

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

★★★★★
Morningstar Overall Rating¹

Shorter Duration Chinese High Yield Bonds Outperformed

Highlights:

1. **Chinese high yield bonds outperform due to shorter average duration**
2. **Onshore renminbi bonds continued to outperform**
3. **The Fund has achieved 4.1%² growth in 1 year**

Fund Features

- The Fund adopts unconstrained strategy, with maximum flexibility allowed in allocating assets among corporate bonds, government bonds, high yield bonds and investment grade bonds, actively hunting for alpha opportunities.
- Seeks stable dividends and exploits appreciation potential of Asian bonds.

Market Review and Outlook
Review of Interest Rate Market

- As economic data continued to be stronger than the market expectation and with the new Federal Reserve chairman, Jerome Powell reaffirmed the monetary tightening stance, the 10-year U.S. Treasury yield gradually climbed toward 2.9%.
- Although the strong economic data in the U.S. and Europe could result in sooner-than-expected rate hikes by the central banks, the impact to Asian bond market should be gradual and manageable.

Asian High Yield Bonds

- Asian high yield bond market recorded a negative return for the first half of February in an environment of rising yields, but saw some rebound during the second half of the month.
- Chinese high yield bonds have slightly outperformed Indian and Indonesian high yield bonds due to better anchor support from domestic investors and shorter average duration than their peers.

Asian Local Currency Bonds

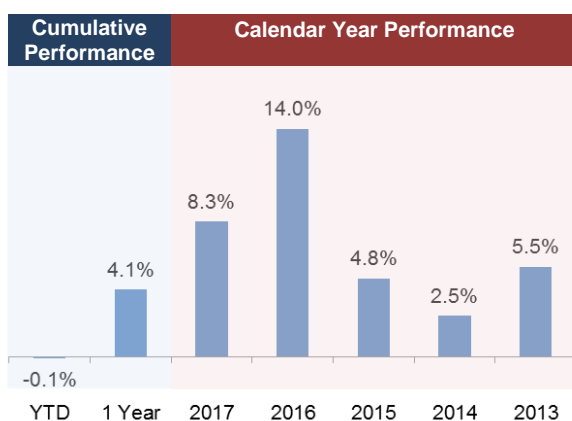
- Following rising U.S. Treasury yields, Asian local bond yields rose across the region, while major local currencies weakened against the U.S. dollar. As a result, Asian local bonds recorded a negative return for February.
- Philippine peso, Indonesian rupiah, and Indian rupee bonds underperformed against their peers due to the sharp increase of local bond yields and the remarkable depreciation of local currencies. By contrast, onshore renminbi bonds continued to outperform due to China's relatively stable currency outlook and gradual yield compression.

Investment Strategy

- The Fund remained strategically defensive in February. It continued to trim its exposure in long-dated bonds and higher beta names, while switching into more defensive short-dated bonds.
- The Fund also trimmed positions in Asian local currency bond markets.
- The Fund tactically participated in investment grade and high yield new issues with capital appreciation potential.

Fund Performance and Dividend

Performance² : A USD (Distributing)



Dividend

February 2018	Dividend per Unit	Annualised Dividend Yield ³
A USD (Distributing)	US\$ 0.06595	5.5%
H HKD (Distributing)	HK\$ 0.05312	5.5%
A AUD Hedged (Distributing)	AU\$ 0.06265	7.0%
A RMB Hedged (Distributing)	RMB 0.70188	7.5%

Throughout most of the past 12 months, 100% of the Fund's dividends came from net distributable income.

A USD (Distributing) launched on 28 August 2008.

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>

Recent Awards



Gold,
Regional Bond⁴



Best Fund House,
Asia Fixed Income⁵



Best-In-Class,
Asia High Yield Fixed Income⁶



Best Bond Fund,
Asia Pacific, Local
Currency (3 & 5 years)⁷

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 28 February 2018.

1. Source: ©2018 Morningstar. All Rights Reserved. Data as of 28 February 2018. The rating is for A USD (Distributing).
2. Source: Lipper, as at 28 February 2018. The quoted return is for A USD (Distributing) launched on 28 August 2008. Performance is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is re-invested.
3. Annualised dividend yield = (dividend of February 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.
4. Source: Fund Selector Asia, performance as at 30 June 2017.
5. Source: BENCHMARK, November 2017.
6. Source: BENCHMARK, performance for A USD (Accumulating) as at 29 September 2017.
7. 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.

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