



BEA 東亞銀行

BEA Investment Series



ANNUAL REPORT
(Audited)

For the year/period ended 31 December 2008

BANK OF EAST ASIA INVESTMENT SERIES
(FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2008)

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BANK OF EAST ASIA INVESTMENT SERIES
MARKET COMMENTARY
BEA JAPAN GROWTH FUND

The Japanese equity market declined sharply over the year, driven down by investor concerns over the outlook for export-oriented Japanese companies, with a slowdown in the US and global economy and a stronger yen expected to hit corporate profits. In the fourth quarter, investor sentiment remained low as Toyota reported the company's first annual loss in seven decades.

The spike in risk aversion by investors was reflected in a reversal of the carry trade, which had been popular in recent years, which in turn led to a strong rally in the Japanese yen and a more moderate decline in the equity markets from a US dollar perspective. At the end of the year, the Bank of Japan cut its benchmark interest rate for the first time in seven years from 0.5% to 0.1%, in an attempt to stimulate demand.

BEA GLOBAL THEMES FUND

The early part of 2008 was dominated by widespread inflation fears. Hard and soft commodities continued to power ahead, with West Texas Intermediate oil reaching new highs in February above US\$100 a barrel, while the price of grain leapt 25% in a single day during the month.

After a volatile start to the year, the spring brought little relief to nervous investors. Cut off from liquidity, Bear Stearns collapsed in March, later to be sold to JPMorgan Chase. And despite an equity market rally in April, signs of a weakening economy in the US became increasingly evident - consumer confidence fell to a five-year low at the end of the month.

By early summer, the newsflow from the financial services sector was growing ever more troubling. In the US, West Coast-based savings - and loan firm IndyMac collapsed, creating a run on the bank, with investors waiting hours outside branches to secure their deposits.

BANK OF EAST ASIA INVESTMENT SERIES
MARKET COMMENTARY (CONTINUED)
BEA GLOBAL THEMES FUND (CONTINUED)

Global equity markets declined again in June as higher commodities prices - such as oil, which was trading at more than US\$140 a barrel - coupled with escalating inflation increased concerns about global growth. Despite a lack of liquidity in global markets, corporate activity was still managing to survive: in July, Roche, a major Swiss pharmaceutical company, made a US\$44 billion offer for the outstanding shares it did not own in US biotechnology firm Genentech.

But as the summer wore on, it became increasingly clear that the wider economy was facing stiff headwinds. In August, it emerged that the Eurozone economy had contracted for the first time since the introduction of the Euro almost a decade earlier. The picture in Asia was equally gloomy as fresh signs emerged that Japan's already weak economy was struggling. Inflationary fears began to fade into the background as central bankers started to shift their focus to economic stimulus.

Although conditions had been deteriorating for some time, the events in September nonetheless shocked the markets. The list of US banking casualties included some of the titans of the global financial services industry. And right across Europe, household names in finance received emergency credit lines or acquisitive bids, or were nationalised. Several markets temporarily banned short-selling to quell market anxiety and volatility. Russia, meanwhile, was forced to close its national exchanges for two days.

2008 did at least end on a more positive note: in December, global equity markets rebounded with positive gains in 22 out of 25 developed markets and 19 out of 21 emerging markets. However, equity gains in the last weeks of the year were certainly not due to an improving macroeconomic backdrop. Manufacturing, housing, and employment data were weak across North America, Western Europe, and Developed Asia. In many regions, the latest unemployment rates far exceed structural unemployment levels.

In response to the credit crunch and a slackening global economy, central bankers aggressively cut interest rates to their lowest levels in decades, hoping to stimulate their respective economies. As yet, it is impossible to gauge the effectiveness of such measures, as monetary stimuli can take up to 18 months to translate into meaningful economic change. Moreover, many investors are taking a wait-and-see approach, hoarding cash on the sidelines until the storm subsides.

BANK OF EAST ASIA INVESTMENT SERIES
MARKET COMMENTARY (CONTINUED)
BEA GLOBAL RESOURCES FUND

2008 was a dramatic year for global resources. The prices of resources surged to historical highs in the first half of the year, and declined unbelievably starting in the third quarter. Nearly all commodity sectors were under selling pressure, except the precious metals sector. Because of weakness in the global economy, there was a huge disproportion between supply and demand. OPEC reacted to the shrinking demand with production cuts.

The price of gold tended to go sideways. On the one hand, gold was in demand as a safe haven because of the market turmoil. On the other hand, speculative investors like hedge funds sold their respective positions. Moreover, the upcoming discussion about a possible deflation scenario prevented the gold price from climbing. Among raw materials, industrial metals were the ones with the closest connection to economic growth. Because of the economic downturn, the prices of industrial metals came under selling pressure.

All in all, we think that recent price pressures on the raw materials sector were exaggerated, especially as the price downturns towards the end of the year should have been influenced by tax-related issues (i.e. loss realisation). Therefore, we anticipate upward counter movements in the future. On the downside, the market is protected by production costs. Numerous prices of raw materials from sectors like energy, industrials, and agriculture are already quoted below their production costs. Moreover, companies are reacting to the shrinking demand with production cuts. The market is finally trying to find a bottom. Therefore, besides the ongoing financial and economic crisis, we expect the raw material market to experience positive price movement in 2009. To a great extent, the risk is reflected in the current price levels.

BANK OF EAST ASIA INVESTMENT SERIES
MARKET COMMENTARY (CONTINUED)
BEA ASIAN BOND AND CURRENCY FUND

September to December 2008 were the most volatile months in recent financial history as the global financial system was in distress due to financial crises erupting in the US and Europe. The securities and bond markets, in particular, moved very sharply. Major central banks around the world continued to introduce rescue packages and stimulation programmes to shore up their economies. Market liquidity became better as investors were willing to take bonds with government guarantees. However, the financing cost for corporates continued to rise. As market volatility subsided further towards the end of the year, the buy-sell spreads then tightened further, although transaction volume remained thin. In general, Asian governments continued to announce aggressive rate cuts in order to stimulate their economies. Asian yield curves also reached historical lows. Further stimulation packages are expected from respective governments in Asia, but their effectiveness will largely depend on external economies, especially the US and Europe.

As expected, the uptrend in the US dollar remained intact, the selling of the US dollar at the end of 2008 was deemed to be a market adjustment only. The Fund continues to focus on US dollar investment, and will continue to be prudent in terms of portfolio management. The financial market is still in the process of re-pricing risk premiums, but careful selection should bring decent returns to investors.

**BANK OF EAST ASIA INVESTMENT SERIES
TRUSTEE'S REPORT TO THE UNITHOLDERS OF
BANK OF EAST ASIA INVESTMENT SERIES ("THE FUND")**

We hereby confirm that, in our opinion, the Manager of the Fund has in all material respects managed the Fund in accordance with the provisions of the Trust Deed during the year ended 31 December 2008 for BEA Japan Growth Fund and BEA Global Themes Fund, the period from 5 March 2008 (date of establishment) to 31 December 2008 for BEA Global Resources Fund and the period from 25 August 2008 (date of establishment) to 31 December 2008 for BEA Asian Bond and Currency Fund.

Bank of East Asia (Trustee) Limited
28 April 2009

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO

- BEA JAPAN GROWTH FUND

	Holdings Units	Cost (US\$)	Market value (US\$)	% of net assets
Established under the laws of Hong Kong				
ipac Multi-Manager Japan Equity Fund - Class A	1,752,188.49	23,081,164	15,541,912	99.71

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO OF THE UNDERLYING FUND - BEA JAPAN GROWTH FUND

Particulars of listed investments	Holding Shares/Units	Market value (US\$)	% of net assets
77th Bank	14,000	74,749	0.23
Advantest	2,000	31,550	0.10
Aeon Co Ltd	17,300	170,233	0.52
Aiful Corp	1,300	3,628	0.01
Aioi Insurance Co	5,000	25,372	0.08
Aisin Seiki Co	2,700	36,784	0.11
Ajinomoto Co Inc	16,000	171,384	0.52
Alfresa Holdings C	1,200	56,657	0.17
All Nippon Airways	9,000	35,146	0.11
Amada Co	8,000	37,948	0.12
Aoyama Trading Co	3,900	61,135	0.19
Asahi Breweries	14,300	242,777	0.74
Asahi Glass Co	26,000	144,556	0.44
Asahi Kasei Corp	36,000	154,881	0.48
Astellas Pharma Inc	12,300	492,543	1.51
Bank Of Kyoto	9,000	98,886	0.30
Bank Of Yokohama	18,000	103,453	0.32
Benesse Corp	900	39,018	0.12
Bridgestone Corp	21,300	311,805	0.96
Canon Inc	14,000	427,799	1.31
Central Jpan Rlwy	38	325,714	1.00
Chiba Bank	18,000	109,211	0.34
Chubu Elec Power	9,800	295,676	0.91
Chugai Pharm Co	3,000	57,022	0.18
Chugoku Bank	2,000	30,447	0.09
Chugoku Elec Power	3,600	94,120	0.29
Chuo Mitsui Trust Holdings Inc	26,000	123,331	0.38
Circle K Sunkus Co	2,300	41,205	0.13
Citizen Holdings Co Ltd	9,000	31,771	0.10
Cosmo Oil Company	23,000	69,520	0.21
Credit Saison Co	1,800	24,165	0.07
Dai Nippon Printng	9,000	97,198	0.30
Daiichi Sankyo	16,400	379,923	1.17
Daikin Industries	3,600	91,936	0.28
Dainippon Sumitomo	9,000	82,603	0.25
Daito Trust Const	1,300	67,115	0.21
Daiwa House Inds	7,000	66,795	0.21
Daiwa Securities Group Inc	18,000	104,446	0.32
Denso Corp	7,300	118,378	0.36
Dentsu Inc	26	50,767	0.16

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INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO OF THE UNDERLYING FUND (CONTINUED) - BEA JAPAN GROWTH FUND

Particulars of listed investments	Holding Shares/Units	Market value (US\$)	% of net assets
Dowa Mining	15,000	-	0.00
East Japan Railway	46	349,630	1.07
Edion Corp	1,200	5,825	0.02
Eisai Co	3,400	138,776	0.43
Elec Power Dev	3,400	131,649	0.40
Familymart Co	800	34,506	0.11
Fanuc	2,700	187,347	0.58
Fast Retailing Co	600	85,913	0.26
Fuji Film Hld Corp	12,200	262,438	0.81
Fuji Heavy Inds	20,000	52,730	0.16
Fujitsu	71,000	336,007	1.03
Fukuoka Financial	26,000	110,425	0.34
Furukawa Electric	5,000	23,662	0.07
Gunma Bank	14,000	87,413	0.27
Hachijuni Bank	16,000	90,193	0.28
Hankyu Hanshin Hld	16,000	91,252	0.28
Hikari Tsushin Inc	2,700	50,217	0.15
Hino Motors	10,000	20,077	0.06
Hirose Electric	500	49,752	0.15
Hisamitsu Pharm Co	700	28,263	0.09
Hitachi	52,000	197,904	0.61
Hitachi Chemical	5,500	55,940	0.17
Hokkaido Elec Pwr	2,800	70,270	0.22
Hokuhoku Financial Group Inc	37,000	85,714	0.26
Hokuriku Elec Pwr	2,000	56,260	0.17
Honda Motor Co	22,100	464,673	1.43
Hoya Corp	6,000	101,997	0.31
Ibiden Co	1,500	30,083	0.09
Inpex Corporation	21	161,699	0.50
Ito En	4,000	58,334	0.18
Itochu Corp	20,000	97,739	0.30
Iyo Bank	2,000	24,446	0.08
J Front Retailing	17,000	68,638	0.21
Japan Airlines Corp	28,000	65,483	0.20
Japan Steel Works	6,000	81,412	0.25
Japan Tobacco Inc	119	387,259	1.19
Jfe Holding Inc	7,000	180,309	0.55
Jgc Corp	3,000	43,287	0.13
Joyo Bank	22,000	123,045	0.38
Js Group Corp	4,200	63,938	0.20

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INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO OF THE UNDERLYING FUND (CONTINUED) - BEA JAPAN GROWTH FUND

Particulars of listed investments	Holding Shares/Units	Market value (US\$)	% of net assets
Jupiter Telecomm	18	18,586	0.06
Kajima Corp	11,000	37,617	0.12
Kamigumi Co	11,000	96,834	0.30
Kaneka Corp	16,000	100,607	0.31
Kansai Elec Power	10,100	289,686	0.89
Kansai Paint Co	13,000	65,251	0.20
Kao Corp	14,000	418,533	1.28
Kawasaki Heavy Ind	20,000	39,493	0.12
Kawasaki Kisen	19,000	86,354	0.27
Kddi Corp	75	525,372	1.61
Keihin Elec Exp Rl	6,000	52,620	0.16
Keio Corp	8,000	47,479	0.15
Keisei Elec Railwy	15,000	91,837	0.28
Keyence Corp	500	100,386	0.31
Kikkoman Corp	6,000	69,564	0.21
Kintetsu Corp	22,000	100,474	0.31
Kirin Holdings Co Ltd	19,000	246,486	0.76
Kobe Steel	35,000	62,548	0.19
Komatsu	12,300	151,698	0.47
Komori Corporation	3,300	35,566	0.11
Konami Corp	900	22,637	0.07
Konica Minolta Holdings Inc	7,500	56,426	0.17
Kose Corp	2,100	51,892	0.16
Kubota Corp	15,000	104,909	0.32
Kuraray Co	10,000	76,117	0.23
Kurita Water Inds	1,500	39,382	0.12
Kyocera Corp	2,200	154,837	0.48
Kyowa Hakko Kirin Co Ltd	9,000	92,234	0.28
Kyushu Elec Power	5,900	155,554	0.48
Lawson	900	51,528	0.16
Leopalace21	5,300	52,562	0.16
Makita Corp	2,100	45,568	0.14
Marubeni Corp	22,000	81,544	0.25
Marui Group Co Ltd	9,800	55,676	0.17
Meiji Dairies Corp	11,000	58,003	0.18
Mitsubishi Chem Hl	23,500	101,881	0.31
Mitsubishi Corp	18,300	249,922	0.77
Mitsubishi Elec Cp	25,000	152,234	0.47
Mitsubishi Estate	16,000	255,400	0.78
Mitsubishi Hvy Ind	43,000	187,369	0.58

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(Expressed in United States dollars)

INVESTMENT PORTFOLIO OF THE UNDERLYING FUND (CONTINUED) - BEA JAPAN GROWTH FUND

Particulars of listed investments	Holding Shares/Units	Market value (US\$)	% of net assets
Mitsubishi Materl	16,000	39,360	0.12
Mitsubishi Motor	47,000	63,254	0.19
Mitsubishi Tanabe Pharma Corp	7,000	104,015	0.32
Mitsubishi Ufj Fin Group	256,300	1,552,219	4.76
Mitsui + Co	23,000	228,605	0.70
Mitsui Chemicals I	20,000	72,366	0.22
Mitsui Fudosan Co	12,000	193,403	0.59
Mitsui Osk Lines	15,000	89,686	0.28
Mitsui Sumitomo Gr	8,900	273,431	0.84
Mizuho Finl Gb	128	363,879	1.12
Murata Mfg Co	5,600	215,598	0.66
Nec Corp	75,000	245,725	0.75
Ngk Insulators	4,000	43,817	0.13
Nidec Corporation	1,400	53,127	0.16
Nikon Corp	9,000	105,041	0.32
Nintendo Co	1,400	521,236	1.60
Nippon Elec Glass	13,000	66,398	0.20
Nippon Express Co	11,000	45,383	0.14
Nippon Meat Packer	6,000	89,156	0.27
Nippon Mining Hldg	12,000	50,039	0.15
Nippon Oil Corp	20,000	98,621	0.30
Nippon Paper Group Inc	17	67,137	0.21
Nippon Steel Corp	69,000	220,739	0.68
Nippon Tel+Tel Cp	109	562,736	1.73
Nippon Yusen Kk	31,000	186,376	0.57
Nipponkoa Insuran	15,000	113,348	0.35
Nishi Nippon City	27,000	76,547	0.23
Nishimatsu Const	21,000	31,042	0.10
Nissan Motor Co	30,200	106,608	0.32
Nisshin Seifun Grp	2,500	32,322	0.10
Nissin Foods Holdings Co Ltd	1,100	37,860	0.11
Nitori Co	550	42,532	0.13
Nitto Denko Corp	2,800	52,695	0.16
Nok Corp	5,600	38,734	0.12
Nomura Holdings	24,300	195,419	0.60
Nomura Research Inc	1,500	27,948	0.09
Ntt Data Corp	19	75,036	0.23
Ntt Docomo	378	735,568	2.26
Obayashi Corp	8,000	46,773	0.14
Odakyu Elec Rlwy	8,000	69,277	0.21

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INVESTMENT REPORT (CONTINUED)

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(Expressed in United States dollars)

INVESTMENT PORTFOLIO OF THE UNDERLYING FUND (CONTINUED) - BEA JAPAN GROWTH FUND

Particulars of listed investments	Holding Shares/Units	Market value (US\$)	% of net assets
Oji Paper Co	12,000	69,498	0.21
Olympus Corp	3,000	57,948	0.18
Omron Corp	6,500	85,974	0.26
Ono Pharmaceutical	2,000	103,034	0.32
Onward Holdings Co Ltd	9,000	70,094	0.22
Oriental Land Co Ltd	700	57,143	0.18
Orix Corp	1,280	70,460	0.22
Osaka Gas Co	27,000	123,309	0.38
Panasonic Corp	25,000	306,950	0.94
Panasonic Electric	6,000	52,157	0.16
Rakuten Inc	86	54,076	0.17
Resona Holdings Inc	78	115,387	0.35
Ricoh Co	17,000	210,789	0.65
Rohm Co	1,400	69,498	0.21
Sankyo Co	700	34,749	0.11
Santen Pharm Co	1,000	29,895	0.09
Sapporo Hokuyo Hld	14	53,900	0.17
Sbi Holdings Inc	219	32,735	0.10
Secom Co	2,700	137,010	0.42
Sega Sammy Holdings Inc	1,400	15,985	0.05
Seiko Epson Corp	4,200	65,050	0.20
Seino Holdings	9,000	49,244	0.15
Sekisui Chemical	7,000	42,934	0.13
Sekisui House	6,000	51,495	0.16
Seven + I Holdings	11,300	380,199	1.17
Sharp Corp	26,000	182,416	0.56
Shikoku Elec Power	2,400	80,221	0.24
Shimano Inc	900	34,848	0.11
Shimizu Corp	8,000	45,891	0.14
Shin Etsu Chem Co	5,600	251,429	0.77
Shinsei Bank	20,000	30,667	0.09
Shionogi + Co	5,000	126,586	0.39
Shiseido Co	9,000	181,191	0.56
Shizuoka Bank	8,000	90,723	0.28
Smc Corp	900	90,347	0.28
Softbank Corporation	10,500	185,676	0.57
Sompo Japan Ins	23,000	163,651	0.50
Sony Corp	13,600	288,353	0.89
Sony Financial Hol	23	85,758	0.26
Sumitomo Chemical	42,000	139,923	0.43

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INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO OF THE UNDERLYING FUND (CONTINUED) - BEA JAPAN GROWTH FUND

Particulars of listed investments	Holding Shares/Units	Market value (US\$)	% of net assets
Sumitomo Corp	15,200	130,789	0.40
Sumitomo Elec Inds	10,100	75,987	0.23
Sumitomo Heavy Ind	8,000	30,888	0.09
Sumitomo Metal Ind	52,000	124,479	0.38
Sumitomo Metal Mng	7,000	72,741	0.22
Sumitomo Mitsui Gr	95	394,043	1.21
Sumitomo Rlty+Dev	6,000	86,972	0.27
Sumitomo Trust+Bkg	35,000	199,228	0.61
Suruga Bank	2,000	19,371	0.06
Suzuken Co Ltd	2,400	70,689	0.22
Suzuki Motor Corp	8,700	117,855	0.36
T+D Holdings Inc	4,700	191,837	0.59
Taisei Corp	13,000	34,992	0.11
Taisho Pharm Co	4,000	83,971	0.26
Takashimaya Co	10,000	74,352	0.23
Takeda Pharmaceutical Co Ltd	11,200	573,282	1.76
Takefuji Corp	6,060	48,400	0.15
Tdk Corp	3,100	111,142	0.34
Teijin	28,000	77,529	0.23
Terumo Corp	2,500	115,003	0.35
Tobu Railway Co	11,000	64,920	0.20
Toho Co	1,500	31,539	0.10
Toho Gas Co	7,000	45,714	0.14
Tohoku Elec Power	11,300	303,536	0.93
Tokai Rika Co	5,400	46,345	0.14
Tokio Marine Holding Inc	9,500	270,381	0.83
Tokyo Elec Power	16,300	539,437	1.65
Tokyo Electron	2,600	88,913	0.27
Tokyo Gas Co	31,000	155,598	0.48
Tokyu Corp	17,000	84,203	0.26
Tonen Gen Sekiyu	4,000	39,493	0.12
Toppan Printing Co	14,000	105,637	0.32
Toray Inds Inc	18,000	89,752	0.28
Toshiba Corp	41,000	165,538	0.51
Toyo Seikan Kaisha	1,800	30,420	0.09
Toyota Industries	2,500	52,565	0.16
Toyota Motor Corp	36,200	1,160,077	3.56
Trend Micro Inc	1,500	51,131	0.16
Ube Industries	8,000	21,798	0.07
Uni Charm Corp	500	37,286	0.11

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INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO OF THE UNDERLYING FUND (CONTINUED)

- BEA JAPAN GROWTH FUND

Particulars of listed investments	Holding Shares/Units	Market value (US\$)	% of net assets
Uny Co Ltd	1,000	10,811	0.03
West Japan Railway	46	207,546	0.64
Yahoo Japan Corp	216	86,972	0.27
Yakult Honsha Co	1,100	23,165	0.07
Yamada Denki Co	1,350	92,035	0.28
Yamaguchi Financia	8,000	88,252	0.27
Yamaha Corp	6,300	57,058	0.18
Yamaha Motor Co	700	7,197	0.02
Yamato Holdings Co Ltd	6,000	76,779	0.24
Total value of investments		32,436,715	99.56
Other net assets		142,934	0.44
Total net assets		32,579,649	100.00
Total investments at cost		41,630,872	

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO - BEA GLOBAL THEMES FUND

	Holding Shares/Units	Market value (US\$)	% of net assets
Listed/quoted investments (95.27%)			
Equities (91.02%)			
Australia (0.63%)			
Australian Wealth Management Ltd	236,816	178,819	0.63
Austria (1.17%)			
Flughafen Wien AG	7,600	333,028	1.17
Brazil (1.73%)			
BM&FBOVESPA SA	50,000	128,923	0.45
Santos Brasil Participacoes SA	68,500	188,086	0.66
SLC Agricola SA	29,700	175,969	0.62
Canada (0.52%)			
Nexen Inc	1	18	0.00
Viterra Inc	18,900	147,342	0.52
France (2.06%)			
BNP Paribas	3,010	127,780	0.45
Compagnie de Saint-Gobain	3,679	174,257	0.61
Total SA	5,165	283,347	1.00
Germany (9.30%)			
Axel Springer AG	1,762	123,715	0.44
BASF SE	4,500	174,855	0.62
Daimler AG - REG SHS	4,200	157,513	0.55
Deutsche Post AG - REG	22,100	368,451	1.30
Deutsche Postbank AG	7,100	157,161	0.55
Fraport AG	4,200	180,667	0.64
Hamburger Hafen und Logistik AG	5,700	190,222	0.67
Porsche Automobil Holding SE - PFD	2,065	162,079	0.57
QIAGEN NV	33,406	578,846	2.04
Siemens AG - REG	3,000	222,820	0.78
Stada Arzneimittel AG	11,200	323,712	1.14

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INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO

- BEA GLOBAL THEMES FUND (CONTINUED)

	Holding Shares/Units	Market value (US\$)	% of net assets
Listed/quoted investments (95.27%) (continued)			
Equities (91.02%) (continued)			
Hong Kong (5.31%)			
Cheung Kong (Holdings) Ltd	20,000	188,646	0.66
China Mobile Ltd	20,000	200,775	0.71
China Water Affairs Group Ltd	428,600	51,432	0.18
GOME Electrical Appliances Holdings Ltd	856,000	123,706	0.44
Industrial and Commercial Bank of China Ltd - H	268,000	141,090	0.50
Ping An Insurance (Group) Co of China Ltd - H	130,500	631,454	2.22
The Hongkong & Shanghai Hotels Ltd	224,728	169,054	0.60
Indonesia (0.16%)			
PT Bumi Resources Tbk	562,900	45,706	0.16
Italy (0.39%)			
Gemina SpA	214,594	111,189	0.39
Japan (4.47%)			
Central Japan Railway Co	16	137,797	0.49
Mitsui Fudosan Co Ltd	32,000	518,201	1.83
Mizuho Financial Group Inc	86	245,647	0.87
Toyota Motor Corp	11,500	363,917	1.28
Korea (0.97%)			
Daesang Corp	6,790	30,027	0.11
Samsung Electronics Co Ltd	679	243,666	0.86
Malaysia (0.74%)			
AMMB Holdings Bhd	296,000	209,323	0.74
Mexico (0.46%)			
Grupo Financiero Banorte SAB de CV	72,900	131,289	0.46

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO

- BEA GLOBAL THEMES FUND (CONTINUED)

	Holding Shares/Units	Market value (US\$)	% of net assets
Listed/quoted investments (95.27%) (continued)			
Equities (91.02%) (continued)			
Netherlands (0.49%)			
ArcelorMittal	5,843	140,046	0.49
Singapore (0.27%)			
Food Empire Holdings Ltd	301,600	71,432	0.25
Sunshine Holdings Ltd	401,000	6,983	0.02
Switzerland (5.63%)			
Julius Baer Holding AG - REG	6,266	237,315	0.84
Nestle SA - REG	7,608	301,107	1.06
Roche Holding AG - Genusschein	5,378	827,973	2.92
Swiss Re - REG	5,092	231,036	0.81
Thailand (0.25%)			
Seamico Securities PCL - F	733,700	27,468	0.10
Siam City Bank PCL - F	212,400	43,122	0.15
United Kingdom (6.59%)			
Aberdeen Asset Management PLC	163,325	280,895	0.99
Anglo American PLC	9,598	214,454	0.75
BHP Billiton PLC	7,413	137,456	0.48
G4S PLC	192,601	563,674	1.99
Gazprom OAO - Spon ADR	16,600	234,060	0.82
GlaxoSmithKline PLC	12,586	233,377	0.82
Globaltrans Investment PLC - Spon GDR REG S	17,499	24,499	0.09
Kazakhstan Kagazy PLC - GDR REG S	64,925	14,284	0.05
Novorossiysk Sea Trade Port - GDR REG S	13,850	83,100	0.29
Rosneft Oil Co - GDR	19,300	70,445	0.25
Steppe Cement Ltd	47,071	18,368	0.06
Tesco PLC	245	1,271	0.00

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO - BEA GLOBAL THEMES FUND (CONTINUED)

	Holding Shares/Units	Market value (US\$)	% of net assets
Listed/quoted investments (95.27%) (continued)			
Equities (91.02%) (continued)			
United States of America (49.88%)			
AGCO Corp	7,450	175,895	0.62
Altria Group Inc	21,300	320,778	1.13
America Movil SAB de CV - ADR Series L	12,750	394,358	1.39
Anadarko Petroleum Corp	5,500	212,190	0.75
Apache Corp	1,800	134,334	0.47
Autoliv Inc	4,900	104,909	0.37
Berkshire Hathaway Inc - CL A	4	383,200	1.35
Campbell Soup Co	6,700	200,799	0.71
Canadian National Railway Co	8,300	305,108	1.07
Cemex SAB de CV - Spon ADR PART CER	15,400	141,064	0.50
CNOOC Ltd - ADR	1,750	166,513	0.59
Companhia de Bebidas das Americas - PRF ADR	6,500	287,105	1.01
Companhia Vale do Rio Doce - ADR	36,400	439,712	1.55
ConocoPhillips	4,600	238,464	0.84
CSX Corp	5,900	191,573	0.67
CVS Caremark Corp	17,200	493,984	1.74
Expedia Inc	12,500	102,875	0.36
Exxon Mobil Corp	8,400	668,892	2.36
Fresh Del Monte Produce Inc	8,200	183,598	0.65
General Mills Inc	6,100	370,087	1.30
Google Inc - CL A	900	276,633	0.97
Grupo Aeroportuario del Pacifico SAB de CV - ADR	14,300	328,471	1.16
Grupo Televisa SA - Spon ADR	9,300	138,663	0.49
Hess Corp	1,300	69,784	0.25
Intrepid Potash Inc	5,900	122,425	0.43
Johnson & Johnson	3,900	233,142	0.82
Laboratory Corp of America Holdings	5,200	334,152	1.18
Lazard Ltd - CL A	13,000	385,580	1.36
Liberty Media Corp - Entertainment Ser A	10,100	176,245	0.62
Life Technologies Corp	9,300	216,039	0.76
Marathon Oil Corp	2,700	73,656	0.26
Mattel Inc	24,900	397,653	1.40
McCormick & Co Inc - NON VTG SHS	3,300	104,874	0.37
Microsoft Corp	27,300	530,712	1.87
Monster Worldwide Inc	13,600	163,608	0.58

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO - BEA GLOBAL THEMES FUND (CONTINUED)

	Holding Shares/Units	Market value (US\$)	% of net assets
Listed/quoted investments (95.27%) (continued)			
Equities (91.02%) (continued)			
United States of America (49.88%) (Continued)			
Mylan Inc	60,700	600,323	2.12
National-Oilwell Varco Inc	6,100	149,450	0.53
Oracle Corp	17,100	302,670	1.07
Owens-Illinois Inc	18,600	507,408	1.79
Petroleo Brasileiro SA - ADR	11,800	289,336	1.02
Pfizer Inc	47,900	852,620	3.00
Philip Morris International Inc	4,100	178,678	0.63
Schlumberger Ltd	5,000	211,850	0.75
Stryker Corp	6,450	257,807	0.91
Teva Pharmaceutical Industries Ltd - Spon ADR	10,300	436,823	1.54
The J M Smucker Co	1,800	78,138	0.28
Union Pacific Corp	4,800	229,488	0.81
Vimpel-Communications - Spon ADR	11,700	83,304	0.29
Wal-Mart Stores Inc	6,800	380,868	1.34
XTO Energy Inc	4,000	141,320	0.50
Yahoo! Inc	31,400	382,138	1.35
Total equities		<u>25,832,190</u>	<u>91.02</u>
Investment fund (2.48%)			
United States of America (2.48%)			
iShares Nasdaq Biotechnology Index Fund	10,000	<u>703,300</u>	<u>2.48</u>
Total investment fund		<u>703,300</u>	<u>2.48</u>

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO - BEA GLOBAL THEMES FUND (CONTINUED)

	Holdings Shares/Units	Market value (US\$)	% of net assets
Listed/quoted investments (95.27%) (continued)			
Derivatives (1.77%)			
Luxembourg (1.77%)			
Merrill-CW11 Bharti Tele Ltd 17/3/2011	34,200	<u>500,968</u>	<u>1.77</u>
Total derivatives		<u>500,968</u>	<u>1.77</u>
Total listed/quoted investments		<u>27,036,458</u>	<u>95.27</u>
Unlisted but quoted investments (0.51%)			
Derivatives (0.51%)			
Luxembourg (0.51%)			
Merrill Lynch Frontier Index TR	3,800	<u>144,476</u>	<u>0.51</u>
Total derivatives		<u>144,476</u>	<u>0.51</u>
Total unlisted but quoted investments		<u>144,476</u>	<u>0.51</u>
Total investments		<u>27,180,934</u>	<u>95.78</u>
Total investments at cost		<u>36,516,475</u>	

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO - BEA GLOBAL RESOURCES FUND

	Holdings Shares	Market value US\$	% of net assets
Listed/quoted investments (87.59%)			
Equities (87.59%)			
Australia (3.77%)			
BHP Billiton Ltd	12,304	259,117	2.51
Newcrest Mining Ltd	5,710	130,535	1.26
Austria (2.94%)			
Andritz AG	2,803	71,056	0.69
Schoeller-Bleckmann Oilfield Equipment AG	5,329	161,236	1.56
Voestalpine AG	3,368	71,228	0.69
Belgium (1.22%)			
Umicore	6,481	126,281	1.22
Canada (2.93%)			
Cameco Corp	2,044	35,214	0.34
Potash Corp of Saskatchewan Inc	3,011	221,660	2.15
Teck Cominco Ltd - CL B	9,288	45,751	0.44
France (4.17%)			
ArcelorMittal	8,342	201,119	1.95
Total SA	3,416	187,398	1.81
Vinci SA	1,016	42,701	0.41

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO

- BEA GLOBAL RESOURCES FUND (CONTINUED)

	Holdings Shares	Market value US\$	% of net assets
Listed/quoted investments (87.59%) (continued)			
Equities (87.59%) (continued)			
Germany (11.31%)			
Aixtron AG	14,717	98,145	0.95
BASF SE	3,608	140,195	1.36
Bayer AG	2,979	173,589	1.68
K + S AG	1,500	85,165	0.82
Linde AG	2,041	174,353	1.69
MAN AG	1,620	89,831	0.87
Norddeutsche Affinerie AG	4,033	159,382	1.54
Nordex AG	1,431	20,196	0.20
Siemens AG - REG	1,996	148,249	1.43
SMA Solar Technology AG	1,500	79,349	0.77
Greece (0.93%)			
Sidenor Steel Products Manufacturing Co SA	21,301	96,103	0.93
Ireland (1.13%)			
CRH PLC	4,591	116,511	1.13
Italy (0.64%)			
Saipem SpA	3,956	65,927	0.64

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO

- BEA GLOBAL RESOURCES FUND (CONTINUED)

	Holdings Shares	Market value US\$	% of net assets
Listed/quoted investments (87.59%) (continued)			
Equities (87.59%) (continued)			
Japan (10.47%)			
Asahi Kasei Corp	9,000	38,905	0.38
Daido Steel Co Ltd	4,000	11,838	0.11
JFE Holdings Inc	1,700	43,998	0.43
JGC Corp	4,000	57,992	0.56
JSR Corp	7,400	81,612	0.79
Mitsubishi Heavy Industries Ltd	21,000	91,942	0.89
Mitsubishi Rayon Co Ltd	15,000	44,558	0.43
Nippon Steel Corp	24,000	77,145	0.75
Shin-Etsu Chemical Co Ltd	3,400	153,381	1.48
Sumitomo Chemical Co Ltd	22,000	73,642	0.71
Sumitomo Metal Industries Ltd	49,000	117,857	1.14
Sumitomo Metal Mining Co Ltd	14,000	146,176	1.41
Tokyo Steel Manufacturing Co Ltd	13,900	143,592	1.39
Netherlands (1.50%)			
Akzo Nobel NV	3,035	125,975	1.22
SBM Offshore NV	2,190	28,867	0.28
Norway (1.11%)			
Frontline Ltd	4,000	114,411	1.11
Switzerland (0.96%)			
ABB Ltd - REG	6,726	99,093	0.96
United Kingdom (8.27%)			
Anglo American PLC	12,694	283,630	2.74
BHP Billiton PLC	26,620	493,604	4.78
British American Tobacco PLC	2,974	77,152	0.75

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO

- BEA GLOBAL RESOURCES FUND (CONTINUED)

	Holdings Shares	Market value US\$	% of net assets
Listed/quoted investments (87.59%) (continued)			
Equities (87.59%) (continued)			
United States of America (36.24%)			
Alcoa Inc	820	9,225	0.09
Burlington Northern Santa Fe Corp	1,223	92,642	0.90
Chart Industries Inc	5,524	58,554	0.57
Chevron Corp	3,490	257,492	2.49
Covidien Ltd	2,730	99,072	0.96
Devon Energy Corp	1,787	117,370	1.14
El du Pont de Nemours & Co	3,993	100,943	0.98
EnCana Corp	2,632	122,520	1.19
Exxon Mobil Corp	10,039	799,406	7.74
FedEx Corp	1,455	93,236	0.90
General Electric Co	17,232	278,641	2.70
Halliburton Co	5,893	107,017	1.03
Honeywell International Inc	2,264	74,237	0.72
Intrepid Potash Inc	8,100	168,075	1.63
Kinross Gold Corp	4,298	78,997	0.76
Monsanto Co	1,836	129,071	1.25
Newmont Mining Corp	2,791	113,761	1.10
Noble Corp	2,251	49,657	0.48
Praxair Inc	1,616	96,023	0.93
Rohm and Haas Co	1,260	77,893	0.75
Schlumberger Ltd	1,922	81,435	0.79
The Boeing Co	2,093	89,246	0.86
The Dow Chemical Co	3,636	54,940	0.53
Tyco International Ltd	2,730	58,832	0.57
United Parcel Service Inc - CL B	4,078	225,269	2.18
United Technologies Corp	2,522	135,078	1.31
Valero Energy Corp	1,775	38,482	0.37
Weyerhaeuser Co	1,272	38,847	0.38
XTO Energy Inc	1,824	64,442	0.62
Yamana Gold Inc	4,310	33,187	0.32
Total equities		9,049,251	87.59
Total listed/quoted investments		9,049,251	87.59
Total investments at cost		16,137,118	

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

INVESTMENT PORTFOLIO

- BEA ASIAN BOND AND CURRENCY FUND

	Normal value	Market value US\$	% of net assets
Listed/quoted investments (87.68%)			
Debt securities (87.68%)			
Denominated in US Dollar (87.68%)			
Bank Danamon Indonesia 30/03/2014 Callable-30/03/2009	1,830,000	1,640,138	6.75
Bank of East Asia Ltd 13/12/2015 Callable-14/12/2010	1,500,000	1,275,000	5.25
CLP Power HK Financing 6.25% 08/05/2012	1,000,000	1,048,000	4.32
Dah Sing MTN Financing LIBOR+0.29 01/12/2009	300,000	291,657	1.20
DBS Bank Singapore 7.125% 15/05/2011	2,000,000	2,086,380	8.59
HK Land Finance 7.00% 03/05/2011	1,000,000	1,016,420	4.19
Hutchison Whampoa Int 03/33 5.45% 24/11/2010	2,250,000	2,266,852	9.33
ICICI Bank Ltd Singapore 5.00% 18/08/2009	1,000,000	966,059	3.98
Overseas-Chinese Banking 06/09/2011	2,100,000	2,208,927	9.10
PCCW-HKT Capital Ltd MCPN 15/11/2011	2,000,000	2,008,480	8.27
Sing Telecommunications 01/12/2011	2,000,000	2,110,700	8.69
The Bank of Tokyo-Mitsubishi UFJ Ltd 7.40% 15/06/2011	2,000,000	2,085,600	8.59
TownGas China Co Ltd 8.25% 23/09/2011	2,391,000	2,288,211	9.42
Total debt securities		<u>21,292,424</u>	<u>87.68</u>
Total listed/quoted investments		<u>21,292,424</u>	<u>87.68</u>
Total investments at cost		<u>22,291,222</u>	

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS - BEA JAPAN GROWTH FUND

	Holdings as at 31 December 2007 Units	Additions Units	Disposals Units	Holdings as at 31 December 2008 Units
ipac Multi-Manager Japan Equity Fund - Class A	<u>2,079,158.71</u>	<u>-</u>	<u>326,970.22</u>	<u>1,752,188.49</u>
	Holdings as at 31 December 2006 Units	Additions Units	Disposals Units	Holdings as at 31 December 2007 Units
ipac Multi-Manager Japan Equity Fund - Class A	<u>4,203,080.59</u>	<u>-</u>	<u>2,123,921.88</u>	<u>2,079,158.71</u>

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (CONTINUED) - BEA GLOBAL THEMES FUND

	% of net assets	
	At 31 December 2008	At 31 December 2007
Australia	0.63	0.50
Austria	1.17	5.25
Belgium	-	0.85
Brazil	1.73	3.30
Canada	0.52	0.47
Denmark	-	1.53
Finland	-	0.30
France	2.06	2.41
Germany	9.30	10.31
Hong Kong	5.31	3.02
Indonesia	0.16	-
Italy	0.39	2.77
Japan	4.47	5.13
Korea	0.97	1.54
Luxembourg	2.28	0.69
Malaysia	0.74	0.52
Mexico	0.46	-
Netherlands	0.49	0.94
Norway	-	0.47
Poland	-	0.81
Portugal	-	0.48
Singapore	0.27	0.67
South Africa	-	1.48
Sweden	-	1.29
Switzerland	5.63	4.26
Thailand	0.25	0.34
Turkey	-	0.43
United Arab Emirates	-	1.43
United Kingdom	6.59	7.02
United States of America	52.36	34.70
	<u>95.78</u>	<u>92.91</u>
	=====	=====

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (CONTINUED)

- BEA GLOBAL RESOURCES FUND

	% of net assets	
	At 31 December 2008	At 5 March 2008 (date of establishment)
Australia	3.77	-
Austria	2.94	-
Belgium	1.22	-
Canada	2.93	-
France	4.17	-
Germany	11.31	-
Greece	0.93	-
Ireland	1.13	-
Italy	0.64	-
Japan	10.47	-
Netherlands	1.50	-
Norway	1.11	-
Switzerland	0.96	-
United Kingdom	8.27	-
United States of America	<u>36.24</u>	<u>-</u>
	<u>87.59</u>	<u>-</u>
	=====	=====

- BEA ASIAN BOND AND CURRENCY FUND

	% of net assets	
	At 31 December 2008	At 25 August 2008 (date of establishment)
United States Dollar	<u>87.68</u>	<u>-</u>
	=====	=====

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

PERFORMANCE TABLE

- BEA JAPAN GROWTH FUND

(a) Price record

Year/period	Lowest	Highest
2008	\$ 5.82	\$ 9.95
2007	\$ 9.30	\$ 11.09
2006	\$ 9.05	\$ 11.27

(b) Total net asset value

	2008	2007	2006
Total net asset value as at 31 December	\$15,587,821	\$26,613,651	\$55,917,256

(c) Net asset value per unit

	2008	2007	2006
Net asset value per unit as at 31 December	\$ 6.78	\$ 9.63	\$ 10.24

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

PERFORMANCE TABLE (CONTINUED)

- BEA GLOBAL THEMES FUND

(a) Price record

Year/period	Lowest	Highest
2008	\$ 4.48	\$ 10.36
2007	\$ 9.69	\$ 11.33

(b) Total net asset value

	2008	2007
Total net asset value as at 31 December	\$28,378,339	\$62,365,062

(c) Net asset value per unit

	2008	2007
Net asset value per unit as at 31 December	\$ 5.39	\$ 10.29

- BEA GLOBAL RESOURCES FUND

(a) Price record

Period	Lowest	Highest
2008	\$ 0.43	\$ 1.15

(b) Total net asset value

	2008
Total net asset value as at 31 December	\$10,331,355

(c) Net asset value per unit

	2008
Net asset value per unit as at 31 December	\$ 0.53

BANK OF EAST ASIA INVESTMENT SERIES

INVESTMENT REPORT (CONTINUED)

as at 31 December 2008

(Expressed in United States dollars)

PERFORMANCE TABLE (CONTINUED)

- BEA ASIAN BOND AND CURRENCY FUND

(a) Price record

Period	Lowest	Highest
2008		
Class A Accumulating	\$ 9.52	\$ 10.03
Class A Distributing	\$ 9.49	\$ 10.03

(b) Total net asset value

	2008
Total net asset value as at 31 December	
- Class A Accumulating	\$3,340,263
- Class A Distributing	\$20,944,564

(c) Net asset value per unit

	2008
Net asset value per unit as at 31 December	
- Class A Accumulating	\$ 9.82
- Class A Distributing	\$ 9.79

BANK OF EAST ASIA INVESTMENT SERIES
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
BANK OF EAST ASIA INVESTMENT SERIES ("THE FUND")

We have audited the financial statements of the sub-funds within the Fund ("the sub-funds") set out on pages 33 to 85 which comprise the statement of assets and liabilities as at 31 December 2008, and the income statement, the statement of changes in net assets attributable to unitholders and the cash flow statement for the year ended 31 December 2008 for BEA Japan Growth Fund and BEA Global Themes Fund, for the period from 5 March 2008 (date of establishment) to 31 December 2008 for BEA Global Resources Fund and for the period from 25 August 2008 (date of establishment) to 31 December 2008 for BEA Asian Bond and Currency Fund, and a summary of significant accounting policies and other explanatory notes.

Manager's and Trustee's responsibility for the financial statements

The Manager and the Trustee are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for ensuring that the financial statements comply with the relevant disclosure provisions of the Trust Deed, as amended, and the relevant disclosure requirements set out in Appendix E to the Hong Kong Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission ("the Code"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

**BANK OF EAST ASIA INVESTMENT SERIES
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
BANK OF EAST ASIA INVESTMENT SERIES ("THE FUND") (CONTINUED)**

Auditor's responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager and the Trustee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2008 and of its transactions and cash flows for the year ended 31 December 2008 for BEA Japan Growth Fund and BEA Global Themes Fund, for the period from 5 March 2008 (date of establishment) to 31 December 2008 for BEA Global Resources Fund and for the period from 25 August 2008 (date of establishment) to 31 December 2008 for BEA Asian Bond and Currency Fund in accordance with Hong Kong Financial Reporting Standards, and have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed, as amended, and the relevant disclosure requirements of the Code.

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
28 April 2009

BANK OF EAST ASIA INVESTMENT SERIES

INCOME STATEMENT

FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2008

(EXPRESSED IN UNITED STATES DOLLARS)

	Note	BEA Japan Growth Fund	
		2008	2007
Income			
Dividend income	2(c)	\$ -	\$ -
Interest on bank deposits	2(c)	646	5,904
Interest on debt securities	2(c)	-	-
		<u>\$ 646</u>	<u>\$ 5,904</u>
Expenses			
Investment management fees	8(c)	\$ 97,480	\$ 176,034
Trustee's fees	8(d)	26,676	48,789
Safe custody and bank charges		-	-
Auditors' remuneration		12,618	11,489
Registrar's fees	8(e)	10,671	19,483
Printing and publication expenses		2,876	6,447
Regulatory fees		819	1,057
Pre-operating expenses		-	-
Legal and professional fees		107	-
Other operating expenses		-	-
Transaction costs		-	-
		<u>\$ 151,247</u>	<u>\$ 263,299</u>
Net (loss)/gain for the year/period before investments and exchange (loss)/gain		<u>\$ (150,601)</u>	<u>\$ (257,395)</u>

The notes on pages 47 to 85 form part of these financial statements.

BEA Global Themes Fund		BEA Global Resources Fund		BEA Asian Bond and Currency Fund	
Period from 15 March 2007 (date of establishment) to 31 December 2007		Period from 5 March 2008 (date of establishment) to 31 December 2008		Period from 25 August 2008 (date of establishment) to 31 December 2008	
\$ 977,527	\$ 840,074	\$ 324,214	\$ -		
22,746	100,623	2,032	25,807		
-	-	-	379,860		
<u>\$ 1,000,273</u>	<u>\$ 940,697</u>	<u>\$ 326,246</u>	<u>\$ 405,667</u>		
\$ 702,655	\$ 735,448	\$ 209,256	\$ 70,620		
81,976	85,802	24,413	11,770		
134,561	149,938	10,957	2,953		
11,954	10,639	11,612	14,193		
23,263	23,885	6,975	4,708		
2,876	3,139	1,583	925		
823	1,058	823	242		
-	35,191	27,452	26,039		
507	2,938	6,865	573		
3,357	1,099	246	-		
338,842	392,861	28,820	-		
<u>\$ 1,300,814</u>	<u>\$ 1,441,998</u>	<u>\$ 329,002</u>	<u>\$ 132,023</u>		
\$ (300,541)	\$ (501,301)	\$ (2,756)	\$ 273,644		

BANK OF EAST ASIA INVESTMENT SERIES

INCOME STATEMENT

FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2008 (CONTINUED)
(EXPRESSED IN UNITED STATES DOLLARS)

	Note	BEA Japan Growth Fund	
		2008	2007
Net (loss)/gain on investments and exchange			
Net realised (loss)/gain on sale of investments	2(e)	\$ (842,001)	\$ 912,080
Net movement in unrealised loss on investments	2(e)	(6,327,595)	(1,788,474)
Exchange (loss)/gain	2(f)	(79)	39
		<u>\$ (7,169,675)</u>	<u>\$ (876,355)</u>
(Losses)/profits before tax		\$ (7,320,276)	\$ (1,133,750)
Overseas withholding tax		<u>-</u>	<u>-</u>
(Losses)/profits after tax		\$ (7,320,276)	\$ (1,133,750)
Distribution to unitholders	7	<u>-</u>	<u>-</u>
Change in net assets attributable to unitholders		<u><u>\$ (7,320,276)</u></u>	<u><u>\$ (1,133,750)</u></u>

The notes on pages 47 to 85 form part of these financial statements.

	BEA Global Themes Fund	BEA Global Resources Fund	BEA Asian Bond and Currency Fund	
	Period from 15 March 2007 (date of establishment) to 31 December 2007	Period from 5 March 2008 (date of establishment) to 31 December 2008	Period from 25 August 2008 (date of establishment) to 31 December 2008	
\$	(21,633,977)	\$ 4,212,621	\$ (1,120,309)	\$ (7,775)
	(4,304,181)	(4,483,175)	(5,898,198)	(908,897)
	(1,068,389)	2,668,443	(1,961,700)	(32)
	<u>(27,006,547)</u>	<u>2,397,889</u>	<u>(8,980,207)</u>	<u>(916,704)</u>
\$	(27,307,088)	\$ 1,896,588	\$ (8,982,963)	\$ (643,060)
	(171,563)	(178,840)	(62,461)	-
\$	(27,478,651)	\$ 1,717,748	\$ (9,045,424)	\$ (643,060)
	-	-	-	(68,996)
\$	<u>(27,478,651)</u>	<u>1,717,748</u>	<u>(9,045,424)</u>	<u>(712,056)</u>

BANK OF EAST ASIA INVESTMENT SERIES

STATEMENT OF ASSETS AND LIABILITIES AT 31 DECEMBER 2008 (EXPRESSED IN UNITED STATES DOLLARS)

		BEA Japan Growth Fund	
	Note	2008	2007
Assets			
Investments	2(e), 4	\$ 15,541,912	\$ 26,176,609
Dividend receivables		-	-
Amounts receivable from sale of investments		59,000	-
Interest receivables		33	-
Bank balances		<u>68,284</u>	<u>589,208</u>
Total assets		<u>\$ 15,669,229</u>	<u>\$ 26,765,817</u>
Liabilities			
Amounts payable on redemption		\$ 59,981	\$ 126,033
Amounts payable for purchase of investments		-	-
Accruals and other payables		<u>21,427</u>	<u>26,133</u>
Total liabilities		<u>\$ 81,408</u>	<u>\$ 152,166</u>
Net assets attributable to unitholders	6	<u>\$ 15,587,821</u>	<u>\$ 26,613,651</u>

The notes on pages 47 to 85 form part of these financial statements.

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
\$ 27,180,934	\$ 58,047,360	\$ 9,049,251	\$ 21,292,424
57,192	40,728	8,830	-
487,853	-	-	98,338
83	-	63	284,872
<u>2,150,655</u>	<u>5,431,769</u>	<u>1,302,392</u>	<u>2,660,133</u>
<u>\$ 29,876,717</u>	<u>\$ 63,519,857</u>	<u>\$ 10,360,536</u>	<u>\$ 24,335,767</u>
\$ 3,650	\$ 512,118	\$ -	\$ 15,003
1,419,801	511,770	-	-
<u>74,927</u>	<u>130,907</u>	<u>29,181</u>	<u>35,937</u>
<u>\$ 1,498,378</u>	<u>\$ 1,154,795</u>	<u>\$ 29,181</u>	<u>\$ 50,940</u>
<u>\$ 28,378,339</u>	<u>\$ 62,365,062</u>	<u>\$ 10,331,355</u>	<u>\$ 24,284,827</u>

BANK OF EAST ASIA INVESTMENT SERIES

STATEMENT OF ASSETS AND LIABILITIES AT 31 DECEMBER 2008 (CONTINUED) (EXPRESSED IN UNITED STATES DOLLARS)

	Note	BEA Japan Growth Fund	
		2008	2007
Number of units in issue - Class A	2(i), 5	2,298,811.20	2,763,457.57
Net asset value per unit ⁽¹⁾ - Class A		\$ 6.78	\$ 9.63
Number of units in issue - Class A Accumulating	2(i), 5	-	-
Net asset value per unit ⁽¹⁾ - Class A Accumulating		\$ -	\$ -
Number of units in issue - Class A Distributing	2(i), 5	-	-
Net asset value per unit ⁽¹⁾ - Class A Distributing		\$ -	\$ -

⁽¹⁾ The net asset value per unit is rounded down to 2 decimal places in accordance with Explanatory Memorandum.

Approved and authorised for issue by the Trustee and the Manager on

)	
)	For and on behalf of
)	Bank of East Asia (Trustees) Limited
)	
)	
)	For and on behalf of
)	BEA Union Investment Management Limited
)	

The notes on pages 47 to 85 form part of these financial statements.

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
5,261,989.06	6,057,318.36	19,217,026.82	
\$ 5.39	\$ 10.29	\$ 0.53	\$ -
-	-	-	339,938.77
\$ -	\$ -	\$ -	\$ 9.82
-	-	-	2,137,345.01
\$ -	\$ -	\$ -	\$ 9.79

BANK OF EAST ASIA INVESTMENT SERIES

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2008 (EXPRESSED IN UNITED STATES DOLLARS)

	Note	BEA Japan Growth Fund 2008	2007
Net assets attributable to unitholders at 1 January		\$ 26,613,651	\$ 55,917,256
Subscription of units during the year/period		79,980	991,981
Redemption of units during the year/period		<u>(3,785,534)</u>	<u>(29,161,836)</u>
		\$ 22,908,097	\$ 27,747,401
Change in net assets attributable to unitholders for the year/period		<u>(7,320,276)</u>	<u>(1,133,750)</u>
Net assets attributable to unitholders at 31 December		<u>\$ 15,587,821</u>	<u>\$ 26,613,651</u>

The notes on pages 47 to 85 form part of these financial statements.

	BEA Global Themes Fund	BEA Global Resources Fund	BEA Asian Bond and Currency Fund
	Period from 15 March 2007 (date of establishment) to 31 December 2007	Period from 5 March 2008 (date of establishment) to 31 December 2008	Period from 25 August 2008 (date of establishment) to 31 December 2008
	2008		
\$	62,365,062	\$ -	\$ -
	506,829	28,338,577	33,168,448
	(7,014,901)	(8,961,798)	(8,171,565)
\$	55,856,990	\$ 19,376,779	\$ 24,996,883
	(27,478,651)	(9,045,424)	(712,056)
\$	<u>28,378,339</u>	\$ <u>10,331,355</u>	\$ <u>24,284,827</u>

BANK OF EAST ASIA INVESTMENT SERIES

CASH FLOW STATEMENT

FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2008

(EXPRESSED IN UNITED STATES DOLLARS)

	BEA Japan Growth Fund	
	2008	2007
Operating activities		
Change in net assets attributable to unitholders for the year/period	\$ (7,320,276)	\$ (1,133,750)
Realised loss/(gain) on sale of investments	842,001	(912,080)
Unrealised loss on investments	6,327,595	1,788,474
Interest on bank deposits	(646)	(5,904)
Interest on debt securities	-	-
Dividend income	-	-
Overseas withholding tax	-	-
Exchange loss/(gain) on investments	-	-
Distribution to unitholders	-	-
(Decrease)/increase in accruals and other payables	(4,706)	(14,305)
Net cash outflow from operating activities	\$ (156,032)	\$ (277,565)
Investing activities		
Purchase of investments	\$ -	\$ -
Sale of investments	3,406,101	29,330,000
Interest received from bank deposits	613	5,904
Interest received from debt securities	-	-
Dividend received	-	-
Net cash inflow/(outflow) from investing activities	\$ 3,406,714	\$ 29,335,904

The notes on pages 47 to 85 form part of these financial statements.

BEA Global Themes Fund	BEA Global Resources Fund	BEA Asian Bond and Currency Fund	
Period from 15 March 2007 (date of establishment) to 31 December 2008	Period from 5 March 2008 (date of establishment) to 31 December 2008	Period from 25 August 2008 (date of establishment) to 31 December 2008	
\$ (27,478,651) 21,633,977 4,304,181 (22,746) - (977,527) 171,563 654,979 - <u>(56,306)</u>	\$ 1,717,748 (4,212,621) 4,483,175 (100,623) - (840,074) 178,840 (3,012,159) - <u>121,559</u>	\$ (9,045,424) 1,120,309 5,898,198 (2,032) - (324,214) 62,461 1,850,387 - <u>26,824</u>	\$ (712,056) 7,775 908,897 (25,807) (379,860) - - - 68,996 <u>35,937</u>
<u>\$ (1,770,530)</u>	<u>\$ (1,664,155)</u>	<u>\$ (413,491)</u>	<u>\$ (96,118)</u>
\$ (108,023,874) 112,717,341 22,663 - <u>789,826</u>	\$ (161,353,762) 106,559,777 100,623 - <u>629,854</u>	\$ (22,955,793) 5,037,648 1,969 - <u>255,280</u>	\$ (22,646,248) 248,913 25,180 185,516 <u>-</u>
<u>\$ 5,505,956</u>	<u>\$ (54,063,508)</u>	<u>\$ (17,660,896)</u>	<u>\$ (22,186,639)</u>

BANK OF EAST ASIA INVESTMENT SERIES

CASH FLOW STATEMENT

FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2008 (CONTINUED)
(EXPRESSED IN UNITED STATES DOLLARS)

	BEA Japan Growth Fund	
	2008	2007
Financing activities		
Proceeds on subscription of units	\$ 79,980	991,981
Payments on redemption of units	(3,851,586)	(29,603,697)
Payments on distribution	-	-
	<u>-</u>	<u>-</u>
Net cash (outflow)/inflow from financing activities	<u>\$ (3,771,606)</u>	<u>(28,611,716)</u>
Net (decrease)/increase in cash and cash equivalents	\$ (520,924)	\$ 446,623
Cash and cash equivalents at the beginning of the year/period	<u>589,208</u>	<u>142,585</u>
Cash and cash equivalents at the end of the year/period	<u><u>\$ 68,284</u></u>	<u><u>\$ 589,208</u></u>

The notes on pages 47 to 85 form part of these financial statements.

	BEA Global Themes Fund	BEA Global Resources Fund	BEA Asian Bond and Currency Fund
	Period from 15 March 2007 (date of establishment) to 31 December 2007	Period from 5 March 2008 (date of establishment) to 31 December 2008	Period from 25 August 2008 (date of establishment) to 31 December 2008
\$	506,829 (7,523,369)	91,248,583 (30,089,151)	\$ 28,338,577 (8,961,798)
	-	-	\$ 33,168,448 (8,156,562) (68,996)
	<u>(7,016,540)</u>	<u>61,159,432</u>	<u>\$ 19,376,779</u>
\$	(3,281,114)	\$ 5,431,769	\$ 24,942,890
	5,431,769	-	-
\$	<u><u>2,150,655</u></u>	<u><u>\$ 5,431,769</u></u>	<u><u>\$ 1,302,392</u></u>
			<u><u>\$ 2,660,133</u></u>

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS

(Expressed in United States dollars)

1 The Fund

Bank of East Asia Investment Series (“the Fund”) is an umbrella unit trust established in Hong Kong pursuant to a trust deed dated 18 January 2002 and supplemental trust deeds dated 17 February 2006, 30 January 2007, 8 January 2008, 3 July 2008 and 4 July 2008. There are four sub-funds created under the Fund as at 31 December 2008. These sub-funds were established on the date set out below:

Name of sub-funds	Establishment date
BEA Japan Growth Fund	20 February 2006
BEA Global Themes Fund	15 March 2007
BEA Global Resources Fund	5 March 2008
BEA Asian Bond and Currency Fund	25 August 2008

The sub-funds are authorised by the Hong Kong Securities and Futures Commission under Section 104 of the Hong Kong Securities and Futures Ordinance. They are governed by the relevant provisions of the Hong Kong Code on Unit Trusts and Mutual Funds.

The Trust Deed does not contain any requirement that a combined set of financial statements for the Fund itself be prepared.

2 Significant accounting policies

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed, as amended, the relevant provisions of the Hong Kong Code on Unit Trusts and Mutual Funds and other guidelines issued by the Hong Kong Securities and Futures Commission. A summary of the significant accounting policies adopted by the Fund is set out below.

(b) Basis of preparation of the financial statements

The financial statements are presented in United States dollars and rounded to the nearest dollar.

The measurement basis used in the preparation of the financial statements is historical cost except that financial instruments classified as designated at fair value through profit or loss are stated at their fair value as explained in the accounting policies set out below.

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

2 Significant accounting policies (continued)

(b) Basis of preparation of the financial statements (continued)

The financial statements are prepared on a fair value basis for financial assets and liabilities at fair value through profit or loss and derivative financial instruments. Other financial assets and financial liabilities are stated at amortised cost or redemption amount.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been applied consistently by the Fund and are consistent with those used in the previous year/period.

(c) Revenue recognition

Provided it is probable that the economic benefits will flow to the Fund and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividends or distributions from other investments are recognised in the income statement as dividend income when declared. In some cases, the Fund may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases, the Fund recognises the dividend income for the amount of the equivalent cash dividend with the corresponding debit treated as an additional investment.

(ii) Interest income

Interest income is recognised in the income statement as it accrues, using the effective interest method. Interest income on debt securities at fair value through profit or loss is accrued using the original effective interest rate and classified to the interest on debt securities line item within the income statement.

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

2 Significant accounting policies (continued)

(d) Fees and expenses

Expenses are recognised in the income statement on an accruals basis.

Investment management, trustee's and registrar's fees are paid on a monthly basis.

(e) Financial instruments

(i) Classification

The Fund has designated all investments into the financial assets at fair value through profit or loss category upon initial recognition. This category comprises financial instruments held for trading, which are instruments that the Fund has acquired principally for the purpose of short-term profit-taking.

All derivatives are classified as held for trading. Derivatives in a net receivable position (positive fair value) are reported as financial assets. All derivatives in a net payable position (negative fair value) are reported as financial liabilities.

Financial assets that are classified as loans and receivables include amounts receivable from sale of investments and interest receivables.

Financial liabilities that are not at fair value through profit or loss include amounts payable on redemption, amounts payable for purchase of investments and accruals and other payables.

(ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed its obligations under the contract or the contract is a derivative contract not exempted from the scope of HKAS 39, Financial Instruments: Recognition and Measurement.

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

2 Significant accounting policies (continued)

(e) Financial instruments (continued)

(iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transactions costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the income statement.

Financial assets classified as receivables are carried at amortised cost using the effective interest method, less impairment losses, if any.

Financial liabilities other than those at fair value through profit or loss are measured at amortised cost using the effective interest method. Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the date of the statement of assets and liabilities without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices. Investments in collective investment schemes are recorded at the realisation price per unit as reported by managers of such funds.

(v) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each date of the statement of assets and liabilities to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the income statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement.

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

2 Significant accounting policies (continued)

(e) Financial instruments (continued)

(vi) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with HKAS 39, Financial Instruments: Recognition and Measurement.

The Fund uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(vii) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of assets and liabilities when the Fund has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

(f) Translation of foreign currencies

Foreign currency transactions during the year/period are translated into United States dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at the foreign exchange rates ruling at the year/period end date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into United States dollars using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into United States dollars using the foreign exchange rates ruling at the dates the fair value was determined.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary and non-monetary assets and liabilities are recognised in the income statement.

(g) Related parties

For the purposes of these financial statements, a party is considered to be related to the Fund if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Fund or exercise significant influence over the Fund in making financial and operating policy decisions, or has joint control over the Fund;

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

2 Significant accounting policies (continued)

(g) Related parties (continued)

- (ii) the Fund and the party are subject to common control;
- (iii) the party is a subsidiary, an associate of the Fund or a joint venture in which the Fund is a venturer;
- (iv) the party is a member of key management personnel of the Fund, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; or
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Fund.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(i) Units in issue

All units issued by the Fund provide its unitholders with the right to require redemption for cash at the value proportionate to the unitholders' share in the Fund's net assets at the redemption date. In accordance with HKAS 32, Financial Instruments: Disclosure and Presentation, such rights give rise to a financial liability to the Fund which is shown as "net assets attributable to unitholders" in the statement of assets and liabilities.

3 Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Fund. The Fund has not applied any new or revised standard or interpretation that is not yet effective for the current accounting period (see note 14).

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

4 Investments

	BEA Japan Growth Fund	
	2008	2007
Listed/quoted investment funds	\$ 15,541,912	\$ 26,176,609
Listed equities	-	-
Listed/quoted debt securities	-	-
Listed/quoted derivatives	-	-
	<u>\$ 15,541,912</u>	<u>\$ 26,176,609</u>
Investments, at cost	\$ 23,081,164	\$ 27,388,266
Amortised premium	-	-
Net unrealised depreciation in value of investments	<u>(7,539,252)</u>	<u>(1,211,657)</u>
Investments, at market value	<u>\$ 15,541,912</u>	<u>\$ 26,176,609</u>

For BEA Japan Growth Fund, the carrying value of investments as at 31 December 2008 represented 47.70% (2007: 53.94%) of net asset value of ipac Multi-Manager Japan Equity Fund.

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
\$ 703,300	\$ 1,386,819	\$ -	\$ -
25,832,190	56,660,541	9,049,251	-
-	-	-	21,292,424
<u>645,444</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 27,180,934</u>	<u>\$ 58,047,360</u>	<u>\$ 9,049,251</u>	<u>\$ 21,292,424</u>
\$ 36,516,475	\$ 61,023,755	\$ 16,137,118	\$ 22,291,222
-	-	-	(89,901)
<u>(9,335,541)</u>	<u>(2,976,395)</u>	<u>(7,087,867)</u>	<u>(908,897)</u>
<u>\$ 27,180,934</u>	<u>\$ 58,047,360</u>	<u>\$ 9,049,251</u>	<u>\$ 21,292,424</u>

BANK OF EAST ASIA INVESTMENT SERIES
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
(Expressed in United States dollars)

5 Units in issue and redeemed

	BEA Japan Growth Fund	
	2008	2007
Class A		
Number of units in issue at 1 January	2,763,457.57	5,458,595.23
Units issued during the year/period	9,273.31	98,136.10
Units redeemed during the year/period	<u>(473,919.68)</u>	<u>(2,793,273.76)</u>
Number of units in issue at 31 December	<u>2,298,811.20</u>	<u>2,763,457.57</u>
Class A Accumulating		
Number of units in issue at 1 January	-	-
Units issued during the year/period	-	-
Units redeemed during the year/period	<u>-</u>	<u>-</u>
Number of units in issue at 31 December	<u>-</u>	<u>-</u>
Class A Distributing		
Number of units in issue at 1 January	-	-
Units issued during the year/period	-	-
Units redeemed during the year/period	<u>-</u>	<u>-</u>
Number of units in issue at 31 December	<u>-</u>	<u>-</u>

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
6,057,318.36	-	-	-
56,147.56	8,892,466.28	28,312,760.98	-
(851,476.86)	(2,835,147.92)	(9,095,734.16)	-
<u>5,261,989.06</u>	<u>6,057,318.36</u>	<u>19,217,026.82</u>	<u>-</u>
=====	=====	=====	=====
-	-	-	-
-	-	-	510,416.83
-	-	-	(170,478.06)
<u>-</u>	<u>-</u>	<u>-</u>	<u>339,938.77</u>
=====	=====	=====	=====
-	-	-	-
-	-	-	2,806,982.27
-	-	-	(669,637.26)
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,137,345.01</u>
=====	=====	=====	=====

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

6 Net asset value for the Fund

The Trustee and the Manager would like to highlight that the net asset value presented in the financial statements and that quoted for pricing purposes at the year/period end ("Dealing NAV") are different due to the principles for calculating the Dealing NAV as set out in the Explanatory Memorandum document being different from that required for financial reporting purposes under HKFRSs. The following reconciliation provides details of these differences:

	BEA Japan Growth Fund	
	2008	2007
NAV as reported in the financial statements as at 31 December	\$ 15,587,821	\$ 26,613,651
Use of latest available traded pricing instead of bid pricing in valuing investment	-	-
	\$ 15,587,821	\$ 26,613,651
Dealing NAV as at 31 December	\$ 15,587,821	\$ 26,613,651

7 Distribution attributable to the period

	Period from 25 August 2008 (date of establishment) to 31 December 2008
BEA Asian Bond and Currency	
0.02693 per unit on 2,562,040.87 units on 14 October 2008	\$ <u>68,996</u>

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
\$ 28,378,339	\$ 62,365,062	\$ 10,331,355	\$ 24,284,827
<u>90,075</u>	<u>113,936</u>	<u>16,260</u>	<u>157,768</u>
<u><u>\$ 28,468,414</u></u>	<u><u>\$ 62,478,998</u></u>	<u><u>\$ 10,347,615</u></u>	<u><u>\$ 24,442,595</u></u>

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

8 Transactions with related parties

The following is a summary of transactions with related parties during the year/period. All such transactions were entered into the ordinary course of business and on normal commercial terms.

- (a) Bank accounts are maintained with The Bank of East Asia, Limited which is the ultimate holding company of BEA Union Investment Management Limited, the Manager. The balances of these accounts and the interest income arising therefrom are set out below:

	BEA Japan Growth Fund	
	2008	2007
(i) Cash held with the related party at the year/period end	\$ 68,284	\$ 589,208
(ii) Interest income arising from cash held with the related party for the year/period	===== 646	===== 5,904

	BEA Global Themes Fund		BEA Global Resources Fund		BEA Asian Bond and Currency Fund		
	Period from 15 March 2007 (date of establishment) to 31 December 2007		Period from 5 March 2008 (date of establishment) to 31 December 2008		Period from 25 August 2008 (date of establishment) to 31 December 2008		
\$	281,885	\$	619,537	\$	605,260	\$	2,373,431
	<u>814</u>		<u>17,021</u>		<u>913</u>		<u>25,478</u>

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

8 Transactions with related parties (continued)

(b) The Bank of East Asia (Nominees) Limited and BEA (China) Limited, fellow subsidiaries of the Manager, held the following units of the sub-funds as at year/period end on behalf of their clients.

	BEA Japan Growth Fund	
	2008	2007
BEA (Nominees) Limited		
- Class A	2,298,811.20	2,763,457.57
- Class A Accumulating	-	-
- Class A Distributing	-	-
	<u>2,298,811.20</u>	<u>2,763,457.57</u>
	=====	=====
BEA (China) Limited		
- Class A	-	-
- Class A Accumulating	-	-
- Class A Distributing	-	-
	<u>-</u>	<u>-</u>
	=====	=====

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
4,252,284.96	4,948,350.71	18,549,074.25	-
-	-	-	336,888.33
-	-	-	2,137,345.01
<u>4,252,284.96</u>	<u>4,948,350.71</u>	<u>18,549,074.25</u>	<u>2,474,233.34</u>
1,009,704.10	1,108,967.65	667,952.57	-
-	-	-	3,050.44
-	-	-	-
<u>1,009,704.10</u>	<u>1,108,967.65</u>	<u>667,952.57</u>	<u>3,050.44</u>

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

8 Transactions with related parties (continued)

- (c) The Manager of the Fund is BEA Union Management Limited which is entitled to receive investment management fees, determined at the rates stated below on the net asset value of each sub-fund, accrued on and calculated at each dealing day. The investment management fees are payable monthly in arrears.

The rates of investment management fees charged to each individual sub-fund are as follows:

	Rate per annum
BEA Global Themes Fund	1.50%
BEA Global Resources Fund	1.50%
BEA Asian Bond and Currency Fund	0.75%

For BEA Japan Growth Fund, the Manager received investment management fees determined at 1.50% per annum on the net asset value of the sub-fund, less a management fee determined at 1.05% per annum of the investment charged by the manager of the underlying fund, which is AXA Investment Managers Asia Limited, accrued on and calculated at each dealing day.

The investment management fees charged for the year/period for each sub-fund are disclosed in the income statement. As at 31 December, investment management fees payable for each sub-fund is as below:

	BEA Japan Growth Fund	
	2008	2007
Investment management fees payable	\$ <u>6,174</u>	\$ <u>10,571</u>

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
\$ <u>36,894</u>	\$ <u>78,969</u>	\$ <u>12,936</u>	\$ <u>16,594</u>

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

8 Transactions with related parties (continued)

(d) The Trustee of the Fund is Bank of East Asia (Trustees) Limited, which is entitled to receive trustee's fees, determined at the rates stated below on the net asset value of each sub-fund, accrued on and calculated at each dealing day. The trustee's fees are payable monthly in arrears.

The rates of trustee's fees charged to each individual sub-fund are as follows:

	Rate per annum
BEA Japan Growth Fund	0.125%
BEA Global Themes Fund	0.175%
BEA Global Resources Fund	0.175%
Asian Bond and Currency Fund	0.125%

The trustee's fees charged for the year/period for each sub-fund are disclosed in the income statement. As at 31 December, trustee's fees payable for each sub-fund is as below:

	BEA Japan Growth Fund	
	2008	2007
Trustee's fees payable	\$ <u>1,704</u>	\$ <u>2,840</u>

(e) Bank of East Asia (Trustees) Limited also acts as registrar and is entitled to receive registrar's fees. The fees are payable monthly in arrears at the higher of (i) and (ii) below:

(i)	Fee rate per annum accrued on a daily basis
Net asset value	
First \$50 million	0.05%
Next \$10 million	0.045%
Next \$10 million	0.04%
Next \$10 million	0.035%
Next \$10 million	0.03%
Next \$10 million	0.025%
Remainder	0.015%

(ii) A minimum of \$3,000 per annum.

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
\$ 4,304	\$ 9,213	\$ 1,509	\$ 2,765

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

8 Transactions with related parties (continued)

(e) (continued)

The registrar's fees charged for the year/period for each sub-fund are disclosed in the income statement. As at 31 December, registrar's fees payable for each sub-fund is as below:

	BEA Japan Growth Fund	
	2008	2007
Registrar's fees payable	\$ <u>681</u>	\$ <u>1,136</u>

9 Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the income of the Fund is exempt from taxation under S26A(1A) of the Hong Kong Inland Revenue Ordinance.

10 Soft commission arrangements

During the year/period, the Fund had no soft commission arrangements with the brokers.

11 Contingent liabilities

The Fund had no contingent liabilities as at 31 December 2008 and 2007.

12 Fair value information

The Fund's financial instruments are measured at fair value on the statement of assets and liabilities. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including amounts receivable from sale of investments, amounts payable on redemption, amounts payable for purchase of investments and accruals and other payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
\$ <u>1,230</u>	\$ <u>2,573</u>	\$ <u>431</u>	\$ <u>1,106</u>

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

13 Financial instruments and associated risks

The Fund maintains positions in a variety of financial instruments as dictated by its investment management strategy. The Fund's investment portfolio comprises quoted equity investments, quoted debt securities, quoted derivatives, and investments in other quoted funds that it intends to hold for an indefinite period of time.

Asset allocation is determined by the Fund's Manager who manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Fund's Manager. In instances where the portfolio has diverged from target asset allocations, the Fund's Manager will rebalance the portfolio to fall in line with the target asset allocations.

The nature and extent of the financial instruments outstanding at the date of the statement of assets and liabilities and the risk management policies employed by the Fund are discussed below.

(a) Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and price risk. The Fund's strategy on the management of investment risk is driven by the Fund's investment objective.

The investment objective of the BEA Japan Growth Fund is to achieve long term capital growth through investing in a Japan equity fund (ipac Multi-Manager Japan Equity Fund) managed by reputable specialist fund manager and aiming to provide high capital growth over the long term by investing in Japanese equities.

The investment objective of the BEA 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 investment adviser of this fund is Deutsche Investment Management Americas Inc.

The investment objective of the BEA Global Resources 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, equity deposits, equity linked notes and debt securities convertible into common stocks with a business focus on mining, agriculture, forestry, extraction of energy, oil and gas, exploration, processing and distribution, commodity-related industries, recycling, and renewable energy. The investment adviser of the fund is Union Investment Institutional GmbH.

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

13 Financial instruments and associated risks (continued)

(a) Market risk (continued)

The investment objective of Asian Bond and Currency Fund is to capture regular interest income, capital gains and currency appreciation by an actively managed portfolio of debt securities denominated in Asian or other currencies and primarily issued by Asian governments and corporate entities. Debt securities invested by the Fund may include convertible, non-convertible, exchangeable, or non-exchangeable debt securities; fixed and floating rate bonds; zero coupons and discount bonds; transferable notes; commercial papers; certificates of deposit of variable or fixed interest rates listed, traded, or dealt in regulated markets or exchanges; as well as money market instruments, unit trusts and cash.

The Fund's market risk is managed on a regular basis by the Manager in accordance with policies and procedures in place. The Fund's overall market position is monitored on a yearly basis by the Trustee. Details of the nature of the Fund's investment portfolio at the date of the statement of assets and liabilities are disclosed in Investment Portfolio Statements of the Investment Report.

(b) Price risk

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Fund's financial instruments are carried at fair value with fair value changes recognised in the income statement, all changes in market conditions will directly affect net investment income.

The breakdown of investment assets held by the Fund is shown in note 4.

Each sub-fund's market risk is managed through (i) deliberate securities selection and (ii) diversification of the investment portfolio. The Manager monitors all sub-funds' market positions on a daily basis.

BANK OF EAST ASIA INVESTMENT SERIES
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
(Expressed in United States dollars)

13 Financial instruments and associated risks (continued)

(b) Price risk (continued)

Sensitivity analysis

The Manager projected the possible movement in underlying fund price/benchmark indices of each sub-fund based on historical experience. If the underlying fund price/benchmark indices had changed by the following percentages, which are based on the Manager's best estimate of potential movement of the underlying fund price/benchmark indices, as at the date of the statement of assets and liabilities, with all other variables held constant, it is estimated that the net assets attributable to unitholders and the change in net assets attributable to unitholders would have changed accordingly as shown below. An equal change in the opposite direction would have changed the net assets attributable to unitholders by an equal but opposite amount. The approach to this analysis is the same for 2008 and 2007.

As at 31 December

	BEA Japan Growth Fund	
	2008	2007
Benchmark selected	Underlying fund price-	Underlying fund price-
	Ipac Multi-Manager Fund	Ipac Multi-Manager Fund
Movement in the year/period	-29.55%	-5.41%
Change in net assets attributable to unitholders if investment value had (decreased)/increased by the above percentage	\$(4,592,635) =====	\$(1,416,155) =====

(c) Interest rate risk

The Fund is exposed to the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Manager monitors all sub-funds' interest sensitivity positions on a monthly basis.

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
Benchmark index-	Benchmark index-	Benchmark indices-	Benchmark index-
		50% MSCI World Materials	HSBC Asia Local
		25% MSCI World Energy	Currency Bond
MSCI World Index	MSCI World Index	25% MSCI World Industrials	Index
-42.20%	11.67%	-40.83%	2.50%
\$(11,470,354)	\$6,774,127	\$(3,694,809)	\$532,311
=====	=====	=====	=====

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

13 Financial instruments and associated risks (continued)

(c) Interest rate risk (continued)

The following table details the Fund's exposure to interest rate risk. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities.

As at 31 December

	BEA Japan Growth Fund	
	2008	2007
Assets		
Investments		
-1 year or less	\$ -	\$ -
-over 1 year to 5 years	-	-
-non-interest bearing	<u>15,541,912</u>	<u>26,176,609</u>
Sub-total	<u>\$ 15,541,912</u>	<u>\$ 26,176,609</u>
Dividend receivables		
-non-interest bearing	<u>\$ -</u>	<u>\$ -</u>
Sub-total	<u>\$ -</u>	<u>\$ -</u>
Amounts receivable from sale of investments		
-non-interest bearing	<u>\$ 59,000</u>	<u>\$ -</u>
Sub-total	<u>\$ 59,000</u>	<u>\$ -</u>
Interest receivables		
-non-interest bearing	<u>\$ 33</u>	<u>\$ -</u>
Sub-total	<u>\$ 33</u>	<u>\$ -</u>
Bank balances		
-1 year or less	<u>\$ 68,284</u>	<u>\$ 589,208</u>
Sub-total	<u>\$ 68,284</u>	<u>\$ 589,208</u>
Total assets	<u><u>\$ 15,669,229</u></u>	<u><u>\$ 26,765,817</u></u>

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
\$ -	\$ -	\$ -	\$ 2,897,854
-	-	-	18,394,570
<u>27,180,934</u>	<u>58,047,360</u>	<u>9,049,251</u>	<u>-</u>
<u>\$ 27,180,934</u>	<u>\$ 58,047,360</u>	<u>\$ 9,049,251</u>	<u>\$ 21,292,424</u>
\$ 57,192	\$ 40,728	\$ 8,830	\$ -
<u>57,192</u>	<u>40,728</u>	<u>8,830</u>	<u>-</u>
\$ 487,853	\$ -	\$ -	\$ 98,338
<u>487,853</u>	<u>-</u>	<u>-</u>	<u>98,338</u>
\$ 83	\$ -	\$ 63	\$ 284,872
<u>83</u>	<u>-</u>	<u>63</u>	<u>284,872</u>
\$ 2,150,655	\$ 5,431,769	\$ 1,302,392	\$ 2,660,133
<u>2,150,655</u>	<u>5,431,769</u>	<u>1,302,392</u>	<u>2,660,133</u>
<u>\$ 29,876,717</u>	<u>\$ 63,519,857</u>	<u>\$ 10,360,536</u>	<u>\$ 24,335,767</u>

BANK OF EAST ASIA INVESTMENT SERIES
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
(Expressed in United States dollars)

13 Financial instruments and associated risks (continued)

(c) Interest rate risk (continued)

As at 31 December (continued)

	BEA Japan Growth Fund	
	2008	2007
Liabilities		
Amounts payable on redemption		
-non-interest bearing	\$ 59,981	\$ 126,033
Sub-total	<u>\$ 59,981</u>	<u>\$ 126,033</u>
Amounts payable for purchase of investments		
-non-interest bearing	\$ -	\$ -
Sub-total	<u>\$ -</u>	<u>\$ -</u>
Accruals and other payables		
-non-interest bearing	\$ 21,427	\$ 26,133
Sub-total	<u>\$ 21,427</u>	<u>\$ 26,133</u>
Total liabilities	<u>\$ 81,408</u>	<u>\$ 152,166</u>
Total interest sensitivity gap		
- 1 year or less	\$ 68,284	\$ 589,208
- over 1 year to 5 years	-	-
- non-interest bearing	<u>15,519,537</u>	<u>26,024,443</u>

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
\$ <u>3,650</u>	\$ <u>512,118</u>	\$ -	\$ <u>15,003</u>
\$ 3,650	\$ 512,118	\$ -	\$ 15,003
\$ <u>1,419,801</u>	\$ <u>511,770</u>	\$ -	\$ -
\$ 1,419,801	\$ 511,770	\$ -	\$ -
\$ <u>74,927</u>	\$ <u>130,907</u>	\$ <u>29,181</u>	\$ <u>35,937</u>
\$ 74,927	\$ 130,907	\$ 29,181	\$ 35,937
\$ <u>1,498,378</u>	\$ <u>1,154,795</u>	\$ <u>29,181</u>	\$ <u>50,940</u>
===== 1,498,378	===== 1,154,795	===== 29,181	===== 50,940
\$ 2,150,655	\$ 5,431,769	\$ 1,302,392	\$ 5,557,987
-	-	-	18,394,570
===== 26,227,684	===== 56,933,293	===== 9,028,963	===== 332,270

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

13 Financial instruments and associated risks (continued)

(c) Interest rate risk (continued)

Sensitivity analysis

If the market interest rate at the date of the statement of assets and liabilities had changed by 50 basis points, with all other variables held constant, it is estimated that the net assets attributable to unitholders and change in net assets attributable to unitholders would have changed accordingly as shown below. The analysis is performed on the same basis for 2007.

As at 31 December

	BEA Japan Growth Fund	
	2008	2007
Change in net assets attributable to unitholders if interest rate had increased by 50 basis points	341	2,946
	=====	=====
Change in net assets attributable to unitholders if interest rate had decreased by 50 basis points	(341)	(2,946)
	=====	=====

BEA Global Themes Fund		BEA Global Resources Fund	BEA Asian Bond and Currency Fund
2008	2007	2008	2008
<u>10,753</u>	<u>27,159</u>	<u>6,512</u>	<u>(192,470)</u>
<u>(10,753)</u>	<u>(27,159)</u>	<u>(6,512)</u>	<u>195,839</u>

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

13 Financial instruments and associated risks (continued)

(d) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All transactions in listed securities are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the sub-funds' custodian banks have received payments. For purchase, payments are made once securities have been received by the sub-funds' custodian banks. The trade will fall if either party fails to meet their obligation.

The Manager monitors the Fund's credit position on a monthly basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of assets and liabilities.

At the date of the statement of assets and liabilities, one of the sub-funds, BEA Asian Bond and Currency Fund invested in debt securities with the following credit quality expressed as a percentage of net assets:

As at 31 December 2008

	BEA Asian Bond and Currency Fund % of net assets
Rating	
A+	8.69%
A	21.50%
A-	18.43%
BBB+	10.64%
BBB	8.27%
BBB-	13.40%
B	6.75%
Total	<u>87.68%</u>

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

13 Financial instruments and associated risks (continued)

(d) Credit risk (continued)

The majority of the cash held by the Fund are deposited with The Bank of East Asia, Limited and The Bank of New York Mellon. Bankruptcy or insolvency of the banks may cause to Fund's rights with respect to the cash held by the banks to be delayed or limited.

Substantially all of the assets of the Fund are held by The Bank of New York Mellon as the Custodian. Bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities held by the Custodian to be delayed or limited.

At both 31 December 2008 and 2007, there were no significant concentrations of credit risk to counterparties.

(e) Liquidity risk

Liquidity risk arises from the risk that the Manager may not be able to convert investments into cash to meet liquidity needs in a timely manner. The Fund is exposed to daily cash redemption of units.

The Fund's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term.

The Fund invests the majority of assets in investments that are traded in an active market and can be readily disposed of. The Manager monitors the Fund's liquidity position on a daily basis.

As at 31 December 2008 and 2007, the Fund's financial liabilities are due within three months except for amounts payable on redemption which is repayable on demand.

(f) Currency risk

The Fund holds assets and liabilities denominated in currencies other than its functional currency and is therefore exposed to currency risk that the exchange rate may change in a manner that has an adverse effect on the value of the Fund's assets and liabilities.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager monitors all sub-funds' currency positions on a daily basis. BEA Japan Growth Fund and BEA Asian Bond and Currency Fund's currency risk exposures include Hong Kong dollars and United States dollars only.

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

13 Financial instruments and associated risks (continued)

(f) Currency risk (continued)

Sensitivity analysis

At the date of the statement of assets and liabilities, had the United States dollars weakened by 5% in relation to all currencies, with all other variables held constant, net assets attributable to unitholders and the change in net assets attributable to unitholders would have increased by the amounts shown below. The analysis is performed on the same basis for 2007.

As at 31 December

	2008			
	Financial assets	Financial liabilities	Net exposure	Change in net assets attributable to unitholders
If United States dollars weakened by 5%				
Australian Dollar	\$ 187,931	\$ -	\$ 187,931	\$ 9,397
British Pound	1,484,336	(2,071)	1,482,265	74,113
Brazilian Real	512,517	-	512,517	25,626
Canadian Dollar	147,373	-	147,373	7,369
Swiss Franc	1,597,431	-	1,597,431	79,872
Danish Krone	11	-	11	1
Euro	3,918,837	(426,743)	3,492,094	174,605
Indonesian Rupiah	47,637	-	47,637	2,382
Japanese Yen	1,308,663	-	1,308,663	65,433
Malaysian Ringgit	222,243	-	222,243	11,112
Mexican Peso	165,045	-	165,045	8,252
New Turkish Lira	-	-	-	-
Norwegian Krone	12	-	12	1
Polish Zloty	-	-	-	-
Singapore Dollar	78,936	-	78,936	3,947
South Korean Won	273,967	-	273,967	13,698
Swedish Krona	55	-	55	3
Thai Baht	78,572	-	78,572	3,929
South African Rand	11,912	-	11,912	596
UAE Dirham	-	-	-	-
	=====	=====	=====	=====

BEA Global Themes Fund

2007

Financial assets	Financial liabilities	Net exposure	Change in net assets attributable to unitholders
\$ 322,439	\$ -	\$ 322,439	\$ 16,122
2,118,556	(955)	2,117,601	105,880
2,138,215	(54,394)	2,083,821	104,191
296,894	-	296,894	14,845
2,709,575	-	2,709,575	135,479
956,395	-	956,395	47,820
14,596,195	(229,067)	14,367,128	718,356
-	-	-	-
3,233,491	-	3,233,491	161,675
336,527	-	336,527	16,826
-	-	-	-
267,775	-	267,775	13,389
292,372	-	292,372	14,619
504,100	-	504,100	25,205
423,781	-	423,781	21,189
960,305	-	960,305	48,015
828,609	-	828,609	41,430
220,514	-	220,514	11,026
935,901	(219,627)	716,274	35,814
781,886	-	781,886	39,094
=====	=====	=====	=====

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

13 Financial instruments and associated risks (continued)

(f) Currency risk (continued)

As at 31 December (continued)

	2008			
	BEA Global Resources Fund			
	Financial assets	Financial liabilities	Net exposure	Change in net assets attributable to unitholders
If United States dollars weakened by 5%				
Australian Dollar	\$ 390,049	\$ -	\$ 390,049	\$ 19,502
British Pound	870,333	-	870,333	43,517
Brazilian Real	-	-	-	-
Canadian Dollar	303,025	(25)	303,000	15,150
Swiss Franc	99,093	-	99,093	4,955
Danish Krone	-	-	-	-
Euro	2,475,593	-	2,475,593	123,780
Indonesian Rupiah	-	-	-	-
Japanese Yen	1,097,022	-	1,097,022	54,851
Malaysian Ringgit	-	-	-	-
Mexican Peso	-	-	-	-
Norwegian Krone	125,985	-	125,985	6,299
Singapore Dollar	-	-	-	-
South Korean Won	-	-	-	-
Swedish Krona	-	-	-	-
Thai Baht	-	-	-	-
South African Rand	-	-	-	-
UAE Dirham	-	-	-	-

As the Hong Kong dollars ("HKD") is pegged to the United States dollars ("USD"), the Fund does not expect any significant movement in USD/HKD exchange rate. A 5% appreciation of USD against the above currencies would have resulted in an equal but opposite effect on the financial statements, on the basis that all other variables remain constant.

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

13 Financial instruments and associated risks (continued)

(g) Specific instruments

(i) Options

Options are derivative financial instruments that give the buyer, in exchange for a premium payment, the right, but not the obligation, to either purchase from (call option) or sell to (put option) the writer a specified underlying instrument at a specified price on or before a specified date. The Fund enters into exchange-traded and over-the-counter option contracts to meet the requirements of its risk management and trading activities.

The Fund monitors its positions to reduce the risk of potential loss due to changes in market value or failure of counterparties to perform. For exchange-traded option contracts, the stock exchange acts as the counterparty to specific transactions and therefore, bears the risk of delivery to and from counterparties of specific positions. Over-the-counter option contracts are not guaranteed by any regulated stock exchange. The Fund, as a buyer of over-the-counter options, is subject to credit risk since the counterparty is obliged to make payments under the terms of the contract if the Fund exercises the option.

The risk in buying an option is that the Fund pays a premium whether or not the option is exercised. The Fund also has the additional risk of not being able to enter into a closing transaction if a liquid secondary market does not exist.

The Fund's risk of loss is not represented by the notional contract amounts. Contract or notional amounts reflect the involvement of the Fund in the financial instruments, risks arise from possible adverse movements in foreign currency exchange rates and the prices of the underlying securities.

One of the sub-funds, BEA Global Themes Fund, held the following purchased call options at the date of the statement of assets and liabilities:

As at 31 December 2008

Description	Contract amount	Strike price	Expiration date	Fair value
Merrill-CW11 Bharti Tele Ltd 17/03/2011	34,200	0.000001	17/03/2011	500,968
Merrill Lynch Frontier Index	3,800	0.000010	03/10/2009	144,476

As at 31 December 2007

No open position held at the date of the statement of assets and liabilities.

BANK OF EAST ASIA INVESTMENT SERIES

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in United States dollars)

14 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year/period ended 31 December 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting year/period ended 31 December 2008 and which have not been adopted in these financial statements.

The Manager is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to result in a restatement of the Fund's results of operations and financial position.

In addition, the following developments may result in amended disclosures in the financial statements:

Effective for
accounting periods
beginning on or after

Revised HKAS 1	Presentation of Financial Statements	1 January 2009
Amendments to HKAS 32	Financial Instruments: Presentation	1 January 2009

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MANAGEMENT AND ADMINISTRATION

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