

**Important note:**

1. BEA Union Investment Asia Pacific Flexi Allocation Fund (the "Fund") seeks to achieve long-term capital growth and income by investing in equity securities or debt securities that are either traded in the Asia Pacific region or 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.
2. The Fund invests in emerging markets and may be subject to higher liquidity and volatility risks.
3. The Fund invests directly in REITs, equities, ETFs and managed funds, and is thus subject to the risks generally associated with such asset classes, including but not limited to liquidity of the asset class, changes in investment sentiment, political environment, economic, business and social conditions in the Asia Pacific region.
4. The Fund may invest in below investment grade or non-rated debt securities including high yield bonds, which are subject to greater credit and liquidity risks than higher-rated securities.
5. 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.
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. Investors may invest in RMB (Hedged) 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. There is also no assurance that the RMB will not be subject to devaluation. Any devaluation of the RMB could adversely affect the value of investors' investments. There is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk.
8. The Fund may enter into futures contracts for hedging and investment purposes. Given the leverage effect embedded in futures contracts, the Fund may be exposed to significant losses.
9. Investors should not make an investment decision based solely on this material.

## BEA Union Investment Asia Pacific Flexi Allocation Fund ("AFA")

### Taiwan IT Stocks Benefited from Delaying U.S. Tariff


**Highlights:**

1. Taiwan IT stocks benefited from delaying U.S. tariff
2. The Fund has taken profit and reduces its overall exposure to equities
3. We take a more defensive approach for the Asian bond portfolio

**Fund Features**

- The Fund is an Asia Pacific equity-biased mixed-asset income fund, which invests in a prudent selection of blue-chip stocks with stable earnings and dividend growth potential.
- The Fund captures Asia Pacific blue chips' appreciation potential using a strategy of lower volatility, it employs flexible allocation in Asia Pacific bonds to enhance returns and diversify portfolio risks.

**Market Review and Outlook**
Equities

- The MSCI Asia Pacific ex Japan Index retreated further in August due to escalation of trade war, political tension in Hong Kong and concerns on recession.
- Both onshore and offshore China market were down in August, selling pressure mainly due to additional tariffs on Chinese goods implemented by the U.S. and sharp correction of renminbi.

- Hong Kong equity market plunged significantly in August as social turmoil continued and growth uncertainty increased as a result of trade tensions between the U.S. and China intensified.
- Taiwan recorded a slightly negative return and was one of the best performing market in the region in August. Taiwan equity market was led by the IT sector which managed to reverse losses following the delay in tariff implementation by the U.S.

#### Bonds

- In terms of Asian investment grade bonds, credit spreads were widening as market expected hefty supply of new issue in September, but the widening remained manageable.
- In August, overall Asian high yield market weakened due to escalation of the U.S.-China trade war, weakening commodity prices and further tightening of housing policy in China. In terms of sectors, financials and Indian utilities outperformed the most with stable returns, while Indonesian metal and mining sector was the most underperformed.

### Investment Strategy

#### Equities

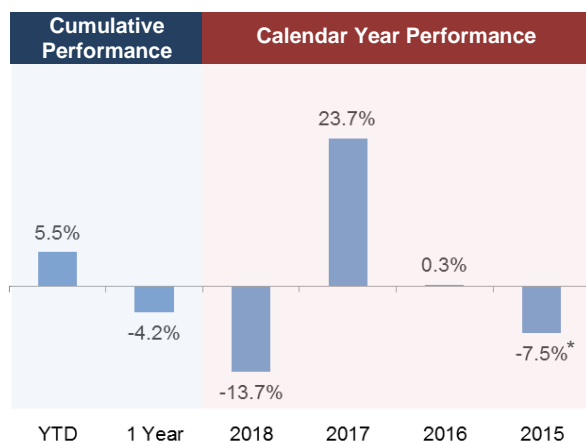
- We remain cautious and risk adverse, we are mindful of moderating global growth and earnings revision. We have taken profit and trimmed our overall exposure on equities.
- In terms of geographical allocation, the Fund has reduced its weighting in China, Hong Kong and Australia.
- In terms of sectors, we have strong preference for the defensive, domestically oriented and companies with strong free cash flow and potential capital returns.

#### Bonds

- In terms of Asian investment grade bonds, the Fund continues to slightly overweight the portfolio's duration. We take a more defensive position for the portfolio and slightly underweight Hong Kong and China's investment grade bonds.
- In terms of Asian high yield bonds, the Fund will position modestly defensive and maintains a slightly lower level of higher beta and longer duration bonds in view of the tightening Chinese onshore liquidity, restrictions on the Chinese property market and evolving development of the trade talk.

### Fund Performance and Dividend

#### Performance<sup>1</sup> : A USD (Distributing)



#### Dividend

August 2019	Dividend per Unit	Annualised Dividend Yield <sup>2</sup>
A USD (Distributing)	US\$ 0.029	3.8%
A HKD (Distributing)	HK\$ 0.290	3.8%
A AUD Hedged (Distributing)	AU\$ 0.023	3.4%
A RMB Hedged (Distributing)	RMB 0.310	4.1%
A NZD Hedged (Distributing)	NZD0.023	3.4%

\* Since launch till 31 December of the same year. A USD (Distributing) launched on 6 February 2015.

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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)	HK0000224250	BEAPUA HK
A USD (Distributing)	HK0000224201	BEAPUI HK
A HKD (Distributing)	HK0000224219	BEPAHI HK
A AUD Hedged (Distributing)	HK0000224227	BEPAUH HK
A RMB Hedged (Distributing)	HK0000224235	BEAFARH HK
A NZD Hedged (Distributing)	HK0000224243	BEAPANH HK

Source of the fund data: BEA Union Investment Management Limited, as at 31 August 2019.

1. Source: Lipper, as at 31 August 2019. The quoted NAV is for A USD (Distributing) launched on 6 February 2015, 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 August 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.

Issuer: BEA Union Investment Management Limited