

BOSWM Dynamic Islamic Income Fund Class BOS MYR

Investment objective

The Fund aims to deliver total return.

Notes:

- 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

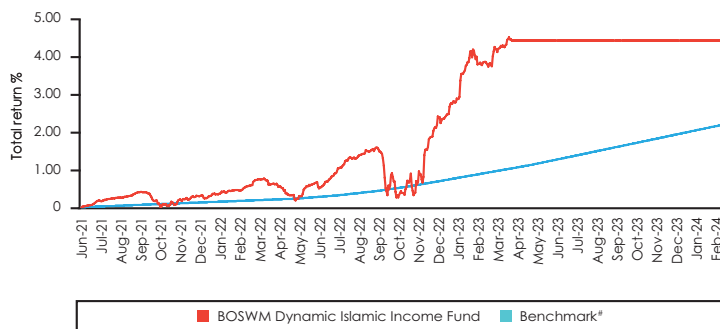
	1 Mth	6 Mths	1 Yr	Since Launch [▲]
Fund*	0.00% [^]	0.00% [^]	0.55%	4.46%
Benchmark#	0.10%	0.65%	1.27%	2.20%

* Source: Lipper for Investment Management, 29 February 2024. Fund sector: Money Market MYR

Benchmark: Maybank Islamic Overnight Deposit Rate, source: Maybank www.maybank2u.com.my, 29 February 2024

▲ Since start investing date: 10 June 2021

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



Note: There are no units in circulation and investment activities effective 10 April 2023.

Asset allocation

Nil

Country allocation

Nil

Fund details

Fund category/type	Islamic (wholesale fund) / Growth and income	
Launch date	1 June 2021	
Financial year end	30 June	
Fund size	Nil	
NAV per unit	RM1.0000 (as at 29 February 2024)	
Highest/Lowest NAV per unit (12-month rolling back)	Highest 5 Apr 2023	RM1.0434
	Lowest 11 Apr 2023	RM1.0000
Income distribution	Once a year, if any.	
Specific risk	Interest rate risk, credit & default risk, early termination of placement in Islamic deposit(s) and investment accounts, Shariah status reclassification risk and liquidity risk.	
Sales charge	Up to 2.00% of the NAV per unit of the Class	
Annual management fee	Up to 0.50% p.a. of the NAV of the Class	
Fund manager	Oh Jo Ann	
Sales office	BOS Wealth Management Malaysia Berhad 199501006861 (336059-U) ContactUs@boswm.com	

Income distribution^o

Year	2021	2022	2023 [^]
Gross distribution (sen)	-	0.20	-
Distribution yield (%)	-	0.20	-

^

Month	Jun 2023
Gross distribution (sen)	-
Distribution yield (%)	-

^o Distribution yield is calculated based on the most recent income distribution and divided by NAV per unit on the distribution date.

Fund Commentary

- The Fund exited its fixed income holdings as liquidity requirements prompted full liquidation of investments during the month of April 2023.

Equity

Equities had a fairly good month in February, advancing steadily against the backdrop of strong earnings and resilient demand, despite expectations of fewer rate cuts for the year. Market movements in January (in local currency terms): US (+5.2%), Eurozone (+1.8%), Hong Kong (+6.6%), Shanghai (+9.4%), Japan (+7.9%), Taiwan (+6.0%), Singapore (-0.4%), Thailand (+0.5%) and Malaysia (+2.5%).

The 4Q23 reporting season in the US is nearly completed, with corporates in the S&P500 Index largely delivering scorecards that are above expectations. 4Q23 earnings per share is tracking at 7% year-on-year growth, surpassing the street's expectations of 3% YoY growth. The key highlight of this reporting season has certainly been the strong performance of the Magnificent Seven collectively, on the back of an improving advertising outlook, continued traction in artificial intelligence and nascent signs of recovery in cloud demand. Economic data also proved resilient, across payrolls, consumer confidence data and Institute of Supply Management (ISM) manufacturing numbers.

European stocks underperformed vis-a-vis developed market with only half of companies in the Stoxx 600 that have reported results beat expectations, lower than the historical average of 57%. This was despite a larger-than-expected rise in the Eurozone composite Purchasing Managers' Index (PMI) in February to 48.9. Though it remains in contractionary territory, this print suggested the worst of the continent's growth weakness has troughed. What has been supportive was services, which stopped contracting, but manufacturing PMI fell by 0.5 points to 46.6 due to Germany, which saw a deterioration in factory conditions.

China's equity markets rallied after the start of the Dragon Year, with A-shares reversing all Year-to-Date (YTD) losses. This turnaround coincided with the announcement of the largest-ever 5Y Loan Prime Rate cut by the People's Bank of China (PBoC). There was also an air of optimism with regards to the appointment of Wu Qing, the new Chairman of the Securities Regulatory Commission, following a series of seminars and discussions with investors. Behind the scenes, the national team continued to purchase securities, with inflows seen for A-share listed Exchange-Traded Fund (ETF). Meanwhile, questions remain on the ultimate size of the market stabilisation budget in order to support a sustainable re-rating of Chinese equities.

Japanese equities continued to make positive headline news, with the Nikkei 225 hitting fresh all-time highs set 34 years ago. The earnings revision trajectory of the MSCI Japan Index stayed positive, while fund flows data from the Tokyo Stock Exchange revealed that foreigners remained net buyers. Although valuations look more stretched now, idiosyncratic drivers are still at play and Japanese equities remain under-owned by foreign investors. Furthermore, although price levels are similar to the previous peak in 1989, valuations are significantly different. The MSCI Japan Index traded at a forward Price-to-Earning (P/E) of 46x and Price-to-Book (P/B) of 4.8x then, against current forward P/E of 16.5x and P/B of 1.4x.

FBMKLCI saw a 2.5% rise in February, among the best performer in emerging Association of Southeast Asian Nations (ASEAN) markets with strong interest from foreign investors and saw the second-highest net foreign inflow after Indonesia. However, spotlight was again shifted towards the weak MYR, in which Bank Negara Malaysia (BNM) attributed to external factors. 4Q23 results had softer undertones but were largely within the non-KLCI space. Average daily trading values surge by end-February from MSCI rebalancing activities, which saw YTL Corporation and YTL Power replaced Dialog on the MSCI Malaysia Index.

The equity market has rallied powerfully since November 2023, driven by expectations of a Federal Reserve pivot. Although we are mindful of overbought conditions after a sharp rally of this nature, we believe that the larger positive tailwinds behind the bull market remain broadly intact. We maintain a risk-on stance in our asset allocation and stand ready to take advantage of any market weakness to add risk exposure.

Fixed Income

Employers added a whopping 353,000 jobs in January, the strongest gain in a year. Bond yields surged after the report was released, a sign that investors believe the Fed will delay any cut in interest rates. Survey data also showed that the US services sector expanded faster than expected in January, the latest in a string of strong economic data releases that have some investors questioning whether inflation will keep cooling. Bond yields jumped in February after the Federal Reserve Chair Jerome Powell suggested that central bank officials are not in a rush to lower interest rates. The U.S. economy grew 3.1% over the past year, thanks to a resilient labor market that supported strong consumer spending. Over the month, the 10-year US Treasury (UST) yield rose from 3.91% to 4.25% while the 2-year increased 41bps to 4.62%.

The local government bond market moved in tandem with the rise in UST yields following market expectations of a higher-for-longer interest rate environment despite the weaker-than-expected Gross Domestic Product (GDP) growth of 3.0% in 4Q2023 as growth in the services sector moderated while that in the manufacturing sector remained tepid, bringing the full-year GDP growth to 3.7%. The Ringgit continued to weaken against the greenback in February, partly attributable to the broad US dollar strength. Elsewhere, government auctions were well received with evident demand for duration papers given the bid-to-cover (BTC) of 3.03x for the 20-year Government Investment Issues (GII) re-opening. Over the month, the 3-year Malaysian Government Securities (MGS) closed higher at 3.49% in February compared to 3.35% while the 10-year MGS closed at 3.86%, an increase of 7bps.

Disclaimer

This publication has not been reviewed by the Securities Commission of Malaysia (SC). This leaflet provides general information and does not have regard to any specific investment objective, financial situation or particular personal need. The fund performance is calculated on an NAV-NAV basis including any capital gains and reinvested income distributions. Replacement information memorandum dated 17 April 2023 and Product Highlights Sheet ("PHS") are obtainable at our office and you have the right to request for a copy. They have been lodged with the SC who takes no responsibility for their contents. The lodgement does not amount to nor indicate that the SC has recommended or endorsed the fund. Units will only be issued when we receive the official account application form, investment form and declaration form. You should study the replacement information memorandum and PHS, and consider the fees and charges involved before investing. You should also note that distributions and net asset value per unit do go up and down. Past performance is not an indication of future performance. The specific risks of BOSWM Dynamic Islamic Income Fund are interest rate risk, credit & default risk, early termination of placement in Islamic deposit(s) and investment accounts, Shariah status reclassification risk and liquidity risk. Description of the specific risks can be obtained from the replacement information memorandum dated 17 April 2023. Where a distribution is declared, you are advised that following the distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV.