Data Ended 30 June 2024

BOSWM Dynamic Islamic Income Fund Class BOS MYR

Investment objective

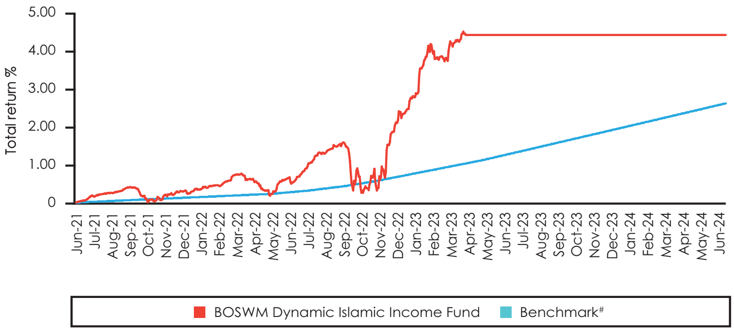
The Fund aims to deliver total return.

Notes:
- *Any material change to the investment objective of the Fund would require Unit Holders' approval.*
- *'total return' refers to a combination of income (in the form of income distribution) and potential capital growth.*

Performance

	1 Mth	6 Mths	1 Yr	3 Yrs	Since Launch▲
Fund*	0.00%^	0.00%^	0.00%^	4.34%	4.46%
Benchmark#	0.11%	0.65%	1.31%	2.63%	2.64%

* Source: Lipper for Investment Management, 30 June 2024. Fund sector: Bond MYR
# Benchmark: Maybank Islamic Overnight Deposit Rate, source: Maybank www.maybank2u.com.my, 30 June 2024
▲ Since start investing date: 10 June 2021
^ The unavailability of performance figures may be due to various factors, including but not limited to the following: - (a) historical data is less than 1 year; (b) non-existence of historical data for a given period; (c) a given share class yet to have any subscriber; (d) a given share class without unit in circulation following the exit of all subscriber(s); etc. You are encouraged to speak to our relationship manager(s) should you need greater details.



Note: There are no units in circulation and investment activities effective 10 April 2023.

Asset allocation

Nil

Country allocation

Nil

Fund details

Fund category/type	Islamic (wholesale fund) / Growth and income
Launch date	1 June 2021
Financial year end	30 June
Fund size	Nil
NAV per unit	RM1.0000 (as at 28 June 2024)
Highest/Lowest NAV per unit (12-month rolling back)	Highest 3 Jul 2023 RM1.0000 Lowest 3 Jul 2023 RM1.0000
Income distribution	Once a year, if any.
Specific risk	Interest rate risk, credit & default risk, early termination of placement in Islamic deposit(s) and investment accounts, Shariah status reclassification risk and liquidity risk.
Sales charge	Up to 2.00% of the NAV per unit of the Class
Annual management fee	Up to 0.50% p.a. of the NAV of the Class
Fund manager	Oh Jo Ann
Sales office	BOS Wealth Management Malaysia Berhad 199501006861 (336059-U) ContactUs@boswm.com

Income distribution°

Year	2021	2022	2023	2024^
Gross distribution (sen)	-	0.20	-	-
Distribution yield (%)	-	0.20	-	-

^

Month	Jun 2024
Gross distribution (sen)	-
Distribution yield (%)	-

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

Fund Commentary

- The Fund exited its fixed income holdings as liquidity requirements prompted full liquidation of investments during the month of April 2023.

Equity

The month of June yielded a broadly positive performance for global equities. Investors broadly leaned into risk, driven by signs that the global economy is heading towards a soft landing. Market movements in June (in local currency terms): US (+5.2%), Eurozone (+1.8%), Hong Kong (+6.6%), Shanghai (9.4%), Japan (+7.9%), Taiwan (+6.0%), Singapore (-0.4%), Thailand (0.5%), and Malaysia (+2.5%).

Corporate fundamentals in the US remain largely stable, and we remain constructive on the earnings outlook ahead. In particular, the US tech complex could continue to outperform, underpinned by robust Cloud spending while elevated Artificial Intelligence (AI) capital expenditure levels could be a continued tailwind for semiconductor names. The sustainability of equity gains for tech remains important, given its heavy sector weighting in the S&P 500 Index. However, we recognise that valuations are elevated relative to historical levels, and we would be more comfortable adding risk should we see a more material pullback in equities.

The political landscape in Europe has shifted noticeably to the right, which is important for investors, as political risks are critical to European equity performance. Historically, European equity market valuations have tracked economic policy uncertainty, and studies have shown that European equities have also become more sensitive to rising economic policy uncertainty over time. At the same time, broader geopolitical risks also remain elevated as the European Union (EU) recently announced additional Chinese electric vehicles which could prompt retaliation from Beijing. In terms of fundamentals, European earnings are gradually recovering, underpinned by measured improvements in the macroeconomic picture.

All eyes will be on the upcoming Third Plenum and July Politburo meeting in China. At the macro front, we look for signs of consumer sentiment revival and improvement in real estate transactions. We expect earnings growth and increasing focus on shareholders' return to lend support to market performance. Earnings momentum for MSCI China has turned positive since the end of May and was lifted by 1.1% month-on-month. Key risks would include USDCNY trajectory (CNY has depreciated by 1.7% against the USD in 1H24) and geopolitical tensions as we head into the US presidential election.

Earnings growth in Fiscal Year 25 (Japanese fiscal year ending in March 2025) is expected to moderate after a solid showing in Fiscal Year 24. We also note that the positive consensus earnings revision momentum has waned in recent weeks, and this could be driven in part by the disappointing forward earnings guidance given by several companies during their full-year results. On the macroeconomic front, there are also uncertainties over Bank of Japan's (BOJ's) monetary policy and the current weakness in the JPY could be a headwind to real purchasing power of consumers.

Despite light as far as news flow is concerned during the month, the Malaysian market continued to see interest among investors. Construction sector was under the spotlight as the market's top sector performer overtaking utilities as investors appreciate it as a direct beneficiary of data centres. Strong foreign investor interest was seen in the first half of June but profit taking appeared to have dominated thereafter. That being said, the FBMKLCI is one of the best index performers in ASEAN year-to-date (YTD) with the least net foreign outflow.

As we cast our eyes into the second half of 2024, we expect markets to remain supported despite interest rate uncertainties, geopolitical risks and the US presidential election in November. The overall macro backdrop remains broadly constructive for risk assets with indicators including business surveys and purchasing managers indices holding steady. We maintain a moderately risk-on stance in our asset allocation and view any pullbacks as opportunities to add risk exposure.

Fixed Income
The bond market has been very responsive to economic views concerning inflation while The Federal Reserve remained attentive to inflation as they continue to declare, with persistence, a policy geared to achieving a 2% Core Personal Consumption Expenditure (PCE) level. The Fed's latest June economic projections showed only one rate cut this year, down from three previously, as officials again hold rates steady before moving to ease policy. The total number of cuts expected through the end of 2026 remained unchanged. That move came alongside an upward revision to the near-term inflation outlook and no change to expectations for growth or employment. Economic data were generally weaker headlined by retail sales which grew less than expected at 0.10% in May. Separately, building permits and housing starts were both softer than expected, and existing home sales continued to contract. The negative news was offset somewhat by a small upside surprise in the flash Purchasing Manager's Index (PMI) for June, with manufacturing gauge still in expansionary territory after touching the 50-level in April. The US PCE for May was flat month over month, with the latest measure showing decelerating price growth. Treasury yields traded mostly lower for the month except towards month-end where yields rose along the long-end following the US presidential debate which focused attention on a possible Republican sweep in November's elections. The 2-year yield and 10-year yield declined 12bps and 10bps respectively to 4.76% and 4.39% in June, with the 2T/10T curve inversion at -37bps.

Local government bond yields were firmer for the month in review taking cue from the lower US Treasury (UST) yields and encouraging data on the exports for May which came in stronger versus expectations. The yield curve had shifted lower with yield differentials to narrow further as current Malaysian Government Securities (MGS) yields have stabilised, while the UST yields may drop on rate cut expectations towards end of the year. Headline inflation rose to 2.0% in May after hovering between 1.5%–1.9% over the past eight months. Looking ahead, we expect inflationary pressure to increase in 2H2024, with the ongoing fuel subsidy rationalization. Government auctions were skewed towards duration given two long duration auctions namely the 20-year and 30-year Government Investment Issue (GII) reopening which garnered strong bid-to-cover (BTC) of 3.47x and 3.50x while the 3-year auction was only 1.68x covered. Over the month, the 3-year and the 10-year yield saw a near parallel downward move of 5-6bps closing the month at 3.58% and 4.03% respectively.

Disclaimer
This publication has not been reviewed by the Securities Commission of Malaysia (SC). This leaflet provides general information and does not have regard to any specific investment objective, financial situation or particular personal need. The fund performance is calculated on an NAV-NAV basis including any capital gains and reinvested income distributions. Replacement information memorandum dated 15 January 2024 and Product Highlights Sheet ("PHS") are obtainable at our office and you have the right to request for a copy. They have been lodged with the SC who takes no responsibility for their contents. The lodgement does not amount to nor indicate that the SC has recommended or endorsed the fund. Units will only be issued when we receive the official account application form, investment form and declaration form. You should study the replacement information memorandum and PHS, and consider the fees and charges involved before investing. You should also note that distributions and net asset value per unit do go up and down. Past performance is not an indication of future performance. The specific risks of BOSWM Dynamic Islamic Income Fund are interest rate risk, credit & default risk, early termination of placement in Islamic deposit(s) and investment accounts, Shariah status reclassification risk and liquidity risk. Description of the specific risks can be obtained from the replacement information memorandum dated 15 January 2024. Where a distribution is declared, you are advised that following the distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV.