



BEA 東亞銀行

Your Dream. Our Commitment.

**BEA** **FUNDS**  
東亞基金

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BEA Investment Series

Explanatory Memorandum

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## IMPORTANT INFORMATION FOR INVESTORS

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

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

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

The Fund has been authorised by the SFC pursuant to section 104 of the SFO. In granting such authorisation, the SFC takes no responsibility for the financial soundness of the Fund or the accuracy of any of the statements made or opinions expressed in this Explanatory Memorandum and such authorisation does not imply that investment in the Fund is recommended by the SFC.

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

In particular:-

- (a) the Units have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act); and
- (b) the Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended.

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

**Important: If you are in any doubt about the contents of this Explanatory Memorandum, you should seek independent professional financial advice.**

# ADMINISTRATION

## Manager

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

## Trustee and Registrar

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

## Directors of the Manager

Brian LI Man Bun  
Samson LI Kai Cheong  
Nicholas LEUNG Tin Chu  
Ulrich KÖHNE  
Alexander SCHINDLER  
Jens WILHELM

## Investment adviser for BEA Global Themes Fund

Deutsche Investment Management  
Americas Inc.  
345 Park Avenue  
New York, NY 10154  
United States of America

## Auditors

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

## Solicitors to the Manager

Deacons  
5th Floor  
Alexandra House  
18 Chater Road  
Central  
Hong Kong

## DEFINITIONS

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

<b>“Authorised Distributor”</b>	Means any person appointed by the Manager to distribute some or all of the Sub-Funds to potential investors
<b>“Business Day”</b>	Means a day (other than a Saturday and a Sunday) on which banks in Hong Kong are open for normal banking business or such other day or days as the Manager and the Trustee may agree from time to time, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise
<b>“connected person”</b>	Means in relation to the Manager: <ul style="list-style-type: none"><li>(a) any person or fund beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of the Manager or being able to exercise, directly or indirectly, 20% or more of the total votes in the Manager; or</li><li>(b) any person or fund controlled by a person who or which meets one or both of the descriptions given in (a); or</li><li>(c) any fund in which the Manager owns directly or indirectly 20% or more of the ordinary share capital or in which the Manager is able to exercise, directly or indirectly 20% or more of the total votes of such fund; or</li><li>(d) any member of the group of which the Manager forms part; or</li><li>(e) any director or officer of the Manager or of any of its connected persons as defined in (a), (b) or (c) above</li></ul>
<b>“Dealing Day”</b>	Means such days as are described in the Appendices for the relevant Sub-Funds
<b>“Dealing Deadline”</b>	Means such time on the relevant Dealing Day as described in the Appendix for the relevant Sub-Funds
<b>“Explanatory Memorandum”</b>	Means this Explanatory Memorandum including the appendices, as each may be amended, updated or supplemented from time to time
<b>“Fund”</b>	Means Bank of East Asia Investment Series, an umbrella unit trust established in Hong Kong
<b>“Hong Kong”</b>	Means Hong Kong Special Administrative Region of the People’s Republic of China

<b>"HK\$"</b>	Means Hong Kong Dollars, the lawful currency of Hong Kong
<b>"Issue Price"</b>	Means in respect of each Sub-Fund the price per Unit as disclosed in the relevant Appendix
<b>"Launch Date" or "Launch Period"</b>	Means the date from which, or the initial period during which (as the case may be), the Units of the relevant Sub-Fund are being offered to investors as described in the relevant Appendix
<b>"Manager"</b>	Means BEA Union Investment Management Limited
<b>"Net Asset Value"</b>	Means the net asset value of the Fund or a Sub-Fund or of a Unit, as the context may require, calculated in accordance with the provisions of the Trust Deed as summarised below under the section headed "Valuation"
<b>"Realisation Price"</b>	Means the price, at which Units will be realised as more fully described in the section headed "Payment of Realisation Proceeds"
<b>"SFC"</b>	Means the Securities and Futures Commission of Hong Kong
<b>"SFO"</b>	Means the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571)
<b>"Sub-Fund"</b>	Means a sub-fund of the Fund
<b>"Trust Deed"</b>	Means the trust deed establishing the Fund entered into by the Manager and the Trustee dated 18 January 2002
<b>"Trustee"</b>	Means Bank of East Asia (Trustees) Limited in its capacity as trustee of the Fund
<b>"Unit"</b>	Means a Unit in a Sub-Fund
<b>"Unitholder"</b>	Means a person registered as a holder of a Unit
<b>"U.S."</b>	Means the United States of America
<b>"US\$"</b>	Means the lawful currency of the United States of America
<b>"Valuation Day"</b>	Means such days as are described in the Appendix for the relevant Sub-Fund
<b>"Valuation Point"</b>	Means such time on the relevant Valuation Day as described in the Appendix for the relevant Sub-Fund and as the Manager with the approval of the Trustee may from time to time determine to calculate the Net Asset Value provided that the Unitholders are notified of the change

## INTRODUCTION

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

## INVESTMENT OBJECTIVE

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

## MANAGEMENT OF THE FUND

### **The Management Company**

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

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

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

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

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

The Manager has appointed Deutsche Investment Management Americas Inc. as investment adviser for the BEA Global Themes Fund and has delegated to it management of the investments of the BEA Global Themes Fund.

### **The Investment Adviser**

#### Deutsche Investment Management Americas Inc.

Deutsche Investment Management Americas Inc. is a company established under the laws of the United States of America and registered as an investment adviser by the U.S. Securities and Exchange Commission. Deutsche Investment Management Americas Inc., together with its affiliated entities, does business as Deutsche Asset Management ("DeAM") in the United States. DeAM is an asset manager with approximately 700 investment professionals worldwide. DeAM's investment platforms provide global capabilities with local expertise to deliver a comprehensive line-up of investment products across a range of asset classes and investing styles.

DeAM has investment advisory affiliates in Australia, England, Germany, Hong Kong, Ireland, Italy, Japan, Singapore, Canada, Luxembourg, Poland and the United States. DeAM may enter into transactions with its affiliated entities as required for proper management of the BEA Global Themes Fund, provided that such transactions are permissible under the applicable laws and regulations (including any applicable SFC requirements).

The Investment Management Delegation Agreement between the Manager and Deutsche Investment Management Americas Inc. is available for inspection at the Manager's office free of charge during normal working hours.

### **The Trustee**

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

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Fund and monitoring the compliance by the Manager with the requirements of the Trust Deed.

### **The Authorised Distributor**

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

## **OFFERING**

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

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

## **DEALING DAY AND DEALING DEADLINE**

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

## **PURCHASE OF UNITS**

### **Application Procedure**

To purchase Units an investor should:-

- (a) contact the Manager or the Authorised Distributor of the Fund for an application form;
- (b) complete the application form; and
- (c) return the original form to the Authorised Distributor.

Unless otherwise described in the relevant Appendix, applications will generally be accepted only if cleared funds have been received on or prior to the Dealing Day in relation to which Units are to be issued.

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

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

### **Payment Procedure**

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

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

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

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

### **General**

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

## **REALISATION OF UNITS**

### **Realisation Procedure**

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

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

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

## **Payment of Realisation Proceeds**

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

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

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

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

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

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

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

## **CONVERSION BETWEEN SUB-FUNDS**

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

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

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

The Manager has a right to impose a conversion charge in relation to the conversion of Units as set out in the relevant Appendix.

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

#### **Restrictions on realisation and conversion**

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

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

## **VALUATION**

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

- (a) except in the case of any interest in a collective investment scheme to which paragraph (b) applies and subject as provided in paragraph (f) below, all calculations based on the value of investments quoted, listed, traded or dealt in on any securities market shall be made by reference to the last traded price or (if no last traded price is available) midway between the latest available market dealing offered price and the latest available market dealing bid price on the principal stock exchange for such investments, at or immediately preceding the Valuation Point, and in determining such prices the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine;
- (b) subject as provided in paragraphs (c) and (f) below, the value of each interest in any collective investment scheme shall be the last published net asset value per Unit or share in such collective investment scheme (where available) or (if the same is not available) the last published bid price for such Unit or share at or immediately preceding the Valuation Point;

- (c) if no net asset value, bid and offer prices or price quotations are available as provided in paragraphs (a) and (b) above, the value of the relevant investment shall be determined from time to time in such manner as the Manager shall determine;
- (d) the value of any investment which is not listed or ordinarily dealt in on a market shall be the initial value thereof equal to the amount expended out of the relevant Sub-Fund in the acquisition of such investment (including in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may with the approval of the Trustee and shall at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investment;
- (e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof;
- (f) notwithstanding the foregoing, the Manager may with the consent of the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment or use of such other method is required to reflect the fair value of the investment; and
- (g) the value of any investment (whether of a security or cash) otherwise than in the base currency of the relevant Sub-Fund shall be converted into currency at the rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

#### **Suspension of Calculation of Net Asset Value**

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

- (a) there is a closure of or the restriction or suspension of trading on any securities market on which a substantial part of the investments of the relevant Sub-Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or the Net Asset Value of the relevant Sub-Fund or the Net Asset Value per Unit in the relevant Sub-Fund; or
- (b) for any other reason the prices of investments of the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained; or
- (c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any investments of the relevant Sub-Fund or it is not possible to do so without seriously prejudicing the interests of relevant Unitholders; or
- (d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of the relevant Sub-Fund or the issue or realisation of Units in the relevant Sub-Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange.

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

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice in the South China Morning Post and Hong Kong Economic Times.

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

## INVESTMENT AND BORROWING RESTRICTIONS

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager for the Fund. A summary of these restrictions appears below:-

Unless otherwise disclosed in the Appendix for each Sub-Fund and agreed by the SFC, each of the Sub-Fund(s) is subject to the following principal investment restrictions:-

- (a) not more than 10% of the Net Asset Value of a Sub-Fund may consist of securities (other than Government and other public securities) issued by a single issuer;
- (b) a Sub-Fund may not hold more than 10% of any ordinary shares issued by any single issuer;
- (c) not more than 15% of the Net Asset Value of a Sub-Fund may consist of securities of any company not listed or quoted on a stock exchange, over-the-counter market or other organised securities market;
- (d) not more than 15% of the Net Asset Value of a Sub-Fund may consist of warrants and options, other than warrants and options held for hedging purposes;
- (e) not more than 10% of the Net Asset Value of a Sub-Fund may consist of shares or units in other open ended unit trusts or mutual funds (“**managed funds**”) other than interests in real estate investment trusts that are listed on a stock exchange (“REITS”) provided that no investment may be made in a managed fund managed by the Manager or any of its connected persons if such investment would result in an increase in the overall total of the preliminary charge, manager’s fee or other costs and charges borne by the Unitholders of the relevant Sub-Fund.
- (f) not more than 20% of the Net Asset Value of a Sub-Fund may consist of physical commodities (including gold, silver, platinum or other bullion) and commodity based investments (other than shares in companies engaged in producing, processing or trading in commodities);
- (g) the net aggregate value of the contract prices, whether payable to or by a Sub-Fund (other than futures contracts entered into for hedging purposes), together with the aggregate value of investments falling within paragraph (f) above held by the Sub-Fund, may not exceed 20% of the Net Asset Value of the Sub-Fund;
- (h) not more than 30% of the Net Asset Value of a Sub-Fund may consist of Government and other public securities of a single issue; and
- (i) subject to paragraph (h) above, a Sub-Fund may be fully invested in Government and other public securities issued by a single issuer provided that it holds Government and other public securities of at least six different issues.

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

- (i) invest in a security of any class in any company or body if directors and officers of the Manager individually own more than 1/2% of the total nominal amount of all the issued securities of that class or collectively own more than 5% of those securities;
- (ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies or interests in REITs);
- (iii) make short sales if as a consequence the liability of such Sub-Fund to deliver securities would exceed 10% of the Net Asset Value of such Sub-Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted);
- (iv) write uncovered options;

- (v) write a call option if the aggregate of the exercise prices of all such call options written on behalf of the relevant Sub-Fund would exceed 25% of the Net Asset Value of that Sub-Fund;
- (vi) make a loan out of that Sub-Fund without the prior written consent of the Trustee except to the extent that the acquisition of an investment or the making of a deposit might constitute a loan;
- (vii) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money without the prior written consent of the Trustee;
- (viii) enter into any obligation on behalf of the relevant Sub-Fund or acquire any asset for the account of that Sub-Fund which involves the assumption of any liability by the Trustee which is unlimited; or
- (ix) apply any part of the relevant Sub-Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made unless such call could be met in full out of cash or near cash forming part of such Sub-Fund which has not been appropriated and set aside for any other purposes and shall not be entitled without the consent of the Trustee to apply any part of the relevant Sub-Fund in the acquisition of any other investment which is in the opinion of the Trustee likely to involve the Trustee in any liability (contingent or otherwise).

Unless otherwise disclosed below or in the relevant Appendix, the Manager may borrow up to 25% of the latest available Net Asset Value of each Sub-Fund to acquire investments. The assets of a Sub-Fund may be charged or pledged as security for any such borrowings.

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

- (i) for the purpose of complying with the relevant investment restrictions, the Sub-Fund and the underlying fund will be deemed a single entity;
- (ii) the Sub-Fund may not borrow more than 10% of its total net asset value and any such borrowing shall be restricted to facilitating realisations of Units or defraying operating expenses; and
- (iii) notwithstanding that the Sub-Fund will usually invest all its assets in a single underlying fund, the Sub-Fund may retain up to 5% of its latest available Net Asset Value in cash or on deposit or in certificates of deposit or other money market or banking instruments to facilitate realisations of Units or to defray operating expenses.

## **RISK FACTORS**

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

Investors' attention is drawn to the following risk factors:

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

- (i) Political, economic and social risks — All financial markets may at times be adversely affected by changes in political, economic and social conditions.
- (ii) Emerging markets — Various countries in which a Sub-Fund may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risk. The securities markets of some of the emerging countries in which a Sub-Fund's assets may be invested are

not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. Accounting, auditing and financial reporting standards in some of the emerging markets in which a Sub-Fund's assets may be invested may be less vigorous than international standards. As a result, certain material disclosures may not be made by some companies.

- (iii) Currency risk — Certain Sub-Funds may be denominated in a certain currency although they may be invested in whole or in part in assets quoted in other currencies. The performance of such Sub-Funds will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the base currency of the Sub-Fund. Since the Manager aims to maximise returns for such Sub-Funds in terms of their base currency, investors in these Sub-Funds may be exposed to additional currency risk.
- (iv) Interest rates — Interest rates may be subject to fluctuation. High yield bonds are particularly susceptible to interest rate changes and may experience significant price volatility. Any fluctuation in interest rates may have a direct effect on the income received by such Sub-Funds and their respective capital value.
- (v) Credit risk — If the issuer of any of the securities in which the assets of a Sub-Fund are invested defaults, the performance of such Sub-Fund will be negatively affected.
- (vi) Diversification risk — Certain Sub-Funds may invest only in a specific country/region. Although each Sub-Fund's portfolio will be well diversified in terms of the number of holdings, investors should be aware that such Sub-Funds are likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as they are more susceptible to fluctuations in value resulting from adverse conditions in their respective countries.
- (vii) Hedging — The Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market risks. There is no guarantee that hedging techniques will achieve their desired result.
- (viii) Securities markets — The Sub-Funds which invest directly or indirectly in equities are subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, and the business and social conditions in local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the Sub-Funds to losses.

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

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

## **EXPENSES AND CHARGES**

The current management fee, trustee fee and registrar's fee for each Sub-Fund are set out in the relevant Appendix. The Manager will give 3 months' prior notice to Unitholders should there be any increase of (i) the management fee from the current level up to the maximum level of 2.0% per annum and/or (ii) the trustee fee from the current level up to the maximum level of 1.0% per annum.

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

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

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

### **Cash Rebates and Soft Commissions**

Neither the Manager nor any of its connected persons will receive cash commissions or other rebates from brokers or dealers in respect of transactions for the account of a Sub-Fund.

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

## **TAXATION**

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

### **Hong Kong**

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

- (a) The Fund is not expected to be subject to Hong Kong tax in respect of any of its authorised activities.
- (b) No tax will be payable by Unitholders in Hong Kong in respect of dividends or other income distributions of the Sub-Funds so authorised or in respect of any capital gains arising on a sale, realisation or other disposal of Units of the authorised Sub-Funds, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

## **REPORTS AND ACCOUNTS**

The Fund's financial year end is on 31 December in each year. Audited accounts in US\$ will be sent to Unitholders as soon as possible, and in any event within four months, after the end of the financial year. The audited accounts relating to a Sub-Fund which is structured as a feeder fund will include a statement of the investments comprised in the underlying fund in which that Sub-Fund invests.

The Manager also sends unaudited semi-annual reports to Unitholders within two months after 30 June in each year. Such reports contain a statement of the Net Asset Value of each Sub-Fund and of the investments comprising its portfolio. Once issued the accounts will be available for inspection at the Manager's office free of charge during normal working hours.

## **DISTRIBUTION OF INCOME**

Unless otherwise described in the relevant Appendix, the Manager shall not make any distribution of income or net capital gains realised on the sale of investments. Income, if any, and net capital gains, if any, in respect of the Fund or any Sub-Fund shall be accumulated and capitalised.

## **VOTING RIGHTS**

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

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

## **PUBLICATION OF PRICES**

The Net Asset Value per Unit of each Sub-Fund at each Valuation Day will be published at least once a month in Hong Kong in the South China Morning Post and in the Hong Kong Economic Times.

## **TRANSFER OF UNITS**

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

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

## **TRUST DEED**

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

The Trust Deed contains provisions for the indemnification of the parties and their exculpation from liability in certain circumstances. Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

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

## **TERMINATION OF THE FUND OR ANY SUB-FUND**

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

The Fund may be terminated by the Trustee, provided that the Trustee shall certify that in its opinion the proposed termination is in the interest of Unitholders, (a) if in the opinion of the Trustee, the Manager is incapable of performing or fails to perform its duties satisfactorily or (b) if the Manager goes into liquidation. Further at any time the Unitholders of the Fund or any Sub-Fund may authorise termination of such Sub-Fund by Extraordinary Resolution. The Trustee may also terminate the Fund if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable in consultation with the relevant regulatory agencies (SFC in Hong Kong) to continue the Fund. The Fund or any Sub-Fund may be terminated by the Manager (a) if on any date, in relation to the Fund, the Net Asset Value of the Units of the Fund shall be below HK\$80 million provided that a resolution of affected Unitholders shall be required to approve the termination of the Fund or (b) if on any date, in relation to any Sub-Fund, the aggregate Net Asset Value of the Units outstanding in respect of such Sub-Fund shall be less than HK\$80 million provided that a resolution of affected Unitholders shall be required to approve the termination or (c) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable in consultation with the relevant regulatory agencies (SFC in Hong Kong) to continue the Fund or such Sub-Fund. In cases of termination on notice, three months' notice of any termination will be given to Unitholders.

## **ANTI-MONEY LAUNDERING REGULATIONS**

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

- (a) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or
- (b) the application is made through a recognised intermediary.

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

## **CONFLICTS OF INTEREST**

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

# APPENDIX I

## BEA JAPAN GROWTH FUND

### Introduction

The BEA Japan Growth Fund is a feeder fund which invests its assets in a single underlying fund.

The BEA Japan Growth Fund was launched on 20 February 2006 (the “**Launch Date**”) and its Units were offered to investors at the Issue Price of US\$10.00 per Unit (or such other amount as the Manager and the Trustee may agree), exclusive of the preliminary charge (if any). Following the Launch Date, Units are available for issue on each Dealing Day at the prevailing offer price. The minimum initial investment is US\$2,000.

The base currency of the BEA Japan Growth Fund is US\$.

### Investment Objective and Policy

The investment objective of the BEA Japan Growth Fund is to achieve long term capital growth through investing in a Japan equity fund (the “**Underlying Fund**”) managed by reputable specialist fund manager. The Underlying Fund that the BEA Japan Growth Fund currently invests in is the ipac Multi-Manager Japan Equity Fund<sup>#</sup>, a fund under ipac Multi-Manager Investment Fund Series which is managed by AXA Investment Managers Asia Limited. The Manager may, subject to the consent of the Trustee and approval of the SFC, change the Underlying Fund by giving not less than three months’ notice to the relevant Unitholders.

The Underlying Fund aims to provide high capital growth over the long term by investing in Japanese equities. It employs one or more specialist fund managers to invest in a diversified portfolio of Japanese equities. Normally 100% of the assets of the Underlying Fund will be invested in Japanese equities. Any remaining assets will be invested in deposits, as appropriate.

### Available Classes

Class A and Class B Units are currently available for issue to investors.

### Subscription Details

Launch Date	20 February 2006 (Hong Kong time)
Issue Price (exclusive of preliminary charge, if any)	On the Launch Date: US\$10.00 per Unit Following the Launch Date: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed “Valuation”).
Minimum Investment Amount	US\$2,000
Minimum Subsequent Investments Amounts	US\$1,000
Minimum Holding	US\$2,000

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

<sup>#</sup> The ipac Multi-Manager Japan Equity Fund may subsequently be offered to retail investors. In such circumstances, one month’s prior notice shall be given to the relevant Unitholders.

## Fees

Preliminary Charge  
(% of issue price)

**Class A Units** : up to 5%  
**Class B Units** : Nil

Realisation Charge  
(% of realisation price)

**Class A Units** : 0.5%, but currently waived.  
**\*Class B Units** : Between 0-3% on a sliding scale by reference to the number of years such Class B Units are held as follows:-

<u>Holding Period:</u>	<u>%</u>
less than 2 years	3%
2 years or more but less than 4 years	2%
4 years or more	Nil

*\*For the purpose of determining the realisation charge payable on Class B Units, Class B Units subscribed earlier in time will be deemed to be realised prior to Class B Units subscribed later in time.*

Conversion Charge  
(% of issue price of new Units)

All classes: Up to 2%

Management Fee  
(% Net Asset Value of the  
BEA Japan Growth Fund)

Current fee: 1.5% p.a.  
Maximum permitted fee: 2.0% p.a.

Trustee Fee  
(% Net Asset Value of the  
BEA Japan Growth Fund)

Current fee payable: 0.125% p.a., however the aggregate trustees fees paid to the Trustee and the trustee of the Underlying Fund are currently intended not to exceed 0.625% p.a. of the net asset value of the BEA Japan Growth Fund — see below “Fees of the Underlying Fund of the BEA Japan Growth Fund”.

Maximum permitted fee: 1.00% p.a.

Registrar’s Fee  
(% Net Asset Value of the  
BEA Japan Growth Fund)

0.015 - 0.05% p.a. depending on the number of Unitholders and the number of transactions in Units which occur during any period.

## Establishment Costs

The costs of establishment of the BEA Japan Growth Fund amounted to approximately HK\$400,000 and were borne by the BEA Japan Growth Fund and deducted during the course of the first year following its launch.

## **Fees of the Underlying Fund of the BEA Japan Growth Fund**

In addition, the BEA Japan Growth Fund will, indirectly, bear a proportionate share of the fees and expenses of the Underlying Fund in which it invests.

The manager of the Underlying Fund is currently entitled to receive a management fee of up to 1.50% per annum of the net asset value of the Underlying Fund. The fee is calculated and accrues on each dealing day and is paid monthly in arrears. The manager of the Underlying Fund is also entitled to receive a preliminary charge on the issue of units of up to 5.0% of the issue price of such units and a realisation charge on the realisation of units of up to 0.5% of the realisation price of such units. The manager of the Underlying Fund has currently agreed to waive the preliminary charge and realisation charge in respect of any units issued to or realised by the BEA Japan Growth Fund.

It is the Manager's present intention that the aggregate of the management fees payable to the Manager and the manager of the Underlying Fund will not exceed 1.5% per annum of the Net Asset Value of the BEA Japan Growth Fund. Unless otherwise agreed with the SFC, the Manager will give not less than 3 months' notice to affected Unitholders of any change in such intention.

The trustee of the Underlying Fund is currently entitled to receive a fee for acting as trustee of up to 0.50% per annum of the net asset value of the Underlying Fund. In addition, the trustee of the Underlying Fund is also entitled to receive a servicing fee of up to 0.20% per annum. In return for the servicing fee, the trustee of the Underlying Fund has agreed to pay certain of the costs and expenses of the Underlying Fund. If the servicing fee is not sufficient to meet those costs and expenses, the trustee of the Underlying Fund will bear the difference. The above fees are calculated and accrue on each dealing day and are paid monthly in arrears.

It is the Trustee's present intention that the aggregate of the trustee fees payable to the Trustee and the trustee of the Underlying Fund will not exceed 0.625% per annum of the Net Asset Value of the BEA Japan Growth Fund. Unless otherwise agreed with the SFC, the Trustee will give not less than 3 months' notice to affected Unitholders of any change in such intention.

### **Dealing Day and Dealing Deadline**

Each Business Day shall be a Dealing Day.

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

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

### **Distributions**

Income, if any, and net capital gains, if any, in respect of the BEA Japan Growth Fund shall be accumulated and capitalised and no distributions will be made.

### **Valuation**

Valuation Days for the BEA Japan Growth Fund are each Dealing Day and the Valuation Point is 4:00 p.m. (Hong Kong time) on each Valuation Day, the first Valuation Day being the next Dealing Day following the Launch Date.

### **Risk Factors**

Investors should be aware that the Underlying Fund, due to its high exposure to equities, has a high risk profile in terms of fluctuations in the value of its assets. Investors should regard the BEA Japan Growth Fund as a high risk investment.

## **APPENDIX II**

### **BEA GLOBAL THEMES FUND**

#### **Introduction**

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

Units in the BEA Global Themes Fund were offered to investors at the Issue Price of US\$10.00 per Unit (or such other amount as the Manager and the Trustee may agree), exclusive of the preliminary charge (if any), initially from 5 March 2007 to 15 March 2007 (the “**Launch Period**”). Following the Launch Period, Units are available for issue on each Dealing Day at the prevailing offer price. The minimum initial investment is US\$2,000.

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

#### **Investment Objective and Policy**

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

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

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

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

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

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

Save for warrants, the BEA Global Themes Fund may not engage in any type of derivative transactions in the course of pursuing its investment objectives.

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

### Available Classes

Class A and Class B Units are currently available for issue to investors.

### Subscription Details

Launch Period From 5 March 2007 to 15 March 2007 (Hong Kong time)

Issue Price (exclusive of preliminary charge, if any) During the Launch Date: US\$10.00 per Unit  
Following the Launch Period: at a price calculated with reference to the Net Asset Value per Unit of the relevant class of Units as at the Valuation Point on the relevant Valuation Day in accordance with the valuation rules (as summarised in the main section of the Explanatory Memorandum under the section headed "Valuation").

Minimum Investment Amount US\$2,000  
Minimum Subsequent Investments Amounts US\$1,000  
Minimum Holding US\$2,000

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

### Fees

Preliminary Charge (% of issue price) **Class A Units** : up to 5%  
**Class B Units** : Nil

Realisation Charge (% of realisation price) **Class A Units** : 0.5%, but currently waived.  
**\*Class B Units** : Between 0-3% on a sliding scale by reference to the number of years such Class B Units are held as follows:-

<u>Holding Period:</u>	<u>%</u>
less than 2 years	3%
2 years or more but less than 4 years	2%
4 years or more	Nil

*\*For the purpose of determining the realisation charge payable on Class B Units, Class B Units subscribed earlier in time will be deemed to be realised prior to Class B Units subscribed later in time.*

Conversion Charge (% of issue price of new Units) All classes: Up to 2.0%

Management Fee (% Net Asset Value of the BEA Global Themes Fund)	Current fee: 1.5% p.a. Maximum permitted fee: 2.0% p.a.
Investment Advisory Fee	The investment advisory fee payable to Deutsche Investment Management Americas Inc. will be borne by the Manager
Trustee Fee (% Net Asset Value of the BEA Global Themes Fund)	Current fee payable: 0.175% p.a. Maximum permitted fee: 1.00% p.a.
Registrar's Fee (% Net Asset Value of the BEA Global Themes Fund)	0.015-0.05% p.a. depending on the number of Unitholders and the number of transactions in Units which occur during any period.

### **Establishment Costs**

The costs of establishment of the BEA Global Themes Fund amounted to approximately HK\$380,000 and shall be borne by the BEA Global Themes Fund and will be deducted during the course of the first year following its launch.

### **Dealing Day and Dealing Deadline**

Each Business Day shall be a Dealing Day.

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

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

### **Distributions**

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

### **Valuation**

Valuation Days for the BEA Global Themes Fund are each Dealing Day and the Valuation Point is 4:00 p.m. (Hong Kong time) on each Valuation Day, the first Valuation Day being the next Dealing Day following the Launch Period.

### **Risk Factors**

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

## Summary of Expenses and Charges

	Management Fee		Trustee Fee	
	Class A	Class B	Class A	Class B
BEA Japan Growth Fund*	1.50% p.a.	1.50% p.a.	0.125% p.a.	0.125% p.a.
BEA Global Themes Fund	1.50% p.a.	1.50% p.a.	0.175% p.a.	0.175% p.a.
<p>Notes: (1) The rate of the management fee in respect of Class A and/or Class B Units may be increased up to or towards a maximum rate of 2.0% p.a. on giving not less than 3 months' notice to affected Unitholders.</p> <p>(2) The rate of the trustee fee in respect of Class A and/or Class B Units may be increased up to or towards a maximum rate of 1.0% p.a. on giving not less than 3 months' notice to affected Unitholders.</p> <p>* It is the Manager's present intention that the aggregate of the management fees payable to the Manager and the manager of the Underlying Fund will not exceed 1.50% p.a. of the Net Asset Value of the BEA Japan Growth Fund. It is the Trustee's present intention that the aggregate of the trustee fees payable to the Trustee and the trustee of the Underlying Fund will not exceed 0.625% p.a. of the Net Asset Value of the BEA Japan Growth Fund. In addition, the trustee of the Underlying Fund is currently entitled to receive a servicing fee of up to 0.2% p.a. of the net asset value of the Underlying Fund. Further details in respect of the fees and charges of the Underlying Fund are summarised under section headed "Fees of the Underlying Fund of the BEA Japan Growth Fund" in Appendix I to the Explanatory Memorandum.</p>				
Registrar's Fee	0.015 - 0.05% p.a. of the net asset value of each Sub-Fund. Such fee will depend on the number of Unitholders and the number of transactions in Units which occur during any period.			
Preliminary Charge	For Class A Units — up to 5% of the issue price of such Units For Class B Units — Nil			
Realisation Charge	For Class A Units — 0.5% of the realisation price of such Units, but currently waived. For Class B Units — 3% of the realisation price of such Units for holding period of less than 2 years; 2% for holding period of 2 years or more but less than 4 years; and nil for holding period of 4 years or more.			
Charges on converting between Sub-Funds	For Class A and Class B Units — currently, the aggregate of the realisation charge and preliminary charge payable on a conversion from one Sub-Fund to another Sub-Fund will not exceed 2% of the issue price of the new Units.			
Operating Expenses	The Sub-Funds will bear the operating expenses of the Fund in proportion to their respective net asset values or in such other manner as the Manager with the approval of the Trustee shall consider fair. Such expenses are summarised under the section headed "Expenses and Charges" and include audit and legal fees and regulatory fees.			
Establishment Costs	Each Sub-Fund will bear the costs and expenses incurred by the Manager and Trustee in its establishment.			
	The approximate establishment costs of each Sub-Fund are as follows:			
		Establishment Costs	Treatment of Establishment Costs	
	BEA Japan Growth Fund	Amounted to approximately HK\$400,000	Deducted during the course of the first year following its launch.	
BEA Global Themes Fund	Amounted to approximately HK\$380,000	To be deducted during the course of the first year following its launch.		
Further details in respect of the costs and expenses incurred in the establishment of the Fund and Sub-Funds are summarised in the section headed "Expenses and Charges".				