



**BOS WEALTH  
MANAGEMENT**

*A subsidiary of Bank of Singapore*

# **BOSWM CORE GROWTH FUND**

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



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**FUND INFORMATION****As At 31 March 2022**

- Name Of Fund (Feeder) : BOSWM Core Growth Fund
- Manager Of Fund : BOS Wealth Management Malaysia Berhad  
199501006861 (336059-U)
- Name of Target Fund : BOS International Fund – Growth
- Investment Manager  
Of Target Fund : Bank of Singapore Limited (197700866R)
- Manager Of Target Fund : UBS Fund Management (Luxembourg) S.A. (B 154.210)
- Launch Date : Class MYR-Hedged BOS – 30 April 2020  
Class USD BOS – 30 April 2020  
Class PP USD – 16 December 2021  
Class PP MYR Non-Hedged – 16 December 2021
- As at 31 March 2022, only units in Class MYR-Hedged BOS have been issued.
- The Fund will continue its operations until terminated as provided under Clause 25 of the Deed.
- Category Of Fund : Feeder fund (wholesale)
- Type Of Fund : Growth and income
- Investment Objective : BOSWM Core Growth Fund aims to provide long-term capital growth and/or income return by investing into a collective investment scheme.
- Income is in reference to the Fund's distribution, which could be in the form of cash or unit.*

Performance Benchmark: BOS International Fund – Growth\*

*Notes:*

- *BOS International Fund – Growth is the Target Fund of BOSWM Core Growth Fund*
- *Class Retail C USD of the Target Fund will be used for calculation based on data obtained from Bloomberg*

*\* This is the Fund's new benchmark effective 1 March 2021. It will be used as the Fund's benchmark retrospectively (i.e. since the Fund's launch date).*

Distribution Policy : Incidental, subject to Manager's discretion.

Fund Size : 5.42 million units

**FUND PERFORMANCE****For The Financial Period From 1 January 2022 To 31 March 2022****Market And Fund Review**

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

January 2022

General:

The BOS International Growth Fund returned -2.40% in January.

Both equity and bond markets sold off in January, on the back of inflation, growth and interest rate concerns. With inflation remaining persistent, an interest rate hike from the US Federal Reserve in March seems increasingly certain. Rising rate expectations led to a material sell-off in longer duration bonds and within equity, high growth sectors such as Information Technology. Despite the volatility, we remain modestly “risk-on” at this point in the cycle.

Equities:

Inflation and interest rate concerns saw equity markets sell-off in January, led by the US market which fell by 5.7%. European (-4.6%), Japanese (-5.0%) and Asian (-3.5%) equity markets also all sold off in January (Source: Bloomberg; in USD terms). High growth / longer duration stocks sold off more aggressively, relative to value sectors, as higher long-term rates reduce the present value of future cash flows, making shares less valuable. Companies with higher portions of cash flows in the more distant future are more sensitive to this adjustment. Asian markets outperformed developed markets as more attractive relative valuations are starting to lend support. Asia continues to stabilise after the “common prosperity” and Chinese property related pressure points that defined 2021 for Asian markets.

Higher growth segments of the US market sold off more than the broader market as interest rate hike expectations strengthened. The tech heavy NASDAQ Composite was down 9 per cent for the month. Value (-2.5%) outperformed Growth (-8.9%) materially for January. Best performing sectors for January were energy (the only positive sector), financials and consumer staples, while the laggards were consumer discretionary, real estate and information technology. The ISM Manufacturing PMI for the US fell for a second straight month to 57.6 in January of 2022 from 58.8 in December, compared to market forecasts of 57.5. The US manufacturing sector remains in a demand-driven supply chain constrained environment, but January was the third straight month with indications of improvements in labour resources and supplier delivery performance.

Eurozone inflation rose to 5.1 per cent year-on-year in January, placing more pressure on the European Central Bank to respond with tighter monetary policy. Steeper increases in the price of energy and food were only partly offset by slower growth in prices of manufactured goods. The eurozone economy grew 0.3% in the final three months of 2021 returning the bloc to its pre pandemic level of output despite a sharp slowdown from the previous quarter as coronavirus infections hit record levels. Contractions of output in Germany and Austria were offset by quarter-on-quarter growth in countries including Spain, France and Italy. Full year GDP growth of 5.2 per cent in the Eurozone was the region's fastest expansion since 1971. Energy, financials and communication services were the best performing sectors in January, while information technology, industrials and health care were the laggards.

Most Asian economic numbers strengthened in the month of January. Taiwan exports numbers again hit new highs. Singapore's recovery also gained pace. China, however, was the big economy that showed signs of slowing. Against a backdrop of expected US Federal rate hikes, China has gone the opposite direction with a cut in its policy interest rate. The country has pledged to use more monetary policy to ease credit stress and to help push the economy forward. Earnings for some of the big companies continue to be downgraded ahead of results, although valuations are now much lower with 2021's negative returns. Singapore on the other hand is tightening to ward off inflation that could hamper economic health. We remain constructive in the region. While growth is slowing in China, we still see the region with favourable demographics for emerging Asia. It will continue to be one of the fastest growing regions in the world. With China embarking on an expansionary policy, we remain optimistic.

Looking into 2022, we remain constructive on equities, as expressed through our overweight position in the asset class. Valuations for Asian equities do look more attractive, compared with other markets and recent history. The sell-off we've seen so far in 2022 is starting to present valuations and entry points in certain sectors and segments of the market that we haven't seen in a long time.

#### Fixed income:

Global credit underperformed in January as investors grappled with increasing concerns of quantitative tightening and the sector was hurt by a double whammy of spread widening and rates underperformance. While credit fundamentals remain solid with healthy credit metrics and earnings across sectors, risk assets' volatility poses a headwind to any spread tightening, and we expect volatility to stay in the near term. As economies globally emerge from the pandemic two years on, supply constraints and labour market tightness introduced uncertainties about inflation and how Fed and ECB would react.

Regional themes such as the military situation between Ukraine and Russian, continued negative headlines that leaked into the higher quality space of Chinese property sector and Sri Lanka's fiscal difficulties have also added idiosyncratic volatility. Latin America's (Latam) forthcoming elections has created pockets of opportunities for the region. There are early signs of improving developments within Brazil as the leading presidential candidate seeks a more centre-right route despite a left-wing political background. The Brazilian Central Bank is also ahead of the curve compared with its peers on rate hikes and tackling inflation. We did see some confirmations of a policy easing tilt in Chinese real estate, though these are likely to only benefit higher quality developers and do not represent a reversal in China's stance. As active bond managers we view these as opportunities to capture alpha.

Fundamentally, many EM companies are in good shape bolstered by healthy earnings and are well positioned in a rising rates environment. However, higher rates will remain a factor driving returns and we favour owning shorter duration bonds unless curves are steep so as to better manage duration risk. Bank of Singapore's 12 month forecast for 10-year Treasuries is 1.9% (end-2021: 1.5%).

In a year where markets could face volatility and drawdowns due to quantitative tightening, maintaining an allocation to shorter dated HY bonds amidst strong corporate earnings and cashflows, could improve portfolio return profile. Our asset class preferences are neutral weight EM High Yield and underweight Investment Grade across Developed and Emerging Markets. We look to take advantage of recent and expected volatility for relative value opportunities.

## February 2022

### General:

The BOS International Growth Fund returned -2.63% in February.

Geopolitics dominated sentiment in February, with Russia's invasion of Ukraine leading to risk-off conditions and falling equity and bond markets. Inflation is remaining persistent, with an interest rate hike from the US Federal Reserve in March looking increasingly certain.

### Equities:

Russia's invasion of Ukraine saw equity markets sell-off in February, led by the Europe which fell by 4.6%. US (-3.6%) and Asian (-2.2%) markets also all sold off in February, while Japan was the relative outperformer (-1.6%). (Source: Bloomberg; in USD terms).

Despite geopolitical uncertainties, underlying economies and corporate earnings remain buoyant. Output in general remains high, and employment numbers remain generally strong as well. In short, the reopening trade remains well supported. Inflation however remains high and spiking energy prices will do little to reverse these pressures in the near-term.

Asian markets outperformed developed markets again in February as more attractive relative valuations continues to lend relative support. Asia continues to stabilize after the "common prosperity" and Chinese property related pressure points that defined 2021 for Asian markets.

In the US, the relative rotation from Growth (-4.1%) to Value (-1.9%) continued in February, with the latter outperforming. There was less divergence between the S&P500 (-3.0%), the Dow Jones (-3.3%) and the NASDAQ composite (-3.4%) in February. Best performing sectors for February were energy (the only positive sector), materials and health care, while the laggards were telecommunication services, information technology and real estate. The ISM Manufacturing PMI for the US rose for a second straight month to 58.6 in February of 2022 from 57.6 in January and compared to market forecast of 58. This latest rating showed that the overall economy expanded for the 21st consecutive month.

In Europe, the HIS Markit Eurozone Manufacturing PMI was revised lower to 58.2 in February of 2022, from an initial estimate of 58.4 and compared with January's final reading of 58.7. Driving this result was the suppliers' delivery times gauge, as the respective index recorded a notable increase since January. Ahead of the March policy meeting, European Central Bank officials said the crisis in Ukraine was likely to push up eurozone inflation from its already record levels by aggravating pressures in energy markets and could lower growth by disrupting trade and hitting confidence of businesses and households. Utilities, materials and health care were the best performing European sectors in February, while financials, consumer discretionary and information technology were the laggards.

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 on 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. SWIFT ban on certain Russian banks is even more complicated and the increased in Russian interest rates cannot be good, even for Asia. It will be best to concentrate on what could be beneficiary. We know now that inflation will be persist, led by higher energy price. We also know that alternative energy sourced will almost certainly experience increase in investments. Sectors such as Solar, Wind, EV and battery technology are sectors of interests.

Looking ahead, while the geopolitical situation will lead to further short-term vitality, we do remain constructive on equities over a longer-term horizon, and seek to remain invested, in line with the current Bank of Singapore house view. Volatility is the friend of the long-term investor, and the sell-off we've seen so far in 2022 has presented appealing valuations and entry points that should prove attractive for long-term capital. We will continue to navigate short-term volatility and manage risk accordingly, whilst keeping our focus where we believe it should be - that is, over the longer term, where we aim to expose clients to longer-term winners at reasonable valuations, with our quality bias.

#### Fixed income:

February was a tale of two halves. Global credit underperformed earlier on as 10Y yield spike above 1.8% to breach 2% at one point. More hikes were being priced in rapidly and investors struggled with the potential impact of this on the overall bond market. Towards end of the month, the landscape changed drastically as the military conflict between Russia and Ukraine escalated into an actual invasion, with oil and commodity prices soaring while safe havens like treasuries and yen rallied. The general risk-off sentiment caused credit spreads to widen, even though credit fundamentals remain solid with healthy metrics and earnings across sectors. As global investors assessed the potential outcome of the Russia/Ukraine conflict, central banks have lesser room for error as they tread between weaker demand and potentially higher inflation, especially in the scenario of a prolonged conflict or protracted occupation.

Swathes of negative headlines continues continued to plague the Chinese property sector with many quality names that were once thought safe getting hit as well. There was a lack of any details or further confirmations on policy easing, which disappointed market as well. We continue to see encouraging developments within Brazil's political scene where the leading presidential candidate seeks a partnership with centrist politicians. While inflation remains stubbornly high in Brazil, the Brazilian Central Bank is ahead of the curve compared with its peers on rate hikes and tackling inflation. Asian credits, which is relatively cheap and distant from the conflict zone, is also starting to look interesting for countries looking to exit lockdown measures. As active bond managers we view these as opportunities to capture alpha.

Fundamentally, many EM companies are in good shape bolstered by healthy earnings and are well positioned in a rising rates environment. However, geopolitical risks and heightened commodity prices can drive returns in the near-term and we favour being defensive through credit selection. Band of Singapore's 12 month forecast for 10-year Treasuries is 2.35% (end-2021: 1.5%)

In a year where markets could face volatility and drawdowns due to quantitative tightening and geopolitical risk, maintaining an allocation to shorter dated HY bonds amidst strong corporate earnings and cashflows, could improve portfolio return profile. Our asset class preferences are neutral weight EN High Yield and underweight Investment Grade across Developed and Emerging Markets. We look to take advantage of recent and expected volatility for relative value opportunities.

## March 2022

### General:

The BOS International Growth Fund returned -0.18% in March.

Persistently high inflation, and geopolitics dominated sentiment in March with Russia's ongoing invasion of Ukraine continuing to dominate headlines. Markets however stabilised somewhat in March. The persistent inflation conditions led to the US Federal Reserve to raise interest rates by 0.25% in March in a widely anticipated move.

Despite the volatility, the Bank of Singapore house view remains broadly neutral at this point in the cycle.

### Equities:

While persistent inflation and Russia's invasion of Ukraine continued to dominate headlines, equity markets stabilized somewhat in March. The US market rose 3.5%. Europe and Japan were broadly flat (-0.1% and -0.7% respectively) while Asia ex Japan fell by 3.8% for the month. (Source: Bloomberg; in USD terms).

Despite geopolitical uncertainties, underlying economies and corporate earnings remain relatively buoyant for now. However, high energy prices and the war in Ukraine are causing negative revisions to forward-looking global growth expectations. Negative earnings revisions for corporate earnings are likely to follow suit. Inflation remains high and spiking energy prices will undermine consumer confidence in the near-term. Whilst earnings growth may come under pressure, current equity market valuations are more attractive, relative to recent history across the board. The US market is trading on just under 20x forward earnings (vs. a range of 21-23x over the last 18 months) while Europe, Asia and are all trading below their 10-year averages on this measure.

In the US, Growth (+4.2%) outperformed Value (+2.9%) which is a reversal of the latter's outperformance in the earlier part of the year. The Dow Jones Industrial Average (+2.5%) underperformed both the S&P500 (+3.7%) and the NASDAQ composite (+3.5%) in March. Best performing sectors for the month were utilities, energy and real estate, while the laggards were consumer staples, telecommunication services, and financials. The ISM Manufacturing PMI for the US fell to 57.1 in March of 2022 from 58.6 in February, well below market forecasts of 59 and pointing to the slowest growth in factory activity since September of 2020. A slowdown was seen in new orders (53.8 vs 61.7), production (54.5 vs 58.5) and backlog of orders (60 vs 65) and price pressures intensified (87.1 vs 75.4) due to instability in global energy markets.

In Europe, the S&P Global eurozone manufacturing PMI was revised lower to 56.5 in March, from an initial estimate of 57 and compared with February's final 58.2. The latest reading signalled the slowest improvement in operating conditions faced by goods producers since the beginning of 2021, with a rise in geopolitical tensions mentioned as a factor weighing on demand, which also had a noticeable impact on business confidence which fell to its weakest level since May 2020. The annual inflation rate in the eurozone surged to an all-time high of 7.5% in March, compared with 5.9% in February and well above market forecasts of 6.6%. Inflation numbers broke a record for the fourth straight month, as the war in Ukraine and sanctions on Russia pushed fuel and natural gas prices to record levels, Health Care, energy and information technology were the best performing sectors in March, while utilities, real estate and consumer discretionary were the laggards.

In Asia, we have seen volatility and event risk increasing. While markets have dropped after the War started, the close relation between China and US became a bigger issue as regulatory risk and threat of possible sanctions drove Chinese equities down mid-month. Better earning results and China's announcement of its desire to avoid any sanctions and cooperation with US regulators, helped Asian markets recover into the quarter end. The biggest winner is Singapore with the index outperforming most major markets. Its safe-haven status and the country reducing Covid restrictions should drive up business activities and support growth. Earning results so far have been mostly better than expected. Major companies in the region had a better 4th quarter. Emerging Asia and countries like Indonesia performed well. Indonesia is a net exporter of oil and gas, minerals, palm oil and rubber products. While the geopolitical situation will lead to further short-term volatility, we remain constructive on equities over a longer-term horizon, and seek to remain invested, in line with the current Bank of Singapore house view. Volatility is the friend of the long-term investor, and the sell-off we've seen so far in 2022 has presented appealing valuations and entry points that should prove attractive for long-term capital. We will continue to navigate short-term volatility and manage risk accordingly, whilst keeping our focus where we believe it should be — that is, over the longer term, where we aim to expose clients to longer-term winners at reasonable valuations, while remaining true to our quality bias.

**Fixed income:**

Global credit underperformed in March as investors grappled with the possibility of 50bps hikes and the sector was hurt by both credits spread widening and rise in interest rates. US 10Y yield breached 2.50% at one point after surging from below 1.80% and investors struggled with the potential impact of this on the overall bond market. After mid-month, credit spreads stabilized as more headlines of cease-fire and de-escalation came from the meetings between Russia and Ukraine, with the drop in energy prices at one point helping as well due to US seeking to release oil reserves. This was further supported by constructive policy tone from the Chinese authorities that lent support to Chinese tech and property sectors. As global investors assessed the possibility of a recession in the event of a more aggressive Fed, bonds have the potential for greater volatility as central banks tread between weaker demand and higher inflation. The Chinese property sector benefitted from several positive developments in March, ranging from local banks guaranteeing bond issuances through SBLC schemes, to Chinese policy-makers vowing to support growth target of around 5.5%. Issuers from both Middle East and Latin America continued to benefit from elevated energy prices while credits from net energy importing countries such as Turkey and India have underperformed. As active bond managers we view these as opportunities to capture alpha.

Fundamentally, many EM companies are in good shape bolstered by healthy earnings and are well positioned in a rising rates environment. However, heightened energy prices and a more aggressive Fed can pose risks to growth, and we favor being defensive through maintaining lower duration and being active in credit selection. Bank of Singapore's 12 month forecast for 10-year Treasuries is 2.55% (end-2021: 1.5%).

In a year where markets could face volatility and drawdowns due to uncertainties in inflation and the rate hike cycle, maintaining an allocation to shorter dated HY bonds amidst strong corporate earnings and cashflows, could improve portfolio return profile. Our asset class preferences are neutral weight EM High Yield and underweight Investment Grade across both Developed and Emerging Markets. We look to take advantage of recent and expected volatility for relative value opportunities.

**Fund Returns**

	Total Returns			
	Class MYR-Hedged BOS		Class USD BOS	
	Fund	Benchmark	Fund	Benchmark
1.1.2022 To 31.3.2022	-3.98%	-4.25%	-	-
Financial Year-To-Date (1.1.2022 To 31.3.2022)	-3.98%	-4.25%	-	-
Since Investing Date To 31.3.2022	-6.31%	-4.84%	-	-

	Total Returns			
	Class PP USD		Class PP MYR	
	Fund	Benchmark	Fund	Benchmark
1.1.2022 To 31.3.2022	-	-	-	-
Financial Year-To-Date (1.1.2022 To 31.3.2022)	-	-	-	-
Since Investing Date To 31.3.2022	-	-	-	-

Notes:

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

Source: Lipper, Bloomberg

**Asset Allocation**

**As At 31 March 2022**

Collective Investment Scheme:  
BOS International Fund – Growth  
(Class Retail C USD)

95.67%

Cash And Liquid Assets

4.33%

100.00%

**Income Distribution**

Nil

**NAV per unit**

(as at 31 March 2022)

Class MYR-Hedged BOS

RM0.9369

Class USD BOS

-

Class PP USD

-

Class PP MYR Non-Hedged

-

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**As At 31 March 2022**

	<b>31.3.2022</b>
	<b>USD</b>
<b>Assets</b>	
Investments	1,157,067
Interest receivable	3
Other receivables	6,506
Financial derivatives	14,656
Cash and cash equivalents	35,378
<b>Total Assets</b>	<u>1,213,610</u>
<b>Liabilities</b>	
Amount due to Manager	1,002
Other payables	3,221
<b>Total Liabilities</b>	<u>4,223</u>
<b>Net Asset Value Of The Fund</b>	<u>1,209,387</u>
<b>Equity</b>	
Unitholders' capital	1,300,508
Accumulated losses	(91,121)
<b>Net Asset Value Attributable To Unitholders</b>	<u>1,209,387</u>
<b>Total Equity And Liabilities</b>	<u>1,213,610</u>
<b>Net Asset Value Attributable To Unitholders</b>	
- Class MYR-Hedged BOS	<u>1,209,387</u>
<b>Number Of Units In Circulation (Units)</b>	
- Class MYR-Hedged BOS	<u>5,424,242</u>
<b>Net Asset Value Per Unit (USD)</b>	
- Class MYR-Hedged BOS	<u>0.2230</u>
<b>Net Asset Value Per Unit In Respective Currency</b>	
- Class MYR-Hedged BOS	<u>RM0.9369</u>

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

	<b>1.1.2022 to 31.3.2022 USD</b>
<b>Investment Loss</b>	
Interest income	149
Net loss on investments	
- Foreign exchange	(400)
Net unrealised loss on changes in value of financial assets at fair value through profit or loss	(57,866)
	<u>(58,117)</u>
<b>Expenses</b>	
Audit fee	453
Tax agent's fee	151
Manager's fee	999
Trustee's fee	120
Administration expenses	1,612
	<u>3,335</u>
<b>Net Loss Before Taxation</b>	(61,452)
<b>Taxation</b>	-
<b>Net Loss After Taxation</b>	<u>(61,452)</u>
<b>Total Comprehensive Loss</b>	<u>(61,452)</u>
<b>Total Comprehensive Loss Is Made Up As Follows:</b>	
Realised loss	(3,586)
Unrealised loss	(57,866)
	<u>(61,452)</u>



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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 [customercare@boswm.com](mailto:customercare@boswm.com). Alternatively, you may call us as above.