

**Important note:**

1. BEA Union Investment China Gateway Fund (the “Fund”) seeks medium to long term capital growth and income through investing primarily in equity securities and/or debt securities, that are either (a) traded in China or (b) issued by entities incorporated in China or entities which have significant operations in or assets in, or derive significant portion of revenue or profits from China.
2. The Fund’s investments are concentrated in China’s equity securities and debt securities. This may result in greater volatility than a fund having a more diverse portfolio of investments. The Fund may also be subject to withholding and other taxes imposed in China.
3. The Fund may invest in below investment grade, or rated BB+ or below by a China credit rating agency, or non-rated debt securities, which are subject to greater interest rate, credit and liquidity risks, higher volatility and greater risk of loss of principal and interest than higher-rated debt securities.
4. The Fund may invest in China A-Shares via Stock Connects, China interbank bond market via Foreign Direct Access Regime and/or Bond Connect. Such programmes are subject to regulatory risks and various risks such as quota limitation, volatility risk, liquidity risk, settlement and counterparty risk etc.
5. 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. Any such distributions may result in an immediate reduction of the net asset value per unit.
6. 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.
7. RMB is currently not freely convertible and is subject to exchange controls and restrictions. Any depreciation of RMB could adversely affect the value of investor’s investment in the Fund.
8. The Fund may use derivative instruments for hedging purposes which may not achieve the intended purpose, and may result in significant losses.
9. Investors should not make an investment decision based solely on this material.

## BEA Union Investment **China Gateway Fund (“CGF”)**

### Chinese Consumer Sector Shows Improvement

*Highlights:*

- 1. Chinese government introduces more supportive policies to stimulate consumer spending**
- 2. More exposure added in Chinese insurance stocks as premium growth picks up**
- 3. Chinese high yield industrial bonds recover following a resumption of onshore bond issuance**

#### Fund Features

- A one-stop solution for investing in Chinese stocks and bonds. Access to onshore and offshore investment channels, providing a way to fully capture investment opportunities in Chinese stocks and bonds.
- Flexible allocation in stocks and bonds to balance risk and return.

#### Market Review and Outlook

Equities

- China’s economic data in August was mixed. Industrial production and retail sales were in line with market expectation, while fixed-asset investment underperformed due to under-spending on infrastructure. There have been further indications that the property market is slowing down, with developers more conservative about acquiring land.
- Potential renegotiation on trade issues between China and the U.S. failed to take place, as the U.S. imposed additional tariffs on Chinese goods before the scheduled talks. Detecting signs of a looming macro downturn, China’s government introduced more supportive policies, particularly related to consumer spending.
- In terms of sectors, industrial outperformed as market expected potential stimulus on infrastructure spending.

### Bonds

- Chinese high yield industrial bonds recovered in September following a resumption of onshore bond issuance and positive corporate event on individual names.
- The People's Bank of China cut the reserve requirement ratio by 100 basis points in early October to smooth liquidity conditions and support corporate lending amid rising trade tensions.

### Investment Strategy

### Equities

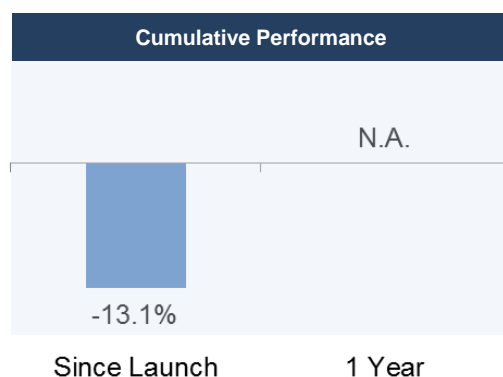
- The Fund has an overweight in the energy and insurance sectors, which they are better shelters during a slowing economic environment. The Chinese insurance sector is seeing a pick-up in premium growth following the normalisation of product regulations in the fourth quarter.
- Investment value is starting to emerge from oversold consumer names in China; the related corporations are showing improvements in business operations.

### Bonds

- The Fund maintains a defensive strategy, with security selection skewed toward more defensive short-dated bonds and issuers with better credit quality. We also looking to switch from some high yield positions into investment grade bonds.
- In terms of high yield bonds, we prefer short-dated Chinese property for their attractive valuations and solid fundamentals.

### Fund Performance and Dividend

#### Performance<sup>1</sup> : A USD (Distributing)



#### Dividend

September 2018	Dividend per Unit	Annualised Dividend Yield <sup>2</sup>
A USD (Distributing)	US\$ 0.033	4.7%
A HKD (Distributing)	HK\$ 0.330	4.6%
A AUD Hedged (Distributing)	AU\$ 0.043	6.1%
A RMB Hedged (Distributing)	RMB 0.470	6.7%

A USD (Distributing) launched on 31 January 2018.

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### “Member-Gets-Coffee Voucher” Campaign

Subject to the terms and conditions

From now till 11 November 2018, the first 1,000 individuals who successfully sign up as BEA Union Investment member will be offered a coffee voucher.



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

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### Fund Code

	ISIN	Bloomberg
A USD (Accumulating)	HK0000257458	BUCGAUA HK
A USD (Distributing)	HK0000257441	BUCGAUD HK
A HKD (Distributing)	HK0000257433	BUCGAHD HK
A RMB Hedged (Distributing)	HK0000375482	BUCGARH HK
A AUD Hedged (Distributing)	HK0000375474	BUCGAAH HK

Source of the fund data: BEA Union Investment Management Limited, as at 28 September 2018.

1. Source: Lipper, as at 28 September 2018. The quoted NAV is for A USD (Distributing) launched on 31 January 2018, performance is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is re-invested.
2. Annualised dividend yield = (dividend of September 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.

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