BOS WEALTH MANAGEMENT
A subsidiary of Bank of Singapore

# BOSWM ASIAN INCOME FUND

**ANNUAL REPORT**
**For the financial year ended 31 December 2024**

## CONTENTS

**FUND INFORMATION**
**As At 31 December 2024**

| | | |
|---|---|---|
| Name Of Fund (Feeder) | : | BOSWM Asian Income Fund |
| Manager Of Fund | : | BOS Wealth Management Malaysia Berhad<br>199501006861 (336059-U) |
| Name Of Target Fund | : | Lion Capital Funds II – Lion-Bank of Singapore Asian Income Fund |
| Investment Manager Of Target Fund | : | Lion Global Investors Limited (198601745D) |
| Sub-Investment Manager Of Target Fund | : | Bank of Singapore Limited (197700866R) |
| Launch Date | : | Class MYR – 12 January 2017<br>Class MYR BOS – 12 September 2019<br>Class USD BOS – 12 September 2019<br><br>The Fund will continue its operations until terminated as provided under Part 11 of the Deed. |
| Category Of Fund | : | Mixed assets – feeder fund (wholesale) |
| Type Of Fund | : | Growth and income[□] |
| Investment Objective | : | BOSWM Asian Income Fund aims to provide capital growth and income[□] in the medium[*] to long term by investing in the Target Fund – Lion Capital Funds II – Lion-Bank of Singapore Asian Income Fund.<br><br>[□] *Income is in reference to the Fund's distribution, which will be in the form of cash or units.*<br><br>[*] *Medium term is defined as a period of one to three years, and long term is a period of more than three years.* |
| Performance Benchmark | : | Nil – The Fund does not have a performance benchmark assigned. |
| Distribution Policy | : | Subject to the availability of income, distribution of income will be on a quarterly basis. |
| Fund Size | : | Class MYR – 1.07 million units<br>Class MYR BOS – 14.75 million units<br>Class USD BOS – Nil |

## FINANCIAL HIGHLIGHTS

| Category | As At 31.12.2024 | As At 31.12.2023 | As At 31.12.2022 |
|---|---|---|---|
| | % | % | % |
| **Collective Investment Scheme** | 99.00 | 95.92 | 93.48 |
| **Cash And Liquid Assets** | 1.00 | 4.08 | 6.52 |
| **Total** | 100.00 | 100.00 | 100.00 |
| | **Class MYR** | **Class MYR** | **Class MYR** |
| Net Asset Value (RM'000) | 1,053 | 1,346 | 2,451 |
| Number Of Units In Circulation (Units '000) | 1,071 | 1,417 | 2,740 |
| Net Asset Value Per Unit (RM) | 0.9834 | 0.9495 | 0.8946 |
| Total Expense Ratio ("TER") | 1.17% | 1.00% | 1.05% |
| Portfolio Turnover Ratio (times) | 0.05 | 0.10 | 1.09 |
| | **Class MYR BOS** | **Class MYR BOS** | **Class MYR BOS** |
| Net Asset Value (RM'000) | 13,110 | 12,550 | 12,612 |
| Number Of Units In Circulation (Units '000) | 14,748 | 14,748 | 14,846 |
| Net Asset Value Per Unit (RM) | 0.8890 | 0.8510 | 0.8496 |
| Total Expense Ratio ("TER") | 0.76% | 0.64% | 0.65% |
| Portfolio Turnover Ratio (times) | 0.05 | 0.10 | 1.09 |
| | **Class USD BOS** | **Class USD BOS** | **Class USD BOS** |
| Net Asset Value (RM'000) | - | 5 | 5 |
| Number Of Units In Circulation (Units '000) | - | 1 | 1 |
| Net Asset Value Per Unit (RM) | - | 4.8480 | 4.5467 |
| Net Asset Value Per Unit (USD) | - | 1.0562 | 1.0330 |
| Total Expense Ratio ("TER") | - | 0.70% | 0.69% |
| Portfolio Turnover Ratio (times) | - | 0.10 | 1.09 |

TER is the ratio of expenses of the Fund expressed as a percentage of the average NAV attributable to unitholders of the Fund for the financial year calculated on a daily basis. The TER of Class MYR and Class MYR BOS for the current financial year is higher due to a higher percentage of increase in expenses compared with the average NAV attributable to unitholders. The Fund does not charge performance fee.

[1] *The TER does not include brokerage and other transaction fees.*

The Portfolio Turnover Ratio for the current financial year is lower due to decrease in investing activities.

*Notes:*
*The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.*

| Source Of Distributions | 1.1.2024 To 31.12.2024 RM'000 | 1.1.2023 To 31.12.2023 RM'000 | 1.1.2022 To 31.12.2022 RM'000 |
|---|---|---|---|
| **Class MYR BOS** | | | |
| - Net realised income | - | - | 164 |
| - Capital (distribution equalisation) | - | - | - |
| Total distributions | - | - | 164 |

| | | | |
|---|---|---|---|
| **Class MYR BOS** | **%** | **%** | **%** |
| - Net realised income | - | - | 100.00 |
| - Capital (distribution equalisation) | - | - | - |
| Total distributions | - | - | 100.00 |

**FUND PERFORMANCE**
**For The Financial Year Ended 31 December 2024**

**Market And Fund Review**
*Review Of The Lion Capital Funds II – Lion-Bank Of Singapore Asian Income Fund (Target Fund Of BOSWM Asian Income Fund)*

**<u>January 2024</u>**

Market overview:
Asian equities struggled at the start of 2024 ending the month down -7.35%, led mostly by Chinese equities. China's lack of growth, falling inflation and population did not help confidence as investors seek a stronger policy response to help the slowing economy. China mid-month market support helped pushed a somewhat awkward market recovery. The government offered more targeted stimulus by lowering the Reserve Ratio Requirements and potential stock market rescue package said to be as large as 2 trillion yuan. Elsewhere, manufacturing activity picked up in January 2024 outside of China. South Korea showed a turnaround as its Purchasing Managers' Index (PMI) improved to 51.2 indicating expansion. Taiwan had a similar improvement but remained below 50 at 48.8. Election and politics will continue to add potential volatility. Kicked started with the recent Taiwan elections. All eyes are now on Indonesia as one of the world's largest populus country goes to the vote. Couple this with increased Red Sea confrontations and retaliation by the West, investment manager of target fund see the effect of choking an already mixed supply chain efficiency.

January 2024 was a month of consolidation for rates markets after the bullish run-up in the last two months of 2023. At the end of the US Federal Reserve (Fed) January 2024 Federal Open Market Committee (FOMC) meeting, Fed Chair Powell stated that a March 2024 rate cut was unlikely. US base rates ended the month considerably higher (5-year UST 30 basis points (bps) higher from end December 2023). Credit spreads continued to tighten as market continue to embrace risk while the technical backdrop remained extremely supportive given the lack of supply. J.P. Morgan Asia Credit Index generated a total return of 26bps in January 2024. Chinese names outperformed as the government announced more stimulus to rejuvenate the stagnating economy while India continued to do well. Indonesia, Philippines and Malaysia underperformed due to their higher exposure to duration.

Portfolio asset allocation:
The current target fund allocation as of end January 2024 is 48.8% in equities, 49.4% in fixed income, and the balance 1.8% in cash.

Portfolio update:
Thematically, the growth in artificial intelligence has had a positive effect on their target fund as both Taiwan and South Korea benefitted from the strong demand for both Dynamic Random Access Memory and high-end semiconductor. Investment manager of target fund continue to see this a positive trend for the immediate future. They remain defensive and underweight China for now. With their continued overweight in Singapore and Emerging Asia. They believe that demographically, a young and large population base will help Emerging Asian economy support domestic growth as the world starts to slow. With new visa free travel amongst some countries, they expect this to be positive for travel and hospitality. Looking ahead, risk sentiment is likely to remain buoyant for quality names but demand for higher- risk names remains fairly price-sensitive while potential issuers also have local currency funding alternatives. This has meant almost no new supply in the high-yield space. They expect this to continue in the near term until there is more clarity on the rates front. The target fund will continue to focus on coupon accrual.

**February 2024**

Market overview:
Despite US rate cuts being pushed out, Asian markets enjoyed a strong rebound in February 2024 thanks to supportive policies and positive macroeconomic data. Both the MSCI AC Far East ex-Japan Index (MXFEJ Index +6.4%) and MSCI AC Asia Pacific Index (MXAP Index +4.0%) delivered positive returns during the month, alongside global equities. China led the rally (MSCI China Index +8.4%) as strongerthan- expected credit and travel spend during the lunar new year holiday reignited investor optimism. Ongoing excitement about generative AI, supported by Nvidia's strong guidance also drove strong performances in Korea (MSCI Korea Index +6.8%) and Taiwan (MSCI Taiwan Index +5.5%). On the other hand, India (MSCI India Index +2.7%) and ASEAN (MSCI ASEAN Index +2.1%) were relative underperformers – a reversal of what investment manager of target fund witnessed in 2023. The target fund remains invested in South Asia, attracted by its relatively stable macro conditions and structural growth story.

Sector-wise, Consumer Discretionary, Information Technology and Financials were the top three performers. On the other hand, Materials, Real Estate and Consumer Staples underperformed.

For China, investment manager of target fund continue to see bright spots in certain sectors. Their strategy is to stay invested in quality names aligned with China's long-term push towards decarbonation, industrial automation and infrastructure buildout.

J.P. Morgan Asian Credit Index (JACI) generated a total return of 9 basis points (bps) in February 2024. Index spreads tightened while Treasury yields were higher. Investment Grade spreads tightened by 16bps while High Yield spreads tightened by 44bps. Countries with higher duration such as Indonesia and Philippines underperformed because of higher Treasury yields while Chinese credits also underperformed slightly as investors remain disappointed with the lack of more stimulative measures from the Chinese government.

Portfolio asset allocation:
The current target fund allocation as of end February 2024 is 50.6% in equities, 47.8% in fixed income, and the balance 1.6% in cash.

Portfolio update:
Investment manager of target fund continue to favour Singapore on growth-adjusted valuations. Given Singapore's open economy, they are cognisant of slowing external demand going forward and keep their focus on the labour markets as a leading indicator. They favour Singapore banks as they expect non-interest income to recover on the back of lower rates as well as their circa 6% dividend yields which they believe will be sustainable.

Asia ex Japan equity valuations are at one of its lowest it has been historically. Given that it is a beneficiary of the global march into Artificial Intelligence (AI) with majority of semiconductors manufacturers located in the region, investment manager of target fund see risk reward remaining very favourable.

In February 2024, initial fears of a banking related selloff melted away quickly after inflation and employment data proved much stronger than expected. Federal Reserve (Fed) speech turned more hawkish and timing of rate cuts were pushed out to the later part of the year. Overall, total returns for the month of February 2024 have been driven more by underlying US rates move with credit spread staying range bound. This is likely to remain the case in the near term. The target fund will continue to overweight carry.

**March 2024**

Market overview:
Asian markets (MSCI AC Far East ex-Japan Index +3.0%) delivered positive returns for the second consecutive month, led by Taiwan (MSCI Taiwan Index +8.0%) and Korea (MSCI Korea Index +5.5%). Information Technology as a sector did the heavy lifting as Artificial Intelligence (AI)-related names such as Taiwan Semiconductor Manufacturing Company (TSMC) and Samsung Electronics outperformed on positive news flow relating to their rising share of AI chip orders. ASEAN markets were generally flat except for Singapore (MSCI Singapore Index +4.2%) which saw Financials outperform as they approach their cum-dividend dates.

Hong Kong (MSCI Hong Kong Index -6.5%) was the worst performing market, dragged by weaker-than-expected FY2023 numbers from Financials and Real Estate. On the other hand, China (MSCI China Index +1.0%) held firm, supported by earnings beats and improving shareholder returns of leading Internet names.

Sector-wise, Information Technology, Real Estate and Energy were the top three performers. On the other hand, Health Care, Consumer Staples and Consumer Discretionary underperformed.

While China's path forward remains bumpy, multi-year low valuations allow them to be selective in their portfolio exposure. Their strategy is to stay invested in quality names aligned with China's long-term push towards decarbonation, industrial automation and infrastructure buildout. Investment manager of target fund continue to favour Singapore on growth-adjusted valuations.

Inflation and employment data in the US continued to surprise to the upside in March, with 10-year yields testing 4.32% before a less hawkish than feared Federal Open Market Committee (FOMC) brought yields lower. J.P. Morgan Asia Credit Index (JACI) generated a total return of 1.06% in March 2024. Index spreads tightened while Treasury yields were lower. Investment Grade (IG) spreads tightened by 4bps while High Yield (HY) spreads tightened by 54bps.

Portfolio asset allocation:
The current target fund allocation as of end March 2024 is 51.1% in equities, 47.3% in fixed income, and the balance 1.6% in cash.

Portfolio update:
Given Singapore's open economy, investment manager of target fund are cognisant of slowing external demand going forward and keep their focus on the labour markets as a leading indicator. They favour Singapore banks as they expect non-interest income to recover on the back of lower rates as well as their circa 6% dividend yields which they believe will be sustainable.

The target fund remains invested in South Asia, attracted by its relatively stable macro conditions and structural growth story. Jerome Powell signaled that rate cuts were still forthcoming, and a dovish turn by Bank of England as well a rate cut by Swiss National Bank also helped to cap the rise in yields. Meanwhile, overall activity continued to signal that US growth remained above recessionary levels and that even global growth-ex US seemed to have troughed. If economic growth continues along the current trajectory, markets may even have to further revise down the total number of cuts for the year.

The target fund will continue to overweight coupon carry while rebalancing to take advantage of opportunities that come along.

**April 2024**

Market overview:
Asian markets bucked the trend in April 2024, with the MSCI AC Far East ex-Japan Index returning +1.0% (Source: Bloomberg, in USD terms). China (MSCI China Index: +6.6%) and Hong Kong (MSCI Hong Kong Index: +5.2%) were the best performing markets, driven by the announcement of shareholder-friendly initiatives from leading internet names. The anticipation of further property support at the 30 April 2024 China Politburo Meeting was also a catalyst. While China's path forward remains bumpy, multi-year low valuations allow investment manager of target fund to be selective in their portfolio exposure.

US inflation data in March 2024 surprised to the upside although the reduced number of rate cuts priced in by markets was to the benefit of Financials and Value stocks. Along the same vein, Singapore (MSCI Singapore Index: +3.9%) outperformed the MSCI AC Far East ex-Japan Index, driven by the banks as their net interest margins are expected to remain supported in a higher-for-longer interest rate environment.

On the other hand, Korea (MSCI Korea Index: -6.1%) and Taiwan (MSCI Taiwan Index: -2.4%) underperformed the MSCI AC Far East ex-Japan Index as Artificial Intelligence (AI)-related stocks globally retreated post the strong year-to-date (YTD) performance. Within ASEAN, Indonesia (MSCI Indonesia Index: -6.3%) was a key detractor as the IDR weakness throughout the month led Bank Indonesia to unexpectedly hike rates.

Sector-wise, Utilities, Communication Services and Financials were the top three performers. On the other hand, Information Technology, Health Care and Real Estate underperformed the MSCI AC Far East ex-Japan Index. Investment manager of target fund continues to favour Singapore on growth-adjusted valuations.

Sticky US inflation data and relatively strong activity data released in April 2024 led fixed income markets to once again push back the timing and reduce the magnitude of cuts in fed fund rates for 2024. J.P. Morgan Asia Credit Index (JACI) generated a total return of -1.17% in April 2024 as the higher treasury yields more than offset tighter credit spreads. Countries with higher duration like Indonesia, Malaysia and Philippines underperformed while Sri Lanka also underperformed the MSCI AC Far East ex-Japan Index as the country's restructuring process with creditors hit a roadblock due to disagreements on terms of restructuring. With the total number of cuts now priced at slightly more than one for 2024, it would take a significant re acceleration in inflation data for markets to become more hawkish. However, year-on-year inflation data becomes easier to beat (on the upside) from the second half of the year and with election spending also set to pick up, growth and inflation could prove too strong for the Federa Reserve (Fed) to contemplate cutting rates.

Portfolio asset allocation:
The current target fund allocation as of end April 2024 is 51.6% in equities, 47.9% in fixed income, and the balance 0.5% in cash.

Portfolio update:
Given Singapore's open economy, investment manager of target fund is cognizant of slowing external demand going forward and keep their focus on the labour markets as a leading indicator. They favour Singapore banks as they expect noninterest income to recover on the back of lower rates as well as their circa 6% dividend yields which they believe will be sustainable. The target fund remains invested in South Asia, attracted by its relatively stable macro conditions and structural growth story. The target fund deployed some cash into shorter duration Investment Grade (IG) and higher quality High Yield (HY) credits during the course of the month as sentiment improved. With global growth picking up, Iinvestment manager of target fund thinks market sentiment will continue to improve and the target fund will position in credits that may benefit from a pickup in global growth while at the same time maintaining a core 'carry' position.

**May 2024**

Market overview:
Asian markets (MSCI AC Far East ex-Japan Index) delivered positive returns (Source: Bloomberg, +1.8% in USD terms) in May 2024 as stabilising US policy rate expectations took pressure off major Asian currencies. Taiwan (MSCI Taiwan Index: +5.1%) was the best performing market as the Artificial Intelligence (AI) momentum continued, buoyed by Nvidia's guidance upgrade and stronger-than-expected export orders in April 2024. China (MSCI China Index: +2.4%) and Hong Kong (MSCI Hong Kong Index: +2.5%) also ended the month higher but substantially off the peak due to profit taking after the strong rally since mid-April 2024. Indonesia (MSCI Indonesia Index: -6.2%) and the Philippines (MSCI Philippines Index: -6.1%) were the worst performing markets, dragged by negative earnings revisions post a softer-than-expected 1Q2024 earnings season. Sector-wise, Utilities, Financials and Information Technology were the top three performers. On the other hand, Health Care, Real Estate and Consumer Discretionary underperformed. Positioning-wise, investment manager of target fund continues to favour Singapore on growth-adjusted valuations. Economic data from the US underwent a soft patch in May 2024 with inflation and employment data moderating from the stronger-than expected prints in the first quarter of the year. This set the stage for treasury yield to decline for the month. The US 10-year treasury (UST) yield started the month of May 2024 at 4.68% and ended the month lower by 18 basis points (bps) to 4.50% as market once again priced in an increase probability of more rate cuts from the US Federal Reserve (Fed). The J.P. Morgan Asia Credit Index (JACI) generated a total return of 1.33% in May 2024. Index spreads tightened while Treasury yields were lower. Investment Grade (IG) spreads were flat while High Yield (HY) spreads tightened by 77bps. Within the context of JACI, countries with higher duration like Indonesia and Malaysia outperformed while higher beta countries like Sri Lanka and Pakistan also outperformed.

Portfolio asset allocation:
The current target fund allocation as of end May 2024 is 46.9% in equities, 49.4% in fixed income, and the balance 3.7% in cash.

Portfolio update:
Given Singapore's open economy, investment manager of target fund is cognizant of slowing external demand going forward and keep their focus on the labour markets as a leading indicator. Their favour Singapore banks as they expect noninterest income to recover on the back of lower rates as well as their 6% dividend yields which they believe will be sustainable. While China's path forward remains bumpy, multi-year low valuations allow investment manager of target fund to be selective via quality growth market leaders and companies which are committed to increasing shareholder returns. They now await further macroeconomic data points to confirm if the recently-announced policy measures have set China's recovery in motion. The target fund remains invested in South Asia, attracted by its relatively stablemacro conditions and structural growth story. The target und will continue to diversify selectively into credits with an emphasis on coupon carry.

**June 2024**

Market overview:
Asian markets (MSCI AC Far East ex-Japan Index) delivered positive returns in June 2024 (Source: Bloomberg, +3.5% in USD terms), driven by continued flows into markets with structural themes. Taiwan (MSCI Taiwan Index: +12.2%) and Korea (MSCI Korea Index: +8.3%) were the top performing markets on earnings estimates upgrades as the Artificial Intelligence (AI) momentum continued. India (MSCI India Index: +7.0%) also outperformed, rebounding strongly after the election results as investors refocused on the country's growth tailwinds. Hong Kong (MSCI Hong Kong: -6.5%) and China (MSCI China Index: -1.9%) were the worst performing markets, dragged by weaker macroeconomic data points such as inflation and property sales. The best performing sectors for June 2024 were Information Technology, Energy and Financials, while Real Estate, Materials and Consumer Discretionary were the laggards. Positioning-wise, investment manager of target fund continues to favour Singapore on growth-adjusted valuations. The US 10-year treasury (UST) yield started the month of June 2024 at 4.50% and ended the month lower by 10 basis points (bps) to 4.4%. While credit spreads widened modestly, the lower base rate dominated with the J.P. Morgan Asia Credit Index (JACI) generating a total return of 1.22% for the month. Within the context of JACI, countries with longer maturity bonds like Indonesia, Malaysia and Philippines outperformed.

Recent data from the US have point to a slowing down in economic activity and the labour market. In Asia, there are more signs that the Chinese authorities are willing to do more to prevent the economy from slowing down further. Investment manager of target fund continues to expect the US Federal Reserve (Fed) to begin cutting interest rates by the end of the year. In the meantime, the new issue pipeline has become busier with corporates bowing to the "higher-for-longer" reality and deciding to bite the bullet for refinancing.

Portfolio asset allocation:
The current target fund allocation as of end June 2024 is 47.8% in equities, 49.7% in fixed income, and the balance 2.5% in cash.

Portfolio update:
Given Singapore's open economy, investment manager of target fund is cognisant of slowing external demand going forward and keep their focus on the labour markets as a leading indicator. They favour Singapore banks as they expect non-interest income to recover on the back of lower rates as well as their 6% dividend yields which they believe will be sustainable. While China's path forward remains bumpy, multi-year low valuations allow investment manager of target fund to be selective via quality growth market leaders and companies which are committed to increasing shareholder returns.

**July 2024**

Market overview:
July 2024 was a mixed month for Asian markets (MSCI AC Far East ex-Japan Index: -1.2%)amidst global economic uncertainty and heightened trade tensions. Rising conviction for a September 2024 rate cut and the rotation from Information Technology to traditionally defensive sectors were the key themes behind overall market performance. While domestic-driven countries like India (MSCI India Index: +4.0%) and ASEAN (MSCI ASEAN Index: +3.9%) delivered positive returns as the USD weakened, Taiwan (MSCI Taiwan Index: -4.0%) and China (MSCI China Index: -1.2%) were the worst performing markets as the Artificial Intelligence (AI) momentum cooled.

The best performing sectors in July 2024 were Health Care, Financials and Utilities, while Energy, Materials and Information Technology were the laggards.

Positioning-wise, investment manager of target fund continue to favour Singapore on growth-adjusted valuations.

While July 2024 was marked by heightened volatility in global markets, driven by the unwinding of Japanese yen carry trade and sell-off in tech stocks, Asian corporate credit risk premium stayed stable despite their historically tight levels. The market is well supported by strong demand as net supply (after coupons and redemptions) continued to be negative for the third consecutive year. The new issue pipeline has been noticeably busier and investment manager of target fund had a few high yield issuers tapping the market, which continued trading well in the secondary market. They expect this benign outlook to hold in the medium term, particularly as the US Federal Reserve (Fed) seems to be quite ready to cut interest rates in September 2024. The market should still see interest to lock in rates at cyclical highs.

Portfolio asset allocation:
The current target fund allocation as of end July 2024 is 47.5% in equities, 49.2% in fixed income, and the balance 3.3% in cash.

Portfolio update:
Given Singapore's open economy, investment manager of target fund are cognisant of slowing external demand going forward and keep their focus on the labour markets as a leading indicator. They favour Singapore banks as they expect non-interest income to recover on the back of lower rates as well as the banks' dividend yields which they believe will be sustainable.

Positives out from China's third plenum and Politburo meeting include boosting domestic consumption, increasing urbanisation and addressing overcapacity. This is in line with expectations and aligned with China's long term economic vision. While China's path forward remains bumpy, multi-year low valuations allow investment manager of target fund to be selective via quality growth market leaders and companies which are committed to increasing shareholder returns. The target fund remains invested in South Asia, attracted by its relatively stable macro conditions and structural growth story.

The target fund will continue to diversify and make switches wherever investment manager of target fund see relative value.

**August 2024**

Market overview:
Asian markets (MSCI AC Far East ex-Japan Index) recovered steep losses in the first week of August 2024 to end the month in positive territory (Source: Bloomberg, +2.2% in USD terms). Rising conviction for a September 2024 rate cut, a weakening US dollar and the ongoing rotation from Information Technology to traditionally defensive sectors were the key themes behind overall market performance.

As the USD weakened on anticipated rate cuts and growth concerns, emerging markets like ASEAN (MSCI ASEAN Index +7.9%) benefitted, with the Philippines (MSCI Philippines Index +10.2%) and Indonesia (MSCI Indonesia Index +9.5%) outperforming Korea (MSCI Korea Index -2.8%) and China (MSCI China Index +1.1%). Most Asian markets saw consensus earnings upgrades during the month, led by Korea, Thailand & the Philippines. The best performing sectors for August 2024 were Health Care, Real Estate and Communication Services, while Materials, Utilities and Information Technology were the laggards.

Positioning-wise, investment manager of target fund continue to favour Singapore on growth-adjusted valuations.

For a few days in August 2024, unwinding of Yen carry trade (as an outcome of weaker US employment data and more hawkish than expected Bank of Japan (BOJ)) wreaked havoc in risk markets. This led markets to speculate about possible emergency rate cuts by the US Federal Reserve (Fed). While the panic had subsided within a week, Fed Chair Jerome Powell's dovish comment at Jackson Hole in the latter part of the month confirmed markets expectations that the central bank will definitely kick-start monetary easing at the September 2024 Federal Open Market Committee (FOMC) meeting. Treasury yields traded much lower for the month while credit spreads compressed marginally leading to the JP Morgan Asia Credit (JACI) Index generating a total return of 1.63% in August 2024. Countries with higher duration issuances like Indonesia, Malaysia and Philippines outperformed while China underperformed as macroeconomic data in China continued to signal deterioration in the economy.

Portfolio asset allocation:
The current target fund allocation as of end August 2024 is 48.0% in equities, 48.9% in fixed income, and the balance 3.1% in cash.

Portfolio update:
Given Singapore's open economy, investment manager of target fund are cognisant of slowing external demand going forward and keep their focus on the labour markets as a leading indicator. They favour Singapore banks as they expect non-interest income to recover on the back of lower rates as well as Singapore banks dividend yields which they believe will be sustainable.

China's recently concluded third plenum emphasized boosting domestic consumption, increasing urbanisation and addressing overcapacity. This is in-line with expectations and aligned with China's long term economic vision. While China's path forward remains bumpy, multi-year low valuations allow investment manager of target fund to be selective via quality growth market leaders and companies which are committed to increasing shareholder returns. The target fund remains invested in South Asia, attracted by its relatively stable macro conditions and structural growth story.

Going into September 2024 and for the rest of the year, fixed income market will likely stay focused on the path and pace of rate cuts. While US employment data has been softening, other data show that US consumer spending has stayed resilient. Until there is clear sign of further deterioration in the economy, investment manager of target fund expect credit premium to stay compressed. They will continue to rebalance the portfolio to Overweight (OW) coupon carry.

**September 2024**

Market overview:
Asian markets (MSCI AC Far East ex-Japan Index) saw an extremely strong end to the quarter, led by Hong Kong and China equities. The sharp rally was triggered by arguably the most coordinated set of stimulus out from China involving rate cuts and new lending facilities to target fund equity purchases and corporate buybacks. Further housing support ensued with Tier 1 cities removing purchase restrictions by varying degrees.

Korea was the worst performing market, dragged by Samsung Electronics on weaker-than-expected fundamentals. As the USD weakened further post the first rate cut from the Federal Reserve (Fed), emerging markets including ASEAN benefitted. Most Asian markets saw consensus earnings upgrades during the month, led by Malaysia and Thailand. The best performing sectors for September 2024 were Consumer Discretionary, Consumer Staples and Real Estate, while Information Technology, Energy and Utilities were the laggards.

Positioning-wise, investment manager of target fund continue to favour Singapore on growth-adjusted valuations.

After waiting since the beginning of the year, the US Fed finally acted in September 2024 with a decisive 50 basis points (bps) cut in its Fed Funds Rate bringing it to the 4.75% to 5% range. The move which was billed as “pre-emptive” strike against further loosening of labour market conditions in the US has been welcomed by risk markets as the base case of a soft landing remains in place.

For Asia, Jerome Powell’s pivot will bring relief after more than two years of currency pain. The door has opened for countries in Asia to cut rates in the coming few months. Indonesia’s central bank has been the first to act to reduce its key rate by25 bps while the Philippines central bank chief has also guided for a cumulative 50 bps by the end of the year.

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For Asia, Jerome Powell's pivot will bring relief after more than two years of currency pain. The door has opened for countries in Asia to cut rates in the coming few months. Indonesia's central bank has been the first to act to reduce its key rate by 25 bps while the Philippines central bank chief has also guided for a cumulative 50 bps by the end of the year.

However, the biggest move has come from China. In a surprise move barely a week after the US Fed September 2024 Federal Open Market Committee (FOMC) meeting, the People's Bank of China (PBOC) addressed market concerns by announcing a major and comprehensive package of monetary stimulus. This includes lower interest rates, lower reserve requirement ratio (RRR), relaxation of mortgage policy and even new instruments to support the stock market. Additional macro support measures are expected to be rolled out over the coming months; these may include measures to provide additional capital to banks and possibly even outright cash handouts to the low-income as well as help for unemployed graduates. For the ailing property market, the PBOC is likely to ramp up its RMB 300 billion re-lending facility to stateowned entities to buy existing inventory from developers. Although the details are still unclear, these measures are expected to involve fiscal spending. In contrast to previous efforts, the measures this time far exceeded expectations in terms of scope and strength and marks a clear shift in tone that shows that policymakers are finally acknowledging and making a concerted effort to arrest the deflationary pressure in the economy.

Portfolio asset allocation:
The current target fund allocation as of end September 2024 is 50.9% in equities, 46.1% in fixed income, and the balance 3.0% in cash.

Portfolio update:
Given Singapore's open economy, investment manager of target fund are cognisant of slowing external demand going forward and keep their focus on the labour markets as a leading indicator. They favour Singapore banks as they expect non-interest income to recover on the back of lower rates as well as their 5% (in SGD terms) dividend yields which they believe will be sustainable.

China's most recent policy pivot has led to expectations of fiscal stimulus. While China's path forward remains bumpy, multi-year low valuations allow investment manager of target fund to be selective via quality growth market leaders and companies which are committed to increasing shareholder returns.

The J.P. Morgan Asia Credit Index (JACI) generated a total return of 1.20% in September 2024. Index spreads were tighter while Treasury yields were lower. Investment Grade (IG) spreads tightened 6 bps while High Yield (HY) spreads tightened by 23 bps. Countries with higher duration issuances like Indonesia and Philippines outperformed while higher beta countries like Sri Lanka and Pakistan did well.

The target fund remains invested in South Asia, attracted by its relatively stable macro conditions and structural growth story.

Between the US Fed's 50 bps cut and China's unexpectedly broad-based stimulus announcement, financial markets have entered the last quarter of 2024 fully risk-on. Even the prospect of an escalation of military action in the Middle East have not deterred the bulls by much. Credit spreads have continued to grind in despite its already tight levels while US rates markets have priced in another 60 bps to 70 bps of rate cut into year end. The target fund will continue to stay neutral and make switches where it makes sense.

**October 2024**

Market overview:
Asian equity markets experienced a mixed performance in October 2024, reflecting cautious investor sentiment amidst global economic uncertainty. The MSCI Far East Ex Japan Index declined 3.55% in USD terms, while the MSCI Emerging Markets Asia Index fell 4.10%. However, some regional markets bucked the trend, with gains in Taiwan, supported by continued strong demand from semiconductors as artificial intelligence (AI) growth and demand from gaming remains strong.

With geopolitics taking front and centre stage, US election on the horizon, the USD strengthened during the month of October 2024. 10-year USD Treasury (UST) reversed its direction and increased to over 4.2% yield. This has eroded the performance in October 2024 for Asian markets. HSCEI or Hang Seng China Enterprise Index fell 3.33% in USD terms. Emerging Asia didn't fare better with Indonesia market, while flat in local currency terms, fell 2.64% in USD terms. The story remains consistent with South Korea equity market which was flat in October 2024 but fell 4.6% in USD terms.

China's 3rd quarter 2024 Gross Domestic Product (GDP) came in at 4.6% on a year-on-year (Y-o-Y) basis, slightly better than expected. Inflation remains weak in China as Consumer Price Index (CPI) was up 0.4% (below expectations of 0.6%) in October 2024 on a Y-o-Y basis. The slew of policy announcements is in the right direction. But a lack of details weakened the initial euphoria as investors turned cautious. Nonetheless, investment manager of target fund feel the changes are significant asthe country grapples with low domestic demand and a large real estate debt.

Elsewhere, some of the positive news continuing to drive performance versus the market remains in Taiwan. Excellent set of company result from Taiwan Semiconductor Manufacturing Company (TSMC), with demand from AI and gaming driving up chip sales. The comp any also announced positive sales guidance and higher gross margin. While Nvidia delayed shipment of its new chips, demand was strong from Apple, Qualcomm and MediaTek.

It is perhaps ironic that following the US Federal Reserve's 50 basis point (bp) rate cut in September 2024, it also marked the lowest US rates year-to-date (YTD) (10-year UST at 3.6%). US data since then has come in generally better than expected. Market also started focusing on the US presidential elections in November 2024 and as the betting markets showed Donald Trump's improving odds against Kamala Harris, USD yields started climbing higher. J.P. Morgan Asia Credit Index (JACI) generated a total return of -0.99% in October 2024, driven mainly by the higher rates while credit spreads actually ground tighter. Countries with higher duration issuances like Indonesia and Philippines underperformed while China and Sri Lanka outperformed.

Portfolio asset allocation:
The current target fund allocation as of end October 2024 is 51.7% in equities, 47.7% in fixed income, and the balance 0.6% in cash.

Portfolio update:
In the target fund, investment manager of target fund remain invested through this period as they continue to Overweight (OW) China, Singapore and most emerging Asian Markets. They are Underweight (UW) South Korea and Taiwan as any slowdown in global trades will be detriment to their growth. They still like emerging Asia on demographics, where a large young population can help to support domestic growth. They are now OW China, the latest shift in policy to help the economy and the local real estate sector is positive. The question is the size and details of implementation. But the policy announcements are in the right direction, and they remain constructive.

The target fund will continue to maintain short duration on the bond portfolio and will selectively rebalance into the High Yield (HY) sector when the opportunity arises.

**November 2024**

Market overview:
Asian markets turned negative in the month of November 2024 following election results in the US. Geopolitical tension increased along with the risk of an increased blanket import Tarriff threatened by the elected President. The most targeted is China but also spread across the region. China stocks took the brunt but the region also sold off, MSCI Far East ex Japan Index fell 4.54% for the month.

Not all was negative as perceived safe haven countries had a boost to investments. Singapore market was up 5.7% in local currency terms, helped by excellent set of results from the banks and attractive valuation and good dividend yield.

Several countries have also reacted quickly by lowering rates to boost the economy. Korea and Thailand led the way. Korea was especially affected by weak earnings from bellwether companies and possible weaker exports. The Korea Composite Stock Price Index (KOSPI) lost 6.36% in USD terms. Unfortunately, Emerging Asia was affected by the stronger USD. The reasoning is that expected tax cuts in the US and increased trade tension with higher tariffs will be inflationary, limiting rate cuts in the future and even potentially reversing the rate trajectory. Company earnings was also mixed with some companies in China reporting weaker results which seems to signal a slowdown both domestically and even in global trades. Yet investment manager of target fund say better than expected results in semiconductor where demand remains high and remains in growth phrase. Other areas showing strength were food delivery companies and financials.

Asian equity markets experienced a mixed performance in November 2024, as investors navigated a complex landscape of economic data, monetary policy developments, and geopolitical tensions.

Politics dominated market action in November 2024. USD Treasury (UST) yields did a round trip – rising sharply into the US presidential elections and the Republican win before retracing all the lost ground with the nomination of Scott Bessent – a known “fiscal hawk” as Treasury Secretary. Despite the rates volatility, Asian credit still turned in a positive return (J.P. Morgan Asia Credit Index (JACI) total return of 0.46%) in November 2024. This came more from coupon accruals as Investment Grade (IG) spreads were flat while HY spreads widened by 15 basis points (bps). Greater China complex outperformed as economic data from China showed green shoots emerging as a result of the Chinese government’s various stimulus measures over the past few months.

Portfolio asset allocation:
The current target fund allocation as of end November 2024 is 49.3% in equities, 49.1% in fixed income, and the balance 1.6% in cash.

Portfolio update:
In the target fund, investment manager of target fund have added one new position. They initiated a position in Innovent Biologics Inc during the market softness, a leading biopharmaceutical company selling mostly domestically. This will increase the target fund's exposure to the healthcare sector. They continue to remain Overweight (OW) in Singapore and Emerging Asia as they remain constructive in the region. Emerging Asia should benefit from its positive demographics. The target fund trimmed some positions as credit spreads have tightened significantly. Given the uncertainty in the policy outlook from the new Trump administration, investment manager of target fund expect increased volatility going into the new year. With spreads at historical tights, coupon accrual will be the driver of total return. The strategy remains unchanged – short duration with selective exposure to High Yield (HY) for carry.

**December 2024**

Market overview:
- Month-to-Date (MTD) Contributors:
  - The target fund underperformed the benchmark by 24 basis points (bps) in December 2024, as an 18 bps outperformance in fixed income failed to offset the 23 bps underperformance in equities.
  - The surprising declaration of martial law in Korea caused the Korean Won to depreciate sharply against the US Dollar and Korean equities to underperform, but the target fund's Underweight stance mitigated the impact.
  - The rally in global technology sector bolstered Taiwanese equities, causing them to add positively to relative performance.

- Month-to-Date (MTD) Detractors:
  - Indonesia was one of the worst performing equity markets in December 2024, and the target fund's Overweight stance there detracted as a result. Overweighting the underperforming Singapore market also caused detraction in the month.
  - The target fund was Overweight outperforming Chinese equities; however, stocks held by the target fund lagged the market, which ultimately led to Chinese equities detracting in the target fund.

- Year-to-Date (YTD) Contributors:
  - The target fund underperformed the benchmark by 171 bps in calendar year 2024. On a gross level, fixed income outperformed by 126 bps, while equities detracted by 103 bps.
  - Although the target fund was Underweight Taiwan, strong stock selection led to a positive contribution to relative performance. Taiwan equities were the key beneficiaries in Asia of the Artificial Intelligence theme.
  - Strong stock selection also played a key part to positive attribution by Indonesia equities, overcoming the overweight stance there. Indonesia is especially sensitive to the rise in US rates, which occurred towards the end of 2024.

- Year-to-Date (YTD) Detractors:
  - Weak stock selection in Singapore, particularly insufficient exposures to banking stocks, was a major detractor to the target fund's equity underperformance. Strong earnings had propelled Singapore banking shares higher in the year.
  - The target fund's nil exposure to Malaysia equities detracted from overall performance. Malaysia equities had outperformed in the year partly due to its fast-emerging data centre industry.

Portfolio asset allocation:
The current target fund allocation as of end December 2024 is 51.3% in equities, 48.2% in fixed income, and the balance 0.5% in cash.

Portfolio update:
December 2024 marked the month when the Federal Reserves (Fed) made its "hawkish" pivot in its stance for monetary policy going forward. The December 2024 Federal Open Market Committee (FOMC) signaled that they are likely to slow the pace of easing and their median forecast showed only another two cuts for 2025. US interest rates except for the very front end, generally ended the year higher with the benchmark 10Y US Treasury (UST) yield rising 40 bps in the month to 4.57%.

The J.P. Morgan Asia Credit Index (JACI) generated a total return of -0.80% in December 2024 as tightening credit spreads failed to fully mitigate the rise in interest rates. Investment Grade (IG) spreads tightened 3 bps while High Yield (HY) spreads tightened by 55 bps. There was broad risk-off towards the end of the month, after December 2024's FOMC meeting and High-beta country Sri Lanka underperformed while countries with longer duration issuances like Philippines and Indonesia also underperformed.

Higher US tariffs amid increased friction with the US under President Donald Trump could hurt weaker export countries like China and Korea. This uncertain geopolitical environment may last through the first half of 2025. Meanwhile, an extension of loose US fiscal policy may elongate the period of high inflation, reducing the potential of Federal Reserves (Fed) rate cuts. A stronger US Dollar that may result from the confluence of these factors may affect the returns of non-dollar assets. To navigate this environment, the target fund is neutrally allocated in China, Underweight in Korea and Overweight in Emerging Asia. It continues to be Overweight in Singapore as the country offers relative stability while President Trump's policies under his second term is fully unrolled.

Looking into 2025, investment manager of target fund expect the macro environment to be much more volatile as the new resident moves into the White House. Policy changes affecting immigration, tariffs and deregulation could have profound impact on both rates and credit spreads (which are already at historical tights). They tirmmed some positions in December to prepare for the new issue pipeline to open with a vengeance in January. They aim to stay short duration and selective on high yield names.

**Fund Returns**

| | Total Returns | |
|---|---|---|
| | **Class MYR** | **Class MYR BOS** |
| 1.1.2024 To 31.3.2024 | 5.41% | 2.28% |
| 1.4.2024 To 30.6.2024 | 2.05% | 1.77% |
| 1.7.2024 To 30.9.2024 | -6.02% | 5.47% |
| 1.10.2024 To 31.12.2024 | 2.39% | -4.90% |
| 1 Year's Period (1.1.2024 To 31.12.2024) | 3.52% | 4.40% |
| 3 Years' Period (1.1.2022 To 31.12.2024) | -5.24% | -15.31% |
| 5 Years' Period (1.1.2020 To 31.12.2024) | -2.06% | -11.11% |
| Financial Year-To-Date (1.1.2024 To 31.12.2024) | 3.52% | 4.40% |
| Since Investing Date To 31.12.2024 | 5.30% | -7.52% |

Note:
- BOSWM Asian Income Fund Class MYR – Launch/investing date: 12.1.2017
- BOSWM Asian Income Fund Class MYR BOS – Launch/investing date: 12.9.2019
- BOSWM Asian Income Fund Class USD BOS – Launch/investing date: 12.9.2019
- Past performance figures shown are only a guide and should not be taken as indicative of future performance.

*Source: Lipper, Bloomberg*

**Asset Allocation**

| | As At 31 December 2024 |
|---|---|
| Collective Investment Scheme: | |
| Lion Capital Funds II – Lion-Bank of Singapore Asian Income Fund USD Class C (Distribution) and/or USD Class C (Accumulation) | 99.00% |
| Cash And Liquid Assets | 1.00% |
| | 100.00% |

**Income Distribution**

Nil

**Net Asset Value (NAV) Per Unit**

(as at 31 December 2024)

| | |
|---|---|
| Class MYR | RM0.9834 |
| Class MYR BOS | RM0.8890 |
| Class USD BOS | - |

**Significant Changes In The State Of Affairs Of The Fund**

Nil

## REPORT OF THE TRUSTEE

To the **UNIT HOLDERS** of **BOSWM ASIAN INCOME FUND ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 December 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **BOS Wealth Management Malaysia Berhad** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;

2. Valuation and pricing is carried out in accordance with the deed; and

3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For and on behalf of
**CIMB Commerce Trustee Berhad**

**Datin Ezreen Eliza binti Zulkiplee**
Chief Executive Officer

Kuala Lumpur, Malaysia
17 February 2025

## STATEMENT BY THE MANAGER

We, **NAJMUDDIN BIN MOHD LUTFI** and **TONG HON KEONG**, being two of the directors of **BOS WEALTH MANAGEMENT MALAYSIA BERHAD**, do hereby declare that, in the opinion of the Manager, the accompanying financial statements set out on pages 32 to 57 are prepared in accordance with the requirements of the Deeds, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in Malaysia so as to give a true and fair view of the financial position of **BOSWM ASIAN INCOME FUND** as at 31 December 2024 and of its results, changes in net asset value and cash flows for the financial year then ended.

Signed on behalf of the Manager in accordance with a resolution of the directors

**NAJMUDDIN BIN MOHD LUTFI** **TONG HON KEONG**

Petaling Jaya, Malaysia
17 February 2025

## INDEPENDENT AUDITORS' REPORT

To the Unitholders of **BOSWM ASIAN INCOME FUND**

### Report On The Audit Of The Financial Statements

*Our Opinion*
In our opinion, the financial statements of **BOSWM ASIAN INCOME FUND** ("the Fund") give a true and fair view of the financial position of the Fund as at 31 December 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

*What We Have Audited*
We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 32 to 57.

*Basis For Opinion*
We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence And Other Ethical Responsibilities*
We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Information Other Than The Financial Statements And Auditors' Report Thereon*
The Manager of the Fund is responsible for the other information. The other information comprises the Report of the Trustee, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities Of The Manager For The Financial Statements*
The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

*Auditors' Responsibilities For The Audit Of The Financial Statements*
Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards of auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

(d) Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Other Matters**

This report is made solely to the unitholders of the Fund, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PRICEWATERHOUSECOOPERS PLT**
(LLP0014401-LCA & AF 1146)
Chartered Accountants

Kuala Lumpur
17 February 2025

## STATEMENT OF FINANCIAL POSITION
### As At 31 December 2024

| | Note | 2024 RM | 2023 RM |
|---|---|---|---|
| **Assets** | | | |
| Investments | 3 | 14,022,122 | 13,332,764 |
| Interest receivable | | 321 | 69 |
| Financial derivatives | 7 | - | 269,804 |
| Other receivables | | 27,528 | 26,469 |
| Cash and cash equivalents | 5 | 682,944 | 301,290 |
| **Total Assets** | | 14,732,915 | 13,930,396 |
| | | | |
| **Liabilities** | | | |
| Financial derivatives | | 544,811 | - |
| Amount due to Manager | 6 | 5,584 | 5,673 |
| Other payables | | 18,808 | 24,642 |
| **Total Liabilities** | | 569,203 | 30,315 |
| | | | |
| **Net Asset Value ("NAV") Of The Fund** | | 14,163,712 | 13,900,081 |
| | | | |
| **Net Assets Attributable To Unitholders Of The Fund Comprise:** | 13 | | |
| Unitholders' capital | | 18,747,370 | 19,101,670 |
| Accumulated losses | | (4,583,658) | (5,201,589) |
| | | 14,163,712 | 13,900,081 |
| | | | |
| **Net Asset Value** | | | |
| Class MYR | | 1,053,312 | 1,345,574 |
| Class MYR BOS | | 13,110,400 | 12,549,659 |
| Class USD BOS | | - | 4,848 |
| | | 14,163,712 | 13,900,081 |
| | | | |
| **Number Of Units In Circulation (Units)** | 14 | | |
| Class MYR | | 1,071,191 | 1,417,175 |
| Class MYR BOS | | 14,747,508 | 14,747,508 |
| Class USD BOS | | - | 1,000 |

*The accompanying notes form an integral part of the financial statements.*

| | 2024<br>RM | 2023<br>RM |
|---|---|---|
| **NAV Per Unit In Ringgit Malaysia** | | |
| Class MYR | 0.9834 | 0.9495 |
| Class MYR BOS | 0.8890 | 0.8510 |
| Class USD BOS | - | 4.8480 |
| | | |
| **NAV Per Unit In Respective Currency** | | |
| Class MYR | 0.9834 | 0.9495 |
| Class MYR BOS | 0.8890 | 0.8510 |
| Class USD BOS | - | USD1.0562 |

*The accompanying notes form an integral part of the financial statements.*

## STATEMENT OF COMPREHENSIVE INCOME
### For The Financial Year Ended 31 December 2024

| | Note | 2024 RM | 2023 RM |
|---|---|---|---|
| **Investment Income** | | | |
| Interest income | | 12,615 | 11,398 |
| Net gain/(loss) on investments | | | |
| - Financial assets at FVTPL | | (14,928) | (151,622) |
| - Foreign exchange | | 42,921 | 103,643 |
| - Financial derivatives | | 836,606 | (456,486) |
| Net unrealised losses on foreign exchange | | (811,445) | (360,543) |
| Net unrealised gains on changes in fair value of financial assets at FVTPL | | 665,863 | 1,120,136 |
| | | 731,632 | 266,526 |
| **Expenses** | | | |
| Audit fee | | 8,424 | 7,600 |
| Tax agent's fee | | 6,050 | 2,800 |
| Manager's fee | **8** | 66,732 | 57,561 |
| Trustee's fee | **9** | 12,000 | 12,000 |
| Administration expenses | | 19,635 | 19,120 |
| | | 112,841 | 99,081 |
| **Net income before taxation** | | 618,791 | 167,445 |
| **Less: Taxation** | **12** | (860) | (3,034) |
| **Net Income After Taxation, Representing Total Comprehensive Income For The Financial Year** | | 617,931 | 164,411 |
| **Total Comprehensive Income Comprises The Following:** | | | |
| Realised income/(loss) | | 763,513 | (595,182) |
| Unrealised (loss)/gain | | (145,582) | 759,593 |
| | | 617,931 | 164,411 |

*The accompanying notes form an integral part of the financial statements.*

## STATEMENT OF CHANGES IN NET ASSET VALUE
## For The Financial Year Ended 31 December 2024

| | Note | Unitholders' Capital RM | Accumulated Losses RM | NAV Attributable To Unitholders RM |
|---|---|---|---|---|
| **At 1 January 2023** | | 20,433,764 | (5,366,000) | 15,067,764 |
| Net income after taxation | | - | 164,411 | 164,411 |
| Cancellation of units | **14** | | | |
| Class MYR | | (1,251,262) | - | (1,251,262) |
| Class MYR BOS | | (80,832) | - | (80,832) |
| **At 31 December 2023** | | 19,101,670 | (5,201,589) | 13,900,081 |
| | | | | |
| **At 1 January 2024** | | 19,101,670 | (5,201,589) | 13,900,081 |
| Net income after taxation | | - | 617,931 | 617,931 |
| Cancellation of units | **14** | | | |
| Class MYR | | (350,135) | - | (350,135) |
| Class MYR BOS | | (4,165) | - | (4,165) |
| **At 31 December 2024** | | 18,747,370 | (4,583,658) | 14,163,712 |

*The accompanying notes form an integral part of the financial statements.*

**STATEMENT OF CASH FLOWS**
**For The Financial Year Ended 31 December 2024**

| | 2024<br>RM | 2023<br>RM |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Proceeds from sale of investments | 665,070 | 2,434,605 |
| Purchase of investments | (645,675) | (577,459) |
| Settlement of forward contracts | 836,606 | (456,486) |
| Interest received | 12,363 | 11,381 |
| Manager's fee paid | (67,896) | (68,730) |
| Trustee's fee paid | (11,386) | (11,410) |
| Payment for other fees and expenses | (41,420) | (40,393) |
| Net cash generated from operating activities | 747,662 | 1,291,508 |
| **Cash Flows From Financing Activities** | | |
| Cash paid on units cancelled | (354,300) | (1,332,093) |
| Net cash used in financing activities | (354,300) | (1,332,093) |
| **Net Increase/(Decrease) In Cash And Cash Equivalents** | 393,362 | (40,585) |
| **Effect Of Exchange Rate Changes** | (11,708) | (27,516) |
| **Cash And Cash Equivalents At Beginning Of Financial Year** | 301,290 | 369,391 |
| **Cash And Cash Equivalents At End Of Financial Year** | 682,944 | 301,290 |
| **Cash And Cash Equivalents Comprise:** | | |
| Cash at banks | 42,944 | 21,290 |
| Deposits with financial institutions | 640,000 | 280,000 |
| | 682,944 | 301,290 |

*The accompanying notes form an integral part of the financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

**1. The Fund, The Manager And Their Principal Activities**

BOSWM Asian Income Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Deed dated 20 November 2015 as amended by the First Supplemental Master Deed dated 18 April 2016, Second Supplemental Master Deed dated 22 December 2016, Third Supplemental Master Deed dated 12 January 2017, Fourth Supplemental Master Deed dated 17 July 2019 and its Fifth Supplemental Master Deed dated 19 May 2020 (hereinafter referred to as "the Deeds") made between the Manager, BOS Wealth Management Malaysia Berhad and the Trustee, CIMB Commerce Trustee Berhad for the registered holders of the Fund.

The principal activity of the Fund is to invest in "Permitted Investments" as defined in the Deeds, which include the USD Class C (Distribution) of the Lion Capital Funds II – Lion-Bank of Singapore Asian Income Fund (Target Fund), or a Collective Investment Scheme having a similar investment objective and strategy, with the Fund, liquid assets, and any other form of investment as may be agreed upon by the Manager and the Trustee from time to time. The Fund was launched on 12 January 2017 and will continue its operations until terminated as provided in the Deeds.

The Fund previously offered one class of units i.e. Class MYR which was the sole and unnamed class of units established before 12 September 2019. On 12 September 2019, the Fund added two new classes of units i.e. Class MYR BOS and Class USD BOS.

The Manager is a wholly owned subsidiary of Bank of Singapore Limited, a private bank based in Singapore. The ultimate holding company is Oversea-Chinese Banking Corporation Limited, a public listed company incorporated in Singapore.

The principal activities of the Manager are the establishment and management of unit trust funds as well as the management of private investment mandates. The Manager received approval from the Securities Commission Malaysia to include the regulated activity of investment advice under the variation of its Capital Markets Services License on 25 October 2019. The Manager registered to be an Institutional Unit Trust Adviser with the Federation of Investment Managers Malaysia on 13 November 2019. The Manager has not commenced activities relating to investment advise and marketing and distribution of third party funds as of the end of the financial year.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 17 February 2025.

**2. Summary Of Material Accounting Policies**

**(a) Basis Of Preparation**

The material accounting policies adopted are consistent with those applied in the previous financial year end except for the adoption of new MFRSs and Amendments to MFRSs which are effective for the financial year beginning on or after 1 January 2024. These new MFRSs and Amendments to MFRSs did not give rise to any significant effect on the financial statements.

The Fund will adopt the following Amendments to MFRSs when they become effective in the respective financial periods and these Amendments to MFRSs are not expected to have any material impact to the financial statements of the Fund upon initial application.

**Standards issued but not yet effective:**

(i) Amendments to MFRS 121 "Lack of Exchangeability" (effective 1 January 2025)

- The amendments clarify that currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

- When a currency is not exchangeable into another currency, the spot exchange rate needs to be estimated, i.e. to determine the rate at which an orderly exchange transaction would take place at that date between market participants under prevailing economic conditions.

- The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective of estimating the spot exchange rate set out in the amendments.

(ii) Amendments to MFRS 9 and MFRS 7 ‘Amendments to the Classification and Measurement of Financial Instruments’ (effective 1 January 2026)

- The amendments clarify that financial assets are derecognised when the rights to the cash flows expire or when the asset is transferred, and financial liabilities are derecognised at the settlement date (i.e. when the liability is extinguished or qualifies for derecognition).

- There is an optional exception to derecognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the specified criteria are met;

- The amendments also clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;

- There are additional new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and

- The amendments update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

(iii) MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'

- The new MFRS introduces a new structure of profit or loss statement.
  a) Income and expenses are classified into 3 new main categories:
     - Operating category which typically includes results from the main business activities;

     - Investing category that presents the results of investments in associates and joint ventures and other assets that generate return largely independently of other resources; and

     - Financing category that presents income and expenses from financing liabilities.

  b) Entities are required to present two new specified subtotals:
     - 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.

- Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.

- Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

**(b) Functional And Presentation Currency**

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Fund's functional currency.

**(c) Foreign Currency Translation**

Assets and liabilities denominated in foreign currencies are translated into RM at rates of exchange prevailing at the reporting date.

Transactions in foreign currencies are translated into RM at the rates of exchange ruling on the dates of transactions. Exchange differences arising are included in profit or loss.

**(d) Financial Instruments**

The Fund recognises financial assets and financial liabilities in the statement of financial position on the date it becomes a party to the contractual provisions of the instruments.

Regular way purchase and sales of all categories of investments in financial instruments are recognised on trade dates i.e. dates on which the Fund commits to purchase or sell the financial instruments.

*Financial Assets*

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss ("FVTPL") on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value with gain and loss recognised in profit or loss. Transaction costs are recognised in profit or loss as incurred. Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gains or net losses on changes in fair value of financial assets at FVTPL.

The fair value of collective investment scheme is determined from last published repurchase price at the reporting date as reported by the management company of such funds and as agreed by the Trustee and the Manager so as to reflect its fair value.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(i) *Financial Assets At Amortised Cost*
A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Receivables are classified as financial assets at amortised cost. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include cash and cash equivalents, amount due from Manager, brokers/dealers and other receivables.

(ii) *Financial Assets At FVTPL*
A financial asset is measured at FVTPL if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding; or

(b) It is held within a business model whose objective is to sell; or

(c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category its Permitted Investments and financial derivative assets. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

*Financial Liabilities*
Financial liabilities are recognised initially at fair value i.e. the consideration for goods and services received and subsequently stated at amortised cost. These include amounts due to Manager, brokers/dealers, Trustee and other payables. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

**(e) Derecognition Of Financial Assets And Liabilities**

*Financial Assets*

A financial asset is derecognised when the asset is disposed and the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

*Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liability is derecognised, and through the amortisation process.

**(f) Impairment Of Financial Assets**

Credit losses are recognised based on the expected credit loss ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL, either on a 12-month or lifetime basis based on the significant increase in credit risk since initial recognition. The impairment model does not apply to equity investments.

Given the limited exposure of the Fund to credit risk, there is no material impact on the Fund's financial statements. For balances which are short-term in nature and with no financing component (e.g. interest receivable, dividend receivable and amount due from brokers/dealers), full impairment will be recognised on uncollected balances after the grace period is exceeded.

**(g) Income Recognition**

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Dividend income is recognised when the Fund's right to receive payment is established.

Interest income, accretion of discount and amortisation of premium are recognised using the effective interest method on an accrual basis.

**(h) Unrealised Reserves/(Deficits)**

The unrealised reserves/(deficits) represent the net gain or loss arising from carrying quoted investments at their fair value and are recognised in the statement of comprehensive income.

**(i) Cash And Cash Equivalents**

Cash and cash equivalents comprise cash at banks and deposits with licensed financial institutions with original maturities of 3 months or less which have an insignificant risk of changes in value.

**(j) Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

**(k) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**(l) Distribution**

Distributions made by the Fund are accounted for as a deduction from realised reserves except where distributions are sourced out of distribution equalisation which are accounted for as a deduction from Unitholders' Capital. Distributions are recognised in the statement of comprehensive income, as the Unitholders' contribution are classified as financial liability as per Note 2 (m) when they are approved by the Manager and the Trustee. Distribution is either reinvested or paid in cash to the Unitholders' on the income payment date. Reinvestment of units is based on the NAV per unit on the income payment date, which is also the time of creation.

**(m) Unitholders' Capital**

Unitholders' Capital meets the conditions for the definition of puttable instruments classified as liability instruments under the requirements of MFRS 132 Financial Instruments: Presentation ("MFRS 132").

Under MFRS 132, a unit trust fund with one common class of unitholders is classified as Equity as it meets the requirement of having identical features. In a multi-unit class fund, if any one class (or a group of classes) can be differentiated in terms of their features, then all the classes will be classified as Liability.

The Fund issues cancellable units in three classes on which further details are disclosed in Notes 14 and 15.

Distribution equalisation is accounted for on the date of creation and cancellation of units. It represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

**(n) Critical Accounting Estimates And Judgments**

The preparation of financial statements in accordance with MFRS and IFRS requires the use of certain accounting estimates and exercise of judgments. Estimates and judgments are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

No major estimates or judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at the reporting date.

## 3. Investments

| | 2024 RM | 2023 RM |
|---|---|---|
| **Financial Assets At FVTPL** | | |
| Quoted investments | | |
| - Collective investment scheme | 14,022,122 | 13,332,764 |

(a) Quoted investments at the reporting date is as detailed below.

**COLLECTIVE INVESTMENT SCHEME**

| 2024 Quantity | Name Of Fund | Cost RM | Fair Value RM | Fair Value As A % Of NAV % |
|---|---|---|---|---|
| | **Singapore** | | | |
| 2,867,725 | Lion Capital Funds II – Lion-Bank of Singapore Asian Income Fund* | 13,300,944 | 14,022,122 | 99.00 |
| **TOTAL QUOTED INVESTMENTS** | | 13,300,944 | 14,022,122 | 99.00 |
| **UNREALISED GAIN FROM QUOTED INVESTMENTS** | | | 721,178 | |

| 2023 Quantity | Name Of Fund | Cost RM | Fair Value RM | Fair Value As A % Of NAV % |
|---|---|---|---|---|
| | **Singapore** | | | |
| 3,502,580 | Lion Capital Funds II – Lion-Bank of Singapore Asian Income Fund* | 13,277,449 | 13,332,764 | 95.92 |
| **TOTAL QUOTED INVESTMENTS** | | 13,277,449 | 13,332,764 | 95.92 |
| **UNREALISED GAIN FROM QUOTED INVESTMENTS** | | | 55,315 | |

* *Managed by a related party of the Manager.*

(b) The Target Fund's top 10 holdings as at 31 December 2024 is as detailed below.

| | Percentage Of Target Fund's NAV % |
|---|---|
| Taiwan Semi Conductor Manufacturing Co Ltd | 7.70 |
| Tencent Holdings Ltd | 3.30 |
| Mediatek Incorporated | 3.10 |
| Alibaba Group Holding Ltd | 2.20 |
| Bank Mandiri Persero TBK Pt | 2.20 |
| DBS Goup Holdings Ltd | 1.50 |
| Sinopharm Group Co-H | 1.50 |
| Keppel Corporation Ltd | 1.40 |
| Samsung Electronics Co Ltd | 1.40 |
| AIA Group Ltd | 1.30 |
| Total | 25.60 |

**4. Fair Value Hierarchy**

The Fund uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|---|---|---|---|---|
| **2024** | | | | |
| **Financial Assets At FVTPL** | | | | |
| Collective investment schemes | 14,022,122 | - | - | 14,022,122 |
| | 14,022,122 | - | - | 14,022,122 |
| **Financial Liabilities At FVTPL** | | | | |
| Financial derivatives | - | (544,811) | - | (544,811) |
| | - | (544,811) | - | (544,811) |
| **2023** | | | | |
| **Financial Assets At FVTPL** | | | | |
| Collective investment schemes | 13,332,764 | - | - | 13,332,764 |
| Financial derivatives | - | 269,804 | - | 269,804 |
| | 13,332,764 | 269,804 | - | 13,602,568 |

The carrying amounts of other financial assets and financial liabilities, approximate fair values due to the relatively short term maturities of these financial instruments.

**5. Cash And Cash Equivalents**

Cash and cash equivalents include cash at banks and deposits with licensed financial institutions.

| | 2024 RM | 2023 RM |
|---|---|---|
| Cash at banks | 42,944 | 21,290 |
| Deposits with licensed financial institutions: | | |
| - Commercial bank | 640,000 | 280,000 |
| | 640,000 | 280,000 |
| Cash and cash equivalents | 682,944 | 301,290 |

The weighted average effective interest rate and remaining maturity of deposits with licensed financial institutions at the reporting date were as follows:

| | Weighted Average Effective Interest Rate (% Per Annum) | | Weighted Average Remaining Maturity (Days) | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Deposits with licensed financial institutions: | | | | |
| - Commercial bank | 3.05 | 3.00 | 2 | 3 |

**6. Amount Due To Manager**

The amount due to Manager represents amount payable for management fee.

Management fee is payable on a monthly basis.

**7. Financial Derivatives**

Financial derivatives contracts comprise forward foreign currency contracts due for settlement within 3 months from the reporting date. The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from the investment in Target Fund which is denominated in US Dollar. The contract amounts and their corresponding gross fair values at the reporting date were as follows:

| | Maturity Date | Contracts Or Underlying Principal Amounts RM | Contract Value At The Reporting Date RM | Unrealised (Loss)/Gain From Forward Foreign Currency Contracts RM |
|---|---|---|---|---|
| **2024** | | | | |
| | 17.1.2025 | 11,324,303 | 11,819,901 | (495,598) |
| | 17.1.2025 | 1,157,355 | 1,206,568 | (49,213) |
| | | 12,481,658 | 13,026,469 | (544,811) |
| **2023** | | | | |
| | 17.1.2024 | 11,187,190 | 10,920,099 | 267,091 |
| | 17.1.2024 | 186,244 | 183,531 | 2,713 |
| | | 11,373,434 | 11,103,630 | 269,804 |

**8. Manager's Fee**

The Manager's fee provided in the financial statements is calculated on a daily basis based on NAV attributable to unitholders of the Fund for the respective class of units at the following rates:

| **Class** | **Rate p.a.** |
|---|---|
| MYR | 1.60% |
| MYR BOS | 1.20% |
| USD BOS | 1.20% |

The Manager’s fee provided in the financial statements is net of the Target Fund Manager's fee rebate on the collective investment scheme as agreed by the Trustee and the Manager as follows:

| **Name of Fund** | **Rate p.a.** |
|---|---|
| Lion Capital Funds II – Lion-Bank of Singapore Asian Income Fund | 0.80% |

**9. Trustee's Fee**

The Trustee's fee provided in the financial statements is computed at 0.04% (2023: 0.04%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis, subject to a minimum fee of RM12,000 per annum.

**10. Portfolio Turnover Ratio**

| | **2024** | **2023** |
|---|---|---|
| Portfolio Turnover Ratio ("PTR") | 0.05 times | 0.1 times |

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year over the average NAV attributable to unitholders of the Fund calculated on a daily basis. The PTR for the current financial year is lower due to decrease in investing activities.

**11. Total Expense Ratio ("TER")**

| | **2024** | **2023** |
|---|---|---|
| Class | | |
| MYR | 1.17% | 1.00% |
| MYR BOS | 0.76% | 0.64% |
| USD BOS | 0.00% | 0.70% |

TER is the ratio of expenses of the Fund expressed as a percentage of the average NAV attributable to unitholders of the Fund for the financial year calculated on a daily basis. The TER of Class MYR and Class MYR BOS for the current financial year is higher due to a higher percentage of increase in expenses compared with the average NAV attributable to unitholders. The Fund does not charge performance fee.

## 12. Taxation

| | 2024<br>RM | 2023<br>RM |
|---|---|---|
| Malaysian income tax: | | |
| Current year's provision | 860 | 3,034 |

Income tax is calculated at the Malaysian statutory rate of taxation of 24% (2023: 24%) of the estimated assessable income for the financial year.

A reconciliation of income tax expense applicable to net income before taxation at the statutory rate of taxation to income tax expense at the effective rate of taxation is as follows:

| | 2024<br>RM | 2023<br>RM |
|---|---|---|
| Net income before taxation and finance cost | 618,791 | 167,445 |
| Taxation at Malaysian statutory rate of 24% | 148,510 | 40,187 |
| Tax effects of: | | |
| Income not subject to tax | (374,091) | (296,444) |
| Losses not subject to tax | 198,500 | 232,477 |
| Expenses not deductible for tax purpose | 7,350 | 5,987 |
| Restriction on tax deductible expenses for wholesale funds | 19,731 | 17,793 |
| Tax on repatriation of foreign income onshore | 860 | 3,034 |
| Tax expense for the financial year | 860 | 3,034 |

## 13. Net Asset Attributable To Unitholders

| | 2024 RM | 2023 RM |
|---|---|---|
| Unitholders' contribution | | |
| - Class MYR | 1,538,665 | 1,888,800 |
| - Class MYR BOS | 17,208,705 | 17,208,705 |
| - Class USD BOS | - | 4,165 |
| | 18,747,370 | 19,101,670 |
| | | |
| Accumulated losses | | |
| - Realised deficits | (4,757,811) | (5,521,324) |
| - Unrealised reserves | 174,153 | 319,735 |
| NAV attributable to unitholders | 14,163,712 | 13,900,081 |

The NAV per unit is rounded up to four decimal places.

The Fund issues cancellable units in three classes. The following are the features of each class:

| Features | Class MYR | Class MYR BOS | Class USD BOS |
|---|---|---|---|
| Management fee rate | 1.6% of Class NAV | 1.2% of Class NAV | 1.2% of Class NAV |
| Sales charge | Up to 5.0% of Class NAV | Up to 1.0% of Class NAV | Up to 1.0% of Class NAV |
| Distribution policy | Subject to the availability of income and distibution is on a quarterly basis. | | |

## 14. Number In Circulation

| | 2024 No. Of Units | 2024 RM | 2023 No. Of Units | 2023 RM |
|---|---|---|---|---|
| **Class MYR** | | | | |
| 1 January | 1,417,175 | 1,888,800 | 2,739,927 | 3,140,062 |
| Cancellation | (345,984) | (350,135) | (1,322,752) | (1,251,262) |
| 31 December | 1,071,191 | 1,538,665 | 1,417,175 | 1,888,800 |
| **Class MYR BOS** | | | | |
| 1 January | 14,747,508 | 17,208,705 | 14,846,204 | 17,289,537 |
| Cancellation | - | - | (98,696) | (80,832) |
| 31 December | 14,747,508 | 17,208,705 | 14,747,508 | 17,208,705 |
| **Class USD BOS** | | | | |
| 1 January | 1,000 | 4,165 | 1,000 | 4,165 |
| Cancellation | (1,000) | (4,165) | - | - |
| 31 December | - | - | 1,000 | 4,165 |

## 15. Units Held By The Manager And Its Related Parties

| | 2024 No. Of Units^ | 2024 RM | 2023 No. Of Units^ | 2023 RM |
|---|---|---|---|---|
| **Holding Company Of The Manager** | | | | |
| Class MYR BOS | 14,747,508 | 13,110,400 | 14,747,508 | 12,549,659 |
| **Manager** | | | | |
| Class USD BOS | - | - | 1,000 | 4,848 |

There were no units held by other related parties.

^ *All units are held legally by the Manager as per the unitholders' register.*

**16. Transactions With Brokers/Dealers**

Details of transactions with the brokers/dealers for the financial year are as follows:

| **Brokers/Dealers** | **Value Of Trade RM** | **% Of Total Trades %** |
|---|---|---|
| Lion Global Investors Limited* | 1,311,830 | 100.00 |

* *The Fund is a feeder fund into the Target Fund, Lion Capital Funds II – Lion-Bank of Singapore Asian Income Fund, hence transactions were made wholly with the foreign fund manager of the target fund, Lion Global Investors Limited (formerly known as Lion Capital Management Limited), a subsidiary of Oversea-Chinese Banking Corporation Limited, the ultimate holding company of the Manager.*

*The directors of the Manager are of the opinion that the transactions with the related party have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.*

**17. Financial Risk Management Objectives And Policies**

The Fund is exposed to a variety of risks which include market risk, credit risk, liquidity risk and target fund risk.

Financial risk management is carried out through policy reviews, internal control systems and adherence to the investment restrictions as stipulated in the Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in Malaysia.

(i) Market Risk

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments. The Fund seeks to diversify some of these risks by investing into different sectors to mitigate risk exposure to any single asset class.

The Fund’s market risk is affected primarily by the following risks:

(a) Price Risk

The Manager manages this risk by monitoring the performance of the investment portfolio. The price risk exposure arises from the Fund's investment in collective investment scheme.

The table below summarises the effect on the net income before tax and NAV attributable to the unitholders of the Fund at the reporting date due to possible changes in prices, with all other variables held constant:

| **Change In Price (%)** | **Effect On Net Losses Before Tax And NAV Attributable To Unitholders Increase/(Decrease) 2024 RM** | **Increase/(Decrease) 2023 RM** |
|---|---|---|
| +5 | 701,106 | 666,638 |
| -5 | (701,106) | (666,638) |

(b) Interest Rate Risk

This risk refers to the effect of interest rate changes on the returns of deposits with licensed financial institutions. In the event of reduction in interest rates, the returns on deposits with licensed financial institutions will decrease, thus affecting the NAV of the Fund. This risk will be minimised via the management of the duration structure of the deposits with licensed financial institutions.

The Fund's exposure to interest rate risk with respect to deposits with licensed financial institutions is not considered to be significant at the reporting date and consequently no sensitivity analysis on interest rate risk has been presented.

(c) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than the functional currency. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore subject to foreign exchange risks.

The Fund Manager employs forward foreign currency contracts to reduce the Fund's exposure to foreign exchange fluctuations of the Target Fund as part of its currency risk management.

The table below indicates the currency to which the Fund had significant exposure at the reporting date on its NAV. The analysis shows the currency risk concentration and calculates the effect on net income before tax and NAV attributable to unitholders due to fluctuations in currency rates against the functional currency, with all other variables held constant.

| **Change In Currency Rate %** | **Currency Risk Concentration For USD** | | **Effect On Net Income Before Tax And NAV Attributable To Unitholders** | |
|---|---|---|---|---|
| | | | **Increase/ (Decrease)** | **Increase/ (Decrease)** |
| | **2024 RM** | **2023 RM** | **2024 RM** | **2023 RM** |
| +5 | 14,022,122 | 13,336,977 | 701,106 | 666,849 |
| -5 | 14,022,122 | 13,336,977 | (701,106) | (666,849) |

An equivalent decrease in the currency rate shown above would have resulted in an equivalent, but opposite impact.

(ii) Credit Risk

The Fund's principal exposure to credit risk arises primarily due to changes in the financial conditions of an issuer or a counterparty to make payment of principals, interest and proceeds from realisation of investments. Such events can lead to loss of capital or delayed or reduced income for the Fund resulting in a reduction in the Fund's asset value and thus, unit price. This risk is mitigated by setting counterparty limits and vigorous credit analyses.

Credit risk generally arises from investments, financial derivatives, cash and cash equivalents and other receivables. The maximum exposure to credit risk is presented in the Statement of Financial Position. None of these balances are impaired. Financial derivatives and cash and cash equivalents are placed in licensed financial institutions with strong credit ratings.

The following table sets of the credit risk concentration of the Fund at the end of each reporting year:

| | Financial Derivatives RM | Cash And Cash Equivalents RM | Total RM |
|---|---|---|---|
| **2024** | | | |
| Credit rating | | | |
| AAA | (544,811) | 682,944 | 138,133 |
| **2023** | | | |
| Credit rating | | | |
| AAA | 269,804 | 301,290 | 571,094 |

(iii) Liquidity Risk

This risk occurs in thinly traded or illiquid securities. Should the Fund need to sell a relatively large amount of such securities, the act itself may significantly depress the selling price. The risk is minimised by maintaining a prudent level of liquid assets that allows the Fund to meet daily redemption of units without jeopardising potential returns.

The maturity of the Fund's financial liabilities fall due within three months while the NAV attributable to unitholders are repayable on demand.

The table below summarises the Fund's financial liabilities into the relevant maturity groupings based on remaining period as at end of each reporting period to the contractual maturity date. The amounts in the table below are the contractual undiscounted cash flows.

| | 2024<br>RM | 2023<br>RM |
|---|---|---|
| **Less than 1 month** | | |
| Amount due to manager | 5,584 | 5,673 |
| Financial derivatives | 544,811 | - |
| Net asset value attributable to unitholders | 14,163,712 | 13,900,081 |
| **Total** | 14,714,107 | 13,905,754 |
| **1 month to 1 year** | | |
| Other payables | 18,808 | 24,642 |
| **Total** | 18,808 | 24,642 |

(iv) Target Fund Risk
The Fund is exposed to target fund risk as it feeds into a single target fund. This risk may occur when there is an underperformance or non-performance due to less optimal investment management at the target fund level in terms of securities selection and market, sector and economic analysis. This risk is mitigated by selecting a target fund which has a long track record and managed by a reputable investment manager.

**18. Operating Segment**

The Fund is a feeder fund whose assets are primarily invested in the target fund, Lion Capital Funds II – Lion-Bank of Singapore Asian Income Fund. The target fund is domiciled in Singapore and managed by Lion Global Investors Limited (formerly known as Lion Capital Management Limited), a subsidiary of Oversea-Chinese Banking Corporation Limited, the ultimate holding company of the Manager.

As the Fund is a feeder fund it only has one business segment.

**19. Capital Management**

The Fund's capital comprises unitholders' subscription to the Fund. The unitholders' capital fluctuates according to the daily subscription and redemption of units at the discretion of unitholders.

The Fund aims to achieve its investment objective and at the same time maintain sufficient liquidity to meet unitholders' redemptions.

**BOS WEALTH MANAGEMENT MALAYSIA BERHAD** 199501006861 (336059-U)
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**INSTITUTIONAL UNIT TRUST ADVISERS (IUTA)**
For more details on the list of appointed IUTA (if any), please contact the Manager. Our IUTA may not carry the complete set of our funds. Investments made via our IUTA may be subject to different terms and conditions.

**IMPORTANT NOTICES**

**Beware of phishing scams**
Kindly be alert of any email or SMS that requires you to provide your personal information and/or to login to your account via an unsolicited link. Do not click on email links or URLs without verifying the sender of the email. Please ensure the actual internet address is displayed i.e. www.boswm.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.boswm.com.my , and email to ContactUs@boswm.com. Alternatively, you may call us as above.