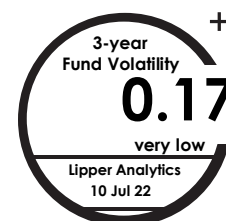


# BOSWM Islamic Deposit Fund

## Investment objective

The Fund aims to provide stability of capital, regular income<sup>□</sup> and liquidity by investing in Islamic cash deposits and/or Islamic money market instruments.



## Performance

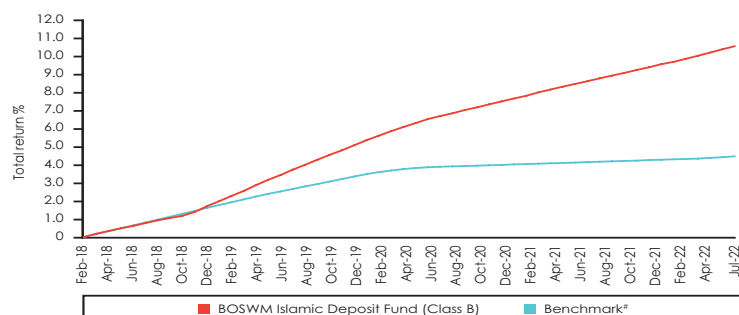
	1 Mth	6 Mths	1 Yr	3 Yrs	Since Launch <sup>▲</sup>
<b>Class B*</b>	0.16%	0.92%	1.79%	6.60%	10.57%
<b>Benchmark#</b>	0.05%	0.19%	0.32%	1.77%	4.47%
<b>Class A*</b>	- <sup>^</sup>	- <sup>^</sup>	0.66%	5.42%	9.35%

\* Source: Lipper for Investment Management, 31 July 2022. Fund sector: Money Market MYR

# Benchmark: Maybank Islamic Overnight Deposit Rate, source: Maybank www.maybank2u.com.my, 31 July 2022

▲ Since start investing date: 28 February 2018

^ The unavailability of performance figures may be due to various factors, including but not limited to the following: - (a) historical data is less than 1 year; (b) non-existence of historical data for a given period; (c) a given share class yet to have any subscriber; (d) a given share class without unit in circulation following the exit of all subscriber(s); etc. You are encouraged to speak to our relationship manager(s) should you need greater details.



## Fund details

<b>Fund category/type</b>	Money market (Islamic) / Income	
<b>Fund launch date</b>	28 February 2018	
<b>Financial year end</b>	31 December	
<b>Fund size (fund level)</b>	RM1.24 billion	
<b>NAV per unit – Class B</b>	RM1.0113 (as at 29 July 2022)	
<b>Highest/Lowest NAV per unit (for current financial year) – Class B</b>	Highest 29 Jul 2022	RM1.0113
	Lowest 2 Aug 2021	RM1.0000
<b>Income distribution</b>	Once a month, if any.	
<b>Specific risks</b>	Early termination of Islamic cash deposits risk	
<b>Sales charge</b>	Nil	
<b>Annual management fee</b>	Up to 0.25% p.a. of the NAV of the Fund	
<b>Fund manager</b>	Oh Jo Ann	
<b>Sales office</b>	BOS Wealth Management Malaysia Berhad 199501006861 (336059-U)	

## Asset allocation

<b>Cash</b>	100.00%
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## Country allocation

<b>Malaysia</b>	100.00%
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□ Income is in reference to the Fund's distribution, which could be in the form of cash or units.

+ Class B - Volatility Factor (VF) and Volatility Class (VC) as at 30 Jun 2022 for the Fund are 0.17 and Very Low (below/same 4.44). 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.

Note: With effect from 15 December 2021, the BOSWM Islamic Deposit Fund is segregated into Class A and Class B where individual unitholders are designated to Class A and non-individual unitholders are designated to Class B.

## Income distribution<sup>°</sup>

Year	2018	2019	2020	2021	2022 <sup>^</sup>
Gross distribution (sen) – Class B	1.68	3.30	2.29	1.69	-
Distribution yield (%) – Class B	1.65	3.30	2.29	1.69	-
Gross distribution (sen) – Class A	1.68	3.30	2.29	1.61	-
Distribution yield (%) – Class A	1.65	3.30	2.29	1.61	-

^

Month	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022
Gross distribution (sen) – Class B	-	-	-	-	-	-	-
Distribution yield (%) – Class B	-	-	-	-	-	-	-
Gross distribution (sen) – Class A	-	-	-	-	-	-	-
Distribution yield (%) – Class A	-	-	-	-	-	-	-

<sup>°</sup> Distribution yield is calculated based on the most recent income distribution and divided by NAV per unit on the distribution date.

### Fund Commentary

- 100% invested in commodity murababah deposits.
- During the month, portfolio rebalancing decisions were focused on lengthening its tenure allocation following another sequential 25 basis points (bps) overnight policy rate (OPR) increase as Bank Negara Malaysia (BNM) hiked the OPR the second time this year to further adjust the “degree of monetary accommodation” amid the positive growth prospects for the Malaysian economy.
- The Fund will remain 100% invested in commodity murababah deposits.
- The Fund will gradually lengthen placement maturities taking into consideration the timing and prospects of rate hike adjustments. This will allow reinvestments at higher levels to fully maximize its yield potential.

### Equity

The rally staged by risk assets towards the end of July reflected hopes by some investors that the end of the rate hiking cycle could be in sight. Persistent inflation and tighter financial conditions are starting to bite in developed markets, as evident in the latest US GDP numbers for 2Q 2022 that showed that the US economy entered a technical recession. Market movements: US (+4.6%), Hong Kong (-7.8%), Shanghai (-4.3%), Japan (+5.0%), Korea (+5.1%), Taiwan (1.2%), Eurozone (+4.4%), Singapore (+3.5%), Thailand (+0.5%), Indonesia (-0.2%), and Malaysia (+3.3%).

Towards the end of July, the US Federal Reserve (Fed) raised its Fed funds rate by 75 basis points (bps) for a second straight month, taking its target to 2.25-2.50%. This came at a time when the US economy unexpectedly contracted for a second quarter in a row in 2Q 2022, meeting the criteria for a ‘technical’ recession, though the economy is not yet experiencing a broad-based, sustained contraction in activity. The US earnings season is also well underway, with corporate results somewhat mixed though beating earnings per share (EPS) estimates on average. However, firms are undoubtedly facing macro headwinds, which is translating into concerns such as potential capital expenditure cuts and elongated sales cycles.

In Europe, early 2Q 2022 results point to a beat relative to expectations on sales but a miss on EPS, exemplifying the growing cost pressures and trickier margin backdrop corporates are facing. New disruptions to Russian energy supply are weighing heavily on sentiment after Russia's Gazprom said that gas flows to Germany through the key Nord Stream 1 pipeline would fall by half of the already-reduced flows from 27<sup>th</sup> July on claims that Western sanctions had caused difficulties in maintenance of the infrastructure. This threat of gas disruption is certainly fuelling inflation that is pressuring the European Central Bank to tighten policy more aggressively.

China's economy is starting a gradual, though bumpy and still fragile, recovery. Latest reading of the Caixin manufacturing purchasing managers' index (PMI) of 50.4 showed that China's manufacturing activity expanded for a second straight month in July 2022, though declining from 51.7. However, the official manufacturing PMI published by the National Bureau of Statistics fell to contractionary territory at 49.0 in July from 50.2 in June. A higher pace of recovery is seen in non-manufacturing activity, mainly services, which continued to expand in July 2022 with a PMI reading of 53.8, from 54.7 in June 2022. The July Politburo meeting concluded with a call for incremental easing and this should be indicative of an easing policy bias for China.

The FBMKLCI recorded a strong performance of 3.3% over the previous month, led by the Technology, Telecommunications and Financials sectors. Only the Energy and Transportation sectors recorded monthly declines on recessionary concerns. The month of July saw Bank Negara Malaysia (BNM) raising the Overnight Policy Rate (OPR) by 25bps which is the bank's second consecutive hike this year. Inflation continued to rear its head in the economy with the release of the June CPI data indicating a 0.6% increase over a month ago and 3.4% over a year ago. During the month, the first reading of the Tobacco Product and Smoking Control Bill 2022 was held, which included the much-anticipated generational endgame law for those born in 2007 and after. The Dewan Rakyat also passed the proposed anti-party-hopping law.

Moving further into the second half of 2022, slowing growth and recession risks are a top concern for investors. With inflation still uncomfortably high in most major economies, the aggressive stance by central banks risks a hard landing for the global economy, which would be detrimental to corporate earnings and ultimately weigh on risk asset prices. We maintain our Neutral stance on local equities as we look out for clearer visibility of next year's earnings. Presently, positive economic recovery, on the back of reopening of international borders and robust private consumption, may be curtailed by risks of stagflation, weaker Ringgit, dampening business and consumer sentiment and political uncertainty amid the upcoming election. We will also employ a tactical lookout for names with strong longer-term recovery prospects and attractive valuations, while trimming or exiting exposures that may be affected by the impending economy slowdown.

### Fixed Income

It was a volatile month for Treasuries with the 10-year US Treasury benchmark initially spiked back up to 3.00% in early July before rallying towards the end of the month to settle at 2.65%. The Federal Reserve (Fed) raised its policy rate by 75 basis points (bps) for the second month in a row but left guidance intentionally vague regarding any planned moves when it meets next in September. The recent softness in economic readings provided ammunition for yields to move lower and has deepened the month-long inversion of the 2-year/10-year Treasury yield curve. Meanwhile, the advanced estimate of 2Q 2022 GDP validated the market's concern of a technical recession with the economy showing a second quarter-on-quarter (QoQ) contraction at -0.90%. Over the month, despite the sequential 75bps hike in the Fed funds rate, the 2-year yield widened by only 5bps to 2.88% while the 10-year yield declined 23bps to 2.65%.

Locally, government bonds saw strong buying support with yields edging lower by 24-38 bps across the curve, trending in line with the rally seen in US Treasuries alongside global rates. The yield curve mirrored bull flattening movements with outperformance in the 30-year segment with better buying interest for duration. Meanwhile Bank Negara Malaysia (BNM) delivered its second consecutive 25bps OPR hike to further adjust the "degree of monetary accommodation" amid better growth prospects for the Malaysian economy. Despite interest rate hikes, bond yields moved lower with better buying interests following lower UST yields as market were encouraged by the prospect of the Fed pausing its hiking cycle by December and BNM's gradual and measured approach to policy normalization. Buying interests spilled over to the auction markets which garnered strong BTC ratios of 2.4x-3.1x for the three auctions conducted during the month. In July, the 3-year yield was marginally higher by 3bps to 3.49% while the 10-year declined by 33bps to 3.89%.

### 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. Prospectus dated 15 August 2020, first supplementary prospectus dated 6 October 2021 and Product Highlights Sheet ("PHS") are obtainable at our office and you have the right to request for a copy. They have been registered and lodged with the SC (where applicable), who takes no responsibility for their contents. The registration and 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 and investment form. You should study the prospectuses 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 specific risk of BOSWM Islamic Deposit Fund is early termination of Islamic cash deposits risk. Description of the specific risk can be obtained from prospectus dated 15 August 2020. Where a distribution is declared, you are advised that following the distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV.