

## 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 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. Investors should not make an investment decision based solely on this material.

## BEA Union Investment Asia Pacific Flexi Allocation Fund

★★★★  
Morningstar Overall Rating<sup>1</sup>

### Increased Exposure in Defensive Stocks to Reduce Portfolio Risk



#### Highlights:

1. The Fund's investment strategy remains cautious amid continued market volatility
2. Increase weighting in the healthcare and consumer staples stocks to reduce risk
3. The Fund has risen 6.5%<sup>2</sup> in 1 year

#### 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 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 and diversify portfolio risks.

#### Market Review and Outlook

##### Equities

- Chinese onshore and offshore equity markets both fell in June due to the risk-off sentiment triggered by escalating U.S.-China trade tensions.
- The Australian market enjoyed another strong month in June, with its energy sector outperforming as a result of higher oil prices. The nation's quarterly GDP figures are above market expectation, driven mainly by export growth.
- Taiwan's equity index ended flat in June. The Taiwan dollar weakened sharply due to the strengthened U.S. dollar and net capital outflows. In terms of sectors, consumer and oil were the most resilient, while technology remained weak.

### Bonds

- 10-year U.S. Treasury yields remained largely range-bound at around 2.85% to 3% in June and were still flat at 2.86% at the end of June. This was largely due to risk-off sentiment and a halt in hawkish statements from the Federal Reserve.
- Asian high yield bonds underperformed in June due to risk-off sentiment in the market, while Asian investment grade bonds outperformed given the stabilisation of U.S. Treasury yields and the mild spread widening.

### Investment Strategy

### Equities

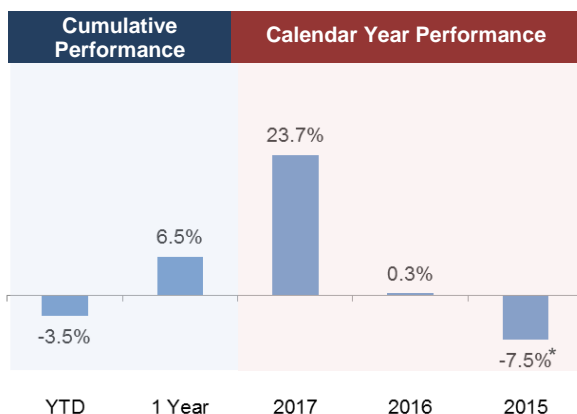
- The Fund remains its cautious positions amid continued market volatility. We have reduced our positions in Chinese A shares, and trimmed exposure in Singapore and Thailand.
- The Fund has reduced its exposure in the technology, banking, and consumer discretionary sectors, while increasing its investment in defensive sectors, including healthcare and consumer staples.

### Bonds

- The Fund continues to maintain a bond weighting of between 20% and 30%. In terms of duration, we have most of the underweight positions covered and are moving towards a neutral stance in response to trade war tensions.
- We expect U.S. Treasuries will continue to be well supported by the risk-off sentiments in the medium term.

### Fund Performance and Dividend

#### Performance<sup>2</sup> : A USD (Distributing)



#### Dividend

| June 2018                   | Dividend per Unit | Annualised Dividend Yield <sup>3</sup> |
|-----------------------------|-------------------|--|
| A USD (Distributing)        | US\$ 0.035        | 4.1%                                   |
| A HKD (Distributing)        | HK\$ 0.350        | 4.1%                                   |
| A AUD Hedged (Distributing) | AU\$ 0.045        | 5.8%                                   |
| A RMB Hedged (Distributing) | RMB 0.530         | 6.2%                                   |
| A NZD Hedged (Distributing) | NZD0.045          | 5.7%                                   |

Throughout most of the time since launch, 100% of the Fund's dividends came from net distributable income.

\* 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 | BEAPAU HK |
| A USD (Distributing)        | HK0000224201 | BEAPAU HK |
| A HKD (Distributing)        | HK0000224219 | BEAPAH HK |
| A AUD Hedged (Distributing) | HK0000224227 | BEAPAU HK |
| A RMB Hedged (Distributing) | HK0000224235 | BEAFAR HK |
| A NZD Hedged (Distributing) | HK0000224243 | BEAPAN HK |

Source of the fund data: BEA Union Investment Management Limited, as at 30 June 2018.

1. Source: ©2018 Morningstar. All Rights Reserved. Data as of 30 June 2018. The rating is for A USD (Distributing).
2. Source: Lipper, as at 30 June 2018. 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.
3. Annualised dividend yield = (dividend of June 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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