

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 debt 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.

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

Funds Flow into Asian Bonds to Seek Yield


Highlights:

- 1. Funds flow into the Asian bond market to seek yield**
- 2. Strong sales performance supports Chinese property bonds**
- 3. The Fund increased exposure to higher beta names**

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.

Market Review and Outlook
Interest Rate Market

- In July, the U.S. Treasury yields were largely stable. The 10-year U.S. Treasury yield traded in a range between 0.53% and 0.68% and closed at the low for the month. We expect the U.S. Treasury yields will remain at a low rate due to the Federal Reserve's dovish stance.

Asian High Yield Bonds

- Despite COVID-19 infection worsened in July, with stronger-than-expected employment and retail sales, economic recovery was well on track in the U.S. Additional stimulus package on unemployment benefit and payroll tax holiday will further support the market sentiment.

- Asian high yield bond market performed well in July. Funds flowed into the Asian emerging market for yields. The attractive yield levels and thin market inventory supported the outperformance of the Indonesian name.
- Commodity names outperformed as oil continued to edge higher. In the Chinese property sector, the long end of high beta names was in strong demand.

Asian Local Currency Bonds

- The Asian local currency bond market performed reasonably well in July, with falling yields globally and continuous dovish stance of Asian Central Banks.
- Asian currencies, except for Indonesian rupiah, continued to hold up in July. Indonesian rupiah was dragged by the concern of the government's plan of fiscal monetarization.

Market Outlook

- We are cautiously optimistic towards the Asian high yield bond market, given the sector's yield difference to the developed market remains attractive. We expect the global loose monetary policy and strong financial support will stay until year-end.
- On the other hand, we are mindful of the technology conflict on China-U.S. relations, in addition to the U.S. presidential election. These factors may underpin the key risks going forward.

Investment Strategy

- The Fund has adopted a more active switching and bond picking approach to capture solid laggards with bottoming out fundamentals and policy supports.
- The Fund has increased exposure to higher beta names which benefited from the yield compression, and the Chinese property sector given its strong sales performance and trimmed names with credit concerns.

Fund Performance and Dividend

Performance¹ : A USD (Distributing)



Dividend

July 2020	Dividend per Unit	Annualised Dividend Yield ²
A USD (Distributing)	US\$ 0.07181	7.0%
H HKD (Distributing)	HK\$ 0.05734	7.0%
A AUD Hedged (Distributing)	AU\$ 0.04944	6.7%
A RMB Hedged (Distributing)	RMB 0.64866	8.3%

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)³



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



REFINITIV LIPPER FUND AWARDS
2020 WINNER HONG KONG

Asia Pacific Bond, Hard Currency (5 Years)⁵



Gold Winner, Regional Bond⁶



Best-In-Class, Asia Pacific Fixed Income Hard Currency⁷

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 31 July 2020.

- Source: Lipper, as at 31 July 2020. 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 July 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, ©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 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.

Issuer: BEA Union Investment Management Limited