

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+

Asian credit markets have face limited direct impact from geopolitical developments

Highlights:

- Asian credits have minimal refinancing risk and increasingly attractive valuations
- Slightly trimmed Indian high-yield bonds; Rotated into underperforming high-yield sovereign bonds and Philippines high-yield bonds
- Prefer issuers with potentials for credit upgrade, strategic acquisitions or corporate actions

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 March, Asian credit spreads widened, with higher-beta sectors underperforming.

Asian high-yield dollar bonds posted negative returns amid heightened geopolitical tensions, with the decline concentrated in Chinese high-yield bonds due to idiosyncratic developments involving two issuers. Bond prices of a logistics operator dropped sharply on market reports that mainland Chinese authorities had guided insurers to limit investment in the company, prompting market concerns about its operational stability. Separately, a major developer was weighed down by uncertainty over its refinancing outlook, and the future performance of the broader sector will likely remain persistently affected. At the moment, mainland China's primary home sales remain lacklustre, although there are signs of month-on-month improvement.

Meanwhile, high-yield bonds across Macau, Mongolia, and Indonesia remained comparatively resilient. Indonesian high-yield credits experienced less direct impact from the Iran war. In addition, the country has recently approved new export taxes on semi-processed nickel products and coal shipments, aiming to encourage miners to move up the value chain into higher-value productions such as EV batteries.

In India, performance was mixed. Financials faced mark-to-market pressure, with most de-risking flows originating from the non-bank financial institutions (NBFI) space, while the rest of the market, including renewables, held relatively steady. Investor risk sentiment improved towards month-end, leading to a modest rebound in the overall market.

Looking ahead, volatility is likely to persist given evolving geopolitical dynamics. Nonetheless, we remain constructive on Asian high-yield bonds, supported by relatively better quality, improving credit fundamentals, and limited refinancing risk. Primary issuance has been subdued, which may continue to support the technical backdrop.

Asian investment-grade dollar bonds remain resilient as the Iran conflict unfolds, with select buckets, such as oil-related names and countries, bearing the brunt of the impact. New supply was disrupted, with mainly high-quality Korean issuers tapping the market at attractive new issue premiums. Looking ahead, we expect market activity to gradually normalise, with new issuance returning. Oil-impacted names will remain under pressure, but beaten-down non-oil related names and sovereigns may have room to play catch-up. Investor risk appetite will likely remain neutral, with spreads staying resilient, while overall yields have become more attractive.

Investment Strategy

In March, we reduced our overweight stance in Indian high-yield names that have outperformed and rotated into underperforming high-yield sovereign bonds and Philippines high-yield bonds to take advantage of market volatility.

We maintain a constructive view on Asian high-yield bonds. During episodes of weakness, we aim to selectively add on dips, while staying vigilant on credits facing fundamental challenges stemming from geopolitical conflicts. We prefer commodity-linked credits, which have demonstrated greater resilience amid market fluctuations. We also favour names with strong, positive idiosyncratic drivers, such as issuers with potential for credit upgrades, strategic acquisitions, or other corporate actions.

Contributors

- Given mainland China's primary home sales remain under pressure, our underweight stance in distressed Chinese property names have contributed to the portfolio's performance
- Another contributor to the portfolio's performance is our underweight position in oil-related Southeast Asian names, on expectations that oil price rally could hit profitability

Detractors

- High-yield sovereign bonds came under pressure amid macro weakness driven by Middle East war
- Indian high-yield bonds underperformed on technicals

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)	-1.2	3.0	16.5	-3.3	139.8	6.6	13.2	-3.6	-8.1	-8.6	5.3
A RMB (Acc)	-2.3	-2.0	N/A	N/A	-1.3	1.0#	N/A	N/A	N/A	N/A	N/A
A RMB Hgd (Acc)*	-1.9	-0.3	6.5	-9.9	-1.3	3.3	10.1	-6.6	-7.3	-6.4	5.4
A EUR Hgd (Acc)*	-1.8	3.4	12.0	-6.7	-5.0	7.0	11.6	-6.3	-10.2	-5.9	5.4
A USD (Dis)	-1.3	2.9	16.4	-4.0	138.0	6.6	13.3	-3.6	-8.7	-8.6	5.4
A RMB (Dis)	-2.3	-2.0	N/A	N/A	-1.3	1.0#	N/A	N/A	N/A	N/A	N/A
H HKD (Dis)	-0.6	3.8	16.2	-3.2	69.9	6.8	12.8	-3.6	-8.6	-8.2	5.5
A AUD Hgd (Dis)*	-1.4	1.9	12.7	-8.2	27.8	5.6	12.2	-5.5	-9.0	-8.9	5.5
A RMB Hgd (Dis)*	-1.9	-0.2	6.6	-10.8	40.8	3.4	10.1	-6.7	-8.3	-6.4	5.4

*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

Source: Unless otherwise specified, all data sources are BEA Union Investment & Lipper as of 31 March 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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