

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 Strategic Bond Fund ("ASB")



Morningstar Overall Rating+

Added Indian, Malaysian investment-grade bonds, but reduced Chinese TMT on tight valuations

Highlights:

- Positive on Asian investment-grade bonds; manageable supply and stable fundamentals to support credit spreads
- Hong Kong investment-grade and high-yield property bonds performed well on property market recovery
- Constructive on Asian high-yield bonds amid stabilising macro sentiment

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

In January, the US Treasury yield curve edged up by 4-6bps, driven by spillover effects from volatility in the Japanese Government Bond market and resilient US economic data. Solid economic growth, a stable job market, and modestly elevated inflation prompted the Fed to keep rates unchanged during the month. Most FOMC members appear to be in no rush to resume rate cuts until inflation declines further and the job market weakens meaningfully. The resumption of curve-steepening trades was further amplified after US President Donald Trump nominated Kevin Warsh as the next Fed Chair; his past comments indicate a more hawkish stance on balance sheet reduction but a dovish position on policy rates. Furthermore, with the Reserve Bank of Australia raising interest rates for the first time since 2023, markets may be bracing for a broader hawkish shift among G10 central banks.

In January, lower-than-expected new supply — except in Indonesia and the Philippines— prompted overall spread tightening for Asian investment-grade dollar bonds. During the month, South Korean corporates and financials outperformed, while Chinese technology, media and telecommunications (TMT) names faced some resistance due to already tight spread levels, although the space still held up well amid solid technicals and fundamentals. Hong Kong blue-chip names also outperformed. Hong Kong's office market showed a gradual recovery, with Grade A spot rents rising for the first time since 2022 and demand from financial services tenants increasing. In Indonesia, investment-grade dollar bonds underperformed due to indigestion from new issuance, but we expect supply to ease ahead of the Chinese New Year, which could lend support to technicals. Indian investment-grade bonds continued to trade at tight valuations amid a supply shortage.

Looking ahead, we remain constructive on Asian credits. Despite tight valuations, credit spreads are expected to hold up well into the Chinese New Year, with new issuance likely to pick up after the holiday. We expect spreads to remain broadly stable, supported by relatively manageable supply, rangebound US treasury yields, stable fundamentals, and still attractive all-in-yields. Credit spreads are expected to remain well-contained until more meaningful supply emerges in the market.

In Asian high-yield dollar bonds, Chinese property outperformed following a successful onshore bond extension by a leading state-backed developer, with two other developers successfully issued new bonds that were well-received. Indian high-beta and Mongolian names outperformed on the back of higher commodity prices and improving economic conditions in Mongolia, respectively. In contrast, Indonesia underperformed on debt ceiling concerns, while Macau gaming was dragged lower by the weak performance of a new issue, as well as profit taking following a stellar December. Amid stabilising macro sentiment, we remain constructive on Asian high-yield bonds following the January rally, although valuations are no longer cheap. The default rate for Asian bonds, excluding Chinese property, is expected to remain at low levels, and company fundamentals are likely to improve. Meanwhile, onshore liquidity remains abundant in most Asian countries, keeping a lid on refinancing costs for companies.

Portfolio Review

In January, within the investment-grade space, the fund added to its overweight positions in India and Malaysian, but reduced Chinese TMT exposure due to tight valuations. In high-yield bonds, the fund increased its allocation to Hong Kong property while lowering exposure to front-end, lower-yielding Indian names.

Contributor

- Overweight in Hong Kong property: buoyed by the recovering property market, Hong Kong investment-grade and high-yield property names outperformed.
- Overweight in Indian high-yield bonds; the space is bolstered by strong performance in commodity names, while one non-banking financial corporation name was upgraded to investment-grade profile.
- Overweight in convertible bonds, which benefited from the Hong Kong equity rally.

Detractor

- Japanese high-yield bonds came under pressure due to concerns about tech companies' capex overspending.

Fund Performance

	Cumulative Performance %					Calendar Year Performance %					Volatility %
	YTD	1 Year	3 Years	5 Years	Since Launch	2025	2024	2023	2022	2021	3 Years (Annualised)
A USD (Acc)	0.6	7.5	17.8	3.6	27.9	7.3	7.6	5.7	-11.8	-4.4	5.1
A RMB (Acc)	0.2	2.6	N/A	N/A	3.2	2.0	0.9#	N/A	N/A	N/A	N/A
A RMB Hgd (Acc)*	0.4	4.1	6.0	N/A	-2.1	4.0	2.8	2.5	-11.6	0.6#	4.8
A USD (Dis)	0.5	7.3	16.0	2.1	22.6	7.4	6.1	5.5	-11.8	-4.2	4.8
A HKD (Dis)	0.9	7.7	15.6	2.7	23.4	7.5	5.5	5.7	-11.7	-3.9	4.8
A AUD Hgd (Dis)*	0.6	6.7	12.5	-2.8	11.2	6.5	4.9	3.8	-12.6	-4.8	4.8
A RMB Hgd (Dis)*	0.4	4.1	6.1	-4.7	18.9	4.2	3.0	2.4	-11.6	-2.0	4.8

*Hgd: Hedged.

Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000319381	BEABAU HK
A RMB (Accumulating)	HK0000775905	BEAISA HK
A RMB Hedged (Accumulating)	HK0000775913	BEASBAR HK
A USD (Distributing)	HK0000319340	BEABAUD HK
A HKD (Distributing)	HK0000319357	BEABAHD HK
A AUD Hedged (Distributing)	HK0000319365	BEAAHD HK
A RMB Hedged (Distributing)	HK0000319373	BEAARHD HK

Source: Unless otherwise specified, all data sources are BEA Union Investment & MorningStar, as at 31 January 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. 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 must not be reproduced 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. Issuer: BEA Union Investment Management Limited