Figures

The commencement date of the Fund was on 30 April 2020 and its financial year-end is 31 December. However, there were no units sold or issued during the period from 30 April 2020 to 31 December 2020 and the financial position, net asset value and results of the Fund at 31 December 2020 were nil.

Accordingly, these are the first set of audited financial statements of the Fund prepared for the period from the date of commencement on 30 April 2020 to 31 December 2021. Therefore, no comparative financial information is available.

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Institutional Unit Trust Advisers (IUTA)
For more details on the list of appointed IUTA (if any), please contact the Manager. Our IUTA may not carry the complete set of our funds. Investments made via our IUTA may be subject to different terms and conditions.

IMPORTANT NOTICES
Beware of phishing scams
Kindly be alert of any email or SMS that requires you to provide your personal information and/or to login to your account via an unsolicited link. Do not click on email links or URLs without verifying the sender of the email. Please ensure the actual internet address is displayed i.e. www.boswealthmanagement.com.my

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