

**EASTWEST PSEI TRACKER FUND
A Unit Investment Trust Fund**

KNOW ALL MEN BY THESE PRESENTS:

EAST WEST BANKING CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the EastWest Corporate Center, 3rd floor The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, with authority to perform trust and other fiduciary functions, acting herein through its **TRUST DIVISION** (herein referred to as the “**TRUSTEE**”);

WITNESSETH:

**Article I
CREATION OF THE TRUST**

That for the purpose of providing investment opportunities to its trust clients for capital appreciation pursuant to investment objectives and policies herein stipulated, the TRUSTEE hereby establishes and declares itself as TRUSTEE of a unit investment trust fund for the collective investment of funds held by it in the capacity of TRUSTEE under the terms and conditions herein-below set forth:

**Article II
NATURE AND INVESTMENT OBJECTIVES**

Section 1. Title of the FUND: The pooled fund shall be known as the **EASTWEST PSEI TRACKER FUND** (herein referred to as the “**FUND**”).

Section 2. Nature of the FUND: The EASTWEST PSEI TRACKER FUND is an equity index fund established in accordance with and shall be operated subject to the stipulations of this declaration and as the same may be amended from time to time in accordance with the regulations issued by the Bangko Sentral ng Pilipinas (BSP) and existing laws. An equity index fund is a passive fund. There is no active intervention by a fund manager, since the most important aspects of fund management, such as asset allocation, security selection and timing, have already been assumed by the index. The portfolio composition and weightings will entirely be based on the index composition. The investment exposure of EPSI Fund is limited to the index composition of the PSEi. ***The Fund shall be treated as an entity separate and distinct from its constituent assets and from the contributions of the participants thereto and from other trust accounts administered by the Trustee***

FUND Classification: The FUND shall be classified as an EQUITY INDEX FUND.

Title to Assets of the FUND: All assets of the FUND shall, at all times, be considered as assets held by the TRUSTEE vested solely in the TRUSTEE.

Nature of Participant’s Interest in the FUND: No participant shall have or be deemed to have any ownership or interest in any particular account, investment or asset of the FUND but shall have only its proportionate and undivided beneficial interest in the FUND as a whole.

Description of the FUND: The features of the FUND shall be described in **Appendix I** hereto.

Section 3. Investment Objectives and Policy: The FUND seeks long-term capital appreciation through investments primarily in a portfolio of Philippine stocks. It intends to achieve investment returns that track the performance of the Philippine Stock Exchange Index (PSEi) by investing in a diversified portfolio of stocks comprising the PSEi in the same weights as the index. The investment objective is further explained in **Appendix I** hereto.

The TRUSTEE shall make available to all Participants for review a list of prospective and outstanding investment outlets which shall be updated quarterly. Such disclosure shall be in the form prescribed under Appendix 62 of Subsection X410.7 of the Manual of Regulation for Banks hereto attached as **Appendix II**.

Article III **ADMISSION AND REDEMPTION OF PARTICIPATION**

Section 1. Qualified Participants (Requirements and Restrictions): Participation in the FUND shall be open to participants with legal capacity to contract subject to the rules or procedures stipulated in **Appendix I** hereto and those established by the TRUSTEE to be advantageous or to the best interest of the FUND.

Prior to acceptance of the initial participation in the Fund, the TRUSTEE shall perform a Client Suitability Assessment for the purpose of profiling the risk-return orientation of the client.

Section 2. Participation Units: Participation in the FUND shall always be through participation in units of the FUND and each unit shall have uniform rights or privileges as any other unit. The beneficial interest of each participation unit shall be determined under the net asset value per unit (NAVpu) valuation methodology defined herein. The admission or redemption of units of participation in the FUND may be made only on the basis of such valuation and in such frequency as indicated in **Appendix I, Section V** hereto.

Article IV **MANNER OF OPERATION**

Section 1. Pooled Fund Accounting: The total assets and accountabilities of the FUND shall be accounted for as a single account referred to as pooled-fund accounting method.

Section 2. Distribution: The FUND shall be distributed exclusively in distribution channels duly authorized by the TRUSTEE.

Article V **VALUATION OF THE FUND AND PARTICIPATION UNITS**

Section 1. Valuation of the FUND: The valuation of the FUND shall be subject to the following rules:

- A. The TRUSTEE shall on a daily basis determine the net asset value (herein referred to as the "NAV") of the FUND and the value of each unit of participation (NAVpu) more specifically described in **Appendix I, Section X** hereto.
- B. The NAV shall be the summation of the market value of each investment of the FUND less fees, taxes, and other qualified expenses as defined herein. The determination of market value of the investments of the FUND shall be in accordance with existing BSP rules and regulations on marking to market valuation of investment instruments more specifically described in **Appendix I, Section X** hereof.

Section 2. Valuation of Participation Units: The valuation of participation units shall be subject to the following rules:

- A. The NAVpu shall be determined by dividing the NAV of the FUND by the total number of units outstanding as of Valuation Date.
- B. The NAVpu at the start of the FUND's operation, or the FUND's par value, shall be as indicated in **Appendix I, Section X** hereto.
- C. The NAVpu shall be computed daily in the manner specified in **Appendix I, Section X** hereto.

Section 3. Fees and Expenses of the FUND:

- D. TRUSTEE's Fees:** The TRUSTEE shall charge against the FUND regular trust fees in the amount indicated in **Appendix I, Section XI** hereto on a per annum basis based on the NAV of the FUND as its compensation for the administration and management of the FUND. These fees shall accrue and shall be collectible from the FUND, as and when the same becomes due, at such times as indicated in **Appendix I, Section XI** hereto. The trust fees shall be uniformly applied to all participants in the FUND. Said fee may be increased or decreased in the future as may be warranted by circumstances then existing, subject to the requirements of Subsection UX410.6 of the Manual of Regulations for Banks. In the event the trust fees are changed, such change shall be charged prospectively.
- E. Expenses:** The TRUSTEE may charge the FUND for special expenses if the same is necessary to preserve or enhance the value of the FUND. Such special expenses shall be payable to pertinent third party or parties covered by separate contract/s, and disclosed to the Participants in the manner specified in **Appendix II** hereto.

Section 4. Trustee's Powers and Liabilities

- a.) Management of the FUND:** The TRUSTEE shall have the exclusive management, administration, operation and control of the FUND. However, if the TRUSTEE deems it proper and beneficial for the FUND, the TRUSTEE may engage the services of third party/ies as investment advisor or manager of a portion of the FUND; provided that the said arrangement shall be covered by a written agreement/contract and such third party/ies is/are disclosed in the quarterly reports to the participants of the FUND.
- b.) Powers of the TRUSTEE:** The TRUSTEE shall have the following powers:
1. To hold legal title over the assets comprising the FUND for the benefit of the Participants;
 2. To have exclusive management and control of the FUND, full discretion in respect of investments, and the sole right, at any time to sell, convert, reinvest, exchange, transfer or otherwise change or dispose of the assets comprising the Trust FUND;
 3. To hold, place, invest and reinvest the FUND with full discretionary powers, and without distinction, as to principal and income in investments stipulated in Article II, Section 2 hereto and in such investments it may deem sound and appropriate, subject only to the limitations the investment objectives and policies of the FUND stated in Article II, Section 2 hereto;
 4. To deposit in any bank or financial institution, including its own bank, any portion of the Fund, subject to the requirement of Subsection UX410.8 of the Manual of Regulations for Banks ;
 5. To register or cause to be registered any securities of the FUND in nominee or bearer form;
 6. To appoint and retain the services of qualified and reputable local or foreign investment advisor and/or fund manager/s; provided, however, that the TRUSTEE shall retain ownership and control of the FUND, and provided further, that the investment advisor/s and/or fund manager/s shall work within the investment parameters or guidelines set by the TRUSTEE from time to time and shall be directly responsible to the TRUSTEE for any investment actions and decisions undertaken for the FUND;
 7. To hire and compensate legal counsel/s, certified public accountant and other specialist/s in connection with administration and management of

the FUND and the protection or advancement of its legal and other interests;

8. To make, execute, acknowledge and deliver any or all securities, agreements, contracts, deeds, documents and instruments necessary in the management and reinvestment of the FUND, or in connection with the exercise of the powers herein conferred or the performance of acts herein authorized;
9. To collect, receive and receipt for income, dividends, interest, profits, increments and such other sums accruing or due to the FUND; and
10. To pay out of the FUND all costs, expenses, and proper charges incurred in connection with the administration, preservation, maintenance and protection of the FUND.
11. To suspend the trading of the equity index fund as necessary due to suspension of its Philippine Stock Exchange index, which will mean the unavailability of an end-of-day NAVpu that is reflective of actual market movements.

Section 5. Liability of TRUSTEE: Save that attributable to the TRUSTEE's fraud, willful default, bad faith or gross negligence, the TRUSTEE shall not be liable for any loss or depreciation in the value of the FUND or in the value of the Trustor's participation in the FUND. The TRUSTEE shall not be liable for act or omission where such action or inaction, in the good faith judgment of the TRUSTEE, was then necessary, reasonable or appropriate for the proper and advantageous administration and management of the FUND.

Section 6. Non-Coverage by PDIC: Participation in this FUND is a trust arrangement and is not a deposit account. As such, the participation in the FUND is not covered by the Philippine Deposit Insurance Corporation (PDIC). Any income or loss of the FUND whether realized or unrealized will impact the NAVpu and shall be for the account and risk of the participant.

Article VI RIGHTS OF PARTICIPANTS

Section 1. Right to Inspect Declaration: A copy of this DECLARATION OF TRUST shall be available at the principal office of the TRUSTEE for inspection by any person having an interest in the FUND or by his authorized representative. Upon request, a copy of the DECLARATION OF TRUST shall be furnished such interested person.

Section 2. Disclosure of Investments: A list of existing and prospective investments of the FUND shall be made available to participants. Such disclosure shall be substantially in the form as provided under Appendix 62 of Subsection UX410.7 of the Manual of Regulations for Banks. Upon request, participants in the FUND shall be furnished a quarterly list of investments held by the FUND.

Section 3. Disclosure of Risks: Participants shall be informed of the risks attendant to this type of FUND through a Risk Disclosure Statement.

Section 4. Rights Upon Termination of Plan: In case of termination of the Plan, the Participants shall have (a) the right to be notified of such termination in accordance with Section 2 of Article VIII hereof; and, (b) upon demand, the right to inspect or be provided a copy of the financial statement used as the basis for the distribution of the FUND.

In respect of the FUND, the rights of the remaining Participants as against each other shall be pari passu in all respects and pro-rata.

Article VII ANNUAL AUDIT AND REPORT

Aside from the regular audit requirement applicable to all trust accounts of the TRUSTEE, an external audit of the FUND shall be conducted annually after the close of each fiscal year by an independent auditor acceptable to the BSP. The external audit shall be conducted by the same external auditor engaged for the audit of the

TRUSTEE. The result of this audit shall be the basis of the TRUSTEE's annual report which shall be made available to all the Participants. A copy of the report, or a notice that the report is available and that a copy thereof will be furnished upon request, without charge, shall be sent to each Participant.

Article VIII
AMENDMENTS AND TERMINATION

Section 1. Amendments: This Plan may be amended from time to time by resolution of the Board of Directors of the TRUSTEE: *Provided, however,* that participants in the FUND shall be immediately notified of such amendments and those who are not in conformity with the amendments made shall be allowed to withdraw their participations within (30) calendar days after the amendments are approved or such longer period as may be fixed by the TRUSTEE: *Provided further,* That amendments to the Plan shall be submitted to the BSP within ten (10) business days from approval of the amendments by the Board of Directors of the TRUSTEE. The amendments shall be deemed approved after thirty (30) business days from date of completion of requirements.

Section 2. Termination: This Plan may be terminated by a resolution of the Board of Directors of the TRUSTEE when, in the sole judgment of the TRUSTEE, continued operation thereof is no longer viable or by reason of a change in the TRUSTEE's business strategy. The resolution shall specify the effective date of such termination. A copy of the resolution shall be submitted to the appropriate department of the BSP. At the discretion of the TRUSTEE's Board of Directors, it may engage the services of a reputable accounting firm to look into the books and record of the FUND maintained by the TRUSTEE and to certify to the financial condition of the FUND. Upon approval of the termination of the Plan, the TRUSTEE shall notify the Trustors accordingly.

Following the approval of the termination of the Plan but at least thirty (30) business days prior to the actual termination of the FUND, the TRUSTEE shall provide notice of the termination of the FUND to the remaining participants. Such notice may be made by the TRUSTEE by way of direct written notice to each participant or through the posting of notices in the premises of the Head Office and branches of the TRUSTEE. Upon termination of the Plan, the TRUSTEE shall prepare a financial statement of the FUND which shall be made the basis for distribution to the participating Trustors.

IN WITNESS WHEREOF, EAST WEST BANKING CORPORATION has caused this DECLARATION OF TRUST to be signed and its corporate seal affixed thereto on _____, 2015 at Taguig City.

EAST WEST BANKING CORPORATION – TRUST DEPARTMENT
TRUSTEE

By:

ANGEL MARIE L. PACIS
First Vice President and Trust Officer

JACLYN FAITH U. CHUA
AVP and Head of Trust Marketing

Signed in the Presence of:

ACKNOWLEDGEMENT

Republic of the Philippines)
Taguig City, Metro Manila) S.S.

BEFORE ME, a Notary Public for and in the above jurisdiction, this _____, personally appeared the following:

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Date/Place Issued</u>
EASTWEST BANKING CORP.	TIN 003-921-057-000	
ANGEL MARIE L. PACIS		
JACLYN FAITH U. CHUA		

all known to me and to me known to be the same persons who executed the foregoing DECLARATION OF TRUST for the EASTWEST PSEI TRACKER FUND, consisting of six (6) pages including this page wherein this acknowledgement is written, and they acknowledge to me that the same is their true and voluntary act and deed as well as the true and voluntary act and deed of the corporation they represent.

IN WITNESS WHEREOF, I hereby set my hand and affix my notarial seal on the date and at the place above written.

NOTARY PUBLIC

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2015.

EASTWEST PSEI TRACKER FUND FUND SPECIFICATIONS

I. Investment Objective (Art. II, Sec. 3)

The EASTWEST PSEI TRACKER Fund (the "Fund") seeks to achieve investment returns that track the performance of the Philippine Stock Exchange Index (PSEi) by investing in a diversified portfolio of stocks comprising the PSEi in the same weights as the index. The fund will be passively managed by EW Trust Division. It is ideal for investors with a long-term investment horizon of at least ten (10) years.

Return Objective. The Fund aims to match or exceed the return of the Philippine Stock Exchange Composite Index (PSEi).

II. Investment Policy (Art. II, Sec. 3)

F. Pursuant to the foregoing objectives, the Fund is structured as an equity index fund in compliance with **Section X410 of the Manual of Regulations for Banks**.

G. Allowable Investments

EastWest PSEI TRACKER FUND may invest in the following:

1. Shares of stock of selected corporations, including convertible preferred stocks, which are listed or being offered publicly and soon-to-be-listed in the Philippine Stock Exchange.
 2. Primarily short-term tradable fixed-income instruments, issued or guaranteed by the Philippine government or the BSP; marketable instruments that are traded in an organized exchange; investment outlets/ categories the BSP Allow. Provided, that, a financial instrument is regarded as tradeable if quoted two-way prices are readily available and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
 3. Primarily short-term tradable fixed income securities issued, underwritten, or otherwise dealt by East West Bank and/or any of its subsidiaries, affiliates, their successor-in-interest or assignees, their directors, officers, stockholders, and related interest, and any of their trust and fund managed accounts, under such terms and conditions as the Trustee may deem to be in the best interest of the Fund or any such instrument as may be allowed under BSP regulations. Investment with related interests shall be in accordance with Subsection X410.12 (a) of the Manual of Regulations for Banks and Other Financial Institutions (MORB)
 4. Bank deposits, BSP special deposit account (SDA), or tradable debt instruments issued by BSP.
 5. Such other investments allowed under regulations issued by the BSP.
- H.** The Fund shall be primarily invested in a portfolio of listed stocks in the Philippine Stock Exchange. Portfolio composition and weightings shall be the same as that of the PSEi.
- I.** The combined exposure of a UITF to any entity and its related parties shall not exceed fifteen percent (15%) of the market value of the UITF; provided, that, a UITF invested partially or substantially, in exchange traded equity securities shall be subject to the 15% exposure limit to a single entity/issuer: provided further, that, in the case of an exchange traded equity security which is included in an index and tracked by the UITF, the exposure of the UITF to a single entity shall be the actual benchmark weighting of the issuer or 15%, whichever is higher. This limitation shall not apply to a non-risk asset as defined by BSP.
- J.** The uninvested portion of the Fund may be invested and reinvested in the following:
1. Securities issued by or guaranteed by the Philippine government or BSP.
 2. Savings/checking accounts and time deposits in any bank or financial institution, including East West Bank provided that the principle of best execution shall be observed at all times and no bookings shall be made with related counterparties without

considering at least two (2) competitive quotes from other sources as provided in Subsection X410.12.a of the MORB;

3. Such other tradable investment outlets/categories as the BSP may allow.

K. The Fund may avail of financial derivative instruments from time to time solely for the purpose of hedging risk exposures of the existing investments of the Fund in accordance with the Bank's risk management and hedging policy duly approved by the Trust Committee.

III. Qualified Participants: Requirements, Restrictions and Risk Profile (Art. III, Sec. 1)

A. Participation in the Fund shall be open to all individuals of legal age and corporations that share the general investment objective of the Fund who want to have exposure in Philippine stocks and who understand the investment risks involved when investing in Philippine equities. Investment in the fund shall be subject to a thirty (30) calendar day minimum holding period from the date of participation.

B. Risk profile of participants suitable to invest in the Fund: Aggressive. Such client wants a portfolio which may provide appreciation of capital over time and client is willing to accept higher risks involving volatility of returns and even possible loss of investment in return for potential higher long-term results. HOWEVER, it must be noted that the effect of participation in the Fund on an investor's total portfolio risk will vary greatly, depending on the percentage of the portfolio invested in the Fund, the nature and riskiness of the other components of the portfolio and the correlation of these other components to Philippine stocks. It is therefore not uncommon for investors who would not characterize themselves as Aggressive or have a high risk tolerance questionnaire score to invest a measured portion of their portfolio in the Fund whilst maintaining an overall conservative or moderate portfolio.

C. Risk Factors

The value of the investment is based on the Net Asset Value per unit (NAVpu) of the Fund which uses a marked-to-market valuation and therefore may fluctuate daily. Investment in a UITF does not provide guaranteed returns. Principal and earnings from investment in the Fund can be lost in whole or in part when the NAVpu at the time of redemption is lower than the NAVpu at the time of participation.

The Fund which shall be substantively invested in a diversified portfolio of listed Philippine shares of stock is exposed to the following risks:

- **Business Risk.** Stockholders as fractional owners of corporations share in the fortunes of the business. The rise and fall of stock prices often reflect the market's perception of the prospects of corporations and their management to reward stockholders for taking risks unique to each business. Business risk can be reduced through diversification.
- **Country/ Political Risk.** Securities can be affected by the political, economic and social structures within the countries of their issuers, such as internal and external conflicts, currency devaluations, foreign ownership limitations, trading costs and tax increases.
- **Market Risk.** Market risk is the risk that the value of the fund investment will be negatively affected by the fluctuations in the price level of its underlying instruments.
- **Inflation Risk.** Affecting all investments, inflation reduces the purchasing power of money.
- **Liquidity Risk.** Liquidity is a measure of how easy it is for a security to be converted into cash. A liquid security is widely held and is frequently traded by many buyers and sellers every day. This is minimized by investing in marketable securities.
- **Interest Rate Risk.** The value of fixed-income investments such as notes and bonds generally fall when interest rates rise. The potential for loss is typically greater for securities that have a longer term to maturity, have a longer duration or have a lower yield or coupon rate.
- **Reinvestment Rate Risk.** This is the risk of reinvesting interest earnings at a rate lower than the original investment.
- **Credit Risk.** Bonds represent a loan made to the issuer of the bond. The credit worthiness of the bond issuer is the issuer's ability to pay interest and principal on time, which can change during the life of the bond. Issuers with a higher risk of defaulting pay the highest yields.

IV. Admission and Redemption (Art. III)

L. The minimum initial investment/participation in the Fund is Php10,000.00.

- M. Minimum Maintaining Balance is Php10,000.00 for participants to maintain in the Fund. Any redemption to the participant's fund which triggers the balance to fall below the minimum maintaining balance of Php10,000.00 shall be subject to the redemption policy stated below.
- N. There is a minimum additional participation of at least Php1,000.00 for succeeding investments.
- O. The minimum holding period is thirty (30) calendar days from the date of participation. Any redemption made earlier than the required thirty (30) calendar day holding period shall be subject to an early redemption fee as stipulated herewith.

V. Admission and Redemption Cut-off Time.

Admission and/or notice of redemption may be accepted on any banking day subject to a 12:00 noon cut-off time. The cut-off time may be amended by the Trustee, in accordance with Article VIII Section 1 of the Declaration of Trust and subject to BSP approval, upon which all branches distributing the said UITF will be advised. However, admission/notice of redemption received after the cut-off time shall be considered as transaction for the next applicable banking day.

VI. Admission and Redemption Prices.

Admission and redemption prices shall be based on the prevailing market value of underlying investments of the Fund at that time, in accordance with existing BSP rules and regulations on marking to market valuation of investment instruments.

VII. Other Admission and Redemption Conditions.

- A. **Participation Conditions:** Application to purchase are subject to confirmation as to the amount of units and the applicable NAVpu. The Trustee reserves the right to accept or reduce the amount of units indicated in the Application Form at its sole discretion. When admitted, the Participating Trust Agreement shall be made available to the participant on the day of transaction (T+0) and/or the Confirmation Notice shall be made available to the participant within five (5) banking days after the transaction date (T+5).
- B. **Redemption Notice Period.** When redeeming, the notice of redemption is also the transaction date (T+0). The participant in the Fund may redeem its participation on any banking day subject to the redemption cut-off procedure provided that notice of redemption, in any form acceptable to the Trustee, is acknowledged/received by the Trustee four (4) banking days prior to settlement date. Requests for redemption shall be dealt with by the Trustee in chronological order according to the day that notice is received. Such conditions are also applicable for partial redemptions. The surrender of Confirmation Notice is not required for redemptions.
- C. **Redemption Proceeds.** Proceeds of full or partial redemption shall be paid out of the Fund on the redemption settlement date of four (4) banking days after transaction date (T+4). The NAVpu on the transaction date shall be used to compute the value of the redeemed units.
- D. **Early Redemption.** Redemptions made prior to the completion of the minimum thirty (30) calendar day holding period shall be subject to an early redemption fee.
- E. **Early Redemption Fee.** An early redemption fee equivalent to: FIVE HUNDRED PESOS (Php500.00) OR 0.25% of the redemption proceeds, whichever is higher, shall be charged to the concerned Participant in case of redemption prior to the completion of the minimum thirty (30) calendar day holding period.
- F. **Policy for Partial Redemption.** A new Confirmation Notice reflecting the NAVpu at the time of original contribution will be issued to the participant for the remaining unredeemed units. There is no need to compute for the NAVpu of the remaining unredeemed participation since it will not be affected by the partial redemption.
- G. Redemptions Resulting in the Account Falling Below the Required Maintaining balance of Php10,000.00. The required maintaining participation to stay in the Fund is Php10,000.00. Any redemptions made by the participant that shall result in the account falling below the required maintaining balance of Php10,000.00 shall trigger an automatic withdrawal of the entire account of the participant from the Fund. However, maintaining balance that fall below Php10,000.00 which is caused by market movements or price fluctuations shall not trigger an automatic withdrawal by the system.

VIII. Suspension of Admission and Redemptions.

The trustee of the Fund may temporarily suspend calculation of the NAV/NAVpu of the Fund, as well as admission to and redemption from the Fund, if it is unable to determine the NAVpu of the Fund due to any fortuitous event, such as fire, natural calamity, public disorder, or national emergency affecting the financial market resulting in the suspension of trading and consequently, the absence of available market prices of securities/instruments.

IX. Allocation and Distribution of Income

Participants shall be entitle to income, profits, and losses with respect to its participation in the Fund on a pro rata and pari passu basis depending upon the number of units held by each Participant. The actual distribution or realization of income shall take place every time a redemption of units is made, to the extent of the number of units redeemed.

X. Net Asset Value Per Unit (Art. V, Secs. 1 and 2)

- A. All assets of the Fund shall be marked to market daily in accordance with existing BSP rules and regulations on marking to market valuation of investment instruments.
- B. Valuation Day shall mean any day in which banks are open for business in Metro Manila.
- C. The value of the NAVpu at the start of the Fund’s operation shall be One Hundred Philippine Pesos (Php 100.00).
- D. The NAVpu is computed by dividing the Net Asset Value (NAV) of the Fund by the number of outstanding units. The NAV is derived from the summation of the market value of the underlying securities of the Fund plus accrued interest income less liabilities and qualified expenses. Gains from investment is realized when the NAVpu at the time of redemption is higher than the NAVpu at the time of participation.
- E. The trustee shall calculate the NAVpu which shall be made available daily to unitholders by 8:00pm.

XI. Trust Fee (Art. V, Sec. 3)

- A. The Trustee shall collect from the Fund a trust fee of 0.75% per annum based on the NAV of the Fund which shall be accrued daily and shall be collectible from the Fund at the end of each month. (Art. V, Sec. 3)

The Trustee reserves its right to amend its trust fee accordingly, in accordance with Article VIII Section 1 of the Declaration of Trust, for reasons including but not limited to persistently adverse market conditions, or the need to attract investment to achieve a critical mass for optimum investing.

An early redemption fee equivalent to Php500 or 0.25% of the redemption proceeds, whichever is higher, shall be charged to the investor in cases of redemption prior to completion of the minimum thirty (30) calendar day holding period.

B. Summary of Fees

Below table contains a summary of the fees and fee waiver for the investor:

	EASTWEST PSEI TRACKER Fund
Holding Period	30 calendar days
Early Redemption Fee	Php500 or 0.25%, whichever is higher
Trust Fee	0.75% p.a.

C. Other Terms and Conditions

Investments in target funds of a unit investment trust fund structured as an investor fund shall be held for safekeeping by an institution registered, authorized and approved by a relevant regulatory authority in its home jurisdiction to act as a third party custodian. HSBC is the third party custodian of the Fund.