

Important note:

1. BEA Union Investment Asia Pacific Multi Income Fund (the "Fund") is subject to general investment risk, equity market risk, asset allocation risk, Asian market concentration risk, emerging market risk and currency risk.
2. 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.
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")**

Upbeat on tech stocks due to still rosy AI outlook; Less optimistic about India's medium term prospect


Highlights:

1. **Ongoing AI capex momentum supports optimism towards technology stocks**
2. **India's earnings recovery increasingly concerned by trade tensions and monsoon drag slowing economic activity**
3. **Positive on Asian investment-grade dollar bond spreads amid low supply, attractive yields**

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 Asia Pacific ex-Japan rose 2.2% year-on-year in July, led by China/Hong Kong, Taiwan, and South Korea. Investors responded positively to the outcome of trade deals, which exceeded expectations ahead of the 1 August 2025 tariff deadline.

The outperformance of China/HK stock markets was broad-based, supported by Beijing's renewed emphasis on "anti-involution" policies across sectors, a series of out-licensing deals in the healthcare sector, and a rebound in market optimism.

Taiwan's outperformance was primarily driven by a leading Taiwanese chipmaker raising its profit outlook, bolstering investor confidence in AI development. This optimism was further reinforced by a positive AI capex trend reported during the US earnings season.

South Korea's outperformance was spurred by a spate of factors, including rotation into laggards, strong earnings results, and a \$16.5 billion chip supply deal. However, foreign fund flow momentum has cooled on profit-taking.

The macro backdrop will likely remain challenging as the US unveils its policy direction, prompting countries to adapt to a shifting trade landscape. Heightened geopolitical risks and ongoing trade tensions could add to market volatility, while global economic growth appears set to moderate this year. In the near term, we will closely monitor further potential policy measures from China, evolving tariff strategies, and developments related to the 'Make America Great Again' agenda. Fund flow dynamics between countries and regions will also remain a key area of focus.

We are turning less positive on India in the medium term, driven by elevated valuations that are deterring foreign inflows and weaker-than-expected earnings season. We are increasingly concerned about the pace of India's corporate earnings recovery amid a series of headwinds: India-Pakistan tensions, uncertainties surrounding US-India trade negotiations, and the recent monsoon season slowing economic activity.

In terms of Asian investment-grade dollar bond, muted new issuance amid the summer squeeze, coupled with sustained investor demand, prompted spreads to tighten. Life insurance bonds outperformed, buoyed by a rating upgrade of a life issuer. In addition, China's technology, media and telecommunications (TMT) bonds fared well on supply shortages.

Looking ahead, Asian investment-grade dollar bonds could face some profit-taking pressure given relatively high valuations and the expected pickup in supply in September. Nonetheless, we remain constructive on overall spread performance, underpinned by a spate of positive factors, including persistently attractive absolute all-in yields, net negative supply, supportive corporate actions, and stable fundamentals. Spreads will likely continue to trade in a tight range through year-end on the back of a constructive backdrop, barring any significant shifts in US treasuries.

Investment Strategy

The Fund has reduced its allocation to Indian equities and increased exposure to South Korea. We remain cautiously optimistic about China, primarily due to the potential for a policy pivot and strong liquidity momentum off a low base. We are turning less optimistic on India in the medium term, given the weaker-than-expected earnings season and high valuations that dampen foreign inflows. While domestic flows remain resilient, recent active IPOs and placements have diverted liquidity away from large-cap listed companies.

We continue to prefer market leaders with strong balance sheets and free cash flow, with potential for capital management and company-specific catalysts. In terms of sector allocation, we prefer technology, industrials, and materials. We remain constructive on technology shares in South Korea, Taiwan and China. For industrials, we prefer companies supported by targeted policy initiatives or underpinned by unique earnings drivers. We are also staying constructive on the energy and material sectors. Geopolitical conflicts, decarbonisation and the energy transition, underinvestment over the last decade, and low equity positioning in the resource sector supports our thesis.

For fixed income, we continue to favour China's TMT and South Korea's financial and technology-related investment-grade dollar bonds. Select opportunities can also be found across Japan and Hong Kong.

Fund Performance

	Cumulative Performance %					Calendar Year Performance %					Volatility %
	YTD	1 Year	3 Years	5 Years	Since Launch	2024	2023	2022	2021	2020	3 Years (Annualised)
A USD (Acc)	9.9	6.8	21.6	5.7	45.2	10.7	7.4	-23.5	-0.9	2.6	12.6
A RMB Hgd (Acc)*	8.1	3.2	11.3	1.6	10.0	7.3	4.0	-23.3	1.3	4.5	12.5
A USD (Dis)	9.9	6.8	21.5	5.7	62.9	10.7	7.4	-23.5	-0.8	2.6	12.6
A HKD (Dis)	11.1	7.3	21.6	7.1	64.7	10.2	7.4	-23.4	-0.4	2.1	12.7
A AUD Hgd (Dis)*	9.3	5.5	15.8	-1.0	16.8	9.2	5.2	-24.8	-1.3	0.4	12.6
A RMB Hgd (Dis)*	8.1	3.4	11.3	0.9	35.3	7.5	4.0	-23.5	1.4	3.7	12.5
A NZD Hgd (Dis)*	9.1	5.4	18.7	2.5	18.7	10.1	6.6	-24.0	-1.1	1.0	12.5
A EUR Hgd (Dis)*	9.3	5.3	14.5	-3.4	-6.2	8.8	4.8	-25.5	-2.0	0.6	12.6

*Hgd: Hedged.



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<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 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: Lipper, BEA Union Investment Management Limited, as at 31 Jul 2025.

Fund performance is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is re-invested. For funds/share classes denominated in foreign currencies, HKD/USD based investors are exposed to foreign exchange fluctuations.

Investment involves risks, including the possible loss of the principal amount invested. Past performance is not indicative of future performance. Investors should refer to the relevant offering document (including the Key Facts Statement) of the fund for further details including risk factors. 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 object 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 website have not been reviewed by the SFC in Hong Kong.

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