BEA Union Investment

Fund Report (Jul 2026)

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+

Prefer stable, yield-generating high-yield bonds; continue to favour commodity credits while remaining selective

Highlights:

- Asian high yield outperformed Asian investment grade in both spread tightening and total return
- Macro risks have moderated, supporting a stable outlook for Asian high yield
- Limited issuance windows year-to-date; primary supply is expected to recover gradually

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 June, Asian high yield bonds returned 0.9%. Despite rising US Treasury yields, Asian high yield outperformed Asian investment-grade bonds in both credit spread tightening and total return. During the month, a 60-day ceasefire agreement between the US and Iran led to a sharp decline in oil prices, supporting high-beta oil-importing sovereigns, while Sri Lanka and Pakistan advancing 3.79% and 2.04%, respectively. The Philippine high yield bond market rose 1.3%, primarily driven by a technical rebound of around 15 points in a low-liquidity property bond amid short-covering flows. Indonesia, India, Mongolia, and China's property sectors all delivered steady returns. Mongolia's performance was further underpinned by resilient economic fundamentals, including strong coal exports to China and record-high FX reserves of US$7.73 billion at end-May. In addition, several Mongolian banks and Philippine utility issuers completed liability management exercises, including tender offers and exchanges. Indian high yield bonds also posted modest gains, supported by a comprehensive refinancing initiative by a large mining and metals conglomerate.

Meanwhile, Hong Kong property bonds rose 1.03%, supported by expectations of a potential equity injection into a major developer. In contrast, Chinese industrial bonds declined by 0.5%, mainly due to a reversal in a logistics operator following prior outperformance in the previous month. Macau was another laggard, weighed down by potential changes to the shareholder structure of a major gaming operator.

Looking ahead, we expect Asian high yield bonds to stabilise amid moderating macroeconomic risks. Against this backdrop, we prefer stable, yield-generating credits that provide attractive carry. While lower oil prices may weigh on the broader commodity sector in the near term, we remain constructive on the sector given its attractive yield, while maintaining a selective approach. Lastly, given the limited issuance windows so far this year, we expect primary market activity to pick up gradually. We will continue to participate selectively in new issues, particularly when pricing offers attractive concessions relative to outstanding bonds.

As for Asian investment grade dollar bond market, credit spreads widened slightly during the month. Moderating geopolitical tensions, easing oil prices, and measures by the Reserve Bank of India to support USD inflows through relaxed foreign borrowing helped revive primary activity for Asian investment grade bonds. First-half issuance amounted to approximately US$100 billion, slightly below the level recorded during the same period last year. We expect the recent slew of new issuance to be fully absorbed by investors. As we move into the summer lull, new issuance is likely to remain subdued until the end of August. During this period, carry is likely to remain the dominant theme, as credit spreads remain broadly range-bound amid negative net supply.

Investment Strategy

In June, the fund took profits on outperforming Indonesian commodity names and frontier high-yield sovereign bonds. We subsequently increased our overweight allocation to Hong Kong property bonds. We also participated in some tender offers and new issues in the Indian, Mongolian and Philippine high-yield space.

Contributors

- Overweight Hong Kong property bonds: Positive performance driven by market expectations of a potential equity injection into a major distressed developer
- Overweight high-yield sovereign bonds: Benefited from improving fundamentals in Asian frontier markets amid lower oil prices

Detractors

- Underweight Philippine distressed property bonds: Prices rebounded on technical factors after a prolonged period of underperformance; however, we remain cautious given weak macro conditions and tight liquidity
- Overweight selected Chinese industrial bonds: Prices declined modestly due to technical factors

Fund Performance

	Cumulative Performance %							Calendar Year Performance %					Volatility %
	YTD	3-Mo	6-Mo	1-Yr	3-Yr	5-Yr	Since Launch	2025	2024	2023	2022	2021	3-Yr (Annualised)
A USD (Acc)	3.4	4.7	3.4	6.9	26.6	0.8	151.0	6.6	13.2	-3.6	-8.1	-8.6	4.9
A RMB (Acc)	0.5	2.9	0.5	1.3	N/A	N/A	1.6	1.0#	N/A	N/A	N/A	N/A	N/A
A RMB Hgd (Acc)*	1.9	3.8	1.9	3.7	16.0	-7.4	2.5	3.3	10.1	-6.6	-7.3	-6.4	4.9
A EUR Hgd (Acc)*	2.4	4.2	2.4	4.7	22.1	-2.8	-1.0	7.0	11.6	-6.3	-10.2	-5.9	4.9
A USD (Dis)	3.4	4.8	3.4	6.9	26.7	0.1	149.3	6.6	13.3	-3.6	-8.7	-8.6	4.9
A RMB (Dis)	0.5	2.9	0.5	1.3	N/A	N/A	1.5	1.0#	N/A	N/A	N/A	N/A	N/A
H HKD (Dis)	4.2	4.8	4.2	6.8	26.7	1.0	78.1	6.8	12.8	-3.6	-8.6	-8.2	5.0
A AUD Hgd (Dis)*	3.4	4.9	3.4	6.6	23.2	-4.1	34.0	5.6	12.2	-5.5	-9.0	-8.9	5.1
A RMB Hgd (Dis)*	1.9	3.9	1.9	3.8	16.1	-8.3	46.2	3.4	10.1	-6.7	-8.3	-6.4	4.9

*Hgd: Hedged.

Fund Code

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

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Source: Unless otherwise specified, all data sources are BEA Union Investment & Lipper as of 30 June 2026。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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