



**BOS WEALTH
MANAGEMENT**

A subsidiary of Bank of Singapore

BOSWM ASIAN INCOME FUND

**QUARTERLY REPORT
For the financial period from
1 January 2022 to 31 March 2022**

CONTENTS

Fund Information	2
Fund Performance	3
Market And Fund Review	
Fund Returns	
Asset Allocation	
Income Distribution	
Financial Statements	
Unaudited Statement Of Financial Position	11
Unaudited Statement Of Comprehensive Income	13

FUND INFORMATION

As At 31 March 2022

Name Of Fund (Feeder)	: BOSWM Asian Income Fund
Manager Of Fund	: BOS Wealth Management Malaysia Berhad 199501006861 (336059-U)
Name Of Target Fund	: Lion Capital Funds II – Lion-Bank of Singapore Asian Income Fund
Investment Manager Of Target Fund	: Lion Global Investors Limited (198601745D) (formerly known as Lion Capital Management Limited)
Sub-Investment Manager Of Target Fund	: Bank of Singapore Limited (197700866R)
Launch Date	: Class MYR – 12 January 2017 Class MYR BOS – 12 September 2019 Class USD BOS – 12 September 2019 The Fund will continue its operations until terminated as provided under Part 11 of the Deed.
Category Of Fund	: Mixed assets – feeder fund (wholesale)
Type Of Fund	: Growth and income [□]
Investment Objective	: BOSWM Asian Income Fund aims to provide capital growth and income [□] in the medium* to long term* by investing in the Target Fund – Lion Capital Funds II – Lion- Bank of Singapore Asian Income Fund. [□] Income is in reference to the Fund's distribution, which could be in the form of cash or units. * Medium term is defined as a period of one to three years, and long term is a period of more than three years.
Performance Benchmark	: From 1 March 2021 onwards: Lion Capital Funds II – Lion- Bank of Singapore Asian Income Fund Prior to 1 March 2021 – Composite Benchmark: 50% JP Morgan Asia Credit Composite Total Return Index 50% MSCI Far East ex Japan Index
Distribution Policy	: Subject to the availability of income, distribution of income will be on a quarterly basis.
Fund Size	: 17.65 million units

FUND PERFORMANCE**For The Financial Period From 1 January 2022 To 31 March 2022****Market And Fund Review***Review Of The Lion Capital Funds II – Lion-Bank Of Singapore Asian Income Fund
(Target Fund Of BOSWM Asian Income Fund)*January 2022

Market overview:

For 2021 Asian markets ended down, with loses mostly in China. The Chinese government rolled out new regulations targeting almost all sectors of the economy ranging from Big Technology, Education and many more. The theme was common prosperity, and this led to a selloff in almost every sector with concerned investors not sure of the cost of compliance for all the new regulations that have been introduced. Listings on the US exchanges also escalated in 2021 with data and privacy issue a (Chinese issue) and audit compliance a (US issue). We are still seeing the migration of Chinese companies listed in the US shifting to Asia.

But Asia also had positive news in 2021. Singapore had a strong recovery with stocks doing well. Singapore is in a sweet spot being a good beneficiary in any global recovery. A strong government and well thought out policies continue to attract Foreign Direct Investments. Big Tech are shifting and increasing its presence in Singapore. Semiconductor companies are also setting up manufacturing facilities. The Global Chip supply shortage has created large demand for Asian semiconductor manufacturers. Taiwan is a beneficiary of the supply issues that will seem to last a while more.

After property prices kept going up, 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, with the expectation of increased infrastructure investments along with cuts in fees and taxes for 2022. The move will certainly be a welcome for many companies with maturing debt. A reduction of the Reserve Requirement Ratio for Chinese banks could help elevate some of these concerns. The move also signals a change in the government stance from previous deleveraging the economy to supporting growth.

Regulatory concerns in China continue with the impending delisting of Didi from the US exchange. On shoring will be a buzzword in 2022 as Chinese companies seek listing locally in China or Hong Kong. Both the US and the Chinese governments have concerns on Chinese listed American Depository Receipts. Most large Chinese listed entities already have dual listings.

Covid-19 and how the countries deal with it is still a concern for any economic recovery. A new variant that seems to be more infectious but less deadly is spreading now. If countries decide to lock down again, we will move back to economic slowdown. But most seem to have decided to live with Covid-19 and opening travel lanes. This is positive for Asia. We remain constructive in the region. While growth is slowing, we still see the potential of the region and favorable demographics for emerging Asia. It will continue to be one of the fastest growing regions in the world.

January 2022 has been a difficult month for fixed income assets with global central banks all converging on a hawkish stance in the face of inflationary pressures. In the face of this headwind, trading in Asian credit has been fairly lackluster although the good quality issuers are still coming to market with historically tight spreads.

JACI generated a total return of -2.19% in January 2022 due largely to the increase in Treasury yields. Investment Grade spreads widened by 4 basis points (bps) while High Yield spreads widened by 42bps. Indonesia was the worst performer as rising Treasury yields hit the long duration issues from Indonesia's sovereign and quasi-sovereigns.

Portfolio asset allocation:

The Fund allocation is 52.6% in equities, 43.8% in fixed income and the balance 3.6% in cash.

Portfolio update:

We managed to move ahead the market by being slightly underweight on Chinese big Tech in the 2nd and 3rd Quarter of 2021. We overweight Singapore which had a good performance in 2021. We continue to remain invested and rotated into policy friendly companies in Solar, Wind and Electric Vehicle and into E-commerce Companies outside of China. This helped in mitigating the selloff in Asian equities during 2021.

Chinese Property bonds continue to trade weakly throughout the month as heightened idiosyncratic risks among developers meant there was little appetite to bid aggressively for bonds. There was a slight rebound in better quality Chinese property names in January 2022 but liquidity also became tighter toward the end of the month as the market started to wind down in preparation for Chinese New Year celebrations. The Chinese authorities have started easing measures within the sector but these are coming in drips and drapes and not forceful enough to materially lift sentiment. With large maturities coming due, default and restructuring are still likely to happen. Until we see more co-ordinated efforts by Beijing to provide clarity on policy, it's difficult to see the sector stabilizing. We will stay short and conserve cash for the time being.

February 2022

Market overview:

The biggest question is how the Russian/Ukraine War will affect Asia, particularly China. While any War is bad for risky assets, sanctions on Russia are now a big issue for fund management. Asia is slightly removed but not exempt from the fall out of the War. While China has better relations with Russia, this could be reason enough to be cautious. The SWIFT ban on certain Russian banks is even more complicated and the increase in Russian interest rates cannot be good. It will be best to concentrate on what could be beneficiaries. We know now that inflation will persist leading to higher energy price. We also know that alternative energy sourced will almost experience increased in investments. Sectors such as Solar, Wind, Electric and battery technology could benefit from long term investments and demand. China net zero emission push will also have a positive effect on these sectors. The demand for solar assets has been growing strongly.

Economic activities remain fluid in the month of February 2022 with China pumping in more liquidity via policy loans to support its slowing economy. This was an extension from January 2022 and where both loans and rates were used to help bolster the economy. In a same token, China has announced that loans for affordable homes will not be subject to regulators lending curbs and a call for banks to support this sector of housing. Some regulatory concerns continue to be announced with the latest making delivery accountable for disputes that arises. China Purchasing Managers' Index was above 50 last month signaling its expansionary polices are taking roots.

The other parts of Asia, Singapore continues to add more countries to the vaccinated travel lanes which should help for both business and tourist travel. On the opposite side, the government pulse a move to relax Covid-19 controls as the number of infections hit new high.

Globally speaking, Asian growth will seem likely to be the least affected but still a concern regarding Russian and Ukraine. Asia equities still offers one of the most compelling valuations and growth is still expected to be good. We remain constructive of the region with stock picking now even more important. Having a diversified equity portfolio becomes even more important with well selected stocks that can better weather event risk, the latest being the Russian/Ukraine war. Do not panic and rely on fundamentals.

Portfolio asset allocation:

The Fund allocation is 53.3% in equities, 42.8% in fixed income and the balance 4.0% in cash.

Portfolio update:

In the Fund, we remain overweight in Singapore and also keep our holdings in the alternative energy space such as wind and solar, which has held up better than the general markets. We still keep our investments in Taiwan. Even with the increased volatility, chip shortages will still continue, and Taiwan will continue to be a beneficiary. Within China we have reducing slightly our exposure to big tech but kept most of our other exposure intact. China may have been given a reprieve as the world now concentrates on the Russian Ukraine war.

Index spreads widened while treasury yields were higher. Investment grade spreads widened by 20 basis points (bps) while HY (high yield) spreads widened by 107bps. Higher beta countries like Sri Lanka and Pakistan sold off while sector-wise, Chinese HY Property sold off after renewed concerns about the credit worthiness of some developers. Sentiment has continued to deteriorate after a few bad actors shattered confidence in corporate disclosure (Zhenro) and even the once considered better quality names have had their bond sold down. With results season coming up, sentiment is likely to stay depressed. The new issue pipeline has stayed light as volatility continued to stay very elevated and liquidity tight.

With risk markets facing a number of headwinds including the uncertainty of war in Europe and a tightening monetary environment (US Federal Reserve chairman has confirmed it will likely liftoff in the March 2022 Federal Open Market Committee (FOMC)), the only game to play is defense. The Fund has reduced allocation to fixed income and will continue to remain cautious.

March 2022

Market overview:

The ongoing War and China dominated the news for the month of March 2022. We have seen volatility and event risk increasing. While markets have fallen after the War started, the close relation between China and Russia became a bigger issue as regulatory risk and threat of possible sanctions drove Chinese equities down in mid-month. Better earning results and China's announcing it wants to avoid any sanctions and will work with US regulators on US listed Chinese stocks help to support Chinese markets.

The biggest winner is Singapore with the index outperforming most major markets. A haven status and reduction in Covid-19 restrictions should drive up business activities into the future. Earning results so far have been mostly better than expected. Major companies in the region had a better 4th quarter of 2021. Emerging Asia and countries like Indonesia performed well. Indonesia is a net exporter of oil and gas, minerals, palm oil and rubber products.

The fight against inflation took a larger stance with commodity prices and input cost rising to new heights. Oil and gas, food and material costs all increased exponentially after the War started. The uncertainty has led to dis-allocation of resources exacerbated by US sanctions on certain Russian entities. Russian assets be it bonds, or stocks suddenly became uninvestable.

China's zero tolerance to Covid-19 is battling one of its largest outbreaks. Authorities promptly shut down several major cities including the country's technology and manufacturing hub of Shenzhen and the financial hub of Shanghai, damaging its manufacturing activity for the month of March 2022 as the purchasing managers index fell to 49.5. Large share buy backs were the talk of the town, lending support to current prices.

The Chinese government has stuck to its growth forecast of 5.5% gross domestic product growth. We remain constructive, even as volatility increases. Asia's growth, while slowing, remains intact. Southeast Asia countries fared much better in March 2022 with Singapore leading the way. China is still easing, Taiwan remains as world leaders in the Semi-conductor industry. Emerging Asia demographic continues to be favourable economically in the future. There are opportunities with volatility. Keeping focused on fundamentals and keeping to quality investments will be best in these markets.

March 2022 was a volatile month for risk assets and sovereign bonds. US and European central bankers became more hawkish in the face of renewed inflationary pressures. Federal Reserve (Fed) participants started signaling that they were open to 50 basis points (bps) hikes if necessary and the street is now racing to 'outhawk' each other with forecasts of multiple 50bps hikes from the Fed.

J.P. Morgan Asia Credit Index generated a total return of -2.03% in March 2022. The US 10-year treasury yield ended the month higher by 51bps to 2.34%. Investment Grade spreads tightened by 7bps while High Yield (HY) spreads tightened by 26bps. Chinese HY credits continued to selloff as more property companies faced problems filing financial reports. Countries more sensitive to rising treasury yields such as Thailand and Taiwan also underperformed. The worst performer was Pakistan as political turmoil and energy shortages led to a spike in default risk for its sovereign bonds.

Portfolio asset allocation:

The Fund allocation as of end March 2022 was 52.3% in equities, 42.3% in fixed income and the balance 5.4% in cash.

Portfolio update:

In the Fund, during the first quarter of 2022, we reduced our exposure to equities and raised cash slightly. This was to mitigate the fall out from the war. We continue to be overweight in Singapore. This has helped, as Singapore equity returns were one of the best for the first quarter. Our exposure to China was reduced given the volatility. Although small in exposure, our holdings in Emerging Asia did mostly better.

The Fund remained defensively positioned in March 2022. There were some nascent signs of thawing in the credit markets as some issues managed to print with decent subscription. Credit spreads have compressed back significantly since mid-March 2022 following statements of support from Beijing. Investment Grade in particular has retraced back all the lost ground. High Yield has also bounced back from the bottom but the performance is more nuanced with the good quality names outperforming. Markets will be watching for more signs of policy support to enable more funding channels to be open. However, it's not clear that any easing measure will be enough or in time to support some of the stressed names that are facing debt maturities in the next few months. We still expect further defaults and debt restructuring and will remain cautious.

Fund Returns

	Total Returns					
	Class MYR		Class MYR BOS		Class USD BOS	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
1.1.2022 To 31.3.2022	-6.86%	-6.81%	-7.14%	-6.81%	-7.62%	-7.67%
1 Year's Period (1.4.2021 To 31.3.2022)	-13.34%	-11.63%	-14.38%	-11.63%	-14.25%	-12.86%
3 Years' Period (1.4.2019 To 31.3.2022)	1.31%	8.29%	-	-	-	-
Financial Year-To-Date (1.1.2022 To 31.3.2022)	-6.86%	-6.81%	-7.14%	-6.81%	-7.62%	-7.67%
Since Investing Date To 31.3.2022	3.51%	14.73%	1.39%	5.38%	16.58%	4.41%

Note:

- BOSWM Asian Income Fund Class MYR – Launch/investing date: 12.1.2017
- BOSWM Asian Income Fund Class MYR BOS – Launch/investing date: 12.9.2019
- BOSWM Asian Income Fund Class USD BOS – Launch/investing date: 12.9.2019

Source: Lipper, Bloomberg

Asset Allocation

As At 31 March 2022

Collective Investment Scheme:
 Lion Capital Funds II – Lion-Bank of Singapore Asian
 Income Fund USD Class C (Distribution) and/or USD
 Class C (Accumulation) 97.59%

Cash And Liquid Assets 2.41%
100.00%

Income Distribution

	Class MYR	Class MYR BOS	Class USD BOS
Gross distribution per unit	-	31.1.2022: 0.55 sen	-
Net distribution per unit	-	31.1.2022: 0.53 sen	-

NAV per unit

(as at 31 March 2022)

Class MYR RM0.9666
 Class MYR BOS RM0.9809
 Class USD BOS USD1.1658

UNAUDITED STATEMENT OF FINANCIAL POSITION
As At 31 March 2022

	31.3.2022
	RM
Assets	
Investments	16,855,101
Interest receivable	14
Financial derivatives	94,219
Other receivables	34,380
Cash and cash equivalents	327,930
Total Assets	<u>17,311,644</u>
Liabilities	
Amount due to Manager	18,200
Tax payable	5,460
Other payables	17,009
Total Liabilities	<u>40,669</u>
Net Asset Value Of The Fund	<u>17,270,975</u>
Equity	
Unitholders' capital	20,580,092
Accumulated losses	<u>(3,309,117)</u>
Net Asset Value Attributable To Unitholders	<u>17,270,975</u>
Total Equity And Liabilities	<u>17,311,644</u>

UNAUDITED STATEMENT OF FINANCIAL POSITION (continuation)
As At 31 March 2022

	31.3.2022
	RM
Net Asset Value Attributable To Unitholders	
- Class MYR	2,795,743
- Class MYR BOS	14,470,333
- Class USD BOS	4,899
	<u>17,270,975</u>
Number Of Units In Circulation (Units)	
- Class MYR	2,892,439
- Class MYR BOS	<u>14,752,726</u>
- Class USD BOS	<u>1,000</u>
Net Asset Value Per Unit (MYR)	
- Class MYR	0.9666
- Class MYR BOS	<u>0.9809</u>
- Class USD BOS	<u>4.8986</u>
Net Asset Value Per Unit In Respective Currencies	
- Class MYR	<u>RM0.9666</u>
- Class MYR BOS	<u>RM0.9809</u>
- Class USD BOS	<u>USD 1.1658</u>

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
For The Financial Period From 1 January 2022 To 31 March 2022

	1.1.2022 to 31.3.2022 RM
Investment Loss	
Gross dividends from financial assets at fair value through profit or loss	182,006
Interest income	1,682
Net gain on investments	
- Foreign exchange	23
Net unrealised loss on changes in value of financial assets at fair value through profit or loss	(1,469,547)
	<u>(1,285,836)</u>
Expenses	
Audit fee	1,899
Tax agent's fee	635
Manager's fee	22,228
Trustee's fee	1,775
Administration expenses	12,793
	<u>39,330</u>
Net Loss Before Finance Cost and Taxation	(1,325,166)
Finance Cost - Distribution - Class MYR BOS	(78,185)
Net Loss Before Taxation	(1,403,351)
Taxation	(5,460)
Net Loss After Taxation	<u>(1,408,811)</u>
Total Comprehensive Loss	<u>(1,408,811)</u>
Total Comprehensive Loss Is Made Up As Follows:	
Realised income	60,736
Unrealised loss	(1,469,547)
	<u>(1,408,811)</u>

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (continuation)
For The Financial Period From 1 January 2022 To 31 March 2022

	1.1.2022 to 31.3.2022 RM
Distribution for the financial period	
Net distribution - Class MYR BOS	78,185
Gross distribution per unit in sen Class MYR BOS	0.55
Net distribution per unit in sen Class MYR BOS	0.53

This page has been left blank intentionally.

This page has been left blank intentionally.

BOS WEALTH MANAGEMENT MALAYSIA BERHAD 199501006861 (336059-U)

A subsidiary of Bank of Singapore

09-02, Level 9, Imazium
No. 8 Jalan SS 21/37
Damansara Uptown
47400 Petaling Jaya, Selangor
Tel: 03-7712 3000
customercare@ boswm.com
www.boswealthmanagement.com.my

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

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