

**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>**Added Japan on low valuations, trimmed Chinese bonds with tight spreads***Highlights:*

- **Reduced Chinese TMT Investment-grade bonds with tight spreads**
- **Added Japanese financials on attractive valuations**
- **Reduce holdings in Hong Kong Investment-grade high-beta real estate and bank bonds that may be affected by a major developer credit event**

**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**

US Treasuries rose towards the end of January after a volatile start, as trade war concerns subsided.

US Treasuries suffered a sell-off in the first half of January, with 10-year US Treasury yield hitting a recent peak of 4.8%. Investors had priced in a slew of potential inflationary US policies, including tax cuts, tariffs, and higher Treasury issuance. However, as additional tariffs on Chinese goods came in lower than expected, along with a one-month delay in tariffs on Canada and Mexico, market participants looked past trade worries.

Furthermore, fears over higher US Treasury supply abated after bond issuance sizes were kept unchanged. Improving sentiment bolstered US Treasuries, pushing the overall yield curve 3-4 basis points lower by the end of January. Our team expects the yield curve to further flatten and sees US Treasuries as increasingly attractive, thanks to reduced expectations of rate cuts, a substantial term premium, and lower-than-expected global inflation. We look to slightly overweight US duration on market weakness.

In January, Asia's credit spread held up well with both Investment-grade and high-yield dollar bonds delivering similar returns.

Within Investment-grade dollar bonds, Chinese technology, media and telecommunications (TMT) names saw spreads widen after the US Department of Defense added several tech entities to its list of Chinese military companies. However, the sector swiftly recovered. Spreads on Hong Kong Investment-grade bonds widened slightly with financial and property names underperforming, weighed down by a key Hong Kong developer embroiled in financial turmoil. Japanese insurance names were defensive and resilient, while South Korean bond spreads also held steady as the nation's political crisis largely stabilised. Indonesian Investment-grade credits outperformed, buoyed by tighter spreads in the quasi-sovereign and financial sectors. We expect Indonesian bonds to remain well supported, backed by stable technicals.

Asia's robust new Investment-grade dollar bond issuance in January was effectively absorbed, thanks to strong onshore demand. Looking ahead, we maintain a favourable outlook on Investment-grade credit beta, with a focus on geographical diversification, targeting markets offering attractive valuations, such as Japan.

Asian high-yield dollar bonds saw positive momentum, driven by favourable credit developments from a key Chinese developer, milder tariffs on Chinese goods, and benign US inflation prints. Asian fund inflows provided technical support to Macau gaming and high-beta Indian names. In addition, investors were also enthusiastic about new issuances from both Chinese industrial bonds and high-beta Indian issuers. Our team continues to find compelling opportunities in the Asian high-yield space, including Chinese industrial, high-beta Indian and Mongolian bonds.

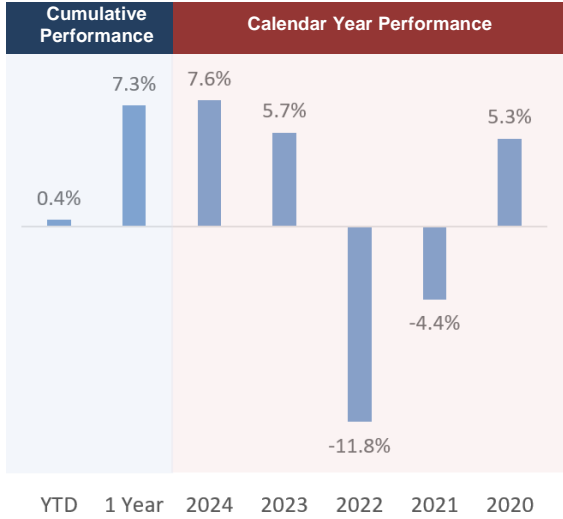
### Investment Strategy

The Fund has reduced its overall exposure to Chinese dollar bonds, such as long-end TMT Investment-grade names with tight spreads. But opportunities can still be found in quality Chinese industrial high-yield dollar bonds and some new issues. The Fund also reduced Hong Kong Investment-grade high-beta property bonds, as well as bank bonds that could be impacted by potential spillover effects of the credit issues of a key developer. The Fund, however, added quasi-sovereign new issue with premium. The team added Japanese bonds, primarily Investment-grade financial names with cheap valuations.

In terms of sector allocation, the Fund increased exposure to financial and government bonds, especially US Treasuries. The Fund trimmed consumer discretionary and energy sectors.

**Fund Performance**

Performance<sup>1</sup> : A USD (Accumulating)



A USD (Accumulating) launched on 24 February 2017.



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 RMB Hedged (Accumulating)	HK0000775913	BEASBAR HK
A USD (Distributing)	HK0000319340	BEABAUD HK
A HKD (Distributing)	HK0000319357	BEABAHD HK
A AUD Hedged (Distributing)	HK0000319365	BEAAAHD HK
A RMB Hedged (Distributing)	HK0000319373	BEAARHD HK
A RMB (Accumulating)	HK0000775905	BEAIASA HK

Source of the fund information: BEA Union Investment Management Limited, as at 28 Jan 2025.

+ ©2025 Morningstar. Data as of 28 Jan 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 28 Jan 2025. 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.

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