

Chapter 19

SPECIFIC REQUIREMENTS FOR FEEDER FUNDS

19.01 The following information must be disclosed in the prospectus of a feeder fund, in addition to that specified under Chapters 1 – 15 of these Guidelines, unless otherwise specified.

The fund

19.02 This section must also include information on the collective investment scheme (target fund), including–

- (a) name of target fund;
- (b) the management company and fund manager of target fund;
- (c) country of origin of target fund;
- (d) regulatory authority which regulates the target fund;
- (e) date of establishment of the target fund;
- (f) the investment objective and principal investment strategy;
- (g) target fund's redemption policy;
- (h) the specific and peculiar risks of the target fund;
- (i) the permitted or authorised investment and the limits or restrictions of the target fund;
- (j) where applicable, the foreign jurisdiction from where the fund originates and name of the regulator responsible for regulating the fund and parties responsible for the fund; and
- (k) the applicable legislation in the foreign jurisdiction which applies to the target fund.

19.03 In relation to subparagraph 19.02(b), the information must include the corporate information, experience and expertise in the relevant industry.

Fees, charges and expenses

- 19.04 A prospectus must explain with illustration the impact of fees and charges imposed by the target fund on the cost of investing in the feeder fund. Where fees and charges of the target fund are waived, or where rebates are given, this must be disclosed.
- 19.05 Where applicable, there must be a warning statement, in bold font, to alert potential investors to the fact that they will be subjected to higher fees arising from the layered investment structure.

Investment in an exchange-traded fund (ETF)

- 19.06 Where the target fund is an ETF, the prospectus must also contain disclosure on the difference between investing in the ETF through the feeder fund structure and investing directly in the ETF, with particular attention to the fee structure and real-time trading.