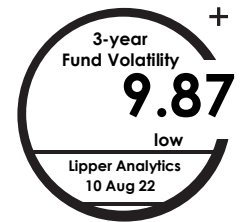


# BOSWM Asian Income Fund

## Investment objective

The Fund aims to provide capital growth and income<sup>□</sup> in the medium to long term by investing in the Target Fund – Lion Capital Funds II - Lion-Bank of Singapore Asian Income Fund.



## Performance

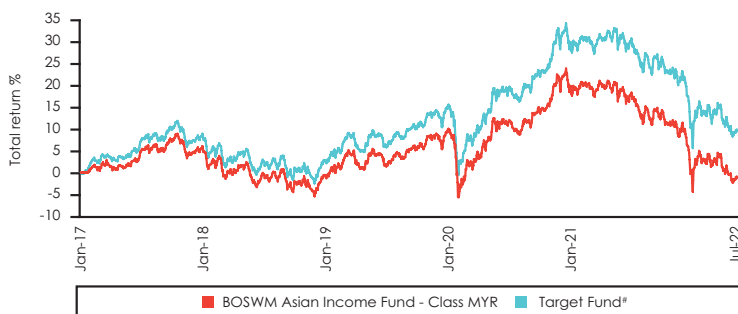
|                       | 1 Mth  | 6 Mths  | 1 Yr    | 3 Yrs  | 5 Yrs  | Since Launch <sup>▲</sup> |
|-----------------------|--------|---------|---------|--------|--------|---------------------------|
| <b>Class MYR*</b>     | -1.45% | -8.87%  | -16.00% | -4.71% | -6.38% | -1.30%                    |
| <b>Target Fund#</b>   | -1.46% | -9.45%  | -15.57% | 1.35%  | 1.44%  | 9.46%                     |
| <b>Class MYR BOS*</b> | -2.40% | -14.02% | -19.25% | -      | -      | -8.68%                    |
| <b>Class USD BOS*</b> | -2.36% | -14.16% | -20.06% | -      | -      | 5.10%                     |

\* Source: Lipper for Investment Management, 31 July 2022. Fund sector: Mixed Asset Other Flexible.

# Target Fund: Lion Capital Funds II - Lion-Bank of Singapore Asian Income Fund USD Class A Accumulation, source: Lion Global Investors Limited, 31 July 2022. Return of the target fund, which are indices that track foreign markets, have been adjusted by the movement of the Malaysian Ringgit (MYR) against the foreign currencies.

▲ Since start investing date: 12 January 2017

## Performance since inception – Class MYR



## Fund details

|   |  |
|---|--|
| <b>Fund category/type</b>   | Mixed assets - feeder fund (wholesale) / Income and growth                           |
| <b>Launch date</b>  | 12 January 2017  |
| <b>Financial year end</b>   | 31 December  |
| <b>Fund size (fund level)</b>   | RM15.57 million  |
| <b>NAV per unit – Class MYR</b>   | RM0.9217 (as at 29 July 2022)  |
| <b>Highest/Lowest NAV per unit (for current financial year) – Class MYR</b> | Highest 11 Aug 2021 RM1.1177<br>Lowest 15 Mar 2022 RM0.8921                          |
| <b>Income distribution</b>  | Once in every quarter, if any.   |
| <b>Risk associated with the Fund</b>  | Target fund risk, currency risk and country and/or foreign securities risk           |
| <b>Sales charge</b>   | Up to 5.00% of the Fund's NAV per unit   |
| <b>Annual management fee</b>  | Up to 1.60% p.a. of the NAV of the Fund  |
| <b>Fund manager of Target Fund</b>  | Lion Global Investors Limited (formerly known as Lion Capital Management Limited)    |
| <b>Sales office</b>   | BOS Wealth Management Malaysia Berhad 199501006861 (336059-U) customercare@boswm.com |

## Asset allocation

|  |        |             |       |
|--|--------|-------------|-------|
| <b>CIS including hedging gain/loss</b> | 98.34% | <b>Cash</b> | 1.66% |
|--|--------|-------------|-------|

□ Income is in reference to the Fund's distribution, which could be in the form of cash or units.

+ Volatility Factor (VF) as at 31 Jul 2022: 9.87. Volatility Class (VC) as at 30 Jun 2022: Low (above 4.44 and below/same as 10.86). VF means there is a possibility for the Fund in generating an upside return or downside return around this VF. VC is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC is revised every six months. The Fund's portfolio may have changed since this date and there is no guarantee that the Fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. Source: Lipper.

## Income distribution

| Year                                     | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 <sup>^</sup> |
|--|------|------|------|------|------|-------------------|
| Gross distribution (sen) – Class MYR     | 2.16 | 3.89 | 0.70 | -    | -    | -                 |
| Distribution yield (%) – Class MYR       | 2.03 | 4.02 | 0.75 | -    | -    | -                 |
| Gross distribution (sen) – Class MYR BOS | -    | -    | -    | -    | 3.15 | 1.15              |
| Distribution yield (%) – Class MYR BOS   | -    | -    | -    | -    | 2.76 | 1.16              |

^

| Month                                    | Jan<br>2022 | Apr<br>2022 | Jul<br>2022 |
|--|-------------|-------------|-------------|
| Gross distribution (sen) – Class MYR     | -           | -           | -           |
| Distribution yield (%) – Class MYR       | -           | -           | -           |
| Gross distribution (sen) – Class MYR BOS | 0.55        | 0.60        | -           |
| Distribution yield (%) – Class MYR BOS   | 0.53        | 0.63        | -           |

IMPORTANT NOTE: Information of the Target Fund – Lion-Bank of Singapore Asian Income Fund – is published here to assist readers to achieve a better understanding of the Feeder Fund's underlying investments. Source of information of the Target Fund: Lion Global Investors Limited.

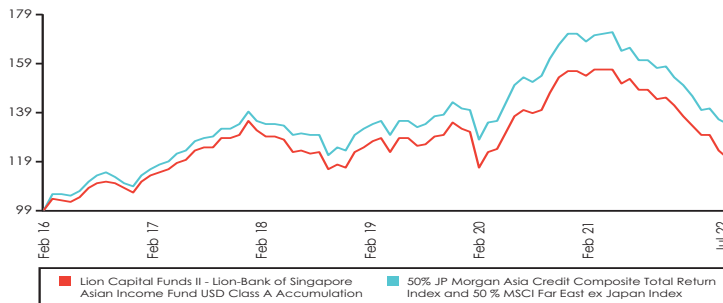
## Performance – Target Fund

|                    | 1 Yr   | 3 Yrs p.a. | 5 Yrs p.a. | Since Launch p.a. |
|--------------------|--------|------------|------------|-------------------|
| <b>Fund*</b>       | -19.9% | -2.1%      | -0.5%      | 3.1%              |
| <b>Benchmark*#</b> | -17.8% | -0.3%      | 1.1%       | 4.8%              |

\* Source: Lion Global Investors / Morningstar

# Composite benchmark: 50% in JP Morgan Asia Credit Composite Total Return Index and 50% in MSCI Far East ex Japan Index.

## Performance since inception (NAV rebased to 100) – Target Fund



Source: Lion Global Investors / Morningstar

## Details – Target Fund

|                     |   |
|---------------------|---|
| <b>Fund Manager</b> | Lion Global Investors Limited (formerly known as Lion Capital Management Limited) |
| <b>Sub-Manager</b>  | Bank of Singapore   |
| <b>Launch date</b>  | 2 February 2016   |
| <b>Fund size</b>    | USD279.4 million  |
| <b>Domicile</b>     | Singapore   |

## Asset allocation – Target Fund

|                               |       |
|-------------------------------|-------|
| <b>Equities</b>               | 51.1% |
| <b>Investment Grade Bonds</b> | 24.2% |
| <b>High Yield Bonds</b>       | 18.5% |
| <b>Cash</b>                   | 6.2%  |

## Country allocation – Target Fund

|                  |       |                    |      |
|------------------|-------|--------------------|------|
| <b>China</b>     | 31.6% | <b>India</b>       | 5.9% |
| <b>Singapore</b> | 11.8% | <b>Indonesia</b>   | 5.8% |
| <b>Korea</b>     | 9.4%  | <b>Philippines</b> | 4.0% |
| <b>Taiwan</b>    | 7.7%  | <b>Thailand</b>    | 2.5% |
| <b>Hong Kong</b> | 6.9%  | <b>Japan</b>       | 2.9% |

IMPORTANT NOTE: Information of the Target Fund – Lion-Bank of Singapore Asian Income Fund – is published here to assist readers to achieve a better understanding of the Feeder Fund's underlying investments. Source of information of the Target Fund: Lion Global Investors Limited.

### Equities – Sector exposure & Top 10 holdings – Target Fund

|                               |       |   |      |
|-------------------------------|-------|---|------|
| <b>FINANCIALS</b>             | 23.9% | <b>TAIWAN SEMICONDUCTOR MANUFAC</b>       | 4.3% |
| <b>INFORMATION TECH</b>       | 11.4% | <b>SAMSUNG ELECTRONICS CO LTD</b>         | 3.4% |
| <b>REAL ESTATE</b>            | 11.4% | <b>TENCENT HOLDINGS LTD</b>               | 2.1% |
| <b>CON DISCRETIONARY</b>      | 10.9% | <b>ALIBABA GROUP HOLDING LTD</b>          | 1.8% |
| <b>INDUSTRIAL</b>             | 9.6%  | <b>DBS GROUP HOLDINGS LTD</b>             | 1.7% |
| <b>UTILITIES</b>              | 6.3%  | <b>CHINA CONSTRUCTION BANK-H</b>          | 1.6% |
| <b>COMMUNICATION SERVICES</b> | 4.7%  | <b>HAIER SMART HOME CO LTD</b>            | 1.5% |
| <b>MATERIALS</b>              | 4.3%  | <b>FRASERS LOGISTICS &amp; COMMERCIAL</b> | 1.4% |
| <b>ENERGY</b>                 | 3.7%  | <b>SAMSUNG SDI CO LTD</b>                 | 1.4% |
| <b>ETF EQUITIES</b>           | 2.6%  | <b>AIA GROUP LTD</b>                      | 1.4% |

### Target Fund commentary

The current Fund allocation as of end July 2022 is 51.1% in equities, 42.7% in fixed income and the balance 6.2% in cash.

In the Fund, we took precautionary measures and reduced our exposure to China developers. We now only own state-owned enterprise developers in the Fund. Major investments in real estate are in Singapore, where we remain positive. Overall, we are also overweight Singapore, neutral on China and slight underweight both Korea and Taiwan.

For the distressed Chinese property sector, the Chinese authorities recently announced a 1 trillion Yuan loans to provide liquidity for stalled projects. While we do not expect this to prevent defaults, it should at least help to arrest the severely negative sentiment in the sector.

By the end of July 2022, US Fed has already tightened by 225bp while the balance sheet rundown is on “auto-pilot” but there are still no real signs that inflationary pressures have eased in any material way. In fact, while the July 2022 FOMC was perceived by markets to present a “dovish” pivot, the recent messaging from the Fed suggests that their stance is more “data-dependent”. In the meantime, China continues with its zero-Covid-19 strategy and the recent headlines suggests that growth targets will not be the top priority. At the same time, there has been no material improvement on the property front. Given this backdrop, we will continue to stay cautious.

## Market Review

China's real estate problems escalated with home buyers' boycott of mortgage payment on stalled projects, spreading to the Financial sector which are directly impacted by the boycott. Bouts of Covid-19 infections in various parts of China kept investors worried if massive lock down will occur again. Equity markets promptly weakened in the month of July 2022. Still, China is committed to helping the economy and improve employment. China has already adopted a series of measures to cut borrowing cost, easing home buyer's curbs and boosting fiscal expenditure. The Chinese government has launched a 300 billion Yuan real estate fund to help property developers resolve debt issues and also to instill back confidence into the sector. The Fund will also help to jump start stalled projects that resulted in mortgage boycott. While the total amount may seem less than expected, the government is taking action in the right direction.

Overall, in China, things continue to improve at the margin – Mass lockdowns have ended; regulatory policies are being eased (from housing to gaming) and in some sectors (autos), we see stimulus, all to revive consumption. Liquidity is also rising, via lower rates. No bazooka on its own, as affirmed at the recent July 2022 Politburo meeting. Stimulus remains targeted at specific industries. But when added together, the fiscal support so far is evident (3% of Gross Domestic Product (GDP)) & should have a knock-on impact on consumers & the economy. Looking into the second half of 2022, China's economy should see sequential recovery despite the dip in July 2022. That said, we acknowledge that the journey could be bumpy, due to the headwinds surrounding real estate and its dynamic zero-Covid-19 policy. Our strategy is to stay with the quality names especially with those where sequential earnings recovery is not priced in.

Relative to Asian peers, Singapore remains inexpensive at 12x price to earning ratio (-1 standard deviation) vis-à-vis earnings growth. The Monetary Authority of Singapore's move to actively address rising inflation is positive in our view & the strong SGD should give investors confidence around the asset values of their holdings. Downside risks: Given how open Singapore's economy is, a sharp global slowdown will undoubtedly impact the country. However, the floor for GDP growth & economic resilience is much higher than before given strong migration trends & the government's commitment to opening up, despite Covid-19 waves to come. The other would be from a flow perspective, given the Straits Time Index's relative outperformance. There might be some flows back to the US or Emerging Markets should the US rate hike trajectory truly peak out.

Overall, while there remains a fair amount of volatility in the market, Asia still offers a differing economic speed with China leading with expansionary monetary and fiscal policies.

The Federal Open Market Committee (FOMC) hike of 75 basis points (bps), while in-line with market expectations, saw most developed markets react positively, as investors latched on to the Federal Reserve (Fed) Chairman's comment that "it will be appropriate to slow down rate hikes at some point", with the current rate now at neutral levels. The market read it as a dovish signal. The Reserve Bank of Australia also hiked 50bps earlier this week (3rd straight 50bps hike) but gave itself room to manoeuvre, saying it is not on a pre-set path. To some extent, this is probably one step closer to the blue-sky scenario of a normalized rate hike trajectory, although whether inflation really gets under control, remains to be seen. Our house view remains that of being premature in calling the peak in Fed hawkishness. The Fed will be in a data-dependent mode going forward and interest rate volatility will remain high. We expect Fed funds rate to hit 3.75-4.00% early next year and it is not ruling out the possibility of another 75bps hike, especially if inflation remains sticky & the job market remains tight. Henceforth, we continue to advocate a defensive stance in the portfolio's positioning. In general, we prefer value over growth; large caps over small caps; and companies with resilient margins.

J.P Morgan Asia Credit Index generated a total return of 25bps in July 2022. Index spreads widened while treasury yields were lower. Investment Grade spreads widened by 27bps while High Yield spreads widened by 104bps. Pakistan and Sri Lanka continued their down trend in price terms with Pakistan hit especially badly as markets increasingly price in a Pakistan default. Indonesia outperformed as falling yields buttress the longer-dated issuances from the country's issuers.

### **Disclaimer**

This publication has not been reviewed by the Securities Commission of Malaysia (SC). This leaflet provides general information and does not have regard to any specific investment objective, financial situation or particular personal need. The fund performance is calculated on an NAV-NAV basis including any capital gains and reinvested income distributions. Replacement master information memorandum dated 26 February 2021, first supplementary replacement master information memorandum dated 31 March 2022 and Product Highlights Sheet ("PHS") are obtainable at our office and you have the right to request for a copy. They have been lodged with the SC, who takes no responsibility for their contents. The lodgement does not amount to nor indicate that the SC has recommended or endorsed the fund. Units will only be issued when we receive the official account application form, investment form and declaration form. You should study the replacement master information memorandum and PHS, and consider the fees and charges involved before investing. You should also note that distributions and net asset value per unit do go up and down. Past performance is not an indication of future performance. The risks of BOSWM Asian Income Fund are target fund risk, currency risk and country and/or foreign securities risk. Description of these risks can be obtained from the replacement master information memorandum dated 26 February 2021. Where a distribution is declared, investors are advised that following the distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV.

### **Disclaimer – Target Fund**

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