BEA Union Investment

PRODUCT KEY FACTS

BEA Union Investment Series -
BEA Union Investment Asia Pacific Flexi Allocation Fund

30 April 2019

This statement provides you with key information about this product.
This statement is a part of the offering document.
You should not invest in this product based on this statement alone.

Quick facts

Manager:	BEA Union Investment Management Limited
Trustee:	Bank of East Asia (Trustees) Limited
Ongoing charges over a year:	Class A USD, Class A HKD and Class A RMB (Hedged) Units: 1.85% p.a.^ Class A AUD (Hedged) Units: 1.87% p.a.^ Class A NZD (Hedged) Units: 1.84% p.a.^ Class A RMB, Class A CAD (Hedged) and Class A GBP (Hedged) Units: 1.85% p.a.*
Dealing frequency:	Daily (Hong Kong business days)
Base currency:	US$
Dividend policy:	Class A (Accumulating), Class A RMB (Accumulating), Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating) and Class A RMB (Hedged) (Accumulating) Units: No dividends will be declared or distributed. Class A (Distributing), Class A RMB (Distributing), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units: Monthly distributions, if any, are discretionary and may be paid out of income and/or capital. Making distributions will reduce the net asset value of the relevant class of units.
Financial year end of this sub-fund:	31 December
Minimum investment:	Class A Units: US$: US$2,000 initial, US$1,000 additional HK$: HK$10,000 initial, HK$5,000 additional Class A RMB, Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged), Class A NZD (Hedged) and Class A RMB (Hedged) Units: US$2,000 initial (or its equivalent), US$1,000 additional (or its equivalent)

^ This figure is based on the ongoing expenses for the period ended 31 December 2018 and may vary from year to year.

* This figure is an estimate only and may vary from year to year. The figure is calculated based on the estimated ongoing expenses chargeable to the sub-fund expressed as a percentage of the sub-fund's estimated average net asset value.

What is this product?

BEA Union Investment Asia Pacific Flexi Allocation Fund (the "Sub-Fund") is a sub-fund of BEA Union Investment Series (the "Fund"), which is a unit trust established as an umbrella fund under the laws of Hong Kong.

Objective and Investment Strategy

Objective

The investment objective of the Sub-Fund is to seek long-term capital growth and income through investing in equity securities or debt securities, that are either (a) traded in the Asia Pacific region or (b) 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 equity securities and debt securities as described above are hereinafter referred to as "Equity Securities" and "Debt Securities", respectively. The Equity Securities and Debt Securities are collectively referred to as "Asia Pacific Securities".

Strategy

The Sub-Fund will invest at least 70% of its non-cash assets in Asia Pacific Securities. Up to 30% of its non-cash assets may be invested in non-Asia Pacific Securities. The Asia Pacific region includes emerging market countries as well as developed countries. Such region where the Sub-Fund may invest in, and include, but are not limited to, Hong Kong, China, Korea, Taiwan, Australia, New Zealand, Malaysia, Singapore, Indonesia, Thailand, Philippines, India and Pakistan.

The Sub-Fund adopts a flexible approach to allocate its assets actively between Equity Securities and Debt Securities in the Asia Pacific region upon assessing the macroeconomic conditions and conducting research on equity and bond markets.

Equity Securities that may be invested by the Sub-Fund include but are not limited to equities (e.g. ordinary shares and preferred shares), real estate investment trusts ("REITs"), Exchange Traded Funds ("ETFs") and managed funds. The Sub-Fund's investment in ETFs and REITs in aggregate is not expected to exceed 30% of its assets.

The Sub-Fund may also invest less than 30% of its assets in China A-Shares and/or China B-Shares directly (e.g. via the Stock Connects (as further described in Annex A of the Explanatory Memorandum)) or indirectly (i.e. investing in funds that invest in China A-Shares and/or China B-Shares).

Debt Securities will be primarily capital securities and preference shares with fixed income features, convertible, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, transferable notes, commercial paper, certificates of deposits of variable or fixed interest rates, listed, traded or dealt in regulated markets or exchanges, short term bills and notes, as well as managed funds. Debt Securities may be issued by government, quasi-government organisations, financial institutions, multi-national organisations and other corporations. The Sub-Fund may invest in investment grade Debt Securities (rated as Baa3 or above by Moody's Investor Services, Inc. or BBB- or above by Standard & Poor's Corporation or equivalent rating by other recognised rating agencies) as well as below investment grade and non-rated Debt Securities including high yield bonds that meet the standards as determined by the Manager. The Sub-Fund's investment in below investment grade and non-rated Debt Securities including high yield bonds in aggregate is not expected to exceed 20% of its assets.

The Sub-Fund will not invest more than 10% of its assets in securities issued by or guaranteed by any single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade. For the avoidance of doubt, such securities would not include "quasi-government" securities or securities issued or guaranteed by issuers which are separate legal entities having their own balance sheets and assets, while at the same time being government-owned or related entities.

Before investing in a debt security, the Manager will first consider the credit rating of the security itself, then the credit rating of the issuer if the debt security is not rated. If neither the debt security nor issuer is rated, the debt security will be classified as non-rated.

The Sub-Fund may also hold up to 30% of its assets in cash or cash equivalents.

The Manager may acquire financial futures contracts and currency forward contracts for hedging purposes to reduce risk and enhance asset value. The Manager may also acquire financial futures contracts for investment purposes consistent with the investment objective of the Sub-Fund. The net total aggregate value of contract prices in respect of futures contracts entered into other than for hedging may not exceed 20% of the total net asset value of the Sub-Fund.

The Sub-Fund will not invest in any asset backed securities, mortgage backed securities, structured deposits or products. The Manager currently does not intend to enter into any securities lending, repurchase or reverse repurchase transactions, or other similar over-the-counter transactions on behalf of the Sub-Fund.

What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.

1. **Investment risk**

   - The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore your investment in the Sub-Fund may suffer losses.

2. **Equity markets risk**

   - The Sub-Fund may invest in equities, REITs, ETFs and managed funds, and thus is subject to the risks generally associated with equity investments. Factors affecting the value of such securities include but not limited to changes in investment sentiment, political, economic and social environment, and liquidity and volatility in the investment market. Where equity markets are extremely volatile, the net asset value of the Sub-Fund may fluctuate substantially and investors may suffer substantial loss.

3. **Interest rates, credit and downgrading risks**

   - The Sub-Fund invests directly in debt securities, which are susceptible to interest rate changes and may experience significant price volatility. Any fluctuation in interest rates may have a direct effect on the income received by the Sub-Fund and its capital value. An increase in interest rate will generally reduce the value of debt securities.

   - If the issuer of any of the securities in which the Sub-Fund invests defaults or suffers insolvency or other financial difficulties, the value of such Sub-Fund will be adversely affected.

   - Investment grade securities invested by the Sub-Fund may be subject to the risk of being downgraded to below investment grade securities. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the Sub-Fund's investment value in such security may be adversely affected.

4. **Risks relating to below investment grade and non-rated securities including high yield bonds**

   - The Sub-Fund may invest in below investment grade or non-rated debt securities including high yield bonds. Such debt securities are generally subject to more risk and volatility than higher-rated securities because of reduced credit worthiness, liquidity and greater chance of default and can thereby expose the Sub-Fund to losses.

5. Liquidity risk

- The market for securities which are below investment grade or non-rated debt securities including high yield bonds generally is of lower liquidity and less active than that for higher rated securities and the Sub-Fund's ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by factors such as adverse publicity and investor perception.

6. Emerging markets risk

- The Sub-Fund may invest in or have exposure to securities in the emerging markets. Investments in the emerging markets tend to be more volatile than developed markets and may lead to a higher level of risks due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.

- The Sub-Fund may invest in securities in jurisdictions which impose control or restrictions on foreign exchange and repatriation of capital. Exchange control regulations and any changes in such regulations may cause difficulties in the repatriation of funds.

7. Risks associated with Stock Connects

- The relevant rules and regulations on Stock Connects are subject to change which may have potential retrospective effect. The programme is subject to quota limitations. Where a suspension in the trading through the Stock Connects is effected, the Sub-Fund's ability to invest in China A-Shares or access the PRC market through the programme will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

8. Diversification risk

- The Sub-Fund is likely to be more volatile than a broad-based fund, such as an ordinarily global equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the Asia Pacific region.

9. Currency risk

- The Sub-Fund is denominated in US dollars although it may be invested in whole or in part in assets quoted in other currencies such as Asian currencies. The performance of the Sub-Fund will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and US dollars.

10. Derivative risk

- The Sub-Fund may invest in financial futures contracts. Derivative instruments that are not traded on an exchange are subject to, among others, liquidity risk (i.e. the risk that the Sub-Fund may not be able to close out a derivative position in a timely manner and/or at a reasonable price) and counterparty risks (i.e. the risk that a counterparty may become insolvent and therefore unable to meet its obligations under a transaction). In addition, investments in these instruments generally involve higher volatility, and may result in a significant loss to the Sub-Fund.

- The Sub-Fund may use derivative instruments for hedging purposes which may not achieve the intended purpose. In an adverse situation, the Sub-Fund's use of derivative instruments may become ineffective in achieving hedging and may result in significant losses.

11. Effect of distribution out of capital

- The Manager may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Sub-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.

12. Currency hedging risk

- Adverse exchange rate fluctuations between the base currency of the Sub-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.

- The costs of the hedging transactions will be reflected in the net asset value of the currency hedged class units and therefore, an investor of such currency hedged class units will have to bear the associated hedging costs, which may be significant depending on prevailing market conditions.

13. Risks associated with RMB classes of units

- Investors may invest in RMB classes of 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. The Chinese government's policies on exchange control and repatriation restrictions are subject to change and the investors' investment in the RMB classes of units may be adversely affected.

- There is also no assurance that the RMB will not be subject to devaluation. Where the hedging transactions become ineffective, any devaluation of the RMB could adversely affect the value of investors' investments in the RMB classes of units.

- If investors are non RMB-based (e.g. Hong Kong) investors and convert other currencies into RMB so as to invest in the RMB classes of units and subsequently convert the RMB realisation proceeds and/or dividend payment (if any) back into other currencies, they may incur currency conversion costs and may suffer a loss if RMB depreciates against such other currencies.

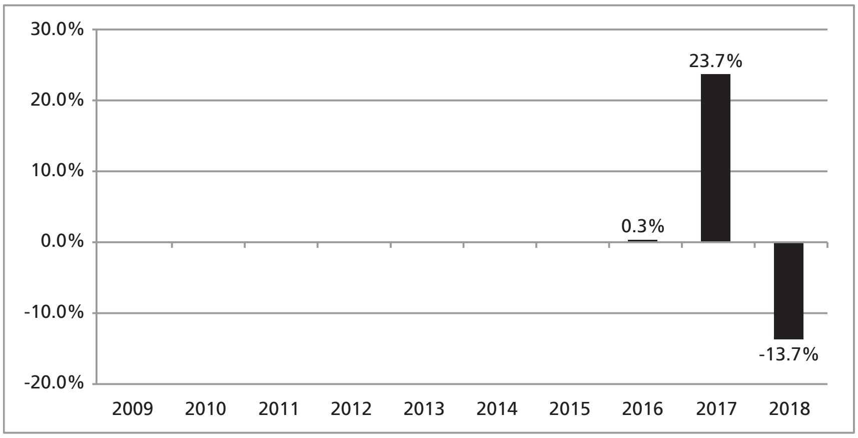
- When calculating the value of the RMB classes of units, reference to the CNH rate (i.e. the exchange rate for the offshore RMB market in Hong Kong) rather than the CNY rate (i.e. the exchange rate for the onshore RMB market) will be made and the value of the RMB classes of units thus calculated will be affected by fluctuations in the CNH rate. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessary have the same exchange rate and may not move in the same direction as CNY.

- In respect of the hedged RMB classes of units, the Manager may attempt to hedge the base currency of the Sub-Fund and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund back to RMB. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB classes of units may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses.

- Furthermore, there is no guarantee that the hedging strategy will be effective and you may still be subject to the RMB currency exchange risk which may apply to the non-hedged RMB classes.

- Whilst the hedging strategy may protect investors against a decline in the value of the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments relative to RMB, investors will not benefit from any potential gain in the value of the hedged RMB classes of units if the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund rise against RMB.
- The PRC government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market outside the PRC and make it impossible for the Sub-Fund to hold sufficient amounts of RMB outside the PRC to meet realisation requests and/or pay dividends in RMB. In particular, the Sub-Fund may not be able to get sufficient amounts of RMB in a timely manner to meet realisation requests of the RMB classes of units and/or pay dividends (if any) if all or a substantial portion of its underlying investments are non-RMB denominated.
- Even if the Sub-Fund aims to pay realisation proceeds and/or dividends to investors of the RMB classes of units in RMB, investors may not receive RMB upon realisation of their investments or receive dividend payments in RMB under extreme market conditions when there is not sufficient RMB for currency conversion. Under such circumstances, the Manager may pay realisation proceeds and/or dividends in USD. There is also a risk that payment of investors' realisation proceeds and/or dividends in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the realisation proceeds and dividends. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of units.

How has the Sub-Fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.
- These figures show by how much Class A USD (Distributing) Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in US$ including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund / Class A USD (Distributing) Units launch date: 2015

Is there any guarantee?

The Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

References to Class A Units include Class A RMB, Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged), Class A NZD (Hedged) and Class A RMB (Hedged) Units.

Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

Fee	What you pay
Subscription fee (Preliminary Charge)	Class A Units: up to 5% of issue price
Switching fee (Conversion Charge)	Up to 2.0% of issue price of new units
Redemption fee (Realisation Charge)	Class A Units: 0.5% of realisation price; but currently waived

Ongoing fees payable by the Sub-Fund

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the Sub-Fund's value)
Management Fee	Class A Units: 1.5% p.a.*
Trustee Fee	0.15% p.a.*
Performance Fee	N/A
Administration Fee	N/A
Registrar's Fee	0.015% – 0.05% p.a. subject to minimum of US$3,000 p.a.
Holders Servicing Fee	Class A Units: Nil*

Other fees

You may have to pay other fees and charges when dealing in the units of the Sub-Fund.

* You should note that these fees may be increased, up to a specified permitted maximum, by giving unitholders at least one month's prior notice. For details, please refer to the Explanatory Memorandum.

Additional Information

- You generally buy, redeem and switch units at the Sub-Fund's next-determined net asset value (NAV) after Authorised Distributor receives your request in good order on or before 4:00p.m. (Hong Kong time) on a Dealing Day. The Authorised Distributor(s) may impose an earlier cut-off time before the dealing deadline for receiving instructions for subscriptions, realisations or conversions. Investors should confirm the arrangements with the Authorised Distributor(s) concerned.
- The net asset value of the Sub-Fund is calculated on each Dealing Day, and the price of units is published on the Manager's website: www.bea-union-investment.com (this website has not been reviewed or authorised by the SFC).
- Investors may obtain information on BEA Union Investment Management Limited from the following website: www.bea-union-investment.com.
- Compositions of the distributions (if any) (i.e. the relative amounts/percentages paid out of (i) net distributable income and (ii) capital) for the last 12 months are available from the Manager on request and also on the following website: www.bea-union-investment.com. The Manager may amend the distribution policy subject to SFC's prior approval and by giving not less than one month's notice to investors.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.