BOS WEALTH MANAGEMENT
A subsidiary of Bank of Singapore

BOSWM CORE GROWTH FUND

QUARTERLY REPORT
For the financial period from
1 January 2023 to 30 September 2023

CONTENTS

FUND INFORMATION
As At 30 September 2023

Name Of Fund (Feeder)	:	BOSWM Core Growth Fund
Manager Of Fund	:	BOS Wealth Management Malaysia Berhad 199501006861 (336059-U)
Name Of Target Fund	:	BOS International Fund – Growth
Investment Manager Of Target Fund	:	Bank of Singapore Limited (197700866R)
Manager Of Target Fund	:	UBS Fund Management (Luxembourg) S.A. (B 154.210)
Launch Date	:	Class MYR-Hedged BOS – 30 April 2020 Class USD BOS – 30 April 2020 Class PP USD – 16 December 2021 Class PP MYR Non-Hedged – 16 December 2021 As at 30 June 2023, only units in Class MYR-Hedged BOS have been issued. The Fund will continue its operations until terminated as provided under Clause 25 of the Deed.
Category Of Fund	:	Feeder fund (wholesale)
Type Of Fund	:	Growth and income
Investment Objective	:	BOSWM Core Growth Fund aims to provide long-term capital growth and/or income return by investing into a collective investment scheme. *Income is in reference to the Fund's distribution, which could be in the form of cash or unit.*
Performance Benchmark	:	Nil – The Fund does not have a performance benchmark assigned.
Distribution Policy	:	Incidental, subject to the Manager's discretion.
Fund Size	:	Class MYR-Hedged BOS – 5.42 million units

FUND PERFORMANCE
For The Financial Period From 1 January 2023 To 30 September 2023

Market And Fund Review
Review Of BOS International Fund – Growth (Target Fund Of BOSWM Core Growth Fund)

January 2023

General:
The BOS International Growth Fund returned 6.39% in January.

Risk assets had a strong start to the year, with equities and fixed income delivering convincingly positive returns. Investors welcomed slowing wage growth in the US and moderating inflation in the Euro-area - datapoints which reinforce the case for a downshift in central banks' hawkishness. Adding to the risk-on sentiment is China's smoother-than-expected reopening.

Equities:
Equity markets started the year in strong fashion led by Asia (+10.4%) and Europe (+8.4%). The US (+6.6%) and Japan (+5.3%) also delivered pleasing returns for the month. (Source: Bloomberg; in USD terms). Attractive valuations, better than feared macroeconomic data, and the start of China's long-awaited reopening all contributed to improved market conditions in January. Continued moderation in US inflation, in response to the aggressive US Federal Reserve tightening cycle is also helping raise market sentiment.

Even after recent market strength, equity market valuations remain palatable, relative to recent history. The US market is trading at roughly 18.2x forward price-toearnings (vs highs of 21-23x over the last 18 months) while Europe, Asia and Japan are all trading in the 12-13x range – below recent peaks valuations.

In the US, the risk-on move in January move saw Growth (and Tech) outperform with the MSCI US Growth Index (+10.3%) exceeding the MSCI US Value Index (+3.2%) in January. The Dow Jones Industrial Average Index (+2.9%) and S&P 500 Index (+6.3%) underperformed the tech heavy NASDAQ Composite Index (+10.7%) for the month of January (Source: Bloomberg; in USD terms). The best performing sectors for January were growth biased Consumer Discretionary Communication Services and Information Technology, while the laggards were Consumer Staples, Health Care and Utilities. The US economy expanded an annualised 2.9% in Q4 2022, following a 3.2% jump in Q3 and beating forecasts of 2.6%. Consumer spending rose 2.1%, below 2.3% in Q3 and forecasts of a 2.5% increase. Spending on goods jumped 1.1% led by motor vehicle and parts and spending on services slowed (2.6% vs 3.7%), with health care, housing and utilities, and personal care services leading the rise.

The euro-area PMI survey suggests the economy is stabilising going into 2023, following what now looks like a modest contraction in 4Q22. It's possible the euro area may avoid recession altogether, or for any downturn set to be shallow. The headline composite PMI reading rose to 50.2 in January, up from 49.3 in December, which was above the consensus estimate of 49.8. Consumer price inflation in the Euro Area was confirmed at 9.2 percent year-on-year in December 2022, down from November's 10.1 percent and October's all-time high of 10.6 percent. Still, the rate remained well above the European Central Bank's target of 2.0 percent, suggesting policymakers might continue their policy tightening campaign for some time. While all sectors in Europe were positive in January, the best performing sectors were Consumer Discretionary, Information Technology and Real Estate, while the laggards were Consumer Staples, Energy and Health Care.

Asian equities started off strongly for the year, with the theme of China's reopening pushing the markets up. Perhaps some of the more noteworthy positive news relate to the easing of funding regulations for the big technology companies. To be sure the Chinese re opening is slowed by the covid infection numbers and the lack of flights in and out of the country. This will take some time but will eventually be positive leading to increase domestic consumption and a welcome boost to global growth. The country's economic policies remain one of the most accommodative in the world as it fights a slowdown in activity that were mostly self-inflicted. Elsewhere in the Asia we see some results coming in weaker for leading semiconductor companies. Inflation is still a concern for some of the emerging Asian countries, although the weaker dollar has taken some of the pressure off central banks. Geopolitics and the rising rate environment continue to be headwinds in the global economic outlook. That said, valuations are attractive particularly within Asia ex-Japan, which is also supported by the shift away from China's stringent zero-Covid stance that will help cushion growth from Europe's downturn and a possible US recession in 2023. We remain cognisant of moderating growth conditions and stick with our quality and value discipline. We will continue to navigate short-term volatility and manage risk accordingly, whilst keeping our focus where we believe it should be – that is, over the longer-term, where we aim to expose clients to longer-term winners at reasonable valuations, while remaining true to our quality bias.

Fixed income:
Treasury yields ended January lower at 3.3% versus 3.9% at the end of 2022. Core US inflation seems to have peaked and we expect the Fed to slow its pace of interest rate hikes to 25bps this year, moderating from the 50bps and 75bps rapid moves last year.

Global credit markets performed well in line with other risk assets as markets assessed likelihood of a soft landing with inflation under control. Monthly returns were +4.2% for JPM CEMBI High Yield (EMHY), +2.5% for JPM CEMBI Investment Grade (EMIG) and +4.8% for Bloomberg Barclays US (DMIG).

Bank of Singapore's 12-month forecast for US 10Y Treasury yields is 3.5%. The Fed is likely to lift fed funds by 25bps in February, March and May to 5.00-5.25% and then keep interest rates unchanged in 2023.

DMIG bond returns were +4.8% during the month supported by modest spread tightening and UST rates. The US high grade market fundamentals remains fairly robust despite headlines on weaker earnings and slowing growth. Energy and Materials sectors performed well while Consumer Staples and Real Estate were relative laggards.

We are Overweight DMIG as we favour duration as an asset class that is a recession hedge. Given the current macro environment, positioning up-in-quality provides for a defensive stance for investors while also taking advantage of yields which are at historically higher levels. DM credits are also likely to exhibit less volatility relative to other higher-beta asset class.

EMIG bonds returns were +2.5% during the month supported by modest spread tightening and UST rates. The start of the year saw broad based improvements in sentiment across credit markets with reasonably stronger technicals.

Performance across geographies were generally positive and longer duration credits outperformed. Greater China greatly benefitted from the Covid-reopening theme alongside supportive macro policies targeting economic growth and the property sector.

We advocate a defensive stance and are Neutral EMIG. Given the current macro environment we favour positioning in longer duration high quality credits. Credit dispersion is likely to persist given rates and growth uncertainty – leading us to favour companies with strong balance sheet and business profiles with the ability to navigate market cycles.

EMHY bonds returns were +4.2% during the month supported by modest spread tightening and UST rates. The start of the year saw broad based improvements in sentiment particularly driven by improved sentiments and the China reopening theme. China property credits continue to rally in January following the targeted measures announced by the government last year. The landscape for the sector appears mixed going forward given that home sales have yet to improve materially. Other EMHY segments also saw broad based rally at the start of 2023 given the stronger technical and improved sentiments around the Fed hiking cycle.

We advocate a defensive stance and are Neutral EMHY. Volatility is likely to persist and we are more selective about credits within this space, favouring industry leaders and companies with good corporate governance.

Fixed Income now offers compelling total return opportunities and more balanced risk-reward after the repricing we saw last year. Current yields look attractive relative to historical levels, especially for higher quality credits.

Credit dispersion should remain a theme for 2023 given the feed-through of higher rates and growth uncertainty. We look to position in fundamentally sound companies that could navigate this environment, with well-managed capital structures and solid business positioning within their respective sectors. We are cautious on credit risks particularly in companies which rely on low borrowing costs for many years.

As the Fed slows down its hiking cycle, we favour duration. Overall we are Neutral on EM across Investment Grade and High Yield. We favour positioning Overweight in DM IG given the longer duration of the asset class and as a recession hedge.

<u>February 2023</u>

General:
The BOS International Growth Fund returned -3.47% in February.

Risk assets gave back some of January's gains in February, on the back of higher inflation numbers than expected, which along with ongoing strength in employment numbers led to more hawkish expectations regarding near term interest rates.

Equities:
Equity markets gave back some of the January gains in February with Asia leading the sell-down (-7.2%). Europe was the best performing region relatively (-0.6%). The US and Japan returned -2.4 and -3.4% respectively for the month. (Source: Bloomberg; in USD terms).

Higher than expected US inflation was the main factor leading to the February reversal. This is leading to a more hawkish US Fed with further hikes required to bring inflation back toward target levels.

Equity market valuations remain palatable, relative to recent history. The US market is trading at roughly 18.0x forward price-to-earnings (vs highs of 21-23x over the last 18 months). Europe, Asia and Japan are all trading at c13x, while Asia ex-Japan trades at 11.2x forward earnings – below recent peaks valuations.

Despite the risk-off move in February being linked to inflation, Growth (and Tech) outperformed with the MSCI US Growth Index (-1.4%) exceeding the MSCI US Value Index (-3.5%) in February. The Dow Jones Industrial Average Index (-3.9%) and S&P 500 Index (-2.5%) underperformed the tech heavy NASDAQ Composite Index (-1.0%) for the month of February (Source: Bloomberg; in USD terms). The best performing sectors for February were growth biased Information Technology, Industrials, and Consumer Discretionary, while the laggards were Utilities, Real Estate and Energy. The annual inflation rate in the US slowed only slightly to 6.4% in January of 2023 from 6.5% in December, less than market forecasts of 6.2%. Still, it is the lowest reading since October of 2021. A slowdown was seen in food prices (10.1% vs 10.4%) while cost of used cars and trucks continued to decline (-11.6% vs -8.8%).

The S&P Global Eurozone Services PMI rose to 53.0 in February 2023, up from 50.8 in the previous month and comfortably above market forecasts of 51.0, a preliminary estimate showed. The latest reading pointed to the strongest expansion in the service sector since last June, helped by the revival of growth in financial services activity, as well as resurgent tourism & recreation and media activity. The consumer price inflation in the Euro Area was revised slightly higher to 8.6 percent year-onyear in January 2023, up from a preliminary estimate of 8.5 percent and well above the European Central Bank's target of 2.0 percent. Still, the rate eased to the lowest level since last May, due to a slowdown in energy inflation (18.9 percent vs 25.5 percent in December). The best performing sectors in Europe were Energy, Communication Services and Financials, while the laggards were Real Estate, Information Technology and Materials.

After a strong start in January, Asian markets took a breather and corrected in the month of February. Stubborn inflation and increased expectation of interest rates remaining higher for longer had the effect of strengthening the US Dollar. Emerging and Asian markets took this as a signal to sell and take profit on a shorter-term basis. We remain constructive on the region and China's long-awaited reopening is a key driver. We look towards the National Party Congress in early March to deliver some positive economic support and improve domestic consumption. Singapore announced its 2023 budget. Highlights include taxes targeting the wealthier in areas ranging from higher value properties and luxury cars. On the other hand, more monetary support for families and lower income groups were announced. Singapore's economy continues to grow, albeit at a slower rate. We continue to view Singapore equities positively on attractive growth-adjusted valuations.

Whilst mixed, recent news flow has proven "less bad" than feared, such that the unlikely "soft landing" scenario is starting to look increasingly possible. Apart from headline grabbing cuts in Tech, US employment numbers remain healthy. Inflation continues to moderate. Europe's outlook is improving in part due to the easing of the energy crisis, while Asia's outlook is improved with China's reopening policy.

Fixed income:
Treasury yields ended the month higher at 3.9% vs 3.5% at the end of January. Recent key US data were surprisingly strong showing the economy has not cooled enough yet to return inflation to the Federal Reserve's 2% target despite last year's aggressive interest rate hikes.

Global credit returns were broadly weaker with higher UST rates and softer sentiments for risk assets. Monthly returns were -2.0% for JPM CEMBI HY (EM HY), -1.5% for JPM CEMBI IG (EM IG) and -3.9% for Bloomberg Barclays US (DM IG).

Bank of Singapore's 12-month forecast for 10Y UST yields is 3.5% as Fed rate hikes slow the economy and push long-term yields lower during 2023. The Fed will likely lift interest rates by 25bps in March and May and we now expect a 25bps hike in June too.

DM IG bond returns were -3.9% during the month driven by overall higher rates and wider credit spreads. Broadly all sectors delivered weak performance in February and the longer duration segment was the most impacted. By sectors, Financials, Real Estate and Consumer staples were relatively more resilient while Communication Services, Healthcare and Materials were the weakest segments. The US labour market remains very tight after reopening from the pandemic while retail sales also beat expectations. Credit fundamentals remain moderately healthy across leverage and liquidity metrics.

We advocate an Overweight in DM IG bonds as both a duration play and recession hedge. The risk-reward remains compelling for higher quality segments of the credit market in the current uncertain macro environment. Carry as well as capital appreciation presents strong total return opportunities for fundamentally solid credits.

EM IG bond returns were -1.5% during the month driven by overall higher rates despite some marginal tightening in credit spreads. The overall market saw broad based weakness from technical and a reversal of January's optimism on a Fed pivot. Latin America underperformed partly due the relatively longer duration and idiosyncratic events. Volatility in the Brazil and Mexico corporate bond market has been on the rise while Asia witnessed generally better performance related to China's reopening.

We are Neutral on EM IG bonds as valuations are moderately balanced against the backdrop of fairly healthy fundamentals.

EM HY bond returns were -2.0% during the month driven by overall higher rates and modestly wider credit spreads. Performance was mixed and overall impacted by weak technicals as sentiments turned more negative during the month. The China property sector held up well as supportive news in terms of top-down policies continue to dominate headlines. Idiosyncratic credit events such as those related to India credits and Brazil distressed situations weighed on sentiments.

We are Neutral on EM HY bonds and favour a defensive positioning with a focus on fundamentally stronger issuers. Credit bifurcation remains a theme this year and we focus on an up-in-quality strategy.

Fixed Income offers attractive investment opportunities given all-in yields especially for higher quality credits. The current macro environment remains potentially volatile in the near term and could encompass further credit dispersion. We advocate a diversified approach with a focus on bottoms-up fundamentals and a quality tilt. Certain sectors and countries are more well positioned to navigate the current cycle, volatile rates environment and growth uncertainty.

Overall we favour duration via Overweight positions in US Treasuries (USTs) and DM IG bonds, which are recession hedges. We maintain our Neutral positioning across EM bonds and Underweight in DM HY given uncompelling risk-reward. We continue to watch key economic data that may shift the Fed's balancing act of managing inflation and growth. Fundamentals continue to anchor our fixed income investment approach as we look to navigate an uncertain global macro environment.

<u>March 2023</u>

General:
The BOS International Growth Fund returned 2.16% in March.

Equities outperformed bonds in March, despite operating against a backdrop of several bank failures and another 25bps interest hike by the Federal Reserve. Both asset classes held up reasonably well despite the high-profile bank failures, a signal that decisive regulator action clamed investor contagion fears.

Equities:
Despite the negative headlines associated with several bank failures, equity markets delivered respectable gains in March with Japan (+3.9%), Asia-ex Japan (+3.9%), the US (+3.6%) and Europe (+2.5%) all in positive territory for March. (Source: Bloomberg; in USD terms).

While the market has largely shrugged of recent macro and micro concerns, we do not rule out near term volatility, and remain cognisant of potential for further negative earnings revisions.

Equity market valuations remain palatable, relative to recent history. The US market is trading at roughly 18.5x forward price-to-earnings (P/E) vs highs of 21-23x over the last 18 months. Europe, Asia and Japan are trading in a forward P/E range of 12.5-13.5x – all well below recent peak valuations.

In the US, March saw Growth (and Tech) strongly outperform. The MSCI US Growth Index (+7.4%) materially outperformed the MSCI US Value Index (-0.8%) in March. The Dow Jones Industrial Average Index (+2.1%) and S&P 500 Index (+3.7%) underperformed the tech heavy NASDAQ Composite Index (+6.8%) for the month of March (Source: Bloomberg; in USD terms).The best performing sectors for March were growth biased Information Technology, Communication Services and the more defensive Utilities sector, while Materials, Real Estate and Financials were the laggards. The annual inflation rate in the US slowed to 6% in February of 2023, the lowest since September of 2021, in line with market forecasts, and compared to 6.4% in January. Food prices grew at a slower rate (9.5% vs 10.1%) while the cost of used cars and trucks continued to decline (-13.6% vs -11.6%).

The S&P Global Eurozone Manufacturing PMI came in at 47.3 in March 2023, down from 48.5 in the previous month. The latest reading pointed to the sharpest deterioration in the health of the bloc's manufacturing sector since last November, due to an 11th month of decline in factory orders and a survey-record shortening in suppliers' delivery times. The consumer price inflation rate in the Euro Area eased to 6.9 percent year-on-year in March 2023, its lowest level since February 2022 and slightly below market consensus of 7.1 percent, a preliminary estimate showed. The core index, which excludes volatile items such as food and energy, hit a fresh record high of 5.7 percent, putting pressure on policymakers to push on with further rate hikes. The best performing sectors for March were Information Technology, Health Care and Utilities , while the laggards were Energy, Financials and Real Estate.

Mid-March signalled a return to risky assets, especially in Asia. While the world grapples with higher inflation and interest rates, China continues to concentrate on jump starting its economy. Major changes to big tech corporate structure also lent support to the market. Most notable is the proposed breakup of Alibaba into six different companies. The positive reception to such a restructure helped lift the general market as well. JD has announced the listing of its property and industrial units. We expect to see more company activity and cor-porate restructuring in the tech space. China's economic recovery is gathering pace with even construction activities picking up in February. As the rest of world slows down, South Korea's exports continue to remain weak. Developed economic growth is expected to slow down, which will affect export led economies. Asian growth is intact, with Emerging Asia and China leading economic activities.

Whilst mixed, recent news flow has proven "less bad" than feared, such that the unlikely "soft landing" scenario is starting to look increasingly possible. Apart from headline grabbing cuts in Tech, US employment numbers remain relatively healthy. Inflation continues to moderate. Europe's outlook is improving – in part due to the easing of the energy crisis, while Asia's outlook is improved with China's reopening policy.

Fixed income:
Treasury yields dropped significantly in March with the US 10Y rate moving from 3.92% to 3.47%. Global markets became concerned with the possibility of a banking crisis and financial contagion as Silicon Valley Bank, First Republic Bank and Credit Suisse Group ran into troubles.

Global credit markets had a mixed performance as markets assessed the increased likelihood of a recession with banks likely to tighten up lending after recent troubles. March returns were -0.4% for JPM CEMBI High Yield (EMHY), +1.4% for JPM CEMBI Investment Grade (EMIG) and +3.5% for Bloomberg Barclays US (DMIG).

Bank of Singapore's 12-month forecast for US 10Y Treasury yields is 3.25%, down from the previous 3.5%. The Fed is likely to hike another 25bps in the May meeting, while pausing for the rest of 2023 to see how economic data pans out.

DMIG bond returns were +3.5% in March as interest rates lowered significantly driven by the possibility of a bank crisis and financial contagion, despite some marginal widening in IG spreads. Broadly all sectors delivered strong performance in March and the longer duration segment gave the best returns. By sectors, Food & Beverage and Health Care outperformed while Financials, Subordinated Debt and Real Estate were the weakest segments. Credit fundamentals remain moderately healthy across leverage and liquidity metrics.

EMIG bond returns were +1.4% in March as interest rates lowered significantly driven by the possibility of a bank crisis and financial contagion. Lower rates were partially offset by IG spreads widening as investors became concerned about the impact of a recession on EM countries. Performance across geographies were generally positive while in terms of sectors, Diversifieds and Telecommunications were the best performers. Financials underperformed as Swiss authorities ruled that Credit Suisse's AT1 debt would be fully written down before equity.

EMHY bond returns were -0.4% in March as HY spreads widened out, driven by risk-off sentiments after Silicon Valley Bank collapsed and Credit Suisse's AT1 debt was fully written down in a merger deal with UBS. Performance was mixed and overall impacted by weak technicals as sentiments turned more negative during the month. Riskier AT1 and T2 bank debt sold off as markets reconsidered the risk of owning these bonds, while the China property sector retreated after a strong start this year. Sentiments have been adversely impacted by several negative profit warning announcements by both developers and property management companies, while investors who were expecting more policy easing measures were disappointed.

Credit dispersion should remain a theme for 2023 given the feed-through of higher rates and growth uncertainty. We look to position in fundamentally sound companies that could navigate this environment, with well-managed capital structures and solid business positioning within their respective sectors. We are cautious on credit risks particularly in companies which rely on low borrowing costs for many years. We favour tilting positions towards both short-end EMHY and longend DMIG. Long-end DMIG can benefit from bull-flattening in 10-30Y interest rates ahead of a recession while short-end EMHY can provide high coupon carry with lesser credit risk volatility.

Albeit volatile market conditions, we remain committed to DPM's philosophy of focusing on long-term values. As the Fed slows down its hiking cycle, we favour duration and US 10Y Treasury yield has likely reached a zone where value could emerge for long-term investors with patience.

April 2023

General:
The BOS International Growth Fund returned 0.63% in April.

April was another productive month for risk assets with bonds and equities delivering positive returns. However, as Developed Markets (DM) recovered from the banking sector wobbles (MSCI Europe Index is near all-time highs and NASDAQ Composite Index hit YTD highs), Asia struggled on renewed geopolitical concerns.

Equities:
April was another good month for DM equities led by Europe (+4.2%). The US (+1.3%) and Japan (+0.2%) were also in positive territory. Asia ex-Japan meanwhile lagged (-3.1%) on the back of rising geopolitical risk. (Source: Bloomberg; in USD terms).

While the market has largely shrugged of recent macro and micro concerns, we do not rule out near-term volatility, and remain cognisant of further negative earnings revisions.

Equity market valuations remain tolerable, relative to recent history. The US market is trading at roughly 18.5x forward price-to-earnings (P/E) vs highs of 21-23x over the last 18 months. Europe, Asia and Japan are trading in a forward P/E range of 12.0- 13.5x – all well below recent peak valuations.

In the US, April saw little difference between value and growth styles. The MSCI US Growth Index (+1.2%) marginally underperformed the MSCI US Value Index (+1.3%) in April. The Dow Jones Industrial Average Index (+2.6%) and S&P 500 Index (+1.6%) outperformed the tech heavy NASDAQ Composite Index (+0.1%) for the month of April (Source: Bloomberg; in USD terms). The best performing sectors for April were Consumer Staples, Communication Services and Energy, while Materials, Consumer Discretionary and Industrials were the laggards. The annual inflation rate in the US slowed for a ninth consecutive period to 5% in March 2023, the lowest since May 2021 from 6% in February, and below market forecasts of 5.2%. Food prices grew at a slower rate (8.5% vs 9.5% in February) and energy cost fell (-6.4% vs +5.2%). At the same time, prices for used cars and trucks declined once again (-11.6% vs -13.6%).

Preliminary estimates showed the Flash Eurozone Manufacturing PMI fell to 45.5 in April 2023 from 47.3 in March, below forecasts of 48. The reading pointed to the biggest contraction in the manufacturing sector since May 2020, as new orders fell the most in four months, backlogs of orders fell, and employment growth slowed to the lowest in the past 27 months. The annual inflation rate in the Euro Area was confirmed at 6.9% in March 2023, down for a fifth consecutive month from last October's record high of 10.6% and its lowest level since February 2022. Still, the rate remained stubbornly high and well above the European Central Bank's target of 2.0 percent, putting pressure on policymakers to push on with further rate hikes. The best performing sectors for April were Real Estate, Health Care and Energy, while the laggards were Consumer Discretionary, Materials and Information Technology.

Asian markets corrected in April, led by China on the back of geopolitical tensions with the US. Regional events have divided opinions and increased political rhetoric between the two largest economies. Weak data from both Taiwan and South Korea also added to the negative sentiment in April. Investors remain cautious for the region. China's economic data continue to improve with the latest GDP expanding 4.5% for 1Q23. Retail sales increased 10.6% in March compared to a year earlier. All point to a better-than-expected recovery for China. The cascading effect will help boost the region as trade and travel continues to expand. Singapore announced a set of extremely draconian measure to rein in the residential property market. The policy mainly targets foreign buyers as Singapore becomes more attractive to foreign direct investments. We remain constructive in the region despite the market reaction in April.

Whilst mixed, recent news flow has proven "less bad" than feared, such that the unlikely "soft landing" scenario is starting to look increasingly possible. Apart from headline grabbing cuts in Tech, US employment numbers remain relatively healthy. Inflation continues to moderate. Europe's outlook is improving – in part due to the easing of the energy crisis, while Asia's outlook has improved with China's reopening policy.

Fixed income:
The US 10-year Treasuries ended April marginally unchanged vs prior month at around 3.4%, after rising to 3.6% intra month.

Global credit markets broadly help up well during the month as sentiments stabilise after the recent news related to the banking sector volatility. April returns were +0.1% for JPM CEMBI High Yield (EMHY), +1.0% for JPM CEMBI Investment Grade (EMIG) and +0.8% for Bloomberg Barclays US (DMIG).

Bank of Singapore’s 12-month forecast for US 10Y Treasury yields is 3.25%, down from the previous 3.5%. The Fed is likely to hike another 25bps in the May meeting, while pausing for the rest of 2023 to see how economic data pans out.

DMIG bond returns were marginally positive at +0.8% in April. Spreads were largely unchanged for the asset class during the month. Performance across sectors were broadly mixed. The top performers were Insurance, Real Estate and Banking. The relative laggards were Media, Telecommunications and Industrial Products. US recession risks are growing. The ISM business sentiment surveys faltered in March - higher rates and the US banking woes may curb credit growth. We thus keep favouring safe-haven assets: US Treasuries, high-quality corporate bonds and gold as hedges against rising recession risks. We advocate an Overweight on DMIG bonds both as a duration play and recessionary hedge.

EMIG bond returns were +1.0% in April, supported by -11bp spread tightening for the asset class. Across Asia, Latin America and CEEMEA spreads were broadly tighter for IG. Fundamentals for the asset class remain healthy despite some idiosyncratic credit drivers. China dominated headlines during the month, with China Huarong downgrades and negative sentiment related to the China property sector. We are Neutral on EMIG bonds given overall risk-reward. The asset class benefits from flight to quality given large composition in quasi-sovereigns and GREs (China, GCC and highly rated sovereigns (South Korea, Singapore, GCC).

EMHY bond returns were +0.1% in April and the asset class saw +12bp spread widening during the month. Performance was mixed with weak performance for China HY credits linked to lack of further policy support, weaker earnings and slower contracted sales improvement. Spread remain wide for the sector until material fundamental recovery takes place. EM corporate HY default rates reached 1.9% YTD with EM Europe and Latin America leading the pack.

We are Neutral on EM HY bonds and favour a defensive positioning with a focus on fundamentally stronger issuers. Credit bifurcation remains a theme this year and we focus on an up-in-quality strategy, focusing on more resilient sectors.

The macro-outlook remains uncertain as global markets adjust to a higher rates environment. Inflation remains sticky but we see the Fed closer to pausing its rate hike cycle going into the next few quarters. We see a strong case for investing in high quality bonds given higher all-in yields. Global fixed income markets offer compelling opportunities although we believe in being highly selective given late cycle dynamics. We continue to lean defensive in our asset allocation.

<u>May 2023</u>

General:
The BOS International Growth Fund returned -2.00% in May.

An abrupt shift in market sentiment was witnessed in May which resulted in equities and fixed income delivering negative returns. The US debt ceiling dilemma rattled markets, on top of a slower-than-expected China recovery. On the other hand, Nvidia's exceptional quarterly guidance reignited buzz surrounding Artificial Intelligence globally, driving the NASDAQ Composite Index to a near 1-year high.

Equities:
May was a mixed month for equities. Japan (+1.8%) and the US (+0.7%) both delivered positive returns, while Asia ex-Japan (-2.7%) and Europe (-5.9%) were laggards on moderating growth outlooks. (Source: Bloomberg; in USD terms).

A potential default by the US government dominated sentiment in May - a situation that should be averted given a bill to raise the debt ceiling was passed by the House of Representatives at the end of the month. That said, we do not rule out near-term volatility, and remain cognizant of further negative earnings revisions.

Equity market valuations remain tolerable, relative to recent history, albeit higher vs. last year. The US market is trading at roughly 18.5x forward price-to-earnings (P/E) vs highs of 21-23x over the last 18 months. Europe, Asia and Japan are trading in a forward P/E range of 12 -14x – all well below recent peak valuations.

In the US, Growth trounced value in May with the MSCI US Growth Index (+5.0%) materially outperforming the MSCI US Value Index (-4.2%) in May. The Dow Jones Industrial Average Index (-3.1%) and S&P 500 Index (+0.4%) underperformed the tech heavy NASDAQ Composite Index (+5.9%) for the month of May (Source: Bloomberg; in USD terms). The best performing sectors for May were Information Technology, Consumer Staples and Consumer Discretionary, while Utilities, Materials, and Energy were the laggards. The annual inflation rate in the US fell to 4.9% in April 2023, the lowest since April 2021, and below market forecasts of 5%. Food prices grew at a slower rate (7.7% vs 8.5% in March) while energy costs fell further (-5.1% vs -6.4%) including gasoline (-12.2%) and fuel oil (-20.2%).

In Europe, the HCOB Flash Manufacturing PMI for the Eurozone fell to 44.6 in May of 2023 from 45.8 in April, and well below forecasts of 46.2, preliminary estimates showed. The reading pointed to the sharpest contraction in the factory sector in three years, with output, new orders and backlogs of orders dropping at a faster pace. The Euro Area's consumer price inflation was confirmed at 7.0 percent in April 2023, slightly higher than the previous month's 13-month low of 6.9 percent. The rate remained significantly above the European Central Bank's target of 2.0 percent, indicating that policymakers will likely continue their efforts to curb inflationary pressures. The best performing European sectors for May were Information Technology, Health Care and Industrials, while the laggards were Communication Services, Energy and Real Estate.

May proved to be yet another difficult month for Asia equities after the initial March rebound with the stabilisation of the banking crisis. Both the MSCI AC Far East ex-Japan (MXFEJ -2.7%) and MSCI AC Asia Pacific (MXAP -1.0%) delivered negative returns during the month, dragged by unresolved US debt ceiling talks, renewed geopolitical tensions and weaker-than-expected macroeconomic data coming out of China. Following disappointing April activity data across retail sales to fixed asset investment, China's PMI decelerated further (-0.4% m/m; April -2.7% m/m) in May, suggesting moderation in the economy's recovery pace. Youth unemployment rate reached 20.4%, a record high since 2018. This resulted in Hong Kong (MXHK -8.7%) and China (MXCN -8.4%) underperforming in May. At the other spectrum, Taiwan (TAMSCI +7.2%) and Korea (MXKR +4,8%) outperformed, boosted by Nvidia's exceptional quarterly guidance which reignited buzz surrounding Artificial Intelligence globally. Sector-wise, Information Technology, Industrials & Healthcare were the top 3 performers. On the other hand, Real Estate, Communication Services & Materials underperformed.

Fixed income:
The 10Y UST ended May at 3.64% which was 22bps higher vs prior month, after rising to 3.85% intra month. Much of the volatility was attributed to US debt ceiling uncertainty.

Despite credit spreads being broadly unchanged, global credit markets was down during the month mainly due to duration losses. May returns were -1.6% for JPM CEMBI High Yield (EMHY), -0.5% for JPM CEMBI Investment Grade (EMIG) and -1.7% for Bloomberg Barclays US (DMIG).

Bank of Singapore's 12-month forecast for US 10Y Treasury yields is 3.25%, down from the previous 3.5%. The Fed is likely to hike another 25bps in the May meeting, while pausing for the rest of 2023 to see how economic data pans out.

DMIG bond returns were down in May at -1.7%. Spreads were largely unchanged for the asset class and larger losses came from US interest rates rising during the month as this asset class tends to have longer duration. Most sectors gave negative returns, with top underperformers being utilities and energy. Financials and technology held up relatively well compared with others. The US labour market sent conflicting signals in May as payrolls surged along with joblessness, giving Federal Reserve officials more reason to pause interest-rate hikes. Thus, we favour safe-haven assets: UST, highquality corporate bonds, and gold as hedges against rising recession risks. We advocate an Overweight on DMIG bonds as a recessionary hedge.

EMIG bond returns were down in in May at -0.5%. Spreads were largely unchanged for the asset class and moderate losses came from US interest rates rising during the month. Top underperformers were metals and mining, telecommunications and media, and consumer sectors. In contrast, infrastructure, financials, and transport held up well with slight positive to flat returns. Fundamentals for the asset class remain healthy despite some idiosyncratic drivers. China continued to dominate headlines during the month, with Dalian Wanda and local debt blow-ups causing a round of negative sentiments. We are Neutral on EMIG bonds given overall risk-reward. The asset class benefits from flight to quality given large composition in quasi-sovereigns and government-related entities in China and the Gulf region (GCC) as well as highly rated sovereigns such as South Korea and Singapore.

EMHY bond returns were -1.6% in May and the asset class saw +30bps spread widening during the month. The Asian region and Real Estate sector were the key underperformers, being down -2.5% and -8.3% respectively. Negative headlines surrounding Sino-Ocean, Huarong and LGFVs gave a lot of pressure to China HY credits. In contrast, the Latin American region, Transport and Oil & Gas sectors outperformed and gave positive returns against the pack. We are Neutral on EMHY bonds and favour a defensive positioning with a focus on fundamentally stronger issuers. Credit bifurcation remains a theme this year and we focus on an up-in-quality strategy, focusing on more resilient sectors.

The macro-outlook remains uncertain as global markets adjust to a higher rates environment. Inflation remains sticky but we see the Fed closer to pausing its rate hike cycle going into the next few quarters. We see a strong case for investing in high quality bonds given higher all-in yields. Global fixed income markets offer compelling opportunities although we believe in being highly selective given late cycle dynamics. We continue to lean defensive in our asset allocation.

<u>June 2023</u>

General:
The BOS International Growth Fund returned 3.21% in June.

Despite ongoing hawkishness from central banks, market sentiment remined reasonably strong for the month of June, with both equities and bonds delivering gains for the month.

Equities:
Despite hawkish rhetoric from Central Banks, June was a strong month for equities. The US (+6.7%) and Europe (+5.1%) led the way, while Japan (+4.3%) and Asia ex-Japan (+2.3%) also delivered robust returns for June (Source: Bloomberg; in USD terms).

While equity markets began the month of June in strong fashion, more hawkish actions and commentaries from central banks around the world led to a moderation of equity performance in the 2nd half of the month. With mixed macroeconomic data being released, we do not rule out near-term volatility, and remain cognizant of further negative earnings revisions.

Equity market valuations remain tolerable, relative to recent history, albeit higher compared to last year. The US market is trading at roughly 19.5x forward price-to-earnings (P/E) vs highs of 21-23x over the last 18 months. Europe, Asia and Japan are trading in a forward P/E range of 12 -15x – all well below recent peak valuations.

In the US, Growth outperformed value again in June with the MSCI US Growth Index (+7.1%) outperforming the MSCI US Value Index (+6.1%) for the month. The Dow Jones Industrial Average Index (+4.7%) underper-formed the S&P 500 Index (+6.6%) and the tech heavy NASDAQ Composite Index (+6.7%) for the month of June (Source: Bloomberg; in USD terms). The best performing sectors for June were Consumer Discre-tionary, Materials and Industrials, while Consumer Staples, Communication Services and Utilities were the laggards. The consumer price inflation in the United States declined to 4.0 percent in May 2023, the lowest since March 2021 and slightly below market expectations of 4.1 percent, driven by a decline in energy prices. In addition, the core rate, which excludes volatile items such as food and energy, has slowed to 5.3 percent, the lowest since November 2021, supporting the argument for the Federal Reserve to consider pausing its current cycle of monetary tightening.

In Europe, The HCOB Eurozone Manufacturing PMI fell by 1.2 points from the previous month to 43.6 in June of 2023, missing market expectations of 44.8 to reflect the eleventh straight contraction in the bloc's factory activity and the sharpest in three years, as the sector continued to feel the impact of soaring borrowing costs. Output sank for the third conse-cutive month, driven by the worst decline in new orders since October while backlogs of work have already been cleared. The consumer price inflation in the Euro Area was confirmed at 6.1 percent in May 2023, the lowest since February 2022. Still, the rate remained significantly higher than the European Central Bank's target of 2.0 percent. The best perfor-ming sectors for June were Consumer Discretionary, Financials and Energy, while the laggards were Health Care, Communication Services and Real Estate.

Asia Equities saw volatile price action during the month but ended overall positive. Both the MSCI AC Far East ex-Japan (MXFEJ +2.4%) and MSCI AC Asia Pacific (MXAP +3.5%) delivered decent returns in June, buoyed by a quick resolution to the US debt ceiling dilemma. Latest macroeconomic data out of the US also helped sustain global risk appetite. Australia (MXAU +5.4%) was the best performing market, driven by the outperfor-mance of technology and material sectors. India (MXIN +4.7%) continued to attract foreign inflows for the second month running as macro data such as credit growth continue to remain supportive. Meanwhile, China's (MXCN +4.0%) May fixed asset investment and exports numbers were subdued but was perceived as a catalyst for stronger stimulus. However, market disappointment from China's piecemeal policy response drove Asia's pullback by the second half of June. At the other spectrum, Malaysia (MXMY -1.9%) and Thailand (MXTH 1.7%) were the only Asian countries to deliver negative returns. Both countries continued to see outflows during the month, in part driven by depreciating currencies while Thailand, in particular saw a 25bps policy rate hike. Sector-wise, Consumer Discre-tionary, Industrials and Materials were the top 3 performers. On the other hand, Health Care, Real Estate and Consumer Staples underperformed.

Fixed Income:
The 10Y UST ended June 3.84%, which was 20bps higher vs prior month, after rising to 3.89% intra-month. Much of the volatility was attributed to stronger-than-expected US data and hawkish Fed members who indicated that more hikes will be appropriate ahead.

Despite duration losses, global credit markets were up during the month mainly due to spreads tightening in line with stronger US data and higher equity markets. June returns were +1.8% for JPM CEMBI High Yield (EMHY), +0.3% for JPM CEMBI Investment Grade (EMIG) and +0.6% for Bloomberg Barclays US (DMIG).

Bank of Singapore's 12-month forecast for 10Y UST yield remains at 3.25%. The Fed was on hold in the June meeting but may hike another 25bps in July and September depending on how economic data pans out.

DMIG bond returns was positive in June at +0.6%. Spreads tightened by 16bps for the asset class with some gains offset by US interest rates rising during the month as this asset class tends to have longer duration. Most sectors delivered positive returns, with top performers being basic materials and energy. Financials and utilities underperformed, with the latter being more sensitive to higher interest rates. Stronger-than-expected US data caused markets to gradually price out recession while hawkish Fed members indicated that more hikes will be appropriate ahead. We continue to favour safe assets such US treasuries and high-quality corporate bonds as hedges against rising recession risks, while advocating an Overweight on DMIG bonds.

EMIG bond returns was positive in June at +0.3%. Spreads tightened by 19bps for the asset class with some gains offset by US interest rates rising during the month as this asset class tends to have longer duration. Top performers were metals & mining, pulp & paper, and consumer sectors. In contrast, diversified conglomerates, financials, and infrastructure underperformed with flat to slightly negative returns. Fundamentals for the asset class remain healthy despite some idiosyncratic drivers. China continued to dominate headlines during the month, with state-owned enterprises' property sales being down -27% y/y, while refinancing concerns on local government financing vehicles continue to build up. We are Neutral on EMIG bonds given overall risk-reward. The asset class benefits from flight to quality given large compo-sition in quasi-sovereigns and government-related entities in China and the Gulf region (GCC) as well as highly rated sovereigns such as South Korea and Singapore.

EMHY bond returns were +1.8% in June and the asset class saw 47bps of spread tightening during the month, benefitting from better tone in general risk markets but with some gains offset by continued sell-offs in China property bond sector. Oil & gas and telecommunications were the key outper-formers, being up +3.2% and +2.6% respectively. In contrast, industrials and real estate underperformed, especially with negative headlines in China property (such as Central China failing to cure missed coupon, Powerlong seeking new rounds of USD debt extension and other developers seeking exten-sions on onshore bonds). We are Neutral on EMHY bonds and favour a defensive positioning with a focus on fundamentally stronger issuers. Credit bifurcation remains a theme this year and we focus on an up-in-quality strategy, focusing on more resilient sectors.

As markets continue to price out recessionary risks and Fed rate cuts, the macro-outlook remains uncertain as stronger US data faces off with hawkish Fed members seeking further hikes. Inflation remains sticky and the Fed likely needs to see a strong labour market cooling down before calling an end to the hiking cycle. As markets prices this in, we see a strong case for investing in high quality bonds given higher all-in yields. Global fixed income markets offer compelling oppor-tunities although we believe in being highly selective given late cycle dynamics. We continue to lean defensive in our asset allocation.

<u>July 2023</u>

General:
The BOS International Growth Fund returned 2.67% in July.

Equities and bonds delivered yet another month of positive returns as the soft-landing narrative continued. July saw 2Q earnings season kick off, with companies generally guiding for an improving outlook, lending further support to global risk appetite.

Equities:
Equities rallied again in July as traders priced in an increasinglikelihood of a soft-landingscenario. Asia ex-Japan led the way(+6.8%) followed by the US (+3.4%), Europe(+2.85%) and Japan(+2.8%). (Source: Bloomberg; in USD terms).

With Q2 earnings season in full swing, we are seeing the majority of companies beat consensus expectations. However, these "beats" in general aren't translating into meaningful positive forward-looking earnings revisions. With mixed macroeconomic data being released, we do not rule out near-term volatility, and remain cognisant of the potential for further negative earnings revisions.

Equity market valuations continue to trend higher, with the US potentially vulnerable to a consolidation at c. 20x forward earnings. Valuations in other regions remain tolerable, relative to recent history, albeit higher vs. last year. Japan trades at around 15x forward earnings, while Asia ex-Japan and Europe trade on 12.4x and 13,0x respectively.

In the US, Value moderately outperformed growth in July with the MSCI US Value Index (+3.8%) outpacing the MSCI US Growth Index (+3.3%) for the month. The Dow Jones Industrial Average Index (+3.4%) outperformed the S&P 500 Index (+3.2%) while the tech heavy NASDAQ Composite Index returned 4.1% for the month of July (Source: Bloomberg; in USD terms). The best performing sectors for July were Energy, Communication Services and Financials, while Consumer Staples, Health Care and Real Estate were the laggards. The annual inflation rate in the US slowed to 3% in June of 2023, the lowest since March of 2021 and compared to 4% in May and expectations of 3.1%. The slowdown is partly due to a high base effect from last year when a surge in energy and food prices pushed the headline inflation rate to 1981-highs of 9.1%.

In Europe, The HCOB Eurozone Manufacturing PMI fell to 42.7 in July of 2023 from 43.4 in the previous month, the lowest in three years, missing market expectations of 43.5 to point to one full year of consecutive contractions in the currency bloc's manufacturing sector as higher borrowing costs from the ECB continued to bite. Annual inflation rate in the Euro Area slowed for a third consecutive month to 5.3% in July 2023 from 5.5% in June, in line with market forecasts, preliminary estimates showed. It is the lowest reading since January of 2022, due to a further drop in energy prices (-6.1% vs -5.6%), and a slowdown in cost of food, alcohol and tobacco (10.8% vs 11.6%) and non-energy industrial goods (5% vs 5.5%). The best performing sectors for July were Real Estate, Materials and Financials, while the laggards were Consumer Discretionary, Utilities and Information Technology.

Asian markets had another good month in July. A slew of good news and benchmark companies' results helped to add positivity into the markets. China's top leaders announced fresh support for the economy from the ruling party Politburo. The leaders pledged to boost consumption, more support for the embattled real estate sectors and signalling more measures are imminent. While no major policies were announced, the resolution of China helped to improve market sentiment in anticipation of more concrete changes soon. While AI (Artificial Intelligence) had created a stir, we see a broader base expected recovery in memory and chips as the current high inventory is worked through. We remain overweight in Singapore as the country continues to attract foreign investments and offers a stable market. We are also looking positively to emerging Asian markets. As US rates starts to peak, inflation coming down faster, Emerging Asia will be a beneficiary.

Fixed Income:
The 10Y UST ended July 3.96%, which was 12bps higher vs prior month, after rising to 4.09% intra-month. Much of the volatility was attributed to stronger-than-expected US data in the first half of July - and the BOJ introducing YCC (yield curve control) flexibility by raising 10Y yield target cap by 50bps in the second half of July.

Despite duration losses, global credit markets were up during the month mainly due to spreads tightening in line with stronger US data and higher equity markets. July returns were +0.8% for JPM CEMBI High Yield (EMHY), +0.45% for JPM CEMBI Investment Grade (EMIG) and +0.25% for Bloomberg Barclays US (DMIG).

Bank of Singapore's 12-month forecast for 10Y UST yield remains at 3.25%. We expect July's 25bps hike to be the last after June's CPI report showed core inflation fell to 4.8%. Fed funds would however be kept elevated at 5.25-5.50% to curb inflation further with the first cut only likely in Q2'24.

DMIG bond returns was positive in June at +0.25%. Spreads tightened by 9bps for the asset class with some gains offset by US interest rates rising during the month as this asset class tends to have longer duration. Most the sectors delivered positive returns, with top performers being financials and energy. Diversified banking institutions such as Bank of America outperformed with stellar earnings while telecommunications underperformed, affected by negative headlines from AT&T. The company allegedly misled investors about environmental issues related to toxic lead cables for more than three years. We advocate an Overweight on DMIG bonds as a recessionary hedge.

EMIG bond returns was positive in July at 0.4% with YTD returns of 3.6%. Credit spreads tightened during the month and this help offset the rise in UST. FOMC did not lead to any major surprises as market digested further data points and inflation prints were not aggressive. China continued to dominate headlines with spill-over from negative sentiment related to the real estate sector for the Asia region. Latin America performed well during the month, delivering 1.6% versus Asia at 0.3%. We are neutral EMIG with a preference for Asia such as India and Indonesia credits.

EMHY had another positive month in July with 0.8%, bringing 2023 total return to 2.8%. Total return in July was primarily driven by 11bps tightening in credit spreads. However, there was large dispersion in EMHY performance within the segment. China continued to underperform and lost 7.7% July owing to persistent woes in the property sector. Latin American region (+2.3%) performed strongly in June benefiting from the risk on sentiment in US equities and US HY market. Chile and Colombia returned 4.9% and 3.5% respectively. Oil & Gas was the best performing sector with in EMHY aided by the rally in oil prices. Unsurprisingly, Real Estate sector lost 4.6% due to underperformance in China. We are neutral in EMHY segment with preference towards defensive positioning.

As markets continue to price out recessionary risks and Fed rate cuts, we see a strong case for investing in high quality bonds given higher all-in yields. 10-30Y yields in the 4% neighbourhood are attractive to us and global fixed income markets offer compelling opportunities. We continue to lean defensive in our asset allocation, such as favouring US Treasuries and high-quality corporate bonds.

<u>August 2023</u>

General:
The BOS International Growth Fund returned -3.00% in August.

Risk assets experienced a material sell-off in August, with market sentiment driven by a combination of growth concerns out of China, resilient US macro-economic data as well as hawkish Fed speak.

Equities:
Equities sold-off on the back of negative economic headlines emanating from China. Asia ex-Japan led the selling (-7.3%) with US (-1.7%), Europe (-3.9%) and Japan (-2.3%) all in negative territory for August. (Source: Bloomberg; in USD terms).

Markets fell during August on the back of deteriorating macroeconomic data coming out of China, and with little room for disappointment priced into US equity valuations. The selling eased into the end of August however on growing expectations that the Federal Reserve may be done raising rates and on hopes China might offer more stimulus to boost growth.

The selling pressure in August brought valuations back to more palatable levels, with the US market now trading on c.19.5x forward earnings. Japan trades at around 15x forward earnings - in line with its three-year average, while Asia ex-Japan and Europe trade on 11.7x and 12.6x respectively - below the three-year average for both regions.

In the US, Value underperformed growth in August with the MSCI US Value Index (-2.6%) lagging the MSCI US Growth Index (-1.0%) for the month. The Dow Jones Industrial Average Index (-2.0%) and the tech heavy NASDAQ Composite Index (-2.1%) both underperformed the S&P 500 Index (-1.6%) for the month of August (Source: Bloomberg; in USD terms). The best performing sectors for August were Energy, Health Care and Communication Services, while Materials, Consumer Staples, and Utilities were the laggards. Annual inflation rate in the US accelerated to 3.2% in July 2023 from 3% in June, but below forecasts of 3.3%. It marks a halt in the twelve consecutive months of declines, due to base effects. A year earlier, inflation had started to fall from its peak of 9.1%.

In Europe, the HCOB Eurozone Manufacturing PMI came in at 43.5 in August 2023, up from July’s 38-month low of 42.7 and compared with the preliminary estimate of 43.7. The reading was still indicative of another sharp worsening in the health of the euro area manufacturing economy, as total new orders and new export business declined at record rates and backlogs of work were sharply reduced. The annual inflation rate in the Euro Area remained steady at 5.3 percent in August 2023, well above the ECB goal and above the market consensus of 5.1 percent, a preliminary estimate showed. Energy prices decreased at a slower pace (-3.3 percent vs -6.1 percent in July). On the other hand, inflation slowed for food, alcohol, and tobacco inflation (9.8 percent vs 10.8 percent). The best performing sectors for August were Energy, Health Care and Real Estate, while the laggards were Information Technology, Materials and Consumer Discretionary.

In Asia, fears of further tightening in global financial conditions led to Asian markets experiencing a sharp sell-off before partially recovering towards the end of the month. China and Hong Kong were the worst performing markets on profit taking after July's rally. China's latest manufacturing PMI - being the fifth consecutive month of contraction reignited growth concerns and exacerbated by muted policy delivery despite its real estate sector facing an implosion. Multiple nationwide policy easing measures i.e., lower mortgage downpayment ratios, a market-friendly definition of 'first-time homebuyers' as well as a 50% reduction in A shares trading stamp duty, were subsequently announced late into the month, helping to restore some market confidence. ASEAN and India were relative outperformers during the month, as foreign inflows continue to be attracted by the region's relatively benign inflation and therefore policy stance. We remain invested in this region for its attractive demographics and growth-adjusted valuations.

Fixed Income:
The UST 10-year edged slightly higher in August ending the month at 4.1% versus 4.0% the prior month. Overall focus remains on inflation data and the Federal Reserve's annual Jackson Hole event. Chairman Powell kept a hawkish stance suggesting that investors should stay cautious as interest rates are set to remain elevated over the near term.

Global fixed income markets delivered weaker returns during the month given overall macro uncertainties. EM High Yield (JPM CEMBI HY) returns were -1.1%, EM Investment Grade (JPM CEMBI IG) returns were -0.6% and DM Investment Grade returns were -1.1%. Year to date absolute returns remains in positive territory despite giving back some performance in August.

Bank of Singapore's UST 10-year forecast is 3.25% over a 12-month period. The Fed is unlikely to cut rates until Q2 2024 at the earliest as officials continue to focus on the 2% inflation target.

DMIG bond returns was negative in August at -1.1%. Losses came from interest rates rising during the month (US 10Y rose by 15 bps) while credit spreads widened by 4 bps. US data resilience continues to suggest that the Fed may have more work to do while a 30Y bond auction was poorly received amid concerns over increased US government bond supply. Most sectors delivered negative returns, with top underperformers being mining, machinery and oil & gas. Copper oversupply is plaguing firms such as Freeport-McMoRan and Southern Copper, while China's worsening economic slowdown saw firms like Caterpillar commenting that Chinese demand for machines used on building sites is worse than previously thought. In contrast, investment companies such as Ares and Blue Owl Capital outperformed with positive returns as they delivered strong earnings and larger dividends. We continue to advocate an overweight on high-quality DM corporate bonds as hedges against rising recession risks.

EMIG bond returns were negative in August at -0.6% with year-to date absolute returns of +3.0%. Credit spreads widened during the month with weaker macro headlines such as that related to inflation and China. China remains in focus given credit events related to large private developers, suggesting continued fundamental challenges. Despite recent widening, technicals remain well supported with limited supply and spreads are relatively tight versus recent historical levels. We are neutral EMIG in terms of asset class allocation. We favour good quality issuers with leading market positions or sectors that will benefit from structural growth in the region. Selectively we believe the strong credits in India, Indonesia and Middle East provide attractive risk-reward.

August was a challenging month for the higher beta segments of the credit market. EMHY was down 1.1% in August, led by higher Treasury yields and 35bps widening in the credit spreads. Within EMHY, there were large variations in the regional performance. The woes in the Chinese real estate sector and sharp equity sell off resulted in underperformance in Asian market. Asia lost 2.3% in August primarily due to 8.8% loss in China. Middle East was the best performer within EMHY with 0.9% return while Latin America posted 0.2% return. Transport and Oil & Gas were the best performing sectors with in EMHY. Once again, Real Estate was the worst performing sector owing to the weak performance in Chinese real estate segment. We are neutral in EMHY segment with preference towards defensive positioning. As evident from the August returns, regional and country allocation remains the key driver of returns in EMHY.

In Fixed Income, we are Overweight on UST and DM IG bonds, Neutral on Emerging Markets (EM) bonds and Underweight in DM High Yield (HY) bonds. Within EM IG we are Overweight CEEMEA and Latam regions. We are Underweight in Asia IG and HY due to weakening fundamentals and less compelling valuations.

<u>September 2023</u>

General:
The BOS International Growth Fund returned -3.45% in September.

The Federal Reserve's 'hawkish hold' was to the detriment of risk assets in September. With the latest Fed dot-plot chart now showing only a 50bps rate cut next year, 50bps less than previously fore-casted in June, 10-year treasury yields made fresh highs while equity markets corrected for the month.

Equities:
Equities sold-off again in September given the "higher-for-longer" interest rate narrative influencing markets. The US led the selling (-4.7%) with Europe (-3.9%), Asia-ex Japan (-3.6%) and Japan (-2.3%) all in negative territory for September. (Source: Bloomberg; in USD terms).

Potential for a US government shutdown as the US closed in on its debt ceiling also negatively affected equity market sentiment in September. The selling eased into the end of the month however on growing expectation of a deal to allow a stop-gap funding bill.

Recent selling pressure has brought valuations back to more palatable levels, with the US market now trading on c.18.3x forward earnings. Japan trades at around 14.8x forward earnings - in line with its five-year average, while Asia ex-Japan and Europe trade on 11.3x and 12.3x respectively - below the five-year average for both regions.

In the US, Value outperformed growth in September with the MSCI US Value Index (-3.7%) leading the MSCI US Growth Index (-5.6%) for the month. The Dow Jones Industrial Average Index (-3.4%) outperformed the S&P 500 Index (-4.8%), while the tech heavy NASDAQ Composite Index (-5.8%) lagged for the month of September (Source: Bloomberg; in USD terms). The best performing sectors for September were energy, health care and financials, while consumer discretionary, information technology and real estate were the laggards. The annual inflation rate in the US accelerated for a second straight month to 3.7% in August from 3.2% in July, above market forecasts of 3.6%. Oil prices have been on the rise in the previous two months, which coupled with base effects from last year, pushed the inflation higher.

In Europe, the HCOB Eurozone Manufacturing PMI edged slightly lower to 43.4 in September 2023 from 43.5 in August, below market forecasts of 44, preliminary estimates showed. The reading continued to point to a very fragile and weak manufacturing sector amid waning demand. The inflation rate in the Euro Area declined to 4.3% year-on-year in September 2023, reaching its lowest level since October 2021 and falling below the market consensus of 4.5%, a preliminary estimate showed. Prices increased at a slower pace for services (4.7% vs. 5.5% in August), non-energy industrial goods (4.2% vs. 4.7%), and food, alcohol & tobacco (8.8% vs. 9.7%). The best performing sectors for September were energy, communication services and financials, while the laggards were utilities, consumer discretionary and information technology.

Asian markets retreated yet again in September in response to the sharp spike in global bond yields. ASEAN and India were relative outperformers during the month, as foreign inflows continue to be attracted by the region's relatively stable macro conditions and structural growth story. Thailand was the biggest underperformer on a weakening THB and a lack of stimulus delivery, followed by Korea on profit taking amid concerns of weaker global exports. China's economic activity data - ranging from industrial production to retail sales posted the first sign of turnaround in August, implying that its recently announced growth-stabilization policies i.e. 25bps cut in reserve requirement ratio and the various nationwide property relaxation schemes, have started to feed into the economy. The best performing sectors for September were energy, financials and utilities while the laggards were information technology, industrials and real estate.

Fixed Income:
UST 10Y yield shot higher in September from 4.11% to 4.54%. Investors were concerned about the "higher for longer" mantra and its implication for bond returns. Surging oil and food prices also pressured headline inflation data while US economic data continues to look sanguine.

Global fixed income markets delivered weaker returns during the month given the rise in interest rates, with higher duration sectors being affected more than others. EMHY returns were -0.2%, EMIG returns were -1.3% and DMIG returns were -3.3%. YTD returns remains positive for EMHY and EMIG, but started turning negative for DMIG.

UST yields are set to remain volatile over the next few months while the Fed stays hawkish. While US is likely to avoid falling into recession in 2023, Bank of Singapore's 10Y UST forecast remains 3.25% over a 12 month period as we expect a downturn is still likely in the first half of 2024.

DMIG bond returns were negative in September at -3.3%. Losses came from interest rates rising during the month (US 10Y rose by 43 bps) while credit spreads widened by 3 bps. With headline inflation data skewing higher due to rising oil and food prices, and US economic numbers remaining resilient, investors now expect rates to stay high for an extended period of time. All sectors delivered negative returns, with top underperformers being machinery, transportation and media. Even as Chinese economic data appears to be improving, the overall worsening tone in the country continues to plague firms like Caterpillar and UPS, while sectors with higher duration suffered greater losses from interest rate movements. In contrast, investment companies such as Ares and Blue Owl Capital continued last month's outperformance with lower duration and positive earning headlines. We continue to advocate an overweight on high-quality DM corporate bonds as hedges against rising recession risks.

EMIG bond returns were negative in September at -1.1% with year to date absolute returns of +1.7%. Credit spreads tightened marginally by 4bps during the month but was offset by the UST yield move higher. China remains weighed down by weak sentiments with headlines surrounding the property and LGFV sectors. Elsewhere in Asia, JPM announced the inclusion of India into its flagship GBI-EM index in June 2024. This could potentially boost the domestic capital markets especially for IG issuers. We are neutral EMIG and overall favour high quality issuers with leading market positions or sectors that will benefit from structural growth in the region. Selectively we like positioning in India, Indonesia and South Korea credits with strong balance sheets and liquidity profiles.

EMHY market performed admirably in September in light of the performance of other risk assets and volatility in UST yields. EMHY returned -0.1% in September but outperformed both EMIG and EMHY which returned -1.1% and -1.2% respectively. The performance of EMHY was driven by 30bps of spread tightening which partially offset the 30-40bps increase in UST yields.

Region wise, Asia HY recouped some of August losses and posted 0.6% again thanks to positive performance in China and Hong Kong. Latin America was the main detractor of performance owing to losses in Chile and Colombia. Diversified and Metals & Mining were the best performing industries. On the other hand, Pulp & Paper and Telecom were the worst performing sectors in September. We are neutral in EMHY segment. Regional and country allocation remains the key driver of returns in EMHY. Within EMHY we are Underweight in Asia and Neutral on Latam and CEEMEA regions.

Hawkish comments from the Fed, resilient US economic data and rebound in oil prices contributed to sharp increase in UST yields in September. The expectation of higher UST bond supply to fund the fiscal deficit also contributed to the volatility in UST yields. We do not expect the Fed to raise rates further but UST yields may remain elevated in the near term until the economic growth decelerates meaningfully. The resumption of student loan repayments, decline in budget deficit and falling excess consumer savings point towards growth slowdown in the coming months. Our recession expectations have been pushed towards middle of 2024, which will provide a backdrop for the Fed to cut rates and lower UST yields.

Fund Returns

	Total Returns			
	Class MYR-Hedged BOS		Class USD BOS	
	Fund	Target Fund	Fund	Target Fund
1.1.2023 To 31.3.2023	2.90%	5.10%	-	-
1.4.2023 To 30.6.2023	1.76%	7.67%	-	-
1.7.2023 To 30.9.2023	-4.52%	-3.28%	-	-
1 Year's Period (1.10.2022 To 30.9.2023)	7.29%	13.09%	-	-
Financial Year-To-Date (1.1.2023 To 30.9.2023)	-0.02%	9.46%	-	-
Since Investing Date To 30.9.2023	-18.94%	-4.03%	-	-

	Total Returns			
	Class PP USD		Class PP MYR	
	Fund	Target Fund	Fund	Target Fund
1.1.2023 To 31.3.2023	-	-	-	-
1.4.2023 To 30.6.2023	-	-	-	-
1.7.2023 To 30.9.2023	-	-	-	-
1 Year's Period (1.10.2022 To 30.9.2023)	-	-	-	-
Financial Year-To-Date (1.1.2023 To 30.9.2023)	-	-	-	-
Since Investing Date To 30.9.2023	-	-	-	-

Notes:
- BOSWM Core Growth Fund Class MYR-Hedged BOS – Launch date: 30.4.2020; Investing date: 14.6.2021
- BOSWM Core Growth Fund Class USD BOS – Launch date: 30.4.2020; Investing date: -
- BOSWM Core Growth Fund Class PP USD – Launch date: 16.12.2021; Investing date: -
- BOSWM Core Growth Fund Class PP MYR – Launch date: 16.12.2021; Investing date: -

Source: Lipper, Bloomberg

Asset Allocation

	As At 30 September 2023
Collective Investment Scheme: BOS International Fund – Growth (Class Retail C USD)	96.61%
Cash And Liquid Assets	3.39%
	100.00%

Income Distribution

Nil

Net Asset Value (NAV) Per Unit

(as at 30 September 2023)	
Class MYR-Hedged BOS	RM0.8105
Class USD BOS	-
Class PP USD	-
Class PP MYR Non-Hedged	-

Significant Changes In The State Of Affairs Of The Fund

Nil

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	30.9.2023 USD
Assets	
Investments	925,412
Interest receivable	8
Other receivable	8,190
Cash and cash equivalents	26,907
Total Assets	960,517
Liabilities	
Amount due to Manager	1,118
Other payables	2,221
Financial derivatives	20,521
Total Liabilities	23,860
Net Asset Value Of The Fund	936,657
Equity	
Unitholders' capital	1,300,508
Accumulated losses	(363,851)
Net Asset Value Attributable To Unitholders	936,657
Total Equity And Liabilities	960,517
Net Asset Value Attributable To Unitholders	
- Class MYR-Hedged BOS	936,657
Number Of Units In Circulation (Units)	
- Class MYR-Hedged BOS	5,424,242
Net Asset Value Per Unit (USD)	
- Class MYR-Hedged BOS	0.1727
Net Asset Value Per Unit In Respective Currency	
- Class MYR-Hedged BOS	RM0.8105

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
For The Financial Period From 1 January 2023 To 30 September 2023

	1.1.2023 to 30.9.2023 USD
Investment Loss	
Interest income	625
Net gain on investments	
- Financial assets at fair value through profit or loss	4,083
- Foreign exchange	(4,312)
- Financial derivatives	1,617
Net unrealised loss on changes in value of financial assets at fair value through profit or loss	(46,454)
	(44,441)
Expenses	
Audit fee	1,250
Tax agent's fee	215
Manager's fee	10,599
Trustee's fee	303
Administration expenses	3,269
	15,636
Net Loss Before Taxation	(60,077)
Taxation	-
Net Loss After Taxation, Representing Total Comprehensive Loss For The Period	(60,077)
Total Comprehensive Loss	(60,077)
Total Comprehensive Loss Is Made Up As Follows:	
Realised loss	(13,623)
Unrealised loss	(46,454)
	(60,077)

BOS WEALTH MANAGEMENT MALAYSIA BERHAD 199501006861 (336059-U)
A subsidiary of Bank of Singapore

09-02, Level 9, Imazium
No. 8 Jalan SS 21/37
Damansara Uptown
47400 Petaling Jaya, Selangor
Tel: 03-7712 3000
ContactUs@boswm.com
www.boswealthmanagement.com.my

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.