

## DECLARATION OF TRUST

### **BPI U.S. DOLLAR SHORT TERM FUND A Money Market Unit Investment Trust Fund**

#### **KNOW ALL MEN BY THESE PRESENTS:**

BPI Asset Management and Trust Corporation, *doing business under the trade name and style of **BPI WEALTH – A TRUST CORPORATION***, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 26/F & 27/F Ayala Triangle Gardens Tower 2, Paseo De Roxas Cor. Makati Avenue, Makati City, Philippines 1226, with authority to perform trust and other fiduciary functions, hereinafter referred to as “BPI Wealth” or the “Trustee”;

#### **WITNESSETH:**

### **ARTICLE I CREATION OF THE TRUST**

That, for the purpose of providing its trust clients with investment returns derived from a diversified portfolio of foreign currency denominated short-term fixed income instruments, pursuant to investment objectives and policies herein stipulated, the Trustee hereby establishes and declares itself as Trustee, and has created and shall administer a Unit Investment Trust Fund (UITF), a trust product, for the collective investment of funds held by it in such capacity, upon the terms and conditions hereinafter set forth.

### **ARTICLE II NATURE AND INVESTMENT OBJECTIVES**

Sec. 1 Title of the Fund – The UITF shall be known as BPI U.S. Dollar Short Term Fund (herein referred to as the “Fund”).

Sec. 2 Nature of the Fund – The Fund is a foreign currency denominated money market UITF established in accordance with, and shall be operated subject to the provisions of this Declaration of Trust/ Plan Rules, 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. The Appendix provides a more detailed description of the fund specifications.

The Fund shall have a base currency of U.S. Dollar (USD).

The Fund shall be treated as an entity separate and distinct from its constituent assets, contributions of the Participants thereto, and other trust accounts administered by the Trustee.

Sec. 3 Title to Assets of the Fund – All assets of the Fund shall, at all times, be considered as assets held by the Trustee, and title thereto shall be vested solely in the Trustee.

Sec. 4 Relationship of Trustee with the Fund – The Trustee shall not have any other relationship with the Fund except in its capacity as Trustee thereof. Provided, however, that the Trustee which simultaneously administers other trust, fiduciary, or investment management funds may invest such funds in the Fund, if allowed under a policy approved by its Board of Directors.

Sec. 5 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.

Sec. 6 Investment Objectives and Policy – The Fund shall be invested and reinvested in such investment outlets, and held and disposed of in accordance with such investment objectives and policies as specified in the Appendix, Sections 1 and 2.

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 by the BSP.

### **ARTICLE III PARTICIPATION AND REDEMPTION**

Sec. 1 Qualified Participants (Requirements and Restrictions) – Prior to acceptance of the initial participation in the Fund, the Trustee shall perform a Client Suitability Assessment (CSA) for the purpose of profiling the risk return orientation of the client and establishing the suitability of the client to the Fund.

The Fund is suitable for investors with at least a moderately conservative risk profile.

Qualified participants are more specifically defined in the Appendix, Section 5.

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 and privileges as any other participating unit in the Fund. The beneficial interest in the Fund shall be divided into units, each of which shall represent a pro rata interest, determined under the net asset value per unit (“NAVPU”) valuation methodology, in the aggregate market value of all instruments in the Fund.

The participation or redemption of units of participation in the Fund may be made only on the basis of the valuation methodology under Article V hereof, and in such frequency as indicated in the Appendix, Section 8.

### **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 based on the pooled-fund accounting methodology.

Sec. 2 Distribution Channel – The Fund shall be distributed in channels duly accredited by the Trustee and allowed under existing regulations.

Sec.3 Expansion and Contraction of Fund – Participations in the Fund shall serve to expand the Fund’s total outstanding units. Conversely, every redemption of participation from the Fund shall serve to contract the Fund’s outstanding units.

Every participation in the Fund shall be evidenced by a purchase of units arrived at by dividing the amount of investment by the prevailing NAVPU. On the other hand, every redemption of participation from the Fund shall be evidenced by a sale of units arrived at by dividing the amount of redemption by the prevailing NAVPU.

Sec. 4 Allocation and Distribution of Income – The market value of the Fund’s investments, net of taxes, fees and expenses which are chargeable against the Fund shall be reflected in every net asset value (“NAV”) computation. The income of the Fund, therefore, shall be allocated to the Participants on a pro rata and pari passu basis depending upon the number of units held by each Participant in the Fund. The unrealized income / loss of each Participant in the Fund shall be the difference between the prevailing NAVPU over the acquisition cost of the Participant’s units, multiplied by the

number of units held by the Participant. The actual distribution or realization of income shall take place every time a redemption of units from the Fund is made, to the extent of the number of units redeemed.

## **ARTICLE V VALUATION OF THE FUND AND PARTICIPATION UNITS**

Sec. 1 Valuation of the Fund – The Trustee shall compute the NAV of the Fund daily in U.S. Dollar (USD), subject to the following rules:

- (a) On “Valuation Day” which shall mean a trading day where the Fund is made available for participation or redemption, the Trustee shall determine the NAV of the Fund.
- (b) The NAV shall be the summation of the market value of each investment of the Fund, less taxes, fees, and other qualified expenses as defined herein. The determination of the 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. The rules related to Valuation are more specifically defined in the Appendix, Section 6.

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 Trustee shall cause the publication of the NAVPU of the Fund at least weekly in one or more newspaper of national circulation and on the Trustee’s website on a daily basis. Historical NAVPUs may also be accessed on the Trustee’s website.

Sec. 3 Fees and Expenses of the Fund

- (a) Trustee’s Fees – The Trustee shall charge against the Fund trust fees in the amount indicated in the Appendix, Section 9 on a per annum basis based on the NAV of the Fund, net of taxes, as its compensation for the administration and management of the Fund. These fees shall accrue and be collected as and when the same become due, at such times as indicated in the Appendix, Section 9. The trust fees shall be uniformly applied to all Participants in the Fund. Said fees may be increased or decreased in the future as may be warranted by circumstances then existing, subject to the requirements of Section 414-Q of the Manual of Regulations for Non-Bank Financial Institutions (“MORNBFI”). Amended trust fee structure shall be applied prospectively.
- (b) Special Expenses – Special expenses may be charged separately or in addition to the necessary trust fees if such are necessary to preserve or enhance the value of the Fund. Such special expenses shall be payable to pertinent third party or parties, provided that the same are covered by separate contract/s, and disclosed to the Participants in the Key Information and Investment Disclosure Statement (“KIIDS”).

The amount of, nature, and period covered of the special expenses, as well as the amount of regular trust fees for each quarter, shall be disclosed to the Participants. No fees and expenses other than the foregoing shall be charged to the Fund.

## **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 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.

However, if the Trustee deems it proper and beneficial for the Fund, the Trustee may engage the services of third party/ies to manage a portion of the Fund; provided that such arrangement is covered by separate contract/s; provided further that it is disclosed to the Participants and the BSP is duly notified thereof with the pertinent documents on the hiring of such third party/ies submitted thereto. The Trustee shall periodically review on an ongoing basis the performance by such third party/ies.

**Sec. 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 hold, place, invest and reinvest the Fund with full discretionary powers, and without distinction, as to principal and income in instruments stipulated in the Appendix, Section 2 and in such investments, it may deem sound and appropriate, subject only to the limitations, investment objectives, and policies of the Fund as stated in the Appendix, Sections 1 and 2;
- c. To deposit in any bank or financial institution, including the parent and/or affiliate bank/s of the Trustee, a portion of the Fund, subject to the requirement of Section 414-Q of the MORNBFI;
- d. To register or cause to be registered any securities of the Fund in nominee or bearer form;
- e. 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;
- f. To hire and compensate legal counsel/s, certified public accountant/s and other specialist/s in connection with the administration and management of the Fund and the protection or advancement of its legal and other interests;
- g. 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;
- h. To collect and receive income, dividends, interest, profits, increments and such other sums accruing or due the Fund;
- i. To pay out of the Fund all costs, expenses, taxes, and other proper charges incurred in connection with the administration, preservation, maintenance, and protection of the Fund;
- j. To adopt an external or internal risk management and hedging strategy and a more definitive policy guideline based on generally accepted risk management principles, and duly approved by the Board of Directors of the Trustee;
- k. To set the minimum amounts or number of units required for purchases or redemptions by a Participant of the Fund as defined in the Appendix, Section 8 (c);
- l. To set the participation and redemption cut-off time as defined in the Appendix, Section 8 (f);
- m. To collect from the Fund the trust fees as defined in the Appendix, Section 9; and,
- n. To temporarily suspend trading, calculation of the NAV/NAVPU of the Fund, as well as participation to and redemption from the Fund as further defined in the Appendix, Section 6 (c) and Section 8 (h).

**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 any 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.**

**Sec. 4 Non-Coverage by PDIC – Participation in the Fund creates a trust and 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 on the NAVPU and shall be for the account and risk of the Participant.**

**Sec. 5 The Trustee does not and shall not guarantee a fixed rate of return or income to the participants. Losses, if any, shall be for the account and risk of the participants. Historical performance, when presented, is purely for reference purposes and is not a guarantee of similar future results.**

#### **ARTICLE VII RIGHTS OF PARTICIPANTS**

Sec. 1 Declaration of Trust / Plan Rules – A copy of this Declaration of Trust / Plan Rules 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/s. Upon request, a copy of this Declaration of Trust / Plan Rules shall be furnished such interested person/s.

Sec. 2 Disclosure of Investments – The KIIDS which shall be updated quarterly shall be made available to interested Participants. Such disclosure shall substantially be in the form as prescribed by BSP in accordance with Appendix Q-33 of Section 414-Q of the MORNBF1.

Sec. 3 Disclosure of Risk – Participants shall be informed of the risks attendant to this type of Fund through a Risk Disclosure Statement. The Risk Disclosure Statement may be found in the Appendix and is deemed incorporated in this Declaration of Trust/Plan Rules

Sec. 4 Disclosure of Amendments to the Plan Rules – A notice of amendments to the Declaration of Trust/ Plan Rules shall be furnished the Participants immediately. The Participants shall be allowed to redeem their participations in the Fund, subject to the procedure set forth in Article IX, Section 1 hereof.

Sec. 5 Termination of the Fund – A written notice of the termination of the Fund shall be provided the remaining Participants at least thirty (30) business days prior to the actual termination of the Fund, pursuant to Article IX, Section 2 hereof. The Participants shall have the right to inspect or be provided, upon request, with a copy of the financial statement used as 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 and pro-rata.

#### **ARTICLE VIII ANNUAL AUDIT AND REPORT BOOKS OF ACCOUNTS**

Sec. 1 Annual External Audit – 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 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 notice shall be sent to the Participants that the report is available, and upon request, a copy of such report shall be furnished such Participant/s, without charge.

The Trustee shall, likewise, prepare a quarterly performance review of the Fund and shall make the same available to the Participants not later than twenty (20) calendar days from end of the reference date / period.

**ARTICLE IX  
AMENDMENTS AND TERMINATION**

Sec. 1 Amendments – This Declaration of Trust / Plan Rules 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 Participants who are not in conformity with the amendments made shall be allowed to redeem their participations within thirty (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 Declaration of Trust / Plan Rules may be allowed subject to notification to the BSP and continuing compliance of the Trustee with the prudential criteria prescribed under Section 111-T of the MORNBF1.

Sec. 2 Termination – This Declaration of Trust / Plan Rules 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 not consistent with the Trustee’s present or new business strategy. A copy of the resolution, which shall specify the effective date of such termination, shall be submitted to the appropriate department of the BSP for information. At the discretion of the Trustee’s Board of Directors, the Trustee 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 Declaration of Trust / Plan Rules, the Trustee shall notify the Participants accordingly.

The Trustee shall provide written notice of the termination of the Fund to the remaining Participants at least thirty (30) business days prior to the actual termination of the Fund. Such notice may be made by the Trustee by way of direct written notice to each participant, publication of announcement in the Trustee’s own website, posting of notices in the premises of the Trustee, or posting/sending of notices in the approved platforms of all duly accredited distribution channels. Upon termination, the Trustee shall prepare a financial statement of the Fund which shall be made the basis of distribution to the Participants.

**ARTICLE X  
OTHER TERMS AND CONDITIONS**

This plan was approved to be adopted by the Board of Directors of the Trustee on July 19, 2023.

This Declaration of Trust/ Plan Rules is further subject to the other terms and conditions that may be stipulated in the Appendix.

IN WITNESS WHEREOF, BPI Wealth has caused this Declaration of Trust / Plan Rules to be signed and its corporate seal affixed thereto on July 26, 2023 at Makati City, Philippines.

**BPI WEALTH – A TRUST CORPORATION  
(Trustee)**



**MARIA THERESA D. MARCIAL  
President and Chief Executive Officer**

## APPENDIX

### BPI U.S. DOLLAR SHORT TERM FUND Unit Investment Trust Fund (UITF)

#### FUND SPECIFICATIONS

1. Investment Objective – The Fund intends to achieve for its Participants liquidity and stable income derived from a diversified portfolio of foreign currency denominated short-term fixed income instruments. The Fund aims to provide absolute returns in excess of the return of the 3-month U.S. Treasury Bill.
2. Investment Policy – Pursuant to the foregoing objectives, the Fund may be invested and reinvested in the following, subject to the approval of the Board of Directors of the Trustee:
  - (a) Primarily short-term tradable fixed-income instruments issued or guaranteed by the Philippine government or the BSP; tradable securities issued by the government of a foreign country, any political subdivision/agency of a foreign country or any supranational entity; tradable fixed-income instruments issued by foreign or local financial institutions or private corporations; exchange-listed securities; marketable instruments that are traded in an organized exchange; loans traded in an organized market; and, such other tradable investments outlets/ categories as the BSP may allow. Provided, that, a financial instrument is regarded as tradable if two-way prices are quoted, readily available or regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis;
  - (b) Primarily short-term tradable fixed-income instruments issued, underwritten, or otherwise dealt by BPI and/or any of its subsidiaries, affiliates, their successors-in-interest or assignees, their directors, officers, stockholders, and related interest, and any of their trust and fund managed accounts, under such terms and conditions as the Trustee may deem to be in the best interest of the Fund; and, any such other instruments as may be allowed under BSP regulations. Investment with related interests shall be in accordance with Section 414-Q of the MORNBFI;
  - (c) The principal investments of the Fund will be in money market instruments denominated in, but are not limited to, the following major currencies: U.S. Dollar, Euro, British Pound, Canadian Dollar, Australian Dollar, Swiss Franc, Danish Kroner, and Japanese Yen;
  - (d) Deposit products;
  - (e) Such other investments suitable to the nature, classification, and strategy of the Fund, as allowed by prevailing regulations.

For all transactions with related parties or entities, the Trustee of the Fund shall be transparent at all times and maintain an audit trail. 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.

Modified Duration Policy – The modified duration of the Fund shall not be more than one (1) year. Modified duration is used to determine the effect of a 1% or 100 basis points change in interest rates on the price of the fixed-income security. The Trustee is authorized to adopt internal guidelines in relation to the Fund's modified duration policy, as duly approved by the Board of Directors of the Trustee. The modified duration of the Fund shall be disclosed in the KIIDS.

3. Diversification Policy – 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. The limitation shall not apply to non-risk assets as defined by the BSP.

In case the limit is breached due to the marking-to-market of certain investment/s or any extraordinary circumstances, e.g. abnormal redemptions which are beyond the control of the Trustee, the Trustee shall be given thirty (30) days from the time the limit is breached to correct the same.

4. Benchmark Information

(a) Benchmark Details

Name	Description and Key Characteristics	References
3-month U.S. Treasury Bill	A Treasury bill (T-Bill) is a short-term U.S. government debt obligation backed by the Treasury Department with a maturity of one year or less.	Information about the benchmark may be accessed through Philippine Depository & Trust Corp. <a href="https://www.pds.com.ph/">https://www.pds.com.ph/</a> .  Alternatively, participants may request information from BPI Wealth at <a href="mailto:bpiwealth@bpi.com.ph">bpiwealth@bpi.com.ph</a> .

(b) Relation to the Fund's Objective or Investment Strategy - The Fund is actively managed, allowing the Trustee full discretion on security selection. Given the Fund's primary objective of capital preservation for investors with a short-term horizon, the 3-month U.S. Treasury Bill, a liquid security that is representative of attainable short-term placements, is an appropriate benchmark. Investors may use the benchmark to gauge the Fund's performance.

5. Qualified Participants – Participation in the Fund shall be open to all persons with legal capacity to enter into contracts. Acceptance of Participants shall be subject to the rules or procedures established by the Trustee which it deems advantageous or to the best interest of the Fund.

The Fund is suitable for investors with at least a moderately conservative risk profile.

6. Rules Related to Valuation – The matter of determining the value of the various instruments in the Fund shall be vested in the Trustee through its Board of Directors. Subject to pertinent BSP regulations, the Trustee shall adopt a Marked-to-Market Valuation Methodology which, once adopted, shall herewith be consistently and strictly applied. The basis for pricing/valuation per asset class/asset shall follow existing BSP marking-to-market guidelines.

(a) The NAV shall be computed using the pooled-fund accounting methodology, or more specifically based on the following formula:

- Cash Deposits
- + Market Value of Investment
- + Accrued Interest on Cash Deposits
- + All other assets and receivables

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**GROSS ASSET VALUE**

- Accrued Taxes Payable
- Accrued Trust Fee Payable
- Other Accrued Expenses
- Accounts Payable
- All Other Liabilities

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**NET ASSET VALUE**



The NAVPU shall be calculated by dividing the NAV by the number of Units Outstanding as of the date of valuation. The NAVPU shall be computed up to two (2) decimal places as follows:

$$\text{NAVPU} = \frac{\text{Total Net Assets of the Fund}}{\text{Total Number of Outstanding Units}}$$

- (b) The NAVPU of the Fund shall be computed earliest 7:00PM on each valuation day and made available not later than 12:00NN the following day. The NAVPU shall be made available to Participants and published on the Trustee's website.
  - (c) Suspension of Trading – The Trustee of the Fund may temporarily suspend calculation of the NAV/NAVPU of the Fund, as well as participation to and redemption from the Fund, if it is unable to determine the NAVPU of the Fund due to any fortuitous event, such as, but not limited to, 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.
7. Risk Management and Hedging Policy – For the general and collective interest of the Fund's Participants, the Trustee is authorized to adopt an external or internal risk management and hedging strategy, and a more definitive policy guideline based on generally accepted risk management principles, and duly approved by the Board of Directors of the Trustee.

The Fund may avail itself of instruments solely for the purpose of hedging risk exposures of the existing investments of the Fund, provided, that, these are accounted for in accordance with existing BSP guidelines, as well as the Trustee's risk management and hedging policies duly approved by the Board of Directors of the Trustee, and disclosed to the Participants.

#### 8. Participation and Redemption

- (a) Participation and Redemption Prices – Participation or redemption of units in the Fund, including fractions thereof, shall be based on the applicable NAVPU for the day computed based on Section 6 (Rules Related to Valuation) of this Appendix.
- (b) The original Fund, named BPI Global Philippine Fund, had a beginning NAVPU of USD 100.00/unit. The beginning NAVPU of the converted Fund shall be the end-of-day NAVPU of the original Fund prior to conversion date.
- (c) The Trustee shall set the minimum amount or number of units required for purchases or redemptions by a Participant in the Fund, which may be changed from time to time by the Trustee, as conditions warrant subject to the Trustee's compliance with Section 414-Q of the MORNBF. Provisions related to amendment/s are more specifically defined in Article IX, Section 1 of the Plan Rules. Policies on Participation and Redemption are the following:
  - i. Minimum Initial Participation: The minimum amount of initial participation is USD 100.00.
  - ii. Minimum Maintaining Participation: The minimum maintaining participation is the same as the amount prescribed for minimum initial participation.
  - iii. Minimum Additional Participation: None
  - iv. Minimum Redemption Amount: None
  - v. Minimum Holding Period: None
- (d) Settlement of Participation and Redemption. Participations and redemptions received on or before the cut-off time are settled at the end of valuation day using the NAVPU of the valuation day as the basis for settlement. Valuation day is defined under Article V, Section 1(a) of the Declaration of Trust / Plan Rules.

- (e) Partial redemption or redemption of unitholdings less than the outstanding units is allowed and shall be based on the applicable NAVPU for the day. On the next business day after the partial redemption, a Transaction Advice shall be sent to the Trustor indicating the remaining outstanding unitholdings. Should a partial redemption result in the investment falling below the required minimum maintaining balance, the Trustee shall automatically close the account, without need of prior notification to the participant, in which case, the entire balance of the account shall be paid through credit to the Trustor/s' Settlement Account based on the applicable NAVPU for the day multiplied by the number of remaining unit holdings.
- (f) Participation and Redemption Cut-off Time. Participation and/or notice of redemption received by the Trustee on or before the cut-off time of 2:00 PM shall be considered as transaction for the day. However, participation/notice of redemption received after the cut-off time shall be considered as transaction for the next applicable valuation day. Upon initial participation, the Participating Trust Agreement shall be made available to the Participant. A Confirmation of Participation or Transaction Advice shall be provided to the Participant for subsequent transactions.
- (g) Redemption Requirements and Conditions. Redemption shall also be subject to the requirement/condition below:

Redemption Notice Period. The participant of the Fund may redeem its participation on any valuation day. Request for redemption, subject to the cut-off time specified in Section 8 (f) shall be dealt with by the Trustee in chronological order according to the day that notice is received. On the next business day after the redemption, a Transaction Advice shall be sent to the Participant. However, the Trustee reserves the right to require from the Trustor/s a five (5) business day advanced written notice of redemption from the Fund. This required notice may be shortened or extended at the sole discretion of the Trustee depending on the liquidity position of the Fund and the frequency and volume of requests for redemption received by the Trustee at any given time. The Trustee shall communicate these by way of direct written correspondence to each participant, publication of announcement in the Trustee's own website, posting of notices in the premises of the Trustee, or posting/sending of notices in the approved platforms of all duly accredited distribution channels, not shorter than three (3) business days before any change is implemented.

- (h) Suspension of Participations and Redemptions – Conditions for the suspension of participations to, and redemptions from the Fund are specified in Section 6 (c) of the Appendix.
- 9. Fees and Expenses – The Trustee shall collect from the Fund trust fees in the amount equivalent to half a percentage (0.50%) per annum based on the NAV of the Fund, net of taxes. The said fees shall accrue daily and shall be collectible from the Fund on a monthly basis.
  - 10. Custody of Securities – Investments of the Fund shall be held for safekeeping by any BSP-accredited third party custodian/s which shall perform independent marking-to-market of such investments, as well as other functions pursuant to the relevant Custodianship Agreement. The name/s of the third-party custodian shall be indicated in the KIIDS.

## RISK DISCLOSURE STATEMENT

Prior to making an investment, BPI Wealth is hereby informing you of the nature of investments and the risks involved in investing therein. As investments generally carry different degrees of risk, it is necessary that before you make any investment, you should have:

- Fully understood the nature of investments and the extent of your exposure to risks;
- Read this Risk Disclosure Statement completely; and,
- Independently determined that the investment is appropriate for you.

Enumerated and defined below are the various risks you are normally exposed in investing depending on the type of the underlying assets of the portfolio. BPI Investment Funds do not provide guaranteed returns and are not covered by the Philippine Deposit Insurance Corporation (PDIC).

There are risks involved in investing in BPI Investment Funds because the value of your investment is based on the Net Asset Value per Unit (NAVPU) of the BPI Investment Fund which uses a marked-to-market valuation and therefore may fluctuate daily. The NAVPU is computed by dividing the Net Asset Value (NAV) of the BPI Investment Fund by the number of outstanding units. The NAV is derived from the summation of the market value of the underlying securities of the BPI Investment Fund plus accrued interest income less liabilities and qualified expenses.

**INVESTMENT IN BPI INVESTMENT FUNDS DOES NOT PROVIDE GUARANTEED RETURNS EVEN IF INVESTED IN GOVERNMENT SECURITIES AND HIGH-GRADE PRIME INVESTMENT OUTLETS. THE PRINCIPAL AND EARNINGS FROM YOUR INVESTMENT 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. GAINS FROM THE INVESTMENT IS REALIZED WHEN THE NAVPU AT THE TIME OF REDEMPTION IS HIGHER THAN THE NAVPU AT THE TIME OF PARTICIPATION.**

*Your investment exposes you to the various types of risks enumerated and defined hereunder.*

### **Interest Rate Risk**

There is a possibility that an investor may experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in a profit or a loss because the value of a debt instrument changes inversely with prevailing interest rates.

The Fund's portfolio, being marked-to-market, is affected by changes in interest rates thereby affecting the value of fixed income investments such as bonds. Interest rate changes may affect the prices of fixed income securities inversely, i.e., as interest rates rise, bond prices fall and when interest rates decline, bond prices rise. As the prices of bonds in a Fund adjust to a rise in interest rate, the Fund's market value may decline.

### **Market/Price Risk**

There is a possibility that an investor may experience losses due to changes in market prices of securities (e.g., bonds and equities). The portfolio of a Fund is exposed to uncertain market values due to price fluctuations.

The Fund risks to lose value due to a decline in the prices of securities, which may sometimes happen rapidly or unpredictably. The value of investments fluctuates over a given time period because of general market conditions, economic changes or other events that impact large portions of the market such as political events, natural calamities, and other factors. As a result, the NAVPU may increase to make profit or decrease to incur a loss.

### **Liquidity Risk**

There is a possibility that an investor may experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is to be made at a loss. These may be caused by different reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or an underdeveloped capital market.

There is liquidity risk when certain securities in the Fund may be difficult or impossible to sell at a particular time which may prevent the withdrawal/redemption until the Fund's assets can be converted to cash. Even government securities which are the most liquid of fixed income securities may be subjected to liquidity risk particularly if a sizeable volume is sought to be traded.

### **Credit Risk/Default Risk**

There is a possibility that an investor may experience losses due to a borrower's failure to pay the principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued. This inability of the borrower to fulfill its financial obligations may have resulted from adverse changes in its financial condition, thus, lowering credit quality of the security, and consequently lowering the price (market/price risk) which contributes to the difficulty in selling such security. It also includes risk of a counterparty (a party the Fund Manager trades with) defaulting on a contract to deliver its obligation either in cash or securities.

There is a risk that the Fund may experience a reduction in value in the securities which it has invested in, in the event the borrower defaults on its obligation or in the case of counterparty, when it fails to deliver on the agreed trade. This reduction in value of the Fund happens because the default/failure will cause the price of the security to decline and may make the security difficult to sell. As these happen, the Fund's NAVPU will be affected by a decline in value.

### **Reinvestment Risk**

There is a risk associated with the reinvestment of amounts in the Fund in view of the possibility of having lower returns or earnings when maturing funds or interest earnings are reinvested.

Investors who withdraw/redeem and realize their gains are exposed to the risk of generating lower returns if their funds are reinvested in an alternative investment outlet with lower yields. Similarly, BPI Wealth is faced with the risk of not being able to find alternative investments with equal or better yield as some of the securities in the Fund matures.

*In case of a foreign-currency denominated Fund or a peso-denominated Fund that is allowed to invest in securities denominated in currencies other than its base currency, the Fund is also exposed to the following risks.*

### **Foreign Exchange Risk**

There is a possibility that an investor may experience losses due to fluctuations in foreign exchange rates. The exchange rates depend upon a variety of global and local factors such as but not limited to interest rates, economic performance, and political developments.

The Fund is exposed to currency fluctuations when the value of investments in securities denominated in currencies other than the base currency of the Fund depreciates. Conversely, the Fund may lose value when the base currency of the Fund appreciates. The NAVPU of a Philippine Peso-denominated BPI Investment Fund invested in foreign currency-denominated securities may decrease when the Philippine Peso appreciates.

The returns of a foreign currency-denominated Fund invested in foreign currency-denominated securities may decrease when converted or translated in Philippine Pesos when the Philippine Peso appreciates.

### **Country Risk**

There is a possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries. There are risks in foreign investments due to the possible internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases of the foreign country involved which are difficult to predict but must be taken into account in making such investments.

Likewise, brokerage commissions and other fees may be higher in foreign securities.

Government supervision and regulation of foreign stock exchanges, currency markets, trading systems and brokers may be less than those in the Philippines. The procedures and rules governing foreign transactions and custody of securities may also involve delays in payment, delivery or recovery of investments.

For complex investment products, investment instruments can be subject to sudden and sharp falls in market value which may cause a TRUSTOR to lose the entire investment and extra funding may be required, as necessary.

**Index-Tracking Risk**

Specifically for index-tracker investments, there is a risk that the Fund's portfolio may not be the same as, and/or may not achieve a high degree of correlation with, the return of an index because of operating and other fund-management related expenses.

**Other Risks**

A Fund may be further exposed to the risk of any actual or potential conflicts of interest in the handling of in-house or related party transactions by BPI Wealth. These transactions may include parent/affiliate-bank deposits; purchase of own-institution or affiliate obligations (stocks, mortgages); purchase of assets from or sales to own institution, directors, officers, subsidiaries, affiliates or other related interests/parties; or purchases or sales between fiduciary/managed accounts.