BEA Union Investment

PRODUCT KEY FACTS
BEA Union Investment Series -
BEA Union Investment China A-Share Equity 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 and Class P Units: 2.11% p.a.^ Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged) and Class A NZD (Hedged) Units : 2.11% p.a.*
Dealing frequency:	Daily (Hong Kong and PRC business days)
Base currency:	US$
Dividend policy:	No dividends will be declared or distributed.
Financial year end of this sub-fund:	31 December
Minimum investment:	Class A Units: US$2,000 initial, US$1,000 additional Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged) and Class A NZD (Hedged) Units : US$2,000 initial (or its equivalent), US$1,000 additional (or its equivalent) Class P Units: US$250,000 initial, US$125,000 additional

^ 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 China A-Share Equity 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 by investing primarily in a diversified portfolio of securities of companies which have their principal place of business or key assets located in China or which derive a substantial part of their revenue from China.

Strategy

The Sub-Fund will primarily invest in equity securities and equity linked securities, including common stocks, preferred stocks, warrants, including but not limited to China A-Shares. In seeking to achieve its investment objective, the Sub-Fund will focus on active management by stock selection, timing, management of exposure and sector allocation.

The Sub-Fund will invest at least 70% of its total assets in China A-Shares listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange ("Equity Securities"), and not more than 30% of its total assets in Renminbi denominated government and corporate bonds ("RMB Bonds"), China B-Shares, China H-Shares, securities investment funds or collective investment schemes, warrants listed and traded on a stock exchange, initial public offerings, money market instruments and cash or cash equivalents in accordance with applicable investment restrictions.

Currently it is intended that the Sub-Fund will obtain exposure to Equity Securities and RMB Bonds primarily by using the qualified foreign institutional investor ("QFII") quotas of the Manager. In addition to the use of the QFII quotas of the Manager, the Sub-Fund may have direct exposure to certain eligible China A-Shares via the Stock Connects (as further described in Annex A of the Explanatory Memorandum) or other similar programs as approved by the relevant regulators from time to time.

The Sub-Fund will not invest in any urban investment bonds (城投債), bonds which are rated BB+ or below designated by PRC credit agencies or unrated bonds, or asset backed securities (including asset backed commercial papers).

The Manager may acquire financial futures contracts and currency forward contracts for the Sub-Fund for hedging and investment purposes. The net total aggregate value of contract prices in respect of futures contracts and currency forward contracts entered into other than for hedging may not exceed 20% of the total net asset value of the Sub-Fund, provided that the net total aggregate value of contract prices in respect of futures contracts entered into other than for hedging may not exceed 10% of the total net asset value 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 and market 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.
- The Sub-Fund invests directly or indirectly in equities and thus is subject to the risks generally associated with equity investment. Factors affecting the stock values include but not limited to changes in investment sentiment, political, economic and social environment and liquidity and volatility in the equity markets.

2. Concentration risk and risk of investing in China

- The Sub-Fund's investments are concentrated in China. This may result in greater volatility than portfolios which comprise broad-based global investments.
- Investing in China involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.

3. Risks associated with Stock Connects

- The Stock Connects is a programme novel in nature. The relevant regulations are untested and subject to change. The programme is subject to quota limitations which may restrict the Sub-Fund's ability to invest in China A-Shares through the programme on a timely basis and as a result, the Sub-Fund's ability to access the China A-Shares market (and hence to pursue its investment strategy) will be adversely affected. Where a suspension in the trading through the Stock Connects is effected, the Sub-Fund's ability to access the PRC market will be adversely affected. The PRC regulations impose certain restrictions on selling. Hence the Sub-Fund may not be able to dispose of holdings of China A-Shares in a timely manner. Also, a stock may be recalled from the scope of eligible stocks for trading via the Stock Connects. This may adversely affect the investment portfolio or strategies of the Sub-Fund, for example, when the Manager wishes to purchase a stock which is recalled from the scope of eligible stocks. Due to the differences in trading days, the Sub-Fund may be subject to a risk of price fluctuations in China A-Shares on a day that the PRC market is open for trading but the Hong Kong market is closed.

- Trading in securities through the Stock Connects may be subject to clearing and settlement risk. If the PRC clearing house defaults on its obligation to deliver securities/make payment, the Sub-Fund may suffer delays in recovery process or may not be able to fully recover its losses. Further, the Sub-Fund's investments through the Stock Connects are not covered by the Hong Kong's Investor Compensation Fund or the China Securities Investor Protection Fund (中國投資者保護基金) in the PRC.

- The Stock Connects requires the development of new information technology systems on the part of the stock exchanges and exchange participants and may be subject to operational risk. If the relevant systems failed to function properly, trading in both Hong Kong and the PRC markets through the programme could be disrupted. The Sub-Fund's ability to access the China A-Shares market (and hence to pursue its investment strategy) will be adversely affected.

4. QFII risk

- The Sub-Fund is subject to restrictions under QFII regulations, such as investment restrictions. The capacity of the Sub-Fund to make investments, and thus the value of the Sub-Fund, may be affected.

- The Sub-Fund is also subject to repatriation limits. Under such circumstances, payment of redemption proceeds may be delayed.

- The Manager's QFII status could be suspended or revoked, in which case the Sub-Fund may be required to dispose of its securities holdings. Further, the laws and regulations applicable to a QFII in China are subject to change which may take retrospective effect. These factors may adversely affect the liquidity and performance of the Sub-Fund.

- There can be no assurance that a QFII will continue to make available its QFII quota, or the Sub-Fund will be allocated a sufficient portion of QFII quota from the Manager to meet all applications for subscription to the Sub-Fund. The Sub-Fund's performance may therefore be affected due to limited investment capabilities, or the Sub-Fund may not be able to fully implement or pursue its investment objective or strategy.

5. RMB currency risk

- The Sub-Fund is denominated in US dollars and subscriptions monies and redemptions proceeds will be paid in US dollars. However, investments will be made through a QFII in RMB. The performance of the Sub-Fund may therefore be affected by movements in the exchange rate between US dollars and RMB.

- RMB is not a freely convertible currency, and is subject to foreign exchange control policies and restrictions, which may adversely affect the Sub-Fund's liquidity and performance. There is no guarantee that RMB will not depreciate.

6. Custodial risk and brokerage

- Securities investments made through a QFII will be maintained by a custodian bank appointed by the QFII pursuant to PRC regulations. The Manager in its capacity as a QFII has appointed Industrial and Commercial Bank of China Limited as the custodian in respect of the QFII securities. In addition, the execution and settlement of transactions or the transfer of any funds or securities may be conducted by brokers appointed by the QFII. If the QFII Custodian or the PRC Brokers default, the Sub-Fund may suffer substantial losses.

7. China tax risk

- The Sub-Fund may also be exposed to risks associated with changes in current Chinese tax laws, regulations and practice (which may have retrospective effect).

- The Manager currently intends to make provisions for any PRC taxes payable by the Sub-Fund on (i) interests from RMB Bonds and (ii) dividends derived from PRC Equity Securities (including China A-Shares acquired through the Stock Connects), at a rate of 10%, if the relevant tax is not withheld at source. Such provisions may be excessive or inadequate to meet the actual tax liabilities. In case of any shortfall between the provisions and actual tax liabilities, the Sub-Fund's asset value will be adversely affected. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such interest and dividends will be taxed, the level of provision and when they subscribed and/or redeemed their Units in/from the Sub-Fund.

8. Risk associated with investments in bonds

- The Sub-Fund's investments in bonds are susceptible to interest rate. Any fluctuation in interest rates may have a direct effect on the income received by the Sub-Fund and its value. The Sub-Fund's value will also be subject to the credit risk relating to the issuers. 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 the Sub-Fund will be adversely affected.

9. Derivative risk

- The Sub-Fund may invest in financial futures contracts and currency forward contracts. Investments in these instruments generally involve higher risks, which may result in a significant loss to the Sub-Fund. These risks include:

  - credit and counterparty risks, i.e., risk of default or insolvency of the issuers or counterparties of the instruments;

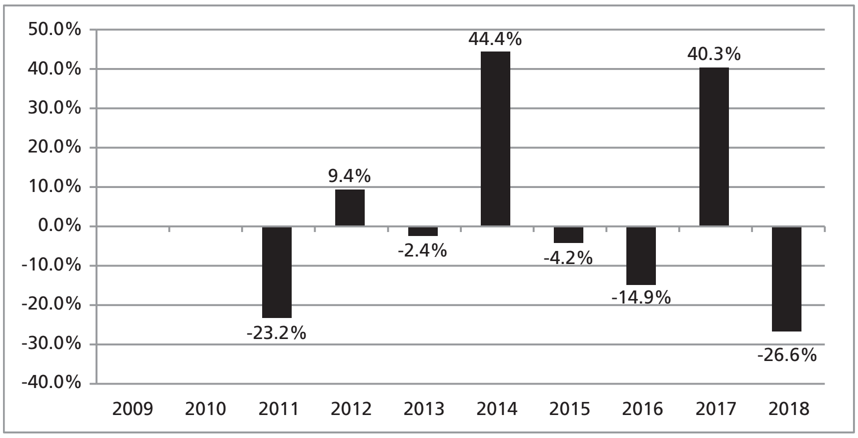
  - liquidity risk - if there is no active market for the instruments, in extreme market conditions, the Sub-Fund may have difficulty in selling the instruments or may be forced to sell at a substantial discount to market value,

  - volatility risk, i.e. risk of higher fluctuation in value of the instruments and thus that of the Sub-Fund.

10. 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.

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 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 Units launch date: 2010

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 AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged) and Class A NZD (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 Class P Units: up to 5% of issue price
Switching fee (Conversion Charge)	Not applicable
Redemption fee (Realisation Charge)	Class A Units: 0.5% of realisation price; but currently waived Class P Units: Nil

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 and Class P Units: 1.75% p.a.*
Trustee Fee	0.175% 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 and Class P 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 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.

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.