

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

Defensive Nature of Asian Investment Grade Bonds Offers Better Downside Protection



Highlights:

1. Asian investment grade bonds performed relatively resiliently under volatile market conditions
2. Asian high yield bonds experienced a correction in April due to new supply pressure
3. The Fund has achieved 1.1%¹ growth in 1 year

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 10-year U.S. Treasury yield tested the 3% level several times in April as budget deficit funding requirements increased and wage pressure started to rise.
- A greater supply of U.S. Treasuries and heightened trade tensions between the U.S. and China further drove up U.S. Treasury yields.

Asian Investment Grade Bonds

- Asian investment grade bonds performed relatively resiliently compared with Asian high yield bonds, given their better credit fundamental and defensive nature under the prevailing volatility of market conditions.
- Within Asian investment grade bonds, Chinese technology sector experienced some correction in April amid uncertainty over trade tensions between China and the U.S.

Asian High Yield Bonds

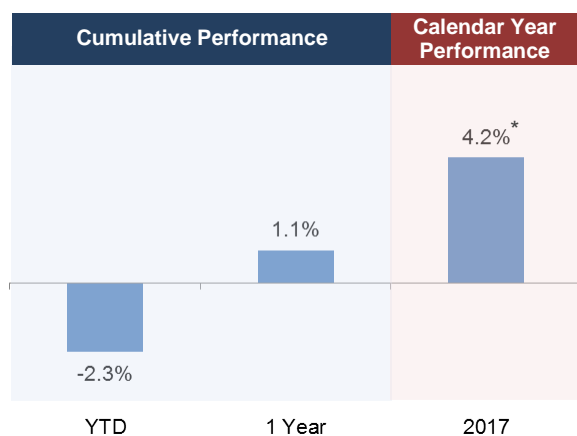
- Asian high yield bond market experienced a correction in April due to weak market sentiment and new supply pressure.
- Despite the outperformance of Chinese high yield bonds year-to-date, they have performed worse than Indonesian corporate and Indian high yield bonds in April due to re-pricing pressure from new issuances.

Investment Strategy

- The Fund remained strategically defensive in April. It continued to trim its exposure in long-dated bonds and higher beta names, especially in the Chinese property sector – which has a heavy supply of new issuance.
- The Fund increased its exposure in Chinese onshore bonds in view of the steady performance of Chinese currency and improved onshore liquidity following the RRR cut.

Fund Performance and Dividend

Performance¹ : A USD (Distributing)



Dividend

April 2018	Dividend per Unit	Annualised Dividend Yield ²
A USD (Distributing)	US\$ 0.03750	4.6%
A HKD (Distributing)	HK\$ 0.37500	4.5%
A AUD Hedged (Distributing)	AU\$ 0.05000	6.2%
A RMB Hedged (Distributing)	RMB 0.55000	6.7%

* 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



House Award,
Best-In-Class,
Asia Fixed Income³



Gold Winner,
Regional Bond (3 Years)⁴

Highly Regarded Award-Winning Fixed Income Team

- The fixed income professionals of BEA Union Investment Management Limited have been recognised as “One of the Astute Investors in Asian Local Currency Bonds (Hong Kong)⁵” in 2017 and “One of the Astute Investors in Asian G3 Bonds (Hong Kong)⁵” by the Asset in 2017.
- The company has been named “One of the Top Investment Houses in Asian G3 Bonds (Hong Kong)⁶” in 2017 and “One of the Top Investment Houses in Asian Local Currency Bonds (Hong Kong)⁶” in 2016 by The Asset, and “Best Fund House in Asia Fixed Income³” by BENCHMARK in 2017.
- The Asian Bond and Currency fund, managed by the same fixed income team, has won 29 fund awards⁷ since 2012.

Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000319381	BEABUA HK
A USD (Distributing)	HK0000319340	BEABUD HK
A HKD (Distributing)	HK0000319357	BEABAHD HK
A AUD Hedged (Distributing)	HK0000319365	BEAAAH HK
A RMB Hedged (Distributing)	HK0000319373	BEAARH HK

Source of the fund data: BEA Union Investment Management Limited, as at 30 April 2018.

- Source: Lipper, as at 30 April 2018. 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 April 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: BENCHMARK, November 2017.
- Source: Fund Selector Asia, performance as at 30 June 2017.
- Source: The Asset, 2017 Research for Asian Local Currency Bonds, August 2017; 2017 Research for Asian G3 Bonds, October 2017.
- Source: The Asset, 2017 Research for Asian G3 Bonds, October 2017; 2016 Research for Asian Local Currency Bonds, April 2016.
- The fund has won 29 fund awards since 2012. Organisations which have granted awards to the fund include Asia Asset Management, AsianInvestor, BENCHMARK, Fund Selector Asia, FundsUPERMART.COM and 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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