

## **DECLARATION OF TRUST**

### **EASTWEST S&P 500 INDEX FEEDER FUND** An Equity Feeder 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 EastWest Corporate Center, 3<sup>rd</sup> Floor The Beaufort, 5<sup>th</sup> Avenue corner 23<sup>rd</sup> 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 S&P 500 INDEX 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 (the "UITF") structure that mandates the fund to invest at least ninety percent (90%) of its assets in a single collective investment scheme (the "Target Fund"). Further, the investments in the Target Fund shall not exceed 10% of the total net asset value of the Target Fund. The investment objective of the Target fund shall be similar to that of the Fund.

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

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EastWest Bank – Trust & Asset Management Group, 3F EastWest Corporate Center, 5<sup>th</sup> Ave. cor. 23<sup>rd</sup> St., Bonifacio Global City Taguig. For inquiries and feedback, you may call EastWest's 24-Hour Customer Service at 888-81700 or email [trustmarketing@eastwestbanker.com](mailto:trustmarketing@eastwestbanker.com).

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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 and accompanying risks of the Fund shall be described in **Appendix I** which is attached hereto and made an integral part thereof.

**Sec. 3. Investment Objectives and Policy**: The Fund shall be invested in the Target Fund and in other investment outlets described/specified in **Appendix I** hereof and shall be held and disposed of in accordance with such investment objectives and policies as likewise specified in **Appendix I**.

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 prescribed under Section 414 of the MORB.

The details of the Target Fund are discussed in **Appendix I** hereto. In the event of switching of the 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 I** hereto.

#### 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

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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 amount 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 Manual of Regulations for Banks (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 at any time to sell, convert, reinvest, exchange, transfer or otherwise change or dispose of the assets comprising the Fund taking into consideration the investment objective and investment policy 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

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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 Fund taking into consideration the investment objective and investment policy of the Fund;
3. To hold, place, invest and reinvest the Fund with full discretionary powers, and without distinction, as to principal and income in and in such investments it may deem sound and appropriate, subject only to the limitations the investment objectives and policies of the Fund;
4. To select the Target Fund and switch the target funds as circumstances warrant in accordance with the provisions described in **Appendix I**;
5. To deposit in any bank or financial institution, including its own bank, any portion of the Fund;
6. To register or cause to be registered any securities of the Fund in nominee or bearer form;
7. 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;
8. 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;
9. 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;
10. To collect, receive and receipt for income, dividends, interest, profits, increments and such other sums accruing or due to the Fund;
11. 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;
12. To have discretionary powers to switch the target funds within thirty (30) calendar days or less from client notification 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 within this section. The procedures on switching of the target fund/s is described in **Appendix I** hereof;
13. 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;

14. To perform such acts which are necessary or 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 Fund 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: provided further, that, in the case of an exchange traded equity security which is included in an index and tracked by underlying fund, the exposure of the target fund to a single entity shall be the actual benchmark weighting of the issuer or 15%, whichever is higher. 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:

- Transitory period where the feeder fund switches the target fund/s;
- Transitory period when the limit on the 10% exposure limit to the 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 Appendix 56 of Section 414 of the MORB. Upon request, participants in the Fund shall be furnished a quarterly list of investments held by the Fund. Also, upon request, participants shall be furnished with the latest Fund Fact Sheet of any of the Target Funds, which contains the relevant information of such Target 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 at least thirty (30) business days prior to the actual termination of the Fund 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 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 and those who are not in conformity with the amendments made shall be allowed to withdraw their participations within thirty (30) calendar days prior to the implementation of any amendment to the Fund. Complementary individual notices to a Client shall also be sent if the amendments pertain to or will result to fees to be paid or charged on 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 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 (either in electronic or printed form), 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. 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.

Article X  
**OTHER TERMS AND CONDITIONS**

- Sec. 1.** The provisions of the Trust Agreement and Confirmation Notice shall be in accordance with this Plan 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 \_\_\_\_\_, 2024 at Taguig City.

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

By:

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

**Bede Lovell S. Gomez**  
*Vice-President*  
Chief Investment Officer

Signed in the Presence of:

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**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 S&P 500 INDEX FEEDER 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 2024.

## APPENDIX I

**EASTWEST S&P 500 INDEX FEEDER FUND  
FUND SPECIFICATIONS**

**I. Investment Objective**

The **EASTWEST S&P 500 INDEX FEEDER FUND** (the “Fund”) is a US Dollar-denominated unit investment trust fund that seeks to achieve investment returns that track the performance of the S&P 500 Index (SPX Index) by investing in a diversified portfolio of stocks comprising the S&P 500 in the same weights as the index. It is ideal for investors with a long-term investment horizon who want to have a global exposure in stocks and who understand the investment risks involved when investing in equities. To invest in these securities, the Fund has East West Banking Corporation as Trustee.

Return Objective. The Fund aims to track the returns of the **S&P 500 Index (SPX Index)**.

- Description and Key Characteristics of the Benchmark
  - o The S&P 500 is a stock market index tracking the performance of 500 large-cap companies listed on stock exchanges in the United States. It's considered a broad measure of the U.S. equity market and is often used as a benchmark for investment performance. The index is weighted by market capitalization, meaning companies with higher stock prices have a larger influence on the index's movement. It is not a Total Returns Benchmark nor is it net of taxes.
- Relation of the Benchmark's to the fund's objectives/investment strategies
  - o The fund is designed for high-risk appetite investors looking for returns on their investments that track the return of the Index Benchmark. As a feeder fund, this will invest in a fund that tracks the S&P 500 index. The benchmark would be the most appropriate as it aims to track its performance. However, there are misalignments between the fund and benchmark since the S&P 500 Index is not a Total Returns Index, nor is it net of taxes.
- Sources for more detailed information
  - o S&P Dow Jones Indices (S&P 500® | S&P Dow Jones Indices (spglobal.com))
  - o Bloomberg. For additional information on the benchmark, investors may send an email to Bloomberg 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**

Pursuant to the foregoing objectives, the Fund is structured as a feeder fund in compliance with Section 403 and 414 of the Manual of Regulations for Banks (MORB) and shall invest at least ninety percent (90%) of its assets in iShares Core S&P 500 Exchange Traded Fund, the Target Fund, which is an exchange traded fund that tracks the performance of the S&P 500 Index.

Target Fund	iShares Core S&P 500 Exchange Traded Fund
Issuer	BlackRock Fund Advisors
ISIN	US4642872000
Bloomberg Ticker	IVV

The uninvested portion of the Fund (maximum 10%) may be invested and re-invested by the Trustee in deposits in the Trustee's bank or in other banks.

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. 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

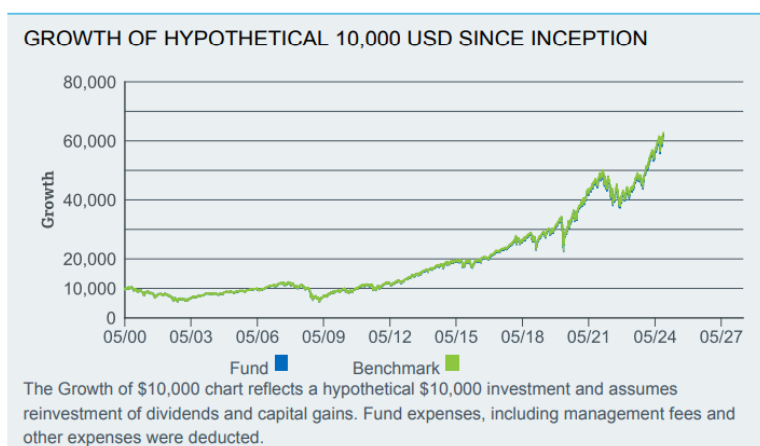
**III. Description of the Target Fund**

**A. Investment Objective:** The iShares Core S&P 500 ETF (the “Target Fund”) seeks to track the investment results of an index composed of large-capitalization U.S. equities.

**B. Principal Investment Strategies:** The Target Fund seeks to track the investment results of the S&P 500 (the “Underlying Index”), which measures the performance of the large-capitalization sector of the U.S. equity market, as determined by S&P Dow Jones Indices LLC (the “Index Provider” or “SPDJ”). The Target Fund generally invests at least 90% of its assets in securities of the Underlying Index and in depositary receipts representing securities of the Underlying Index. The Target Fund may invest the remainder of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates, as well as in securities not included in the Underlying Index, but which BFA believes will help. The Target Fund may lend securities representing up to one- third of the value of the Fund’s total assets (including the value of any collateral received).

**C. Jurisdiction of Target Fund:** The Target Fund is subject to the laws and regulations of the United States of America. The Target Fund is authorized in USA and is regulated by the US Securities and Exchange Commission (US SEC).

**D. Performance Information:**



**PERFORMANCE**

	1 Year	3 Year	5 Year	10 Year	Since Inception
<b>NAV</b>	36.30%	11.88%	15.94%	13.34%	7.77%
<b>Market Price</b>	36.23%	11.89%	15.94%	13.34%	7.77%
<b>Benchmark</b>	36.35%	11.91%	15.98%	13.38%	7.83%

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor’s shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting [www.iShares.com](http://www.iShares.com) or [www.blackrock.com](http://www.blackrock.com).

Beginning 8/10/20, the market price returns are calculated using the closing price. Prior to 8/10/20, the market price returns were calculated using the midpoint of the bid/ask spread at 4:00 PM ET. The returns shown do not represent the returns you would receive if you traded shares at other times.

Source: BlackRock

- E. Management:** Investment Adviser. BlackRock Fund Advisors (BFA). Portfolio Managers. Jennifer Hsui, Greg Savage, and Paul Whitehead (the “Portfolio Managers”) are primarily responsible for the day-to-day management of the Fund. Each Portfolio Manager supervises a portfolio management team. Ms. Hsui, Mr. Savage, and Mr. Whitehead have been Portfolio Managers of the Target Fund since 2012, 2008, and 2022, respectively.
- F. Administrator, Custodian and Transfer Agent:** JPMorgan Chase Bank, N.A. (“JPMorgan”) is the administrator, custodian, and transfer agent for the Target Fund.
- G. Share Prices:** The trading prices of the Target Fund’s shares in the secondary market generally differ from the Target Fund’s daily NAV and are affected by market forces such as the supply of and demand for ETF shares and shares of underlying securities held by the Target Fund, economic conditions and other factors. Information regarding the intraday value of shares of the Target Fund is disseminated throughout each trading day by the national securities exchange on which the Target Fund’s shares are listed or by market data vendors or other information providers.
- H. Determination of Net Asset Value:** The NAV of the Target Fund normally is determined once daily Monday through Friday, generally as of the regularly scheduled close of business of the New York Stock Exchange (“NYSE”) (normally 4:00 p.m., Eastern time) on each day that the NYSE is open for trading, based on prices at the time of closing.
- I. Disclosure:** The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor’s shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting [www.iShares.com](http://www.iShares.com) or [www.blackrock.com](http://www.blackrock.com).

#### IV. 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 achieve investment returns that track the performance of the S&P 500 index by investing in a diversified portfolio of stocks comprising the S&P 500 Index with the same weights as the index. 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 US 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 US 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.
- **Foreign Exchange Risk.** Foreign exchange risk exists when investments are made in securities that are denominated in a currency that is different from the one spent. For example, the earnings of a USD-denominated bond investment could be reduced or even negated by an appreciation of the Philippine Peso vis-à-vis the US Dollar.
- **Other Risks.** Participation in the UITF may be further exposed to the risk of any actual or potential conflicts of interest relative to in-house transactions by EastWest Bank-Trust.

Risks specific to Feeder Funds:

- **Asset Class Risk.** Securities and other assets in the Underlying Index or in the Fund's portfolio may underperform in comparison to the general financial markets, a particular financial market or other asset classes.
- **Concentration Risk.** The Fund may be susceptible to an increased risk of loss, including losses due to adverse event that affect the Fund's investments more than the market as a whole, to the extent that the Fund's investments are concentrated in the securities of a particular issuer or issuers, country, group of countries, region, market, industry, group of industries, sector or asset class.

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- **Cyber Security Risk.** Failures or breaches of the electronic systems of the Fund, the Fund's adviser, distributor, the Index Provider and other service providers, market makers, Authorized Participants or the issuers of securities in which the Fund invests have the ability to cause disruptions, negatively impact the Fund's business operations and/or potentially result in financial losses to the Fund and its shareholders. While the Fund has established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems. Furthermore, the Fund cannot control the cyber security plans and systems of the Fund's Index Provider and other service providers, market makers, Authorized Participants or issuers of securities in which the Fund invests.
- **Index-Related Risk.** There is no guarantee that the Fund's investment results will have a high degree of correlation to those of the Underlying Index or that the Fund will achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the Fund's ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data, index computations or the construction of the Underlying Index in accordance with its methodology may occur from time to time and may not be identified and corrected by the Index Provider for a period of time or at all, which may have an adverse impact on the Fund and its shareholders.
- **Information Technology Sector Risk.** Information technology companies face intense competition and potentially rapid product obsolescence. They are also heavily dependent on intellectual property rights and may be adversely affected by the loss or impairment of those rights. Companies in the software industry may be adversely affected by, among other things, the decline or fluctuation of subscription renewal rates for their products and services and actual or perceived vulnerabilities in their products or services.
- **Operational Risk.** The Fund is exposed to operational risks arising from number of factors, including, but not limited to, human error, processing and communication errors, errors of the Fund's service providers, counterparties or other third-parties, failed or inadequate processes and technology or systems failures. The Fund and BFA seek to reduce these operational risks through controls and procedures.

Risks Specific to the Target Fund:

- **Market Trading Risk.** The Target Fund faces numerous market trading risks, including the potential lack of an active market for Target Fund shares, losses from trading in secondary markets, periods of high volatility and disruptions in the creation/redemption process. Any of these factors, among others, may lead to the Target Fund's shares trading at a premium or discount to NAV.
- **Management Risk.** As the Target Fund will not fully replicate the Underlying Index, it is subject to the risk that BFA's investment strategy may not produce the intended results.
- **Market Risk.** The Target Fund could lose money over short periods due to short-term market movements and over longer periods during more prolonged market downturns.
- **Issuer Risk.** The performance of the Target Fund depends on the performance of individual securities to which the Target Fund has exposure. Changes in the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline.
- **Large-Capitalization Companies Risk.** Large-capitalization companies may be less able than smaller capitalization companies to adapt to changing market conditions. Large-capitalization companies may be more mature and subject to more limited growth potential compared with smaller capitalization companies. During different market cycles, the performance of large capitalization companies has trailed the overall performance of the broader securities markets.

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- **Authorized Participant Concentration Risk.** Only an Authorized Participant (as defined in the Shareholder Information section of the prospectus of the Target Fund) may engage in creation or redemption transactions directly with the Target Fund. The Target Fund has a limited number of institutions that may act as Authorized Participants on an agency basis (i.e. on behalf of other market participants). To the extent that Authorized Participants exit the business or are unable to proceed with creation or redemption orders with respect to the Target Fund and no other Authorized Participant is able to step forward to create or redeem Creation Units (as defined in the Purchase and Sale of Fund Shares section of the prospectus), Target Fund shares may be more likely to trade at a premium or discount to NAV and possibly face trading halts or delisting.

**V. 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 Plan.

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.

## **VI. 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.

## VII. Admission and Redemption

### A. Policies of Admission and Redemption

1. **Minimum Initial Participation.** The minimum initial investment/participation in the Fund is USD500.00 and succeeding investment/s is at least USD200.00. There is a minimum maintaining balance of USD500.00 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 USD 500.00 shall be subject to the redemption policy stated below.
2. **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.
3. **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 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.



4. **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 is 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 the transaction (T+0) and/or the Confirmation Notice shall be made available to the participant within seven (7) banking days after the transaction date (T+7).
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 five (5) 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 five (5) banking days after transaction date (T+5). 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: Ten US dollars (USD10.00) or zero point twenty five percent (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 of USD500.00.** The required maintaining participation to stay in the Fund is USD500.00. Any redemption made by the participant that shall result in the account falling below the required maintaining balance of USD500.00 shall trigger an automatic withdrawal of the entire account of the participant from the Fund. However, maintaining balance that fall below USD500.00 which is caused by market movements or price fluctuations shall not trigger an automatic withdrawal by the system.

- 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, 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.

**VIII. 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. The value of the NAVpu at the start of the Fund's operation shall be One Hundred US Dollars (USD100.00).
- C. 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.
- D. As a feeder fund invested substantially in the target fund, the end-of-day share price of the Target Fund shall be used in determining the marked-to-market value of Fund. The NAVpU of the Fund shall be computed daily after all transactions relating to the fund are processed but not earlier than closing of the market or availability of asset prices. The NAVpU of the Fund shall be made available not later than 8:00 PM of the next business day. The NAVpU shall be made available to Participants upon request. The daily NAVpU, as well as historical NAVpUs, shall be also made available in the Trustee's website.

**IX. Fees**

1. The Trustee shall collect from the Fund a trust fee of zero point fifty percent (0.50%) 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 shall collect from the Fund annual operating expenses amounting to a maximum of zero point ten percent (0.10%) 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.
3. An early redemption fee equivalent to USD10.00 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. 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.

## 5. Summary of Fees

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

	<b>iShares Core S&amp;P 500 ETF</b>	<b>EastWest S&amp;P 500 Index Feeder Fund</b>
Holding Period	None	30 calendar days
Early Redemption Fee*	None	USD 10 or 0.25%, whichever is higher

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Annual Management Fee	0.04%	None for the Fund; Target Fund, however, imposes the annual fee
Trust Fee**	None	0.50% p.a.
Annual Operating	None	Maximum of 0.1% of the NAVpU
Expenses		

\* Fee to be charged on the amount withdrawn within thirty (30) calendar days from date of investment. The early redemption fee shall inure to the benefit of the Fund.

\*\* The said fees shall be accrued daily and shall be collectible from the Fund on a monthly basis.

The ongoing fees and charges of the Target Fund increase the effective expense ratio due to the layered investment structure.

The Participant shall face the following fees and charges for his investment in the Fund on a pro-rata basis. An illustration on impact of fees and charges imposed by the Target Fund on the cost of investing in the Fund is as follows:

- a. Direct Charge
  - i. Trust Fees - 0.50% p.a.
  - ii. Annual Operating Expenses - Maximum 0.10% p.a.
  - iii. Applicable Taxes
- b. Indirect Charge
  - i. Target Fund's Annual Management Fee - 0.04% p.a.

6. **Overall impact of fees and charges imposed by the Target Fund on the cost of investing in the Fund.** Since the Fund will invest directly in the Target Fund, it will be susceptible to the Target Fund's annual management fee, the Fund's trust fee and the Fund's annual operating expenses.

**X. Other Terms and Conditions**

Investments in the 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.