

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 debts 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⁺

See idiosyncratic opportunities in Asian High-Yield bonds; Added Indonesian developers

Highlights:

1. **Added high-beta Indonesian High-Yield property bonds with potential to early tender**
2. **Added high quality Macau gaming High-Yield bonds through new issuance**
3. **Took profits on some Chinese property, industrial High-Yield bonds**

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 June, Asian High-Yield bonds extended their recent gains and outperformed their Investment-Grade peers, with the Asian High-Yield index climbing 1.21%. Lower-rated High-Yield credits gained the most on idiosyncratic opportunities. New issuance picked up in June with over US\$21 billion priced, bringing year-to-date total supply to US\$83 billion. However, substantial bond redemptions, including liability management exercises, partially offset new supplies.

During the month, China's High-Yield property bonds led the outperformance, surging 6.74%. Following the launch of a spate of drastic property support measures, many Chinese developers saw sales increased in June from the previous month. On an annual basis, some real estate companies even managed to defy the broader sales drop and achieve growth. While year-on-year contracted sales for China's Top 100 developers remained on the decline, the pace slowed to a 22% drop in June, narrowing from a 35% plunge in May, driven by a modest recovery in tier-1 cities. Investor confidence in Chinese property credits was further bolstered by encouraging news, including a bond buyback by a privately-owned enterprise (POE) developer and the successful partial bond tender and extension of existing bonds by another builder. These moves are expected to enhance balance sheets and strengthen credit fundamentals of those issuers.

China's High-Yield industrial bonds also staged a strong performance in June, buoyed by positive news on asset disposals, including the stake divestment of an Indian pharmaceutical firm by a Chinese pharmaceutical company. In Macau, a new issuance by a quality Macau gaming operator has drawn immense investor interest, leading to oversubscription.

India's election concluded in early June without significant impact on the credit market. Despite Prime Minister Narendra Modi's Bharatiya Janata Party losing its parliamentary majority, macroeconomic stability is widely expected to persist. The country's structural growth prospects remain robust, driven by massive infrastructure spending and an expanding middle class, among other favourable factors. Recently, an Indian airport operator reported solid earnings growth on higher passenger traffic, while an Indian energy company successfully tendered a majority of its outstanding US\$561 million notes due 2027, allowing the issuer to better manage their debts.

High beta Indonesia property credits posted strong performance, propelled by bond tender exercises from several property developers. Indonesian firms are grappling with challenges in debt repayment, due to a weak Rupiah alongside high domestic and offshore borrowing costs. Thus, we favour issuers capable of restructuring their notes ahead of maturity, thereby reducing refinancing risks and strengthening their credit fundamentals.

Our teams hold a positive take on Asian High-Yield bonds buoyed by yield compression, as both French and Mongolian elections are behind us. Markets will likely quiet down into the summer lull with investors more likely to hold onto the bonds and maintain positions for carry trade. We remain focused on identifying compelling idiosyncratic investment opportunities across Asian High-Yield bonds.

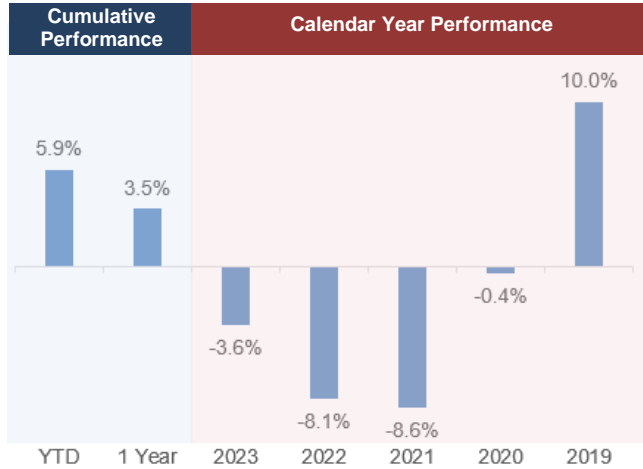
Investment Strategy

In June, we took profits on some positions in Chinese property and Chinese industrial High-Yield bonds whose idiosyncratic events had already played out. We added high-beta Indonesian High-Yield developers that have potential to early tender their bonds and also increased position in Macau's High-Yield gaming space through new issuance by quality issuers.

The Fund will seek opportunities across Hong Kong and Mongolian High-Yield laggards, and continue to hold a constructive stance towards beta bonds across sectors.

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 28 Jun 2024

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1. Source: Lipper, as at 28 Jun 2024. 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.
2. Source: The Asset, 2022 Research for Asian G3 Bonds, performance as at June 2022.
3. Source: The Asset, 2021 Research for Asian Local Currency Bonds, performance as at June 2021.
4. Source: Fund Selector Asia, January 2020.
5. Source: BENCHMARK, performance as at June 2022.
6. 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.
7. Source: BENCHMARK, performance as at June 2022.

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Issuer: BEA Union Investment Management Limited