

DECLARATION OF TRUST

**EASTWEST PHILEQUITY FEEDER FUND
A Unit Investment Trust Fund**

KNOW ALL MEN BY THESE PRESENTS:

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

WITNESSETH:

Article I

CREATION OF THE TRUST

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

Article II

NATURE AND INVESTMENT OBJECTIVES

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

Section 2. Nature of the FUND: The EASTWEST PHILEQUITY FEEDER FUND is a feeder fund established in accordance with and shall be operated subject to the stipulations of this declaration and as the same may be amended from time to time in accordance with the regulations issued by the Bangko Sentral ng Pilipinas (BSP) and existing laws. 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.

Section 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 attached hereto as Appendix II.

The details of the TARGET FUND is discussed in Appendix III hereto. In the event of switching of target fund, the policies and procedure is expounded in Appendix IV, 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

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

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

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

Article IV

MANNER OF OPERATION

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

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

Article V

VALUATION OF THE FUND AND PARTICIPATION UNITS

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

- a) The TRUSTEE shall on a daily basis determine the net asset value (herein referred to as the "NAV") of the FUND and the value of each unit of participation (NAVpu) more specifically described in Appendix I, Section VI 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 VI hereof.

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

- a) The NAVpu shall be determined by dividing the NAV of the FUND by the total number of units outstanding as of Valuation Date.
- b) The NAVpu at the start of the FUND's operation, or the FUND's par value, shall be as indicated in Appendix I, Section VI hereto.
- c) The NAVpu shall be computed daily in the manner specified in Appendix I, Section VI hereto.

Section 3. Fees and Expenses of the FUND:

- a) TRUSTEE'S Fees: The TRUSTEE shall charge against the FUND regular trust fees in the amount indicated in Appendix I, Section VII hereto on a per annum basis based on the NAV of the FUND as its compensation for the administration and management of the FUND. These fees shall accrue and shall be collectible from the FUND, as and when the same becomes due, at such times as indicated in Appendix I, Section VII hereto. The trust fees shall be uniformly applied to all participants in the FUND. Said fee may be increased or decreased in the future as may be warranted by circumstances then existing, subject to the requirements of Subsection UX410.6 of the Manual of Regulations for Banks. In the event the trust fees are changed, such change shall be charged prospectively.
- 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 manner specified in Appendix II hereto.

Article VI

TRUSTEE'S POWERS AND LIABILITIES

Section 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.

Section 2. Powers of the TRUSTEE: The TRUSTEE shall have the following powers:

- a) To hold legal title over the assets comprising the FUND for the benefit of the Participants;
- b) To have exclusive management and control of the FUND, 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;
- c) To hold, place, invest and reinvest the FUND with full discretionary powers, and without distinction, as to principal and income in investments stipulated in 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;
- d) To deposit in any bank or financial institution, including its own bank, any portion of the Fund, subject to the requirement of Subsection UX410.8 of the Manual of Regulations for Banks ;
- e) To register or cause to be registered any securities of the FUND in nominee or bearer form;
- f) To appoint and retain the services of qualified and reputable local or foreign investment advisor and/or fund manager/s; provided, however, that the TRUSTEE shall retain ownership and control of the FUND, and provided further, that the investment advisor/s and/or fund manager/s shall work within the investment parameters or guidelines set by the TRUSTEE from time to time and shall be directly responsible to the TRUSTEE for any investment actions and decisions undertaken for the FUND;
- g) To hire and compensate legal counsel/s, certified public accountant and other specialist/s in connection with administration and management of the FUND and the protection or advancement of its legal and other interests;

- h) To make, execute, acknowledge and deliver any or all securities, agreements, contracts, deeds, documents and instruments necessary in the management and reinvestment of the FUND, or in connection with the exercise of the powers herein conferred or the performance of acts herein authorized;
- i) To collect, receive and receipt for income, dividends, interest, profits, increments and such other sums accruing or due to the FUND; and
- j) To pay out of the FUND all costs, expenses, and proper charges incurred in connection with the administration, preservation, maintenance and protection of the FUND.
- k) To 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 IV hereof.
- l) 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.

Section 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.

Section 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.

Section 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.

Section 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

Section 1. Right to Inspect Declaration: A copy of this DECLARATION OF TRUST shall be available at the principal office of the TRUSTEE for inspection by any person having an interest in the FUND or

by his authorized representative. Upon request, a copy of the DECLARATION OF TRUST shall be furnished such interested person.

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

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

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

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 FUND shall be conducted annually after the close of each fiscal year by an independent auditor acceptable to the BSP. The external audit shall be conducted by the same external auditor engaged for the audit of the TRUSTEE. The result of this audit shall be the basis of the TRUSTEE's annual report which shall be made available to all the Participants. A copy of the report, or a notice that the report is available and that a copy thereof will be furnished upon request, without charge, shall be sent to each Participant.

Article IX

AMENDMENTS AND TERMINATION

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

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

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

financial statement of the FUND which shall be made the basis for distribution to the participating Trustors.

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

EAST WEST BANKING CORPORATION – TRUST DEPARTMENT

TRUSTEE

By:

ANGEL MARIE L. PACIS
First Vice President and Trust 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>Competent Evidence of Identity</u>	<u>Date/Place Issued</u>
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EASTWEST BANKING CORP.
ANGEL MARIE L. PACIS

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 six (6) pages including this page wherein this acknowledgement is written, and they acknowledge to me that the same is their true and voluntary act and deed as well as the true and voluntary act and deed of the corporation they represent.

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

NOTARY PUBLIC

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