BEA Union Investment

Fund Report (Aug 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 Strategic Bond Fund ("ASB")

★★★
Morningstar Overall Rating+

US Treasuries under pressure, while Asian investment-grade bonds remain resilient

Highlights:

- Asian investment-grade bonds showed resilience, with Hong Kong, South Korea and India remaining broadly stable
- Asian investment-grade bond valuations remain stretched, but credit spreads likely range-bound on still high all-in yields
- Healthy market technicals and limited net supply should continue to provide support for Asian high-yield 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

US Treasuries sold off in July amid renewed US-Iran tensions and resurgent oil prices, with the 2-year and 10-year yields rising 11bps and 27bps, respectively. The curve steepened, with the front end supported by investors pricing in a lower probability of a September rate hike following a more dovish-than-expected Fed stance, while the long end came under pressure from the unwinding of curve-flattening positions.

US Treasury weakness did not spill over to Asian investment-grade dollar bonds. The latter showed resilience, with credit spread widening largely limited to the heavy-supply sovereign space, such as Indonesia, where the market anticipates potential issuance from its sovereign wealth fund. China's technology, media and telecommunications (TMT) sector underperformed, weighed down by a slowdown in investor buying and weakness among US peers. In contrast, Hong Kong and South Korea demonstrated stability on solid credit fundamentals, while India also held up well, with local bank dollar issuance well digested.

Looking ahead, valuations remained stretched across Asian investment-grade bonds, limiting the scope for further spread tightening. However, still-attractive all-in yields should keep spreads range-bound. We expect new issuance to resume towards the end of August and pick up notably in September. Sectors facing heavier new supply could see greater spread volatility given already-lofty valuations. At the sector level, China's TMT could see greater fluctuations, driven by movements in US counterparts and their equity performance, especially as valuations remain stretched relative to US peers, whose spreads widened in July. Indonesia is expected to stay sluggish due to the potential supply overhang from the sovereign wealth fund.

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Asian high-yield dollar bonds delivered a mixed but broadly flat return, with performance diverging significantly across sectors amid bouts of geopolitical volatility and idiosyncratic news flow. China/HK outperformed, supported by favourable technicals in the industrial sector and positive headlines around the potential equity injection in a property developer. Elsewhere, Indonesia and the Philippines were broadly flat over the month, while rate-sensitive Macau gaming declined slightly amid higher rates, but we see value in this space following the correction. All in all, we remain constructive on Asian high-yield bonds, with returns likely to be driven primarily by carry rather than further spread compression. Meanwhile, strong technicals and limited net supply should continue to provide support to the asset class.

Portfolio Review

In August, within the investment-grade space, the fund switched from China TMT and Malaysian low-beta credits into Japanese bank AT1s and lifer subordinated debts. In addition, supported by strong earnings among European banks, the fund rotated from European bank senior bonds into AT1 securities to capture more attractive income opportunities.

In the high-yield space, the fund took profit on frontier bonds and rotated into Macau gaming and Southeast Asian project bonds.

Contributors

- Underweight in Philippine sovereign bonds: Philippine sovereign bonds underperformed primarily on supply concerns and a potential local rate hike due to inflation. The fund's underweight stance on Philippines sovereign bonds contributed positively to portfolio performance.
- Underweight in Indonesian sovereign bonds and overweight in corporate bonds: Indonesian sovereign bonds underperformed due to new issue supply risk, while corporate bonds had better market technicals, supported by potential bond buybacks or amortisation.
- Overweight in Mongolian high-yield corporate bonds relative to Mongolian sovereign bonds: Mongolian corporate bonds outperformed sovereign bonds, where valuations were lofty.

Detractors

- Underweight Slight overweight in Indian investment-grade low-beta bonds: Indian investment-grade bonds widened amid increased new issuance, weighing on the portfolio's performance.
- Slight overweight in Macau gaming long-end bonds: Macau gaming bonds lagged amid higher long-end US Treasury yields.

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)	0.3	0.0	-0.2	4.1	19.7	4.8	27.6	7.3	7.6	5.7	-11.8	-4.4	5.3
A RMB (Acc)	-2.9	-1.2	-3.1	-2.5	N/A	N/A	0.0	2.0	0.9#	N/A	N/A	N/A	N/A
A RMB Hgd (Acc)*	-1.3	-0.8	-1.6	1.1	7.8	N/A	-3.7	4.0	2.8	2.5	-11.6	0.6#	5.1
A USD (Dis)	0.3	0.0	-0.2	4.1	17.9	3.4	22.3	7.4	6.1	5.5	-11.8	-4.2	5.1
A HKD (Dis)	1.1	0.1	0.2	4.0	18.6	4.2	23.6	7.5	5.5	5.7	-11.7	-3.9	4.9
A AUD Hgd (Dis)*	0.4	0.0	-0.3	3.6	14.9	-1.2	10.9	6.5	4.9	3.8	-12.6	-4.8	5.0
A RMB Hgd (Dis)*	-1.3	-0.7	-1.6	1.1	8.1	-5.9	17.0	4.2	3.0	2.4	-11.6	-2.0	5.0

*Hgd: Hedged.

Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000319381	BEABAUA HK
A RMB (Accumulating)	HK0000775905	BEAIASA 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	BEAAAHD HK
A RMB Hedged (Distributing)	HK0000319373	BEAARHD HK

Source: Unless otherwise specified, all data sources are BEA Union Investment & MorningStar, as at 31 July 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.