

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⁺

Stay vigilant for more Yen carry trade unwinding; remain positive on quality tech stocks



Highlights:

1. **Any market correction can be seen as opportunities to add to conviction tech names**
2. **Still believe the US economy is heading for a soft landing**
3. **Asian investment-grade bonds can help hedge against possible volatilities as driven by impending rate cut and election**

Fund Features

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

Market Review & Outlook

The momentum of the MSCI APxJ lost steam and ended July relatively flat, edging up 0.2% from the previous month. That comes as investors took profit off Taiwanese shares, among others, and rotated into ASEAN and India, partly benefiting from a weaker USD as the Fed signalled that a rate cut is possible in September following softer economic prints. Despite a slowdown in US hiring and higher jobless rate, our investment teams still hold the stance that the US is heading for a soft landing given that the country’s second-quarter year-on-year economic growth remained sound at 2.8%.

Profit-taking sent Taiwanese equities lower in July, as the AI-powered tech rally took a breather. Investors rotated into defensive plays after US presidential candidate Donald Trump said Taiwan has taken the semiconductor business away from the US.

Chinese shares declined in July as geopolitical tensions and sluggish economic prints sap investor appetite. The country's manufacturing activities remained in contraction, with the Purchasing Managers' Index hovering below the 50-level threshold for the third consecutive month. However, investor sentiment improved towards the end of the month after Chinese authorities vowed to stimulate consumer spending.

Looking ahead, while our teams are mindful of the recent pullback in equities led by AI, we remain confident in leading and quality tech and communication names in the US and Asia, including Taiwan and South Korea. We will stay vigilant for additional market impacts from further possible unwinding of the Yen carry trade, especially as the Bank of Japan moves along with its monetary policy normalisation while the US Fed may start cutting rates as soon as September. We view any market corrections as opportunities to add to our core conviction tech stocks.

The likelihood of a Fed rate cut in September increases after a slowing US job market raises concerns about the country's economic health, sending US treasury yields to the lows with short-term rates falling faster than long-term rates. This coupled with profit-taking activities prompted by the "Trump trade" have contributed to the lacklustre spread performance of Asian investment-grade bonds in July. Chinese investment-grade bonds saw profit-taking as US investors rotated into rate-sensitive US high-yield bonds, on speculation that a Trump victory in the presidential election would lead to lower tax and interest rates. The US election and the Fed's impending rate cut could spark increased volatility in spreads and rates in the second half of the year. While investors should expect some healthy corrections in the Asian investment-grade bond market, we believe the general outlook remains constructive unless the risk of a US recession or a hard landing significantly increases. Moving into September, we expect a resumption of new issuances in Asian investment-grade bonds. This could temporarily weigh on spread performance, but new supply will likely be absorbed in an orderly fashion over time.

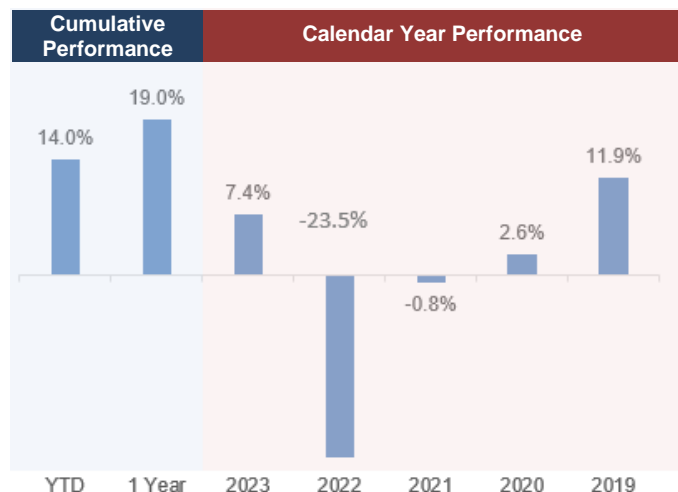
Investment Strategy

The Fund continues to favour equities, maintaining a positive stance on the IT sector on the back of semi cycle bottoming and the AI boom that drives demand for chips. We will constantly seek opportunities to add to quality tech stocks that undergo correction. The energy sector remains on our radar, including Chinese value stocks that offer alluring yields amid peaking global rates and heightened geopolitical tensions.

We remain committed towards the US, Taiwan and South Korea, among other markets, for their tech exposure. In other parts of Asia, China shows signs of stabilising and we still hold a positive view towards India for its structural growth momentum.

As the US election and Fed rate cut loom, bonds will serve as a hedge against potential volatilities. Our investment teams remain positive towards South Korean financial investment-grade bonds for their resilient credit fundamentals, supported by the country's robust financial system. Quality Chinese technology, media and telecommunications and Hong Kong bonds are also favoured.

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 July 2024.

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1. Source: Lipper, as at 31 July 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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