

Important note:

1. BEA Union Investment China Gateway Fund (the "Fund") seeks medium to long term capital growth and income through investing primarily in equity securities and/or debt securities, that are either (a) traded in China or (b) issued by entities incorporated in China or entities which have significant operations in or assets in, or derive significant portion of revenue or profits from China.
2. The Fund's investments are concentrated in China and may be subject to high concentration risk and more volatility than that of funds having a more diverse portfolio of investment. The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the China market.
3. The Fund invests in debts or fixed income securities are exposed to interest rates, credit/counterparty, downgrading, volatility and liquidity, valuation and sovereign debt, credit rating risks and credit rating agency risk (for mainland China onshore debt securities) which may adversely affect the price of the debt securities.
4. 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's value.
5. The Fund invests in emerging markets and may be subject to higher liquidity and volatility risks.
6. The Fund is subject to China tax risk and any increased tax liabilities on the Fund may adversely affect the Fund's value.
7. The Fund may invest in below investment grade, or rated BB+ or below by a China credit rating agency, or non-rated debt securities, which are subject to greater volatility and liquidity risks than higher-rated debt securities.
8. The Fund may invest in China A-Shares via Stock Connects, China interbank bond market via Foreign Direct Access Regime and/or Bond Connect which are subject to regulatory risks and various risks such as quota limitation (for Stock Connects), volatility risk, liquidity risk, settlement and counterparty risk. Change in the relevant rules and regulations may have potential retrospective effect. When there is suspension in trading, the Fund's ability to invest in the China market may be adversely affected.
9. 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. Any such distributions may result in an immediate reduction of the net asset value per unit.
10. 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.
11. 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.
12. 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.
13. The Fund may invest in other funds that may not be regulated by the SFC. There is no guarantee that the underlying funds will also have sufficient liquidity to meet the Fund's redemption request.
14. Investors should not make an investment decision based solely on this material.

BEA Union Investment **China Gateway Fund ("CGF")**

Internet and Healthcare Stocks Outperform the Market

*Highlights:*

- 1. Internet and healthcare stocks outperform the market during epidemic outbreak**
- 2. Chinese high yield bonds have recovered from recent correction**
- 3. The Fund has trimmed cyclicals and consumption-related stocks**

Fund Features

- A one-stop solution for investing in Chinese stocks and bonds. Access to onshore and offshore investment channels, providing a way to fully capture investment opportunities in Chinese stocks and bonds.
- Flexible allocation in stocks and bonds to balance risk and return.

Market Review and Outlook
Equities

- In January, Hong Kong equities plunged due to the coronavirus outbreak. The Hong Kong government announced closure of several border checkpoints with China in order to ward off the spread of virus. China also suspended issuing the Individual Visit Scheme (IVS) permits for Hong Kong and Macau in 49 cities. Hong Kong properties and Macau casino stocks led the decline, while defensive sectors including telecom and utilities outperformed.
- In A-share markets, cyclical sectors, such as properties, energy and materials, underperformed the most, while internet and healthcare stocks outperformed the market.

Bonds

- Chinese high yield bonds started strongly at the beginning of January. However, coronavirus outbreak in the last week of the month triggered sell-off in the market, after which we saw bond prices recovered from the correction.
- In terms of sectors, Chinese financial names outperformed because they were less impacted by the disease on a fundamental basis. On the other hand, Chinese property and Macau gaming names underperformed as their operations were more affected.

Investment Strategy
Equities

- The Fund has trimmed cyclicals and consumption-related companies which are more affected by the coronavirus. We increased the cash level of the portfolio and shorted the index futures to shelter from the short-term risk.
- Regarding the virus impact as short-term, we remain relatively constructive on the market and look for opportunities to add quality names with secular growth trend.
- For IT sector, we became more cautious on the hyper-expectations on 5G demand by investors and have started to trim related component names. For healthcare sector, we have been accumulating names that benefit from import substitution and outsourcing services from hospital.

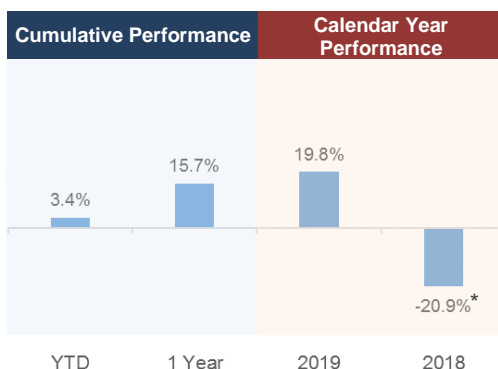
Bonds

- The Fund will position constructively and maintains a balanced level of higher beta and longer duration bonds given the epidemic and policy measures to support the economy.
- At the same time, the Fund continues to look for opportunities to pick up names with attractive valuation and continue to diversify across sectors.

Fund Performance and Dividend

 Performance¹ : A USD (Distributing)

Dividend



January 2020	Dividend per Unit	Annualised Dividend Yield ²
A USD (Distributing)	US\$ 0.029	4.0%
A HKD (Distributing)	HK\$ 0.290	4.0%
A AUD Hedged (Distributing)	AU\$ 0.023	3.3%
A RMB Hedged (Distributing)	RMB 0.340	4.8%

* Since launch till 31 December of the same year. A USD (Distributing) launched on 31 January 2018.

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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)	HK0000257458	BUCGAUA HK
A USD (Distributing)	HK0000257441	BUCGAUD HK
A HKD (Distributing)	HK0000257433	BUCGAHD HK
A RMB Hedged (Distributing)	HK0000375482	BUCGARH HK
A AUD Hedged (Distributing)	HK0000375474	BUCGAAH HK

Source of the fund information: BEA Union Investment Management Limited, as at 31 January 2020.

1. Source: Lipper, as at 31 January 2020. The quoted NAV is for A USD (Distributing) launched on 31 January 2018, 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 January x 12) / last month end NAV x 100%. Please refer to 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.

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