

Important note:

1. BEA Union Investment Asian Strategic Bond Fund (the "Fund") seeks medium to long term capital growth and regular income by primarily (i.e. at least 70% of its non-cash assets) investing in debt securities that are (a) denominated in Asian currencies, or (b) issued or guaranteed by Asian governments or entities which are incorporated in Asia or have significant operations or assets in, or derive significant portion of revenue or profits from Asia, and denominated in USD or other currencies including Asian currencies.
2. The Fund invests in emerging markets and may be subject to higher liquidity and volatility risks.
3. The Fund may invest in below investment grade or 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. RMB is currently not freely convertible and is subject to foreign exchange control policies of the Chinese government. 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 RMB would adversely affect the value of investor's investment in the Fund.
7. The Fund may use derivative instruments for hedging purposes which may not achieve the intended purpose and may result in significant losses.
8. Investors should not make an investment decision based solely on this material.

BEA Union Investment Asian Strategic Bond Fund ("ASB")

Asian Investment Grade Bonds Benefit from Declining U.S. Treasury Yields



Highlights:

1. Asian investment grade bonds outperform amid declining U.S. Treasury yields
2. Rate cut expectations are fueling demand for investment grade bonds
3. The Fund maintain a low level of high beta high yield bonds

Fund Features

- The Fund adopts flexible allocation in Asian investment grade / high yield bonds, diversifying into different Asian countries, sectors, and currencies.
- The Fund invests not more than 50% in Asian high yield bonds in general conditions.
- Mainly invests in corporate bonds which tend to be less sensitive to rate hike cycle.

Market Review and Outlook

Review of Interest Rate Market

- The escalation of trade war and series of negative headlines pushed the U.S. Treasury yields to fresh year-to-date low. In May, the 10-year U.S. Treasury yield traded in a volatile range between 2.12% to 2.54% and has plummeted 38 basis points in one month.

Asian Investment Grade Bonds

- Due to the decline in U.S. Treasury yields, Asian investment grade bonds outperformed Asian high yield bonds on yield spread and total return basis.
- As the market is expecting rate cut in the U.S. during the second half of 2019, we remain constructive towards Asian investment grade bond market.

Asian High Yield Bonds

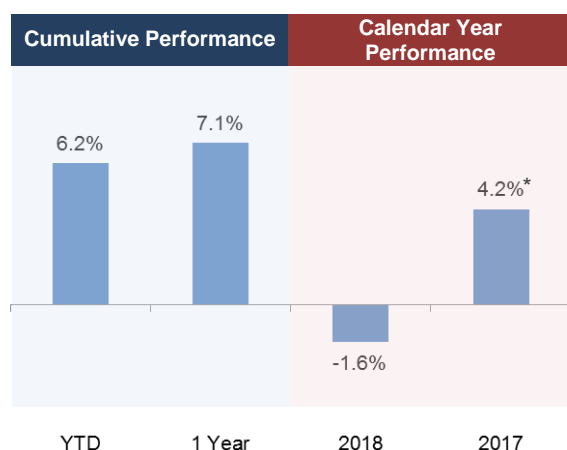
- In May, Asian high yield credit market weakened overall. Chinese high yield financial and Chinese high yield property sectors outperformed with a positive total return. The yield spreads for Chinese high yield industrial, Indonesian and Indian high yield bonds have certain widening.
- Southeast Asian bonds were more affected by the trade tensions and weakening oil price. The Chinese high yield industrial bonds were dragged by several negative headlines.

Investment Strategy

- The Fund slightly overweight duration of the Asian investment grade bond portfolio. At the same time, we will look to take profit opportunistically or reduce beta exposure in light of the trade war risk.
- In terms of Asian high yield bonds, the Fund continues to remain defensive and maintain a moderately low level of high beta and long duration names in view of the uncertain macro economy, trade talk risk and tightening property policy in China.

Fund Performance and Dividend

Performance¹ : A USD (Distributing)



Dividend

| May 2019 | Dividend per Unit | Annualised Dividend Yield ² |
|-----------------------------|-------------------|--|
| A USD (Distributing) | US\$ 0.04480 | 5.5% |
| A HKD (Distributing) | HK\$ 0.45300 | 5.5% |
| A AUD Hedged (Distributing) | AU\$ 0.04270 | 5.5% |
| A RMB Hedged (Distributing) | RMB 0.50300 | 6.3% |

* Since launch till 31 December of the same year. A USD (Distributing) launched on 24 February 2017.

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 Award



One of the Top Investment Houses
in Asian G3 Bonds (Hong Kong)³



One of the Top Investment Houses
in Asian Local Currency Bonds
(Hong Kong)⁴



House Award,
Best-In-Class,
Asia Fixed Income⁵

Highly Regarded Award-Winning Fixed Income Team

- The fixed income professionals of BEA Union Investment Management Limited have been recognised by the Asset as “One of the Astute Investors in Asian G3 Bonds (Hong Kong)³” and “One of the Astute Investors in Asian Local Currency Bonds (Hong Kong)⁴” in 2018.
- The company has been named “One of the Top Investment Houses in Asian G3 Bonds (Hong Kong)³” and “One of the Top Investment Houses in Asian Local Currency Bonds (Hong Kong)⁴” in 2018 by the Asset, and “Best Fund House in Asia Fixed Income⁵” by BENCHMARK in 2017.
- The Asian Bond and Currency asset class, managed by the same fixed income team, has won 39 fund awards⁶ since 2012.

Fund Code

| | ISIN | Bloomberg |
|-----------------------------|--------------|------------|
| A USD (Accumulating) | HK0000319381 | BEABUA HK |
| A USD (Distributing) | HK0000319340 | BEBAUD HK |
| A HKD (Distributing) | HK0000319357 | BEABAHD HK |
| A AUD Hedged (Distributing) | HK0000319365 | BEAAHD HK |
| A RMB Hedged (Distributing) | HK0000319373 | BEARHD HK |

Source of the fund data: BEA Union Investment Management Limited, as at 31 May 2019.

- Source: Lipper, as at 31 May 2019. The quoted NAV is for A USD (Distributing) launched on 24 February 2017, performance is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is re-invested.
- Annualised dividend yield = (dividend of May 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.
- Source: The Asset, 2018 Research for Asian G3 Bonds, October 2018.
- Source: The Asset, 2018 Research for Asian Local Currency Bonds, June 2018.
- Source: BENCHMARK, November 2017.
- This asset class has won 39 fund awards since 2012. Organisations which have granted awards to this asset class include Asia Asset Management, AsianInvestor, BENCHMARK, Fund Selector Asia, Fundsupermarket.com and Refinitiv Lipper.

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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