BOS WEALTH MANAGEMENT
A subsidiary of Bank of Singapore

BOSWM EMERGING MARKET BOND FUND

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

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FUND INFORMATION
As At 30 June 2023

Name Of Fund (Feeder)	: BOSWM Emerging Market Bond Fund
Manager Of Fund	: BOS Wealth Management Malaysia Berhad 199501006861 (336059-U)
Name Of Target Fund	: Lion Capital Funds II – Lion-Bank of Singapore Emerging Market Bond Fund
Investment Manager Of Target Fund	: Lion Global Investors Limited (198601745D) (formerly known as Lion Capital Management Limited)
Sub-Investment Manager Of Target Fund	: Bank of Singapore Limited (197700866R)
Launch Date	: Class MYR – 26 January 2016 Class MYR BOS – 12 September 2019 Class USD BOS – 12 September 2019 The Fund will continue its operations until terminated as provided under Part 11 of the Deed.
Category Of Fund	: Fixed income – feeder fund (wholesale)
Type Of Fund	: Growth and income[□]
Investment Objective	: BOSWM Emerging Market Bond Fund aims to provide capital growth and income[□] in the medium* to long term* by investing in the Target Fund □ *Income is in reference to the Fund's distribution, which will be in the form of cash or units.* * *Medium term is defined as a period of one to three years, and long term is a period of more than three years.*
Performance Benchmark	: Nil – The Fund does not have a performance benchmark assigned.
Distribution Policy	: Subject to the availability of income, distribution of income will be on a quarterly basis.
Fund Size	: Class MYR - 10.97 million units Class MYR BOS - 12.78 million units Class USD BOS - 2,500 units

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

Market And Fund Review
Review Of The Lion Capital Funds II – Lion-Bank Of Singapore Emerging Market Bond Fund (Target Fund Of BOSWM Emerging Market Bond Fund)

January 2023
US 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 25 basis points (bps) 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 HY (EM HY), +2.5% for JPM CEMBI IG (EM IG) and +4.8% for Bloomberg Barclays US (DM IG). Bank of Singapore's 12-month forecast for 10Y US Treasury yields is 3.5%. The US Federal Reserve (Fed) is likely to lift Fed Funds rate by 25bps in March and May to 5.00-5.25% and then keep interest rates unchanged in 2023.

Despite widespread expectations of an impending recession, risk assets rallied into 2023 on expectations of a Fed pivot as inflation showed signs of cooling. 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 for EM |G. Greater China greatly benefitted from the Covid-19 reopening theme alongside supportive macro policies targeting economic growth and the property sector. In EM HY, 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 EM HY segments also saw broad-based rally at the start of 2023, given the stronger technicals and improved market sentiment around the Fed hiking cycle.

Fixed Income now offers more balanced risk-reward after the significant market re-pricing seen 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 sanguine on EM and remain weighted in HY as the current yield environment offers compelling total return opportunities for bond investors through active duration management and rigorous bottom up credit selection.

The Fund continued to stay invested into the new year, maintaining the prudent investment approach to selective rebalance into quality and diversity.

February 2023
US Treasury (UST) yields ended February 2023 higher at 3.9% vs 3.5% at the end of January 2023. Recent key US data were surprisingly strong showing the economy has not cooled enough yet to return inflation to the Federal Reserve (Fed) 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 10-Year UST yields is 3.5% as the US Fed rate hikes slow the economy and push long term yields lower during 2023. The Fed will likely lift interest rates by 25 basis points (bps) in March 2023 and May 2023, and we now expect a 25bps hike in June 2023 too.

The overall investment grade market saw broad-based weakness from technicals and a reversal of January 2023 optimism on a Fed pivot. Latin America underperformed partly due to 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. In high yield, performance was mixed and overall impacted by weak technicals as sentiment 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.

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 EMIG bonds, which are recession hedges and maintain preference for quality credits in EMHY with good carry. We continue to watch key economic data that may shift the Fed's balancing act of managing inflation and growth. The Fund continues to maintain the prudent investment approach to selective rebalance into quality and diversity as we adapt to a slower economic backdrop and potentially less inflationary conditions.

March 2023

US Treasury (UST) yields dropped significantly in March 2023 with the UST 10-Year 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 2023 returns were 0.4% for JPM CEMBI High Yield (EM HY), +1.4% for JPM CEMBI Investment Grade (EM IG) and +3.5% for Bloomberg Barclays US (DM IG). Bank of Singapore's 12-month forecast for 10-Year UST yields is 3.25%, down from the previous 3.5%. The US Federal Reserve (Fed) is likely to hike another 25 basis points in the May 2023 meeting, while pausing for the rest of 2023 to see how economic data pans out.

EM IG bonds registered positive returns across geographies as rates expectations were diminished by the possibility of a US bank crisis and financial contagion. Lower rates were partially offset by IG spreads widening as investors become concerned about the impact of a recession on EM countries. Sector-wise, Financials underperformed as Swiss authorities ruled that Credit Suisse's Additional Tier (AT) 1 debt would be fully written own before equity, in an unprecedented move to rescue the beleaguered Credit Suisse and forcing a marriage with UBS. On the other hand, EM HY performance was mixed and overall impacted by weak technical's as sentiments turned more negative during the month. Riskier AT1 and T2 bank debt sold off as markets repriced the risk of owning these bonds, while the China property sector retreated after a strong start this year. We are broadly neutral on EM IG bonds as valuations are moderately balanced against the backdrop of fairly healthy fundamentals, whilst preferring EM HY bonds with focus on stronger issuers.

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 relied on low borrowing costs. Despite the volatile market conditions, we remain committed to our philosophy of focusing on long-term value. As the Fed rate hike cycle slows, we favour duration. 10-Year UST yields have likely reached a zone where value could emerge for long-term investors with patience. The Fund continues to maintain the prudent investment approach to selective rebalance into quality and diversity ahead of a slower economic backdrop and potentially less inflationary conditions.

April 2023

The 10-Year US Treasury (UST) bond yield ended April 2023 marginally unchanged vs prior month at around 3.4%, after rising to 3.6% intra month. Global credit markets broadly held up well during the month as sentiments stabilised after the recent news related to the banking sector volatility. April 2023 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 10Y UST yields is 3.25%. The US Federal Reserve (Fed) hiked another 25 basis points (bps) in the May 2023 meeting, but may pause for the rest of 2023 subject to how economic data pans out.

EMIG bonds were supported by 11bps spread tightening for the asset class. Spreads were broadly tighter for IG across Asia, Latin America and CEEMEA. 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. 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 bonds, on the other hand, saw +12bps spread widening during the month. China HY credits underperformed due to lack of further policy support, weaker earnings and slower contracted sales improvement. Spreads remain wide for the sector until material fundamental recovery takes place. EM corporate HY default rates reached 1.9% Year-To-Date with EM Europe and Latin America leading the pack.

Going forward, the macro outlook remains uncertain as global markets adjust to a higher rate environment. Inflation remains sticky but we see the Fed closer to pausing its rate hike cycle going into the next few quarters. The cloudy economic backdrop continues to favour a defensive positioning with focus on fundamentally stronger issuers as credit bifurcation remains a main theme. The Fund maintains its prudent investment approach to selective rebalance into quality and diversity as we adapt to a slower economic environment and potentially less-inflationary conditions.

May 2023

The 10-Year US Treasury yield ended May 2023 at 3.64% which was 22 basis points (bps) higher versus 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 2023 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 10-year US Treasury yields is 3.25%. The US Federal Reserve (Fed) hiked another 25bps in the May 2023 meeting, but may pause for the rest of 2023 to see how economic data pans out.

Emerging Markets (EM) IG bond returns were down even though spreads were largely unchanged for the asset class, as 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. EMHY bonds saw +30bps spread widening during the month with the Asian region and Real Estate sector being the key underperformers, down 2.5% and 8.3% respectively. Negative headlines surrounding Dalian Wanda, 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.

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. The Fund trimmed some risks across Asia, Latin America and Middle East in May 2023, as we continue to 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.

June 2023
The 10-Year US Treasury (UST) yield ended June 2023 at 3.84%, which was 20 basis points (bps) 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 US Federal Reserve (Fed) members who indicated that more hikes will be appropriate ahead. June 2023 returns were +1.8% for JPM CEMBI High Yield Index (EM HY), +0.3% for JPM CEMBI Investment Grade Index (EM IG) and +0.6% for Bloomberg Barclays US Index (DM IG). 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. Bank of Singapore's 12-month forecast for 10 year UST yield remains at 3.25%. The Fed was on hold in the June 2023 meeting, but may hike another 25bps in July 2023 and September 2023 depending on how economic data pans out.

In EM IG, spreads tightened by 19bps for the asset class with some gains offset by rising US interest rates during the month as this asset class tends to have longer duration. 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% Year-over-Year, while refinancing concerns on local government financing vehicles continue to build up. Likewise, EM HY bonds 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. We retain our positive view for IG credit amidst global macro uncertainty and the implicit support of a high percentage of quasi-sovereigns (around 35%) in the EM IG universe. In the same vein, we stay prudent towards EM HY bonds and favour a defensive positioning with focus on fundamentally stronger issuers. Credit bifurcation remains a theme this year and we focus on an up-in-quality strategy, preferring the more resilient sectors.

As markets continue to price out recessionary risks and Fed rate cuts, the macroeconomic outlook remains uncertain as stronger US data faces off with hawkish Fed members seeking further hikes. Inflation remains sticky, the Fed likely needs to see the strong labour market cool down before calling an end to the hiking cycle. In spite of the continued volatility, global fixed income markets continue to offer compelling opportunities although we believe in being highly-selective given late cycle dynamics. We lean defensive in our asset allocation, with the Fund modestly overweight cash, whilst maintaining its prudent investment approach to selective rebalance into quality and diversity as we adapt to a slower economic environment and potentially less-inflationary conditions.

Fund Returns

	Total Returns					
	Class MYR		Class MYR BOS		Class USD BOS	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
1.1.2023 To 31.3.2023	-0.88%	-0.02%	-0.88%	-0.02%	-0.54%	-0.18%
1.4.2023 To 30.6.2023	-3.24%	2.86%	-2.96%	2.86%	-2.72%	-2.76%
1 Year's Period (1.7.2022 To 30.6.2023)	-2.80%	6.20%	-3.16%	6.20%	-0.77%	0.28%
3 Years' Period (1.7.2020 To 30.6.2023)	-16.67%	-6.86%	-18.27%	-6.86%	-16.20%	-14.49%
5 Years' Period (1.7.2018 To 30.6.2023)	-9.66%	9.24%	-	-	-	-
Financial Year-To-Date (1.1.2023 To 30.6.2023)	-4.10%	2.84%	-3.81%	2.84%	-3.25%	-2.94%
Since Investing Date To 30.6.2023	-2.28%	18.34%	-18.48%	-3.89%	-4.60%	-14.22%

Note:
- BOSWM Emerging Market Bond Fund Class MYR – Launch date: 26.1.2016; Investing date: 2.3.2016
- BOSWM Emerging Market Bond Fund Class MYR BOS – Launch date: 12.9.2019; Investing date: 12.9.2019
- BOSWM Emerging Market Bond Fund Class USD BOS – Launch date: 12.9.2019; Investing date: 12.9.2019

Source: Lipper, Bloomberg

Asset Allocation

	As At 30 June 2023
Collective Investment Scheme:	
Lion Capital Funds II – Lion-Bank of Singapore Emerging Market Bond Fund USD Class C (Distribution) and/or USD Class C (Accumulation)	97.85%
Cash And Liquid Assets	2.15%
	100.00%

Income Distribution

Nil

Net Asset Value (NAV) Per Unit

(as at 30 June 2023)

Class MYR	RM0.8780
Class MYR BOS	RM0.7899
Class USD BOS	USD0.9540

Significant Changes In The State Of Affairs Of The Fund

Nil

UNAUDITED STATEMENT OF FINANCIAL POSITION
As At 30 June 2023

	30.6.2023 RM
Assets	
Investments	20,497,803
Interest receivable	92
Other receivables	36,543
Cash and cash equivalents	407,228
Total Assets	20,941,666
Liabilities	
Amount due to Manager	9,372
Other payables	10,788
Financial derivatives	1,186,736
Total Liabilities	1,206,896
Net Asset Value Of The Fund	19,734,770
Equity	
Unitholders' capital	26,562,105
Accumulated losses	(6,827,335)
Net Asset Value Attributable To Unitholders	19,734,770
Total Equity And Liabilities	20,941,666

UNAUDITED STATEMENT OF FINANCIAL POSITION (continuation)
As At 30 June 2023

	30.6.2023 RM
Net Asset Value Attributable To Unitholders	
- Class MYR	9,632,989
- Class MYR BOS	10,090,659
- Class USD BOS	11,122
	19,734,770
Number Of Units In Circulation (Units)	
- Class MYR	10,972,555
- Class MYR BOS	12,775,878
- Class USD BOS	2,500
Net Asset Value Per Unit (MYR)	
- Class MYR	0.8780
- Class MYR BOS	0.7899
- Class USD BOS	4.4488
Net Asset Value Per Unit In Respective Currencies	
- Class MYR	RM0.8780
- Class MYR BOS	RM0.7899
- Class USD BOS	USD0.9540

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

	1.1.2023 to 30.6.2023 RM
Investment Loss	
Interest income	6,602
Net gain on investments	
- Financial assets at fair value through profit or loss	(48,081)
- Foreign exchange	(2,499)
- Financial derivatives	815,411
Net unrealised loss on changes in value of financial assets at fair value through profit or loss	(1,506,563)
	(735,130)
Expenses	
Audit fee	3,668
Tax agent's fee	1,489
Manager's fee	46,701
Trustee's fee	4,184
Administration expenses	11,861
	67,903
Net Loss Before Taxation	(803,033)
Taxation	(4,635)
Net Loss After Taxation, Representing Total Comprehensive Loss For The Period	(807,668)
Total Comprehensive Loss	(807,668)
Total Comprehensive Loss Is Made Up As Follows:	
Realised income	698,895
Unrealised loss	(1,506,563)
	(807,668)

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INSTITUTIONAL UNIT TRUST ADVISERS (IUTA)
For more details on the list of appointed IUTA (if any), please contact the Manager. Our IUTA may not carry the complete set of our funds. Investments made via our IUTA may be subject to different terms and conditions.

IMPORTANT NOTICES

Beware of phishing scams
Kindly be alert of any email or SMS that requires you to provide your personal information and/or to login to your account via an unsolicited link. Do not click on email links or URLs without verifying the sender of the email. Please ensure the actual internet address is displayed i.e. www.boswealthmanagement.com.my

If you suspect your account may be compromised and/or would like to seek clarification, please contact us as above.

Update of particulars
Investors are advised to furnish us with updated personal details on a timely basis. You may do so by downloading and completing the Update of Particulars Form available at www.boswealthmanagement.com.my, and e-mail to ContactUs@boswm.com . Alternatively, you may call us as above.