Important note:

1. BEA Union Investment Asia Pacific Multi Income Fund (the "Fund") seeks to achieve income and long-term capital growth by investing in an actively managed portfolio of debt securities, listed REITs, and other listed securities in the Asia Pacific region.
2. The Fund is subject to general investment risk, equity market risk, asset allocation risk, Asian market concentration risk, emerging market risk and currency risk.
3. The Fund invests in debts securities and is subject to risks in interest rates, credit/counterparty, downgrading, below investment grade or non-rated securities, volatility and liquidity, valuation and sovereign debt and credit rating risks which may adversely affect the price of the debt securities.
4. The manager 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 unitholder'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 unit.
5. In terms of currency hedged class units, adverse exchange rate fluctuations between the base currency of the Fund and the class currency of the currency hedged class units may result in a decrease in return and/or loss of capital for unitholders. Over-hedged or under-hedged positions may arise and there can be no assurance that the currency hedged class units will be hedged at all times or that the manager will be successful in employing the hedge.
6. 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.
7. The Fund may use financial derivative instruments for hedging and investment purposes which may not achieve the intended purpose and may result in significant losses. Risks associated with derivative instruments include counterparty/ credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk.
8. Investors should not make an investment decision based solely on this material.

BEA Union Investment Asia Pacific Multi Income Fund ("APM")

★★★
Morningstar Overall Rating+

Rising rates benefit ASEAN bank shares; Australian energy firms fare well on elevated commodities prices

Highlights:

1. **Stay defensive till year end on prospect of greater volatility**
2. **Favour banks in Indonesia, Singapore and India as margins improve on rising rates**
3. **Remain constructive on Australian energy companies on still strong commodities prices**

Fund Features

- The Fund focuses on high yielding Asia Pacific bonds and equities, distributions from both bonds and equities are the main source of income.

Market Review

The Fed delivered another 75bp-rate hike in November. While indicating smaller moves could be in store, Chairman Powell signalled investors should brace themselves for a longer rate hike cycle. The latest inflation prints sparked hopes that inflation might have peaked, with October CPI rising 7.7% from a year earlier, lighter than anticipated and its lowest annual increase since January. But the Fed had repeatedly made clear that it will not end its tightening campaign until consumer prices return to the target of 2%. While market pinned hopes that another mega-sized hike might not be needed, investors are bracing for a longer-than-expected rate trajectory, with the terminal rate hitting 5% next year.

Investors have been bracing for a recession. But the US economy has been resilient so far and consumers were still spending. A majority of the S&P companies reported better-than-expected third-quarter results, suggesting solid economic momentum. But the earnings of rate-sensitive tech sector had been relatively weak.

Over to Asia, markets remained volatile on the back of geopolitical tensions, mounting recession risks, supply chain disruption and China's zero-Covid policy. China's economic data were mixed. The country's third-quarter economic growth was stronger-than-expected, rising 3.9% from a year earlier. But retail sales were disappointing, which rose 2.5% in September, comparing to a 5.4% rise the month before. MSCI APxJ declined for the second month in a row in October, falling 4.2% dragged by Greater China. China, Hong Kong and Taiwan equities underperformed after new restrictions were imposed on China's access to US semiconductor technology. Rising Covid cases accompanied by ongoing Covid restrictive measures as well as continued weakness in the property sector prompted the sell-offs across Greater China market last month.

Market Outlook

Investors have adjusted to a lower global growth outlook, factoring in a potentially extended US tightening cycle, a stronger US dollar, mounting risk of a US recession and earnings downgrade. Escalating geopolitical tensions between Russia and Ukraine, as well as China and the US, are not helping an already fragile sentiment. Our investment teams believed these risks will persist in the near term and volatility could increase as year-end approaches as investors repriced Fed rate hikes expectation.

Albeit global outlook turned murky, Asian economies remained in relatively sweet spot. According to estimates by the Asian Development Bank in Sept, ASEAN economies could grow by 4.9% and 5.2% this year and next, respectively. Inflation will stay manageable at 3.7% this year before easing to 3.1% in 2023.Indonesia and Singapore, for instance, both recorded better-than-expected third-quarter GDP growth.

China's third-quarter economic data also came in better than expected but the country was beleaguered by a litany of worries, prompting a 30% selloff in MSCI China in September and October. Our investment teams believed the decline had already largely factored in a very bearish market outlook, including a weak macro backdrop, unfavourable policy trend and a cautious view on the geopolitical front. China's 20th Communist Party Congress concluded last month without too many pointers on its economic policy direction. We expect the Central Economic Work Conference to be held next month might shed more light on next year's economic policy direction.

Investment Strategy

Despite the Fed signalled smaller hikes are possible going forward, rates will inevitably continue to rise until inflation retreats to target. This will tighten market liquidity, raising volatility. As such, the fund will remain risk adverse and uphold a defensive mode into the year-end.

While higher rates could spell trouble for highly-leveraged firms and some rate-sensitive sectors, banks are expected to fare well. Our investment teams particularly favoured banks in the ASEAN region. For instance, Indonesia and Singapore continued to enjoy robust economic fundamentals. As lenders there reprice loans upwards, margin will expansion which will subsequently improve banks' return on assets. We also identified opportunities across Indian banks, thanks to the country's healthy credit quality, rising loan growth and improving interest margins.

Apart from financials, we also favoured Australian and Chinese energy firms. Even though commodities prices were off their peaks, the sector is still going strong in the wake of energy fallout due to the Russia-Ukraine war. Export earnings from other mineral fuels, including liquefied natural gas, rose 19.5% in September from August. Australia recorded a rise in trade surplus to US$7.8 billion from about US$5.4 billion in the previous month, supported by still high energy and metal prices. We also remained constructive on China's renewables sector such as solar panels, where Chinese corporates have cemented a leading position in each of the critical steps of production.

But we remained prudent towards China's real estate sector, which could stay lacklustre following weak sales in October and emergence of new defaults. Even though there were some positive headlines regarding additional funding will be allocated to private own enterprises including property firms, we will remain vigilant of the asset classes related to Chinese property.

In terms of bonds, we preferred short-dated US treasury and select leading Hong Kong corporates in the defensive sectors, such as telecommunications and banks, for their stable quality. The Fund held a relatively high cash position as we adopted a cautious stance into the end of year.

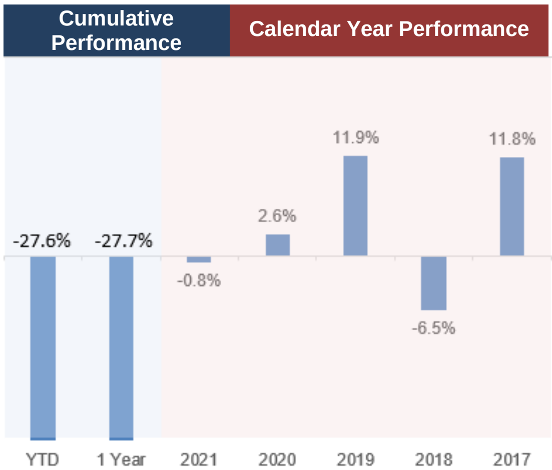
BEA Union Investment

Trusted Asia Manager with Global Values

Fund Report (November 2022)

Fund Performance

Performance[1] : A USD (Distributing)



A USD (Distributing) launched on 11 May 2012.

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)	HK0000122330	BEAPUAA HK
A RMB Hedged (Accumulating)	HK0000282605	BEAARHA HK
A EUR Hedged (Accumulating)	HK0000405701	BEAAEHA HK
A USD (Distributing)	HK0000107257	BEAPMIU HK
A HKD (Distributing)	HK0000107265	BEAPMIH HK
A AUD Hedged (Distributing)	HK0000162815	BEAPAAH HK
A RMB Hedged (Distributing)	HK0000194255	BEAPARH HK
A NZD Hedged (Distributing)	HK0000162849	BEANZDH HK
A EUR Hedged (Distributing)	HK0000405693	BEAAEHD HK

Source of the fund information: BEA Union Investment Management Limited, as at 31 October 2022.

1. Source: Lipper, as at 31 October 2022. The quoted return is for A USD (Distributing) launched on 11 May 2012. Performance is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is re-invested.

Issuer: BEA Union Investment Management Limited