

Important note:

1. BEA Union Investment Asian Bond and Currency Fund (the "Fund") seeks regular interest income, capital gains and currency appreciation from an actively managed portfolio primarily investing in debt securities denominated in Asian or other currencies and primarily issued by Asian government or corporate entities.
2. The Fund is subject to general investment risk, Asian market concentration risk, emerging market risk and currency risk.
3. The Fund invests in debt securities and is 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 Bond and Currency Fund ("ABC")★★★★★
Morningstar Overall Rating⁺**Cut risk and beta in portfolio; Prefer Chinese, Hong Kong high-yield bonds over Indonesia, India***Highlights:*

1. **Weaker US growth, sticky inflation may weigh further on risk assets**
2. **Cut Indonesian commodities, higher beta names; reduced positions in weaker Indian high-yield bonds**
3. **Prefer China, Hong Kong risk assets on expectations of China's easing policies**

Fund Features

- The Fund adopts an unconstrained strategy, which allows a flexible allocation of assets in corporate bonds, government bonds, High Yield Bonds and Investment Grade Bonds, to actively hunt for alpha opportunities.
- It aims to distribute stable dividends and capture the appreciation potential of Asian bonds.

Market Review & Outlook

In March, the 10-year US Treasury yield held steady near the 4.2% level, indicating investor caution amid persistent market uncertainty. While awaiting further clarity on tariff policies, the FOMC kept interest rates unchanged and amended its economic projections - revising up unemployment and core inflation forecasts, while lowering GDP growth expectations. The Fed's revisions highlighted the elevated uncertainty driven by tariff policies under President Donald Trump's administration.

The Asian high-yield dollar bond market remained stable through the first half of March before softening towards the end of the month, in the lead-up to the anticipated US tariff announcement on April 2. Within the region, Chinese high-yield bonds outperformed, with the industrial sector generating a total return of 1.56%. On the other hand, Chinese property bonds delivered a total return of 1.43%, despite some profit-taking pressure gathering steam into the month, weighed down by a combination of weak — but widely-anticipated — earnings, and a strong year-to-date rally.

Beyond China, Indonesia's high-yield bond market underperformed, posting a -1.03% return against a softer-than-expected economic backdrop following the inauguration of the new president. Meanwhile, Indian high-yield and Macau gaming high-yield bonds delivered weak performances, as tariffs hit market sentiment.

Turning to investment-grade dollar bonds, Asian credit spreads broadly widened in March after reaching multi-year tight levels early on. China and Hong Kong outperformed, while underperformers included Indonesian sovereign and quasi-sovereign bonds, as well as Southeast Asian corporate credits. Within China, many technology, media and telecommunications (TMT) companies posted relatively solid 2024 earnings reports, lending support to their bonds. Hong Kong investment-grade bonds stayed mostly resilient, underscoring their strong credit quality and high ratings. In Japan, corporate credit spreads also widened amid deteriorating sentiment across the broader market, with Japanese financials facing additional pressure from persistent new supply.

US tariff uncertainty is expected to suppress risk appetite, especially as global credit spreads emerge from historically tight levels. Additionally, weaker US growth data and sticky inflation may further weigh on risk assets. We are bracing for increased near-term market volatility amid fluctuating US policies. However, buoyed by higher expectations for rate cuts, we do not expect market turmoil to linger for too long.

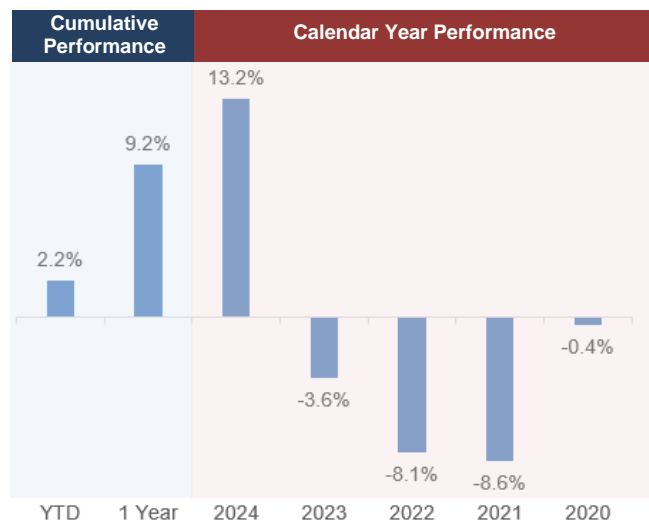
Investment Strategy

The fund has been reducing risk and beta in the portfolio and continuing to diversify into names with better quality and fundamentals.

In high-yield dollar bonds, while the team has taken profit on some overweight positions in China's industrial space on weaker earnings expectations, China and Hong Kong are preferred over Indonesia and Indian credits on expectations that China will introduce more easing policies. We have reduced positions in commodities and higher beta names in Indonesian high-yield space due to the country's weaker economic outlook. The idiosyncratic political risk in Indonesia warrants a conservative tone. We have also cut exposures in some weaker credits in Indian high-yield space.

The Fund continues to see opportunities in select investment-grade bonds, including Chinese TMT and Japanese financial credits.

Fund Performance

 Performance¹ : A USD (Accumulating)


A USD (Accumulating) launched on 28 Aug 2008.

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>
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

 Gold Winner,
Regional Bond⁴

 Outstanding Achiever -
Asia Fixed Income⁵

 Best Bond Fund, Asia
Pacific, Hard Currency
(5 years)⁶

 Best-in-Class: Asia High
Yield Fixed Income⁷
Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000065208	BEABCAA HK
A RMB Hedged (Accumulating)	HK0000272531	BEARMHA HK
A EUR Hedged (Accumulating)	HK0000405735	BEABCAE HK
I USD (Accumulating)*	HK0000081379	BEABCIA HK
I HKD (Accumulating)*	HK0000486685	BEABIHK HK
A USD (Distributing)	HK0000065216	BEABCAI HK
H HKD (Distributing)	HK0000081361	BEABCHD HK
A AUD Hedged (Distributing)	HK0000162856	BEAAUHD HK
A RMB Hedged (Distributing)	HK0000194263	BEARMHD HK
I HKD (Distributing)*	HK0000484854	BEABIHA HK

* For professional investor only

Source of the fund information: BEA Union Investment Management Limited, as at 31 Mar 2025

+ ©2024 Morningstar. Data as of 31 Mar 2025. 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 Mar 2025. The quoted return is for A USD (Accumulating) launched on 28 August 2008. 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: Fund Selector Asia, January 2020.
5. Source: BENCHMARK, performance as at June 2022.
6. Source: From Refinitiv Lipper Awards, ©2020 Refinitiv. All rights reserved. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this content without express written permission is prohibited. Performance for A RMB (Distributing) as at 31 December 2019.
7. Source: BENCHMARK, performance as at June 2022.

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Issuer: BEA Union Investment Management Limited