

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 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. Investors should not make an investment decision based solely on this material.

BEA Union Investment **Asia Pacific Multi Income Fund (“APM”)**

Favour tech, material and energy shares; Asian Investment Grade Bonds spreads likely to remain tight



Highlights:

- 1. Prefer technology, material and energy sectors; South Korean, Taiwanese tech shares preferred**
- 2. Macro backdrop to remain challenging; China's policy response, pace of US monetary easing uncertain**
- 3. Stay constructive towards Asian Investment Grade Bonds; spreads likely to stay tight**

Fund Features

- The Fund aims to capture growth and dividend income opportunities by investing in Asia Pacific equities and bonds.

Market Review & Outlook

MSCI APxJ retreated in January, dragged by North Asia on continued weak sentiment towards China and fund outflow. The underperformance of China and Hong Kong was broad-based. Potential new US trade restrictions on China’s biotech and technology segments as well as potentially higher tariff on China imports damped sentiment, which was further weighed down by the unwinding of onshore structured products. South Korea fell on profit taking while India was the best-performing market buoyed by positive management guidance over the current reporting season and high earnings visibility. The country’s prioritisation of fiscal consolidation and capex growth in its Interim budget was well received among investors.

Our investment teams maintain a bullish outlook towards the technology sector, supported by the bottoming of the semiconductor cycle. In addition, the emergence of artificial intelligence (AI) as a new secular trend strongly reinforces this call. Riding on this favourable trajectory, South Korean and Taiwanese tech stocks are particularly favoured by our teams. Taiwan's major chipmaker announced a surge of 22.4% in its January revenue from December. Demand for chips was robust as tech giants scurry to develop AI capabilities, supporting the prospect of Asian chipmakers. In addition, driven by geopolitical conflicts, the Fund remains constructive towards energy and material sectors in the region, including China, India, Indonesia and Australia.

Macro backdrop for equities continue to be challenging as markets are clouded by uncertainties arising from geopolitical tension, election progress in the region and China's policy response. The Chinese authorities have been deploying various means to prop up the economy and calm investors. In January, China's central bank announced a larger-than-expected cut of 50 bps in reserve ratio requirements, injecting RMB1 trillion of liquidity into the financial system, adding that further monetary policy easing is possible.

The pace of US monetary easing also adds uncertainty to the market. After keeping rates unchanged in January, US Fed chairman Powell indicated that a cut in March is "probably not the most likely case". Market is now pushing the Fed's first rate cut further out from March to May or June.

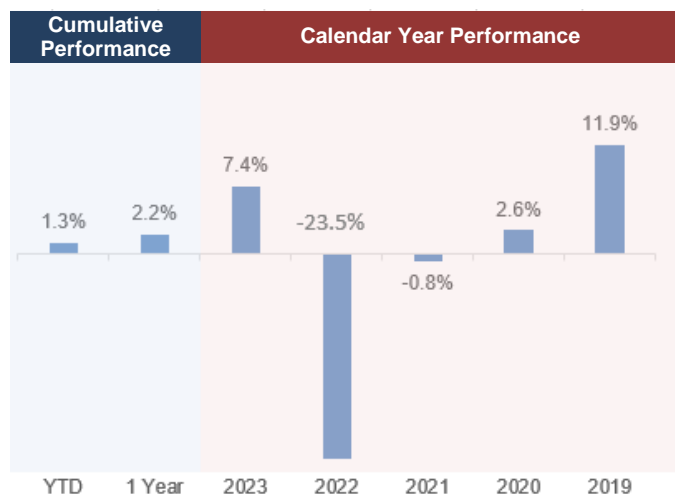
Over to fixed income, we remain constructive towards Asian Investment Grade Bonds. Supported by risk on sentiment, our investment teams believe any correction could be limited, as investors will likely buy once credit spreads widen. Hence, spreads will likely hold up well. Among Chinese Investment Grade bonds, we remain positive towards Chinese state-owned enterprises and high-beta China technology, media and telecommunications (TMT) Investment Grade bonds, given sound fundamentals and supply being very limited. In addition, South Korean year-to-date new issuance was well-digested by investors and have performed well. Our investment teams remain constructive towards the value space in South Korean Investment Grade Bonds.

Investment Strategy

The Fund remains positive towards Taiwanese and South Korean tech stocks, thanks to the industry's rosy outlook. Furthermore, we find opportunities in energy, industrial and material sectors across China, Indonesia, Australia and India. In general, we hold a cautious stance for China, and prefer shares in India and Indonesia, given the structural growth story in both countries remain intact. Our teams also seek opportunities in off-index US equities as the country's economic growth, inflation and monetary policy remain favourable.

We continue to find opportunities in Asian Investment Grade Bonds, including South Korea and China. We are staying positive towards South Korean financials, as well as Chinese BBB rated high-beta bonds and SOEs.

Fund Performance

 Performance¹ : 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 January 2024.

- Source: Lipper, as at 31 January 2024. 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.

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 explanatory memorandum of the Fund. Investors should also read the explanatory memorandum 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 units 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 authorized by the Securities and Futures Commission ("SFC") in Hong Kong. SFC authorization 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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