

DECLARATION OF TRUST

(As Amended)

METRO\$ MAX-3 BOND FUND

(Formerly Metrodollar Philippine Liquid Fund)

A Unit Investment Trust Fund

KNOW ALL MEN BY THESE PRESENTS:

Metropolitan Bank and Trust Company a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, and authorized to perform trust and other fiduciary functions through its Trust Banking Group ("Metrobank - Trust Banking"), with principal office address at 16th Floor, Metrobank Center, 35th Street corner 7th Avenue, Bonifacio Global City, 1634 Taguig City, hereinafter referred to as the "**TRUSTEE**";

W I T N E S S E T H:

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 **METRO\$ MAX-3 BOND FUND** (herein referred to as the "Fund").
- Sec. 2 Nature of the Fund – The Fund is a unit investment trust 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 (the "BSP") and to existing laws.

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.

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 Metro\$ Max-3 Bond Fund, a dollar-denominated intermediate-term bond fund, shall be described in **Appendix I** as amended hereto.

Sec. 3 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 **Appendix I** as amended 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 hereto attached as **Appendix II** as amended hereto.

Article III

PARTICIPATION: ADMISSION & 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.

Participation in the Fund shall be open to participants with legal capacity to contract subject to the rules or procedures stipulated in **Appendix I** as amended hereto and those established by the Trustee to be advantageous or to the best interest of the Fund.

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** as amended 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 offered by duly certified UITF marketing personnel.

Article V

VALUATION OF THE FUND AND PARTICIPATION UNITS

Sec. 1 Valuation of the Fund – The valuation of the Fund shall be subject to the following rules:

- a. The Trustee shall, on a daily basis, determine the net asset value (herein referred to as the “NAV”) of the Fund and the value of each unit of participation (herein referred to as the “NAVpu”)
- 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** as amended hereto.

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

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

Sec. 3 Fees and Expenses of the Fund –

- a. **Trustee's Fees** - The Trustee shall charge against the Fund regular trust fees in the amount indicated in **Appendix I** as amended 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** as amended 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 **Section 414** 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.

Article VI **TRUSTEES POWERS & 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.

However, if the Trustee deems it proper and beneficial for the Fund, the Trustee may engage the services of third party/ies as investment advisor or manager of a portion of the Fund; provided that the said arrangement shall be covered by a written agreement/contract and such third party/ies is/are disclosed in the quarterly reports to the participants of the Fund.

Sec. 2 Powers of 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, 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 Section 3, Article II 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 Section 3, Article II hereto;
- d. To deposit in any bank or financial institution, including its own bank, any portion of the Fund, subject to the requirement of **Section 414** of the 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, and other third party service provider/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. Notwithstanding, the Trustee shall be responsible for the performance of the outsourced activity in the same manner and to the same extent as if it was performing directly the said activity. Further, to appoint and retain the services of qualified and reputable local or foreign broker/s, agent/s, counterparties, and in so doing, the Trustee shall use reasonable endeavors to assess the performance, reputation and credit worthiness of the same, provided however, that the Trustee shall not be held liable in guaranteeing the performance or creditworthiness nor the possible default of the obligations of the said parties;
- 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.

Sec. 3 Other Powers and Authority of the Trustee - The Trustee shall also have the following additional powers and authority which it shall exercise according to its full discretion, supervision and control:

- a. To open an exclusive trust account for the Fund and to maintain the same exclusively for the Fund;
- b. To open and maintain for the Fund savings/current accounts with any Metrobank depository branch and to deposit therein all the funds coming to its possession pending action for any investment, and to make payments or withdrawal against such

savings/current accounts as may be necessary in connection with the management of the Fund;

- c. To act as Attorney-in-fact with full power and authority to ask, demand, sue for, recover, collect, and receive any and all sums of money, debts, interests, and other things of value of whatever nature and kind as may now be or may hereafter become due, owing, payable, or belonging to the Fund, and to have, sue, and take any and all lawful ways and means for the recovery thereof by suit, attachment, compromise, or otherwise; and
- d. To deduct any applicable tax required by law to be withheld from the income of the Fund and to remit the same to the appropriate taxing authority;

Sec. 4 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.

Sec. 5 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.

Article VII RIGHTS OF PARTICIPANTS

Sec. 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.

Sec. 2 Disclosure of Investments - A list of existing and prospective investments of the Fund shall be made available to participants. Such disclosure shall be substantially in the form as provided under **Section 414 – Appendix 56** 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.

Sec. 3 Disclosure of Risks - Participants shall be informed of the risks attendant to this type of fund through a 'Risk Disclosure Statement'.

Sec. 4 Rights Upon Termination of Plan – In case of termination of the Plan, the Participants shall have (a) the right to be notified of such termination in accordance with Section 2, Article IX hereto 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* and *pro-rata*.

Sec. 5 Cooling – Off Period. Individual participants, who are natural person except corporations, partnership, associations and those specifically disqualified by law or regulations, shall have

the right to cancel their subscriptions or contributions, without penalty, upon written notice to the Trustee within two (2) banking days immediately following the signing of agreement or contract evidencing their participation in the Fund. Further, the net amount of payment or delivery due the Participant shall be based on the transaction day's NAVpu when notice of redemption, termination or cancellation was received.

Article VIII **ANNUAL AUDIT AND REPORT**

- Sec. 1 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 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 & TERMINATION**

- Sec. 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 **in writing, either in electronic or printed form**, 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 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 Bangko Sentral Ng Pilipinas 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.
- Sec. 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 Bangko Sentral Ng Pilipinas. 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, **either in electronic or printed form**, to each participant or through the posting of notices in the premises of the Head office and branches of the Trustee. Upon termination, 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 Tax on Income - The income earned by the Fund from fixed income instruments shall be subject to all applicable taxes. Income earned from all other investments shall be subject to the applicable taxes under existing laws and regulations.
- Sec. 2 Discretion of the Trustee to be Absolute - Whenever in this Declaration of Trust it is provided that any power may be exercised or any act of thing done by the Trustee, involving the exercise of discretion, said discretion when exercised in good faith or with reasonable care under the circumstances then prevailing, shall be final and conclusive, and its determination when so made to act or refrain from acting of to exercise such power or to refrain from so doing, shall be binding upon the Participant(s) and all persons having or claiming interest therein.
- Sec. 3 Advice of Counsel - The Trustee may consult or employ a qualified legal counsel, including its own legal counsel, for advice as to the meaning and construction of this Declaration of Trust or any provisions hereof, or concerning its power or obligations hereunder, and shall not be liable for any consequence of any action taken or omitted by it in good faith pursuant to the opinion of such counsel.
- Sec. 4 Representation by the Trustee in Judicial Proceedings - In any judicial proceeding affecting any property or security belonging to the Fund, if the Trustee shall be a party to such proceeding and is duly represented before the tribunal on which such proceeding shall be pending, each Participant and every person having or claiming to have any interest in or any Participation in the Fund shall be deemed to be fully represented by the Trustee for said purpose.
- Sec. 5 Effect of Mistakes - No mistake made in good faith and in the exercise of due care in connection with the administration of the Fund shall be deemed to be a violation of this Declaration of Trust or of any applicable laws or regulations if, within a reasonable time after the discovery of the mistake, the Trustee shall take whatever action may be practicable under the circumstances to remedy it.
- Sec. 6 Successors and Assignee - This Declaration of Trust and all provisions thereof shall be binding upon and shall inure to the benefit of the Participants as Trustors and their successors-in-interest, its executors, administrators, distributors, and assignees, having or claiming to have any interest in any Participation in the Fund.
- Sec. 7 Rules of Construction - Unless the context otherwise requires, words importing the singular number shall include the plural number and vice versa; and words importing the masculine gender shall include the feminine gender. The headings used herein are incorporated for convenience or reference only and shall not be conclusive as to the construction or interpretation of any provision.
- Sec. 8 Governing Law - The validity, effectivity and interpretation of any of the provisions hereof, its annexes, and all supplementary deeds hereto shall be governed by and construed in accordance with the laws of the Republic of the Philippines, **Manual of Regulations for Banks (MORB)** and the rules and regulations from time to time promulgated by the Bangko Sentral ng Pilipinas and any other competent authority. In case one or more provisions of this Plan is declared invalid, illegal or unenforceable in any respect under the law or regulation, the

legality and enforceability of the other provisions not affected shall not in any way be affected or impaired thereby.

This Agreement and the dispositions hereunder shall be construed and regulated and their validity and effect shall be determined by the laws of the Republic of the Philippines as such may laws may from time to time exist. Venue of suits arising under this Agreement shall be in the proper courts of Taguig City.

Sec. 9 Resolution of Approval - This Declaration of Trust was duly approved by a Resolution of the Board of Directors of the Metropolitan Bank and Trust Company (Metrobank) on the _____ day of _____ 2023, as evidenced by the Certificate issued by the Corporate Secretary of Metrobank attached hereto and marked as Annex "A".

IN WITNESS WHEREOF, METROBANK TRUST BANKING GROUP has caused this Declaration of Trust to be signed and its corporate seal affixed thereto on _____, 2023 at _____ City.

METROBANK TRUST BANKING GROUP

Trustee

By:


ANGELICA S. REYES
Trust Officer


PAMELA KRISTINE L. LOPEZ
OIC Head, Investment Products Division



APPENDIX I

METRO\$ MAX-3 BOND FUND
(Formerly MetroDollar Philippine Liquid Fund)
FUND SPECIFICATIONS
(As amended)

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

- a. The Fund intends to achieve for its participants income and potential returns that are higher than regular traditional deposit products by investing in a diversified portfolio of dollar-denominated fixed income securities and instruments with a maximum weighted average duration of three years.
- b. **Return Objective. The Fund aims to outperform the returns of its blended benchmark, consisting of 30% Bloomberg EM USD Sovereign: Philippines Total Return Index Unhedged USD (I01376US) and 70% Philippine Dollar Deposit Rate Savings Deposit (PPSDUS\$). It should be understood, nonetheless, that this does not imply a guaranteed return for the investors of the Fund.**
- c. The fund is suitable for clients with a moderate risk profile.

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

- a. Pursuant to the foregoing objectives, the Fund may be invested and reinvested in the following instruments:
 - i. US Dollar-denominated deposits;
 - ii. US Dollar-denominated money market instruments;
 - iii. Tradable Philippine US Dollar-denominated sovereign fixed income securities;
 - iv. Tradable Philippine US Dollar-denominated corporate fixed income securities;
 - v. Tradable US Dollar-denominated subordinated fixed income instruments issued by corporations and financial institutions;
 - vi. Financial derivatives instruments solely for the purpose of hedging risk exposures of the existing investments of the Fund, provided these are accounted for in accordance with existing BSP hedging guidelines and disclosed to participants; and
 - vii. Other Investments allowed under regulations issued by the Bangko Sentral ng Pilipinas.
- b. The combined exposure of the UITF to any entity and its related parties shall not exceed fifteen percent (15%) of the market value of the UITF. This limitation shall not apply to non-risk assets as defined by the Bangko Sentral ng Pilipinas.
- c. Macaulay Duration Policy. The Fund's investments in dollar-denominated fixed income securities and instruments shall have a maximum weighted average duration of three years.

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- d. **Benchmark Information.** The Fund's benchmark is a blended benchmark composed of **30% Bloomberg EM USD Sovereign: Philippines Total Return Index Unhedged USD** and **70% Philippine Dollar Deposit Rate Savings Deposit**.

The benchmark provides reference for acceptable returns on a dollar-denominated fixed income portfolio, **with an investment focus on Philippine debt issuances**. It is heavily weighted on the **Philippine Dollar Deposit Rate Savings Deposit (PPSDUS\$)** to reflect a maximum **weighted average** duration of **three (3) years**.

Key Characteristics of the Benchmark. **The Bloomberg EM USD Sovereign: Philippines Total Return Index Unhedged USD (I01376US) tracks the performance of USD-denominated sovereign debt issued in the Philippines.** The Philippine Dollar Deposit Rate Savings Deposit (PPSDUS\$) represents the savings deposit rates **for dollar deposits in the Philippines. The currency for this ticker is USD, as it tracks deposit rates for savings in US dollars within the Philippines.**

Further details regarding the benchmark are available from Bloomberg and the official website of the Bangko Sentral ng Pilipinas.

3. **Qualified Participants : Requirements and Restrictions** (Sec. 1, Art. III)
Participation in the Fund shall be open to Filipino individuals, resident and non-resident aliens and corporate accounts.
4. **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 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 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 Fund.** The moneys which may be invested (by way of Participation to the Fund), may consist of any of the following: (1) moneys or cash denominated in Philippine Peso, (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 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 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 the medium of payment is dishonored for whatsoever reason.
 - v. **Confidentiality.** Participations made to the 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 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 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 Fund on the redemption settlement date of not later than one (1) business day after transaction date and upon presentation of a Transaction Order Form (TOF) for the units being redeemed. The amount of payment or delivery due the Participant shall be based on the transaction

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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 Fund may temporarily suspend calculation of the NAV/NAVPU of the Fund, as well as admission to and redemption from the Fund, if it is unable to determine the NAVPU of the 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.

5. NAV Pu (Secs. 1 and 2, Art. V)

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. US-denominated sovereign and corporate fixed income securities shall be valued against the Bloomberg Generic Bid Price Fixing and deposit at cost.

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

The value of the NAVPU at the start of 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.

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

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

The Trustee may charge the Fund special expenses that are (1) reasonable to preserve or enhance the value of the Fund, (2) payable to a third party covered by a separate contract, and (3) disclosed to participants. The Trustee shall secure prior BSP approval for outsourcing services provided under existing regulations (Sec. 1.j, BSP Cir. 593).

7. Other Terms & Conditions (Art. X)

- a. **BSP-Accredited Third Party Custodian.** Investment in fixed income securities shall be held in custody by BSP Accredited Third Party Custodian. The third party custodian shall execute, acknowledge, keep in custody and deliver any or all securities necessary in the investment and reinvestment of the Fund as well as handle administration, valuation and perform independent marking to market of the Fund's securities.
- b. **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.

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