

Important note:

1. BEA Union Investment Global Quality Bond Fund (the "Fund") is a sub-fund of BEA Union Investment Series, which is a unit trust established as an umbrella fund under the laws of Hong Kong.
2. The Fund seeks medium to long term capital growth and regular income by primarily investing in a portfolio of global investment-grade debt securities.
3. The Fund is subject to general investment risk, emerging market risk, derivative risk and currency risk.
4. The Fund invests in debts securities and are subject to risks in interest rates, credit/counterparty, downgrading, below investment grade or non-rated securities, volatility and liquidity, valuation and sovereign debt, credit rating risks which may adversely affect the price of the debt securities.
5. The Fund's investment in debt instruments with loss-absorption features are subject to risks of being written down or converted to ordinary shares upon the occurrence of complex and unpredictable trigger event which may result in a significant or total reduction in the value of such instruments. These debt instruments may also be exposed to liquidity, valuation and sector concentration risk.
6. 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 unitholders 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.
7. 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.
8. 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.
9. 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.
10. Investors should not make an investment decision based solely on this material.

BEA Union Investment **Global Quality Bond Fund** ("QB")

Stay positive on investment-grade bonds; short-duration bonds are effective for navigating the current rate cut path


Highlights:

1. **The dot plot projects fewer rate cuts in 2025, long-term bond prices could come under pressure**
2. **Continue to favour US investment-grade bonds on improving risk sentiment**
3. **Financial bonds remains our sector top pick; consumer discretionary also in focus**

Fund Features

- A global bond fund focuses on investment-grade bonds
- Primarily invests in short-term bonds and aims to minimize price volatility

Market Review & Outlook

Earlier in the month, Donald Trump's presidential victory sparked investor concerns that his proposed tariff policies could reignite inflation and disrupt the US interest rate trajectory. Additionally, his plans to extend tax cuts may lead to higher deficits, which could result in heftier US Treasury issuance. These factors combined sent US treasury yields higher, but moderated towards month-end as Trump trades euphoria dissipated, and after the Fed delivered the widely-expected 25 basis points rate cut. However, the December dot plot suggests there could be fewer rate cuts in 2025. Therefore, US treasury yields may spike again, possibly putting downward pressure on long-term bond prices.

In November, spreads in both US and Asian investment-grade bonds tightened in general, as risk appetite improved on expectations of Trump's market-friendly policies and lighter regulations. Market anticipated Trump's proposed corporate tax cuts could bolster profitability and cash flow for companies, which in turn should strengthen credit fundamentals. The US banking industry received an extra boon on prospects that the Trump administration would relax regulations, potentially lowering near-term operating costs. In the UK, the Bank of England also cut rates by 25 basis points. Despite rates will likely continue to trend lower, the UK banking industry is expected to remain sound going forward. Major UK banks have strong financial positions, and their defensive nature will likely mitigate the impact of lower interest rates on revenue, providing a buffer against potential downside risks.

Asian investment-grade bonds staged a solid performance in November. During the month, financial and South Korean investment-grade dollar bonds outperformed, as supply pressure remained light. Our investment teams are cautiously optimistic on Chinese credits, while we await further details of the economic support policies.

Spreads of investment-grade bonds are likely to remain resilient in the near term. However, as market liquidity is expected to subside towards year-end and new issuance picking up in January, we will closely watch for any potential volatility. Heading into the new year, inflation continues to ease at a different pace, while shifting government policies and the evolving monetary policies of central banks, particularly the Fed and the ECB, could drive continued volatility in the fixed-income market.

Investment Strategy

The Fund's performance was relatively stable in November. The Fund will maintain its short-duration strategy. Short-duration bonds are effective for navigating the current rate cut trajectory, as they are less sensitive to interest rate fluctuations.

In terms of country allocation, the US remains our top pick, followed by South Korea, China, Japan, and the UK.

We have a preference for financial investment-grade bonds, particularly those issued by banks in the US, UK, Japan, and South Korea, as their credit fundamentals remain intact. Consumer discretionary is also on our radar, with preferred industries including US and German automakers. Other sectors we favour include industrials, consumer staples, communications, property, and technology.

Fund Performance

Past performance of the Fund may be presented only when it has an investment track record of not less than 6 months.



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 (Distributing)	HK0001044681	BEUGQBA HK
A HKD (Distributing)	HK0001044707	BEUGQAH HK
A RMB (Distributing)	HK0001044715	BEUGQAC HK

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

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.

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