

**Important note:**

1. BU Asia Pacific Flexi Allocation Fund (“the Fund”) is a sub-fund of BU Investment Series OFC (“the Company”), which is a public open-ended fund company (“OFC”) (registration number OF11) regulated under the laws of Hong Kong, with variable capital and limited liability and segregated liability between sub-funds.
2. The Fund seeks to achieve long-term capital growth and income by 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.
3. The Fund invests in emerging markets and may be subject to higher liquidity and volatility risks.
4. The Fund is subject to equity markets risk such as changes in investment sentiment, political, economic conditions and issuer-specific factors which may adversely affect the fund value.
5. The Fund invests in debts or fixed income securities are exposed to interest rates, credit/counterparty, downgrading, volatility and liquidity, valuation and sovereign debt and credit rating risks which may adversely affect the price of the debt securities.
6. The Fund may invest in below investment grade or non-rated debt securities which are subject to greater volatility and liquidity risks than higher-rated securities.
7. The Fund is exposed to concentration risk in Asia Pacific region and may be more volatile than in a more diverse portfolio of investment.
8. The Fund is also subject to risk associated with regulatory requirements and high market volatility and potential settlement difficulties of the equity markets in Asia Pacific Region.
9. The directors may at its discretion make distributions from income and/or capital in respect of the distributing classes of the Fund. Distributions paid out of capital amount to a return or withdrawal of part of the shareholder’s original investment or from any capital gains attributable to that original investment. Such distribution may result in an immediate reduction of the net asset value per share.
10. In terms of currency hedged class shares, adverse exchange rate fluctuations between the base currency of the Fund and the class currency of the currency hedged class shares may result in a decrease in return and/or loss of capital for shareholders. Over-hedged or under-hedged positions may arise and there can be no assurance that the currency hedged class shares will be hedged at all times or that the manager will be successful in employing the hedge.
11. RMB is currently not a freely convertible currency as it is subject to exchange controls and restrictions. Non-RMB based (e.g. Hong Kong) investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors’ base currencies (for example HKD) will not depreciate. Any depreciation of the RMB could adversely affect the value of investors’ investments.
12. The Fund may acquire financial derivative instruments for hedging and investment purposes. Given the leverage effect embedded in financial derivative instruments, the Fund may be exposed to significant losses.
13. Investors should not make an investment decision based solely on this material.

Asian investment specialist



# BU Asia Pacific Flexi Allocation Fund (“AFA”)

## Strategically invest in APAC equities and bonds, capturing the appreciation potentials for blue chips



Morningstar Overall Rating<sup>1</sup>

### Flexibly invest in equities and bonds, maximising returns

Adjust the ratio of equity, bond and cash when necessary to seek long term capital growth and fixed income

### Three investment themes

Select industry leading stocks, avoid policy risk, hedge inflationary risk

### Aim to provide monthly dividends

Dividends are not guaranteed, and distributions may be paid out of income and/or capital (see important note 9)

Annualised dividend yield as of July<sup>2#</sup>

USD	4.8%
HKD	4.8%
RMB hedged	7.1%



Investments in the fund are subject to investment risks, including the possible loss of the principal amount invested. For full details and risk factors of the fund, please refer to the prospectus of the fund. Investors should also read the prospectus of the fund for detailed information prior to any subscription. The information contained herein is only a brief introduction to the fund. Investors should be aware that the price of shares may go down as well as up as the investments of the fund are subject to market fluctuations and to the risks inherent in all investments. Past performance is not indicative of future performance. The information contained in this document is based upon information which BEA Union Investment Management Limited considers reliable and is provided on an “as is” basis. This document does not constitute an offer, recommendation or solicitation to buy or sell any securities or financial instruments. The fund has been authorized by the Securities and Futures Commission (“SFC”) in Hong Kong. SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors, nor is it an endorsement of its suitability for any particular investor or class of investors. This material and company website have not been reviewed by the SFC in Hong Kong.

Issuer: BEA Union Investment Management Limited

The “Predecessor Fund” of the Fund is BEA Union Investment Series - BEA Union Investment Asia Pacific Flexi Allocation Fund, see # for more details.

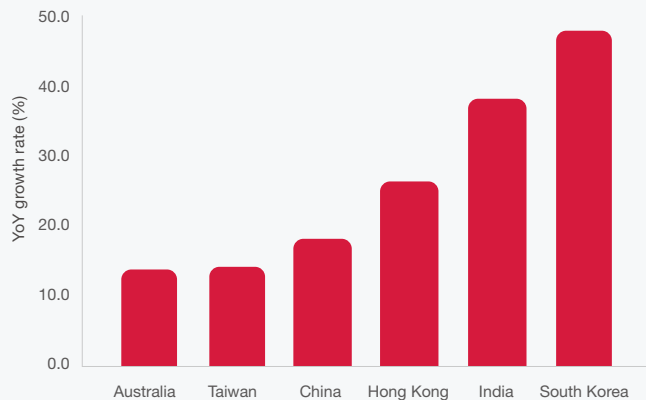
1. ©2021 Morningstar. Data as of 31 July 2021. The rating is for Class A (Accumulating) of the “Predecessor Fund” and is for reference only and should not be construed as buy and sell recommendation of investment. Past performance of the “Predecessor Fund”: 2020: 24.5%; 2019: 12.2%; 2018: -13.8%; 2017: 24.0%; 2016: 0.2%; year-to-date (as of 31 July 2021): 6.8%; performance is calculated in Class A USD (Accumulating) of the “Predecessor Fund” on a NAV to NAV basis. Gross income is re-invested. Class A USD (Accumulating) of the “Predecessor Fund” was launched on 6 February 2015.
2. Source: BEA Union Investment, as of 31 July 2021. This refers to the dividend distribution of the “Predecessor Fund”. Annualized dividend yield = (dividend of the current month x 12) / last month end NAV x 100%. Please refer to dividend notice available on website for dividend composition information and details. Dividend only applies to distributing classes and is not guaranteed. Past dividend record is not indicative of future dividend likely to be achieved. Please note that a positive distribution yield does not imply a positive return.

## The investment outlook for the Asia Pacific region is bullish

### Strong corporate earnings in APAC

- It is expected that the growth in corporate earnings in APAC will continue in the second half of the year, supporting the stock prices.
- The valuation of APAC stocks is attractive, with the appreciation potentials.

Expected growth in corporate earnings in APAC in 2021



Source: Reuters, January 2021, <https://www.reuters.com/article/asia-results-graphic-idINKBN29H10V>

### P/E Ratio

The APAC region (ex. Japan)	<b>18.1x</b>
The United States	<b>27.5x</b>
Europe	<b>20.9x</b>
Developed markets	<b>24.3x</b>

Source: Bloomberg, data as of 30 August 2021

## The Fund strictly picks the blue chips with relatively stable profits. There are many investment opportunities in the APAC markets, helping to diversify risks and provide growth opportunities

### China

- The policy risk spreads to the property and education sectors, raising concern about investing in these areas.
- Buy stocks which are policy favoured, for example, the supply chain of electric vehicles, Lithium battery manufacturer and producers of solar energy.

**Underweight China to avoid policy risk** ↓

### India

- E-commerce and non-financials have outperformed.
- The economic recovery supports the commodity price, benefiting the oil and mining industries.
- Buy cyclical stocks, such as steel stocks.

**Hold up commodities to catch cyclical uptrend** ↑

### Korea

- Although the pandemic in Korea is yet to be contained, its economic fundamentals are not impacted in the longer term.

**Strong hold consumer electronics, bullish on the market development in the long term** →

### Taiwan

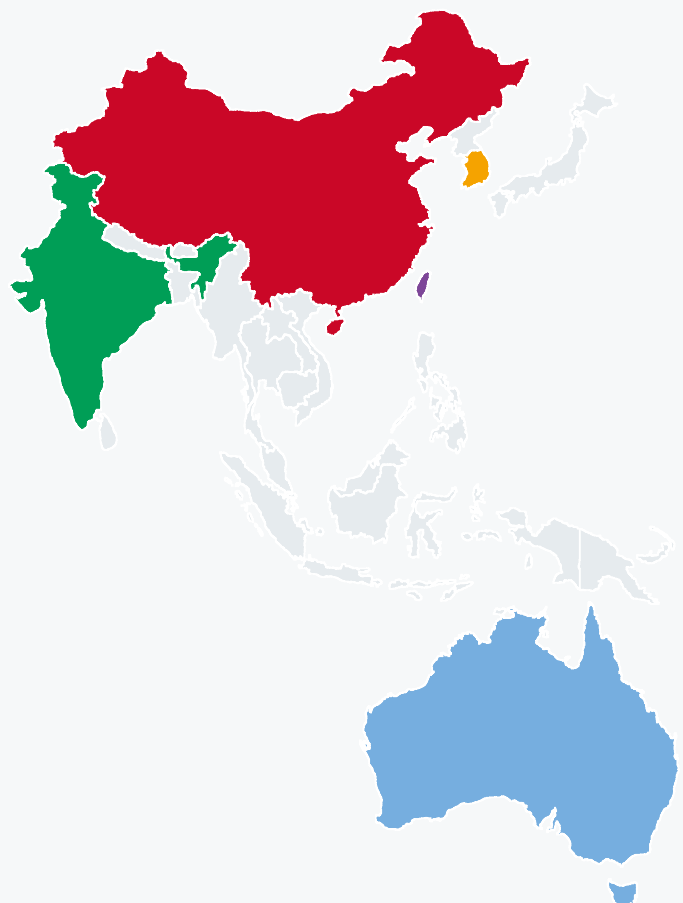
- The development of technology, wafer and computer hardware has great potentials.

**Invest in technology leaders in the long term** ↑

### Australia

- Prefer high quality growth stocks, such as banking stocks.
- Industrials and logistics REITs recorded positive growth even amid the pandemic.

**Select high quality property REITs and energy stocks** ↑



## Fund Features

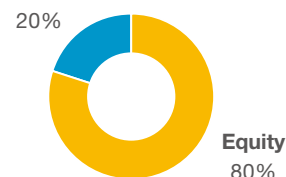
 **The fund has been performing well since its launch in 2015<sup>3#</sup>**

	Year-to-date	1 year	3 years	5 years	Since inception
Return of the fund (A USD Accumulating)	6.8%	23.0%	33.9%	48.0%	47.8%
Quartile ranking among peer funds	1	1	1	1	1

 **Timely adjusts equity and bond mix**

- ▲ The equity to bond ratio of the Fund in general: **Equity: 80%; Bond and Cash: 20%.**
- ▲ Capture the market upside in equities as well as the fixed income opportunities, seeking ideal returns.

Bond and Cash



 **Three investment themes**

- ▲ Focus on industry leaders and build a strong foundation for the portfolio
  - Select multiple APAC blue chips and industry leaders, effectively withstand market volatility, maintain steady corporate growth and defend the portfolio.
  - Adopt the investment strategy of High Conviction that high quality corporates will be benefited from economic recovery, providing stable returns in the long term.
- ▲ Strategically pick stocks to avoid policy risk
  - Chinese authorities imposed regulations and penalties across a number of sectors in recent months, impacting many industries. The Fund will avoid these sectors and buy those policy favoured stocks.
- ▲ Add cyclical stocks in response to market changes to hedge inflationary risk
  - The Fund will timely buy cyclical stocks, such as shipping. Also, the portfolio will include Silver ETF to hedge inflation.

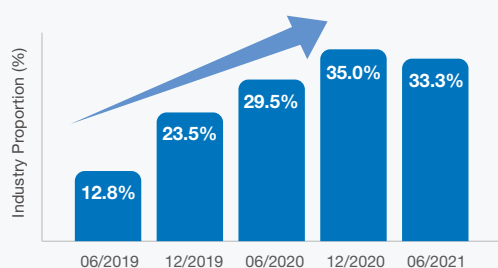
 **Enjoy investment return with dividend payment**

- ▲ The investment team actively manages the portfolio through the bottom-up approach, seeking alpha and improving the ability to pay dividend.
- ▲ The Fund offers dividend yields at 4.8% (A USD distributing) and 7.1% (A RMB Hedged distributing) in July<sup>2#</sup>.

## Flexibly invest in stocks of various industries in response to market changes

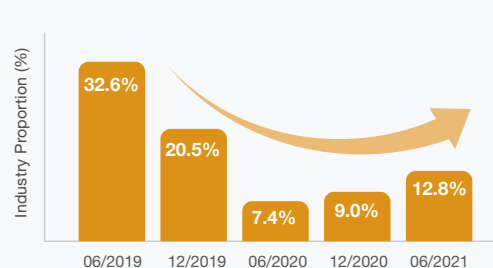
### Information Technology

We are bullish on this sector in the long run, especially we add holdings after the pandemic.



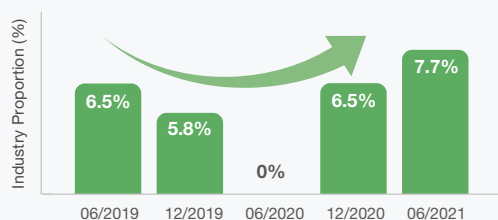
### Financials

After the pandemic, old economy stocks, especially financials, suffered, so we reduced holdings.



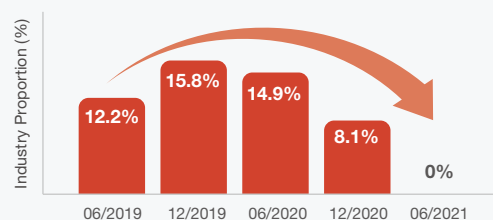
### Energy

Oil price slumped at the beginning of 2020 so we sold off all energy stocks. Having been benefited from the policies, we gradually hold up energy stocks.



### Consumer Discretionary

Chinese internet and education stocks were largely under pressure due to policy impacts. We timely sold off the stocks to avoid policy risk.



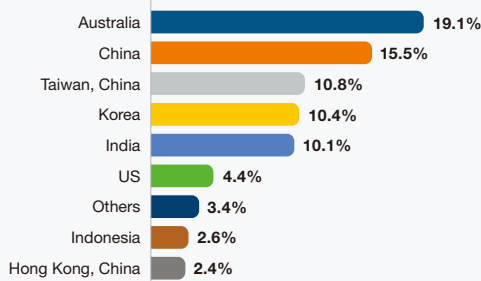
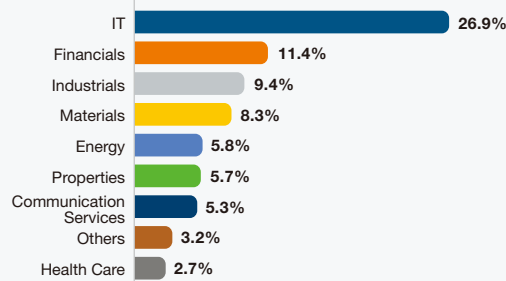
Source: BEA Union Investment, data as of 30 June 2021.

3. Source: Morningstar Asia, as of 31 July 2021. The mentioned performance ranking refers to that of the "Predecessor Fund", which compares against the annualized performance (total return is calculated in USD) of funds authorized by SFC (authorization does not imply recommendation) which are categorized under the Morningstar Asian Allocation Fund Category. Quartile ranking is based on the percentile ranking greater than 0 and less than or equal to 25 as the first quartile, greater than 25 and less than or equal to 50 as the second quartile, and so on. Class A USD (Accumulating) of the "Predecessor Fund" was launched on 6 February 2015.

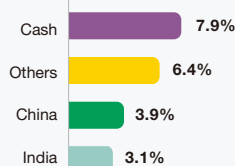
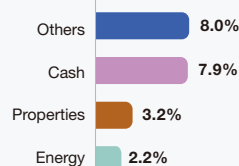


**Performance#**

		Cumulative Performance (%)					Calendar Year Performance (%)					3-year Annualized Volatility (%)	Launch Date (dd/mm/yy)
		YTD	1 Year	3 Years	5 Years	Since Launch	2020	2019	2018	2017	2016		
A USD	Accumulating	6.8	23.0	33.9	47.9	47.8	24.5	12.2	-13.8	23.9	0.2	15.9	30/9/2021
A USD	Distributing	6.8	23.0	33.8	47.8	47.7	24.4	12.2	-13.7	23.7	0.3	16.0	30/9/2021
A HKD	Distributing	7.0	23.3	32.5	48.0	48.1	23.8	11.6	-13.6	24.8	0.3	16.0	30/9/2021
A AUD (Hedged)	Distributing	6.2	21.8	27.4	36.4	36.2	22.0	10.0	-15.5	22.4	-0.5	16.1	30/9/2021
A RMB (Hedged)	Distributing	8.1	25.4	36.4	56.7	63.1	25.5	11.9	-13.0	27.3	2.0	16.0	30/9/2021
A NZ (Hedged)	Distributing	6.3	22.2	28.8	39.7	41.6	22.4	10.7	-14.6	22.1	0.5	16.0	30/9/2021

**Asset Allocation**
**Geographical Allocation (Equities)**

**TOTAL 78.7%**
**Sector Allocation (Equities)**

**TOTAL 78.7%**
**Key Holdings**
**Weights**

Taiwan Semiconductor Manufacturing	4.8%
Samsung Electronics	4.6%
Tencent	2.9%
SITC International	2.1%
Prologis	2.0%

**Geographical Allocation (Bonds)**

**TOTAL 21.3%**
**Sector Allocation (Bonds)**

**TOTAL 21.3%**
**Summary Statistics – Bonds**

Average Credit Rating	BB
Investment Grade	24.4%
Non-Investment Grade	75.6%

**Fund Details**

Base Currency	US\$	Management Fee	1.5% p.a.
Preliminary Charge	Up to 5.00%	Realization Charge	Currently waived
Dealing Frequency	Daily (Hong Kong business days)		
Dividend Frequency	Monthly (aims to provide a monthly dividend which is not guaranteed and distributions may be paid out of income and/or capital) see important note 9		
Record Date <sup>4</sup>	14th day of the month following the corresponding one-month period		
Ex-Dividend Date	One business day after the Record Date		

Source: Lipper, BEA Union Investment, as of 31 July 2021. Performance of the "Predecessor Fund" is calculated in the respective class of denominated currencies on a NAV to NAV basis. Gross income is reinvested. Past performance is not indicative of future performance.

4. If that day is not a business day, the record date will be the immediately preceding business day.

# The Fund was launched on 30 September 2021 upon the restructuring of BEA Union Investment Series - BEA Union Investment Asia Pacific Flexi Allocation Fund (the "Predecessor Fund", with inception on 6 February 2015) to the Fund. The performance / the dividend record / Morningstar rating (if applicable) shown on or before the date of the restructuring has been simulated based on the respective information of a unit class of "Predecessor Fund" with the same investment objectives, risk profiles, and materially the same fee structures and investment policies of the respective share class of the Fund.

