

Important note:

1. BU Global Flexi Allocation Fund ("the Fund") is a sub-fund of BU Investment Series OFC ("the Company"), which is a public open-ended fund company ("OFC") (business registration number 72687438) regulated under the laws of Hong Kong, with variable capital and limited liability and segregated liability between sub-funds.
2. The Fund invests in emerging markets and may be subject to higher liquidity and volatility risks.
3. The Fund invests in debts or fixed income securities are exposed to interest rates, credit/counterparty, downgrading, volatility and liquidity, valuation and sovereign debt and credit rating risks which may adversely affect the price of the debt securities.
4. The Fund is subject to equity markets risk such as changes in investment sentiment, political, economic conditions and issuer-specific factors which may adversely affect the fund value.
5. The Fund may invest in below investment grade and non-rated debt securities, which are subject to greater volatility and liquidity risks than higher-rated securities.
6. The directors 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 shareholder'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 share.
7. In terms of currency hedged class shares, adverse exchange rate fluctuations between the base currency of the Fund and the class currency of the currency hedged class shares may result in a decrease in return and/or loss of capital for shareholders. Over-hedged or under-hedged positions may arise and there can be no assurance that the currency hedged class shares 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 acquire financial derivative instruments for hedging and investment purposes. Given the leverage effect embedded in financial derivative instruments, the Fund may be exposed to significant losses.
10. Investors should not make an investment decision based solely on this material.

BU Global Flexi Allocation Fund ("GFA")

Added bonds and reduced equities; remained diversified amid market uncertainty, volatility


Highlights:

1. Based on risk assessments from macroeconomic parameters, added bonds, cash and reduced equities, especially the US
2. Long end of US Treasury curve may see additional pressure on concern over fiscal risk
3. Diversify across US and European sovereign bonds, Asian investment-grade and high-yield dollar bonds

Fund Features

- A mixed asset fund invests globally in fixed income, equity, and commodity markets.
- An actively managed, risk-based portfolio construction process aims to optimize risk-adjusted returns.

Market Review & Outlook

Progress in trade negotiations and a 90-day pause in tariff hikes lifted market sentiment, with both the US and emerging markets ending higher in May. However, the elevated US fiscal deficit sparked investor concerns, prompting the US Treasury yield curve to steepen, with 10-year yields oscillating within their recent range of 4.2% to 4.6%. The long end of the US Treasury curve may face additional pressure on market worries that the potential passage of US President Donald Trump's tax cut bill could exacerbate US fiscal risks. Meanwhile, the Fed is likely to keep rates on hold at the June and July FOMC meetings, supported by a robust US payroll report in May and a moderate inflation print.

In the current economic environment, we see the need to remain diversified across markets. Within the sovereign bond space, we continue to allocate to select US Treasuries and European debt. On the other hand, Asian investment-grade dollar credits have exhibited resilience, as market sentiment remains constructive amid trade talk optimism. Despite anticipated market volatility arising from ongoing tariff negotiations, Asian investment-grade bonds are likely to remain supported by a supply shortage and credit spreads should stay relatively resilient. Markets such as China and South Korea remain in favour.

We maintain a cautiously positive stance on Asian high-yield dollar bonds, underpinned by improving fundamentals among major beta names, coupled with sustained technical support from negative net issuance. However, as tariff delay deadlines loom, we will turn more cautious on overall macro sentiment. At present, we find opportunities across markets, including China, Sri Lanka, India, Macau, and Indonesia.

In the month of May, the three major US equity indices posted monthly gains of 3.9% to 9.2%, and the MSCI Asia Pacific ex-Japan (USD) Index rose 5.1% for the month, led by North Asia, where renewed optimism around AI-related capex spurred sentiment in the technology sector. Despite recent gains, the macroeconomic backdrop remains challenging, with global economic growth likely to slow this year and the evolving policy direction under President Trump sparking uncertainty among trading partners. Geopolitical risks and trade tensions will continue to drive market fluctuations. For China, external uncertainty will likely reinforce a more accommodative policy stance from the authorities. In the near term, investors will closely monitor further stimulus measures from China, progress in tariff negotiations, and fund flows between countries and regions.

Investment Strategy

With risk control as the cornerstone of the investment strategy, the Fund focuses on maximising risk-adjusted returns based on the risk levels derived from the macroeconomic parameters, including economic fundamentals, inflation, liquidity and policies. The Fund raised cash and added bonds, primarily through sovereign issues, while substantially reducing its equity holdings.

Within fixed income, we are diversifying across US credits and US Treasuries, European sovereign bonds, as well as Asian dollar bonds. We see compelling opportunities in Asia's investment-grade space, including China and South Korea. Additionally, Asian high-yield dollar bonds from China, Indonesia, India, Macau, Sri Lanka and Pakistan are also on our radar.

Amid heightened uncertainties, the Fund reduced equities, especially US stocks. While the Fund slightly raised its exposure to Japanese equities, it remained diversified across European, China/HK, and broader Asian equities.

Fund Performance

| | Cumulative Performance % | | | | | Calendar Year Performance %** | | | | | Volatility % |
|-------------|--------------------------|--------|---------|---------|--------------|-------------------------------|------|-------|------|------|----------------------|
| | YTD | 1 Year | 3 Years | 5 Years | Since Launch | 2024 | 2023 | 2022 | 2021 | 2020 | 3 Years (Annualised) |
| A USD (Dis) | 1.1 | 5.6 | 14.0 | 21.4 | 53.5 | 7.8 | 9.7 | -15.4 | 6.6 | 7.0 | 11.7 |
| A HKD (Dis) | 2.1 | 5.9 | 13.9 | 22.8 | 54.5 | 7.2 | 9.7 | -15.3 | 7.2 | 6.5 | 11.7 |

**The Fund was launched on 30 September 2021 upon the restructuring of BEA Union Investment Series - BEA Union Investment Global Flexi Allocation Fund (the "Predecessor Fund", with inception on 27 January 2016) to the Fund. The performance/ fund price/ dividend record/ Morningstar rating (if applicable) shown on or before the date of the restructuring has been simulated based on the respective information of a unit class of Predecessor Fund with the same investment objectives, risk profiles, and materially the same fee structures and investment policies of the respective share class of the Fund.

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) | HK0000273588 | BUGFAUD HK |
| A HKD (Distributing) | HK0000273596 | BUGFAHD HK |

Source: Lipper, BEA Union Investment Management Limited, as at 31 May 2025.

Fund performance is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is re-invested. For funds/share classes denominated in foreign currencies, HKD/USD based investors are exposed to foreign exchange fluctuations.

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 Prospectus of the Fund. Investors should also read the Prospectus 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 shares 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 authorised by the Securities and Futures Commission ("SFC") in Hong Kong. SFC authorisation 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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