

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 is subject to equity markets risk such as changes in investment sentiment, economic conditions and issuer-specific factors which may adversely affect the fund value.
4. The Fund invests in debts or fixed income securities are exposed to interest rates, credit/counterparty, downgrading, volatility and liquidity, valuation and sovereign debt and credit rating risks which may adversely affect the price of the debt securities.
5. The Fund may invest in below investment grade or non-rated debt securities which are subject to greater volatility and liquidity risks than higher-rated securities.
6. The Fund is exposed to concentration risk in Asia Pacific region and may be more volatile than in a more diverse portfolio of investment.
7. The manager may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Fund. 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.
8. 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 the currency hedged class units will be hedged at all times or that the manager will be successful in employing the hedge.
9. RMB is currently not a freely convertible currency as it is subject to exchange controls and restrictions. 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 the RMB could adversely affect the value of investors’ investments.
10. The Fund may acquire financial derivative instruments for hedging and investment purposes. Given the leverage effect embedded in financial derivative instruments, the Fund may be exposed to significant losses.
11. Investors should not make an investment decision based solely on this material.

BEA Union Investment Asia Pacific Flexi Allocation Fund (“AFA”)

Chinese Information Technology and Healthcare Stocks Outperform



Highlights:

1. Chinese information technology and healthcare stocks outperform the market
2. Rotation trade into value stocks boosts Hong Kong financial and property stocks
3. Chinese high yield property bonds continued to record a positive return

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 relatively 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 potential and diversify portfolio risks.

Market Review and Outlook

Equities

- Asian equities rallied in June, Hong Kong and China were the outperformers. In China, information technology and healthcare sectors outperformed due to the strong tilt for the new economy exposures and localisation theme.
- The financials and properties were the leading sectors in the Hong Kong stock market, and the positive catalyst was the rotation into value stocks in the banking and property sectors. At the same time, the strong southbound inflows also helped support the market rally.

- We expect the market to remain volatile amidst geopolitical risks and trade negotiations. However, the central banks' easing and policy stimulus may provide near term support and investment opportunities.

Bonds

- In terms of Asian high yield bonds, Chinese high yield property sector continued to record a positive return. Recovery is on track for contract sales. The valuation of Chinese high yield property bonds had trended closer to the pre-sell-off level in March.
- In terms of Asian investment grade bonds, despite a hefty supply of new issuance, the overall market continued to hold up well. We expect Asian investment grade credits to remaining solid, and credit spreads mildly tighten on the back of the constructive and stable backdrop.

Investment Strategy

Equities

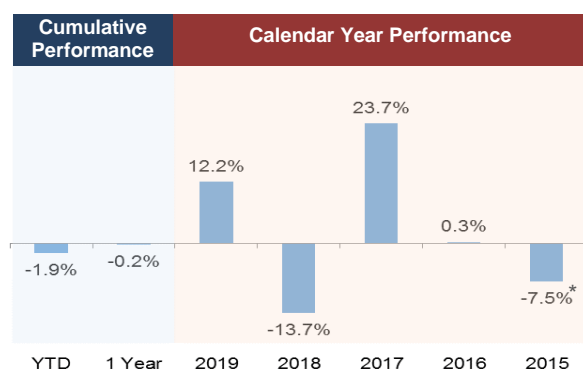
- The Fund took profit from Malaysia and added into Australia and Hong Kong. In terms of sector, we took profit from healthcare and added to materials and financials.
- We remain cautious and are mindful of global economic slowdown, earnings revision, policy measures and volatile sentiments. We prefer global leaders which are defensive, beneficiaries of localisation and structural growth theme, with high-quality earnings, strong free cash flow and strong balance sheet.

Bonds

- The Fund has switched into laggards and added into the metal and mining sector to capture the recovery of commodity prices. At the same time, the Fund increased its exposures in emerging market sovereign and quasi-sovereign bonds to capture the increasing inflows to the region.
- In terms of investment grade bonds, we remain neutral in duration. We continue our overweight position in China and Indonesia, while investment in India remained underweight.

Fund Performance and Dividend

Performance¹ : A USD (Distributing)



Dividend

| June 2020 | Dividend per Unit | Annualised Dividend Yield ² |
|-----------------------------|-------------------|--|
| A USD (Distributing) | US\$ 0.025 | 3.6% |
| A HKD (Distributing) | HK\$ 0.250 | 3.6% |
| A AUD Hedged (Distributing) | AU\$ 0.019 | 3.1% |
| A RMB Hedged (Distributing) | RMB 0.320 | 4.7% |
| A NZD Hedged (Distributing) | NZD 0.021 | 3.4% |

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

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>

Fund Code

| | ISIN | Bloomberg |
|-----------------------------|--------------|-----------|
| A USD (Accumulating) | HK0000224250 | BEAPUA HK |
| A USD (Distributing) | HK0000224201 | BEAPUI HK |
| A HKD (Distributing) | HK0000224219 | BEAPAI HK |
| A AUD Hedged (Distributing) | HK0000224227 | BEAPUH HK |
| A RMB Hedged (Distributing) | HK0000224235 | BEAFAR HK |
| A NZD Hedged (Distributing) | HK0000224243 | BEAPAN HK |

Source of the fund information: BEA Union Investment Management Limited, as at 30 June 2020.

1. Source: Lipper, as at 30 June 2020. 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 June x 12) / last month end NAV x 100%. Please refer to the dividend notice available on website for dividend composition information and details. 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