

## DECLARATION OF TRUST

### **EASTWEST PESO MULTI-ASSET FUND A Multi Asset Unit Investment Trust Fund**

KNOW ALL MEN BY THESE PRESENTS:

**EAST WEST BANKING CORPORATION**, a universal banking 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 And Asset Management Group** (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 higher investment yields and a diversified portfolio of investments 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**

**Sec. 1. Title of the FUND:** The pooled Fund shall be known as the **EASTWEST PESO MULTI-ASSET FUND** (herein referred to as the “Fund”).

**Sec. 2. Nature of the FUND:** The Fund is a unit investment trust fund established in accordance with Sec. 403 and Sec. 414 of the Manual of Regulation of Banks (the “MORB”) and shall be operated subject to the stipulations of this Declaration of Trust / Plan Rules (herein referred to as “Plan”) and as the same may be amended from time to time in accordance with the regulations issued by the Bangko Sentral ng Pilipinas (the “BSP”) and existing laws.

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 a Multi-Asset 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 and its accompanying risks shall be described in **Appendix I** hereto.

**Sec. 3. Investment Objectives and Policy:** The Fund shall be invested and reinvested in such investment outlets and held and disposed of in accordance with such investment objectives and policies as specified 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. The list shall be made available at the Trustee’s principal office upon request. Such disclosure shall be in the form prescribed under Appendix 56 of Sec. 414 of the MORB.

#### Article III **PARTICIPATION: ADMISSION & REDEMPTION**

**Sec. 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 and suitability of the client to the FUND. The FUND is suitable for investors with an aggressive risk profile.

**Sec. 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** hereto.

#### Article IV MANNER OF OPERATION

**Sec. 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.

**Sec. 2. Distribution:** The FUND shall be distributed exclusively in distribution channels duly authorized by the Trustee and allowed under existing regulations.

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

**Sec. 1. Valuation of the Fund:** The valuation of the Fund shall be subject to the following rules:

- a. On "Valuation Day" which shall mean a trading day where the Fund is made available for admission or redemption, the Trustee shall determine the net asset value ("NAV") of the Fund and the value of each unit of participation ("NAVpU") more specifically described in **Appendix I** 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**, hereof.

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

- a. The NAVpU shall be determined daily by dividing the NAV of the Fund by the total number of units outstanding as of Valuation Date.
- b. The daily NAVpU, as well as the historical NAVpUs, shall be available in the Trustee's website. The presentation of historical NAVpUs/performance is for reference purposes only and is not a guarantee of future or similar result.
- c. The NAVpU at the start of the Fund's operation, or the Fund par value, shall be as indicated in **Appendix I** hereto.

**Sec. 3. Fees and Expenses of the FUND:**

- a. **Trustee Fees:** The Trustee shall charge against the Fund regular trust fees in the amounts indicated in **Appendix I** hereto and accredited third-party custodian fees and external audit fees 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**. 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 Sec. 414 of the MORB. In the event the trust

fees are changed, such change shall be charged prospectively.

- b. **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 Key Information and Investment Disclosure Statement (KIIDS).

The interest, fees, charges, and penalties of this Fund may change over time, subject to the notice requirements under this Plan and other requirements, as prescribed by the BSP and other regulations.

#### Article VI

### TRUSTEE'S POWERS AND LIABILITIES

**Sec. 1. 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.

**Sec. 2. Power of the Trustee:** The Trustee shall have the following powers:

- a. To hold legal title over the assets comprising the Fund for the benefit of the Participants.
- b. 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 Fund;
- c. To hold, place, invest and reinvest the Fund with full discretionary powers, and without distinction, as to principal and income in investments stipulated in KIIDS 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 I hereto;
- d. To deposit in any bank or financial institution, including its own bank, any portion of the Fund, subject to the requirements of Sec. 414 of the MORB;
- e. To register or cause to be registered any securities of the Fund in nominee or bearer form;
- f. 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;
- g. 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;
- h. 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;
- i. To collect, receive and receipt for income, dividends, interest, profits, increments and such other sums accruing or due to the Fund; and
- j. 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.
- k. To suspend the trading of the Fund as necessary due to suspension of the Philippine Dealing Exchange and Philippine Stock Exchange, which will mean the unavailability of an end-of-day NAVpU that is reflective of actual market movements.

- l. To distribute income based on the parameters set in **Appendix I**.
- m. To perform such acts which are necessary and desirable for the proper administration and management of the Fund.

**Sec. 3. Liability of Trustee:** The Trustee shall not be liable for losses unless upon willful default, bad faith or gross negligence. 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.

Due to the nature of the investments of unit investment trust Fund, the returns/yields cannot be guaranteed. Historical performance when presented is purely for reference purposes and is not a guarantee of similar future performance.

Any losses and income arising from market fluctuations and price volatility of the securities held by the Fund, even if invested in government securities, are for the account of the client. As such, the units of participation of the Trustor in the Fund, when redeemed, may be worth more or worth less than the Trustor's initial investment or contribution.

Participation in the Fund is not insured by the Trustee, its directors, officers, and staff do not guarantee the principal nor the investment returns.

**Sec. 4. 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 VII RIGHTS OF PARTICIPANTS

**Sec. 1. Right to Inspect Declaration:** A copy of this Plan 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 Plan shall be furnished such interested person.

**Sec. 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 56 of Sec. 414 of the MORB. Upon request, participants in the Fund shall be furnished the quarterly list of investments held by the Fund.

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

**Sec. 4. Rights Upon Termination of Fund:** In case of termination of the Fund, the Participants shall have (a) the right to be notified of such termination in accordance with Sec. 2 of Article IX 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.

**Sec. 5. Cooling-Off Period:** Subject to the exemptions under BSP regulations, the Participant/Trustor shall be entitled to cancel his/its initial subscription or contribution, without penalty, upon written notice to the Trustee within two (2) banking days immediately following the signing of the agreement or contract evidencing their participation in the Fund.

The Trustee may collect or recover reasonable amount of processing fees, which would be in addition to any reasonable administrative fees associated with the redemption, termination or cancellation of the subscriptions or contributions.

This cooling-off period applies only to the initial participation and does not apply to subsequent additional contributions.

## Article VIII ANNUAL AUDIT AND REPORT

Aside from the regular audit requirement applicable to all trust accounts of the Trustee, an external audit of the financial statements of the Fund shall be conducted annually after the close of each fiscal year by the external auditor engaged for the financial audit of the Trustee. The Audited Financial Sheet (AFS) for the Fund shall be PFRS/PAS-compliant in all respects. The AFS of the Fund shall be made available at the Trustee's place of business, posted on the Trustee's website and upon request of participants, transmitted to them in printed or electronic format.

#### Article IX AMENDMENTS AND TERMINATION

**Sec. 1. Amendments:** This Plan may be amended from time to time by resolution of the Board of Directors of the Trustee and/or notice to the BSP, as required under regulations: *Provided, however,* that participants in the Fund shall be immediately notified of such amendments/s in writing, either in electronic or printed form, either in electronic or printed form, through publication of announcement in the Trustee's own website or through the posting of notices in the premises of the head office and branches of the Trustee of such amendments.

*Provided that,* those who are not in conformity with the amendments made shall be allowed to withdraw their participation from the Fund within thirty (30) calendar days prior to the implementation of any amendment to the Fund. Complementary individual notices to participants shall also be sent within the abovementioned period if the amendments pertain to or will result to fees to be paid or charged for the account of the client. *Provided further* that amendments to the Plan shall be submitted to the *Bangko Sentral ng Pilipinas* within ten (10) banking days from approval of the amendments by the Board of Directors of the Trustee.

**Sec. 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, either through printed or electronic form, to each participant or through the posting of notices on the Trustee's website and/or the premises of its Head office and branches. Upon termination, the Trustee shall prepare a financial statement of the Fund which shall be made the basis for distribution to the participating Trustors.

#### Article X OTHER TERMS AND CONDITIONS

**Sec. 1.** The provisions of the Trust Agreement and Confirmation Notice shall be in accordance with this Declaration of Trust and shall include additional provisions as may be required by other BSP rules and regulations deemed necessary under existing circumstances, provided, that any such additional provisions are not inconsistent with this Plan. The provisions of this Plan shall prevail over those of the Trust Agreement and Confirmation Notice, in the event that there is an inconsistency between their provisions, provided, that the provisions in the Plan are not inconsistent with BSP rules and regulations.

**Sec. 2. Backroom Operations:** Administrative rules on backroom operations shall be applicable to the Fund. Adequate systems to support the daily marking-to-market of the Fund's financial instruments shall be in place at all times.

**Sec. 3. Custody of Securities:** Investments in securities of the Fund shall be held for safekeeping by BSP- accredited third-party custodians.

**Sec. 4. Dealings with related interests/bank or holding company, subsidiaries, affiliates and related companies:** The Trustee of the Fund shall be transparent at all times and maintain an audit trail for all transactions with related parties. The Trustee shall observe the principle of best execution and no purchase/sale shall be made with related counterparties without

considering at least two (2) competitive quotes from other sources.

**Sec. 5. Accreditation of Counterparties:** The Fund shall only invest with approved counterparties qualified in accordance with the policy duly approved by the Trust Committee. Counterparties shall be subject to appropriate limits in accordance with sound risk management principles.

IN WITNESS WHEREOF, EAST WEST BANKING CORPORATION has caused this DECLARATION OF TRUST to be signed and its corporate seal affixed thereto on \_\_\_\_\_, 202\_\_ at Taguig City.

**EAST WEST BANKING CORPORATION –TRUST AND ASSET MANAGEMENT GROUP  
TRUSTEE**

By:

Jason Ohelle Q. Bibit  
Assistant Vice-President  
Head of Investments

Raul Victor M. De Guzman  
First Vice-President  
Trust Officer

Signed in the presence of:

\_\_\_\_\_

\_\_\_\_\_

**ACKNOWLEDGEMENT**

Republic of the Philippines)  
\_\_\_\_\_ ) S.S.

BEFORE ME, a Notary Public for and in the above jurisdiction, this \_\_\_\_\_personally appeared the following:

<u>Name</u>	<u>Govt. Identification</u>	<u>Date/Place Issued</u>
East West Banking Corp- Trust and Asset Management Group.		
Raul Victor M. De Guzman		
Jason Ohelle Q. Bibit		

all known to me and to me known to be the same persons who executed the foregoing DECLARATION OF TRUST for the EASTWEST PESO MULTI-ASSET FUND consisting of \_\_\_pages including its Annexes/Appendices and 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.

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of 202\_\_.

## APPENDIX I

### **EASTWEST PESO MULTI-ASSET FUND** **Fund Specifications**

#### I. Investment Objective

The **EASTWEST PESO MULTI-ASSET Fund** (the “Fund”) aims to provide its participants with a growing stream of income and achieving long-term capital appreciation from a diversified investment portfolio. It will be actively managed by the EastWest Banking Corporation through its Trust and Asset Management Group. This Fund is ideal for investors with an aggressive risk profile and a long-term investment horizon of at least ten (10) years.

**Return Objective:** The Fund aims to exceed the return of a Blended Benchmark, **50% PSEi Total Returns Index (PSEi TRI) and 50% Bloomberg Philippine Sovereign Bond Index AI.**

- Description of the Benchmark
  - o The Philippine Stock Exchange Index (PSEi) measures the relative changes in the free float-adjusted market capitalization of the 30 largest and most active common stocks listed at the PSE. (Source: Philippine Stock Exchange, Inc.).
  - o The PSEi’s bucket of the top thirty (30) common stocks are based on a fixed set of rules that allow it to represent the general movement of the Philippine stock market.
  - o The **PSEi Total Returns Index (PSEi TRI)** tracks both the price performance and income from dividend payments of the underlying PSEi constituents by reinvesting cash dividends back to the index according to each constituent’s respective index weightings.
  - o **The PSEi TRI is total returns in nature. However, it is not net of applicable taxes.**
  - o The Bloomberg Philippine Sovereign Bond Index AI (BPHILR) is a rules-based market-value weighted index engineered to measure the fixed-rate local currency securities publicly issued by the Philippines, including retail securities. To be included in the index a security must have a minimum par amount of PHP 3 billion. (Source: Bloomberg)
  - o The BPHILR tracks the performance of peso-denominated bonds issued by the Philippine government and/or government-guaranteed entities.
  - o **The BPHILR is total returns in nature. However, it is not net of applicable taxes.**
  - o **The benchmark is administered by an independent third party and is not controlled or operated by the Trustee.**
- Use of Benchmark
  - o The Fund is designed for aggressive risk appetite investors looking for returns on their investments by generating returns through capital appreciation of their investment. The Fund will invest in Equities listed in the Philippine Stock Exchange as well as peso-denominated government and corporate issued bonds. A blended benchmark would give a comparable measure for both the blended portfolios.
  - o **There is an immaterial misalignment between the Fund’s returns and the blended benchmark due to structural differences since the Fund is subject to taxes while the PSEi TRI and BPHILR are not net of applicable taxes.**
- Sources for more detailed information
  - o Philippine Stock Exchange ([www.pse.com.ph](http://www.pse.com.ph))
  - o Bloomberg. For additional information on the benchmark, investors may send an email via [indexhelp@bloomberg.net](mailto:indexhelp@bloomberg.net).
  - o Additional information on the benchmark and/or its administrator can be made available to the investors upon request.

#### II. Investment Policy

- A. Pursuant to the foregoing objectives, the Fund is structured as a Multi-Asset Fund in compliance with **Section 403 and 414 of the Manual of Regulations for Banks (MORB).**

## B. Allowable Investments

The Fund may invest in the following outlets not disallowed by the BSP or accredited by the Trust Committee:

1. Equities listed in the Philippine Stock Exchange;
2. Real Estate Investment Trusts (REITs);
3. 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 and/or the Trust Committee may 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;
4. Fixed-income instruments issued or guaranteed by corporations; marketable instruments that are traded in an organized exchange; investment outlets/categories that the BSP may 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;
5. Bank deposits and such other investments;
6. Such other investments as allowed under regulations issued by the BSP.

The aforementioned allowable investments (other than non-risk assets defined by the BSP) must be determined by the Trustee's Trust Committee as suitable outlets for the Fund.

Any uninvested portion of the Fund shall be used solely for temporary liquidity management and does not alter the Fund's multi-asset investment strategy.

- C. The exposure of the Trust Fund to any entity and its related parties shall not exceed fifteen percent (15%) of its market value, pursuant to Section 414 of the MORB. 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. These limitations shall not apply to non-risk assets as defined by the BSP. In case the limit is breached due to the marking-to-market of certain investment/s or any extraordinary circumstances, e.g. abnormal redemptions which are beyond the control of the Trustee, the Trustee shall be given thirty (30) days from the time the limit is breached to correct the same.
- D. The Target Asset Allocation of the Fund shall be 50% in Equities with 50% in Fixed Income. For both asset classes, the minimum allocation shall not be less than 20%, with its maximum not exceeding 80%.
- E. The Weighted Average Portfolio Life shall not apply to the Equities component of the Fund. The Fixed Income component shall have a weighted average portfolio life of no more than ten (10) years.

## III. Qualified Participants: Requirements, Restrictions and Risk Profile

- 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. Acceptance of participants shall be subject to the rules or procedures established by the Trustee which it deems advantageous or to the best interest of the Fund.
- B. ***Risk profile of participants suitable to invest in the Fund: Aggressive.*** Such client wants a portfolio capital appreciation 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.

### 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 is exposed to the following risks:

- **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 equity investments such as Fixed-Income and REITs 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.
- The potential for loss is typically greater for securities that have a longer-term maturity, have a longer duration, or have a lower yield.
- **Reinvestment Rate Risk.** This is the risk of reinvesting interest earnings at a rate lower than the original investment.

For the general and collective interest of the Fund's Participants, the Trustee is authorized to adopt an external or internal risk management and hedging strategy and a more definitive policy guideline based on generally accepted risk management principles, and duly approved by the Board of Directors of the Trustee.

## IV. Admission and Redemption

### A. Policies of Admission and Redemption

1. **Minimum Initial Participation and Succeeding Investment.** If the account is opened through the stores or directly with the Trustee, the minimum amount of initial participation/contribution is PHILIPPINE PESO: FIFTY THOUSAND (PHP 50,000.00). If the account is made through a digital or online platforms, the minimum initial investment/participation is PHILIPPINE PESO: FIVE THOUSAND (PHP 5,000.00). There is a minimum additional participation of at least PHILIPPINE PESO : ONE THOUSAND (PHP 1,000.00) for succeeding investments.
2. **Minimum Maintaining Balance.** If the account is opened through the stores or directly with the Trustee, the minimum maintaining balance is PHILIPPINE PESO: FIFTY THOUSAND (PHP 50,000.00). If the account is made through a digital or online platforms, the minimum maintaining balance is PHILIPPINE PESO: FIVE THOUSAND (PHP 5,000.00). Any redemption to the participant's Fund which triggers the balance to fall below the minimum maintaining balance shall be subject to the redemption policy stated below.
3. **Minimum Holding Period.** The minimum holding period is ninety (90) calendar days from the date of participation. Any redemption made earlier than the required ninety (90) calendar day holding period shall be subject to an early redemption fee as stipulated herewith.
4. **Admission and Redemption Cut-off Time.** Admission and/or notice of redemption may be accepted on any banking day subject to a **10:30 AM** cut-off time. The cut-off time may be amended by the Trustee, in accordance with the

Declaration of Trust and subject to BSP notification, 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.

5. **Admission and Redemption Prices.** The minimum redemption amount is one (1) unit. 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.

#### **B. Admission and Redemption Conditions.**

1. **Participation Conditions:** Application to purchase is subject to confirmation as to the amount of units and the applicable NAVpU. When admitted, the Participating Trust Agreement and/or the Confirmation Notice shall be made available to the participant on the day of transaction (T+0) or within twelve (12) banking days after the transaction date.
2. **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 day 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.
3. **Redemption Proceeds.** Proceeds of full or partial redemption shall be paid out of the Fund on the redemption settlement date of four (4) banking day after transaction date (T+4). The NAVpU on the transaction date shall be used to compute the value of the redeemed units.
4. **Early Redemption.** Redemptions made prior to the completion of the minimum ninety (90) calendar day holding period shall be subject to an early redemption fee.
5. **Early Redemption Fee.** An early redemption fee equivalent to: PHILIPPINE PESO: FIVE HUNDRED (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 ninety (90) calendar day holding period.
6. **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.
7. **Redemptions Resulting in the Account Falling Below the Required Maintaining Balance.** Any redemptions made by the participant that shall result in the account falling below the required maintaining balance shall trigger an automatic withdrawal of the entire account of the participant from the Fund. However, if the balance falls below the minimum maintaining balance due to market movements or price fluctuations, the automatic withdrawal shall not be triggered.

**C. 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.

The Trustee shall not be held liable for any loss, damage, or delay in the performance of

its obligations under this Declaration of Trust caused by force majeure events, including but not limited to those enumerated above. In the event of a force majeure, the Trustee shall notify Participants within five (5) banking days of the occurrence, detailing the nature of the event, the expected duration, and the measures being taken to address the situation. The Trustee shall resume normal operations as soon as reasonably practicable after the cessation of the force majeure event. If the force majeure event persists for more than ninety (90) calendar days, the Trustee reserves the right to terminate the Fund and distribute the remaining assets to participants.

The Trustee shall have the discretion to take any action it deems necessary to safeguard the Fund's assets and ensure the equitable treatment of participants during force majeure events, including but not limited to reallocating investments, suspending operations, or terminating the Fund. All actions taken by the Trustee during force majeure events shall comply with applicable laws, regulations, and guidelines issued by the Bangko Sentral ng Pilipinas (BSP) or other relevant authorities. Participants agree to indemnify and hold harmless the Trustee from any claims, liabilities, or damages arising from the suspension of operations or other actions taken during force majeure events.

#### **V. Allocation and Distribution of Income**

The market value of the Fund's investments, net of taxes, fees and expenses which are chargeable against the Fund shall be reflected in every NAV computation. The income of the Fund, therefore, shall be allocated to the Participants on a pro rata and pari passu basis depending upon the number of units held by each Participant in the Fund. The unrealized income / loss of each Participant in the Fund shall be the difference between the prevailing NAVPU over the acquisition cost of the Participant's units, multiplied by the number of units held by the Participant. The actual distribution or realization of income shall take place every time a redemption of units from the Fund is made, to the extent of the number of units redeemed.

#### **VI. Net Asset Value Per Unit**

- 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 PHILIPPINE PESO: ONE HUNDRED (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 unit holders by 8:00pm.
- F. The Fund's historical NAVpU shall be made available via the TOAP administered website.

#### **VII. Fees**

- A. The Trustee shall collect from the Fund a trust fee of 1.0% 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.

The Trustee reserves its right to amend its trust fee accordingly, in accordance with Article VIII Section 1 of the Plan, 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.

- B. Early Redemption Fee. An early redemption fee equivalent to: PHILIPPINE PESO: FIVE HUNDRED (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 ninety (90) calendar day holding period.

- C. Other fees such as accredited third-party custodian fees and external audit fees shall also be collected from the Fund which shall be disclosed quarterly in the KIIDS.

The interest, fees, charges, and penalties of this Fund may change over time, subject to the notice requirements under this Plan and other requirements, as prescribed by the BSP and other regulations.

**Audit Fee** - PHP 50,000.00 base fee per year. However, the fee may vary and may be adjusted upon the receipt of the final billing provided by the external auditor. The final billed audit fee may vary from the initial audit fee quoted depending on the scope of audit, out-of-pocket expenses, and additional fees incurred by the auditor in its performance of its audit services.

**Custodianship Fee** - the Fund shall be charged a fee of 2.5 basis points per annum based on the **Face Value of Fixed Income Securities** and a fee of 2.5 basis points per annum based on the **Market Value of Equity Securities** under a custodianship service with a third-party custodian. The Fund shall also be charged a transaction fee of maximum of PHP 200.00 per BUY Transaction of Equity Securities incurred by the Trustee on behalf of the Fund to achieve the fund’s investment objectives.

**Transaction Fees** - Variable Costs based on transaction frequency of the Trustee on behalf of the Fund of which include:

	Fee Type	Fee
Transaction Fee	Commission	Maximum of 0.20% Gross Trade Amount
	Value Added Tax	12% Of Commission
	SCCP Charges	0.01% Of Gross Trade Amount
	Sales Transaction Tax	0.6% Of Gross Trade Amount of SELL transactions  Effective July 01, 2025, this is adjusted to 0.1% Of Gross Trade Amount of SELL transactions per R.A. 12214

\*Transaction Fees - Variable Costs based on transaction frequency of the Trustee on behalf of the Fund.

**VIII. Other Terms and Conditions**

**Custody of Securities.** Investments in securities of the Fund shall be held for safekeeping by any third-party custodian accredited by the BSP and the Trustee’s Trust Committee. The third-party custodian shall perform independent marking-to-market of such securities.