

## 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")

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

### Valuations of Asian Investment Grade Bonds Become Attractive



#### Highlights:

1. The credit spread of Asian investment grade bonds has widened and valuations become more attractive
2. Chinese property and industrial names outperform on the rate cut by the People's Bank of China
3. We look for bonds that are set to benefit from global monetary easing

#### 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

##### Interest Rate Market

- In February, the U.S. Treasury yields were dramatically lower from 1.51% to 1.15% due to pandemic fear. The 10-year U.S. Treasury yield traded in a volatile range between 1.15% and 1.51% and closed at 1.15% at the end of the month.
- The interest rate market has priced-in further rate cut and the central bank's collaborative reaction to restore market confidence.

##### Asian Investment Grade Bonds

- In February, the market sentiment was weak due to coronavirus concern and the U.S. Treasury yields plunge. Market activities increased as a result of profit-taking, the credit spread of Asian investment grade bonds has widened.

- Given the very low-yield environment, we expect market volatility will increase, and there may be adjustment in the credit spread. At the same time, valuations of Asian investment grade bonds become more attractive.

#### Asian High Yield Bonds

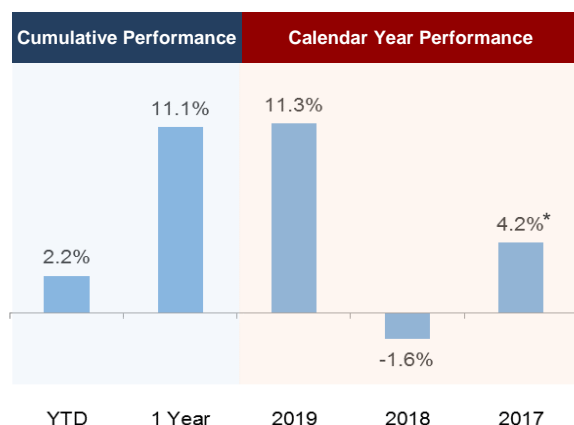
- At the beginning of February, the market rebounded from the sell-off in January with the expectation on policy support from China and well control of new infection cases. However, the virus spread in the Middle East and Europe led to another sell-off.
- In terms of sectors, Chinese property and industrial names outperformed because the People's Bank of China cut the loan prime rate and rolled out supportive measures for industries. Indonesian names underperformed as a result of the devaluation of Indonesian rupiah, Indian names also underperformed due to sell-off from foreign investors.

#### Investment Strategy

- In terms of Asian investment grade bonds, duration of the portfolio remains slightly overweight. We adopt a more tactical investment strategy; we remain neutral in China, underweight Indonesia, and reduce the underweight in India.
- In terms of Asian high yield bonds, we remain cautious on global economic development amid coronavirus outbreak and OPEC disagreement. We will continue to look for solid names with exceptionally low valuations that are set to benefit from global monetary easing.
- The Fund has trimmed its position in Indonesian local currency bonds as we expect Asian currencies to remain under pressure.

#### Fund Performance and Dividend

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



##### Dividend

February 2020	Dividend per Unit	Annualised Dividend Yield <sup>3</sup>
A USD (Distributing)	US\$ 0.04200	5.0%
A HKD (Distributing)	HK\$ 0.42100	5.0%
A AUD Hedged (Distributing)	AU\$ 0.03380	4.3%
A RMB Hedged (Distributing)	RMB 0.47700	5.8%

\* 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)<sup>4</sup>



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

## 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)<sup>4</sup>” and “One of the Astute Investors in Asian Local Currency Bonds (Hong Kong)<sup>5</sup>” in 2019.
- The company has been named “One of the Top Investment Houses in Asian G3 Bonds (Hong Kong)<sup>4</sup>” and “One of the Top Investment Houses in Asian Local Currency Bonds (Hong Kong)<sup>5</sup>” in 2019 by the Asset.
- The Asian Bond and Currency asset class, managed by the same fixed income team, has won 42 fund awards<sup>6</sup> since 2012.

## Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000319381	BEABUA HK
A USD (Distributing)	HK0000319340	BEABUD HK
A HKD (Distributing)	HK0000319357	BEABHD HK
A AUD Hedged (Distributing)	HK0000319365	BEAAHD HK
A RMB Hedged (Distributing)	HK0000319373	BEARHD HK

Source of the fund information: BEA Union Investment Management Limited, as at 29 February 2020.

- ©2020 Morningstar. All Rights Reserved. Data as of 29 February 2020. The rating is for A USD (Accumulating).
- Source: Lipper, as at 29 February 2020. 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 February 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 42 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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