

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 of debt securities denominated in Asian or other currencies and primarily issued by Asian government or corporate entities.
2. The Fund invests in emerging markets, which are subject to higher liquidity and volatility risks.
3. The Fund may invest in lower-rated fixed income instruments, including below investment grade and non-rated debt securities, which are subject to greater credit and liquidity risks than higher-rated securities.
4. The manager may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Fund. Investors should note that the 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 these currency hedged class units will be hedged at all times or that the manager will be successful in employing the hedge.
6. Investors may invest in RMB (Hedged) units. It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. There is also no assurance that the RMB will not be subject to devaluation. Any devaluation of the RMB could adversely affect the value of investors' investments. There is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk.
7. The Fund may enter into futures contracts and currency forward contracts for hedging and investment purposes. Given the leverage effect embedded in futures and currency forward contracts, the Fund may be exposed to significant losses.
8. Investors should not make an investment decision based solely on this material.

BEA Union Investment Asian Bond and Currency Fund ("ABC")

★★★★★
Morningstar Overall Rating¹

Indonesian Local Currency Bonds Outperform

Highlights:

1. **Annualised dividend yield for A USD (Distributing) increases to 6.3%²**
2. **Chinese high yield property bonds benefited from improving offshore funding environment**
3. **Indonesian local currency bonds outperform due to dovish stance of Asian central banks**

Fund Features

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

Market Review and Outlook
Review of Interest Rate Market

- The 10-year U.S. Treasuries yield traded at low volatility in February in a tight range between 2.63% and 2.72% as the market continued to await the potential trade deal outcome.
- The U.S. Federal Reserve (Fed) remained patient and reiterated no inflationary pressure, data dependent and hence treasuries had support to trade at the low level.

Asian High Yield Bonds

- In February, Chinese high yield property names outperformed the market driven by improving offshore funding environment, positive credit event of selective names and attractive valuation especially on the high beta and long tenor bonds.
- In the Southeast Asian markets, Indonesian property bonds rallied due to risk-on sentiment. Indonesian and Indian commodity names continued to benefit from commodity prices and eased global trade tensions.

Market Outlook

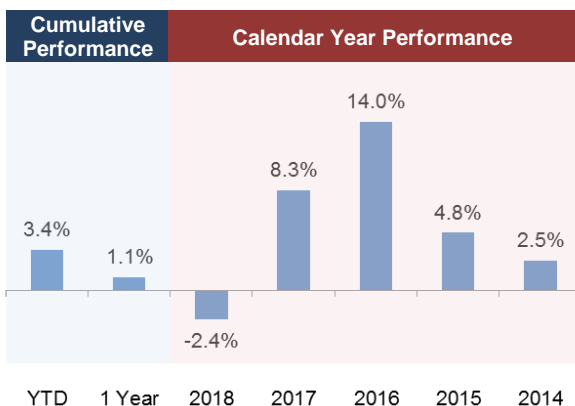
- We expect the U.S. Treasuries to stay range-bounded, largely hinges on the trade talk outcome, Fed's policy stance and global growth.
- The U.S.-China trade talk, which is undergoing a positive development, will continue to affect the risk sentiment. We are expecting the market to continue chasing names with very attractive valuation.
- We remain constructive on selective Asian local bond markets in the near term with a more dovish stance of Asian central banks, encouraging development on U.S.-China trade talks and commitment of Chinese government to launch more stimulus measures to support the economy.

Investment Strategy

- The Fund has been picking up bonds in the primary market with new issue premium. We have added to our position in some higher beta names in China and Indonesia with attractive valuations, improved funding access and fundamentals.
- The Fund took profit on some Indonesian local currency government bonds after the rally in February.
- We remain constructive towards Indonesian local currency bonds given their attractive carry and political preference for a steady Indonesian rupiah ahead of elections in April.

Fund Performance and Dividend

Performance³ : A USD (Distributing)



Dividend

February 2019	Dividend per Unit	Annualised Dividend Yield ²
A USD (Distributing)	US\$ 0.07145	6.3%
H HKD (Distributing)	HK\$ 0.05775	6.3%
A AUD Hedged (Distributing)	AU\$ 0.05203	6.3%
A RMB Hedged (Distributing)	RMB 0.61717	7.1%

A USD (Distributing) launched on 28 August 2008.

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 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>

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Recent Awards



One of the Top Investment Houses
in Asian G3 Bonds (Hong Kong)⁴



One of the Top Investment Houses
in Asian Local Currency Bonds
(Hong Kong)⁵



Best-In-Class,
Asia Pacific Fixed
Income Hard Currency⁶



Winner, Asian Bonds
(10 Years)⁷



Platinum Winner,
Regional Bond⁸

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
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

Source of the fund data: BEA Union Investment Management Limited, as at 28 February 2019.

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- Annualised dividend yield = (dividend of February x 12) / last month end NAV x 100%. The manager may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Fund. Such distribution may result in an immediate reduction of the net asset value per unit. Dividend only applies to distributing classes and is not guaranteed. Past dividend record is not indicative of future dividend likely to be achieved. Please note that a positive distribution yield does not imply a positive return. Investors should not make any investment decision solely based on information contained above. You should read the relevant offering document (including the key facts statement) of the Fund for further details including the risk factors.
- Source: Lipper, as at 28 February 2019. The quoted return is for A USD (Distributing) 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, 2018 Research for Asian G3 Bonds, October 2018.
- Source: The Asset, 2018 Research for Asian Local Currency Bonds, June 2018.
- Source: BENCHMARK, November 2018.
- Source: Asia Asset Management, performance as at 30 September 2018.
- Source: Fund Selector Asia, performance as at 30 June 2018.

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 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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