

**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>**Asia Investment Grade credits remain resilient despite rate volatility***Highlights:*

1. **Asian Investment Grade bonds to remain range-bound, unless rate volatility pick up**
2. **Scant new issuance will support any shallow correction in Investment Grade bonds**
3. **Still positive towards Asian High Yield but turn slightly cautious on rising geopolitical tensions**

**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**

The US March CPI data surpassed expectations, sparking concerns about sustained inflation levels persistently exceeding the central bank's target. Consequently, the 10-year US treasury yield surged by 48 bps to 4.69% in April. Due to the sell-off in US Treasuries, spreads for Asia's Investment Grade credits tightened, but their absolute performance lagged their High Yield counterparts.

**Fund Report (May 2024)**

Asian Investment Grade credits saw healthy profit-taking flows, prompted by the strong year-to-date spread compression rally. But the market stabilised towards the end of the month as profit-taking pressure alleviated. Despite rate volatility, Chinese credits remained resilient. Thai credits performed well, driven by bond repurchases and tenders, while rates-sensitive issuers from Indonesia and Philippines underperformed with wider spreads.

Amid recent fluctuations in rates and spreads, investors are expected to maintain a defensive stance. Many are awaiting clearer signals from the Fed and looking into inflation data. We foresee rates return and carry return to dominate the market, with the potential for further profit-taking or de-risking activities in case of rate fluctuations. Unless there is a significant uptick in rate volatility, we believe the market will remain range-bound. The persistently low new issuances in Asia and ongoing issuer buyback and tender activities will also provide technical support to the market. Chinese credits are tipped to remain relatively stable, buoyed by sustained investor interest. Non-China credits, such as those from Indonesia and Philippines, are likely to correlate with rate movements given their sensitivity to interest rates. The rest of the non-China Investment Grade space will trade in line with overall risk sentiments. We continue to find opportunities in Chinese state-owned and Indonesian quasi-sovereign energy companies, given their robust fundamentals and appealing yields. South Korean financial bonds continue to exhibit strong fundamentals and resilient technicals, presenting attractive propositions.

We remain positive towards Asian High Yield bonds, although we have become slightly cautious in light of escalating geopolitical tensions, volatile rates movement, and steeper valuations after a strong first-quarter rally. Within the asset class, we still favour higher-yielding Chinese industrial names, Asian High Yield sovereigns, and certain Hong Kong High Yield bonds. However, we intend to gradually take profits on outperformers.

Our teams will closely monitor developments in China's property market and adopt a more conservative stance towards developers experiencing sharp decline in sales. Contracted sales for the top 30 cities fell 17% in April from March, with tier-1 cities outperforming tier-2 and -3 cities. Secondary home transaction volume reached 10-month high in March and held up well in April, but new home sales lost momentum. In an effort to bolster market sentiment, authorities have introduced relaxation and upgrading policies for home purchases in 30 cities, including Beijing, Shanghai and Shenzhen.

**Investment Strategy**

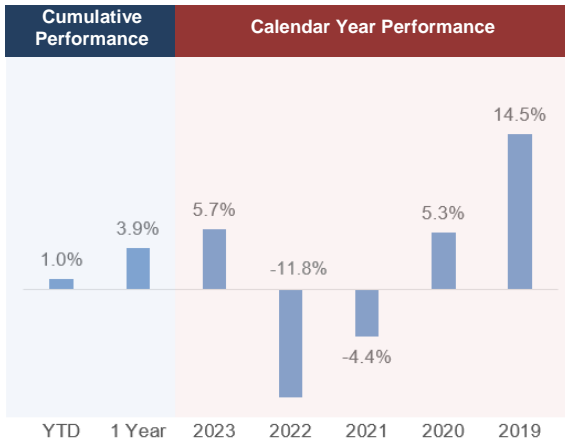
Given the high-beta bonds within the portfolio have generated attractive cumulative returns since the start of the year, our teams have taken profits on some of the credits. We remain constructive towards Asian Investment Grade bonds, including energy and commodities producers from Indonesia, China and Thailand. South Korea credits are also favoured, especially those with positive earnings growth and rating trajectory.

In terms of High Yield bonds, we took profits off some higher beta Indian bonds, Macau gaming bonds of longer duration and frontier bonds. Our teams will continue to uphold an Overweight stance in Chinese industrial bonds, Hong Kong High Yield bonds and frontier bonds, while staying optimistic towards commodities-related credits.

**Fund Report (May 2024)**

**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 30 April 2024.

+ ©2024 Morningstar. Data as of 30 April 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 30 April 2024. 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