

30 April 2025

***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 |
| Custodian: | Cititrust Limited |
| Ongoing charges over a year: | Class A RMB and Class A HKD Shares: 1.41% p.a. [^] Class A USD Shares: 1.39% p.a. [^] Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged), Class A HKD (Hedged), Class A NZD (Hedged) and Class A USD (Hedged) Shares: 1.41% p.a. [*] |
| Dealing frequency: | Daily (Hong Kong business days) |
| Base currency: | RMB |
| Dividend policy: | Class A RMB (Accumulating), Class A HKD (Accumulating), Class A USD (Accumulating), Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A HKD (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating) and Class A USD (Hedged) (Accumulating) Shares: No dividends will be declared or distributed. Class A RMB (Distributing), Class A HKD (Distributing), Class A USD (Distributing), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A HKD (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A USD (Hedged) (Distributing) Shares: Monthly distributions, if any, are discretionary and may be paid out of income and/or capital. Making distributions will reduce the net asset value per share of the relevant class. A positive distribution yield also does not imply a positive return. |
| Financial year end of this Sub-Fund: | 31 December |
| Minimum investment: | Class A, Class A HKD (Hedged) and Class A USD (Hedged) Shares: RMB: RMB10,000 initial, RMB5,000 additional HKD: HK\$10,000 initial, HKD5,000 additional USD: US\$2,000 initial, USD1,000 additional Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged) and Class A NZD (Hedged) Shares: USD2,000 initial (or its equivalent), USD1,000 additional (or its equivalent) |

[^] This figure is based on the ongoing expenses for the period ended 31 December 2024 and may vary from year to year.

^{*} 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?

BU RMB Core Bond Fund (the “**Sub-Fund**”) is a sub-fund of BU Investment Series OFC (the “**Company**”), which is a Hong Kong public open-ended fund company (“**OFC**”) regulated under the laws of Hong Kong with variable capital and limited liability and segregated liability between sub-funds.

The Company has been registered with the SFC as an OFC and the Company and the Sub-Fund have been authorised by the SFC pursuant to section 104 of the Securities and Futures Ordinance. The SFC’s registration or authorisation is not a recommendation or endorsement of the Company or the Sub-Fund nor does it guarantee the commercial merits of the Company or the Sub-Fund or its performance. It does not mean the Company or the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Objective and Investment Strategy

Objective

The investment objective of the Sub-Fund is to seek income and long-term capital growth by investing in debt securities and other assets that are denominated in RMB and other currencies.

Strategy

The Sub-Fund will invest at least 70% of its Net Asset Value in debt securities, bonds and deposits that are denominated and settled in RMB. Up to 30% of its Net Asset Value may be invested in debt securities and other securities that are denominated in currencies other than RMB. Debt securities, bonds and deposits that may be invested by the Sub-Fund, which may be denominated in RMB or other currencies, are hereinafter referred to as “Debt Securities”.

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 asset-backed securities and mortgage-backed securities (in aggregate of not more than 20% of the Sub-Fund’s Net Asset Value), urban investment bonds (城投債) (less than 10% of the Sub-Fund’s Net Asset Value), as well as money market funds and fixed income funds (in aggregate of less than 30% of the Sub-Fund’s Net Asset Value and in compliance with 7.11 to 7.11D of the Code on Unit Trusts and Mutual Funds) 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 or minimum credit rating requirements. The Sub-Fund may invest in investment grade debt securities (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 recognized rating agencies) as well as below investment grade or non-rated Debt Securities that meet the standards as determined by the Manager. The Sub-Fund’s investment in below investment grade and non-rated Debt Securities (including Onshore Debt Securities defined below) in aggregate is expected to be less than 50% of its assets.

The Sub-Fund’s expected investment in debt instruments with loss-absorption features is less than 30% of its Net Asset Value, and may include contingent convertible debt securities (of less than 10% 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).

The Sub-Fund may also invest less than 70% of its assets in Debt Securities issued in Mainland China (“Onshore Debt Securities”) through direct investment in the China interbank bond markets via Foreign Direct Access Regime and/or Bond Connect. Onshore Debt Securities in which the Sub-Fund may invest will not be subject to any duration or minimum credit rating requirements. The Sub-Fund may invest in investment grade (rated as AA- or above by a Mainland China credit rating agency), below investment grade or non-rated Onshore Debt Securities that meet the standards as determined by the Manager.

The Sub-Fund will not invest more than 10% of its assets in securities issued by or guaranteed by any single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade. For the avoidance of doubt, such securities would not include “quasi-government” securities or securities issued or guaranteed by issuers which are separate legal entities having their own balance sheets and assets, while at the same time being government-owned or related entities.

Before investing in a debt security, the Manager will first 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.

In normal market conditions, the Sub-Fund may also hold less than 30% of its Net Asset Value in cash or cash equivalents. 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 assets 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 Manager may borrow up to 10% of the latest available net asset value of the Sub-Fund to acquire investments, to redeem Shares or to pay expenses relating to 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 the Sub-Fund’s Net Asset Value.

What are the key risks?

Investment involves risks. Please refer to the Prospectus 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. 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.

3. “Dim Sum” bond (i.e. bonds issued outside of Mainland China but denominated in RMB) market risk

- The “Dim Sum” bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the “Dim Sum” bond market as well as new issuances could be disrupted causing a fall in the net asset value of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

4. Concentration risk / China market risk

- The Sub-Fund’s investments are concentrated in China. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the China market.

5. Risks associated with China interbank bond market

- Investing in the China interbank bond market via Foreign Direct Access Regime and/or Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment in the China interbank bond market are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the China interbank bond market, the Sub-Fund's ability to invest in the China interbank bond market will be adversely affected.

6. Mainland China tax risk

- There are risks and uncertainties associated with the current Mainland Chinese tax laws, regulations and practice (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- Based on professional and independent tax advice, the Manager currently does not intend to withhold any amount of realised and/or unrealised capital gains on investments in debt securities issued in Mainland China.
- Also, based on professional and independent tax advice, the Manager currently does not intend to make provisions for any Mainland China taxes payable by the Sub-Fund on interest from debt securities issued in Mainland China during the tax exemption period as disclosed and updated in the Prospectus from time to time. Upon expiry of such period, a provision at a rate of 10% (or as otherwise advised by the Sub-Fund's tax adviser) together with the applicable VAT will be withheld on the interest income from debt securities issued in Mainland China (if the relevant WIT is not withheld at source). Any shortfall between the provision and the actual tax liabilities, which will be debited from the Sub-Fund's assets, will adversely affect the Sub-Fund's asset value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

7. 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 rated BB+ or below by a Mainland China credit rating agency, 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 China 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 spread of the price of RMB debt 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.
- Credit rating agency risk (for Mainland China onshore debt securities) – The credit appraisal system in the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies.

8. Emerging markets 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.

9. 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.

10. Currency risk

- Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund, i.e. RMB. Also, a class of Shares 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 rates between these currencies and RMB and by changes in exchange rate controls.

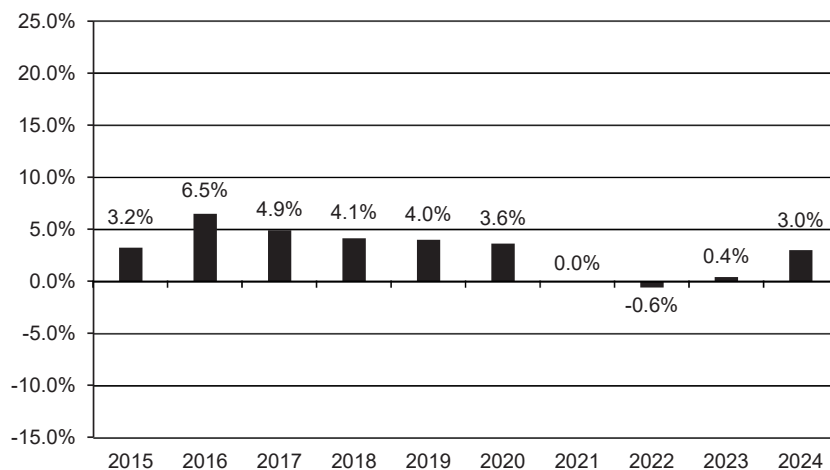
11. Effect of distribution out of capital

- The Directors may at their discretion make distribution 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 shareholder'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 Share.
- The distribution amount and net asset value of the currency hedged class shares may be adversely affected by differences in the interest rates of the reference currency of the currency hedged class shares 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 class shares.

12. Currency hedging risk

- Adverse exchange rate fluctuations between the base currency of the Sub-Fund and the class currency of the currency hedged class shares may result in a decrease in return and/or loss of capital for shareholders. Over-hedged or under-hedged positions may arise and there can be no assurance that these currency hedged class shares 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 shares and therefore, an investor of such currency hedged class shares 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 shares 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 shares against a decrease in the value of the Sub-Fund's base currency relative to the class currency of the currency hedged class shares, it may also preclude investors from benefiting from an increase in the value of the Sub-Fund's base currency.

How has the Sub-Fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.
- These figures show by how much Class A RMB (Distributing) Shares increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund / Class A RMB (Distributing) Shares launch date: 2021
- Predecessor fund (BEA Union Investment Series - BEA Union Investment RMB Core Bond Fund) inception date: 2014. The Sub-Fund was launched on 30 September 2021 upon the restructuring of BEA Union Investment Series - BEA Union Investment RMB Core Bond Fund into the Sub-Fund. The performance information shown on or before the date of the restructuring has been simulated based on the performance of a unit class of BEA Union Investment Series - BEA Union Investment RMB Core Bond Fund with the same investment objectives, risk profiles, and materially the same fee structures and investment policies of the Class A RMB (Distributing) Shares of the Sub-Fund.

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 Shares include Class A RMB, Class A HKD, Class A USD, Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged), Class A HKD (Hedged), Class A NZD (Hedged) and Class A USD (Hedged) Shares.

Charges which may be payable by you

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

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

[#] Investors may be subject to pricing adjustments (including fiscal charges adjustment and swing pricing mechanism) when they subscribe, realise or convert Shares of the Sub-Fund. For details, please refer to “**Adjustment of Prices**” under the section headed “**VALUATION AND SUSPENSION**” in the main part of the Prospectus.

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 value) |
|-----------------------|---|
| Management Fee | Class A Shares: 1.0% p.a. [*] |
| Custodian Fee | 0.07% p.a. [*] |
| Performance Fee | N/A |
| Administration Fee | Included in Custodian Fee |
| Registrar's Fee | 0.015% - 0.05% p.a. subject to minimum of USD3,000 p.a. |
| Holders Servicing Fee | Class A Shares: Nil [*] |

Other fees

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

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

Additional Information

- You generally buy, redeem and switch shares 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 shares is published on the Manager's website: www.bea-union-investment.com (this website has not been reviewed or authorised by the SFC).
- Investors may obtain information on BEA Union Investment Management Limited from the following website: www.bea-union-investment.com.
- Compositions of distribution (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 Company on request and also on the following website: www.bea-union-investment.com. The Directors may amend the distribution policy subject to SFC's prior approval (where required) 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.