

Important note:

1. BU RMB Core Bond Fund ("the Fund") is a sub-fund of BU Investment Series OFC ("the Company"), which is a public open-ended fund company ("OFC") (registration number OF11) regulated under the laws of Hong Kong, with variable capital and limited liability and segregated liability between sub-funds.
2. The Fund seeks to achieve income and long-term capital growth by investing in debt securities and other assets that are denominated in RMB and other currencies.
3. The Fund invests in debts or fixed income securities are exposed to interest rates, credit/counterparty, downgrading, volatility and liquidity, valuation and sovereign debt, credit rating risks and credit rating agency risk (for mainland China onshore debt securities) risks which may adversely affect the price of the debt securities.
4. The Fund may invest in below investment grade, or rated BB+ or below by a China credit rating agency, or non-rated debt securities, which are subject to greater volatility and liquidity risks than higher-rated securities.
5. The Fund's investments are concentrated in China and may be subject to high concentration risk and more volatility than that of funds having a more diverse portfolio of investment. The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the China market.
6. The Fund invests in emerging markets and may be subject to higher liquidity and volatility risks.
7. The Fund may be subject to the "Dim Sum" bond market risk and the risks associated with China interbank bond market, and the Fund is more susceptible to volatility and/or lower liquidity.
8. The director 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 shareholder'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 share.
9. The Fund is subject to Mainland China tax risk and any increased tax liabilities on the Fund may adversely affect the Fund's value.
10. In terms of currency hedged class shares, adverse exchange rate fluctuations between the base currency of the Fund and the class currency of the currency hedged class shares may result in a decrease in return and/or loss of capital for shareholders. Over-hedged or under-hedged positions may arise and there can be no assurance that the currency hedged class shares will be hedged at all times or that the manager will be successful in employing the hedge.
11. 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.
12. 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.
13. Investors should not make an investment decision based solely on this material.

BU RMB Core Bond Fund ("RCB")

★★★

Morningstar Overall Rating⁺

See opportunities in China high beta TMT and HK blue-chip banks



Highlights:

1. China's pro-growth stance, measures to stabilise asset prices could boost high beta credits
2. Favour China's high beta TMT and HK blue-chip banks
3. South Korean Investment Grade bonds enjoy stable credit fundamentals

Fund Features

- A RMB bond fund that aims to capture stable dividends.
- At least 70% invested in debt securities, bonds and deposits that are denominated or settled in RMB.
- Investment grade average credit rating.

Market Review and Outlook

In August, China's economic data remained weak, with consumer and producer prices both sinking deeper into negative territories. The Service Purchase Managers' Index (PMI), retail sales, fixed asset investment and industrial production all came in lower than market expectations. Property sales and investment extended their weaknesses, while contracted sales of top developers recorded a 34% year-on-year plunge in August.

Fund Report (Sept 2023)

In a bid to prop up its flagging economy and beleaguered housing market, the PBOC reduced medium-term lending facility (MLF) by 15bps during the month and cut the 1-year loan prime rate by 10bps, while leaving the 5-year loan prime rate unchanged. The authorities announced the reduction of policy mortgage rates and national down payment thresholds for first and second home buyers. These measures aim to spur residential property demand, and to reduce policy barriers for property upgrades.

During the month, Asian Investment Grade bonds saw spreads widening. Missed payments from China trust companies and related wealth managers triggered concerns about contagion. Gaming and China high-beta Investment Grade names underperformed due to uninspiring China data prints and a lack of strong stimulus. Weak sentiment also hit Hong Kong's Investment Grade bonds, with property names seeing spreads widening. But sentiment rebounded towards the end of the month, following the launch of supportive policies from China and stable earnings from TMT firms and asset management companies (AMC).

Looking ahead, we expect sentiment to be more constructive across China's Investment Grade space, buoyed by increasing policy signals in the property sector and fading negative impact from the China trust crisis. The government's pro-growth stance and willingness to stabilise asset prices could lend support to China high-beta credits, which could see spreads tightening further if the country steps up support for its economy. In the non-China space, we expect spreads to be range-bounded as new issues are expected to resume in September, supported by healthy demand.

CNH will continue to be weighed down by narrower trade balance, export slowdown and a wider service deficit. Chinese authorities have been deploying more foreign exchange tools lately, including expanding the scale of bill issuance, to stabilize the exchange rate. With the USD resuming its strength on the back of continuous positive economic surprises, global and Asian currencies may come under pressure.

Investment Strategy

China's reduction in property down payments and relaxation of mortgage requirements have the potential to spur a rebound in sales. This will mainly benefit developers with land bank exposure to higher-tier cities. We have made strategic allocations to high credit rated China property for upside potentials on positive policy measures, but remain underweight in the sector as a whole.

Our investment teams prefer high-quality and high-beta China TMT for their attractive valuations, driven by a better business environment and a more supportive stance from the government.

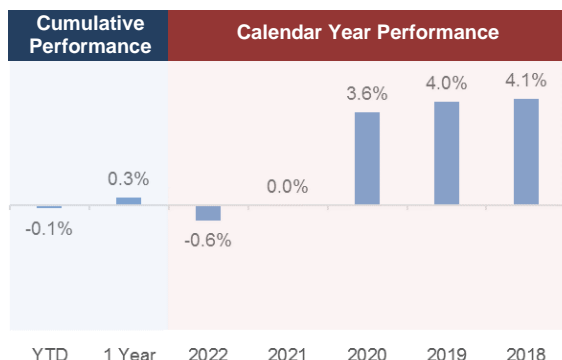
Additionally, our investment teams also favour select Hong Kong blue-chip banks and property Investment Grade bonds due to their robust credit quality and reasonable valuations. We will avoid issuers with high leverage.

We remain positive on South Korean financial Investment Grades bonds given the sector's strong credit fundamentals, attractive yields and reasonable valuations.

Fund Report (Sept 2023)

Fund Performance

Performance¹ : A RMB (Distributing)



The Fund was launched on 30 September 2021 upon the restructuring of BEA Union Investment Series - BEA Union Investment RMB Core Bond Fund (the Predecessor Fund, with inception on 28 February 2014) to the Fund. The performance/Morningstar rating (if applicable) shown on or before the date of the restructuring has been simulated based on the respective information of a unit class of Predecessor Fund with the same investment objectives, risk profiles, and materially the same fee structures and investment policies of the respective share class of the Fund.

Predecessor fund - A RMB (Distributing) launched on 28 February 2014.

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 3
(Hong Kong, China)²



Top Investment House
in Asian Local Currency Bond,
Highly Commended (Hong Kong,
China)³



REFINITIV LIPPER
FUND AWARDS
2021 WINNER
HONG KONG

Best Fund Over 5 Years - Bond
Global LC⁴

Fund Code

	ISIN	Bloomberg
A HKD (Distributing)	HK0000176740	BEARCAH HK
A RMB (Distributing)	HK0000176732	BEARCAR HK
A USD (Distributing)	HK0000176757	BEARCAU HK

Source of the fund information: BEA Union Investment Management Limited, as at 31 August 2023.

+ ©2023 Morningstar. Data as of 31 August 2023. The rating is for Class A RMB (Distributing). The rating is for reference only and should not be construed as buy and sell recommendation of investment.

- Source: Lipper, as at 31 August 2023. The quoted NAV is for A RMB (Distributing) launched on 30 September 2021, 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: Lipper, Lipper Fund Awards from Refinitiv Year 2021 Hong Kong, performance for Class A RMB (Distributing) as at 31 December 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 prospectus of the Fund. Investors should also read the prospectus 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 shares 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 authorised by the Securities and Futures Commission ("SFC") in Hong Kong. SFC authorisation 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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