

**Important note:**

1. BU Asia Pacific Flexi Allocation Fund (“the Fund”) is a sub-fund of BU Investment Series OFC (“the Company”), which is a public open ended fund company (“OFC”) (business registration number 72687438) regulated under the laws of Hong Kong, with variable capital and limited liability and segregated liability between sub-funds.
2. The Fund seeks to achieve long-term capital growth and income by investing in equity securities or debt securities, that are either (a) traded in the Asia Pacific region or (b) issued by companies incorporated in the Asia Pacific region or companies which have significant operations in or derive significant portion of revenue from the Asia Pacific region.
3. The Fund invests in emerging markets and may be subject to higher liquidity and volatility risks.
4. The Fund is subject to equity markets risk such as changes in investment sentiment, political, economic conditions and issuer-specific factors which may adversely affect the fund value.
5. The Fund invests in debts or fixed income securities are exposed to interest rates, credit/counterparty, downgrading, volatility and liquidity, valuation and sovereign debt and credit rating risks which may adversely affect the price of the debt securities.
6. The Fund may invest in below investment grade or non-rated debt securities which are subject to greater volatility and liquidity risks than higher-rated securities.
7. The Fund is exposed to concentration risk in Asia Pacific region and may be more volatile than in a more diverse portfolio of investment.
8. The Fund is also subject to risk associated with regulatory requirements and high market volatility and potential settlement difficulties of the equity markets in Asia Pacific Region.
9. The directors may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Fund. Distributions paid out of capital amount to a return or withdrawal of part of the shareholder’s original investment or from any capital gains attributable to that original investment. Such distribution may result in an immediate reduction of the net asset value per share.
10. In terms of currency hedged class shares, adverse exchange rate fluctuations between the base currency of the Fund and the class currency of the currency hedged class shares may result in a decrease in return and/or loss of capital for shareholders. Over-hedged or under-hedged positions may arise and there can be no assurance that the currency hedged class shares will be hedged at all times or that the manager will be successful in employing the hedge.
11. RMB is currently not a freely convertible currency as it is subject to exchange controls and restrictions. Non-RMB based (e.g. Hong Kong) investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors’ base currencies (for example HKD) will not depreciate. Any depreciation of the RMB could adversely affect the value of investors’ investments.
12. The Fund may acquire financial derivative instruments for hedging and investment purposes. Given the leverage effect embedded in financial derivative instruments, the Fund may be exposed to significant losses.
13. Investors should not make an investment decision based solely on this material.

**BU Asia Pacific Flexi Allocation Fund (“AFA”)**

★★★★  
Morningstar Overall Rating\*

**Favour equities, prefer tech; Asian Investment Grade bonds see low fallen angel risk, attractive yields**



*Highlights:*

1. **Overweight IT, energy and industrials shares; Underweight consumer and financial sectors**
2. **Prefer India for structural growth potential, Taiwan for IT stocks**
3. **Asian credits to be supported by potential US rate cuts, low fallen angel risk, and compelling yields**

**Fund Features**

- The Fund is an Asia Pacific equity-biased mixed-asset income fund, which invests in a prudent selection of blue-chip stocks to seek alpha.
- The Fund employs flexible allocation in Asia Pacific bonds to enhance return potential and diversify portfolio risks.

**Market Review & Outlook**

The MSCI APxJ extended its gain and rose 2.7% in March from February, primarily led by AI-related proxies in North Asia with Taiwan and South Korea being the key outperformers. Technology shares in both markets were buoyed by positive comments from a GPU tech conference hosted by a major US AI semiconductor player. However, Hong Kong was the worst performer in the region, weighed down by earnings disappointment.

AI-related demand remained robust in the first quarter. The surging demand for AI-related semiconductors among tech giants, combined with heightened US-China competition, suggests that the application of AI could experience exponential growth. Conversely, the recovery of traditional tech demand such as personal computers and notebooks is comparatively subdued.

The MSCI China Index rose about 1% from February. China's economic indicators remained weak but showed slight improvement in the first quarter with February consumer prices returning to positive territory, while March Manufacturing purchasing managers' index resumed its expansionary mode. Given the various supporting measures launched by the government since the beginning of the year, investor confidence recovered marginally.

India's structural growth remains on solid footing. The country's positive outlook is spurred by government reform, a burgeoning middle class and strong domestic investor sentiment, as well as a rise in private capital expenditure. In India, Prime Minister Narendra Modi's lead in the upcoming presidential election is viewed positively by investors, who anticipate existing favourable economic policies will be extended to propel the country's economy further.

Shifting gears to fixed income, Asia's Investment Grade bond market delivered a decent performance in the first quarter. Our investment teams believe potential US rate cuts, low risk of fallen angel, and attractive overall yields should provide support for Asian credits. In addition, with first-quarter new issuance of Investment Grade bonds totaling only USD 38.1 billion, falling below market estimates, providing the Investment Grade bonds favourable support from a technical standpoint. These positive factors, however, could partially be offset by the reduction in rate cut expectations and a slower pace of disinflation. In the near term, sentiment remains positive but some profit-taking activity could kick in. Across Asian Investment Grade bonds, we hold a particular preference for South Korean credits, including select financial bonds, underpinned by strong credit fundamentals.

### Investment Strategy

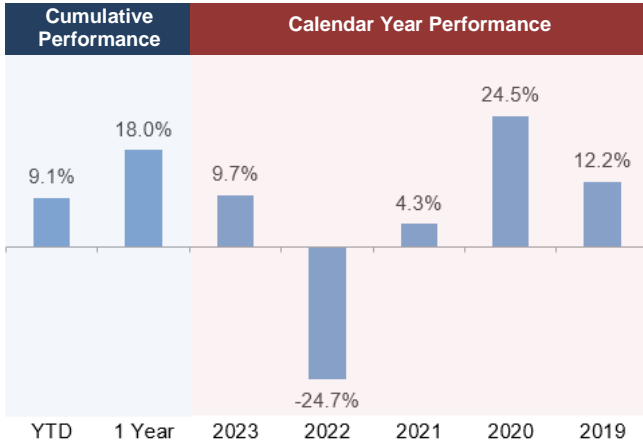
Our teams deployed cash and added equities, including South Korea and China via energy and financials. We remain constructive on the technology sector, buoyed by bottoming out of the semiconductor cycle as well as the continued momentum of AI being a new secular trend. The Fund Overweight IT, Energy and Industrials sectors while Underweight Consumer and Financial sectors.

From a geographical allocation perspective, the Fund Overweight India, driven by its structural growth narrative. Opportunities can be seen across a plethora of sectors in India, such as utilities, consumption, industrials and financials. We maintain our Overweight stance on Taiwan, with a preference for the tech sector. We also favour energy and material sectors, including those in Australia. Our teams remain cautious towards China and Hong Kong. Despite emerging signs of economic stabilisation in China, the momentum for a significant upswing may be deemed insufficient.

In terms of Investment Grade bonds, we favour South Korean Investment Grade financials in particular.

**Fund Performance**

Performance<sup>1</sup> : A USD (Accumulating)



The Fund was launched on 30 September 2021 upon the restructuring of BEA Union Investment Series - BEA Union Investment Asia Pacific Flexi Allocation Fund (the Predecessor Fund, with inception on 6 Feb 2015) to the Fund. The performance / fund price/ dividend record/ Morningstar rating (if applicable) shown on or before the date of the restructuring has been simulated based on the respective information of a unit class of Predecessor Fund with the same investment objectives, risk profiles, and materially the same fee structures and investment policies of the respective share class of the Fund.

Class A USD (Accumulating) of the "Predecessor Fund" was launched on 6 February 2015.

If you would like to stay informed of the market development and our latest investment strategy, please feel free to register as a member of BEA Union Investment through the link below:



<http://www.bea-union-investment.com/member-registration>

**Fund Code**

	ISIN	Bloomberg
A USD (Accumulating)	HK0000224250	BEAPUA HK
A USD (Distributing)	HK0000224201	BEAPUI HK
A HKD (Distributing)	HK0000224219	BEAPAI HK
A AUD Hedged (Distributing)	HK0000224227	BEAPUH HK
A RMB Hedged (Distributing)	HK0000224235	BEAFAR HK
A NZD Hedged (Distributing)	HK0000224243	BEAPAN HK

Source of the fund information: BEA Union Investment Management Limited, as at 31 March 2024

+ ©2024 Morningstar. Data as of 31 March 2024. The rating is for Class A USD (Accumulating). The rating is for reference only and should not be construed as buy and sell recommendation of investment.

1. Source: Lipper, as at 31 March 2024. The quoted NAV is for A USD (Accumulating) launched on 30 September 2021, performance is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is re-invested.

Investments in the Fund are subject to investment risks, including the possible loss of the principal amount invested. For full details and risk factors of the Fund, please refer to the Prospectus of the Fund. Investors should also read the Prospectus of the Fund for detailed information prior to any subscription. The information contained herein is only a brief introduction to the Fund. Investors should be aware that the price of shares may go down as well as up as the investments of the Fund are subject to market fluctuations and to the risks inherent in all investments. Past performance is not indicative of future performance. The information contained in this document is based upon information which BEA Union Investment Management Limited considers reliable and is provided on an "as is" basis. This document does not constitute an offer, recommendation or solicitation to buy or sell any securities or financial instruments. The Fund has been authorised by the Securities and Futures Commission ("SFC") in Hong Kong. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This material and the website have not been reviewed by the SFC in Hong Kong.

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