

Important note:

1. BEA Union Investment Asian Strategic Bond Fund (the "Fund") seeks medium to long term capital growth and regular income by primarily (i.e. at least 70% of its non-cash assets) investing in debt securities that are (a) denominated in Asian currencies, or (b) issued or guaranteed by Asian governments or entities which are incorporated in Asia or have significant operations or assets in, or derive significant portion of revenue or profits from Asia, and denominated in USD or other currencies including Asian currencies.
2. The Fund invests in emerging markets and may be subject to higher liquidity and volatility risks.
3. The Fund may invest in below investment grade or 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. RMB is currently not freely convertible and is subject to foreign exchange control policies of the Chinese government. 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 RMB would adversely affect the value of investor's investment in the Fund.
7. The Fund may use derivative instruments for hedging purposes which may not achieve the intended purpose and may result in significant losses.
8. Investors should not make an investment decision based solely on this material.

BEA Union Investment Asian Strategic Bond Fund ("ASB")

Credit Spreads of Asian Investment Grade Bonds Tighten



Highlights:

1. The credit spreads of Asian investment grade bonds tightened marginally in July
2. The Fund remains slightly overweight duration of the Asian investment grade bond portfolio
3. The Fund reduced higher beta names in India and Indonesia

Fund Features

- The Fund adopts flexible allocation in Asian investment grade / high yield bonds, diversifying into different Asian countries, sectors, and currencies.
- The Fund invests not more than 50% in Asian high yield bonds in general conditions.
- Mainly invests in corporate bonds which tend to be less sensitive to rate hike cycle.

Market Review and Outlook

Review of Interest Rate Market

- The U.S. Treasury yields continue to drop amid uncertain global backdrop. In July, the 10-year U.S. Treasury yield traded in a volatile range between 1.95% and 2.15% and closed at 2.01%.
- We expect the treasury yields will remain under pressure due to dovish stance by the central banks and a worsening trade war.

Asian Investment Grade Bonds

- In July, the credit spreads of Asian investment grade bonds tightened marginally. We expect the higher beta names will become more volatile following the escalation of trade war.
- The credit spreads of Asian bonds are approaching year-to-date tight levels. We expect volatility may magnify due to thinner liquidity in the market during summer holiday season.

Asian High Yield Bonds

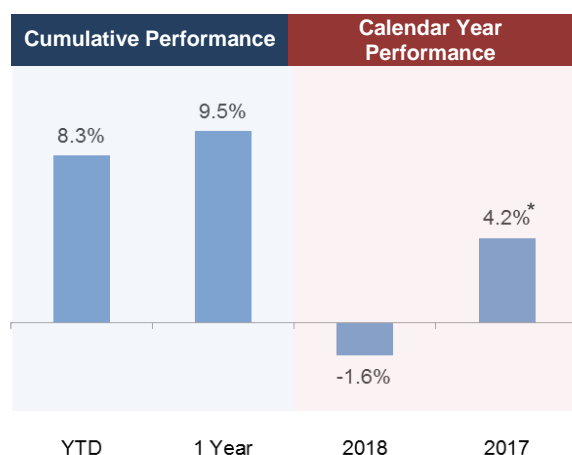
- In July, overall market remained relatively flattish as investors were awaiting the meeting between the U.S. and China and also the U.S. Federal Reserve (Fed)'s rate cut decision.
- Chinese property names remained largely stable despite headlines on policy tightening. Indonesian industrial bonds were underperformed due to the idiosyncratic risk on a textile company restructuring.

Investment Strategy

- The Fund remains slightly overweight duration of the Asian investment grade bond portfolio. We have trimmed some higher beta names and took profit from bonds issued by asset management companies, property names and some higher beta names in India.
- In terms of Asian high yield bonds, the Fund reduced higher beta names in India and Indonesia. It will maintain a moderately low level of higher beta and longer duration names in view of the tightening liquidity situation, restrictions on the Chinese property market, increasing tensions in the trade talk.

Fund Performance and Dividend

Performance¹ : A USD (Distributing)



Dividend

| July 2019 | Dividend per Unit | Annualised Dividend Yield ² |
|-----------------------------|-------------------|--|
| A USD (Distributing) | US\$ 0.04560 | 5.5% |
| A HKD (Distributing) | HK\$ 0.45900 | 5.5% |
| A AUD Hedged (Distributing) | AU\$ 0.04140 | 5.3% |
| A RMB Hedged (Distributing) | RMB 0.49000 | 6.0% |

* Since launch till 31 December of the same year. A USD (Distributing) launched on 24 February 2017.

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 Award



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



House Award,
Best-In-Class,
Asia Fixed Income⁵

Highly Regarded Award-Winning Fixed Income Team

- The fixed income professionals of BEA Union Investment Management Limited have been recognised by the Asset as “One of the Astute Investors in Asian G3 Bonds (Hong Kong)³” and “One of the Astute Investors in Asian Local Currency Bonds (Hong Kong)⁴” in 2018.
- The company has been named “One of the Top Investment Houses in Asian G3 Bonds (Hong Kong)³” and “One of the Top Investment Houses in Asian Local Currency Bonds (Hong Kong)⁴” in 2018 by the Asset, and “Best Fund House in Asia Fixed Income⁵” by BENCHMARK in 2017.
- The Asian Bond and Currency asset class, managed by the same fixed income team, has won 39 fund awards⁶ since 2012.

Fund Code

| | ISIN | Bloomberg |
|-----------------------------|--------------|------------|
| A USD (Accumulating) | HK0000319381 | BEABUA HK |
| A USD (Distributing) | HK0000319340 | BEABAU HK |
| A HKD (Distributing) | HK0000319357 | BEABAHD HK |
| A AUD Hedged (Distributing) | HK0000319365 | BEAAHD HK |
| A RMB Hedged (Distributing) | HK0000319373 | BEAARHD HK |

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

- Source: Lipper, as at 31 July 2019. The quoted NAV is for A USD (Distributing) launched on 24 February 2017, 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%. 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, 2018 Research for Asian G3 Bonds, October 2018.
- Source: The Asset, 2018 Research for Asian Local Currency Bonds, June 2018.
- Source: BENCHMARK, November 2017.
- This asset class has won 39 fund awards since 2012. Organisations which have granted awards to this asset class include Asia Asset Management, AsianInvestor, BENCHMARK, Fund Selector Asia, Fundsupermarket.com and Refinitiv Lipper.

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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