

# **BOSWM EMERGING MARKET BOND FUND**

**QUARTERLY REPORT**  
**For the financial period from**  
**1 April 2025 to 30 June 2025**

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**FUND INFORMATION****As At 30 June 2025**

|                                       |  |
|---------------------------------------|--|
| Name Of Fund (Feeder)                 | : BOSWM Emerging Market Bond Fund  |
| Manager Of Fund                       | : BOS Wealth Management Malaysia Berhad<br>199501006861 (336059-U)   |
| Name Of Target Fund                   | : Lion Capital Funds II – Lion-Bank of Singapore Emerging Market Bond Fund   |
| Investment Manager Of Target Fund     | : Lion Global Investors Limited (198601745D)   |
| Sub-Investment Manager Of Target Fund | : Bank of Singapore Limited (197700866R)   |
| Launch Date                           | : Class MYR – 26 January 2016<br>Class MYR BOS – 12 September 2019<br>Class USD BOS – 12 September 2019<br><br>The Fund will continue its operations until terminated as provided under Part 11 of the Deed.   |
| Category Of Fund                      | : Fixed income – feeder fund (wholesale)   |
| Type Of Fund                          | : Growth and income <sup>□</sup>   |
| Investment Objective                  | : BOSWM Emerging Market Bond Fund aims to provide capital growth and income <sup>□</sup> in the medium* to long term* by investing in the Target Fund<br><br><sup>□</sup> Income is in reference to the Fund's distribution, which will be in the form of cash or units.<br><br><sup>*</sup> Medium term is defined as a period of one to three years, and long term is a period of more than three years. |
| Performance Benchmark                 | : Nil – The Fund does not have a performance benchmark assigned.   |
| Distribution Policy                   | : Subject to the availability of income, distribution of income will be on a quarterly basis.  |
| Fund Size                             | : Class MYR - 8.34 million units<br>Class MYR BOS - 12.68 million units<br>Class USD BOS - Nil   |

**FUND PERFORMANCE****For The Financial Period From 1 April 2025 To 30 June 2025****Market And Fund Review**

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

**April 2025**

Year-to-Date (YTD) Contributors:

- On a net return basis, the YTD of the target fund was up 0.84% in USD terms as of April 2025.
- The Investment Manager of Target Fund out of benchmark position in Egypt and Overweight allocation to Indonesia and Mexico contributed positively to both relative and absolute performance in 2025.
- The Investment Manager of Target Fund allocation to BBB segment contributed most to the absolute performance in YTD 2025.
- On duration, the Investment Manager of Target Fund Overweight allocation to short end of the curve and 7 to 10-year part of the yield curve contributed to performance.

Year-to-Date (YTD) Detractors:

- The Investment Manager of Target Fund Underweight allocation to China was a key detractor of performance. In addition, their selection within Hong Kong also contributed negatively to performance.
- Rating wise, the Investment Manager of Target Fund Underweight position in the Non-Rated segment as well as Underweight in the A segment detracted from relative performance.
- On duration, the Investment Manager of Target Fund Overweight position in the longer end of the curve detracted from performance.

Month-to-Date (YTD) Contributors:

- On a net return basis, the MTD of the target fund was down 0.44% in USD terms in April 2025 amidst the volatility in the global risk assets.
- The Investment Manager of Target Fund out of benchmark allocation to Egypt contributed most to both absolute and relative performance in April 2025, while their allocation to Indonesia and Turkey also contributed positively.
- On the rating, the Investment Manager of Target Fund defensive positioning was a major contributor to positive performance. Underweight allocation to B+ and below as well as Unrated segments contributed to relative performance.
- Overweight position in 7 to 10-year maturity bucket benefited the portfolio in April 2025.

Month-to-Date (YTD) Detractors:

- The Investment Manager of Target Fund allocation to Hong Kong, mainly towards the long end of the curve was a key detractor in April 2025, both absolute and relative basis. Their higher beta positioning within India also detracted from performance.
- Overweight position in the BBB rating bucket detracted from performance owing to higher spread volatility.
- The Investment Manager of Target Fund positioning in the longer dated part of the yield curve was a key detractor of performance this month.

The positive news surrounding trade negotiations has enabled the equity markets as well as High Yield (HY) segments to recoup most of the drawdown experienced in April 2025. 10-year yields reached a low of 4.15% in early May 2025 but inched towards the 4.5% mark in mid-May 2025. The trade truce has eased recession risk in the United States (US); however, higher tariffs may lift US core inflation to 3% to 4%, limiting the Federal Reserve's easing options. The Investment Manager of Target Fund see upside risks to 10-year yield as a result and yields may reach 5% mark. They continued to adjust the yield curve positioning in the portfolio in April 2025, by reducing exposure to the long end of the curve to the rally in US Treasury (UST) yields. They have reduced their Overweight position in Indonesia and increased allocation to Mexico and Philippines in April 2025.

Credit spreads in Emerging Market (EM) hard currency have tightened in May 2025 in line with the risk on sentiment in global assets. The volatility surrounding the news flow on tariff negotiations and volatility in UST yields remains as two key near term drivers of the returns in Emerging Market (EM) bonds. While the fundamentals of major EM economies have improved over the last decade or so, they are not immune to the volatility in the global markets. The Investment Manager of Target Fund continue to see value in EM hard currency bonds supported by good fundamentals, lower duration in the market relative to developed market peers and higher yields. They have continued to improve the diversification of the portfolio to improve the risk/reward proposition of the portfolio. Going forward, they aim to improve the portfolio resilience through careful country allocation and security selection.

**May 2025****Year-to-Date (YTD) Contributors:**

- The Investment Manager of Target Fund Overweight allocation to Indonesia and Mexico, and an out-of-benchmark exposure to Egypt, contributed to both relative and absolute performance year-to-date.
- Ratings-wise, their Overweight allocation to BB segment contributed most to both relative and absolute performance year-to-date.
- On duration, their Overweight allocation to 0 to 1-year and 7 to 10-year maturity buckets contributed year-to-date.

**Year-to-Date (YTD) Detractors:**

- The Investment Manager of Target Fund Underweight allocations to China and Israel were key detractors of performance. In addition, their selection within Hong Kong also detracted from performance.
- Ratings-wise, their Underweight allocation to Unrated and single A segments detracted from performance.
- On duration, their Underweight allocation to 5 to 7-year and Overweight allocation to 10-year+ maturity buckets detracted from performance.

**Month-to-Date (YTD) Contributors:**

- The Investment Manager of Target Fund Underweight allocation to Hong Kong and Overweight allocation to India contributed in May.
- Ratings-wise, their Overweight allocation to BB segment contributed most to both relative and absolute performance in May.
- On duration, their Underweight allocation to 1 to 3-year maturity bucket contributed in May 2025.

**Month-to-Date (MTD) Detractors:**

- The Investment Manager of Target Fund Overweight allocations to longer maturities in UAE and Chile were key detractors of performance. In addition, their Underweight allocation to Israel and their selection within Turkey also detracted from performance.
- Ratings-wise, their Underweight allocation to Unrated segment detracted from performance owing to better performance in riskier assets.
- On duration, their Overweight allocation to 10-year+ maturity bucket detracted from performance.

Positive developments on the United States (US) tariffs front headlined by United Kingdom and China deals lifted investor sentiments and drove risk assets higher and spreads tighter. Higher beta segments such as High Yield outperformed Investment Grade bonds, while the US Treasury (UST) curve moved higher by 25 to 30 bps as investors moved to price 2 less rate cuts for 2025. 10-year and 30-year Treasury yields hit highs of 4.60% and 5.09% before rallying to close the month lower at 4.40% and 4.93%, respectively. April 2025'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 2025 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 10-year yields to reach 5% over next 12 months with steeper yield curve.

The Investment Manager of Target Fund expect Emerging Market hard currency bonds to perform well, supported by resilient economic fundamentals in emerging markets, stable or improving fiscal and debt dynamics, and a global environment increasingly conducive to fixed income. Attractive yields persist due to higher UST yields, though credit spreads are less compelling than in previous years. The volatility surrounding news flow on tariff negotiations and volatility in UST yields remains key drivers of near-term returns. They have increased diversification to improve portfolio risk/reward and moving forward, they aim for portfolio resilience through careful country allocation and security selection.

### **June 2025**

Year-to-Date (YTD) Contributors:

- YTD the target fund returned 3.11% in USD terms as of June 2025, lagging the benchmark by 83bps on a net basis.
- The Investment Manager of Target Fund Overweight allocation to Mexico and India were a major contributor to relative performance as their positions in Adani Group and Vedanta benefited from improving credit spreads. In Mexico, spread tightening in their investment grade positions as well as holding in Pemex benefited the portfolio returns. In addition, their out of benchmark positions in Egypt and South Africa sovereign contributed positively to performance.
- Their allocation to BBB segment contributed most to the absolute performance in YTD 2025, aided by positions in Mexico and Indonesia.
- On duration, their Overweight allocation to 7-10years, part of the yield curve contributed to performance.

**Year-to Date (YTD) Detractors:**

- The Investment Manager of Target Fund Underweight allocation to China was a key detractor of performance YTD. They are Underweight higher beta segments of China, especially Real Estate which detracted from performance. In addition, their duration positioning in Hong Kong credits contributed negatively to relative performance.
- Rating wise, their Underweight position in the Non-Rated segment as well as Underweight in the A segment detracted from relative performance.
- On duration, their Underweight positions in 3-7year segment was a key detractor of performance. Furthermore, their Overweight allocation in the long end of the curve detracted due to steepening of the yield curve.

**Month-to-Date (MTD) Contributors:**

- MTD, the target fund returned 1.45% in USD terms in June 2025, outperforming the benchmark by 8bps on a net basis and 18bps on a gross basis.
- The Investment Manager of Target Fund out of benchmark allocation to Egypt continue to be a key contributor performance. The improvement in fundamentals Egypt driven by improving external position and progress in reform agenda has led to tightening credit spreads within the Egypt curve. They remain constructive on the near-term outlook and maintain the Overweight allocation the sovereign. On the other hand, their allocation Sharjah Sovereign delivered positive returns. They continue to see the sovereign as an attractive way to obtain exposure to UAE.
- The Investment Manager of Target Fund Overweight position in BBB segment of the market was a key contributor to both relative and absolute performance in June 2025. In the Single B segment their credit selection in Egypt, Vedanta and Rakuten contributed to positive performance. They see these names as improving credit stories which should continue to drive the spreads in the near term.
- The Investment Manager of Target Fund duration positioning contributed positively to performance in June 2025. The overweight allocation to long duration bonds benefited from the rally in US Treasury (UST) yields.

**Month-to-Date (MTD) Detractors:**

- The Investment Manager of Target Fund Underweight position in higher beta Hong Kong Real Estate sector was a key detractor, as New World Development completed its refinancing program. In addition, their Underweight position in long duration segments in Saudi Arabia was another detractor of performance on account of rally in UST yields.
- The Investment Manager of Target Fund Underweight position in higher quality segments in the Investment Grade market (A and above) detracted from performance owing to duration.
- The Investment Manager of Target Fund relative underweight in the 3-5year segment of the curve detracted from performance owing to limited allocation to certain higher beta credits.



Equity markets (particularly US and Asia) sustained their post "Liberation Day" rally through June 2025, as tariff negotiations progressed and Middle Eastern geopolitical tensions eased into the end of the month. The risk on sentiment coupled with the rally in UST yields drove the returns in Emerging Market (EM) credits in June 2025. The Investment Manager of Target Fund continue to see inflation to remain sticky and above the Fed's 2% target, limiting committee's ability to materially ease the monetary policy. They foresee one rate cut from the Fed in 2025. On the other hand, the policies of the new US administration is likely to result in elevated fiscal spending and may put pressure on UST yields. They expect 10-year UST to reach 5% mark over the next 12 months. They did not make major changes to the portfolio in June 2025 as they were positioned to benefit from the rally in UST yields and recovery in EM credits.

The volatility surrounding news flow on tariff negotiations and volatility in US Treasury yields remains two key near-term drivers of the returns in EM bonds. While the fundamentals of major EM economies have improved over the last decade or so, they are not immune to the volatility in the global markets. The USD weakness could potentially be a tailwind for fundamentals and external position of EM corporates and sovereigns. In addition, the Investment Manager of Target Fund have seen the opening up of the new issue markets allowing EM Corporate and Sovereign issuers to refinance near-term maturities. This bodes well for the default outlook. They have further reduced our long end duration positions in July 2025 with the intention reposition towards 7-10year segment. They may also look to increase the High Yield allocation through new issues. They continue to see value in Emerging Market hard currency bonds supported by good fundamentals, lower duration in the market relative to developed market peers and higher yields. They have continued to improve the diversification of the portfolio to improve the risk / reward proposition of the portfolio. Going forward, they aim to improve the portfolio resilience through careful country allocation and security selection.

**Fund Returns**

|   | Total Returns |               |
|---|---------------|---------------|
|   | Class MYR     | Class MYR BOS |
| 1.1.2025 To 31.3.2025                             | 0.81%         | 0.82%         |
| 1.4.2025 To 30.6.2025                             | 0.93%         | 0.88%         |
| 1 Year's Period<br>(1.7.2024 To 30.6.2025)        | 2.90%         | 3.00%         |
| 3 Years' Period<br>(1.7.2022 To 30.6.2025)        | 1.21%         | 1.37%         |
| 5 Years' Period<br>(1.7.2020 To 30.6.2025)        | -13.23%       | -14.44%       |
| Financial Year-To-Date<br>(1.1.2025 To 30.6.2025) | 1.75%         | 1.71%         |
| Since Investing Date<br>To 30.6.2025              | 1.75%         | -14.67%       |

Note:

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

Source: Lipper, Bloomberg

**Asset Allocation****As At 30 June 2025**

Collective Investment Scheme:

Lion Capital Funds II – Lion-Bank of Singapore Emerging  
Market Bond Fund USD Class C (Distribution) and/or  
USD Class C (Accumulation)

94.40%

Cash And Liquid Assets

5.60%

100.00%**Income Distribution**

Nil

**Net Asset Value (NAV) Per Unit**

(as at 30 June 2025)

Class MYR

RM0.9142

Class MYR BOS

RM0.8269

Class USD BOS

-

**Significant Changes In The State Of Affairs Of The Fund**

Nil

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**As At 30 June 2025**

|  | <b>30.6.2025</b>  |
|--|-------------------|
|  | <b>RM</b>         |
| <b>Assets</b>                                      |                   |
| Investments  | 17,087,665        |
| Interest receivable                                | 25                |
| Other receivables                                  | 30,700            |
| Tax recoverable                                    | 5,954             |
| Financial derivatives                              | 686,887           |
| Cash and cash equivalents                          | 313,940           |
| <b>Total Assets</b>                                | <u>18,125,171</u> |
| <b>Liabilities</b>                                 |                   |
| Amount due to Manager                              | 8,921             |
| Other payables                                     | 14,169            |
| <b>Total Liabilities</b>                           | <u>23,090</u>     |
| <b>Net Asset Value Of The Fund</b>                 | <u>18,102,081</u> |
| <b>Equity</b>                                      |                   |
| Unitholders' capital                               | 24,137,939        |
| Accumulated losses                                 | (6,035,858)       |
| <b>Net Asset Value Attributable To Unitholders</b> | <u>18,102,081</u> |
| <b>Total Equity And Liabilities</b>                | <u>18,125,171</u> |

**UNAUDITED STATEMENT OF FINANCIAL POSITION (continuation)**  
**As At 30 June 2025**

|  | <b>30.6.2025</b>  |
|--|-------------------|
|  | <b>RM</b>         |
| <b>Net Asset Value Attributable To Unitholders</b> |                   |
| - Class MYR  | 7,620,377         |
| - Class MYR BOS                                    | 10,481,704        |
|  | <u>18,102,081</u> |
| <b>Number Of Units In Circulation (Units)</b>      |                   |
| - Class MYR  | 8,336,205         |
| - Class MYR BOS                                    | 12,676,839        |
| <b>Net Asset Value Per Unit (MYR)</b>              |                   |
| - Class MYR  | 0.9142            |
| - Class MYR BOS                                    | 0.8269            |

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**For The Financial Period From 1 April 2025 To 30 June 2025**

|   | <b>1.4.2025<br/>to<br/>30.6.2025<br/>RM</b> |
|---|---|
| <b>Investment Income</b>  |   |
| Interest income   | 2,808                                       |
| Net gain on investments   |   |
| - Financial derivatives   | 302,322                                     |
| Net unrealised loss on changes in value of<br>financial assets at fair value through profit or loss | (106,456)                                   |
|   | <u>198,674</u>                              |
| <b>Expenses</b>   |   |
| Audit fee   | 2,148                                       |
| Tax agent's fee   | 790   |
| Manager's fee   | 27,885                                      |
| Trustee's fee   | 1,787                                       |
| Administration expenses   | 5,383                                       |
|   | <u>37,993</u>                               |
| <b>Net Income Before Taxation</b>   | 160,681                                     |
| <b>Taxation</b>   | (282)                                       |
| <b>Net Income After Taxation, Representing Total<br/>Comprehensive Income For The Period</b>        | <u>160,399</u>                              |
| <b>Total Comprehensive Income</b>   | <u>160,399</u>                              |
| <b>Total Comprehensive Income<br/>Is Made Up As Follows:</b>  |   |
| Realised income   | 266,855                                     |
| Unrealised loss   | (106,456)                                   |
|   | <u>160,399</u>                              |

**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 with 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 email to [ContactUs@boswm.com](mailto:ContactUs@boswm.com). Alternatively, you may call us as above.