

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

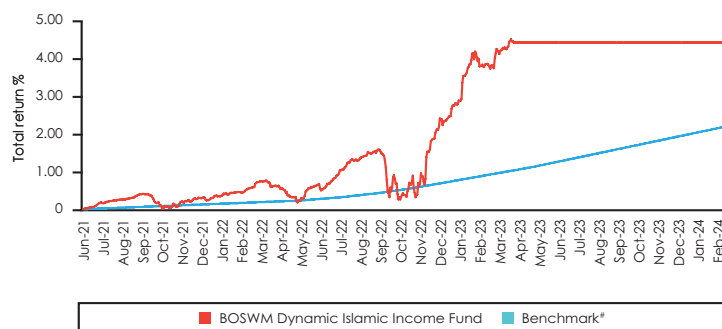
	1 Mth	6 Mths	1 Yr	Since Launch [▲]
Fund*	0.00% [^]	0.00% [^]	0.55%	4.46%
Benchmark#	0.10%	0.65%	1.27%	2.20%

* 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[°]

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

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

[°] 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.

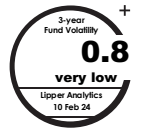
Disclaimer

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.

BOSWM Cash Fund

Investment objective

The Fund aims to achieve regular income[□] potentially higher than prevailing money market and savings rates, stability of capital and a high level of liquidity.



Performance

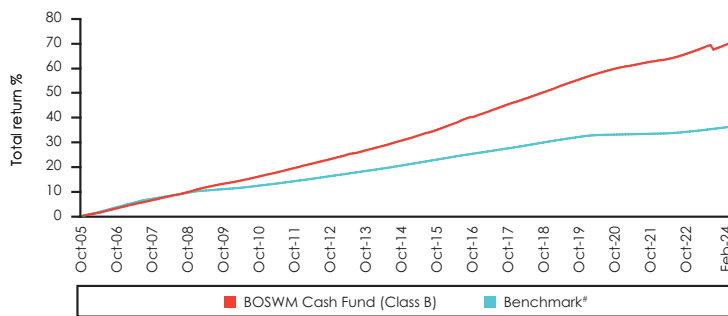
	1 Mth	6 Mths	1 Yr	3 Yrs	5 Yrs	Since Launch [▲]
Class B*	0.28%	0.30%	1.89%	5.89%	12.24%	70.49%
Benchmark#	0.10%	0.65%	1.27%	2.26%	4.38%	36.46%
Class A*	- [^]	- [^]	- [^]	1.45%	7.54%	63.34%

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

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

▲ Since start investing date: 10 October 2005

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Fund details

Fund category/type	Money market / Income	
Fund launch date	7 October 2005	
Financial year end	30 September	
Fund size (fund level)	RM22.24 million	
NAV per unit – Class B	RM0.5070 CD (as at 29 February 2024)	
Highest/Lowest NAV per unit (12-month rolling back) – Class B	Highest 29 Aug 2023	RM0.5102
	Lowest 11 Sep 2023	RM0.5034
Income distribution	Once a month, if any.	
Specific risks	Early termination of cash deposits risk, interest rate risk and reinvestment risk	
Sales charge	Nil	
Annual management fee	Up to 0.30% p.a. of the NAV of the Class(es) of the Fund	
Fund manager	Oh Jo Ann	
Sales office	BOS Wealth Management Malaysia Berhad 199501006861 (336059-U) ContactUs@boswm.com	

Asset allocation

Cash	100.00%
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Country allocation

Malaysia	100.00%
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[□] Income is in reference to the Fund's distribution, which could be in the form of cash or units.

⁺ Class B - Volatility Factor (VF) as at 31 Jan 2024: 0.8. Volatility Class (VC) as at 31 Jan 2024: Very Low (below/same 4.11). VF means there is a possibility for the Fund in generating an upside return or downside return around this VF. VC is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC is revised every six months. The Fund's portfolio may have changed since this date and there is no guarantee that the Fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. Source: Lipper.

Note: With effect from 15 December 2021, the BOSWM Cash Fund is segregated into Class A and Class B where individual unitholders are designated to Class A and non-individual unitholders are designated to Class B.

CD - cum-distribution

Income distribution[°] (past 10 years) (based on financial year end)

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 [^]
Gross distribution (sen) – Class B	1.30	1.60	1.60	1.60	1.76	1.66	1.03	2.57	0.885	0.480
Distribution yield (%) – Class B	2.51	3.07	3.05	3.04	3.32	3.19	1.95	5.12	1.77	0.96
Gross distribution (sen) – Class A	1.30	1.60	1.60	1.60	1.76	1.66	1.03	2.34	-	-
Distribution yield (%) – Class A	2.51	3.07	3.05	3.04	3.32	3.19	1.95	4.66	-	-

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Month	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024
Gross distribution (sen) – Class B	0.090	0.090	0.090	0.11	0.10
Distribution yield (%) – Class B	0.18	0.18	0.18	0.22	0.20
Gross distribution (sen) – Class A	-	-	-	-	-
Distribution yield (%) – Class A	-	-	-	-	-

[°] Distribution yield is calculated based on the most recent income distribution and divided by NAV per unit on the distribution date. Inclusive of distribution to unitholders at fund level prior to 15 December 2021.

Fund Commentary

- 100% in cash deposits.
- Portfolio decisions were focussed on yield enhancement following steady fund flows. Reinvestments targeted tenures within the 3-month segment given the attractive rates offered by selected panel of financial institutions.
- The Fund will remain 100% invested in cash deposits.
- The Fund will gradually lengthen placement maturities to lock in rates and maximize its yield potential following expectations of lower deposit rates in 2024.

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%).

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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.

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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.

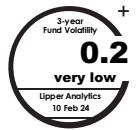
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BOSWM Islamic Deposit Fund

Investment objective

The Fund aims to provide stability of capital, regular income[□] and liquidity by investing in Islamic cash deposits and/or Islamic money market instruments.



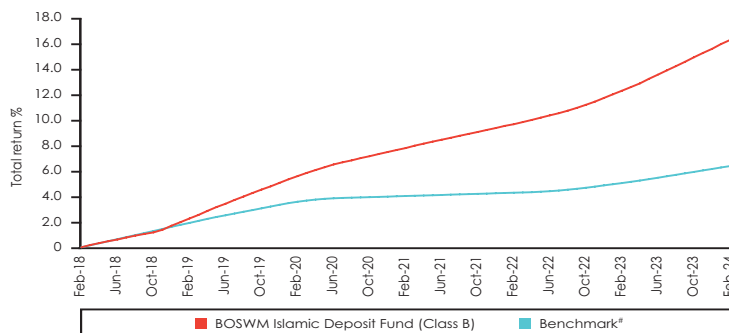
Performance

	1 Mth	6 Mths	1 Yr	3 Yrs	5 Yrs	Since Launch [▲]
Class B*	0.28%	1.80%	3.56%	7.90%	13.76%	16.34%
Benchmark#	0.10%	0.65%	1.27%	2.27%	4.40%	6.40%
Class A*	0.28%	1.79%	2.09%	3.54%	9.16%	11.64%

* 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: 28 February 2018



Fund details

Fund category/type	Money market (Islamic) / Income	
Fund launch date	28 February 2018	
Financial year end	31 December	
Fund size (fund level)	RM704.69 million	
NAV per unit – Class B	RM1.0358 CD (as at 29 February 2024)	
Highest/Lowest NAV per unit (12-month rolling back) – Class B	Highest 29 Feb 2024 Lowest 1 Mar 2023	RM1.0358 RM1.0243
Income distribution	Once a month, if any.	
Specific risks	Early termination of Islamic cash deposits risk and profit rate risk	
Sales charge	Nil	
Annual management fee	Up to 0.25% p.a. of the NAV of the Class(es) of the Fund	
Fund manager	Oh Jo Ann	
Sales office	BOS Wealth Management Malaysia Berhad 199501006861 (336059-U) ContactUs@boswm.com	

Asset allocation

Cash	100.00%
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Country allocation

Malaysia	100.00%
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* Class B - Volatility Factor (VF) as at 31 Jan 2024: 0.2. Volatility Class (VC) as at 31 Jan 2024: Very Low (below/same as 4.11). VF means there is a possibility for the Fund in generating an upside return or downside return around this VF. VC is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC is revised every six months. The Fund's portfolio may have changed since this date and there is no guarantee that the Fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. Source: Lipper.

Note: With effect from 15 December 2021, the BOSWM Islamic Deposit Fund is segregated into Class A and Class B where individual unitholders are designated to Class A and non-individual unitholders are designated to Class B.

CD - cum-distribution

Income distribution[°]

Year	2019	2020	2021	2022	2023	2024 [^]
Gross distribution (sen) – Class B	3.30	2.29	1.69	-	2.535	0.36
Distribution yield (%) – Class B	3.30	2.29	1.69	-	2.46	0.35
Gross distribution (sen) – Class A	3.30	2.29	1.61	-	-	-
Distribution yield (%) – Class A	3.30	2.29	1.61	-	-	-

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Month	Jan 2024	Feb 2024
Gross distribution (sen) – Class B	0.235	0.125
Distribution yield (%) – Class B	0.23	0.12
Gross distribution (sen) – Class A	-	-
Distribution yield (%) – Class A	-	-

[°] Distribution yield is calculated based on the most recent income distribution and divided by NAV per unit on the distribution date.

Commentary

- 100% invested in commodity murabahah deposits.
- Portfolio decisions were centered on yield optimization by selecting the best available rates for its strategized placement tenures. Reinvestments targeted tenures within the 6-12 month segment for yield enhancements.
- The Fund will remain 100% invested in commodity murabahah deposits.
- The Fund will gradually lengthen placement maturities to lock in rates and maximize its yield potential following expectations of lower deposit rates in 2024.

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%).

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Disclaimer

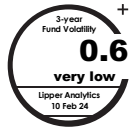
This publication has not been reviewed by the Securities Commission of Malaysia (SC). This leaflet provides general information and does not have regard to any specific investment objective, financial situation or particular personal need. The fund performance is calculated on an NAV-NAV basis including any capital gains and reinvested income distributions. Prospectus dated 16 December 2022, first supplementary prospectus 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 registered and lodged with the SC (where applicable), who takes no responsibility for their contents. The registration and 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 and investment form. You should study the prospectuses 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 risk of BOSWM Islamic Deposit Fund is early termination of Islamic cash deposits risk and profit rate risk. Description of the specific risk can be obtained from prospectus dated 16 December 2022. 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.

BOSWM Dynamic Income Fund Class BOS MYR

Investment objective

The Fund aims to deliver total return for its Unit Holder(s).

Note: 'Total return' refers to income (in the form of income distribution) and potential capital growth.



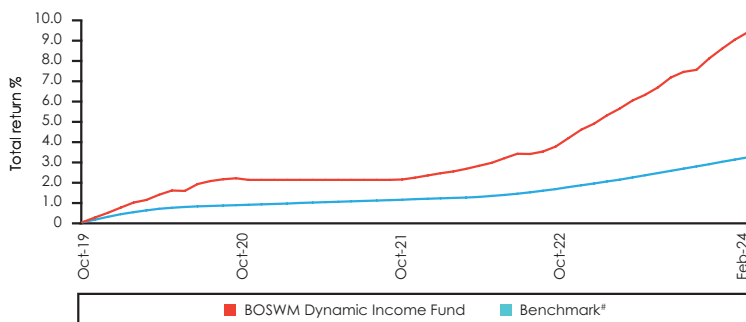
Performance

	1 Mth	6 Mths	1 Yr	3 Yrs	Since Launch ▲
Fund*	0.34%	2.10%	4.34%	7.20%	9.48%
Benchmark#	0.10%	0.65%	1.27%	2.27%	3.36%

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

Benchmark: Maybank Overnight Deposit Rate, source: Bloomberg, 29 February 2024

▲ Since start investing date: 23 October 2019



Note: There are no units in circulation and investment activities from November 2020 to November 2021.

Asset allocation

Cash	62.99%	Fixed income	37.01%
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Country allocation

Malaysia	100.00%
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Fund details

Fund category/type	Fixed income / Growth & Income	
Launch date	2 October 2019	
Financial year end	30 June	
Fund size	RM151.95 million	
NAV per unit	RM1.0535 (as at 29 February 2024)	
Highest/Lowest NAV per unit (12-month rolling back)	Highest 29 Feb 2024	RM1.0535
	Lowest 30 Jun 2023	RM1.0235
Income distribution	Once a year, if any.	
Specific risks	Interest rate risk, credit & default risk, country risk, currency risk (currency risk at the Fund's portfolio level and currency risk at the class level) and liquidity risk	
Sales charge	Up to 2.00% of the Fund's NAV per unit	
Annual management fee	Up to 0.50% p.a. of the NAV of the Fund	
Fund manager	Oh Jo Ann	
Sales office	BOS Wealth Management Malaysia Berhad 199501006861 (336059-U) ContactUs@boswm.com	

* Volatility Factor (VF) as at 31 Jan 2024: 0.6. Volatility Class (VC) as at 31 Jan 2024: Very Low (below/same 4.11). VF means there is a possibility for the Fund in generating an upside return or downside return around this VF. VC is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC is revised every six months. The Fund's portfolio may have changed since this date and there is no guarantee that the Fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. Source: Lipper.

Fixed income - Top 10 bond holdings

CGS-CIMB CP 91D 0.00% 22/03/2024 - SERIES 1	6.56%
EWCB IMTN01 5.69% 29/10/2027	3.48%
YTL POWER IMTN 4.880% 22/03/2030	3.46%
DIGI TELECOMMUNICATIONS 4.99% 02/12/2027	3.43%
OSK RATED IMTN 4.490% 13.09.2030 (SERIES 004)	3.38%
POINT ZONE 4.50% 13/03/2028	3.36%
AFFINBANK SUBORDINATED MTN 3653D 5.00% 26/07/2027	3.35%
GAMUDA IMTN 4.310% 20/06/2030	3.35%
RHBBANK MTN 3653D 4.4% 28/09/2032	3.34%
IMTIAZ II IMTN10 4.050% 02.10.2026	3.30%

Income distribution[°]

Year	2023 [^]
Gross distribution (sen)	1.80
Distribution yield (%)	1.73

^

Month	Jun 2023
Gross distribution (sen)	1.80
Distribution yield (%)	1.73

[°] Distribution yield is calculated based on the most recent income distribution and divided by NAV per unit on the distribution date.

Fund Commentary

- Fixed income allocation was relatively unchanged at 37.07% on stable fund flows and minimal portfolio rebalancing activities as the current allocation is within its strategized weights.
- The Fund will look for switching opportunities for its bond exposures without taking on undue interest rate or credit risk. Seek opportunities in AA-rated credits as yields are seen trading at still attractive levels.

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%.

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