

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")**

Overweight India's high yield bond and highly selective on resilient HK companies

*Highlights:*

- 1. India's manufacturing and consumer service industries benefit from the development of e-commerce and renewable energy sectors**
- 2. Highly selective on Hong Kong companies with reasonable stock prices and resilience**
- 3. Stringent risk management by our investment team**

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

U.S. released the latest inflation data and the consumer price index (CPI) rose by 7.5% year-on-year in January which was higher than the market expectation of 7.3% and a record high in 40 years. The U.S. Federal Reserve ("Fed") discussed a timetable for rate hikes at its January meeting and was ready to raise interest rates in March 2022. The Fed didn't rule out moving at every meeting to tackle the highest inflation in a generation. US treasuries yields trading was higher and rocketed to 1.88%. The curve started to flatten in the face of faster rate hike expectation.

Regarding the Asia market performance in January 2022, China's financial, some India and Indonesia names outperformed in the high yield sector with a positive return. India's manufacturing and service sectors continued to expand strongly while industrial production further increased. Consumer inflation rate picked up further along with the economy recovery. Indonesia's manufacturing sector continued to improve with the country's trade surplus at historical high which was benefited by commodity exports.

Macau's gaming, Thailand and Korea's financial sectors were relatively weaker. Chinese property names' performance was under pressure, impacted by rumors on potential debt extension of developers and the continuing weak contract sales.

Market Outlook

BEA Union Investment believes inflation is becoming a long-term trend in 2022. Market generally expects the Fed will gradually increase rate for not less than 3 times this year. Overall speaking, we are concerned about the trend of US Treasury yields and expecting the Fed to be more hawkish regarding interest rates, which will affect the direction of the credit market. We also turned slightly cautious on higher beta and long term South East Asia equities on the backdrop of the Fed's tightening policies.

About the Mainland China, the COVID outbreak has been largely contained under the nearly complete lockdown policy but its economic growth is under pressure. As for the second half of last year, stock market performance was dragged down by the government's regulation tightening on sectors such as real estate, the internet, and education, leading to slower development. Following the implementation on the "shared prosperity" national policy, the market still takes time to digest the changes. Once the market consolidates or the government signals to pass more accommodative policies, we believe domestic housing credit conditions will improve. Moreover, the Mainland's zero-COVID policy, developments in industrial regulations, and the implementation of policies have all played an important role.

Driven by the pandemic, we believe shipping, technology, and even virtual reality ("VR") and augmented reality ("AR") sectors will remain robust, while sectors such as electric vehicles and solar energy that are less sensitive to economic cycles will also benefit. E-commerce and online advertising are expected to benefit from gradual economic recovery in the second half of 2022.

Investment Strategy

BEA Union Investment expects the U.S. Treasury bond yields will rise and the rising interest rates will benefit the banking and financial industries. In terms of the Asian region, we are optimistic on the performance of bonds relating to Hong Kong, Singapore and South Korea. India's manufacturing and service industries will continue to grow strongly and the development of renewable energy will also be strong. Indonesia's real estate industry has successfully shifted from focusing on the high-end market to a mass market, optimizing industry fundamentals. Hence, we are positive on the performance of these bonds.

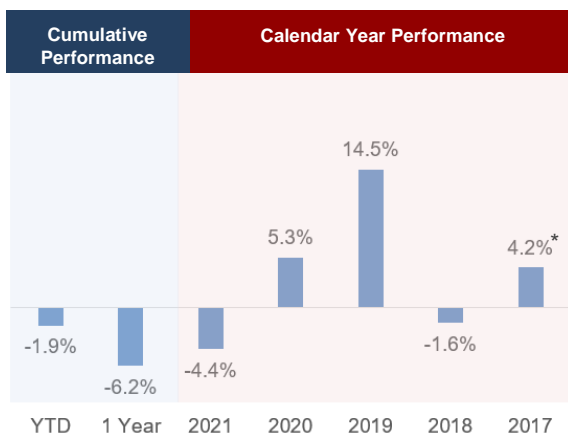
Furthermore, the People's Bank of China has further relaxed mortgage loan quotas and accelerated disbursement. Under the Three Red Line policy, developers can draw out M&A loans, and asset-backed bonds will resume approval and issuance. State-owned enterprises and substantial private enterprises can benefit from this round of policy relaxation on the back of their better credit ratings. Our investment team plans to reduce holdings of non-performing credit companies in any market rebound.

In the Hong Kong real estate industry that has not been affected by China's policies, the investment team will maintain high-quality trading, and continue to be highly selective on Hong Kong companies with reasonable stock prices and resilience. Regarding the gaming industry in Macau, we remain cautious on the gambling stocks 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)



* 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 7 (Hong Kong)²



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

Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000319381	BEABAU HK
A USD (Distributing)	HK0000319340	BEABAU HK
A HKD (Distributing)	HK0000319357	BEABA 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 January 2022.

1. Source: Lipper, as at 31 January 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, 2020 Research for Asian G3 Bonds, October 2020.
3. Source: The Asset, 2020 Research for Asian Local Currency Bonds, October 2020.

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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