

**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 is subject to general investment risk, China market concentration risk, equity market risk, asset allocation risk, risks associated with stock connects, risks associated with China interbank bond market, China tax risk, risks of investing in other funds, emerging market risk and currency risk.
3. The Fund invests in debts securities and is subject to risks in interest rates, credit/counterparty, downgrading, below investment grade and non-rated securities, volatility and liquidity, valuation and sovereign debt, credit rating and credit rating agency risk, which may adversely affect the price of the debt securities.
4. 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.
5. 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.
6. 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.
7. The Fund may use financial derivative instruments for hedging and investment purposes which may not achieve the intended purpose and may result in significant losses. Risks associated with derivative instruments include counterparty/ credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk.
8. Investors should not make an investment decision based solely on this material.

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

### Chinese Healthcare Stocks Outperform the Market


**Highlights:**

- 1. China has the pandemic largely under control**
- 2. Chinese healthcare stocks outperform the market due to a positive outlook**
- 3. Policy easing and fiscal measures allow ample liquidity in the bond market**

**Fund Features**

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

**Market Review and Outlook**
**Equities**

- In April, equity markets rebounded from oversold levels and pared some of the earlier losses as liquidity injection by central banks began to filter through to asset markets. The stimulus packages announced in different countries also boosted market sentiment.
- China and Hong Kong equities experienced a sharp rally in April as China has the pandemic largely under control and economic activities gradually resumed. In China, recovery were seen in consumption and infrastructure investments. The healthcare sector had outperformed the market as investors expect online medical consultation would be widely adopted after the pandemic. The financial sector and energy stocks underperformed the market due to low interest rates and oil price fluctuation.
- Hong Kong reported very few or zero local COVID-19 new cases in a single day in the last couple of weeks. The government has resumed most of the public services since early May. Macau gaming stocks led the rebound in hopes of loosening travel curbs. Local retail stocks also performed well in the month.

### Bonds

- Chinese high yield property names led the gains in April on the back of the reviving property market. Chinese industrial names continued to underperform the market as a result of idiosyncratic risk and more selling pressure.
- The signs of stabilisation in the pandemic and gradual lifting of lockdowns will support economic recovery. Government policy easing and fiscal measures will allow ample liquidity in the markets. The tug of war between the U.S. and China could be the most significant swing factor amid the recovery of bond markets.

### Investment Strategy

### Equities

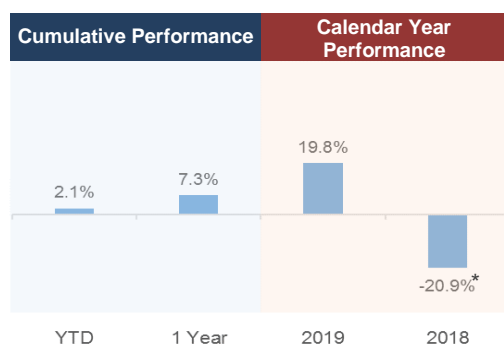
- The spread of COVID-19 gets gradually under control. The market focus has been shifting to the reopening of the economy.
- The cash position of the Fund has been lowered, and we have added to potential beneficiaries of recovery or normalisation of economy, such as Macau gaming, transportation, property and auto manufacturing sectors. We have also added to large-cap Taiwanese technology companies following the market correction.
- We have locked in profits from recent outperformers such as internet stocks, while overweight consumer discretionary and industrial sectors. The financial sector remains our key underweight due to low interest rate environment.

### Bonds

- We are cautiously optimistic towards Chinese high yield bonds as economic activities gradually resume; ample liquidity returns to the market, and the government's policy remains supportive.
- The Fund has reduced the overall risk level and trimmed the weaker names. At the same time, the Fund has been diversified into investment grade bonds with new issue premium in the primary market.

### Fund Performance and Dividend

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



Dividend

April 2020	Dividend per Unit	Annualised Dividend Yield <sup>2</sup>
A USD (Distributing)	US\$ 0.025	3.7%
A HKD (Distributing)	HK\$ 0.250	3.7%
A AUD Hedged (Distributing)	AU\$ 0.021	3.2%
A RMB Hedged (Distributing)	RMB 0.300	4.5%

\* 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 30 April 2020.

1. Source: Lipper, as at 30 April 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 April 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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