

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 ("CHY")**

Looking to Add Chinese Property Bonds with Decent Valuations


Highlights:

1. **The Fund looks for opportunities to add Chinese high yield property bonds with decent valuations**
2. **Attractive new issue premiums in Chinese high yield segments**
3. **We remain cautious on privately-owned Chinese industrial names**

Fund Features

- The Fund diversifies over 50 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 reinforced a more dovish stance at a meeting of the Federal Open Market Committee in December 2018 and lowered the rate hike expectation for 2019. U.S. Treasury yields dropped as a result.

Chinese High Yield Bonds

- Chinese high yield property bonds continue to outperform as yields tightened for the B and BB-rated names. Chinese industrial bond yields rose further due to headline news and concerns about refinancing.
- We see attractive valuations across some higher-quality names after the market correction of the past few months. We are cautiously optimistic about emerging market currencies as a result of the lower rate hike expectations in the U.S.
- However, the course of trade talks between China and the U.S. is still a risk factor that may create market volatility. We still see a higher risk in privately-owned Chinese industrial names which have relatively tight onshore funding.

Investment Strategy

- The Fund continues to look for opportunities to invest in higher yielding names with decent valuations and better credit quality, such as Chinese property bonds.
- The Fund has been picking up bonds in the primary market, as we are seeing attractive new issue premiums in Chinese high yield segments.
- We are cautiously optimistic on emerging market currencies and looking for opportunities to add to our position in Asian local currency bonds.

Fund Performance and Dividend
Performance¹ : A USD (Distributing)

Dividend

December 2018	Dividend per Unit	Annualised Dividend Yield ²
A USD (Distributing)	US\$ 0.05990	7.5%
A HKD (Distributing)	HK\$ 0.60600	7.5%
A AUD Hedged (Distributing)	AU\$ 0.06090	8.0%
A RMB Hedged (Distributing)	RMB 0.69400	8.7%

* 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



One of the Top Investment Houses
in Asian G3 Bonds (Hong Kong)³



One of the Top Investment Houses
in Asian Local Currency Bonds
(Hong Kong)⁴



House Award,
Best-In-Class,
Asia Fixed Income⁵

Highly Regarded Award-Winning Fixed Income Team

- The fixed income professionals of BEA Union Investment Management Limited have been recognised by the Asset as “One of the Astute Investors in Asian G3 Bonds (Hong Kong)³” and “One of the Astute Investors in Asian Local Currency Bonds (Hong Kong)⁴” in 2018.
- The company has been named “One of the Top Investment Houses in Asian G3 Bonds (Hong Kong)³” and “One of the Top Investment Houses in Asian Local Currency Bonds (Hong Kong)⁴” in 2018 by the Asset, and “Best Fund House in Asia Fixed Income⁵” by BENCHMARK in 2017.
- The Asian Bond and Currency fund, managed by the same fixed income team, has won 34 fund awards⁶ 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 31 December 2018.

- Source: Lipper, as at 31 December 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.
- Annualised dividend yield = (dividend of December 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.
- Source: The Asset, 2018 Research for Asian G3 Bonds, October 2018.
- Source: The Asset, 2018 Research for Asian Local Currency Bonds, June 2018.
- Source: BENCHMARK, November 2017.
- The fund has won 34 fund awards since 2012. Organisations which have granted awards to the fund include Asia Asset Management, AsianInvestor, BENCHMARK, Fund Selector Asia, FundsSupermarket.com and Thomson Reuters 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.

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