BEA Union Investment

Fund Report (Nov 2024)

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”)

★★★
Morningstar Overall Rating+

Added IT, industrials and energy shares; Asian investment-grade bond spreads will remain stable

Highlights:

1. **Added IT, industrials and energy; Increased exposure in Taiwan, South Korea**
2. **Remain optimistic on Taiwanese tech shares, Chinese and Australian energy stocks**
3. **Liquidity of Asian investment-grade bond will decrease and spreads are likely to remain stable**

Fund Features

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

Market Review & Outlook

The MSCI AC Asia Pacific (ex Japan) Index declined by 4.9% in October, driven by persistent expectations of "higher for longer" interest rates, which prompted foreign fund outflow. Taiwan was the best-performing market in the region, with India being a major laggard due to substantial foreign fund selling on the back of weak macroeconomic data, China stimulus and concerns over lofty market valuations. Chinese equities were little changed due to the lack of significant policy announcements.

Benefiting from robust foreign inflows and the momentum in the technology sector, the Taiwan stock market outperformed. Strong demand for artificial intelligence led to higher-than-expected third-quarter profits, resulting in an upward revision of earnings forecasts for the tech sector. Our team continue to see compelling opportunities in technology stocks, buoyed by the mounting demand of AI across various industries.

After an impressive rally in September, Chinese equities stalled in October. Although China's third-quarter annual GDP growth of 4.6% slightly exceeded market expectations, the absence of policy announcements disappointed investors. The market has been speculating that Beijing will release a stimulus fiscal package roughly in the range of RMB2-3 trillion. However, in October, the government only reassured the market of its capacity to increase its deficit and debt, without providing specifics.

Indian equities fell during October. Besides foreign funds shifting to Chinese equities attracted by China's earlier stimulus plan, many Indian companies posted quarterly earnings that missed expectations, leading to a series of analyst downgrades. Despite short-term volatility, we believe certain opportunities remain in Indian equities, given the country's favorable structural story, supported by a growing middle class and rising infrastructure investment.

In the near term, investors will monitor how the US election outcome will shape markets. The trajectory of US monetary policy and inflation data, China's policy response, and repositioning for 2025 will also be in focus. Geopolitical tensions, whether trade restrictions or war causing supply shocks, will heighten market volatility. Additionally, we will be mindful of any AI-driven market pullbacks and rotations into defensive sectors.

In the fixed income space, credit spreads of Asia's investment-grade dollar bonds tightened across the board, reaching year-to-date lows, supported by the recent rate bounce. Hong Kong and Chinese investment-grade bonds, including sectors such as asset management, technology, media and telecommunications (TMT) and privately owned enterprises, outperformed on China's stimulus and rate cut expectations. Non-China investment-grade bonds also remain constructive. Looking ahead, we anticipate liquidity to decrease and spreads to remain stable.

Investment Strategy

The Fund added Taiwan and South Korea, but trimmed China and the US. In terms of sector allocation, the Fund added information technology, industrials and energy, while reducing real estate and communication services.

We maintain a positive stance on technology shares in Taiwan and the US, as the outlook of the technology sector remains rosy driven by growing demand for AI. The industrial sector in Asia, particularly in India, is also preferred due to the strong capex cycle and supportive local policies. The Fund remains constructive on the energy sector, supported by elevated geopolitical conflicts, a decade of underinvestment and low equity positioning. The Fund continues to prefer market leaders with strong balance sheet and free cashflow, with potential for capital management and company specific catalysts.

In terms of fixed income, we remain constructive in Chinese credits, particularly the TMT sector. Opportunities can also be found in certain investment-grade bonds issued by Hong Kong commercial property developers and Taiwan financial companies.

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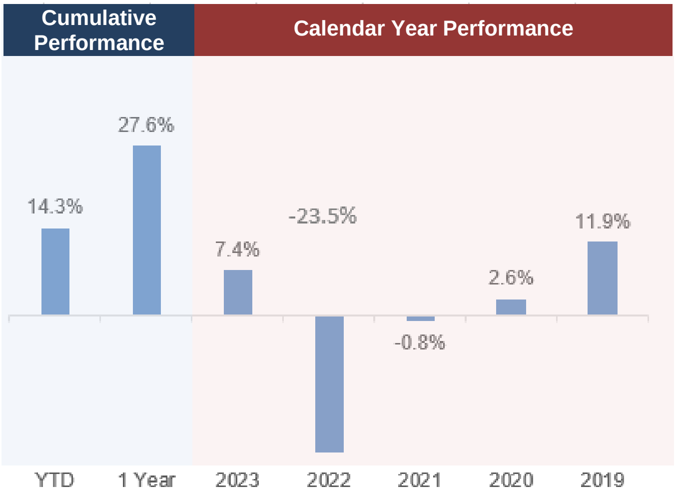
Fund Performance

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 Oct 2024.

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

1. Source: Lipper, as at 31 Oct 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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