



**BOS WEALTH  
MANAGEMENT**

*A subsidiary of Bank of Singapore*

# **BOSWM CORE GROWTH FUND**

**ANNUAL REPORT**

**For the financial year ended 31 December 2025**

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## **FUND INFORMATION**

### **As at 31 December 2025**

|                                   |   |  |
|-----------------------------------|---|--|
| Name of Fund (Feeder)             | : | BOSWM Core Growth Fund   |
| Manager of Fund                   | : | BOS Wealth Management Malaysia Berhad<br>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 Asset Management (Europe) S.A.   |
| Launch Date                       | : | Class MYR-Hedged BOS – 30 April 2020<br>Class USD BOS – 30 April 2020<br>Class PP USD – 16 December 2021<br>Class PP MYR Non-Hedged – 16 December 2021 |
|                                   |   | As at 31 December 2025, 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.                 |
|                                   |   | <i>Income is in reference to the Fund's distribution, which could be in the form of cash or unit.</i>  |
| Performance Benchmark             | : | Nil – The Fund does not have a performance benchmark assigned.   |
| Distribution Policy               | : | Incidental, subject to Manager's discretion.   |
| Fund Size                         | : | Class MYR-Hedged BOS – 5.42 million units<br>Class USD BOS – Nil<br>Class PP USD – Nil<br>Class PP MYR Non-Hedged – Nil                                |

**FUND PERFORMANCE****Financial Highlights**

| <b>Category</b>                                  | <b>As At<br/>31.12.2025</b> | <b>As At<br/>31.12.2024</b> | <b>As At<br/>31.12.2023</b> |
|--|-----------------------------|-----------------------------|-----------------------------|
|  | <b>%</b>                    | <b>%</b>                    | <b>%</b>                    |
| <b>Collective Investment Scheme</b>              | 93.76                       | 100.65                      | 94.31                       |
| <b>Cash And Islamic Money Market Instruments</b> | 6.24                        | (0.65)                      | 5.69                        |
| <b>Total</b>                                     | 100.00                      | 100.00                      | 100.00                      |

**Class MYR-Hedged BOS**

|   |        |        |        |
|---|--------|--------|--------|
| Net Asset Value (USD'000)                   | 1,408  | 1,164  | 1,022  |
| Number Of Units In Circulation (Units '000) | 5,424  | 5,424  | 5,424  |
| Net Asset Value Per Unit (USD)              | 0.2597 | 0.2146 | 0.1885 |
| Net Asset Value Per Unit (RM)               | 1.0538 | 0.9588 | 0.8648 |
| Total Expense Ratio ("TER")                 | 2.30%  | 2.28%  | 2.31%  |
| Portfolio Turnover Ratio (times)            | 0.03   | 0.05   | 0.09   |

The TER for the current financial year is higher due to a higher percentage of increase in expenses compared with the average NAV attributable to unitholders. The Fund does not charge performance fee.

The Portfolio Turnover Ratio for the current financial year is lower due to decrease in investing activities.

Notes:

*The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.*

## FUND PERFORMANCE

### For the Financial Year Ended 31 December 2025

#### Market and Fund Review

*Review of BOS International Fund – Growth (Target Fund of BOSWM Core Growth Fund)*

#### January 2025

##### **General:**

The BOS International Growth Fund returned 1.38% in January.

Despite headlines related to the emergence of DeepSeek's Large Language Model and the associated volatility in the technology hardware complex in January, equity markets delivered positive returns for the month, with Europe leading the way. The decline in UST yields towards the end of the month aided positive returns across fixed income markets.

##### **Equities:**

Despite AI-related hardware concerns on the back of DeepSeek's technological advances, equity markets were positive in January. Europe led the way delivering 7.23%. The US and Asia (Far East ex-Japan) returned 3.04% and 1.97% respectively, while Japan was the relative laggard delivering 0.07% (Source: Bloomberg; in USD terms).

Macroeconomic data releases remain reasonable on the whole, while Tariff concerns from the Trump administration also weighed on global equity markets into the end of the month.

The US market trades on forward price-to-earnings ratio of 22.3x. Japan trades at 15.1x, while Europe and Asia (Far-East ex-Japan) trade at 14.3x and 11.5x respectively.

In the US, Value outperformed Growth in January with the MSCI US Value Index (+4.42%) leading the MSCI US Growth Index (+1.80%) for the month. The Dow Jones Industrial Average Index (+4.78%) outperformed the S&P 500 Index (+2.78%) for January, while the tech heavy NASDAQ Composite Index (+1.66%) underperformed for the month (Source: Bloomberg; in USD terms). The best performing sectors for January were Communication Services, Financials and Health Care, while Consumer Staples, Real Estate and Information Technology were the laggards. The annual inflation rate in the US rose for a 3rd consecutive month to 2.9% in December 2024 from 2.7% in November, in line with market expectations. This year-end rise was partly driven by low base effects from last year, particularly for energy. Energy costs declined much less (-0.5% vs -3.2% in November), mainly due to gasoline (-3.4% vs -8.1%), fuel oil (-13.1% vs -19.5%) and natural gas (4.9% vs 1.8%).

In Europe, The HCOB Eurozone Manufacturing PMI was revised up to 46.6 in January 2025, beating the preliminary estimate of 46.1 and improving from 45.1 in December. While the index remained in contractionary territory, it signalled the slowest decline in manufacturing activity since May 2024. Both output and new orders fell at their weakest pace since May, while employment levels continued to decline, with job shedding accelerating slightly. The annual inflation rate in the Euro Area edged up to 2.5% in January 2025 from 2.4% in December, slightly above market expectations of 2.4%, a preliminary estimate showed. It was the highest inflation rate since July 2024, driven primarily by a sharp acceleration in energy costs (1.8% vs 0.1% in December). Meanwhile, inflation for non-energy industrial goods remained steady at 0.5%, while price increases slowed for both services (3.9% vs 4.0%) and food, alcohol, and tobacco (2.3% vs 2.6%). The best performing sectors were Information Technology, Communication Services and Financials, while Real Estate, Utilities and Consumer Staples were the laggards.

Asian equities declined by almost 4% by mid-January, mirrored by a surge in 10y US Treasury yields to almost 4.8%, as investors began the new year expressing deep concerns over the path of US trade policies as well as the Fed's potential response to them. President Trump's call for the US to take Greenland, Canada and the Panama Canal added to background noise and general unease. Benign US Producers' and Consumers' Price Indices readings for December caused a market turnaround in the second half of the month, helped by less severe than feared trade policy proclamations immediately after his inauguration by President Trump. Other notable positives include the expansion of consumer goods trade-in program coverage in China, the loosening of political gridlock in Seoul, as well as the surprise 25 bps interest cut by Bank Indonesia on 15 January.

There were no new purchases or outright sales for January. Key contributors for January included Citigroup Inc., Agilent Technologies, Waters Corp, Alphabet Inc and TSMC while detractors included Tencent, Booking Holdings, ServiceNow Inc, Teradyne Inc and Nvidia Corp.

#### **Fixed income:**

US treasuries initially sold off as the selloff in UK gilts, front-loaded supply before Trump's inauguration and signs of renewed inflation saw 10y and 30y hit fresh highs of 4.8% and 5% respectively. A softer-than-expected US CPI report kicked off a reversal in sentiments before Trump's tariffs and trade war fears drove risk assets and yields down. 2 to 10y treasury yields moved down by 3 to 5 basis points while 30y yield closed flattish at 4.78%. The Fed held rates as expected and FOMC minutes revealed a data dependent as well as a wait-and-see Elsewhere, the BOJ hiked and revised up its inflation forecasts while the ECB cut rates despite a recent uptick in inflation.

Spreads broadly tightened over the month on healthy supply and major bond indices were up for the month with USHY +1.37%, EMHY +0.86%, EMIG +0.63%, JACI +0.46 and DMIG +0.62%.

DMIG strategy was up 0.64% in January, slightly ahead of the benchmark's 0.62%. DMIG spreads tightened 2bps as financials outperformed while utilities lagged due to longer exposures within the sector. In line with Investment Manager of Target Fund House View, the strategy's lower exposure in long-end papers contributed. Credit selection also contributed across as the strategy's higher spread beta benefitted from the broad tightening across sectors. Sector wise, selection within technology and underweight in utilities contributed +1 bp and +3bps respectively while their lower allocation to the banking sector cost them 2bps. They pared back some of their chemicals and energy overweight over the month, while taking the opportunity to extend mid-month by adding some intermediate-term financials including the recent ABN Amro and Morgan Stanley issues. Looking ahead, Investment Manager of Target Fund will look to opportunistically reduce their duration underweight against the benchmark. For credit, they continue to favour issuers with strong credit fundamentals to shield against credit spreads volatility.

US10Y yield fell by -3bps while EMIG credit spreads widened by 3bps. However, US10 yield was volatile intra-month, hitting highs of 4.80% mid-month. Investment Manager of Target Fund took the opportunity to pare their duration underweight back to neutral and also increased their exposure to Chilean miners. The EMIG strategy underperformed by -4bps in January, losing -2bps and -5bps to yield curve and security selection respectively, while gaining 4bps from asset allocation. In terms of asset allocation, they overweights in India and Indonesia and underweight in Saudi Arabia contributed to performance while overweights in Romania and UAE and underweight in UK detracted from performance. In terms of security selection, overweights in the Adani Group and Mexican REITs contributed to performance while overweights in Hysan and Aeropuerto Internacional de Tocumen (Panama) detracted from performance. Looking forward, they continue to favour exposures to EM sovereigns,

quasi-sovereigns and supranational entities. They are neutral in EMIG as risk-rewards appear more balanced with tighter spreads but higher overall yields.

The stability in UST yields and 14bps of spread tightening drove performance of EMHY in January. EMHY returned 0.86% outperforming EMIG (0.63%), but underperformed USHY. In January, Investment Manager of Target Fund added into Macau gaming and reduced exposure to India. They added some of the new issues from Turkey and financials into the portfolio. They increased exposure to EM Sovereigns to take advantage of wider spread levels in certain credits. EMHY strategy outperformed the benchmark in January, aided by security selection which more than offset the negative contribution from allocation. They Underweight position in Hong Kong and Overweight in Brazil aided relative performance. In terms selection, holdings in FWD, Macau gaming and Brazilian sovereign contributed to performance. Their allocation to South Africa sovereign and Mexico detracted from performance. Looking ahead, they see value in EMHY sovereign bonds as well as in the new issues. They may look to add exposure to higher quality credits in the segment. They are Neutral on EMHY on valuation grounds.

## **February 2025**

### **General:**

The BOS International Growth Fund returned -0.76% in February.

Markets were mixed for the month of February, with tariff risk and growth concerns leading to volatility into month end. European and Asian bourses delivered positive returns for the month, while the US and Japan equity markets delivered negative returns. The decline in UST yields towards the end of the month aided positive returns across fixed income markets.

### **Equities:**

Equity markets delivered a mixed bag in February. Europe and Asia (Far East ex-Japan) delivered 3.42% and 3.45% on valuation attraction, while the US delivered a negative return of -1.58% as growth and trade war concerns mounted. Japan also delivered -1.20% for the month (Source: Bloomberg; MSCI indices USD terms).

Macroeconomic data releases saw some incremental weakness, while tariff concerns from the Trump administration also weighed on global equity markets into the end of the month.

The US market trades on forward price-to-earnings ratio of 21.9x. Japan trades at 15.0x, while Europe and Asia (Far-East ex-Japan) trade at 14.7x and 11.8x respectively.

In the US, Value outperformed Growth in February with the MSCI US Value Index (+0.90) leading the MSCI US Growth Index (-3.85%) for the month. The Dow Jones Industrial Average Index (-1.39%) underperformed the S&P 500 Index (-1.30%) for February, while the tech heavy NASDAQ Composite Index (-3.91%) underperformed for the month (Source: Bloomberg; in USD terms). The best performing sectors for February were Consumer Staples, Real Estate and Energy, while Information Technology, Communication Services and Consumer Discretionary were the laggards. The annual inflation rate in the US edged up to 3% in January 2025, compared to 2.9% in December 2024, and above market forecasts of 2.9%, indicating stalled progress in curbing inflation. Energy costs rose 1% year-on-year, the first increase in six months, after a 0.5% fall in December, mainly due to gasoline (-0.2% vs -3.4%), fuel oil (-5.3% vs -13.1%) and natural gas (4.9% vs 4.9%).

In Europe, the HCOB Eurozone Manufacturing PMI rose to 47.6 in February 2025, surpassing the preliminary estimate of 47.3 and improving from January's 46.6. While the sector remained in contraction, the downturn was the mildest since early 2023. Germany, France, Italy, and Austria saw slower rates of decline, while the Netherlands stabilized after seven

months of contraction, and Ireland recorded stronger expansion. In contrast, Spain's factory activity shrank for the first time in over a year.

The annual inflation rate in the Euro Area eased to 2.4% in February 2025, down from a six-month high of 2.5% in January but slightly above market expectations of 2.3%, according to a preliminary estimate. Price growth slowed for services (3.7% vs. 3.9% in January) and energy (0.2% vs. 1.9%), while inflation picked up for unprocessed food (3.1% vs. 1.4%) and non-energy industrial goods (0.6% vs. 0.5%).

The best performing sectors for February were Financials, Communication Services and Consumer Staples, while Consumer Discretionary, Real Estate and Information Technology were the laggards.

The aftereffects from Chinese Artificial Intelligence (AI) model DeepSeek's release rippled out across the Chinese equity market in February, lifting many downstream and adjacent sectors to AI. Meanwhile, news of the remarkable box office success of Chinese animation film Ne Zha 2 cast a positive light over the state of Chinese consumption while a meeting hosted by President Xi for China's top entrepreneur's mid-month created the optic that the Chinese government will be more supportive of the private sector going forward. These catalyzed a surge in A-shares as well as Southbound flows into H-shares. Chinese equities gained almost 12% in the month and was the main driver for the 3.3% gain in Asian equities in February. Outside of China, other catalysts include the 200-bps cut in the Reserve Requirement Ratio by the Bangko Sentral ng Philipinas (BSP), as well as the much anticipated first rate cut by the Reserve Bank of Australia (RBA) since the end of the pandemic.

There were no new purchases or outright sales for January. Key contributors for February included Tencent, Kimberly-Clark, Ecolab Inc, Nivida Corp and Booking Holdings while detractors included Salesforce Inc, Agilent Technologies, TSMC, Alphabet Inc, and Illumina Inc.

#### **Fixed income:**

US Treasuries rallied sharply in the month of February with yields moving down by 20 to 34 basis points on the back of trade war fears and mounting concerns over the economy. 10y yield hit a high of 4.6% following higher-than-expected CPI before a slew of weak macro data and sentiments drove the 10y down to close at 4.2%.

Spreads widened over the month on the back of the strong rates move and risk assets selling off. Major bond indices posted strong returns for the month with USHY +0.67%, EMHY +1.63%, EMIG +1.7%, JACI +1.73% and DMIG +1.83%.

DMIG strategy was up 1.57% in February, underperforming the benchmark's 1.83% by 0.26%. US treasuries initially sold off as new Treasury Secretary Scott Bessent elected to keep the existing composition of issued debt in his first quarterly refunding announcement. A hotter-than-expected US CPI further drove yields up before the largest US retail sales drop in two years kicked off a reversal in sentiments. Weak jobs, and housing data followed before Trump's tariffs and trade war fears drove risk assets and yields down. Elsewhere, the BOE cut rates expectedly with two officials calling for a bigger rate cut as the UK economy remained sluggish. The strategy's lower exposure to longer papers accounted for the bulk of the lower upside beta. The Investment Manager of Target Fund took the opportunity to switch out of some higher yielding long papers during the month as they sold into the rally. They trimmed spread duration by about 0.1y which helped as spreads widened to end the month.

US 10Y yield fell by -33bps while EMIG credit spreads widened by 9bps. However, US 10Y yield was volatile intra-month, hitting highs of 4.65% mid-month before closing the month at 4.21%. Paring back the duration underweight back to neutral in January helped to avoid

underperformance and the Investment Manager of Target Fund may reduce duration if there's further rally in US 10Y yield. The EMIG strategy outperformed by 7bps in February, gaining 6bps and 14bps from yield curve and security selection respectively, while losing -7bps to asset allocation. In terms of asset allocation, the underweight in China and overweight in Indonesia detracted from performance while underweight in Saudi Arabi and overweight in India contributed to performance. In terms of security selection, overweights in Hysan and Adani entities contributed to performance while overweights in Genting detracted from performance. Looking forward, they continue to favour exposures to EM sovereigns, quasi-sovereigns and supranational entities. They are neutral in EMIG as risk-rewards appear balanced with tighter spreads but higher overall yields.

The sharp rally in UST yields anchored the performance of EMHY in February. EMHY returned 1.6%, bringing 2025 returns to 2.5%. In February, the Investment Manager of Target Fund reduce their Overweight position in India due to tight valuation levels. They increased the allocation to Hong Kong via the gaming sector and increased weight in Turkey. They increased allocation to Supranationals and Argentina. EMHY strategy underperformed the benchmark by 35bps in February primarily attributed to Underweight in riskier segments of the market. Unrated and CCC segments outperformed owing to idiosyncratic credit events. The Overweight position in Brazil, Morocco and India contributed positively to relative performance. The Underweight position in Hong Kong, China and Argentina detracted relative performance. Holdings in Ecopetrol, Brazil and South African sovereign contributed most to the performance. The Underweight in Hong Kong and China Real Estate names detracted performance. Looking ahead, they continue to commit to the quality bias in credit selection in EMHY. They are Neutral on EMHY on valuation grounds.

Policy uncertainties regarding tariffs and weak economic data have driven 10-year yields to their lowest levels this year. Although short-term growth risks have risen, the Investment Manager of Target Fund expect the US economy to grow at a solid 2.2% in 2025. Tariff policies may complicate the inflation outlook and potential further Fed easing. They foresee a steepening yield curve, with 10-year yields potentially reaching 5%. As yields approach the low 4% range, they may tactically reduce duration in their portfolios. Consistent with the cautious stance on UST yields, they are Underweight DMIG while remaining Neutral on EMIG and EMHY.

## **March 2025**

### **General:**

The BOS International Fund - Growth returned -4.06% in March.

Further tariff risk and growth concerns led to market volatility again in March. More attractively valued equity markets of Europe, Japan and Asian outperformed the US market for the month. US Treasury (UST) yields were largely unchanged while spreads widened slightly, leaving flat returns across fixed income markets.

### **Equities:**

Equity markets sold off in March on the back of ongoing trade uncertainty and slowing macroeconomic data. With fuller valuations and less room for error, the US market led the selling (-5.87%). Asia, Japan and Europe returned -2.20%, -0.52% and -3.90% respectively. (Source: Bloomberg; MSCI indices USD terms).

Macroeconomic data releases saw some incremental weakness, while tariff concerns from the Trump administration also weighed on global equity markets throughout the month of March.

The US market trades on forward price-to-earnings ratio of c20.4x. Japan trades at 14.5x, while Europe and Asia (Far- East ex-Japan) trade at 14.1x and 11.5x respectively.

In the US, Value outperformed Growth in again March with the MSCI US Value Index (-2.49%) leading the MSCI US Growth Index (-9.04%) for the month. The Dow Jones Industrial Average Index (-4.06%) outperformed the S&P 500 Index (-5.63%) for March, while the tech heavy NASDAQ Composite Index (-8.14%) underperformed for the month (Source: Bloomberg; in USD terms). The best performing sectors for March were Energy, Utilities and Health Care while Communication Services, Consumer Discretionary and Information Technology were the laggards. The annual inflation rate in the US eased to 2.8% in February 2025 from 3% in January, below forecasts of 2.9%. Energy costs declined 0.2% year-on-year, following a 1% rise in January which was the first increase in six months. Gasoline (-3.1% vs -0.2%) and fuel oil (-5.1% vs -5.3%) were lower while natural gas prices soared (6% vs 4.9%). Inflation also slowed for shelter (4.2% vs 4.4%), used cars and trucks (0.8% vs 1%), transportation (6% vs 8%) while prices continued to fall for new vehicles (-0.3% vs -0.3%).

In Europe, the Hamburg Commercial Bank (HCOB) Eurozone Manufacturing Purchasing Manager's Index (PMI) climbed to 48.7 in March 2025, the highest in 26 months, up from 47.6 in February and exceeding forecasts of 48.2, preliminary data showed. Manufacturing output expanded for the first time in two years and at the fastest pace since May 2022. Despite this improvement, new orders continued to decline, though job cuts in the sector slowed. Input costs rose at a subdued rate but marked their sharpest increase since last August, while output prices climbed for the first time in seven months. The inflation rate in the euro area decreased to 2.30 percent in February from 2.50 percent in January of 2025. Inflation Rate in Euro Area averaged 2.23 percent from 1991 until 2025, reaching an all-time high of 10.60 percent in October of 2022 and a record low of -0.60 percent in July of 2009. The best performing sectors for March were Utilities, Energy and Financials, while Health Care, Information Technology and Consumer Discretionary were the laggards.

Chinese equities were boosted in the month by a moderately positive outcome from the country's 'two-sessions' early in the month, where the Chinese government revealed a Gross Domestic Product (GDP) growth target of around 5% and fiscal deficit of about 4%, an increase of one percentage point year-over-year. In general, the government revealed measures aimed at boosting consumption, and measures to attract foreign investment, stimulate the green transition and mitigate financial risks. Indonesian stocks managed a positive return in March, as they rebounded from oversold levels after the passage of a controversial 'military law' that, among other provisions, allow active military officers to take up key civilian positions without first leaving the military. The movement of the law through Parliament had caused civil unrests, while rumours that the well-regarded finance minister Sri Mulyani had resigned also contributed to sentiment that caused the Jakarta Composite Index to drop more than 7% at one point on March 18 after trading resumed after a 30-minute halt.

There were no new purchases or outright sales for March. Key contributors for the month included Tencent, Enel, Samsung and Kimberly Clark Corp, while detractors included ServiceNow Inc, Teradyne Inc, Nvidia Corp, and Alphabet.

#### **Fixed income:**

In a month dominated by headlines surrounding tariffs and geopolitical concerns, the curve steepened as the long-end underperformed on the back of expected inflationary pressures. The steepening move came despite strong 10-year and 20-year Treasury auctions. Short-end yields were anchored by Fed funds rate expectations as US Consumer Price Index (CPI) came in lower after the uptick in January's numbers. Elsewhere, the European Central Bank (ECB) and Bank of Canada cut rates by 25bps as expected. 10y yields were unchanged at 4.21% while 30y yields rose 8bps to 4.57%.

Spreads widened over the month as risk assets sold off. Global High Yield (HY) widened by 50bps, with US HY CCC and B segments widening by 110bps and 65bps respectively. Major bond indices were mixed for the month with US High Yield (USHY) -1%, Emerging Market High Yield (EMHY) 0.01%, Emerging Market Investment Grade (EMIG) 0.16% and Developed Market Investment Grade (DMIG) -0.24%.

DMIG strategy was down -0.2% in March, in line with benchmark performance at -0.2%. Spreads widened over the month as risk assets sold off on tariff fears. The strategy's lower exposure to longer papers accounted for the bulk of the outperformance. By selling higher yielding long papers in February's rally, that contributed to performance as US Investment Grade (USIG) spreads widened by 7bps following US HY's 50bps move. With the broad widening move, the Investment Manager of Target Fund added a couple of corporate hybrids with strong structures and some recent new issues from quality corporates over the month.

EMIG strategy was flat in March, underperforming benchmark performance at 0.2%. In terms of asset allocation, the Investment Manager of Target Fund overweights in Indonesia and India detracted from performance while underweight in Hong Kong and overweight in United Arab Emirates (UAE) contributed to performance. In terms of security selection, overweights in Hysan, Cheung Kong Infrastructure and Abu Dhabi Government detracted from performance while overweights in Mexico City Airport and Mexico Generadora de Energia contributed to performance. They continue to favour exposures to EM sovereigns, quasi-sovereigns and supranational entities. They are neutral in EMIG as risk-rewards appear balanced with tighter spreads but higher overall yields. Increasing risk-off tone caused by uncertainty in US tariff policies can drive a flight-to-safety bid and they are keeping with a duration overweight in the near-term.

EMHY strategy outperformed the benchmark (10bps) in March. Healthy carry more than offset the 17bps of spread widening EMHY in March. Positive selection effect and allocation were the key driver of performance. They Investment Manager of Target Fund Overweight position in Brazil and Mexico as well as Underweight allocation to Turkey contributed positively to relative performance. Their lower beta positioning in Hong Kong and China detracted from relative performance in March. Their positioning in the long end of the yield curve detracted from the performance as 30yr yields underperformed. They continued to reduce Overweight position in India owing to valuation levels. They also reduced their out-of-benchmark Overweight in Dominican Republic. They continued to increase allocation to Hong Kong and Macau gaming sector. Tariff announcements and geopolitical uncertainties may increase macro related risks in EM countries. They aim to manage the increased level of volatility via quality bias in credit selection and in country allocation. They are Neutral on EMHY on valuation grounds. Policy uncertainties on tariffs and their potential economic implications have heightened the volatility in UST yields. Rising concerns over potential growth deceleration has pushed yields lower in 1Q25. Their base case scenario of Reciprocal tariffs could lead to deceleration in growth; however, they see US economy avoiding a recession. They also expect inflation to stay elevated, limiting further easing by Fed. Such an outcome should lead to 10yr yields moving towards 5% levels. Consistent with their cautious stance on UST yields, they are Underweight DMIG while remaining Neutral on EMIG and EMHY.

## **April 2025**

### **General:**

The BOS International Fund - Growth returned -0.42% in April.

Following a sell-off after President Trump's "Liberation Day" tariff announcements, equity markets rebounded strongly for the rest of the month, particularly in Europe and Japan. US

and Asian markets ended the month slightly down. Fixed income performance was mixed, with high yield underperforming investment grade. Favourable movements in UST yields mitigated the impact of wider spreads in investment grade market.

### **Equities:**

Equity markets whipsawed in April on the back of President's Trump's "Liberation Day" tariff announcements. Europe (+4.32%) and Japan (+5.44%) led the rebound, while the US (-0.51%) and Far East Asia ex-Japan (-0.33%) finished April only modestly down. (Source: Bloomberg; MSCI indices USD terms).

After correcting by c.10% in early April, markets rebounded strongly for the rest of April, as markets looked through to negotiated outcomes, and started pricing better than "worst case" tariff outcomes.

The US market trades on forward price-to-earnings ratio of c21.9x. Japan trades at 15.1x, while Europe and Asia (Far- East ex-Japan) trade at 15.4x and 12.0x respectively.

In the US, Growth outperformed Value in April with the MSCI US Growth Index (+3.18%) leading the MSCI US Value Index (-3.58%) for the month. The Dow Jones Industrial Average Index (-3.08%) underperformed the S&P 500 Index (-0.68%) for April, while the tech heavy NASDAQ Composite Index (+0.88%) outperformed for the month (Source: Bloomberg; in USD terms). The best performing sectors for April were Information Technology, Consumer Staples and Communication Services, while Financials, Health Care and Energy were the laggards. The annual inflation rate in the US eased for a second consecutive month to 2.4% in March 2025, the lowest since September, down from 2.8% in February, and below forecasts of 2.6%. Prices for gasoline (-9.8% vs -3.1%) and fuel oil (-7.6% vs -5.1%) fell more while natural gas prices soared (9.4% vs 6%).

Inflation also slowed for shelter (4% vs 4.2%), used cars and trucks (0.6% vs 0.8%), and transportation (3.1% vs 6%) while prices were unchanged for new vehicles (vs -0.3%). On the other hand, inflation accelerated for food (3% vs 2.6%).

In Europe, the Hamburg Commercial Bank (HCOB) Eurozone Manufacturing Purchasing Manager's Index (PMI) inched higher to 49 in April of 2025 from 48.6 in the previous month, reflecting the softest pace of contraction in factory activity in over two years, and revised higher from the preliminary estimate of 48.7. New orders continued to contract amid a sharp decline in export orders, owed to the sharp appreciation of the euro in the period and weak macroeconomic conditions due to trade war concerns in the US and China. Consumer price inflation in the Euro Area remained steady at 2.2% in April 2025, slightly exceeding market expectations of 2.1% and hovering just above the European Central Bank (ECB) 2.0% target midpoint, according to a preliminary estimate. A sharper drop in energy prices (-3.5% vs. -1.0% in March) was offset by faster inflation in services (3.9% vs. 3.5%) and food, alcohol, and tobacco (3.0% vs. 2.9%). Prices for non-energy industrial goods rose by 0.6%, unchanged from March. The best performing sectors for April were Real Estate, Utilities, Energy and Consumer Staples, while Health Care, Consumer Discretionary and Energy were the laggards.

In Asia, economic data released in the month were mixed. On the one hand, China's first quarter Gross Domestic Product (GDP) growth of 5.4% was ahead of expectations of 5.1%. On the other hand, Korea's first quarter GDP negatively surprised after contracting by 0.1%. In addition, Singapore downgraded its 2025 economic outlook midmonth. It now expects GDP growth of only 0-2% from the previous forecast of 1-3%. For broader context, the International Monetary Fund (IMF) also downgraded its global economic growth outlook at the conclusion of its recent meeting, from 3.3% in 2005 and 2006 to 2.8% in 2025 and 3% in 2026. In Asia, only China equities posted negative returns and was the worst performer. All other markets rose - Thailand, the Philippines and Indonesia led with gains above 5%. The most plausible

explanation of this unlikely outcome to the month is the net outflow from USD equities. In the end, Asia remained robust and slightly more resilient.

There were no new purchases or outright sales for April. Key contributors for the month included ServiceNow Inc, Booking Holdings and Alphabet Inc, while detractors included defensive names such as Intertek Group, Kimberly-Clark, and Bunzl plc.

#### **Fixed income:**

Trump's tariff announcements on 'Liberation Day' were worse than feared and risk assets sold off sharply. 10y Treasury yield hit a low of 4% before the 90-day tariff reprieve helped ease market jitters. Ultimately, the US Treasury curve steepened for the month with the 2y down 28bps to 3.6% and the 30y up 10bps to 4.7%. Elsewhere, the European Central Bank and Reserve Bank of New Zealand cut rates by 25bps as expected.

Credit spreads widened and riskier segments underperformed. Investment grade bond indices recovered to finish in the green with Emerging Market Investment Grade (EMIG) +0.07%, Developed Market Investment Grade (DMIG) +0.07% while Emerging Market High Yield (EMHY) lagged at -1.17%.

DMIG strategy was up 0.11% in April, bringing YTD performance to 2.10% against the benchmark's 2.24%. Spreads widened over the month as lower quality segments underperformed. The strategy's lower exposure to longer papers contributed as long-end rates sold off along with risk assets in a steepening move while the higher allocation to the BBB bucket did not help. The Investment Manager of Target Fund reduced their exposures in cyclical sectors further as the outcome of tariff negotiations remain uncertain. With the broad widening move, they added a couple of quality financials and attractive subordinated structures during the month.

EMIG strategy returned -0.02% in April, bringing YTD performance to 2.25%. EMIG strategy returned -0.02% in April, bringing YTD performance to 2.25%. Spreads widened over the month as lower quality and higher beta segments underperformed. The strategy's ~12% allocation to sovereigns and supranationals contributed for the month as they held up better relative to corporates. Country-wise, selection within India credits helped due to the bias towards quality while the underweight allocation to China detracted. With this macroeconomic backdrop, the Investment Manager of Target Fund continue to favour exposures to quality EM sovereigns, quasi-sovereigns and supranational entities as they expect them to remain more defensive against further credit spread volatility. They are neutral in EMIG as risk rewards appear balanced with tighter spreads but higher overall yields.

EMHY strategy outperformed the benchmark (39bps) in April. Positive allocation effect more than offset the detraction from security selection. Overweight allocations in Brazil, Mexico and South Africa contributed positively to relative performance. Underweight allocation to Colombia and Philippines contributed positively as well. The Investment Manager of Target Fund underweight in China and Israel were key detractor of performance in April. Overweight allocation to India and Japan also contributed negatively in April. They reduce allocation to India, Indonesia, Oman, and Morocco in April. On the other hand, they increased allocation to Brazil and Hong Kong.

The uncertainties over the impact of tariffs remains the key driver of UST yields in the near term. The Investment Manager of Target Fund foresee stagflation ahead as tariffs are likely to decelerate economic growth while inflation may remain at elevated levels. UST yields may remain anchored due to safe haven demand amidst increasing volatility levels. They see 10yr yields in the 4-4.5% over 3-6-month period. Amidst heightened level of uncertainty, they have

reduced overall risk in Fixed Income by moving EMHY and DMHY to Underweight. They prefer to be in safer part of the market and upgrade DMIG to Neutral.

## **May 2025**

### **General:**

The BOS International Fund - Growth returned 5.90% in May.

Equity markets (particularly US and Asia) sustained their post "liberation day" rally through May, as worst-case tariff outcomes became less likely. The risk on sentiment in the market drove credit spreads tighter in May which somewhat offset the adverse impact of higher US Treasury (UST) yields. Higher beta segments such as High Yield outperformed Investment Grade bonds.

### **Equities:**

Equities were strong in May as negotiations led to better-than-feared tariff outcomes being priced in. US (+6.45%) and Far East Asia ex-Japan (+6.44%) led, while Europe (+4.83%) and Japan (+4.32%) also delivered strong returns. (Source: Bloomberg; MSCI indices USD terms).

May ended with the Court of International Trade ruling that President Trump's tariffs imposed under his executive orders were unconstitutional and had to be halted, although this ruling was subsequently suspended by a federal appeals court.

The US market trades on forward price-to-earnings ratio of c21.8x. Japan trades at 15.3x, while Europe and Asia (Far-East ex-Japan) trade at 14.8x and 11.7x respectively.

In the US, Growth outperformed Value in May with the MSCI US Growth Index (+10.00%) leading the MSCI US Value Index (+2.59%) for the month. The Dow Jones Industrial Average Index (+4.16%) underperformed the S&P 500 Index (+6.29%) for April, while the tech heavy NASDAQ Composite Index (+9.65%) outperformed for the month (Source: Bloomberg; in USD terms). The best performing sectors for May were Information Technology, Communication Services and Consumer Discretionary, while Energy, Real Estate and Health Care were the laggards. The annual inflation rate in the US eased to 2.3% in April 2025, the lowest since February 2021, from 2.4% in March and below forecasts of 2.4%. Energy cost declined 3.7%, more than a 3.3% fall in March. Prices for gasoline (-11.8% vs -9.8%) and fuel oil (-9.6% vs -7.6%) decreased at a faster pace while natural gas prices soared (15.7% vs 9.4%). Inflation also slowed for food (2.8% vs 3%) and transportation (2.5% vs 3.1%) and steadied for shelter (4% vs 4%).

In Europe, the Hamburg Commercial Bank (HCOB) Eurozone Manufacturing Purchasing Manager's Index (PMI) was confirmed at 49.4 in May 2025, up from 49.0 in April. The reading signalled the weakest pace of contraction in the manufacturing sector since August 2022, as output rose for the third consecutive month, at the joint-quickest pace since March 2022. New orders stabilized after nearly three years of declines, while the rate of backlog depletion eased to its slowest since June 2022. Eurozone consumer price inflation eased to 1.9% year on-year in May 2025, down from 2.2% in April and below market expectations of 2.0%, according to a preliminary estimate. This marks the first time inflation has fallen below the European Central Bank (ECB) 2.0% target since September 2024, reinforcing expectations for a 25-basis point rate cut later this week and raising the possibility of additional cuts. A key driver of the deceleration was a sharp slowdown in services inflation, which dropped to 3.2% from 4.0% in April, its lowest level since March 2022. The best performing sectors for May were Information Technology, Industrials and Communication Services, while defensive sectors such as Utilities, Consumer Staples and Health Care were the laggards.

In Asia, equities surged in May to help the region recover all losses caused by the 'Liberation Day' tariffs by end-May as the market cut odds that tariffs will be implemented as they were announced on 2 April 2025. There were eye-catching 'dislocation' like movements in macroeconomic variables across the region in May, specifically the sharp appreciation of the Taiwanese dollar, driven by exporters, insurance companies and investment flows, as well as the plunge in the Hong Kong Interbank Offered Rate (HIBOR). No less than five other Asia Pacific central banks dropped policy rates over that period: Indonesia, Australia, China, Korea and Thailand. It is almost certain that falling inflation rates, and the weakening dollar, will continue to provide headroom for monetary easing across the APAC region for the next 6-12 months. This may prove crucial, as strong exports currently experienced by many Asian countries like Singapore and Taiwan can easily fall off as front-loading demand wanes.

There were no new purchases for May, while the Investment Manager of Target Fund sold their positions in TE Connectivity plc. Key contributors for the month included Nvidia Corp, Microsoft Corp, Taiwan Semiconductor Manufacturing Company and Brambles Ltd, while detractors included Kellanova, Salesforce Inc, Takeda Pharmaceutical Co Ltd and General Mills Inc.

#### **Fixed income:**

Positive developments on the US tariffs front headlined by UK and China deals lifted investor sentiments and drove risk assets higher and spreads tighter. The UST curve moved higher by 25-30bps as investors moved to price 2 less rate cuts for 2025. 10y and 30y treasury yield hit highs of 4.60% and 5.09% before rallying to close the month lower at 4.40% and 4.93% respectively. Elsewhere, the ECB and Reserve Bank of Australia (RBA) cut rates by 25bps as expected.

Credit spreads tightened and high yield outperformed investment grade with Developed Market Investment Grade (DMIG) -0.01%, Emerging Market Investment Grade (EMIG) +0.17% while Emerging Market High Yield (EMHY) delivered +0.99%.

DMIG strategy was up 0.30% in May, outperforming the benchmark's -0.01% by 31bps. YTD, DMIG is up 2.40% against the benchmark's 2.27%. Positive developments on the US tariffs front headlined by UK and China deals lifted investor sentiments and drove spreads tighter and rates higher. Spreads tightened over the month by 10-25bps led by cyclical sectors and the BBB segment. The strategy's lower duration and 10% higher allocation to BBB contributed and the Investment Manager of Target Fund took the opportunity to further switch out of cyclical sectors in favour of a more defensive positioning. They reduced some of their duration underweight by extending some short-dated exposures and also tactically added to 10y and 30y UST when they broke technical levels.

EMIG strategy was up 0.27% in May, outperforming the benchmark's 0.17% by 10bps. YTD, DMIG is up 2.53% against the benchmark's 2.76%. The Investment Manager of Target Fund were overweight DTS (duration times spread) by 1-1.47 against the benchmark and benefitted from EMIG credit spreads tightening -16.6bps. In terms of interest rates duration, they turned overweight from -0.12Y to 0.20Y during early May, which detracted from performance when US 10Y interest rate rose by 24bps to 4.40%.

In terms of asset allocation, the Investment Manager of Target Fund recovered some underperformance when negative headlines on the Danantara SWF faded and Indonesian quasi-sovereign credit spreads tightened back from previous month's highs. They took the opportunity to pare back on those positions and to rebalance the proceeds into higher quality Chinese issuers. This move improved the strategy's ESG and WACI performances as Chinese IT companies have better environmental scores. The strategy also benefitted from underweights in Saudi Arabian issuers as these underperformed due to concerns about reduced oil revenues and fiscal adjustments.

EMHY strategy outperformed the benchmark (44bps) in May. Positive allocation effect more than offset the negative selection effect. The Investment Manager of Target Fund underweight allocation to higher beta names in Hong Kong was a key contributor to performance in May. In addition, their overweight allocation to Brazil and Egypt contributed positively. Allocation to UAE was a key detractor from relative performance due to duration positioning. Their underweight allocation to China and Israel also detracted from performance.

April's US Consumer Price Index (CPI) showed little evidence yet of upward pressure from steep tariff hikes. The Investment Manager of Target Fund think steep US tariffs will feed into higher inflation in May and June while also weighing on consumer spending. They continue to expect higher US inflation, rising fiscal debt and geopolitical tensions to pressure UST yields. They see room for 10yr yields to reach 5% over next 12 months with steeper yield curve.

## **June 2025**

### **General:**

The BOS International Fund - Growth returned 3.39% in June.

Equity markets (particularly US and Asia) sustained their post "liberation day" rally through June, as Tariff negotiations progressed and Middle Eastern geopolitical tensions eased into the end of the month. The decline in US Treasury (UST) yields and tighter credit spreads aided positive returns across all major segments of credit markets. Longer duration markets such Developed Market Investment Grade (DMIG) outperformed in June.

### **Equities:**

Equities markets rallied again in June as ceasefire talks in the Middle East progressed. Far East Asia ex-Japan (+6.91%) and the US (+5.14%) led, while Europe (+2.31%) and Japan (+1.60%) also delivered positive returns. (Source: Bloomberg; MSCI indices USD terms).

June ended with improved hopes of de-escalations of Middle Eastern tensions and negotiated tariff outcomes, with both factors supportive of risk-on sentiment.

The US market trades on forward price-to-earnings ratio of 22.3x. Japan trades at 16.0x, while Europe and Asia (Far-East ex-Japan) trade at 14.7x and 12.3x respectively.

In the US, value outperformed growth in June with the MSCI US Value Index delivering +7.16% compared with 5.84% for the MSCI US Growth Index for the month. The Dow Jones Industrial Average Index (+5.47%) underperformed the S&P 500 Index (+6.59%) for June, while the tech heavy NASDAQ Composite Index (+5.98%) underperformed for the month (Source: Bloomberg; in USD terms). The best performing sectors for June were Information Technology, Communication Services and Energy, while Utilities, Real Estate and Consumer Staples were the laggards. The annual inflation rate in the US rose for the first time in four months to 2.4% in May 2025 from April's 2.3%, the lowest since 2021, but came in below expectations of 2.5%. Prices rose more for food (2.9% vs 2.8% in April), transportation services (2.8% vs 2.5%), used cars and trucks (1.8% vs 1.5%) and new vehicles (0.4% vs 0.3%). On the other hand, inflation fell slightly for shelter (3.9% vs 4%). Meanwhile, energy cost declined 3.5%, following a 3.7% fall in April. Prices for gasoline (-12% vs -11.8%) and fuel oil (-8.6% vs -9.6%) continued to decrease while the rise for natural gas prices remained elevated (15.3% vs 15.7%).

In Europe, the Hamburg Commercial Bank (HCOB) Eurozone Manufacturing Purchasing Manager's Index (PMI) inched higher to 49.5 in June of 2025 from 49.4 in the previous month, revised marginally higher from the flash estimate of 49.4, but remaining firmly below the initial expectations of 49.8. The result reflected the 35th consecutive month of contraction in the Eurozone's factory activity, albeit at the softest pace in 34 months to signal only a slight

downturn in manufacturing conditions. New orders were broadly unchanged, driving firms to continue depending on their backlogs and increase production levels for the fourth straight month. Eurozone consumer price inflation rose slightly to 2.0% year-on-year in June 2025, up from May's eight-month low of 1.9% and in line with market expectations, according to a preliminary estimate. The figure aligns with the European Central Bank (ECB) official target. Among major economies, inflation in Germany unexpectedly declined, while France and Spain saw modest increases and Italy's rate held steady. Services inflation accelerated to 3.3%, up from May's three-year low of 3.2%, while the decline in energy prices softened to 2.7% from 3.6%. The best performing sectors for June were Energy, Utilities and Industrials while Health Care, Consumer Discretionary and Consumer Staples were the laggards.

In Asia, Asian currencies continue to strengthen to compound returns in June. Korean equities led with a total US Dollar (USD) return of +17.3%, followed by Taiwanese equities at +9.1%. Korean equities have now delivered a gain of 39.6% year-to-date. This exceptional outcome represents a reversal from last year's 23% drop. June's uptick followed Lee Jae-myung's Presidential election victory on 3 June which ended political uncertainty that began after last December's surprising Martial Law declaration. The new government's quick subsequent proposal of an extra Won30.5 trillion in additional fiscal spending appears to have boosted investors' confidence judging by the market's rise. Meanwhile, Taiwanese equities were spurred by a strong set of export figures which reached a record high in May. Yet this very likely reflects unsustainable pull-in demand. The notion that global trade remains under the heavy influence of tariff threats was also evidenced by the 34% year-over-year drop in Chinese exports to the US in May, as they buckle under 145% tariffs.

There were no new outright purchases or sales for June. Key contributors for the month included Nvidia Corp, Taiwan Semiconductor Manufacturing Company, Microsoft Corp, Citigroup Inc and Illumina Inc, while detractors included General Mills Inc, Adobe Inc, Kellanova, Zoetis Inc, and Kimberly-Clark Corp.

#### **Fixed income:**

Geopolitical tensions in the Middle East escalated when the US launched strikes on Iranian nuclear sites but that was quickly followed with a ceasefire between Israel and Iran, spurring risk-on sentiments as a broad market rally drove the Nasdaq and S&P500 to new highs. US Consumer Price Index (CPI) came in lower than expected while retail and home sales also trailed expectations, driving US Treasury (UST) yields lower by 15-20bps for the month. Elsewhere, the ECB cut rates again while the Bank of England decided to keep rates on hold despite the biggest drop in payrolls since Covid. The Swiss National Bank cut its policy rate to 0% as it combats deflationary pressures due to a strong Franc. Credit spreads broadly tightened, in line with the strong move in risk assets and US Investment Grade (US IG) credit spreads tightened by 5-10bps for the month.

Developed Market Investment Grade (DMIG) strategy was up 1.52% in June, underperforming benchmark by 22bps. The strategy's lower exposure to long-end bonds meant losing some of the upside for the month but the Investment Manager of Target Fund continue to favour a defensive positioning as they await developments on the tariffs and fiscal policy front. They took the opportunity to sell into the rally by reducing some of their higher beta exposures and they initiated positions in P&C insurer Fairfax and North American independent power producer Capital Power which recently completed its acquisition of two natural gas facilities in PJM.

Emerging Market Investment Grade (EMIG) strategy was up 1.40% in June, outperforming benchmark by 6bps. In terms of country exposure, Mexico and Indonesia contributed the most while Thailand and Supranationals detracted from performance. As Indian credits did well YTD, the Investment Manager of Target Fund took the opportunity to take profit and reduce their overweight there. The proceeds were largely recycled into Mexican and South

Korean credits. While Mexican credits did well in June, the Investment Manager of Target Fund think they have more room to tighten versus other countries. South Korean credits cheapened in June and there are several names that the Investment Manager of Target Fund bought to boost ESG credentials of their holdings.

Emerging Market High Yield (EMHY) strategy was up 1.50% in June, outperforming benchmark by 13bps. The positive effect of yield curve and allocations more than offset the negative security selection effect. The Investment Manager of Target Fund Overweight to allocation to India and Mexico as well as out of benchmark positions in Japan contributed positively to relative performance. On the other hand, their Underweight allocation to higher beta credits in Hong Kong and idiosyncratic credit events in Brazil detracted from performance. In June, they increased their allocation to Mexico and Ivory Coast through some of the new issues in the market. They continue to prefer higher quality credits within the EMHY universe and have a defensive tilt in the portfolio.

The Fed maintained interest rate at 4.25%-4.5% in the June meeting, as the committee wait for clarity on impact of tariffs on inflation. The Fed also see heightened risk of stagflation. The Investment Manager of Target Fund remain cautious on the economic and inflationary outlook with Trump's tariff deadline looming. With just UK and China deals announced so far, there is a distinct possibility that the remaining countries will end up bearing the reciprocal tariffs as announced on 'Liberation Day'. US fiscal deficit issues persist as elevated financing costs continue to push the deficit higher despite higher tariff collections. They expect one rate cut in 2025 followed by 2 cuts in 2026. They think inflation will stay above 2% over the next few years, keeping interest rates higher for longer. They foresee 10yr yields moving towards 5% and maintain more conservative stance on duration.

## **July 2025**

### **General:**

The BOS International Fund - Growth returned 1.14% in July.

Equity markets delivered mixed returns through July, with Tariff negotiations progress and geopolitical tensions remaining key areas of market focus. Meanwhile, tighter credit spreads aided positive returns across all major segments of credit markets.

### **Equities:**

US and Asia equity markets rallied again in July as tariff and geopolitical concerns eased during the month. Far East Asia ex-Japan (+4.61%) and the US (+2.29%) led, while Europe (-2.14%) and Japan (-1.67%) underperformed global indices for the month. (Source: Bloomberg; MSCI indices USD terms).

July ended with further improved hopes of de-escalations of Middle Eastern tensions and more benign negotiated tariff outcomes, with both factors supportive of risk-on sentiment.

The US market trades on forward price-to-earnings ratio of 22.1x. Japan trades at 16.1x, while Europe and Asia (Far-East ex-Japan) trade at 14.5x and 12.6x respectively.

In the US, Growth outperformed value in July with the MSCI US Growth Index delivering +3.88% compared with 0.45% for the MSCI US Value Index for the month. The Dow Jones Industrial Average Index (+0.16%) underperformed the S&P 500 Index (+2.24%) for July, while the tech heavy NASDAQ Composite Index (+3.73%) outperformed for the month (Source: Bloomberg; in USD terms). The best performing sectors for July were Information Technology, Utilities and Industrials while Materials, Consumer Staples and Health Care were the laggards. The annual inflation rate in the US accelerated for the second consecutive month to 2.7% in June 2025, the highest level since February, up from 2.4% in May and in line with

expectations. Prices rose more for food (3% vs 2.9% in May), transportation services (3.4% vs 2.8%) and used cars and trucks (2.8% vs 1.8%). Also, energy cost declined much less (-0.8% vs -3.5%). Prices for gasoline (-8.3% vs -12%) and fuel oil (-4.7% vs -8.6%) continued to decrease while the rise for natural gas prices remained elevated (14.2% vs 15.3%).

In Europe, the Hamburg Commercial Bank (HCOB) Eurozone Manufacturing Purchasing Manager's Index (PMI) was confirmed at 49.8 in July 2025, up from 49.5 in June, marking the slowest contraction in the sector since July 2022 and signaling a move toward stabilization. Output continued to grow, albeit at the weakest pace since March, while new orders declined again, reflecting ongoing weakness in export demand. On the employment front, job shedding eased to its slowest rate since June 2023. Price pressures remained muted, and business confidence dipped slightly but stayed above the long-term average. Eurozone consumer price inflation held steady at 2.0% year-on-year in July 2025, unchanged from June but slightly above market expectations of 1.9%, according to preliminary estimates. This marks the second consecutive month that inflation has aligned with the European Central Bank (ECB) official target. A slowdown in services inflation (3.1% vs 3.3% in June) helped offset faster price increases in food, alcohol & tobacco (3.3% vs 3.1%) and non-energy industrial goods (0.8% vs 0.5%). Energy prices continued to decline, falling by 2.5% following a 2.6% drop in June. The best performing sectors for July were Financials, Energy and Industrials while Communication Services, Real Estate and Information Technology were the laggards.

In Asia, with the August 1 deadline of President Trump's tariff pause approaching, negotiation activity ramped up in July. Key Asian exporters managed to conclude trade deals with the US in July, including Japan (15%), Korea (15%), Indonesia (19%), and Vietnam (20%) among others. The Chinese economy continues to power ahead. It transpired that China's Gross Domestic Product (GDP) growth in the second quarter had surpassed expectations, reaching 5.2%, but decelerating slightly from the 5.4% rate in the first quarter. Singapore also posted better than expected GDP growth in the second quarter, reaching 4.3%, accelerating from first quarter's 4.1%. Meanwhile, datapoints released in the month point to continuing robust trade across Asia, with several countries reporting multi-month highs in exports, such as Korea (six months) and Indonesia (31 months), while Taiwan reported the fifth consecutive month of double-digit year-over-year export growth. On monetary policy, the central banks of Malaysia and Indonesia cut interest rates by 25 basis points in the month as expected. The target fund remains a pro-market stance with over-allocation to China and Singapore.

There were no new outright purchases or sales for July. Key contributors for the month included Nvidia Corp, Alphabet Inc, Teradyne Inc, Microsoft Corp and Citigroup Inc, while detractors included Honeywell International, Booking Holdings, ASML Holding NV, ServiceNow Inc, and Waters Corp.

#### **Fixed income:**

Macro concerns are mounting as July's US nonfarm payrolls shows an increase of 73,000 jobs, below the consensus expectation of 110,000, with a significant downward revision of 258,000 jobs over the prior two months—the largest since the COVID-19 pandemic and the biggest two-month revision since 2013. Combined with weaker-than-expected ISM and Michigan sentiment figures, these data raise concerns about a slowing economy. While U.S. Treasury (UST) yields have trended lower in anticipation of weaker growth, credit spreads and equity markets remain near tight levels and highs.

Inflation picked up in June, with broad-based price increases affecting imports such as cosmetics, shoes, toys, and services including medical care and education. The view is that tariff-related inflation will build through the summer, exacerbated by a weakening U.S. dollar, which makes imports more expensive. The repeated deferral of reciprocal tariff deadlines suggests a prolonged timeline for tariff impacts to fully transmit into prices.

Given these factors, a cautious stance is warranted on credit exposure.

Developed Market Investment Grade (DMIG) strategy posted a modest gain of +0.23%, driven by sector allocation and security selection. An underweight in managed healthcare bonds proved beneficial as the sector underperformed following President Trump's announcement of a plan to cut \$1 trillion in federal health spending over the next decade. Within financials, higher-beta subordinated bonds contributed positively amid broad credit spread tightening. However, allocations to Treasuries and a 5% overweight in quality AA-rated bonds detracted from returns, as these did not benefit as much from the credit rally. Underweights in higher-beta sectors such as Energy, Consumer Discretionary, and Utilities also weighed on performance, as these sectors saw spreads tighten by 10-15 basis points (bps) and outperformed.

Portfolio adjustments included extending shorter-duration exposures like HSBC Tier 2 bonds and adding to core 5-10 year holdings as rates sold off by 12-24 bps across the curve, reversing some of June's moves. A 1% position in floating rate notes was added to hedge against a "higher-for-longer" interest rate environment, while coupon carry remained attractive amid no Federal Reserve rate cuts so far this year. Curve positioning included a tactical 1% allocation to 30-year UST at a yield of 4.95%.

Emerging Market Investment Grade (EMIG) bonds underperformed in July, primarily due to rising UST yields driven by inflation concerns, and ongoing fiscal and geopolitical uncertainties. On the positive side, country exposures to Supranationals and Taiwan contributed to performance, while Singapore detracted.

Supranational issuers such as Banque Ouest Africaine de Développement (BOAD) and other African development banks saw credit spread tightening fueled by strong momentum in sustainable finance and high demand for ESG-labelled debt. These issuers benefited from successful new deals and oversubscribed syndications, attracting institutional investors seeking diversification and social or green impact.

Shin Kong Life Insurance, a significant portfolio overweight, returned to profitability following a merger announcement with Taishin Financial, expected to finalize on July 24 and strengthen Shin Kong's credit profile.

Credit risk exposure was increased through selective purchases. Notable additions included Shin Kong Life Insurance Tier 2 bonds, which traded cheap relative to peers such as Cathay Life Singapore and offered potential spread tightening of 50-80 bps. The upcoming merger was expected to enhance Shin Kong's creditworthiness. A new issue from Hikma Pharmaceuticals, a Middle East-based firm with 70% U.S. business and strong fundamentals, was also added. Hikma's bonds were anticipated to trade tighter than similar pharmaceuticals like Viatris and could be upgraded from mid-BBB to single A over time, though recent headlines about potential pharmaceutical import tariffs introduced some risk. Additionally, a long-end bond from KazmunayGas National, a Kazakhstan government-owned energy company, was purchased due to its relatively wide spread for its rating.

## **August 2025**

### **General:**

The BOS International Fund - Growth returned 2.19% in August.

Equity markets trended higher in August, with Tariff negotiation progress, geopolitical tensions, and Federal Reserve rate cut potential remaining key areas of market focus. Bond markets saw positive returns, driven by spread tightening and expectations of monetary policy easing from major central banks amid softening economic data.

**Equities:**

Equity markets rallied again in August as tariff and geopolitical concerns eased during the month. Japan was particularly strong for August, returning 7.0%, while Far East Asia ex-Japan (+2.1%), US (+1.9%) and Europe (+3.6%) all delivered positive returns. (Source: Bloomberg; MSCI indices USD terms).

August ended with hopes of de-escalations of Middle Eastern tensions and more benign negotiated tariff outcomes, while Federal Reserve Chairman Powell's comments at the Jackson Hole symposium paved the way for lower rates into the year end – with all these factors supportive of risk-on sentiment.

The US market trades on forward price-to-earnings ratio of 22.5x. Japan trades at 16.2x, while Europe and Asia (Far-East ex-Japan) trade at 14.8x and 13.0x respectively. In the US, Value outperformed growth in August with the MSCI US Value Index delivering +2.72% compared with 1.25% for the MSCI US Growth Index for the month. The Dow Jones Industrial Average Index (+3.42%) outperformed the S&P 500 Index (+2.03) for August, while the tech heavy NASDAQ Composite Index (+1.65%) underperformed for the month (Source: Bloomberg; in USD terms). The best performing sectors for August were Materials, Health Care and Communication Services, while Information Technology, Industrials and Utilities were the laggards. The US annual inflation rate remained at 2.7% in in July 2025, the same as in June and below forecasts of 2.8%. Price pressures increased for used cars and trucks (4.8% vs 2.8% in June), transportation services (3.5% vs 3.4%) and new vehicles (0.4% vs 0.2%) while inflation steadied for food (2.9% vs 2.9%). On the other hand, inflation slowed slightly for shelter (3.7% vs 3.8%) and energy cost declined more (-1.6% vs -0.8%). Prices for gasoline (-9.5% vs -8.3%) and fuel oil (-2.9% vs -4.7%) continued to decrease while the rise for natural gas prices remained elevated (13.8% vs 14.2%).

In Europe, the Hamburg Commercial Bank (HCOB) Eurozone Manufacturing Purchasing Manager's Index (PMI) rose to 50.7 in August 2025, up from a flash estimate of 50.5 and July's 49.8, signalling the first monthly improvement in factory conditions since June 2022. Growth was led by Greece, followed closely by Spain, while modest gains were recorded in the Netherlands and Ireland. France and Italy returned to slight expansions, and contractions in Germany and Austria eased. Output growth reached its strongest since March 2022, and new orders rose for the first time in nearly three and a half years. Despite these signs of recovery, job cuts persisted and backlogs of work fell for the 39th straight month. The headline annual inflation rate in the Eurozone was unchanged from the prior month at 2% in July of 2025, aligned with the flash estimate to remain slightly above the initial market expectations of 1.9%. This marks the second consecutive month that inflation has aligned with the European Central Bank (ECB) official target. Price growth slowed for services (3.2% vs 3.3% in June), tying the three-year low from May and offsetting accelerations in most other areas of the bloc's consumer basket. Prices rose faster for non-energy industrial goods (0.8% vs 0.5%) and food, alcohol, and tobacco (3.3% vs 3.1%), deflations lowed for energy (-2.4% vs -2.6%). Meanwhile, core inflation, which excludes energy, food, alcohol, and tobacco, remained unchanged at 2.3%, its lowest level since January 2022. The best performing sectors for August were Health Care, Consumer Staples and Energy, while Industrials, Utilities and Information Technology were the laggards.

In Asia, the most dramatic development was the surge in China A-shares as indicated by the 10.3% surge in the Shanghai Shenzhen CSI 300 index in August. The US extended a trade truce with China for 90 days till 10 November 2025 to allow more time for trade negotiations. In addition, the US government reversed a key policy banning shipments of certain AI chips to China. Despite stronger-than-expected second-quarter Gross Domestic Product (GDP) growth, the latest Consumer Price Index (CPI) and Producer Price Index (PPI) readings suggest persisting deflationary pressures. Elsewhere in the region, Philippines narrowly beat second quarter GDP growth estimates as the economy grew by 5.5% while its central bank

cut policy rates by 25 basis points as expected. Both Thailand and Indonesia also reduced policy rates by the same magnitude in the month, also as expected. These cuts should be supportive of growth in the months ahead. Singapore was the strongest market in August. Incorporating the effect of US dollar depreciation, it returned 7.1% in August. China and Hong Kong were also outperformers with returns of 5.0% and 4.7%. The Taiwanese dollar was alone in depreciating against the dollar, which contributed to the negative return of Taiwanese equities in August.

There were no new outright purchases for August. The Investment Manager of Target Fund sold their Adobe Inc position on concerns AI might have on the business model longer term. Key contributors to returns included Alphabet Inc, Brambles Ltd, Smith & Nephew, Tencent and Teradyne Inc, while detractors included Amcor Ltd, ServiceNow Inc, Nvidia Inc, Taiwan Semiconductor Manufacturing Co Ltd and Microsoft Corp.

### **Fixed income:**

Fixed income saw positive returns in August. US Treasuries (UST) gained 0.9% with the yield curve steepening due to Fed independence concerns and weaker-than-expected jobs data. Investment-grade bond spreads tightened on earnings support and Fed cut bets. The Fed dominated headlines in August, with Chair Jerome Powell's speech at the Jackson Hole Economic Symposium on August 22, signalling that interest rate cuts were imminent. In contrast to declining yields in the US and parts of Europe, JGB yields rose. The Bank of Japan (BOJ) maintained its policy stance in August but a 2-year bond auction on August 27 attracted the weakest demand since 2009, reflecting hawkish bets on resilient economic data and potential policy normalisation.

In Developed Market Investment Grade (DMIG), consumer cyclicals contributed with Dollar General bonds outperforming following a strong set of Q2 results while defensive industrial names 3M and GE also tightened on top of the move in rates. A bull steepening move was seen in the Treasury curve as the belly of the curve outperformed.

In Emerging Market Investment Grade (EMIG), 3-5Y contributed the most to performance while 10-30Y underperformed other tenors. Within Thailand, Thailoil bond prices rose in August due to Thailand's central bank cutting its policy interest rate and improved company results. Within Hong Kong, Hysan bond prices rose in August largely due to the company's solid interim financial results, which showcased resilience and a modest recovery in both retail and office segments despite broader market challenges. Within Mexico, credit spreads of Mexican issuers widened in August due to rising inflation, persistent fiscal concerns, cautious central bank (Banxico) policy, and elevated tariff and trade risks impacting growth expectations.

In Emerging Market High Yield (EMHY), MCBRAZIL, Ecopetrol and South Africa sovereign were key outperformers in terms of total return. Argentina positively contributed as legislative setbacks and corruption scandals weighed on Argentinian assets. Panamanian banks did well thanks to the rally in Panama Sovereign credit spreads. The improved fiscal performance for 1H25 somewhat reduced the rating downgrade risk. Within Hong Kong, the New World Development credit complex outperformed due to positive developments.

The Investment Manager of Target Fund continue to favour a defensive positioning in rates and spreads, given the tight spreads. The strategy remains ~1y underweight in both overall duration and spread duration heading into a traditionally weak September for bonds. Markets have moved to price in 1 more Fed rate cut by 1Q 2026 following the weak jobs data. Their base case remains that the tariffs will have a knock-on effect on global trade, and rates will remain under pressure as increased costs feed through into inflation numbers, even if there is a rate cut in September's Federal Open Market Committee (FOMC).

## **September 2025**

### **General:**

The BOS International Fund - Growth returned 2.87% in September.

Equity markets trended higher in September, with Tariff negotiation progress, geopolitical tensions, and Federal Reserve rate cut potential remaining key areas of market focus. The decline in U.S. Treasury (UST) yields and tighter credit spreads aided positive returns across all major segments of credit markets. Longer duration markets such Developed Markets Investment Grade (DMIG) and Emerging Markets Investment Grade (EMIG) outperformed in September.

### **Equities:**

Global equity markets delivered a strong performance in September 2025, capping off a robust third quarter. This positive momentum was driven by easing geopolitical tensions, expectations of interest rate cuts, and ongoing optimism around artificial intelligence and economic resilience.

In the US, the S&P 500 rose 3.5%, marking its best September in over 15 years and bringing year-to-date gains to 13.7%. The rally was broad-based, with mega-cap technology stocks leading the way, supported by enthusiasm for AI and solid corporate earnings. The Nasdaq Composite surged 5.6%, led by growth sectors such as semiconductors and software. The Dow Jones Industrial Average increased 1.9%, bolstered by blue-chip companies and positive economic data, including a resilient labor market that eased recession fears. Investors welcomed expectations that the Federal Reserve would maintain stable interest rates, pricing in a "soft landing" as inflation cooled without undermining growth.

European stocks also performed well, with the pan-European Stoxx 600 index climbing 1.5%, its strongest September in six years. Germany's DAX index showed steady gains, helped by export-focused companies benefiting from a weaker euro that enhanced competitiveness. The UK's FTSE 100 closed the quarter at a record high, supported by rebounds in banking and industrial sectors. Across the continent, reduced geopolitical risks in Ukraine and the Middle East, along with signals from the European Central Bank (ECB) of potential policy easing, boosted sentiment—particularly in energy and defense stocks.

Japan's Nikkei 225 was a standout performer, reaching new record highs above 48,000 by late September. Optimism followed the appointment of Prime Minister Sanae Takaichi, fueling bullish momentum in export-driven sectors like autos and electronics. While a stronger yen posed some challenges, improvements in corporate governance, rising wages, and growing consumer confidence supported domestic demand. The Bank of Japan's cautious approach to tightening also helped sustain equity gains.

In Asia ex-Japan, Singapore's Straits Times Index (STI) edged up 0.3%, reinforcing its reputation as a regional safe haven amid global uncertainties. Financial stocks, led by DBS Bank and OCBC, advanced on robust earnings and strong capital positions, though export-oriented industrials like Keppel Corporation faced headwinds from global trade concerns. The STI's year-to-date gains are close to 23%, reflecting Singapore's diversified economy and pro-business environment that continues to attract foreign investment. Real estate investment trusts (REITs) also performed well, benefiting from demand for high-yielding assets amid declining interest rates. Hong Kong's Hang Seng Index surged approximately 4%, driven by optimism over Beijing's stimulus measures, including infrastructure spending and liquidity support. Technology and financial giants gained from AI-related enthusiasm and policy backing. South Korea's KOSPI rose about 2.5%, supported by tech leaders Samsung Electronics and SK Hynix amid strong global AI demand and semiconductor recovery. However, export-driven firms like Hyundai Motor faced challenges from currency volatility

and US tariff risks. Taiwan's TAIEX gained 3.1%, led by TSMC and other chipmakers. Although mid-month volatility arose from US trade policy concerns, strong order books helped offset these risks, even as Taiwan's export dependence remains a vulnerability.

By sector, technology and financials led gains globally, while energy lagged due to softer oil prices. Value stocks outperformed growth in markets outside the US, signaling a broadening rally. Key drivers included expectations of Fed rate cuts, easing trade tensions, and AI-driven investments, which helped offset concerns about economic slowdowns and inflation.

Within the target fund, the Investment Manager of Target Fund increased their exposure to Asia through the addition of Alibaba. Key contributors to performance included Teradyne, Alphabet, and JPMorgan Chase. On the other hand, Salesforce, Walt Disney, and Booking Holdings were the main detractors. Importantly, they made no outright sell transactions in September, reflecting their confidence in the portfolio's positioning.

#### **Fixed income:**

The global fixed income market delivered positive returns in September 2025, amid falling yields, central bank easing, and resilient economic data tempered by labour market concerns. The Federal Reserve's 25 basis point rate cut on 18 September provided a tailwind for bond prices, while credit spreads showed mixed but generally favourable tightening. Inflation data, including August US Consumer Price Index (CPI) rising to 2.9% year-over-year (with core at 3.1%), reinforced expectations for additional Fed cuts in October and December.

DMIG was up 1.32% in September while EMIG was up 1.09% in September as the yield curve sharply flattened during the month. This flattening was triggered by weak U.S. jobs data and the Federal Reserve's indication of its first rate cut in 2025. Specifically, yields moved by -1bp at 2 years, +5bps at 5 years, -8bps at 10 years, and -20bps at 30 years. The Federal Reserve delivered a widely anticipated 25bps rate cut in September, with the dot plot signalling two additional cuts in 2025, underscoring a gradual shift from inflation control towards addressing a weakening labour market. In contrast, the European Central Bank (ECB) and Bank of England (BOE) held rates steady, responding to persistent inflationary pressures. Overall, resilient economic conditions and positive risk sentiment continue to push credit spreads to at or near historical tightness. Overall yields remain attractive, with rates providing the majority of carry.

Emerging Market High Yield (EMHY) was up 0.48% in September, generating positive returns as widening credit spreads were more than offset by the favourable move in US Treasury (UST) yields and the carry. The improvements in Sovereign credit profiles, limited refinancing pressure and balance sheet improvements have anchored returns in EMHY Corporates in 2025. With Fed easing cycle, the Investment Manager of Target Fund see continuation of these tail winds. The decline in UST yields, stability in the local currency yields have helped to reduce financing costs and opened new funding avenues to issuers. This coupled with positive target fund flows paint a constructive outlook for the asset class.

The Investment Manager of Target Fund defensive positioning resulted in a lower upside capture against the benchmark for the month of September with intermediate to long tenor papers outperforming. The strategy remains underweight in both rates and spread duration as they enter Q4.

#### **October 2025**

##### **General:**

The BOS International Fund - Growth returned 2.83% in October.

Global equities posted a solid advance in October, supported by resilient corporate earnings, easing inflationary pressures, and central bank signals of further monetary accommodation. These tailwinds outweighed intermittent headwinds from lingering trade uncertainties and U.S. fiscal gridlock. The MSCI All Country World Index (ACWI) rose 2.2% in USD terms for the month. Volatility remained subdued, though mid-month jitters from a prolonged U.S. government shutdown—delaying critical data releases—temporarily shaved more than 2% off the ACWI before a late rebound.

#### **Equities:**

The U.S. continued to anchor global gains, with the S&P 500 up 2.3%, pushing year-to-date returns to 17.5%, while the Nasdaq Composite posted its seventh consecutive monthly increase of 4.7%. Earnings season was a key driver, with 83% of S&P 500 companies beating EPS estimates and delivering blended Q3 growth of 10.7%, well above consensus and reinforcing the durability of AI-driven productivity narratives.

In Europe, the STOXX Europe 600 advanced 2.6% in euro terms, supported by healthcare and energy sectors. Although the euro has somewhat weakened since September, the STOXX Europe 600's year-to-date gain of 29.4% in USD terms significantly outperformed ACWI's 21.1% and S&P 500's 17.5%. The UK's FTSE 100 rose 4.1% rise in GBP terms, buoyed by commodity tailwinds and falling Gilt yields, while Germany's DAX touched record highs on fiscal stimulus hopes. European valuations at 15.5x forward earnings remain compelling versus the S&P 500's 24.5x, attracting diversification flows from U.S.-heavy portfolios.

Asia ex-Japan outpaced many global peers, with the MSCI AC Asia ex Japan Index surging 4.5%, extending its year-to-date gain to 32.5%. Drivers included a pivotal U.S.-China trade de-escalation, accelerating AI adoption, and the Federal Reserve's second rate cut of the year. Investor confidence strengthened as supply chain bottlenecks eased, and semiconductor demand intensified. Mid-month volatility from the U.S. shutdown quickly dissipated after breakthroughs in bilateral talks paused tariff hikes and relaxed rare earth export curbs for 12 months.

The target fund's global equity portfolio benefited from strong stock selection in technology and healthcare, particularly in semiconductor testing and genomics. Top contributors included Teradyne, which reported Q3 revenue of \$769 million, up 4% year-on-year, and appointed Michelle Turner as CFO effective November 3. Its shares surged 20% in premarket trading on October 29, supported by strong AI-related demand in Compute and Memory, with sales projected to grow 20–30% in 2026. Illumina raised full-year EPS guidance and reported better-than-expected Q3 earnings, launched a new business focused on data assets, software, and AI, and introduced a five-base genomic solution. Agilent Technologies appointed Adam S. Elinoff as CFO effective November 17 and launched its Insight Series Alarm Resolution Systems.

Key detractors included Alibaba Group Holding Ltd (2.27% weight), which introduced Quark AI Glasses priced at 4,699 yuan, launched an in-house robotics and AI team, unveiled its Aegaeon computing system reducing Nvidia GPU usage by 82%, and announced cloud price cuts of up to 10.2%. Singles' Day sales exceeded last year's performance. Booking Holdings Inc (2.81% weight) reported Q3 profit ahead of expectations and was highlighted as an app partner at OpenAI's DevDay event, but faced a Hawaii Supreme Court review over a \$19.7 million tax dispute. Veralto Corp (2.4% weight) beat Q3 earnings estimates and raised its FY2025 adjusted EPS guidance.

Year-to-date, we have navigated volatility effectively, benefiting from rebounds in prior underperformers and strength in core holdings. We remain constructive on equities but expect further volatility as the year progresses. The portfolio is underweight the "Magnificent 7" while maintaining an overweight in technology overall.

## **Fixed income:**

The global fixed income market delivered a modestly negative return in October, reflecting a tug-of-war between falling yields that supported price gains in sovereign debt and persistent tightness in credit spreads that limited upside in corporate and high-yield segments. This muted performance contrasted with equities' resilience, as investors rotated toward risk assets on the back of robust earnings and AI-driven momentum, leaving bonds to contend with compressed risk premiums and heavy issuance volumes. Duration was a key differentiator, with longer-dated sovereigns outperforming shorter maturities, while emerging market debt stood out as a bright spot, buoyed by a weakening U.S. dollar and attractive real yields. In the United States, Treasuries posted positive returns as yields eased across the curve, driven by the Federal Reserve's second consecutive 25-basis-point rate cut to a 3.75%–4.00% target range on October 30, alongside signals of tapering quantitative tightening by December. The 10-year Treasury yield fell 7 basis points to 4.08%, the 2-year declined 3 basis points to 3.58%, and the 3-month Treasury bill dropped 12 basis points to 3.82%, fostering a modest flattening before late-month steepening hints. Markets pared expectations for a December cut from near-certainty to about 60%, as Chair Powell emphasized data dependence amid sticky 3.0% core Consumer Price Index (CPI).

The target fund's Developed Market Investment Grade (DMIG) portfolio returned 0.37% in October, while the Emerging Markets Investment Grade (EMIG) portfolio gained 0.50%. Rates rallied through most of the month, with bullish momentum and growing rate-cut expectations pushing the 10-year yield to a year-to-date low of 3.95%, before a hawkish tone from the Fed reversed part of the move. The curve ultimately bull-flattened, with yields falling across maturities (2-year -3 bps, 5-year -5 bps, 10-year -7 bps, 30-year -8 bps), while spreads widened amid strong investment grade supply, led by Meta's \$30 billion jumbo deal that attracted \$125 billion in demand. The Fed delivered the anticipated 25-basis-point cut, but Powell cautioned that further easing is not guaranteed, citing divisions among officials and the impact of the ongoing U.S. government shutdown, which has disrupted key economic data releases.

Emerging Markets High Yield (EMHY) returned 0.55% in October, with corporates continuing to generate positive returns. Higher-beta segments, including non-rated and CCC-rated bonds, outperformed higher-quality credits and U.S. high yield. Improvements in sovereign credit profiles, limited refinancing risks, and stronger balance sheets have supported EM bond performance. Looking ahead, anticipated Fed rate cuts should help reduce funding costs, supporting stable default rates in the near term. Investor sentiment has improved, as evidenced by positive fund flows and weaker sovereign issuers such as Laos successfully accessing the USD bond market. This growing appetite for higher-beta names should facilitate refinancing of near-term maturities for EM issuers, further underpinning the asset class.

Given current valuations and the prolonged U.S. government shutdown, the target fund remains cautious on both rates and spreads. With Congress deadlocked and no clear timeline for resolution, the absence of critical economic data reinforces a preference for maintaining an underweight duration stance. The strategy continues to favour a defensive posture, prioritizing downside protection over upside capture. Recent spread widening due to supply presents tactical opportunities to selectively add high-quality credits. Looking ahead, the terminal Fed rate will become a focal point, and diverging market expectations may offer opportunities for curve positioning.

## **November 2025**

### **General:**

The BOS International Fund - Growth returned -1.13% in November.

November was marked by heightened volatility in global equity markets. Early optimism faded mid-month as valuation concerns and geopolitical uncertainty triggered a sharp correction, before a late recovery restored balance. Market swings were driven by a 43-day U.S. government shutdown, mixed employment data, and ambiguity around Federal Reserve policy. Dovish signals late in the month pushed rate-cut expectations close to certainty. Geopolitical developments, including easing U.S.-China trade tensions and tentative progress in Russia-Ukraine talks, added complexity.

**Equities:**

The S&P 500 ended marginally higher at +0.2%, extending its seven-month winning streak despite a 4.4% mid-month drop. Renewed expectations of a Fed rate cut helped stabilise sentiment. Year-to-date gains stood at +16.45%. Technology stocks faced pressure amid scrutiny of rising AI-related capital expenditure and sustainability concerns over inter-company financing. The sector fell nearly 5%, its weakest performance in months, while health care led gains. NVIDIA's post-earnings decline underscored uncertainty around AI adoption. European equities benefited from liquidity support, cooling inflation, and fiscal measures, while Japan's TOPIX and the UK's FTSE reached record highs on strong earnings and a weaker yen.

The target fund's equity portfolio posted a negative return, driven by overweight positions in technology and industrials. Financial holdings contributed positively, supported by strong earnings and corporate actions, with Sumitomo Mitsui Financial Group gaining on profit upgrades and expansion plans. Other contributors included Sony, which raised its operating profit outlook, and Teradyne, which advanced on optimism around AI-related demand. On the downside, consumer staples and health care detracted, with Kimberly-Clark falling after announcing a large acquisition and Smith & Nephew declining on weaker revenue. Contemporary Amperex Technology also weighed on performance following operational challenges and increased share supply.

**Fixed income:**

Global fixed income markets delivered strong gains in November 2025, supported by renewed expectations for rate cuts and the resolution of the U.S. government shutdown. Declining yields across major sovereign curves and dovish central bank signals were key drivers, although credit spreads widened slightly in riskier segments as investors favoured safer assets. Higher starting yields continued to enhance income contributions, accounting for over 70% of global returns. U.S. Treasuries led performance as yields fell after labour data signalled economic softening, reinforcing expectations for a December rate cut. The 10-year Treasury yield declined 13 basis points to 4.02%, while the curve flattened modestly. Investment-grade corporates returned 1.5%, supported by strong issuance despite modest spread widening. High-yield bonds posted a smaller gain of 0.4% as risk appetite weakened.

The target fund's Developed Market Investment Grade (DMIG) portfolio returned 0.53%, with gains from credits in communications, consumer cyclical, and technology. The U.S. Treasury curve bull-steepened as spreads widened amid risk aversion, while AI-related concerns weighed on hyperscalers. The Investment Manager of Target Fund remain defensive, favouring selective opportunities in technology and maintaining an underweight duration heading into 2026. The Emerging Markets Investment Grade (EMIG) portfolio returned 0.28%, focusing on corporates and balancing gains in energy and materials against weakness in financials and industrials.

The Emerging Markets High Yield (EMHY) Bond portfolio returned 0.39%. EM high-yield corporates were broadly flat as spread widening was offset by carry and favourable U.S. Treasury moves, while EM sovereigns posted gains. Weakness in China weighed on corporates, driven by real estate stress and Vanke's request for bond maturity extension. Broader EM credit conditions improved with stronger sovereign profiles, lower default rates,

and supportive funding environments. Fed rate cut expectations and currency stability aided market access. The portfolio reduced high-yield exposure to lower beta and protect against spread widening, while emphasising credit selection.

## **December 2025**

### **General:**

The BOS International Fund - Growth returned 0.56% in December.

During the month, the global equity market showed resilience amid a backdrop of shifting monetary policies and mixed economic signals, concluding a strong year with broadening participation. The MSCI AC World Index rose by 1.05% in USD terms, driven by strong non-US performances that outpaced the more subdued US benchmarks. This capped off a robust 2025 for the global equity market, posting 22.34% for the year, marking its third straight double-digit gain. A prominent theme was rotation into cyclical and value sectors, as investors positioned for 2026 growth.

### **Equities:**

The equity portfolio gained modestly in December, with strong contributions from technology holdings and offset by weakness in healthcare and consumer names. Information Technology was the standout sector, supported by Samsung Electronics, which surged to an all-time high after unveiling its first trifold smartphone and reporting breakthroughs in AI memory technology. The company also announced a strategic acquisition in advanced driver assistance systems, reinforcing its leadership in automotive technology. Teradyne added further upside as analysts upgraded the stock on expectations of robust AI-driven demand for chip-testing equipment, while plans for a new U.S. operations hub signalled long-term growth ambitions. Citigroup also contributed positively, trading above book value for the first time since 2018 and benefiting from regulatory relief and strategic divestments.

Despite these gains, performance was tempered by some detractors. Agilent Technologies declined sharply despite multiple analyst upgrades, while Sony Group faced headwinds from privacy-related litigation and strategic acquisitions that failed to lift sentiment. Innovent Biologics also weighed on returns, with shares falling despite regulatory approvals and a major partnership with Takeda. Overall, December highlighted the benefits of exposure to AI-driven technology themes, though persistent challenges in healthcare and select consumer holdings underscored the importance of disciplined stock selection as markets navigate a complex macro backdrop.

### **Fixed income:**

Meanwhile, the global fixed income market displayed a mixed performance, characterised by rising global government bond yields that pressured sovereign debt while credit sectors benefited from tightening spreads and resilient economic signals. Sovereign bonds encountered challenges, as long-dated yields climbed amid fiscal and inflation concerns. Central bank actions contributed to the dynamics, as the Federal Reserve implemented a 25 basis point cut to 3.5%-3.75% in a divided vote, while the Bank of Japan hiked rates to 0.75%, highlighting policy divergence.

Counterbalancing these pressures, corporate and high yield segments performed positively, fuelled by spread narrowing of 3 basis points for investment-grade and 7 for high-yield. Emerging market debt stood out with continued strength, driven by a weakening USD and attractive rate differentials, contributing to broader fixed income resilience. The month concluded a year of overall gains for the asset class, though December's yield steepening underscored ongoing volatility from geopolitical tensions and persistent inflation above targets.

Within our Developed Market Investment Grade (DMIG) exposures, underweights in Consumer Non-Cyclical and Communications added value, while credit selection in Utilities and Technology contributed. Repsol bonds outperformed after significant asset monetization, including the \$252.5 million sale of a stake in its Texas Outpost solar project. Limited exposure to hyperscalers detracted as spreads widened amid thin liquidity. The US Treasury curve bear-steepened on strong labour data and a hawkish Fed cut, while Consumer Price Index (CPI) undershot expectations due to data distortions from a government shutdown.

The EM Investment Grade exposure has benefited from strong bottom-up credit selection. Mexican credits led performance, through overweight positioning and spread tightening, while Saudi Arabian holdings contributed via favourable security selection. Notable performers included Fibra Uno, Thairoil, and Vale Overseas, benefiting from spread compression and positive analyst upgrades. Conversely, Freeport Indonesia faced operational setbacks, Promigas weakened after Fitch's negative watch, and Raízen Fuels Finance detracted amid financial distress. Rising yields offset credit gains, particularly at longer maturities, highlighting rate volatility as a headwind despite robust regional positioning.

Within the Emerging Markets High Yield (EMHY) Bond exposures, country positioning was active, with notable overweights in India and Brazil. India contributed positively, supported by strong credit fundamentals and rating stability, while Brazil saw mixed performance amid fiscal uncertainty and high rates. MC Brazil Downstream advanced debt restructuring with strong creditor support, and Vedanta Resources benefited from multiple rating upgrades and improved leverage outlook. South Africa also added value as the rand posted its biggest annual gain since 2009 and inflation eased. Brazilian sovereigns and Sharjah sukuk detracted, while longer duration positioning remained a headwind as yields rose.

## Fund Returns

|   | Total Returns        |               |              |                         |
|---|----------------------|---------------|--------------|-------------------------|
|   | Class MYR-Hedged BOS | Class USD BOS | Class PP USD | Class PP MYR Non-Hedged |
| 1.1.2025 To 31.3.2025                           | -3.39%               | -             | -            | -                       |
| 1.4.2025 To 30.6.2025                           | 6.10%                | -             | -            | -                       |
| 1.7.2025 To 30.9.2025                           | 5.00%                | -             | -            | -                       |
| 1.10.2025 To 31.12.2025                         | 2.12%                | -             | -            | -                       |
| 1 Year's Period (1.1.2025 To 31.12.2025)        | 9.91%                | -             | -            | -                       |
| 3 Years' Period (1.1.2023 To 31.12.2025)        | 29.97%               | -             | -            | -                       |
| Financial Year-To-Date (1.1.2025 To 31.12.2025) | 9.91%                | -             | -            | -                       |
| Since Investing Date To 31.12.2025              | 5.38%                | -             | -            | -                       |

### 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: -

Past performance figures shown are only a guide and should not be taken as indicative of future performance, and that unit prices and investment returns may go down, as well as up.

Source: BOS Wealth Management Malaysia Berhad

## Asset Allocation

### As at 31 December 2025

|  |                |
|--|----------------|
| Collective Investment Scheme:<br>BOS International Fund – Growth<br>(Class Retail C USD) | 93.76%         |
| Cash and Liquid Assets   | 6.24%          |
|  | <u>100.00%</u> |

## Income Distribution

Nil

## Net Asset Value (NAV) Per Unit

(as at 31 December 2025)

|                         |          |
|-------------------------|----------|
| Class MYR-Hedged BOS    | RM1.0538 |
| Class USD BOS           | -        |
| Class PP USD            | -        |
| Class PP MYR Non-Hedged | -        |

## Significant Changes in the State of Affairs of the Fund

Nil

**REPORT OF THE TRUSTEE TO THE UNIT HOLDERS OF  
BOSWM CORE GROWTH FUND**

To the unit holders of BOSWM Core Growth Fund ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 December 2025 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **BOS Wealth Management Malaysia Berhad** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the deed; and
3. No creation and cancellation of units of the Fund are carried out for current financial year ended.

For and on behalf of  
**CIMB COMMERCE TRUSTEE BERHAD**

**Tok Puan Datin Ezreen Eliza binti Zulkiplee**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
23 February 2026

## **BOSWM CORE GROWTH FUND**

### **STATEMENT BY THE MANAGER**

We, **Najmuddin bin Mohd Luffi** and **Tong Hon Keong**, being two of the directors of **BOS Wealth Management Malaysia Berhad**, do hereby declare that, in the opinion of the Manager, the accompanying financial statements set out on pages 37 to 56 are prepared in accordance with the requirements of the Deeds, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in Malaysia so as to give a true and fair view of the financial position of **BOSWM Core Growth Fund** as at 31 December 2025 and of its results, changes in net asset value and cash flows for the financial year then ended.

Signed on behalf of the Manager in accordance with a resolution of the directors.

**NAJMUDDIN BIN MOHD LUTFI**

**TONG HON KEONG**

Petaling Jaya, Malaysia  
23 February 2026

**INDEPENDENT AUDITORS' REPORT  
TO THE UNIT HOLDERS OF BOSWM CORE GROWTH FUND**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT

Our Opinion

In our opinion, the financial statements of BOSWM Core Growth Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 December 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 37 to 56.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and other ethical responsibilities*

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the Manager's report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF BOSWM CORE GROWTH FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNIT HOLDERS OF BOSWM CORE GROWTH FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards of auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- d) Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT  
TO THE UNIT HOLDERS OF BOSWM CORE GROWTH FUND (CONTINUED)**

OTHER MATTERS

This report is made solely to the unit holders of the Fund, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT  
(LLP0014401-LCA & AF 1146)  
Chartered Accountants

Kuala Lumpur  
23 February 2026

**BOSWM CORE GROWTH FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025**

|  | Note | 2025<br>USD      | 2024<br>USD      |
|--|------|------------------|------------------|
| <b>ASSETS</b>                                  |      |                  |                  |
| Investments                                    | 3    | 1,320,579        | 1,171,147        |
| Financial derivatives                          | 7    | 45,201           | -                |
| Other receivables                              |      | -                | 219              |
| Cash and cash equivalents                      | 5    | 52,445           | 45,778           |
| <b>TOTAL ASSETS</b>                            |      | <u>1,418,225</u> | <u>1,217,144</u> |
| <b>LIABILITIES</b>                             |      |                  |                  |
| Financial derivatives                          |      | -                | 47,643           |
| Amount due to Manager                          | 6    | 1,793            | 1,307            |
| Other payables                                 |      | 7,932            | 4,601            |
| <b>TOTAL LIABILITIES</b>                       |      | <u>9,725</u>     | <u>53,551</u>    |
| <b>NET ASSET VALUE ("NAV") OF THE FUND</b>     |      | <u>1,408,500</u> | <u>1,163,593</u> |
| <b>EQUITY</b>                                  |      |                  |                  |
| Unit holders' capital                          | 13   | 1,300,508        | 1,300,508        |
| Retained earnings/(Accumulated loss)           |      | 107,992          | (136,915)        |
| <b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b> |      | <u>1,408,500</u> | <u>1,163,593</u> |
| <b>NET ASSET VALUE</b>                         |      |                  |                  |
| Class MYR-Hedged BOS                           |      | 1,408,500        | 1,163,593        |
| Class USD BOS                                  |      | -                | -                |
| Class PP USD                                   |      | -                | -                |
| Class PP MYR                                   |      | -                | -                |
| <b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>  |      |                  |                  |
| Class MYR-Hedged BOS                           | 14   | 5,424,242        | 5,424,242        |
| Class USD BOS                                  |      | -                | -                |
| Class PP USD                                   |      | -                | -                |
| Class PP MYR                                   |      | -                | -                |
| <b>NAV PER UNIT IN RINGGIT MALAYSIA</b>        |      |                  |                  |
| Class MYR-Hedged BOS                           |      | 1.0538           | 0.9588           |
| Class USD BOS                                  |      | -                | -                |
| Class PP USD                                   |      | -                | -                |
| Class PP MYR                                   |      | -                | -                |
| <b>NAV PER UNIT IN RESPECTIVE CURRENCY</b>     |      |                  |                  |
| Class MYR-Hedged BOS                           |      | 0.2597           | 0.2146           |
| Class USD BOS                                  |      | -                | -                |
| Class PP USD                                   |      | -                | -                |
| Class PP MYR                                   |      | -                | -                |

The accompanying notes form an integral part of the financial statements.

**BOSWM CORE GROWTH FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

|  | Note | 2025<br>USD    | 2024<br>USD    |
|--|------|----------------|----------------|
| <b>INVESTMENT INCOME</b>   |      |                |                |
| Interest income  |      | 1,152          | 1,159          |
| Net gains/(loss) on investments  |      |                |                |
| - Financial assets at FVTPL  |      | 10,903         | 4,867          |
| - Foreign exchange   |      | 2,899          | 1,749          |
| - Financial derivatives  |      | (2,346)        | 75,695         |
| Net unrealised gain/(loss) on foreign exchange   |      | 92,453         | (68,870)       |
| Net unrealised gains on changes in the value of<br>financial assets at FVTPL                         |      | 168,529        | 152,470        |
|  |      | <u>273,590</u> | <u>167,070</u> |
| <b>EXPENSES</b>  |      |                |                |
| Audit fee  |      | 2,012          | 1,846          |
| Tax agent's fee  |      | 538            | 770            |
| Manager's fee  | 8    | 17,490         | 15,587         |
| Trustee's fee  | 9    | 2,931          | 2,676          |
| Administration expenses  |      | 5,712          | 4,528          |
|  |      | <u>28,683</u>  | <u>25,407</u>  |
| <b>Net income before taxation</b>  |      | 244,907        | 141,663        |
| <b>Less: Taxation</b>  | 12   | -              | -              |
| <b>Net income after taxation, representing total<br/>comprehensive income for the financial year</b> |      | <u>244,907</u> | <u>141,663</u> |
| <b>Total comprehensive income<br/>comprises the following:</b>                                       |      |                |                |
| Realised (loss)/income   |      | (16,075)       | 58,063         |
| Unrealised income  |      | 260,982        | 83,600         |
|  |      | <u>244,907</u> | <u>141,663</u> |

The accompanying notes form an integral part of the financial statements.

**BOSWM CORE GROWTH FUND**

**STATEMENT OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

|                            | Note | Unit holders'<br>capital<br>USD | Accumulated<br>losses<br>USD | NAV<br>attributable<br>to<br>unit holders<br>USD |
|----------------------------|------|---------------------------------|------------------------------|--|
| <b>At 1 January 2024</b>   |      | 1,300,508                       | (278,578)                    | 1,021,930  |
| Net income after taxation  |      | -                               | 141,663                      | 141,663  |
| <b>At 31 December 2024</b> |      | <u>1,300,508</u>                | <u>(136,915)</u>             | <u>1,163,593</u>                                 |
| <br>                       |      |                                 |                              |  |
| <b>At 1 January 2025</b>   |      | 1,300,508                       | (136,915)                    | 1,163,593  |
| Net income after taxation  |      | -                               | 244,907                      | 244,907  |
| <b>At 31 December 2025</b> |      | <u>1,300,508</u>                | <u>107,992</u>               | <u>1,408,500</u>                                 |

The accompanying notes form an integral part of the financial statements.

**BOSWM CORE GROWTH FUND****STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

|   | <b>2025<br/>USD</b> | <b>2024<br/>USD</b> |
|---|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                     |                     |
| Proceeds from sale of investments                               | 50,000              | 30,000              |
| Purchase of investments   | (20,000)            | (80,000)            |
| Settlement of forward contracts                                 | (2,346)             | 75,442              |
| Interest received   | 4,404               | 1,149               |
| Manager's fee paid  | (17,003)            | (7,266)             |
| Trustee's fee paid  | (2,515)             | (2,621)             |
| Payment for other fees and expenses                             | (5,307)             | (8,183)             |
| Net cash generated from operating activities                    | <u>7,233</u>        | <u>8,521</u>        |
| <b>Net increases in cash and cash equivalents</b>               | 7,233               | 8,521               |
| <b>Effect of exchange rate changes</b>                          | (548)               | 1,895               |
| <b>Cash and cash equivalents at beginning of financial year</b> | <u>45,760</u>       | <u>35,344</u>       |
| <b>Cash and cash equivalents at end of financial year</b>       | <u>52,445</u>       | <u>45,760</u>       |
| <b>Cash and cash equivalents comprise:</b>                      |                     |                     |
| Cash at banks   | 3,156               | 9,962               |
| Deposits with financial institutions                            | 49,289              | 35,798              |
|   | <u>52,445</u>       | <u>45,760</u>       |

The accompanying notes form an integral part of the financial statements.

## **BOSWM CORE GROWTH FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

#### **1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

BOSWM Core Growth Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Deed dated 20 April 2020 as amended by the First Supplemental Master Deed dated 3 December 2021 and the Second Supplemental Master Deed dated 22 April 2022 (hereinafter referred to as "the Deeds") made between the Manager, BOS Wealth Management Malaysia Berhad and the Trustee, CIMB Commerce Trustee Berhad for the registered holders of the Fund.

The principal activity of the Fund is to invest in "Permitted Investments" as defined in the Deeds, which include the Inst C USD and/or Inst D USD Share Class of the BOS International Fund - Growth, financial derivatives, money market instruments and any other form of investments as may be determined by the Management Company and Trustee from time to time that is in line with the Fund's objective. The Fund was launched on 30 April 2020 and will continue its operations until terminated as provided in the Deeds.

The Manager is a wholly owned subsidiary of Bank of Singapore Limited, a private bank based in Singapore. The ultimate holding company is Oversea-Chinese Banking Corporation Limited, a public listed company incorporated in Singapore.

The principal activities of the Manager are the establishment and management of unit trust funds as well as the management of private investment mandates. The Manager received approval from the Securities Commission Malaysia to include the regulated activity of investment advice under the variation of its Capital Markets Services License on 25 October 2019. The Manager registered to be an Institutional Unit Trust Adviser with the Federation of Investment Managers Malaysia on 13 November 2019. The Manager has not commenced activities relating to investment advice and marketing and distribution of third party funds as of the end of the financial year.

#### **2. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

##### **(a) Basis of preparation**

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The material accounting policies adopted are consistent with those applied in the previous financial year end except for the adoption of new MFRSs and Amendments to MFRSs which are effective for the financial year beginning on or after 1 January 2025. These new MFRSs and Amendments to MFRSs did not give rise to any material effect on the financial statements.

The Fund will adopt the following Amendments to MFRSs when they become effective in the respective financial periods and these Amendments to MFRSs are not expected to have any material impact to the financial statements of the Fund upon initial application.

## **BOSWM CORE GROWTH FUND**

### **NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

#### **2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)**

##### **(a) Basis of preparation (cont'd.)**

###### **Standards issued but not yet effective:**

- (i) Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026).
- The amendments clarify that financial assets are derecognised when the rights to the cash flows expire or when the asset is transferred, and financial liabilities are derecognised at the settlement date (i.e. when the liability is extinguished or qualifies for derecognition).
  - There is an optional exception to derecognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the specified criteria are met;
  - The amendments also clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;
  - There are additional new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  - The amendments update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").
- (ii) MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.
- The new MFRS introduces a new structure of profit or loss statement.
    - a) Income and expenses are classified into 3 new main categories:
      - Operating category which typically includes results from the main business activities;
      - Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
      - Financing category that presents income and expenses from financing liabilities.
    - b) Entities are required to present two new specified subtotals:  
'Operating profit or loss' and 'Profit or loss before financing and income taxes'.
  - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
  - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

## **BOSWM CORE GROWTH FUND**

### **NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

#### **2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)**

##### **(b) Functional and presentation currency**

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in United States Dollar ("USD"), which is also the Fund's functional currency.

##### **(c) Foreign currency translation**

Assets and liabilities denominated in foreign currencies are translated into USD at rates of exchange prevailing at the reporting date.

Transactions in foreign currencies are translated into USD at the rates of exchange ruling on the dates of transactions. Exchange differences arising are included in profit or loss.

##### **(d) Financial instruments**

The Fund recognises financial assets and financial liabilities in the statement of financial position on the date it becomes a party to the contractual provisions of the instruments.

Regular way purchase and sales of all categories of investments in financial instruments are recognised on trade dates i.e. dates on which the Fund commits to purchase or sell the financial instruments.

###### *Financial assets*

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss ("FVTPL") on the basis of both the Fund's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value with gain and loss recognised in profit or loss. Transaction costs are recognised in profit or loss as incurred. Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gains or net losses on changes in fair value of financial assets at FVTPL.

The fair value of collective investment scheme is determined from last published repurchase price at the reporting date as reported by the management company of such funds and as agreed by the Trustee and the Manager so as to reflect its fair value.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

###### *(i) Financial assets at amortised cost*

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Receivables are classified as financial assets at amortised cost. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include cash and cash equivalents, amount due from Manager, brokers/dealers and other receivables.

## **BOSWM CORE GROWTH FUND**

### **NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

#### **2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)**

##### **(d) Financial instruments (cont'd)**

###### *(ii) Financial assets at FVTPL*

A financial asset is measured at FVTPL if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding; or
- (b) It is held within a business model whose objective is to sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The contractual cash flows of the Fund's deposits with licensed financial institutions and debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

###### *Financial liabilities*

Financial liabilities are recognised initially at fair value i.e. the consideration for goods and services received and subsequently stated at amortised cost. These include amounts due to Manager, brokers/dealers, Trustee and other payables. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

##### **(e) Derecognition of financial assets and liabilities**

###### *Financial assets*

A financial asset is derecognised when the asset is disposed and the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

###### *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liability is derecognised, and through the amortisation process.

##### **(f) Impairment of financial assets**

Credit losses are recognised based on the expected credit loss ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL, either on a 12-month or lifetime basis based on the significant increase in credit risk since initial recognition. The impairment model does not apply to equity investments.

## **BOSWM CORE GROWTH FUND**

### **NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

#### **2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)**

##### **(g) Income recognition**

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Dividend income is recognised when the Fund's right to receive payment is established.

Interest income, accretion of discount and amortisation of premium are recognised using the effective interest method on an accrual basis.

##### **(h) Unrealised reserves/(deficits)**

The unrealised reserves/(deficits) represent the net gain or loss arising from carrying quoted investments at their fair value and are recognised in the statement of comprehensive income.

##### **(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and deposits with licensed financial institutions with original maturities of 90 days or less which have an insignificant risk of changes in value.

##### **(j) Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

##### **(k) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

##### **(l) Unit holders' Capital**

Unit holders' Capital meets the conditions for the definition of puttable instruments classified as liability instruments under the requirements of MFRS 132 Financial Instruments: Presentation ("MFRS 132").

Under MFRS 132, a unit trust fund with one common class of Unitholders is classified as Equity as it meets the requirement of having identical features. In a multi-unit class fund, if any one class (or a group of classes) can be differentiated in terms of their features, then all the classes will be classified as Liability.

The Fund issues cancellable units in four classes on which further details are disclosed in Notes 13 and 14.

Distribution equalisation is accounted for on the date of creation and cancellation of units. It represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unit holders by way of distribution and/or adjusted accordingly when units are cancelled.

**BOSWM CORE GROWTH FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)**

**(m) Material accounting estimates and judgments**

The preparation of financial statements in accordance with MFRS and International Financial Reporting Standards requires the use of certain accounting estimates and exercise of judgments. Estimates and judgments are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

No major estimates or judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at the reporting date.

**3. INVESTMENTS**

|                                  | <b>2025<br/>USD</b> | <b>2024<br/>USD</b> |
|----------------------------------|---------------------|---------------------|
| <b>Financial assets At FVTPL</b> |                     |                     |
| Quoted investments               |                     |                     |
| - Collective investment scheme   | 1,320,579           | 1,171,147           |
| Total Investments                | <u>1,320,579</u>    | <u>1,171,147</u>    |

(a) Quoted investments at the reporting date is as detailed below.

**COLLECTIVE INVESTMENT SCHEME**

| <b>2025</b>     |  |                     |                           | <b>Fair value<br/>as a % of<br/>NAV<br/>%</b> |
|-----------------|--|---------------------|---------------------------|---|
| <b>Quantity</b> | <b>Name of fund</b>                                  | <b>Cost<br/>USD</b> | <b>Fair value<br/>USD</b> |   |
|                 | <u><b>Luxembourg</b></u>                             |                     |                           |   |
|                 | Emerging Market Bond Fund USD Class C<br>(Dist) (SG) |                     |                           |   |
| 8,734           | BOS International Fund - Growth - INST B USD (LU)*   | 900,178             | 1,320,579                 | 93.76   |
|                 | <b>TOTAL QUOTED INVESTMENTS</b>                      | <u>900,178</u>      | <u>1,320,579</u>          | <u>93.76</u>                                  |
|                 | <b>UNREALISED GAIN FROM QUOTED<br/>INVESTMENTS</b>   |                     | <u>420,401</u>            |   |
| <b>2024</b>     |  |                     |                           | <b>Fair value<br/>as a % of<br/>NAV<br/>%</b> |
| <b>Quantity</b> | <b>Name of fund</b>                                  | <b>Cost<br/>USD</b> | <b>Fair value<br/>USD</b> |   |
|                 | <u><b>Luxembourg</b></u>                             |                     |                           |   |
|                 | Emerging Market Bond Fund USD Class C<br>(Dist) (SG) |                     |                           |   |
| 8,971           | BOS International Fund - Growth - INST B USD (LU)*   | 919,275             | 1,171,147                 | 100.65  |
|                 | <b>TOTAL QUOTED INVESTMENTS</b>                      | <u>919,275</u>      | <u>1,171,147</u>          | <u>100.65</u>                                 |
|                 | <b>UNREALISED GAIN FROM QUOTED<br/>INVESTMENTS</b>   |                     | <u>251,872</u>            |   |

\* Managed by the holding company of the Manager.

## BOSWM CORE GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 3. INVESTMENTS (CONT'D.)

(b) The target fund's top 10 holdings as at 31 December 2025 is as detailed below.

|                                    | Percentage of<br>target fund's NAV<br>% |
|------------------------------------|---|
| Nvidia RG                          | 4.38                                    |
| Taiwan Semiconductor Manufacturing | 3.32                                    |
| Microsoft Corporation              | 3.04                                    |
| Citigroup                          | 2.86                                    |
| Sumitomo Mitsui                    | 2.58                                    |
| Teradyne                           | 2.48                                    |
| Brambles Ltd                       | 2.47                                    |
| Tencent                            | 2.41                                    |
| Ancor                              | 2.17                                    |
| ASML Holding                       | 2.04                                    |
| Total                              | <u>27.75</u>                            |

#### 4. FAIR VALUE HIERARCHY

The Fund uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

|                                       | Level 1<br>USD   | Level 2<br>USD  | Total<br>USD     |
|---------------------------------------|------------------|-----------------|------------------|
| <b>2025</b>                           |                  |                 |                  |
| <b>Financial assets at FVTPL</b>      |                  |                 |                  |
| Collective investment Scheme          | 1,320,579        | -               | 1,320,579        |
| Financial derivatives                 | -                | 45,201          | 45,201           |
|                                       | <u>1,320,579</u> | <u>45,201</u>   | <u>1,365,780</u> |
| <b>2024</b>                           |                  |                 |                  |
| <b>Financial assets at FVTPL</b>      |                  |                 |                  |
| Collective investment Scheme          | 1,171,147        | -               | 1,171,147        |
|                                       | <u>1,171,147</u> | <u>-</u>        | <u>1,171,147</u> |
| <b>Financial liabilities at FVTPL</b> |                  |                 |                  |
| Financial derivatives                 | -                | (47,643)        | (47,643)         |
|                                       | <u>-</u>         | <u>(47,643)</u> | <u>(47,643)</u>  |

The carrying amounts of other financial assets and financial liabilities, approximate fair values due to the relatively short term maturities of these financial instruments.

**BOSWM CORE GROWTH FUND****NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025****5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash at banks and deposits with licensed financial institutions.

|  | <b>2025<br/>USD</b> | <b>2024<br/>USD</b> |
|--|---------------------|---------------------|
| Cash at banks                                  | 3,156               | 9,962               |
| Deposits with licensed financial institutions: |                     |                     |
| - Commercial bank                              | 49,285              | 35,798              |
| - Interest receivable                          | 4                   | 18                  |
|  | <u>49,289</u>       | <u>35,816</u>       |
| Cash and cash equivalents                      | <u>52,445</u>       | <u>45,778</u>       |

**6. AMOUNT DUE TO MANAGER**

The amount due to Manager represents amount payable for management fee.

Management fee is payable on a monthly basis.

**7. FINANCIAL DERIVATIVES**

Financial derivatives contracts comprise forward foreign currency contracts due for settlement within 3 months from the reporting date. The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from the investment in Target Fund which is denominated in US Dollar. The contract amounts and their corresponding gross fair values at the reporting date were as follows:

|             | <b>Maturity<br/>date</b> | <b>Contracts or<br/>underlying<br/>principal<br/>amounts<br/>USD</b> | <b>Contract<br/>value<br/>at the<br/>reporting<br/>date<br/>USD</b> | <b>Unrealised<br/>losses from<br/>forward<br/>foreign<br/>currency<br/>contracts<br/>USD</b> |
|-------------|--------------------------|--|---|--|
| <b>2025</b> |                          |  |   |  |
|             | 20/01/2026               | 1,192,905  | 1,149,964   | 42,941   |
|             | 20/01/2026               | 62,258   | 59,998  | 2,260  |
|             |                          | <u>1,255,163</u>   | <u>1,209,962</u>  | <u>45,201</u>  |

**BOSWM CORE GROWTH FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

**7. FINANCIAL DERIVATIVES (CONT'D.)**

|             | <b>Maturity date</b> | <b>Contracts or underlying principal amounts<br/>USD</b> | <b>Contract value at the reporting date<br/>USD</b> | <b>Unrealised losses from forward foreign currency contracts<br/>USD</b> |
|-------------|----------------------|--|---|--|
| <b>2024</b> |                      |  |   |  |
|             | 17/01/2025           | 967,494  | 1,009,835   | (42,341)   |
|             | 17/01/2025           | 124,677  | 129,979   | (5,302)  |
|             |                      | <u>1,092,171</u>   | <u>1,139,814</u>                                    | <u>(47,643)</u>  |

**8. MANAGER'S FEE**

The Manager's fee provided in the financial statements are calculated on a daily basis based on NAV attributable to unit holders of the Fund for the respective class of units at the following rate:-

| <b>Class</b>     | <b>Rate p.a.</b> |
|------------------|------------------|
| - MYR-Hedged BOS | 1.40%            |

**9. TRUSTEE'S FEE**

The Trustee's fee provided in the financial statements is computed at 0.04% (2024: 0.04%) per annum of the NAV attributable to unit holders of the Fund, calculated on a daily basis, subject to a minimum fee of RM12,000 per annum.

**10. PORTFOLIO TURNOVER RATIO ("PTR")**

|                                  | <b>2025</b>       | <b>2024</b>       |
|----------------------------------|-------------------|-------------------|
| Portfolio turnover ratio ("PTR") | <u>0.03 times</u> | <u>0.05 times</u> |

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period over the average NAV attributable to unit holders of the Fund calculated on a daily basis. The PTR for the current financial year is lower due to decrease in investing activities.

## BOSWM CORE GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 11. TOTAL EXPENSE RATIO ("TER")

|                  | <b>2025</b> | <b>2024</b> |
|------------------|-------------|-------------|
| Class            |             |             |
| - MYR-Hedged BOS | 2.30%       | 2.28%       |

TER is the ratio of expenses of the Fund expressed as a percentage of the average NAV attributable to unit holders of the Fund for the financial period calculated on a daily basis. The TER for the current financial year is higher due to a higher percentage of increase in expenses compared with the average NAV attributable to unit holders. The Fund does not charge performance fee.

#### 12. TAXATION

|                          | <b>2025</b> | <b>2024</b> |
|--------------------------|-------------|-------------|
|                          | <b>USD</b>  | <b>USD</b>  |
| Malaysian income tax:    |             |             |
| Current year's provision | -           | -           |

Income tax is calculated at the Malaysian statutory rate of taxation of 24% (2024:24%) of the estimated assessable income for the financial year.

There was no taxation charge for the current financial year due to tax exempt income received.

A reconciliation of income tax expense applicable to net income before taxation at the statutory rate of taxation to income tax expense at the effective rate of taxation is as follows:

|   | <b>2025</b> | <b>2024</b> |
|---|-------------|-------------|
|   | <b>USD</b>  | <b>USD</b>  |
| Net income before taxation                                    | 244,907     | 141,663     |
| Taxation at Malaysian statutory rate of 24%                   | 58,778      | 33,999      |
| Tax effects of:   |             |             |
| Income not subject to tax                                     | (66,225)    | (56,625)    |
| Losses not deductible for tax purpose                         | 563         | 16,529      |
| Expenses not deductible for tax purpose                       | 1,784       | 1,442       |
| Restriction on tax deductible expenses for<br>wholesale funds | 5,100       | 4,655       |
| Tax expense for the financial year                            | -           | -           |

**BOSWM CORE GROWTH FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

**13. NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS**

|                                  | <b>2025<br/>USD</b> | <b>2024<br/>USD</b> |
|----------------------------------|---------------------|---------------------|
| Unitholders' contribution        |                     |                     |
| -Class MYR-Hedged BOS            | 1,300,508           | 1,300,508           |
| Accumulated loss                 |                     |                     |
| - Realised deficits              | (350,388)           | (334,313)           |
| - Unrealised reserves            | 458,380             | 197,398             |
| NAV attributable to unit holders | <u>1,408,500</u>    | <u>1,163,593</u>    |

The NAV per unit is rounded up to four decimal places.

The Fund may issue cancellable units in four classes. The following are the features of each class:

| <b>Features</b>               | <b>Class<br/>MYR-Hedged BOS</b>   | <b>Class USD BOS</b>                        | <b>Class PP USD</b>                                | <b>Class PP MYR<br/>Non-Hedged</b> |
|-------------------------------|---|---|--|------------------------------------|
| Management fee rate           | 1.40% p.a. of Class NAV   |   |  |                                    |
| Sales Charge                  | Up to 2.00% of Class NAV  |   |  |                                    |
| Distribution policy           | Incidental, subject to the Manager's discretion   |   |  |                                    |
| Minimum Initial Investment    | RM500,000   | USD100,000                                  | USD500,000   | RM500,000                          |
| Minimum Additional Investment | RM250,000   | USD100,000                                  | USD200,000   | RM250,000                          |
| Class Characteristics         | MYR   | USD   | USD  | MYR                                |
|                               | To minimize the effect of exchange rate fluctuations between the base currency of the Fund and MYR. | Denominated in United States Dollar ("USD") | For Investments made via specific IUTA channel(s). |                                    |

As at 31 December 2024 and 31 December 2025, only units in Class MYR-Hedged BOS have been issued.

**14. NUMBER OF UNITS IN CIRCULATION**

|                             | <b>2025</b>         |                  | <b>2024</b>         |                  |
|-----------------------------|---------------------|------------------|---------------------|------------------|
|                             | <b>No. of units</b> | <b>USD</b>       | <b>No. of units</b> | <b>USD</b>       |
| <b>Class MYR-Hedged BOS</b> |                     |                  |                     |                  |
| 1 January                   | 5,424,242           | 1,408,500        | 5,424,242           | 1,163,593        |
| 31 December                 | <u>5,424,242</u>    | <u>1,408,500</u> | <u>5,424,242</u>    | <u>1,163,593</u> |

There were no units in circulation other than Class MYR-Hedged BOS for the current and previous financial years.

## BOSWM CORE GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 15. UNITS HELD BY THE MANAGER AND ITS RELATED PARTIES

The related parties and their relationships with the Fund are as follows:

##### Related parties

|   |   |
|---|---|
| BOS Wealth Management Malaysia Berhad       | The Manager                             |
| Bank of Singapore Limited                   | Holding company of the Manager          |
| Oversea-Chinese Banking Corporation Limited | Ultimate holding company of the Manager |

|                                       | 2025                      |           | 2024                      |           |
|---------------------------------------|---------------------------|-----------|---------------------------|-----------|
|                                       | No. of units <sup>^</sup> | USD       | No. of units <sup>^</sup> | USD       |
| <b>Holding Company of the Manager</b> |                           |           |                           |           |
| Class MYR-Hedged BOS                  | 5,424,242                 | 1,408,500 | 5,424,242                 | 1,163,593 |

There were no units held by other related parties.

<sup>^</sup> All units are held legally by the Manager as per the unit holders' register.

#### 16. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the brokers/dealers for the financial year are as follows:

| Brokers/Dealers                       | Value of trade<br>USD | % of total trades<br>% |
|---------------------------------------|-----------------------|------------------------|
| <b>2025</b>                           |                       |                        |
| UBS Fund Management (Luxembourg) S.A. | 70,000                | 100.00                 |
| <b>2024</b>                           |                       |                        |
| UBS Fund Management (Luxembourg) S.A. | 110,000               | 100.00                 |

The Fund is a feeder fund into the target fund, BOS International Fund - Growth, hence transactions were made wholly with the appointed fund manager of the target fund, UBS Fund Management (Luxembourg) S.A. The Investment Manager of the target fund is Bank of Singapore Limited, the holding Company of the Manager.

The directors of the Manager are of the opinion that the transactions with the related party have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

## BOSWM CORE GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk, credit risk, liquidity risk and target fund risk.

Financial risk management is carried out through policy reviews, internal control systems and adherence to the investment restrictions as stipulated in the Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in Malaysia.

(i) Market risk

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments. The Fund seeks to diversify some of these risks by investing into different sectors to mitigate risk exposure to any single asset class.

The Fund's market risk is affected primarily by the following risks:

(a) Price risk

The Manager manages this risk by monitoring the performance of the investment portfolio. The price risk exposure arises from the Fund's investment in collective investment scheme.

The table below summarises the effect on the net income before tax and NAV attributable to the unit holders of the Fund at the reporting date due to possible changes in prices, with all other variables held constant:

| Change in price (%) | Effect on net income before tax<br>and NAV attributable to unitholders<br>Increase/(Decrease) |             |
|---------------------|---|-------------|
|                     | 2025<br>USD   | 2024<br>USD |
| +5                  | 66,029  | 58,557      |
| -5                  | (66,029)  | (58,557)    |

(b) Interest rate risk

This risk refers to the effect of interest rate changes on the returns of deposits with licensed financial institutions. In the event of reduction in interest rates, the returns on deposits with licensed financial institutions will decrease, thus affecting the NAV of the Fund. This risk will be minimised via the management of the duration structure of the deposits with licensed financial institutions.

(c) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than the functional currency. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore subject to foreign exchange risks.

**BOSWM CORE GROWTH FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

**17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**

(i) Market risk (cont'd.)

(c) Currency risk (cont'd.)

The Fund Manager employs forward foreign currency contracts to reduce the Fund's exposure to foreign exchange fluctuations of the target fund as part of its currency risk management.

The table below indicates the currency to which the Fund had significant exposure at the reporting date on its NAV. The analysis shows the currency risk concentration and calculates the effect on net income before tax and NAV attributable to unit holders due to fluctuations in currency rates against the functional currency, with all other variables held constant:

An equivalent decrease in the currency rate shown above would have resulted in an equivalent, but opposite impact.

| Changes in<br>currency rate % | Currency risk concentration<br>for USD |             | Effect on net income before tax and<br>NAV attributable to unit holders |  |
|-------------------------------|--|-------------|---|--|
|                               | 2025<br>USD                            | 2024<br>USD | Increase/<br>(Decrease)<br>2025<br>USD                                  | Increase/<br>(Decrease)<br>2024<br>USD |
| +5                            | 1,320,589                              | 1,171,147   | 66,029  | 58,557                                 |
| -5                            | 1,320,589                              | 1,171,147   | (66,029)  | (58,557)                               |

(ii) Credit risk

The Fund's principal exposure to credit risk arises primarily due to changes in the financial conditions of an issuer or a counterparty to make payment of principals, interest and proceeds from realisation of investments. Such events can lead to loss of capital or delayed or reduced income for the Fund resulting in a reduction in the Fund's asset value and thus, unit price. This risk is mitigated by setting counterparty limits and vigorous credit analyses.

Credit risk generally arises from investments, financial derivatives, cash and cash equivalents and other receivables. The maximum exposure to credit risk is presented in the Statement of Financial Position. None of these balances are impaired. Financial derivatives and cash and cash equivalents are placed in licensed financial institutions with strong credit ratings.

**BOSWM CORE GROWTH FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

**17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**

(ii) Credit risk (cont'd.)

The following table sets of the credit risk concentration of the Fund at the end of each reporting year:

|               | <b>Financial<br/>Derivatives<br/>USD</b> | <b>Cash and Cash<br/>Equivalents<br/>USD</b> | <b>Total<br/>USD</b> |
|---------------|--|--|----------------------|
| <b>2025</b>   |  |  |                      |
| Credit rating |  |  |                      |
| AAA           | 45,201                                   | 52,445                                       | 97,646               |
| <b>2024</b>   |  |  |                      |
| Credit rating |  |  |                      |
| AAA           | (47,643)                                 | 45,778                                       | (1,865)              |

(iii) Liquidity risk

This risk occurs in thinly traded or illiquid securities. Should the Fund need to sell a relatively large amount of such securities, the act itself may significantly depress the selling price. The risk is minimised by maintaining a prudent level of liquid assets that allows the Fund to meet daily redemption of units without jeopardising potential returns.

The maturity of the Fund's financial liabilities fall due within three months while the NAV attributable to unit holders are repayable on demand.

The table below summarises the Fund's financial liabilities into the relevant maturity groupings based on remaining period as at end of each reporting period to the contractual maturity date. The amounts in the table below are the contractual undiscounted cash flows.

|                       | <b>Within<br/>1 month<br/>USD</b> | <b>Total<br/>USD</b> |
|-----------------------|-----------------------------------|----------------------|
| <b>2025</b>           |                                   |                      |
| Amount due to manager | 1,793                             | 1,793                |
| Other payables        | 7,932                             | 7,932                |
|                       | <u>9,725</u>                      | <u>9,725</u>         |

## BOSWM CORE GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(iii) Liquidity risk (cont'd.)

|                       | <b>Within<br/>1 month<br/>USD</b> | <b>Total<br/>USD</b> |
|-----------------------|-----------------------------------|----------------------|
| <b>2024</b>           |                                   |                      |
| Amount due to manager | 1,307                             | 1,307                |
| Other payables        | 52,244                            | 52,244               |
|                       | <u>53,551</u>                     | <u>53,551</u>        |

(iv) Target fund risk

The Fund is exposed to target fund risk as it feeds into a single target fund. This risk may occur when there is an underperformance or non-performance due to less optimal investment management at the target fund level in terms of securities selection and market, sector and economic analysis. This risk is mitigated by selecting a target fund which has a long track record and managed by a reputable investment manager.

#### 18. OPERATING SEGMENT

The Fund is a feeder fund whose assets are primarily invested in the target fund, BOS International Fund - Growth. The target fund is domiciled in Luxembourg and the investment of the target fund is managed by Bank of Singapore Limited, a subsidiary of Oversea-Chinese Banking Corporation Limited, the ultimate holding company of the Manager.

As the Fund is a feeder fund it only has one business segment.

#### 19. CAPITAL MANAGEMENT

The Fund's capital comprises unit holders' subscription to the Fund. The unit holders' capital fluctuates according to the daily subscription and redemption of units at the discretion of unit holders.

The Fund aims to achieve its investment objective and at the same time maintain sufficient liquidity to meet unit holders' redemptions.

#### 20. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the Directors on 23 February 2026.

**BOS WEALTH MANAGEMENT MALAYSIA BERHAD** 199501006861 (336059-U)  
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**INSTITUTIONAL UNIT TRUST ADVISERS (IUTA)**

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

**IMPORTANT NOTICES**

**Beware of phishing scams**

Kindly be alert of any email or SMS that requires you to provide your personal information and/or to login to your account via an unsolicited link. Do not click on email links or URLs without verifying the sender of the email. Please ensure the actual internet address is displayed i.e. [www.boswm.com.my](http://www.boswm.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 updated personal details on a timely basis. You may do so by downloading and completing the Update of Particulars Form available at [www.boswm.com.my](http://www.boswm.com.my), and e-mail to [ContactUs@boswm.com](mailto:ContactUs@boswm.com). Alternatively, you may call or email us as above.