

15 August 2024

*This statement provides you with key information about this product.
This statement is a part of the offering document.
You should not invest in this product based on this statement alone.*

Quick facts

Manager:	BEA Union Investment Management Limited
Trustee:	Bank of East Asia (Trustees) Limited
Ongoing charges over a year:	Class A Units: 1.01% p.a.*
Dealing frequency:	Daily (Hong Kong business days)
Base currency:	US\$
Dividend policy:	Class A (Accumulating) Units: No dividends will be declared or distributed. Class A (Distributing) Units: Monthly distributions, if any, are discretionary and may be paid out of income and/or capital. Making distributions will immediately reduce the net asset value of the relevant class of units. A positive distribution yield also does not imply a positive return.
Financial year end of this sub-fund:	31 December
Minimum investment:	Class A Units: US\$: US\$2,000 initial, US\$1,000 additional HK\$: HK\$10,000 initial, HK\$5,000 additional Other class currency: US\$2,000 initial (or its equivalent), US\$1,000 additional (or its equivalent)

* This figure is an estimate only and may vary from year to year. The figure is calculated based on the estimated ongoing expenses chargeable to the Sub-Fund expressed as a percentage of the Sub-Fund's estimated average net asset value.

What is this product?

BEA Union Investment Global Quality Bond Fund (the "**Sub-Fund**") is a sub-fund of BEA Union Investment Series (the "**Fund**"), which is a unit trust established as an umbrella fund under the laws of Hong Kong.

Objective and Investment Strategy

Objective

The investment objective of the Sub-Fund is to seek medium to long term capital growth and regular income by primarily investing in a portfolio of global investment grade debt securities.

Strategy

The Sub-Fund will invest at least 70% of its Net Asset Value in global investment grade debt securities (including developed and emerging markets) which are denominated in USD and/or in other currencies. For the remaining assets, the Manager may at its discretion invest outside the Sub-Fund's principal asset classes.

Debt securities may be issued or guaranteed by governments, regional governments, municipal governments, government agencies, quasi-government organisations, financial institutions, investment trusts and property trusts, multi-national organisations and other corporations. Debt securities also include short term bills and notes, as well as money market funds and fixed income funds (in aggregate of less than 30% of the Sub-Fund's Net Asset Value in other funds and in compliance with 7.11 to 7.11D of the Code) for purposes consistent with the investment objective of the Sub-Fund.

Debt securities in which the Sub-Fund will invest will not be subject to any duration requirements, while investment grade refers to those rated as Baa3 or above by Moody's Investor Services, Inc. or BBB- or above by Standard & Poor's Corporation or equivalent rating by other recognised rating agencies. Before investing in a debt security, the Manager will consider the credit rating of the security itself, then the credit rating of the issuer or guarantor if the debt security is not rated. If neither the debt security nor issuer nor guarantor is rated, the debt security will be classified as non-rated.

The Sub-Fund's expected investment in debt instruments with loss-absorption features is less than 40% of its Net Asset Value, and may include contingent convertible debt securities (of less than 30% of the Sub-Fund's Net Asset Value), senior non-preferred debt and subordinated debt issued by financial institutions. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

In normal market conditions, the Sub-Fund may also hold less than 30% of its Net Asset Value in cash. Under exceptional circumstances (e.g. market crash or major crisis), this percentage may be temporarily increased to up to 100% for cash flow management.

The Sub-Fund may invest less than 10% of its Net Asset Value in structured deposits or products. The Manager currently does not intend to enter into any securities financing transactions on behalf of the Sub-Fund.

The Sub-Fund may acquire financial derivative instruments for hedging and investment purposes.

Use of derivatives / investment in derivatives

The Sub-Fund's net derivative exposure may be up to 50% of its Net Asset Value.

What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.

1. Investment risk

- The Sub-Fund's investment portfolio may fall in value and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

2. Risks associated with debt securities

- Interest rates – The Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- Credit/Counterparty risk – The Sub-Fund is also exposed to the credit/default risk of issuers or guarantors of the debt securities that the Sub-Fund may invest in. If the issuer or guarantor of any of the securities in which the Sub-Fund invests defaults or suffers insolvency or other financial difficulties, the value of such Sub-Fund will be adversely affected and may lead to a loss of principal and interest.

- Downgrading risk – The credit rating of a debt instrument or its issuer or guarantor may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt securities that are being downgraded.
- Below investment grade and non-rated securities – The Sub-Fund may invest in below investment grade or non-rated debt securities. Such debt securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than higher-rated debt securities.
- Volatility and liquidity risk – The debt securities in Asian market may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of such securities may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.
- Sovereign debt risk – The Sub-Fund’s investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.
- Valuation risk – Valuation of the Sub-Fund’s investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Sub-Fund.
- Credit rating risk – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

3. Risks associated with investments in debt instruments with loss-absorption features

- Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of a pre-defined trigger event (e.g. when the issuer is near or at the point of non-viability or when the issuer’s capital ratio falls to a specified level), which are likely to be outside of the issuer’s control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.
- In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.
- The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.
- The Sub-Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

4. Emerging market risk

- The Sub-Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

5. Currency risk

- Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund, i.e. US dollars. Also, a class of Units may be designated in a currency other than the base currency of the Sub-Fund. The net asset value of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rate between these currencies and US dollars and by changes in exchange rate controls.

6. Derivative risk

- Risks associated with derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative instrument can result in a loss significantly greater than the amount invested in the derivative instrument by the Sub-Fund. Exposure to derivative instruments may lead to a higher risk of significant loss by the Sub-Fund.
- The Sub-Fund may use derivative instruments for hedging purposes which may not achieve the intended purpose. In an adverse situation, the Sub-Fund's use of derivative instruments may become ineffective in achieving hedging and may result in significant losses.

7. Effect of distribution out of capital

- The Manager may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Sub-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.
- The distribution amount and net asset value of the currency hedged class units may be adversely affected by differences in the interest rates of the reference currency of the currency hedged class units and the Sub-Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged unit classes.

8. Currency hedging risk

- Adverse exchange rate fluctuations between the base currency of the Sub-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.
- The costs of the hedging transactions will be reflected in the net asset value of the currency hedged class units and therefore, an investor of such currency hedged class units will have to bear the associated hedging costs, which may be significant depending on prevailing market conditions.
- If the counterparties of the instruments used for hedging purpose default, investors of the currency hedged class units may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses.
- While hedging strategies may protect investors in the currency hedged class units against a decrease in the value of the Sub-Fund's base currency relative to the class currency of the currency hedged class units, it may also preclude investors from benefiting from an increase in the value of the Sub-Fund's base currency.

9. RMB currency and conversion risks

- RMB is currently not freely convertible and 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 RMB could adversely affect the value of investor's investment in the Sub-Fund.
- Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

How has the Sub-Fund performed?

Performance information is not yet available. There is insufficient data to provide a useful indication of past performance to investors.

Is there any guarantee?

The Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

References to Class A Units include all Class A Units denominated in different class currencies.

Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

Fee	What you pay
Subscription fee (Preliminary Charge) [#]	Class A Units: up to 5% of issue price
Switching fee (Conversion Charge) [#]	Up to 2.0% of issue price of new units
Redemption fee (Realisation Charge) [#]	Class A Units: 0.5% of realisation price; but currently waived

[#] Investors may be subject to pricing adjustments when they subscribe, realise or convert (if applicable) Units of the Sub-Fund. For details, please refer to "**Adjustment of Prices**" under the section headed "**VALUATION**" in the main part of the Explanatory Memorandum.

Ongoing fees payable by the Sub-Fund

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the Sub-Fund's Net Asset Value)
Management Fee	Class A Units: 0.85% p.a.*
Trustee Fee	0.04% p.a.*
Performance Fee	N/A
Administration Fee	N/A
Registrar's Fee	0.015% – 0.05% p.a. subject to minimum of US\$3,000 p.a.
Holders Servicing Fee	Class A Units: Nil*

Other fees

You may have to pay other fees and charges when dealing in the units of the Sub-Fund.

* You should note that these fees may be increased, up to a specified permitted maximum, by giving unitholders at least one month's prior notice. For details, please refer to the Explanatory Memorandum.

Additional Information

- You generally buy, redeem and switch units at the Sub-Fund's next-determined net asset value (NAV) after Authorised Distributor receives your request in good order on or before 4:00p.m. (Hong Kong time) on a Dealing Day. The Authorised Distributor(s) may impose an earlier cut-off time before the dealing deadline for receiving instructions for subscriptions, realisations or conversions. Investors should confirm the arrangements with the Authorised Distributor(s) concerned.
- The net asset value of the Sub-Fund is calculated on each Dealing Day, and the price of units is published on the Manager's website: www.bea-union-investment.com (this website has not been reviewed or authorized by the SFC).
- Investors may obtain information on BEA Union Investment Management Limited from the following website: www.bea-union-investment.com.
- Compositions of the distributions (if any) (i.e. the relative amounts/percentages paid out of (i) net distributable income and (ii) capital) for the last 12 months are available from the Manager on request and also on the following website: www.bea-union-investment.com. The Manager may amend the distribution policy subject to SFC's prior approval and by giving not less than one month's notice to investors.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.