

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 debt 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⁺**Turning cautious towards high yields; took profits off some Chinese property***Highlights:*

1. **Turning cautious towards high yield as global growth under scrutiny**
2. **Took short-term profits in some Chinese property bonds, but stay neutral on sector**
3. **Added Southeast Asian bonds to capture China's reopening potential**
4. **Added Macau gaming bonds on tourism and revenue recovery**

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 & Outlook

In March, US treasury yield retreated sharply following the spate of bank failures. Recent economic data showed signs of softening with jobless claims rising 11,000 for the first week of April. Annual CPI slowing to 5% in March from 6% in February but core inflation rose to 5.6% versus 5.5%, indicating inflation still stood stubbornly high. Looking ahead, as markets weigh the prospects of a looming recession, US treasury yields should stabilise, subsequently lending support to credit spread. Markets are pricing in an inevitable recession that is expected to be shallow. Regardless of the next Fed rate decision, US rate hike cycle is approaching its end. Investors are not ruling out rate cuts for the next few months should economic data continue to weaken.

Given the challenge of global growth, we will adopt a more cautious stance towards high yield papers. In terms of investment-grade bonds, markets will likely normalize in the absence of further banking failure. New issuance may resume when calm restores in the market, resulting in spread being range-bounded from here.

In March, property contracted sales recorded a strong 30% growth year on year, led mostly by state-owned developers. In a stark contrast, some private-owned developers saw more than 30% drop in sales from the previous year, indicating a lack of confidence from homebuyers towards private developers. We will continue to monitor for more measures that aim at improving the balance sheets of top quality developers. But investors should brace themselves for credit events in some secondary developers.

China's overall economy shows promising signs of nascent recovery. PMI held up strong at 57 led by non-manufacturing PMI while fixed asset investment grew by 5.5% with property investment falling less than expected. To support a budding economic recovery and to ensure ample liquidity, the PBOC cut broad-based reserve requirement ratio by 25bp late March. We expect more credit support could be in the offing. China's annual inflationary pressure remained soft in March at 0.7% due to falling food and fuel prices. Albeit a rebound in tourism will likely drive core inflation higher, overall inflationary pressure will be contained by the relatively weak labour market condition.

Elsewhere in Asia, Asian central banks have, in general, delivered less tightening than the Fed in the current cycle. Countries that have raised rates more, such as India and Indonesia, may have more room to cut interest rates. Both countries continued to post positive economic growth. Indonesia's PMI improved slightly to 51.9 in March with inflation easing on lower oil price. Trade balance in February expanded by about USD 1.5 trillion. India also saw satisfactory manufacturing PMI, which climbed in March from February, thanks to stronger output and new orders.

Investment Strategy

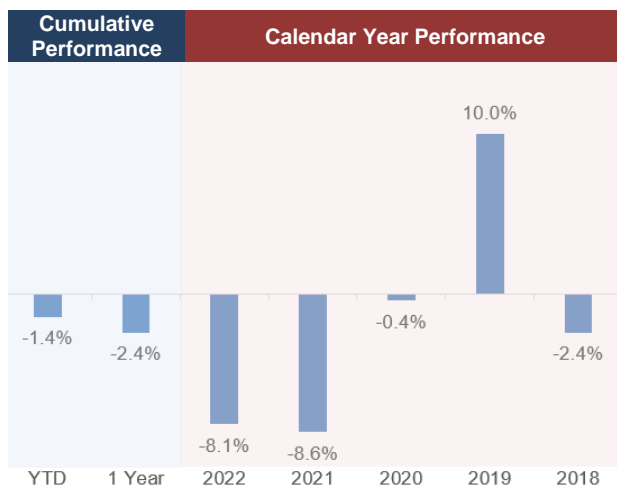
China's recovery is on track. The country's reopening will benefit its Southeast Asian neighbours, such as Thailand, Malaysia and Philippines. The fund increased exposure in Southeast Asia to capture the region's growth potential. Macau gaming is also faring well on as activities normalised. More operators are expected to achieve EBITDA breakeven on the back of strong tourism and a rebound in gross gaming revenue.

Macau's casinos recorded gross gaming revenue of US\$1.58 billion in March, up 247% from a year earlier. The fund also added some India renewable names, which continue to benefit from favourable government policy and ESG demand. We will remain cautious towards names with corporate governance concerns.

Our fund managers took the opportunity to take profit off some Chinese property bonds the moment when certain distressed developers unveiled their restructuring plans. The current supportive policy measures and slowly improving sales suggested state-owned enterprise developers are the ones that benefit the most for the time being. All in all, we are neutral on Chinese property sector.

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
(Hong Kong, China)
Rank 3²**



**Top Investment House
in Asian Local Currency
Bond (Hong Kong,
China), Highly
Commended³**



**Gold Winner,
Regional Bond⁴**



**Outstanding Achiever -
Asia Fixed Income⁵**



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



**Best-in-Class: Asia High
Yield Fixed Income⁷**

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	BEABIHK 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 2023

+ ©2023 Morningstar. Data as of 31 March 2023. 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 March 2023. 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.
- Source: The Asset, 2022 Research for Asian G3 Bonds, performance as at June 2022.
- Source: The Asset, 2021 Research for Asian Local Currency Bonds, performance as at June 2021.
- Source: Fund Selector Asia, January 2020.
- Source: BENCHMARK, performance as at June 2022.
- 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.
- Source: BENCHMARK, performance as at June 2022.

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.