

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***Cautiously optimistic on Asian high-yield bonds; stay tactical on Chinese property***Highlights:*

1. **Remain tactical with Chinese property bonds, given persistently weak sales despite earlier policies**
2. **See opportunities in higher-beta Indian, Indonesian high-yield dollar bonds**
3. **Cautiously optimistic on Asian high-yield bonds but bracing for near-term volatilities**

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 September, the Asian high-yield bond market ended the month higher, reversing earlier losses. Initially, market sentiment was weighed down by weak US macro data and a slowdown in China during the first half of the month. However, sentiment took a U-turn shortly after the Fed delivered a 50-basis point rate cut and Chinese authorities rolled out a slew of economic measures that exceeded expectations.

In late September, the PBOC announced a comprehensive policy stimulus package that included lowering interest rates, mortgage rates, and reserve requirement ratios. Shortly after, the September politburo meeting, which rarely discusses economic aspects, unexpectedly called for measures to halt the decline in China's property market. This shift in policy has sparked investor optimism about China's housing and industrial sectors, with Chinese high-yield property bonds emerging as the best performers, posting a total return increase of 7% during the month. With regards to Chinese property bonds, we are adopting a more tactical approach, given that sales continue to slide despite a spate of earlier measures.

Other Asian high-yield bonds, including those from Macau gaming, India, and Indonesia, performed well during the month, buoyed by the Fed's rate cut. India's high-yield bond market remains intact, supported by positive factors such as structural growth potential and lower onshore financing costs.

In general, we are staying cautiously positive on Asia's high-yield bond market. While we are bracing for market volatility in the lead-up to the US election, we will closely monitor potential policy announcements from China and the trajectory of US rate cuts.

Turning to Asia's investment-grade dollar bonds, the asset class saw strong new supply of US\$22 billion in September, but we expect primary issuance may slow in October, which could support spread performance. We believe the technical fundamentals of Asian investment-grade bonds will remain robust, propelled by limited supply, rate cut expectations, and limited fallen angel risk. Nevertheless, tight valuations could lead to wider spreads in the event of any macroeconomic shock. The prospects for rate cuts will continue to drive demand for duration bonds.

Investment Strategy

We remain broadly cautiously optimistic on Asian high-yield bonds amid the US rate-cutting cycle, and will seek opportunities to buy on dips. However, for the time being, we are adopting a more neutral stance ahead of the US election due to potential market volatility. We continue to favour select China industrial high-yield names with improving fundamentals, idiosyncratic names in the Indonesian property sector, and higher-beta Indian names. We are more neutral on Macau gaming.

For Asia's investment-grade dollar bonds, opportunities include those from the China technology, media, and telecommunications, Indonesian quasi-sovereigns and South Korean financial.

The Fund is overweight in higher beta and longer duration bonds.

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	BEABIA 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	BEABIA HK

* For professional investor only

Source of the fund information: BEA Union Investment Management Limited, as at 30 Sep 2024

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1. Source: Lipper, as at 30 Sep 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.

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