

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”)**

Positive Sentiment Returns

**Highlights:**

1. **Chinese onshore and offshore equity markets rallied strongly on positive news**
2. **The Fund remains selective in Chinese industrial stocks**
3. **Chinese easing measures should improve market sentiment in onshore bond market**

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 OutlookEquities

- China’s onshore and offshore equity markets rallied strongly in January. This is mainly driven by 1) the U.S Federal Reserve’s (Fed) softer tone on further U.S. rate hikes and the strengthening of the the renminbi, 2) a possible resolution of the U.S.-China trade conflict, 3) stimulating measures from the Chinese government in terms of consumption and tax cuts, 4) a benign onshore liquidity environment.
- In terms of sectors, healthcare stocks outperformed the market as some signals show that price cuts were contained to limited provinces. IT sector also led by the resumption of online games approval in China.
- Overall speaking, the market rebounded from a pessimistic sentiment, expectations have been reset and investors are looking for bottoming of corporate earnings.

Bonds

- Asian credit market opened robustly at the beginning of 2019 due to dovish Fed comments, fund inflows into emerging markets and China's easing policy. Asian bonds rebound strongly overall, especially the BBB-rated names.
- Chinese high yield property bonds rallied alongside other sectors, but to a slightly lesser extent, due to lower average duration and continuous new supply during the month. Chinese high yield industrial names were supported by a rebound in oil prices and revaluation of lower bond prices.

Investment Strategy

Equities

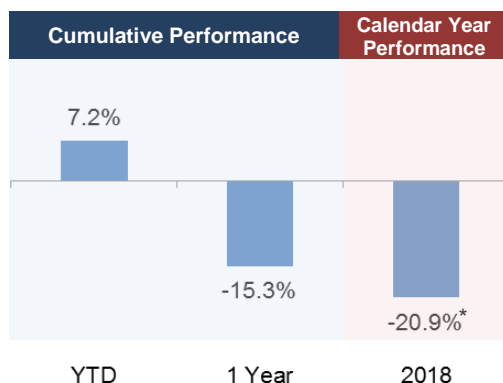
- The Fund remains selective in Chinese industrial names which set to benefit from the expansionary fiscal policy in China.
- We see investment opportunities in oil related companies in China due to the reduction in capex from U.S. producers.
- We stay cautious on the technology sector especially for the smartphone related supply chain due to weak consumer demand.

Bonds

- The Fund has been picking up bonds in the primary market, as we are seeing attractive new issue premiums. We have added to our position in longer-dated Chinese property names.
- We are also positive about China's onshore bond market as the People's Bank of China is expected to launch more easing measures to support the economy.

Fund Performance and Dividend

Performance¹ : A USD (Distributing)



Dividend

January 2019	Dividend per Unit	Annualised Dividend Yield ²
A USD (Distributing)	US\$ 0.033	5.1%
A HKD (Distributing)	HK\$ 0.330	5.1%
A AUD Hedged (Distributing)	AU\$ 0.032	5.1%
A RMB Hedged (Distributing)	RMB 0.390	6.1%

* Since launch till 31 December of the same year. A USD (Distributing) launched on 31 January 2018.

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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>

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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 31 January 2019.

1. Source: Lipper, as at 31 January 2019. 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 January 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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