



**BOS WEALTH
MANAGEMENT**

A subsidiary of Bank of Singapore

BOSWM EMERGING MARKET BOND FUND

QUARTERLY REPORT

**For the financial period from
1 July 2024 to 30 September 2024**

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FUND INFORMATION**As At 30 September 2024**

Name Of Fund (Feeder)	: BOSWM Emerging Market Bond Fund
Manager Of Fund	: BOS Wealth Management Malaysia Berhad 199501006861 (336059-U)
Name Of Target Fund	: Lion Capital Funds II – Lion-Bank of Singapore Emerging Market Bond 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 – 26 January 2016 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	: Fixed income – feeder fund (wholesale)
Type Of Fund	: Growth and income [□]
Investment Objective	: BOSWM Emerging Market Bond Fund aims to provide capital growth and income [□] in the medium* to long term* by investing in the Target Fund [□] <i>Income is in reference to the Fund's distribution, which will be in the form of cash or units.</i> [*] <i>Medium term is defined as a period of one to three years, and long term is a period of more than three years.</i>
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 - 9.65 million units Class MYR BOS - 12.68 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 Emerging Market Bond Fund (Target Fund Of BOSWM Emerging Market Bond Fund)***July 2024**

10Y US Treasury (UST) yields fell further from 4.40% to 4.03% in July 2024. Disappointing US data on manufacturing and jobless claims prompted traders to fully price in three Federal Reserve (Fed) rate cuts for 2024. US new home sales unexpectedly fell in June 2024 amid high asking prices and costly mortgages. The US economy grew at a slight pace with some signs of cooling inflation, the central bank's Beige Book survey showed.

Global fixed income markets delivered positive returns during the month. Emerging Market High Yield (EMHY), Emerging Market Investment Grade (EMIG) and Neutral on Developed Market Investment Grade (DMIG) returned +1.6%, +1.6% and +2.7% respectively. Bank of Singapore (BoS) sees 10Y UST yield being at 4.25% over a 12-month period.

EMIG bond returns were positive in June 2024 at +1.58%. Credit spreads widened 16 basis points (bps) while gains came from interest rates falling during the month (10Y UST yield fell by 37bps). The continued disinflation theme and weaker-than-expected unemployment data raised market hopes for a first interest cut by the US Fed in September 2024, while traders fully price in three Fed rate cuts for 2024.

The rally in UST yields anchored the returns in EMHY in July 2024. EMHY credit spreads declined marginally by 2bps. EMHY returned 1.6%, in line with the performance of EMIG. However, EMHY underperformed DMIG (2.7%) and US High Yield (USHY) (2%). CCC rating segment once again outperformed the lower beta segments with 2.8% return. BB rating segment returned 1.5% in July 2024. CCC rating segment in EMHY has returned 19% in 2024. Region wise, Asia was the best performer aided by Hong Kong and China HY that rallied 2.1% and 2.9% respectively. Latin America gained 1.6% thanks to performance in Mexico (1.9%) and Colombia (1.6%). Middle East region underperformed in July 2024 with 1.1% return as the regional tension weighed on the market.

Recent deceleration in inflation and increase in unemployment rate paved way for the Fed to commence cutting cycle in September 2024. The favourable quarterly funding announcement by the Treasury has further embolden the rally in UST yields. However, volatility in UST could pick up as the US presidential elections draws near. As such investment manager of target fund are cautious on long end yields and prefer to position within short to intermediate segment of the duration curve.

Investment manager of target fund are Neutral on DMIG and they remain Underweight (UW) in EMIG on valuation grounds. They are Overweight (OW) in EMHY given decent valuation levels and structural improvements.

August 2024

10Y US Treasury (UST) yields fell from 4.03% to 3.90% in August 2024. Recession fears surfaced over weaker-than-expected jobs report for July 2024 while the unemployment rate rose to 4.3% from 4.1%. Subsequently, risk assets recovered as US inflation reports were softer than expected, re-establishing a disinflationary trend and supporting bets that the Federal Reserve (Fed) will ease 25 basis points (bps) in September 2024. Fed officials acknowledged there was a plausible case for cutting rates at their 30-31 July 2024 meeting.

Global fixed income markets delivered positive returns, with Developed Market Investment Grade (DMIG), Emerging Market Investment Grade (EMIG) and Emerging Market High Yield (EMHY) returning +1.72%, +1.61% and +1.53% respectively. Bank of Singapore (BoS) sees 10Y UST yield being at 4.25% over a 12-month period.

EMIG bond returns were positive in August 2024 at +1.61%. Credit spreads tightened 6bps while interest rates fell during the month (10Y UST yield fell by 13bps). All countries delivered positive returns, with outperformers being Kazakhstan and Chile, while Mauritius and Hungary underperformed.

The decline in UST yields and tighter credit spreads led to another positive month for EMHY. EMHY returned 1.5% in August 2024 with credit spreads tightening by 22bps. EMHY marginally underperformed EMIG and US High Yield (USHY) in August 2024. Diverging from the trend in 2024, BB rating segment outperformed the lower quality segments in August 2024 with 1.8% return. B and CCC rating segments returned 1.3% and 1.7% respectively. Latin America and Africa outperformed with 1.9% return. The returns in Latin America were driven by strong performance in Colombia (2.8%) and Mexico (1.9%). Asia underperformed with 1% return due to lackluster performance in China (-0.4%).

The deceleration in the employment data and in inflation provides a strong base for the Fed to cut rates by 25bps in September 2024. Investment manager of target fund expect two rate cuts for 2024. Despite the expected dovish pivot from the Fed, they remain Neutral on duration due to election related uncertainties. The election outcome determines the fiscal policy trajectory in 2025; an expansionary fiscal outlook may complicate Fed policy decisions and lead to steepening in yield curve.

Investment manager of target fund are Neutral on DMIG and they remain Underweight (UW) in EMIG on valuation grounds. They are Overweight (OW) in EMHY given decent valuation levels and structural improvements.

September 2024

10Y US Treasury (UST) yields fell from 3.90% to 3.78% in September 2024. The Federal Reserve (Fed) cut an outsized 50 basis points (bps) which was cheered initially by traders, though it did raise concerns the Fed was trying to get ahead of potential economic weakness. Jerome Powell said this would bolster the labour market while more than half of the policymakers favoured at least another 50bps of easing over the next two meetings.

Global fixed income markets delivered positive returns, with Developed Market Investment Grade (DMIG), Emerging Market Investment Grade (EMIG) and Emerging Market High Yield (EMHY) returning +2.01%, +1.16% and +1.31% respectively. Bank of Singapore (BoS) sees 10Y UST yield being at 4.25% over a 12-month period.

EMIG bond returns were positive in September 2024 at +1.16%. Credit spreads tightened 1bps while interest rates fell during the month (10Y yield fell by 12bps). All countries delivered positive returns, with outperformers being Kazakhstan and Brazil, while Jordan and Panama underperformed.

The rally in UST yields and tighter credit spreads drove positive returns in EMHY in September 2024. EMHY generated 1.3% return, bringing total return for 2024 to 10.2%. EMHY, however, underperformed both US Investment Grade (USIG) (2%) and US High Yield (USHY) (1.6%). EMHY outperformed EMIG which returned 1.2%. The lower quality segments continued to outperform in September 2024, with Single-B and CCC rating segments returning 1.4% and 1.9% respectively. Region wise, Emerging Europe outperformed (1.6%) while Asia and Latin American generated 1.4% return. Among major countries, China was the best performer with 2.4% gain driven by the favourable policy announcement.

Investment manager of target fund are Neutral on DMIG and EMIG. They are Overweight (OW) in EMHY given decent valuation levels and structural improvements. During the month, they have increased their allocation to India and marginally reduced allocation to Mexico.

Fund Returns

	Total Returns		
	Class MYR	Class MYR BOS	Class USD BOS
1.1.2024 To 31.3.2024	1.70%	1.82%	2.07%
1.4.2024 To 30.6.2024	0.81%	0.93%	1.46%
1.7.2024 To 30.9.2024	2.43%	2.25%	4.32%
1 Year's Period (1.10.2023 To 30.9.2024)	9.07%	9.28%	13.40%
3 Years' Period (1.10.2021 To 30.9.2024)	-17.27%	-17.27%	-12.44%
5 Years' Period (1.10.2019 To 30.9.2024)	-14.97%	-15.74%	3.39%
Financial Year-To-Date (1.1.2024 To 30.9.2024)	5.01%	5.08%	8.03%
Since Investing Date To 30.9.2024	1.28%	-15.28%	3.40%

Note:

- BOSWM Emerging Market Bond Fund Class MYR – Launch date: 26.1.2016; Investing date: 2.3.2016
- BOSWM Emerging Market Bond Fund Class MYR BOS – Launch date: 12.9.2019; Investing date: 12.9.2019
- BOSWM Emerging Market Bond Fund Class USD BOS – Launch date: 12.9.2019; 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 Emerging
Market Bond Fund USD Class C (Distribution) and/or
USD Class C (Accumulation) 98.50%

Cash And Liquid Assets 1.50%
100.00%

Income Distribution

Nil

Net Asset Value (NAV) Per Unit

(as at 30 September 2024)

Class MYR RM0.9100

Class MYR BOS RM0.8209

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	16,884,075
Interest receivable	37
Other receivables	32,037
Financial derivatives	2,014,129
Cash and cash equivalents	479,110
Total Assets	<u>19,409,388</u>
Liabilities	
Amount due to Manager	206,150
Other payables	17,036
Total Liabilities	<u>223,186</u>
Net Asset Value Of The Fund	<u>19,186,202</u>
Equity	
Unitholders' capital	25,317,478
Accumulated losses	(6,131,276)
Net Asset Value Attributable To Unitholders	<u>19,186,202</u>
Total Equity And Liabilities	<u>19,409,388</u>

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

	30.9.2024
	RM
Net Asset Value Attributable To Unitholders	
- Class MYR	8,780,601
- Class MYR BOS	10,405,601
	<u>19,186,202</u>
Number Of Units In Circulation (Units)	
- Class MYR	9,649,759
- Class MYR BOS	12,676,839
Net Asset Value Per Unit (MYR)	
- Class MYR	0.9100
- Class MYR BOS	0.8209
Net Asset Value Per Unit In Respective Currencies	
- Class MYR	RM0.9100
- Class MYR BOS	RM0.8209

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	3,126
Net gain on investments	
- Financial derivatives	277,850
Net unrealised gain on changes in value of financial assets at fair value through profit or loss	203,482
	<u>484,458</u>
Expenses	
Audit fee	2,117
Tax agent's fee	755
Manager's fee	31,673
Trustee's fee	1,919
Administration expenses	3,957
	<u>40,421</u>
Net Income Before Taxation	444,037
Taxation	-
Net Income After Taxation, Representing Total Comprehensive Income For The Period	<u>444,037</u>
Total Comprehensive Income	<u>444,037</u>
Total Comprehensive Income Is Made Up As Follows:	
Realised income	240,555
Unrealised income	203,482
	<u>444,037</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.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.