

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 net assets value) 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 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 in a more diverse portfolio of investment.
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 Strategic Bond Fund ("ASB")

Buying Interest for Asian Investment Grade Bonds Remains Strong


Highlights:

1. **Buying interest for Asian investment grade bonds remains strong**
2. **More city-level policy relaxation boost Chinese high yield property bonds**
3. **The Fund overweight higher beta names on the back of positive sentiment**

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.

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 Investment Grade Bonds

- In December, the credit spreads of Asian investment grade bonds tightened due to thin liquidity in the market. We expect credit spreads to be range-bound given the tight valuation of bonds and potential supply of new issuance.
- Despite market activity of Asian investment grade bonds has slowed down, buying interest from investors remained strong given the abundant cash in the market.

Asian High Yield Bonds

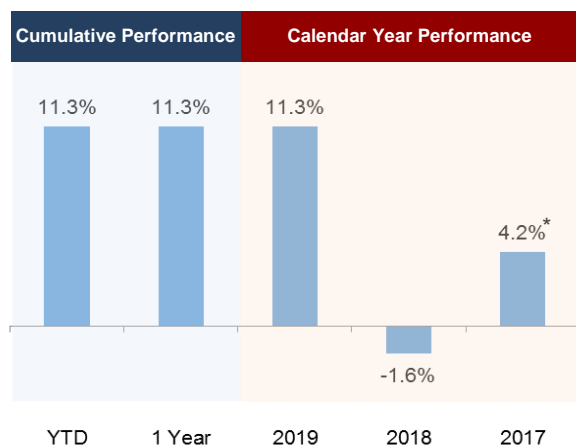
- In December, market sentiment turned positive following U.S. President Trump's optimistic comment on the phase one trade deal.
- In terms of sectors, Chinese property bonds outperformed due to more city-level policy relaxation and expectations on onshore bond issuance quota relaxation. Indian financial 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.

Investment Strategy

- In terms of Asian investment grade bonds, duration of the portfolio remains neutral. We adopt a more tactical approach and overweight higher beta names on the back of positive sentiment in the market.
- In terms of Asian high yield bonds, we will position constructively and maintains a higher level of higher beta and longer duration bonds in view of the strong Chinese property market and positive progress on the U.S.-China trade talk.

Fund Performance and Dividend

Performance¹ : A USD (Distributing)



Dividend

December 2019	Dividend per Unit	Annualised Dividend Yield ²
A USD (Distributing)	US\$ 0.04580	5.5%
A HKD (Distributing)	HK\$ 0.46300	5.5%
A AUD Hedged (Distributing)	AU\$ 0.03750	4.8%
A RMB Hedged (Distributing)	RMB 0.49300	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

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 2019.
- 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 2019 by the Asset.
- The Asian Bond and Currency asset class, managed by the same fixed income team, has won 41 fund awards⁵ since 2012.

Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000319381	BEABUA HK
A USD (Distributing)	HK0000319340	BEABAUD 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 information: BEA Union Investment Management Limited, as at 31 December 2019.

- Source: Lipper, as at 31 December 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 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.
- This asset class has won 41 fund awards since 2012. Organisations which have granted awards to this asset class include Asia Asset Management, AsianInvestor, BENCHMARK, Fund Selector Asia, Fundsupermart.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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