

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***Tactical opportunities emerge across Chinese commodities, materials and industrials***Highlights:*

1. **See tactical opportunities in Chinese commodities, materials and industrials**
2. **Favour leading HK corporate investment-grade issuers in defensive sectors**
3. **Credit performance of investment-grade bonds will remain range-bound**

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 Fed increased its key rate by 75 bps as expected, but Chairman Jerome Powell signaled that smaller hikes could be in the offing depending on economic data. US October CPI rose at a slower-than-expected pace of 7.7% from a year earlier and off from an 8.2% increase in September. For the first time, recently-announced US inflation print showed signs of cooling, sparking hope that another jumbo-sized hike may not be needed. Despite easing inflation, the labour market remained tight with nonfarm payrolls surprisingly rose by 261,000, bolstered by openings from the healthcare and hospitality sectors. The latest inflation data was still a far cry from central bank's target of 2%. As such, investors were bracing for elevated rates for longer period of time and market had adjusted higher terminate rate expectations.

China's third-quarter economic growth came in stronger than expected, rising 3.9% from a year earlier, led by infrastructure spending and industrial production. But retails sales continued to disappoint. September saw a 2.5% increase in retail sales, comparing to a 5.4% jump in August, as intermittent Covid restrictive measures undermined consumer confidence and sapped domestic demand. Jobless rate was also higher than expected. The country's home sales remained lacklustre.

Fund Report (November 2022)

Property sales by floor area in 100 cities fell about 20% in October from the previous year, according to China Index Academy, a major independent real estate research.

Indonesia's manufacturing PMI softened to 51.8 in October, but remained in expansion mode. The country's core CPI accelerated to 3.31% in October, up from 3.21% in September, which will likely keep the country's central bank on its toes for further rate hike.

Market Outlook

The Fed hinted at slower hikes ahead but admitted it could raise rates more than expected depending on inflation and employment data in the coming months. Investors have already priced in longer rate hike expectations, and anticipated a terminal Fed funds rate of about 5% next year. As rates remain on the uptrend, liquidity will tighten, subsequently bringing greater volatility and sending investors to the sidelines.

In the investment-grade space, new issuance is expected to slow on the back of a relatively subdued market towards year end. This should lend support to credit spread. Credit performance will remain range-bound with higher absolute yield overall.

Over to high-yield, market participants continue to peruse headlines pertaining Chinese property bonds. The Chinese government has recently announced financial support of another RMB250 billion to private companies, including real estate firms. But funds are required to be spent on funding unfinished projects, primarily benefiting onshore bonds rather than offshore's. We expect the country's housing slump will persist in the next few months as sales remain uninspiring.

Our teams remained equally prudent towards Macau gaming outlook. Early November saw the authorities locking down Guangzhou after cases surged. This will take a toll on Macau gaming operator's liquidity and cash flow. Whether the country will make a U-turn on its zero-Covid policy remains to be seen, but China recently eased covid flight bans and trimmed quarantine times by two days. Our teams predicted the authorities may relax more restrictive covid measures as early as first quarter next year, reviving momentum.

As for Southeast Asian high-yield papers, our investment team will remain vigilant on highly leveraged companies and those with refinancing needs as these firms could see tougher time on rising rate expectations.

Investment Strategy

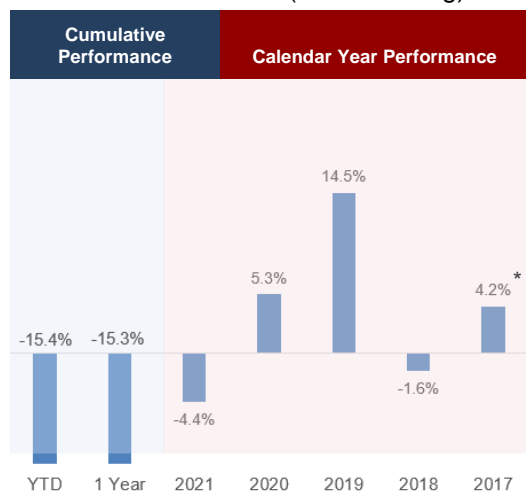
The fund will continue to uphold a defensive stance towards the end of year on the prospect of greater volatility as a longer-than-expected rate hike trajectory could put strain on market liquidity. We preferred US treasury and shorter-dated investment-grade names. For instance, we remained constructive towards investment-grade bonds issued by Hong Kong leading corporates in select defensive sectors, such as telecommunications and banks. Their stable and robust fundamentals will help bring stability to the Fund.

While we held a cautious stance towards China in general, our investment teams will keep an eye out for tactical trade opportunities in Chinese high-yield bonds issued by leading corporate that enjoyed substantial market shares across sectors such as commodities, materials and industrials. These areas appeared relatively attractive in terms of valuation. But our positions in these areas will remain tactical for now, bearing in mind the economic headwinds China is facing.

Our investment teams continued to stay away from Chinese property bonds. The country's housing slump will likely linger as more developers defaulted and sought debt extension. Despite some market-friendly headlines, we remained prudent towards the sector and its potential spillover effect. The fund upheld its selective stance towards Chinese banks and asset management companies, lest individual liquidity risk.

Southeast Asian high yields had corrected substantially and our investment teams expect the asset class could see some support towards year-end. Given the fund's defensive nature, our fund managers will refrain from taking up too much risks but rather focused on the robust fundamentals of select bonds in certain sectors. For instance, we favoured a leading state-owned Indonesian aluminium producer, which fared well on strong commodities prices and for its defensive nature due to its close connection with the state.

Fund Report (November 2022)
Fund Performance

 Performance¹ : A USD (Accumulating)


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

Recent Awards


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

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>

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 31 October 2022.

+ ©2022 Morningstar. Data as of 31 October 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.

- Source: Lipper, as at 31 October 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.
- Source: The Asset, 2021 Research for Asian G3 Bonds, October 2021.
- 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. Issuer: BEA Union Investment Management Limited