

- 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.
- The Fund invests in emerging markets and may be subject to higher liquidity and volatility risks.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- Investors should not make an investment decision based solely on this material.

BEA Union Investment Asia Pacific Flexi Allocation Fund
《 Increased Exposure in Defensive Equities 》
 25 September 2017



- Highlights:**
- The Fund has achieved 18.1%¹ YTD and 11.6%¹ in 1 year
 - Annualised dividend yield for A USD (Distributing) of 4.9%²
 - The Fund added high quality stocks to increase the portfolio’s defensiveness

Q1: How has the BEA Union Investment Asia Pacific Flexi Allocation Fund (“the Fund”) performed recently? What were the latest annualised dividend yields?

A1: The Asia Pacific stock markets have performed decently since the beginning of the year. **The Fund has achieved 18.1%¹ year-to-date, and 11.6%¹ in 1 year.**

Fund Performance	YTD	1 Year
A USD (Distributing)	18.1% ¹	11.6% ¹

In August, annualised dividend yield for A USD (Distributing) and A HKD (Distributing) were 4.9%² and 4.8%² respectively; that of A RMB Hedged (Distributing) was 6.8%². **The Fund can provide investors with a stable dividend income and capital appreciation.**

BEA Union Investment seeks to distribute the dividend from net distributable income. Net distributable income means interest income net of fees and expenses, and net realised gains. **Starting from the beginning of 2017, 100% of the Fund's dividends came from net distributable income.**

August 2017	Dividend per Unit	Annualised Dividend Yield ²
A USD (Distributing)	US\$ 0.04000	4.9%
A HKD (Distributing)	HK\$ 0.40000	4.8%
A AUD Hedged (Distributing)	AU\$ 0.05000	6.4%
A RMB Hedged (Distributing)	RMB 0.57000	6.8%
A NZD Hedged (Distributing)	NZD 0.05500	7.0%

Q2: What is the fund manager's view of the stock market outlook?

A2: Equity markets have done very well year-to-date, which we believe the strength will continue due to favourable liquidity conditions caused by low inflation expectations and positive earnings revisions. Despite Asia's slowdown in economic growth over the past 5 years, **expectation of sluggish growth is bottoming and corporate earnings are being revised upward.** Asia is still underinvested at present, and current valuations do not reflect growth. **We remain positive on Asian equities for the rest of the year.**

Q3 : How has monetary policy tightening by the U.S. Federal Reserve ("Fed") and European Central Bank ("ECB") impacted the Asian bond markets?

Q3 : The economic bounce-back in the U.S. and E.U. has provided the right conditions for central banks to normalise interest rates and reduce balance sheets on a gradual basis, which may cause some short-term volatility for Asian bonds and currencies. The heightened geopolitical risk in Northeast Asia will continue to create some uncertainty in the medium term. However, **Asian bond markets will also continue to be supported by 1) the region's strong investor base, 2) the improved economic strength of Asian sovereigns, and 3) the accommodative stance of Asian policy makers.**

Q4: What is the current investment strategy of the Fund?

A4: We believe **investors should look for investment opportunities which can deliver long-term stable returns and better downside protection, while focusing more on quality names and equity markets in the Asia Pacific region.** In the last month, the Fund has increased its equities exposure to 73%, with the remaining 27% being in bonds and cash.

In terms of equities, the Fund has tactically invested in the IT sector. At the same time, the Fund switched into some high quality names during the market pull back in order to increase its defensiveness. We have reduced investments in Australia's financial sector due to concerns about its outlook.

Meanwhile in bonds, the Fund remains neutral on duration as we expect U.S treasury yields to stay range-bound. The Fund has tactically participated in investment grade and high yield new issues with capital appreciation potential.

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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 2017.

1. Source: Lipper, as at 31 August 2017. The quoted return is for A USD (Distributing), performance is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is re-invested. Past performance for A USD (Distributing): YTD: 18.1%, 2016: 0.3%, since launch till 31 December 2015: -7.5%. A USD (Distributing) was launched on 6 February 2015.
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.
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