

Important note:

1. BEA Union Investment China High Yield Income Fund (the "Fund") seeks to achieve medium to long term capital growth and regular income by primarily investing in high yield debt securities that are issued or guaranteed by entities which are incorporated in China or have significant operations in or assets in, or derive significant portion of revenue or profits from China.
2. The Fund may invest significantly in below investment grade or non-rated debt securities, including high yield bonds, which are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than higher rated securities.
3. The Fund's investments are concentrated in China. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
4. 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.
5. 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.
6. RMB is currently not freely convertible and is subject to foreign exchange control policies of the Chinese government. 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 RMB would adversely affect the value of investor's investment in the Fund.
7. The Fund may use certain financial derivative instruments for hedging and investment purposes, which may not achieve the intended purpose and may result in significant losses.
8. Investors should not make an investment decision based solely on this material.

BEA Union Investment **China High Yield Income Fund**

Chinese High Yield Property Bonds Show Solid Credit Fundamentals



Highlights:

1. **Chinese high yield property bonds perform resiliently with better credit fundamentals**
2. **Holding on to defensive short-dated bonds and higher level of cash in volatile market conditions**
3. **The Fund has achieved 3.2%¹ growth in 1 year**

Fund Features

- The Fund diversifies over 80 China high yield bonds.
- Selects quality China high yield bonds to target stable income and additional return.

Market Review and Outlook

Review of Interest Rate Market

- The U.S. Federal Reserve increased interest rates and raised the GDP forecast again in March, in line with the market's expectation. However, U.S. Treasury yields declined across the curve, as a potential trade war between the U.S. and China triggered risk-off sentiment.

Chinese High Yield Bonds

- Overall, the Chinese high yield bond market continued to soften in March, due to risk-off sentiment triggered by the potential trade war between the U.S. and China.
- Chinese high yield property bonds were relatively resilient due to their better credit fundamentals, while Chinese high yield industrial bonds underperformed.

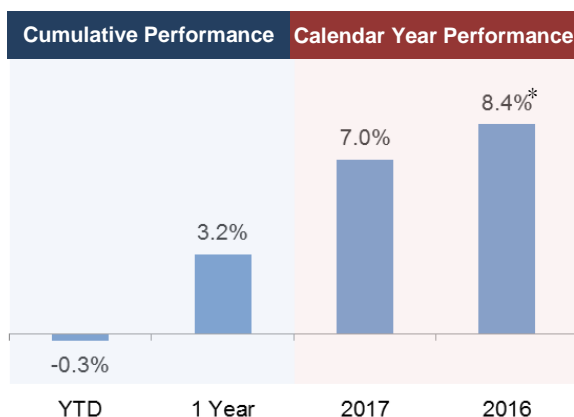
Investment Strategy

- The Fund remained strategically defensive in March. It further trimmed its exposure in higher beta commodity names and some property names with weaker credit quality.
- The Fund is holding on to more defensive short-dated bonds and a higher level of cash in response to volatile market conditions.
- The Fund increased its exposure in both onshore and offshore renminbi bonds in view of the uptrend of the Chinese currency, as well as the positive news about onshore Chinese government bonds and policy bank notes being included in the Bloomberg-Barclays Global Aggregate Index starting from April 2019.

Fund Performance and Dividend

Performance¹ : A USD (Distributing)

Dividend



March 2018	Dividend per Unit	Annualised Dividend Yield ²
A USD (Distributing)	US\$ 0.05770	6.7%
A HKD (Distributing)	HK\$ 0.57700	6.6%
A AUD Hedged (Distributing)	AU\$ 0.06910	8.2%
A RMB Hedged (Distributing)	RMB 0.75500	8.7%

Throughout most of the past 12 months, 100% of the Fund's dividends came from net distributable income.

* Since launch till 31 December of the same year. A USD (Distributing) launched on 22 April 2016.

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>

Recent Award



House Award,
Best-In-Class,
Asia Fixed Income³



Gold Winner,
Regional Bond (3 Years)⁴

Highly Regarded Award-Winning Fixed Income Team

- The fixed income professionals of BEA Union Investment Management Limited have been recognised as “One of the Astute Investors in Asian Local Currency Bonds (Hong Kong)⁵” in 2017 and “One of the Astute Investors in Asian G3 Bonds (Hong Kong)⁵” by the Asset in 2017.
- The company has been named “One of the Top Investment Houses in Asian G3 Bonds (Hong Kong)⁶” in 2017 and “One of the Top Investment Houses in Asian Local Currency Bonds (Hong Kong)⁶” in 2016 by The Asset, and “Best Fund House in Asia Fixed Income⁴” by BENCHMARK in 2017.
- The Asian Bond and Currency fund, managed by the same fixed income team, has won 29 fund awards⁷ since 2012.

Fund Code

	ISIN	Bloomberg
A USD (Distributing)	HK0000288032	BEACYAU HK
A HKD (Distributing)	HK0000288040	BEACYAH HK
A AUD Hedged (Distributing)	HK0000288057	BEACYAA HK
A RMB Hedged (Distributing)	HK0000288065	BEACYAR HK

Source of the fund data: BEA Union Investment Management Limited, as at 29 March 2018.

1. Source: Lipper, as at 29 March 2018. The quoted NAV is for A USD (Distributing) launched on 22 April 2016, 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 March 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.
3. Source: BENCHMARK, November 2017.
4. Source: Fund Selector Asia, performance as at 30 June 2017.
5. Source: The Asset, 2017 Research for Asian Local Currency Bonds, August 2017; 2017 Research for Asian G3 Bonds, October 2017.
6. Source: The Asset, 2017 Research for Asian G3 Bonds, October 2017; 2016 Research for Asian Local Currency Bonds, April 2016.
7. The fund has won 29 fund awards since 2012. Organisations which have granted awards to the fund include Asia Asset Management, AsianInvestor, BENCHMARK, Fund Selector Asia, FundsUPERMART.COM and Lipper.

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