

**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 invests in emerging markets, which are subject to higher liquidity and volatility risks.
3. 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.
4. 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.
5. The Fund is exposed to concentration risk in Asia and may be more volatile than investment in a more diverse portfolio of the investments.
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 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.
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 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.

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

★★★★★  
Morningstar Overall Rating<sup>1</sup>

**The U.S.-China Trade Deal Brings Optimism to Asian Bonds**

**Highlights:**

1. **The U.S.-China phase one trade deal brings optimism to Asian bonds**
2. **More city-level policy relaxation boost Chinese high yield property bonds**
3. **The Fund continues to diversify across sectors**

**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

- In December, the U.S. Treasury yields were higher compared to the previous month due to phase one trade deal between the U.S. and China, and continued expectation on rate cut pause. The 10-year U.S. Treasury yield traded in a range between 1.72% and 1.92% and closed at 1.92% at the end of the month.

### Asian High Yield Bonds

- In December, market sentiment turned positive following U.S. President Trump's optimistic comment on the phase one trade deal.
- In terms of sectors, Chinese property bonds outperformed due to more city-level policy relaxation and expectations on onshore bond issuance quota relaxation. Indian financial and Macau gaming names traded strongly as investors' demand for longer duration and diversification. Chinese industrial bonds underperformed, the sector was dragged by the concerns over default risk in individual names.

### Asian Local Currency Bonds

- The performances of Asian local currency bond markets were mixed in December and market volatility became lower close to the year end. Several Asian central banks stayed on hold in interest rate decisions to observe the impact from previous easing measures.
- In December, Asian currencies appreciated against the U.S. dollar in general due to positive news of trade deal.

### Market Outlook

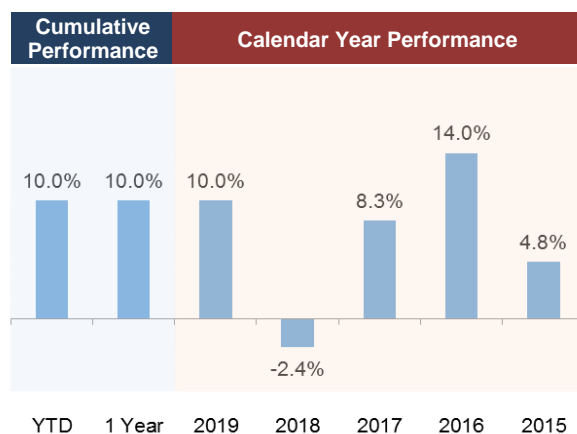
- As accommodative policies from global central banks are expected to continue in the first half of 2020, we become more bullish towards the Asian high yield bond market. However, we are aware of the long-term consequences of trade tariff to global economy, idiosyncratic and refinancing risk in Indonesia and China, as well as geopolitical tension in Middle East.

## Investment Strategy

- The Fund will position constructively and maintains a higher level of higher beta and longer duration bonds in view of the strong Chinese property market and the positive progress on U.S.-China trade talk.
- At the same time, the Fund continues to look for opportunities to pick up names with attractive valuation and continue to diversify across sectors.

## Fund Performance and Dividend

### Performance<sup>2</sup> : A USD (Distributing)



### Dividend

December 2019	Dividend per Unit	Annualised Dividend Yield <sup>3</sup>
A USD (Distributing)	US\$ 0.07104	6.2%
H HKD (Distributing)	HK\$ 0.05725	6.2%
A AUD Hedged (Distributing)	AU\$ 0.04501	5.5%
A RMB Hedged (Distributing)	RMB 0.58899	6.7%

A USD (Distributing) launched on 28 August 2008.

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>

## Recent Awards



One of the Top Investment Houses  
in Asian G3 Bonds (Hong Kong)<sup>4</sup>



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



LIPPER FUND AWARDS  
FROM REFINITIV  
2019 WINNER  
HONG KONG

Asia Pacific Bond,  
Hard Currency  
(3 Years & 5 Years)<sup>6</sup>



Best-In-Class,  
Asia Pacific Fixed  
Income Hard Currency<sup>7</sup>



Winner, Asian Bonds  
(10 Years)<sup>8</sup>

## 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)*	HK0000484854	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)*	HK0000486685	BEABIHA HK

\* For professional investor only

Source of the fund information: BEA Union Investment Management Limited, as at 31 December 2019.

- ©2019 Morningstar. All Rights Reserved. Data as of 31 December 2019. The rating is for A USD (Distributing).
- Source: Lipper, as at 31 December 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.
- Annualised dividend yield = (dividend of December x 12) / last month end NAV x 100%. Please refer to dividend notice available on website for dividend composition information and details. 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: The Asset, 2019 Research for Asian G3 Bonds, October 2019.
- Source: The Asset, 2019 Research for Asian Local Currency Bonds, October 2019.
- Source: From Refinitiv Lipper Awards, ©2019 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 2018.
- Source: BENCHMARK, November 2018.
- Source: Asia Asset Management, performance as at 28 September 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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