

**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 ("ASB")**

### Asian Investment Grade Bonds Show Resilience


**Highlights:**

- 1. Asian investment grade bond market benefits from lower U.S. Treasury yields**
- 2. Increased exposure in investment grade bonds and adding bonds with higher credit quality**
- 3. Reduction of higher beta bonds which are vulnerable to macro condition and currency depreciation**

**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

- 10-year U.S. Treasury yields tightened to 2.85% at the end of August in response to an escalating trade war, economic problems in some emerging market countries, and Italy's budget discussions.

Asian Investment Grade Bonds

- In August, Asian investment grade bond market benefited from limited primary issuance and lower U.S. Treasury yields. Overall, the yield spread of Asian investment grade bonds tightened moderately.
- Asian investment grade bonds with higher credit ratings outperformed in August due to risk-off sentiment triggered by trade war headlines and the volatility of emerging market currencies.

### Asian High Yield Bonds

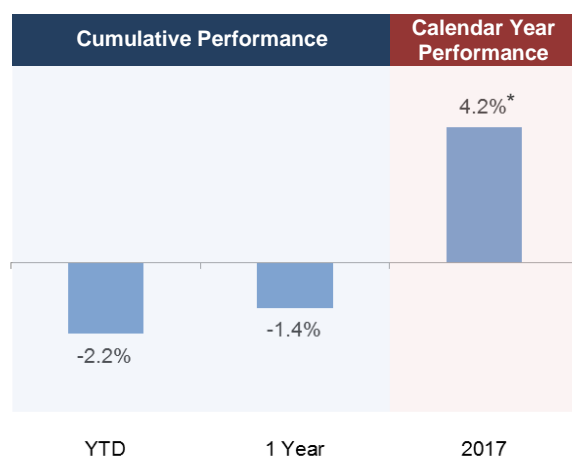
- Asian high yield bond markets experienced a correction overall in August due to the weakness of emerging market currencies and risk-off sentiment.
- Chinese high yield industrial names outperformed with a stabilising renminbi, policy support for small and medium-sized enterprises, and increased infrastructure spending. Chinese high yield property names weakened slightly due to an increase in new supply.

### Investment Strategy

- The Fund remains strategically defensive and looks to increase its exposure in investment grade bonds. The duration of the investment grade bond portfolio was lengthened as bonds with higher credit quality were added.
- In terms of high yield bonds, the Fund trimmed down its exposure in higher beta names, especially Indonesian and Indian entities which are vulnerable to increasing concerns about their countries' macro condition and currency depreciation.

### Fund Performance and Dividend

#### Performance<sup>1</sup> : A USD (Distributing)



#### Dividend

August 2018	Dividend per Unit	Annualised Dividend Yield <sup>2</sup>
A USD (Distributing)	US\$ 0.03530	4.4%
A HKD (Distributing)	HK\$ 0.35300	4.4%
A AUD Hedged (Distributing)	AU\$ 0.04600	5.9%
A RMB Hedged (Distributing)	RMB 0.51000	6.4%

\* 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 Local Currency Bonds  
(Hong Kong)<sup>3</sup>



House Award,  
Best-In-Class,  
Asia Fixed Income<sup>4</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 Local Currency Bonds (Hong Kong)<sup>3</sup>” in 2018 and “One of the Astute Investors in Asian G3 Bonds (Hong Kong)<sup>5</sup>” in 2017.
- The company has been named “One of the Top Investment Houses in Asian Local Currency Bonds (Hong Kong)<sup>3</sup>” in 2018 and “One of the Top Investment Houses in Asian G3 Bonds (Hong Kong)<sup>5</sup>” in 2017 by the Asset, and “Best Fund House in Asia Fixed Income<sup>4</sup>” by BENCHMARK in 2017.
- The Asian Bond and Currency fund, managed by the same fixed income team, has won 32 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 data: BEA Union Investment Management Limited, as at 31 August 2018.

- Source: Lipper, as at 31 August 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 August 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: The Asset, 2018 Research for Asian Local Currency Bonds, June 2018.
- Source: BENCHMARK, November 2017.
- Source: The Asset, 2017 Research for Asian G3 Bonds, October 2017.
- The fund has won 32 fund awards since 2012. Organisations which have granted awards to the fund include Asia Asset Management, AsianInvestor, BENCHMARK, Fund Selector Asia, FundsUPERMART.COM and Thomson Reuters 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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