

**Important note:**

1. BEA Union Investment Asian Bond and Currency Fund (the "Fund") is subject to general investment risk, Asian market concentration risk, emerging market risk and currency risk.
2. The Fund invests in debts securities and is 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. Investors should not make an investment decision based solely on this material.

## BEA Union Investment Asian Bond and Currency Fund ("ABC")



Morningstar Overall Rating+

Cautiously positive on Asian high-yield bonds into year-end; Seek to buy high-beta bonds on dips


**Highlights:**

- Switched out of lower-beta front-end bonds to buy newly-issued bonds on market dip
- Added exposure to high-beta Indian high-yield bonds via a new issue
- Cautiously positive on Asian high-yield bonds into year-end; seek to buy high-beta bonds should there be any corrections

**Fund Features**

- The Fund adopts an unconstrained strategy, which allows a flexible allocation of assets in corporate bonds, government bonds, High Yield Bonds and Investment Grade Bonds, to actively hunt for alpha opportunities.
- It aims to distribute stable dividends and capture the appreciation potential of Asian bonds.

**Market Review & Outlook**

In October, Asian credits exhibited resilience despite intra-month volatility triggered by increased US-China trade tensions.

Asian high-yield bonds underwent a mild and short-lived correction when the US-China trade conflict intensified, but the market bounced back shortly after both parties held talks in Malaysia and South Korea. During the month, Mongolia outperformed, while India, Indonesia and Macau posted solid performances. Defying the broader market were Chinese high-yield property bonds, with the sector's high-beta names dragged lower by the resignation of the chairman of a major state-backed developer, whose rating was also downgraded by Moody's.

Despite minor weaknesses prompted by profit-taking, especially surrounding the higher-beta names, Indian high-yield bonds remained largely resilient. Renewable and infrastructure high-yield bonds were also stable although commodities experienced some volatility during the month. Macau posted a 32% week-on-week increase in gross gaming revenue following the National Day Golden Week, during which revenue was dampened due to a typhoon. The rebound eased investor concerns over the potential slowdown in Macau's gaming industry and lent support to overall sentiment. Mongolian high-yield bonds outperformed the market with a total return of 3.32%, benefiting from S&P's earlier-than-expected rating upgrade on the sovereign to BB-. The upgrade was driven by improving fiscal performance due to strong commodity exports, and sustained economic growth prospects.

Our investment teams anticipate activities in the Asian high-yield bond market to subside into year-end, with carry remaining the investment theme. Some corrections could be expected in November, but we expect the magnitude to be manageable and perceive dips as buying opportunities. We are upholding a constructive stance on Asian high-yield bonds given their low default rate.

For Asian investment-grade bonds, investors remained buyers in October, even during periods of heightened volatility. We expect spreads to remain tight due to muted supply, still-high absolute all-in yields, and stable fundamentals. We will not rule out the possibility that healthy profit-taking could kick in, but the overall situation is expected to be manageable, given supportive flows and strong technicals. Unless meaningful supply or outflows emerge, the technicals of Asia's investment-grade bond market will remain solid.

## Investment Strategy

During the month, the Fund switched out of lower-beta front-end high-yield bonds to buy some newly-issued high-yield bonds during the brief market dip. We also added some high-beta high-yield Indian bonds via a new issue. In addition to India, the fund also has positions in markets including China/Hong Kong, Macau, Indonesia, Thailand, and Mongolia.

In general, we remain cautiously positive on Asia's high-yield bond market into year-end and will seek opportunities to buy high-beta bonds if market corrections emerge. We continue to favour commodity and Chinese industrial high-yield names with access to refinancing.

As for Asian investment-grade bonds, we will continue to seek better return by purchasing new bonds and buying on dips when bond prices fall.

## 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)	7.4	7.9	22.7	3.2	144.7	13.2	-3.6	-8.1	-8.6	-0.4	6.7
A RMB (Acc)	N/A	N/A	N/A	N/A	3.9	N/A	N/A	N/A	N/A	N/A	N/A
A RMB Hgd (Acc)*	4.6	4.6	11.9	-1.8	1.9	10.1	-6.6	-7.3	-6.4	0.8	6.7
A EUR Hgd (Acc)*	8.2	8.5	17.8	0.1	-2.2	11.6	-6.3	-10.2	-5.9	-2.1	6.6
A USD (Dis)	7.4	7.8	22.6	2.5	143.0	13.3	-3.6	-8.7	-8.6	-0.4	6.7
A RMB (Dis)	N/A	N/A	N/A	N/A	3.8	N/A	N/A	N/A	N/A	N/A	N/A
H HKD (Dis)	7.5	7.9	21.5	2.7	72.1	12.8	-3.6	-8.6	-8.2	-0.9	7.0
A AUD Hgd (Dis)*	6.4	6.6	17.9	-2.4	30.6	12.2	-5.5	-9.0	-8.9	-2.1	6.8
A RMB Hgd (Dis)*	4.7	4.7	12.1	-2.9	45.3	10.1	-6.7	-8.3	-6.4	0.8	6.7

## Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000065208	BEABCAA HK
A RMB Hedged (Accumulating)	HK0001088704	BEAUIBA HK
A EUR Hedged (Accumulating)	HK0000272531	BEARMHA HK
A USD (Distributing)	HK0000405735	BEABCAE HK
H HKD (Distributing)	HK0000065216	BEABCAI HK
A AUD Hedged (Distributing)	HK0001088712	BEAUINA HK
A RMB Hedged (Distributing)	HK0000081361	BEABCHD HK
A RMB (Accumulating)	HK0000162856	BEAAUHD HK
A RMB (Distribution)	HK0000194263	BEARMHD HK

Source: Unless otherwise specified, all data sources are BEA Union Investment & Lipper as of 31 October 2025 ° Month-end asset mixes may total greater than/less than 100% due to rounding. As such the values of the geographical and section allocation displayed may not total 100%.

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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 therefore exposed to foreign exchange fluctuations.

Investment involves 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 documents (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 object to market fluctuations and to the risks inherent in all investments.

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