

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 primarily investing in debt securities denominated in Asian or other currencies and primarily issued by Asian government or corporate entities.
2. The Fund is subject to general investment risk, Asian market concentration risk, emerging market risk and currency risk.
3. The Fund invests in debts securities and is subject to risks in interest rates, credit/counterparty, downgrading, below investment grade and non-rated securities, volatility and liquidity, valuation and sovereign debt and credit rating which may adversely affect the price of the debt securities.
4. 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.
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 the 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 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.
7. 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.
8. Investors should not make an investment decision based solely on this material.

BEA Union Investment Asian Bond and Currency Fund ("ABC")

★★★★
Morningstar Overall Rating*

Positive on South East Asia short-dated bonds. Underweight Chinese property.

Highlights:

1. **Positive on Southeast Asian high yield, especially in short-duration bonds of defensive utilities or commodities.**
2. **Underweight Chinese properties and be cautious on Macau gaming**
3. **Stringent risk management by our investment team**

Fund Features

- The Fund adopts an unconstrained strategy, which allows a flexible allocation of assets in corporate bonds, government bonds, high yield bonds and investment grade bonds, to actively hunt for alpha opportunities.
- It aims to distribute stable dividends and capture the appreciation potential of Asian bonds.

Market Review

In the first quarter of 2022, the performance of global markets was volatile. The market was worried that the Fed will speed up the pace of interest rate hikes. The U.S. stocks fell and Asian markets were under pressure. Inflationary pressure in the U.S. has continued to increase since last year. The epidemic intensified the supply chain tension and rising energy prices. The U.S. consumer price index (CPI) rose by 8.5% year-on-year in March which was a record high in 40 years. The Fed's attitude towards interest rate hikes became more hawkish. The rate hike of 0.25% in March kicked start the rate hike cycle. In the March Federal Open Market Committee Meeting, officials proposed the shrinking of the Fed's balance sheet up to US\$95 billion per month. 10-year US treasuries yields rocketed to 2.47%. The curve continue to be more flattened as a result of the aggressive rate hike expectation to tame inflation.

Facing the pandemic, China has adopted a "dynamic zero-COVID" strategy and tighten social distancing measures in an effort to reduce the number of confirmed cases. In addition, the Chinese government tightened policies on various industries such as real estate, the Internet and education. The negative impacts on economic activities have gradually reflected.

China's property and financial names underperformed in March. The Macau gaming sector continues to be impacted by regulation and the resurgence of COVID-19 in the Greater Bay Area, largely reducing the number of visitors and increasing cash burn rate. India and Indonesia names were also slightly impacted by the risk off sentiment and increase in interest rate.

Market Outlook

Stepping into 2022, inflation becomes a long-term trend. Besides US Fed, Central banks in England, New Zealand and South Korea are accelerating liquidity tightening. Investors' focus also turn to the speed of US asset reduction and rate hikes which will potentially create more market volatility. Overall, corporate earnings is expected to grow moderately in 2022 after the strong earnings rebound in 2021. The recent volatility in global markets is mainly due to the Fed's stronger attitude towards rate hikes, geopolitical tension and the new coronavirus variant, which have altogether brought uncertainty to the market.

In mainland China, the 2022 GDP growth target was set at 5.5% at the National People's Congress. Whether China's anti-epidemic policy strategies will change and whether monetary policy will become more accommodative will be the keys to accelerate the recovery.

In March, India's PMI picked up again. In spite of the fact that the country's industrial production growth slowed down it is expected to surge again. However the country's inflation remained high at 6% and above. Indonesia's manufacturing PMI remained above 51. Its trade surplus continued to hover at historical high as the coal and raw material price surged aggressively due to geopolitical tension.

Investment Strategy

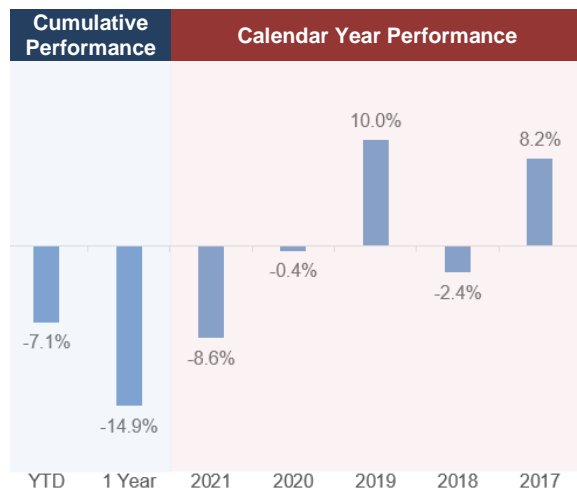
Though China's property market rebounded from historical low, contracted sales remained weak in March and is expected to continue in April and May, which will further challenge the liquidity of developers. While onshore funding channels have slightly improved for certain POE developers, most of those fundings are restricted for the M&A use but not repaying debt. We expect there will be more default cases without material supportive measures in boosting buyer sentiment. It will take longer time than expected for the sector to recover. Therefore, BEA Union Investment continues to remain cautious on the Chinese property sector.

Although Southeast Asian high yield bonds were also under pressure, the foundation was still solid because the supply was limited and the market still favoured bonds of defensive utilities or commodity sectors. We prefer short-duration bonds in this space.

In Hong Kong, impacted by external factors, the market will inevitably fluctuate in the short term. Our investment team would be more conservative in terms of asset allocation but the current market valuation is believed to provide room for support in the medium to long term. Regarding the gaming industry in Macau, we remain cautious on the gaming as the date for border reopening is still uncertain and there is a major change in the mainland government's policy on the VIP gaming industry.

With stringent risk management, our investment team is actively managing the portfolio in response to market conditions.

Fund Performance

 Performance¹ : A USD (Accumulating)


A USD (Accumulating) launched on 28 Aug 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

 Top Investment Houses in Asian G3 Bonds Rank 9 (Hong Kong)²

 Top Investment House in Asian Local Currency Bond, Hong Kong, Highly Commended³

 Gold Winner, Regional Bond⁴

 Best-In-Class, Asia Pacific Fixed Income Hard Currency⁵

 Best Bond Fund, Asia Pacific, Hard Currency (5 years)⁶
Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000065208	BEABCAA HK
A RMB Hedged (Accumulating)	HK0000272531	BEARMHA HK
A EUR Hedged (Accumulating)	HK0000405735	BEABCAE HK
I USD (Accumulating)*	HK0000081379	BEABCIA HK
I HKD (Accumulating)*	HK0000486685	BEABIIK 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
I HKD (Distributing)*	HK0000484854	BEABIHA HK

* For professional investor only

Source of the fund information: BEA Union Investment Management Limited, as at 31 March 2022

+ ©2022 Morningstar. Data as of 31 March 2022. The rating is for Class A USD (Accumulating). The rating is for reference only and should not be construed as buy and sell recommendation of investment.

1. Source: Lipper, as at 31 March 2022. The quoted return is for A USD (Accumulating) 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.
2. Source: The Asset, 2021 Research for Asian G3 Bonds, October 2021.
3. Source: The Asset, 2021 Research for Asian Local Currency Bonds, October 2021.
4. Source: Fund Selector Asia, January 2020.
5. Source: BENCHMARK, November 2019.
6. Source: From Refinitiv Lipper Awards, ©2020 Refinitiv. 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. Performance for A RMB (Distributing) as at 31 December 2019.

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.

Issuer: BEA Union Investment Management Limited