



## BDO CHINA EQUITY FEEDER FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT  
AS OF December 29, 2017

## FUND FACTS

<b>Classification:</b> Equity Feeder Fund	<b>Net Asset Value per Unit (NAVPU):</b> USD 123.4383
<b>Launch Date:</b> October 29, 2015	<b>Total Fund NAV:</b> USD 4.524 Million
<b>Minimum Investment:</b> USD 2,000.00	<b>Dealing Period:</b> Up to 4:00pm of any banking day
<b>Minimum Additional Investment / Maintaining Participation:</b> USD 2,000.00	<b>Redemption Settlement:</b> Five (5) banking days after the Valuation Date
<b>Minimum Holding Period:</b> None	<b>Early Redemption Fee:</b> Not applicable

## FEES\*

Trustee Fees: <u>0.0857%</u>	Custodianship Fees: <u>0.0000%</u>	External Auditor Fees: <u>0.0000%</u>	Other Fees: <u>0.0000%</u>
BDO Trust and Investments Group	None	Punongbayan & Araullo	None

\*As a percentage of average daily NAV for the month valued at USD 4.234 Million.

## INVESTMENT OBJECTIVE AND STRATEGY

The Fund aims to provide long-term capital growth by investing in a single collective investment scheme called the Target Fund, which is invested in a portfolio of equities and equity-related instruments of China-related companies traded both onshore and offshore China. The Fund's Target Fund is the ChinaAMC China Focus Fund (USD Class with ISIN HK0000352960), formerly China Select Fund (USD Class with ISIN KYG2162H1395). The Fund's benchmark is a blend of the CSI300 Index for the China A Shares and the MSCI China for the non-China A shares.

## CLIENT SUITABILITY

A client profiling process should be performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objectives and risk tolerance. Clients are advised to read the Declaration of Trust/Plan Rules of the Fund, which may be obtained from the Trustee, before deciding to invest.

- ♦The BDO China Equity Feeder Fund is suitable only for individual and corporate investors who have aggressive risk appetite and who seek potentially higher returns through Chinese stock market investments but are also aware of the possibility of capital losses that such investments may entail.
- ♦Participation in the Fund shall be open to Filipino citizens, Philippine residents and domestic corporations with capacity to contract and who are not considered US Persons under the US securities and tax laws.
- ♦Participants/trustors are recommended to stay invested in the Fund for more than three (3) years. The Fund is not suitable for short-term investing.

## KEY RISKS AND RISK MANAGEMENT

You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

**Investment Risk.** The Target Fund is an investment fund. There is no guarantee of the repayment of the principal. The market value of the underlying investments of the Target Fund may rise or fall.

**Liquidity Risk.** Possibility to experience losses due to the fund's inability to convert assets into cash immediately or in instances where conversion to cash is possible but a highly disadvantageous price.

**Foreign Exchange Risk.** Possibility to experience losses due to fluctuations in foreign exchange rates.

**Single Country Investment Risk.** Investing in China-related companies and in Chinese markets involve certain risks and special considerations not typically associated with investment in more developed economies or markets, such great political, economic, foreign exchange, liquidity and regulatory risks. The concentration of the Target Fund's investments in China-related companies may result in greater volatility than portfolios which comprise broad-based global investments.

All the Fund's investment outlets undergo evaluation in accordance with the Trustee's Investment Policy Manual. Regulatory exposure limits are monitored on a regular basis. The Fund will not use financial derivatives instruments to hedge risks.

- ♦THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).
- ♦RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY.
- ♦WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.
- ♦THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.

**BDO CHINA EQUITY FEEDER FUND**

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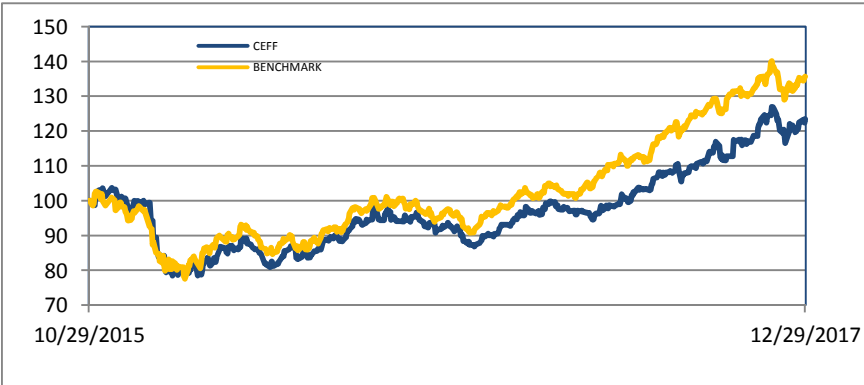
Month Ended December 29, 2017

**FUND PERFORMANCE AND STATISTICS**

**AS OF December 29, 2017**

(Purely for reference purposes and is not a guarantee of future results)

**Fund's NAVPU vs Benchmark**



**NAVPU over the past 12 months**

Highest	USD 126.8644
Lowest	USD 87.8483

**Statistics**

Volatility, Past 1 Year <sup>3</sup>	13.77%
Sharpe Ratio <sup>4</sup>	2.95
Information Ratio <sup>5</sup>	-0.31

<sup>3</sup> Volatility measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

<sup>4</sup> Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

<sup>5</sup> Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

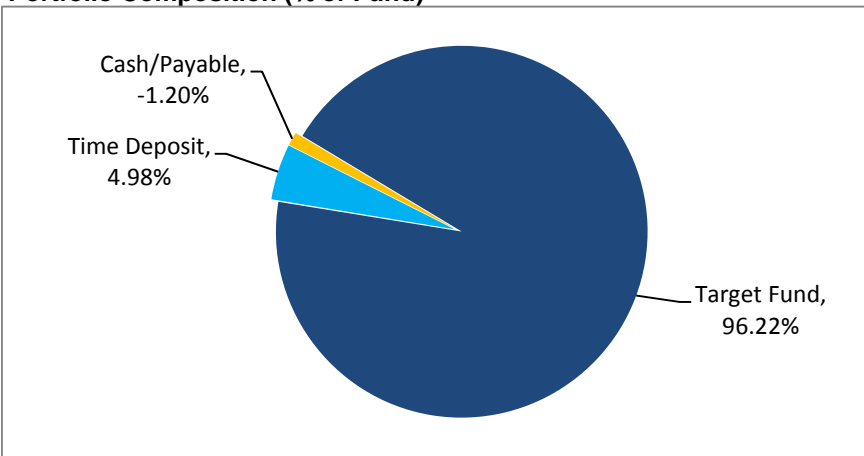
**Cumulative Performance (%)**

Period	1 mo	3 mos	6 mos	1 yr	3 yrs
Fund - BDO CEFF <sup>1</sup>	0.12%	10.59%	19.32%	41.41%	na
Benchmark <sup>2</sup>	0.02%	7.24%	19.93%	46.95%	na

<sup>1</sup> Past performance is not indicative of future performance.

<sup>2</sup> The Fund's benchmark is a blend of the CSI300 Index for the China A Shares and the MSCI China for the non-China A shares.

**Portfolio Composition (% of Fund)**



**OTHER BASIC FUND FACTS**

<b>Trust Fee:</b> 1.00% p.a.
<b>Bloomberg Ticker:</b> <BDOCEFF PM>
<b>Initial NAVPU:</b> USD 100.00
<b>NAVPU Availability:</b> Every trading day at 4:00 p.m.
<b>Participation/Redemption Conditions:</b> Admission and Redemption orders are subject to a one (1) day advanced notice requirement ("Order Date"). Actual admission/redemption date is the date following the Order Date ("Valuation Date").
<ul style="list-style-type: none"> <li>The results of the latest annual audit are available to all participants upon request via email (investments@bdo.com.ph)</li> <li><b>Distribution Channels:</b> Head Office, Invest Online and Local BDO Branches</li> </ul>

## BDO CHINA EQUITY FEEDER FUND

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT (Page 3)

Month Ended December 29, 2017

## OTHER DISCLOSURES

## RELATED PARTY TRANSACTIONS

The Fund has investments and trade transactions with BDO Unibank, Inc., its subsidiaries and related parties, as follows:

	Transaction	Market Value (Mln)
<b>BDO Unibank, Inc.</b>	Time Deposit Placement	0.2276

Investments in the said outlets were approved by the Trust Committee. Likewise, all related party transactions are conducted on an arm's length and best execution basis and within established limits.

## INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

As a feeder fund, the Fund shall invest at least 90% of its assets in a single collective investment scheme called the Target Fund. The Target Fund is registered/authorized/approved by a regulatory authority that is a member of the International Organization of Securities Commissions (IOSCO) and managed by reputable fund manager/s, the investment objectives and policies of which are generally consistent with those of the Fund. The Target Fund must neither be structured nor similarly structured as a feeder fund or fund-of-funds. The remaining portion of the assets (maximum of 10%) will be invested and reinvested by the Trustee, with full discretionary powers, in deposits in the Trustee's bank or in other banks. The Fund may invest in bank deposits beyond the 10% limit during the transitory period while the Fund switches target fund.

## GENERAL INFORMATION ON THE TARGET FUND

The Target Fund (ChinaAMC China Focus Fund) aims to provide unitholders with long-term capital growth through exposure to China-related companies by investing in their equities and equity related instruments traded both onshore and offshore China. The Target Fund seeks to take investment exposure to companies which are headquartered in or have significant business exposure to China. The Manager will select China-related companies based on their respective merits and through analysis of macroeconomic factors.

<b>Manager:</b> China Asset Management (Hong Kong) Limited (ChinaAMC)	<b>Exposure to Target Fund's NAV monitoring:</b> 9.10%
<b>Administrator:</b> Citibank N.A., Hong Kong Branch	<b>Net Asset Value per Unit (NAVPU):</b> USD 14.508
<b>Structure:</b> Trust	<b>Domicile:</b> Hong Kong
<b>Inception Date:</b> December 10, 2010	<b>Total Expense Ratio:</b> 1.8% p.a.*

\* In addition to the management fee, the Target Fund will also be subjected to performance fee, trustee fee, sub-administrator and custodian fees and other charges and expenses enumerated in the Target Fund's Prospectus. The performance fee in respect of each Unit will be equal to 10% of the appreciation in the NAVPU during the relevant performance period above the high watermark. The performance fee is calculated daily on a high-on high basis and accrued on each Valuation Day throughout the relevant Performance Period.

The Prospectus, Fund Factsheet and relevant information related to the Target Fund are available through its official website at [www.chinaamc.com.hk](http://www.chinaamc.com.hk).

BDO Unibank, Inc.-Trust and Investments Group is regulated by the Bangko Sentral ng Pilipinas (BSP). For any inquiries and complaints relating to our services and products you may 1) call 840-7000 locals 4265 / 4244 / 4035 / 7032; 2) send an email to [trust.complaints@bdo.com.ph](mailto:trust.complaints@bdo.com.ph); or 3) visit/call/email your assigned Trust Marketing Officer or the Branch Manager/Marketing Officer of your servicing branch. You may also file your complaints at BSP Financial Consumer Protection Department at (632) 708-7087 or [consumeraffairs@bsp.gov.ph](mailto:consumeraffairs@bsp.gov.ph). To know your rights under BSP Circular No. 857 (Regulations on Financial Consumer Protection), please access a copy at the BSP website ([www.bsp.gov.ph](http://www.bsp.gov.ph)).

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Month Ended December 29, 2017

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#### OTHER DISCLOSURES

##### RISK FACTORS RELATED TO THE TARGET FUND

The following are the principal risks of investing in the Target Fund:

**Investment Risk.** There is no guarantee of the repayment or principal. The instruments invested by the Target Fund may fall in **Single Country Investment Risk.** The concentration of the Target Fund's investments in China-related companies may result in greater volatility than portfolios which comprise broad-based global investments.

**Counterparty Risk of Access Products.** The Target Fund will not invest directly in A Shares but will instead obtain exposure to the A Share market by investing into access products. If an issuer of an access products defaults, the Target Fund may be exposed to potential losses equal to the full value of that access product.

**Risk of Limited Access Products.** The availability of access products is limited by applicable regulations in China and as a result, the cost of investing in access products is subject to market supply and demand forces.

**Risk Associated with the Qualified Foreign Institutional Investor (QFII) System.** The current QFII policy and rules are subject to change and any such change could adversely impact the Target Fund's investments in access products.

**China Tax Risk.** There are risks and uncertainties associated with the current Chinese laws, regulation and practice in respect of capital gains realized by QFIIs on selling of A Shares.

**Multi-currency Conversion Risk.** The Target Fund will hold investments denominated in currencies different to the base currency of the Target Fund, meaning the Target Fund will be at risk to adverse movements in the foreign currency rates.

**Performance Fee Risk.** The Target Fund is subject to a performance fee and a unitholder redeeming units may still be subject to the performance fee charge in respect of such units, even though he/she has suffered a loss in the investment capital.

##### SWITCHING OF THE TARGET FUNDS

♦The Trustee shall have the authority to switch Target Fund in the event of a material change in the Target Fund and as the circumstances warrant including reasons such as: 1) Change in the objective, investment style or risk profile of the current Target Fund; 2) Resignation of fund managers or portfolio management team of the Target Fund; 3) Closure of the Target Fund or its maximum AUM capacity has been reached; 4) Prolonged suspension of subscription/redemption to/from the Target Fund; 5) Change in the Target Fund's fees that will significantly affect the total expense ratio of the Fund; 6) Regulatory change in the jurisdiction where the Target Fund is domiciled that would significantly affect the Target Fund's operations; 7) Significant legal disputes; 8) Market Conditions which, in the reasonable opinion of the Trustee, warrant a change in Target Fund; 9) Investment by the Target Fund in another collective investment scheme; 10) as well as when, in the opinion of the Trustee, the Target Fund has been consistently underperforming vis-a-vis expectations. In case of such switching, the Trustee shall notify the Participants by way of direct written notice and through the form of notices such as: 1) electronic mail; 2) notices posted in the premises of the Trustee and its branches; 3) notification in the Trustee's website. Such notice shall include the ground for the switching as well as the estimated costs to be incurred by the Fund for the switching.

♦Switching of a target fund due to a change in the Target Fund's investment objectives shall be accompanied by a change in the Fund's Declaration of Trust (DOT). No change shall be implemented within thirty (30) calendar days from the initial notification. The switching of the Target Fund will be conducted with due diligence and with the approval of the Trust Committee.