

## 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 is subject to general investment risk, Asian market concentration risk, emerging markets risk and currency risk.
3. The Fund invests in debt securities and are 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 Strategic Bond Fund ("ASB")

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

### Asian Investment Grade Bond Market Hold Up Well



#### Highlights:

1. Asian investment grade bond market continued to hold up well
2. Stabilising Asian currencies and oil price recovery support Asian high yield commodity bonds
3. The Fund adds higher beta names and exposure in 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.

#### Market Review and Outlook

##### Interest Rate Market

- In June, the U.S. Treasury yields were mostly stable. The 10-year U.S. Treasury yield traded in a range between 0.65% and 0.89% and closed flattish for the month. We expect the U.S. Treasury yields will remain at a low level due to the Federal Reserve's dovish stance.
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##### Asian Investment Grade Bonds

- The credit spreads of Asian investment grade bonds continue to trade on a positive tone. Despite a hefty supply of new issuance, the overall market continued to hold up well.
- We expect Asian investment grade credits to remaining solid, and credit spreads mildly tighten on the back of the constructive and stable backdrop.

### Asian High Yield Bonds

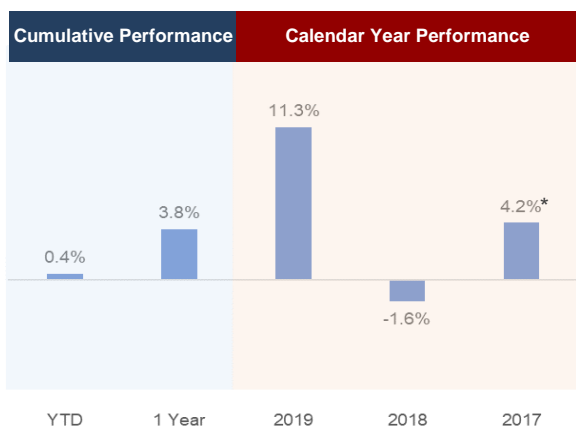
- The reopening of the economy continued to be the focus of investors. The stronger-than-expected employment, retail sector and home sales data supported the buoyant market sentiment. The inflow to the Asian emerging market, stabilising currencies and oil price recovery supported the outperformance of commodity names in India and Indonesia.
- In terms of sectors, the Chinese property sector continued to record positive return, and recovery is on track for contract sales, the valuation of Chinese property bonds had trended closer to the pre-sell-off level in March.

### Investment Strategy

- In terms of Asian investment grade bonds, we remain neutral in duration. At the same time, we added into higher beta names and increased the exposure in Indonesia, while investment in India remained underweight.
- In terms of Asian high yield bonds, the Fund has switched into laggards and added into the metal and mining sector to capture the recovery of commodity prices. At the same time, the Fund increased its exposures in emerging market sovereign and quasi-sovereign bonds to capture the increasing inflows to the region.

### Fund Performance and Dividend

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



#### Dividend

June 2020	Dividend per Unit	Annualised Dividend Yield <sup>3</sup>
A USD (Distributing)	US\$ 0.04010	5.0%
A HKD (Distributing)	HK\$ 0.40100	5.0%
A AUD Hedged (Distributing)	AU\$ 0.03390	4.5%
A RMB Hedged (Distributing)	RMB 0.47400	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)<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 43 fund awards<sup>6</sup> 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 30 June 2020.

- ©2020 Morningstar. All Rights Reserved. Data as of 30 June 2020. The rating is for A USD (Accumulating).
- Source: Lipper, as at 30 June 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 June 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 43 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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