

Important note:

1. BEA Union Investment Asian Bond and Currency Fund (the "Fund") seeks regular interest income, capital gains and currency appreciation from an actively managed portfolio of debt securities denominated in Asian or other currencies and primarily issued by Asian government or corporate entities.
2. The Fund invests in emerging markets, which are subject to higher liquidity and volatility risks.
3. The Fund may invest in lower-rated fixed income instruments, including below investment grade and non-rated debt securities, which are subject to greater credit and liquidity risks than higher-rated securities.
4. The manager may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Fund. Investors should note that the 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 these currency hedged class units will be hedged at all times or that the manager will be successful in employing the hedge.
6. Investors may invest in RMB (Hedged) units. It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. There is also no assurance that the RMB will not be subject to devaluation. Any devaluation of the RMB could adversely affect the value of investors' investments. There is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk.
7. The Fund may enter into futures contracts and currency forward contracts for hedging and investment purposes. Given the leverage effect embedded in futures and currency forward contracts, the Fund may be exposed to significant losses.
8. Investors should not make an investment decision based solely on this material.

Asian Bond Fund: U.S. Rate Hike Impact (28 July 2017)

Ms. Pheona Tsang, Head of Fixed Income of BEA Union Investment, shares her views on the investment outlook for Asian bond markets in relation to impending U.S. rate hikes, and explains the secret of the fund's outperformance.

Q1 : How would a further U.S. rate hike and balance sheet cut in the second half of 2017 impact Asia's bond markets?

A1 : The global economy continues to recover, but inflationary pressure remains low. Taking this into account in addition to stabilising oil and commodity prices, we expect the U.S. Federal Reserve will raise the interest rate at a slow pace and gradually reduce its balance sheet. We remain positive towards Asian corporate bonds because they are less sensitive to interest rates given their relatively short duration.

Q2 : What kind of high yield bond do you prefer?

A2 : We prefer defensive high yield bonds, especially those benefitting from local consumption. For example, Chinese property bonds are supported by strong home sales, stable profits and sufficient capital flow. We are positive about Chinese retail corporate bonds, as their same-store sales have rebounded from a recent trough, while food-and-beverage businesses are registering growth and have high asset coverage ratios. We also like Indonesian corporate bonds, including property and consumption sectors in the country.

Q3 : What is the key to the consistent outperformance of the team which managed Asian bond fund?

A3 : Our Asian bond fund has a highly flexible strategy, investing in different types of assets including investment grade, non-investment grade, U.S. dollar, and Asian currency bonds, allowing us to catch market opportunities as they arise. In addition, our proprietary credit rating system helps us identify bonds with attractive valuations in the midst of volatile markets. Because our investment team are highly experienced in credit analysis and trading, we can respond quickly and make rapid investment decisions based on market movements.



Please go to <http://www.bea-union-investment.com/eng/webcast> to watch our webcast.

If you would like to subscribe for more of our funds' marketing materials, please feel free to register as a member of BEA Union Investment through the link below:

<http://www.bea-union-investment.com/member-registration>

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