



**BOS WEALTH  
MANAGEMENT**

*A subsidiary of Bank of Singapore*

# **BOSWM DYNAMIC INCOME FUND**

**ANNUAL REPORT**  
**For the financial year ended 30 June 2022**



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**FUND INFORMATION**

**As At 30 June 2022**

Name Of Fund	: BOSWM Dynamic Income Fund
Manager Of Fund	: BOS Wealth Management Malaysia Berhad 199501006861 (336059-U)
Launch Date	: Class BOS MYR – 20 November 2020 (Class A - 2 October 2019 had been changed to Class BOS MYR)
	The Fund will continue its operations until terminated as provided under Part 12 of the Deed.
Category Of Fund	: Fixed income
Type Of Fund	: Growth and income
Investment Objective	: BOSWM Dynamic Income Fund aims to deliver total return for its Unit Holder(s).
	Note: 'total return' refers to income (in the form of income distribution) and potential capital growth.
Performance Benchmark	: 3-month Kuala Lumpur Interbank Offered Rate
Distribution Policy	: Declaration of income distribution (if any) is at least once a year.
Fund Size	: 84.52 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	3	100.00	84.52
		<b>Total</b>	<b>3</b>	<b>100.00</b>	<b>84.52</b>

## FUND PERFORMANCE

## Financial Highlights

Category	As At 30.6.2022	As At 30.6.2021	As At 30.6.2020
	%	%	%
<b>Fixed Income Securities</b>	-	-	59.18
<b>Cash And Liquid Assets</b>	100.00	-	40.82
<b>Total</b>	100.00	-	100.00
Net Asset Value (RM'000)	85,216	-	2,539
Number Of Units In Circulation (Units '000)	84,521	-	2,500
Net Asset Value Per Unit (RM)	1.0083	-	1.0157
Total Expense Ratio ("TER")	0.37%	0.31%	1.20%
Portfolio Turnover Ratio (times)	-#	0.65	0.60

The TER for the current financial year is for 226 days whilst the previous financial year was computed based on 136 days. The Fund does not charge performance fee.

# The PTR for the current financial year is nil as the Fund only has placements with licensed financial institutions.

## 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.

**Performance Data**

	<b>1.7.2020 - 30.6.2022</b> 1 Year's Period	<b>2.10.2019 - 30.6.2022</b> Since Inception
BOSWM Dynamic Income Fund		
- Total Return	0.83%	0.83%
- Average Return	0.83%	0.30%
3-Month KLIBOR		
- Total Return	2.02%	6.35%
- Average Return	2.02%	2.31%

	<b>1.7.2020 - 30.6.2022</b>	<b>1.7.2020 - 30.6.2021</b>	<b>Since Inception 2.10.2019 - 30.6.2020</b>
BOSWM Dynamic Income Fund			
- Capital Return	0.83%	-1.55%	1.57%
- Income Return	0.00%	0.00%	0.00%
- Total Return	0.83%	-1.55%	1.57%
3-Month KLIBOR	2.02%	1.97%	2.02%

	<b>1.7.2020 - 30.6.2022</b>	<b>1.7.2020 - 30.6.2021</b>	<b>Since Inception 2.10.2019 - 30.6.2020</b>
<b>Unit Prices</b>			
Highest NAV (RM)	1.0083	1.0221	1.0179
Lowest NAV (RM)	1.0000	1.0000	1.0000

<b>Unit Splits</b>	-	-	-
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**Distributions** Gross Distribution Per Unit (sen)

<b>1.7.2021 - 30.6.2022</b>	<b>1.7.2020 - 30.6.2021</b>	<b>2.10.2019 - 30.6.2020</b>
30.6.2022 -	30.6.2021 -	30.6.2020 -

Net Distribution Per Unit (sen)

<b>1.7.2021 - 30.6.2022</b>	<b>1.7.2020 - 30.6.2021</b>	<b>2.10.2019 - 30.6.2020</b>
30.6.2022 -	30.6.2021 -	30.6.2020 -

**Notes:**

1. All figures pertaining to the Fund's return were extracted from Lipper.
2. 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.

**MANAGER'S REPORT**  
**30 June 2022**

**Operational Review**

Please read on below for more information pertaining to the operational review of the Fund, the results of those operations and details of significant changes in the state of affairs of the Fund during the financial year end.

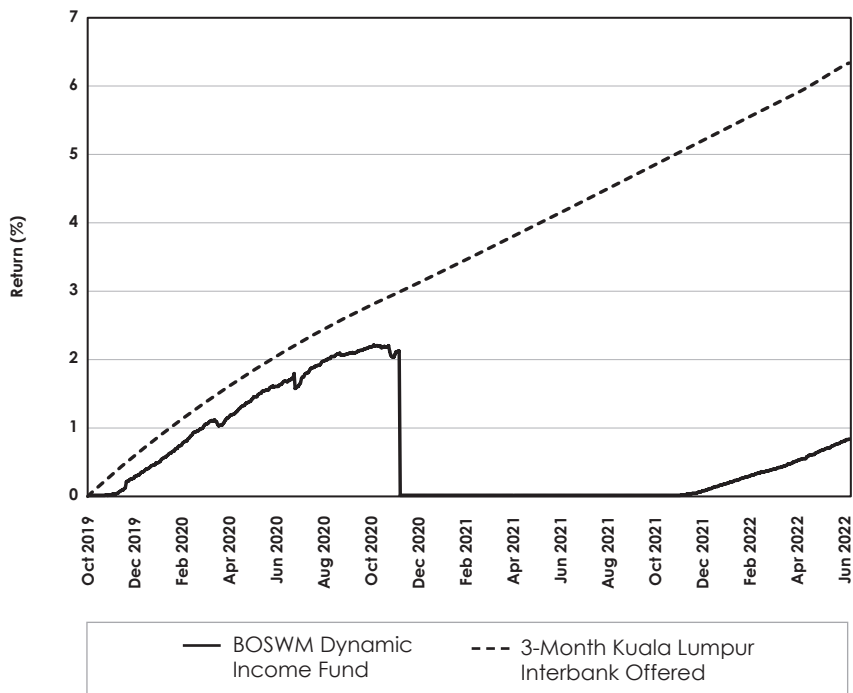
**Performance Review**

From 2 October 2019 to 30 June 2022, the BOSWM Dynamic Income Fund registered a total return of 0.83%, while its benchmark, the 3-month Kuala Lumpur Interbank Offered Rate, rose 6.35%.

For the financial year under review (1 July 2021 to 30 June 2022), the Fund registered a total return of 0.83%. In comparison, its benchmark rose 2.02%.

The Fund had full redemption in November 2020 but received its subsequent inflow in November 2021. The review period has yet to cover a meaningful period to assess its true total return performance for the financial year ended 30 June 2022.

**Comparison Between Fund's Performance And Benchmark**

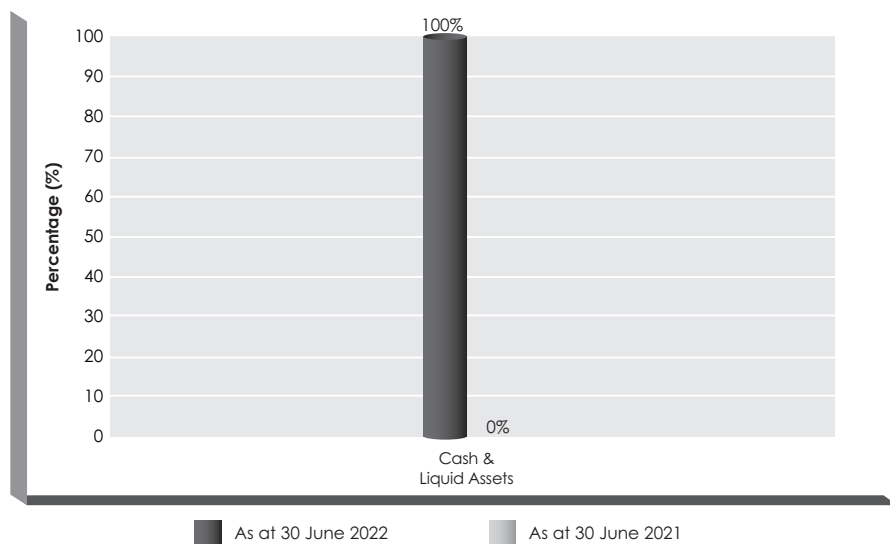


Source: Lipper

### Investment Strategy Review

For most of the financial year in review, investment decision continued to focus on cash allocation as fund inflows have yet to reach a meaningful size for diversification of single issuer bond exposure. Prevailing volatilities in the market sparked by a more aggressive rate hike expectations have kept the Fund at side of prudence as rates have yet to peak and central banks would proceed with their planned interest rate increases. Nonetheless, cash placements were adequately diversified across various maturities to ensure adequate yield enhancement.

### Asset Allocation



As at 30 June 2022, the BOSWM Dynamic Income Fund was 100% invested in cash deposits.

### Securities Financing Transactions Nil

### Analysis Of Net Asset Value

The net asset value (NAV) per unit of BOSWM Dynamic Income Fund increased from RM1.0000 to RM1.0083 during the financial year under review. Meanwhile, total NAV of the Fund increased to RM85,215,985 on net fund inflows.

## Market Review

### Bond Market Review

Markets began the financial year contending with inflationary pressures and was challenged by the eventual start of the interest rate normalization cycle by central banks while geopolitical risk has added to the uncertainties to the macroeconomic backdrop. With focus shifting to rising inflation and the prospect of the withdrawal of monetary policy support, short and intermediate yields rose amidst the Federal Reserve's (Fed) hawkish pivot. Thereafter, volatility remained elevated as global growth concerns mounted alongside ongoing inflation risks. Bonds were under pressure in the second quarter as investors moved to price in further interest rate rises and heightened recessionary risk. The yield curve inverted on several counts during the period amid rising growth concerns as yields surged to multi-year highs with the 10-year yield rising to almost 3.50% before declining to the 3.00% level towards end-June. Over the financial year, the 2-year yields increased by 270 basis points (bps) to 2.95% while the 10-year rose 155bps to 3.01%.

Into the financial year, the local political scene took center stage which resulted in a new premiership and cabinet line-up. Nevertheless, bond markets have taken political developments in their stride as yields saw limited increases. Thereafter, the market succumbed to selling pressures as fears of supply concerns and weak global bond markets sent yields higher with most of the selling concentrated on the shorter end, prompting a bear steepening move in the MGS yield curve. For most of the second half of the financial year, yield movements took cue from higher Treasury yields amid the Fed's hawkish pivot. Longer end of the curve steepened on evident selling pressure from foreign accounts as concerns of foreign outflows from the emerging market (EM) space triggered further sell down in the local bond space. The Ringgit on the other hand weakened by more than 4.38% against the greenback along with most EM currencies on broad Dollar rally spearheaded by Fed rate hike expectations. In May, Bank Negara Malaysia (BNM) has surprised the market with an earlier rate hike as economic activity continues to accelerate, underpinned by strengthening domestic demand and sustained export growth. The surprised rate hike saw the curve bear flattened with the short- end continued to reprice higher. Over the period in review, the yield curve flattened with the 3-year rising 129bps to 3.52% while the 10-year rose 99bps to 4.26%.

**Unit Split** Not applicable

**Significant Changes In The State Of Affairs Of The Fund** Nil

**Changes In The Fund's Prospectus** Nil

**Circumstances That Materially Affect Interest Of Unitholders** Nil

**Crossed Trade Transactions That Have Been Carried Out** Nil

**Soft Commissions**

During the financial year under review, the Fund did not receive any soft commissions.

**REPORT OF THE TRUSTEE**

To the Unitholders of **BOSWM DYNAMIC INCOME FUND** ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 June 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **BOS WEALTH MANAGEMENT MALAYSIA BERHAD** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

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

For and on behalf of  
**CIMB COMMERCE TRUSTEE BERHAD**

**EZREEN ELIZA ZULKIPLEE**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
16 August 2022

**STATEMENT BY THE MANAGER**

We, **PETER JAMES WARNES** 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 15 to 31 are prepared in accordance with the requirements of the Deeds, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission's Guidelines on Unit Trust Funds in Malaysia so as to give a true and fair view of the financial position of **BOSWM DYNAMIC INCOME FUND** as at 30 June 2022 and of its results, changes in net asset value and cash flows for the financial year then ended.

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

**PETER JAMES WARNES****TAN AI CHIN**

Petaling Jaya, Malaysia  
16 August 2022

## **INDEPENDENT AUDITORS' REPORT**

### **Report On The Audit Of The Financial Statements**

#### *Opinion*

We have audited the financial statements of **BOSWM DYNAMIC INCOME FUND** ("the Fund"), which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and cash flows for the financial year 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("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 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 unitholders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds 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

Kuala Lumpur, Malaysia  
16 August 2022

**BRANDON BRUCE STA MARIA**

No. 02937/09/2023 J  
Chartered Accountant

## STATEMENT OF FINANCIAL POSITION

As At 30 June 2022

	Note	2022 RM	2021 RM
<b>Assets</b>			
Interest receivable		372,884	-
Cash and bank balances	3	84,896,967	4,888
<b>Total Assets</b>		<u>85,269,851</u>	<u>4,888</u>
<b>Liabilities</b>			
Amount due to Manager	4	34,998	-
Other payables		18,868	4,888
<b>Total Liabilities</b>		<u>53,866</u>	<u>4,888</u>
<b>Net Asset Value ("NAV") Of The Fund</b>		<u>85,215,985</u>	<u>-</u>
<b>Equity</b>			
Unitholders' capital		84,780,231	(57,790)
Retained earnings		435,754	57,790
<b>NAV Attributable To Unitholders</b>	10	<u>85,215,985</u>	<u>-</u>
<b>Total Equity And Liabilities</b>		<u>85,269,851</u>	<u>4,888</u>
<b>Number Of Units In Circulation (Units)</b>	11	<u>84,521,068</u>	<u>-</u>
<b>NAV Per Unit</b>	10	<u>1.0083</u>	<u>-</u>

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**For The Financial Year Ended 30 June 2022**

	Note	2022 RM	2021 RM
<b>Investment Income</b>			
Interest income		531,087	59,562
Net loss from sale of financial assets at FVTPL		-	(10,917)
		<u>531,087</u>	<u>48,645</u>
<b>Expenses</b>			
Audit fee		7,700	2,870
Tax agent's fee		3,090	1,118
Manager's fee	5	127,454	18,577
Trustee's fee	6	10,219	3,128
Administration expenses		4,660	4,350
		<u>153,123</u>	<u>30,043</u>
<b>Net Income Before Taxation</b>		377,964	18,602
<b>Taxation</b>	9	-	-
<b>Net Income After Taxation, Representing Total Comprehensive Income For The Year</b>		<u>377,964</u>	<u>18,602</u>
<b>Total Comprehensive Income</b>		<u>377,964</u>	<u>18,602</u>
<b>Total Comprehensive Income Comprises The Following:</b>			
Realised income		377,964	18,602
		<u>377,964</u>	<u>18,602</u>

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

**STATEMENT OF CHANGES IN NET ASSET VALUE**  
**For The Financial Year Ended 30 June 2022**

	<b>Unitholders' Capital RM</b>	<b>Retained Earnings RM</b>	<b>NAV Attributable To Unitholders RM</b>
<b>At 1 July 2020</b>	2,500,000	39,188	2,539,188
Net income after taxation	-	18,602	18,602
Creation of units	18,006,106	-	18,006,106
Cancellation of units	(20,563,896)	-	(20,563,896)
<b>At 30 June 2021</b>	<u>(57,790)</u>	<u>57,790</u>	<u>-</u>
<b>At 1 July 2021</b>	(57,790)	57,790	-
Net income after taxation	-	377,964	377,964
Creation of units	84,838,021	-	84,838,021
<b>At 30 June 2022</b>	<u>84,780,231</u>	<u>435,754</u>	<u>85,215,985</u>

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

**STATEMENT OF CASH FLOWS**  
**For The Financial Year Ended 30 June 2022**

	Note	2022 RM	2021 RM
<b>Cash Flows From Operating And Investing Activities</b>			
Proceeds from sale of investments		-	7,026,077
Purchase of investments		-	(5,542,063)
Placement of deposits with licensed financial institutions		(63,000,000)	-
Interest received		158,204	82,745
Manager's fee paid		(92,457)	(19,618)
Trustee's fee paid		(7,719)	(8,481)
Payment for other fees and expenses		(3,970)	(15,483)
Net cash (used in)/generated from operating and investing activities		<u>(62,945,942)</u>	<u>1,523,177</u>
<b>Cash Flows From Financing Activities</b>			
Cash proceeds from units created		84,838,021	18,006,106
Cash paid on units cancelled		-	(20,563,895)
Net cash generated from/(used in) from financing activities		<u>84,838,021</u>	<u>(2,557,789)</u>
<b>Net Increase/(Decrease) In Cash And Cash Equivalents</b>		21,892,079	(1,034,612)
<b>Cash And Cash Equivalents At Beginning Of Financial Year</b>		4,888	1,039,500
<b>Cash And Cash Equivalents At End Of Financial Year</b>		<u>21,896,967</u>	<u>4,888</u>
<b>Cash And Cash Equivalents Comprise:</b>			
Cash at banks		16,967	4,888
Deposits with licensed financial institutions		21,880,000	-
	3	<u>21,896,967</u>	<u>4,888</u>

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

**NOTES TO THE FINANCIAL STATEMENTS****30 June 2022****1. The Fund, The Manager And Their Principal Activities**

BOSWM Dynamic Income Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Deed dated 15 August 2019 and its First Supplemental Deed dated 5 October 2020 (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 fixed income securities and money market instruments as approved by the Securities Commission Malaysia. The Fund was launched on 2 October 2019 and will continue its operations until terminated as provided in the Deeds.

The Manager is 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. As at end of the current financial year, no transactions relating to investment advice and marketing and distribution of third party funds were performed by the Manager.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the Directors on 16 August 2022.

## 2. Summary Of Significant Accounting Policies

### (a) Basis Of Preparation

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 Unit Trust Funds in Malaysia.

The significant accounting policies adopted are consistent with those applied in the previous financial year end except for the adoption of new MFRS and Amendments to MFRS which are effective for financial years beginning on or after 1 January 2021. These new MFRS and Amendments to MFRS did not give rise to any significant effect on the financial statements.

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

#### Standards issued but not yet effective:

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

Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 Income Taxes: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*</i>	Deferred

\* These new MFRS and Amendments to MFRS 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 Ringgit Malaysia ("RM"), which is also the Fund's functional currency.

### **(c) 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.

#### *(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 fair value through profit or loss 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. 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.

**(d) 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.

**(e) 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, amount due from brokers/dealers and amount due from manager) full impairment will be recognised on uncollected balances after the grace period is exceeded.

**(f) 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.

**(g) 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.

**(h) 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.

**(i) 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.

**(j) 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.

**(k) Distributions**

Distributions made by the Fund are accounted for as a deduction from realised reserves except where distributions are sourced out of distribution equalisation which are accounted for as a deduction from unitholders' capital. Distributions are recognised in the statement of changes in NAV when they are approved by the Manager and the Trustee.

**(l) Unitholders' Capital**

Unitholders' capital meets the conditions for the definition of puttable instruments classified as equity instruments.

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 and 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. Cash And Bank Balances

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

	2022 RM	2021 RM
Cash at banks	<u>16,967</u>	<u>4,888</u>
Deposits with licensed financial institutions:		
- Commercial bank	72,000,000	-
- Investment bank	<u>12,880,000</u>	-
	<u>84,880,000</u>	-
Cash and bank balances	<u>84,896,967</u>	<u>4,888</u>

For the purposes of the statement of cash flows, the cash and cash equivalents as at 30 June 2022 amounted to RM21,896,967 (2021: RM4,888).

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)		Weighted Average Remaining Maturity (Days)	
	2022	2021	2022	2021
	Deposits with licensed financial institutions:			
- Commercial bank	2.32	-	180	-
- Investment banks	<u>2.05</u>	<u>-</u>	<u>25</u>	<u>-</u>

### 4. Amount Due To Manager

The amount due to manager represents amount payable for units cancelled and amount payable for management fee.

Management fee is payable on a monthly basis and amount payable for units cancelled is paid within 10 days of the transaction dates.

### 5. Manager's Fee

The Manager's fee provided in the financial statements is computed at 0.50% (2021: 0.50%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis.

**6. Trustee's Fee**

The Trustee's fee provided in the financial statements are computed at 0.04% (2021: 0.04%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis, subject to a minimum fee of RM8,400 per annum.

The trustee fee for the previous year was calculated based on a pro-rated minimum fee of 136 days.

**7. Portfolio Turnover Ratio ("PTR")**

	<b>2022</b>	<b>2021</b>
Portfolio turnover ratio ("PTR")	<u>-</u>	<u>0.65 times</u>

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year over the average NAV attributable to unitholders of the Fund calculated on a daily basis. The PTR for the current financial year is nil as the Fund only has placements with licensed financial institutions.

**8. Total Expense Ratio ("TER")**

	<b>2022</b>	<b>2021</b>
Total expense ratio ("TER") <sup>1</sup>	<u>0.37%</u>	<u>0.31%</u>

TER 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 TER for the current financial year was for 226 days whilst the TER for the previous financial year was calculated based on 136 days. The Fund does not charge performance fee.

<sup>1</sup> The TER does not include brokerage and other transaction fees.

**9. Taxation**

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Malaysian income tax:		
Current financial year's provision	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory rate of taxation of 24% (2021:24%) of the estimated assessable income for the financial year.

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

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

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Net income before taxation	<u>377,964</u>	<u>18,602</u>
Taxation at Malaysian statutory rate of 24%	90,711	4,464
Tax effects of:		
Income not subject to tax	(127,461)	(14,295)
Loss not subject to tax	-	2,620
Expenses not deductible for tax purpose	3,846	1,471
Restriction on tax deductible expenses for unit trust funds	32,904	5,740
Tax expense for the financial year	<u>-</u>	<u>-</u>

**10. Net Asset Value ("NAV") Attributable To Unitholders**

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Unitholders' capital	84,780,231	(57,790)
Retained earnings		
- Realised reserves	435,754	57,790
NAV attributable to unitholders	<u>85,215,985</u>	<u>-</u>

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

**11. Number Of Units In Circulation**

	<b>2022</b>	<b>2021</b>
	<b>No. Of Units</b>	<b>No. Of Units</b>
At beginning of the financial year	-	2,500,000
Creation	84,521,068	17,637,270
Cancellation	-	(20,137,270)
At end of the financial year	<u>84,521,068</u>	<u>-</u>

**12. Units Held By The Manager And Its Related Parties**

There were no units held by the Manager and other related parties.

**13. Transactions With Brokers/Dealers**

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

<b>Brokers/Dealers</b>	<b>Value Of Trade</b>	<b>% Of Total Trades</b>
	<b>RM</b>	<b>%</b>
Public Investment Bank Berhad	137,120,000	37.57
Kenanga Investment Bank Berhad	50,500,000	13.84
Public Bank Bhd	44,910,000	12.31
CIMB Islamic Bank Berhad	38,400,000	10.52
CIMB Bank Berhad	29,000,000	7.95
RHB Islamic Bank Berhad	27,200,000	7.45
RHB Bank Bhd	26,300,000	7.21
Maybank Islamic Bank Berhad	11,500,000	3.15
	<u>364,930,000</u>	<u>100.00</u>

The transactions above are with non related parties.

#### 14. Financial Risk Management Objectives And Policies

The Fund is exposed to a variety of risks which include market risk, credit risk, liquidity risk, specific risk and single issuer 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 Unit Trust Funds 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) Interest Rate Risk

This risk refers to the effect of interest rate changes on the returns on deposits with licensed financial institutions and carrying value of investments. In the event of changes in interest rates, the returns on deposits with licensed financial institutions and fair value of investments will change, thus affecting the NAV of the Fund. This risk will be minimised via the management of duration structure of the deposits with licensed financial institutions.

Change In Price (%)	Effect On Net Income Before Tax And NAV Attributable To Unitholders	
	Decrease/(Increase)	Increase/(Decrease)
	2022	2021
	RM	RM
+25/	40,797	931
(25)	<u>(40,797)</u>	<u>(931)</u>

(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 NAV and thus, unit price. This risk is mitigated by setting counterparty limits and vigorous credit analyses.

Credit risk is generally arising from investments, 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. Cash and cash equivalents are placed in licensed financial institutions with strong credit ratings.

The Fund does not have any fixed income securities at the end of the current reporting period.

(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) Specific Risk

The Fund is exposed to the individual risks of the respective companies issuing securities which includes changes to the business performance of the company, consumer tastes and demands, lawsuits and management practices. This risk is minimised through the diversification of the portfolio of investments of the Fund.

(v) Single Issuer Risk

The Fund's exposure to securities issued by any issuer is limited to not more than a certain percentage of the Fund's NAV. Under such restriction, the risk exposure to the securities of any issuer is minimised.

**15. Operating Segment**

The Fund is organised into one main operating segment for investment management purposes. The Investment Department takes a team approach to the investment process of the Fund. The decision-making process involves input from the entire team, with each team member (inclusive of analysts) contributing their respective expertise and views to yield fully informed conclusions. The Investment Committee is responsible for ensuring adherence to investment guidelines, both internal and external, as well as to assess strategy and implementation effectiveness, and to oversee the entire investment function. Accordingly, significant operating decisions are based upon the analysis of the Fund as one operating segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

**16. 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.

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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](http://www.boswealthmanagement.com.my)

If you suspect your account may be compromised and/or would like to seek clarification, please contact us as above.

**Update of particulars**

Investors are advised to furnish us with updated personal details on a timely basis. You may do so by downloading and completing the Update of Particulars Form available at [www.boswealthmanagement.com.my](http://www.boswealthmanagement.com.my), and e-mail to [customer@boswm.com](mailto:customer@boswm.com). Alternatively, you may call us as above.