BOS WEALTH MANAGEMENT

A subsidiary of Bank of Singapore

BOSWM CORE GROWTH FUND

QUARTERLY REPORT
For the financial period from
1 January 2021 to 30 September 2021

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FUND INFORMATION
As At 30 September 2021

Name Of Fund (Feeder)	:	BOSWM Core Growth Fund
Manager Of Fund	:	BOS Wealth Management Malaysia Berhad 199501006861 (336059-U)
Name of Target Fund	:	BOS International Fund – Growth
Investment Manager Of Target Fund	:	Bank of Singapore Limited (197700866R)
Manager Of Target Fund	:	UBS Fund Management (Luxembourg) S.A. (B 154.210)
Launch Date	:	Class MYR-Hedged BOS – 30 April 2020 Class USD BOS – 30 April 2020 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*
Distribution Policy	:	Incidental, subject to Manager's discretion.
Fund Size	:	5.42 million units

FUND PERFORMANCE
For The Financial Period From 1 January 2021 To 30 September 2021

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

January 2021

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

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

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

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

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

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

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

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

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

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

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

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

February 2021

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

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

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

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

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

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

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

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

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

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

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

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

March 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

April 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

May 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

June 2021

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

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

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

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

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

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

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

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

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

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

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

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

July 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

August 2021

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

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

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

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

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

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

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

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

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

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

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

September 2021

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

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

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

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

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

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

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

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

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

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

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

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

Fund Returns

	Total Returns			
	Class MYR-Hedged BOS		Class USD BOS	
	Fund	Benchmark	Fund	Benchmark
1.7.2021 To 30.9.2021	-2.72%	-1.76%	-	-
Since Investing Date To 30.9.2021	-3.63%	-1.84%	-	-

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: -

Source: Lipper, Bloomberg

Asset Allocation

	As At 30 September 2021
Collective Investment Scheme: BOS International Fund – Growth (Class Retail C USD)	97.88%
Cash And Liquid Assets	2.12%
	100.00%

Income Distribution
Nil

NAV per unit
(as at 30 September 2021)

Class MYR-Hedged BOS	RM0.9637
Class USD BOS	-

UNAUDITED STATEMENT OF FINANCIAL POSITION
As At 30 September 2021

	30.9.2021 USD
Assets	
Investments	1,222,442
Interest receivable	2
Other receivable	2,333
Cash and cash equivalents	38,155
Total Assets	1,262,932
Liabilities	
Amount due to Manager	23
Financial derivatives	12,149
Other payables	1,869
Total Liabilities	14,041
Net Asset Value Of The Fund	1,248,891
Equity	
Unitholders' capital	1,298,660
Accumulated losses	(49,769)
Net Asset Value Attributable To Unitholders	1,248,891
Total Equity And Liabilities	1,262,932

UNAUDITED STATEMENT OF FINANCIAL POSITION (continuation)
As At 30 September 2021

	30.9.2021 USD
Net Asset Value Attributable To Unitholders	
- Class MYR-Hedged BOS	1,248,891
- Class USD BOS	-
	1,248,891
Number Of Units In Circulation (Units)	
- Class MYR-Hedged BOS	5,424,242
- Class USD BOS	-
Net Asset Value Per Unit (USD)	
- Class MYR-Hedged BOS	0.2303
- Class USD BOS	-
Net Asset Value Per Unit In Respective Currency	
- Class MYR-Hedged BOS	RM0.9637
- Class USD BOS	-

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
For The Financial Period From 1 January 2021 To 30 September 2021

	1.1.2021 to 30.9.2021 USD
Investment Loss	
Interest income	332
Net loss on investments	
- Foreign exchange	(824)
Net unrealised loss on changes in value of financial assets at fair value through profit or loss	(47,238)
	(47,730)
Expenses	
Audit fee	997
Tax agent's fee	467
Manager's fee	1,300
Trustee's fee	148
Administration expenses	975
	3,887
Net Loss Before Taxation	(51,617)
Taxation	-
Net Loss After Taxation	(51,617)
Total Comprehensive Loss	(51,617)
Total Comprehensive Loss Is Made Up As Follows:	
Realised loss	(4,379)
Unrealised loss	(47,238)
	(51,617)

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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

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.