

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")**

Pursue sector and geographical diversification to lower portfolio volatility; Focus on quality investment-grade short-term corporate bonds


Highlights:

1. **Tariff whiplash hits investor sentiment, bolster safe-haven assets; holds US Treasury for high liquidity**
2. **US, UK, China, Japan and South Korea present attractive opportunities, including financial bonds**
3. **Chinese investment-grade bonds performed well on improving overall prospects**

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

The Trump administration's flip-flopping tariff policies dampened consumer sentiment, sending investors into a risk-off mode. This shift supported safe-haven assets, including US Treasuries, resulting in a more than 30 basis points drop in the 10-year US Treasury yield in February.

The February US non-farm payroll report came in close to expectations, and the unemployment rate remained largely stable. However, recent job data signalled a weakening labour market. Additionally, we anticipate further job losses in the government sector over the next six months, including among private sector government contractors. The market is currently pricing in three potential rate cuts by the Fed this year, driven by concerns over slowing growth resulting from tariffs. This outlook could bode well for defensive assets.

Despite a challenging and murky global outlook, our team continues to identify investment opportunities in high-quality, short-term investment-grade bonds across various sectors and regions to mitigate volatility. Among them, US and UK banks continue to exhibit resilience. We believe that the leading players should be well-positioned to withstand any economic slowdown risk, supported by their strong capital and liquidity positions. Their strong credit fundamentals will underpin the prospect for their bonds.

In Asia, investment-grade dollar bonds were mostly supported by lower US Treasury yield in February. Given the macroeconomic uncertainty, we remain constructive in Asia credits and continue to identify compelling opportunities across various sectors. In February, spreads of Japanese bank bonds widened on the prospect of increasing new issuance. Meanwhile, spreads for South Korean financial and corporate bonds tightened, supported by lower-than-expected new supplies. Chinese investment-grade bonds performed well with spreads narrowing, particularly for technology, media and telecommunications bonds. China has shown improvement on multiple fronts, with its macroeconomic conditions stabilizing, positive developments in the AI space, and abating concerns over property defaults. This overall improvement in investment sentiment has boosted the performance of China's dollar bond market.

Investment Strategy

The Fund continues to focus on quality, short duration bonds as the Fed is not in a hurry to cut rates in the near term. Also, short-term bonds are less sensitive to interest rate movements, offering a buffer should Trump's policies trigger inflationary pressure that impact the trajectory of monetary policy.

The Fund invests in short-term US Treasuries for their high liquidity and defensive nature, and finds attractive opportunities in good-quality, short-term US and UK investment-grade financial bonds.

In Asia, we continue to focus on further geographical diversification to countries with cheaper valuations. In China, the Fund remains constructive on sectors including financials, technology, energy and materials. Furthermore, the Fund identifies opportunities across Japanese banks and corporate in various sectors, such as consumer staples. In South Korea, banks, technology, communications, property, and materials also present compelling investment prospects.

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 28 Feb 2025.

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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