

APPENDIX I

**METRO\$ CHINA EQUITY FEEDER FUND**  
**FUND SPECIFICATIONS**  
**(Amended)**

1. Investment Objective (Sec. 3, Art. II)

- a. The Fund aims to provide market returns from a representative portfolio of stocks that comprise the China Equity Market by investing at least 90% of its assets in the **iShares MSCI China A UCITS ETF USD**.

The Investor Fund is suitable for participants with an aggressive risk profile.

The Investor Fund will have only one Target Fund at any given time. The Target Fund may be changed from time-to-time subject to regulations and the stipulations contained in this Declaration of Trust.

- b. The benchmark of the Investor Fund is MSCI China A Inclusion Net Return USD Index.

MSI China A Inclusion Net Return USD Index is designed to track the progressive partial inclusion of A shares in the MSCI Emerging Markets Index over time. It provides direct access to China A-share equities while mitigating exposure to fluctuations between the value of the Chinese renminbi and the U.S. dollar.

Key Characteristics of the benchmark. The MSCI China A Inclusion Index was launched on October 23, 2017. The index is designed for global investors accessing the A shares market using the Stock Connect framework and is calculated using China A Stock Connect listings based on the offshore RMB exchange rate (CNH).

	<b>MSCI China A Inclusion*</b>
Number of Constituents	498
	<b>Mkt Cap (USD Millions)</b>
Index	1,702,323.12
Largest	98,324.85
Smallest	709.10
Average	3,418.32
Median	1,900.77

\*as of February 28, 2023 Index factsheet (MSCI China A Inclusion Index-USD)

The benchmark provides reference for acceptable returns on a dollar-denominated aggressive equity portfolio comprised primarily of financial, industrial, and consumer-staple companies listed in the Shanghai Stock Exchange and Shenzhen Stock Exchange in China.

Further details regarding the Benchmark Index (including its constituents) are available on the index provider's website at <https://www.msci.com/constituents>.

2. Investment Policy (Sec. 3, Art. II)

- a. Pursuant to the foregoing objectives, the Investor Fund may be invested and reinvested in the following instruments:

- i. US Dollar-denominated units/shares in collective investment schemes subject to the conditions enumerated under BSP Circular 767;
  - ii. US Dollar-denominated deposits with local banks/branches of foreign banks operating in the Philippines;
  - iii. US Dollar-denominated money market instruments that are traded in an organized exchange; or
  - iv. Other US Dollar-denominated Investments allowed under regulations issued by the Bangko Sentral Ng Pilipinas; and
  - v. Financial derivatives instruments solely for the purpose of hedging risk exposures of the existing investments of the Investor Fund, provided these are accounted for in accordance with existing BSP hedging guidelines and disclosed to participants.
- b. The Target Fund may be invested and reinvested in the following instruments:
- i. Global-denominated Investments allowed under regulations issued by the Bangko Sentral Ng Pilipinas;
  - ii. Global-denominated Exchange-listed securities;
  - iii. Global-denominated deposits with local banks/foreign banks
  - iv. Financial derivative instruments for hedging purposes and efficient portfolio management.
- c. The Investor Fund may invest a minimum of 90% of its fund in the Target Fund and a maximum of 10% in cash, deposits and other money market instruments.
- d. The combined exposure of the Target Fund to any entity and its related parties shall not exceed fifteen percent (15%) of the market value of the Target Fund: Provided, that the Target Fund invested, partially or substantially, in exchange traded equity securities shall be subject to the 15% exposure limit to a single entity/issuer: Provided further, that, in the case of an exchange traded equity security which is included in an index and tracked by the Target 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. The limitation shall not apply to non-risk assets as defined by the Bangko Sentral ng Pilipinas.

The fifteen percent (15%) single exposure limit shall be applied on the target fund's underlying investments. Notwithstanding said limit, if the target funds are allowed by their respective regulatory authority to invest in units/shares of other open-ended collective investment scheme, the exposure limit prescribed by said regulatory authority shall instead apply. Furthermore, the investments in the target fund shall not exceed ten percent (10%) of the total net asset value of the target fund.

In case the limits prescribed above are 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, or in case of Investor Funds thirty (30) days from the date of receipt of report indicating the net asset value of the fund, to correct the same.

- e. The Investor Fund may temporarily hold cash and deposits for a maximum period of thirty (30) calendar days in excess of regulatory or defined cash allocation limits during the transitory period while the Investor Fund switches to another Target Fund.
  - f. A Target Fund constituted in another jurisdiction shall be registered/authorized/approved, as the case may be, and is recognized as a collective investment scheme in its home jurisdiction by a regulatory authority that is a member of the International Organization of Securities Commissions (IOSCO); or any regulatory authority acceptable to the Bangko Sentral to supervise the collective investment scheme.
3. Target Fund Description The chosen Target Fund is the **iShares MSCI China A UCITS ETF USD** ("Fund"). The pertinent features of this Fund and the Target Fund are as follows:
- a. Domicile – Ireland
  - b. Investment Objective, Strategy and Policy of the Fund – "The investment objective of the Fund is to provide investors with a total return, taking into account both capital and income returns, which reflects the return of the MSCI China A Inclusion Index.

In order to achieve its investment objective, the investment policy of the Fund is to invest in a portfolio of equity securities that as far as possible and practicable consist of the component securities of the MSCI China A Inclusion Index, this Fund's Benchmark Index. The Fund intends to use optimisation techniques in order to achieve a similar return to the Benchmark Index and it is therefore not expected that the Fund will hold each and every underlying constituent of the Benchmark Index at all times or hold them in the same proportion as their weightings in the Benchmark Index. The Fund may hold some securities which are not underlying constituents of the Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index. However, from time to time the Fund may hold all of the constituents of the Benchmark Index.

The Fund may trade China A Shares via Stock Connect, a collaboration between the SEHK, Shanghai Stock Exchange and Shenzhen Stock Exchange that allows international investors to trade securities in mainland China (which for these purposes excludes Hong Kong, Macau Special Administrative Regions and Taiwan) through the trading and clearing facilities of the SEHK. Under Stock Connect, the Fund's trading of China A Shares listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange is settled through its Hong Kong brokers.

Under current law issued from the PRC and subject to minor exceptions, investors based in certain jurisdictions outside the PRC may apply to the CSRC for status as a RQFII. Once an entity is licensed as a RQFII, it may invest directly in China A Shares.

The Investment Manager has been granted an RQFII Licence as at the date of this Prospectus which may be used across multiple funds under its management, including this Fund. Therefore, the Fund may also trade China A Shares via the Investment Manager's RQFII Licence under the RQFII Regime."<sup>1</sup>

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<sup>1</sup> Page 55 of the Prospectus of iShares IV Public Limited Company Swiss Extract Prospectus Dated 29 December 2022

- c. The investments of the Target Fund shall be reviewed by the Trustee to ensure that it complies with all regulatory requirement and investment restrictions for Target Funds.
- d. The Target Fund may be exposed to a certain risks such as, but not limited, to the following:

“Key Risks: Emerging markets are generally more sensitive to economic and political conditions than developed markets. Other factors include greater 'Liquidity Risk', restrictions on investment or transfer of assets and failed/delayed delivery of securities or payments to the Fund. Investment risk is concentrated in specific sectors, countries, currencies or companies. This means the Fund is more sensitive to any localised economic, market, political or regulatory events. Currency Risk: The Fund invests in other currencies. Changes in exchange rates will therefore affect the value of the investment. The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events. Should demand for the Fund exceed the quota granted to the investment manager for investment in onshore Chinese securities, the investment manager may be unable to obtain additional quota. This may result in subscriptions being suspended and the Shares of the Fund trading at a significant premium or discount to Net Asset Value on any stock exchange on which they are admitted to trading. Liquidity Risk: Lower liquidity means there are insufficient buyers or sellers to allow the Fund to sell or buy investments readily. The PRC/Ireland tax treaty provides for exemption from Chinese capital gains tax on sales of the Fund's investment in China A Shares. Although the Fund is expected to be exempt, there is a risk that the PRC tax authorities could consider the Fund not to be eligible for the PRC/Ireland tax treaty and seek to collect such tax on a retrospective basis, which would affect the value of the investment. Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.”<sup>2</sup>

4. Qualified Participants : Requirements and Restrictions (Sec. 1, Art. III)

Participation in the Investor Fund shall be open to Filipino individuals, resident and non-resident aliens and domestic corporate accounts. However, persons from United States of America (USA) and Canada are not qualified to open an account.

5. Admission and Redemption (Art. III)

a. **Policies of Admission and Redemption.**

- i. Minimum Initial Participation. The minimum amount of initial participation is USD 500.00.
- ii. Minimum Maintaining Participation. The minimum maintaining participation is USD 500.00.
- iii. Minimum Additional Participation. The minimum additional participation is USD 100.00.
- iv. Minimum Holding Period – The minimum holding period of the participation is seven (7) calendar days from the date of participation.
- v. Minimum Redemption Amount. The minimum redemption amount is USD 100.00.

- b. **Admission and Redemption Cut-off Time.** Admission and/or notice of redemption received by the Trustee on or before the **prescribed** cut-off time shall be considered as transaction for

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<sup>2</sup> iShares MSCI China A UCITS ETD USD Factsheet as of January 31, 2023

the day. Admission/notice of redemption received after the cut-off time shall be considered as transaction for the next applicable business day. When admitted, the Participating Trust Agreement and/or Confirmation of Transaction (COT) shall be made available to the Participant.

Daily Cut-off for Electronic Channels	Daily Cut-off for Branch Channels
On or before 2:30 P.M.	On or before 12:00 N.N.

- c. **Admission and Redemption Prices.** Admission and redemption prices shall be based on the prevailing market value of underlying investments of the Investor Fund at that time, in accordance with existing BSP rules and regulations on marking to market valuation of investment instruments.
- d. **Participation Requirements and Conditions.** Participation shall also be subject to the following requirements/conditions:
- i. **Participation to the Investor Fund.** The moneys which may be invested (by way of Participation to the Investor Fund), may consist of any of the following: (1) moneys or cash denominated in US Dollars, (2) on-us checks, drafts, and other negotiable instruments (3) moneys transferred from other banks and financial institutions (4) moneys debited from trust or deposit accounts maintained with Metrobank.
  - ii. **Interest in the Investor Fund.** No participant in a UIT Fund shall have or be deemed to have any ownership or interest in any particular account or investment in the UIT Fund but shall have only its proportionate beneficial interest in the Investor Fund as a whole; and each unit shall have uniform rights or privileges as any other unit.
  - iii. **Re-issuance of Confirmation of Transaction.** Every Confirmation of Transaction re-issued by the Trustee by virtue of defacement, mutilation, loss, theft, or destruction shall be in the name of the Participant as represented in the original Confirmation of Transaction.
  - iv. **Cancellation of Participation.** Trustor's participation shall be ipso facto void and automatically cancelled if medium of payment is dishonored for whatsoever reason.
  - v. **Confidentiality.** Participations made to the Investor Fund shall, in accordance with existing laws and regulations, be kept absolutely confidential.
- e. **Redemption Requirements and Conditions.** Redemption shall also be subject to the following requirements/conditions:
- i. **Redemption Notice Period.** The participant in the Investor Fund may redeem his participation on any business day provided that prior notice of redemption, in any form acceptable to the Trustee, is acknowledged/ received by the Trustee according to the Admission and Redemption Cut-off Time stipulated herein. Requests for redemption shall be dealt with by the Trustee in chronological order according to the day that notice is received. This applies to early, partial, or full redemption.
  - ii. **Early Redemption Fee.** An early redemption fee of 50% based on the total income earned from the redeemed amount shall be charged to the concerned Participant in case of redemption prior to the completion or lapse of the minimum holding period of seven (7) calendar days. Such fee shall form part of the Investor Fund.

- iii. **Partial Redemption.** Partial Redemption shall be allowed. Average cost shall be used as cost basis for the remaining/unredeemed units of the Participant. A notice of partial redemption will be required from the Participant to facilitate the partial redemption transaction which shall be confirmed upon issuance of the Confirmation of Transaction containing the redemption details, the average NAVPu, and the remaining units of the holdings.
- iv. **Redemption Settlement.** Proceeds of redemption shall be paid out of the Investor Fund on the redemption settlement date of not later than four (4) business days after transaction date and upon receipt of the notice of redemption for the units being redeemed. The amount of payment or delivery due the Participant shall be based on the transaction day's NAVPU when notice of redemption was received. This applies to early, partial, or full redemption.
- f. **Suspension and Limitation on Admission/Redemptions.** The Trustee of the Investor Fund may temporarily suspend calculation of the NAV/NAVPu of the Investor Fund, as well as admission to and redemption from the Investor Fund, if it is unable to determine the NAVPu of the Investor Fund due to any fortuitous event, such as fire, natural calamity, public disorder, or national emergency affecting the financial market resulting in the suspension of trading and consequently, the absence of available market prices of securities/instruments.

The Trustee may also suspend such calculations due to the suspension of trading of its Target Fund. The suspension of the target fund will mean the unavailability of a real-time NAVpu that is reflective of actual market movements if previous day NAVpu of the target fund would be used.

6. NAVPu (Secs. 1 and 2, Art. V)

All assets of the Investor Fund shall be marked to market daily in accordance with existing BSP rules and regulations on marking to market valuation of investment instruments. The Target Fund shall be valued based on the End of Day NAVPU/NAVPS of the Target Fund.

Valuation Day shall mean any business day when the Net Asset Value per Unit shall be calculated by the Trustee which is daily at 6 P.M.

The value of the NAVPu at the start of Investor Fund's operation shall be: USD 1.00

The Fund's historical NAVPu shall be made available via Metrobank's website or the TOAP-administered website.

7. Fees and Expenses of the Investor Fund (Sec. 3 Art. V)

The Trustee shall collect from the Investor Fund trust fees in the amount equivalent to 0.75% per annum based on Net Asset Value (NAV) of the Investor Fund gross of trust fee for the day which shall be accrued daily and shall be collectible from the Investor Fund monthly in arrears.

The Trustee may charge the Investor Fund special expenses that are necessary to preserve or enhance the value of the Investor Fund which is payable to a third party covered by a separate contract, and disclosed to Participants. The Trustee shall secure prior BSP approval for outsourcing services provided under existing regulations (Sec. 1.j, BSP Cir. 593).

All rebates, waiver, and/or commissions collected by the Fund from the Target Fund/s shall rebound back to the Fund.

In cases where the Investor Fund switches to another Target Fund, charges may be incurred when the investment in the Target Fund is redeemed prior to lapse of the Target Fund's holding period. This and all costs related to the switching of Target Fund shall be disclosed in the Key Information and Investment Disclosure Statement following the incurrence of such costs.

**By investing in the Investor Fund, the participant will be subjected to a layered investment structure which will subject them to higher fees.** To illustrate, if total Trust Fee charged by the Target Fund is 0.50% per annum, and the Investor Fund also charges a Trust Fee of 0.50% per annum, then the total effective Trust Fee charged will be 1% per annum. This applies for all fees and charges collected by both the Target and Investor Funds.

8. Other Terms & Conditions (Art. X)

- a. Investment in securities of the Investor Fund shall be held for safekeeping by BSP accredited third party custodians which shall perform independent marking-to-market of such securities.
- b. Investments in the Target Fund of the Investor Fund shall be held for safekeeping by an institution registered/authorized/approved by a relevant regulatory authority in its home jurisdiction to act as third party custodian.
- c. Dealings with Counterparties. Dealings by the Trustee with related interests/ bank proper/ holding company/ subsidiaries/ affiliates and related parties shall be transparent at all times and supported by records. The Trustee shall adhere to the best execution principle and no buy/sell transaction shall be made with related counterparties without considering a minimum of two (2) competitive quotes from other sources.