



**BOS WEALTH
MANAGEMENT**

A subsidiary of Bank of Singapore

BOSWM DYNAMIC ISLAMIC INCOME FUND

ANNUAL REPORT

**For the financial period from
1 June 2021 (date of launch) to 30 June 2022**

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FUND INFORMATION
As At 30 June 2022

Name Of Fund	: BOSWM Dynamic Islamic Income Fund
Manager Of Fund	: BOS Wealth Management Malaysia Berhad 199501006861 (336059-U)
Launch Date	: Class BOS MYR – 1 June 2021 The Fund will continue its operations until terminated as provided under Clause 25 of the Deed.
Category Of Fund	: Islamic (wholesale)
Type Of Fund	: Growth and income
Investment Objective	: BOSWM Dynamic Islamic Income Fund aims to deliver total return. Note: <ul style="list-style-type: none">• Any material change to the investment objective of the Fund would require Unit Holders' approval.• 'total return' refers to a combination of income (in the form of income distribution) and potential capital growth.
Performance Benchmark	: Maybank Islamic Overnight Deposit rate
Distribution Policy	: Declaration of income distribution (if any) is at least once a year.
Fund Size	: 33.61 million units

Breakdown Of Unitholdings	: Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	-	-	-
	5,001-10,000 units	-	-	-
	10,001-50,000 units	-	-	-
	50,001-500,000 units	-	-	-
	500,001 units & above	3	100.00	33.61
	Total	3	100.00	33.61

FINANCIAL HIGHLIGHTS

Category	As At 30.6.2022
	%
Sukuk	28.15
Cash And Islamic Liquid Assets	71.85
Total	<u>100.00</u>
Net Asset Value (RM'000)	33,793
Number Of Units In Circulation (Units '000)	33,610
Net Asset Value Per Unit (RM)	1.0055
Total Expense Ratio ("TER")	0.60%
Portfolio Turnover Ratio (times)	0.28

The TER for the current financial period is for 395 days. The Fund does not charge performance fee.

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.

	1.6.2021 to 30.6.2022 RM'000
Source Of Distributions	
- Net realised income	123
- Capital (distribution equalisation)	(20)
Total distributions	<u>103</u>
	%
- Net realised income	119.42
- Capital (distribution equalisation)	(19.42)
Total distributions	<u>100.00</u>

FUND PERFORMANCE**For The Financial Period From 1 June 2021 (Date of Launch) To 30 June 2022****Market And Fund Review**Market Review

Markets began the financial year contending with inflationary pressures and was challenged by the eventual start of the interest rate normalization cycle by central banks while geopolitical risk has added to the uncertainties to the macroeconomic backdrop. With focus shifting to rising inflation and the prospect of the withdrawal of monetary policy support, short and intermediate yields rose amidst the Federal Reserve's (Fed) hawkish pivot. Thereafter, volatility remained elevated as global growth concerns mounted alongside ongoing inflation risks. Bonds were under pressure in the second quarter as investors moved to price in further interest rate rises and heightened recessionary risk. The yield curve inverted on several counts during the period amid rising growth concerns as yields surged to multi-year highs with the 10-year yield rising to almost 3.50% before declining to the 3.00% level towards end-June. Over the financial year, the 2-year yields increased by 281 basis points (bps) to 2.95% while the 10-year rose 140bps to 3.01%.

Into the financial year, the local political scene took center stage which resulted in a new premiership and cabinet line-up. Nevertheless, bond markets have taken political developments in their stride as yields saw limited increases. Thereafter, the market succumbed to selling pressures as fears of supply concerns and weak global bond markets sent yields higher with most of the selling concentrated on the shorter end, prompting a bear steepening move in the MGS yield curve. For most of the second half of the financial year, yield movements took cue from higher Treasury yields amid the Fed's hawkish pivot. Longer end of the curve steepened on evident selling pressure from foreign accounts as concerns of foreign outflows from the emerging market (EM) space triggered further sell down in the local bond space. The Ringgit on the other hand weakened by more than 4.38% against the greenback along with most EM currencies on broad Dollar rally spearheaded by Fed rate hike expectations. In May, Bank Negara Malaysia (BNM) has surprised the market with an earlier rate hike as economic activity continues to accelerate, underpinned by strengthening domestic demand and sustained export growth. The surprised rate hike saw the curve bear flattened with the short-end continued to reprice higher. Over the period in review, the yield curve flattened with the 3-year rising 123bps to 3.52% while the 10-year rose 105bps to 4.26%.

Fund Review

Total NAV amounted to RM33,793,249 while NAV per unit increased to RM1.0055 from RM1.0000 since launched.

As at 30 June 2022, the Fund was 28.15% invested in sukuk and 71.85% in cash and Islamic money market instruments. Throughout the financial year, investment decisions were focused on a combination of yield accumulation and duration management. Although bond yields endured selling pressure with yields increasing over 100 basis points (bps) across the curve, marked to market movements were somewhat capped by the overall low duration management of the Fund.

Fund Returns

	Total Returns	
	Class BOS MYR	
	Fund	Benchmark
1.7.2021 To 30.9.2021	0.06%	0.06%
1.10.2021 To 31.12.2021	0.18%	0.06%
1.1.2022 To 31.3.2022	0.27%	0.06%
1.4.2022 To 30.6.2022	0.13%	0.10%
1 Year's Period (1.7.2021 To 30.6.2022)	0.64%	0.28%
Financial Year-To-Date (1.7.2021 To 30.6.2022)	0.64%	0.28%
Since Investing Date To 30.6.2022	0.75%	0.30%

Note:

- BOSWM Dynamic Islamic Income Fund Class BOS MYR – Launch date: 1.6.2021; Investing date: 10.6.2021

Source: Lipper, Bloomberg

Asset Allocation

Sukuk
Cash And Islamic Money Market Instruments

As At 30 June 2022

28.15%
71.85%
100.00%

Income Distribution

Gross distribution per unit

Class BOS MYR
0.20 sen
(31.12.2021: 0.10 sen
31.3.2022: 0.10 sen
30.6.2022: -)

Net distribution per unit

0.20 sen
(31.12.2021: 0.10 sen
31.3.2022: 0.10 sen
30.6.2022: -)

NAV Per Unit

(as at 30 June 2022)
Class BOS MYR

RM1.0055

REPORT OF THE TRUSTEE

To the Unitholders of **BOSWM DYNAMIC ISLAMIC INCOME FUND** ("FUND")

We have acted as Trustee of the Fund for the financial period ended 30 June 2022 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 financial period from 1 June 2021 (date of commencement) to 30 June 2022 covered by these financial statements in accordance with the following:

- (a) Limitations imposed on the investment powers of the Manager under the Deeds, the Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- (b) Valuation and pricing of units of the Fund is carried out in accordance with the Deeds; and
- (c) Any creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

We are of the opinion that the distributions of income by the Fund are appropriate and reflects the investment objective of the Fund.

For and on behalf of
MTRUSTEE BERHAD

NURIZAN JALIL
Chief Executive Officer

Selangor, Malaysia
16 August 2022

SHARIAH ADVISER'S REPORT

To the Unitholders of **BOSWM DYNAMIC ISLAMIC INCOME FUND** ("FUND"),

We hereby confirm:

1. To the best of our knowledge, after having made all reasonable enquiries, **BOS WEALTH MANAGEMENT MALAYSIA BERHAD** has operated and managed the Fund for the period covered by these financial statements namely, the period from 1 June 2021 (date of commencement) to 30 June 2022, in accordance with Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah compliant.

For and on behalf of the Shariah Adviser,
BIMB SECURITIES SDN BHD

NURUSSA'ADAH NASARUDIN
Designated Shariah Officer

Kuala Lumpur, Malaysia
16 August 2022

STATEMENT BY THE MANAGER

We, **PETER JAMES WARNES** and **TAN AI CHIN**, 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 13 to 31 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 DYNAMIC ISLAMIC INCOME FUND** as at 30 June 2022 and of its results, changes in net asset value and cash flows for the financial period from 1 June 2021 (date of commencement) to 30 June 2022.

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

PETER JAMES WARNES

Petaling Jaya, Malaysia
16 August 2022

TAN AI CHIN

INDEPENDENT AUDITORS' REPORT

To the Unitholders of **BOSWM DYNAMIC ISLAMIC INCOME FUND**

Report On The Audit Of The Financial Statements*Opinion*

We have audited the financial statements of **BOSWM DYNAMIC ISLAMIC INCOME FUND** ("the Fund"), which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the financial period from 1 June 2021 (date of commencement) to 30 June 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and cash flows for the period from 1 June 2021 (date of commencement) to 30 June 2022 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis For Opinion

We conducted our audit in accordance with approved standards of 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 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 is responsible for the other information. The other information comprises the information included in the annual report of the Fund, 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.

Responsibility Of The Manager And Trustee For The Financial Statements

The Manager is responsible for the preparation of 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 cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

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 skepticism throughout the audit. We also:

- 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.

- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- 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.
- 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 unit holders of the Fund, as a body, in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

BRANDON BRUCE STA MARIA
No. 02937/09/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
16 August 2022

STATEMENT OF FINANCIAL POSITION
As At 30 June 2022

	Note	2022 RM
Assets		
Shariah Compliant Investments	3	9,512,100
Profit receivable		236,622
Cash and bank balances	5	<u>24,074,289</u>
Total Assets		<u>33,823,011</u>
Liabilities		
Amount due to Manager	7	15,978
Other payables		<u>13,784</u>
Total Liabilities		<u>29,762</u>
Net Asset Value ("NAV") Of The Fund		<u>33,793,249</u>
Equity		
Unitholders' capital		33,573,399
Retained earnings		<u>219,850</u>
NAV Attributable To Unitholders		<u>33,793,249</u>
Total Equity And Liabilities		<u>33,823,011</u>
Net Asset Value		
Class BOS MYR		<u>33,793,249</u>
Number Of Units In Circulation (Units)		
Class BOS MYR	15	<u>33,609,645</u>
NAV Per Unit In Ringgit Malaysia		
Class BOS MYR		<u>1.0055</u>

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

STATEMENT OF COMPREHENSIVE INCOME

For The Financial Period From 1 June 2021 (Date Of Commencement) To 30 June 2022

	Note	1.6.2021 (Date Of Commencement) To 30.6.2022 RM
Shariah-Compliant Investment Income		
Profit income		1,291,711
Net loss on disposal of investments		
- Financial assets at FVTPL		(152,143)
Net unrealised loss on changes in fair value of financial assets at FVTPL		(487,900)
		<u>651,668</u>
Expenses		
Audit fee		7,700
Tax agent's fee		4,120
Manager's fee	8	289,061
Trustee's fee	9	11,590
Administration expenses		16,219
		<u>328,690</u>
Net Income Before Finance Cost And Taxation		
		322,978
Finance costs - distribution		
- Class BOS MYR	14	(103,128)
		<u>(103,128)</u>
Net Income Before Taxation		
		219,850
Less: Taxation	12	-
Net Income After Taxation, Representing Total Comprehensive Income For The Financial Period		
		<u>219,850</u>
Total Comprehensive Income For The Period Comprises The Following:		
Realised income		707,750
Unrealised loss		(487,900)
		<u>219,850</u>
Distributions For The Financial Period		
Net distributions - Class BOS MYR		103,128
Gross/net distributions per unit in sen - Class BOS MYR		<u>0.20</u>

STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Period From 1 June 2021 (Date Of Commencement) To 30 June 2022

	Note	Unitholders' Capital RM	Retained Earnings RM	NAV Attributable To Unitholders RM
At 1 June 2021 (Date Of Commencement)		-	-	-
Net income after taxation		-	219,850	219,850
Creation of units Class BOS MYR	15	68,173,399	-	68,173,399
Cancellation of units Class BOS MYR	15	(34,600,000)	-	(34,600,000)
At 30 June 2022		33,573,399	219,850	33,793,249

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

STATEMENT OF CASH FLOWS**For The Financial Period From 1 June 2021 (Date Of Commencement) To 30 June 2022**

	Note	1.6.2021 (Date Of Commencement) To 30.6.2022 RM
Cash Flows From Operating And Investing Activity		
Proceeds from sale of investments		10,272,276
Purchase of investments		(20,486,606)
Placement of Islamic deposits with licensed financial institutions		(15,900,000)
Profit from Islamic money market instruments received		1,117,276
Manager's fee paid		(273,084)
Trustee's fee paid		(10,951)
Payment for other fees and expenses		(14,894)
Net cash used in operating and investing activities		<u>(25,295,983)</u>
Cash Flows From Financing Activity		
Cash proceeds from units created		68,173,400
Cash paid on units cancelled		(34,600,000)
Finance costs - distributions paid		(103,128)
Net cash generated from financing activity		<u>33,470,272</u>
Net Increase In Cash And Cash Equivalents		8,174,289
Cash And Cash Equivalents At Beginning Of Financial Period		<u>-</u>
Cash And Cash Equivalents At End Of Financial Period		<u>8,174,289</u>
Cash And Cash Equivalents Comprise:		
Cash at banks		74,289
Islamic deposits with financial institutions		8,100,000
	5	<u>8,174,289</u>

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

NOTES TO THE FINANCIAL STATEMENTS**For The Financial Period From 1 June 2021 (Date Of Commencement) To 30 June 2022****1. The Fund, The Manager And Their Principal Activities**

BOSWM Dynamic Islamic Income Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Deed dated 25 May 2021 (hereinafter referred to as "the Deed") made between the Manager, BOS Wealth Management Malaysia Berhad and the Trustee, MTrustee 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 Islamic fixed income instruments i.e. sukuk, Islamic money market instruments, Islamic deposits as well as investment accounts. The Fund was launched on 1 June 2021 and will continue its operations until terminated as provided in the Deed.

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 period.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 16 August 2022.

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in Malaysia.

2. Summary Of Significant Accounting Policies

(a) Basis Of Preparation

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

Standards issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)*	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)*	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
Amendments to MFRS 101: Presentation of Financial Statements Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
MFRS 17 Insurance Contracts*	1 January 2023
Amendments to MFRS 17 Insurance Contracts*	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

* These new MFRS and Amendments to MFRS are not relevant to the Fund.

(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) 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 profit ("SPPP") 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 and other receivables. For the purpose of the investment made by the Fund, debt instrument refers to sukuk.

(ii) *Financial Assets At FVTPL*

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and profit ("SPPP") 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. 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, Trustee and other payables. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective profit method.

(d) 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.

(e) 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. profit receivable, dividend receivable and amount due from brokers/dealers), full impairment will be recognised on uncollected balances after the grace period is exceeded.

(f) 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.

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

(g) 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.

(h) Cash And Cash Equivalents

Cash and cash equivalents comprise cash at banks and placement in Islamic money market instruments with original maturities of 3 months or less which have an insignificant risk of changes in value.

(i) 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.

(j) 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.

(k) 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.

(l) 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 only has one class i.e. Class BOS MYR at the moment.

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.

(m) Significant 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. Shariah-Compliant Investments

**2022
RM**

Financial Assets At FVTPL

Unquoted investments	
- Islamic fixed income securities	<u>9,512,100</u>
Total Investments	<u>9,512,100</u>

UNQUOTED ISLAMIC FIXED INCOME SECURITIES

The composition of unquoted Islamic fixed income securities at the reporting date is as detailed below:

Name Of Counter	Credit Rating	Nominal Value RM	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
Prasarana Malaysia Berhad	GG	5,000,000	5,000,000	4,795,050	14.19
Lembaga Pembiayaan Perumahan Sektor Awam	GG	5,000,000	5,000,000	4,717,050	13.96
		<u>10,000,000</u>	<u>10,000,000</u>	<u>9,512,100</u>	<u>28.15</u>

UNREALISED LOSS FROM UNQUOTED ISLAMIC FIXED INCOME SECURITIES

(487,900)

	Weighted Average Rate Of Return (% Per Annum) 2022	Weighted Average Remaining Maturity (Days) 2022
Unquoted Islamic fixed income securities	<u>3.16</u>	<u>1,887</u>

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
2022				
Financial assets At FVTPL				
Unquoted investments	-	9,512,100	-	9,512,100

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 Bank Balances

Cash and bank balances include cash at banks and Islamic deposits with licensed financial institutions.

	2022
	RM
Cash at banks	74,289
Islamic deposits with licensed financial institutions:	
- Commercial bank	24,000,000
Cash and bank balances	24,074,289

For the purposes of the statement of cash flows, the cash and cash equivalents as at 30 June 2022 amounted to RM8,174,289.

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

	Weighted Average Effective Profit Rate (% Per Annum) 2022	Weighted Average Remaining Maturity (Days) 2022
Islamic deposits with licensed financial institutions:		
- Commercial bank	2.21	53

6. Shariah Information Of The Fund

The Shariah Adviser confirmed that the investments portfolio of the Fund is Shariah-compliant, which comprises:

- (a) Sukuk as per the list of sukuk available at Bond Info Hub and Fully Automated System for Issuing/Tendering of Bank Negara Malaysia; and
- (b) Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

7. Amount Due To Manager

The amount due to Manager represents amount payable for units cancelled and amount payable for management fee.

Management fee is payable on a monthly basis.

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 rate:-

Class	Rate p.a.
Class BOS MYR	0.50%

9. Trustee's Fee

The Trustee's fee provided in the financial statements is computed at 0.02% per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis.

10. Portfolio Turnover Ratio ("PTR")

1.6.2021
(Date Of
Commencement)
To 30.6.2022
<u>0.28 times</u>

Portfolio turnover ratio ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period over the average NAV attributable to unitholders of the Fund calculated on a daily basis.

11. Total Expense Ratio ("TER")

	1.6.2021 (Date Of Commencement) To 30.6.2022
Class	
Class BOS MYR	<u>0.60%</u>

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 period calculated on a daily basis. The MER for the current financial period was computed based on 395 days from 1 June 2021, which was the date of the first unit was sold since the commencement of the Fund. The Fund does not charge performance fee.

12. Taxation

	1.6.2021 (Date Of Commencement) To 30.6.2022 RM
Malaysian income tax:	
Current period's provision	<u>-</u>

Income tax is calculated at the Malaysian statutory rate of taxation of 24% of the estimated assessable income for the financial period.

There was no taxation charge for the current financial period due to tax exempt income received.

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:

	1.6.2021 (Date Of Commencement) To 30.6.2022 RM
Net income before taxation	<u>322,978</u>
Taxation at Malaysian statutory rate of 24%	77,515
Tax effects of:	
Income not subject to tax	(310,011)
Losses not deductible for tax purpose	153,610
Expenses not deductible for tax purpose	6,857
Restriction on tax deductible expenses for	<u>72,029</u>
Tax expense for the financial period	<u>-</u>

13. Distribution

Distributions paid to unitholders during the current financial period were as follows:

Class BOS MYR

Payment Dates	Gross Distribution Per Unit (Sen)	Net Distribution Per Unit (Sen)	Distribution Amount RM
2022			
6 January 2022	0.10	0.10	50,034
6 April 2022	0.10	0.10	53,094
	<u>0.20</u>	<u>0.20</u>	<u>103,128</u>

**2022
RM**

Distribution to unitholders was from the following sources:

Profit income	180,995
Distribution equalisation	<u>(20,029)</u>
	160,966
Expenses	<u>(57,838)</u>
	<u>103,128</u>

Gross distribution per unit (sen)	0.20
Net distribution per unit (sen)	0.20

The unrealised loss arising from Shariah-compliant investments at the reporting date was RM487,900.

14. Net Asset Value ("NAV") Attributable To Unitholders

**2022
RM**

Unitholders' contribution	
- Class BOS MYR	33,573,399
Retained earnings	
- Realised gain	707,750
- Unrealised loss	<u>(487,900)</u>
NAV attributable to unitholders	<u>33,793,249</u>

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

As at 30 June 2022, only units in Class BOS MYR have been issued.

15. Number Of Units In Circulation

	2022
	No. Of Units
At beginning of financial period	
Creation	
- Class BOS MYR	68,127,680
Cancellation	
- Class BOS MYR	<u>(34,518,035)</u>
At end of financial period	<u>33,609,645</u>

There were no units in circulation other than Class BOS MYR for the current financial period.

16. Units Held By The Manager And Its Related Parties

	2022	
	No. Of Units	RM
Holding Company of the Manager		
Class BOS MYR	<u>33,609,645</u>	<u>33,793,249</u>

There were no units held by other related parties.

17. Transactions With Brokers/Dealers

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

Brokers/Dealers	Value Of Trade RM	% Of Total Trades %
Kenanga Investment Bank Berhad	15,205,000	49.65
Hong Leong Bank Berhad	10,417,700	34.02
Malayan Banking Bhd	<u>5,000,000</u>	<u>16.33</u>
	<u>30,622,700</u>	<u>100.00</u>

The transactions above are with non related parties.

18. Financial Risk Management Objectives And Policies

The Fund is exposed to a variety of risks which include market risk, credit risk, single issuer risk, specific risk and Shariah status reclassification 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) Interest Rate Risk

This risk refers to the effect of interest rate changes on the market value of Islamic fixed income securities and returns of Islamic deposits with licensed financial institutions. In the event of reduction in interest rates, the return on placement in Islamic deposits will decrease while prices of Islamic fixed income securities will increase and vice versa, thus affecting the NAV of the Fund. This risk will be minimised via the management of the duration structure of the portfolio of Islamic fixed income securities and placements in Islamic deposits.

The table below summarises the effect on the NAV of the Fund at the reporting date due to possible changes in interest rate, with all other variables held constant:

	Effect On Net Income Before Tax And NAV Attributable To Unitholders Increase/(Decrease) 2022 RM
Change In Basis Point (%)	
+25/	22,990
-25	<u>(22,990)</u>

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic Fund or otherwise.

It does not in anyway suggest that the Fund will invest in conventional financial instruments. All the investments carried out for the Fund are in accordance with Shariah requirements.

(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, profit 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 NAV and thus, unit price. This risk is mitigated by setting counterparty limits and vigorous credit analyses.

Credit risk is generally arising from 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. Cash and cash equivalents are placed in financial institutions with strong credit ratings.

Islamic fixed income securities are either government-guaranteed or rated by RAM Rating Services Berhad ("RAM") or Malaysian Rating Corporation Berhad ("MARC").

The following table analyses the Fund's portfolio of Islamic fixed income securities by rating categories at the reporting date:

2022

Government Guaranteed	As A % Of NAV
GG	28.15

(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 Islamic liquid assets that allows the Fund to meet daily redemption of units without jeopardising potential returns.

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

(iv) Specific Risk

The Fund is exposed to the individual risks of the respective companies issuing Shariah-compliant securities which includes changes to the business performance of the company, consumer tastes and demands, lawsuits and management practices. This risk is minimised through the diversification of the portfolio of Shariah-compliant investments of the Fund.

(v) Single Issuer Risk

The Fund's exposure to Shariah-compliant securities issued by any issuer is limited to not more than a certain percentage of the Fund's NAV. Under such restriction, the risk exposure to the Shariah-compliant securities of any issuer is minimised.

(vi) **Shariah Status Reclassification Risk**

This risk refers to the risk of a possibility that the currently held Islamic fixed income instruments or Islamic money market instruments or Islamic deposits or investment accounts invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such conventional fixed income instruments or conventional money market instruments or conventional deposits or conventional investment accounts.

19. Operating Segment

The Fund is organised into one main operating segment for investment management purposes. The Investment Department takes a team approach to the investment process of the Fund. The decision-making process involves input from the entire team, with each team member (inclusive of analysts) contributing their respective expertise and views to yield fully informed conclusions. The Investment Committee is responsible for ensuring adherence to investment guidelines, both internal and external, as well as to assess strategy and implementation effectiveness, and to oversee the entire investment function. Accordingly, significant operating decisions are based upon the analysis of the Fund as one operating segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

20. 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.

21. Comparative Figures

These are the first set of audited financial statements of the Fund prepared for the period from the date of commencement on 1 June 2021 to 30 June 2022. Therefore, no comparative financial information is available.

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INSTITUTIONAL UNIT TRUST ADVISERS (IUTA)

For more details on the list of appointed IUTA (if any), please contact the Manager. Our IUTA may not carry the complete set of our funds. Investments made via our IUTA may be subject to different terms and conditions.

IMPORTANT NOTICES

Beware of phishing scams

Kindly be alert of any email or SMS that requires you to provide your personal information and/or to login to your account via an unsolicited link. Do not click on email links or URLs without verifying the sender of the email. Please ensure the actual internet address is displayed i.e. www.boswealthmanagement.com.my

If you suspect your account may be compromised and/or would like to seek clarification, please contact us as above.

Update of particulars

Investors are advised to furnish us with updated personal details on a timely basis. You may do so by downloading and completing the Update of Particulars Form available at www.boswealthmanagement.com.my, and e-mail to customercare@boswm.com. Alternatively, you may call us as above.