

**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>
**Inflation Target set by Fed Fuels Sentiment in Asia Credit Market**

*Highlights:*

1. **Sentiment boosted when Fed pledged to tolerate higher inflation.**
2. **Macau gaming names led the gains on the back of resumption of the Individual Visit Scheme**
3. **We look to overweight Chinese, HK and Indonesia investment grade bonds**

**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 August, the U.S. Treasury yields were largely stable. The 10-year U.S. Treasury yield traded in a range between 0.51% and 0.76% and closed 18 bps higher for the month. We expected the U.S. Treasury yields will remain at a low rate due to the Federal Reserve's dovish stance.

Asian Investment Grade Bonds

- The credit spreads of Asian investment grade bonds continue to tighten, but the recent strong rally may prompt spread to be ranged-bounded.
- We hold a neutral to positive view on Asian investment grade bonds in a longer-term amid the low interest rate environment and limited supply.

### Asian High Yield Bonds

- The FED announced it set an average inflation target of 2% and hence hinted interest rate could remain low even inflation running higher for a certain period. That added fuel to the risk on sentiment in Asia credit market.
- In terms of sectors, Macau gaming names outperformed as the sector was benefited from the resumption of granting travel visas to the city across all provinces starting from September 23. Chinese Property and Industrial names posted slightly lower returns comparatively during the month.

### Investment Strategy

- In terms of Asian investment grade bonds, we remain neutral in duration. At the same time, we overweight China, HK and Indonesia, and underweight India. Cash level has increased after some profit-taking and in the expectation of more new issue supply.
- The Fund has adopted a more active switching and bond picking approach to capture solid laggards with bottoming out fundamentals and policy supports.

### Fund Performance and Dividend

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



#### Dividend

August 2020	Dividend per Unit	Annualised Dividend Yield <sup>3</sup>
A USD (Distributing)	US\$ 0.04010	4.8%
A HKD (Distributing)	HK\$ 0.40100	4.8%
A AUD Hedged (Distributing)	AU\$ 0.03770	4.8%
A RMB Hedged (Distributing)	RMB 0.53800	6.6%

\* 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 recognized 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	BEABAU HK
A HKD (Distributing)	HK0000319357	BEABAHD 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 31 August 2020.

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- Source: Lipper, as at 31 August 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.
- Annualized dividend yield = (dividend of August 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. Organizations 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 authorized by the Securities and Futures Commission (“SFC”) in Hong Kong. SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does

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