

Important note:

1. BEA Union Investment Global Flexi Allocation Fund (the "Fund") seeks to achieve medium to long term capital growth and income through investing in a diversified portfolio consisting of global equity securities and/or debt securities in global markets.
2. The Fund invests in emerging markets and may be subject to higher liquidity and volatility risks.
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 and credit rating risks 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 value.
5. The Fund may invest in below investment grade and non-rated debt securities, which are subject to greater volatility and liquidity risks than higher-rated securities.
6. 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.
7. 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.
8. 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.
9. 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.
10. Investors should not make an investment decision based solely on this material.

BEA Union Investment Global Flexi Allocation Fund ("GFA")

★★★★
Morningstar Overall Rating¹

The Fund Adds Allocation in Global Equities

Highlights:

1. **The credit spread for global investment grade bonds tightens**
2. **Global monetary policies keep equities afloat**
3. **The Fund adds allocation in global equities**

Fund Features

- The Fund is a one-stop solution for global equity and bond investment.
- Prudent selection of relatively stable, global large-cap equities with capital appreciation potential. Flexible allocation across Asian high yield bonds and global investment grade corporate bonds.

Market Review and Outlook
Bonds

- In May, the COVID-19 pandemic is further controlled in Europe as new infection rate continued to drop, while daily new cases in the U.S. and India remained at a high level. Many countries announced the gradual lifting of lockdown, the hope for reopening boosted investor sentiment in the bond market.
- The credit spread for global investment grade bonds tightened as a result of risk-on sentiment. In May, the higher beta names outperformed the lower beta names on catch-up trade. We expect the credit spread for the higher quality names to remain stable and further spread compression between the higher and lower quality names.
- In terms of Asian high yield bonds, the market saw strong inflows in May. India and Indonesia announced policy support amounted to 10% and 3.9% of the GDP respectively, Indian and Indonesian non-bank financial institution and commodity names outperformed as a result of policy support and recovery of commodity prices. Chinese property names extended their gains, despite at a smaller magnitude.

Equities

- In May, risk-on sentiment in the equity market continued as economic activities started to resume, small and mid-cap companies outperformed the market.
- Despite the dimmer economic outlook and surging unemployment rate, central banks' monetary policies kept equities afloat. The U.S. Federal Reserve started buying corporate bonds and eligible ETFs as part of its emergency lending programs.
- The renewed friction between the U.S. and China had little impact on global equities. In terms of sectors, information technology continued to outperform, materials and industrials were also the beneficiaries of improving risk appetite, while consumer staples and energy lagged.

Investment Strategy

Bonds

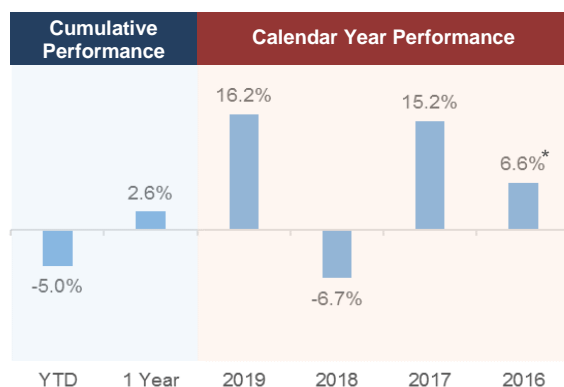
- In terms of global investment grade bonds, we look to increase the higher beta names and reduce duration to slightly underweight. At the same time, we look to take profit from the strong rally in the Middle East market.
- We are modestly optimistic towards Asian high yield bonds as economic activities resume globally; ample liquidity returns to the market, and governments' policy remains supportive. We will rotate into sectors with attractive valuations and maintain the liquidity level in the portfolio.

Equities

- The Fund added allocation in global equities to about 36% in May. From a regional perspective, we slightly overweight in North America while underweight Europe and Japan. In terms of sectors, we overweight consumer staples and technology, while underweight communication services and industrials.

Fund Performance and Dividend

Performance² : A USD (Distributing)



Dividend

May 2020	Dividend per Unit	Annualised Dividend Yield ³
A USD (Distributing)	US\$ 0.03820	4.5%
A HKD (Distributing)	HK\$ 0.38000	4.5%

* Since launch till 31 December of the same year. A USD (Distributing) launched on 27 January 2016.

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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 (Distributing)	HK0000273588	BUGFAUD HK
A HKD (Distributing)	HK0000273596	BUGFAHD HK

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

1. Source: ©2020 Morningstar. All Rights Reserved. Data as of 31 May 2020. The rating is for A USD (Distributing).
2. Source: Lipper, as at 31 May 2020. The quoted return is for A USD (Distributing) launched on 27 January 2016. Performance is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is re-invested.
3. Annualised dividend yield = (dividend of May 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.

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