



## BEA (MPF) Value Scheme

31 March 2019

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## Scheme report

The Trustee has pleasure in presenting the annual reports and the financial statements of the BEA (MPF) Value Scheme (“the Scheme”) for the year ended 31 March 2019.

### **The Scheme**

The Scheme is a master trust scheme for the purpose of providing benefits to members in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the MPF Ordinance”). The Scheme was established under the trust deed dated 17 August 2012, as amended, between The Bank of East Asia, Limited as sponsor and Bank of East Asia (Trustees) Limited as trustee (“the Trustee”). The Scheme is registered under section 21 of the MPF Ordinance.

### **Financial development**

The Scheme commenced operations on 25 October 2012. The total contributions received and receivable including contribution surcharge and transfers in, and benefits paid and payable including transfers out and long service payments and severance payments during the year were HK\$ 21.1 million (2018: HK\$23.6 million) and HK\$ 9.1 million (2018: HK\$7.7 million) respectively. The net asset value as at 31 March 2019 was HK\$92.8 million (2018: HK\$81.7 million).

### **Changes to the governing rule**

The governing rules were amended during the year to reflect the following changes:

Tax Deductible Voluntary Contributions (“TVC”) is launched with effect from 1 April 2019 with the empowerment from the Inland Revenue and MPF Schemes Legislation (Tax Deductions for Annuity Premiums and MPF Voluntary Contributions) (Amendment) Ordinance 2018 (“Amendment Ordinance”).

Relevant amendments in relation to the Amendment Ordinance and the launch of TVC are made to the governing rules.

## Scheme report (continued)

### **Particulars of the service providers**

Particulars of the Trustee and service providers engaged by the Trustee for the purposes of the Scheme during the year ended 31 March 2019 are set below.

#### ***Trustee, Custodian and Administrator***

Bank of East Asia (Trustees) Limited

32nd Floor, BEA Tower  
Millennium City 5  
418 Kwun Tong Road  
Kwun Tong, Kowloon  
Hong Kong

#### ***Investment Manager***

BEA Union Investment Management Limited (an associate of the Trustee)

5th Floor, The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

#### ***Sponsor and Banker***

The Bank of East Asia, Limited (the holding company of the Trustee)

The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

#### ***Legal Adviser***

Baker & McKenzie

14th Floor, One Taikoo Place  
979 King's Road, Quarry Bay  
Hong Kong

## Scheme report (continued)

### Particulars of the service providers (continued)

#### **Auditor**

KPMG

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

#### **Directors of the Trustee, Custodian and Administrator**

David Li Kwok Po	(resigned on 1 July 2019)
Adrian David Li Man Kiu	
Joseph Pang Yuk Wing	
Tong Hon Shing	
Raymond Ng Kai Man	(resigned on 28 January 2019)
Henry Chan Cho Yip	(appointed on 28 January 2019)
Cheung Man Kok	

#### *Business address of the Directors of the Trustee, Custodian and Administrator*

32nd Floor, BEA Tower  
Millennium City 5  
418 Kwun Tong Road  
Kwun Tong, Kowloon  
Hong Kong

#### **Directors of the Investment Manager**

Brian David Li Man Bun  
Hermann Alexander Schindler  
Gunter Karl Haueisen  
Samson Li Kai Cheong  
Eleanor Wan Yuen Yung

#### *Business address of the Directors of the Investment Manager*

5th Floor, The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

## Scheme report (continued)

### Particulars of the service providers (continued)

#### *Directors of the Sponsor and Banker*

David Li Kwok Po  
Arthur Li Kwok Cheung  
Allan Wong Chi Yun  
Aubrey Li Kwok Sing  
Winston Lo Yau Lai  
Stephen Charles Li Kwok Sze  
Isidro Fainé Casas  
Peter Lee Ka Kit (resigned on 23 August 2019)  
Adrian David Li Man Kiu  
Brian David Li Man Bun  
Daryl Ng Win Kong  
Masayuki Oku  
Rita Fan Hsu Lai Tai  
Meocre Li Kwok Wing  
Henry Tang Ying Yen  
Chan Kin Por (resigned on 1 June 2019)  
Delman Lee

#### *Business address of the Directors of the Sponsor and Banker*

The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

### **Further information**

Scheme members can obtain further information about the Scheme and its operations from Mr Goran Lam Ka Chun, Senior MPF Marketing and Customer Services Manager, at the Trustee. Scheme members can also contact BEA (MPF) hotline (operated by Bank of East Asia (Trustees) Limited) at 2211 1777 or visit the website at <http://www.hkbea.com> for queries or further information.

# Investment report for the year ended 31 March 2019

## Investment analysis

### United States

- During April 2018 – March 2019, the U.S Federal Reserve (Fed) continued to normalise policy. However, the Fed signaled a pause for a further rate hike in the Federal Open Market Committee (FOMC) meeting in March. The dovish stance of the Fed shift mainly occurred in the context of downside risk to growth and muted inflation.
- The main sources of uncertainty are the developments at geopolitical level, above all the worsening of Chinese-U.S. trade relations. The combination of the U.S. strategic opposition to China and the unpredictability of the U.S. President pose a risk for the capital markets.

### Europe

- During April 2018 – March 2019, despite sluggish economic data being reported in Europe and the European Central Bank (ECB) trimmed its growth and inflation forecast, market sentiment was supported by ECB's easing signal.
- The resurgence of the trade dispute has emerged as a further source of strain. In the long term, a reduction in trade and the brake on globalization will restrict growth and push up inflation. Economically speaking, the consequences are definitely negative. The losers in the trade dispute are the current winners of globalization, i.e. open economies in Asia and Europe.

### China

- During April 2018 – March 2019, China's onshore and offshore equity markets underperformed global equity markets in the first half due to U.S.-China trade tensions, but recovered strongly at the beginning of 2019 as market sentiment improved.
- The stimulus package announced by the Chinese government has been stronger than market expectation. The two trillion renminbi tax cut is meaningful to the GDP growth and the value-added tax (VAT) cut sent a strong message of easing towards the private corporate sector.

### Japan

- During April 2018 – March 2019, Japan experienced an extended period of economic growth. On the policy front, six years of "Abenomics" saw lower fiscal deficits and higher labor force participation. Inflation has gained momentum on the back of higher energy prices but remains below the Bank of Japan's 2 percent target.
- The Bank of Japan has promised not to raise interest rates before spring 2020 as it made a series of tweaks to its massive program of monetary stimulus. However, earnings outlook for Japanese companies were revised downward in 2019.

### Asia

- During April 2018 – March 2019, Asian markets were impacted at first by the headlines including the U.S.-China trade tensions, emerging market currencies depreciation, and the U.S. interest rate hike. Later, market sentiment improved on easing trade tensions and positive fundamentals.
- We expect the resurgence tensions in trade dispute and mixed economic data will affect overall risk sentiment and add volatility to Asian markets.

# Investment report for the year ended 31 March 2019 (continued)

## Investment analysis (continued)

### Global Bond

- During April 2018 – March 2019, the world's major central banks turned dovish as global economy began to weaken. Global bond markets performed well on the back of lower rate hike expectations. Investors around the world continue to push government bond yields lower, reflecting growing concerns on slowing global growth.
- We expect the major central banks will not run the risk of jeopardising growth by tightening the monetary policy too soon. The global interest rate environment is expected to remain low for a considerable time.



## Investment report for the year ended 31 March 2019 (continued)

### Trustee's commentary

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary</b>				
	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BEA MPF Conservative Fund <i>Launch date: 25/10/2012</i>	0.95	0.61	N/A	0.55
Benchmark/Performance Target <sup>1</sup>	0.07	0.02	N/A	0.02 <sup>7</sup>
Deviation from the Benchmark/ Performance Target <sup>6</sup>	+0.88	+0.59	N/A	+0.53 <sup>8</sup>
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year and 5-year annualized returns were above the benchmark/performance target.</li> </ul>			
BEA Growth Fund <i>Launch date: 25/10/2012</i>	-1.36	4.32	N/A	4.89
Benchmark/Performance Target <sup>2</sup>	-3.03	3.47	N/A	4.26 <sup>7</sup>
Deviation from the Benchmark/ Performance Target <sup>6</sup>	+1.67	+0.85	N/A	+0.63 <sup>8</sup>
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the benchmark/performance target due to underweighting in equities under weak markets in 2018.</li> <li>The 5-year annualized return was above the benchmark/performance target due to overweighting in equities and underweighting in bonds during strong equity markets in 2017</li> </ul>			
BEA Balanced Fund <i>Launch date: 25/10/2012</i>	-0.82	3.89	N/A	4.05
Benchmark/Performance Target <sup>2</sup>	-2.67	2.62	N/A	3.94 <sup>7</sup>
Deviation from the Benchmark/ Performance Target <sup>6</sup>	+1.85	+1.27	N/A	+0.11 <sup>8</sup>
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the benchmark/performance target due to underweighting in equities under weak markets in 2018.</li> <li>The 5-year annualized return was above the benchmark/performance target due to overweighting in equities and underweighting in bonds during strong equity markets in 2017</li> </ul>			

## Investment report for the year ended 31 March 2019 (continued)

### Trustee's commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BEA Stable Fund <i>Launch date: 25/10/2012</i>	-0.50	2.80	N/A	2.80
Benchmark/Performance Target <sup>2</sup>	-1.64	1.54	N/A	2.80 <sup>7</sup>
Deviation from the Benchmark/ Performance Target <sup>6</sup>	+1.14	+1.26	N/A	0.00 <sup>8</sup>
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the benchmark/performance target due to underweighting in equities under weak markets in 2018.</li> <li>The 5-year annualized return was above the benchmark/performance target due to overweighting in equities and underweighting in bonds during strong equity markets in 2017.</li> </ul>			
BEA Global Equity Fund <i>Launch date: 25/10/2012</i>	1.51	5.70	N/A	7.57
Benchmark/Performance Target <sup>2</sup>	-0.55	4.59	N/A	4.52 <sup>7</sup>
Deviation from the Benchmark/ Performance Target <sup>6</sup>	+2.06	+1.11	N/A	+3.05 <sup>8</sup>
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the benchmark/performance target due to positive stock selection especially in the US market.</li> <li>The 5-year annualized return was above the benchmark/performance target due to positive stock selection especially in the US market.</li> </ul>			
BEA Asian Equity Fund <i>Launch date: 25/10/2012</i>	-10.02	3.82	N/A	3.84
Benchmark/Performance Target <sup>2</sup>	-9.09	4.48	N/A	6.32 <sup>7</sup>
Deviation from the Benchmark/ Performance Target <sup>6</sup>	-0.93	-0.66	N/A	-2.48 <sup>8</sup>
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was below the benchmark/performance target due to underweighting in India equities which outperformed in 2018.</li> <li>The 5-year annualized return was below the benchmark/performance target due to underweighting in India equities which outperformed in 2018.</li> </ul>			

## Investment report for the year ended 31 March 2019 (continued)

### Trustee's commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BEA Greater China Equity Fund Launch date: 25/10/2012	-6.06	6.70	N/A	7.04
Benchmark/Performance Target <sup>2</sup>	-6.34	6.70	N/A	6.01 <sup>7</sup>
Deviation from the Benchmark/ Performance Target <sup>6</sup>	+0.28	0.00	N/A	+1.03 <sup>8</sup>
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the benchmark/performance target due to positive sector allocation and stock selection.</li> <li>The 5-year annualized return was in line with the benchmark/performance target due to stable stock selection.</li> </ul>			
BEA Greater China Tracker Fund Launch date: 25/10/2012	-4.71	7.31	N/A	6.11
Benchmark/Performance Target <sup>3</sup>	-2.61	8.90	N/A	8.44 <sup>7</sup>
Deviation from the Benchmark/ Performance Target <sup>6</sup>	-2.10	-1.59	N/A	-2.33 <sup>8</sup>
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return closely corresponded to the return of the FTSE<sup>®</sup> Greater China HKD Index through investing in a single approved index tracking fund, namely the SPDR<sup>®</sup> FTSE<sup>®</sup> Greater China ETF. Tracking error of the fund has been on target and within 3%.</li> <li>The 5-year annualized return closely corresponded to the return of the FTSE<sup>®</sup> Greater China HKD Index through investing in a single approved index tracking fund, namely the SPDR<sup>®</sup> FTSE<sup>®</sup> Greater China ETF. Tracking error of the fund has been on target and within 3%.</li> </ul>			

## Investment report for the year ended 31 March 2019 (continued)

### Trustee's commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BEA Hong Kong Tracker Fund <i>Launch date: 25/10/2012</i>	-0.98	8.36	N/A	6.40
Benchmark/Performance Target <sup>4</sup>	0.03	9.58	N/A	8.30 <sup>7</sup>
Deviation from the Benchmark/ Performance Target <sup>6</sup>	-1.01	-1.22	N/A	-1.90 <sup>8</sup>
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return closely corresponded to the return of the Hang Seng Index through investing in a single approved index tracking fund, namely the Tracker Fund of Hong Kong. Tracking error of the fund has been on target and within 3%.</li> <li>The 5-year annualized return closely corresponded to the return of the Hang Seng Index through investing in a single approved index tracking fund, namely the Tracker Fund of Hong Kong. Tracking error of the fund has been on target and within 3%.</li> </ul>			
BEA Global Bond Fund <i>Launch date: 25/10/2012</i>	-0.68	0.96	N/A	0.73
Benchmark/Performance Target <sup>2</sup>	-0.73	0.07	N/A	1.93 <sup>7</sup>
Deviation from the Benchmark/ Performance Target <sup>6</sup>	+0.05	+0.89	N/A	-1.20 <sup>8</sup>
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the benchmark/performance target due to higher US dollar exposure under a period of strong US dollar in 2018.</li> <li>The 5-year annualized return was above the benchmark/performance target due to longer duration and overweighting US dollar.</li> </ul>			

## Investment report for the year ended 31 March 2019 (continued)

### Trustee's commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BEA Age 65 Plus Fund <i>Launch date: 01/04/2017</i>	2.68	N/A	N/A	3.64
Benchmark/Performance Target <sup>5</sup>	2.48	N/A	N/A	3.06
Deviation from the Benchmark/ Performance Target <sup>6</sup>	+0.20	N/A	N/A	+0.58
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was able to correspond to the reference portfolio due to stable asset allocation and positive security selection.</li> <li>The since launch annualized return was able to correspond to the reference portfolio due to stable asset allocation and positive security selection.</li> </ul>			
BEA Core Accumulation Fund <i>Launch date: 01/04/2017</i>	2.30	N/A	N/A	6.41
Benchmark/Performance Target <sup>5</sup>	2.04	N/A	N/A	5.63
Deviation from the Benchmark/ Performance Target <sup>6</sup>	+0.26	N/A	N/A	+0.78
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was able to correspond to the reference portfolio due to stable asset allocation and positive security selection.</li> <li>The since launch annualized return was able to correspond to the reference portfolio due to stable asset allocation and positive security selection.</li> </ul>			

## Investment report for the year ended 31 March 2019 (continued)

### Trustee's commentary (continued)

#### **B. Trustee's assessment framework for deriving its commentary and trustee's action, if any, to address its concern raised in its commentary in Section A**

Bank of East Asia (Trustees) Limited ("BEA Trustees") has established an on-going mechanism on fund monitoring in order to monitor and review the performance of constituent funds ("CFs"). BEA Trustees identifies (i) underperformance issues by referencing to the benchmark of non-index tracking CFs; (ii) performance differences or abnormal tracking error by referencing the corresponding index of the index-tracking CFs; and (iii) outperformance and underperformance by referencing the recognized reference portfolio for the Default Investment Strategy ("DIS") CFs (collectively "performance issues").

On a regular basis, BEA Trustees holds review meetings with the investment manager to discuss the overall performance of the CFs. Comprehensive assessment on CF level in different horizons will be reviewed during the meeting. When any performance issues are identified, the investment manager is required to provide explanation and BEA Trustees will determine whether follow-up action has to be taken based on the explanation.

In addition to regular monitoring, BEA Trustees will update the Board of BEA Trustees regarding the fund performance of CFs and/or other issues through different channels including regular reports and meetings.

#### **Note:**

- <sup>1</sup> It refers to the prescribed savings rate prescribed by the Mandatory Provident Fund Schemes Authority.
- <sup>2</sup> It refers to the market median of MPF constituent fund under corresponding fund category obtained from Lipper.
- <sup>3</sup> It refers to the FTSE<sup>®</sup> Greater China HKD Index obtained from Lipper.
- <sup>4</sup> It refers to the Hang Seng Index obtained from Lipper.
- <sup>5</sup> It refers to the Willis Towers Watson – MPF DIS Reference Portfolios obtained from Hong Kong Investment Funds Association.
- <sup>6</sup> The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.
- <sup>7</sup> The benchmark/performance target may not be meaningful as different funds may have different launch dates.
- <sup>8</sup> The deviation from the benchmark/performance target may not be meaningful due to different funds may have different launch dates.

## Investment report for the year ended 31 March 2019 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds**

The Scheme commenced operations on 25 October 2012. The Scheme offers 12 constituent funds with different investment policies. The constituent funds of the Scheme are BEA MPF Conservative Fund, BEA Growth Fund, BEA Balanced Fund, BEA Stable Fund, BEA Global Equity Fund, BEA Asian Equity Fund, BEA Greater China Equity Fund, BEA Greater China Tracker Fund, BEA Hong Kong Tracker Fund, BEA Global Bond Fund, BEA Age 65 Plus Fund and BEA Core Accumulation Fund.

BEA Growth Fund, BEA Balanced Fund, BEA Stable Fund and BEA Asian Equity Fund invest in Approved Pooled Investment Funds. BEA Global Equity Fund, BEA Greater China Equity Fund, BEA Global Bond Fund, BEA Age 65 Plus Fund and BEA Core Accumulation Fund invest in a single Approved Pooled Investment Fund. BEA Greater China Tracker Fund and BEA Hong Kong Tracker Fund invest in a single Approved Index-Tracking Fund and BEA MPF Conservative Fund invests directly in a portfolio of Hong Kong dollar deposits and Hong Kong dollar denominated debt instruments.

Separate and distinct investment policies are applied in the investments of each constituent fund. The respective investment objectives and policies are set out below.

## Investment report for the year ended 31 March 2019 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA MPF Conservative Fund**

***Investment objective:***

To achieve a minimum rate of return while maintaining stability of the principal amount invested.

***Investment policy:***

The BEA MPF Conservative Fund solely invests in Hong Kong dollar denominated instruments, namely, short-term deposits and debt securities issued by banks, corporations and governments and such instruments will satisfy the requirements set out in section 37 of the Hong Kong Mandatory Provident Fund Schemes (General) Regulation.

The BEA MPF Conservative Fund will not enter into financial futures and options contracts for any purposes and will not engage in securities lending.

#### **BEA Growth Fund**

***Investment objective:***

To achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in global equities with some exposure in global debt securities/money market instruments.

***Investment policy:***

The BEA Growth Fund invests primarily in global equity and bond markets. The BEA Growth Fund invests in a range of Approved Pooled Investment Funds managed by the Investment Manager to obtain exposure to such markets (such Approved Pooled Investment Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA Growth Fund). The underlying assets of the BEA Growth Fund are expected normally to be invested 60% to 90% in equities and 10% to 40% in cash, debt securities and/or money market instruments.

The Investment Manager invests the assets of the BEA Growth Fund only in Approved Pooled Investment Funds which do not enter into financial futures and options contracts other than for hedging purposes. The Approved Pooled Investment Funds may, however, engage in securities lending.

The BEA Growth Fund will enter into financial futures and options contracts for hedging purposes only. The BEA Growth Fund will not engage in securities lending.



## Investment report for the year ended 31 March 2019 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA Balanced Fund**

##### ***Investment objective:***

To achieve a stable rate of return with an opportunity for capital appreciation through a balanced weighting of investments in global equities and debt securities.

##### ***Investment policy:***

The BEA Balanced Fund invests primarily in global equity and bond markets. The BEA Balanced Fund invests in a range of Approved Pooled Investment Funds managed by the Investment Manager to obtain exposure to such markets (such Approved Pooled Investment Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA Balanced Fund). The underlying assets of the BEA Balanced Fund are expected normally to be invested 40% to 60% in equities and 40% to 60% in cash, debt securities and/or money market instruments.

The Investment Manager invests the assets of the BEA Balanced Fund only in Approved Pooled Investment Funds which do not enter into financial futures and options contracts other than for hedging purposes. The Approved Pooled Investment Funds may, however, engage in securities lending.

The BEA Balanced Fund will enter into financial futures and options contracts for hedging purposes only. The BEA Balanced Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2019 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA Stable Fund**

##### ***Investment objective:***

To minimise short-term capital risk with modest capital growth over the long term through a higher weighting of investments in global debt securities to provide steady income and lower exposure to global equities to provide modest potential for capital appreciation.

##### ***Investment policy:***

The BEA Stable Fund invests primarily in the global equity and bond markets. The BEA Stable Fund invests in a range of Approved Pooled Investment Funds managed by the Investment Manager to obtain exposure to such markets (such Approved Pooled Investment Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA Stable Fund). The underlying assets of the BEA Stable Fund are expected normally to be invested 10% to 40% in equities and 60% to 90% in cash, debt securities and/or money market instruments.

The Investment Manager invests the assets of the BEA Stable Fund only in Approved Pooled Investment Funds which do not enter into financial futures and options contracts other than for hedging purposes. The Approved Pooled Investment Funds may, however, engage in securities lending.

The BEA Stable Fund will enter into financial futures and options contracts for hedging purposes only. The BEA Stable Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2019 (continued)

### Investment objectives and policies of the Scheme and the constituent funds (continued)

#### BEA Global Equity Fund

***Investment objective:***

To provide investors with long-term capital growth through investing in a diversified global portfolio.

***Investment policy:***

The BEA Global Equity Fund invests directly in a single Approved Pooled Investment Fund, namely the BEA Union Investment Global Equity Fund (a sub-fund of the BEA Union Investment Capital Growth Fund), to obtain exposure to the global equity markets. The Approved Pooled Investment Fund's portfolio primarily consists of global equity securities, including but not limited to common stocks, preferred stocks, American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), International Depositary Receipts ("IDRs"), approved Exchange Traded Funds ("ETFs"), warrants, or debt securities convertible into common or preferred stocks, or ADRs, GDRs or IDRs, to the extent permitted under Schedule 1 of the Hong Kong Mandatory Provident Fund Schemes (General) Regulation.

In managing the asset allocation of the Approved Pooled Investment Fund's portfolio, the manager of the Approved Pooled Investment Fund from time to time makes reference to the geographic allocation by one or more global stock market indices. As an indication, the geographic allocation of the Approved Pooled Investment Fund is expected to be:

United States	– 0% - 65%
Europe	– 0% - 40%
Others	– 0% - 50%

Please note that the above figures are for indicative purposes only. The actual allocation of the Approved Pooled Investment Fund's portfolio between countries and regions may vary from time to time and may be different from that as shown above according to the perception of the Approved Pooled Investment Fund's manager of prevailing and anticipated global market conditions and will be decided on the basis of the macro-economic analysis of the Approved Pooled Investment Fund's manager of the global markets and economic growth, inflation and interest rate trends.

## Investment report for the year ended 31 March 2019 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA Global Equity Fund (continued)**

Normally not less than 70% of the Approved Pooled Investment Fund's assets will be invested in equities. Up to 10% of the assets of the Approved Pooled Investment Fund may be invested in other securities (as permitted under Schedule 1 to the Hong Kong Mandatory Provident Fund Schemes (General) Regulation). Any remaining assets may be held in money market instruments, cash or cash equivalents. In times of extreme volatility of the markets or during severe adverse market conditions, the Approved Pooled Investment Fund may hold a substantial portion of its assets in money market instruments, cash or cash equivalents to safeguard the investment portfolio of the Approved Pooled Investment Fund.

Subject to the restrictions imposed by the Hong Kong Mandatory Provident Fund Schemes Ordinance, the Approved Pooled Investment Fund may enter into financial futures, options and currency forward contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the Approved Pooled Investment Fund. The Approved Pooled Investment Fund may engage in securities lending.

The BEA Global Equity Fund may hold cash and bank deposits for ancillary purposes, such as for meeting redemption requests or defraying operating expenses.

The BEA Global Equity Fund will not enter into financial futures and options contracts for any purposes and will not engage in securities lending.

The Investment Manager is also the manager of the Approved Pooled Investment Fund.

## Investment report for the year ended 31 March 2019 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA Asian Equity Fund**

##### ***Investment objective:***

To achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in Asian ex-Japan equities.

##### ***Investment policy:***

The BEA Asian Equity Fund invests primarily in Asian ex-Japan equity markets. The BEA Asian Equity Fund invests in a range of Approved Pooled Investment Funds managed by the Investment Manager to obtain exposure to such Asian ex-Japan equity markets (such Approved Pooled Investment Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA Asian Equity Fund). The underlying assets of the BEA Asian Equity Fund are expected normally to be invested 70% to 100% in equities of companies listed in the Asian equity markets (including but not limited to Singapore, Malaysia, Korea, Taiwan, Thailand, Indonesia, The Philippines, India, China and Hong Kong but excluding Japan). The underlying assets of the BEA Asian Equity Fund may be invested 0% to 30% in cash, debt securities and/or money market instruments for cash management purpose.

The Investment Manager invests the assets of the BEA Asian Equity Fund only in Approved Pooled Investment Funds which do not enter into financial futures and options contracts other than for hedging purposes. The Approved Pooled Investment Funds may, however, engage in securities lending.

The BEA Asian Equity Fund may hold cash and bank deposits for ancillary purposes, such as for meeting redemption requests or defraying operating expenses.

The BEA Asian Equity Fund will enter into financial futures and options contracts for hedging purposes only. The BEA Asian Equity Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2019 (continued)

### Investment objectives and policies of the Scheme and the constituent funds (continued)

#### BEA Greater China Equity Fund

***Investment objective:***

To provide investors with long-term capital growth through exposure to the Greater China equity markets.

***Investment policy:***

The BEA Greater China Equity Fund invests directly in a single Approved Pooled Investment Fund, namely the BEA Union Investment Greater China Growth Fund (a sub-fund of the BEA Union Investment Capital Growth Fund), to obtain exposure to the Greater China equity markets. The Approved Pooled Investment Fund will invest in a diversified portfolio primarily consisting of securities that are either (a) listed in Greater China or (b) issued by companies that are incorporated in Greater China or companies which have significant operations in or derive a significant portion of revenue or profits from Greater China, which includes the People's Republic of China (PRC), Hong Kong, Macau and Taiwan.

Normally not less than 70% of the assets of the Approved Pooled Investment Fund will be invested directly in equities. Up to 10% of the assets of the Approved Pooled Investment Fund may be invested in other securities (as permitted under Schedule 1 to the Hong Kong Mandatory Provident Fund Schemes (General) Regulation), including other collective investment schemes, China A-shares and China B-shares. Any remaining assets may be held in cash or cash equivalents. In times of extreme volatility of the markets or during severe adverse market conditions, the Approved Pooled Investment Fund may hold a substantial portion of its assets in cash or cash equivalents, or invest in short-term money market instruments to safeguard the investment portfolio of the Approved Pooled Investment Fund.

The Approved Pooled Investment Fund may enter into financial futures and options contracts for hedging purposes to reduce risk and protect or enhance asset value, consistent with the investment objective of the Approved Pooled Investment Fund. The Approved Pooled Investment Fund may engage in securities lending.

The BEA Greater China Equity Fund may hold cash and bank deposits for ancillary purposes, such as for meeting redemption requests or defraying operating expenses. The BEA Greater China Equity Fund will not enter into financial futures and options contracts for any purposes and will not engage in securities lending.

The Investment Manager is also the manager of the Approved Pooled Investment Fund.

## Investment report for the year ended 31 March 2019 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA Greater China Tracker Fund**

##### ***Investment objective:***

To provide investment returns, before fees and expenses, that closely correspond to the performance of the FTSE Greater China HKD Index.

##### ***Investment policy:***

The BEA Greater China Tracker Fund invests directly in a single Approved Index-Tracking Fund, namely the SPDR FTSE Greater China ETF (a sub-fund of the SPDR ETFs). The Approved Index-Tracking Fund aims to provide investment returns, before fees and expenses, that closely correspond to the performance of the FTSE Greater China HKD Index. The FTSE Greater China HKD Index comprises of stocks listed in Hong Kong, Taiwan, Shanghai (B shares), Shenzhen (B shares) and Singapore, where the Singapore listed stocks are classified as Hong Kong nationality in accordance with FTSE nationality rules.

The Approved Index-Tracking Fund may use futures contracts listed on futures exchanges in Hong Kong, Taiwan and Singapore. In addition, the Approved Index-Tracking Fund may receive other derivatives, such as warrants or options, as a result of corporate action from underlying investments. The Approved Index-Tracking Fund will not engage in securities lending.

The BEA Greater China Tracker Fund may hold cash and bank deposits for ancillary purposes, such as for meeting redemption requests or defraying operating expenses.

The BEA Greater China Tracker Fund will not enter into financial futures and options contracts and will not engage in securities lending.

## Investment report for the year ended 31 March 2019 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA Hong Kong Tracker Fund**

***Investment objective:***

To provide investment results that closely correspond to the performance of the Hang Seng Index.

***Investment policy:***

The BEA Hong Kong Tracker Fund invests directly in a single Approved Index-Tracking Fund, namely the Tracker Fund of Hong Kong. The Approved Index-Tracking Fund aims to provide investment results that closely correspond to the performance of the Hang Seng Index.

The Approved Index-Tracking Fund may use futures contracts and options for hedging purposes or to achieve its investment objective. The Approved Index-Tracking Fund will not engage in securities lending.

The BEA Hong Kong Tracker Fund may hold cash and bank deposits for ancillary purposes, such as for meeting redemption requests or defraying operating expenses.

The BEA Hong Kong Tracker Fund will not enter into financial futures and options contracts and will not engage in securities lending.



## Investment report for the year ended 31 March 2019 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA Global Bond Fund**

##### ***Investment objective:***

To provide investors with total investment return over the medium to long term through investing into a diversified range of global bonds.

##### ***Investment policy:***

The BEA Global Bond Fund invests directly in a single Approved Pooled Investment Fund, namely the BEA Union Investment Global Bond Fund (a sub-fund of the BEA Union Investment Capital Growth Fund), to obtain exposure to the global bond markets. The Approved Pooled Investment Fund will invest in a diversified range of global bonds denominated in various major currencies (including but not limited to, United States dollars, Euro, Pounds Sterling, Japanese Yen and Hong Kong dollars).

The Approved Pooled Investment Fund's assets will normally be invested between 20% to 100% in short to long term government bonds and 0% to 80% in short to long term corporate bonds. Such investments will be made mainly in the United States of America, Europe and Asia, but may include other markets.

The Approved Pooled Investment Fund may enter into financial futures contracts for hedging purposes to reduce risk and enhance asset value, consistent with the investment objective of the Approved Pooled Investment Fund. The Approved Pooled Investment Fund may engage in securities lending.

The BEA Global Bond Fund may hold cash and bank deposits for ancillary purposes, such as for meeting redemption requests or defraying operating expenses.

The BEA Global Bond Fund will not enter into financial futures and options contracts for any purposes and will not engage in securities lending.

The Investment Manager is also the manager of the Approved Pooled Investment Fund.

## Investment report for the year ended 31 March 2019 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA Age 65 Plus Fund**

##### ***Investment objective:***

To provide stable growth to scheme members by investing in a globally diversified manner.

##### ***Investment policy:***

The BEA Age 65 Plus Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Age 65 Plus Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Age 65 Plus Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that as far as practicable the asset allocation of the BEA Union Investment Age 65 Plus Fund will be as set out in the sub-paragraph "Asset Allocation" below.

##### ***Asset Allocation:***

Subject to the discretion of the investment manager of the BEA Union Investment Age 65 Plus Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active investment strategy in selecting particular global equities or global bonds), the BEA Age 65 Plus Fund will hold around 20% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

The BEA Age 65 Plus Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Age 65 Plus Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Age 65 Plus Fund.

The BEA Union Investment Age 65 Plus Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

## Investment report for the year ended 31 March 2019 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA Core Accumulation Fund**

##### ***Investment objective:***

To provide capital growth to scheme members by investing in a globally diversified manner.

##### ***Investment policy:***

The BEA Core Accumulation Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Core Accumulation Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Core Accumulation Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Core Accumulation Fund will be as set out in the sub-paragraph "Asset Allocation" below.

##### ***Asset Allocation:***

Subject to the discretion of the investment manager of the BEA Union Investment Core Accumulation Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active strategy in selecting particular global equities or global bonds), the BEA Core Accumulation Fund will hold around 60% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

The BEA Core Accumulation Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Core Accumulation Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Core Accumulation Fund.

The BEA Union Investment Core Accumulation Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

## Investment report for the year ended 31 March 2019 (continued)

### Investment income and performance

	<i>BEA MPF Conservative Fund</i>			<i>BEA Growth Fund</i>			<i>BEA Balanced Fund</i>		
	<i>2019</i> HK\$	<i>2018</i> HK\$	<i>2017</i> HK\$	<i>2019</i> HK\$	<i>2018</i> HK\$	<i>2017</i> HK\$	<i>2019</i> HK\$	<i>2018</i> HK\$	<i>2017</i> HK\$
Net income/(loss) excluding capital appreciation/(depreciation)	275,643	106,567	43,954	(81,514)	(76,166)	(45,908)	(52,742)	(46,254)	(29,559)
Capital appreciation/(depreciation) of investments									
– realised and unrealised	-	-	-	3,514	1,335,143	448,930	24,171	671,024	197,156
Value of scheme assets derived from investments as at 31 March	<u>17,665,882</u>	<u>12,982,179</u>	<u>8,349,468</u>	<u>9,963,466</u>	<u>8,557,950</u>	<u>6,472,728</u>	<u>6,307,104</u>	<u>5,507,745</u>	<u>3,873,014</u>
	<i>BEA Stable Fund</i>			<i>BEA Global Equity Fund</i>			<i>BEA Asian Equity Fund</i>		
	<i>2019</i> HK\$	<i>2018</i> HK\$	<i>2017</i> HK\$	<i>2019</i> HK\$	<i>2018</i> HK\$	<i>2017</i> HK\$	<i>2019</i> HK\$	<i>2018</i> HK\$	<i>2017</i> HK\$
Net income/(loss) excluding capital appreciation/(depreciation)	(70,506)	(60,453)	(40,829)	(62,293)	(53,156)	(31,374)	(40,769)	(37,295)	(22,578)
Capital appreciation/(depreciation) of investments									
– realised and unrealised	2,159	716,604	108,511	171,122	792,609	384,280	(464,447)	1,002,563	362,465
Value of scheme assets derived from investments as at 31 March	<u>7,987,167</u>	<u>7,413,247</u>	<u>5,402,923</u>	<u>7,310,628</u>	<u>6,516,547</u>	<u>4,577,411</u>	<u>4,541,770</u>	<u>4,776,908</u>	<u>2,886,829</u>

## Investment report for the year ended 31 March 2019 (continued)

### Investment income and performance (continued)

	<u>BEA Greater China Equity Fund</u>			<u>BEA Greater China Tracker Fund</u>			<u>BEA Hong Kong Tracker Fund</u>		
	2019 HK\$	2018 HK\$	2017 HK\$	2019 HK\$	2018 HK\$	2017 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net income/(loss) excluding capital appreciation/(depreciation)	(53,645)	(48,977)	(34,318)	(27,457)	(25,217)	(16,670)	414,811	395,849	246,159
Capital appreciation/(depreciation) of investments									
– realised and unrealised	(309,914)	1,433,914	571,832	(170,538)	866,950	476,130	(473,900)	3,106,200	1,351,554
Value of scheme assets derived from investments as at 31 March	<u>6,340,198</u>	<u>5,638,265</u>	<u>4,403,801</u>	<u>4,768,500</u>	<u>4,337,950</u>	<u>2,721,600</u>	<u>14,964,600</u>	<u>15,412,800</u>	<u>11,968,200</u>
	<u>BEA Global Bond Fund</u>			<u>BEA Age 65 Plus Fund<sup>(1)</sup></u>			<u>BEA Core Accumulation Fund<sup>(1)</sup></u>		
	2019 HK\$	2018 HK\$	2017 HK\$	2019 HK\$	2018 HK\$	2017 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net income/(loss) excluding capital appreciation/(depreciation)	(33,718)	(26,425)	(15,459)	(8,664)	(3,324)	-	(19,764)	(5,762)	-
Capital appreciation/(depreciation) of investments									
– realised and unrealised	2,228	203,590	(45,159)	39,580	15,855	-	101,139	46,129	-
Value of scheme assets derived from investments as at 31 March	<u>3,910,557</u>	<u>3,633,201</u>	<u>1,993,761</u>	<u>1,222,084</u>	<u>765,161</u>	<u>-</u>	<u>3,308,634</u>	<u>1,379,149</u>	<u>-</u>

<sup>(1)</sup> The launch date of BEA Age 65 Plus Fund and BEA Core Accumulation Fund was 1 April 2017.

## Investment report for the year ended 31 March 2019 (continued)

### Breakdown of income derived from investments and bank balances

*For the year ended 31 March 2019*

	<i>Dividend income</i> HK\$	<i>Interest Income</i> HK\$	<i>Interest Income from financial assets at fair value through profit or loss</i> HK\$	<i>Total</i> HK\$
BEA MPF Conservative Fund	-	786	274,857	275,643
BEA Growth Fund	-	4,568	-	4,568
BEA Balanced Fund	-	2,946	-	2,946
BEA Stable Fund	-	9,930	-	9,930
BEA Global Equity Fund	-	138	-	138
BEA Asian Equity Fund	-	62	-	62
BEA Greater China Equity Fund	-	115	-	115
BEA Greater China Tracker Fund	-	9	-	9
BEA Hong Kong Tracker Fund	544,135	79	-	544,214
BEA Global Bond Fund	-	74	-	74
BEA Age 65 Plus Fund	-	4	-	4
BEA Core Accumulation Fund	-	12	-	12

## Investment report for the year ended 31 March 2019 (continued)

### Breakdown of income derived from investments and bank balances (continued)

*For the year ended 31 March 2018*

	<i>Dividend income HK\$</i>	<i>Interest Income HK\$</i>	<i>Interest Income from financial assets at fair value through profit or loss HK\$</i>	<i>Total HK\$</i>
BEA MPF Conservative Fund	-	96	106,471	106,567
BEA Growth Fund	-	31	-	31
BEA Balanced Fund	-	27	-	27
BEA Stable Fund	-	499	-	499
BEA Global Equity Fund	-	18	-	18
BEA Asian Equity Fund	-	16	-	16
BEA Greater China Equity Fund	-	16	-	16
BEA Greater China Tracker Fund	-	1	-	1
BEA Hong Kong Tracker Fund	506,880	6	-	506,886
BEA Global Bond Fund	-	10	-	10
BEA Age 65 Plus Fund	-	-	-	-
BEA Core Accumulation Fund	-	-	-	-

## Investment report for the year ended 31 March 2019 (continued)

### Performance table

(a) **Total net asset value and net asset value per unit**

Name of constituent funds	As at 31 March 2019		As at 31 March 2018		As at 31 March 2017	
	Total net asset value HK\$	Net asset value per unit HK\$	Total net asset value HK\$	Net asset value per unit HK\$	Total net asset value HK\$	Net asset value per unit HK\$
BEA MPF Conservative Fund	18,898,844	10.5305	14,213,570	10.3595	9,148,462	10.2647
BEA Growth Fund	10,613,004	13.5906	8,980,132	13.7774	6,697,203	11.8281
BEA Balanced Fund	6,710,649	12.9104	5,774,668	13.0172	3,954,710	11.4613
BEA Stable Fund	8,647,869	11.9409	8,710,484	12.0015	5,830,129	10.8339
BEA Global Equity Fund	7,497,966	15.9934	6,681,628	15.7560	4,676,019	13.7944
BEA Asian Equity Fund	4,575,196	12.7395	4,892,677	14.1576	2,956,870	11.0333
BEA Greater China Equity Fund	6,527,761	15.4944	5,788,127	16.4940	4,514,219	12.6528
BEA Greater China Tracker Fund	4,769,326	14.6450	4,346,326	15.3685	2,762,450	12.2696
BEA Hong Kong Tracker Fund	14,976,583	14.9075	15,427,295	15.0548	11,997,467	11.8147
BEA Global Bond Fund	4,021,250	10.4810	3,733,787	10.5531	2,054,781	9.8963
BEA Age 65 Plus Fund <sup>(1)</sup>	1,221,239	10.7397	764,616	10.4592	-	-
BEA Core Accumulation Fund <sup>(1)</sup>	3,306,315	11.3200	1,378,176	11.0654	-	-
	<u>91,766,002</u>		<u>80,691,486</u>		<u>54,592,310</u>	

<sup>(1)</sup> The launch date of BEA Age 65 Plus Fund and BEA Core Accumulation Fund was 1 April 2017.



## Investment report for the year ended 31 March 2019 (continued)

### Performance table (continued)

(b) **Highest and lowest prices**

	<i>BEA MPF Conservative Fund <sup>(1)</sup></i>	<i>BEA Growth Fund <sup>(1)</sup></i>	<i>BEA Balanced Fund <sup>(1)</sup></i>	<i>BEA Stable Fund <sup>(1)</sup></i>	<i>BEA Global Equity Fund <sup>(1)</sup></i>	<i>BEA Asian Equity Fund <sup>(1)</sup></i>	<i>BEA Greater China Equity Fund <sup>(1)</sup></i>	<i>BEA Greater China Tracker Fund <sup>(1)</sup></i>	<i>BEA Hong Kong Tracker Fund <sup>(1)</sup></i>	<i>BEA Global Bond Fund <sup>(1)</sup></i>	<i>BEA Age 65 Plus Fund <sup>(1)</sup></i>	<i>BEA Core Accumulation Fund <sup>(1)</sup></i>
<b>Highest issue price per unit (HK\$)</b>												
2019	10.5295	13.9857	13.1214	12.0596	16.6285	14.3765	17.0078	15.8316	15.8833	10.5680	10.7402	11.4140
2018	10.3590	14.6198	13.5758	12.3128	17.0294	15.1770	17.8552	16.5129	16.5390	10.5806	10.6016	11.5470
2017	10.2647	11.8988	11.5583	11.1646	13.9058	11.2538	12.9506	12.3601	12.0110	10.6058	-	-
2016	10.1928	12.1255	11.5612	10.9190	12.9334	12.3290	14.5862	13.5170	13.2154	10.1902	-	-
2015	10.1323	11.6032	11.1330	10.7410	12.7113	11.6179	12.8086	11.9667	11.6796	10.2071	-	-
2014	10.0511	11.1496	10.7499	10.4531	12.2422	11.0056	11.8503	11.0560	10.8233	10.0387	-	-
2013	10.0014	10.4424	10.3335	10.2392	10.7783	10.4840	10.8339	10.4116	10.5337	10.0070	-	-
<b>Lowest redemption price per unit (HK\$)</b>												
2019	10.3604	12.2908	11.9369	11.3036	13.8874	11.1034	13.2929	12.6791	12.6884	10.0495	10.2151	10.2663
2018	10.2654	11.7936	11.4628	10.8352	13.6667	10.9675	12.5537	12.1193	11.6667	9.8997	9.9997	9.9747
2017	10.1930	10.7449	10.7719	10.4277	11.9898	9.1143	10.3264	9.5900	9.4175	9.6860	-	-
2016	10.1325	10.0820	10.1883	10.0651	11.1611	8.4862	9.6536	8.8490	8.7209	9.5386	-	-
2015	10.0513	10.7934	10.5828	10.3911	11.3138	10.3263	11.0339	10.1752	9.8365	9.8066	-	-
2014	10.0014	9.9543	9.8809	9.8901	10.5160	9.2064	9.5365	8.9590	8.9339	9.7416	-	-
2013	10.0000	10.0055	9.9928	9.9965	10.0000	9.9485	10.0077	9.6926	9.7247	9.9089	-	-

<sup>(1)</sup> The date of commencement for BEA MPF Conservative Fund, BEA Growth Fund, BEA Balanced Fund, BEA Stable Fund, BEA Global Equity Fund, BEA Asian Equity Fund, BEA Greater China Equity Fund, BEA Greater China Tracker Fund, BEA Hong Kong Tracker Fund, and BEA Global Bond Fund was 25 October 2012.

The launch date of BEA Age 65 Plus Fund and BEA Core Accumulation Fund was 1 April 2017.

## Investment report for the year ended 31 March 2019 (continued)

### Performance table (continued)

(c) **Net annualised investment return** <sup>(1)</sup>

	<i>BEA MPF Conservative Fund</i> <sup>(3)</sup>	<i>BEA Growth Fund</i> <sup>(2)</sup>	<i>BEA Balanced Fund</i> <sup>(2)</sup>	<i>BEA Stable Fund</i> <sup>(2)</sup>	<i>BEA Global Equity Fund</i> <sup>(2)</sup>	<i>BEA Asian Equity Fund</i> <sup>(2)</sup>	<i>BEA Greater China Equity Fund</i> <sup>(2)</sup>	<i>BEA Greater China Tracker Fund</i> <sup>(2)</sup>	<i>BEA Hong Kong Tracker Fund</i> <sup>(2)</sup>	<i>BEA Global Bond Fund</i> <sup>(2)</sup>	<i>BEA Age 65 Plus Fund</i> <sup>(2)</sup>	<i>BEA Core Accumulation Fund</i> <sup>(2)</sup>
<b>Net annualised investment return (%)</b>												
2019	1.65	(1.36)	(0.82)	(0.50)	1.51	(10.02)	(6.06)	(4.71)	(0.98)	(0.68)	2.68	2.30
2018	0.92	16.48	13.58	10.78	14.22	28.32	30.36	25.26	27.42	6.64	4.59	10.65
2017	0.71	7.72	4.83	1.63	9.79	13.58	14.96	20.76	19.31	(2.88)	-	-
2016	0.60	(4.91)	(1.32)	0.11	0.66	(13.36)	(14.07)	(15.01)	(14.47)	3.00	-	-
2015	0.81	4.96	3.86	2.36	2.95	6.16	14.35	16.14	16.03	(0.97)	-	-
2014	0.50	6.74	4.59	2.39	13.64	4.12	9.43	4.87	0.90	0.63	-	-
2013	0.01	3.08	1.99	1.59	6.69	1.43	2.36	(1.85)	(1.12)	(0.73)	-	-

<sup>(1)</sup> The net annualised investment return represents the percentage change in unit price at the year end during each of these years except for the net investment return in the first financial period which was calculated as the percentage change in unit price between the unit price at the period end date and the initial offer price.

<sup>(2)</sup> The date of commencement for BEA MPF Conservative Fund, BEA Growth Fund, BEA Balanced Fund, BEA Stable Fund, BEA Global Equity Fund, BEA Asian Equity Fund, BEA Greater China Equity Fund, BEA Greater China Tracker Fund, BEA Hong Kong Tracker Fund, and BEA Global Bond Fund was 25 October 2012.

The launch date of BEA Age 65 Plus Fund and BEA Core Accumulation Fund was 1 April 2017.

<sup>(3)</sup> The unit price of BEA MPF Conservative Fund does not reflect the impact of fees and charges which are deducted from members' accounts by way of unit deduction.

## Investment report for the year ended 31 March 2019 (continued)

### Performance table (continued)

(d) **Fund Expense Ratio (“FER”)**

<i>Name of constituent funds</i>	2019	
	<i>Transaction costs for the year ended 31 March HK\$</i>	<i>FER for the year ended 31 March</i>
BEA MPF Conservative Fund	-	0.76%
BEA Growth Fund	-	0.95%
BEA Balanced Fund	-	0.94%
BEA Stable Fund	-	0.94%
BEA Global Equity Fund	-	0.96%
BEA Asian Equity Fund	-	0.98%
BEA Greater China Equity Fund	-	0.97%
BEA Greater China Tracker Fund	2,651	1.07%
BEA Hong Kong Tracker Fund	34,335	0.72%
BEA Global Bond Fund	-	0.93%
BEA Age 65 Plus Fund	-	0.86%
BEA Core Accumulation Fund	-	0.85%

## Investment report as at 31 March 2019 (continued)

### Investment portfolio

#### BEA MPF Conservative Fund

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits</b>				
<i>Hong Kong Dollar</i>				
Australia and New Zealand Banking Group Limited F/D 1.26% 10 May 2019	316,528	316,528	316,528	1.67
Australia and New Zealand Banking Group Limited F/D 1.26% 10 May 2019	363,137	363,137	363,137	1.92
Australia and New Zealand Banking Group Limited F/D 1.51% 17 May 2019	371,896	371,896	371,896	1.97
Australia and New Zealand Banking Group Limited F/D 1.51% 17 May 2019	213,467	213,467	213,467	1.13
Australia and New Zealand Banking Group Limited F/D 1.51% 17 May 2019	329,049	329,049	329,049	1.74
Bank of Communications Co., Ltd. F/D 1.76% 03 April 2019	306,880	306,880	306,880	1.62
Bank of Communications Co., Ltd. F/D 1.86% 31 July 2019	113,324	113,324	113,324	0.60
Bank of Communications Co., Ltd. F/D 2.01% 27 November 2019	201,871	201,871	201,871	1.07
Bank of Communications Co., Ltd. F/D 2.01% 27 November 2019	384,586	384,586	384,586	2.03
Bank of East Asia, Limited F/D 1.95% 14 August 2019	206,959	206,959	206,959	1.10
China CITIC Bank International Limited F/D 2.17% 03 April 2019	88,937	88,937	88,937	0.47
China CITIC Bank International Limited F/D 1.36% 10 May 2019	141,505	141,505	141,505	0.75
China CITIC Bank International Limited F/D 1.36% 10 May 2019	271,078	271,078	271,078	1.43
China CITIC Bank International Limited F/D 1.43% 17 May 2019	544,037	544,037	544,037	2.88
China CITIC Bank International Limited F/D 1.90% 01 August 2019	406,520	406,520	406,520	2.15

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### BEA MPF Conservative Fund (continued)

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits (continued)</b>				
<i>Hong Kong Dollar (continued)</i>				
China Construction Bank Corporation F/D 1.94% 03 April 2019	102,400	102,400	102,400	0.54
China Construction Bank Corporation F/D 1.53% 29 May 2019	594,834	594,834	594,834	3.15
China Construction Bank Corporation F/D 1.72% 21 June 2019	134,797	134,797	134,797	0.71
China Construction Bank Corporation F/D 1.72% 21 June 2019	193,990	193,990	193,990	1.03
China Construction Bank Corporation F/D 1.72% 21 June 2019	98,621	98,621	98,621	0.52
China Construction Bank Corporation F/D 2.15% 17 July 2019	281,538	281,538	281,538	1.49
China Construction Bank Corporation F/D 2.08% 27 November 2019	101,467	101,467	101,467	0.54
China Construction Bank Corporation F/D 2.08% 27 November 2019	73,761	73,761	73,761	0.39
Chong Hing Bank Limited F/D 1.55% 29 May 2019	127,595	127,595	127,595	0.68
Chong Hing Bank Limited F/D 1.55% 29 May 2019	94,529	94,529	94,529	0.50
Chong Hing Bank Limited F/D 1.70% 05 June 2019	184,902	184,902	184,902	0.98
Chong Hing Bank Limited F/D 2.05% 01 August 2019	245,674	245,674	245,674	1.30
Chong Hing Bank Limited F/D 1.95% 14 August 2019	400,543	400,543	400,543	2.12
Chong Hing Bank Limited F/D 2.00% 04 December 2019	373,790	373,790	373,790	1.98
CMB Wing Lung Bank Limited F/D 2.00% 03 April 2019	259,820	259,820	259,820	1.37
CMB Wing Lung Bank Limited F/D 2.10% 22 May 2019	437,604	437,604	437,604	2.32
CMB Wing Lung Bank Limited F/D 2.10% 17 July 2019	281,355	281,355	281,355	1.49

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### BEA MPF Conservative Fund (continued)

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits (continued)</b>				
<i>Hong Kong Dollar (continued)</i>				
CMB Wing Lung Bank Limited F/D 2.10% 17 July 2019	300,000	300,000	300,000	1.59
Dah Sing Bank Limited F/D 1.75% 17 April 2019	150,000	150,000	150,000	0.79
Dah Sing Bank Limited F/D 2.05% 17 July 2019	90,700	90,700	90,700	0.48
Dah Sing Bank Limited F/D 2.05% 17 July 2019	281,341	281,341	281,341	1.49
DBS Bank (Hong Kong) Limited F/D 1.77% 10 April 2019	198,805	198,805	198,805	1.05
DBS Bank (Hong Kong) Limited F/D 1.42% 10 May 2019	507,313	507,313	507,313	2.68
DBS Bank (Hong Kong) Limited F/D 1.39% 29 May 2019	534,549	534,549	534,549	2.83
Fubon Bank (Hong Kong) Limited F/D 2.00% 03 April 2019	124,014	124,014	124,014	0.66
Fubon Bank (Hong Kong) Limited F/D 1.50% 05 June 2019	420,167	420,167	420,167	2.22
Fubon Bank (Hong Kong) Limited F/D 1.80% 28 June 2019	94,918	94,918	94,918	0.50
Fubon Bank (Hong Kong) Limited F/D 1.80% 28 June 2019	155,480	155,480	155,480	0.82
Fubon Bank (Hong Kong) Limited F/D 1.95% 01 August 2019	159,499	159,499	159,499	0.84
Fubon Bank (Hong Kong) Limited F/D 1.95% 01 August 2019	71,774	71,774	71,774	0.38
Fubon Bank (Hong Kong) Limited F/D 1.80% 28 August 2019	232,210	232,210	232,210	1.23
ICBC (Asia) Ltd F/D 1.95% 10 April 2019	242,040	242,040	242,040	1.28
ICBC (Asia) Ltd F/D 1.55% 17 May 2019	226,514	226,514	226,514	1.20
ICBC (Asia) Ltd F/D 1.55% 17 May 2019	133,999	133,999	133,999	0.71

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### BEA MPF Conservative Fund (continued)

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits (continued)</b>				
<i>Hong Kong Dollar (continued)</i>				
ICBC (Asia) Ltd F/D 1.55% 17 May 2019	459,534	459,534	459,534	2.43
ICBC (Asia) Ltd F/D 2.00% 14 August 2019	437,724	437,724	437,724	2.32
MUFG Bank, Ltd. F/D 2.02% 03 April 2019	485,062	485,062	485,062	2.57
MUFG Bank, Ltd. F/D 1.71% 28 June 2019	426,681	426,681	426,681	2.26
MUFG Bank, Ltd. F/D 2.00% 31 July 2019	153,673	153,673	153,673	0.81
MUFG Bank, Ltd. F/D 1.79% 28 August 2019	506,198	506,198	506,198	2.68
OCBC Wing Hang Bank Limited F/D 2.25% 03 April 2019	122,634	122,634	122,634	0.65
OCBC Wing Hang Bank Limited F/D 2.25% 03 April 2019	249,711	249,711	249,711	1.32
OCBC Wing Hang Bank Limited F/D 1.41% 17 May 2019	320,090	320,090	320,090	1.69
OCBC Wing Hang Bank Limited F/D 1.60% 21 June 2019	694,789	694,789	694,789	3.68
Sumitomo Mitsui Banking Corporation F/D 2.11% 03 April 2019	42,968	42,968	42,968	0.23
Sumitomo Mitsui Banking Corporation F/D 1.60% 10 May 2019	141,565	141,565	141,565	0.75
Sumitomo Mitsui Banking Corporation F/D 1.67% 17 May 2019	132,898	132,898	132,898	0.70
Sumitomo Mitsui Banking Corporation F/D 1.69% 29 May 2019	114,056	114,056	114,056	0.60
Sumitomo Mitsui Banking Corporation F/D 1.86% 21 June 2019	105,871	105,871	105,871	0.56
Sumitomo Mitsui Banking Corporation F/D 2.31% 17 July 2019	90,700	90,700	90,700	0.48
Sumitomo Mitsui Banking Corporation F/D 2.21% 01 August 2019	171,927	171,927	171,927	0.91

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### BEA MPF Conservative Fund (continued)

	<i>Nominal value HK\$</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Short-term deposits (continued)</b>				
<i>Hong Kong Dollar (continued)</i>				
Sumitomo Mitsui Banking Corporation F/D 2.09% 14 August 2019	84,539	84,539	84,539	0.45
Sumitomo Mitsui Banking Corporation F/D 2.09% 14 August 2019	533,939	533,939	533,939	2.83
Sumitomo Mitsui Banking Corporation F/D 2.09% 14 August 2019	221,006	<u>221,006</u>	<u>221,006</u>	<u>1.17</u>
<b>Total investments</b>		<u>17,665,882</u>	<u>17,665,882</u>	<u>93.48</u>

Note: Investments are accounted for on a trade date basis.



## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### BEA Growth Fund

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	1,552.2340	195,178	166,439	1.84
BEA Union Investment Asia Strategic Growth Fund - Class A	3,234.7600	1,212,032	1,033,036	11.42
BEA Union Investment Global Bond Fund - Class A	15,481.9200	1,944,374	1,811,546	18.32
BEA Union Investment Global Equity Fund - Class A	25,530.9860	4,349,969	3,537,337	40.99
BEA Union Investment Greater China Growth Fund - Class A	325.9300	89,556	58,782	0.84
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	158.1580	21,967	19,406	0.21
BEA Union Investment Hong Kong Growth Fund - Class A	5,579.6050	1,866,099	1,629,295	17.58
BEA Union Investment Money Market Fund - Class A	2,829.6110	284,291	282,971	2.68
<b>Total investments</b>		<u>9,963,466</u>	<u>8,538,812</u>	<u>93.88</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### BEA Balanced Fund

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	3,052.8250	383,862	341,582	5.72
BEA Union Investment Asia Strategic Growth Fund - Class A	1,537.3370	576,025	500,745	8.58
BEA Union Investment Global Bond Fund - Class A	18,178.1810	2,282,998	2,128,057	34.02
BEA Union Investment Global Equity Fund - Class A	11,656.4910	1,986,033	1,638,231	29.60
BEA Union Investment Greater China Growth Fund - Class A	143.3530	39,389	25,854	0.59
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	182.2590	25,314	22,540	0.38
BEA Union Investment Hong Kong Growth Fund - Class A	2,480.9550	829,755	726,834	12.36
BEA Union Investment Money Market Fund - Class A	1,828.6820	183,728	182,875	2.74
<b>Total investments</b>		<u>6,307,104</u>	<u>5,566,718</u>	<u>93.99</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### BEA Stable Fund

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	4,228.1310	531,645	485,595	6.15
BEA Union Investment Asia Strategic Growth Fund - Class A	1,222.9490	458,227	398,533	5.30
BEA Union Investment Global Bond Fund - Class A	33,641.2290	4,225,002	3,961,374	48.85
BEA Union Investment Global Equity Fund - Class A	8,597.1590	1,464,784	1,283,663	16.94
BEA Union Investment Greater China Growth Fund - Class A	121.6750	33,432	22,096	0.39
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	345.3110	47,960	44,409	0.55
BEA Union Investment Hong Kong Growth Fund - Class A	1,921.5990	642,679	596,283	7.43
BEA Union Investment Money Market Fund - Class A	5,807.0840	583,438	580,734	6.75
<b>Total investments</b>		<u>7,987,167</u>	<u>7,372,687</u>	<u>92.36</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### *BEA Global Equity Fund*

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Fund</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Global Equity Fund - Class A	42,907.7850	<u>7,310,628</u>	<u>6,003,156</u>	<u>97.50</u>
<b>Total investments</b>		<u><u>7,310,628</u></u>	<u><u>6,003,156</u></u>	<u><u>97.50</u></u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### *BEA Asian Equity Fund*

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Asia Strategic Growth Fund - Class A	10,859.4750	4,068,937	3,480,088	88.94
BEA Union Investment Hong Kong Growth Fund - Class A	1,413.7630	472,833	392,414	10.33
<b>Total investments</b>		<u>4,541,770</u>	<u>3,872,502</u>	<u>99.27</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### **BEA Greater China Equity Fund**

	<i> Holding units</i>	<i> Fair value HK\$</i>	<i> Cost HK\$</i>	<i> % of net assets</i>
<b>Approved Pooled Investment Fund</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Greater China Growth Fund - Class A	23,074.5640	6,340,198	4,950,934	97.13
<b>Total investments</b>		<u>6,340,198</u>	<u>4,950,934</u>	<u>97.13</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### **BEA Greater China Tracker Fund**

	<i> Holding units</i>	<i> Fair value HK\$</i>	<i> Cost HK\$</i>	<i> % of net assets</i>
<b>Approved Index-Tracking Fund</b>				
<i>Hong Kong</i>				
SPDR FTSE Greater China ETF	115,600.0000	<u>4,768,500</u>	<u>3,898,635</u>	<u>99.98</u>
<b>Total investments</b>		<u><u>4,768,500</u></u>	<u><u>3,898,635</u></u>	<u><u>99.98</u></u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### **BEA Hong Kong Tracker Fund**

	<i> Holding units</i>	<i> Fair value HK\$</i>	<i> Cost HK\$</i>	<i> % of net assets</i>
<b>Approved Index-Tracking Fund</b>				
<i>Hong Kong</i>				
Tracker Fund of Hong Kong	509,000.0000	14,964,600	13,387,509	99.92
<b>Total investments</b>		<u>14,964,600</u>	<u>13,387,509</u>	<u>99.92</u>

Note: Investments are accounted for on a trade date basis.



## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### **BEA Global Bond Fund**

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Fund</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Global Bond Fund - Class A	31,137.4860	3,910,557	3,726,583	97.25
<b>Total investments</b>		<u>3,910,557</u>	<u>3,726,583</u>	<u>97.25</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### **BEA Age 65 Plus Fund**

	<i> Holding units</i>	<i> Fair value HK\$</i>	<i> Cost HK\$</i>	<i> % of net assets</i>
<b>Approved Pooled Investment Fund</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Age 65 Plus Fund - Class I	11,169.7630	<u>1,222,084</u>	<u>1,169,119</u>	<u>100.07</u>
<b>Total investments</b>		<u><u>1,222,084</u></u>	<u><u>1,169,119</u></u>	<u><u>100.07</u></u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2019 (continued)

### Investment portfolio (continued)

#### **BEA Core Accumulation Fund**

	<i> Holding units</i>	<i> Fair value HK\$</i>	<i> Cost HK\$</i>	<i> % of net assets</i>
<b>Approved Pooled Investment Fund</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Core Accumulation Fund - Class I	28,856.0440	<u>3,308,634</u>	<u>3,170,274</u>	<u>100.07</u>
<b>Total investments</b>		<u><u>3,308,634</u></u>	<u><u>3,170,274</u></u>	<u><u>100.07</u></u>

Note: Investments are accounted for on a trade date basis.

## Investment report for the year ended 31 March 2019 (continued)

### Statement of movements in investment portfolio

#### *BEA MPF Conservative Fund*

	<i>% of net assets</i>	
	<i>As at</i>	<i>As at</i>
	<i>31 March 2019</i>	<i>31 March 2018</i>
Short-term deposits	<u>93.48</u>	<u>91.34</u>

## Investment report for the year ended 31 March 2019 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA Growth Fund

	<i>Portfolio holdings</i>			<i>As at 31 March 2019 units</i>
	<i>As at 31 March 2018 units</i>	<i>Additions units</i>	<i>Disposals units</i>	
<b>Approved Pooled Investment Funds</b>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	1,552.2340	-	-	1,552.2340
BEA Union Investment Asia Strategic Growth Fund- Class A	3,032.7340	1,150.6100	948.5840	3,234.7600
BEA Union Investment Global Bond Fund- Class A	12,965.5390	2,878.3510	361.9700	15,481.9200
BEA Union Investment Global Equity Fund- Class A	22,411.9050	4,752.9060	1,633.8250	25,530.9860
BEA Union Investment Greater China Growth Fund - Class A	325.9300	-	-	325.9300
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	158.1580	-	-	158.1580
BEA Union Investment Hong Kong Growth Fund- Class A	4,713.3510	2,265.6380	1,399.3840	5,579.6050
BEA Union Investment Money Market Fund- Class A	-	2,829.6110	-	2,829.6110

## Investment report for the year ended 31 March 2019 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA Balanced Fund

	<i>Portfolio holdings</i>			<i>As at 31 March 2019 units</i>
	<i>As at 31 March 2018 units</i>	<i>Additions units</i>	<i>Disposals units</i>	
<b>Approved Pooled Investment Funds</b>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	3,052.8250	-	-	3,052.8250
BEA Union Investment Asia Strategic Growth Fund- Class A	1,409.6660	688.3010	560.6300	1,537.3370
BEA Union Investment Global Bond Fund- Class A	15,879.7530	2,536.8230	238.3950	18,178.1810
BEA Union Investment Global Equity Fund - Class A	10,544.5780	2,533.2550	1,421.3420	11,656.4910
BEA Union Investment Greater China Growth Fund - Class A	143.3530	-	-	143.3530
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	182.2590	-	-	182.2590
BEA Union Investment Hong Kong Growth Fund - Class A	2,152.2190	1,103.3430	774.6070	2,480.9550
BEA Union Investment Money Market Fund- Class A	-	1,828.6820	-	1,828.6820
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## Investment report for the year ended 31 March 2019 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA Stable Fund

	<i>Portfolio holdings</i>			<i>As at 31 March 2019 units</i>
	<i>As at 31 March 2018 units</i>	<i>Additions units</i>	<i>Disposals units</i>	
<b>Approved Pooled Investment Funds</b>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	4,364.5630	-	136.4320	4,228.1310
BEA Union Investment Asia Strategic Growth Fund- Class A	1,302.1860	561.8430	641.0800	1,222.9490
BEA Union Investment Global Bond Fund - Class A	32,919.2880	4,901.3180	4,179.3770	33,641.2290
BEA Union Investment Global Equity Fund - Class A	9,105.2780	3,236.6420	3,744.7610	8,597.1590
BEA Union Investment Greater China Growth Fund - Class A	121.6750	-	-	121.6750
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	345.3110	-	-	345.3110
BEA Union Investment Hong Kong Growth Fund - Class A	1,818.3480	1,218.5190	1,115.2680	1,921.5990
BEA Union Investment Money Market Fund- Class A	-	5,807.0840	-	5,807.0840
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## Investment report for the year ended 31 March 2019 (continued)

### Statement of movements in investment portfolio (continued)

#### *BEA Global Equity Fund*

	<i>Portfolio holdings</i>			<i>As at 31 March 2019 units</i>
	<i>As at 31 March 2018 units</i>	<i>Additions units</i>	<i>Disposals units</i>	
<b>Approved Pooled Investment Fund</b>				
BEA Union Investment Global Equity Fund - Class A	<u>39,197.2730</u>	<u>8,260.3440</u>	<u>4,549.8320</u>	<u>42,907.7850</u>



## Investment report for the year ended 31 March 2019 (continued)

### Statement of movements in investment portfolio (continued)

#### *BEA Asian Equity Fund*

	<i>Portfolio holdings</i>			<i>As at 31 March 2019 units</i>
	<i>As at 31 March 2018 units</i>	<i>Additions units</i>	<i>Disposals units</i>	
<b>Approved Pooled Investment Funds</b>				
BEA Union Investment Asia Strategic Growth Fund - Class A	10,070.1240	1,404.4050	615.0540	10,859.4750
BEA Union Investment Hong Kong Growth Fund - Class A	1,630.6860	658.5390	875.4620	1,413.7630

## Investment report for the year ended 31 March 2019 (continued)

### Statement of movements in investment portfolio (continued)

#### *BEA Greater China Equity Fund*

	<i>Portfolio holdings</i>			<i>As at 31 March 2019 units</i>
	<i>As at 31 March 2018 units</i>	<i>Additions units</i>	<i>Disposals units</i>	
<b>Approved Pooled Investment Fund</b>				
BEA Union Investment Greater China Growth Fund - Class A	<u>19,410.8330</u>	<u>5,141.6570</u>	<u>1,477.9260</u>	<u>23,074.5640</u>

## Investment report for the year ended 31 March 2019 (continued)

### Statement of movements in investment portfolio (continued)

#### **BEA Greater China Tracker Fund**

	<i>Portfolio holdings</i>			<i>As at 31 March 2019 units</i>
	<i>As at 31 March 2018 units</i>	<i>Additions units</i>	<i>Disposals units</i>	
<b>Approved Index-Tracking Fund</b>				
SPDR FTSE Greater China ETF	101,000.0000	28,000.0000	13,400.0000	115,600.0000

## Investment report for the year ended 31 March 2019 (continued)

### Statement of movements in investment portfolio (continued)

#### **BEA Hong Kong Tracker Fund**

	<i>Portfolio holdings</i>			<i>As at 31 March 2019 units</i>
	<i>As at 31 March 2018 units</i>	<i>Additions units</i>	<i>Disposals units</i>	
<b>Approved Index-Tracking Fund</b>				
Tracker Fund of Hong Kong	507,000.0000	374,500.0000	372,500.0000	509,000.0000

## Investment report for the year ended 31 March 2019 (continued)

### Statement of movements in investment portfolio (continued)

#### *BEA Global Bond Fund*

	<i>Portfolio holdings</i>			<i>As at 31 March 2019 units</i>
	<i>As at 31 March 2018 units</i>	<i>Additions units</i>	<i>Disposals units</i>	
<b>Approved Pooled Investment Fund</b>				
BEA Union Investment Global Bond Fund - Class A	<u>28,986.7670</u>	<u>7,868.7900</u>	<u>5,718.0710</u>	<u>31,137.4860</u>

## Investment report for the year ended 31 March 2019 (continued)

### Statement of movements in investment portfolio (continued)

#### **BEA Age 65 Plus Fund**

	<i>Portfolio holdings</i>			<i>As at 31 March 2019 units</i>
	<i>As at 31 March 2018 units</i>	<i>Additions units</i>	<i>Disposals units</i>	
<b>Approved Pooled Investment Fund</b>				
BEA Union Investment Age 65 Plus Fund - Class I	7,238.9870	6,708.8670	2,778.0910	11,169.7630

## Investment report for the year ended 31 March 2019 (continued)

### Statement of movements in investment portfolio (continued)

#### **BEA Core Accumulation Fund**

	<i>Portfolio holdings</i>			<i>As at 31 March 2019 units</i>
	<i>As at 31 March 2018 units</i>	<i>Additions units</i>	<i>Disposals units</i>	
<b>Approved Pooled Investment Fund</b>				
BEA Union Investment Core Accumulation Fund - Class I	<u>12,401.3060</u>	<u>21,507.2680</u>	<u>5,052.5300</u>	<u>28,856.0440</u>



# Independent auditor's report to the Trustee of BEA (MPF) Value Scheme ("the Scheme")

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of the Scheme set out on pages 69 to 119, which comprise the statement of net assets available for benefits of the Scheme and the statement of assets and liabilities of each of its constituent funds as at 31 March 2019, and the statement of changes in net assets available for benefits and the cash flow statement of the Scheme, and the statement of comprehensive income and the statement of changes in net assets attributable to members of each of its constituent funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme as at 31 March 2019, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### *Basis for Opinion*

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HSAs") and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Information Other than the Financial Statements and Auditor's Report Thereon*

The Investment Manager and the Trustee of the Scheme are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.





## Independent auditor's report to the Trustee of BEA (MPF) Value Scheme ("the Scheme") (continued)

### **Report on the Audit of the Financial Statements (continued)**

#### *Information Other than the Financial Statements and Auditor's Report Thereon (continued)*

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of Investment Manager and Trustee for the Financial Statements*

The Investment Manager and the Trustee are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and for such internal control as the Investment Manager and the Trustee of the Scheme determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Investment Manager and the Trustee of the Scheme are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Investment Manager and the Trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

In addition, the Investment Manager and the Trustee are required to ensure that the financial statements have been properly prepared in accordance with sections 80, 81, 83 and 84 of the Mandatory Provident Fund Schemes (General) Regulation ("General Regulation").

Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, in accordance with section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Scheme have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.

## Independent auditor's report to the Trustee of BEA (MPF) Value Scheme ("the Scheme") (continued)

### Report on the Audit of the Financial Statements (continued)

#### *Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Investment Manager and the Trustee of the Scheme.
- Conclude on the appropriateness of the Investment Manager's and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Investment Manager and the Trustee of the Scheme regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## Independent auditor's report to the Trustee of BEA (MPF) Value Scheme ("the Scheme") (continued)

### **Report on matters under the Mandatory Provident Fund Schemes (General) Regulation**

- a. In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.
- b. We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

A handwritten signature in black ink, appearing to read 'Gaming'.

Certified Public Accountants

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

9 September 2019



## Independent auditor's assurance report

To the Trustee of BEA (MPF) Value Scheme ("the Scheme")

We have audited the financial statements of the Scheme for the year ended 31 March 2019 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* ("PN 860.1 (Revised)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unqualified auditor's report thereon dated 9 September 2019.

Pursuant to section 102 of the Mandatory Provident Fund Schemes (General) Regulation ("General Regulation"), we are required to report whether the Scheme complied with certain requirements of the Mandatory Provident Fund Schemes Ordinance ("MPFSO") and the General Regulation.

### *Trustee's responsibility*

The General Regulation requires the Trustee to ensure that:

- a. proper accounting and other records are kept in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme;
- b. the requirements specified in the guidelines made by the Mandatory Provident Fund Schemes Authority ("MPFA") under section 28 of the MPFSO with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation are complied with; and
- c. the requirements under sections 34DB(1)(a), (b), (c) and (d), 34DC(1), 34DD(1) and (4) of the MPFSO are complied with; and
- d. the Scheme assets are not subject to any encumbrance, otherwise than as permitted by the General Regulation.

### *Our independence and quality control*

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Independent auditor's assurance report (continued)

### *Auditor's responsibility*

Our responsibility is to report solely to you, on the Scheme's compliance with the above requirements based on the results of the procedures performed by us, in accordance with section 102 of the General Regulation, 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 engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to PN 860.1 (Revised) issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance on whether the Scheme has complied with the above requirements.

We have planned and performed such procedures as we considered necessary with reference to the procedures recommended on PN 860.1 (Revised), which included reviewing, on a test basis, evidence obtained from the Trustee regarding the Scheme's compliance with the above requirements.

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

### *Opinion*

Based on the foregoing:

1. In our opinion:
  - a. proper accounting and other records have been kept during the year ended 31 March 2019 in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme; and
  - b. the requirements specified in the guidelines made by the MPFA under section 28 of the MPFSO with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation have been complied with, in all material respects, as at 31 July 2018, 30 November 2018 and 31 March 2019; and
  - c. the requirements specified in the MPFSO under section 34DB(1)(a), (b), (c) and (d), 34DC(1) and 34DD(1) and (4)(a) with respect to the investment of accrued benefits and control of payment for services relating to BEA Age 65 Plus Fund and BEA Core Accumulation Fund have been complied with, in all material respects, as at 31 July 2018, 30 November 2018 and 31 March 2019; and



## Independent auditor's assurance report (continued)

### *Opinion (continued)*

Based on the foregoing: (continued)

1. In our opinion: (continued)
  - d. the requirements specified in section 34DD(4)(b) of the MPFSO with respect to the controls of out-of-pocket expenses of the BEA Age 65 Plus Fund and BEA Core Accumulation Fund have been complied with, in all material respects, as at 31 March 2019.
2. As at 31 March 2019, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

### *Other Matter*

The requirements specified in the MPFSO under sections 34DI(1) and (2) and 34DK(2) with respect to the transfer of accrued benefits to an account and specified notice, and 34DJ(2), (3), (4) and (5) with respect to locating scheme members relating to BEA Age 65 Plus Fund and BEA Core Accumulation Fund are not applicable to the Trustee during the year ended 31 March 2019 as the Trustee has completed the relevant transitional provisions and the default investment arrangement of the Scheme prior to 1 April 2017 were not guaranteed funds. Accordingly, there is no reporting on these sections.

### *Intended users and purpose*

This report is intended solely for submission by the Trustee to the MPFA pursuant to section 102 of the General Regulation, and is not intended to be, and should not be, used by anyone for any other purposes.

Certified Public Accountants

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

9 September 2019

## Statement of changes in net assets available for benefits - Value Scheme for the year ended 31 March 2019

	<i>Note</i>	2019 HK\$	2018 HK\$
<b>Income</b>			
Net (loss)/gain on investments in constituent funds	8	(835,504)	10,309,968
Interest on bank deposits	9(d)	566	64
<b>Total investment (loss)/income</b>		<u>(834,938)</u>	<u>10,310,032</u>
<b>Expenses</b>			
Administrative and other expenses		566	64
<b>Total operating expenses</b>		<u>566</u>	<u>64</u>
<b>Net (loss)/profit</b>		<u>(835,504)</u>	<u>10,309,968</u>
<b>Contributions received and receivable</b> <span style="float: right;">11</span>			
From employers			
- Mandatory		6,865,679	6,572,210
- Additional voluntary		58,954	35,965
From members			
- Mandatory		6,761,262	6,385,110
- Additional voluntary		562,730	416,254
		<u>14,248,625</u>	<u>13,409,539</u>
<b>Contribution surcharge</b>		<u>36,454</u>	<u>35,155</u>

## Statement of changes in net assets available for benefits - Value Scheme for the year ended 31 March 2019 (continued)

	Note	2019 HK\$	2018 HK\$
<b>Transfers in</b>			
Group transfers in from other schemes		738,142	444,239
Individual transfers in from other schemes		6,085,541	9,744,098
		<u>6,823,683</u>	<u>10,188,337</u>
<b>Benefits paid and payable</b>			
	12		
Retirement		658,286	588,279
Early retirement		639,624	475,230
Death		17,044	-
Permanent departure		681,340	228,233
Refund of contributions to leavers or employers		27,777	130,783
		<u>2,024,071</u>	<u>1,422,525</u>
<b>Transfers out</b>			
Group transfers out to other schemes		1,579,794	1,235,694
Individual transfers out to other schemes		5,244,680	4,606,109
		<u>6,824,474</u>	<u>5,841,803</u>
<b>Long service payments and severance payments</b>		<u>211,554</u>	<u>477,320</u>
<b>Fees and expenses deduction for conservative fund</b>		<u>129,361</u>	<u>93,685</u>
<b>Changes in net assets available for benefits attributable to members</b>		11,083,798	26,107,666
<b>Net assets available for benefits attributable to members at the beginning of the year</b>		<u>81,738,942</u>	<u>55,631,276</u>
<b>Net assets available for benefits attributable to members at the end of the year</b>		<u>92,822,740</u>	<u>81,738,942</u>

The notes on pages 79 to 119 form part of these financial statements.



## Statement of net assets available for benefits - Value Scheme as at 31 March 2019

	Note	2019 HK\$	2018 HK\$
<b>Assets</b>			
Investments	6	91,766,002	80,691,486
Contributions receivables			
- from employers		381,276	396,492
- from members		405,120	430,975
- from other schemes		-	181,567
Interest receivables		69	5
Other receivables		2,466	4,548
Bank balances	7, 9(d)	404,690	498,761
<b>Total assets</b>		<u>92,959,623</u>	<u>82,203,834</u>
<b>Liabilities</b>			
Benefits payables	7	124,222	455,701
Accruals and other payables		12,661	9,191
<b>Total Liabilities (excluding net assets available for benefits attributable to members)</b>		<u>136,883</u>	<u>464,892</u>
<b>Net assets available for benefits attributable to members</b>		<u>92,822,740</u>	<u>81,738,942</u>

Approved and authorised for issue by the Trustee on 9 September 2019.




)  
)  
) For and on behalf of  
) Bank of East Asia (Trustees) Limited  
) 東亞銀行 (信託) 有限公司  
)  
)

The notes on pages 79 to 119 form part of these financial statements.

## Cash flow statement - Value Scheme for the year ended 31 March 2019

	2019 HK\$	2018 HK\$
<b>Cash flows from operating activities</b>		
Net (loss)/profit	(835,504)	10,309,968
Adjustments for:		
Net loss/(gain) on investments	835,504	(10,309,968)
Interest on bank deposits	(566)	(64)
Fees and expenses deduction for conservative fund	(129,361)	(93,685)
	<u>(129,927)</u>	<u>(93,749)</u>
Payments on purchase of investments	(41,333,625)	(31,505,964)
Proceeds from sale of investments	29,423,605	15,655,781
Decrease/(increase) in other receivables	2,082	(1,628)
Increase/(decrease) in accruals and other payables	3,470	(4,294)
Interest received on bank deposits	502	66
	<u>(12,033,893)</u>	<u>(15,949,788)</u>
<b>Cash flows from financing activities</b>		
Contributions and transfers in received	21,331,400	23,144,569
Benefits paid, transfers out, long service payments and severance payments	(9,391,578)	(7,293,015)
	<u>11,939,822</u>	<u>15,851,554</u>
<b>Net decrease in cash and cash equivalents</b>	(94,071)	(98,234)
<b>Cash and cash equivalents at the beginning of the year</b>	<u>498,761</u>	<u>596,995</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>404,690</u></u>	<u><u>498,761</u></u>
<b>Analysis of balance of cash and cash equivalents</b>		
Bank balances	<u><u>404,690</u></u>	<u><u>498,761</u></u>

The notes on pages 79 to 119 form part of these financial statements.

## Statement of comprehensive income - Constituent funds for the year ended 31 March 2019

		2019											
	Note	BEA MPF Conservative Fund HK\$	BEA Growth Fund HK\$	BEA Balanced Fund HK\$	BEA Stable Fund HK\$	BEA Global Equity Fund HK\$	BEA Asian Equity Fund HK\$	BEA Greater China Equity Fund HK\$	BEA Greater China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA Global Bond Fund HK\$	BEA Age 65 Plus Fund HK\$	BEA Core Accumulation Fund HK\$
<b>Income</b>													
Net gain/(loss) on investments	8	-	3,514	24,171	2,159	171,122	(464,447)	(309,914)	(170,538)	(473,900)	2,228	39,580	101,139
Dividend income		-	-	-	-	-	-	-	-	544,135	-	-	-
Interest income	9(d)	786	4,568	2,946	9,930	138	62	115	9	79	74	4	12
Interest income from financial assets at fair value through profit or loss	9(e)	274,857	-	-	-	-	-	-	-	-	-	-	-
Exchange loss		-	(1,041)	(847)	(1,564)	-	-	-	-	-	-	-	-
<b>Total investment income/(loss)</b>		<u>275,643</u>	<u>7,041</u>	<u>26,270</u>	<u>10,525</u>	<u>171,260</u>	<u>(464,385)</u>	<u>(309,799)</u>	<u>(170,529)</u>	<u>70,314</u>	<u>2,302</u>	<u>39,584</u>	<u>101,151</u>
<b>Expenses</b>													
Sponsor's fees	9(a)	-	85,041	54,841	78,872	62,431	40,831	53,760	24,815	91,110	33,792	7,635	17,373
Safe custody and bank charges		-	-	-	-	-	-	-	-	182	-	-	-
Transaction costs		-	-	-	-	-	-	-	2,651	34,335	-	-	-
Fund price publication expenses		-	-	-	-	-	-	-	-	-	-	1,033	2,403
Miscellaneous expenses		-	-	-	-	-	-	-	-	3,776	-	-	-
<b>Total operating expenses</b>		<u>-</u>	<u>85,041</u>	<u>54,841</u>	<u>78,872</u>	<u>62,431</u>	<u>40,831</u>	<u>53,760</u>	<u>27,466</u>	<u>129,403</u>	<u>33,792</u>	<u>8,668</u>	<u>19,776</u>
<b>Changes in net assets attributable to members from operations</b>		<u>275,643</u>	<u>(78,000)</u>	<u>(28,571)</u>	<u>(68,347)</u>	<u>108,829</u>	<u>(505,216)</u>	<u>(363,559)</u>	<u>(197,995)</u>	<u>(59,089)</u>	<u>(31,490)</u>	<u>30,916</u>	<u>81,375</u>

The notes on pages 79 to 119 form part of these financial statements.

Statement of comprehensive income - Constituent funds for the year ended 31 March 2019 (continued)



		2018											
	Note	BEA MPF Conservative Fund HK\$	BEA Growth Fund HK\$	BEA Balanced Fund HK\$	BEA Stable Fund HK\$	BEA Global Equity Fund HK\$	BEA Asian Equity Fund HK\$	BEA Greater China Equity Fund HK\$	BEA Greater China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA Global Bond Fund HK\$	BEA Age 65 Plus Fund HK\$	BEA Core Accumulation Fund HK\$
<b>Income</b>													
Net gain on investments	8	-	1,335,143	671,024	716,604	792,609	1,002,563	1,433,914	866,950	3,106,200	203,590	15,855	46,129
Dividend income		-	-	-	-	-	-	-	-	506,880	-	-	-
Interest income	9(d)	96	31	27	499	18	16	16	1	6	10	-	-
Interest income from financial assets at fair value through profit or loss	9(e)	106,471	-	-	-	-	-	-	-	-	-	-	-
Exchange loss		-	-	-	(43)	-	-	-	-	-	-	-	-
<b>Total investment income</b>		<u>106,567</u>	<u>1,335,174</u>	<u>671,051</u>	<u>717,060</u>	<u>792,627</u>	<u>1,002,579</u>	<u>1,433,930</u>	<u>866,951</u>	<u>3,613,086</u>	<u>203,600</u>	<u>15,855</u>	<u>46,129</u>
<b>Expenses</b>													
Sponsor's fees	9(a)	-	76,197	46,281	60,909	53,174	37,311	48,993	22,435	90,143	26,435	2,921	5,044
Safe custody and bank charges		-	-	-	-	-	-	-	-	273	-	-	-
Transaction costs		-	-	-	-	-	-	-	2,783	16,849	-	-	-
Fund price publication expenses		-	-	-	-	-	-	-	-	-	-	403	718
Miscellaneous expenses		-	-	-	-	-	-	-	-	3,772	-	-	-
<b>Total operating expenses</b>		<u>-</u>	<u>76,197</u>	<u>46,281</u>	<u>60,909</u>	<u>53,174</u>	<u>37,311</u>	<u>48,993</u>	<u>25,218</u>	<u>111,037</u>	<u>26,435</u>	<u>3,324</u>	<u>5,762</u>
<b>Changes in net assets attributable to members from operations</b>		<u>106,567</u>	<u>1,258,977</u>	<u>624,770</u>	<u>656,151</u>	<u>739,453</u>	<u>965,268</u>	<u>1,384,937</u>	<u>841,733</u>	<u>3,502,049</u>	<u>177,165</u>	<u>12,531</u>	<u>40,367</u>

The notes on pages 79 to 119 form part of these financial statements.

## Statement of assets and liabilities - Constituent funds as at 31 March 2019

		2019											
Note	BEA MPF Conservative Fund HK\$	BEA Growth Fund HK\$	BEA Balanced Fund HK\$	BEA Stable Fund HK\$	BEA Global Equity Fund HK\$	BEA Asian Equity Fund HK\$	BEA Greater China Equity Fund HK\$	BEA Greater China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA Global Bond Fund HK\$	BEA Age 65 Plus Fund HK\$	BEA Core Accumulation Fund HK\$	
<b>Assets</b>													
Investments	6,9(e)	17,665,882	9,963,466	6,307,104	7,987,167	7,310,628	4,541,770	6,340,198	4,768,500	14,964,600	3,910,557	1,222,084	3,308,634
Amounts receivable on sale of investments		-	-	-	-	-	-	-	-	29,348	-	-	672
Amounts receivable on subscriptions		30,459	-	-	-	-	-	1,491	-	-	-	-	-
Interest, dividend and other receivables		40,742	123	75	141	62	11	52	4	17	35	2	2
Bank balances	9(d)	1,161,761	657,379	408,527	667,119	192,945	36,865	190,895	36,212	21,576	113,704	-	6,125
<b>Total assets</b>		<b>18,898,844</b>	<b>10,620,968</b>	<b>6,715,706</b>	<b>8,654,427</b>	<b>7,503,635</b>	<b>4,578,646</b>	<b>6,532,636</b>	<b>4,804,716</b>	<b>15,015,541</b>	<b>4,024,296</b>	<b>1,222,086</b>	<b>3,315,433</b>
<b>Liabilities</b>													
Amount payable on purchase of investment		-	-	-	-	-	-	-	33,009	-	-	-	5,300
Amounts payable on redemptions		-	-	-	-	-	-	-	-	30,459	-	-	1,491
Accruals and other payables	9(a)	-	7,964	5,057	6,558	5,669	3,450	4,875	2,381	8,499	3,046	847	2,327
<b>Total liabilities (excluding net assets attributable to members)</b>		<b>-</b>	<b>7,964</b>	<b>5,057</b>	<b>6,558</b>	<b>5,669</b>	<b>3,450</b>	<b>4,875</b>	<b>35,390</b>	<b>38,958</b>	<b>3,046</b>	<b>847</b>	<b>9,118</b>
<b>Net assets attributable to members</b>	4	<b>18,898,844</b>	<b>10,613,004</b>	<b>6,710,649</b>	<b>8,647,869</b>	<b>7,497,966</b>	<b>4,575,196</b>	<b>6,527,761</b>	<b>4,769,326</b>	<b>14,976,583</b>	<b>4,021,250</b>	<b>1,221,239</b>	<b>3,306,315</b>
<b>Represented by:</b>													
Number of units outstanding	4	1,794,681,225	780,906,739	519,788,239	724,223,068	468,817,661	359,133,783	421,299,185	325,661,600	1,004,630,788	383,668,935	113,712,319	292,078,326
Net asset value per unit	4	10.5305	13.5906	12.9104	11.9409	15.9934	12.7395	15.4944	14.6450	14.9075	10.4810	10.7397	11.3200

Approved and authorised for issue by the Trustee on 9 September 2019.





 ) For and on behalf of  
 ) Bank of East Asia (Trustees) Limited  
 ) 東亞銀行 (信託) 有限公司  
 )  
 )

The notes on pages 79 to 119 form part of these financial statements.

Statement of assets and liabilities - Constituent funds as at 31 March 2019 (continued)

	Note	2018											
		BEA MPF Conservative Fund HK\$	BEA Growth Fund HK\$	BEA Balanced Fund HK\$	BEA Stable Fund HK\$	BEA Global Equity Fund HK\$	BEA Asian Equity Fund HK\$	BEA Greater China Equity Fund HK\$	BEA Greater China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA Global Bond Fund HK\$	BEA Age 65 Plus Fund HK\$	BEA Core Accumulation Fund HK\$
<b>Assets</b>													
Investments	6,9(e)	12,982,179	8,557,950	5,507,745	7,413,247	6,516,547	4,776,908	5,638,265	4,337,950	15,412,800	3,633,201	765,161	1,379,149
Amounts receivable on sale of investments		-	182,300	58,304	86,461	67,212	39,999	-	-	-	-	-	-
Amounts receivable on subscriptions		-	-	-	1,255	-	-	-	-	-	1,256	-	-
Interest, dividend and other receivables		25,732	12	12	409	5	4	4	-	2	3	-	-
Bank balances	9(d)	1,245,366	264,689	213,109	1,230,299	104,448	107,090	181,003	10,636	23,667	102,114	-	-
<b>Total assets</b>		<b>14,253,277</b>	<b>9,004,951</b>	<b>5,779,170</b>	<b>8,731,671</b>	<b>6,688,212</b>	<b>4,924,001</b>	<b>5,819,272</b>	<b>4,348,586</b>	<b>15,436,469</b>	<b>3,736,574</b>	<b>765,161</b>	<b>1,379,149</b>
<b>Liabilities</b>													
Amounts payable on redemptions		39,707	17,775	-	14,698	1,371	27,474	26,607	-	-	-	-	-
Accruals and other payables	9(a)	-	7,044	4,502	6,489	5,213	3,850	4,538	2,260	9,174	2,787	545	973
<b>Total liabilities (excluding net assets attributable to members)</b>		<b>39,707</b>	<b>24,819</b>	<b>4,502</b>	<b>21,187</b>	<b>6,584</b>	<b>31,324</b>	<b>31,145</b>	<b>2,260</b>	<b>9,174</b>	<b>2,787</b>	<b>545</b>	<b>973</b>
<b>Net assets attributable to members</b>	4	<b>14,213,570</b>	<b>8,980,132</b>	<b>5,774,668</b>	<b>8,710,484</b>	<b>6,681,628</b>	<b>4,892,677</b>	<b>5,788,127</b>	<b>4,346,326</b>	<b>15,427,295</b>	<b>3,733,787</b>	<b>764,616</b>	<b>1,378,176</b>
<b>Represented by:</b>													
Number of units outstanding	4	1,372,027,217	651,802,824	443,617,740	725,783,095	424,069,022	345,586,315	350,922,171	282,806,744	1,024,740,002	353,810,273	73,104,334	124,548,640
Net asset value per unit	4	10.3595	13.7774	13.0172	12.0015	15.7560	14.1576	16.4940	15.3685	15.0548	10.5531	10.4592	11.0554

Approved and authorised for issue by the Trustee on 9 September 2019.



  
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 ) Bank of East Asia (Trustees) Limited  
 ) 東亞銀行 (信託) 有限公司  
 )  
 )

The notes on pages 79 to 119 form part of these financial statements.

## Statement of changes in net assets attributable to members - Constituent funds for the year ended 31 March 2019

	2019											
	<i>BEA MPF Conservative Fund HK\$</i>	<i>BEA Growth Fund HK\$</i>	<i>BEA Balanced Fund HK\$</i>	<i>BEA Stable Fund HK\$</i>	<i>BEA Global Equity Fund HK\$</i>	<i>BEA Asian Equity Fund HK\$</i>	<i>BEA Greater China Equity Fund HK\$</i>	<i>BEA Greater China Tracker Fund HK\$</i>	<i>BEA Hong Kong Tracker Fund HK\$</i>	<i>BEA Global Bond Fund HK\$</i>	<i>BEA Age 65 Plus Fund HK\$</i>	<i>BEA Core Accumulation Fund HK\$</i>
<b>Net assets attributable to members at the beginning of the year</b>	14,213,570	8,980,132	5,774,668	8,710,484	6,681,628	4,892,677	5,788,127	4,346,326	15,427,295	3,733,787	764,616	1,378,176
Proceeds on subscription of units	14,367,588	2,678,116	1,561,283	2,219,864	1,961,335	1,006,586	1,576,136	1,170,441	10,322,087	1,294,334	724,458	2,451,397
Payments on redemption of units	(9,957,957)	(967,244)	(596,731)	(2,214,132)	(1,253,826)	(818,851)	(472,943)	(549,446)	(10,713,710)	(975,381)	(298,751)	(604,633)
<b>Net subscription/(redemption)</b>	4,409,631	1,710,872	964,552	5,732	707,509	187,735	1,103,193	620,995	(391,623)	318,953	425,707	1,846,764
<b>Changes in net assets attributable to members from operations</b>	275,643	(78,000)	(28,571)	(68,347)	108,829	(505,216)	(363,559)	(197,995)	(59,089)	(31,490)	30,916	81,375
<b>Net assets attributable to members at the end of the year</b>	18,898,844	10,613,004	6,710,649	8,647,869	7,497,966	4,575,196	6,527,761	4,769,326	14,976,583	4,021,250	1,221,239	3,306,315

The notes on pages 79 to 119 form part of these financial statements.

Statement of changes in net assets attributable to members - Constituent funds for the year ended 31 March 2019 (continued)

	2018											
	<i>BEA MPF Conservative Fund HK\$</i>	<i>BEA Growth Fund HK\$</i>	<i>BEA Balanced Fund HK\$</i>	<i>BEA Stable Fund HK\$</i>	<i>BEA Global Equity Fund HK\$</i>	<i>BEA Asian Equity Fund HK\$</i>	<i>BEA Greater China Equity Fund HK\$</i>	<i>BEA Greater China Tracker Fund HK\$</i>	<i>BEA Hong Kong Tracker Fund HK\$</i>	<i>BEA Global Bond Fund HK\$</i>	<i>BEA Age 65 Plus Fund HK\$</i>	<i>BEA Core Accumulation Fund HK\$</i>
<b>Net assets attributable to members at the beginning of the year</b>	9,148,462	6,697,203	3,954,710	5,830,129	4,676,019	2,956,870	4,514,219	2,726,000	11,972,942	2,054,781	-	-
Proceeds on subscription of units	7,083,211	2,846,778	1,904,093	3,778,986	2,066,084	1,610,256	1,187,169	1,225,179	5,555,533	2,055,098	782,215	1,411,361
Payments on redemption of units	(2,124,670)	(1,822,826)	(708,905)	(1,554,782)	(799,928)	(639,717)	(1,298,198)	(446,586)	(5,603,229)	(553,257)	(30,130)	(73,552)
<b>Net subscription/(redemption)</b>	4,958,541	1,023,952	1,195,188	2,224,204	1,266,156	970,539	(111,029)	778,593	(47,696)	1,501,841	752,085	1,337,809
<b>Changes in net assets attributable to members from operations</b>	106,567	1,258,977	624,770	656,151	739,453	965,268	1,384,937	841,733	3,502,049	177,165	12,531	40,367
<b>Net assets attributable to members at the end of the year</b>	14,213,570	8,980,132	5,774,668	8,710,484	6,681,628	4,892,677	5,788,127	4,346,326	15,427,295	3,733,787	764,616	1,378,176

The notes on pages 79 to 119 form part of these financial statements.



# Notes to the financial statements

(Expressed in Hong Kong dollars)

## 1 The Scheme

BEA (MPF) Value Scheme (“the Scheme”) is established and governed by its trust deed dated 17 August 2012, as amended (“the Trust Deed”). The Scheme is registered under section 21 of the Mandatory Provident Fund Schemes Ordinance (“the MPF Ordinance”) and is required to comply with the MPF Ordinance and the relevant regulations, guidelines and codes issued by the Mandatory Provident Fund Schemes Authority (“the MPFA”).

Under the Trust Deed, Bank of East Asia (Trustees) Limited (“the Trustee”) is required to establish and maintain separate constituent funds into which contributions may be invested. The constituent funds established within the Scheme are only available for investment by members of the Scheme.

The Scheme had 12 constituent funds as at 31 March 2019:

- BEA MPF Conservative Fund
- BEA Growth Fund
- BEA Balanced Fund
- BEA Stable Fund
- BEA Global Equity Fund
- BEA Asian Equity Fund
- BEA Greater China Equity Fund
- BEA Greater China Tracker Fund
- BEA Hong Kong Tracker Fund
- BEA Global Bond Fund
- BEA Age 65 Plus Fund
- BEA Core Accumulation Fund

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently and are consistent with those used in the previous period, unless otherwise stated.

This is the first set of the Scheme and its constituent funds' annual financial statements in which HKFRS 9 *Financial Instruments* has been applied. Changes to significant accounting policies are described in note 3.

### (a) **Statement of compliance**

These financial statements for the Scheme and its constituent funds 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 ("HKASs") 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, and sections 80, 81, 83 and 84 of the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation") and the requirements of the MPF Ordinance. A summary of the significant accounting policies adopted by the Scheme and its constituent funds is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Scheme and its constituent funds for the current and prior accounting periods reflected in these financial statements.

### (b) **Basis of preparation of the financial statements**

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investments are stated at their fair value as explained in the accounting policies set out below.

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.

## 2 Summary of significant accounting policies (continued)

### (c) Investments

#### (i) Classification of financial assets

##### (A) Policy applicable from 1 April 2018

On initial recognition, the Scheme and its constituent funds classify financial assets as measured at amortised cost or fair value through profit or loss (“FVTPL”).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”).

All other financial assets of the Scheme and its constituent funds are measured at FVTPL.

##### *Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Scheme and its constituent funds consider all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Scheme’s and its constituent funds’ management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Scheme and its constituent funds’ continuing recognition of the assets.

The Scheme and its constituent funds have determined that they have two business models.

## 2 Summary of significant accounting policies (continued)

### (c) Investments (continued)

#### (i) Classification of financial assets (continued)

##### (A) Policy applicable from 1 April 2018 (continued)

- Held-to-collect business model: this includes contributions receivables, interest receivables, bank balances, amounts receivable from sales of investments, amounts receivable on subscriptions, interest, dividend and other receivables. These financial assets are held to collect contractual cash flow.
- Other business model: this includes approved pooled investment funds and approved index-tracking funds. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

##### *Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Scheme and its constituent funds consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Scheme and its constituent funds consider:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Scheme and its constituent funds’ claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for of the time value of money (e.g. periodical reset of interest rates).

The Scheme and its constituent funds classify their investments based on the business model and contractual cash flows assessment. Accordingly, the Scheme and its constituent funds classify all their approved pooled investment funds, approved index-tracking funds and short-term deposits into financial assets at FVTPL category. Financial assets measured at amortised cost include contributions receivables, interest receivables, bank balances, amounts receivable from sales of investments, amounts receivable on subscriptions, interest, dividend and other receivables.

## 2 Summary of significant accounting policies (continued)

### (c) Investments (continued)

#### (i) Classification of financial assets (continued)

##### (A) Policy applicable from 1 April 2018 (continued)

###### *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Scheme and its constituent funds were to change their business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

##### (B) Policy applicable prior to 1 April 2018

All investments have been designated by the Trustee as “financial assets at fair value through profit or loss” at inception.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the documented investment strategy of the Scheme and its constituent funds.

Regular way purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. Realised and unrealised gain and loss on investments are included in the statement of changes in net assets available for benefits of the Scheme and the statement of comprehensive income of the constituent funds in the year in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Scheme and its constituent funds have transferred substantially all risks and rewards of ownership.

#### (ii) Classification of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is a derivative. Financial liabilities at FVTPL are measured at fair value and net gains and losses are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

## 2 Summary of significant accounting policies (continued)

### (c) Investments (continued)

#### (ii) Classification of financial liabilities (continued)

Any gain or loss on derecognition is also recognised in profit or loss.

Accordingly, financial liabilities measured at amortised cost include amounts payable on redemption, amounts payable for purchase of investments and accruals and other payables.

#### (iii) Recognition

The Scheme and its constituent funds recognise financial assets and financial liabilities on the date they become a party to the contractual provisions of the instruments.

A regular way purchase or sale of financial assets or financial liabilities at fair value through profit or loss is recognised on a trade date basis. From this date, any gains or losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract or the contract is a derivative contract not exempted from the scope of HKFRS 9.

#### (iv) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and 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 values recognised in profit or loss.

Financial assets classified as financial assets measured at amortised cost are carried at amortised cost using the effective interest rate 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 rate method.

#### (v) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Scheme and its constituent funds have access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Scheme and its constituent funds measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Investments in constituent funds, approved pooled investment funds and approved index-tracking funds are valued at their respective closing net asset value per unit or quoted last-traded prices, if any.

## 2 Summary of significant accounting policies (continued)

### (c) Investments (continued)

#### (v) Fair value measurement principles (continued)

If there is no quoted price in an active market, then the Scheme and its constituent funds use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Scheme and its constituent funds recognise transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Net gains or losses on investments are included in profit or loss. Realised gains or losses on investments and unrealised gains or losses on investments arising from a change in fair value. Net realised gains or losses from financial instruments at fair value through profit or loss is calculated using the average cost method.

#### (vi) Amortised cost measurement

The “amortised cost” of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

#### (vii) Impairment

##### (A) Policy applicable from 1 April 2018

The Scheme and its constituent funds recognise loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost.

The Scheme and its constituent funds measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Scheme and its constituent funds consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Scheme and its constituent funds’ historical experience and informed credit assessment and including forward-looking information.

The Scheme and its constituent funds assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Scheme and its constituent funds consider a financial asset to be in default when:

## 2 Summary of significant accounting policies (continued)

### (c) Investments (continued)

#### (vii) Impairment (continued)

##### (A) Policy applicable from 1 April 2018 (continued)

- the borrower is unlikely to pay its credit obligations to the Scheme and its constituent funds in full, without recourse by the Scheme and its constituent funds to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Scheme and its constituent funds consider a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of “investment grade”. The Scheme and its constituent funds consider this to be Baa3 or higher per Moody’s or BBB- or higher per Standard & Poor’s.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Scheme and its constituent funds are exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Scheme and its constituent funds in accordance with the contract and the cash flows that the Scheme and its constituent funds expect to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the Scheme and its constituent funds assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of assets and liabilities



## 2 Summary of significant accounting policies (continued)

### (c) Investments (continued)

#### (vii) Impairment (continued)

##### (A) Policy applicable from 1 April 2018 (continued)

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

##### *Write-off*

The gross carrying amount of a financial asset is written off when the Scheme and its constituent funds have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

##### (B) Policy applicable prior to 1 April 2018

Financial assets that were stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication existed, an impairment loss was recognised in profit or loss 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 decreased and the decrease could be linked objectively to an event occurring after the write-down, the write-down was reversed through profit or loss.

#### (viii) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

Financial assets measured at FVTPL that are sold are derecognised and corresponding receivables from brokers are recognised as of the date the Scheme and its constituent funds commit to sell the assets.

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

On derecognition of a financial asset, the difference between the carrying value of the asset and the consideration received is recognised in profit or loss.

### (d) Income and expenses

Interest income is recognised as it accrues using the effective interest method. Dividend income is recognised when the underlying securities are quoted ex-dividend. Dividend is presented gross of any non-recoverable withholding taxes, which are presented separately in the statement of comprehensive income of the respective constituent funds. Interest income on bank deposits is disclosed separately on the face of the statement of changes in net assets available for benefits of the Scheme and the statement of comprehensive income of the constituent funds. All other income and expenses are accounted for on an accruals basis.

## 2 Summary of significant accounting policies (continued)

### (e) Units in issue

The Scheme and its constituent funds classify capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument is classified as an equity instrument if it has all of the following features:

- It entitles the holder to a pro rata share of the Scheme and its constituent funds' net assets in the event of the Scheme and its constituent funds' liquidation.
- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Scheme and its constituent funds' net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Scheme over the life of the instrument.

In addition to the instrument having all the above features, the Scheme and its constituent funds must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Scheme; and
- The effect of substantially restricting or fixing the residual return to the puttable instrument holders.

The redeemable units do not provide the members with the right to require redemption for cash at a value proportionate to the members' share in the Scheme and its constituent funds' net assets in the event of the Scheme and its constituent funds' liquidation. Therefore, they do not meet the criteria for equity classification and are classified as financial liabilities. They are measured at the redemption amounts.

## 2 Summary of significant accounting policies (continued)

### (f) *Translation of foreign currencies*

#### (i) Functional and presentation currency

Items included in the financial statements of the Scheme and its constituent funds are measured using the currency of the primary economic environment in which they operate (“the functional currency”). The financial statements are presented in Hong Kong dollar (“HKD”), which is the functional and presentation currency of the Scheme and its constituent funds.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income of the constituent funds.

### (g) *Subscription and redemption of units*

The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Proceeds and payments for units subscribed and redeemed are included in the statement of changes in net assets attributable to members of the constituent funds.

### (h) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand, net of bank overdrafts that are repayable on demand 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, if any.

### (i) *Financial assets and liabilities not at fair value*

Financial assets that are classified as financial assets measured at amortised cost include contributions receivables, interest receivables, bank balances, amounts receivable from sales of investments, amounts receivable on subscriptions and interest, dividend and other receivables.

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

### (j) *Contributions*

Contributions are accounted for on an accruals basis.

### (k) *Benefits*

Benefits are accounted for on an accruals basis.

## 2 Summary of significant accounting policies (continued)

### (l) *Transfer values*

Transfer values are accounted for on the effective date of transfer.

### (m) *Forfeitures*

If a member ceases to be a member, the part of the employer's voluntary balance not otherwise disposed of in accordance with the rules of the Scheme would be returned to the employer. Forfeitures arising from such cases which have not been returned to the employers would be treated as liabilities of the Scheme.

### (n) *Related parties*

- (a) A person, or a close member of that person's family, is related to the Scheme and its constituent funds if that person:
- (i) has control or joint control over the Scheme and its constituent funds;
  - (ii) has significant influence over the Scheme and its constituent funds; or
  - (iii) is a member of the key management personnel of the Scheme and its constituent funds or the Scheme and its constituent funds' parent.
- (b) An entity is related to the Scheme and its constituent funds if any of the following conditions applies:
- (i) The entity and the Scheme and its constituent funds are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Scheme and its constituent funds;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Scheme and its constituent funds or to the Scheme and its constituent funds' parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 2 Summary of significant accounting policies (continued)

### (o) Segment reporting

An operating segment is a component of the Scheme and its constituent funds that engage in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Scheme and its constituent funds' other components, whose operating results are reviewed regularly by the chief operating decision maker ("the CODM") to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 3 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Scheme and its constituent funds. The following developments are relevant to the Scheme and its constituent funds' financial statements:

### HKFRS 9, *Financial instruments*

The Scheme and its constituent funds have not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 24), except for the amendments to HKFRS 9, Prepayment features with negative compensation which have been adopted at the same time as HKFRS 9.

As permitted by the transition provisions of HKFRS 9, comparative information throughout these financial statements has not generally been restated to reflect the requirements of the standard.

Except for the changes below, the Scheme and its constituent funds have consistently applied the accounting policies as set out in note 2(c) to all periods presented in these financial statements.

### HKFRS 9, *Financial Instruments*

HKFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces HKAS 39 *Financial Instruments: Recognition and Measurement*.

As a result of the adoption of HKFRS 9, the Scheme and its constituent funds have adopted consequential amendments to HKAS 1 *Presentation of Financial Statements*, which require:

- impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Under HKAS 39, impairment was recognised when losses were incurred. The Scheme and its constituent funds did not previously report any incurred losses; and
- separate presentation in the statement of comprehensive income of interest revenue from financial assets measured at amortised cost or fair value through other comprehensive income ("FVOCI") calculated using the effective interest method.

### 3 Changes in accounting policies (continued)

#### HKFRS 9, *Financial instruments (continued)*

Additionally, the Scheme and its constituent funds have adopted consequential amendments to HKFRS 7 *Financial Instruments: Disclosures*, which are applied to disclosures about 2018 but have not generally been applied to comparative information.

The adoption of HKFRS 9 had no material impact on the net assets attributable to members of the Scheme and its constituent funds.

#### i. Classification and measurement of financial assets and financial liabilities

HKFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under HKFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. HKFRS 9 eliminates the previous HKAS 39 categories of held to maturity, loans and receivables and available for sale. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities.

The adoption of HKFRS 9 has not had a significant effect on the Scheme and its constituent funds' accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Scheme and its constituent funds classify and measure financial instruments and account for related gains and losses under HKFRS 9, see Note 2(c).

The following table and the accompanying notes explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Scheme and its constituent funds' financial assets and financial liabilities as at 1 April 2018.

	<i>Original classification under HKAS 39</i>	<i>New classification under HKFRS 9</i>
<b>Financial assets</b>		
Amounts receivable on sales of investments	Loans and receivables	Amortised cost
Amounts receivable on subscriptions	Loans and receivables	Amortised cost
Interest, dividend and other receivables	Loans and receivables	Amortised cost
Contributions receivables	Loans and receivables	Amortised cost
Interest receivables	Loans and receivables	Amortised cost
Other receivables	Loans and receivables	Amortised cost
Bank balances	Loans and receivables	Amortised cost
Investments	Designated as at FVTPL	Mandatorily at FVTPL
<b>Financial liabilities</b>		
Amounts payable on purchase of investments	Amortised cost	Amortised cost
Amounts payable on redemptions	Amortised cost	Amortised cost
Accruals and other payables	Amortised cost	Amortised cost
Net assets attributable to members	Amortised cost	Amortised cost
Benefits payables	Amortised cost	Amortised cost
Net assets available for benefits attributable to members	Amortised cost	Amortised cost

### 3 Changes in accounting policies (continued)

#### HKFRS 9, *Financial instruments (continued)*

##### i. Classification and measurement of financial assets and financial liabilities (continued)

Note: Under HKAS 39, unit trust was designated as at FVTPL. They are classified as at FVTPL under HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

##### ii. Impairment of financial assets

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost and debt instruments at FVOCI, but not to investments in equity instruments. Under HKFRS 9, credit losses are recognised earlier than under HKAS 39.

The effect of adopting HKFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements. The Investment Manager considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on amounts receivable from sales of investments, amounts receivable on subscription, interest, dividend and other receivables, contribution receivables, interest receivables and bank balances on the initial application of HKFRS 9's impairment requirements as at 1 April 2018. Therefore, the carrying amounts of the financial assets remain the same.

##### iii. Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not generally been restated. There is no difference in the carrying amounts of financial assets resulting from the adoption of HKFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The revocation of previous designations of certain financial assets as measured at FVTPL.

#### 4 Capital management and units in issue

##### (a) Movement of units in issue

	<i>BEA MPF Conservative Fund</i>		<i>BEA Growth Fund</i>		<i>BEA Balanced Fund</i>		<i>BEA Stable Fund</i>		<i>BEA Global Equity Fund</i>	
	2019 Units	2018 Units	2019 Units	2018 Units	2019 Units	2018 Units	2019 Units	2018 Units	2019 Units	2018 Units
Balance at the beginning of the year	1,372,027.217	891,257.107	651,802.824	566,210.711	443,617.740	345,049.508	725,783.095	538,138.743	424,069.022	338,979.185
Units issued	1,376,966.044	686,458.642	201,023.076	220,871.698	123,472.517	154,090.323	189,302.048	324,923.228	124,062.190	138,244.324
Units redeemed	(954,312.036)	(205,688.532)	(71,919.161)	(135,279.585)	(47,302.018)	(55,522.091)	(190,862.075)	(137,278.876)	(79,313.551)	(53,154.487)
Balance at the end of the year	<u>1,794,681.225</u>	<u>1,372,027.217</u>	<u>780,906.739</u>	<u>651,802.824</u>	<u>519,788.239</u>	<u>443,617.740</u>	<u>724,223.068</u>	<u>725,783.095</u>	<u>468,817.661</u>	<u>424,069.022</u>
	<i>BEA Asian Equity Fund</i>		<i>BEA Greater China Equity Fund</i>		<i>BEA Greater China Tracker Fund</i>		<i>BEA Hong Kong Tracker Fund</i>		<i>BEA Global Bond Fund</i>	
	2019 Units	2018 Units	2019 Units	2018 Units	2019 Units	2018 Units	2019 Units	2018 Units	2019 Units	2018 Units
Balance at the beginning of the year	345,586.315	267,995.992	350,922.171	356,775.240	282,806.744	225,146.593	1,024,740.002	1,015,466.349	353,810.273	207,630.565
Units issued	79,541.857	128,172.167	102,919.840	79,097.197	82,155.481	89,081.491	742,267.507	401,729.896	125,498.697	200,896.248
Units redeemed	(65,994.389)	(50,581.844)	(32,542.826)	(84,950.266)	(39,300.625)	(31,421.340)	(762,376.721)	(392,456.243)	(95,640.035)	(54,716.540)
Balance at the end of the year	<u>359,133.783</u>	<u>345,586.315</u>	<u>421,299.185</u>	<u>350,922.171</u>	<u>325,661.600</u>	<u>282,806.744</u>	<u>1,004,630.788</u>	<u>1,024,740.002</u>	<u>383,668.935</u>	<u>353,810.273</u>
	<i>BEA Age 65 Plus Fund</i>		<i>BEA Core Accumulation Fund</i>							
	2019 Units	2018 Units	2019 Units	2018 Units						
Balance at the beginning of the year	73,104.334	-	124,548.640	-						
Units issued	69,471.167	76,059.490	222,462.663	131,400.211						
Units redeemed	(28,863.182)	(2,955.156)	(54,932.977)	(6,851.571)						
Balance at the end of the year	<u>113,712.319</u>	<u>73,104.334</u>	<u>292,078.326</u>	<u>124,548.640</u>						



4 Capital management and units in issue (continued)

(b) Net assets attributable to members and net assets attributable to members per unit as at 31 March

	<i>BEA MPF Conservative Fund</i>		<i>BEA Growth Fund</i>		<i>BEA Balanced Fund</i>		<i>BEA Stable Fund</i>		<i>BEA Global Equity Fund</i>	
	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
Net assets attributable to members	<u>18,898,844</u>	<u>14,213,570</u>	<u>10,613,004</u>	<u>8,980,132</u>	<u>6,710,649</u>	<u>5,774,668</u>	<u>8,647,869</u>	<u>8,710,484</u>	<u>7,497,966</u>	<u>6,681,628</u>
Net assets attributable to members per unit	<u>10.5305</u>	<u>10.3595</u>	<u>13.5906</u>	<u>13.7774</u>	<u>12.9104</u>	<u>13.0172</u>	<u>11.9409</u>	<u>12.0015</u>	<u>15.9934</u>	<u>15.7560</u>
	<i>BEA Asian Equity Fund</i>		<i>BEA Greater China Equity Fund</i>		<i>BEA Greater China Tracker Fund</i>		<i>BEA Hong Kong Tracker Fund</i>		<i>BEA Global Bond Fund</i>	
	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
Net assets attributable to members	<u>4,575,196</u>	<u>4,892,677</u>	<u>6,527,761</u>	<u>5,788,127</u>	<u>4,769,326</u>	<u>4,346,326</u>	<u>14,976,583</u>	<u>15,427,295</u>	<u>4,021,250</u>	<u>3,733,787</u>
Net assets attributable to members per unit	<u>12.7395</u>	<u>14.1576</u>	<u>15.4944</u>	<u>16.4940</u>	<u>14.6450</u>	<u>15.3685</u>	<u>14.9075</u>	<u>15.0548</u>	<u>10.4810</u>	<u>10.5531</u>
	<i>BEA Age 65 Plus Fund</i>		<i>BEA Core Accumulation Fund</i>							
	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$						
Net assets attributable to members	<u>1,221,239</u>	<u>764,616</u>	<u>3,306,315</u>	<u>1,378,176</u>						
Net assets attributable to members per unit	<u>10.7397</u>	<u>10.4592</u>	<u>11.3200</u>	<u>11.0654</u>						

## 4 Capital management and units in issue (continued)

### (b) *Net assets attributable to members and net assets attributable to members per unit as at 31 March (continued)*

The capital of the constituent funds is represented by the net assets attributable to members. Subscription and redemption of units during the year are shown in the statements of changes in net assets attributable to members of the respective constituent funds. The amount of net assets attributable to members can change significantly on a daily basis as the constituent funds are subject to daily subscriptions and redemptions at the discretion of members. The constituent funds' objective when managing capital is to safeguard their ability to continue as a going concern in order to provide retirement benefits to members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the constituent funds.

In order to maintain or adjust the capital structure, the Scheme policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units of the constituent funds in accordance with the Trust Deed.

The Trustee monitors capital on the basis of the value of net assets attributable to members.

## 5 Financial risk management

### *Strategy in using financial instruments*

The investment objective of BEA MPF Conservative Fund is to achieve a minimum rate of return while maintaining stability of the principal amount invested.

The investment objective of BEA Growth Fund is to achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in global equities with some exposure in global debt securities/money market instruments.

The investment objective of BEA Balanced Fund is to achieve a stable rate of return with an opportunity for capital appreciation through a balanced weighting of investments in global equities and debt securities.

The investment objective of BEA Stable Fund is to minimise short-term capital risk with modest capital growth over the long-term through a higher weighting of investments in global debt securities to provide steady income and lower exposure to global equities to provide modest potential for capital appreciation.

## 5 Financial risk management (continued)

### ***Strategy in using financial instruments (continued)***

The investment objective of BEA Global Equity Fund is to provide investors with long-term capital growth through investing in a diversified global portfolio.

The investment objective of BEA Asian Equity Fund is to achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in Asian ex-Japan equities.

The investment objective of BEA Greater China Equity Fund is to provide investors with long-term capital growth through exposure to the Greater China equity markets.

The investment objective of BEA Greater China Tracker Fund is to provide investment returns, before fees and expenses, that closely correspond to the performance of the FTSE Greater China HKD Index.

The investment objective of BEA Hong Kong Tracker Fund is to provide investment results that closely correspond to the performance of the Hang Seng Index.

The investment objective of BEA Global Bond Fund is to provide investors with total investment return over the medium to long-term through investing into a diversified range of global bonds.

The investment objective of BEA Age 65 Plus Fund is to provide stable growth to scheme members by investing in a globally diversified manner.

The investment objective of BEA Core Accumulation Fund is to provide capital growth to scheme members by investing in a globally diversified manner.

The activities of the constituent funds expose them to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Scheme and its constituent funds are exposed to various risks which are discussed below.

### **(a) Market risk**

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

The Scheme's market risk is managed on a regular basis by BEA Union Investment Management Limited ("the Investment Manager") in accordance with policies and procedures in place. The Scheme's overall market position is monitored on a regular basis by the Trustee. Details of the nature of the Scheme's investment portfolio at the reporting date are disclosed in the investment report.

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk

The Scheme and its constituent funds may hold assets and liabilities denominated in currencies other than their functional currency. The Scheme and its constituent funds may also be exposed to currency risk indirectly via the investment funds held by them as the investment funds may invest in financial instruments denominated in currencies other than their reporting currencies. Therefore, the Scheme and its constituent funds are exposed to currency risk that the exchange rate may change in a manner that has an adverse effect on the value of their 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 Investment Manager monitors all the Scheme's foreign currency positions on a daily basis. All constituent funds are not subject to direct currency risk as their assets and liabilities are denominated in HKD which is their functional currency, or United States dollar ("USD") which is pegged to HKD.

#### (ii) Interest rate risk

Interest rate risk arises from changes in interest rates which may inversely affect the value of a financial instrument and therefore result in a potential gain or loss to the Scheme and its constituent funds.

All constituent funds did not have any interest-bearing liabilities as at year end and their interest-bearing assets were limited to bank deposits only; accordingly it is considered that they did not have significant direct interest rate risk exposure.

The Investment Manager monitors the Scheme's direct exposure to interest rate risk on a regular basis.

#### (iii) Other price risk

Other price risk is the risk that the 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 factors affecting all instruments traded in the market.

The breakdown of investments held by the Scheme and its constituent funds is shown in investment report.

The Scheme's market risk is managed through (i) deliberate securities selection and (ii) diversification of the investment portfolio. The Investment Manager monitors the Scheme's market position on a daily basis.

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Other price risk (continued)

##### Sensitivity analysis

Except for BEA MPF Conservative Fund, BEA Greater China Tracker Fund and BEA Hong Kong Tracker Fund, all the constituent funds invest in approved pooled investment funds only. The Investment Manager projects the possible price movement of the underlying investment funds based on historical experience. If the underlying investment funds' prices had changed by the following percentages, which are based on the Investment Manager's best estimate of potential price movement of the underlying investment funds, as at the reporting date, with all other variables held constant, it is estimated that the net assets attributable to members and the changes in net assets attributable to members from operations would have changed accordingly as shown below. An equal change in the opposite direction would have changed the net assets attributable to members and the changes in net assets attributable to members from operations by an equal but opposite amount. The analysis is performed on the same basis as 2018.

	<i>BEA Growth Fund</i>		<i>BEA Balanced Fund</i>		<i>BEA Stable Fund</i>		<i>BEA Global Equity Fund</i>	
	2019	2018	2019	2018	2019	2018	2019	2018
Upward price movement of the underlying investment funds	<u>3%</u>	<u>19%</u>	<u>3%</u>	<u>16%</u>	<u>2%</u>	<u>13%</u>	<u>2%</u>	<u>16%</u>
Estimated increase in net assets attributable to members and changes in net assets attributable to members from operations	<u>HK\$ 298,904</u>	<u>HK\$ 1,626,011</u>	<u>HK\$ 189,213</u>	<u>HK\$ 881,239</u>	<u>HK\$ 159,743</u>	<u>HK\$ 963,722</u>	<u>HK\$ 146,213</u>	<u>HK\$ 1,042,648</u>
	<i>BEA Asian Equity Fund</i>		<i>BEA Greater China Equity Fund</i>		<i>BEA Global Bond Fund</i>		<i>BEA Age 65 Plus Fund</i>	
	2019	2018	2019	2018	2019	2018	2019	2018
Upward price movement of the underlying investment funds	<u>10%</u>	<u>31%</u>	<u>5%</u>	<u>33%</u>	<u>0.2%</u>	<u>8%</u>	<u>4%</u>	<u>6%</u>
Estimated increase in net assets attributable to members and changes in net assets attributable to members from operations	<u>HK\$ 454,177</u>	<u>HK\$ 1,480,841</u>	<u>HK\$ 317,010</u>	<u>HK\$ 1,860,627</u>	<u>HK\$ 7,800</u>	<u>HK\$ 290,656</u>	<u>HK\$ 48,883</u>	<u>HK\$ 45,910</u>
	<i>BEA Core Accumulation Fund</i>							
	2019	2018						
Upward price movement of the underlying investment funds	<u>3%</u>	<u>11%</u>						
Estimated increase in net assets attributable to members and changes in net assets attributable to members from operations	<u>HK\$ 99,259</u>	<u>HK\$ 151,706</u>						

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Other price risk (continued)

##### *Sensitivity analysis (continued)*

For BEA MPF Conservative Fund, as it only invests in short-term deposits which are not subject to other price risk, no sensitivity analysis is performed.

For BEA Greater China Tracker Fund and BEA Hong Kong Tracker Fund, the Investment Manager projects the possible movement of the underlying benchmark indices (“the potential movement”) based on historical experience. If the underlying benchmark indices had changed by the following percentages, which are based on the Investment Manager’s best estimate of the potential movement as at the reporting date, with all other variables held constant, it is estimated that the net assets attributable to members and the changes in net assets attributable to members from operations would have changed accordingly as shown below. An equal change in the opposite direction would have changed the net assets attributable to members and the changes in net assets attributable to members from operations by an equal but opposite amount. The analysis is performed on the same basis as 2018.

	<i>% of possible reasonable shift</i>	<i>Estimated increase 2019 HK\$</i>	<i>Estimated increase 2018 HK\$</i>
BEA Greater China Tracker Fund (note (a))	5%	223,833	227,217
BEA Hong Kong Tracker Fund (note (b))	5%	752,308	773,748

#### Notes:

(a) Relevant benchmark: 100% FTSE Greater China HKD Index

(b) Relevant benchmark: 100% Hang Seng Total Return Index

Changes in market index % are revised annually depending on the Investment Manager’s current view of market volatility and other relevant factors.

## 5 Financial risk management (continued)

### (b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All sales of investments are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of investments sold is only made when the Scheme's custodians have received payments.

For purchase, payments are made once investments have been received by the Scheme's custodians. The trade will fail if either party fails to meet their obligation.

The Investment Manager monitors the Scheme and its constituent funds' credit position on a regular 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 reporting date, only BEA MPF Conservative Fund held short-term deposits as investments. The credit quality of these short-term deposits are expressed as a percentage of investments below:

#### *BEA MPF Conservative Fund*

#### **Portfolio by rating category of the issuer of short-term deposits**

Rating (S&P/Moody's)	2019	2018
AA-/Aa3	16.05%	9.14%
A+/A1	7.85%	7.99%
A/A2	38.57%	27.95%
A-/A3	22.33%	27.12%
BBB+/Baa1	15.20%	18.64%
BBB/Baa2	-	9.16%
	<hr/>	<hr/>
Total	100.00%	100.00%
	<hr/> <hr/>	<hr/> <hr/>

The Scheme and its constituent funds' investments are held by the custodians and the majority of the Scheme and its constituent funds' cash is deposited with The Bank of East Asia, Limited ("the Bank"). Bankruptcy or insolvency of the custodians and the Bank may cause to Scheme and its constituent funds' execution of their rights with respect to the assets held by the custodians and the Bank to be delayed or limited.

The Investment Manager monitors the credit quality of the custodians and the Bank on an on-going basis.

Other than the outlined above, there were no significant concentrations of credit risk at 31 March 2019 and 2018.

## 5 Financial risk management (continued)

### (b) Credit risk (continued)

#### Amounts arising from ECL

Impairment on contributions receivables, interest receivables, bank balances, amounts receivable on sale of investments, amounts receivable on subscription and interest, dividend and other receivables has been measured on a 12-month expected loss basis and reflected the short maturities of the exposures. The Scheme and its constituent funds consider that these exposures have low credit risk based on the external credit ratings of the counterparties.

The Scheme and its constituent funds monitor changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and perform on-going review of the counterparties.

On initial application of HKFRS 9 as at 1 April 2018, the Investment Manager considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognized on contributions receivables, interest receivables, bank balances, amounts receivable on sale of investments, amounts receivable on subscription and interest, dividend and other receivables. The amount of the loss allowance did not change during 2019.

### (c) Liquidity risk

Liquidity risk is the risk that the Scheme and its constituent funds will encounter difficulty in meeting obligations associated with financial liabilities.

The Scheme and its constituent funds' policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable investments to meet benefit payments and other liquidity requirements in the short and longer term.

The Scheme and its constituent funds invest the majority of assets in constituent funds, approved pooled investment funds and/or approved index-tracking funds that could be readily converted into cash to meet its liquidity requirement.

As at 31 March 2019 and 2018, all the financial liabilities of the Scheme and its constituent funds are repayable on demand or due within three months.



## 6 Investments

### (a) The Scheme

#### *Investments in constituent funds*

	2019 HK\$	2018 HK\$
BEA MPF Conservative Fund	18,898,844	14,213,570
BEA Growth Fund	10,613,004	8,980,132
BEA Balanced Fund	6,710,649	5,774,668
BEA Stable Fund	8,647,869	8,710,484
BEA Global Equity Fund	7,497,966	6,681,628
BEA Asian Equity Fund	4,575,196	4,892,677
BEA Greater China Equity Fund	6,527,761	5,788,127
BEA Greater China Tracker Fund	4,769,326	4,346,326
BEA Hong Kong Tracker Fund	14,976,583	15,427,295
BEA Global Bond Fund	4,021,250	3,733,787
BEA Age 65 Plus Fund	1,221,239	764,616
BEA Core Accumulation Fund	3,306,315	1,378,176
	<hr/>	<hr/>
Investments at fair value	91,766,002	80,691,486
	<hr/> <hr/>	<hr/> <hr/>
Investments at cost	83,241,323	69,361,938
	<hr/> <hr/>	<hr/> <hr/>

**6 Investments (continued)**

**(b) Constituent funds**

*BEA MPF Conservative Fund*

	2019 HK\$	2018 HK\$
Short-term deposits	17,665,882	12,982,179

*BEA Growth Fund*

	2019 HK\$	2018 HK\$
Approved Pooled Investment Funds	9,963,466	8,557,950

*BEA Balanced Fund*

	2019 HK\$	2018 HK\$
Approved Pooled Investment Funds	6,307,104	5,507,745

*BEA Stable Fund*

	2019 HK\$	2018 HK\$
Approved Pooled Investment Funds	7,987,167	7,413,247

**6 Investments (continued)**

*BEA Global Equity Fund*

	2019 HK\$	2018 HK\$
Approved Pooled Investment Fund	7,310,628	6,516,547

*BEA Asian Equity Fund*

	2019 HK\$	2018 HK\$
Approved Pooled Investment Funds	4,541,770	4,776,908

*BEA Greater China Equity Fund*

	2019 HK\$	2018 HK\$
Approved Pooled Investment Fund	6,340,198	5,638,265

*BEA Greater China Tracker Fund*

	2019 HK\$	2018 HK\$
Approved Index-Tracking Fund	4,768,500	4,337,950

## 6 Investments (continued)

### *BEA Hong Kong Tracker Fund*

	2019 HK\$	2018 HK\$
Approved Index-Tracking Fund	14,964,600	15,412,800

### *BEA Global Bond Fund*

	2019 HK\$	2018 HK\$
Approved Pooled Investment Fund	3,910,557	3,633,201

### *BEA Age 65 Plus Fund*

	2019 HK\$	2018 HK\$
Approved Pooled Investment Fund	1,222,084	765,161

### *BEA Core Accumulation Fund*

	2019 HK\$	2018 HK\$
Approved Pooled Investment Fund	3,308,634	1,379,149
Total investments at fair value	<u>88,290,590</u>	<u>76,921,102</u>
Total investments at cost	<u>79,322,811</u>	<u>65,291,839</u>

## 7 Bank balances

As at 31 March 2019, the Scheme placed bank deposits amounted to HK\$404,690 (2018: HK\$498,761).

Reconciliation of liability arising from financing activities

The table below details changes in the Scheme's liability from financing activities, including both cash and non-cash changes. Liability arising from financing activities are liability for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	<i>Benefits payable</i>	
	2019 HK\$	2018 HK\$
As at beginning of the year	455,701	7,068
Benefits	2,024,071	1,422,525
Transfer out	6,824,474	5,841,803
Long service payments and severance payments	211,554	477,320
Benefits paid, transfer out, long service payments and severance payments paid	<u>(9,391,578)</u>	<u>(7,293,015)</u>
As at the end of the year	<u><u>124,222</u></u>	<u><u>455,701</u></u>

## 8 Net (loss)/gain on constituent funds/investments

### (a) *The Scheme*

	2019 HK\$	2018 HK\$
Change in unrealised (loss)/gain in value of constituent funds	(2,804,869)	8,055,682
Realised gain on sale of constituent funds	<u>1,969,365</u>	<u>2,254,286</u>
Net (loss)/gain on constituent funds	<u><u>(835,504)</u></u>	<u><u>10,309,968</u></u>

## 8 Net (loss)/gain on constituent funds/investments (continued)

### (b) Constituent funds

	<i>BEA MPF Conservative Fund</i>		<i>BEA Growth Fund</i>		<i>BEA Balanced Fund</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Change in unrealised (loss)/gain in value of investments	-	-	(201,398)	1,141,347	(97,665)	567,078
Realised gain on sale of investments	-	-	204,912	193,796	121,836	103,946
Net gain on investments	-	-	3,514	1,335,143	24,171	671,024
	<i>BEA Stable Fund</i>		<i>BEA Global Equity Fund</i>		<i>BEA Asian Equity Fund</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Change in unrealised (loss)/gain in value of investments	(141,479)	171,103	25,552	725,438	(532,055)	945,705
Realised gain on sale of investments	143,638	545,501	145,570	67,171	67,608	56,858
Net gain/(loss) on investments	2,159	716,604	171,122	792,609	(464,447)	1,002,563
	<i>BEA Greater China Equity Fund</i>		<i>BEA Greater China Tracker Fund</i>		<i>BEA Hong Kong Tracker Fund</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Change in unrealised (loss)/gain in value of investments	(370,123)	1,179,488	(260,916)	770,913	(1,203,705)	2,270,704
Realised gain on sale of investments	60,209	254,426	90,378	96,037	729,805	835,496
Net (loss)/gain on investments	(309,914)	1,433,914	(170,538)	866,950	(473,900)	3,106,200

## 8 Net (loss)/gain on constituent funds/investments (continued)

### (b) Constituent funds (continued)

	<i>BEA Global Bond Fund</i>		<i>BEA Age 65 Plus Fund</i>		<i>BEA Core Accumulation Fund</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Change in unrealised (loss)/gain in value of investments	(11,263)	198,566	37,298	15,667	94,270	44,090
Realised gain on sale of investments	13,491	5,024	2,282	188	6,869	2,039
Net gain on investments	<u>2,228</u>	<u>203,590</u>	<u>39,580</u>	<u>15,855</u>	<u>101,139</u>	<u>46,129</u>

## 9 Transactions with related parties

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

### (a) Sponsor's fees

The Sponsor, The Bank of East Asia, Limited, is entitled to receive a fee equal to 0.90% per annum of the net asset value of BEA Growth Fund, BEA Balanced Fund, BEA Stable Fund, BEA Global Equity Fund, BEA Asian Equity Fund, BEA Greater China Equity Fund and BEA Global Bond Fund. This fee is calculated and accrued on each valuation day and payable monthly in arrears.

For BEA MPF Conservative Fund, the sponsor's fee is only deducted when the net investment return exceeds the prescribed savings rate. The maximum amount deducted must not exceed the excess between the net investment return and the prescribed savings rate subject to a maximum fee equal to 0.79% per annum of the net asset value of the constituent fund.

For BEA Greater China Tracker Fund and BEA Hong Kong Tracker Fund, the Sponsor is entitled to receive a fee equal to 0.60% per annum of the net asset value of the respective constituent funds.

For BEA Age 65 Plus Fund and BEA Core Accumulation Fund, the Sponsor is entitled to receive a fee equal to 0.75% per annum of the net asset value of the respective constituent funds. The fee is inclusive of the fees payable to the Trustee and the Investment Manager and the Sponsor will pay the fees of the Trustee and the Investment Manager out of its own fee. The fee breakdown is as follow:

Fees payable to:	Current level (p.a.)
Sponsor	0.295%
Trustee and Administrator	0.295%
Investment Manager	0.16%

## 9 Transactions with related parties (continued)

### (a) Sponsor's fees (continued)

The sponsor's fees charged for the year are disclosed in the statement of comprehensive income. As at 31 March, the sponsor's fee payable was as follows:

	2019 HK\$	2018 HK\$
BEA Growth Fund	<u>7,964</u>	<u>7,044</u>
BEA Balanced Fund	<u>5,057</u>	<u>4,502</u>
BEA Stable Fund	<u>6,558</u>	<u>6,489</u>
BEA Global Equity Fund	<u>5,669</u>	<u>5,213</u>
BEA Asian Equity Fund	<u>3,450</u>	<u>3,850</u>
BEA Greater China Equity Fund	<u>4,875</u>	<u>4,538</u>
BEA Greater China Tracker Fund	<u>2,381</u>	<u>2,260</u>
BEA Hong Kong Tracker Fund	<u>7,580</u>	<u>8,122</u>
BEA Global Bond Fund	<u>3,046</u>	<u>2,787</u>
BEA Age 65 Plus Fund	<u>745</u>	<u>483</u>
BEA Core Accumulation Fund	<u>2,052</u>	<u>863</u>

### (b) Investment management fees

No separate investment management fees are charged as they are paid out of the sponsor's fees.

### (c) Trustee's fees

No separate trustee fees are charged as they are paid out of the sponsor's fees.



## 9 Transactions with related parties (continued)

### (d) Bank balances

As at 31 March 2019, the Scheme and its constituent funds placed bank deposits amounted to HK\$404,690 and HK\$3,489,980 (2018: HK\$498,761 and HK\$2,661,062) respectively with The Bank of East Asia, Limited, the holding company of the Trustee. The interest income arising from these accounts during the year amounted to HK\$566 (2018: HK\$64) and HK\$3,750 (2018: HK\$259) respectively. Bank charges incurred are not disclosed as the Trustee considers the amounts immaterial.

### (e) Investments

As at year end, the following constituent funds of the Scheme invested in approved-pooled investment funds, managed by the Investment Manager and entrusted by the Trustee:

	<i>BEA Growth Fund</i>	
	2019	2018
	HK\$	HK\$
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	195,178	183,148
BEA Union Investment Asia Strategic Growth Fund - Class A	1,212,032	1,267,713
BEA Union Investment Global Bond Fund - Class A	1,944,374	1,625,101
BEA Union Investment Global Equity Fund - Class A	4,349,969	3,725,979
BEA Union Investment Greater China Growth Fund - Class A	89,556	94,673
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	21,967	21,043
BEA Union Investment Hong Kong Growth Fund - Class A	1,866,099	1,640,293
BEA Union Investment Money Market Fund - Class A	284,291	-
	<u>284,291</u>	<u>-</u>

	<i>BEA Balanced Fund</i>		<i>BEA Stable Fund</i>	
	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	383,862	360,203	531,645	514,975
BEA Union Investment Asia Strategic Growth Fund - Class A	576,025	589,254	458,227	544,327
BEA Union Investment Global Bond Fund - Class A	2,282,998	1,990,368	4,225,002	4,126,103
BEA Union Investment Global Equity Fund - Class A	1,986,033	1,753,036	1,464,784	1,513,752
BEA Union Investment Greater China Growth Fund - Class A	39,389	41,640	33,432	35,343
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	25,314	24,250	47,960	45,944
BEA Union Investment Hong Kong Growth Fund - Class A	829,755	748,994	642,679	632,803
BEA Union Investment Money Market Fund - Class A	183,728	-	583,438	-
	<u>183,728</u>	<u>-</u>	<u>583,438</u>	<u>-</u>

## 9 Transactions with related parties (continued)

### (e) Investments (continued)

	<i>BEA</i> <i>Global Equity Fund</i>		<i>BEA</i> <i>Asian Equity Fund</i>	
	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
BEA Union Investment Asia Strategic Growth Fund - Class A	-	-	4,068,937	4,209,413
BEA Union Investment Global Equity Fund - Class A	7,310,628	6,516,547	-	-
BEA Union Investment Hong Kong Growth Fund - Class A	-	-	472,833	567,495
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

	<i>BEA</i> <i>Greater China Equity Fund</i>		<i>BEA</i> <i>Global Bond Fund</i>	
	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
BEA Union Investment Global Bond Fund - Class A	-	-	3,910,557	3,633,201
BEA Union Investment Greater China Growth Fund - Class A	6,340,198	5,638,265	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

	<i>BEA</i> <i>Age 65 Plus Fund</i>		<i>BEA</i> <i>Core Accumulation Fund</i>	
	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
BEA Union Investment Age 65 Plus Fund - Class I	1,222,084	765,161	-	-
BEA Union Investment Core Accumulation Fund - Class I	-	-	3,308,634	1,379,149
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

As at year end, BEA MPF Conservative Fund held short-term deposits with The Bank of East Asia, Limited, the ultimate controlling party of the Trustee, as follows:

	2019		2018	
	<i>Nominal value</i> HK\$	<i>Fair value</i> HK\$	<i>Nominal value</i> HK\$	<i>Fair value</i> HK\$
Bank of East Asia, Limited F/D 1.95% 14 August 2019	206,959	206,959	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>206,959</u>	<u>206,959</u>	<u>-</u>	<u>-</u>

Interest income derived from short-term deposits during the year ended 31 March 2019 amounted to HK\$2,570 (2018: 96).

## **9 Transactions with related parties (continued)**

### **(f) Brokerage commission**

No brokerage commission was paid to brokers who are associates or delegates of the Trustee or Investment Manager during the year ended 31 March 2019 and 2018.

## **10 Transactions with associates**

All the transactions with associates as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance and the “Guidelines on Annual Statements of Registered Schemes” Annex C section I(D)(2) issued by the MPFA have been included in transaction with related parties as set out in note 9.

## **11 Contributions received and receivable**

Mandatory contributions for both the employers and members are equal to 5% of the members’ relevant income up to HK\$30,000 per month but in respect of members earning less than HK\$7,100 per month, the members’ mandatory contribution is nil.

Self-employed persons must contribute 5% of their relevant income subject to a maximum contribution of HK\$1,500 per month to the Scheme unless their relevant income is less than HK\$7,100 per month.

Any contributions made to the Scheme by the employers or members in excess of their mandatory contributions are voluntary contributions.

The Employee Choice Arrangement (“the ECA”) has been launched by the MPFA with effect from 1 November 2012. The ECA allows members to opt to transfer the member’s portion of the mandatory contributions and investment returns (i.e. the accrued benefits) in their contribution accounts to an MPF trustee and scheme of their own choice once a year. Alternatively, members do not have to make any change. They can retain the accrued benefits in the original MPF scheme selected by their employers.

## **12 Benefits paid and payable**

Members will become entitled to benefits in respect of mandatory contributions to the Scheme in the circumstances set out in the MPF Ordinance. Currently, these circumstances include where the members (i) reach the age of 65; (ii) permanently cease employment or self-employment, after reaching the age of 60 or cease employment or self-employment as a result of total incapacity; (iii) have a terminal illness; (iv) permanently depart from Hong Kong; (v) die or (vi) have the right to claim a small balance pursuant to the MPF Ordinance.

Members will become entitled to benefits in respect of contractual voluntary contributions to the Scheme in the circumstances set out in the Trust Deed and the relevant participation agreement.

## **13 Bank loans, overdrafts and other borrowings**

The Scheme and its constituent funds had no bank loans, overdrafts and other borrowings as at 31 March 2019 and 2018.

## **14 Taxation**

The Scheme is registered under the MPF Ordinance and is therefore a recognised scheme for the purposes of Hong Kong Profits Tax. The policy of the Hong Kong Inland Revenue Department (“IRD”), as set out in IRD Practice Note No. 23 is that “recognised retirement schemes and their trustees are not considered to be subject to profits tax on their investment income”. Accordingly, no provision for Hong Kong Profits Tax has been made in the Scheme’s financial statements.

## **15 Soft commission arrangements**

During the year ended 31 March 2019, the Investment Manager and its delegates did not enter into any soft commission arrangements with brokers relating to dealings in the assets of the Scheme and its constituent funds (2018: HK\$Nil).

## **16 Security lending arrangements**

During the year ended 31 March 2019, the Scheme and its constituent funds did not enter into any security lending arrangements (2018: HK\$Nil).

## **17 Negotiability of assets**

As at 31 March 2019, there were no statutory or contractual requirements restricting the negotiability of the assets of the Scheme and its constituent funds (2018: HK\$Nil).

## **18 Commitments**

As at 31 March 2019, the Scheme and its constituent funds had no commitments (2018: HK\$Nil).

## **19 Contingent liabilities and capital commitment**

As at 31 March 2019, there were no contingent liabilities or capital commitments outstanding for the Scheme and its constituent funds (2018: HK\$Nil).

## **20 Marketing expenses**

During the year ended 31 March 2019, there have been no advertising expenses, promotional expenses or commissions or brokerage fees paid and payable to the MPF intermediaries deducted from the Scheme and its constituent funds (2018: HK\$Nil).

## 21 Segment information

The CODM makes the strategic resource allocation on behalf of the Scheme and determines the operating segments based on the internal reporting used to make strategic decisions. The CODM's asset allocation decisions for the Scheme are based on the investment objective, investment strategy and the performance of each constituent fund. Accordingly the CODM considers that the Scheme has 12 operating segments. The investment objectives and the investment portfolios of the constituent funds are presented in the investment report. Other segmental information of the constituent funds are presented in these financial statements.

The internal reporting provided to the CODM is the same as that disclosed in these financial statements.

## 22 Involvement with unconsolidated structured entities

The Scheme has concluded that approved pooled investment funds and approved index-tracking funds in which its constituent funds invest but are not consolidated by the constituent funds meet the definition of structured entities because:

- the voting rights in the investment funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each investment fund's activities are restricted by its prospectus; and
- the investment funds have narrow and well-defined objectives to provide investment opportunities to investors.

The table below describes the types of structured entities that the constituent funds do not consolidate but in which they hold an interest.

<i>Type of structured entity</i>	<i>Nature and purpose</i>	<i>Interest held by the constituent funds</i>
Investment funds	To invest on behalf of third party investors  These vehicles are financed through the issues of units to investors	Investments in units issued by the investment funds

## 22 Involvement with unconsolidated structured entities (continued)

The table below sets out interests held by the constituent funds in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held by the constituent funds.

**As at 31 March 2019**

	<i>Number of investee funds</i>	<i>Total net assets HK\$ (in thousands)</i>	<i>Carrying amount included in “Investments” HK\$ (in thousands)</i>
<b>BEA Growth Fund</b>			
– Approved Pooled Investment Funds	8	16,405,257	9,963
<b>BEA Balanced Fund</b>			
– Approved Pooled Investment Funds	8	16,405,257	6,307
<b>BEA Stable Fund</b>			
– Approved Pooled Investment Funds	8	16,405,257	7,987
<b>BEA Global Equity Fund</b>			
– Approved Pooled Investment Fund	1	1,202,630	7,311
<b>BEA Asian Equity Fund</b>			
– Approved Pooled Investment Funds	2	4,892,228	4,542
<b>BEA Greater China Equity Fund</b>			
– Approved Pooled Investment Fund	1	1,836,999	6,340
<b>BEA Greater China Tracker Fund</b>			
– Approved Index-Tracking Fund	1	804,850	4,769
<b>BEA Hong Kong Tracker Fund</b>			
– Approved Index-Tracking Fund	1	90,525,000	14,965
<b>BEA Global Bond Fund</b>			
– Approved Pooled Investment Fund	1	5,378,760	3,911
<b>BEA Age 65 Plus Fund</b>			
– Approved Pooled Investment Fund	1	454,520	1,222
<b>BEA Core Accumulation Fund</b>			
– Approved Pooled Investment Fund	1	859,660	3,309

## 22 Involvement with unconsolidated structured entities (continued)

As at 31 March 2018

	<i>Number of investee funds</i>	<i>Total net assets HK\$ (in thousands)</i>	<i>Carrying amount included in "Investments" HK\$ (in thousands)</i>
<b>BEA Growth Fund</b>			
– Approved Pooled Investment Funds	7	16,151,880	8,558
<b>BEA Balanced Fund</b>			
– Approved Pooled Investment Funds	7	16,151,880	5,508
<b>BEA Stable Fund</b>			
– Approved Pooled Investment Funds	7	16,151,880	7,413
<b>BEA Global Equity Fund</b>			
– Approved Pooled Investment Fund	1	954,740	6,517
<b>BEA Asian Equity Fund</b>			
– Approved Pooled Investment Funds	2	5,367,710	4,777
<b>BEA Greater China Equity Fund</b>			
– Approved Pooled Investment Fund	1	2,006,810	5,638
<b>BEA Greater China Tracker Fund</b>			
– Approved Index-Tracking Fund	1	705,434	4,338
<b>BEA Hong Kong Tracker Fund</b>			
– Approved Index-Tracking Fund	1	95,828,874	15,413
<b>BEA Global Bond Fund</b>			
– Approved Pooled Investment Fund	1	5,332,690	3,633
<b>BEA Age 65 Plus Fund</b>			
– Approved Pooled Investment Fund	1	367,130	765
<b>BEA Core Accumulation Fund</b>			
– Approved Pooled Investment Fund	1	556,580	1,379

## 22 Involvement with unconsolidated structured entities (continued)

During the year, the constituent funds did not provide financial support to the unconsolidated structured entities and have no intention of providing financial or other support.

The constituent funds can redeem units in their investment funds on a daily basis.

## 23 Payments charged to default investments strategy constituent funds or scheme members who invest in the constituent funds

BEA Age 65 Plus Fund and BEA Core Accumulation Fund are designated as default investment strategy ("DIS") constituent funds with effect from 1 April 2017. Payments for services, out-of-pocket expenses and other payments charged to the DIS constituent funds are disclosed below. Payments for services and out-of-pocket expenses are those defined in the MPF Ordinance.

### During the year ended 31 March 2019

	<i>BEA Age 65 Plus Fund HK\$</i>	<i>BEA Core Accumulation Fund HK\$</i>
<b>(a) Payments for services</b>		
Sponsor's fees	7,635	17,373
	7,635	17,373
<b>Total payments for services</b>	7,635	17,373
<b>(b) Out-of-pocket expenses</b>		
Fund price publication expenses	1,033	2,403
	1,033	2,403
<b>Total out-of-pocket expenses</b>	1,033	2,403
<b>(c) Payments other than (a) and (b) above</b>	-	-
	-	-
<b>Total payments</b>	8,668	19,776
 Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds	 <u>0.100%</u>	 <u>0.100%</u>

The net asset value used for calculating the percentage is the average of the net asset of the DIS constituent funds as at the last dealing day of each month during the period from 1 April 2018 to 31 March 2019.



**23 Payments charged to default investments strategy constituent funds or scheme members who invest in the constituent funds (continued)**

During the year ended 31 March 2018

	<i>BEA Age 65 Plus Fund HK\$</i>	<i>BEA Core Accumulation Fund HK\$</i>
<b>(a) Payments for services</b>		
Sponsor's fees	2,921	5,044
<b>Total payments for services</b>	2,921	5,044
<b>(b) Out-of-pocket expenses</b>		
Fund price publication expenses	403	718
<b>Total out-of-pocket expenses</b>	403	718
<b>(c) Payments other than (a) and (b) above</b>	-	-
<b>Total payments</b>	3,324	5,762
Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds	0.097%	0.097%

The net asset value used for calculating the percentage is the average of the net asset value of the DIS constituent funds as at the last dealing day of each month during the period from 1 April 2017 to 31 March 2018.

**24 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2019**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the Scheme and its constituent funds.

*Effective for  
accounting periods  
beginning on or after*

HK(IFRIC) 23, *Uncertainty over income tax treatments*

1 January 2019

The Trustee is in the process of making an assessment of what the impact of these amendments, new standard and interpretations is expected to be in the period of initial application. So far the Trustee has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.