

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 net assets value) 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 is subject to general investment risk, Asian market concentration risk, emerging markets risk and currency risk.
3. The Fund invests in debt securities and are 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 Strategic Bond Fund ("ASB")★★★
Morningstar Overall Rating***Short duration high yield bond in the banking & finance sectors which are defensive and remain cautious on Chinese properties***Highlights:*

1. **Short duration high yield bond in the banking & finance sectors which are defensive**
2. **India's short duration high yield bond provides decent interest rate spread**
3. **Remain cautious on the Chinese properties**

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.

Market Review

The United States (US) consumer price index continued to stay high, rose by 8.3% year-on-year in April 2022. Facing the inflation which is nearly the highest in 40 years, the US Federal Reserve ("Fed") has already raised the interest rate twice this year, including an interest rate hike of 50 basis points in May, which was the first time since 2000. The latest target range for the federal funds rate is 0.75 to 1%, which was another measure adopted by the Fed to speed up the monetary tightening policy. 10-year US treasury yield surged to 2.93% from 2.38% in April. US Purchasing Managers' Index (PMI) continued to remain solid especially on service sector. As wage growth accelerated, inflation is highly likely to spiral. US CPI and Producer Price Index (PPI) continued to hit historical high.

China's PMI fell sharply in April as the pandemic situation was severe and some key cities were locked down. Furthermore, China's property market remained quiet while land purchases continued to be supported by government related entities.

India's PMI continued to be strong. Coupled with the intensifying inflation, Reserve Bank of India was urged to accelerate its rate hike pace. Indonesia's manufacturing PMI remained above 51. With the soaring energy price, exports grew drastically and trade surplus widened. Having said that, Indonesia's inflation remained in an acceptable level.

Fund Report (May 2022)

Market Outlook

Fed Chairman Jerome Powell reiterated that half-point rate hikes are likely at upcoming two meetings. However, he indicated that a 75 basis point hike is not something the committee is actively considering. In addition, the plan of balance sheet reduction is also confirmed to kick off in June, with an expectation to reduce its bond holdings at a maximum pace of US\$95 billion a month. Our investment team expects the US treasury yield to stay high on the back of the aggressive measures by the central bank to combat soaring inflation.

In Mainland China, the GDP growth target for 2022 was set at 5.5% at the National People's Congress. In the first quarter of 2022, the GDP growth rate was 4.8%. Facing more challenges driven by the latest COVID-19 wave which led to the lockdown in many cities, Market remains a wait-and-see attitude on China's growth outlook this year. With the expectation of a relatively loose monetary policies, BEA Union Investment believes growth might start to pick up in the next few months, at a relatively gradual pace.

As the conflict between Russia and Ukraine drag on and China ran into lock down for a number of key cities, energy price and disruption to global supply chain will eventually translate to higher CPI. Possible embargo to Russian oil to Europe will also add fuel to energy price.

Investment Strategy

The recent volatility in global markets was mainly induced by the Fed's rapid rate hikes, the prolonged conflict between Russia and Ukraine and the new coronavirus variant, which have altogether brought uncertainty to the market. In particular, the geopolitical tension in Russia and Ukraine brought significant market impact. Our investment team will continue to closely monitor the development.

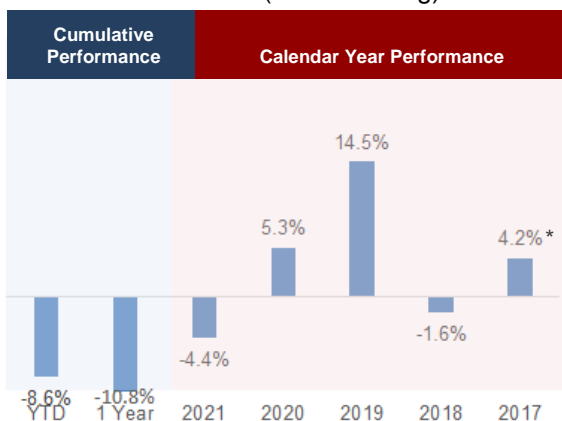
In terms of Investment Grade (IG) bonds, the volatility of Asia IG bonds is lower than that of US IG bonds, which are defensive and on a positive rating trend. Our investment team overweights the IG bonds of banking & finance and logistic sectors. For the banking & finance sector, the corporates own stable and high quality assets with substantial capital and cash flow, which is defensive while in the logistics sector, the e-commerce penetration is rising on the back of increasing demand for express delivery during the pandemic.

BEA Union Investment continues to remain cautious on the Chinese property sector. Reasons are threefold. Contracted property sales is still weak; the lockdown measures dampen homebuyers' sentiment and the possibility of continuing default cases due to the tight liquidity of developers. Overall speaking, we believe the keys to accelerate the economic recovery lie in the possibilities of a turnaround of China's anti-epidemic strategies and a more accommodative monetary policy.

On the backdrop of the global supply chain disruption and rising energy prices, investment team stays positive on India's short duration high yield bonds as they are benefited from the price surge of large commodities, providing decent interest rate spread. With stringent risk management, our investment team is actively adjusting the portfolio holdings in response to market conditions

Fund Performance

Performance¹ : A USD (Accumulating)



* Since launch till 31 December of the same year. A USD (Accumulating) 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



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



Top Investment Houses in Asian Local
Currency Bonds (Hong Kong China),
Highly Commended³

Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000319381	BEABAU HK
A USD (Distributing)	HK0000319340	BEABAU HK
A HKD (Distributing)	HK0000319357	BEABAH HK
A AUD Hedged (Distributing)	HK0000319365	BEAAAH HK
A RMB Hedged (Distributing)	HK0000319373	BEAARH HK

Source of the fund information: BEA Union Investment Management Limited, as at 29 April 2022.

+ ©2022 Morningstar. Data as of 29 April 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 29 April 2022. The quoted NAV is for A USD (Accumulating) 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.
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.

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.

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