

**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>**Stay optimistic on Asian investment-grade bonds despite falling rates prompt profit-taking***Highlights:*

1. **Asian investment-grade bonds face profit-taking due to looming Fed policy U-turn, Trump trade**
2. **Still favour China TMT, Indonesian quasi-sovereign, South Korean financial investment-grade bonds**
3. **Brace for greater spread, rate volatility as US election, rate cut approaching**

**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**

Asian investment-grade spreads staged a lacklustre performance in July on profit-taking pressure, sparked by Trump trade and declining rates on Fed rate cut expectations.

In the US, both CPI data and the job market showed signs of softening in June, raising odds of the central bank lowering rates in September. Inflation fell 0.1% in June from the previous month, and up 3% year-on-year, marking the lowest level in more than three years. The labour market was also cooling, with only 206,000 jobs added in June and the unemployment rate edging to 4.1%. These softer economic prints bolstered the case for a Fed policy shift, bringing shorter-term rates down faster than longer-term rates, prompting the US yield curve to steepen. At the same time, investors rotated into rate-sensitive US High-Yield bonds following an assassination attempt on US presidential candidate Donald Trump. Investors saw a growing possibility of his victory, which would mean lower tax rates and more accommodative monetary policies. The "Trump trade" prompted some profit-taking in China's investment-grade bonds, especially in the long-end technology, media and telecommunications (TMT) sector. Despite profit-taking pressure and lower yields hindering further spread tightening, the impact was well absorbed in the absence of meaningful new issue supply.

Heading into the second half, we anticipate greater spread and rate volatility due to the upcoming US election and a potential shift in monetary policy. Some healthy corrections can be expected across Asian investment-grade bonds, although these should be largely offset by demand. Our investment teams expect the asset class to stay positive unless the probability of a US recession risk and hard landing notably increases. We foresee the momentum of new issuance will resume in September, which will likely be digested in an orderly manner but might weigh on short-term spread performance.

Shifting gears to Asian High-Yield bonds, the Asian High-Yield index continued to rally with Chinese property credits extending their recent outperformance. Privately-owned enterprise developers are playing catch up to their state-owned enterprise peers. Following the implementation of a spate of property support measures, China's real estate sector is exhibiting budding signs of stabilising. In June, China's top 100 developers saw sales rose 36.3% from the previous month. On a year-on-year basis, June sales fell 16.7%, narrowing from May's decline of 33.7%. In Indian High-Yield bonds, we continue to see supply with taps and debut issuances from non-banking financial companies (NBFC), which were well received by investors. Furthermore, the credit rating of an Indian natural resources-focused conglomerate was upgraded by global rating agency S&P, which further bolstered the performance of Indian High-Yield bonds. We remain cautiously positive about the short-term outlook for Asian High-Yield bonds in general, as this space could see retracement driven by equity market volatility. Yet we remain bullish in this asset class in the long run, buoyed by expectations of falling interest rates.

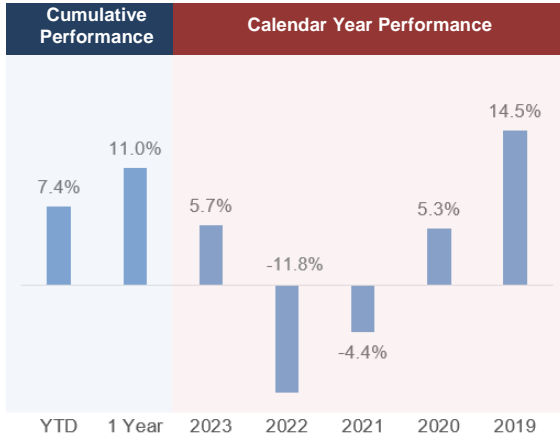
### Investment Strategy

The Fund remains positive on investment-grade bonds, with a preference towards Chinese TMT and SOE as well as Indonesia's energy investment-grade bonds. South Korea's financial bonds are also in favour, supported by robust and resilient credit fundamentals.

In terms of High-Yield bonds, we continue to like idiosyncratic Chinese industrial, Macau gaming, and Indian high-beta credits with improving fundamentals.

**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

	ISIN	Bloomberg
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 July 2024.

+ ©2024 Morningstar. Data as of 31 July 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 July 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