BOS WEALTH MANAGEMENT
A subsidiary of Bank of Singapore

BOSWM ASIAN INCOME FUND

QUARTERLY REPORT
For the financial period from
1 July 2024 to 30 September 2024

CONTENTS

FUND INFORMATION
As At 30 September 2024

Name Of Fund (Feeder)	: BOSWM Asian Income Fund
Manager Of Fund	: BOS Wealth Management Malaysia Berhad 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 Class MYR BOS – 12 September 2019 Class USD BOS – 12 September 2019 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. □ *Income is in reference to the Fund's distribution, which will be in the form of cash or units.* * *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 Class MYR BOS – 14.75 million units Class USD BOS – Nil

FUND PERFORMANCE
For The Financial Period From 1 July 2024 To 30 September 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>July 2024</u>

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 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 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 state-owned 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.

Fund Returns

	Total Returns		
	Class MYR	Class MYR BOS	Class USD BOS
1.1.2024 To 31.3.2024	5.41%	2.28%	2.58%
1.4.2024 To 30.6.2024	2.05%	1.77%	2.32%
1.7.2024 To 30.9.2024	-6.02%	5.47%	6.19%
1 Year's Period (1.10.2023 To 30.9.2024)	2.71%	13.09%	15.90%
3 Years' Period (1.10.2021 To 30.9.2024)	-10.12%	-12.72%	-8.80%
5 Years' Period (1.10.2019 To 30.9.2024)	-0.50%	-1.87%	19.51%
Financial Year-To-Date (1.1.2024 To 30.9.2024)	1.09%	9.78%	11.47%
Since Investing Date To 30.9.2024	2.84%	-2.76%	17.79%

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

Source: Lipper, Bloomberg

Asset Allocation

	As At 30 September 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)	96.93%
Cash And Liquid Assets	3.07%
	100.00%

Income Distribution
Nil

Net Asset Value (NAV) Per Unit
(as at 30 September 2024)

Class MYR	RM0.9604
Class MYR BOS	RM0.9348
Class USD BOS	-

Significant Changes In The State Of Affairs Of The Fund
Nil

UNAUDITED STATEMENT OF FINANCIAL POSITION
As At 30 September 2024

	30.9.2024 RM
Assets	
Investments	12,964,810
Interest receivable	36
Financial derivatives	1,394,163
Other receivables	27,051
Cash and cash equivalents	455,455
Total Assets	14,841,515
Liabilities	
Amount due to Manager	11,093
Other payables	16,701
Total Liabilities	27,794
Net Asset Value Of The Fund	14,813,721
Equity	
Unitholders' capital	18,746,656
Accumulated losses	(3,932,935)
Net Asset Value Attributable To Unitholders	14,813,721
Total Equity And Liabilities	14,841,515

UNAUDITED STATEMENT OF FINANCIAL POSITION (continuation)
As At 30 September 2024

	30.9.2024 RM
Net Asset Value Attributable To Unitholders	
- Class MYR	1,028,685
- Class MYR BOS	13,785,036
	14,813,721
Number Of Units In Circulation (Units)	
- Class MYR	1,071,191
- Class MYR BOS	14,747,508
Net Asset Value Per Unit (MYR)	
- Class MYR	0.9604
- Class MYR BOS	0.9348
Net Asset Value Per Unit In Respective Currencies	
- Class MYR	RM0.9604
- Class MYR BOS	RM0.9348

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
For The Financial Period From 1 July 2024 To 30 September 2024

	1.7.2024 to 30.9.2024 RM
Investment Income	
Interest income	3,092
Net gain on investments	
- Financial derivatives	184,583
Net unrealised gain on changes in value of financial assets at fair value through profit or loss	489,795
	677,470
Expenses	
Audit fee	2,117
Tax agent's fee	754
Manager's fee	18,470
Trustee's fee	1,425
Administration expenses	4,084
	26,850
Net Income Before Taxation	650,620
Taxation	-
Net Income After Taxation, Representing Total Comprehensive Income For The Period	650,620
Total Comprehensive Income	650,620
Total Comprehensive Income Is Made Up As Follows:	
Realised income	160,825
Unrealised income	489,795
	650,620

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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 ContactUs@boswm.com . Alternatively, you may call us as above.