



1. What is a Feeder Fund?

A Feeder Fund is a Unit Investment Trust Fund structure which mandates the fund to invest at least ninety percent (90%) of its assets in a single collective investment scheme (Target Fund).

2. What is a Target Fund?

A Target Fund is any local or foreign Collective Investment Scheme (CIS) in which a Feeder Fund invests at least 90% of its assets. Examples of a CIS are Unit Investment Trust Funds (UITFs), Mutual Funds (MFs) and Exchange Traded Funds (ETFs).

3. What are the benefits in investing in Feeder Funds?

a. Diversified Portfolio - Feeder Funds allow investors to diversify their portfolios. By investing into a Feeder Fund, the investor gains exposure to all the securities inside the Target Fund.

b. Lower Cost of Investing - Collective investments, such as Feeder Funds, use economies of scale to leverage on cost. Without Feeder Funds, a retail investor would normally need to open and maintain a global brokerage account in order to purchase the stocks that the Target Fund invests in.

c. Regulated for Client's Protection - While the Target Fund is managed by a foreign fund manager, the Feeder Fund is operated by a local bank registered and regulated by the BSP. A client who invests in Feeder Funds offered by Philippine banks is assured that these investments have been scrutinized by the BSP for their safety.

4. What type of clients can benefit from investing in Global Feeder Funds?

The Global Feeder Fund is suited for corporate and individual investors who:

- * have aggressive risk appetites
- * are willing to hold investments for more than three (3) years
- * understand the risks to investing in global equities



5. What are the Global Feeder Funds being offered by BDO?

BDO currently offers the following Feeder Funds:

- * BDO US Equity Feeder Fund
- * BDO Europe Equity Feeder Fund
- * BDO Developed Markets Property Index Feeder Fund
- * BDO Global Equity Select Feeder Fund
- * BDO Global Equity Index Feeder Fund
- * BDO China Equity Index Feeder Fund
- * BDO Japan Equity Index Feeder Fund

6. What are the similarities between a Feeder Fund and a regular UITF?

A Feeder Fund, just like a regular UITF,

- * is established and operated subject to the provisions of its Declaration of Trust (DOT) or Plan Rules
- * must comply with all the regulations issued by the BSP, including determination of market value of investments of the Fund
- * requires investors to undergo the same account opening process

7. What is the difference between a Feeder Fund and a regular UITF?

A Feeder Fund invests in a Target Fund such as the CIS, while a regular UITF invests directly in investment securities such as stocks and bonds.

8. Can the Trustee change/switch the Target Fund?

The Trustee has the discretion to choose and switch the Target Fund for the following reasons:

- a. Underperformance vis-a-vis expectations
- b. Change of focus
- c. Resignation of Fund Managers
- d. Closure of the Target Fund
- e. Prolonged suspension of trading



9. What are the general risks inherent in Global Equity Feeder Funds?

- a. Market/Price Risk – possibility to experience losses due to changes in market prices of securities
- b. 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 at a disadvantageous price
- c. Foreign Exchange Risk – possibility to experience losses due to fluctuations in foreign exchange rates
- d. Country Risk – possibility to experience losses arising from investments in securities issued by or in foreign countries due to political, economic and social structures of such countries.

For further inquiries, please call BDO Trust and Investments Group at #840-7000 loc. 4035 from Monday to Friday, except holidays (8:30AM – 5:30PM) or send an email to investments@bdo.com.ph. Thank you.