BEA Union Investment

Asian Bond and Currency Fund ("ABC")

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 debts 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.

★★★★

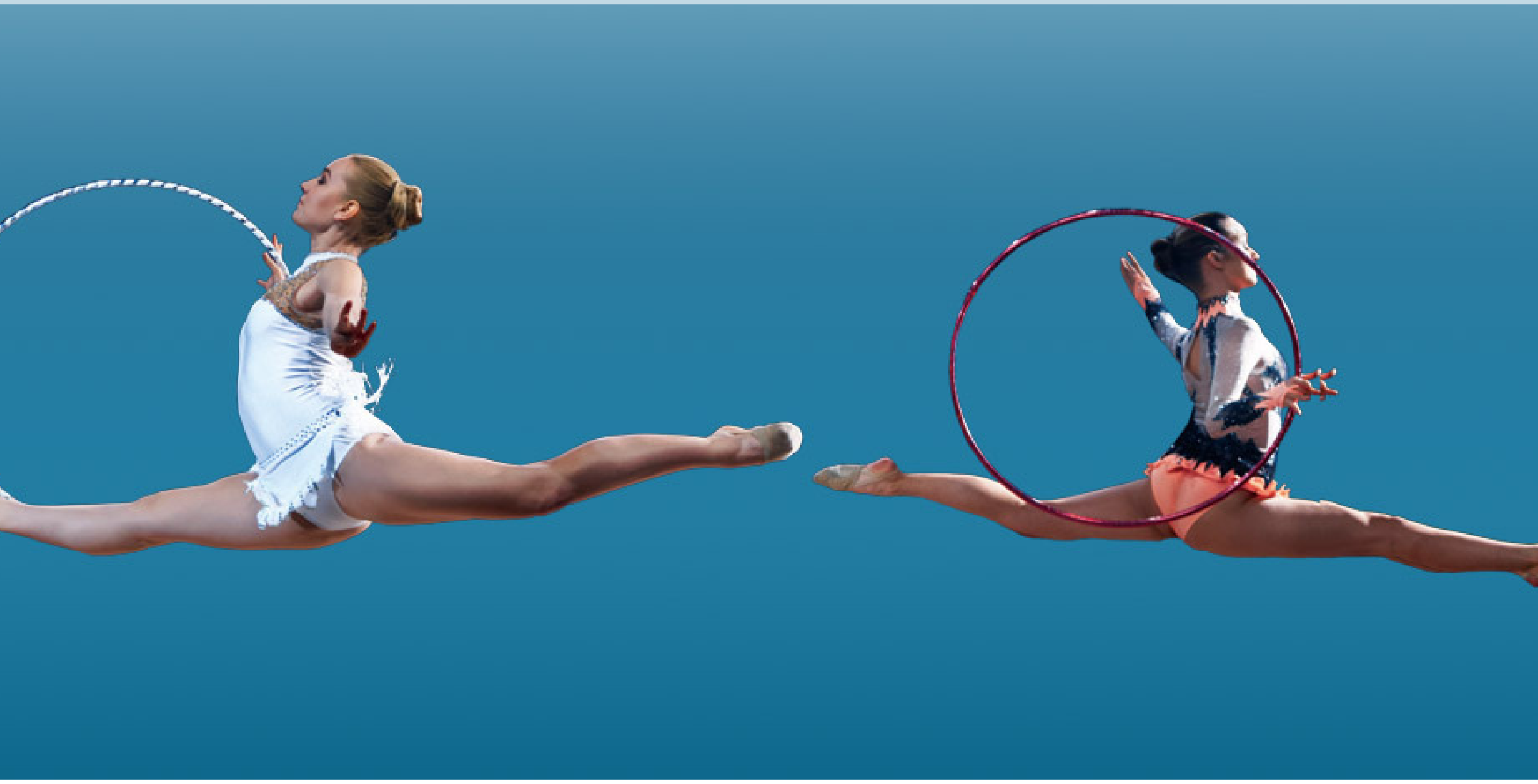
Morningstar Overall Rating[1]

Annual Review and Outlook for 2022

The incidents of Chinese property bonds hampered the Asian bond market

The fund totally reduced its holdings of Chinese property bonds in mid of the year, and increased its holdings of India and Indonesia high yields

China may have some fine-tunings in its monitoring in the property market and the fund will be highly selective on quality bonds with resilient performance



Fund Features:

- The Fund adopts an unconstrained strategy, with maximum flexibility allowed in allocating assets among corporate bonds, government bonds, high yield bonds and investment grade bonds, while actively hunting for alpha opportunities.
- Seeks stable dividends and exploits the appreciation potential of Asian bonds.

Fund Performance in 2021

- **Timely sell off the China property bond involved to avoid the default risk**

In the middle of the year, the large China property developer failed to repay their debts, followed by a number of major banks refused to approve the developer's mortgage. Rating agencies downgraded the group and its subsidiaries leading to a crackdown in China property bond market in September. Investor panic sent down Asian bond prices further. The fund had sold all the bonds involved in July, which significantly narrowed its risk exposure and totally underweight China property bonds to minimize the volatility of the portfolio.

- **Fully underweight China and higher beta names with long durations to reduce portfolio volatility**

Subsequently, a few more China property developers were involved in the default turmoil, the fund fully underweight China property bonds with the proportion of the portfolio dropped sharply from 50% at the beginning of the year to 12%. The fund also reduced its holdings of the higher beta names with long durations to minimize investment risks.

- **Added weights on Indonesian and Indian high yields to seek alpha**

Renewable energy, steel, and airport bonds in India rebounded significantly after the pandemic was most controlled in May. Besides, Indonesian properties, supported by local government policies, successfully transferred their target customer segment to mass public and successfully broadened the customer base. The half year interim report recorded strong results. These two Asian high-yield markets hence drove up the return of the fund.

Looking Forward to 2022

- **Hold a cautious view towards China property sector:**

Considering the China property market is relatively volatile in the second half of the year, and some developers are still facing liquidity problem, we might need to see if the Chinese government may slightly tune down their monitoring over the China property market in the near future so as to relieve the short-term funding problem of the developers. In fact, several provinces have already slightly relaxed mortgage approvals, and the Chinese government has yet to see any further tightening measures. The market may have to wait for a positive policy signal from the government to loosen the restrictions early next year and the credit environment for China property market might then improve.

- **Indonesia property and energy continue to outperform:**

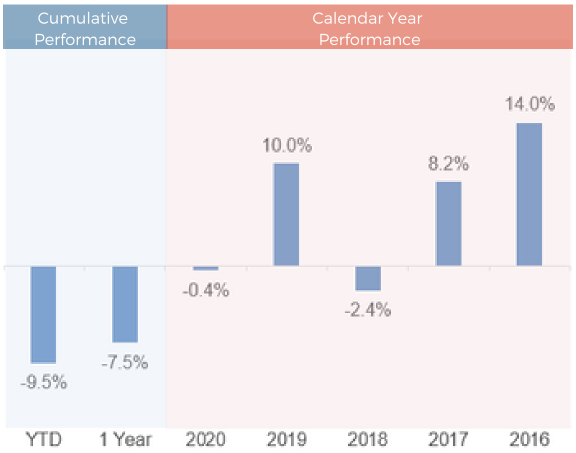
Indonesia property developers have successfully shifted their business line to the mass market which significantly broadened the customer base. We expect the contracted sales will continue to increase, and the fundamentals of the industry will further improve. Many Asian countries have been recovering from the pandemic this year and economic activities have been reviving. However, supply has yet to catch up. The imbalance between supply and demand has squeezed energy and material prices up where Indonesian oil and gas sector will continue to benefit.

- **Global climate change and the rising inflationary pressure supports the performance of new energy and commodities:**

Many countries are running policies on carbon reduction in view of global warming. This trend has directly benefited the renewal energy companies in India. On the other hand, the governments worldwide implemented monetary easing policies last year which injected huge liquidity into the market and resulted in rising inflationary pressure. Commodities are favored by investors to hedge against inflation and mitigate portfolio risks. The economic recovery will push commodity price further, and the outlook for Indian commodity bonds is therefore promising.

Performance

Performance[2]: A USD (Accumulating)



A USD (Accumulating) launched on 28 Aug 2008.

Recent Awards

Top Investment Houses in Asian G3 Bonds Rank 7 (Hong Kong) #

One of the Top Investment Houses in Asian Local Currency Bonds (Hong Kong) ^

Asia Pacific Bond, Hard Currency (5 Years) +

Gold Winner, Regional Bond **

Best-In-Class, Asia Pacific Fixed Income Hard Currency ***

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 30 November 2021.

1. ©2021 Morningstar. Data as of 31 October 2021. 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.
2. Source: Lipper, as at 30 November 2021. 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.

Source: The Asset, 2020 Research for Asian G3 Bonds, October 2020.

^ Source: The Asset, 2020 Research for Asian Local Currency Bonds, October 2020.

+ 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 USD (Acc) as at 31 December 2019.

** Source: Fund Selector Asia, January 2020.

*** Source: BENCHMARK, November 2019.

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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