

## 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")**★★★  
Morningstar Overall Rating<sup>+</sup>**Risk on sentiment to support Asian Investment-Grade bonds; See opportunities in China, Indonesia & India***Highlights:*

1. **Remain constructive towards Asian Investment-Grade bonds; any correction likely shallow**
2. **Favour Chinese TMT and SOE, Indonesian quasi-sovereign Investment-Grade bonds**
3. **Valuation of Asian High-Yield laggards appealing**

**Fund Features**

- The Fund aims to provide stable monthly income with capital appreciation through dynamic total return approach.
- Capture the full potential of Asia's growth with stability by prioritizing the portfolio with a majority of investment grade bonds.

**Market Review & Outlook**

In January, the US treasury had a roller-coaster month, with the 10-year treasury yield fluctuating within a 30-bps range, oscillating between 3.9% and 4.2%. Despite market volatility, a prevailing risk on sentiments prompted spreads to continue marching tighter. This compression trend was particularly notable across Investment-Grade bonds of Chinese asset management companies, privately-owned Indian enterprises, Indonesian quasi-sovereigns and the Macau gaming sector. The muted supply picture, particularly in China's corporate space, has been the key driver for compression.

**Fund Report (Feb 2024)**

We expect the constructive tone to continue in the Asian Investment Grade bond market. Spreads are anticipated to hold up well, on the expectations that investors will continue to buy the dips, and hence any correction will be relatively shallow. Technical factors will likely remain favourable, buoyed by the positive interest rates outlook, manageable volatility and constructive supply-demand dynamic. In terms of sectors, due to limited supply and stable fundamentals, we maintain a positive stance towards China's state-owned enterprises and technology, media and telecommunications (TMT). In addition, as spread tightened across AAA rated TMT names, BBB rated TMT bonds gained traction subsequently. Hence, we expect the sector to undergo some consolidation. South Korean year-to-date new issuances have been well digested by investors, and we continue to find value in this region. Also in favour is India's privately-owned enterprises names that offer attractive yields, presenting potential for spread compression.

Asian High-Yield bonds, such as China's industrial, property and high-beta Indian commodities, staged a strong performance in January. We find valuation of Asian High-Yield laggards appealing, including Chinese industrial bonds that have potential positive credit developments, such as asset sales and access to new refinancing channels. Chinese property bonds outperformed on news that the PBoC and the National Association of Financial Market Institutional Investors (NAFR) are relaxing restrictions on the use of proceeds and loan-to-value ceilings for working capital loans in commercial properties. Due to persistent weaknesses in the physical market, we maintain a cautious stance towards the sector. However, we believe developers with state-owned enterprises ownership or background as well as those with investment properties may be better positioned for resilience and survival.

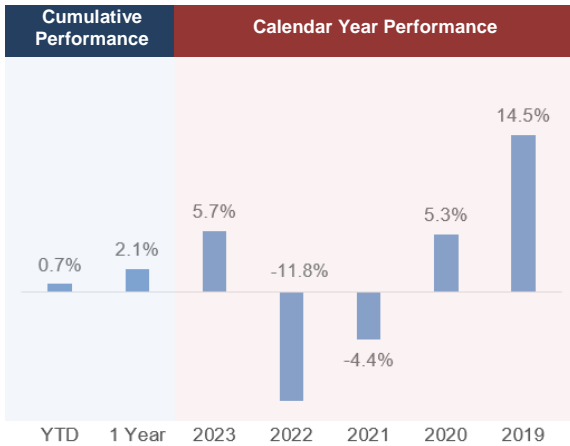
**Investment Strategy**

The Fund remains constructive on China's high-beta TMT and energy state-owned enterprises. Indonesian state-owned oil and natural gas as well as commodities producers are also favoured. South Korean Investment-Grade bonds, such as EV battery producer and stock brokerage, are also in favour.

Our investment teams also see opportunities across High-Yield bonds, such as renewable energy producers in India.

**Fund Performance**

Performance<sup>1</sup> : A USD (Accumulating)



A USD (Accumulating) launched on 24 February 2017.

**Recent Awards**



**Top Investment Houses in Asian G3 Bonds (Hong Kong, China) Rank 3<sup>2</sup>**



**Top Investment House in Asian Local Currency Bond (Hong Kong, China), Highly Commended<sup>3</sup>**



**Outstanding Achiever Asia Fixed Income<sup>4</sup>**



**REFINITIV LIPPER FUND AWARDS**  
2021 WINNER HONG KONG

**Hong Kong Best Group Overall (3 Years)<sup>5</sup>**



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>

**Fund Code**

|                             | <b>ISIN</b>  | <b>Bloomberg</b> |
|-----------------------------|--------------|------------------|
| A USD (Accumulating)        | HK0000319381 | BEABAU HK        |
| A USD (Distributing)        | HK0000319340 | BEABAU HK        |
| A HKD (Distributing)        | HK0000319357 | BEABA HK         |
| A AUD Hedged (Distributing) | HK0000319365 | BEAAA HK         |
| A RMB Hedged (Distributing) | HK0000319373 | BEAAR HK         |

Source of the fund information: BEA Union Investment Management Limited, as at 31 January 2024.

+ ©2024 Morningstar. Data as of 31 January 2024. 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.

1. Source: Lipper, as at 31 October 2023. 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, 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: BENCHMARK, performance as at June 2021.
5. Source: Lipper, performance as of 31 December 2020 for 2021 Hong Kong award.

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