

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⁺

Asian investment-grade bond spreads will remain stable

Highlights:

- **Liquidity of Asian investment-grade bond will decrease and spreads are likely to remain stable**
- **Trimmed South Korea defensive bonds; favor higher-yielding HK, Taiwan financials**
- **US election decisive result supports risk appetite; cautiously bullish on high-yield bonds**

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

Asia's credit spreads tightened substantially in October, with high-yield bonds outperforming investment-grade bonds. The latter's total returns were affected by the rise in US Treasury yields, driven in part by growing expectations ahead of the US election with polls indicating a higher chance of Donald Trump winning the presidency and the Republicans gaining control of both the Senate and the House. US Treasury yields rose because Trump's proposed agenda of year-to-date tax cuts and tariffs is inflationary and will increase the fiscal deficit. These will subsequently lead to higher US Treasury issuance and changes in the expectations for the Fed Funds Rate trajectory in 2025.

In October, Asian investment-grade dollar bonds saw spreads tightened to year-to-date lows, spurred by a bounce in rates, but the spread compression was insufficient to cushion the sharp rise in US treasury yields. Within Asia, Hong Kong and Chinese investment-grade bonds, including those issued by asset management companies, technology, media and telecommunications (TMT) and privately-owned enterprises, outperformed, buoyed by China's stimulus measures and rate cut expectations. Non-China markets, such as Japan, also remained constructive. Particularly noteworthy was a rare new issue from a Japanese residential developer outperformed in the secondary market. In general, Japan's credits tightened along with the broader market with Japanese lifer bonds staying defensive and holding up well.

Asian investment-grade new issuance in October was relatively subdued compared to the average supply over the past 5-6 months, underpinned by US treasury volatility, the US election and front-loading of supply in September. We believe South Korea will continue to dominate the new supply pipeline in the future. Looking ahead, we expect overall market activities will pick up after the US election, but will gradually ease into year-end with spreads likely to remain stable.

Asia's high-yield dollar bond market stayed generally stable in October, despite having some volatilities in the lead-up to the US election. Chinese high-yield property bonds outperformed, posting a total return of 3.87% on improving sales driven by supportive measures launched in September. China's top 100 developers saw presales rose 73% month-on-month and 7% year-on-year in October. Market speculation for significant fiscal stimulus measures also bolstered investor optimism for property bonds.

Going forward, with the decisive outcome of the US presidential election removing a key source of uncertainty, we expect market risk appetite to improve. Following the correction in US Treasury yields, we believe both Asian investment-grade and high-yield bonds will be supported by anchored demand for attractive all-in yields, moderate supply, and stable-to-improving fundamentals. We will closely monitor the effectiveness and implementation progress of China's previously announced policies, and stay vigilant for the potential of additional stimulus plans, which would be critical for the outlook of Chinese credits.

Investment Strategy

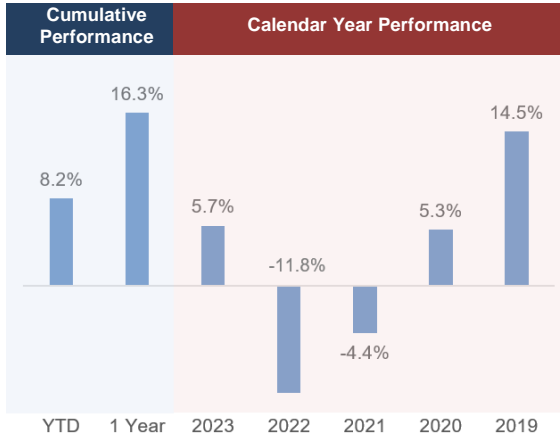
The Fund trimmed China, Indonesia and South Korea, while increasing its weighting in Hong Kong, Japan and India. We added financials and real estate, but reduced our position in communication services.

Spreads on China's investment-grade TMT names tightened after policy optimism propelled market sentiment. We reduced our exposure in defensive South Korean investment-grade quasi sovereign, and favor higher yielding Hong Kong and Taiwan financial sector. The Fund remains constructive towards Chinese, South Korean and Japanese investment-grade bonds issued by banks and insurers.

In the high-yield space, we have been more cautiously bullish and added risk mostly via new issues and taps in non-China space. In addition, we continue to favor Chinese industrials, higher-beta Indian bonds as well as Macau gaming long-end high-yield bonds.

Fund Performance

Performance¹ : A USD (Accumulating)



A USD (Accumulating) launched on 24 February 2017.

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



Outstanding Achiever Asia Fixed Income⁴



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

Hong Kong Best Group Overall (3 Years)⁵



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 Oct 2024.

+ ©2024 Morningstar. Data as of 31 Oct 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 Oct 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