

DECLARATION OF TRUST**EASTWEST PHILEQUITY FEEDER FUND
An Equity Feeder 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 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 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

Sec. 1. Title of the Fund: The pooled fund shall be known as the **EASTWEST PHILEQUITY FEEDER Fund** (herein referred to as the “Fund”).

Sec. 2. Nature of the Fund: The Fund is a feeder fund established in accordance with Section 403 and Section 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 (hereinafter referred to as the “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. A feeder fund is a unit investment trust fund (UITF) structure that mandates the fund to invest at least ninety percent (90%) of its assets in a single collective investment scheme. 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 Feeder 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.

Sec. 3. Investment Objectives and Policy: The Fund seeks long-term capital appreciation through investments primarily in a portfolio of Philippine stocks. To this end, the Fund shall invest all or substantially all of its investable assets in the Target Fund. 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 substantially in the form under Appendix 56 of Section 414 of the MORB.

The details of the Target Fund is discussed in **Appendix II** hereto. In the event of switching of target fund, the policies and procedure is expounded in **Appendix I**, while procedure in handling material and non-material changes in the target fund structure is illustrated in Appendix V hereto.

Article III
Admission and Redemption of Participation

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 E shall perform a Client Suitability Assessment for the purpose of profiling the risk-return orientation of the client.

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.

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) 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 VII 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 VII 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 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** hereto.
- c) The NAVpu shall be computed daily in the manner specified in Appendix I, Section VII hereto.

Sec. 3. Fees and Expenses of the Fund:

- a) **TRUSTEE's 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 Section 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).

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.

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, and the sole right and discretion to select the target 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. 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, sole right and discretion to select the target 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 3 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 3 hereto;
4. To deposit in any bank or financial institution, including its own bank, any portion of the Fund, subject to the requirement of Section 414 of the MORB.
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 have discretionary powers to switch target funds within thirty (30) calendar days or less from

client notification. The procedures on switching of target fund/s is described in Appendix I hereof.

12. To suspend the trading of the feeder fund as necessary due to suspension of its target fund, which will mean the unavailability of an end-of-day NAVpu that is reflective of actual market movements.
13. To perform such acts which are necessary and desirable for the proper administration and management of the Fund.

Sec. 3. 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. As a feeder fund, the Trustee shall likewise not be liable for the unavailability of an end-of-day NAVpu that is reflective of actual market movements for reasons beyond the control of the Trustee such as the suspension of trading of the target 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.

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.

Sec. 5. Exposure Limits.

The combined exposure of the unit investment trust fund (UITF) to any entity and its related parties shall not exceed fifteen percent (15%) of the market value of the Fund. As the Fund is a feeder fund UITF, this 15% maximum exposure to a single entity/issuer shall be applied on the target fund's underlying investments.

Furthermore, the total investment of the feeder fund to the target fund shall not exceed ten percent (10%) of the total net asset value of the target fund.

In case the limits prescribed are breached due to the marking-to-market of certain investment/s or any extraordinary circumstances, the Trustee of an investor fund shall be given thirty (30) calendar days from date of receipt of report indicating the net asset value of the Fund, to correct the same.

Sec. 6. Holding Cash in Excess of Regulatory Limit. The Fund may temporarily hold cash levels in excess of the regulatory limit in the following instances:

- a) Transitory period where the feeder fund switches target fund/s.
- b) Transitory period when the limit on the 10% exposure limit to target fund has been breached and the fund manager is in the process of divesting the excess exposure.

Article VII

RIGHTS OF PARTICIPANTS

Sec. 1. Right to Inspect Plan: 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 Section 414 of the MORB. Upon request, participants in the Fund shall be furnished a 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 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 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 a 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.

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 Declaration of Trust may be amended from time to time by a 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, and those who are not in conformity with the amendments must be given at least thirty (30) calendar days prior to the implementation of the amendments to withdraw their participations. Complementary individual notices to participants shall also be sent if the amendments pertain to or will result in fees to be paid or charged for the account of the client. *Provided further* that amendments to the Plan shall be submitted to the BSP within ten (10) banking days from approval of the amendments by the Board of Directors of the Trustee, as per Section 414 of the MORB. The amendments shall be deemed approved after thirty (30) calendar days from the date of the completion of the requirements provided by relevant rules and regulations.

Sec. 2. Termination: This Declaration of Trust 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. The BSP shall be notified prior to the termination of a Fund, as required under relevant rules and regulations. 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) banking 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, the EAST WEST BANKING CORPORATION has caused this Declaration of Trust to be signed and its corporate seal affixed thereto on _____ at Taguig City.

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

By:

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

Bede Lovell S. Gomez
Vice-President
Chief Investment Officer

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>Govt. Identification</u>	<u>Date/Place Issued</u>
East West Banking Corp-Trust Div.	TIN 003-921-057-000	
Raul Victor M. De Guzman		
Bede Lovell S. Gomez		

all known to me and to me known to be the same persons who executed the foregoing DECLARATION OF TRUST for the EASTWEST PHILEQUITY FEEDER Fund, consisting of ___ 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 2024.

**EASTWEST PHILEQUITY FEEDER Fund
Fund SPECIFICATIONS**

I. Investment Objective

The **EASTWEST PHILEQUITY FEEDER Fund** (the “Fund”) seeks to provide its participants long-term capital appreciation by participating in the growth of share values of corporations listed on the Philippine Stock Exchange. It is ideal for investors with a long-term investment horizon of at least ten (10) years who want to have exposure in Philippine stocks and who understand the investment risks involved when investing in equity securities.

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

- Description of the Benchmark
 - o The Philippine Stock Exchange Composite Index 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.)
- Key Characteristic of the Benchmark
 - 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.
- Use of the Benchmark
 - o The fund is designed for high-risk appetite investors looking for returns on their investments through capital appreciation. The fund will invest in Equities listed in the Philippine Stock Exchange.
 - o However, there is some misalignment between the fund and benchmark due to the Total Returns and taxable nature of the Fund which can create differences in returns. The PSEi is not a Total Returns Index, nor is it net of taxes.
- Sources for more detailed information
 - o Philippine Stock Exchange (pse.com.ph)
 - o Bloomberg. For additional information on the benchmark, investors may send an email to Bloomberg via 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 feeder fund in compliance with Section 403 and Section 414 of the Manual of Regulations of Banks (the “MORB”) and shall invest at least ninety percent (90%) of its assets in PhilEquity Fund, Inc., the target fund, which is an open-end mutual fund invested primarily in equity securities of listed Philippine corporations. Its investment objective is to exceed the returns of the PSEi, by investing in the same equities listed in the Philippine Stock Exchange.

B. 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 the BSP;
2. Marketable fixed-income securities issued or guaranteed by corporations and traded in an organized exchange;
3. Securities issued or guaranteed by any government of a foreign country or any political subdivision of a foreign country;
4. Securities issued or guaranteed by any supranational entity;
5. Loans traded in an organized market;
6. 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.

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

- C. 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.
- D. Pursuant to Section 414 of the MORB, the combined exposure of the 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 fifteen percent (15%) exposure limit to a single entity/issuer.

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 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.

Risks specific to Feeder Funds:

As Feeder Funds invest substantially all of their assets in shares of other collective investment schemes, unitholders are exposed to other unique risks of feeder funds. The success of Feeder Funds will be significantly dependent upon the Target Funds' portfolio managers and their expertise and ability to attract and retain suitable staff. There is also the risk of loss due to intentional or inadvertent deviations from the portfolio managers' communicated investment strategy, including excessive concentration, directional investing outside pre-defined ranges, fraud, excessive risk taking or simply poor judgment. The portfolio managers may use proprietary investment strategies or complex models that are not fully disclosed to the Trustee. Redemptions and contributions may be delayed due to disruption or delay in transmission of data and funds between Feeder Funds and Target Funds.

IV. Material Changes in the Target Fund's Structure. Material changes in the Target Fund shall require re-assessment and review by the Trustee. Material changes can be described as a change, with all else being unchanged, that a reasonable investor would consider important in the investor's decision to buy, hold or sell. Such changes may include but are not necessarily limited to:

1. A change in the portfolio management team;
2. A change in the objective or investment style of the Target Fund;
3. A change in the Target Fund's fees that will significantly affect the total expense ratio of the Fund;
4. A regulatory change in the jurisdiction where the Target Fund is domiciled that would significantly affect the Target Fund's operations;
5. Significant legal disputes;
6. Any other change that would necessitate a change in the Fund's Declaration of Trust.

In the event of a material change in the Target Fund's structure, the Trustee has the discretion to switch the target funds. Should the Trustee decide to retain the Target Fund despite such material change, such change must be properly disclosed to the Participants via the means enumerated in the preceding Section. In the case of a change in the investment objective of the fund, investors shall be given thirty (30) calendar days prior to the implementation of the amendment to allow them to divest from the funds, should they wish to.

V. Switching of the Target Fund.

The Trustee shall follow its documented procedures and guidelines on the selection of a Target Fund in the event of switching, which will be governed by the following process:

1. Management shall approve to terminate the agreement with the existing Target Fund. A notice to the BSP of the intended amendment of the target fund shall also be submitted, in accordance with relevant rules and regulations.
2. Trustee shall give written notice to the Target Fund of its intent to terminate feeder fund agreement. Termination of the agreement with the Target Fund shall be within ninety (90) calendar days of the written notice.
3. Prior to termination of the agreement with the Target Fund, the Trustee shall send written notice to clients regarding any material changes in the Fund. Notice to clients shall be through a formal letter and may be supplemented by any of the following:
 - a. E-mail notification;
 - b. Notification in sales premises; or
 - c. Announcement in website
4. The grounds of switching of the target fund shall be fully disclosed, including but not limited to the following reasons:
 - a. Performance vis-à-vis expectations;
 - b. Change in the target fund's investment objective or risk profile;

- c. Resignation of fund managers;
 - d. Closure of the target funds or its maximum AUM capacity has been reached;
 - e. Prolonged suspension of subscription/redemption to/from the target fund; or
 - f. Market conditions which in the reasonable opinion of the trustee warrant a change in the target fund.
5. No change shall be implemented within thirty (30) calendar days from the initial notification to the Participants. However, the Trustee may decide to switch to another the target fund earlier than the thirty (30) calendar day notification period if the new the target fund has a similar investment objective with the Fund and, in the reasonable opinion of the Trustee, market conditions warrant a faster change to the new the target fund. Switching of the target fund with another the target fund with a similar investment objective shall not be considered as an amendment.
 6. While the Fund is in the process of switching the target fund/s, the Fund shall have temporary holdings in cash and cash equivalents.
 7. Management shall approve subscription to a new the target fund.
 8. Trustee shall subscribe to and finalize agreement/s of the new the target fund/s.
 9. Trustee shall file an application with BSP to rename the Fund.
 10. Trustee shall inform the public of the Target Fund switch through announcement in website.
 11. Client notification through public notice in the Trustee's website, electronic or registered mail or through their preferred method of communication shall be deemed sufficient evidence of client's receipt of notification.

VI. Admission and Redemption

A. Policies of Admission and Redemption.

1. **Minimum Initial Participation and Minimum Succeeding Participation.** If the account is opened through the stores or directly with the Trustee, the minimum initial investment/participation in the Fund is PHILIPPINE PESO: TEN THOUSAND (Php10,000.00). If the account is made through a digital or online platforms, the minimum initial investment/participation is PHILIPPINE PESO: FIVE THOUSAND (Php5,000.00). The minimum succeeding investment/s is at least PHILIPPINE PESO: ONE THOUSAND (Php1,000.00).
2. **Minimum Maintaining Balance.** There is a minimum maintaining balance of PHILIPPINE PESO: TEN THOUSAND (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 shall be subject to the redemption policy stated below.
3. **Minimum Holding Period.** 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.
4. **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 IX Section 1 of the Plan 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.
5. **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.

B. Admission and Redemption Conditions.

1. **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 (Appendix VI) shall be made available to the participant within five (5) banking days after the transaction date (T+5).

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 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.
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 days 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 thirty (30) calendar day holding period shall be subject to an early redemption fee.
5. **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.
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 due market movements or price fluctuations, an automatic withdrawal of the account by the system will not be triggered.
8. **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, due to suspension of the target fund, or 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.

VII. Net Asset Value Per Unit

1. 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.
2. Valuation Day shall mean any day in which banks are open for business in Metro Manila.
3. The value of the NAVpu at the start of the Fund's operation shall be One Thousand Philippine Pesos (Php 1,000.00).
4. 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.
5. As a feeder fund invested substantially in the target fund, the end-of-day net asset value per share (NAVps) of the target fund shall be used in determining the marked-to-market value of the feeder fund. The cut-off time for pricing the target fund is 3:30pm or the current closing time of trading hours of the Philippine Stock Exchange. The Trustee shall calculate the NAVpu upon receipt of the target fund's NAVps which shall be made available to unitholders by 8:00pm. In the event that the target fund is unable to send the NAVps before 7:00pm, the feeder fund's NAVpu shall be made available to participants not later than 9:30am the following business day.

VIII. Fees

EastWest Bank – Trust & Asset Management Group, 3F EastWest Corporate Center, 5th Ave. cor. 23rd St., Bonifacio Global City Taguig. For inquiries and feedback, you may call EastWest's 24-Hour Customer Service at 888-81700 or email marketing@eastwestbanker.com.

EastWest Bank is regulated by the BSP <https://www.bsp.gov.ph>.

1. The Trustee shall collect from the Fund a trust fee of 1.00% 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.
2. The Trustee reserves its right to amend its trust fee accordingly, in accordance with Article IX 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. At no time shall the trust fee exceed 1.00% without properly informing the investors within thirty (30) calendar days prior.
3. 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 investor in cases of redemption prior to completion of the minimum thirty (30) calendar day holding period.
4. PhilEquity Fund Inc. has a contingent management fee of 1.5% per annum based on the average net asset value of investment, computed on a daily basis, and deducted from the investment's gross value. Thus, the daily published net asset value per share of the PhilEquity Fund is already net of the management fee.

For this Feeder Fund arrangement, the Target Fund is waiving their customary front load fee (ranging from 0.25% to 3.5% and deducted outrightly from capital investment); and likewise waiving the exit fee (ranging from 1.5% to 2% of investment for redemptions of two (2) years or earlier from time of investment).

5. Summary of Fees

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

	PhilEquity Fund Inc	EastWest PhilEquity Feeder Fund
Sales Load Fee	0.25%-3.5%	waived for the feeder fund
Holding Period	2 years	30 calendar days
Early Redemption Fee	2% if investment is <1 year; 1.5% if investment is 1-2 years; none if investment is > 2 years	Php500 or 0.25%, whichever is higher
Annual Management Fee	1.5% p.a.	none for the feeder fund; target fund, however, imposes the annual fee
Trust Fee	None	1% p.a.

IX. Other Terms and Conditions

Investments in securities of the Fund shall be held for safekeeping by the bank's third-party custodian, HSBC or other BSP18 accredited third party custodian that may be assigned by the Trustee in the future. The third-party custodian shall perform independent marking-to-market of such securities.

Appendix II**TARGET Fund PHILEQUITY Fund, INC**

PhilEquity Fund, Inc is a mutual fund engaged in the sale of its shares of stock and in the investment of the proceeds from the sale of its shares into a well-selected portfolio of securities, both debt and equity. The fund was incorporated in the Philippines on February 21, 1994 under the Investment Company Act (R.A. 2629) as a diversified, open-end investment company. It is regulated by the Securities and Exchange Commission (SEC).

Directors and Officers

Chairman/President	Ignacio B. Gimenez	Director	Felipe U. Yap
Treasurer	Violeta O. Luym	Independent Director	Dobbin Tan
Directors	Aurora L. Shih	Independent Director	Norman Wee
Directors	Ramon Y. Sy		

Investment Objective, Policy and Strategy

The mutual fund's investment objective is to seek long-term capital appreciation through investment primarily in equity securities of listed Philippine companies while taking into consideration the liquidity and safety of its investments to protect the interest of its investors.

The mutual fund intends to invest its assets in a variety of Philippine industries to achieve diversification.

A. Fixed Income Portfolio

A portion of the mutual fund's investment portfolio shall be invested in short to medium term corporate debt papers registered with the SEC and has been approved by the Board of Directors of the mutual fund management company.

The mutual fund shall allocate at least 10% of its assets in short-term government securities, bonds or other evidences of indebtedness issued by the Philippine government or any of its instrumentalities, savings or time deposits with commercial banks.

B. Equity Portfolio

The mutual fund shall invest its assets in a variety of selected and listed Philippine industries. These companies must have shown a record of profit growth, dividend payment and stability. While it is expected that the mutual fund will invest principally in securities of established companies, investments may also be made in securities of newly listed companies. The mutual fund intends to purchase and hold securities for long-term gain, except on a case-to-case basis.

PhilEquity Management Inc (PEMI)

PEMI is the fund management company of PhilEquity Fund Inc. It was established in 1994 to achieve consistent and long-term above-average returns for investors. It is 51% owned by Vantage Equities, a PSE-listed company. PEMI's Investment Committee is composed of: Wilson Sy, Roberto Lorayes, Edmundo Bunyi, Jr., and Jerome Gonzalez.

Investment Limitations / Restrictions

1. The mutual fund shall not participate in any underwriting or selling group in connection with public distribution of securities, except for its own capital stock.
2. The maximum investment in any single enterprise shall not exceed 10% of the fund's net asset value, and in no case shall the total investment of the fund exceed 10% of the outstanding securities of any one investee company.
3. The mutual fund shall not incur any further borrowings unless at the time of its occurrence or immediately thereafter there is an asset coverage of at least 300% for all its borrowings. If coverage falls below 300%, the fund shall within 3 days thereafter reduce the amount of borrowings to an extent that the asset coverage shall be at least 300%.
4. Operational expenses shall not exceed 10% of its total investment fund or total net worth as shown in previous year's audited financial statements.
5. The mutual fund shall not make any investment for the purpose of exercising control of management.
6. The SEC, by order, unless it provides otherwise, the fund may not engage in any of the following: margin purchase of securities; commodity futures contracts; precious metals; unlimited liability

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investments; short selling of currencies; short selling of investments.

Risk Factors

1. *Market Risk* is the risk that the value of the investment will be adversely affected by the fluctuations in the price level or volatility of one or more of the underlying instruments of the mutual fund. This consists of 2 main components
 - a. *Systematic Risk* – the variability in price caused by factors that affect all securities across all markets (e.g. significant economic or political events)
 - b. *Unsystematic Risk* – the variability in price caused by factors which are specific to the particular issuer (corporation) of the shares of stock. Through proper portfolio diversification, the risk can be minimized as losses on one particular stock may be offset by gains in another.

There are two types of market risk:

- Interest Rate Risk – This refers to the change in the bond price due to factors affecting the market such as interest rates.
 - Equity Price Risk – This refers to the changes in prices of equity investments held by the fund.
2. *Credit Risk* is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.
 3. *Liquidity Risk* is the risk that an investment may not find a ready buyer. This is minimized by the fact that the fund only invests in listed, marketable equities.
 4. *Operational Risk* is the risk to earning or capital arising from problems with service or product delivery.
 5. *Country Risk* The success of the fund may be influenced by the general political situation in, and the state of the economy of, the Philippines
 6. *Others* Additional risks that are not quantifiable
 - a. *Regulatory Risk* - The Fund's investment and operations are subject to government regulation, which are subject to change from time to time.
 - b. *Non-Guarantee* – Investments made in Mutual Funds which the Fund is classified as, is not guaranteed by the Philippine Deposit Insurance Corporation (PDIC).
 - c. *Dilution Risk* – Being an open – ended mutual fund shares are continuously subscribed and redeemed, which may dilute its current shareholders as more shares are being subscribed.
 - d. *Fund Manager Risk* – In general, the performance of a mutual fund is dependent on the expertise and experience of the Fund Manager.