BEA Union Investment

Explanatory Memorandum

BEA Union Investment Series

BEA Union Investment Global Themes Fund

BEA Union Investment Asian Bond and Currency Fund

BEA Union Investment China Phoenix Fund

BEA Union Investment China A-Share Equity Fund

BEA Union Investment RMB Core Bond Fund

BEA Union Investment Asia Pacific Multi Income Fund

BEA Union Investment Asia Pacific Flexi Allocation Fund

BEA Union Investment Global Flexi Allocation Fund

BEA Union Investment China Gateway Fund

BEA Union Investment China High Yield Income Fund

BEA Union Investment Asian Strategic Bond Fund

BEA Union Investment Asia Pacific Equity Dividend Fund

BEA Union Investment Series (the "Fund")

Second Addendum to
the Explanatory Memorandum of the Fund dated January 2018

Important

This Addendum supplements and should be read together with the Explanatory Memorandum dated January 2018, as amended by the First Addendum dated 29 March 2018 (together, the "**Explanatory Memorandum**"). This Addendum is authorised for distribution only when accompanied by the Explanatory Memorandum together with the latest available annual report and accounts of the Fund and any subsequent interim report. The Manager accepts responsibility for the information contained in this Addendum as being accurate as at the date of publication and confirms, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

Words and expressions defined in the Explanatory Memorandum shall have the same meanings in this Addendum, unless otherwise expressed herein. All other provisions contained in the Explanatory Memorandum shall remain unchanged and continue to apply. If you are in any doubt about the contents of this Addendum, you should seek independent professional financial advice.

The following amendments to the Explanatory Memorandum are effective from 29 March 2018:

(A) Introduction of EUR and JPY Class Units

Class A Units and Class I Units denominated in Euro and Japanese Yen have been introduced in BEA Union Investment Asian Bond and Currency Fund, BEA Union Investment Asia Pacific Multi Income Fund and BEA Union Investment Asian Strategic Bond Fund (each a "Sub-Fund", and collectively the "Sub-Funds"). The new Units offered in each Sub-Fund shall be designated as "Class A EUR Units", "Class A EUR (Hedged) Units", "Class I EUR Units", whose reference currency is Euro, or "Class A JPY Units", "Class A JPY (Hedged) Units", "Class I JPY Units", whose reference currency is Japanese Yen.

1. On page 7, the last paragraph under the sub-heading "**Classes of Units**" for "**OFFERING**" is deleted in its entirety and replaced with the following:

"For the purpose of this Explanatory Memorandum, "Currency Hedged class Units" are units which shall be designated as "Class A AUD (Hedged) Units", "Class A CAD (Hedged) Units", "Class A EUR (Hedged) Units", "Class A GBP (Hedged) Units", "Class A JPY (Hedged) Units", "Class A NZD (Hedged) Units" and "Class A RMB (Hedged) Units" whose reference currencies are Australian Dollars, Canadian Dollars, Euro, British Pounds, Japanese Yen, New Zealand Dollars and Renminbi respectively."

Appendix II – BEA Union Investment Asian Bond and Currency Fund

2. The information on page 44-45 in Appendix II under the heading "**Subscription Details**" will also include the following description of the additional class Units:

	Class A EUR / EUR (Hedged) (Distributing) / (Accumulating)	Class A JPY / JPY (Hedged) (Distributing) / (Accumulating)
Launch Period	Such date or period as may be determined by the Manager	
Issue Price (exclusive of preliminary charge, if any	€10.00	¥1,000
Minimum Investment Amount	US$2,000 (or its equivalent)	
Minimum Subsequent Investments Amounts	US$1,000 (or its equivalent)	
Minimum Holding	US$2,000 (or its equivalent)	

Appendix VI – BEA Union Investment Asia Pacific Multi Income Fund
Appendix XI – BEA Union Investment Asian Strategic Bond Fund

3. The information on page 71 in Appendix VI and page 125 in Appendix XI under the heading "**Subscription and Realisation Details**" will also include the following description of the additional class Units:

	Class A EUR / EUR (Hedged) (Distributing / (Accumulating)	Class A JPY / JPY (Hedged) (Distributing) / (Accumulating)	Class I: EUR / JPY
Launch Period	Such date or period as may be determined by the Manager		
Issue Price (exclusive of preliminary charge, if any	€10.00	¥1,000	Such issue price as the Manager shall determine
Minimum Investment Amount	US$2,000 (or its equivalent)		US$1,000,000 (or equivalent)
Minimum Subsequent Investments Amounts	US$1,000 (or its equivalent)		US$500,000 (or equivalent)
Minimum Holding	US$2,000 (or its equivalent)		US$1,000,000 (or equivalent)
Minimum Redemption or Conversion Amount	Not applicable		US$500,000 (or equivalent)

Fees for EUR and JPY Class Units

4. The EUR and JPY class Units in the Sub-Funds will be subject to the same fees as existing Class A Units and Class I Units under the heading "**Fees**" in their respective Appendices.

Distribution Policy for EUR and JPY Class Units

5. The EUR and JPY class Units in the Sub-Funds will be subject to same existing distribution policy of the respective Sub-Funds, or where applicable of the existing Class A Units in the respective Sub-Funds.

Incorporating the EUR and JPY Class Units into the Explanatory Memorandum

6. The Explanatory Memorandum shall be read and construed to allow for the issue of the EUR and JPY class Units as aforementioned. Existing provisions of the Explanatory Memorandum shall be deemed to be modified and supplemented accordingly to provide for the issue of the EUR and JPY class Units in accordance with this Second Addendum.

29 March 2018

BEA Union Investment Series (the "Fund")

First Addendum to
the Explanatory Memorandum of the Fund dated January 2018

Important

This Addendum supplements and should be read together with the Explanatory Memorandum dated January 2018 (the "**Explanatory Memorandum**"). This Addendum is authorised for distribution only when accompanied by the Explanatory Memorandum together with the latest available annual report and accounts of the Fund and any subsequent interim report. The Manager accepts responsibility for the information contained in this Addendum as being accurate as at the date of publication and confirms, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

Words and expressions defined in the Explanatory Memorandum shall have the same meanings in this Addendum, unless otherwise expressed herein. All other provisions contained in the Explanatory Memorandum shall remain unchanged and continue to apply. If you are in any doubt about the contents of this Addendum, you should seek independent professional financial advice.

The following amendments to the Explanatory Memorandum are effective from 29 March 2018:

(A) BEA Union Investment RMB Core Bond Fund

1. On page 61, the second to sixth paragraphs under the section headed "**Investment Objective and Policy**" for "**Appendix V – BEA Union Investment RMB Core Bond Fund**" are deleted in their entirety and replaced with the followings:

"The BEA Union Investment RMB Core Bond Fund will invest at least 70% of its non-cash assets in debt securities, bonds and deposits that are denominated and settled in RMB. Up to 30% of its non-cash assets 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 BEA Union Investment RMB Core Bond Fund, which may be denominated in RMB or other currencies, are hereinafter referred to as "Debt Securities".

Debt Securities include but are not limited to capital securities and preference shares with fixed income features, convertible, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, transferable notes, commercial paper, certificates of deposits of variable or fixed interest rates, listed, traded or dealt in regulated markets or exchanges, as well as bank deposits, negotiated term deposits, short term bills and notes. Debt Securities also include asset-backed securities and mortgage-backed securities (in aggregate of not more than 20% of the Sub-Fund's assets). Debt Securities may be issued or guaranteed by government, regional governments, municipal governments, government agencies, quasi-government organisations, financial institutions, investment trusts and property trusts, multi-national organisations and other corporations.

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 debt securities or non-rated Debt Securities that meet the standards as determined by the Manager. The BEA Union Investment RMB Core Bond Fund may also invest in aggregate up to 10% of its Net Asset Value in collective investment schemes to achieve its investment objectives. Any remaining assets may be held in cash or cash equivalents.

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 BBB- or above by a 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.

The Manager may acquire currency forward contracts and credit default swaps for hedging purposes only. The Manager may also acquire financial futures contracts (including bond futures) for hedging and investment purposes so long as it complies with the investment policy and restrictions of the Sub-Fund and in compliance with Chapter 7 of SFC's Code on Unit Trusts and Mutual Funds.The net total aggregate value of contract prices in respect of futures contracts entered into other than for hedging, whether payable to or by the Sub-Fund under all outstanding futures contracts, together with the aggregate value of holdings of physical commodities and commodity based investments, may not exceed 20% of the total net asset value of the Sub-Fund.

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 lending or share repurchase transactions."

2. On page 62, the following section is inserted immediately after the section headed "**Investment Objective and Policy**" for "**Appendix V – BEA Union Investment RMB Core Bond Fund**":

"**Overview of China Interbank Bond Market**

Please refer to Annex B of this Explanatory Memorandum for an overview of the China Interbank Bond Market."

3. On page 68, point (iv) Risk of limited pool of investments under the heading "**Risk Factors**" for "**Appendix V – BEA Union Investment RMB Core Bond Fund**" is deleted in its entirety and replaced with the following:

"(iv) Credit rating risk and credit rating agency 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. In particular, for 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."

4. On page 68, the following risk factors are inserted immediately after point (vii) Risks associated with China interbank bond market under the heading "**Risk Factors**" for "**Appendix V – BEA Union Investment RMB Core Bond Fund**":

"(viii) 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.

(ix) Risk associated with asset backed securities and mortgage backed securities – Asset backed securities and mortgage backed securities may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities."

29 March 2018

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IMPORTANT INFORMATION FOR INVESTORS

Important – The investment decision is yours. If you are in any doubt about the contents of this Explanatory Memorandum, you should seek independent professional financial advice.

This Explanatory Memorandum comprises information relating to BEA Union Investment Series, an umbrella unit trust established under the laws of Hong Kong by a trust deed dated 18 January, 2002 between BEA Union Investment Management Limited (previously known as East Asia Asset Management Company Limited) as manager and Bank of East Asia (Trustees) Limited as trustee.

The Directors of the Manager accept responsibility for the information contained in this Explanatory Memorandum as being accurate at the date of publication. However, neither the delivery of this Explanatory Memorandum nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum is correct as of any time subsequent to such date. This Explanatory Memorandum may from time to time be updated. Intending applicants for Units should ask the Manager if any supplements to this Explanatory Memorandum or any later Explanatory Memorandum have been issued.

Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in this Explanatory Memorandum should be regarded as unauthorised and accordingly must not be relied upon.

The Fund has been authorised by the SFC pursuant to section 104 of the SFO. Such authorisation is not a recommendation or endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

No action has been taken to permit an offering of Units or the distribution of this Explanatory Memorandum in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Explanatory Memorandum may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised.

In particular:–

(a) the Units have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act); and

(b) the Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended.

Potential applicants for Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units.

Investors may contact the complaint officer of the Manager (during normal office hours by telephone at +852 3608 0304) if they have any complaints or enquiries in respect of the Fund and its compartments. Depending on the subject matter of the complaints or enquiries, these will be dealt with either by the Manager directly, or referred to the relevant parties for further handling. The Manager will, on a best effort basis, revert and address the investor's complaints and enquiries as soon as practicable.

Investment involves risk and investors should note that losses may be sustained on their investment. There is no assurance that the investment objective of the respective Sub-Fund will be achieved. Investors should read the Explanatory Memorandum including the section headed "Risk Factors" before making their choice of investment.

ADMINISTRATION

Manager
BEA Union Investment Management Limited
5th Floor
The Bank of East Asia Building
10 Des Voeux Road Central
Central
Hong Kong

Trustee and Registrar
Bank of East Asia (Trustees) Limited
32nd Floor
BEA Tower
Millennium City 5
418 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Directors of the Manager
Brian LI Man Bun
Samson LI Kai Cheong
Eleanor WAN Yuen Yung
Hermann Alexander SCHINDLER
Gunter Karl HAUEISEN

Auditors
KPMG
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

Solicitors to the Manager
Deacons
5th Floor
Alexandra House
18 Chater Road
Central
Hong Kong

DEFINITIONS

The defined terms used in this Explanatory Memorandum have the following meanings:–

"Accounting Date" Means 31 December in each year or such other date or dates in each year as the Managers may from time to time specify in respect of any Sub-Fund and notify to the Trustee and the Unitholders of such Sub-Fund

"Accounting Period" Means a period commencing on the date of establishment of the relevant Sub-Fund or on the date next following an Accounting Date of the relevant Sub-Fund and ending on the next succeeding Accounting Date for such Sub-Fund

"Authorised Distributor" Means any person appointed by the Manager to distribute some or all of the Sub-Funds to potential investors

"Business Day" Means a day (other than a Saturday and a Sunday) on which banks in Hong Kong are open for normal banking business or such other day or days as the Manager and the Trustee may agree from time to time, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise

"China" or "PRC" Means the People's Republic of China excluding Hong Kong, Macau and Taiwan for purpose of this document

"China A-Shares" Means shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in Renminbi and available for investment by domestic (Chinese) investors, holders of qualified foreign institutional investors (QFII) status, Renminbi qualified foreign institutional investors (RQFII) status and foreign strategic investors approved by the China Securities Regulatory Commission

"China B-Shares" Means shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in foreign currencies and available for investment by domestic (Chinese) investors and foreign investors

"China H-Shares" Means shares issued by companies incorporated in the PRC and listed on the Stock Exchange of Hong Kong and traded in Hong Kong dollars

"connected person" Means in relation to the Manager:

(a) any person, company or fund beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of the Manager or being able to exercise, directly or indirectly, 20% or more of the total votes in the Manager; or

(b) any person or fund controlled by a person who or which meets one or both of the descriptions given in (a); or

(c) any company in which the Manager owns directly or indirectly 20% or more of the ordinary share capital or in which the Manager is able to exercise, directly or indirectly 20% or more of the total votes of such fund; or

(d) any member of the group of which the Manager forms part; or

(e) any director or officer of the Manager or of any of its connected persons as defined in (a), (b), (c) or (d) above

"Dealing Day" Means such days as are described in the Appendices for the relevant Sub-Funds

"Dealing Deadline" Means such time on the relevant Dealing Day as described in the Appendix for the relevant Sub-Funds

"Explanatory Memorandum" Means this Explanatory Memorandum including the appendices, as each may be amended, updated or supplemented from time to time

"Fund" Means BEA Union Investment Series, an umbrella unit trust established in Hong Kong

"Hong Kong" Means Hong Kong Special Administrative Region of the PRC

"HK$" Means Hong Kong Dollars, the lawful currency of Hong Kong

"Issue Price" Means in respect of each Sub-Fund the price per Unit as disclosed in the relevant Appendix

"Interim Accounting Date" Means such date or dates during each Accounting Period other than the Accounting Date as the Managers may from time to time determine in respect of any Sub-Fund and notify to the Trustee and the Unitholders of the class relating to such Sub-Fund

"Interim Accounting Period" Means a period commencing on the date of commencement of this Fund or the date of the establishment of the relevant Sub-Fund (as the case may be) or on the date next following the preceding Interim Accounting Date or Accounting Date of the relevant Sub-Fund and ending on the next succeeding Interim Accounting Date for such Sub-Fund

"Launch Date" or "Launch Period" Means the date from which, or the initial period during which (as the case may be), the Units of the relevant Sub-Fund are being offered to investors as described in the relevant Appendix

"Manager" Means BEA Union Investment Management Limited

"Net Asset Value" Means the net asset value of the Fund or a Sub-Fund or of a Unit, as the context may require, calculated in accordance with the provisions of the Trust Deed as summarised below under the section headed "Valuation"

"PRC Securities" Means PRC shares (including China A-, B- and H-Shares), Renminbi denominated corporate and government bonds, securities investment fund and warrants listed on the PRC stock exchanges

"Realisation Price" Means the price, at which Units will be realised as more fully described in the section headed "Payment of Realisation Proceeds"

"Record Date"	Means the date as determined by the Manager on which the names of the Holders must be entered on the register of Holders to be entitled to distribution (if any) declared in respect of an Interim Accounting Period or Accounting Period
"SFC"	Means the Securities and Futures Commission of Hong Kong
"SFO"	Means the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571)
"Sub-Fund"	Means a sub-fund of the Fund
"Trust Deed"	Means the trust deed establishing the Fund entered into by the Manager and the Trustee dated 18 January, 2002
"Trustee"	Means Bank of East Asia (Trustees) Limited in its capacity as trustee of the Fund
"Unit"	Means a Unit in a Sub-Fund
"Unitholder"	Means a person registered as a holder of a Unit
"U.S."	Means the United States of America
"US$"	Means the lawful currency of the United States of America
"Valuation Day"	Means such days as are described in the Appendix for the relevant Sub-Fund
"Valuation Point"	Means such time on the relevant Valuation Day as described in the Appendix for the relevant Sub-Fund and as the Manager with the approval of the Trustee may from time to time determine to calculate the Net Asset Value provided that the Unitholders are notified of the change

INTRODUCTION

BEA Union Investment Series is an umbrella unit trust established in Hong Kong currently offering 12 Sub-Funds. The Manager may create further Sub-Funds in the future. Investors should contact the Manager to obtain the latest offering document relating to the available Sub-Funds.

INVESTMENT OBJECTIVE

The investment objective of each Sub-Fund and principal risks, as well as other important details, are set forth in the Appendix hereto relating to the relevant Sub-Fund.

MANAGEMENT OF THE FUND

The Management Company

The Manager of the Fund is BEA Union Investment Management Limited.

The Manager was set up in April 1988 and was previously known as East Asia Asset Management Company Limited. The Manager is jointly owned by The Bank of East Asia, Limited and Union Asset Management Holding AG, and is licensed to carry on Types 1 (Dealing in Securities), 4 (Advising on Securities), 5 (Advising on Futures Contracts) and 9 (Asset Management) Regulated Activities under Part V of the SFO.

The Manager has experience in providing to its clients (both private and institutional) a wide range of professional investment management services including, inter alia, managing tailor-made investment portfolios, advising on investment strategies and undertaking the sale and purchase of foreign equity, bonds and structured investment products.

The Manager undertakes the management and administration of the Fund, including communication with Unitholders and conduct of meetings, and in conjunction with the Trustee is responsible for the maintenance of accounts and records in compliance with the Trust Deed and the laws of Hong Kong.

The Manager may appoint sub-managers or investment advisers in relation to specific Sub-Funds subject to prior SFC approval.

The Manager may appoint other investment advisers to provide investment advisory service to any of the Sub-Funds from time to time and the remuneration of such investment advisers will be borne by the Manager.

The Trustee

The Trustee of the Fund is Bank of East Asia (Trustees) Limited which was incorporated with limited liability in November 1975, and is registered as a trust company under Part VIII of the Trustee Ordinance.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Fund and monitoring the compliance by the Manager with the requirements of the Trust Deed. The Trustee shall remain liable for any act or omission of any custodian or joint custodian (other than Clearstream or Cedel, S.A.) in relation to any investment of a sub-fund in bearer form deposited with such custodian or joint custodian (other than as aforesaid) as if the same were the act or omission of the Trustee. In selecting a custodian, the Trustee will generally have regard to the relevant qualifications attained by the custodian for purpose of providing custodial service in the relevant jurisdictions and its business track record.

The Authorised Distributor

The Manager may appoint one or more Authorised Distributor(s) to distribute one or more Sub-Fund(s), and to receive applications for subscription, redemption and/or switching of Units on the Manager's behalf. Currently, The Bank of East Asia, Limited has been appointed as one of the Authorised Distributors.

OFFERING

Classes of Units

Units of each Sub-Fund will be offered for the first time at the Issue Price either during the Launch Period or from the Launch Date as set forth in the Appendix relating to the relevant Sub-Fund.

Different classes of Units may be offered for each Sub-Fund. Although the assets attributable to each class of Units of a Sub-Fund will form one single pool, each class of Units will have a different charging structure with the result that the net asset value attributable to each class of Units of a Sub-Fund may differ slightly. In addition, each class of Units may be subject to different minimum initial and subsequent subscription amounts and holding amounts, and minimum redemption and conversion amounts. Investors should refer to the relevant Appendix for the available classes of Units and the applicable minimum amounts. The Manager may in its discretion agree to accept applications for subscription, redemption and conversion of certain classes below the applicable minimum amounts.

Currency Hedged class Units (as defined below) may be offered for each Sub-Fund. The Manager may hedge the currency exposure of Unit classes denominated in a currency other than the base currency of a Sub-Fund against that Sub-Fund's base currency, in order to attempt to mitigate the effect of fluctuations in the exchange rate between the Unit class currency and the base currency of that Sub-Fund. As this type of foreign exchange hedging may be utilised for the benefit of a particular Currency Hedged class Unit, its costs and resultant profit or loss on the hedging transaction shall be for the account of that Currency Hedged class Unit only. Investors should note that the additional costs associated with this form of hedging include transaction costs relating to the instruments and contracts used to implement the hedge. The costs and the resultant profit or loss on the hedged transaction will be reflected in the net asset value per Unit of the relevant Currency Hedged class Unit.

For the purpose of this Explanatory Memorandum, "Currency Hedged class Units" are units which shall be designated as "Class A AUD (Hedged) Units", "Class A CAD (Hedged) Units", "Class A GBP (Hedged) Units", "Class A NZD (Hedged) Units" and "Class A RMB (Hedged) Units" whose reference currencies are Australian Dollars, Canadian Dollars, British Pounds, New Zealand Dollars and Renminbi respectively.

DEALING DAY AND DEALING DEADLINE

The Manager may from time to time with the approval of the Trustee determine generally or in relation to any particular jurisdiction the time on such Dealing Day or on such other Business Day as in which Units may from time to time be sold prior to which instructions for subscriptions, realisations, conversions or transfers are to be received in order to be dealt with on a particular Dealing Day. Dealing Days and the relevant Dealing Deadlines for each Sub-Fund are set out in the relevant Appendix.

PURCHASE OF UNITS

Application Procedure

To purchase Units an investor should:–

(a) contact the Manager or the Authorised Distributor of the Fund for an application form;

(b) complete the application form; and

(c) return the original form to the Authorised Distributor.

Notwithstanding the above, application for Units may also be made in such other manner as the Manager and the Trustee may agree with the applicant.

Applications will generally be accepted on a Dealing Day only if cleared funds have been received on or prior to such Dealing Day in relation to which Units are to be issued. Notwithstanding the above, a Sub-Fund may rely upon application orders received, even prior to receipt of application monies, and may issue Units to investors according to such orders and invest the expected application amounts. If payment is not cleared within 3 Business Days of receipt of the application (or such other date as the Manager shall determine and notify the relevant applicant), the Manager reserves the right to cancel the transaction at any time thereafter. In such circumstances, an investor may be required to settle the difference between the prices at issue and at cancellation of the units concerned.

Each applicant whose application is accepted will be sent a contract note confirming details of the purchase of Units but no certificates will be issued.

The Manager, at its discretion, is entitled to impose a preliminary charge of up to 5% on the offer price of each Unit, as described in the relevant Appendix. The Manager may retain the benefit of such charge or may re-allow or pay all or part of the preliminary charge (and any other fees received) to recognised intermediaries or such other persons as the Manager may at its absolute discretion determine.

Payment Procedure

Subscription monies should normally be paid in the relevant base currency or otherwise as disclosed in the relevant Appendix. Arrangements can be made for applicants to pay for Units in most other major currencies and in such cases, the cost of currency conversion will be borne by the applicant.

All payments should be made by cheque, direct transfer, telegraphic transfer or banker's draft. Cheques and banker's drafts should be crossed "a/c payee only, not negotiable" and made payable to "Bank of East Asia (Trustees) Limited as trustee to BEA Union Investment Series", stating the name of the relevant Sub-Fund to be subscribed, and sent with the application form. Payment by cheque is likely to cause delay in receipt of cleared funds and Units generally will not be issued until the cheque is cleared. Any costs of transfer of application monies to a Sub-Fund will be payable by the applicant.

Details of payments by telegraphic transfer are set out in the application form.

No money should be paid to any intermediary in Hong Kong who is not licensed by or registered with the SFC to conduct Type 1 (Dealing in Securities) regulated activity under Part V of the SFO.

General

All holdings will be registered and certificates are not issued. Evidence of title will be the entry on the register of Unitholders. Unitholders should therefore be aware of the importance of ensuring that the Trustee is informed of any change to the registered details. Fractions of Units may be issued calculated to 2 decimal places. Application monies representing smaller fractions of a Unit will be retained by the relevant Sub-Fund. The Manager reserves the right to reject any application in whole or in part. A maximum of 4 persons may be registered as joint Unitholders.

REALISATION OF UNITS

Realisation Procedure

Subject to any lock-up period as set out in the relevant Appendix, Unitholders who wish to realise their Units may do so on any Dealing Day by submitting a realisation request to the Authorised Distributor before the Dealing Deadline for the relevant Sub-Fund, as defined in the relevant Appendix.

A realisation request must be given in writing and must specify the name of the relevant Sub-Fund and the value or number of Units to be realised, the name(s) of the registered holder(s), and give payment instructions for the realisation proceeds.

A Unitholder shall not be entitled hereunder to realise part only of his holding of Units in relation to a Sub-Fund if thereby his holding would be reduced to less than the minimum holding for the Sub-Fund (as described in the relevant Appendix) and may not realise any Unit prior to the date falling seven days after the Dealing Day on which such Unit was acquired.

Payment of Realisation Proceeds

The realisation price on any Dealing Day shall be the price per Unit ascertained by dividing the Net Asset Value of the relevant Sub-Fund as at the Valuation Point in respect of the Dealing Day on which the realisation request is received by the Authorised Distributor by the number of Units then in issue rounded down to 2 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager after consulting the Trustee. Any rounding adjustment shall be retained by the relevant Sub-Fund. Such price shall be calculated in the base currency of the relevant Sub-Fund and quoted by the Manager in such base currency and in such other currency or currencies at the Manager's discretion (with prior notice to the Trustee) by converting such price to its equivalent in such other currency or currencies at the same rate as the Manager shall apply in calculating the Net Asset Value as at the Valuation Point.

The Manager may at its option impose a realisation charge of up to 3% of the realisation price in respect of Class A, Class H, Class I and Class P Units to be realised. The realisation charge, if any, is described in the relevant Appendix. The Manager may on any day in its sole and absolute discretion differentiate between Unitholders as to the amount of the realisation charge to be imposed (within the permitted limit).

The amount due to a Unitholder on the realisation of a Unit pursuant to the paragraphs above shall be the realisation price per Unit, less any realisation charge, any fiscal and sale charges and any rounding adjustment in respect thereof. The fiscal and sale charges (if any), as well as the rounding adjustment aforesaid in relation to the realisation of any Units shall be retained as part of the relevant Sub-Fund. The realisation charge shall be retained by the Manager.

Realisation proceeds will not be paid to any realising Unitholder until (a) unless otherwise agreed by the Trustee, the written original of the realisation request duly signed by the Unitholder has been received by the Authorised Distributor and (b) where realisation proceeds are to be paid by telegraphic transfer, the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee.

Subject as mentioned above and as set out in the Appendix of the relevant Sub-Fund, and so long as relevant account details have been provided, realisation proceeds will be paid in the base currency of the relevant Sub-Fund by direct transfer or telegraphic transfer, normally within 10 Business Days after the relevant Dealing Day (or as otherwise specified in the Appendix of the relevant Sub-Fund) and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units. If relevant account details are not provided, realisation proceeds will be paid to the realising Unitholder (or to the first-named of joint Unitholders) at the Unitholder's risk by cheque, usually in the base currency of the relevant Sub-Fund and sent to the realising Unitholder at the last known address held in the records of the Registrar.

Realisation proceeds may be paid in a currency other than the base currency of the relevant Sub-Fund or class currency of the relevant class of Units, at the request and expense of the Unitholder. In such circumstances, the Trustee shall use such currency exchange rates as it may from time to time determine.

The Trust Deed provides for payment of realisation proceeds in specie with the consent of the relevant Unitholder.

CONVERSION BETWEEN SUB-FUNDS

Unitholders have the right (subject to any suspension in the determination of the net asset value of any relevant Sub-Fund and any restrictions described in the Appendix for the relevant Sub-Funds) to convert all or part of their Units of any class relating to a Sub-Fund into Units relating to another Sub-Fund by giving notice in writing to the Authorised Distributor. A request for conversion will not be effected if as a result the relevant holder would hold less than the minimum holding of Units of the relevant class prescribed by, or is prohibited from holding Units of that Sub-Fund under, the relevant offering document. Unless the Manager otherwise agrees, Units of a class can only be converted into Units of the same class of the same or another Sub-Fund.

Requests for conversion received by the Authorised Distributor prior to the Dealing Deadline for a Dealing Day will be dealt with on that Dealing Day. Neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of a request for conversion or any amendment to a request for conversion prior to receipt.

The rate at which the whole or any part of a holding of Units relating to a Sub-Fund (the "**Existing Units**") will be converted on any Dealing Day into Units relating to another Sub-Fund (the "**New Units**") will be determined by reference to their relative Unit prices on the relevant Dealing Day.

The Manager has a right to impose a conversion charge of up to 2% of the issue price of the New Units in relation to the conversion of Units as set out in the relevant Appendix.

If there is, at any time during the period from the time as at which the realisation price per Existing Unit is calculated and the time at which any necessary transfer of funds from the Sub-Fund to which the Existing Units relate (the "**Original Sub-Fund**") to the Sub-Fund to which the New Units relate takes place, an officially announced devaluation or depreciation of any currency in which any investment of the Original Sub-Fund is denominated or normally traded, the realisation price per Existing Unit shall be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation and the number of New Units which will arise from that conversion shall be recalculated as if that reduced realisation price had been the realisation price ruling for realisation of Existing Units on the relevant Dealing Day.

Restrictions on realisation and conversion

The Manager may suspend the realisation or conversion of Units or delay the payment of realisation proceeds during any periods in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended (for details see "Suspension of Calculation of Net Asset Value" below).

With a view to protecting the interests of Unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of Units of any Sub-Fund realised on any Dealing Day (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total number of Units of the relevant Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to realise Units of the same Sub-Fund on that Dealing Day will realise the same proportion of such Units, and Units not realised (but which would otherwise have been realised) will be carried forward for realisation, subject to the same limitation, and will have priority on the next Dealing Day. If requests for realisation are so carried forward, the Manager will inform the Unitholders concerned.

The Manager does not authorise practices connected to market timing and it reserves the right to reject any applications for subscriptions or conversions of Units from a Unitholder which it suspects to use such practices and take, the case be, the necessary measures to protect the Unitholders of the Sub-Funds.

Market timing is to be understood as an arbitrage method through which a Unitholder systematically subscribes and realises or converts Units within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the concerned Sub-Funds.

VALUATION

The value of the net assets of each Sub-Fund will be determined as at each Valuation Point in accordance with the Trust Deed. The Trust Deed provides (inter alia) that:–

(a) except in the case of any interest in a collective investment scheme to which paragraph (b) applies and subject as provided in paragraph (f) below, all calculations based on the value of investments quoted, listed, traded or dealt in on any securities market shall be made by reference to the last traded price or (if no last traded price is available) midway between the latest available market dealing offered price and the latest available market dealing bid price on the principal stock exchange for such investments, at or immediately preceding the Valuation Point, and in determining such prices the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine;

(b) subject as provided in paragraphs (c) and (f) below, the value of each interest in any collective investment scheme shall be the last published net asset value per Unit or share in such collective investment scheme (where available) or (if the same is not available) the last published bid price for such Unit or share at or immediately preceding the Valuation Point;

(c) if no net asset value, bid and offer prices or price quotations are available as provided in paragraphs (a) and (b) above, the value of the relevant investment shall be determined from time to time in such manner as the Manager shall determine;

(d) the value of any investment which is not listed or ordinarily dealt in on a market shall be the initial value thereof equal to the amount expended out of the relevant Sub-Fund in the acquisition of such investment (including in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may with the approval of the Trustee and shall at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investment;

(e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof;

(f) notwithstanding the foregoing, the Manager may with the consent of the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment or use of such other method is required to reflect the fair value of the investment; and

(g) the value of any investment (whether of a security or cash) otherwise than in the base currency of the relevant Sub-Fund shall be converted into currency at the rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

Suspension of Calculation of Net Asset Value

The Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of a Sub-Fund for the whole or any part of any period during which:

(a) there is a closure of or the restriction or suspension of trading on any securities market on which a substantial part of the investments of the relevant Sub-Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or the Net Asset Value of the relevant Sub-Fund or the Net Asset Value per Unit in the relevant Sub-Fund; or

(b) for any other reason the prices of investments of the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained; or

(c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any investments of the relevant Sub-Fund or it is not possible to do so without seriously prejudicing the interests of relevant Unitholders; or

(d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of the relevant Sub-Fund or the issue or realisation of Units in the relevant Sub-Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange.

Such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value of the relevant Sub-Fund until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish on the Manager's website: www.bea-union-investment.com that such declaration has been made. Investors should note that the aforesaid website has not been reviewed or authorised by the SFC.

No Units in the relevant Sub-Fund may be issued, realised or converted during such a period of suspension.

INVESTMENT AND BORROWING RESTRICTIONS

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager for the Fund. Unless otherwise disclosed in the Appendix for each Sub-Fund and agreed by the SFC, each of the Sub-Fund(s) is subject to the following principal investment restrictions:–

(a) not more than 10% of the Net Asset Value of a Sub-Fund may consist of securities (other than Government and other public securities) issued by a single issuer;

(b) a Sub-Fund may not hold more than 10% (when aggregated with the holdings of all the other Sub-Funds) of any ordinary shares issued by any single issuer;

(c) not more than 15% of the Net Asset Value of a Sub-Fund may consist of securities of any company not listed or quoted on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such securities are regularly traded;

(d) not more than 15% of the Net Asset Value of a Sub-Fund may consist of warrants and options, other than warrants and options held for hedging purposes;

(e) with respect to BEA Union Investment Global Themes Fund, BEA Union Investment Asian Bond and Currency Fund and BEA Union Investment China A-Share Equity Fund:

(i) not more than 10% of the Net Asset Value of the relevant Sub-Fund may consist of shares or units in other open ended unit trusts or mutual funds ("**managed funds**") other than interests in real estate investment trusts that are listed on a stock exchange ("REITs") provided that no investment may be made in a managed fund managed by the Manager or any of its connected persons if such investment would result in an increase in the overall total of the preliminary charge, manager's fee or other costs and charges borne by the Unitholders of the relevant Sub-Fund;

(f) with respect to all other Sub-Funds:

(i) not more than 10% of the Net Asset Value of the relevant Sub-Fund may consist of shares or units in managed funds which are non-recognised jurisdiction schemes (as defined under the SFC's Code on Unit Trusts and Mutual Funds, or the "**Code**") and not authorised by the SFC;

(ii) not more than 30% of the Net Asset Value of the relevant Sub-Fund may consist of shares or units in a managed fund which is a recognised jurisdiction scheme (as defined under the Code) or an SFC-authorised scheme, unless such managed scheme is authorised by the SFC, and the name and key investment information of the managed scheme are disclosed herein; provided that:–

(1) no investment may be made in a managed fund the investment objective of which is to invest primarily in any investment prohibited under this section; and

(2) where the investment objective of such managed fund is to invest primarily in investments restricted under this section, such holdings may not be in contravention of the relevant limitation;

(g) without prejudice to paragraph (e) above, all initial charges on a managed fund must be waived if the managed fund is managed by the Manager or any of its connected persons;

(h) the Manager may not obtain a rebate on any fees or charges levied by a managed fund or its manager;

(i) not more than 20% of the Net Asset Value of a Sub-Fund may consist of physical commodities (including gold, silver, platinum or other bullion) and commodity based investments (other than shares in companies engaged in producing, processing or trading in commodities);

(j) the net aggregate value of the contract prices, whether payable to or by a Sub-Fund (other than futures contracts entered into for hedging purposes), together with the aggregate value of investments falling within paragraph (i) above held by the Sub-Fund, may not exceed 20% of the Net Asset Value of the Sub-Fund;

(k) not more than 30% of the Net Asset Value of a Sub-Fund may consist of Government and other public securities of a single issue; and

(l) subject to paragraph (k) above, a Sub-Fund may be fully invested in Government and other public securities issued by a single issuer provided that it holds Government and other public securities of at least six different issues.

The Manager shall not on behalf of any Sub-Fund(s):–

(i) invest in a security of any class in any company or body if directors and officers of the Manager individually own more than 1/2% of the total nominal amount of all the issued securities of that class or collectively own more than 5% of those securities;

(ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies or interests in REITs);

(iii) make short sales if as a consequence the liability of such Sub-Fund to deliver securities would exceed 10% of the Net Asset Value of such Sub-Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted);

(iv) write uncovered options;

(v) write a call option if the aggregate of the exercise prices of all such call options written on behalf of the relevant Sub-Fund would exceed 25% of the Net Asset Value of that Sub-Fund;

(vi) make a loan out of that Sub-Fund without the prior written consent of the Trustee except to the extent that the acquisition of an investment or the making of a deposit might constitute a loan;

(vii) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money without the prior written consent of the Trustee;

(viii) enter into any obligation on behalf of the relevant Sub-Fund or acquire any asset for the account of that Sub-Fund which involves the assumption of any liability by the Trustee which is unlimited; or

(ix) apply any part of the relevant Sub-Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made unless such call could be met in full out of cash or near cash forming part of such Sub-Fund which has not been appropriated and set aside for any other purposes and shall not be entitled without the consent of the Trustee to apply any part of the relevant Sub-Fund in the acquisition of any other investment which is in the opinion of the Trustee likely to involve the Trustee in any liability (contingent or otherwise).

Unless otherwise disclosed below or in the relevant Appendix, the Manager may borrow up to 25% of the latest available Net Asset Value of each Sub-Fund (up to 10% in the case of a capital market fund) to acquire investments, to realise Units or to pay expenses relating to the relevant Sub-Fund. The assets of a Sub-Fund may be charged or pledged as security for any such borrowings.

Where a Sub-Fund is approved as a feeder fund:

(I) for the purpose of complying with the relevant investment restrictions, the Sub-Fund and the underlying fund will be deemed a single entity;

(II) the underlying fund must be authorised by the SFC;

(III) the Sub-Fund may not borrow more than 10% of its total net asset value and any such borrowing shall be restricted to facilitating realisations of Units or defraying operating expenses; and

(IV) notwithstanding that the Sub-Fund will usually invest all its assets in a single underlying fund, the Sub-Fund may retain up to 5% of its latest available Net Asset Value in cash or on deposit or in certificates of deposit or other money market or banking instruments to facilitate realisations of Units or to defray operating expenses.

The Manager has power to arrange for the loan of securities of any Sub-Fund and may do so from time to time, as and when considered appropriate in the interests of Unitholders and in accordance with applicable regulations and market practice. In connection with any securities lending:–

– All income arising as a result of the securities lending, net of fees and expenses, will be credited to the relevant Sub-Fund;

– The Trustee must be satisfied as to the financial standing of the relevant counterparty which has minimum credit rating of Single A by Moody's and/or Standard and Poor's or equivalent;

– Collateral for the securities lent must be in the form of cash or such other form as permitted by the SFC and must exceed the value of the securities lent;

– The value of the securities lent must not exceed 10 per cent. of the net asset value of the relevant Sub-Fund.

In the event that any of the above investment restrictions is breached, the Manager shall as a priority objective take all steps as are necessary within a reasonable period of time to remedy such breach, taking due account of the interests of the Unitholders.

The Manager currently does not intend to enter into any share repurchase transactions in respect of any of the Sub-Funds.

Additional Country Specific Investment and Borrowing Restrictions

Switzerland

Additional investment and borrowing restrictions apply to Sub-Fund(s) registered in Switzerland under Mutual Recognition of Funds (MRF) between Switzerland and Hong Kong:

a) The Manager shall not on behalf of the relevant Sub-Fund(s):-

  (i) make short sales of investments;

  (ii) invest in precious metals or precious metals certificates, commodities or commodity certificates;

  (iii) borrow more than 10% of the latest available Net Asset Value of each Sub-Fund;

  (iv) invest in collective investment schemes that may on their part invest more than a total of 10 percent of their net assets in other collective investment schemes.

RISK FACTORS

Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of any Sub-Fund and the income from them may go down as well as up.

Investors' attention is drawn to the following risk factors:

The performance of the Sub-Funds is subject to a number of risk factors and the risks associated with investments in underlying funds where the Sub-Fund is structured as a feeder fund, including those set out below.

(i) Political, economic and social risks – All financial markets may at times be adversely affected by changes in political, economic and social conditions.

(ii) Emerging markets – Various countries in which a Sub-Fund may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risk. The securities markets of some of the emerging countries in which a Sub-Fund's assets may be invested are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. Accounting, auditing and financial reporting standards in some of the emerging markets in which a Sub-Fund's assets may be invested may be less vigorous than international standards. As a result, certain material disclosures may not be made by some companies.

(iii) Currency risk – Certain Sub-Funds may be denominated in a certain currency although they may be invested in whole or in part in assets quoted in other currencies. The performance of such Sub-Funds will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the base currency of the Sub-Fund. Since the Manager aims to maximise returns for such Sub-Funds in terms of their base currency, investors in these Sub-Funds may be exposed to additional currency risk. Where the class currency of a class of Units is different from the base currency of the Sub-Fund, Unitholders of such class of Units are also subject to exchange rate risks between the two currencies.

(iv) Interest rates – Interest rates may be subject to fluctuation. High yield bonds are particularly susceptible to interest rate changes and may experience significant price volatility. Any fluctuation in interest rates may have a direct effect on the income received by such Sub-Funds and their respective capital value.

(v) Downgrading risk – Investment grade securities invested by a Sub-Fund may be subject to the risk of being downgraded to below investment grade securities. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, a Sub-Fund's investment value in such security may be adversely affected. The investment manager of the Sub-Fund may or may not dispose of the securities, subject to the investment objective of the Sub-Fund. In the event of investment grade securities being downgraded to below investment grade securities, the Sub-Fund will also be subject to the below investment grade securities risk outlined in the following paragraph.

(vi) Below investment grade and non-rated securities – A Sub-Fund may invest in securities which are below investment grade or which are non-rated. Investors should note that such securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. If the issuer of securities defaults, or such securities cannot be realised, or perform badly, investor may suffer substantial losses. In addition, the market for securities which are non-rated or rated below investment grade and/or have a lower credit rating generally is of lower liquidity and less active than that for higher rated securities and a Sub-Fund's ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by factors such as adverse publicity and investor perception.

(vii) Credit risk – In times of financial instability there may be increased uncertainty around the credit worthiness of issuers of debt or other securities. Market conditions may mean there are increased instances of default amongst issuers. If the issuer of any of the securities in which the assets of a Sub-Fund are invested defaults or suffers insolvency or other financial difficulties, the value of such Sub-Fund will be adversely affected.

(viii) Over-the-counter markets – In general, for investments traded on over-the-counter (OTC) markets, there is less governmental regulation and supervision of transactions in the OTC markets (in which many different kinds of financial derivatives instruments and structured products are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions carried out on OTC markets. Therefore, a Sub-Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that a Sub-Fund will sustain losses.

In addition, certain instruments traded on the OTC markets (such as customised financial derivatives and structured products) can be illiquid. The market for relatively illiquid investments tends to be more volatile than the market for more liquid investments.

(ix) Diversification risk – Certain Sub-Funds may invest only in a specific country/region/sector. Although each Sub-Fund's portfolio will be well diversified in terms of the number of holdings, investors should be aware that such Sub-Funds are likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as they are more susceptible to fluctuations in value resulting from adverse conditions in their respective countries.

(x) Hedging – The Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market risks. There is no guarantee that hedging techniques will achieve their desired result.

Currency Hedged class Units may be available in each Sub-Fund and are designated in currencies other than the Sub-Fund's base currency. In such circumstances 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. The Manager will try to mitigate this usually by hedging the foreign currency exposure of the Currency Hedged class Units into the base currency of the relevant Sub-Fund or into the currency or currencies in which the assets of the relevant Sub-Fund are denominated. In general, the Manager implements the foreign exchange hedge by using derivative instruments and contracts. Investors should note that over-hedged or under-hedged positions may arise due to factors outside the control of the Manager such as fluctuation of the net asset value of the relevant Sub-Fund. While hedging may protect investors against a decrease in the value of the base currency of the relevant Sub-Fund or the currency or currencies in which the assets of the relevant Sub-Fund are denominated, it may limit investors of the relevant Currency Hedged class Units from benefiting from an increase in the value of the base currency of the relevant Sub-Fund or the currency or currencies in which the assets of the relevant Sub-Fund are denominated. Investors should be aware that there can be no assurance that Currency Hedged class Units will be hedged at all times or that the Manager will be successful in employing the hedge.

The Manager may also, at its absolute discretion, seek to fully or partially hedge currency exposures arising from some or all of a Sub-Fund's underlying assets to the base currency of that Sub-Fund. Unitholders whose base currency is different (or not in a currency linked to that Sub-Fund's base currency or currency in which the relevant Currency Hedged class Units are denominated) may be exposed to additional currency risk.

(xi) Market risk – The Sub-Funds which invest directly or indirectly in equities are subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, and the business and social conditions in local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the Sub-Funds to losses.

In falling equity markets there may be increased volatility. Market prices in such circumstances may defy rational analysis or expectation for prolonged periods of time, and can be influenced by movements of large funds as a result of short-term factors, counter-speculative measures or other reasons. Market volatility of a large enough magnitude can sometimes weaken what is deemed to be a sound fundamental basis for investing in a particular market or stock. Investment expectations may fail to be realised in such instances.

(xii) Liquidity risk – In extreme market conditions, it may be difficult for a Sub-Fund to realise an investment at short notice without suffering a discount to market value. In such circumstances, Unitholders may suffer a delay in realising their investment.

(xiii) Sector risk – The Sub-Funds which invest in a specific industry or target a specific sector will be subject to the risks of that industry or sector, which may include, but not limited to, rapid obsolescence of technology, sensitivity of regulatory change, minimal barriers to entry, and sensitivity to overall market swings.

(xiv) Derivative and structured product risk – The Sub-Funds may invest in derivatives such as options, futures and convertible securities, and in depositary receipts, participation rights and potentially through other instruments which are linked to the performance of securities or indices such as participation notes, equity swaps and equity linked notes, which are sometimes referred to as "structured products". Investment in these instruments can be illiquid, if there is no active market in these instruments. Such Sub-Funds will be subject to insolvency or default risk of the issuers or counterparties. In addition, investment through structured products may lead to a dilution of performance of such Sub-Funds when compared to a fund investing directly in similar assets.

(xv) Equity Linked Notes ("ELN") – A Sub-Fund may invest in instruments which are linked to the performance of securities or indices such as ELN or other similar instruments. ELN may not be listed and are subject to the terms and conditions imposed by their issuer. These terms may lead to delays in implementing the Manager's investment strategy due to restrictions on the issuer acquiring or disposing of the securities underlying the ELN. Investment in ELN can be illiquid as there is no active market in ELN. In order to meet realisation requests, the Sub-Funds rely upon the counterparty issuing the ELN to quote a price to unwind any part of the ELN. This price will reflect the market liquidity conditions and the size of the transaction.

Investors should note that different issuers of ELN may have varying valuation principles. Generally, valuation will be based on, among other factors, the closing price of the relevant security underlying the ELN. Valuation uncertainties such as foreign exchange conversion risk, bid and offers spread and other charges could have an adverse effect on the net asset value of the relevant Sub-Fund.

By seeking exposure to investments in certain listed securities through ELN, the Sub-Funds are taking on the credit risk of the issuer of the ELN. There is a risk that the issuer will not settle a transaction due to a credit or liquidity problem, thus causing the Sub-Funds to suffer a loss. In addition, in the case of a default, the Sub-Funds could become subject to adverse market movements while replacement transactions are executed.

An investment in an ELN entitles the holder to certain cash payments calculated by reference to the shares to which the ELN is linked. It is not an investment directly in the shares themselves. An investment in the ELN does not entitle the ELN holder to the beneficial interest in the shares nor to make any claim against the company issuing the shares.

Investment through ELN may lead to a dilution of performance of the Sub-Funds when compared to a fund investing directly in similar assets. In addition, when the Sub-Funds intend to invest in a particular share through ELN, there is no guarantee that subsequent application monies for units in the Sub-Funds can be immediately invested in such share through ELN. This may impact on the performance of the Sub-Funds.

A Sub-Fund will invest not more than 15% of its Net Asset Value in ELN not listed or quoted on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such ELN is regularly traded. For purpose of investment restriction monitoring, ELN will be treated as an equity investment instead of being classified as a derivative in determining the appropriate limits.

(xvi) Currency forward contracts – A Sub-Fund may enter into currency forward contracts for hedging and/or investment purposes. Forward contracts are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Trading in currency forward contracts is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Sub-Fund.

Furthermore, currency forward contracts do not eliminate fluctuations in the prices of the Sub-Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. Performance may be strongly influenced by movements in foreign exchange rates because currency positions held by the Sub-Fund may not correspond with securities positions held. In such circumstances, the Sub-Fund's asset may be exposed to the losses on and the costs of the relevant financial instruments.

(xvii) Restricted markets risk – The Sub-Funds may invest in securities in jurisdictions (including China) which impose limitations or restrictions on foreign ownership or holdings. The Sub-Funds may be required to make such investments directly or indirectly. In either case, legal and regulatory restrictions or limitations may directly or indirectly have adverse effect on the liquidity and performance of such investments due to factors including (without limitation) repatriation limitations, unfavourable tax treatments, higher commission costs, dealing restrictions, regulatory reporting requirements, reliance on services of local custodians and service providers and other factors.

(xviii) China market risk – Investing in the China market is subject to the risks of investing in emerging markets generally and the risks specific to the China market in particular.

Investors should be aware that for more than 50 years, the Chinese government has adopted a planned economic system. Since 1978, the Chinese government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy. Many of the economic reforms in China are unprecedented or experimental and are subject to adjustment and modification. Any significant change in China's political, social or economic policy may have a negative impact on investments in the China market.

The regulatory and legal framework for capital markets and joint stock companies in China may not be as well developed when compared with those of developed countries. Chinese accounting standards and practice may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be as well tested and may be subject to increased risks of error or inefficiency.

Investments in equity interests of Chinese companies may be made through China A-Shares, China B-Shares and China H-Shares. As the number of these securities and their combined total market value are relatively small compared to more developed markets, investments in these securities may be subject to increased price volatility and lower liquidity.

The Chinese government's control of currency conversion and movements in the Renminbi exchange rates may adversely affect the operations and financial results of Chinese companies.

(xix) QFII risk – Certain of the Sub-Funds may obtain access to China A-Shares, Renminbi denominated debt securities or other permissible investments, either indirectly through investing in equity linked notes issued by institutions which have obtained the qualified foreign institutional investor ("QFII") status in China, or directly using QFII quotas of QFII. Further details relating to QFII arrangements of the relevant Sub-Fund are set out in the Appendix relating to such Sub-Fund. Regarding investment in equity linked notes, please refer to the risk factor titled "Equity Linked Notes".

Investors should note that QFII status could be suspended or revoked, which may have an adverse effect on a Sub-Fund's performance as the Sub-Fund may be required to dispose of its securities holdings. In addition, certain restrictions imposed by the Chinese government on QFIIs may have an adverse effect on such Sub-Fund's liquidity and performance. QFIIs are subject to restrictions on the maximum stake which can be held in any one listed company. In addition, according to the Administrative Measures on Foreign Exchange of Domestic Securities Investments by QFII ("QFII Measures") issued by the State Administration of Foreign Exchange ("SAFE"), there is an initial lock-up period of three months for the repatriation of the investment capital of the open-ended fund, and after the lock-up period, the QFII is allowed to remit and repatriate funds on a daily basis. Repatriation of investment capital and profits out of the PRC is subject to a monthly cumulative limit of 20 per cent. of the total onshore assets managed by the QFII (or managed through its group companies) as at the end of the preceding year, as stipulated by SAFE.

QFII quotas are generally granted to a QFII and not specifically for investment by a Sub-Fund. It is provided in the QFII Measures that the size of quota may be reduced by the SAFE under the following circumstances: (i) a QFII commits an illegal act of using foreign exchange, such as transferring or selling its investment limit; (ii) a QFII provides fictitious information or material to the PRC custodian or the SAFE; (iii) a QFII fails to carry out investment-related conversion, purchase or payment of foreign exchange in accordance with the provisions; (iv) a QFII fails to provide relevant information or materials on its fund conversion or securities investments in China as requested by the SAFE; and (v) a QFII otherwise violates foreign exchange control provisions. The rules and restrictions under QFII regulations, including rules on remittance of principal, investment restrictions, minimum investment holding periods, and repatriation of principal and profits, generally apply to the QFII as a whole and not simply to the investments made by a Sub-Fund. If a QFII's quota is also utilised by parties other than the relevant Sub-Fund, violations of the applicable QFII restrictions may arise out of activities relating to such parties. Such violations could result in the revocation of or other regulatory action in respect of the QFII's quota, including any portion made available for investment by the QFII for the account of the relevant Sub-Fund.

The Manager as a QFII may from time to time make available QFII quota for the purpose of a Sub-Fund's direct investment into China. Under the SAFE's administration policy on QFII's investment in domestic securities, a QFII has the flexibility to allocate its QFII quota across different open-ended funds, or, subject to SAFE's approval, to other products and/or accounts that are not open-ended funds (but are under the QFII's management). The QFII may therefore allocate additional QFII quota to a Sub-Fund, or allocate QFII quota which may otherwise be available to the relevant Sub-Fund to other products and/or accounts. The QFII may also apply to SAFE for additional QFII quota which may be utilised by the relevant Sub-Fund, other clients of the QFII or other products managed by the QFII. However, there is no assurance that the QFII will make available QFII quota that is sufficient for the relevant Sub-Fund's investment at all times.

Investors should note that there can be no assurance that a QFII will continue to make available its QFII quota, or a Sub-Fund will be allocated a sufficient portion of QFII quotas from a QFII to meet all applications for subscription to the Sub-Fund, or that redemption requests can be processed in a timely manner due to repatriation restrictions or adverse changes in relevant laws or regulations. A Sub-Fund may not have exclusive use of the entire QFII quota granted by SAFE to the QFII, and the QFII may at its discretion allocate QFII quota which may otherwise be available to the relevant Sub-Fund to other products under the Manager's management. Such restrictions may result in suspension of dealings of a Sub-Fund. In extreme circumstances, a Sub-Fund may incur significant losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to QFII investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

Investors should also note that investments in securities through QFIIs are generally subject to compliance with the following investment restrictions currently imposed under QFII regulations in the PRC, as amended from time to time:

(a) shares held by each underlying foreign investor (such as the Sub-Fund) investing through QFII investment quotas in each listed company should not exceed 10% of the total outstanding shares of such listed company; and

(b) total shares held by all underlying foreign investors who make investment through QFII investment quotas in each listed company should not exceed 30% of the total outstanding shares of such listed company.

As there are limits on the total shares held by all underlying foreign investors in one listed company in the PRC, the capacity of a Sub-Fund to make investments in China A-Shares will be affected by the activities of all other underlying foreign investors investing through QFIIs.

Any China A-Shares or other permissible securities acquired by a Sub-Fund through QFII will be maintained by its QFII custodian via a securities account in such name as may be permitted or required in accordance with the PRC laws. According to the China Securities Regulatory Commission's Notice of Issues relating to the Administration Measures for the Domestic Securities Investment by Qualified Foreign Institutional Investors ("CSRC Notice"), the securities account for a Sub-Fund in the PRC is currently required to be maintained in the joint names of the QFII and the Sub-Fund. Although the CSRC Notice indicates that the assets in such account would belong to such Sub-Fund, such Notice may only serve as an administrative guidance and may not have equal force of the law enacted by legislative bodies in the PRC.

The current QFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the QFII laws, rules and regulations will not be abolished. A Sub-Fund investing in the PRC markets through a QFII may be adversely affected as a result of such changes.

Investments will be made through a QFII in Renminbi. A Sub-Fund may therefore be exposed to any fluctuation in the exchange rate in Renminbi in respect of such investments.

(xx) Risks associated with the Stock Connects – Certain Sub-Funds may invest in China A-Shares via the Stock Connects. In addition to the risk factor "China market risk", the following additional risks apply:

Capitalised terms herein, unless otherwise stated, shall have the same meanings as defined in Annex A of the Explanatory Memorandum.

Quota Limitations – The Stock Connects are subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the relevant Sub-Fund's ability to invest in China A-Shares through the Stock Connects on a timely basis, and such Sub-Fund may not be able to effectively pursue its investment strategies.

Clearing and Settlement Risk – HKSCC and ChinaClear have established the Stock Connects clearing links and each has become a participant of the other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC should in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the relevant Sub-Fund may suffer delay in the recovery process or may not fully recover its losses from ChinaClear.

Participation in corporate actions and shareholders' meetings – HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Hong Kong and overseas investors (including the relevant Sub-Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be as short as one business day only. Therefore, the relevant Sub-Fund may not be able to participate in some corporate actions in a timely manner.

Hong Kong and overseas investors (including the relevant Sub-Fund) are holding SSE Securities and SZSE Securities traded via the Stock Connects through their brokers or custodians. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements.

Suspension Risk – Each of the SEHK, SSE and SZSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is effected, the relevant Sub-Fund's ability to access the PRC market will be adversely affected.

Differences in Trading Day – The Stock Connects only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but the Sub-Funds cannot carry out any China A Shares trading. The Sub-Funds may be subject to a risk of price fluctuations in China A Shares during the time when any of the Stock Connects is not trading as a result.

Restrictions on Selling Imposed by Front-end Monitoring – PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Generally, if a Sub-Fund intends to sell certain China A Shares it holds, it must transfer those China A Shares to the respective accounts of its broker(s) before the market opens on the day of selling. If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, a Sub-Fund may not be able to dispose of its holdings of China A Shares in a timely manner.

However, the relevant Sub-Fund may maintain its China A-Shares with a custodian which is a custodian participant or general clearing participant participating in CCASS. In such circumstance, the Sub-Fund may request such custodian to open a special segregated account ("SPSA") in CCASS to maintain its holdings in China A-Shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique Investor ID by CCASS for the purpose of facilitating the order routing system to verify the holdings of an investor such as the relevant Sub-Fund. Provided that there is sufficient holding in the SPSA when a broker inputs the relevant Sub-Fund's sell order, the relevant Sub-Fund will only need to transfer China A-Shares from its SPSA to its broker's account after execution (as opposed to the practice of transferring China A-Shares to the broker's account under the current pre-trade checking model) and the relevant Sub-Fund will not be subject to the risk of being unable to dispose of its holdings of China A-Shares in a timely manner.

Operational Risk – The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

The securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The relevant Sub-Fund's ability to access the China A Share market (and hence to pursue its investment strategy) may be adversely affected.

Regulatory Risk – The current regulations relating to Stock Connects are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change which may have potential retrospective effects and there can be no assurance that the Stock Connects will not be abolished. New regulations may be issued from time to time by the regulators/stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connects. The Sub-Funds may be adversely affected as a result of such changes.

Recalling of Eligible Stocks – When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the relevant Sub-Funds, for example, if the Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

Foreign shareholding restrictions risk – Hong Kong and overseas investors (including the relevant Sub-Fund) holding China A-shares are subject to foreign shareholding restrictions. The capacity of the Sub-Fund to make investments in China A-shares may be adversely affected by the activities of all underlying foreign investors investing through Stock Connects.

No Protection by Investor Compensation Fund – Investment in Stock Connects is conducted through brokers, and is subject to the risks of default by such brokers' in their obligations.

As disclosed in Annex A of the Explanatory Memorandum, the relevant Sub-Fund's investments through Northbound trading under the Stock Connects are not covered by the Hong Kong's Investor Compensation Fund. Therefore such Sub-Fund is exposed to the risks of default of the broker(s) it engages in its trading in China A-Shares through the programme.

(xxi) PRC tax considerations – By investing in PRC shares (including China A-, B- and H-Shares), Renminbi denominated corporate and government bonds, securities investment fund and warrants listed on the PRC stock exchanges (together "**PRC Securities**"), a Sub-Fund may be subject to withholding and other taxes imposed in the PRC.

<u>Corporate Income Tax:</u>

For an enterprise that is not a tax resident enterprise and has no permanent establishment in the PRC for PRC corporate income tax purposes under the Corporate Income Tax ("**CIT**") Law, a 10% PRC corporate income tax on a withholding basis ("**PRC WIT**") shall, subject to exemptions, apply to capital gains derived from the disposal of PRC Securities (although there could be practical difficulty for the PRC tax authorities to impose and collect PRC WIT on capital gains derived from the trading of China H-Shares which is conducted outside China).

<u>*Interests and Dividends*</u>

Currently, a 10% tax is payable on interests derived from RMB denominated corporate bonds and dividends derived from China A-, B- and H-Shares. The entity distributing such dividend or interests is required to withhold such tax. Although no specific rules governing taxes in respect of dividends derived from China B-Shares have been issued, it is believed that similar tax treatment shall apply. On the other hand, interests derived from government bonds are exempt from PRC income tax under the CIT Law.

Under the Arrangement between the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "PRC-HK Arrangement"), the PRC WIT charged on interest received by Hong Kong resident holders of debt instruments will be 7% of the gross amount of the interest, if the Hong Kong tax residents are the beneficial owners under the PRC-HK Arrangement, subject to the approval of the PRC tax authorities. However, there are still uncertainties as to how the PRC tax authorities will assess the beneficial ownership for investment fund cases; it is uncertain whether the relevant Sub-Fund can obtain approval from the PRC tax authorities for this preferential rate. The Manager will continue to review the position including the views of the PRC tax authorities, the administrative requirements for seeking such approvals and the cost and uncertainty of seeking approvals. The Manager may seek to apply for such approval from the PRC tax authorities in relation to the relevant Sub-Fund, although this cannot be guaranteed. If the relevant approval is not obtained, the general PRC WIT rate of 10% will be applicable to the relevant Sub-Fund on interest. Pursuant to the PRC-HK Arrangement, the tax charged on dividends received by the non-resident holders of shares issued by Chinese resident companies will be 5% of the gross amount of the dividends, if Hong Kong tax residents are the beneficial owners and directly hold at least 25% of the equity of the company paying the dividends. Due to the investment restriction, the relevant Sub-Fund will not hold more than 10% of any ordinary shares issued by any single issuer. In this connection, dividends derived from China A-Shares invested through RQFIIs will not benefit from the reduced tax rate of 5% and the general tax rate of 10% is applicable to the relevant Sub-Fund.

Capital Gains

Specific rules governing taxes on QFII's and RQFII's capital gains derived from the trading of debt securities in the PRC have yet to be announced. In the absence of such specific rules, the PRC income tax treatment should be governed by the general tax provisions of the CIT Law. Pursuant to the PRC-HK Arrangement, capital gains derived by a Hong Kong tax resident from the disposal of Renminbi denominated corporate, government and non-government bonds may be exempted from the PRC WIT, subject to the approval of the PRC authorities. This tax treaty exemption on capital gain will only apply if specific approval is obtained from the PRC tax authorities. In this connection, the Manager will further assess and seek to apply with PRC tax authorities to treat the relevant Sub-Fund and/or the Manager as Hong Kong tax resident and be able to enjoy the above capital gain tax exemption under the PRC-HK Arrangement, although this cannot be guaranteed. If the relevant approval is not obtained, the general rate of 10% will be applicable to the capital gains derived by the relevant Sub-Fund on the dealing of the PRC Securities other than equity investments issued by PRC resident issuers.

In respect of equity interest investments such as China A-Shares, the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission have issued circulars on 14 November 2014 to clarify the relevant corporate income tax liabilities:–

(i) Pursuant to the *Circular Concerning the Temporary Exemption of the Corporate Income Tax for Gains Earned by QFII and RQFII from Transfer of Domestic Shares and Other Equity Interest Investment in China* under Caishui [2014] No.79:

- corporate income tax shall be exempt on a temporary basis on the gains earned by QFIIs and RQFIIs from the transfer of domestic shares and other equity interest investment in China with effect from 17 November 2014; and

- corporate income tax shall be imposed on such gains earned by QFIIs and RQFIIs before 17 November 2014 in accordance with the tax laws.

This circular is applicable for QFIIs and RQFIIs without any establishment or place in China or the income derived by the QFIIs and RQFIIs are not effectively connected with their establishment or place in China.

(ii) Pursuant to the *Circular on the Taxation Policy of the Pilot Programme for the Mutual Stock Market Access between Shanghai and Hong Kong Stock Markets* under Caishui [2014] No.81 ("Circular No. 81"), in respect of trading of China A-Shares through the Stock Connects:

- corporate income tax shall be exempt on a temporary basis on the gains earned by Hong Kong market investors (including corporate and individual investors) from the transfer of China A-Shares listed on the Shanghai Stock Exchange; and

- Hong Kong market investors are required to pay tax on dividend and bonus of China A-Shares at a standard rate of 10%, which will be withheld and paid to the relevant PRC tax authority by the respective listed companies (before the Hong Kong Securities Clearing Company Limited is able to provide details such as investor identities and holding periods to the China Securities Depository and Clearing Corporation Limited, the policy of differentiated rates of taxation based on holding periods will temporarily not be implemented).

Business Tax ("BT"):

Interests and Dividends

Interests derived from Renminbi denominated corporate and non-government bonds issued by PRC tax residents may be subject to business tax at a rate of 5% in China, unless there is an applicable exemption.

Dividend income or profit distributions on equity investment derived from China are not included in the taxable scope of BT.

Where BT is payable, a City Construction Tax and an Education Surcharge of up to 10% of such Business Tax may be imposed. In addition, a Local Education Surcharge of 2% of the Business Tax, as well as other applicable local governmental surcharges, may also be imposed.

Capital Gains

Caishui [2005] 155 states that gains derived by QFIIs from the trading of PRC Securities are exempt from BT. The new BT reform which came into effect on 1 January 2009 has not changed this exemption treatment at the time of this Explanatory Memorandum. However, it is not clear whether similar exemption would be extended to RQFIIs.

The new BT reform provides that BT at 5% shall be levied on the difference between the selling and buying prices on marketable securities other than those trading through a QFII although the collection of BT has not been enforced by the PRC tax authorities so far on such difference received by non-resident enterprises derived from China.

Circular No. 81 has also provided that, in respect of trading of China A-Shares through the Stock Connects, BT shall be exempt on a temporary basis on the gains earned by Hong Kong market investors (including corporate and individual investors) from the sale and purchase of China A-Shares listed on the Shanghai Stock Exchange.

After the full roll out of Value-added tax reform, income derived taxpayers from investments in PRC Securities would be subject to Value-added tax instead of BT effective from 1 May 2016. As such, BT (if applicable) would only apply to income derived by the Sub-Funds before 1 May 2016.

Value-added Tax ("VAT"):

With the Circular Caishui [2016] No. 36 ("Circular 36") regarding the final stage of VAT reform which came into effect on 1 May 2016, gains derived from the trading of PRC Securities will be subject to VAT instead of BT starting from 1 May 2016.

According to Circular 36, gains derived by QFIIs from the transfer of PRC Securities will be exempt from VAT since 1 May 2016. Since both RQFIIs and QFIIs are qualified foreign institutional investors which are allowed to make investments in the PRC domestic capital markets, there should be a basis to make reference to the exemption treatment of Circular 36 on RQFIIs. Based on Circular 36, the gains derived through Stock Connects from transfer of China A-Shares will be exempt from VAT since 1 May 2016.

However, for marketable securities other than those invested under QFIIs and RQFIIs and Stock Connects, Circular 36 shall apply to levy VAT at 6% on the difference between the selling and purchase prices of those marketable securities. Where capital gains are derived from transfer of offshore PRC investment (e.g. H-Shares), VAT in general is not imposed as the purchase and disposal are often concluded and completed outside China.

As the full roll-out of VAT reform is still new, it is not clear on whether and how the collection of VAT on capital gains derived by non-PRC tax resident enterprises from the trading (i.e. both buy and sales) of China B-Shares would be enforced.

Interest income received by QFIIs and RQFIIs from investments in PRC debt securities shall be subject to 6% VAT unless special exemption applies. According to the Circular 36 and Caishui [2016] No. 46, deposit interest income is not subject to VAT and interest income earned on government bonds and policy bank bonds is exempted from VAT.

Dividend income or profit distributions on equity investment derived from China are not included in the taxable scope of VAT.

If VAT is applicable, there are also other surtaxes (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as 12% of VAT payable.

Stamp duty:

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of China A- and B-Shares traded on the PRC stock exchanges, at the rate of 0.1%. In the case of contracts for sale of China A- and B-Shares, such stamp duty is currently imposed on the seller but not on the purchaser.

Under Circular No. 81, Hong Kong market investors trading through Stock Connects are required to pay stamp duty arising from the sale and purchase of China A-Shares and the transfer of China A-Shares by way of succession and gift in accordance with the prevailing PRC taxation regulations.

Tax provision:

It is the intention of the Manager to operate the affairs of the Manager as a QFII or RQFII and the relevant Sub-Funds such that they are not tax resident enterprises and have no permanent establishment in the PRC for PRC corporate income tax purposes, although this cannot be guaranteed. Separately, for the tax treatment of income tax and other tax categories payable in respect of trading in China interbank bond market by foreign institutional investors, there is no specific guidance released by the PRC tax authorities. Any PRC WIT imposed in respect of the PRC Securities invested by the relevant Sub-Fund will be passed on to the Sub-Fund and the asset value of the Sub-Fund will be reduced accordingly.

The Manager may make further provisions in respect of a Sub-Fund for the above tax obligations based on independent tax advice obtained. With the uncertainties under the applicable PRC tax laws and the possibility of such laws being changed and taxes being applied retrospectively, any provision for taxation, if made by the Manager, may be excessive or inadequate to meet actual PRC tax liabilities on gains derived from PRC Securities. In the event that it is satisfied (based on tax advice) that part of the tax provisions are not required, the Manager will release such provisions back into the relevant Sub-Fund, forming part of such Sub-Fund's assets. In case of any shortfall between the provisions and actual tax liabilities, which will be debited from the Sub-Fund's assets, the Sub-Fund's asset value will be adversely affected.

Investors may be advantaged or disadvantaged depending upon the final tax outcome as and when they subscribed and/or realised their Units in/from the relevant Sub-Fund. Investors should note that no Unitholders who have realised their Units in the Sub-Fund before the release of any excess tax provision shall be entitled to claim in whatsoever form any part of the tax provision or withholding amounts released to the relevant Sub-Fund, which amount will be reflected in the value of Units in such Sub-Fund.

The Manager, after taking tax advice, has also decided that the relevant Sub-Fund will not withhold any amount of realised or unrealised gains on its investments in China A-Shares as tax provisions.

Various tax reform policies have been implemented by the PRC government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in the PRC will be changed with retrospective effect in the future and any such change may have an adverse effect on the asset value of the relevant Sub-Fund. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in the PRC which a Sub-Fund invests in, thereby reducing the income from, and/or value of the Units.

(xxii) Custodial risk and brokerage risk – Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where a Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In certain circumstances a Sub-Fund may take a longer time or may even be unable to recover some of its assets. Such circumstances may include the liquidation, bankruptcy or insolvency of a custodian or sub-custodian, retroactive application of legislation and fraud or improper registration of title. The costs borne by a Sub-Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

Where a Sub-Fund invests in China A-Shares or other PRC Securities using QFII quotas of a QFII, such securities will be maintained by a custodian bank ("QFII Custodian") appointed by the QFII pursuant to PRC regulations through a securities account with the China Securities Depository and Clearing Corporation Limited in such name as may be permitted or required in accordance with PRC law. In addition, the execution and settlement of transactions or the transfer of any funds or securities may be conducted by brokers ("PRC Brokers") appointed by the QFII. If the QFII Custodian or the PRC Brokers default, the Sub-Fund may suffer substantial losses.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Fund and each of the Sub-Funds. In the case where a custodian is appointed in relation to a Sub-Fund, the Trustee shall be responsible for the acts or omission of such custodian and it shall ensure that such custodian has the relevant qualifications, good financial standing and business track record, and that assets of each Sub-Fund are held to the Trustee's order. The Trustee will not however be responsible for any loss suffered by a Sub-Fund by reason only of the liquidation, bankruptcy or insolvency of any such custodian which is not member of the group of companies to which the Trustee belongs. The Trustee will ensure the proper segregation of a Sub-Fund's assets by the custodian.

(xxiii) Counterparty risk – The Sub-Funds may invest in different instruments in accordance with their objectives and as permitted by the investment restrictions. If the counterparties of these underlying investments default, the Sub-Funds could suffer substantial losses. In addition, if the counterparties with which a Sub-Fund effects transactions cease making markets or quoting prices in certain of the instruments, the Sub-Fund may be unable to enter into a desired transaction or to enter into an offsetting transaction with respect to an open position, which may adversely affect its performance.

(xxiv) Small company risk – The stock prices of small and medium-sized companies may tend to be more volatile than large-sized companies due to a lower degree of liquidity, greater sensitivity to changes in economic conditions and higher uncertainty over future growth prospects."

(xxv) Risk of termination – a Sub-Fund may be terminated in certain circumstances which are summarised under the section "Termination of the Fund or any Sub-Fund". A Sub-Fund may be terminated by the Manager (a) if the Net Asset Value of the Fund or a Sub-Fund shall be less than HK$80 million and/or Unitholders pass an extraordinary resolution approving such termination, or (b) if any law shall render it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Fund or a Sub-Fund. In the event of the termination of a Sub-Fund, such Sub-Fund would have to distribute to the

Unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the relevant Sub-Fund might be worth less than the initial cost of such investments, resulting in a loss to the Unitholders. Moreover, any organisational expenses with regard to the relevant Sub-Fund that had not yet been fully amortized would be debited against the Sub-Fund's capital at that time.

(xxvi) Foreign Account Tax Compliance Act – Sections 1471 – 1474 (referred to as "FATCA") of the US Internal Revenue Code of 1986, as amended ("IRS Code") will impose new rules with respect to certain payments to non-United States persons, such as the Fund and the Sub-Funds, including interest and dividends from securities of US issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the US Internal Revenue Service ("**IRS**") to identify United States persons (within the meaning of the IRS Code) with interests in such payments. To avoid such withholding on payments made to it, a foreign financial institution (an "**FFI**"), such as the Fund and the Sub-Funds (and, generally, other investment funds organised outside the US), generally will be required to enter into an agreement (an "**FFI Agreement**") with the US IRS under which it will agree to identify its direct or indirect owners who are United States persons and report certain information concerning such United States person owners to the US IRS.

In general, an FFI which does not sign an FFI Agreement or is not otherwise exempt will face a punitive 30% withholding tax on all "withholdable payments" derived from US sources, including dividends, interest and certain derivative payments made on or after 1 July 2014. In addition, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating US source dividends or interest will be treated as "withholdable payments". The Department of Treasury and the IRS announced their intention to amend the regulations to extend the start date of withholding on gross proceeds from 1 January 2017 to 1 January 2019, and to extend the start date of withholding of foreign pass thru payment to provide that a participating FFI will not be required to withhold on a foreign pass thru payment before the later of 1 January 2019 or the date of publication in the Federal Register of final regulations defining "foreign pass thru payment".

The Hong Kong government has announced that Hong Kong will enter into an intergovernmental agreement with the US ("**IGA**") for the implementation of FATCA, adopting "Model 2" IGA arrangements. Under this "Model 2" IGA arrangements, FFIs in Hong Kong (such as the Fund and the Sub-Funds) would be required to enter into the FFI Agreement with the US IRS, register with the US IRS and comply with the terms of FFI Agreement. Otherwise they will be subject to a 30% withholding tax on relevant US-sourced payments to them.

As an IGA has been reached in substance between Hong Kong and the US, it is expected that FFIs in Hong Kong (such as the Fund and the Sub-Funds) complying with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on payments to recalcitrant accounts (i.e. accounts of which the holders do not consent to FATCA reporting and disclosure to the US IRS) or close those recalcitrant accounts (provided that information regarding such recalcitrant account holders is reported to the US IRS), but may be required to withhold tax on payments made to non-compliant FFIs.

The Manager has been registered as a "sponsoring FFI" (i.e. the FFI which undertakes the obligations under FATCA on behalf of the Fund and/or the Sub-Funds), and the Fund and/or the Sub-Funds are treated as "registered deemed-compliant FFI". If necessary, the Fund and each Sub-Fund will register with the US IRS depending on further announcement from the US IRS.

The Fund and each Sub-Fund will endeavour to satisfy the requirements imposed under FATCA and the FFI Agreement to avoid any withholding tax. In the event that the Fund or any Sub-Fund is not able to comply with the requirements imposed by FATCA or the FFI Agreement and the Fund or such Sub-Fund does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Fund or that Sub-Fund may be adversely affected and the Fund or such Sub-Fund may suffer significant loss as a result.

In the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund or the relevant Sub-Fund, or a risk of the Fund or the relevant Sub-Fund being subject to withholding tax under FATCA, the Manager on behalf of the Fund and each of such relevant Sub-Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, (i) reporting the relevant information of such Unitholder to the US IRS; (ii) withholding or deducting from such Unitholder's redemption proceeds or distributions to the extent permitted by applicable laws and regulations; and/or (iii) deeming such Unitholder to have given notice to redeem all his Units in the relevant Sub-Fund. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds.

Each Unitholder and prospective investor should consult with his own tax advisor as to the potential impact of FATCA in its own tax situation.

(xxvii) Risks associated with China interbank bond market – Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China interbank bond market may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the Sub-Fund transacts in the China interbank bond market, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via the Foreign Direct Access Regime and/or Bond Connect, the relevant filings, registration with PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Sub-Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the China interbank bond market via Foreign Direct Access Regime and/or Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes 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. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

Currently no specific guidance imposed by the PRC tax authorities on the treatment of income tax and other tax categories payable in respect of trading in China interbank bond market by foreign institutional investors. There is a possibility of relevant tax rules being imposed and taxes being applied retrospectively. As such, any provision for taxation made by the Manager for the account of the relevant Sub-Funds may be excessive or inadequate to meet final PRC tax liabilities. Consequently, investors in the relevant Sub-Funds may be advantaged or disadvantaged depending upon the final tax liabilities and the level of provision and when they subscribe and/or realise their Units in/from the relevant Sub-Funds.

(xxviii) Risks associated with the Small and Medium Enterprise board and/or ChiNext market – Certain Sub-Funds may invest in the Small and Medium Enterprise board ("**SME board**") and/or the ChiNext market of the Shenzhen Stock Exchange via the Shenzhen-Hong Kong Stock Connects. Investments in the SME board and/or ChiNext market may result in significant losses for the Sub-Fund. The following additional risks apply:

Higher fluctuation on stock prices – Listed companies on the SME board and/or ChiNext market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the Shenzhen Stock Exchange.

Over-valuation risk – Stocks listed on the SME board and/or ChiNext may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

Differences in regulations – The rules and regulations regarding companies listed on ChiNext market are less stringent in terms of profitability and share capital than those in the main board and SME board.

Delisting risk – It may be more common and faster for companies listed on the SME board and/or ChiNext to delist. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.

In view of the above, investment in any Sub-Fund should be regarded as long term in nature. The Sub-Funds are, therefore, only suitable for investors who can afford the risks involved.

Investors should refer to the relevant Appendix for details of any additional risks specific to a Sub-Fund.

EXPENSES AND CHARGES

The current management fee, trustee fee, registrar's fee and holders servicing fee for each Sub-Fund are set out in the relevant Appendix. The management fee, trustee fee, registrar's fee and holders servicing fee for each Sub-Fund accrue daily and are payable monthly in arrears. The Manager will give one month's prior notice (or such other notice as may be approved by the SFC) to Unitholders should there be any increase of (i) the management fee from the current level up to the maximum level of 2.0% per annum, or (ii) the trustee fee from the current level up to the maximum level of 1.0% per annum, or (iii) the holders servicing fee from the current level up to the maximum level of 2.0% per annum.

The establishment costs of the Fund and the initial Sub-Fund in Hong Kong were borne by the initial Sub-Fund and deducted following the close of its launch period. The establishment costs and payments incurred in the establishment of subsequent Sub-Funds are to be borne by the relevant Sub-Fund to which such costs and payments relate.

Each Sub-Fund will bear the costs set out in the Trust Deed, which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, the Manager shall determine in its absolute discretion how such costs are to be allocated. Such costs include but are not limited to the costs of investing and realising the investments of the Sub-Fund(s), the fees and expenses of custodians of the assets of the Fund, the fees and expenses of the auditors, valuation costs, legal fees, the costs incurred in connection with any listing or regulatory approval, the costs of holding meetings of Unitholders and the costs incurred in the preparation and printing of any explanatory memorandum. If any Sub-Fund is wound-up prior to the expenses being fully amortised, such unamortised amount will be borne by the relevant Sub-Fund before its termination.

For so long as the Fund and such Sub-Funds are authorised by the SFC, no advertising or promotional expenses shall be charged to the Sub-Funds so authorised.

Cash Rebates and Soft Commissions

The Manager may not retain any rebates of brokerage or commission which it may derive from or in connection with any purchase or sale of investments for the account of a Sub-Fund. Neither the Manager nor any of its connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for a Sub-Fund to such brokers or dealers, save that goods and services (soft commissions) may be retained if, such goods and services are of demonstrable benefit to the Unitholders, and the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates.

The Manager and/or any company associated with it reserves the right to effect transactions by or through the agency of another person with whom the Manager and/or any company associated with it has an arrangement under which that party will from time to time provide to or procure for the Manager and/or any company associated with it goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Fund as a whole and may contribute to an improvement in the performance of the Fund or of the Manager and/or any company associated with it in providing services to the Fund and for which no direct payment is made but instead the Manager and/or any company associated with it undertakes to place business with that party. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

TAXATION

Each prospective Unitholder should inform himself of, and where appropriate take advice on, the taxes applicable to the acquisition, holding and realisation of Units by him under the laws of the places of his citizenship, residence and domicile.

Hong Kong

Units will be regarded as "Hong Kong stock" for the purposes of Hong Kong stamp duty. Sales or transfers of Units will be liable to Hong Kong ad valorem stamp duty at the rate of HK$1.00 per HK$1,000 or part thereof of the higher of the consideration for, or the value of, the Units payable by each of the transferor and the transferee (i.e. a total of HK$2.00 per HK$1,000 or part thereof). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of Units. No Hong Kong stamp duty is payable, however, where the sale or transfer of the Unit is effected by extinguishing the Unit or the sale or transfer is to the Manager who subsequently re-sells the Units within two months thereof.

During such period as the Fund and such of its Sub-Funds are authorised by the SFC pursuant to section 104 of the SFO then, under present Hong Kong law and practice:–

(a) The Fund is not expected to be subject to Hong Kong tax in respect of any of its authorised activities.

(b) No tax will be payable by Unitholders in Hong Kong in respect of dividends or other income distributions of the Sub-Funds so authorised or in respect of any capital gains arising on a sale, realisation or other disposal of Units of the authorised Sub-Funds, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

REPORTS AND ACCOUNTS

The Fund's financial year end is on 31 December in each year. Audited accounts (in English) will be made available to Unitholders as soon as possible, and in any event within four months, after the end of the financial year. The audited accounts relating to a Sub-Fund which is structured as a feeder fund will include a statement of the investments comprised in the underlying fund in which that Sub-Fund invests. Unaudited semi-annual reports (in English) will be made available to Unitholders within two months after 30 June in each year. Such reports contain a statement of the Net Asset Value of each Sub-Fund and of the investments comprising its portfolio.

Unitholders may obtain a copy of the audited accounts and unaudited semi-annual reports within four months and two months, respectively, after the relevant financial period at the following website: www.bea-union-investment.com. Investors should note that the website has not been reviewed or authorised by the SFC. The accounts and reports will also be available upon request to the Manager and for inspection at the Manager's office free of charge during normal working hours.

DISTRIBUTION OF INCOME

Unless otherwise described in the relevant Appendix, the Manager shall not make any distribution of income or net capital gains realised on the sale of investments, and income, if any, and net capital gains, if any, in respect of the Fund or any Sub-Fund shall be accumulated and capitalised. Unitholders will be given at least one month's prior written notice of any change to the distribution policy of the relevant Sub-Fund, subject to prior SFC approval.

Distributions of a Sub-Fund declared in respect of an Interim Accounting Period or an Accounting Period, if any, as described in the relevant Appendix, shall be distributed among the Unitholders of the relevant classes of Units rateably in accordance with the number of Units held by them on the Record Date in respect of such Interim Accounting Period or Accounting Period, as the case may be. For the avoidance of doubt, only Unitholders whose names are entered on the register of Unitholders on such Record Date shall be entitled to the distribution declared in respect of the corresponding Interim Accounting Period or Accounting Period, as the case maybe.

Payment of an interim distribution (if any) will be made within 12 weeks from the Interim Accounting Date and payment of a final distribution (if any) will be made within two months from the Accounting Date. Any payment of distributions will be made in the class currency of the relevant class of Units by cheque at the risk of the Unitholders (or in such other manner as may be agreed with the Manager). Any distribution which is not claimed for six years will be forfeited and become part of the assets of the relevant class of Units.

VOTING RIGHTS

Meetings of Unitholders may be convened by the Manager or the Trustee, and the Unitholders of 10% or more in value of the Units in issue may require a meeting to be convened. Unitholders will be given not less than 21 days' notice of any meeting.

The quorum for all meetings is Unitholders present in person or by proxy representing 10% of the Units for the time being in issue except for the purpose of passing an extraordinary resolution. The quorum for passing an extraordinary resolution shall be Unitholders present in person or by proxy representing 25% or more of the Units in issue. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a quorum. On a show of hands, every individual Unitholder present in person or by representative has one vote; on a poll every Unitholder present in person, by proxy or by representative has one vote for every Unit of which he is the holder. In the case of joint Unitholders the senior of those who tenders a vote (in person or by proxy) will be accepted and seniority is determined by the order in which the names appear on the Register of Unitholders. A poll may be demanded by the Chairman or one or more Unitholders present in person or by proxy representing 5% in value of the Units for the time being in issue.

PUBLICATION OF PRICES

The Net Asset Value per Unit of each Sub-Fund will be published on every Dealing Day on the Manager's website: www.bea-union-investment.com. Investors should note that the aforesaid website has not been reviewed or authorised by the SFC.

TRANSFER OF UNITS

Subject as provided below, Units may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units.

Each instrument of transfer must relate to a single class of Units only. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the minimum holding (if any) of the relevant class.

TRUST DEED

The Fund was established under the laws of Hong Kong by a Trust Deed dated 18 January, 2002 made between BEA Union Investment Management Limited (previously known as East Asia Asset Management Company Limited) as Manager and Bank of East Asia (Trustees) Limited as Trustee.

The Trust Deed contains provisions for the indemnification of the parties and their exculpation from liability in certain circumstances. However, nothing in the Trust Deed shall exempt the Trustee or the Manager from or indemnify them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or trust of which they may be liable in relation to their duties and neither the Trustee nor the Manager may be indemnified against such liability by Unitholders or at Unitholders' expense. Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

Copies of the Trust Deed (together with any undertakings given to the SFC) as for the time being in force may be obtained from the Manager at a cost of HK$500 each and may be inspected during normal working hours at the offices of the Manager and the Trustee free of charge.

TERMINATION OF THE FUND OR ANY SUB-FUND

The Fund shall continue for a period of 80 years from the date of the Trust Deed or until it is terminated in one of the ways set out below.

The Fund may be terminated by the Trustee, provided that the Trustee shall certify that in its opinion the proposed termination is in the interest of Unitholders, (a) if in the opinion of the Trustee, the Manager is incapable of performing or fails to perform its duties satisfactorily or (b) if the Manager goes into liquidation. Further at any time the Unitholders of the Fund or any Sub-Fund may authorise termination of such Sub-Fund by an extraordinary resolution. The Trustee may also terminate the Fund if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable in consultation with the relevant regulatory agencies (SFC in Hong Kong) to continue the Fund. Subject as further provided below, the Fund or any of BEA Union Investment Global Themes Fund, BEA Union Investment Asian Bond and Currency Fund or BEA Union Investment China A-Share Equity Fund may be terminated by the Manager (a) if on any date, in relation to the Fund, the Net Asset Value of the Units of the Fund shall be below HK$80 million provided that an extraordinary resolution of affected Unitholders shall be required to approve the termination of the Fund or (b) if on any date, in relation to any of the aforementioned Sub-Funds, the aggregate Net Asset Value of Units outstanding in respect of such Sub-Fund shall be less than HK$80 million provided that an extraordinary resolution of affected Unitholders shall be required to approve the termination or (c) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable in consultation with the relevant regulatory agencies (SFC in Hong Kong) to continue the Fund or such Sub-Fund.

With respect to all other Sub-Funds, the Manager in its absolute discretion, may also give notice to terminate such Sub-Fund if (a) on any date, in relation to such Sub-Fund, the aggregate Net Asset Value of the Units of the relevant class outstanding shall be less than HK$80 million (or such other amount stated in the relevant notice of establishment), or (b) in the opinion of the Manager, it is impracticable or inadvisable to continue such Sub-Fund and/or any class of Units of such Sub-Fund (as the case may be) (including without limitation, a situation where it is no longer economically viable to operate the Investment Fund).

In cases of termination on notice, three months' notice of any termination will be given to Unitholders.

ANTI-MONEY LAUNDERING REGULATIONS

As part of the Manager's responsibility for the prevention of money laundering, the Manager may require a detailed verification of an investor's identity and the source of payment of application monies. Depending on the circumstances of each application, a detailed verification might not be required where:–

(a) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or

(b) the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti-money laundering regulations. The Manager nevertheless reserves the right to request such information as is necessary to verify the identity of an applicant and the source of payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Manager may refuse to accept the application and the subscription monies relating thereto.

CONFLICTS OF INTEREST

The Manager and the Trustee may from time to time act as trustee, administrator, registrar, manager, custodian, investment manager or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of any Sub-Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Fund and will endeavour to ensure that such conflicts are resolved fairly. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

CERTIFICATION FOR COMPLIANCE WITH FATCA OR OTHER APPLICABLE LAWS

Each investor (i) shall be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Fund or a Sub-Fund (A) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Fund or the relevant Sub-Fund receives payments and/or (B) to satisfy reporting or other obligations under the IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction (including under Automatic Exchange of Financial Account Information ("AEOI")), and reporting obligations that may be imposed by future legislation.

For the purposes herein, "AEOI" means:

(a) FATCA;

(b) the Organization for Economic Co-operation and Development ("**OECD**") Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard (the "**CRS**") and any associated guidance;

(c) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreement between the Hong Kong government (or any government body in Hong Kong) and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in sub-clauses (a) and (b) above; and

(d) any legislation, regulations or guidance in Hong Kong that give effect to the matters outlined in the preceding sub-clauses (a) to (c) above.

POWER TO DISCLOSE INFORMATION TO TAX AUTHORITIES

Subject to applicable laws and regulations in Hong Kong, the Fund, the relevant Sub-Fund, the Trustee or the Manager or any of their authorised person(s) (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the US IRS), certain information in relation to a Unitholder, including but not limited to the Unitholder's name, address, tax identification number (if any), social security number (if any) and certain information relating to the Unitholder's holdings, account balance/value, and income or sale or redemption proceeds, to enable the Fund or the relevant Sub-Fund to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any applicable law (including any law, rule and requirement relating to AEOI), regulation or agreement under FATCA).

LIQUIDITY RISK MANAGEMENT

The Manager has established a liquidity risk management policy which enables it to identify, monitor and manage the liquidity risks of the Sub-Funds and to ensure that the liquidity profile of the investments of the Sub-Funds will facilitate compliance with the Sub-Fund's obligation to meet redemption requests. Such policy, combined with the liquidity management tools of the Manager, also seeks to achieve fair treatment of Unitholders and safeguard the interests of remaining Unitholders in case of sizeable redemptions.

The Manager's liquidity risk management policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency and the ability to enforce redemption limitations of the relevant Sub-Funds.

The liquidity risk management policy involves monitoring the profile of investments held by the Sub-Funds on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "**REALISATION OF UNITS**", and will facilitate compliance with the Sub-Fund's obligation to meet redemption requests. Further, the liquidity risk management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of the Sub-Funds under normal and exceptional market conditions.

The following tool(s) may be employed by the Manager to manage liquidity risks:

- the Manager may limit the number of Units redeemed on any Dealing Day to 10% of the total number of Units of the relevant Sub-Funds in issue (subject to the conditions under the heading entitled "Restrictions on realisation and conversion" in the section headed "**CONVERSION BETWEEN SUB-FUNDS**").

APPENDIX I

BEA UNION INVESTMENT GLOBAL THEMES FUND

Introduction

The BEA Union Investment Global Themes Fund invests its assets primarily in marketable global equity securities.

Units of each unit class of the BEA Union Investment Global Themes Fund will be offered to investors during the Launch Period at the Issue Price as may be determined by the Manager and agreed by the Trustee, exclusive of the preliminary charge (if any). The Launch Period of each unit class in the BEA Union Investment Global Themes Fund will be such date or period as may be determined by the Manager.

Following the Launch Period, Units are available for issue on each Dealing Day at the prevailing offer price. The Manager may issue additional unit classes at such issue price as the Manager shall determine.

The base currency of the BEA Union Investment Global Themes Fund is US$.

Investment Objective and Policy

The investment objective of the BEA Union Investment Global Themes Fund is to seek long-term growth of capital through a diversified international portfolio of marketable securities, primarily equity securities, including common stocks, preferred stocks, warrants and debt securities convertible into common stocks. The BEA Union Investment Global Themes Fund may not invest more than 15% of its total assets in warrants. Warrants may present for the investor a higher risk than ordinary shares. The BEA Union Investment Global Themes Fund will generally invest in equity securities of established companies listed on securities exchanges worldwide, but also may invest in securities traded on any regulated market which operates regularly and is recognized and open to the public. It may also invest in debt securities convertible into common stocks, convertible and non-convertible preferred stock and fixed-income securities of governments, government agencies, supranational agencies and companies, when the Manager believes that the potential for appreciation will equal or exceed that available from investments in equity securities. Under certain circumstances, the BEA Union Investment Global Themes Fund may also invest in zero coupon securities and, to the extent permitted by law, securities of other investment companies.

Except during the initial start-up period or pending cash movements, substantially all and at least 70% of the BEA Union Investment Global Themes Fund's total assets at the time of purchase will, under normal circumstances, be invested in equity securities. Such securities include common and preferred stocks, International Depository Receipts ("IDRs"), Global Depository Receipts ("GDRs") and American Depository Receipts ("ADRs"), debt securities convertible into common or preferred stocks or IDRs, GDRs or ADRs, common stock purchase warrants and rights, marketable joint venture interests, and general and limited partnership interests. The BEA Union Investment Global Themes Fund may also invest in money market instruments and money market mutual funds.

It is expected that investments of the BEA Union Investment Global Themes Fund will be spread broadly around the world. Under normal circumstances, at least three countries will be represented among the BEA Union Investment Global Themes Fund's portfolio securities and at least three currencies will be represented among the BEA Union Investment Global Themes Fund's portfolio securities. However, in exceptional circumstances, the BEA Union Investment Global Themes Fund may be invested up to 100% in the securities of non-U.S. based issuers or up to 100% in the securities of U.S. based issuers.

While the BEA Union Investment Global Themes Fund will emphasise investments in companies which are well established in their markets and which have large capitalisations, the BEA Union Investment Global Themes Fund may also be invested in the securities of smaller companies and companies operating in emerging markets.

The BEA Union Investment Global Themes Fund may not invest more than 10% of its total assets at the time of purchase in securities of a single issuer (except for obligations issued or guaranteed by the US government or its agencies or shares of money market mutual funds) nor hold more than 10% of any issuer's outstanding voting securities at the time of purchase.

The BEA Union Investment Global Themes Fund may invest up to 10% of its total assets at the time of purchase in securities which are not readily marketable at the time of purchase. However, securities which are eligible for sale pursuant to Rule 144A of the Securities Act of 1933 shall not be deemed to be securities which are not readily marketable for purposes of the preceding sentence.

The BEA Union Investment Global Themes Fund will have a limited exposure to investments denominated in RMB.

The Manager may acquire financial futures contracts and currency forward contracts for the BEA Union Investment Global Themes Fund for hedging purposes to reduce risk and enhance asset value, and for investment purposes consistent with the investment objective of the BEA Union Investment Global Themes Fund. The net total aggregate value of contract prices in respect of futures contracts and currency forward contracts entered into other than for hedging may not exceed 20% of the total net asset value of the BEA Union Investment Global Themes Fund. The Manager may also acquire warrants for hedging purposes.

Save for warrants, financial futures contracts and currency forwards contracts, the BEA Union Investment Global Themes Fund may not engage in any type of derivative transactions in the course of pursuing its investment objectives.

No borrowing or short selling of securities other than short sales against the box or in connection with the settlement of securities transactions will be allowed.

Available Classes

Class A, Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged), Class A NZD (Hedged), Class A RMB (Hedged) and Class I Units are currently available for issue to investors.

References to Class A (Hedged) Units include Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged), Class A NZD (Hedged) and Class A RMB (Hedged) Units.

Subscription Details

Launch Period	The Launch Period of each unit class will be such date or period as may be determined by the Manager.
Issue Price (exclusive of preliminary charge, if any)	During the Launch Period: Class A Units: US$10.00 per Unit Class A AUD (Hedged) Units: AU$10.00 per Unit Class A CAD (Hedged) Units: C$10.00 per Unit Class A GBP (Hedged) Units: £10.00 per Unit Class A NZD (Hedged) Units: NZ$10.00 per Unit Class A RMB (Hedged) Units: RMB100.00 per Unit Class I Units and/or other additional unit classes (if any) will be issued as such issue price as the Manager shall determine. Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "Valuation").
Minimum Investment Amount	For Class A Units: US$2,000 For Class A (Hedged) Units: US$2,000 (or its equivalent) For Class I Units: US$1,000,000
Minimum Subsequent Investments Amounts	For Class A Units: US$1,000 For Class A (Hedged) Units: US$1,000 (or its equivalent) For Class I Units: US$500,000
Minimum Holding	For Class A Units: US$2,000 For Class A (Hedged) Units: US$2,000 (or its equivalent) For Class I Units: US$1,000,000
Minimum Redemption or Conversion Amount	For Class A Units: Not applicable For Class A (Hedged) Units: Not applicable For Class I Units: US$500,000

For details regarding the procedure for the subscriptions, see the main part of the Explanatory Memorandum under "Purchase of Units".

Fees

Preliminary Charge (% of issue price)	**Class A and Class A (Hedged) Units:** up to 5% **Class I Units:** Nil
Realisation Charge (% of realisation price)	**Class A and Class A (Hedged) Units:** 0.5%, but currently waived. ***Class I Units:** 0.5% if such Class I Units are held for less than 1 year, otherwise nil **For the purpose of determining the realisation charge payable on Class I Units, Units subscribed earlier in time will be deemed to be realised prior to Units subscribed later in time.*
Conversion Charge (% of issue price of new Units)	All classes: Up to 2.0%
Management Fee (% Net Asset Value of the BEA Union Investment Global Themes Fund)	**Class A and Class A (Hedged) Units:** 1.5% p.a. **Class I Units:** 1.25% p.a.
Trustee Fee (% Net Asset Value of the BEA Union Investment Global Themes Fund)	Current fee payable for all Classes: 0.175% p.a.
Registrar's Fee (% Net Asset Value of the BEA Union Investment Global Themes Fund)	0.015-0.05% p.a. subject to minimum of US$3,000 per annum
Holders Servicing Fee (% Net Asset Value of BEA Union Investment Global Themes Fund)	**All classes:** Nil

Establishment Costs

The costs of establishment of the BEA Union Investment Global Themes Fund and initial issue of Class A Units amounted to approximately HK$275,000 and were borne by the BEA Union Investment Global Themes Fund and deducted during the course of the first year following its launch. The costs of establishing Class I Units of the BEA Union Investment Global Themes Fund amounted to approximately HK$10,000 and will be borne by the BEA Union Investment Global Themes Fund and deducted during the course of the first year following launch of Class I Units.

Dealing Day and Dealing Deadline

Each Business Day shall be a Dealing Day.

The Dealing Deadline is 4:00 p.m. (Hong Kong time) on each Dealing Day.

In order for instructions for subscriptions, realisations, conversions and transfers to be dealt with on the same Dealing Day, such instructions must be received by the Authorised Distributor before the Dealing Deadline on the same Dealing Day. Instructions received after the Dealing Deadline or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Payment of Realisation Proceeds

Realisation proceeds are normally paid in RMB for the RMB class of Units. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to meet realisation requests of the RMB class of Units, the Manager may pay realisation proceeds in USD or delay the payment of realisation proceeds. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB class of Units" under the heading "Risk Factors".

Distributions

Income, if any, and net capital gains, if any, in respect of the BEA Union Investment Global Themes Fund shall be accumulated and capitalised and no distributions will be made.

Valuation

Valuation Days for the BEA Union Investment Global Themes Fund are each Dealing Day and the Valuation Point is the close of the last relevant market to close on each Valuation Day, the first Valuation Day being the next Dealing Day following the Launch Period.

Risk Factors

Investors should be aware that the BEA Union Investment Global Themes Fund invests directly in equities which are subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, and the business and social conditions in local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the BEA Union Investment Global Themes Fund to losses. Investors should be aware that the BEA Union Investment Global Themes Fund, due to its high exposure to equities, has a high risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Union Investment Global Themes Fund as a high risk investment.

Investors should refer to the following specific risk factors when investing in the Class A RMB (Hedged) Units of the Sub-Fund:

(i) Risks associated with RMB class of Units – Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there is no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the RMB class of Units. If investors are non RMB-based (e.g. Hong Kong) investors and convert other currencies into RMB so as to invest in the RMB class of Units and subsequently convert the RMB realisation proceeds and/or dividend payment (if any) back into other currencies, they may incur currency conversion costs and may suffer a loss if RMB depreciates against such other currencies.

In addition, under the current regulations, the rate at which Renminbi may be exchanged outside the PRC (in the case of Hong Kong, the "CNH" rate) may be different from the exchange rate within the PRC (the "CNY" rate) and such divergence may increase due to supply and demand. When calculating the value of the RMB class of Units, reference to the CNH rate rather than the CNY rate will be made and the value of the RMB class of Units thus calculated will be affected by fluctuations in the CNH rate. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

In respect of the hedged RMB class of Units, the Manager may attempt to hedge the base currency of the Sub-Fund and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund back to RMB. The costs of the hedging transactions will be reflected in the Net Asset Value of the hedged RMB class of Units and therefore, an investor of such hedged RMB class of 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 hedged RMB class of Units may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses.

Furthermore, there is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk which may apply to the non-hedged RMB class. For instance, where RMB depreciates against currencies of the non-RMB denominated underlying investments of the Sub-Fund, (i) investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments; or (ii) investors may suffer additional losses if the non-RMB-denominated underlying investments of the Sub-Fund fall in value.

Whilst the hedging strategy may protect investors against a decline in the value of the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments relative to RMB, investors will not benefit from any potential gain in the value of the hedged RMB class of Units if the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund rise against RMB. Please also refer to the risk factor "Hedging" under the heading "Risk Factors" in the main part of the Explanatory Memorandum.

It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The Chinese government's policies on exchange control and repatriation restrictions are subject to change and the investors' investment in the RMB class of Units may be adversely affected.

The PRC government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market outside the PRC and make it impossible for the Sub-Fund to hold sufficient amounts of RMB outside the PRC to meet realisation requests and/or pay dividends in RMB. In particular, the Sub-Fund may not be able to get sufficient amounts of RMB in a timely manner to meet realisation requests of the RMB class of Units and/or pay dividends (if any) if all or a substantial portion of its underlying investments are non-RMB denominated.

Even if the Sub-Fund aims to pay realisation proceeds and/or dividends to investors of the RMB class of Units in RMB, investors may not receive RMB upon realisation of their investments or receive dividend payments in RMB under extreme market conditions when there is not sufficient RMB for currency conversion. Under such circumstances, the Manager may pay realisation proceeds and/or dividends in USD. There is also a risk that payment of investors' realisation proceeds and/or dividends in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the realisation proceeds and dividends. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units.

APPENDIX II

BEA UNION INVESTMENT ASIAN BOND AND CURRENCY FUND

Introduction

The BEA Union Investment Asian Bond and Currency Fund invests its assets primarily in debt securities issued by Asian issuers and denominated in Asian or other currencies.

Units of each unit class in the BEA Union Investment Asian Bond and Currency Fund will be offered to investors during the Launch Period at the Issue Price as may be determined by the Manager and agreed by the Trustee, exclusive of the preliminary charge (if any). The Launch Period of each unit class in the BEA Union Investment Asian Bond and Currency Fund will be such date or period as may be determined by the Manager.

Following the Launch Period, Units are available for issue on each Dealing Day at the prevailing offer price. The Manager may issue additional unit classes at such issue price as the Manager shall determine.

The base currency of the BEA Union Investment Asian Bond and Currency Fund is US$.

Investment Objective and Policy

The investment objective of the BEA Union Investment Asian Bond and Currency Fund is to seek regular interest income, capital gains and currency appreciation from an actively managed portfolio of debt securities denominated in Asian or other currencies and primarily issued by Asian government or corporate entities ("**Asian Debt**").

Debt securities invested by the Sub-fund may include capital securities and preference shares with fixed income features, convertible, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, transferable notes, asset-backed securities, commercial paper, certificates of deposits of variable or fixed interest rates listed, traded or dealt in regulated markets or exchanges, as well as bank deposits, negotiated term deposits, short term bills and notes. These debt securities may include below investment grade and non-rated debt securities. The Sub-Fund may also invest in money market instruments, unit trusts and cash. The Sub-Fund will have a limited exposure to investments denominated in RMB.

The BEA Union Investment Asian Bond and Currency Fund's assets will be invested primarily in government bonds and corporate bonds.

The Manager may acquire financial futures contracts and currency forward contracts for the BEA Union Investment Asian Bond and Currency Fund for hedging purposes to reduce risk and enhance asset value, and for investment purposes consistent with the investment objective of the Sub-Fund. The net total aggregate value of contract prices in respect of futures contracts and currency forward contracts entered into other than for hedging may not exceed 20% of the total net asset value of the Sub-Fund.

The Manager intends to invest, under normal circumstances, at least 70% of the BEA Union Investment Asian Bond and Currency Fund's non-cash assets in Asian Debt.

Available Classes and Currency Denomination

Class A (Accumulating), Class A RMB (Accumulating), Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating), Class A (Distributing), Class A RMB (Distributing), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing), Class A RMB (Hedged) (Distributing), Class H (Accumulating), Class H (Distributing), Class I (Accumulating), Class I RMB (Accumulating) and Class I (Distributing) Units are currently available for issue to investors.

References to Class A Units include Class A (Accumulating) and Class A (Distributing) Units; references to Class A RMB Units include Class A RMB (Accumulating) and Class A RMB (Distributing) Units; references to Class A (Hedged) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units; references to Class A (Hedged) (Accumulating) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating) Units; references to Class A (Hedged) (Distributing) Units include Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units; references to Class H Units include Class H (Accumulating) and Class H (Distributing) Units and references to Class I Units include Class I (Accumulating), Class I RMB (Accumulating) and Class I (Distributing) Units.

Subscription Details

Launch Period	The Launch Period of each unit class will be such date or period as may be determined by the Manager.
Issue Price (exclusive of preliminary charge, if any)	During the Launch Period: Class A USD Units: US$10.00 per Unit Class A AUD (Hedged) (Accumulating) and Class A AUD Hedged) (Distributing) Units: AU$10.00 per Unit Class A CAD (Hedged) (Accumulating) and Class A CAD (Hedged) (Distributing) Units: C$10.00 per Unit Class A GBP (Hedged) (Accumulating) and Class A GBP (Hedged) (Distributing) Units: £10.00 per Unit Class A NZD (Hedged) (Accumulating) and Class A NZD (Hedged) (Distributing) Units: NZ$10.00 per Unit Class A RMB, Class A RMB (Hedged) (Accumulating) and Class A RMB (Hedged) (Distributing) Units: RMB100.00 per Unit Class H Units: HK$10.00 per Unit Class I Units and/or other additional unit classes (if any) will be issued at such issue price as the Manager shall determine. Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "Valuation").

Minimum Investment Amount	For Class A Units: US$2,000 For Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) For Class H Units: HK$10,000 For Class I Units: US$5,000,000 (or its equivalent)
Minimum Subsequent Investments Amounts	For Class A Units: US$1,000 For Class A RMB and Class A (Hedged) Units: US$1,000 (or its equivalent) For Class H Units: HK$5,000 For Class I Units: Not applicable
Minimum Holding	For Class A Units: US$2,000 For Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) For Class H Units: HK$10,000 For Class I Units: US$5,000,000 (or its equivalent)

For details regarding the procedure for subscriptions, see the main part of the Explanatory Memorandum under "Purchase of Units".

Fees

Preliminary Charge (% of issue price)	**Class A, Class A RMB and Class A (Hedged) Units :** up to 5% **Class H Units:** up to 5% **Class I Units:** Nil
Realisation Charge (% of realisation price)	**Class A, Class A RMB, Class A (Hedged) and Class H Units:** 0.5%, but currently waived. ***Class I Units:** 0.5% if such Class I Units are held for less than 1 year, otherwise nil **For the purpose of determining the realisation charge payable on Class I Units, Units subscribed earlier in time will be deemed to be realised prior to Units subscribed later in time.*
Conversion Charge (% of issue price of new Units)	All classes: Up to 2.0%
Management Fee (% Net Asset Value of the BEA Union Investment Asian Bond and Currency Fund)	**Class A, Class A RMB and Class A (Hedged) Units:** 1.20% p.a. **Class H Units:** 1.20% p.a. **Class I Units:** 0.70% p.a.
Trustee Fee (% Net Asset Value of the BEA Union Investment Asian Bond and Currency Fund)	Current fee payable for all Classes: 0.125% p.a.
Registrar's Fee (% Net Asset Value of the BEA Union Investment Asian Bond and Currency Fund)	0.015-0.05% p.a. subject to minimum of US$3,000 per annum

Holders Servicing Fee (% Net Asset Value of BEA Union Investment Asian Bond and Currency Fund)	**All Units:** Nil
Distribution policy	***Class A (Accumulating), Class A RMB (Accumulating), Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating), Class H (Accumulating) and Class I (Accumulating) Units:** no distributions ***Class A (Distributing), Class A RMB (Distributing), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing), Class A RMB (Hedged) (Distributing), Class H (Distributing) and Class I (Distributing) Units:** income and/or capital may be distributed **For details please refer to the sub-section headed "**Distributions**" below.*

Establishment Costs

The costs of establishment of the BEA Union Investment Asian Bond and Currency Fund and initial issue of Class A and Class I Units amounted to approximately HK$230,000 and the costs of establishment of Class H Units amounted to approximately HK$65,000 and were borne by the BEA Union Investment Asian Bond and Currency Fund and deducted during the course of the first year following its launch and launch of the Units.

Dealing Day and Dealing Deadline

Each Business Day shall be a Dealing Day.

The Dealing Deadline is 4:00 p.m. (Hong Kong time) on each Dealing Day.

In order for instructions for subscriptions, realisations, conversions and transfers to be dealt with on the same Dealing Day, such instructions must be received by the Authorised Distributor before the Dealing Deadline on the same Dealing Day. Instructions received after the Dealing Deadline or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Payment of Realisation Proceeds

Realisation proceeds are normally paid in RMB for the RMB classes of Units. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to meet realisation requests of the RMB classes of Units, the Manager may pay realisation proceeds in USD or delay the payment of realisation proceeds. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "Risk Factors".

Distributions

The Manager has discretion as to whether or not to make any distribution and the frequency and amount of distributions. The Manager may at its discretion decide to make distributions in respect of Class A (Distributing), Class A RMB (Distributing), Class A (Hedged) (Distributing), Class H (Distributing) and Class I (Distributing) Units out of income generated from the Sub-Fund's investments and/or capital that are attributable to such in Units. In respect of each Accounting Period, it is the Manager's intention to distribute at least 85% of the income generated from the Sub-Fund's investments attributable to the relevant distributing Units. While the Manager expects to be able to pay distributions from income generated by the Sub-Fund's investments, in the event that such income is insufficient to pay distributions as it declares, the Manager may in its discretion determine that such distributions may be paid from capital attributable to the relevant distributing Units. Composition 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 upon request and at the following website: www.bea-union-investment.com (this website is not authorised and reviewed by the SFC). Investors should be aware of the effects of making distributions out of capital and pay attention to the relevant risk disclosures as set out under "**Risk Factors**" below. 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.

Any income earned for Class A (Accumulating), Class A RMB (Accumulating), Class A (Hedged) (Accumulating), Class H (Accumulating) and Class I (Accumulating) Units will not be distributed and will be accumulated and capitalised.

For Class A (Distributing), Class A RMB (Distributing), Class A (Hedged) (Distributing), Class H (Distributing) and Class I (Distributing) Units, interim distributions (if any) will be distributed in respect of each one-month period ending on the last day of each calendar month from January to November of each year (each an "Interim Accounting Date"), and a final distribution (if any) will be distributed in respect of the one-month period ending on 31 December of each year (the "Accounting Date").

For Class A RMB (Distributing) and Class A RMB (Hedged) (Distributing) Units, dividends are normally paid in RMB. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to pay dividends in RMB, the Manager may pay dividends in USD. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "Risk Factors".

Unitholders whose names are entered on the register of Unitholders on the Record Date will be entitled to distribution (if any) declared in respect of the corresponding Interim Accounting Period or Accounting Period. The Record Date will be the 14th day of the month following an Interim Accounting Period or an Accounting Period or such other day as the Manager may determine and notify to the Unitholders. If such day is not a Business Day, the Record Date will be the immediately preceding Business Day.

Payment of an interim distribution (if any) will be made within 12 weeks from an Interim Accounting Date. Payment of a final distribution (if any) will be made within two months from the Accounting Date. It is the current intention of the Manager that details of any distribution (whether by way of an interim or a final distribution) to be made will be announced within 7 Business Days from the relevant Record Date and payment of such distribution will be made within 10 Business Days from the Record Date.

For details regarding distribution, see the main part of the Explanatory Memorandum under "Distribution of Income".

Valuation

Valuation Days for the BEA Union Investment Asian Bond and Currency Fund are each Dealing Day and the Valuation Point is the close of the last relevant market to close on each Valuation Day, the first Valuation Day being the fourth Dealing Day following the Launch Period.

Risk Factors

Investors should be aware that the BEA Union Investment Asian Bond and Currency Fund invests directly in debt securities and is therefore subject to the risks generally associated with debt securities, namely, interest rate risks and credit risks. The BEA Union Investment Asian Bond and Currency Fund may invest in below investment grade or non-rated debt securities. Such debt securities are generally subject to more risk and volatility than higher-rated securities because of reduced credit worthiness, liquidity and greater chance of default and can thereby expose the BEA Union Investment Asian Bond and Currency Fund to losses. As the Sub-Fund will invest principally in debt securities issued by Asian issuers and denominated in Asian currencies, the Sub-Fund is also subject to, among others, emerging markets risks and currency risks.

The Manager may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Sub-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 in the Net Asset Value per Unit.

Investors should also refer to the following specific risk factors when investing in the Class A RMB and/or Class A RMB (Hedged) Units of the Sub-Fund:

(i) Risks associated with RMB classes of Units – Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there is no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the RMB classes of Units. If investors are non RMB-based (e.g. Hong Kong) investors and convert other currencies into RMB so as to invest in the RMB classes of Units and subsequently convert the RMB realisation proceeds and/or dividend payment (if any) back into other currencies, they may incur currency conversion costs and may suffer a loss if RMB depreciates against such other currencies.

In addition, under the current regulations, the rate at which Renminbi may be exchanged outside the PRC (in the case of Hong Kong, the "CNH" rate) may be different from the exchange rate within the PRC (the "CNY" rate) and such divergence may increase due to supply and demand. When calculating the value of the RMB classes of Units, reference to the CNH rate rather than the CNY rate will be made and the value of the RMB classes of Units thus calculated will be affected by fluctuations in the CNH rate. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

In respect of the hedged RMB classes of Units, the Manager may attempt to hedge the base currency of the Sub-Fund and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund back to RMB. The costs of the hedging transactions will be reflected in the Net Asset Value of the hedged RMB classes of Units and therefore, an investor of such hedged RMB class of 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 hedged RMB classes of Units may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses.

Furthermore, there is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk which may apply to the non-hedged RMB classes. For instance, where RMB depreciates against currencies of the non-RMB denominated underlying investments of the Sub-Fund, (i) investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments; or (ii) investors may suffer additional losses if the non-RMB-denominated underlying investments of the Sub-Fund fall in value.

Whilst the hedging strategy may protect investors against a decline in the value of the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments relative to RMB, investors will not benefit from any potential gain in the value of the hedged RMB classes of Units if the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund rise against RMB. Please also refer to the risk factor "Hedging" under the heading "Risk Factors" in the main part of the Explanatory Memorandum.

It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The Chinese government's policies on exchange control and repatriation restrictions are subject to change and the investors' investment in the RMB classes of Units may be adversely affected.

The PRC government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market outside the PRC and make it impossible for the Sub-Fund to hold sufficient amounts of RMB outside the PRC to meet realisation requests and/or pay dividends in RMB. In particular, the Sub-Fund may not be able to get sufficient amounts of RMB in a timely manner to meet realisation requests of the RMB classes of Units and/or pay dividends (if any) if all or a substantial portion of its underlying investments are non-RMB denominated.

Even if the Sub-Fund aims to pay realisation proceeds and/or dividends to investors of the RMB classes of Units in RMB, investors may not receive RMB upon realisation of their investments or receive dividend payments in RMB under extreme market conditions when there is not sufficient RMB for currency conversion. Under such circumstances, the Manager may pay realisation proceeds and/or dividends in USD. There is also a risk that payment of investors' realisation proceeds and/or dividends in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the realisation proceeds and dividends. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units.

For further details relating to the above and other risks, please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

The BEA Union Investment Asian Bond and Currency Fund, due to its possible exposure to below investment grade debt securities, has a medium to high risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Union Investment Asian Bond and Currency Fund as a medium to high risk investment.

APPENDIX III

BEA UNION INVESTMENT CHINA PHOENIX FUND

Introduction

The BEA Union Investment China Phoenix Fund invests its assets primarily in marketable equity securities that have exposure to the economic growth of China.

Units of each unit class in the BEA Union Investment China Phoenix Fund will be offered to investors during the Launch Period at the Issue Price as may be determined by the Manager and agreed by the Trustee, exclusive of the preliminary charge (if any). The Launch Period of each unit class in BEA Union Investment China Phoenix Fund will be such date or period as may be determined by the Manager.

Following the Launch Period, Units are available for issue on each Dealing Day at the prevailing offer price. The Manager may issue additional unit classes at such price as the Manager shall determine.

The base currency of the BEA Union Investment China Phoenix Fund is US$.

Investment Objective and Policy

The investment objective of the BEA Union Investment China Phoenix Fund is to seek long-term capital appreciation through investing primarily (i.e. at least 70% of its non-cash assets) in equity securities that are either (a) traded in Hong Kong or China, or (b) issued by entities incorporated in China or entities which have significant operations in or assets in, or derive significant portion of revenue or profits from China. For the remaining assets, the Manager has the freedom to invest outside Sub-Fund's principal geographies, market sectors, industries or asset classes. The BEA Union Investment China Phoenix Fund shall invest at least 70% of its total assets in equity securities. The securities that may be invested by the Sub-Fund will be primarily equity securities and equity linked securities, including common stocks, preferred stocks, warrants, equity deposits, equity linked notes, debt securities convertible into common stocks and managed funds. The Sub-Fund may also invest in money market instruments and cash. The BEA Union Investment China Phoenix Fund will focus on active management by stock selection, timing, management of exposure and sector allocation.

The Sub-Fund will have a limited exposure to investments denominated in RMB.

The Manager may acquire financial futures contracts and currency forward contracts for the BEA Union Investment China Phoenix Fund for hedging purposes to maintain the required currency exposure, reduce risk and protect asset value. The Manager may also acquire financial futures contracts for the BEA Union Investment China Phoenix Fund for investment purposes consistent with the investment objective of the BEA Union Investment China Phoenix Fund. The net total aggregate value of contract prices in respect of futures contracts entered into other than for hedging may not exceed 20% of the total Net Asset Value of the BEA Union Investment China Phoenix Fund.

As at the date of this document, equity exposure to securities listed in China will be achieved through direct exposure (of less than 30% of its total assets) to certain eligible China A-Shares via the Stock Connects (as further described in Annex A of the Explanatory Memorandum) or other similar programs as approved by the relevant regulators from time to time, as well as China B-Shares. The Sub-Fund currently is not expected to obtain any direct access to China A-Shares through QFII. The Sub-Fund's investment in China A-Shares and China B-Shares in aggregate is not expected to exceed 35% of the Sub-Fund's total net asset value.

Available Classes

Class A HKD, Class A USD, Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged), Class A NZD (Hedged), Class A RMB (Hedged) and Class I Units are currently available for issue to investors.

References to Class A (Hedged) Units include Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged), Class A NZD (Hedged) and Class A RMB (Hedged) Units.

Subscription Details

Launch Period	The Launch Period of each unit class will be such date or period as may be determined by the Manager.
Issue Price (exclusive of preliminary charge, if any)	During the Launch Period: Class A HKD Units: HK$100.00 per Unit Class A USD and Class I Units: US$10.00 per Unit Class A AUD (Hedged) Units: AU$10.00 per Unit Class A CAD (Hedged) Units: C$10.00 per Unit Class A GBP (Hedged) Units: £10.00 per Unit Class A NZD (Hedged) Units: NZ$10.00 per Unit Class A RMB (Hedged) Units: RMB100.00 per Unit Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "Valuation").
Minimum Investment Amount	For Class A HKD Units: HK$10,000 For Class A USD Units: US$2,000 For Class A (Hedged) Units: US$2,000 (or its equivalent) For Class I Units: US$1,000,000
Minimum Subsequent Investments Amounts	For Class A HKD Units: HK$5,000 For Class A USD Units: US$1,000 For Class A (Hedged) Units: US$1,000 (or its equivalent) For Class I Units: US$500,000
Minimum Holding	For Class A HKD Units: HK$10,000 For Class A USD Units: US$2,000 For Class A (Hedged) Units: US$2,000 (or its equivalent) For Class I Units: US$1,000,000
Minimum Redemption or Conversion Amount	For Class A HKD and Class A USD Units: Not applicable For Class A (Hedged) Units: Not applicable For Class I Units: US$500,000

For details regarding the procedure for the subscriptions, see the main part of the Explanatory Memorandum under "Purchase of Units".

Fees

Preliminary Charge (% of issue price)	**Class A HKD, Class A USD and Class A (Hedged) Units:** up to 5% **Class I Units:** Nil
Realisation Charge (% of realisation price)	**Class A HKD, Class A USD and Class A (Hedged) Units:** 0.5%, but currently waived. ***Class I Units:** 0.5% if such Class I Units are held for less than 1 year, otherwise nil **For the purpose of determining the realisation charge payable on Class I Units, Units subscribed earlier in time will be deemed to be realised prior to Units subscribed later in time.*
Conversion Charge (% of issue price of new Units)	All classes: Up to 2.0%
Management Fee (% Net Asset Value of the BEA Union Investment China Phoenix Fund)	**Class A HKD, Class A USD and Class A (Hedged) Units:** 1.75% p.a. **Class I Units:** 1.5% p.a.
Trustee Fee (% Net Asset Value of the BEA Union Investment China Phoenix Fund)	Current fee payable for all Classes: 0.175% p.a.
Registrar's Fee (% Net Asset Value of the BEA Union Investment China Phoenix Fund)	0.015-0.05% p.a. subject to minimum of US$3,000 per annum
Holders Servicing Fee (% Net Asset Value of BEA Union Investment China Phoenix Fund)	**All classes:** Nil

Establishment Costs

The costs of establishment of the BEA Union Investment China Phoenix Fund amounted to approximately HK$150,000 and were borne by the BEA Union Investment China Phoenix Fund and deducted during the course of the first 12 months following its launch.

Dealing Day and Dealing Deadline

Each Business Day shall be a Dealing Day.

The Dealing Deadline is 4:00 p.m. (Hong Kong time) on each Dealing Day.

In order for instructions for subscriptions, realisations, conversions and transfers to be dealt with on the same Dealing Day, such instructions must be received by the Authorised Distributor before the Dealing Deadline on the same Dealing Day. Instructions received after the Dealing Deadline or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Payment of Realisation Proceeds

Realisation proceeds are normally paid in RMB for the RMB class of Units. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to meet realisation requests of the RMB class of Units, the Manager may pay realisation proceeds in USD or delay the payment of realisation proceeds. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB class of Units" under the heading "Risk Factors".

Distributions

Income, if any, and net capital gains, if any, in respect of the BEA Union Investment China Phoenix Fund shall be accumulated and capitalised and no distributions will be made.

PRC Tax Provisions

The Manager currently intends to make provisions for any PRC taxes payable by the Sub-Fund on dividends derived from PRC equity securities (including China A-Shares acquired through the Stock Connects), at a rate of 10% (or as otherwise advised by the Sub-Fund's tax adviser), if the relevant WIT is not withheld at source. Upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, any sums withheld in excess of the tax liability incurred or which is expected to be incurred by the Sub-Fund shall be released and transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets.

Valuation

Valuation Days for the BEA Union Investment China Phoenix Fund are each Dealing Day and the Valuation Point is the close of the last relevant market to close on each Valuation Day, the first Valuation Day being the first Dealing Day following the Launch Period.

Risk Factors

Investors should be aware that the BEA Union Investment China Phoenix Fund invests directly in equities which are subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment and the business and social conditions in China. Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the BEA Union Investment China Phoenix Fund to losses.

As the BEA Union Investment China Phoenix Fund invests in securities specifically exposed to China, it is subject to country-specific risks. Although its portfolio will be well diversified in terms of the number of holdings, investors should be aware that the BEA Union Investment China Phoenix Fund is likely to be more volatile than a broad-based fund, such as an ordinary global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in China.

For further details relating to the above and other risks, please refer to the section headed "**Risk Factors**".

Investors should refer to the following specific risk factors when investing in the Class A RMB (Hedged) Units of the Sub-Fund:

(i) Risks associated with RMB class of Units – Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

    The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there is no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the RMB class of Units. If investors are non RMB-based (e.g. Hong Kong) investors and convert other currencies into RMB so as to invest in the RMB class of Units and subsequently convert the RMB realisation proceeds and/or dividend payment (if any) back into other currencies, they may incur currency conversion costs and may suffer a loss if RMB depreciates against such other currencies.

    In addition, under the current regulations, the rate at which Renminbi may be exchanged outside the PRC (in the case of Hong Kong, the "CNH" rate) may be different from the exchange rate within the PRC (the "CNY" rate) and such divergence may increase due to supply and demand. When calculating the value of the RMB class of Units, reference to the CNH rate rather than the CNY rate will be made and the value of the RMB class of Units thus calculated will be affected by fluctuations in the CNH rate. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

    In respect of the hedged RMB class of Units, the Manager may attempt to hedge the base currency of the Sub-Fund and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund back to RMB. The costs of the hedging transactions will be reflected in the Net Asset Value of the hedged RMB class of Units and therefore, an investor of such hedged RMB class of 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 hedged RMB class of Units may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses.

    Furthermore, there is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk which may apply to the non-hedged RMB class. For instance, where RMB depreciates against currencies of the non-RMB denominated underlying investments of the Sub-Fund, (i) investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments; or (ii) investors may suffer additional losses if the non-RMB-denominated underlying investments of the Sub-Fund fall in value.

Whilst the hedging strategy may protect investors against a decline in the value of the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments relative to RMB, investors will not benefit from any potential gain in the value of the hedged RMB class of Units if the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund rise against RMB. Please also refer to the risk factor "Hedging" under the heading "Risk Factors" in the main part of the Explanatory Memorandum.

It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The Chinese government's policies on exchange control and repatriation restrictions are subject to change and the investors' investment in the RMB class of Units may be adversely affected.

The PRC government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market outside the PRC and make it impossible for the Sub-Fund to hold sufficient amounts of RMB outside the PRC to meet realisation requests and/or pay dividends in RMB. In particular, the Sub-Fund may not be able to get sufficient amounts of RMB in a timely manner to meet realisation requests of the RMB class of Units and/or pay dividends (if any) if all or a substantial portion of its underlying investments are non-RMB denominated.

Even if the Sub-Fund aims to pay realisation proceeds and/or dividends to investors of the RMB class of Units in RMB, investors may not receive RMB upon realisation of their investments or receive dividend payments in RMB under extreme market conditions when there is not sufficient RMB for currency conversion. Under such circumstances, the Manager may pay realisation proceeds and/or dividends in USD. There is also a risk that payment of investors' realisation proceeds and/or dividends in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the realisation proceeds and dividends. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units.

The BEA Union Investment China Phoenix Fund, due to its high exposure to equities exposed to China, has a high risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Union Investment China Phoenix Fund as a high risk investment.

APPENDIX IV

BEA UNION INVESTMENT CHINA A-SHARE EQUITY FUND

Introduction

The BEA Union Investment China A-Share Equity Fund invests its assets primarily in a diversified portfolio of marketable equity securities including China A-Shares that have an exposure to China.

Units of each unit class in the BEA Union Investment China A-Share Equity Fund will be offered to investors during the Launch Period at the Issue Price as may be determined by the Manager and agreed by the Trustee, exclusive of the preliminary charge (if any). The Launch Period of each unit class in BEA Union Investment China A-Share Equity Fund will be such date or period as may be determined by the Manager.

Following the Launch Period, Units are available for issue on each Dealing Day at the prevailing offer price. The Manager may issue additional unit classes at such issue price as the Manager shall determine.

The base currency of the BEA Union Investment China A-Share Equity Fund is US$.

Investment Objective and Policy

The investment objective of the BEA Union Investment China A-Share Equity Fund ("Sub-Fund") is to seek long-term capital growth by investing primarily in a diversified portfolio of securities of companies which have their principal place of business or key assets located in China or which derive a substantial part of their revenue from China.

The Sub-Fund will invest at least 70% of its total assets in China A-Shares listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange ("Equity Securities"), and not more than 30% of its total assets in Renminbi denominated government and corporate bonds ("RMB Bonds"), China B-Shares, China H-Shares, securities investment funds or collective investment schemes, warrants listed and traded on a stock exchange, initial public offerings, money market instruments and cash or cash equivalents in accordance with applicable investment restrictions. Currently it is intended that the Sub-Fund will obtain exposure to Equity Securities and RMB Bonds primarily by using the QFII quotas of the Manager. In addition to the use of the QFII quotas of the Manager, the Sub-Fund may have direct exposure to certain eligible China A-Shares via the Stock Connects (as further described in Annex A of the Explanatory Memorandum) or other similar programs as approved by the relevant regulators from time to time.

The securities that may be invested by the Sub-Fund will be primarily equity securities and equity linked securities, including common stocks, preferred stocks, warrants, including but not limited to China A-Shares. In seeking to achieve its investment objective, the Sub-Fund will focus on active management by stock selection, timing, management of exposure and sector allocation.

The Sub-Fund will not invest in any urban investment bonds（城投債）, bonds which are rated BB+ or below designated by PRC credit agencies or unrated bonds, or asset backed securities (including asset backed commercial papers).

The Manager may acquire financial futures contracts and currency forward contracts for the BEA Union Investment China A-Share Equity Fund for hedging purposes to reduce risk and enhance asset value, and for investment purposes consistent with the investment objective of the Sub-Fund. The net total aggregate value of contract prices in respect of futures contracts and currency forward contracts entered into other than for hedging may not exceed 20% of the total net asset value of the Sub-Fund, provided that the net total aggregate value of contract prices in respect of futures contracts entered into other than for hedging may not exceed 10% of the total net asset value of the Sub-Fund.

The Manager has obtained the qualified foreign institutional investor ("QFII") status. BEA Union Investment China A-Share Equity Fund intends to obtain access to China A-Shares and other permissible securities ("QFII securities") using the QFII quotas of the Manager. Investors should note that BEA Union Investment China A-Share Equity Fund may not be allocated a sufficient portion of the Manager's QFII quotas to meet all applications for subscription.

The Manager in its capacity as a QFII has appointed Industrial and Commercial Bank of China Limited as the custodian in respect of the QFII securities. The Manager will assume dual roles as the manager of BEA Union Investment China A-Share Equity Fund and the holder of QFII quotas for the Sub-Fund. The Manager will be responsible for ensuring that all transactions and dealings will be dealt with having regard to the constitutive documents of the Sub-Fund as well as the relevant laws and regulations applicable to the Manager as a QFII. If any conflicts of interest arise, the Manager will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly.

Please refer to the section headed "**Risks Factors**" for the relevant risks relating to investment in China A-Shares.

Available Classes

Class A, Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged), Class A NZD (Hedged), Class I and Class P Units are currently available for issue to investors.

References to Class A (Hedged) Units include Class A AUD (Hedged), Class A CAD (Hedged), Class A GBP (Hedged) and Class A NZD (Hedged) Units.

Subscription Details

Launch Period	The Launch Period of each unit class will be such date or period as may be determined by the Manager.
Issue Price (exclusive of preliminary charge, if any)	During the Launch Period: For Class A, I and P Units: US$10.00 per Unit Class A AUD (Hedged) Units: AU$10.00 per Unit Class A CAD (Hedged) Units: C$10.00 per Unit Class A GBP (Hedged) Units: £10.00 per Unit Class A NZD (Hedged) Units: NZ$10.00 per Unit Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "Valuation").
Minimum Investment Amount	For Class A Units: US$2,000 For Class A (Hedged) Units: US$2,000 (or its equivalent) For Class I Units: US$1,000,000 For Class P Units: US$250,000
Minimum Subsequent Investments Amounts	For Class A Units: US$1,000 For Class A (Hedged) Units: US$1,000 (or its equivalent) For Class I Units: US$500,000 For Class P Units: US$125,000

Minimum Holding	For Class A Units: US$2,000 For Class A (Hedged) Units: US$2,000 (or its equivalent) For Class I Units: US$1,000,000 For Class P Units: US$250,000
Minimum Redemption Amount	For Class A Units: Not applicable For Class A (Hedged) Units: Not applicable For Class I Units: US$500,000 For Class P Units: US$125,000

For details regarding the procedure for the subscriptions, see the main part of the Explanatory Memorandum under "Purchase of Units".

Fees

Preliminary Charge (% of issue price)	**Class A and Class A (Hedged) Units:** up to 5% **Class I Units:** Nil **Class P Units:** up to 5%
Realisation Charge (% of realisation price)	**Class A and Class A (Hedged) Units:** 0.5%; but currently waived **Class I and Class P Units:** Nil
Management Fee (% Net Asset Value of the BEA Union Investment China A-Share Equity Fund)	**Class A, Class A (Hedged) and Class P Units:** 1.75% p.a. **Class I Units:** 1.5% p.a.
Trustee Fee (% Net Asset Value of the BEA Union Investment China A-Share Equity Fund)	Current fee payable for all Classes: 0.175% p.a.
Registrar's Fee (% Net Asset Value of the BEA Union Investment China A-Share Equity Fund)	0.015-0.05% p.a. subject to minimum of US$3,000 per annum
Holders Servicing Fee (% Net Asset Value of BEA Union Investment China A-Share Equity Fund)	**All Classes:** Nil

Establishment Costs

The costs of establishment of the BEA Union Investment China A-Share Equity Fund amounted to approximately HK$1.37 million and were borne by the BEA Union Investment China A-Share Equity Fund and deducted during the course of the three financial years following its launch.

Dealing Day and Dealing Deadline

Each Business Day shall be a Dealing Day. If such day is not a day on which banks in Hong Kong and in the PRC are open for normal banking business ("HK & PRC Business Day"), the immediately following HK & PRC Business Day shall be a Dealing Day.

The Dealing Deadline is 4:00 p.m. (Hong Kong time) on each Dealing Day.

In order for instructions for subscriptions, realisations, conversions and transfers to be dealt with on the same Dealing Day, such instructions must be received by the Authorised Distributor before the Dealing Deadline on the same Dealing Day. Instructions received after the Dealing Deadline or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Subscription

Investors should note that there can be no assurance that BEA Union Investment China A-Share Equity Fund will be allocated a sufficient portion of QFII quotas from the Manager to meet all applications for subscription to the Sub-Fund.

Conversion of Units

If the conversion instruction to convert from the Existing Units of the BEA Union Investment China A-Share Equity Fund is received on a day which is not a Dealing Day of the BEA Union Investment China A-Share Equity Fund, the conversion (for both Existing Units and New Units) will be effected on the next Dealing Day of the BEA Union Investment China A-Share Equity Fund. If the conversion instruction to convert into New Units of the BEA Union Investment China A-Share Equity Fund is received on a day which is a Dealing Day for units to be converted from but not a Dealing Day of the BEA Union Investment China A-Share Equity Fund, the conversion of Existing Units will be effected on the Dealing Day on which the instruction is received and the purchase of New Units will be effected on the next Dealing Day of the BEA Union Investment China A-Share Equity Fund.

Distributions

Income, if any, and net capital gains, if any, in respect of the BEA Union Investment China A-Share Equity Fund shall be accumulated and capitalised and no distributions will be made.

PRC Tax Provisions

For further details relating to PRC taxes and the associated risks, please refer to the risk factor entitled "PRC tax considerations" under the "**Risk Factors**" section.

The Manager currently intends to make provisions for any PRC taxes payable by the Sub-Fund on (i) interest from RMB Bonds and (ii) dividends derived from PRC Equity Securities (including China A-Shares acquired through the Stock Connects), at a rate of 10% (or as otherwise advised by the Sub-Fund's tax adviser), if the relevant WIT is not withheld at source. Upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, any sums withheld in excess of the tax liability incurred or which is expected to be incurred by the Sub-Fund shall be released and transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets.

Valuation

Valuation Days for the BEA Union Investment China A-Share Equity Fund are each Dealing Day and the Valuation Point is the close of the last relevant market to close on each Valuation Day, the first Valuation Day being the first Dealing Day following the Launch Period.

Risk Factors

Investors should be aware that the BEA Union Investment China A-Share Equity Fund invests directly in equities which are subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment and the business and social conditions in China. Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the BEA Union Investment China A-Share Equity Fund to losses.

As the BEA Union Investment China A-Share Equity Fund invests primarily in China, it is subject to country risks. Although its portfolio will be well diversified in terms of the number of holdings, investors should be aware that the BEA Union Investment China A-Share Equity Fund is likely to be more volatile than a broad-based fund, such as an ordinary global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in China.

With uncertainties under the applicable PRC tax laws and the possibility of such laws being changed and taxes being applied retrospectively, any provision for taxation made by the Manager may be excessive or inadequate to meet final PRC tax liabilities on gains derived from PRC Securities. In case of any shortfall between the provisions and actual tax liabilities, which will be debited from the Sub-Fund's assets, the Sub-Fund's asset value will be adversely affected. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed, the level of provision and when they subscribed and/ or redeemed their Units in/from the relevant Sub-Fund.

For further details relating to the above and other risks, please refer to the section headed "**Risk Factors**".

The BEA Union Investment China A-Share Equity Fund, due to its high exposure to equities in China, has a high risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Union Investment China A-Share Equity Fund as a high risk investment.

APPENDIX V

BEA UNION INVESTMENT RMB CORE BOND FUND

Introduction

The BEA Union Investment RMB Core Bond Fund invests primarily in a diversified portfolio of debt securities and other assets denominated in RMB.

Units of each unit class in the BEA Union Investment RMB Core Bond Fund will be offered to investors during the Launch Period at the Issue Price as may be determined by the Manager and agreed by the Trustee, exclusive of the preliminary charge (if any). The Launch Period of each unit class in the BEA Union Investment RMB Core Bond Fund will be such date or period as may be determined by the Manager.

Following the Launch Period of the respective unit class, units of such unit class are available for issue on each Dealing Day at the prevailing offer price. The Manager may issue additional unit classes at such issue price as the Manager shall determine.

The base currency of the BEA Union Investment RMB Core Bond Fund is RMB.

Investment Objective and Policy

The investment objective of the BEA Union Investment RMB Core Bond 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.

The BEA Union Investment RMB Core Bond Fund will invest primarily in RMB denominated debt securities, bonds and deposits issued or distributed outside mainland China, and will maintain a total RMB exposure of at least 70% of its assets. Such exposure will be achieved by investing at least 70% of the Sub-Fund's assets in debt securities, bonds and deposits that are denominated and settled in RMB. Up to 30% of the Sub-Fund's assets may be invested in debt securities and other securities that are denominated in currencies other than RMB, where the Manager may conduct currency hedging so as to obtain exposure to 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 will be primarily capital securities and preference shares with fixed income features, convertible, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, transferable notes, asset-backed securities, commercial paper, certificates of deposits of variable or fixed interest rates, listed, traded or dealt in regulated markets or exchanges, as well as bank deposits, negotiated term deposits, short term bills and notes. Debt Securities may be issued by government, quasi-government organisations, financial institutions, multi-national organisations and other corporations. The BEA Union Investment RMB Core Bond 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 debt securities and non-rated debt securities that meet the standards as determined by the Manager. The BEA Union Investment RMB Core Bond Fund may invest in aggregate up to 10% of its Net Asset Value in collective investment schemes to achieve its investment objectives. Any remaining assets may be held in cash or cash equivalents.

The Sub-Fund may also invest less than 30% 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.

The Manager may acquire financial futures contracts and currency forward contracts for hedging purposes to maintain the required currency exposure, reduce risk and protect asset value. The Manager may also acquire financial futures contracts for investment purposes consistent with the investment objective of the BEA Union Investment RMB Core Bond Fund. The net total aggregate value of contract prices in respect of futures contracts entered into other than for hedging may not exceed 20% of the total Net Asset Value of the BEA Union Investment RMB Core Bond Fund.

The BEA Union Investment RMB Core Bond Fund will not invest in any structured deposits or products. The Manager currently does not intend to enter into any securities lending or share repurchase transactions.

The Manager may borrow up to 10% of the latest available Net Asset Value of the BEA Union Investment RMB Core Bond Fund to acquire investments, to redeem Units or to pay expenses relating to the BEA Union Investment RMB Core Bond Fund.

Please refer to the section headed "**Risks Factors**" in the main part of the Explanatory Memorandum for the general risks and the "**Risk Factors**" sub-section in this Appendix for the specific risks relating to investment in the BEA Union Investment RMB Core Bond Fund.

Available Classes and Currency Denomination

The classes of Units available for issue and their class currency are as follows:

RMB
Class A (Accumulating) | Class A (Distributing)
Class I (Accumulating)

HKD
Class A (Accumulating) | Class A (Distributing)
Class I (Accumulating)

USD
Class A (Accumulating) | Class A (Distributing)
Class I (Accumulating)

AUD (Hedged)
Class A AUD (Hedged) (Accumulating) | Class A AUD (Hedged) (Distributing)

CAD (Hedged)
Class A CAD (Hedged) (Accumulating) | Class A CAD (Hedged) (Distributing)

GBP (Hedged)
Class A GBP (Hedged) (Accumulating) | Class A GBP (Hedged) (Distributing)

NZD (Hedged)
Class A NZD (Hedged) (Accumulating) | Class A NZD (Hedged) (Distributing)

References to Class A Units include Class A (Accumulating) and Class A (Distributing) Units; and references to Class I Units include Class I (Accumulating) Units.

References to Class A (Hedged) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing) and Class A NZD (Hedged) (Distributing) Units.

References to Class A (Hedged) (Accumulating) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating) and Class A NZD (Hedged) (Accumulating) Units; references to Class A (Hedged) (Distributing) Units include Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing) and Class A NZD (Hedged) (Distributing) Units.

Please note that Class I Units are only available to collective investment schemes, pension plans, segregated accounts or other types of investors that meet the criteria as required by the Manager.

Subscription and Realisation Details

Launch Period	The Launch Period of each unit class will be such date or period as may be determined by the Manager.
Issue Price (exclusive of preliminary charge, if any)	During the Launch Period: Class A and I Units will be issued at such issue price as may be determined by the Manager and agreed by the Trustee. Class A AUD (Hedged) (Accumulating) and Class A AUD (Hedged) (Distributing) Units: AU$10.00 per Unit Class A CAD (Hedged) (Accumulating) and Class A CAD (Hedged) (Distributing) Units: C$10.00 per Unit Class A GBP (Hedged) (Accumulating) and Class A GBP (Hedged) (Distributing) Units: £10.00 per Unit Class A NZD (Hedged) (Accumulating) and Class A NZD (Hedged) (Distributing) Units: NZ$10.00 per Unit Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "Valuation").
Minimum Investment Amount	Class A: RMB Units: RMB10,000 Class A: HKD Units: HK$10,000 Class A: USD Units: US$2,000 Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: RMB Units: RMB10,000,000 Class I: HKD Units: HK$10,000,000 Class I: USD Units: US$1,000,000
Minimum Subsequent Investments Amounts	Class A: RMB Units: RMB5,000 Class A: HKD Units: HK$5,000 Class A: USD Units: US$1,000 Class A (Hedged) Units: US$1,000 (or its equivalent) Class I: RMB Units: RMB5,000,000 Class I: HKD Units: HK$5,000,000 Class I: USD Units: US$500,000
Minimum Holding	Class A: RMB Units: RMB10,000 Class A: HKD Units: HK$10,000 Class A: USD Units: US$2,000 Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: RMB Units: RMB10,000,000 Class I: HKD Units: HK$10,000,000 Class I: USD Units: US$1,000,000
Minimum Redemption or Conversion Amount	For Class A Units: Nil For Class A (Hedged) Units: Nil For Class I: RMB Units: RMB5,000,000 For Class I: HKD Units: HK$5,000,000 For Class I: USD Units: US$500,000

Subscription monies and realisation proceeds will normally be paid in the class currency of the relevant class of Units provided that the Manager may pay realisation proceeds in the base currency of the Sub-Fund in exceptional circumstances, such as when there is insufficient class currency for currency conversion.

For details regarding the procedure for the subscriptions and realisations, see the main part of the Explanatory Memorandum under "Purchase of Units" and "Realisation of Units".

Fees

Preliminary Charge (% of issue price)	**Class A and Class A (Hedged) Units:** up to 5% **Class I Units:** Up to 3%
Realisation Charge (% of realisation price)	**Class A and Class A (Hedged) Units:** 0.5%, but currently waived. ***Class I Units:** 0.5% if such Class I Units are held for less than 1 year, otherwise nil **For the purpose of determining the realisation charge payable on Class I Units, Units subscribed earlier in time will be deemed to be realised prior to Units subscribed later in time.*
Conversion Charge (% of issue price of new Units)	All classes: Up to 2.0%
Management Fee (% Net Asset Value of the BEA Union Investment RMB Core Bond Fund)	**Class A and Class A (Hedged) Units:** 1% p.a. **Class I Units:** 0.7% p.a.
Trustee Fee (% Net Asset Value of the BEA Union Investment RMB Core Bond Fund)	Current fee payable for all Classes: 0.125% p.a.
Registrar's Fee (% Net Asset Value of the BEA Union Investment RMB Core Bond Fund)	0.015-0.05% p.a. subject to minimum of US$3,000 per annum
Holders Servicing Fee (% Net Asset Value of BEA Union Investment RMB Core Bond Fund)	**All Classes:** Nil
Distribution policy	***Class A (Accumulating), Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating) and Class I (Accumulating) Units:** no distributions ***Class A (Distributing), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) Units:** income and/or capital may be distributed **For details please refer to the sub-section headed "**Distributions**" below.*

Establishment Costs

The costs of establishment of the BEA Union Investment RMB Core Bond Fund amounted to approximately HK$250,000 and were borne by the BEA Union Investment RMB Core Bond Fund and deducted during the course of the first year following its launch.

Dealing Day and Dealing Deadline

Each Business Day shall be a Dealing Day.

The Dealing Deadline is 4:00 p.m. (Hong Kong time) on each Dealing Day.

In order for instructions for subscriptions, realisations, conversions and transfers to be dealt with on the same Dealing Day, such instructions must be received by the Authorised Distributor before the Dealing Deadline on the same Dealing Day. Instructions received after the Dealing Deadline or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Distributions

The Manager has discretion as to whether or not to make any distribution and the frequency and amount of distributions. The Manager may at its discretion decide to make distributions in respect of Class A (Distributing) and Class A (Hedged) (Distributing) Units out of income generated from the Sub-Fund's investments and/or capital that are attributable to such Units. In respect of each Accounting Period, it is the Manager's intention to distribute at least 85% of the income generated from the Sub-Fund's investments attributable to the relevant distributing Units. While the Manager expects to be able to pay distributions from income generated by the Sub-Fund's investments, in the event that such income is insufficient to pay distributions as it declares, the Manager may in its discretion determine that such distributions may be paid from capital attributable to the relevant distributing Units. Composition 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. Investors should be aware of the effects of making distributions out of capital as described above and pay attention to the relevant risk disclosures as set out under "**Risk Factors**" below. The Manager may amend the distribution policy subject to the SFC's prior approval and by giving not less than one month's notice to investors.

Any income earned for Class A (Accumulating), Class A (Hedged) (Accumulating) and Class I (Accumulating) Units will not be distributed and will be accumulated and capitalised.

For Class A (Distributing) and Class A (Hedged) (Distributing) Units, interim distributions (if any) will be distributed in respect of each one-month period ending on the last day of each calendar month from January to November of each year (each an "Interim Accounting Date"), and a final distribution (if any) will be distributed in respect of the one-month period ending on 31 December of each year (the "Accounting Date").

Unitholders whose names are entered on the register of Unitholders on the Record Date will be entitled to distribution (if any) declared in respect of the corresponding Interim Accounting Period or Accounting Period. The Record Date will be the 14th day of the month following an Interim Accounting Period or an Accounting Period or such other day as the Manager may determine and notify to the Unitholders. If such day is not a Business Day, the Record Date will be the immediately preceding Business Day.

Payment of an interim distribution (if any) will be made within 12 weeks from an Interim Accounting Date. Payment of a final distribution (if any) will be made within two months from the Accounting Date. It is the current intention of the Manager that details of any distribution (whether by way of an interim or a final distribution) to be made will be announced within 7 Business Days from the relevant Record Date and payment of such distribution will be made within 10 Business Days from the Record Date.

For details regarding distribution, see the main part of the Explanatory Memorandum under "Distribution of Income".

PRC Tax Provisions

For further details relating to PRC taxes and the associated risks, please refer to the risk factor entitled "PRC tax considerations" under the "**Risk Factors**" section.

There is no specific guidance by the PRC tax authorities on the treatment of income tax and other tax categories payable in respect of trading in China interbank bond market by foreign institutional investors. The Manager currently intends to make provisions for any PRC taxes payable by the Sub-Fund on interest from debt securities issued in mainland China, at a rate of 10% (or as otherwise advised by the Sub-Fund's tax adviser), if the relevant WIT is not withheld at source. Based on professional and independent tax advice, no provision will be made on interest (if the relevant WIT is withheld at source already) and realized capital gain from debt securities issued in mainland China. Upon the availability of a definitive tax assessment or the issue of announcements by the PRC tax authorities, any sums withheld in excess of the tax liability shall be transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets. However, if the actual applicable tax is higher than that provided for by the Manager so that there is a short fall in the tax provision amount, the Sub-Fund may suffer from a fall in value as the Sub-Fund will ultimately have to bear the additional tax liabilities. 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).

Valuation

Valuation Days for the BEA Union Investment RMB Core Bond Fund are each Dealing Day and the Valuation Point is the close of the last relevant market to close on each Valuation Day. The first Valuation Day of each unit class will be such date as may be determined by the Manager and agreed by the Trustee.

Risk Factors

Investors should be aware that the BEA Union Investment RMB Core Bond Fund invests directly in debt securities denominated in RMB which are subject to the risks generally associated with RMB investment and debt securities, namely RMB currency risk, interest rate risk and credit risk. The BEA Union Investment RMB Core Bond Fund may invest in below investment grade or non-rated debt securities and Onshore Debt Securities. Such debt securities and Onshore Debt Securities are generally subject to more risk and volatility than higher-rated securities. As the BEA Union Investment RMB Core Bond Fund may also invest in debt securities denominated in currencies other than RMB, the BEA Union Investment RMB Core Bond Fund is also subject to, among others, emerging markets risks and currency risks.

Investors should refer to the relevant risks under the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum, and the following specific risk factors relating to the BEA Union Investment RMB Core Bond Fund ("Sub-Fund").

(i) **Renminbi currency risk** – Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Sub-Fund. If investors convert other currencies into RMB so as to invest in the RMB classes of Units and subsequently convert the RMB redemption proceeds back into other currencies, they may suffer a loss if RMB depreciates against such other currencies. Investors who invest in non-RMB denominated classes of Units will also be subject to exchange rate risks between the relevant class currency and RMB, as the majority of the Sub-Fund's investments will be held in RMB denominated instruments. Please note that currency conversion may also be subject to the availability of RMB at the relevant time, for example, there may not be sufficient RMB for conversion in case of sizeable subscriptions (in non-RMB denominated classes of Units) which may affect the investor's investment in the Sub-Fund.

Further, the PRC government's imposition of restrictions on the repatriation of Renminbi out of China may limit the depth of the Renminbi market outside the PRC and reduce the liquidity of the Sub-Fund or make it impossible for the Sub-Fund to invest sufficient portion of its assets in the Renminbi market outside the PRC to achieve its investment objectives or meet redemption requests in Renminbi (if required). In addition, under the current regulations, the rate at which Renminbi may be exchanged outside the PRC (in the case of Hong Kong, the "CNH" rate) may be different from the exchange rate within the PRC (the "CNY" rate) and such divergence may increase due to supply and demand. In calculating the value of non-RMB denominated or settled assets and the prices of non-RMB classes, the Manager will normally apply the CNH rate, and the value of the Sub-Fund thus calculated will be affected by fluctuations in the CNH rate.

It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The Chinese government's policies on exchange control and repatriation restrictions are subject to change, and the Sub-Fund's or the investors' position may be adversely affected.

(ii) **"Dim Sum" bond (i.e. bonds issued outside of mainland China but denominated in RMB) market risks** – 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).

(iii) **Credit risk of RMB debt securities** – Investment in RMB debt securities is subject to the counterparty risk of the issuers which may be unable or unwilling to make timely payments on principal and/or interest. The financial market of mainland China is at an early stage of development, and most of the RMB debt securities that the Sub-Fund may invest in are and will be unrated. In general, debt instruments that have a lower credit rating or that are unrated will be more susceptible to the credit risk of the issuers. In the event of a default or credit rating downgrading of the issuers of the RMB debt securities, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers of RMB debt securities as such issuers may be incorporated outside Hong Kong and subject to foreign laws.

RMB debt securities and RMB denominated bank deposits are generally offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant counterparty. As a result, if the counterparty becomes bankrupt, proceeds from the liquidation of the counterparty's assets will be paid to holders of RMB debt securities or RMB denominated bank deposits only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

(iv) **Risk of limited pool of investments** – The Sub-Fund's investment strategy is to invest primarily in securities denominated in or have exposure to RMB. However, the quantity of such assets that are available to the Sub-Fund is currently limited, and the remaining duration of any RMB debt securities that the Sub-Fund may invest in may be short. In the absence of investible securities, or when the relevant debt securities held are at maturity, the Sub-Fund may have to allocate a significant portion of the portfolio's RMB assets in RMB negotiated term deposits until suitable securities are available in the market. This may adversely affect the Sub-Fund's return and performance. In addition, where there is a limited supply of and excess demand for RMB denominated instruments, prices of such instruments could be driven up, and their quality could be compromised, and these may have an adverse impact on the value of the Sub-Fund.

(v) **Diversification risk** – The Sub-Fund will invest primarily in securities denominated in RMB or have exposure to RMB. Investors should be aware that the Sub-Fund is likely to be more volatile than a broad-based fund that adopts a more diversified strategy, as it is more susceptible to fluctuations in value resulting from adverse conditions in their respective countries.

(vi) **Liquidity risk** – RMB debt securities that are currently not listed on a stock exchange or a securities market where trading is conducted on a regular basis may be subject to additional liquidity risk. There is no guarantee that market making arrangements will be in place to make a market and quote a price for all RMB debt securities. In the absence of an active secondary market, the Sub-Fund may need to hold the relevant RMB debt securities until their maturity date. If sizeable redemption requests are received, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses in trading such instruments. Even if a secondary market exists for any RMB debt securities, the price at which such instruments are traded on the secondary market may be higher or lower than the initial issue price due to many factors including the prevailing interest rates.

Further, the bid and offer spread of the price of RMB debt securities may be high, and the Sub-Fund may therefore incur significant trading costs and may even suffer losses when selling such investments. The Manager seeks to control the liquidity risk of the investment portfolio by a series of internal management measures in order to meet Unitholders' redemption requests.

(vii) **Risks associated with China interbank bond market** – The Sub-Fund is also subject to risks associated with China interbank bond market. Please refer to the risk factor "Risks associated with China interbank bond market" in the main part of the Explanatory Memorandum.

(viii) **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. 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 in the Net Asset Value per Unit.**

For further details relating to the above and other risks, please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

The BEA Union Investment RMB Core Bond Fund, due to its possible exposure to RMB currency risk and below investment grade debt securities and Onshore Debt Securities, has a medium risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Union Investment RMB Core Bond Fund as a medium risk investment.

APPENDIX VI

BEA UNION INVESTMENT ASIA PACIFIC MULTI INCOME FUND

Introduction

The BEA Union Investment Asia Pacific Multi Income Fund invests primarily in a diversified portfolio of debt securities, listed real estate investment trusts ("REITs") and other listed securities that are issued or traded in the Asia Pacific region or that have significant operations in the Asia Pacific region.

Units of each unit class in the BEA Union Investment Asia Pacific Multi Income Fund will be offered to investors during the Launch Period at the Issue Price as may be determined by the Manager and agreed by the Trustee, exclusive of the preliminary charge (if any). The Launch Period of each unit class in the BEA Union Investment Asia Pacific Multi Income Fund will be such date or period as may be determined by the Manager.

Following the Launch Period, Units are available for issue on each Dealing Day at the prevailing offer price. The Manager may issue additional unit classes at such issue price as the Manager shall determine.

The base currency of the BEA Union Investment Asia Pacific Multi Income Fund is USD.

Investment Objective and Policy

The investment objective of the BEA Union Investment Asia Pacific Multi Income Fund is to seek income and long-term capital growth through investing in an actively managed portfolio of debt securities, listed REITs and other listed securities including equities and managed funds, that are issued or traded in the Asia Pacific region or which have significant operations in, or derive or are expected to derive a significant portion of their revenues from, the Asia Pacific region. The debt securities and other listed securities as described above are hereinafter referred to as "Debt Securities" and "Other Listed Securities", respectively.

The BEA Union Investment Asia Pacific Multi Income Fund will invest primarily in Debt Securities, listed REITs and Other Listed Securities that generally offer distribution income. The BEA Union Investment Asia Pacific Multi Income Fund may invest up to 90% of its assets in Debt Securities, and up to 40% of its assets in listed REITs and Other Listed Securities. The Asia Pacific region includes emerging market countries as well as developed countries.

Debt Securities that may be invested by the BEA Union Investment Asia Pacific Multi Income Fund will be primarily capital securities and preference shares with fixed income features, convertible, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, transferable notes, asset-backed securities, commercial paper, certificates of deposits of variable or fixed interest rates, listed, traded or dealt in regulated markets or exchanges, as well as bank deposits, negotiated term deposits, short term bills and notes. Debt Securities may be issued by government, quasi-government organisations, financial institutions, multi-national organisations and other corporations. The BEA Union Investment Asia Pacific Multi Income 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 debt securities, and non-rated debt securities that meet the standards as determined by the Manager. The BEA Union Investment Asia Pacific Multi Income Fund may also invest in collective investment schemes to achieve its investment objectives, and hold cash or cash equivalents.

The Sub-Fund will have a limited exposure to investments denominated in RMB.

The Manager may acquire financial futures contracts and currency forward contracts for hedging purposes to reduce risk and enhance asset value. The Manager may also acquire financial futures contracts for investment purposes consistent with the investment objective of the BEA Union Investment Asia Pacific Multi Income Fund. The net total aggregate value of contract prices in respect of futures contracts entered into other than for hedging may not exceed 20% of the total Net Asset Value of the BEA Union Investment Asia Pacific Multi Income Fund.

The BEA Union Investment Asia Pacific Multi Income Fund will not invest in any structured deposits or products. The Manager currently does not intend to enter into any securities lending or share repurchase transactions.

Please refer to the section headed "**Risks Factors**" in the main part of the Explanatory Memorandum for the general risks and the "**Risk Factors**" sub-section in this Appendix for the specific risks relating to investment in the BEA Union Investment Asia Pacific Multi Income Fund.

Available Classes and Currency Denomination

The classes of Units available for issue and their class currency are as follows:

USD
Class A (Accumulating) — Class A (Distributing)
Class I (Accumulating)

HKD
Class A (Accumulating) — Class A (Distributing)
Class I (Accumulating)

RMB
Class A (Accumulating) — Class A (Distributing)
Class I (Accumulating)

AUD (Hedged)
Class A AUD (Hedged) (Accumulating) — Class A AUD (Hedged) (Distributing)

CAD (Hedged)
Class A CAD (Hedged) (Accumulating) — Class A CAD (Hedged) (Distributing)

GBP (Hedged)
Class A GBP (Hedged) (Accumulating) — Class A GBP (Hedged) (Distributing)

NZD (Hedged)
Class A NZD (Hedged) (Accumulating) — Class A NZD (Hedged) (Distributing)

RMB (Hedged)
Class A RMB (Hedged) (Accumulating) — Class A RMB (Hedged) (Distributing)

References to Class A Units include Class A (Accumulating) and Class A (Distributing) Units; references to Class A RMB Units include Class A RMB (Accumulating) and Class A RMB (Distributing) Units; and references to Class I Units include Class I (Accumulating) Units.

References to Class A (Hedged) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

References to Class A (Hedged) (Accumulating) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating) Units; references to Class A (Hedged) (Distributing) Units include Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

Please note that Class I Units are only available to collective investment schemes, pension plans, segregated accounts or other types of investors that meet the criteria as required by the Manager.

Subscription and Realisation Details

Launch Period	The Launch Period of each unit class will be such period or date as maybe determined by the Manager.
Issue Price (exclusive of preliminary charge, if any)	During the Launch Period: Class A: USD Units: US$10.00 per Unit Class A: HKD Units: HK$100.00 per Unit Class A AUD (Hedged) (Accumulating), Class A AUD (Hedged) (Distributing) Units: AU$10.00 per Unit Class A CAD (Hedged) (Accumulating), Class A CAD (Hedged) (Distributing) Units: C$10.00 per Unit Class A GBP (Hedged) (Accumulating), Class A GBP (Hedged) (Distributing) Units: £10.00 per Unit Class A NZD (Hedged) (Accumulating), Class A NZD (Hedged) (Distributing) Units: NZ$10.00 per Unit Class A RMB, Class A RMB (Hedged) (Accumulating) and Class A RMB (Hedged) (Distributing) Units: RMB100.00 per Unit Class I Units and/or other additional unit classes (if any) will be issued at such issue price as the Manager shall determine. Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "Valuation").
Minimum Investment Amount	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Subsequent Investments Amounts	Class A: USD Units: US$1,000 Class A: HKD Units: HK$5,000 Class A RMB and Class A (Hedged) Units: US$1,000 (or its equivalent) Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)
Minimum Holding	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Redemption or Conversion Amount	Class A Units: Nil Class A RMB and Class A (Hedged) Units: Nil Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)

Subscription monies and realisation proceeds will normally be paid in the class currency of the relevant class of Units provided that the Manager may pay realisation proceeds in the base currency of the Sub-Fund in exceptional circumstances, such as when there is insufficient class currency for currency conversion.

For details regarding the procedure for the subscriptions and realisations, see the main part of the Explanatory Memorandum under "Purchase of Units" and "Realisation of Units".

Fees

Preliminary Charge (% of issue price)	**Class A, Class A RMB and Class A (Hedged) Units:** up to 5% **Class I Units:** up to 3%
Realisation Charge (% of realisation price)	**Class A, Class A RMB and Class A (Hedged) Units:** 0.5%, but currently waived. ***Class I Units:** 0.5% if such Class I Units are held for less than 1 year, otherwise nil **For the purpose of determining the realisation charge payable on Class I Units, Units subscribed earlier in time will be deemed to be realised prior to Units subscribed later in time.*
Conversion Charge (% of issue price of new Units)	All classes: Up to 2.0%
Management Fee (% Net Asset Value of the BEA Union Investment Asia Pacific Multi Income Fund)	**Class A, Class A RMB and Class A (Hedged) Units:** 1.40% p.a. **Class I Units:** 0.80% p.a.
Trustee Fee (% Net Asset Value of the BEA Union Investment Asia Pacific Multi Income Fund)	Current fee payable for all Classes: 0.15% p.a.
Registrar's Fee (% Net Asset Value of the BEA Union Investment Asia Pacific Multi Income Fund)	0.015-0.05% p.a. subject to minimum of US$3,000 per annum
Holders Servicing Fee (% Net Asset Value of BEA Union Investment Asia Pacific Multi Income Fund)	**All Classes:** Nil
Distribution policy	***Class A (Accumulating), Class A RMB (Accumulating), Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating) and Class I (Accumulating) Units:** no distributions ***Class A (Distributing), Class A RMB (Distributing), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units:** income and/or capital may be distributed **For details please refer to the sub-section headed "**Distributions**" below.*

Establishment Costs

The costs of establishment of the BEA Union Investment Asia Pacific Multi Income Fund amounted to approximately HK$250,000 and were borne by the BEA Union Investment Asia Pacific Multi Income Fund and deducted during the course of the first year following its launch.

Dealing Day and Dealing Deadline

Each Business Day shall be a Dealing Day.

The Dealing Deadline is 4:00 p.m. (Hong Kong time) on each Dealing Day.

In order for instructions for subscriptions, realisations, conversions and transfers to be dealt with on the same Dealing Day, such instructions must be received by the Authorised Distributor before the Dealing Deadline on the same Dealing Day. Instructions received after the Dealing Deadline or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Payment of Realisation Proceeds

Realisation proceeds are normally paid in RMB for the RMB classes of Units. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to meet realisation requests of the RMB classes of Units, the Manager may pay realisation proceeds in USD or delay the payment of realisation proceeds. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Distributions

The Manager has discretion as to whether or not to make any distribution and the frequency and amount of distributions. The Manager may at its discretion decide to make distributions in respect of Class A (Distributing) and Class A (Hedged) (Distributing) Units out of income generated from the Sub-Fund's investments and/or capital that are attributable to such Units. In respect of each Accounting Period, it is the Manager's intention to distribute at least 85% of the income generated from the Sub-Fund's investments attributable to the relevant distributing Units. While the Manager expects to be able to pay distributions from income generated by the Sub-Fund's investments, in the event that such income is insufficient to pay distributions as it declares, the Manager may in its discretion determine that such distributions may be paid from capital attributable to the relevant distributing Units. Composition 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. Investors should be aware of the effects of making distributions out of capital as described above and pay attention to the relevant risk disclosures as set out under "**Risk Factors**" below. The Manager may amend the distribution policy subject to the SFC's prior approval and by giving not less than one month's notice to investors.

Any income earned for Class A (Accumulating), and Class A (Hedged) (Accumulating) and Class I (Accumulating) Units will not be distributed and will be accumulated and capitalised.

For Class A (Distributing) and Class A (Hedged) (Distributing) Units, interim distributions (if any) will be distributed in respect of each one-month period ending on the last day of each calendar month from January to November of each year (each an "Interim Accounting Date"), and a final distribution (if any) will be distributed in respect of the one-month period ending on 31 December of each year (the "Accounting Date").

For Class A RMB (Distributing) and Class A RMB (Hedged) (Distributing) Units, dividends are normally paid in RMB. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to pay dividends in RMB, the Manager may pay dividends in USD. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Unitholders whose names are entered on the register of Unitholders on the Record Date will be entitled to distribution (if any) declared in respect of the corresponding Interim Accounting Period or Accounting Period. The Record Date will be the 14th day of the month following an Interim Accounting Period or an Accounting Period or such other day as the Manager may determine and notify to the Unitholders. If such day is not a Business Day, the Record Date will be the immediately preceding Business Day.

Payment of an interim distribution (if any) will be made within 12 weeks from an Interim Accounting Date. Payment of a final distribution (if any) will be made within two months from the Accounting Date. It is the current intention of the Manager that details of any distribution (whether by way of an interim or a final distribution) to be made will be announced within 7 Business Days from the relevant Record Date and payment of such distribution will be made within 10 Business Days from the Record Date.

For details regarding distribution, see the main part of the Explanatory Memorandum under "Distribution of Income".

Valuation

Valuation Days for the BEA Union Investment Asia Pacific Multi Income Fund are each Dealing Day and the Valuation Point is the close of the last relevant market to close on each Valuation Day, the first Valuation Day being the first Dealing Day following the Launch Period.

Risk Factors

Investors should be aware that the BEA Union Investment Asia Pacific Multi Income Fund invests directly in debt securities and is therefore subject to the risks generally associated with debt securities, namely, interest rate risk and credit risk. The BEA Union Investment Asia Pacific Multi Income Fund may invest in below investment grade or non-rated debt securities. Such debt securities are generally subject to more risk and volatility than higher-rated securities because of reduced credit worthiness, liquidity and greater chance of default and can thereby expose the BEA Union Investment Asia Pacific Multi Income Fund to losses. As the BEA Union Investment Asia Pacific Multi Income Fund will invest principally in debt securities issued by Asian issuers and denominated in Asian currencies, the BEA Union Investment Asia Pacific Multi Income Fund is also subject to, among others, emerging markets risks and currency risks.

As the BEA Union Investment Asia Pacific Multi Income Fund invests directly in listed REITs, equities and managed funds, the BEA Union Investment Asia Pacific Multi Income Fund is therefore subject to the risks generally associated with such asset classes. Factors affecting their prices are numerous, including but not limited to liquidity of the asset class, changes in investment sentiment, political environment, economic, business and social conditions in local and global marketplace. In addition, the securities invested by the BEA Union Investment Asia Pacific Multi Income Fund may not distribute the dividend at the level that the Manager expects, which affect the overall dividend distribution rate by the BEA Union Investment Asia Pacific Multi Income Fund. Investors should also note that any listed REITs invested by the BEA Union Investment Asia Pacific Multi Income Fund may not necessarily be authorised by the SFC, and the distribution policy of the Sub-Fund is not representative of the distribution policy of such listed REITs.

The Manager may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Sub-Fund. Investors should note that the payment of distributions 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 distributions may result in an immediate reduction of the Net Asset Value per Unit.

Investors should also refer to the following specific risk factors when investing in the Class A RMB and/or Class A RMB (Hedged) Units of the Sub-Fund:

(i) **Risks associated with RMB classes of Units** – Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there is no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the RMB classes of Units. If investors are non RMB-based (e.g. Hong Kong) investors and convert other currencies into RMB so as to invest in the RMB classes of Units and subsequently convert the RMB realisation proceeds and/or dividend payment (if any) back into other currencies, they may incur currency conversion costs and may suffer a loss if RMB depreciates against such other currencies.

In addition, under the current regulations, the rate at which Renminbi may be exchanged outside the PRC (in the case of Hong Kong, the "CNH" rate) may be different from the exchange rate within the PRC (the "CNY" rate) and such divergence may increase due to supply and demand. When calculating the value of the RMB classes of Units, reference to the CNH rate rather than the CNY rate will be made and the value of the RMB classes of Units thus calculated will be affected by fluctuations in the CNH rate. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

In respect of the hedged RMB classes of Units, the Manager may attempt to hedge the base currency of the Sub-Fund and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund back to RMB. The costs of the hedging transactions will be reflected in the Net Asset Value of the hedged RMB classes of Units and therefore, an investor of such hedged RMB class of 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 hedged RMB classes of Units may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses.

Furthermore, there is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk which may apply to the non-hedged RMB classes. For instance, where RMB depreciates against currencies of the non-RMB denominated underlying investments of the Sub-Fund, (i) investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments; or (ii) investors may suffer additional losses if the non-RMB-denominated underlying investments of the Sub-Fund fall in value.

Whilst the hedging strategy may protect investors against a decline in the value of the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments relative to RMB, investors will not benefit from any potential gain in the value of the hedged RMB classes of Units if the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund rise against RMB. Please also refer to the risk factor "Hedging" under the heading "Risk Factors" in the main part of the Explanatory Memorandum.

It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The Chinese government's policies on exchange control and repatriation restrictions are subject to change and the investors' investment in the RMB classes of Units may be adversely affected.

The PRC government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market outside the PRC and make it impossible for the Sub-Fund to hold sufficient amounts of RMB outside the PRC to meet realisation requests and/or pay dividends in RMB. In particular, the Sub-Fund may not be able to get sufficient amounts of RMB in a timely manner to meet realisation requests of the RMB classes of Units and/or pay dividends (if any) if all or a substantial portion of its underlying investments are non-RMB denominated.

Even if the Sub-Fund aims to pay realisation proceeds and/or dividends to investors of the RMB classes of Units in RMB, investors may not receive RMB upon realisation of their investments or receive dividend payments in RMB under extreme market conditions when there is not sufficient RMB for currency conversion. Under such circumstances, the Manager may pay realisation proceeds and/or dividends in USD. There is also a risk that payment of investors' realisation proceeds and/or dividends in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the realisation proceeds and dividends. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units.

For further details relating to the above and other risks, please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

The BEA Union Investment Asia Pacific Multi Income Fund, due to its possible exposure to below investment grade debt securities, listed REITs, and listed equities and managed funds, has a medium to high risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Union Investment Asia Pacific Multi Income Fund as a medium to high risk investment.

APPENDIX VII

BEA UNION INVESTMENT ASIA PACIFIC FLEXI ALLOCATION FUND

Introduction

BEA Union Investment Asia Pacific Flexi Allocation Fund invests primarily in a diversified portfolio of equity securities or debt securities that are either (a) traded in the Asia Pacific region or (b) 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.

Units of each unit class in the BEA Union Investment Asia Pacific Flexi Allocation Fund will be offered to investors during the Launch Period at the Issue Price as may be determined by the Manager and agreed by the Trustee, exclusive of the preliminary charge (if any). The Launch Period of each unit class in the BEA Union Investment Asia Pacific Flexi Allocation Fund will be such date or period as may be determined by the Manager.

Following the Launch Period, Units are available for issue on each Dealing Day at the prevailing offer price. The Manager may issue additional unit classes at such issue price as the Manager shall determine.

The base currency of the BEA Union Investment Asia Pacific Flexi Allocation Fund is US$.

Investment Objective and Policy

The investment objective of the BEA Union Investment Asia Pacific Flexi Allocation Fund is to seek long-term capital growth and income through investing in equity securities or debt securities, that are either (a) traded in the Asia Pacific region or (b) 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 equity securities and debt securities as described above are hereinafter referred to as "Equity Securities" and "Debt Securities", respectively. The Equity Securities and Debt Securities are collectively referred to as "Asia Pacific Securities".

The BEA Union Investment Asia Pacific Flexi Allocation Fund will invest at least 70% of its non-cash assets in Asia Pacific Securities. Up to 30% of its non-cash assets may be invested in non-Asia Pacific Securities. The Asia Pacific region includes emerging market countries as well as developed countries. Such region where the Sub-Fund may invest in, and include, but are not limited to, Hong Kong, China, Korea, Taiwan, Australia, New Zealand, Malaysia, Singapore, Indonesia, Thailand, Philippines, India and Pakistan.

The BEA Union Investment Asia Pacific Flexi Allocation Fund adopts a flexible approach to allocate its assets actively between Equity Securities and Debt Securities in the Asia Pacific region upon assessing the macroeconomic conditions and conducting research on equity and bond markets.

Equity Securities that may be invested by the BEA Union Investment Asia Pacific Flexi Allocation Fund include but are not limited to equities (e.g. ordinary shares and preferred shares), real estate investment trusts ("REITs"), Exchange Traded Funds ("ETFs") and managed funds. The BEA Union Investment Asia Pacific Flexi Allocation Fund's investment in ETFs and REITs in aggregate is not expected to exceed 30% of its assets.

The BEA Union Investment Asia Pacific Flexi Allocation Fund will not invest more than 10% of its assets in China A-Shares and/or China B-Shares directly or indirectly. Should this investment policy change in the future (i.e., the investment In China A-shares and/or China B-shares in aggregate exceeds 10% of the Sub-Fund's asset), the offering documents will be updated accordingly.

Debt Securities will be primarily capital securities and preference shares with fixed income features, convertible, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, transferable notes, commercial paper, certificates of deposits of variable or fixed interest rates, listed, traded or dealt in regulated markets or exchanges, short term bills and notes, as well as managed funds. Debt Securities may be issued by government, quasi-government organisations, financial institutions, multi-national organisations and other corporations. The BEA Union Investment Asia Pacific Flexi Allocation 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 recognised rating agencies) as well as below investment grade and non-rated Debt Securities including high yield bonds that meet the standards as determined by the Manager. The BEA Union Investment Asia Pacific Flexi Allocation Fund's investment in below investment grade and non-rated Debt Securities including high yield bonds in aggregate is not expected to exceed 20% of its assets.

The BEA Union Investment Asia Pacific Flexi Allocation 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 if the debt security is not rated. If neither the debt security nor issuer is rated, the debt security will be classified as non-rated.

The BEA Union Investment Asia Pacific Flexi Allocation Fund may also hold up to 30% of its assets in cash or cash equivalents.

The BEA Union Investment Asia Pacific Flexi Allocation Fund will have a limited exposure to investments denominated in RMB.

The Manager may acquire financial futures contracts and currency forward contracts for hedging purposes to reduce risk and enhance asset value. The Manager may also acquire financial futures contracts for investment purposes consistent with the investment objective of the BEA Union Investment Asia Pacific Flexi Allocation Fund. The net total aggregate value of contract prices in respect of futures contracts entered into other than for hedging may not exceed 20% of the total Net Asset Value of the BEA Union Investment Asia Pacific Flexi Allocation Fund.

The BEA Union Investment Asia Pacific Flexi Allocation Fund will not invest in any asset backed securities, mortgage backed securities, structured deposits or products. The Manager currently does not intend to enter into any securities lending, repurchase or reverse repurchase transactions, or other similar over-the-counter transactions on behalf of the Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one month's prior written notice engage in such transaction on behalf of the Sub-Fund.

Please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum for the general risks and the "**Risk Factors**" sub-section of this Appendix for specific risks relating to investment in the BEA Union Investment Asia Pacific Flexi Allocation Fund.

Available Classes and Currency Denomination

The classes of Units available for issue and their class currency are as follows:

USD
Class A (Accumulating) | Class A (Distributing)
Class I (Accumulating)

HKD
Class A (Accumulating) | Class A (Distributing)
Class I (Accumulating)

RMB
Class A (Accumulating) | Class A (Distributing)
Class I (Accumulating)

AUD (Hedged)
Class A AUD (Hedged) (Accumulating) | Class A AUD (Hedged) (Distributing)

CAD (Hedged)
Class A CAD (Hedged) (Accumulating) | Class A CAD (Hedged) (Distributing)

GBP (Hedged)
Class A GBP (Hedged) (Accumulating) | Class A GBP (Hedged) (Distributing)

NZD (Hedged)
Class A NZD (Hedged) (Accumulating) | Class A NZD (Hedged) (Distributing)

RMB (Hedged)
Class A RMB (Hedged) (Accumulating) | Class A RMB (Hedged) (Distributing)

References to Class A Units include Class A (Accumulating) and Class A (Distributing) Units; references to Class A RMB Units include Class A RMB (Accumulating) and Class A RMB (Distributing) Units; and references to Class I Units include Class I (Accumulating) Units.

References to Class A (Hedged) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing) Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

References to Class A (Hedged) (Accumulating) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating) Units; references to Class A (Hedged) (Distributing) Units include Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

Please note that Class I Units are only available to collective investment schemes, pension plans, segregated accounts or other types of investors that meet the criteria as required by the Manager.

Subscription and Realisation Details

Launch Period	The Launch Period of each unit class will be such period or date as may be determined by the Manager.
Issue Price (exclusive of preliminary charge, if any)	During the Launch Period: Class A: USD Units: US$10.00 per Unit Class A: HKD Units: HK$100.00 per Unit Class A AUD (Hedged) (Accumulating) and Class A AUD (Hedged) (Distributing) Units: AU$10.00 per Unit Class A CAD (Hedged) (Accumulating) and Class A CAD (Hedged) (Distributing) Units: C$10.00 per Unit Class A GBP (Hedged) (Accumulating) and Class A GBP (Hedged) (Distributing) Units: £10.00 per Unit Class A NZD (Hedged) (Accumulating) and Class A NZD (Hedged) (Distributing) Units: NZ$10.00 per Unit Class A RMB, Class A RMB (Hedged) (Accumulating) and Class A RMB (Hedged) (Distributing) Units: RMB100.00 per Unit Class I Units and/or other additional unit classes (if any) will be issued at such issue price as the Manager shall determine. Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "Valuation").
Minimum Investment Amount	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Subsequent Investments Amounts	Class A: USD Units: US$1,000 Class A: HKD Units: HK$5,000 Class A RMB and Class A (Hedged) Units: US$1,000 (or its equivalent) Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)
Minimum Holding	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Redemption or Conversion Amount	Class A Units: Nil Class A RMB and Class A (Hedged) Units: Nil Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)

Subscription monies and realisation proceeds will normally be paid in the class currency of the relevant class of Units provided that the Manager may pay realisation proceeds in the base currency of the Sub-Fund in exceptional circumstances, such as when there is insufficient class currency for currency conversion.

For details regarding the procedures for the subscriptions and realisations, see the main part of the Explanatory Memorandum under "Purchase of Units" and "Realisation of Units".

Fees

Preliminary Charge (% of issue price)	**Class A, Class A RMB and Class A (Hedged) Units:** up to 5% **Class I Units:** up to 3%
Realisation Charge (% of realisation price)	**Class A, Class A RMB and Class A (Hedged) Units:** 0.5%, but currently waived ***Class I Units:** 0.5% if such Class I Units are held for less than 1 year, otherwise nil **For the purpose of determining the realisation charge payable on Class I Units, Units subscribed earlier in time will be deemed to be realised prior to Units subscribed later in time.*
Conversion Charge (% of issue price of new Units)	**All Classes:** Up to 2.0%
Management Fee (% Net Asset Value of the BEA Union Investment Asia Pacific Flexi Allocation Fund)	**Class A, Class A RMB and Class A (Hedged) Units:** 1.50% p.a. **Class I Units:** 1.00% p.a.
Trustee Fee (% Net Asset Value of the BEA Union Investment Asia Pacific Flexi Allocation Fund)	Current fee payable for all Classes: 0.15% p.a.
Registrar's Fee (% Net Asset Value of the BEA Union Investment Asia Pacific Flexi Allocation Fund)	0.015-0.05% p.a. subject to minimum of US$3,000 per annum
Holders Servicing Fee (% Net Asset Value of the BEA Union Investment Asia Pacific Flexi Allocation Fund)	**All Classes:** Nil
Distribution policy	***Class A (Accumulating), Class A RMB (Accumulating), Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating) and Class I (Accumulating) Units:** no distributions ***Class A (Distributing), Class A RMB (Distributing), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units:** income and/or capital may be distributed **For details please refer to the sub-section headed "**Distribution**" below.*

Establishment Costs

The costs of establishment of the BEA Union Investment Asia Pacific Flexi Allocation Fund amounted to HK$320,000 and were borne by the BEA Union Investment Asia Pacific Flexi Allocation Fund and deducted during the course of the first year following its launch.

Dealing Day and Dealing Deadline

Each Business Day shall be a Dealing Day.

The Dealing Deadline is 4:00 p.m. (Hong Kong time) on each Dealing Day.

In order for instructions for subscriptions, realisations, conversions and transfers to be dealt with on the same Dealing Day, such instructions must be received by the Authorised Distributor before the Dealing Deadline on the same Dealing Day. Instructions received after the Dealing Deadline or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Payment of Realisation Proceeds

Realisation proceeds are normally paid in RMB for the RMB classes of Units. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to meet realisation requests of the RMB classes of Units, the Manager may pay realisation proceeds in USD or delay the payment of realisation proceeds. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "Risk Factors".

Distributions

The Manager has discretion as to whether or not to make any distribution and the frequency and amount of distributions. The Manager may at its discretion decide to make distributions in respect of Class A (Distributing) and Class A (Hedged) (Distributing) Units out of income generated from the Sub-Fund's investments and/or capital that are attributable to such in Units. In respect of each Accounting Period, it is the Manager's intention to distribute at least 85% of the income generated from the Sub-Fund's investments attributable to the relevant distributing Units. While the Manager expects to be able to pay distributions from income generated by the Sub-Fund's investments, in the event that such income is insufficient to pay distributions as it declares, the Manager may in its discretion determine that such distributions may be paid from capital attributable to the relevant distributing Units. Composition 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 upon request and at the following website: www.bea-union-investment.com (this website is not authorised and reviewed by the SFC). Investors should be aware of the effects of making distributions out of capital and pay attention to the relevant risk disclosures as set out under "**Risk Factors**" below. 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.

Any income earned for Class A (Accumulating), and Class A (Hedged) (Accumulating) and Class I (Accumulating) Units will not be distributed and will be accumulated and capitalised.

For Class A (Distributing) and Class A (Hedged) (Distributing) Units, interim distributions (if any) will be distributed in respect of each one-month period ending on the last day of each calendar month from January to November of each year (each an "Interim Accounting Date"), and a final distribution (if any) will be distributed in respect of the one-month period ending on 31 December of each year (the "Accounting Date").

For Class A RMB (Distributing) and Class A RMB (Hedged) (Distributing) Units, dividends are normally paid in RMB. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to pay dividends in RMB, the Manager may pay dividends in USD. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Unitholders whose names are entered on the register of Unitholders on the Record Date will be entitled to distribution (if any) declared in respect of the corresponding Interim Accounting Period or Accounting Period. The Record Date will be the 14th day of the month following an Interim Accounting Period or an Accounting Period or such other day as the Manager may determine and notify to the Unitholders. If such day is not a Business Day, the Record Date will be the immediately preceding Business Day.

Payment of an interim distribution (if any) will be made within 12 weeks from an Interim Accounting Date. Payment of a final distribution (if any) will be made within two months from the Accounting Date. It is the current intention of the Manager that details of any distribution (whether by way of an interim or a final distribution) to be made will be announced within 7 Business Days from the relevant Record Date and payment of such distribution will be made within 10 Business Days from the Record Date.

For details regarding distribution, see the main part of the Explanatory Memorandum under "Distribution of Income".

Valuation

Valuation Days for the BEA Union Investment Asia Pacific Flexi Allocation Fund are each Dealing Day and the Valuation Point is the close of the last relevant market to close on each Valuation Day, the first Valuation Day being the first Dealing Day following the Launch Period.

Risk Factors

Risk relating to equity securities

Investors should be aware that the BEA Union Investment Asia Pacific Flexi Allocation Fund invests directly in equities which are subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. The BEA Union Investment Asia Pacific Flexi Allocation Fund also invests directly in listed REITs, ETFs and managed funds and is therefore subject to the risks generally associated with such asset classes. Factors affecting the prices of the aforementioned asset classes are numerous, 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. Where equity markets are extremely volatile, the net asset value of the Sub-Fund may fluctuate substantially and investors may suffer substantial loss. Certain securities exchanges in the Asia Pacific region typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the BEA Union Investment Asia Pacific Flexi Allocation Fund to losses. In addition, the securities invested by the BEA Union Investment Asia Pacific Flexi Allocation Fund may not distribute the dividends at the level that the Manager expects, which affect the overall dividend distribution rate by the BEA Union Investment Asia Pacific Flexi Allocation Fund. Investors should also note that any listed REITs invested by the BEA Union Investment Asia Pacific Flexi Allocation Fund may not necessarily be authorised by the SFC, and the distribution policy of the Sub-Fund is not representative of the distribution policy of such listed REITs. Please also refer to the risk factor "Market risk" under the headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

Repatriation risk in emerging markets

The Sub-Fund may invest in securities in jurisdictions which impose control or restrictions on foreign exchange and repatriation of capital. Exchange control regulations and any changes in such regulations may cause difficulties in the repatriation of funds. Dealings in the Sub-Fund may be suspended if the Sub-Fund is unable to repatriate funds for the purpose of making payments on the realisation of units.

Risks relating to investment in ETFs generally

The trading prices of units/shares in an ETF may differ significantly from the net asset value of the units/shares of such ETF due to, disruptions to creations and realisations (for example, as a result of imposition of capital controls by a foreign government) and supply and demand forces in the secondary trading market for units/shares in the ETF. In addition, factors such as fees and expenses of an ETF, imperfect correlation between the ETF's assets and the underlying securities within the relevant tracking index, rounding of share prices, adjustments to the tracking index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index for the relevant ETF. An ETF's returns may therefore deviate from that of its tracking index.

There can be no assurance that an active trading market will exist or maintain for units/shares of an ETF on any securities exchange on which units/shares of an ETF may trade. The units/shares of the ETFs which the Sub-Fund may invest in may be traded at large discounts or premiums to their net asset value, which may in turn affect the net asset value of the Sub-Fund.

Risks relating to REITs

The Sub-Fund will not invest in real property directly but the Sub-Fund may be subject to risks similar to those associated with the direct ownership of real property (in addition to securities market risks) through its investment in REITs. Real estate investments are relatively illiquid and may affect the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic conditions, international securities markets, foreign exchange rates, interest rates, real estate markets or other conditions. Adverse global economic conditions could adversely affect the business, financial condition and results of operations of REITs. REITs may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than other securities.

The prices of REITs are affected by changes in the value of the underlying property owned by the REITs. Investment in REITs may therefore subject the Sub-Fund to risks similar to those from direct ownership of real property. The prices of mortgage REITs are affected by the quality of any credit they extend, the creditworthiness of the mortgages they hold, as well as by the value of the property that secures the mortgages.

Further, REITs are dependent upon management skills in managing the underlying properties and generally may not be diversified. In addition, certain "special purpose" REITs in which the Sub-Fund may invest may have their assets in specific real property sectors, such as hotel REITs, nursing home REITs or warehouse REITs, and are therefore subject to the risks associated with adverse developments in these sectors.

REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. There is also the risk that borrowers under mortgages held by a REITs or lessees of a property that a REITs owns may be unable to meet their obligations to the REITs. In the event of a default by a borrower or lessee, the REITs may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. On the other hand, if the key tenants experience a downturn in their businesses or their financial condition, they may fail to make timely rental payments or default under their leases. Tenants in a particular industry might also be affected by any adverse downturn in that industry and this may result in their failure to make timely rental payments or to default under the leases. The REITs may suffer losses as a result.

REITs may have limited financial resources and may be subject to borrowing limits. Consequently, REITs may need to rely on external sources of funding to expand their portfolios, which may not be available on commercially acceptable terms or at all. If a REIT cannot obtain capital from external sources, it may not be able to acquire properties when strategic opportunities exist.

Any due diligence exercise conducted by REITs on buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies. Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow of the REITs.

The Sub-Fund may invest in REITs which may not necessarily be authorised by the SFC.

Risk relating to debt securities

As the BEA Union Investment Asia Pacific Flexi Allocation Fund invests directly in debt securities, the BEA Union Investment Asia Pacific Flexi Allocation Fund is therefore subject to the risks generally associated with debt securities, namely, interest rate risk and credit risk. An increase in interest rate will generally reduce the value of debt securities. The BEA Union Investment Asia Pacific Flexi Allocation Fund may invest in below investment grade or non-rated debt securities. Such debt securities are generally subject to more risk and volatility than higher-rated securities because of reduced credit worthiness, liquidity and greater chance of default and can thereby expose the BEA Union Investment Asia Pacific Flexi Allocation Fund to losses. Please also refer to the risk factors "Interest rates", "Credit risk", "Downgrading risk", "Below investment grade and non-rated securities" under the headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

Diversification risk

As the BEA Union Investment Asia Pacific Flexi Allocation Fund invests in securities specifically exposed to the Asia Pacific region, it is subject to region-specific risks. Although its portfolio will be well diversified in terms of the number of holdings, investors should be aware that the BEA Union Investment Asia Pacific Flexi Allocation Fund is likely to be more volatile than a broad-based fund, such as an ordinary global equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the Asia Pacific region. Please also refer to the risk factor "Diversification risk" under the headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

Risk relating to securities denominated in Asian currencies

The BEA Union Investment Asia Pacific Flexi Allocation Fund will invest principally in securities denominated in Asian currencies, the BEA Union Investment Asia Pacific Flexi Allocation Fund is also subject to, among others, emerging markets risks and currency risks as set out in the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

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 BEA Union Investment Asia Pacific Flexi Allocation 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.

Currency hedging risk

The BEA Union Investment Asia Pacific Flexi Allocation Fund is also subject to currency hedging risk. Please refer to the risk factor "Hedging" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Where the BEA Union Investment Asia Pacific Flexi Allocation Fund enter into the hedging transactions, the costs of the hedging transactions will be reflected in the Net Asset Value of the Currency Hedged class Units (as defined in the main part of the Explanatory Memorandum) 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.

Risks associated with RMB classes of Units

Investors should also refer to the following specific risk factors when investing in the Class A RMB and/or Class A RMB (Hedged) Units of the Sub-Fund:

(i) Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

    The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there is no assurance that the Renminbi will not be subject to devaluation. Where the hedging transactions become ineffective, any devaluation of the Renminbi could adversely affect the value of investors' investments in the RMB classes of Units. If investors are non RMB-based (e.g. Hong Kong) investors and convert other currencies into RMB so as to invest in the RMB classes of Units and subsequently convert the RMB realisation proceeds and/or dividend payment (if any) back into other currencies, they may incur currency conversion costs and may suffer a loss if RMB depreciates against such other currencies.

    In addition, under the current regulations, the rate at which Renminbi may be exchanged outside the PRC (in the case of Hong Kong, the "CNH" rate) may be different from the exchange rate within the PRC (the "CNY" rate) and such divergence may increase due to supply and demand. When calculating the value of the RMB classes of Units, reference to the CNH rate rather than the CNY rate will be made and the value of the RMB classes of Units thus calculated will be affected by fluctuations in the CNH rate. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

    In respect of the hedged RMB classes of Units, the Manager may attempt to hedge the base currency of the Sub-Fund and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund back to RMB. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB classes of Units may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses.

    Furthermore, there is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk which may apply to the non-hedged RMB classes. For instance, where RMB depreciates against currencies of the non-RMB denominated underlying investments of the Sub-Fund, (i) investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments; or (ii) investors may suffer additional losses if the non-RMB-denominated underlying investments of the Sub-Fund fall in value.

    Whilst the hedging strategy may protect investors against a decline in the value of the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments relative to RMB, investors will not benefit from any potential gain in the value of the hedged RMB classes of Units if the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund rise against RMB. Please also refer to the risk factor "Hedging" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The Chinese government's policies on exchange control and repatriation restrictions are subject to change and the investors' investment in the RMB classes of Units may be adversely affected.

The PRC government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market outside the PRC and make it impossible for the Sub-Fund to hold sufficient amounts of RMB outside the PRC to meet realisation requests and/or pay dividends in RMB. In particular, the Sub-Fund may not be able to get sufficient amounts of RMB in a timely manner to meet realisation requests of the RMB classes of Units and/or pay dividends (if any) if all or a substantial portion of its underlying investments are non-RMB denominated.

Even if the Sub-Fund aims to pay realisation proceeds and/or dividends to investors of the RMB classes of Units in RMB, investors may not receive RMB upon realisation of their investments or receive dividend payments in RMB under extreme market conditions when there is not sufficient RMB for currency conversion. Under such circumstances, the Manager may pay realisation proceeds and/or dividends in USD. There is also a risk that payment of investors' realisation proceeds and/or dividends in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the realisation proceeds and dividends. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units.

For further details relating to the above and other risks such as derivative risk, please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

The BEA Union Investment Asia Pacific Flexi Allocation Fund, due to its possible exposure to listed equities, REITs, ETFs, managed funds and/or debt securities which are below investment grade, has a medium to high risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Union Investment Asia Pacific Flexi Allocation Fund as a medium to high risk investment.

APPENDIX VIII

BEA UNION INVESTMENT GLOBAL FLEXI ALLOCATION FUND

Introduction

BEA Union Investment Global Flexi Allocation Fund invests primarily in a diversified portfolio consisting of global equity securities and/or debt securities in global markets.

Units of each unit class in the BEA Union Investment Global Flexi Allocation Fund will be offered to investors during the Launch Period at the Issue Price as may be determined by the Manager and agreed by the Trustee, exclusive of the preliminary charge (if any). The Launch Period of each unit class in the BEA Union Investment Global Flexi Allocation Fund will be such date or period as may be determined by the Manager.

Following the Launch Period, Units are available for issue on each Dealing Day at the prevailing offer price. The Manager may issue additional unit classes at such issue price as the Manager shall determine.

The base currency of the BEA Union Investment Global Flexi Allocation Fund is US$.

Investment Objective and Policy

The investment objective of the BEA Union Investment Global Flexi Allocation Fund is to seek 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. The equity securities and debt securities as described above are hereinafter referred to as "Equity Securities" and "Debt Securities", respectively.

The BEA Union Investment Global Flexi Allocation Fund will invest its non-cash assets in Equity Securities and/or Debt Securities in global markets, mainly developed markets, but may also in emerging markets.

The BEA Union Investment Global Flexi Allocation Fund adopts a flexible approach to allocate its assets actively between Equity Securities and Debt Securities in global markets upon assessing the macroeconomic conditions and conducting research on equity and bond markets.

<u>Equity Securities</u>

Equity Securities that may be invested by the BEA Union Investment Global Flexi Allocation Fund include but are not limited to equities (e.g. ordinary shares and preferred shares), real estate investment trusts ("REITs"), Exchange Traded Funds ("ETFs") and managed funds. The Manager currently intends the BEA Union Investment Global Flexi Allocation Fund to invest in Equity Securities of companies of any market capitalisation.

The BEA Union Investment Global Flexi Allocation Fund's investment in ETFs and/or REITs in aggregate is not expected to exceed 30% of its assets.

<u>Debt Securities</u>

Debt Securities include capital securities and preference shares with fixed income features, convertible, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, transferable notes, commercial papers, certificates of deposits of variable or fixed interest rates, listed, traded or dealt in regulated markets or exchanges, short term bills and notes, as well as managed funds. Debt Securities may be issued by government, quasi-government organisations, financial institutions, multi-national organisations and other corporations. The BEA Union Investment Global Flexi Allocation 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 recognised rating agencies) as well as below investment grade and non-rated Debt Securities including high yield bonds that meet the standards as determined by the Manager. The BEA Union Investment Global Flexi Allocation Fund's investment in below investment grade and non-rated Debt Securities including high yield bonds in aggregate is not expected to exceed 20% of its assets.

The BEA Union Investment Global Flexi Allocation 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 if the debt security is not rated. If neither the debt security nor issuer is rated, the debt security will be classified as non-rated.

The BEA Union Investment Global Flexi Allocation Fund may also hold up to 30% of its assets in cash or cash equivalents.

The BEA Union Investment Global Flexi Allocation Fund will have a limited exposure to investments denominated in RMB.

The Manager may acquire financial futures contracts and currency forward contracts for hedging purposes to reduce risk and enhance asset value. The Manager may also acquire financial futures contracts for investment purposes consistent with the investment objective of the BEA Union Investment Global Flexi Allocation Fund. The net total aggregate value of contract prices in respect of futures contracts entered into other than for hedging may not exceed 20% of the total Net Asset Value of the BEA Union Investment Global Flexi Allocation Fund.

The BEA Union Investment Global Flexi Allocation Fund will not invest in any asset backed securities, mortgage backed securities, structured deposits or products. The Manager currently does not intend to enter into any securities lending, repurchase or reverse repurchase transactions, or other similar over-the-counter transactions on behalf of the Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one month's prior written notice engage in such transaction on behalf of the Sub-Fund.

Please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum for the general risks and the "**Risk Factors**" sub-section of this Appendix for specific risks relating to investment in the BEA Union Investment Global Flexi Allocation Fund.

Available Classes and Currency Denomination

The classes of Units available for issue and their class currency are as follows:

USD
Class A (Accumulating) — Class A (Distributing)
Class I (Accumulating)

HKD
Class A (Accumulating) — Class A (Distributing)
Class I (Accumulating)

RMB
Class A (Accumulating) — Class A (Distributing)
Class I (Accumulating)

AUD (Hedged)
Class A AUD (Hedged) (Accumulating) — Class A AUD (Hedged) (Distributing)

CAD (Hedged)
Class A CAD (Hedged) (Accumulating) — Class A CAD (Hedged) (Distributing)

GBP (Hedged)
Class A GBP (Hedged) (Accumulating) — Class A GBP (Hedged) (Distributing)

NZD (Hedged)
Class A NZD (Hedged) (Accumulating) — Class A NZD (Hedged) (Distributing)

RMB (Hedged)
Class A RMB (Hedged) (Accumulating) — Class A RMB (Hedged) (Distributing)

References to Class A Units include Class A (Accumulating) and Class A (Distributing) Units; references to Class A RMB Units include Class A RMB (Accumulating) and Class A RMB (Distributing) Units; and references to Class I Units include Class I (Accumulating) Units.

References to Class A (Hedged) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing) Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

References to Class A (Hedged) (Accumulating) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating) Units; references to Class A (Hedged) (Distributing) Units include Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

Please note that Class I Units are only available to collective investment schemes, pension plans, segregated accounts or other types of investors that meet the criteria as required by the Manager.

Subscription and Realisation Details

Launch Period	The Launch Period of each unit class will be such period or date as may be determined by the Manager.
Issue Price (exclusive of preliminary charge, if any)	During the Launch Period: Class A: USD Units: US$10.00 per Unit Class A: HKD Units: HK$100.00 per Unit Class A AUD (Hedged) (Accumulating) and Class A AUD (Hedged) (Distributing) Units: AU$10.00 per Unit Class A CAD (Hedged) (Accumulating) and Class A CAD (Hedged) (Distributing) Units: C$10.00 per Unit Class A GBP (Hedged) (Accumulating) and Class A GBP (Hedged) (Distributing) Units: £10.00 per Unit Class A NZD (Hedged) (Accumulating) and Class A NZD (Hedged) (Distributing) Units: NZ$10.00 per Unit Class A RMB, Class A RMB (Hedged) (Accumulating) and Class A RMB (Hedged) (Distributing) Units: RMB100.00 per Unit Class I Units and/or other additional unit classes (if any) will be issued at such issue price as the Manager shall determine. Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "**Valuation**").
Minimum Investment Amount	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Subsequent Investments Amounts	Class A: USD Units: US$1,000 Class A: HKD Units: HK$5,000 Class A RMB and Class A (Hedged) Units: US$1,000 (or its equivalent) Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)
Minimum Holding	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Realisation or Conversion Amount	Class A Units: Nil Class A RMB and Class A (Hedged) Units: Nil Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)

Subscription monies and realisation proceeds will normally be paid in the class currency of the relevant class of Units provided that the Manager may pay realisation proceeds in the base currency of the Sub-Fund in exceptional circumstances, such as when there is insufficient class currency for currency conversion.

For details regarding the procedures for the subscriptions and realisations, see the main part of the Explanatory Memorandum under "**Purchase of Units**" and "**Realisation of Units**".

Fees

Preliminary Charge (% of issue price)	**Class A, Class A RMB and Class A (Hedged) Units:** up to 5% **Class I Units:** up to 3%
Realisation Charge (% of realisation price)	**Class A, Class A RMB and Class A (Hedged) Units:** 0.5%, but currently waived ***Class I Units:** 0.5% if such Class I Units are held for less than 1 year, otherwise nil **For the purpose of determining the realisation charge payable on Class I Units, Units subscribed earlier in time will be deemed to be realised prior to Units subscribed later in time.*
Conversion Charge (% of issue price of new Units)	**All Classes:** Up to 2.0%
Management Fee (% Net Asset Value of the BEA Union Investment Global Flexi Allocation Fund)	**Class A, Class A RMB and Class A (Hedged) Units:** 1.50% p.a. **Class I Units:** 1.00% p.a.
Trustee Fee (% Net Asset Value of the BEA Union Investment Global Flexi Allocation Fund)	Current fee payable for all Classes: 0.15% p.a.
Registrar's Fee (% Net Asset Value of the BEA Union Investment Global Flexi Allocation Fund)	0.015-0.05% p.a. subject to minimum of US$3,000 per annum
Holders Servicing Fee (% Net Asset Value of the BEA Union Investment Global Flexi Allocation Fund)	**All Classes:** Nil
Distribution policy	***Class A (Accumulating), Class A RMB (Accumulating), Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating) and Class I (Accumulating) Units:** no distributions ***Class A (Distributing), Class A RMB (Distributing), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units:** income and/or capital may be distributed **For details please refer to the sub-section headed **"Distributions"** below.*

Establishment Costs

The costs of establishment of the BEA Union Investment Global Flexi Allocation Fund are estimated to amount to HK$100,000 and will be borne by the BEA Union Investment Global Flexi Allocation Fund and deducted during the course of the first year following its launch.

Dealing Day and Dealing Deadline

Each Business Day shall be a Dealing Day.

The Dealing Deadline is 4:00 p.m. (Hong Kong time) on each Dealing Day.

In order for instructions for subscriptions, realisations, conversions and transfers to be dealt with on the same Dealing Day, such instructions must be received by the Authorised Distributor before the Dealing Deadline on the same Dealing Day. Instructions received after the Dealing Deadline or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Payment of Realisation Proceeds

Realisation proceeds are normally paid in RMB for the RMB classes of Units. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to meet realisation requests of the RMB classes of Units, the Manager may pay realisation proceeds in USD or delay the payment of realisation proceeds. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Distributions

The Manager has discretion as to whether or not to make any distribution and the frequency and amount of distributions. The Manager may at its discretion decide to make distributions in respect of Class A (Distributing) and Class A (Hedged) (Distributing) Units out of income generated from the Sub-Fund's investments and/or capital that are attributable to such in Units. In respect of each Accounting Period, it is the Manager's intention to distribute at least 85% of the income generated from the Sub-Fund's investments attributable to the relevant distributing Units. While the Manager expects to be able to pay distributions from income generated by the Sub-Fund's investments, in the event that such income is insufficient to pay distributions as it declares, the Manager may in its discretion determine that such distributions may be paid from capital attributable to the relevant distributing Units. Composition 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 upon request and at the following website: www.bea-union-investment.com (this website is not authorised and reviewed by the SFC). Investors should be aware of the effects of making distributions out of capital and pay attention to the relevant risk disclosures as set out under "**Risk Factors**" below. 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.

Any income earned for Class A (Accumulating), and Class A (Hedged) (Accumulating) and Class I (Accumulating) Units will not be distributed and will be accumulated and capitalised.

For Class A (Distributing) and Class A (Hedged) (Distributing) Units, interim distributions (if any) will be distributed in respect of each one-month period ending on the last day of each calendar month from January to November of each year (each an "Interim Accounting Date"), and a final distribution (if any) will be distributed in respect of the one-month period ending on 31 December of each year (the "Accounting Date").

For Class A RMB (Distributing) and Class A RMB (Hedged) (Distributing) Units, dividends are normally paid in RMB. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to pay dividends in RMB, the Manager may pay dividends in USD. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Unitholders whose names are entered on the register of Unitholders on the Record Date will be entitled to distribution (if any) declared in respect of the corresponding Interim Accounting Period or Accounting Period. The Record Date will be the 14th day of the month following an Interim Accounting Period or an Accounting Period or such other day as the Manager may determine and notify to the Unitholders. If such day is not a Business Day, the Record Date will be the immediately preceding Business Day.

Payment of an interim distribution (if any) will be made within 12 weeks from an Interim Accounting Date. Payment of a final distribution (if any) will be made within two months from the Accounting Date. It is the current intention of the Manager that details of any distribution (whether by way of an interim or a final distribution) to be made will be announced within 7 Business Days from the relevant Record Date and payment of such distribution will be made within 10 Business Days from the Record Date.

For details regarding distribution, see the main part of the Explanatory Memorandum under "**Distribution of Income**".

Valuation

Valuation Days for the BEA Union Investment Global Flexi Allocation Fund are each Dealing Day and the Valuation Point is the close of the last relevant market to close on each Valuation Day, the first Valuation Day being the first Dealing Day following the Launch Period.

Risk Factors

<u>Risk relating to equity securities</u>

Investors should be aware that the BEA Union Investment Global Flexi Allocation Fund invests directly in equities which are subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. The BEA Union Investment Global Flexi Allocation Fund also invests directly in listed REITs, ETFs and managed funds and is therefore subject to the risks generally associated with such asset classes. Factors affecting the prices of the aforementioned asset classes are numerous, including but not limited to liquidity of the asset class, changes in investment sentiment, political environment, economic, business and social conditions in the global markets. Where equity markets are extremely volatile, the net asset value of the Sub-Fund may fluctuate substantially and investors may suffer substantial loss. Certain securities exchanges have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the BEA Union Investment Global Flexi Allocation Fund to losses. In addition, the securities invested by the BEA Union Investment Global Flexi Allocation Fund may not distribute the dividends at the level that the Manager expects, which affect the overall dividend distribution rate by the BEA Union Investment Global Flexi Allocation Fund. Investors should also note that any listed REITs invested by the BEA Union Investment Global Flexi Allocation Fund may not necessarily be authorised by the SFC, and the distribution policy of the Sub-Fund is not representative of the distribution policy of such listed REITs. Please also refer to the risk factor "Market risk" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Repatriation risk in emerging markets

The Sub-Fund may invest in securities in jurisdictions which impose control or restrictions on foreign exchange and repatriation of capital. Exchange control regulations and any changes in such regulations may cause difficulties in the repatriation of funds. Dealings in the Sub-Fund may be suspended if the Sub-Fund is unable to repatriate funds for the purpose of making payments on the realisation of units. Please also refer to the risk factor "Emerging markets" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Risks relating to investment in ETFs generally

The trading prices of units/shares in an ETF may differ significantly from the net asset value of the units/shares of such ETF due to, disruptions to creations and realisations (for example, as a result of imposition of capital controls by a foreign government) and supply and demand forces in the secondary trading market for units/shares in the ETF. In addition, factors such as fees and expenses of an ETF, imperfect correlation between the ETF's assets and the underlying securities within the relevant tracking index, rounding of share prices, adjustments to the tracking index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index for the relevant ETF. An ETF's returns may therefore deviate from that of its tracking index.

There can be no assurance that an active trading market will exist or maintain for units/shares of an ETF on any securities exchange on which units/shares of an ETF may trade. The units/shares of the ETFs which the Sub-Fund may invest in may be traded at large discounts or premiums to their net asset value, which may in turn affect the net asset value of the Sub-Fund.

Risks relating to REITs

The Sub-Fund will not invest in real property directly but the Sub-Fund may be subject to risks similar to those associated with the direct ownership of real property (in addition to securities market risks) through its investment in REITs. Real estate investments are relatively illiquid and may affect the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic conditions, international securities markets, foreign exchange rates, interest rates, real estate markets or other conditions. Adverse global economic conditions could adversely affect the business, financial condition and results of operations of REITs. REITs may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than other securities.

The prices of REITs are affected by changes in the value of the underlying property owned by the REITs. Investment in REITs may therefore subject the Sub-Fund to risks similar to those from direct ownership of real property. The prices of mortgage REITs are affected by the quality of any credit they extend, the creditworthiness of the mortgages they hold, as well as by the value of the property that secures the mortgages.

Further, REITs are dependent upon management skills in managing the underlying properties and generally may not be diversified. In addition, certain "special purpose" REITs in which the Sub-Fund may invest may have their assets in specific real property sectors, such as hotel REITs, nursing home REITs or warehouse REITs, and are therefore subject to the risks associated with adverse developments in these sectors.

REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. There is also the risk that borrowers under mortgages held by a REITs or lessees of a property that a REITs owns may be unable to meet their obligations to the REITs. In the event of a default by a borrower or lessee, the REITs may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. On the other hand, if the key tenants experience a downturn in their businesses or their financial condition, they may fail to make timely rental payments or default under their leases. Tenants in a particular industry might also be affected by any adverse downturn in that industry and this may result in their failure to make timely rental payments or to default under the leases. The REITs may suffer losses as a result.

REITs may have limited financial resources and may be subject to borrowing limits. Consequently, REITs may need to rely on external sources of funding to expand their portfolios, which may not be available on commercially acceptable terms or at all. If a REIT cannot obtain capital from external sources, it may not be able to acquire properties when strategic opportunities exist.

Any due diligence exercise conducted by REITs on buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies. Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow of the REITs.

The Sub-Fund may invest in REITs which may not necessarily be authorised by the SFC.

Risk relating to debt securities

As the BEA Union Investment Global Flexi Allocation Fund invests directly in debt securities, the BEA Union Investment Global Flexi Allocation Fund is therefore subject to the risks generally associated with debt securities, namely, interest rate risk and credit risk. An increase in interest rate will generally reduce the value of debt securities. The BEA Union Investment Global Flexi Allocation Fund may invest in below investment grade or non-rated debt securities. Such debt securities are generally subject to more risk and volatility than higher-rated securities because of reduced credit worthiness, liquidity and greater chance of default and can thereby expose the BEA Union Investment Global Flexi Allocation Fund to losses. Please also refer to the risk factors "Interest rates", "Credit risk", "Downgrading risk", "Below investment grade and non-rated securities" and "Liquidity risk" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Asset allocation risk

The performance of the BEA Union Investment Global Flexi Allocation Fund is dependent on the success of the asset allocation strategy employed by the BEA Union Investment Global Flexi Allocation Fund. There is no assurance that the strategy employed by the BEA Union Investment Global Flexi Allocation Fund will be successful. In adverse situation, the BEA Union Investment Global Flexi Allocation Fund's asset allocation strategy may become ineffective and may result in losses.

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 BEA Union Investment Global Flexi Allocation 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.

Currency hedging risk

The BEA Union Investment Global Flexi Allocation Fund is also subject to currency hedging risk. Please refer to the risk factor "Hedging" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Where the BEA Union Investment Global Flexi Allocation Fund enter into the hedging transactions, the costs of the hedging transactions will be reflected in the Net Asset Value of the Currency Hedged class Units (as defined in the main part of the Explanatory Memorandum) 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.

Risks associated with RMB classes of Units

Investors should also refer to the following specific risk factors when investing in the Class A RMB and/or Class A RMB (Hedged) Units of the Sub-Fund:

(i) Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there is no assurance that the Renminbi will not be subject to devaluation. Where the hedging transactions become ineffective, any devaluation of the Renminbi could adversely affect the value of investors' investments in the RMB classes of Units. If investors are non RMB-based (e.g. Hong Kong) investors and convert other currencies into RMB so as to invest in the RMB classes of Units and subsequently convert the RMB realisation proceeds and/or dividend payment (if any) back into other currencies, they may incur currency conversion costs and may suffer a loss if RMB depreciates against such other currencies.

In addition, under the current regulations, the rate at which Renminbi may be exchanged outside the PRC (in the case of Hong Kong, the "CNH" rate) may be different from the exchange rate within the PRC (the "CNY" rate) and such divergence may increase due to supply and demand. When calculating the value of the RMB classes of Units, reference to the CNH rate rather than the CNY rate will be made and the value of the RMB classes of Units thus calculated will be affected by fluctuations in the CNH rate. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

In respect of the hedged RMB classes of Units, the Manager may attempt to hedge the base currency of the Sub-Fund and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund back to RMB. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB classes of Units may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses.

Furthermore, there is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk which may apply to the non-hedged RMB classes. For instance, where RMB depreciates against currencies of the non-RMB denominated underlying investments of the Sub-Fund, (i) investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments; or (ii) investors may suffer additional losses if the non-RMB-denominated underlying investments of the Sub-Fund fall in value.

Whilst the hedging strategy may protect investors against a decline in the value of the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments relative to RMB, investors will not benefit from any potential gain in the value of the hedged RMB classes of Units if the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund rise against RMB. Please also refer to the risk factor "Hedging" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The Chinese government's policies on exchange control and repatriation restrictions are subject to change and the investors' investment in the RMB classes of Units may be adversely affected.

The PRC government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market outside the PRC and make it impossible for the Sub-Fund to hold sufficient amounts of RMB outside the PRC to meet realisation requests and/or pay dividends in RMB. In particular, the Sub-Fund may not be able to get sufficient amounts of RMB in a timely manner to meet realisation requests of the RMB classes of Units and/or pay dividends (if any) if all or a substantial portion of its underlying investments are non-RMB denominated.

Even if the Sub-Fund aims to pay realisation proceeds and/or dividends to investors of the RMB classes of Units in RMB, investors may not receive RMB upon realisation of their investments or receive dividend payments in RMB under extreme market conditions when there is not sufficient RMB for currency conversion. Under such circumstances, the Manager may pay realisation proceeds and/or dividends in USD. There is also a risk that payment of investors' realisation proceeds and/or dividends in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the realisation proceeds and dividends. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units.

For further details relating to the above and other risks such as derivative risk and currency risk, please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

The BEA Union Investment Global Flexi Allocation Fund, due to its possible exposure to listed equities, REITs, ETFs, managed funds and/or debt securities which are below investment grade, has a medium to high risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Union Investment Global Flexi Allocation Fund as a medium to high risk investment.

APPENDIX IX

BEA UNION INVESTMENT CHINA GATEWAY FUND

Introduction

BEA Union Investment China Gateway Fund invests its assets primarily in equity securities and/or debt securities that are related to China.

Units of each unit class in the BEA Union Investment China Gateway Fund will be offered to investors during the Launch Period at the Issue Price as may be determined by the Manager and agreed by the Trustee, exclusive of the preliminary charge (if any). The Launch Period of each unit class in the BEA Union Investment China Gateway Fund will be such date or period as may be determined by the Manager.

Following the Launch Period, Units are available for issue on each Dealing Day at the prevailing offer price. The Manager may issue additional unit classes at such issue price as the Manager shall determine.

The base currency of the BEA Union Investment China Gateway Fund is US$.

Investment Objective and Policy

The investment objective of the BEA Union Investment China Gateway Fund is to seek medium to long term capital growth and income through investing primarily in equity securities and/or debt securities, that are either (a) traded in China or (b) issued by entities incorporated in China or entities which have significant operations in or assets in, or derive significant portion of revenue or profits from China. The equity securities and debt securities as described above are hereinafter referred to as "Equity Securities" and "Debt Securities", respectively. The Equity Securities and Debt Securities are collectively referred to as "China Securities".

The BEA Union Investment China Gateway Fund will invest at least 70% of its non-cash assets in China Securities and up to 30% of its non-cash assets may be invested in non-China Securities. Both Equity Securities and Debt Securities will be primarily denominated in Renminbi, Hong Kong dollars and US dollars.

The BEA Union Investment China Gateway Fund adopts a flexible approach to allocate its assets actively between Equity Securities and Debt Securities that are related to China upon assessing the macroeconomic conditions and conducting research on equity and bond markets in China.

Equity Securities that may be invested by the BEA Union Investment China Gateway Fund include but are not limited to equities (e.g. China A-Shares via the Stock Connects (as further described in Annex A of the Explanatory Memorandum) and/or other permissible means as approved by the relevant regulators from time to time, China B-Shares, China H-Shares, ordinary shares, preferred shares), exchange traded funds ("ETFs") and equity funds. The BEA Union Investment China Gateway Fund may invest up to 100% of its non-cash assets in China A-Shares via Stock Connects and the total exposure to China A-Shares and China B-Shares in aggregate may be up to 100% of its non-cash assets.

Debt Securities include but are not limited to capital securities and preference shares with fixed income features, convertible, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, transferable notes, commercial papers, certificates of deposits of variable or fixed interest rates, listed, traded or dealt in regulated markets or exchanges, short term bills and notes, as well as money market funds and fixed income funds. Debt Securities also include asset-backed securities and mortgage-backed securities (in aggregate of not more than 20% of the BEA Union Investment China Gateway Fund's assets). Debt Securities may be issued or guaranteed by government, regional governments, municipal governments, government agencies, quasi-government organisations, financial institutions, investment trusts and property trusts, multi-national organisations and other corporations.

Debt Securities in which the BEA Union Investment China Gateway Fund will invest will not be subject to any duration or minimum credit rating requirements. The BEA Union Investment China Gateway 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 recognised 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 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 BBB- or above by a China credit rating agency), below investment grade or non-rated Onshore Debt Securities that meet the standards as determined by the Manager.

The BEA Union Investment China Gateway 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.

The BEA Union Investment China Gateway Fund may invest no more than 40% of its non-cash assets in other funds (including ETFs, equity funds, fixed income funds and money market funds) for purposes consistent with the investment objective of the Sub-Fund, and it may also hold less than 30% of its assets in cash or cash equivalents.

The Manager may acquire warrants, options, currency forward contracts and credit default swaps for hedging purposes only. The Manager may also acquire financial futures contracts (including bond futures) for hedging and investment purposes so long as it complies with the investment policy and restrictions of the BEA Union Investment China Gateway Fund and in compliance with Chapter 7 of SFC's Code on Unit Trusts and Mutual Funds. The net total aggregate value of contract prices in respect of financial futures contracts entered into other than for hedging, whether payable to or by the Sub-Fund under all outstanding futures contracts, together with the aggregate value of holdings of physical commodities and commodity based investments, may not exceed 20% of the total net asset value of the BEA Union Investment China Gateway Fund.

The BEA Union Investment China Gateway 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 lending, repurchase or reverse repurchase transactions, or other similar over-the-counter transactions on behalf of the Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one month's prior written notice engage in such transaction on behalf of the Sub-Fund.

Please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum for the general risks and the "**Risk Factors**" sub-section of this Appendix for specific risks relating to investment in the BEA Union Investment China Gateway Fund.

Overview of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (the "Stock Connects")

Please refer to Annex A of this Explanatory Memorandum for an overview of the Stock Connects.

Overview of China Interbank Bond Market

Please refer to Annex B of this Explanatory Memorandum for an overview of the China Interbank Bond Market.

Available Classes and Currency Denomination

The classes of Units available for issue and their class currency are as follows:

USD	
Class A (Accumulating)	Class A (Distributing)
Class I (Accumulating)	
HKD	
Class A (Accumulating)	Class A (Distributing)
Class I (Accumulating)	
RMB	
Class A (Accumulating)	Class A (Distributing)
Class I (Accumulating)	
AUD (Hedged)	
Class A AUD (Hedged) (Accumulating)	Class A AUD (Hedged) (Distributing)
CAD (Hedged)	
Class A CAD (Hedged) (Accumulating)	Class A CAD (Hedged) (Distributing)
GBP (Hedged)	
Class A GBP (Hedged) (Accumulating)	Class A GBP (Hedged) (Distributing)
NZD (Hedged)	
Class A NZD (Hedged) (Accumulating)	Class A NZD (Hedged) (Distributing)
RMB (Hedged)	
Class A RMB (Hedged) (Accumulating)	Class A RMB (Hedged) (Distributing)

References to Class A Units include Class A USD (Accumulating), Class A HKD (Accumulating), Class A RMB (Accumulating), Class A USD (Distributing), Class A HKD (Distributing) and Class A RMB (Distributing) Units; references to Class A RMB Units include Class A RMB (Accumulating) and Class A RMB (Distributing) Units; and references to Class I Units include Class I USD (Accumulating), Class I HKD (Accumulating) and Class I RMB (Accumulating) Units.

References to Class A (Hedged) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulati ng), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

References to Class A (Accumulating) Units include Class A USD (Accumulating), Class A HKD (Accumulating) and Class A RMB (Accumulating) Units; and references to Class A (Distributing) Units include Class A USD (Distributing), Class A HKD (Distributing) and Class A RMB (Distributing) Units.

References to Class A (Hedged) (Accumulating) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating) Units; references to Class A (Hedged) (Distributing) Units include Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

Please note that Class I Units are only available to collective investment schemes, pension plans, segregated accounts or other types of investors that meet the criteria as required by the Manager.

Subscription and Realisation Details

Launch Period	The Launch Period of each unit class will be such period or date as may be determined by the Manager.
Issue Price (exclusive of preliminary charge, if any)	During the Launch Period: Class A: USD Units: US$10.00 per Unit Class A: HKD Units: HK$100.00 per Unit Class A AUD (Hedged) (Accumulating) and Class A AUD (Hedged) (Distributing) Units: AU$10.00 per Unit Class A CAD (Hedged) (Accumulating) and Class A CAD (Hedged) (Distributing) Units: C$10.00 per Unit Class A GBP (Hedged) (Accumulating) and Class A GBP (Hedged) (Distributing) Units: £10.00 per Unit Class A NZD (Hedged) (Accumulating) and Class A NZD (Hedged) (Distributing) Units: NZ$10.00 per Unit Class A RMB, Class A RMB (Hedged) (Accumulating) and Class A RMB (Hedged) (Distributing) Units: RMB100.00 per Unit Class I Units and/or other additional unit classes (if any) will be issued at such issue price as the Manager shall determine. Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "**Valuation**").
Minimum Investment Amount	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Subsequent Investments Amounts	Class A: USD Units: US$1,000 Class A: HKD Units: HK$5,000 Class A RMB and Class A (Hedged) Units: US$1,000 (or its equivalent) Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)
Minimum Holding	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Redemption or Conversion Amount	Class A Units: Nil Class A (Hedged) Units: Nil Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)

Subscription monies and realisation proceeds will normally be paid in the class currency of the relevant class of Units provided that the Manager may pay realisation proceeds in the base currency of the Sub-Fund in exceptional circumstances, such as when there is insufficient class currency for currency conversion.

For details regarding the procedures for the subscriptions and realisations, see the main part of the Explanatory Memorandum under "**Purchase of Units**" and "**Realisation of Units**".

Fees

Preliminary Charge (% of issue price)	**Class A and Class A (Hedged) Units:** up to 5% **Class I Units:** up to 3%
Realisation Charge (% of realisation price)	**Class A and Class A (Hedged) Units:** 0.5%, but currently waived ***Class I Units:** 0.5%, if such Class I Units are held for less than 1 year, otherwise nil **For the purpose of determining the realisation charge payable on Class I Units, Units subscribed earlier in time will be deemed to be realised prior to Units subscribed later in time.*
Conversion Charge (% of issue price of new Units)	**All Classes:** Up to 2.0%
Management Fee (% Net Asset Value of the BEA Union Investment China Gateway Fund)	**Class A and Class A (Hedged) Units:** 1.50% p.a. **Class I Units:** 1.00% p.a.
Trustee Fee (% Net Asset Value of the BEA Union Investment China Gateway Fund)	Current fee payable for all Classes: 0.15% p.a.
Registrar's Fee (% Net Asset Value of the BEA Union Investment China Gateway Fund)	0.015-0.05% p.a. subject to minimum of US$3,000 per annum
Holders Servicing Fee (% Net Asset Value of the BEA Union Investment China Gateway Fund)	**All Classes:** Nil
Distribution policy	***Class A (Accumulating), Class A (Hedged) (Accumulating) and Class I Units:** no distributions ***Class A (Distributing) and Class A (Hedged) (Distributing) Units:** income and/or capital may be distributed **For details please refer to the sub-section headed "**Distributions**" below.*

Establishment Costs

The costs of establishment of the BEA Union Investment China Gateway Fund are estimated to amount to HK$200,000 and will be borne by the BEA Union Investment China Gateway Fund and deducted during the course of the first year following its launch.

Dealing Day and Dealing Deadline

Each Business Day shall be a Dealing Day. If such day is not a day on which banks in Hong Kong and in the PRC are open for normal banking business ("HK & PRC Business Day"), the immediately following HK & PRC Business Day shall be a Dealing Day.

The Dealing Deadline is 4:00 p.m. (Hong Kong time) on each Dealing Day.

In order for instructions for subscriptions, realisations, conversions and transfers to be dealt with on the same Dealing Day, such instructions must be received by the Authorised Distributor before the Dealing Deadline on the same Dealing Day. Instructions received after the Dealing Deadline or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

If the conversion instruction to convert from the Existing Units of the BEA Union Investment China Gateway Fund is received on a day which is not a Dealing Day of the BEA Union Investment China Gateway Fund, the conversion will be effected on the next respective Dealing Day. If the conversion instruction to convert into New Units of the BEA Union Investment China Gateway Fund is received on a day which is a Dealing Day for units to be converted from but not a Dealing Day of the BEA Union Investment China Gateway Fund, the conversion of Existing Units will be effected on the Dealing Day on which the instruction is received and the purchase of New Units will be effected on the next Dealing Day of the BEA Union Investment China Gateway Fund.

Payment of Realisation Proceeds

Realisation proceeds are normally paid in RMB for the RMB classes of Units. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to meet realisation requests of the RMB classes of Units, the Manager may pay realisation proceeds in USD or delay the payment of realisation proceeds. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Distributions

The Manager has discretion as to whether or not to make any distribution and the frequency and amount of distributions. The Manager may at its discretion decide to make distributions in respect of Class A (Distributing) and Class A (Hedged) (Distributing) Units out of income generated from the Sub-Fund's investments and/or capital that are attributable to such in Units. In respect of each Accounting Period, it is the Manager's intention to distribute at least 85% of the income generated from the Sub-Fund's investments attributable to the relevant distributing Units. While the Manager expects to be able to pay distributions from income generated by the Sub-Fund's investments, in the event that such income is insufficient to pay distributions as it declares, the Manager may in its discretion determine that such distributions may be paid from capital attributable to the relevant distributing Units. Composition 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 upon request and at the following website: www.bea-union-investment.com (this website is not authorised and reviewed by the SFC). Investors should be aware of the effects of making distributions out of capital and pay attention to the relevant risk disclosures as set out under "**Risk Factors**" below. 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.

Any income earned for Class A (Accumulating), Class A (Hedged) (Accumulating) and Class I Units will not be distributed and will be accumulated and capitalised.

For Class A (Distributing) and Class A (Hedged) (Distributing) Units, interim distributions (if any) will be distributed in respect of each one-month period ending on the last day of each calendar month from January to November of each year (each an "Interim Accounting Date"), and a final distribution (if any) will be distributed in respect of the one-month period ending on 31 December of each year (the "Accounting Date").

For Class A RMB (Distributing) and Class A RMB (Hedged) (Distributing) Units, dividends are normally paid in RMB. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to pay dividends in RMB, the Manager may pay dividends in USD. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Unitholders whose names are entered on the register of Unitholders on the Record Date will be entitled to distribution (if any) declared in respect of the corresponding Interrim Accounting Period or Accounting Period. The Record Date will be the 14th day of the month following an InterimAccounting Period or an Accounting Period or such other day as the Manager may determine and notify to the Unitholders. If such day is not a Business Day, the Record Date will be the immediately preceding Business Day.

Payment of an interim distribution (if any) will be made within 12 weeks from an Interim Accounting Date. Payment of a final distribution (if any) will be made within two months from the Accounting Date. It is the current intention of the Manager that details of any distribution (whether by way of an interim or a final distribution) to be made will be announced within 7 Business Days from the relevant Record Date and payment of such distribution will be made within 10 Business Days from the Record Date.

For details regarding distribution, see the main part of the Explanatory Memorandum under "**Distribution of Income**".

PRC Tax Provisions

For further details relating to PRC taxes and the associated risks, please refer to the risk factor headed "PRC tax considerations" under the "**Risk Factors**" section in the main part of the Explanatory Memorandum.

There is no specific guidance by the PRC tax authorities on the treatment of income tax and other tax categories payable in respect of trading in China interbank bond market by foreign institutional investors. The Manager currently intends to make provisions for any PRC taxes payable by the Sub-Fund on (i) dividends derived from PRC Equity Securities (including China A-Shares acquired through the Stock Connects) and (ii) interest from debt securities issued in mainland China, at a rate of 10% (or as otherwise advised by the Sub-Fund's tax adviser), if the relevant WIT is not withheld at source. Based on professional and independent tax advice, no provision will be made on interest (if the relevant WIT is withheld at source already) and realized capital gain from debt securities issued in mainland China. Upon the availability of a definitive tax assessment or the issue of announcements by the PRC tax authorities, any sums withheld in excess of the tax liability shall be transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets. However, if the actual applicable tax is higher than that provided for by the Manager so that there is a short fall in the tax provision amount, the Sub-Fund may suffer from a fall in value as the Sub-Fund will ultimately have to bear the additional tax liabilities. 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).

Valuation

Valuation Days for the BEA Union Investment China Gateway Fund are each Dealing Day and the Valuation Point is the close of the last relevant market to close on each Valuation Day, the first Valuation Day being the first Dealing Day following the Launch Period.

Risk Factors

Risk relating to equity securities

Investors should be aware that the BEA Union Investment China Gateway Fund invests directly in equities which are subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. The BEA Union Investment China Gateway Fund also invests directly in ETFs and equity funds and is therefore subject to the risks generally associated with such asset classes. Factors affecting the prices of the aforementioned asset classes are numerous, including but not limited to liquidity of the asset class, changes in investment sentiment, political environment, economic, business and social conditions in China. Where equity markets are extremely volatile, the Net Asset Value of the Sub-Fund may fluctuate substantially and investors may suffer substantial loss. Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the BEA Union Investment China Gateway Fund to losses. In addition, the securities invested by the BEA Union Investment China Gateway Fund may not distribute the dividends at the level that the Manager expects, which affect the overall dividend distribution rate by the BEA Union Investment China Gateway Fund. Please also refer to the risk factor "Market risk", "Risks associated with the Stock Connects" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Repatriation risk in emerging markets

The Sub-Fund may invest in securities in jurisdictions which impose control or restrictions on foreign exchange and repatriation of capital. Exchange control regulations and any changes in such regulations may cause difficulties in the repatriation of funds. Dealings in the Sub-Fund may be suspended if the Sub-Fund is unable to repatriate funds for the purpose of making payments on the realisation of units. Please also refer to the risk factor "Emerging markets" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Risks relating to investment in ETFs generally

The trading prices of units/shares in an ETF may differ significantly from the net asset value of the units/shares of such ETF due to, disruptions to creations and realisations (for example, as a result of imposition of capital controls by a foreign government) and supply and demand forces in the secondary trading market for units/shares in the ETF. In addition, factors such as fees and expenses of an ETF, imperfect correlation between the ETF's assets and the underlying securities within the relevant tracking index, rounding of share prices, adjustments to the tracking index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index for the relevant ETF. An ETF's returns may therefore deviate from that of its tracking index.

There can be no assurance that an active trading market will exist or maintain for units/shares of an ETF on any securities exchange on which units/shares of an ETF may trade. The units/shares of the ETFs which the Sub-Fund may invest in may be traded at large discounts or premiums to their net asset value, which may in turn affect the net asset value of the Sub-Fund.

Risk relating to debt securities

As the BEA Union Investment China Gateway Fund invests directly in debt securities, the BEA Union Investment China Gateway Fund is therefore subject to the risks generally associated with debt securities, namely, interest rate risk and credit risk. An increase in interest rate will generally reduce the value of debt securities. The BEA Union Investment China Gateway Fund may invest in below investment grade or non-rated debt securities. Such debt securities are generally subject to more risk and volatility than higher-rated securities because of reduced credit worthiness, liquidity and greater chance of default and can thereby expose the BEA Union Investment China Gateway Fund to losses. Please also refer to the risk factors "Interest rates", "Credit risk", "Downgrading risk", "Below investment grade and non-rated securities" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

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.

"Dim Sum" bond (i.e. bonds issued outside of mainland China but denominated in RMB) market risks

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).

Risks associated with China interbank bond market

The Sub-Fund is also subject to risks associated with China interbank bond market. Please refer to the risk factor "Risks associated with China interbank bond market" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Risk associated with asset backed securities and mortgage backed securities

Asset backed securities and mortgage backed securities may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Credit rating risk and credit rating agency 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. In particular, for 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.

Currency hedging risk

The BEA Union Investment China Gateway Fund is also subject to currency hedging risk. Please refer to the risk factor "Hedging" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Where the BEA Union Investment China Gateway Fund enter into the hedging transactions, the costs of the hedging transactions will be reflected in the Net Asset Value of the Currency Hedged class Units (as defined in the main part of the Explanatory Memorandum) 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.

Risks associated with RMB classes of Units/RMB currency and conversion risks

Investors should also refer to the following specific risk factors when investing in the Class A RMB (Hedged) Units of the Sub-Fund:

(i) Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the PBOC. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Where the hedging transactions become ineffective, any devaluation of the Renminbi could adversely affect the value of investors' investments in the RMB classes of Units. If investors are non RMB-based (e.g. Hong Kong) investors and convert other currencies into RMB so as to invest in the RMB class of Units and subsequently convert the RMB realisation proceeds and/or dividend payment (if any) back into other currencies, they may incur currency conversion costs and may suffer a loss if RMB depreciates against such other currencies.

In addition, under the current regulations, the rate at which Renminbi may be exchanged outside the PRC (in the case of Hong Kong, the "CNH" rate) may be different from the exchange rate within the PRC (the "CNY" rate) and such divergence may increase due to supply and demand. When calculating the value of the RMB classes of Units, reference to the CNH rate rather than the CNY rate will be made and the value of the RMB classes of Units thus calculated will be affected by fluctuations in the CNH rate. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

In respect of the hedged RMB classes of Units, the Manager may attempt to hedge the base currency of the Sub-Fund and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund back to RMB. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB classes of Units may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses.

Furthermore, there is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk which may apply to the non-hedged RMB classes. For instance, where RMB depreciates against currencies of the non-RMB denominated underlying investments of the Sub-Fund, (i) investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments; or (ii) investors may suffer additional losses if the non-RMB denominated underlying investments of the Sub-Fund fall in value.

Whilst the hedging strategy may protect investors against a decline in the value of the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments relative to RMB, investors will not benefit from any potential gain in the value of the hedged RMB classes of Units if the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund rise against RMB. Please also refer to the risk factor "Hedging" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The Chinese government's policies on exchange control and repatriation restrictions are subject to change and the investors' investment in the RMB class of Units may be adversely affected.

The PRC government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market outside the PRC and make it impossible for the Sub-Fund to hold sufficient amounts of RMB outside the PRC to meet realisation requests and/or pay dividends in RMB. In particular, the Sub-Fund may not be able to get sufficient amounts of RMB in a timely manner to meet realisation requests of the RMB classes of Units and/or pay dividends (if any) if all or a substantial portion of its underlying investments are non-RMB denominated.

Even if the Sub-Fund aims to pay realisation proceeds and/or dividends to investors of the RMB classes of Units in RMB, investors may not receive RMB upon realisation of their investments or receive dividend payments in RMB under extreme market conditions when there is not sufficient RMB for currency conversion. Under such circumstances, the Manager may pay realisation proceeds and/or dividends in USD. There is also a risk that payment of investors' realisation proceeds and/or dividends in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the realisation proceeds and dividends. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units.

Diversification risk

As the BEA Union Investment China Gateway Fund invests primarily in securities related to China, it is subject to country risks. Although its portfolio will be well diversified in terms of the number of holdings, investors should be aware that the BEA Union Investment China Gateway Fund is likely to be more volatile than a broad-based fund, such as an ordinary global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in China. Please also refer to the risk factor "Diversification risk" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Asset allocation risk

The performance of the China Gateway Fund is dependent on the success of the asset allocation strategy employed by the Sub-Fund. There is no assurance that the strategy employed by the Sub-Fund will be successful. In adverse situation, the Sub-Fund's asset allocation strategy may become ineffective and may result in losses.

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. Please also refer to the risk factor "China market risk" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Credit risk of issuers/counterparties

The Sub-Fund's investment in RMB-denominated debt securities is subject to the counterparty risk of the issuers which may be unable or unwilling to make timely payments on principal and/or interest. The financial market of China is at an early stage of development. The RMB denominated debt securities that the Sub-Fund invests in may either have a relatively low credit rating or may be unrated. In general, debt securities that have a lower credit rating or that are unrated will be more susceptible to the credit risk of the issuers. In the event of a default or credit rating downgrading of the RMB denominated debt securities and/or their issuers, the liquidity of the RMB denominated debt securities will be affected and the ability of the Sub-Fund to dispose of the instruments may be restricted. The Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers of RMB denominated debt securities as such issuers may be incorporated outside Hong Kong and subject to foreign laws.

Investors should note the limitations of credit ratings set out under the risk factor "Downgrading risk" headed under "**Risk Factors**" in the main part of the Explanatory Memorandum.

RMB denominated debt securities are generally offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant counterparty. As a result, if the counterparty becomes bankrupt, proceeds from the liquidation of the counterparty's assets will be paid to holders of RMB debt securities only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor. If the relevant issuer defaults, the performance of the Sub-Fund will be adversely affected.

Valuation risk

The value of debt securities may be affected by changing market conditions or other significant market events affecting valuation. For example, in the event of downgrading of an issuer, the value of the relevant debt securities may decline rapidly and the value of the Sub-Fund may be adversely affected.

In particular, the value of lower-rated corporate bonds or commercial paper issued by corporations or financial institutions of lower credit ratings is affected by investors' perceptions. When economic conditions appear to be deteriorating, or where an adverse event happens to the issuer, lower rated corporate bonds or commercial paper issued by corporations or financial institutions of lower credit ratings may decline in market value due to investors' heightened concerns and perceptions over credit quality.

Risks of investing in other funds

The Sub-Fund may invest in other funds and will be subject to the risks associated with the underlying funds. The Sub-Fund does not have control of the investments of the underlying fund and there is no assurance that the investment objective and strategy of the underlying fund will be successfully achieved which may have a negative impact to the Net Asset Value of the Sub-Fund.

The underlying funds in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying funds. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

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 BEA Union Investment China Gateway 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.

For further details relating to the above and other risks such as derivative risk and currency risk, please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

The BEA Union Investment China Gateway Fund, due to its possible exposure to China Securities, has a medium to high risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Union Investment China Gateway Fund as a medium to high risk investment.

APPENDIX X

BEA UNION INVESTMENT CHINA HIGH YIELD INCOME FUND

Introduction

BEA Union Investment China High Yield Income Fund invests primarily in debt securities that are issued or guaranteed by Chinese entities or entities that have significant operations in or assets in, or derive significant portion of revenue or profits from China.

Units of each unit class in the BEA Union Investment China High Yield Income Fund will be offered to investors during the Launch Period at the Issue Price as may be determined by the Manager and agreed by the Trustee, exclusive of the preliminary charge (if any). The Launch Period of each unit class in the BEA Union Investment China High Yield Income Fund will be such date or period as may be determined by the Manager.

Following the Launch Period, Units are available for issue on each Dealing Day at the prevailing offer price. The Manager may issue additional unit classes at such issue price as the Manager shall determine.

The base currency of the BEA Union Investment China High Yield Income Fund is US$.

Investment Objective and Policy

The investment objective of the BEA Union Investment China High Yield Income Fund is to seek medium to long term capital growth and regular income by primarily (i.e. at least 70% of its non-cash assets) investing in high yield debt securities that are issued or guaranteed by entities which are incorporated in China or have significant operations in or assets in, or derive significant portion of revenue or profits from China. The debt securities as described above, which may be denominated in USD, RMB or other currencies, are hereinafter referred to as “Debt Securities”. For the remaining assets, the Manager has the freedom to invest outside Sub-Fund’s principal geographies, market sectors, industries or asset classes.

Debt Securities are primarily issued outside mainland China, and include but not limited to convertible, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, transferable notes, commercial papers, certificates of deposits of variable or fixed interest rates, listed, traded or dealt in regulated markets or exchanges, capital securities with fixed income features (e.g. perpetual bonds and subordinated debts), preference shares with fixed income features, as well as short term bills and notes. Debt Securities also include asset backed securities and mortgage-backed securities (in aggregate of no more than 20% of the Sub-Fund’s asset), as well as money market funds and fixed income funds without geographical focus (in aggregate of less than 30% of the Sub-Fund’s asset and in compliance with 7.11 to 7.11B of SFC’s Code on Unit Trusts and Mutual Funds). Debt Securities may be issued or guaranteed by regional government, municipal government, government agencies, quasi-government organisations, financial institutions, investment trust and property trust, multi-national organisations and other corporations.

Debt Securities that the BEA Union Investment China High Yield Income Fund will invest in will not be subject to any duration or minimum credit rating requirements. The Sub-Fund will invest at least 70% of its non-cash assets in high yield Debt Securities which are below investment grade (rated as Ba1 or below by Moody’s Investor Services, Inc. or BB+ or below by Standard & Poor’s Corporation or equivalent rating by other recognised rating agencies) or non-rated. The Sub-Fund may also invest in investment grade Debt Securities.

The Sub-Fund may also invest not more than 20% of its assets in debt securities denominated in RMB and 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 that the BEA Union Investment China High Yield Income Fund will invest in will not be subject to any duration or minimum credit rating requirements. The Sub-Fund may invest in investment grade, below investment grade (rated as BB+ or below by a China credit rating agency) and non-rated Onshore Debt Securities including high yield bonds that meet the standards as determined by the Manager.

The BEA Union Investment China High Yield Income 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 consider the credit rating of the security, if the debt security is not rated by any recognised rating agencies, it will be classified as non-rated.

The BEA Union Investment China High Yield Income Fund may also hold up to 30% of its assets in cash or cash equivalents.

The Manager may acquire financial futures contracts (including bond futures), currency forward contracts, and credit default swaps listed or issued outside China for hedging purposes only. The Manager may also acquire financial futures contracts listed or issued outside China for investment purposes as long as it complies with the investment policy and restrictions of the BEA Union Investment China High Yield Income Fund. The net total aggregate value of contract prices in respect of futures contracts entered into other than for hedging may not exceed 20% of the total Net Asset Value of the BEA Union Investment China High Yield Income Fund. For the avoidance of doubt, the Manager shall not acquire any derivative instruments traded in China for both hedging and non-hedging purposes.

The Manager currently does not intend to enter into any securities lending, repurchase or reverse repurchase transactions, or other similar over-the-counter transactions on behalf of the Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one month’s prior written notice engage in such transaction on behalf of the Sub-Fund.

Please refer to the section headed “**Risk Factors**” in the main part of the Explanatory Memorandum for the general risks and the “**Risk Factors**” sub-section of this Appendix for specific risks relating to investment in the BEA Union Investment China High Yield Income Fund.

Available Classes and Currency Denomination

The classes of Units available for issue and their class currency are as follows:

<u>**USD**</u>

Class A (Accumulating)	Class A (Distributing)
Class I (Accumulating)	

<u>**HKD**</u>

Class A (Accumulating)	Class A (Distributing)
Class I (Accumulating)	

<u>**RMB**</u>

Class A (Accumulating)	Class A (Distributing)
Class I (Accumulating)	

<u>**AUD (Hedged)**</u>

Class A AUD (Hedged) (Accumulating) — Class A AUD (Hedged) (Distributing)

<u>**CAD (Hedged)**</u>

Class A CAD (Hedged) (Accumulating) — Class A CAD (Hedged) (Distributing)

<u>**GBP (Hedged)**</u>

Class A GBP (Hedged) (Accumulating) — Class A GBP (Hedged) (Distributing)

<u>**NZD (Hedged)**</u>

Class A NZD (Hedged) (Accumulating) — Class A NZD (Hedged) (Distributing)

<u>**RMB (Hedged)**</u>

Class A RMB (Hedged) (Accumulating) — Class A RMB (Hedged) (Distributing)

References to Class A Units include Class A (Accumulating) and Class A (Distributing) Units; references to Class A RMB Units include Class A RMB (Accumulating) and Class A RMB (Distributing) Units; and references to Class I Units include Class I (Accumulating) Units.

References to Class A (Hedged) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing) Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

References to Class A (Hedged) (Accumulating) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating) Units; references to Class A (Hedged) (Distributing) Units include Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

Please note that Class I Units are only available to collective investment schemes, pension plans, segregated accounts or other types of investors that meet the criteria as required by the Manager.

Subscription and Realisation Details

Launch Period	The Launch Period of each unit class will be such period or date as may be determined by the Manager.
Issue Price (exclusive of preliminary charge, if any)	During the Launch Period: Class A: USD Units: US$10.00 per Unit Class A: HKD Units: HK$100.00 per Unit Class A AUD (Hedged) (Accumulating) and Class A AUD (Hedged) (Distributing) Units: AU$10.00 per Unit Class A CAD (Hedged) (Accumulating) and Class A CAD (Hedged) (Distributing) Units: C$10.00 per Unit Class A GBP (Hedged) (Accumulating) and Class A GBP (Hedged) (Distributing) Units: £10.00 per Unit Class A NZD (Hedged) (Accumulating) and Class A NZD (Hedged) (Distributing) Units: NZ$10.00 per Unit Class A RMB, Class A RMB (Hedged) (Accumulating) and Class A RMB (Hedged) (Distributing) Units: RMB100.00 per Unit Class I Units and/or other additional unit classes (if any) will be issued at such issue price as the Manager shall determine. Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "Valuation").
Minimum Investment Amount	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Subsequent Investments Amounts	Class A: USD Units: US$1,000 Class A: HKD Units: HK$5,000 Class A RMB and Class A (Hedged) Units: US$1,000 (or its equivalent) Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)
Minimum Holding	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Realisation or Conversion Amount	Class A Units: Nil Class A RMB and Class A (Hedged) Units: Nil Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)

Subscription monies and realisation proceeds will normally be paid in the class currency of the relevant class of Units provided that the Manager may pay realisation proceeds in the base currency of the Sub-Fund in exceptional circumstances, such as when there is insufficient class currency for currency conversion.

For details regarding the procedures for the subscriptions and realisations, see the main part of the Explanatory Memorandum under "**Purchase of Units**" and "**Realisation of Units**".

Fees

Preliminary Charge (% of issue price)	**Class A, Class A RMB and Class A (Hedged) Units:** up to 5% **Class I Units:** up to 3%
Realisation Charge (% of realisation price)	**Class A, Class A RMB and Class A (Hedged) Units:** 0.5%, but currently waived ***Class I Units:** 0.5% if such Class I Units are held for less than 1 year, otherwise nil **For the purpose of determining the realisation charge payable on Class I Units, Units subscribed earlier in time will be deemed to be realised prior to Units subscribed later in time.*
Conversion Charge (% of issue price of new Units)	**All Classes:** Up to 2.0%
Management Fee (% Net Asset Value of the BEA Union Investment China High Yield Income Fund)	**Class A, Class A RMB and Class A (Hedged) Units:** 1.20% p.a. **Class I Units:** 0.8% p.a.
Trustee Fee (% Net Asset Value of the BEA Union Investment China High Yield Income Fund)	Current fee payable for all Classes: 0.15% p.a.
Registrar's Fee (% Net Asset Value of the BEA Union Investment China High Yield Income Fund)	0.015-0.05% p.a. subject to minimum of US$3,000 per annum
Holders Servicing Fee (% Net Asset Value of the BEA Union Investment China High Yield Income Fund)	**All Classes:** Nil
Distribution policy	***Class A (Accumulating), Class A RMB (Accumulating), Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating) and Class I (Accumulating) Units:** no distributions ***Class A (Distributing), Class A RMB (Distributing), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units:** income and/or capital may be distributed **For details please refer to the sub-section headed "**Distributions**" below.*

Establishment Costs

The costs of establishment of the BEA Union Investment China High Yield Income Fund are estimated to amount to HK$120,000 and will be borne by the BEA Union Investment China High Yield Income Fund and deducted during the course of the first year following its launch.

Dealing Day and Dealing Deadline

Each Business Day shall be a Dealing Day.

The Dealing Deadline is 4:00 p.m. (Hong Kong time) on each Dealing Day.

In order for instructions for subscriptions, realisations, conversions and transfers to be dealt with on the same Dealing Day, such instructions must be received by the Authorised Distributor before the Dealing Deadline on the same Dealing Day. Instructions received after the Dealing Deadline or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Payment of Realisation Proceeds

Realisation proceeds are normally paid in RMB for the RMB classes of Units. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to meet realisation requests of the RMB classes of Units, the Manager may pay realisation proceeds in USD or delay the payment of realisation proceeds. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Distributions

The Manager has discretion as to whether or not to make any distribution and the frequency and amount of distributions. The Manager may at its discretion decide to make distributions in respect of Class A (Distributing) and Class A (Hedged) (Distributing) Units out of income generated from the Sub-Fund's investments and/or capital that are attributable to such in Units. In respect of each Accounting Period, it is the Manager's current intention and discretion to distribute at least 85% of the income generated from the Sub-Fund's investments attributable to the relevant distributing Units. However, there is no assurance on such distribution or the distribution rate or dividend yield. While the Manager expects to be able to pay distributions from income generated by the Sub-Fund's investments, in the event that such income is insufficient to pay distributions as it declares, the Manager may in its discretion determine that such distributions may be paid from capital attributable to the relevant distributing Units. Composition 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 upon request and at the following website: www.bea-union-investment.com (this website is not authorised and reviewed by the SFC). Investors should be aware of the effects of making distributions out of capital and pay attention to the relevant risk disclosures as set out under "**Risk Factors**" below. 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.

Any income earned for Class A (Accumulating), and Class A (Hedged) (Accumulating) and Class I (Accumulating) Units will not be distributed and will be accumulated and capitalised.

For Class A (Distributing) and Class A (Hedged) (Distributing) Units, interim distributions (if any) will be distributed in respect of each one-month period ending on the last day of each calendar month from January to November of each year (each an "Interim Accounting Date"), and a final distribution (if any) will be distributed in respect of the one-month period ending on 31 December of each year (the "Accounting Date").

For Class A RMB (Distributing) and Class A RMB (Hedged) (Distributing) Units, dividends are normally paid in RMB. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to pay dividends in RMB, the Manager may pay dividends in USD. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Unitholders whose names are entered on the register of Unitholders on the Record Date will be entitled to distribution (if any) declared in respect of the corresponding Interim Accounting Period or Accounting Period. The Record Date will be the 14th day of the month following an Interim Accounting Period or an Accounting Period or such other day as the Manager may determine and notify to the Unitholders. If such day is not a Business Day, the Record Date will be the immediately preceding Business Day.

Payment of an interim distribution (if any) will be made within 12 weeks from an Interim Accounting Date. Payment of a final distribution (if any) will be made within two months from the Accounting Date. It is the current intention of the Manager that details of any distribution (whether by way of an interim or a final distribution) to be made will be announced within 7 Business Days from the relevant Record Date and payment of such distribution will be made within 10 Business Days from the Record Date.

For details regarding distribution, see the main part of the Explanatory Memorandum under "**Distribution of Income**".

PRC Tax Provisions

For further details relating to PRC taxes and the associated risks, please refer to the risk factor entitled "PRC tax considerations" under the "**Risk Factors**" section.

There is no specific guidance by the PRC tax authorities on the treatment of income tax and other tax categories payable in respect of trading in China interbank bond market by foreign institutional investors. The Manager currently intends to make provisions for any PRC taxes payable by the Sub-Fund on interest from debt securities issued in mainland China, at a rate of 10% (or as otherwise advised by the Sub-Fund's tax adviser), if the relevant WIT is not withheld at source. Based on professional and independent tax advice, no provision will be made on interest (if the relevant WIT is withheld at source already) and realized capital gain from debt securities issued in mainland China. Upon the availability of a definitive tax assessment or the issue of announcements by the PRC tax authorities, any sums withheld in excess of the tax liability shall be transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets. However, if the actual applicable tax is higher than that provided for by the Manager so that there is a short fall in the tax provision amount, the Sub-Fund may suffer from a fall in value as the Sub-Fund will ultimately have to bear the additional tax liabilities. 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).

Valuation

Valuation Days for the BEA Union Investment China High Yield Income Fund are each Dealing Day and the Valuation Point is the close of the last relevant market to close on each Valuation Day, the first Valuation Day being the first Dealing Day following the Launch Period.

Risk Factors

Risk relating to debt securities

As the BEA Union Investment China High Yield Income Fund invests directly in debt securities issued by Chinese companies, the BEA Union Investment China High Yield Income Fund is therefore subject to the risks generally associated with China and debt securities, namely, interest rate risk and credit risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. An increase in interest rate will generally reduce the value of debt securities. The Sub-Fund is also exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in. The debt securities that are issued by Chinese entities may be subject to higher volatility and lower liquidity compared to debt securities issued by companies in more developed markets. The prices of such securities may be subject to fluctuations.

The BEA Union Investment China High Yield Income Fund may invest in debt securities denominated in USD, RMB or other currencies and will hence be subject to currency risk. Please refer to the risk factor "Currency risk" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

The BEA Union Investment China High Yield Income Fund may invest significantly 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 securities because of reduced credit worthiness, liquidity and greater chance of default and can thereby expose the BEA Union Investment China High Yield Income Fund to losses. Please also refer to the risk factors "Interest rates", "Credit risk", "Downgrading risk", "Below investment grade and non-rated securities" and "Liquidity risk" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

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 fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

"Dim Sum" bond (i.e. bonds issued outside mainland China but denominated in RMB) market risks

The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of such 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).

Risks of investing in convertible bonds

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

Repatriation risk in emerging markets

The Sub-Fund may invest in securities in jurisdictions which impose control or restrictions on foreign exchange and repatriation of capital. Exchange control regulations and any changes in such regulations may cause difficulties in the repatriation of funds. Dealings in the Sub-Fund may be suspended if the Sub-Fund is unable to repatriate funds for the purpose of making payments on the realisation of units. Please also refer to the risk factor "Emerging markets" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Concentration risk/China market risk

The Sub-Fund's investments are concentrated in specific geographical location, i.e. 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.

Risks associated with China interbank bond market

The BEA Union Investment China High Yield Income Fund is also subject to risks associated with China interbank bond market. Please refer to the risk factor "Risks associated with China interbank bond market" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Distribution risk

In respect of the each accounting period, it is the Manager's current intention and discretion to distribute at least 85% of the income generated from the Sub-Fund's investments attributable to the relevant distributing Units. However, there is no assurance on such distribution or the distribution rate or dividend yield.

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 BEA Union Investment China High Yield Income 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.

Currency hedging risk

The BEA Union Investment China High Yield Income Fund is also subject to currency hedging risk. Please refer to the risk factor "Hedging" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Where the BEA Union Investment China High Yield Income Fund enter into the hedging transactions, the costs of the hedging transactions will be reflected in the Net Asset Value of the Currency Hedged class Units (as defined in the main part of the Explanatory Memorandum) 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.

Risks associated with RMB classes of Units/RMB currency and conversion risks

Investors should also refer to the following specific risk factors when investing in the Class A RMB and/or Class A RMB (Hedged) Units of the Sub-Fund:

(i) Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there is no assurance that the Renminbi will not be subject to devaluation. Where the hedging transactions become ineffective, any devaluation of the Renminbi could adversely affect the value of investors' investments in the RMB classes of Units. If investors are non RMB-based (e.g. Hong Kong) investors and convert other currencies into RMB so as to invest in the RMB classes of Units and subsequently convert the RMB realisation proceeds and/or dividend payment (if any) back into other currencies, they may incur currency conversion costs and may suffer a loss if RMB depreciates against such other currencies.

In addition, under the current regulations, the rate at which Renminbi may be exchanged outside the PRC (in the case of Hong Kong, the "CNH" rate) may be different from the exchange rate within the PRC (the "CNY" rate) and such divergence may increase due to supply and demand. When calculating the value of the RMB classes of Units, reference to the CNH rate rather than the CNY rate will be made and the value of the RMB classes of Units thus calculated will be affected by fluctuations in the CNH rate. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

In respect of the hedged RMB classes of Units, the Manager may attempt to hedge the base currency of the Sub-Fund and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund back to RMB. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB classes of Units may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses.

Furthermore, there is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk which may apply to the non-hedged RMB classes. For instance, where RMB depreciates against currencies of the non-RMB denominated underlying investments of the Sub-Fund, (i) investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments; or (ii) investors may suffer additional losses if the non-RMB denominated underlying investments of the Sub-Fund fall in value.

Whilst the hedging strategy may protect investors against a decline in the value of the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments relative to RMB, investors will not benefit from any potential gain in the value of the hedged RMB classes of Units if the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund rise against RMB. Please also refer to the risk factor "Hedging" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the PRC government. The PRC government's policies on exchange control and repatriation restrictions are subject to change and the investors' investment in the RMB classes of Units may be adversely affected.

The PRC government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market outside the PRC and make it impossible for the Sub-Fund to hold sufficient amounts of RMB outside the PRC to meet realisation requests and/or pay dividends in RMB. In particular, the Sub-Fund may not be able to get sufficient amounts of RMB in a timely manner to meet realisation requests of the RMB classes of Units and/or pay dividends (if any) if all or a substantial portion of its underlying investments are non-RMB denominated.

Even if the Sub-Fund aims to pay realisation proceeds and/or dividends to investors of the RMB classes of Units in RMB, investors may not receive RMB upon realisation of their investments or receive dividend payments in RMB under extreme market conditions when there is not sufficient RMB for currency conversion. Under such circumstances, the Manager may pay realisation proceeds and/or dividends in USD. There is also a risk that payment of investors' realisation proceeds and/or dividends in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the realisation proceeds and dividends. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units.

For further details relating to the above and other risks such as derivative risk and currency risk, please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

The BEA Union Investment China High Yield Income Fund, due to its possible exposure to debt securities which are below investment grade or non-rated, has a medium to high risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Union Investment China High Yield Income Fund as a medium to high risk investment.

APPENDIX XI

BEA UNION INVESTMENT ASIAN STRATEGIC BOND FUND

Introduction

BEA Union Investment Asian Strategic Bond Fund invests primarily in debt securities that are denominated in Asian currencies or issued or guaranteed by Asian governments or entities incorporated in Asia or have significant operations or assets in, or derive significant portion of revenue or profits from Asia.

Units of each unit class in the BEA Union Investment Asian Strategic Bond Fund will be offered to investors during the Launch Period at the Issue Price as may be determined by the Manager and agreed by the Trustee, exclusive of the preliminary charge (if any). The Launch Period of each unit class in the BEA Union Investment Asian Strategic Bond Fund will be such date or period as may be determined by the Manager.

Following the Launch Period, Units are available for issue on each Dealing Day at the prevailing offer price. The Manager may issue additional unit classes at such issue price as the Manager shall determine.

The base currency of the BEA Union Investment Asian Strategic Bond Fund is US$.

Investment Objective and Policy

The investment objective of the BEA Union Investment Asian Strategic Bond Fund is to seek medium to long term capital growth and regular income by primarily (i.e. at least 70% of its non-cash assets) investing in debt securities that are (a) denominated in Asian currencies, or (b) issued or guaranteed by Asian governments or entities incorporated in Asia or have significant operations or assets in, or derive significant portion of revenue or profits from Asia, and denominated in USD or other currencies including Asian currencies. The debt securities as described above are hereinafter referred to as "**Debt Securities**". For the remaining assets, the Manager may at its discretion invest outside the Sub-Fund's principal geographical areas, market sectors, industries or asset classes.

Debt Securities include but are not limited to convertible, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, transferable notes, commercial papers, certificates of deposits of variable or fixed interest rates, listed, traded or dealt in regulated markets or exchanges, capital securities with fixed income features (e.g. perpetual bonds and subordinated debts), preference shares with fixed income features, as well as short term bills and notes. Debt Securities also include asset-backed securities and mortgage-backed securities (in aggregate of not more than 20% of the Sub-Fund's assets), as well as money market funds and fixed income funds (in aggregate of less than 30% of the Sub-Fund's assets and in compliance with 7.11 to 7.11D of SFC's Code on Unit Trusts and Mutual Funds) for purposes consistent with the investment objective of the Sub-Fund. 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 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 recognised 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 may also invest less than 10% of its assets in Debt Securities denominated in RMB and 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 BBB- or above by a 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 may invest less than 30% of its assets in Debt Securities denominated in RMB and issued outside of mainland China (i.e. "Dim Sum" bonds). The Sub-Fund will have less than 30% aggregate exposure to investments denominated in RMB including Onshore Debt Securities and Dim Sum bonds.

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 consider the credit rating of the debt 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, it will be classified as non-rated.

The Sub-Fund may also hold less than 30% of its assets in cash or cash equivalents.

The Manager may acquire currency forward contracts and credit default swaps for hedging purposes only. The Manager may also acquire financial futures contracts (including bond futures) for hedging and investment purposes so long as it complies with the investment policy and restrictions of the Sub-Fund and in compliance with Chapter 7 of SFC's Code on Unit Trusts and Mutual Funds. The net aggregate value of contract prices in respect of financial futures contracts entered into other than for hedging may not exceed 20% of the total net asset value of the Sub-Fund.

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 lending, repurchase or reverse repurchase transactions, or other similar over-the-counter transactions on behalf of the Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one month's prior written notice engage in such transaction on behalf of the Sub-Fund.

Please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum for the general risks and the "**Risk Factors**" sub-section of this Appendix for specific risks relating to investment in the BEA Union Investment Asian Strategic Bond Fund.

Available Classes and Currency Denomination

The classes of Units available for issue and their class currency are as follows:

USD

Class A (Accumulating)	Class A (Distributing)
Class I (Accumulating)	

HKD

Class A (Accumulating)	Class A (Distributing)
Class I (Accumulating)	

RMB

Class A (Accumulating)	Class A (Distributing)
Class I (Accumulating)	

AUD (Hedged)

Class A AUD (Hedged) (Accumulating)	Class A AUD (Hedged) (Distributing)

CAD (Hedged)

Class A CAD (Hedged) (Accumulating)	Class A CAD (Hedged) (Distributing)

GBP (Hedged)

Class A GBP (Hedged) (Accumulating)	Class A GBP (Hedged) (Distributing)

NZD (Hedged)

Class A NZD (Hedged) (Accumulating)	Class A NZD (Hedged) (Distributing)

RMB (Hedged)

Class A RMB (Hedged) (Accumulating)	Class A RMB (Hedged) (Distributing)

References to Class A Units include Class A USD (Accumulating), Class A HKD (Accumulating), Class A RMB (Accumulating), Class A USD (Distributing), Class A HKD (Distributing) and Class A RMB (Distributing) Units; references to Class A RMB Units include Class A RMB (Accumulating) and Class A RMB (Distributing) Units; and references to Class I Units include Class I USD (Accumulating), Class I HKD (Accumulating) and Class I RMB (Accumulating) Units.

References to Class A (Hedged) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing) Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

References to Class A (Accumulating) Units include Class A USD (Accumulating), Class A HKD (Accumulating) and Class A RMB (Accumulating) Units; and references to Class A (Distributing) Units include Class A USD (Distributing), Class A HKD (Distributing) and Class A RMB (Distributing) Units.

References to Class A (Hedged) (Accumulating) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating) and Class A RMB (Hedged) (Accumulating) Units; and references to Class A (Hedged) (Distributing) Units include Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

Please note that Class I Units are only available to collective investment schemes, pension plans, segregated accounts or other types of investors that meet the criteria as required by the Manager.

Subscription and Realisation Details

Launch Period	The Launch Period of each unit class will be such period or date as may be determined by the Manager.
Issue Price (exclusive of preliminary charge, if any)	During the Launch Period: Class A: USD Units: US$10.00 per Unit Class A: HKD Units: HK$100.00 per Unit Class A AUD (Hedged) (Accumulating) and Class A AUD (Hedged) (Distributing) Units: AU$10.00 per Unit Class A CAD (Hedged) (Accumulating) and Class A CAD (Hedged) (Distributing) Units: C$10.00 per Unit Class A GBP (Hedged) (Accumulating) and Class A GBP (Hedged) (Distributing) Units: £10.00 per Unit Class A NZD (Hedged) (Accumulating) and Class A NZD (Hedged) (Distributing) Units: NZ$10.00 per Unit Class A RMB, Class A RMB (Hedged) (Accumulating) and Class A RMB (Hedged) (Distributing) Units: RMB100.00 per Unit Class I Units and/or other additional unit classes (if any) will be issued at such issue price as the Manager shall determine. Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "**Valuation**").
Minimum Initial Investment Amount	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Subsequent Investment Amount	Class A: USD Units: US$1,000 Class A: HKD Units: HK$5,000 Class A RMB and Class A (Hedged) Units: US$1,000 (or its equivalent) Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)
Minimum Holding	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Realisation or Conversion Amount	Class A Units: Nil Class A (Hedged) Units: Nil Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)

Subscription monies and realisation proceeds will normally be paid in the class currency of the relevant class of Units provided that the Manager may pay realisation proceeds in the base currency of the Sub-Fund in exceptional circumstances, such as when there is insufficient class currency for currency conversion.

For details regarding the procedures for the subscriptions and realisations, see the main part of the Explanatory Memorandum under "**Purchase of Units**" and "**Realisation of Units**".

Fees

Preliminary Charge (% of issue price)	**Class A and Class A (Hedged) Units:** up to 5% **Class I Units:** up to 3%
Realisation Charge (% of realisation price)	**Class A and Class A (Hedged) Units:** 0.5%, but currently waived ***Class I Units:** 0.5% if such Class I Units are held for less than 1 year, otherwise nil **For the purpose of determining the realisation charge payable on Class I Units, Units subscribed earlier in time will be deemed to be realised prior to Units subscribed later in time.*
Conversion Charge (% of issue price of new Units)	**All Classes:** Up to 2.0%
Management Fee (% of Net Asset Value of the BEA Union Investment Asian Strategic Bond Fund)	**Class A and Class A (Hedged) Units:** 1.0% p.a. **Class I Units:** 0.7% p.a.
Trustee Fee (% of Net Asset Value of the BEA Union Investment Asian Strategic Bond Fund)	Current fee payable for all Classes: 0.125% p.a.
Registrar's Fee (% of Net Asset Value of the BEA Union Investment Asian Strategic Bond Fund)	0.015-0.05% p.a. subject to minimum of US$3,000 per annum
Holders Servicing Fee (% of Net Asset Value of the BEA Union Investment Asian Strategic Bond Fund)	**All Classes:** Nil
Distribution policy	***Class A (Accumulating), Class A (Hedged) (Accumulating) and Class I Units**: no distributions ***Class A (Distributing) and Class A (Hedged) (Distributing) Units:** income and/or capital may be distributed **For details please refer to the sub-section headed "Distributions" below.*

Establishment Costs

The costs of establishment of the BEA Union Investment Asian Strategic Bond Fund are estimated to amount to HK$100,000 and will be borne by the BEA Union Investment Asian Strategic Bond Fund and deducted during the course of the first year following its launch.

Dealing Day and Dealing Deadline

Each Business Day shall be a Dealing Day.

The Dealing Deadline is 4:00 p.m. (Hong Kong time) on each Dealing Day.

In order for instructions for subscriptions, realisations, conversions and transfers to be dealt with on the same Dealing Day, such instructions must be received by the Authorised Distributor before the Dealing Deadline on the same Dealing Day. Instructions received after the Dealing Deadline or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Payment of Realisation Proceeds

Realisation proceeds are normally paid in RMB for the RMB classes of Units. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to meet realisation requests of the RMB classes of Units, the Manager may pay realisation proceeds in USD or delay the payment of realisation proceeds. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Distributions

The Manager has discretion as to whether or not to make any distribution and the frequency and amount of distributions. The Manager may at its discretion decide to make distributions in respect of Class A (Distributing) and Class A (Hedged) (Distributing) Units out of income generated from the Sub-Fund's investments and/or capital that are attributable to such in Units. In respect of each Accounting Period, it is the Manager's current intention and discretion to distribute at least 85% of the income generated from the Sub-Fund's investments attributable to the relevant distributing Units. However, there is no assurance on such distribution or the distribution rate or dividend yield. While the Manager expects to be able to pay distributions from income generated by the Sub-Fund's investments, in the event that such income is insufficient to pay distributions as it declares, the Manager may in its discretion determine that such distributions may be paid from capital attributable to the relevant distributing Units. Composition 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 upon request and at the following website: www.bea-union-investment.com (this website is not authorised and reviewed by the SFC). Investors should be aware of the effects of making distributions out of capital and pay attention to the relevant risk disclosures as set out under "**Risk Factors**" below. 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.

Any income earned for Class A (Accumulating), and Class A (Hedged) (Accumulating) and Class I Units will not be distributed and will be accumulated and capitalised.

For Class A (Distributing) and Class A (Hedged) (Distributing) Units, interim distributions (if any) will be distributed in respect of each one-month period ending on the last day of each calendar month from January to November of each year (each an "**Interim Accounting Date**"), and a final distribution (if any) will be distributed in respect of the one-month period ending on 31 December of each year (the "**Accounting Date**").

For Class A RMB (Distributing) and Class A RMB (Hedged) (Distributing) Units, dividends are normally paid in RMB. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to pay dividends in RMB, the Manager may pay dividends in USD. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Unitholders whose names are entered on the register of Unitholders on the Record Date will be entitled to distribution (if any) declared in respect of the corresponding Interim Accounting Period or Accounting Period. The Record Date will be the 14th day of the month following an Interim Accounting Period or an Accounting Period or such other day as the Manager may determine and notify to the Unitholders. If such day is not a Business Day, the Record Date will be the immediately preceding Business Day.

Payment of an interim distribution (if any) will be made within 12 weeks from an Interim Accounting Date. Payment of a final distribution (if any) will be made within two months from the Accounting Date. It is the current intention of the Manager that details of any distribution (whether by way of an interim or a final distribution) to be made will be announced within 7 Business Days from the relevant Record Date and payment of such distribution will be made within 10 Business Days from the Record Date.

For details regarding distribution, see the main part of the Explanatory Memorandum under "**Distribution of Income**".

PRC Tax Provisions

For further details relating to PRC taxes and the associated risks, please refer to the risk factor entitled "PRC tax considerations" under the "**Risk Factors**" section.

There is no specific guidance by the PRC tax authorities on the treatment of income tax and other tax categories payable in respect of trading in China interbank bond market by foreign institutional investors. The Manager currently intends to make provisions for any PRC taxes payable by the Sub-Fund on interest from debt securities issued in mainland China, at a rate of 10% (or as otherwise advised by the Sub-Fund's tax adviser), if the relevant WIT is not withheld at source. Based on professional and independent tax advice, no provision will be made on interest (if the relevant WIT is withheld at source already) and realized capital gain from debt securities issued in mainland China. Upon the availability of a definitive tax assessment or the issue of announcements by the PRC tax authorities, any sums withheld in excess of the tax liability shall be transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets. However, if the actual applicable tax is higher than that provided for by the Manager so that there is a short fall in the tax provision amount, the Sub-Fund may suffer from a fall in value as the Sub-Fund will ultimately have to bear the additional tax liabilities. 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).

Valuation

Valuation Days for the BEA Union Investment Asian Strategic Bond Fund are each Dealing Day and the Valuation Point is the close of the last relevant market to close on each Valuation Day, the first Valuation Day being the first Dealing Day following the Launch Period.

Risk Factors

Investment risks

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

Interest rate, credit and downgrading risks

The BEA Union Investment Asian Strategic Bond Fund is subject to Interest rate, credit and downgrading risks. Please refer to the risk factors "Interest rates", "Credit risk" and "Downgrading risks" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

As regards the interest rate risk to which the Sub-Fund is subject, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

Risks relating to below investment grade and non-rated securities

The BEA Union Investment Asian Strategic Bond Fund is also subject to risks relating to below investment grade and non-rated securities. Please refer to the risk factor "Below investment grade and non-rated securities" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

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.

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.

Concentration risk/Asian market risk

The Sub-Fund's investments are concentrated in Asia. 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 Asian market.

Repatriation risk in emerging markets

The Sub-Fund may invest in securities in jurisdictions which impose control or restrictions on foreign exchange and repatriation of capital. Exchange control regulations and any changes in such regulations may cause difficulties in the repatriation of funds. Dealings in the Sub-Fund may be suspended if the Sub-Fund is unable to repatriate funds for the purpose of making payments on the realisation of units. Please also refer to the risk factor "Emerging markets" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Risks of investing in convertible bonds

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

"Dim Sum" bond (i.e. bonds issued outside mainland China but denominated in RMB) market risks

The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of such 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).

Risk associated with asset backed securities and mortgage backed securities

Asset backed securities and mortgage backed securities may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Risks associated with China interbank bond market

The BEA Union Investment Asian Strategic Bond Fund is also subject to risks associated with China interbank bond market. Please refer to the risk factor "Risks associated with China interbank bond market" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Currency risk

The BEA Union Investment Asian Strategic Bond Fund is also subject to currency risk. Please refer to the risk factor "Currency risk" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Derivative risk

The BEA Union Investment Asian Strategic Bond Fund is also subject to derivative risk. Please refer to the risk factor "Derivative and structured product risk" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Distribution risk

In respect of the each accounting period, it is the Manager's current intention and discretion to distribute at least 85% of the income generated from the Sub-Fund's investments attributable to the relevant distributing Units. However, there is no assurance on such distribution or the distribution rate or dividend yield.

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 BEA Union Investment Asian Strategic Bond 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.

Currency hedging risk

The BEA Union Investment Asian Strategic Bond Fund is also subject to currency hedging risk. Please refer to the risk factor "Hedging" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Where the BEA Union Investment Asian Strategic Bond Fund enter into the hedging transactions, the costs of the hedging transactions will be reflected in the Net Asset Value of the Currency Hedged class Units (as defined in the main part of the Explanatory Memorandum) 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.

Risks associated with RMB classes of Units/RMB currency and conversion risks

Investors should also refer to the following specific risk factors when investing in Class A RMB, Class I RMB and/or Class A RMB (Hedged) Units of the Sub-Fund:

(i) Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

    The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there is no assurance that the Renminbi will not be subject to devaluation. Where the hedging transactions become ineffective, any devaluation of the Renminbi could adversely affect the value of investors' investments in the RMB classes of Units. If investors are non RMB-based (e.g. Hong Kong) investors and convert other currencies into RMB so as to invest in the RMB classes of Units and subsequently convert the RMB realisation proceeds and/or dividend payment (if any) back into other currencies, they may incur currency conversion costs and may suffer a loss if RMB depreciates against such other currencies.

    In addition, under the current regulations, the rate at which Renminbi may be exchanged outside the PRC (in the case of Hong Kong, the "**CNH**" rate) may be different from the exchange rate within the PRC (the "**CNY**" rate) and such divergence may increase due to supply and demand. When calculating the value of the RMB classes of Units, reference to the CNH rate rather than the CNY rate will be made and the value of the RMB classes of Units thus calculated will be affected by fluctuations in the CNH rate. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

    In respect of the hedged RMB classes of Units, the Manager may attempt to hedge the base currency of the Sub-Fund and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund back to RMB. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB classes of Units may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses.

    Furthermore, there is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk which may apply to the non-hedged RMB classes. For instance, where RMB depreciates against currencies of the non-RMB denominated underlying investments of the Sub-Fund, (i) investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments; or (ii) investors may suffer additional losses if the non-RMB denominated underlying investments of the Sub-Fund fall in value.

    Whilst the hedging strategy may protect investors against a decline in the value of the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments relative to RMB, investors will not benefit from any potential gain in the value of the hedged RMB classes of Units if the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund rise against RMB. Please also refer to the risk factor "Hedging" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

    It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the PRC government. The PRC government's policies on exchange control and repatriation restrictions are subject to change and the investors' investment in the RMB classes of Units may be adversely affected.

    The PRC government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market outside the PRC and make it impossible for the Sub-Fund to hold sufficient amounts of RMB outside the PRC to meet realisation requests and/or pay dividends in RMB. In particular, the Sub-Fund may not be able to get sufficient amounts of RMB in a timely manner to meet realisation requests of the RMB classes of Units and/or pay dividends (if any) if all or a substantial portion of its underlying investments are non-RMB denominated.

    Even if the Sub-Fund aims to pay realisation proceeds and/or dividends to investors of the RMB classes of Units in RMB, investors may not receive RMB upon realisation of their investments or receive dividend payments in RMB under extreme market conditions when there is not sufficient RMB for currency conversion. Under such circumstances, the Manager may pay realisation proceeds and/or dividends in USD. There is also a risk that payment of investors' realisation proceeds and/or dividends in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the realisation proceeds and dividends. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units.

For further details relating to the above, please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

The BEA Union Investment Asian Strategic Bond Fund, due to its possible exposure to debt securities which are concentrated in Asia, has a medium risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Union Investment Asian Strategic Bond Fund as a medium risk investment.

APPENDIX XII

BEA UNION INVESTMENT ASIA PACIFIC EQUITY DIVIDEND FUND

Introduction

BEA Union Investment Asia Pacific Equity Dividend Fund invests primarily in equity securities that are either (a) traded in the Asia Pacific region or (b) issued by entities incorporated in the Asia Pacific region or have significant operations or assets in, or derive significant portion of revenue or profits from the Asia Pacific region.

Units of each unit class in the BEA Union Investment Asia Pacific Equity Dividend Fund will be offered to investors during the Launch Period at the Issue Price as may be determined by the Manager and agreed by the Trustee, exclusive of the preliminary charge (if any). The Launch Period of each unit class in the BEA Union Investment Asia Pacific Equity Dividend Fund will be such date or period as may be determined by the Manager.

Following the Launch Period, Units are available for issue on each Dealing Day at the prevailing offer price. The Manager may issue additional unit classes at such issue price as the Manager shall determine.

The base currency of the BEA Union Investment Asia Pacific Equity Dividend Fund is US$.

Investment Objective and Policy

The investment objective of the BEA Union Investment Asia Pacific Equity Dividend Fund is to seek medium to long term capital growth and dividend income by primarily (i.e. at least 70% of its non-cash assets) investing in equity securities that are either (a) traded in the Asia Pacific region or (b) issued by entities incorporated in the Asia Pacific region or have significant operations or assets in, or derive significant portion of revenue or profits from the Asia Pacific region. The equity securities as described above, which may include high dividend stocks, are hereinafter referred to as "**Equity Securities**". The Asia Pacific region includes emerging market countries as well as developed countries. For the remaining assets, the Manager may at its discretion invest outside the Sub-Fund's principal geographical areas, market sectors, industries or asset classes.

Equity Securities that may be invested by the Sub-Fund include but are not limited to equities (e.g. ordinary shares and preferred shares), real estate investment trusts ("**REITs**"), equity exchange traded funds ("**ETFs**") and unlisted equity funds. It is the current intention of the Manager that the Sub-Fund may invest in Equity Securities of companies of any industry and any market capitalisation. The Sub-Fund's investment in ETFs and/or REITs in aggregate is expected to be less than 30% of its assets. The Sub-Fund may also invest less than 30% of its assets in unlisted equity funds (in compliance with 7.11 to 7.11D of SFC's Code on Unit Trusts and Mutual Funds).

The Sub-Fund will not invest more than 10% of its assets in China A-Shares and/or China B-Shares directly (e.g. via the Stock Connects (as further described in Annex A of the Explanatory Memorandum) and/or other permissible means as approved by the relevant regulators from time to time) or indirectly (i.e. investing in funds that invest in China A-Shares and/or China B-Shares). Should this investment policy change in the future (i.e. the investment in China A-Shares and/or China B-Shares in aggregate exceeds 10% of the Sub-Fund's asset), the offering documents will be updated and existing investors will be notified accordingly.

The Sub-Fund may also hold less than 30% of its assets in cash or cash equivalents.

The Manager may acquire warrants, options and currency forward contracts for hedging purposes only. The Manager may also acquire financial futures contracts for hedging and investment purposes so long as it complies with the investment policy and restrictions of the Sub-Fund and in compliance with Chapter 7 of SFC's Code on Unit Trusts and Mutual Funds. The net aggregate value of contract prices in respect of financial futures contracts entered into other than for hedging may not exceed 20% of the total net asset value of the Sub-Fund.

The Manager currently does not intend to enter into any securities lending, repurchase or reverse repurchase transactions, or other similar over-the-counter transactions on behalf of the Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one month's prior written notice engage in such transaction on behalf of the Sub-Fund.

Please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum for the general risks and the "**Risk Factors**" sub-section of this Appendix for specific risks relating to investment in the BEA Union Investment Asia Pacific Equity Dividend Fund.

Available Classes and Currency Denomination

The classes of Units available for issue and their class currency are as follows:

USD	
Class A (Accumulating)	Class A (Distributing)
Class I (Accumulating)	
HKD	
Class A (Accumulating)	Class A (Distributing)
Class I (Accumulating)	
RMB	
Class A (Accumulating)	Class A (Distributing)
Class I (Accumulating)	
AUD (Hedged)	
Class A AUD (Hedged) (Accumulating)	Class A AUD (Hedged) (Distributing)
CAD (Hedged)	
Class A CAD (Hedged) (Accumulating)	Class A CAD (Hedged) (Distributing)
GBP (Hedged)	
Class A GBP (Hedged) (Accumulating)	Class A GBP (Hedged) (Distributing)
NZD (Hedged)	
Class A NZD (Hedged) (Accumulating)	Class A NZD (Hedged) (Distributing)
RMB (Hedged)	
Class A RMB (Hedged) (Accumulating)	Class A RMB (Hedged) (Distributing)

References to Class A Units include Class A USD (Accumulating), Class A HKD (Accumulating), Class A RMB (Accumulating), Class A USD (Distributing), Class A HKD (Distributing) and Class A RMB (Distributing) Units; references to Class A RMB Units include Class A RMB (Accumulating) and Class A RMB (Distributing) Units; and references to Class I Units include Class I USD (Accumulating), Class I HKD (Accumulating) and Class I RMB (Accumulating) Units.

References to Class A (Hedged) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating), Class A RMB (Hedged) (Accumulating), Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing) Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

References to Class A (Accumulating) Units include Class A USD (Accumulating), Class A HKD (Accumulating) and Class A RMB (Accumulating) Units; and references to Class A (Distributing) Units include Class A USD (Distributing), Class A HKD (Distributing) and Class A RMB (Distributing) Units.

References to Class A (Hedged) (Accumulating) Units include Class A AUD (Hedged) (Accumulating), Class A CAD (Hedged) (Accumulating), Class A GBP (Hedged) (Accumulating), Class A NZD (Hedged) (Accumulating) and Class A RMB (Hedged) (Accumulating) Units; and references to Class A (Hedged) (Distributing) Units include Class A AUD (Hedged) (Distributing), Class A CAD (Hedged) (Distributing), Class A GBP (Hedged) (Distributing), Class A NZD (Hedged) (Distributing) and Class A RMB (Hedged) (Distributing) Units.

Please note that Class I Units are only available to collective investment schemes, pension plans, segregated accounts or other types of investors that meet the criteria as required by the Manager.

Subscription and Realisation Details

Launch Period	The Launch Period of each unit class will be such period or date as may be determined by the Manager.
Issue Price (exclusive of preliminary charge, if any)	During the Launch Period: Class A: USD Units: US$10.00 per Unit Class A: HKD Units: HK$100.00 per Unit Class A AUD (Hedged) (Accumulating) and Class A AUD (Hedged) (Distributing) Units: AU$10.00 per Unit Class A CAD (Hedged) (Accumulating) and Class A CAD (Hedged) (Distributing) Units: C$10.00 per Unit Class A GBP (Hedged) (Accumulating) and Class A GBP (Hedged) (Distributing) Units: £10.00 per Unit Class A NZD (Hedged) (Accumulating) and Class A NZD (Hedged) (Distributing) Units: NZ$10.00 per Unit Class A RMB, Class A RMB (Hedged) (Accumulating) and Class A RMB (Hedged) (Distributing) Units: RMB100.00 per Unit Class I Units and/or other additional unit classes (if any) will be issued at such issue price as the Manager shall determine. Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "**Valuation**").
Minimum Initial Investment Amount	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Subsequent Investment Amount	Class A: USD Units: US$1,000 Class A: HKD Units: HK$5,000 Class A RMB and Class A (Hedged) Units: US$1,000 (or its equivalent) Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)

Minimum Holding	Class A: USD Units: US$2,000 Class A: HKD Units: HK$10,000 Class A RMB and Class A (Hedged) Units: US$2,000 (or its equivalent) Class I: USD Units: US$1,000,000 Class I: HKD Units: HK$10,000,000 Class I: RMB Units: US$1,000,000 (or its equivalent)
Minimum Realisation or Conversion Amount	Class A Units: Nil Class A (Hedged) Units: Nil Class I: USD Units: US$500,000 Class I: HKD Units: HK$5,000,000 Class I: RMB Units: US$500,000 (or its equivalent)

Subscription monies and realisation proceeds will normally be paid in the class currency of the relevant class of Units provided that the Manager may pay realisation proceeds in the base currency of the Sub-Fund in exceptional circumstances, such as when there is insufficient class currency for currency conversion.

For details regarding the procedures for the subscriptions and realisations, see the main part of the Explanatory Memorandum under "**Purchase of Units**" and "**Realisation of Units**".

Fees

Preliminary Charge (% of issue price)	**Class A and Class A (Hedged) Units:** up to 5% **Class I Units:** up to 3%
Realisation Charge (% of realisation price)	**Class A and Class A (Hedged) Units:** 0.5%, but currently waived ***Class I Units:** 0.5% if such Class I Units are held for less than 1 year, otherwise nil **For the purpose of determining the realisation charge payable on Class I Units, Units subscribed earlier in time will be deemed to be realised prior to Units subscribed later in time.*
Conversion Charge (% of issue price of new Units)	**All Classes:** up to 2.0%
Management Fee (% of Net Asset Value of the BEA Union Investment Asia Pacific Equity Dividend Fund)	**Class A and Class A (Hedged) Units:** 1.5% p.a. **Class I Units:** 1.0% p.a.
Trustee Fee (% of Net Asset Value of the BEA Union Investment Asia Pacific Equity Dividend Fund)	Current fee payable for all Classes: 0.15% p.a.
Registrar's Fee (% of Net Asset Value of the BEA Union Investment Asia Pacific Equity Dividend Fund)	0.015-0.05% p.a. subject to minimum of US$3,000 per annum
Holders Servicing Fee (% of Net Asset Value of the BEA Union Investment Asia Pacific Equity Dividend Fund)	**All Classes:** Nil

Distribution policy	***Class A (Accumulating), Class A (Hedged) (Accumulating) and Class I Units:** no distributions ***Class A (Distributing) and Class A (Hedged) (Distributing) Units:** income and/or capital may be distributed **For details please refer to the sub-section headed "**Distributions**" below.*

Establishment Costs

The costs of establishment of the BEA Union Investment Asia Pacific Equity Dividend Fund are estimated to amount to HK$100,000 and will be borne by the BEA Union Investment Asia Pacific Equity Dividend Fund and deducted during the course of the first year following its launch.

Dealing Day and Dealing Deadline

Each Business Day shall be a Dealing Day.

The Dealing Deadline is 4:00 p.m. (Hong Kong time) on each Dealing Day.

In order for instructions for subscriptions, realisations, conversions and transfers to be dealt with on the same Dealing Day, such instructions must be received by the Authorised Distributor before the Dealing Deadline on the same Dealing Day. Instructions received after the Dealing Deadline or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Payment of Realisation Proceeds

Realisation proceeds are normally paid in RMB for the RMB classes of Units. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to meet realisation requests of the RMB classes of Units, the Manager may pay realisation proceeds in USD or delay the payment of realisation proceeds. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Distributions

The Manager has discretion as to whether or not to make any distribution and the frequency and amount of distributions. The Manager may at its discretion decide to make distributions in respect of Class A (Distributing) and Class A (Hedged) (Distributing) Units out of income generated from the Sub-Fund's investments and/or capital that are attributable to such in Units. In respect of each Accounting Period, it is the Manager's current intention and discretion to distribute at least 85% of the income generated from the Sub-Fund's investments attributable to the relevant distributing Units. However, there is no assurance on such distribution or the distribution rate or dividend yield. While the Manager expects to be able to pay distributions from income generated by the Sub-Fund's investments, in the event that such income is insufficient to pay distributions as it declares, the Manager may in its discretion determine that such distributions may be paid from capital attributable to the relevant distributing Units. Composition 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 upon request and at the following website: www.bea-union-investment.com (this website is not authorised and reviewed by the SFC). Investors should be aware of the effects of making distributions out of capital and pay attention to the relevant risk disclosures as set out under "**Risk Factors**" below. 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.

Any income earned for Class A (Accumulating), and Class A (Hedged) (Accumulating) and Class I Units will not be distributed and will be accumulated and capitalised.

For Class A (Distributing) and Class A (Hedged) (Distributing) Units, interim distributions (if any) will be distributed in respect of each one-month period ending on the last day of each calendar month from January to November of each year (each an "**Interim Accounting Date**"), and a final distribution (if any) will be distributed in respect of the one-month period ending on 31 December of each year (the "**Accounting Date**").

For Class A RMB (Distributing) and Class A RMB (Hedged) (Distributing) Units, dividends are normally paid in RMB. Where the Sub-Fund is not able to get sufficient amounts of RMB under extreme market conditions to pay dividends in RMB, the Manager may pay dividends in USD. For further details relating to the associated risks, please refer to the risk factor titled "Risks associated with RMB classes of Units" under the heading "**Risk Factors**".

Unitholders whose names are entered on the register of Unitholders on the Record Date will be entitled to distribution (if any) declared in respect of the corresponding Interim Accounting Period or Accounting Period. The Record Date will be the 14th day of the month following an Interim Accounting Period or an Accounting Period or such other day as the Manager may determine and notify to the Unitholders. If such day is not a Business Day, the Record Date will be the immediately preceding Business Day.

Payment of an interim distribution (if any) will be made within 12 weeks from an Interim Accounting Date. Payment of a final distribution (if any) will be made within two months from the Accounting Date. It is the current intention of the Manager that details of any distribution (whether by way of an interim or a final distribution) to be made will be announced within 7 Business Days from the relevant Record Date and payment of such distribution will be made within 10 Business Days from the Record Date.

For details regarding distribution, see the main part of the Explanatory Memorandum under "**Distribution of Income**".

PRC Tax Provisions

For further details relating to PRC taxes and the associated risks, please refer to the risk factor entitled "PRC tax considerations" under the "**Risk Factors**" section.

Valuation

Valuation Days for the BEA Union Investment Asia Pacific Equity Dividend Fund are each Dealing Day and the Valuation Point is the close of the last relevant market to close on each Valuation Day, the first Valuation Day being the first Dealing Day following the Launch Period.

Risk Factors

<u>Investment risks</u>

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

<u>Equity markets risks</u>

The BEA Union Investment Asia Pacific Equity Dividend Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

Certain securities exchanges have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the BEA Union Investment Asia Pacific Equity Dividend Fund to losses. In addition, the securities invested by the BEA Union Investment Asia Pacific Equity Dividend Fund may not distribute the dividends at the level that the Manager expects, which affect the overall dividend distribution rate by the BEA Union Investment Asia Pacific Equity Dividend Fund. Investors should also note that any listed REITs invested by the BEA Union Investment Asia Pacific Equity Dividend Fund may not necessarily be authorised by the SFC, and the distribution policy of the Sub-Fund is not representative of the distribution policy of such listed REITs.

To achieve the investment objective, the Sub-Fund may invest in high dividend stocks. There is no guarantee that dividends will be declared by such companies. Also investors should not expect the dividend policy of such companies is tantamount to the dividend policy of the Sub-Fund.

Please also refer to the risk factor "Market risk" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Concentration risk/Asian Pacific market risk

The Sub-Fund's investments are concentrated in the Asia Pacific region. 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 markets in the Asia Pacific region.

Repatriation risk in emerging markets

The Sub-Fund may invest in securities in jurisdictions which impose control or restrictions on foreign exchange and repatriation of capital. Exchange control regulations and any changes in such regulations may cause difficulties in the repatriation of funds. Dealings in the Sub-Fund may be suspended if the Sub-Fund is unable to repatriate funds for the purpose of making payments on the realisation of units. Please also refer to the risk factor "Emerging markets" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Risk associated with small-capitalisation/mid-capitalisation companies

The stock of small-capitalisation/mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

Risks of investing in other collective investment schemes

The Sub-Fund may invest in other collective investment schemes ("CIS") (i.e. REITs, ETFs and unlisted equity funds) and will be subject to the risks associated with the underlying CIS. The Sub-Fund does not have control of the investments of the underlying CIS and there is no assurance that the investment objective and strategy of the underlying CIS will be successfully achieved which may have a negative impact to the Net Asset Value of the Sub-Fund.

The underlying CIS in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying CIS. There is also no guarantee that the underlying CIS will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

Risks relating to investment in ETFs generally

The trading prices of units/shares in an ETF may differ significantly from the net asset value of the units/shares of such ETF due to, disruptions to creations and realisations (for example, as a result of imposition of capital controls by a foreign government) and supply and demand forces in the secondary trading market for units/shares in the ETF. In addition, factors such as fees and expenses of an ETF, imperfect correlation between the ETF's assets and the underlying securities within the relevant tracking index, rounding of share prices, adjustments to the tracking index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index for the relevant ETF. An ETF's returns may therefore deviate from that of its tracking index.

There can be no assurance that an active trading market will exist or maintain for units/shares of an ETF on any securities exchange on which units/shares of an ETF may trade. The units/shares of the ETFs which the Sub-Fund may invest in may be traded at large discounts or premiums to their net asset value, which may in turn affect the net asset value of the Sub-Fund.

Risks relating to REITs

The Sub-Fund will not invest in real property directly but the Sub-Fund may be subject to risks similar to those associated with the direct ownership of real property (in addition to securities market risks) through its investment in REITs. Real estate investments are relatively illiquid and may affect the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic conditions, international securities markets, foreign exchange rates, interest rates, real estate markets or other conditions. Adverse global economic conditions could adversely affect the business, financial condition and results of operations of REITs. REITs may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than other securities.

The prices of REITs are affected by changes in the value of the underlying property owned by the REITs. Investment in REITs may therefore subject the Sub-Fund to risks similar to those from direct ownership of real property. The prices of mortgage REITs are affected by the quality of any credit they extend, the creditworthiness of the mortgages they hold, as well as by the value of the property that secures the mortgages.

Further, REITs are dependent upon management skills in managing the underlying properties and generally may not be diversified. In addition, certain "special purpose" REITs in which the Sub-Fund may invest may have their assets in specific real property sectors, such as hotel REITs, nursing home REITs or warehouse REITs, and are therefore subject to the risks associated with adverse developments in these sectors.

REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. There is also the risk that borrowers under mortgages held by a REITs or lessees of a property that a REITs owns may be unable to meet their obligations to the REITs. In the event of a default by a borrower or lessee, the REITs may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. On the other hand, if the key tenants experience a downturn in their businesses or their financial condition, they may fail to make timely rental payments or default under their leases. Tenants in a particular industry might also be affected by any adverse downturn in that industry and this may result in their failure to make timely rental payments or to default under the leases. The REITs may suffer losses as a result.

REITs may have limited financial resources and may be subject to borrowing limits. Consequently, REITs may need to rely on external sources of funding to expand their portfolios, which may not be available on commercially acceptable terms or at all. If a REIT cannot obtain capital from external sources, it may not be able to acquire properties when strategic opportunities exist.

Any due diligence exercise conducted by REITs on buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies. Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow of the REITs.

The Sub-Fund may invest in REITs which may not necessarily be authorised by the SFC.

Currency risk

The BEA Union Investment Asia Pacific Equity Dividend Fund is also subject to currency risk. Please refer to the risk factor "Currency risk" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Derivative risk

The BEA Union Investment Asia Pacific Equity Dividend Fund is also subject to derivative risk. Please refer to the risk factor "Derivative and structured product risk" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Distribution risk

In respect of the each accounting period, it is the Manager's current intention and discretion to distribute at least 85% of the income generated from the Sub-Fund's investments attributable to the relevant distributing Units. However, there is no assurance on such distribution or the distribution rate or dividend yield.

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 BEA Union Investment Asia Pacific Equity Dividend 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.

Currency hedging risk

The BEA Union Investment Asia Pacific Equity Dividend Fund is also subject to currency hedging risk. Please refer to the risk factor "Hedging" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

Where the BEA Union Investment Asia Pacific Equity Dividend Fund enter into the hedging transactions, the costs of the hedging transactions will be reflected in the Net Asset Value of the Currency Hedged class Units (as defined in the main part of the Explanatory Memorandum) 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.

Risks associated with RMB classes of Units/RMB currency and conversion risks

Investors should also refer to the following specific risk factors when investing in Class A RMB, Class I RMB and/or Class A RMB (Hedged) Units of the Sub-Fund:

(i) Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

    The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there is no assurance that the Renminbi will not be subject to devaluation. Where the hedging transactions become ineffective, any devaluation of the Renminbi could adversely affect the value of investors' investments in the RMB classes of Units. If investors are non RMB-based (e.g. Hong Kong) investors and convert other currencies into RMB so as to invest in the RMB classes of Units and subsequently convert the RMB realisation proceeds and/or dividend payment (if any) back into other currencies, they may incur currency conversion costs and may suffer a loss if RMB depreciates against such other currencies.

    In addition, under the current regulations, the rate at which Renminbi may be exchanged outside the PRC (in the case of Hong Kong, the "**CNH**" rate) may be different from the exchange rate within the PRC (the "**CNY**" rate) and such divergence may increase due to supply and demand. When calculating the value of the RMB classes of Units, reference to the CNH rate rather than the CNY rate will be made and the value of the RMB classes of Units thus calculated will be affected by fluctuations in the CNH rate. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

    In respect of the hedged RMB classes of Units, the Manager may attempt to hedge the base currency of the Sub-Fund and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund back to RMB. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB classes of Units may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses.

    Furthermore, there is no guarantee that the hedging strategy will be effective and investors may still be subject to the RMB currency exchange risk which may apply to the non-hedged RMB classes. For instance, where RMB depreciates against currencies of the non-RMB denominated underlying investments of the Sub-Fund, (i) investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments; or (ii) investors may suffer additional losses if the non-RMB denominated underlying investments of the Sub-Fund fall in value.

    Whilst the hedging strategy may protect investors against a decline in the value of the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments relative to RMB, investors will not benefit from any potential gain in the value of the hedged RMB classes of Units if the Sub-Fund's base currency and/or other currencies of non-RMB-denominated underlying investments of the Sub-Fund rise against RMB. Please also refer to the risk factor "Hedging" under the heading "**Risk Factors**" in the main part of the Explanatory Memorandum.

It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the PRC government. The PRC government's policies on exchange control and repatriation restrictions are subject to change and the investors' investment in the RMB classes of Units may be adversely affected.

The PRC government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market outside the PRC and make it impossible for the Sub-Fund to hold sufficient amounts of RMB outside the PRC to meet realisation requests and/or pay dividends in RMB. In particular, the Sub-Fund may not be able to get sufficient amounts of RMB in a timely manner to meet realisation requests of the RMB classes of Units and/or pay dividends (if any) if all or a substantial portion of its underlying investments are non-RMB denominated.

Even if the Sub-Fund aims to pay realisation proceeds and/or dividends to investors of the RMB classes of Units in RMB, investors may not receive RMB upon realisation of their investments or receive dividend payments in RMB under extreme market conditions when there is not sufficient RMB for currency conversion. Under such circumstances, the Manager may pay realisation proceeds and/or dividends in USD. There is also a risk that payment of investors' realisation proceeds and/or dividends in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the realisation proceeds and dividends. In any event, realisation proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units.

For further details relating to the above, please refer to the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum.

The BEA Union Investment Asia Pacific Equity Dividend Fund, due to its possible exposure to listed equities, REITs, ETFs and/or equity funds, has a medium to high risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Union Investment Asia Pacific Equity Dividend Fund as a medium to high risk investment.

ANNEX A

Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively the "Stock Connects")

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links program developed by Hong Kong Exchanges and Clearing Limited ("**HKEX**"), Shanghai Stock Exchange ("**SSE**") and China Securities Depositary and Clearing Corporation Limited ("**ChinaClear**") and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links program developed by HKEX, Shenzhen Stock Exchange ("**SZSE**") and ChinaClear. The aim of Stock Connects is to achieve mutual stock market access between the PRC and Hong Kong.

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the relevant Sub-Funds), through their Hong Kong brokers and a securities trading service company established by The Stock Exchange of Hong Kong Limited ("**SEHK**"), may be able to trade eligible China A Shares listed on the SSE by routing orders to SSE.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the relevant Sub-Funds), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China A Shares listed on the SZSE by routing orders to SZSE.

Eligible securities

Under the Shanghai-Hong Kong Stock Connect, the Sub-Funds, through their Hong Kong brokers may trade certain eligible shares listed on the SSE (i.e. "**SSE Securities**"). These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except the following:

- SSE-listed shares which are not traded in RMB; and
- SSE-listed shares which are included in the "risk alert board".

Under the Shenzhen-Hong Kong Stock Connect, the Sub-Funds, through their Hong Kong brokers may trade certain eligible shares listed on the SZSE (i.e. "**SZSE Securities**"). These include all constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB6 billion, and all SZSE-listed A Shares which have corresponding H Shares listed on SEHK, except the following:

- SZSE-listed shares which are not traded in RMB; and
- SZSE-listed shares which are included in the "risk alert board" or under delisting arrangement.

At the initial stage of the Shenzhen-Hong Kong Stock Connect, investors eligible to trade shares that are listed on the ChiNext Board of SZSE under the Northbound Shenzhen Trading Link will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations.

It is expected that the lists of eligible securities for the Stock Connects will be subject to review.

Trading quota

Trading under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect will be subject to a daily quota ("**Daily Quota**"). Northbound Shanghai Trading Link and Northbound Shenzhen Trading Link will be respectively subject to a separate set of Daily Quota.

The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connects each day. The Northbound Daily Quota is currently set at RMB13 billion for each of the Stock Connects.

Settlement and custody

The Hong Kong Securities Clearing Company Limited ("**HKSCC**"), a wholly-owned subsidiary of HKEX, and ChinaClear will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by their respective market participants and investors.

The China A Shares traded through Stock Connects are issued in scripless form, and investors will not hold any physical China A Shares. Hong Kong and overseas investors who have acquired SSE Securities or SZSE Securities through Northbound trading should maintain the SSE Securities or SZSE Securities with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock accounts in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE and SZSE securities. The relevant CSRC regulations and ChinaClear rules generally recognise the Hong Kong and overseas investors as the ultimate owners having beneficial ownership in the SSE Securities and SZSE Securities traded via the Stock Connects.

HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("**CASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SSE-/SZSE-listed companies usually announce information regarding their annual general meetings/extraordinary general meetings about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise the CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Trading fees

Under the Stock Connects, Hong Kong and overseas investors will be subject to the fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland Chinese authority when they trade and settle SSE Securities and SZSE Securities. Further information about the trading fees and levies is available online at the website: http://www.hkex.com.hk/eng/csm/index.htm

Investor compensation

The relevant Sub-Fund's investments through Northbound trading under Stock Connects will not be covered by Hong Kong's Investor Compensation Fund.

Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in Northbound trading via Stock Connects do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund.

On the other hand, since the relevant Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, therefore they are not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in the PRC.

Further information about the Stock Connects is available online at the website:
http://www.hkex.com.hk/eng/csm/index.htm

ANNEX B

China Interbank Bond Market

Overview

Foreign institutional investors (such as the relevant Sub-Fund) can invest in Mainland China interbank bond markets ("**China Interbank Bond Market**") via the Foreign Direct Access Regime (as defined below) and/or the Bond Connect (as defined below).

Investment in China Interbank Bond Market via Foreign Direct Access Regime

Pursuant to the "Announcement (2016) No 3" issued by the People's Bank of China ("**PBOC**") (中國人民銀行公告[2016]第3號) on 24 February 2016, foreign institutional investors can invest in China Interbank Bond Market ("**Foreign Direct Access Regime**") subject to other rules and regulations as promulgated by the Mainland Chinese authorities, i.e., PBOC and the State Administration of Foreign Exchange ("**SAFE**"). Such rules and regulations may be amended from time to time and include (but are not limited to):

(i) the "Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets" (境外機構投資者投資銀行間債券市場備案管理實施細則) issued by the Shanghai Head Office of PBOC on 27 May 2016;

(ii) the "Circular concerning the Foreign Institutional Investors' Investment in Interbank bond market in relation to foreign currency control" (國家外匯管理局關於境外機構投資者投資銀行間債券市場有關外匯管理問題的通知) issued by SAFE on 27 May 2016; and

(iii) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in Mainland China, foreign institutional investors who wish to invest directly in China Interbank Bond Market may do so via an onshore settlement agent, who will be responsible for making the relevant filings and account opening with the relevant authorities. There is no quota limitation.

In terms of fund remittance, foreign investors (such as the relevant Sub-Fund) may remit investment principal in RMB or foreign currency into Mainland China for investing in the China Interbank Bond Market. An investor will need to remit investment principal matching at least 50% of its anticipated investment size within nine months after the completion of filing with the Shanghai Head Office of PBOC, or else an updated filing will need to be made through the onshore settlement agent. For repatriation, where the Sub-Fund repatriates funds out of Mainland China, the ratio of RMB to foreign currency ("**Currency Ratio**") should generally match the original Currency Ratio when the investment principal was remitted into Mainland China, with a maximum permissible deviation of 10%.

Investment in China Interbank Bond Market via Northbound Trading Link under Bond Connect

Bond Connect is a new initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China ("**Bond Connect**") established by China Foreign Exchange Trade System & National Interbank Funding Centre ("**CFETS**"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Bond Connect is governed by rules and regulations as promulgated by the Mainland Chinese authorities. Such rules and regulations may be amended from time to time and include (but are not limited to):

(i) the "Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and Hong Kong (Decree No.1 [2017])" (內地與香港債券市場互聯互通合作管理暫行辦法(中國人民銀行令[2017]第1號)) issued by the PBOC on 21 June 2017;

(ii) the "Guide on Registration of Overseas Investors for Northbound Trading in Bond Connect" (中國人民銀行上海總部"債券通"北向通境外投資者准入備案業務指引) issued by the Shanghai Head Office of PBOC on 22 June 2017; and

(iii) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the China Interbank Bond Market through the northbound trading of Bond Connect ("**Northbound Trading Link**"). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in Mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Securities Depository & Clearing Co., Ltd and Interbank Clearing Company Limited). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

PRC tax implications

By investing in debt securities via the China Interbank Bond Market, a Sub-Fund may be subject to withholding and other taxes imposed in the PRC. Please refer to the risk factor entitled "PRC tax considerations" under the "**Risk Factors**" section for details.

Currently there is no specific guidance imposed by the PRC tax authorities on the treatment of income tax and other tax categories payable in respect of trading in China interbank bond market by foreign institutional investors.

In light of the above-mentioned uncertainty and in order to meet the potential tax liability for gains on disposal of debt securities via the China Interbank Bond Market, the Manager reserves the right to vary the provision for the withholding tax on such gains or income.

Upon any future resolution of the above-mentioned uncertainty or further changes to the tax law or policies, the Manager will, as soon as practicable, make relevant adjustments to the amount of tax provision (if any) as they consider necessary. The amount of any such tax provision will be disclosed in the accounts of the Sub-Fund.

Unitholders should seek their own tax advice on their own tax position with regard to their investment in the relevant Sub-Fund.

SUMMARY OF EXPENSES AND CHARGES

	Management Fee				Trustee Fee				Holders Servicing Fee			
	Class A/ Class A (Hedged)	Class H	Class I	Class P	Class A/ Class A (Hedged)	Class H	Class I	Class P	Class A/ Class A (Hedged)	Class H	Class I	Class P
BEA Union Investment Global Themes Fund	1.50% p.a.	N/A	1.25% p.a.	N/A	0.175% p.a.	N/A	0.175% p.a.	N/A	Nil	N/A	Nil	N/A
BEA Union Investment Asian Bond and Currency Fund	1.20% p.a.	1.20% p.a.	0.70% p.a.	N/A	0.125% p.a.	0.125% p.a.	0.125% p.a.	N/A	Nil	Nil	Nil	N/A
BEA Union Investment China Phoenix Fund	1.75% p.a.	N/A	1.50% p.a.	N/A	0.175% p.a.	N/A	0.175% p.a.	N/A	Nil	N/A	Nil	N/A
BEA Union Investment China A-Share Equity Fund	1.75% p.a.	N/A	1.50% p.a	1.75% p.a.	0.175% p.a.	N/A	0.175% p.a.	0.175% p.a.	Nil	N/A	Nil	Nil
BEA Union Investment RMB Core Bond Fund	1.00% p.a.	N/A	0.70% p.a.	N/A	0.125% p.a.	N/A	0.125% p.a.	N/A	Nil	N/A	Nil	N/A
BEA Union Investment Asia Pacific Multi Income Fund	1.40% p.a.	N/A	0.80% p.a.	N/A	0.15% p.a.	N/A	0.15% p.a.	N/A	Nil	N/A	Nil	N/A
BEA Union Investment Asia Pacific Flexi Allocation Fund	1.50% p.a.	N/A	1.00% p.a.	N/A	0.15% p.a.	N/A	0.15% p.a.	N/A	Nil	N/A	Nil	N/A
BEA Union Investment Global Flexi Allocation Fund	1.50% p.a.	N/A	1.00% p.a.	N/A	0.15% p.a.	N/A	0.15% p.a.	N/A	Nil	N/A	Nil	N/A
BEA Union Investment China Gateway Fund	1.50% p.a.	N/A	1.00% p.a.	N/A	0.15% p.a.	N/A	0.15% p.a.	N/A	Nil	N/A	Nil	N/A
BEA Union Investment China High Yield Income Fund	1.20% p.a.	N/A	0.80% p.a.	N/A	0.15% p.a.	N/A	0.15% p.a.	N/A	Nil	N/A	Nil	N/A
BEA Union Investment Asian Strategic Bond Fund	1.00% p.a.	N/A	0.70% p.a.	N/A	0.125% p.a.	N/A	0.125% p.a.	N/A	Nil	N/A	Nil	N/A
BEA Union Investment Asia Pacific Equity Dividend Fund	1.50% p.a.	N/A	1.00% p.a.	N/A	0.15% p.a.	N/A	0.15% p.a.	N/A	Nil	N/A	Nil	N/A

Notes: (1) The rate of the management fee in respect of Class A, Class A (Hedged), Class H, Class I and/or Class P Units may be increased up to or towards a maximum rate of 2.0% p.a. on giving not less than one month's notice (or such other notice as may be approved by the SFC) to affected Unitholders.

(2) The rate of the trustee fee in respect of Class A, Class A (Hedged),Class H, Class I and/or Class P Units may be increased up to or towards a maximum rate of 1.0% p.a. on giving not less than one month's notice (or such other notice as may be approved by the SFC) to affected Unitholders.

Registrar's Fee	0.015 – 0.05% p.a. of the Net Asset Value of each Sub-Fund, subject to minimum of US$3,000 per annum for each Sub-Fund.
Preliminary Charge	For Class A and Class A (Hedged) Units – up to 5% of the issue price of such Units For Class H Units – up to 5% of the issue price of such Units For Class I Units – Nil (except for BEA Union Investment RMB Core Bond Fund, BEA Union Investment Asia Pacific Multi Income Fund, BEA Union Investment Asia Pacific Flexi Allocation Fund, BEA Union Investment Global Flexi Allocation Fund, BEA Union Investment China Gateway Fund, BEA Union Investment China High Yield Income Fund, BEA Union Investment Asian Strategic Bond Fund and BEA Union Investment Asia Pacific Equity Dividend Fund, which will be up to 3% of the issue price of such Units) For Class P Units – up to 5% of the issue price of such Units
Realisation Charge	For each of the Sub-Funds: For Class A, Class A (Hedged) and Class H Units – 0.5% of the realisation price of such Units, but currently waived. For Class I Units (other than for BEA Union Investment China A-Share Equity Fund*) – 0.5% of the realisation price of such Units for holding period of less than 1 year; and nil for holding period of 1 year or more. *For Class I and Class P Units for BEA Union Investment China A-Share Equity Fund – Nil.
Charges on converting between Sub-Funds	For Class A, Class A (Hedged), Class H and Class I Units – currently, the aggregate of the realisation charge and preliminary charge payable on a conversion from one Sub-Fund to another Sub-Fund will not exceed 2% of the issue price of the new Units.
Operating Expenses	The Sub-Funds will bear the operating expenses of the Fund in proportion to their respective Net Asset Values or in such other manner as the Manager with the approval of the Trustee shall consider fair. Such expenses are summarised under the section headed "Expenses and Charges" and include audit and legal fees and regulatory fees.
Establishment Costs	Each Sub-Fund will bear the costs and expenses incurred by the Manager and Trustee in its establishment. Details on the approximate establishment costs of each Sub-Fund are set out in the relevant Appendix.

Further details in respect of the costs and expenses incurred in the establishment of the Fund and Sub-Funds are summarised in the section headed "Expenses and Charges".

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