

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>+</sup>

### **Favour long-end Asian investment-grade USD bonds on UST yield curve steepening, limited supply, bond buyback expectations**



*Highlights:*

- **US monetary policy has room to shift to a more neutral stance from its current moderately restrictive setting**
- **Yield curve steepening, supply shortage, bond buyback hopes will support long-end investment-grade bond demand**
- **Favour Chinese TMT, Taiwanese and Japanese lifers, Indonesian quasi-sovereign investment-grade dollar bonds**

#### Fund Features

- The Fund aims to provide stable monthly income with capital appreciation through dynamic total return approach.
- Capture the full potential of Asia's growth with stability by prioritizing the portfolio with a majority of investment grade bonds.

#### Market Review & Outlook

The US Treasury yield curve continued to steepen in August. At the time, the market broadly anticipated that rate cuts would materialize in the near term, following the below-consensus July non-farm payroll figure and sharp downward revisions to the prior two months' data. A more dovish tone from Fed Chair Powell further sent short-end Treasury yields lower. Signs of softening in the labour market, coupled with minimal signs of tariff pass-through in July's inflation data, suggest that monetary policy may have room to shift towards a more "neutral" stance from its current "moderately restrictive" position.

Asian credits extended their solid performance in August, supported by strong technicals as demand continued to outstrip supply. In the investment-grade dollar space, attractive all-in yields sparked strong investor demand, prompting credit spreads to narrow. Investors were particularly drawn to long-end bonds, primarily supported by limited new issuance supply, a steepening Treasury yield curve, and market anticipations of bond buybacks and corporate actions. We expect market demand for long-end bonds to remain robust.

Among them, many Chinese technology, media and telecommunications (TMT) companies delivered solid second-quarter results while maintaining net cash positions, underscoring strong credit profiles. Investment-grade issuance from Taiwanese and Japanese lifers continues to offer compelling spreads. The Indonesian market supported by duration buying, both sovereign and quasi-sovereign bonds recorded strong liquidity inflow and demand.

We remain constructive on the overall spread performance of Asia's investment-grade bonds. Favourable factors include compelling absolute all-in yields, net negative supply, ongoing corporate actions, and stable fundamentals. Looking ahead, we foresee a constructive investment backdrop to last till year-end, with credit spreads likely to stay within a tight range.

Asia's high-yield dollar bond market extended its rally in August. Performance was strong across the region. India and Pakistan staged solid performances. Credit rating agency S&P upgraded India to BBB, underscoring economic resilience and sustained infrastructure investment. As summer draws to a close, we anticipate a mild pullback in high-beta credits and Chinese property names due to weaker-than-expected earnings. However, the rest of the market, particularly high-quality issuers, will likely remain resilient. Geopolitical developments will continue to be a key focus, particularly in countries like India and China, which are impacted by tariff-related news.

### Investment Strategy

The Fund continued to seek opportunities across markets including China, Taiwan, Japan and Indonesia.

We trimmed our Hong Kong exposure while maintaining a neutral stance. We are closely monitoring whether the city's commercial real estate sector could face further short- to medium-term pressure, given that both retail and office spaces are experiencing negative rental reversions. However, names with prime assets are expected to exhibit resilience as liquidity seeks safe haven. We hold a cautious view on Hong Kong's commercial property names, as HIBOR resumes its uptrend.

We remain constructive on long-end investment-grade dollar bonds in the Chinese TMT space, buoyed by improving credit fundamentals on China's stabilising macroeconomic backdrop and favourable policies. In addition, we continue to favor investment-grade issuance from Taiwanese and Japanese lifers due to their attractive credit spreads.

Within Asian high-yield corporate dollar bonds, we continue to opt for issuers with better credit quality and positive idiosyncratic drivers. We are considering trimming lower-yielding bonds with weaker credit profiles, freeing up room for buying opportunities on market dips. The Fund currently prefers Indian renewable energy and commodities, as well as Macau gaming.

**Fund Performance**

|                  | Cumulative Performance % |        |         |         |              | Calendar Year Performance % |      |       |      |      | Volatility %         |
|------------------|--------------------------|--------|---------|---------|--------------|-----------------------------|------|-------|------|------|----------------------|
|                  | YTD                      | 1 Year | 3 Years | 5 Years | Since Launch | 2024                        | 2023 | 2022  | 2021 | 2020 | 3 Years (Annualised) |
| A USD (Acc)      | 5.2                      | 3.9    | 17.6    | 2.8     | 24.7         | 7.6                         | 5.7  | -11.8 | -4.4 | 5.3  | 6.5                  |
| A RMB (Acc)      | 2.1                      | 4.5    | N/A     | N/A     | 3.0          | N/A                         | N/A  | N/A   | N/A  | N/A  | N/A                  |
| A RMB Hgd (Acc)* | 3.1                      | 0.4    | 6.1     | N/A     | -3.3         | 2.8                         | 2.5  | -11.6 | 0.6# | N/A  | 6.2                  |
| A USD (Dis)      | 5.3                      | 3.9    | 15.9    | 1.5     | 19.5         | 6.1                         | 5.5  | -11.8 | -4.2 | 5.2  | 6.2                  |
| A HKD (Dis)      | 5.6                      | 3.9    | 15.0    | 2.0     | 20.0         | 5.5                         | 5.7  | -11.7 | -3.9 | 4.9  | 6.2                  |
| A AUD Hgd (Dis)* | 4.8                      | 3.1    | 11.9    | -3.3    | 8.6          | 4.9                         | 3.8  | -12.6 | -4.8 | 4.1  | 6.2                  |
| A RMB Hgd (Dis)* | 3.2                      | 0.7    | 6.2     | -3.2    | 17.4         | 3.0                         | 2.4  | -11.6 | -2.0 | 6.5  | 6.2                  |

\*Hgd: Hedged.

#Since launch till the 31 December of the same year.



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>

**Fund Code**

|                             | ISIN         | Bloomberg   |
|-----------------------------|--------------|-------------|
| A USD (Accumulating)        | HK0000319381 | BEABAU HK   |
| A RMB Hedged (Accumulating) | HK0000775913 | BEASBAR HK  |
| A USD (Distributing)        | HK0000319340 | BEABAU HK   |
| A HKD (Distributing)        | HK0000319357 | BEABAHD HK  |
| A AUD Hedged (Distributing) | HK0000319365 | BEAAAHD HK  |
| A RMB Hedged (Distributing) | HK0000319373 | BEAARHD HK  |
| A RMB (Accumulating)        | HK0000775905 | BEAIIASA HK |

Source: Lipper, BEA Union Investment Management Limited, as at 31 Aug 2025.

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Fund performance is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is re-invested. For funds/share classes denominated in foreign currencies, HKD/USD based investors are exposed to foreign exchange fluctuations.

Investments in the Fund are subject to investment risks, including the possible loss of the principal amount invested. Past performance is not indicative of future performance. Investors should refer to the relevant offering document (including the Key Facts Statement) of the fund for further details including risk factors. 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. The information contained in this document is based upon information which BEA Union Investment Management Limited ("BEA Union Investment") considers reliable and is provided on an "as is" basis. BEA Union Investment makes no representations or warranties, express or implied, as to the accuracy or completeness of the above information or that any returns indicated will be achieved. Investors should determine for themselves the relevance of the information. Any forecasts, figures, opinions or investment techniques and strategies presented are for information purposes only and are subject to change without prior notice. This document does not constitute an offer, recommendation or solicitation to buy or sell any securities or financial instruments. Investors should not solely rely on this material to make any investment decision. This document is for distribution solely to persons permitted to receive it and to persons in jurisdictions who may receive it without breaching applicable legal or regulatory requirements. This document must not be sold or redistributed without the prior written consent of BEA Union Investment. This material and the mentioned website have not been reviewed by the SFC in Hong Kong.

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