

Important note:

1. BEA Union Investment Global Quality Bond Fund (the "Fund") seeks medium to long term capital growth and regular income by primarily investing in a portfolio of global investment-grade debt securities.
2. The Fund is subject to general investment risk, emerging market risk, derivative risk and currency risk.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. Investors should not make an investment decision based solely on this material.

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

Diversification is key amid market volatility; market sentiment remains constructive amid encouraging trade talk developments


Highlights:

1. Remain constructive on short-duration bonds; Long end of US Treasury curve may see further pressure
2. Risk diversification is key; See opportunities in European, Japanese, Australian credits in addition to US Treasuries, financials
3. Chinese investment-grade bonds exhibit strong technicals; Select South Korean valuations attractive

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

10-year US Treasury yields continued to oscillate within their recent range of 4.2-4.6%, reacting to developments in US-China trade talks and the Court of International Trading's tariff ruling. The long end of the US Treasury curve may see additional pressure, as investors expressed concern that the potential passage of US President Donald Trump's tax cut bill could exacerbate US fiscal risks. Meanwhile, the Fed will likely put rates on hold during the June and July FOMC meetings, given the robust May payroll report and as current inflation data remains benign since the impact of tariffs has yet to materialise due to the 90-day pause.

The possibility that tariffs could reignite a surge in consumer prices is further complicating an already murky monetary policy trajectory. In anticipation of persistent market volatility, our teams continue to favour investment-grade bonds with short durations, which are less sensitive to interest rate fluctuations.

Our team has always emphasised the importance and benefits of diversification. Accordingly, in addition to the US, we actively monitor opportunities in Europe, Japan, Australia, as well as China and South Korea.

In May, Asian investment-grade dollar credits exhibited resilience, supported by constructive market sentiment amid positive trade talk developments. Credit spreads continued to grind tighter, returning to levels seen before President Trump announced reciprocal tariffs. Another contributing factor was new issuance remained relatively muted, as companies awaited more favourable yield levels before issuing debts.

During the month, China's technology, media and telecommunications was among the top outperformers, partly buoyed by solid first-quarter results and favourable technicals on limited new supply. We continue to see a supply shortage in China's dollar credit space, which is expected to underpin spread outperformance. In addition, credit spreads of some South Korean issuers, which were initially widened due to tariffs, have since tightened. We still find the valuations of these South Korean dollar bonds attractive and expect them to perform well if tariff negotiations progress positively.

Looking ahead, market volatility will likely persist in the near term, primarily driven by ongoing tariff-related headlines. With attractive all-in yield levels, compounded by a shortage of new supply, technical conditions are likely to remain favourable. Sentiment is expected to stay constructive, with credit spreads remaining relatively resilient despite limited room for further tightening.

Investment Strategy

Given the higher risk and volatility at the long end of the curve, and with the Fed expected to keep rates on hold in the near future, the Fund continues to favour short-duration investment-grade dollar bonds with strong fundamentals that offer compelling yields. Among global bonds, in addition to US Treasuries and US financials, we also find investment opportunities in select Japanese, UK, and European financials. Some Australian property and communication issuers are also favoured.

Opportunities can also be found across Asian investment-grade corporate bonds, including China's energy, communications, industrial, and financial sectors. South Korean investment-grade bonds are also on our radar, including the communications, financials and property sectors.

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)	1.7	N/A	N/A	N/A	2.5	N/A	N/A	N/A	N/A	N/A	N/A
A HKD (Dis)	2.8	N/A	N/A	N/A	3.2	N/A	N/A	N/A	N/A	N/A	N/A
A RMB (Dis)	-0.1	N/A	N/A	N/A	3.5	N/A	N/A	N/A	N/A	N/A	N/A



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

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 therefore 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 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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