



**BOS WEALTH
MANAGEMENT**

A subsidiary of Bank of Singapore

BOSWM DYNAMIC INCOME FUND

INTERIM REPORT

For the six months ended 31 December 2021

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FUND INFORMATION
As At 31 December 2021

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 : 21.00 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	-	21.00
	Total	1	100.00	21.00

FUND PERFORMANCE

Financial Highlights

Category	As At 31.12.2021	As At 30.6.2021	As At 30.6.2020
	%	%	%
Fixed Income Securities	-	-	59.18
Cash And Liquid Assets	100.00	-	40.82
Total	100.00	-	100.00
Net Asset Value (RM'000)	21,024	-	2,539
Number Of Units In Circulation (Units '000)	21,002	-	2,500
Net Asset Value Per Unit (RM)	1.0011	-	1.0157
Management Expense Ratio ("MER")	0.08 %	0.31 %	1.20 %
Portfolio Turnover Ratio (times)	- *	0.65	0.60

The MER for the current interim period was computed based on 44 days while the MER for the previous interim period was computed based on 136 days. (31 Dec 2020: 0.31%)

* The Fund only has placements with licensed financial institutions. (31 Dec 2020: 0.65 times)

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.

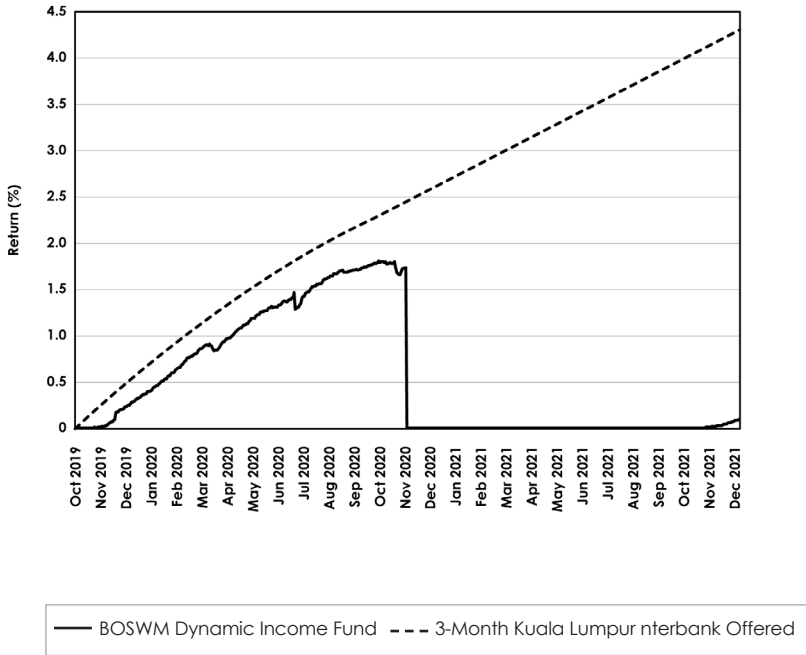
MANAGER'S REPORT
31 December 2021

Performance Review

From 2 October 2019 to 31 December 2021, the BOSWM Dynamic Income Fund registered a total return of 0.11%, while its benchmark, the 3-month Kuala Lumpur Interbank Offered Rate, rose 5.27%.

For the interim period under review (1 July 2021 to 31 December 2021), the Fund registered a total return of 0.11%. In comparison, its benchmark rose 0.99%.

Comparison Between Fund's Performance And Benchmark

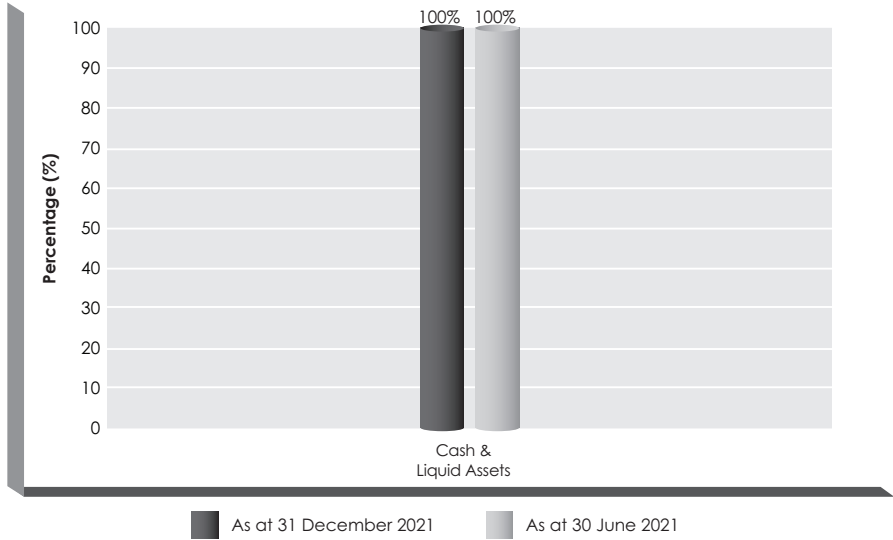


Source: Lipper

Investment Strategy Review

Investment decisions were focused on cash allocation as fund inflows have yet to reach a meaningful size for adequate diversification of single issuer bond exposures. Nonetheless, cash placements were adequately diversified across various maturities to ensure adequate yield enhancement.

Asset Allocation



As at 31 December 2021, the BOSWM Dynamic Income Fund was 100% invested in cash deposits.

Analysis Of Net Asset Value

The net asset value (NAV) per unit of BOSWM Dynamic Income Fund increased from nil to RM1.0011 during the interim period under review. Meanwhile, total NAV of the Fund increased from nil to RM21,023,979 due to capital injections.

Market Review**Bond Market Review**

Interest rates declined earlier in the period in review as the delta variant drove Covid-19 cases higher and presented headwinds to the recovery but weakened thereafter as the Fed precluded the market on its tapering plan in September. As the period progresses, market expectations for earlier Federal Reserve (Fed) policy tightening together with uncertainty over the outlook for growth and inflation following the emergence of the Omicron variant further weighed on risk appetite. The yield curve continued its flattening trend as markets started to price in faster pace of tightening from the Fed. The final FOMC meeting of 2021 took a more hawkish turn than expected with the Fed now expecting three interest rate increases next year in the context of stronger growth and lower unemployment and plans to accelerate tapering and to end its asset purchases by March 2022. The 2-year Treasury yield which typically moves in step with interest rate expectations was up 47bps to 0.73% while the 10-year yield rose from 1.45% to 1.51% after hitting a high of 1.70% over the course of the period. The US dollar staged a strong and broad-based rally as expectations rose for higher interest rates from the Fed in 2022 and 2023. The short end rose as the Fed's openness to accelerate the tapering process potentially paves the way for an earlier hike in the Fed fund rate, while longer-dated bond yields fell as the spread of the Omicron variant casts doubts over the trajectory of economic growth.

In line with upward trends in global rates, local bond yields have risen sharply higher over the interim period. While trading momentum took cue from stronger economic releases, selling pressures were largely contained by concerns over the spread of the Delta variant of Covid-19 and renewed nationwide lockdown which dampened economic activities in the first half of the period. The yield curve settled higher with the 3-year rising by 56 basis points (bps) to 2.79% while the 10-year rose by 41bps to 3.58% as market adjusted for supply expectations in addition to the Fed's tapering decisions. Meanwhile, Bank Negara Malaysia maintained its policy accommodation throughout 2H2021 and remained encouraged by the rapid progress of the domestic vaccination programme and expectations of continued expansion in global demand to support the growth momentum going into 2022.

Income Distribution Nil

Unit Split Not applicable

Significant Changes In The State Of Affairs Of The Fund Nil

Circumstances That Materially Affect Interest Of Unitholders Nil

Soft Commissions

During the interim period under review, the Fund did not receive any soft commissions.

REPORT OF THE TRUSTEE

To the Unitholders of **BOSWM DYNAMIC INCOME FUND**

We, **CIMB COMMERCE TRUSTEE BERHAD** being the trustee of **BOSWM DYNAMIC INCOME FUND** ("the Fund"), are of the opinion that **BOS WEALTH MANAGEMENT MALAYSIA BERHAD** ("the Manager"), acting in the capacity as Manager of the Fund, has fulfilled its duties in the following manner for the six months ended 31 December 2021.

In our opinion:

- (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 Unit Trust Funds, 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 unaudited financial statements set out on pages 10 to 24 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 31 December 2021 and of its results, changes in net asset value and cash flows for the Interim period then ended.

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
As At 31 December 2021

	Note	31.12.2021 RM	30.6.2021 RM
Assets			
Investments	3	-	-
Interest receivable		26,457	-
Cash and cash equivalents	5	<u>21,013,184</u>	<u>4,888</u>
Total Assets		<u>21,039,641</u>	<u>4,888</u>
Liabilities			
Amount due to Manager	6	8,923	-
Other payables		<u>6,739</u>	<u>4,888</u>
Total Liabilities		<u>15,662</u>	<u>4,888</u>
Net Asset Value ("NAV") Of The Fund		<u>21,023,979</u>	<u>-</u>
Equity			
Unitholders' capital		20,944,626	(57,790)
Retained earnings		<u>79,353</u>	<u>57,790</u>
NAV Attributable To Unitholders	12	<u>21,023,979</u>	<u>-</u>
Total Equity And Liabilities		<u>21,039,641</u>	<u>4,888</u>
Number Of Units In Circulation (Units)	13	<u>21,002,416</u>	<u>-</u>
NAV Per Unit	12	<u>RM1.0011</u>	<u>-</u>

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
For The Six Months Ended 31 December 2021

	Note	01.07.2021 to 31.12.2021 RM	01.07.2020 to 31.12.2020 RM
Investment Income			
Interest income		37,145	59,561
Net loss from sale of financial assets at FVTPL		-	(2,906)
Net unrealised loss on changes in fair value of financial assets at FVTPL		-	(8,011)
		<u>37,145</u>	<u>48,644</u>
Expenses			
Audit fee		1,478	2,870
Tax agent's fee	7	593	1,118
Manager's fee	8	12,376	18,577
Trustee's fee		1,013	3,128
Administration expenses		122	4,349
		<u>15,582</u>	<u>30,042</u>
Net Income Before Taxation	11	21,563	18,602
Taxation		-	-
Net Income After Taxation		<u>21,563</u>	<u>18,602</u>
Total Comprehensive Income		<u>21,563</u>	<u>18,602</u>
Total Comprehensive Income Comprises The Following:			
Realised income		21,563	26,613
Unrealised loss		-	(8,011)
		<u>21,563</u>	<u>18,602</u>

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

UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE
For The Six Months Ended 31 December 2021

	Unitholders' Capital RM	Retained Earnings RM	NAV Attributable To Unitholders RM
At 1 July 2020	2,500,000	39,188	2,539,188
Net income after taxation	-	18,602	18,602
Creation of units	18,006,105	-	18,006,106
Cancellation of units	(20,563,895)	-	(20,563,896)
At 31 December 2020	<u>(57,790)</u>	<u>57,790</u>	<u>-</u>
At 1 July 2021	(57,790)	57,790	-
Net income after taxation	-	21,563	21,563
Creation of units	21,002,416	-	21,002,416
At 31 December 2021	<u>20,944,626</u>	<u>79,353</u>	<u>21,023,979</u>

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

UNAUDITED STATEMENT OF CASH FLOWS
For The Six Months Ended 31 December 2021

	1.7.2021 to 31.12.2021 RM	1.7.2020 to 31.12.2020 RM
Cash Flows From Operating And Investing Activities		
Proceeds from sale of investments	-	7,026,077
Purchase of investments	-	(5,542,063)
Interest received	10,688	82,747
Manager's fee paid	(3,452)	(19,618)
Trustee's fee paid	(598)	(8,481)
Payment for other fees and expenses	(758)	(12,050)
Net cash generated from operating and investing activities	<u>5,880</u>	<u>1,526,612</u>
Cash Flows From Financing Activities		
Cash proceeds from units created	21,002,416	18,006,106
Cash paid on units cancelled	-	(20,563,895)
Net cash generated from/(used in) financing activity	<u>21,002,416</u>	<u>(2,557,789)</u>
Net Increase/(Decrease) In Cash And Cash Equivalents	21,008,296	(1,031,177)
Cash And Cash Equivalents At Beginning Of Financial Period	4,888	1,039,500
Cash And Cash Equivalents At End Of Financial Period	<u>21,013,184</u>	<u>8,323</u>
Cash And Cash Equivalents Comprise:		
Cash at banks	13,184	8,323
Deposits with licensed financial institutions	21,000,000	-
	<u>21,013,184</u>	<u>8,323</u>

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**31 December 2021****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.

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. 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 15 February 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 MFRSs and Amendments to MFRSs and IC Interpretation which are effective for financial years beginning on or after 1 January 2021. These new MFRSs and Amendments to MFRSs did not give rise to any significant effect on the financial statements.

The Fund will adopt the following MFRS and Amendments to MFRSs when they become effective in the respective financial periods and these MFRS 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 interim periods beginning on or after
Amendments to MFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
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 Combinations)*	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*	1 January 2023
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 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) 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.

(l) 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. Investments

	31.12.2021 RM	30.6.2021 RM
Financial Assets At FVTPL		
Fixed income securities	-	-
Total Investments	<u>-</u>	<u>-</u>

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 2 RM	Total RM
31.12.2021		
Financial Assets At FVTPL		
Fixed income securities	-	-
30.06.2021		
Financial Assets At FVTPL		
Fixed income securities	-	-

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.

	31.12.2021 RM	30.6.2021 RM
Cash at banks	<u>13,184</u>	<u>4,888</u>
Deposits with licensed financial institutions:		
- Commercial banks	17,100,000	-
- Investment bank	<u>3,900,000</u>	-
	<u>21,000,000</u>	-
Cash and cash equivalents	<u>21,013,184</u>	<u>4,888</u>

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) 31.12.2021	Remaining Maturity (Days) 31.12.2021	Weighted Average Effective Interest Rate (% Per Annum) 30.6.2021	Remaining Maturity (Days) 30.6.2021
Deposits with licensed financial institutions:				
- Commercial bank	<u>2.00</u>	<u>54</u>	<u>-</u>	<u>-</u>

6. Amount Due To Manager

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

7. Manager's Fee

The Manager's fee provided in the financial statements is computed at 0.50% (2020: 0.50%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis.

8. Trustee's Fee

The Trustee's fee provided in the financial statements are computed at 0.04% (2020: 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.

9. Portfolio Turnover Ratio ("PTR")

	1.7.2021 To 31.12.2021	1.7.2020 To 31.12.2020
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 period over the average NAV attributable to unitholders of the Fund calculated on a daily basis.

** The Fund only has placements with licensed financial institutions.*

10. Management Expense Ratio ("MER")

	1.7.2021 To 31.12.2021	1.7.2020 To 31.12.2020
Management expense ratio ("MER") ¹	<u>0.08%</u>	<u>0.31%</u>

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 is for 44 days whilst the MER for the previous financial period was calculated based on 136 days.

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

11. Taxation

	1.7.2021 To 31.12.2021 RM	1.7.2020 To 31.12.2020 RM
Malaysian income tax:		
Current financial period's provision	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory rate of taxation of 24% (2020:24%) of the estimated assessable income for the financial period.

There was no taxation charge for the current financial periods 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:

	1.7.2021 To 31.12.2021 RM	1.7.2020 To 31.12.2020 RM
Net income before taxation	<u>21,563</u>	<u>18,602</u>
Taxation at Malaysian statutory rate of 24%	5,175	4,464
Tax effects of:		
Income not subject to tax	(8,915)	(14,295)
Expenses not deductible for tax purpose	415	1,471
Restriction on tax deductible expenses for unit trust funds	<u>3,325</u>	<u>5,740</u>
Tax expense for the financial period	<u>-</u>	<u>-</u>

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

	31.12.2021	30.6.2021
	RM	RM
Unitholders' capital	20,944,626	(57,790)
Retained earnings		
- Realised reserves	79,353	57,790
NAV attributable to unitholders	<u>21,023,979</u>	<u>-</u>

The net asset value per unit is rounded up to four decimal places.

13. Number Of Units In Circulation

	31.12.2021	30.6.2021
	No. Of Units	No. Of Units
At beginning of the financial period	-	2,500,000
Creation	21,002,416	17,637,270
Cancellation	-	(20,137,270)
At end of the financial period	<u>21,002,416</u>	<u>-</u>

14. Units Held By The Manager And Its Related Parties

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

15. Transactions With Brokers/Dealers

There were no transactions with the brokers/dealers for the financial period and with non related parties.

16. 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.

The Fund does not have any investments and deposits with licensed financial institutions at end of the current reporting date. The interest rate risk exposure at end of the previous reporting period was insignificant.

(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.

Fixed income securities are either government-guaranteed or rated by RAM Rating Services Berhad ("RAM") or Malaysian Rating Corporation Berhad ("MARC").

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.

17. 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.

18. 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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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

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 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, and e-mail to customercare@boswm.com. Alternatively, you may call or email us as above.