BEA Union Investment

Fund Special Report

- BEA Union Investment Asia Pacific Flexi Allocation Fund (the "Fund") seeks to achieve long-term capital growth and income by investing in equity securities or debt securities that are either traded in the Asia Pacific region or issued by companies incorporated in the Asia Pacific region or companies which have significant operations in or derive significant portion of revenue from the Asia Pacific region.
- The Fund invests in emerging markets and may be subject to higher liquidity and volatility risks.
- The Fund invests directly in REITs, equities, ETFs and managed funds, and is thus subject to the risks generally associated with such asset classes, including but not limited to liquidity of the asset class, changes in investment sentiment, political environment, economic, business and social conditions in the Asia Pacific region.
- The Fund may invest in below investment grade or non-rated debt securities including high yield bonds, which are subject to greater credit and liquidity risks than higher-rated securities.
- The manager may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Fund. Investors should note that the 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.
- 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 these currency hedged class units will be hedged at all times or that the manager will be successful in employing the hedge.
- Investors may invest in RMB (Hedged) units. It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. There is also no assurance that the RMB will not be subject to devaluation. Any devaluation of the RMB could adversely affect the value of investors' investments. There is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk.
- The Fund may enter into futures contracts for hedging and investment purposes. Given the leverage effect embedded in futures contracts, the Fund may be exposed to significant losses.
- Investors should not make an investment decision based solely on this material.

BEA Union Investment Asia Pacific Flexi Allocation Fund

《Dividend Further Increased After Decent Performance》

27 November 2017

Highlights:

- **The Fund has achieved 19.7%[1] YTD and 15.2%[1] in 1 year**
- **Annualised dividend yield was 5.1%[2] for A USD (Distributing)**
- **Chinese, Taiwanese, and Singaporean equities contribute positive returns in October**

Q1: How has the BEA Union Investment Asia Pacific Flexi Allocation Fund ("the Fund") performed recently? What were the latest annualised dividend yields?

A1: The Asia Pacific stock markets have performed decently since the beginning of the year. **The Fund has achieved 19.7%[1] year-to-date, and 15.2%[1] in 1 year.**

Fund Performance	YTD	1 Year
A USD (Distributing)	19.7%[1]	15.2%[1]

The Fund further increased its dividend since September. In October, annualised dividend yield for A USD (Distributing) and A HKD (Distributing) was 5.1%[2]; that of A RMB Hedged (Distributing) was 7.1%[2]. **The Fund can provide investors with a stable dividend income and capital appreciation.**

BEA Union Investment seeks to distribute the dividend from net distributable income. Net distributable income means interest income net of fees and expenses, and net realised gains. **Starting from the beginning of 2017, 100% of the Fund's dividends came from net distributable income.**

October 2017	Dividend per Unit	Annualised Dividend Yield[2]
A USD (Distributing)	US$ 0.04200	5.1%
A HKD (Distributing)	HK$ 0.42000	5.1%
A AUD Hedged (Distributing)	AU$ 0.05200	6.8%
A RMB Hedged (Distributing)	RMB 0.59000	7.1%
A NZD Hedged (Distributing)	NZD 0.05700	7.4%

Q2: What is the fund manager's view of the stock market outlook in Asia?

A2: In October, Asia's strongest performing markets were South Korea, India, and Taiwan. China eased off on a series of policies intended to punish South Korea for deploying the THAAD missile defence system. Beijing appeared to end restrictions on group travel to South Korea, which has had a major impact on tourist arrivals and spending, particularly in the South Korean cosmetics industry.

The Indian government announced a US$32 billion plan to recapitalise the country's state-owned banks after a series of initiatives to strengthen the bankruptcy code. The recapitalisation is expected to facilitate lending by India's banking system to productive enterprises. Taiwan's equity market also rose as stocks in the information technology sector continued to rally. Conditions are extremely favourable in the smartphone supply chain, with ever higher specifications leading to industry consolidation and superior pricing.

We continue to favour equities, notwithstanding the substantial gains they have already recorded this year. Profits are rising, and the reporting season for the third quarter has got off to a good start.

Q3: How will the change of chairman at the U.S. Federal Reserve impact Asian bond markets?

A3: President Trump has nominated Jerome Powell to run the Federal Reserve (Fed) after Janet Yellen's term expires in February next year. U.S. Treasury yields rose only slightly, to 2.4%, as the expectation is that the next Fed chair will continue to tighten monetary policy. Despite this, Asian corporate bonds recorded a positive return in October overall, driven by strong market demand.

We continue to hold a positive stance on Asian bond markets, given the **consistent capital flow into Asian high yield bonds, and also because we expect to see a gradual further rising of interest rates. At the same time, the credit quality of some Asian bond issuers is improving**.

Q4: What is the current investment strategy of the Fund?

A4: We believe **investors should look for investment opportunities which can deliver long-term stable returns and better downside protection, while focusing more on quality names and equity markets in the Asia Pacific region**. In the last month, the Fund has increased its equities exposure to 73%, with the remaining 27% being in bonds and cash.

The performance of equities in October was driven by the Chinese, Taiwanese, and Singaporean markets, with the stock selection process in the consumer, financial, and material sectors being a major contributory factor.

In terms of bonds, the Fund remains slightly underweight on duration as the Fed starts to normalise interest rates. On the other hand, the Fund is reducing its underweight in Korea, where we see attractive valuations and a cooling down of geographical tensions.

BEA Union Investment

Fund Special Report

==

If you would like to stay informed of the market development and our latest investment strategy, please feel free to register as a member of BEA Union Investment through the link below:

http://www.bea-union-investment.com/member-registration

==

Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000224250	BEAPAUA HK
A USD (Distributing)	HK0000224201	BEAPAUI HK
A HKD (Distributing)	HK0000224219	BEAPAHI HK
A AUD Hedged (Distributing)	HK0000224227	BEAPAUH HK
A RMB Hedged (Distributing)	HK0000224235	BEAFARH HK
A NZD Hedged (Distributing)	HK0000224243	BEAPANH HK

Source of the fund data: BEA Union Investment Management Limited, as at 31 October 2017.

1. Source: Lipper, as at 31 October 2017. The quoted return is for A USD (Distributing), performance is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is re-invested. Past performance for A USD (Distributing): YTD: 19.7%, 2016: 0.3%, since launch till 31 December 2015: -7.5%. A USD (Distributing) was launched on 6 February 2015.
2. Annualised dividend yield = (dividend of October x 12) / last month end NAV x 100%. The manager may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Fund. Such distribution may result in an immediate reduction of the net asset value per unit. Dividend only applies to distributing classes and is not guaranteed. Past dividend record is not indicative of future dividend likely to be achieved. Please note that a positive distribution yield does not imply a positive return. Investors should not make any investment decision solely based on information contained above. You should read the relevant offering document (including the key facts statement) of the Fund for further details including the risk factors.

Investments in the Fund are subject to investment risks, including the possible loss of the principal amount invested. For full details and risk factors of the Fund, please refer to the explanatory memorandum of the Fund. Investors should also read the explanatory memorandum of the Fund for detailed information prior to any subscription. 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 subject to market fluctuations and to the risks inherent in all investments. Past performance is not indicative of future performance. The information contained in this document is based upon information which BEA Union Investment Management Limited considers reliable and is provided on an "as is" basis. This document does not constitute an offer, recommendation or solicitation to buy or sell any securities or financial instruments. The Fund has been authorised by the Securities and Futures Commission ("SFC") in Hong Kong. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This material and the website have not been reviewed by the SFC in Hong Kong.
Issuer: BEA Union Investment Management Limited