

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.

BEA Union Investment **Asian Bond and Currency Fund**

《**Indonesian Rupiah Bonds Record Strong
Performance after Central Bank's Rate Cut**》

19 October 2017

★★★★★
Morningstar Overall Rating¹

Recent Awards



Asian Fixed Income Fund²



WINNER OF THE 2017
THOMSON REUTERS
LIPPER FUND AWARDS
HONG KONG

**Best Bond Fund,
Asia Pacific, Local
Currency (3 & 5 years)³**



**Platinum,
Regional Bond⁴**



**Best-In-Class,
Asia High Yield Bond⁵**



**Winner of Asian Bonds
(3 years)⁶**



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Highlights:

- **The Fund has risen 7.3%⁷ YTD and 7.4%⁷ in 1 year**
- **Indonesian rupiah bonds outperform after central bank's rate cut**
- **Reduction of some Chinese property bonds with weaker credit quality**

Q1: How has the BEA Union Investment Asian Bond and Currency Fund (the "Fund") been performing year-to-date, and how has the market situation changed?

A1: This award-winning⁸ Fund continues to perform well, having achieved 7.3%⁷ growth year-to-date and 7.4%⁷ growth over 1 year.

U.S. treasury yields jumped by 30 basis points in September due to the unwinding of quantitative easing and balance sheet reduction by the Federal Reserve (Fed). However, overall the Asian high yield bond market was unaffected by the Fed's latest decision and continued to perform well.

Indonesian high yield corporate bonds outperformed, especially in the commodities sector, supported by the rebound of commodity prices and corporates' strong quarterly results. Indonesian rupiah bonds also traded higher after the country's central bank twice cut the interest rate, first in August and again in September.

Fund Performance	YTD	1 Year
A USD (Distributing)	7.3% ⁷	7.4% ⁷

Q2 : What were the Fund's annualised dividend yields in September?

A2: In September, the annualised dividend yield for A USD (Distributing) and H HKD (Distributing) was 5.5%⁹; A RMB Hedged (Distributing) was at 8.0%⁹.

In the past year, **the Fund has achieved more than 7%⁷ growth and maintained a 5.5%⁹ annualised dividend yield (A USD (Distributing)), providing stable capital appreciation and dividend income for investors.**

BEA Union Investment seeks to distribute the dividend from net distributable income. Net distributable income means interest income net of fees and expenses, and net realised gains. **In the past 12 months, the dividends of the Fund were 100% distributed from net distributable income in most of the time.**

September 2017	Dividend per Unit	Annualised Dividend Yield ⁹
A USD (Distributing)	US\$ 0.06614	5.5%
H HKD (Distributing)	HK\$ 0.05335	5.5%
A AUD Hedged (Distributing)	AU\$ 0.06329	7.0%
A RMB Hedged (Distributing)	RMB 0.75260	8.0%

Q3: How has the Fund responded to the recent performance of Asian high yield bonds?

A3: As at 30 September 2017, over 80% of the Fund's investment is in Asian high yield bonds. **Asian high yield bonds have been performing well year-to-date, and our outlook for this sector remains positive.**

The Fund continued to add high yield exposure in the Indonesian coal mining sector and in selective names from the Chinese industrial sector. Meanwhile, Chinese high yield properties underperformed due to further tightening policies implemented by the Chinese government. Consequently, the Fund trimmed some Chinese property bonds with weaker credit quality.

Q4: What is the fund manager's outlook regarding Asian local currency bonds?

A4: After the Fed's decision to start reducing the U.S. balance sheet, the momentum of Asian local bond markets has softened in September, while the U.S. dollar continues to strengthen against Asian currencies and U.S. treasury yields increase. The only exception is **Indonesian local bonds, which have remained strong.**

The Fund reduced its overall position in Asian local currency bond markets, while **Indonesian and Chinese onshore and offshore bond markets have remained our top picks.**

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 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>

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Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000065208	BEABCAA HK
A USD (Distributing)	HK0000065216	BEABCAI HK
H HKD (Distributing)	HK0000081361	BEABCHD HK
A AUD Hedged (Distributing)	HK0000162856	BEAAUHD HK
A RMB Hedged (Distributing)	HK0000194263	BEARMHD HK

Source of the fund data: BEA Union Investment Management Limited, as at 30 September 2017.

1. Source: ©2017 Morningstar. All Rights Reserved. Data as of 30 September 2017. The rating is for A USD (Distributing).
2. Source: Fundsupermart.com, performance for A USD (Accumulating) as at 31 March 2017.
3. Source: Lipper, performance for A USD (Accumulating) as at 31 December 2016. Award logo from Thomson Reuters Lipper Awards, ©2017 Thomson Reuters. All rights reserved. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited.
4. Source: Fund Selector Asia, performance as at 30 June 2016.
5. Source: BENCHMARK, performance for A USD (Accumulating) as at 30 September 2016.
6. Source: Asia Asset Management, performance as at 30 September 2015.
7. Source: Lipper, as at 30 September 2017. The quoted return is for A USD (Distributing), performance is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is re-invested. Past performance for A USD (Distributing): YTD: 7.3%, 2016: 14.0%, 2015: 4.8%, 2014: 2.5%, 2013: 5.5%, 2012: 24.7%. A USD (Distributing) was launched on 28 August 2008.
8. The Fund has won 25 fund awards since 2012. Organisations which have granted awards to the Fund include Asia Asset Management, AsianInvestor, BENCHMARK, Fund Selector Asia, Fundsupermart.com and Lipper.
9. Annualised dividend yield = (dividend of September x 12) / last month end NAV x 100%. The manager may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Fund. Such distribution may result in an immediate reduction of the net asset value per unit. Dividend only applies to distributing classes and is not guaranteed. Past dividend record is not indicative of future dividend likely to be achieved. Please note that a positive distribution yield does not imply a positive return. Investors should not make any investment decision solely based on information contained above. You should read the relevant offering document (including the key facts statement) of the Fund for further details including the risk factors.

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 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 the website have not been reviewed by the SFC in Hong Kong.

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