

## **DECLARATION OF TRUST**

### **CTBC BANK - SUN LIFE PHILIPPINE STOCK INDEX FEEDER FUND**

A Unit Investment Trust Fund

KNOW ALL MEN BY THESE PRESENTS:

CTBC Bank (Philippines) Corporation, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 18<sup>th</sup> Floor Fort Legend Towers, 31<sup>st</sup> St. corner 3<sup>rd</sup> Avenue Bonifacio Global City, Taguig City 1634, with authority to perform trust and other fiduciary functions, acting herein through its Trust and Investments Division (herein 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 **CTBC Bank - Sun Life Philippine Stock Index Feeder Fund** (herein referred to as the "Fund").

Sec. 2 Nature of the Fund – The Fund is a peso denominated 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.

Type of Fund – The Fund shall be classified as an Equity Feeder Fund.

A feeder fund is a unit investment trust fund structure that mandates the fund to invest at least ninety percent (90%) of its assets in a single collective investment scheme.

Title to Assets of the Fund - All assets of the Fund shall, at all times, be considered as assets held by the Trustee vested solely in the Trustee.

Nature of Participant's Interest in the Fund - No participant shall have or be deemed to have any ownership or interest in any particular account, investment or asset of the Fund but shall have only its proportionate and undivided beneficial interest in the Fund as a whole.

Description of the Fund - The features of the **CTBC Bank - Sun Life Philippine Stock Index Feeder Fund** shall be described in **Appendix I** 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** 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**.

Information about the Target Fund shall be disclosed in **Appendix III** hereto. Updated data about the Target Fund and its management company which include AUM, other products, fund performance and team profile may be accessed through the Target Fund's website at [www.sunlifefunds.com](http://www.sunlifefunds.com).

#### 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** 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** 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.

#### 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** hereof.

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

- (a) The NAVpu shall be determined 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** hereto.
- (c) The NAVPu shall be computed daily at the time specified in **Appendix I** 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** 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**. The trust fees shall be uniformly applied to all participants in the Fund. Said fee may be increased or decreased in the future as may be warranted by circumstances then existing, subject to the requirements of Subsection X410.6 of the Manual of Regulations for Banks. In the event the trust fees are changed, such change shall be charged prospectively.
- (b) Expenses - The Trustee may charge the Fund for special expenses if the same is necessary to preserve or enhance the value of the Fund. Such special expenses shall be payable to pertinent third party or parties covered by separate contract/s, and disclosed to the Participants.

#### 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. Being a feeder fund, the Trustee shall also have full discretion to select the target fund.

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

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, which includes the selection of the target fund, and the sole right, at any time to sell, convert, reinvest, exchange, transfer or otherwise change or dispose of the assets comprising the Trust Fund;
- c. To hold, place, invest and reinvest the Fund with full discretionary powers, and without distinction, as to principal and income in investments stipulated in Article II, Section 3 hereto and in such investments it may deem sound and appropriate, subject only to the limitations the investment objectives and policies of the Fund stated in Article II, Section 3 hereto;
- d. To deposit in any bank or financial institution, including its own bank, any portion of the Fund, subject to the requirement of Subsection X410.8 of the Manual of Regulations for Banks ;
- e. To register or cause to be registered any securities of the Fund in nominee or bearer form;
- f. To appoint and retain the services of qualified and reputable local or foreign investment advisor and/or fund manager/s; provided, however, that the Trustee shall retain ownership and control of the Fund, and provided further, that the investment advisor/s and/or fund manager/s shall work within the investment parameters or guidelines set by the Trustee from time to time and shall be directly responsible to the Trustee for any investment actions and decisions undertaken for the Fund;
- g. To hire and compensate legal counsel/s, certified public accountant and other specialist/s in connection with administration and management of the Fund and the protection or advancement of its legal and other interests;
- h. To make, execute, acknowledge and deliver any or all securities, agreements, contracts, deeds, documents and instruments necessary in the management and reinvestment of the Fund, or in connection with the exercise of the powers herein conferred or the performance of acts herein authorized;
- i. To collect, receive and receipt for income, dividends, interest, profits, increments and such other sums accruing or due to the Fund;
- j. To pay out of the Fund all costs, expenses, and proper charges incurred in connection with the administration, preservation, maintenance and protection of the Fund.
- k. To have full discretion on switching of target funds due to material changes with respect to the target Fund's investment objectives, administration, and/or management as discussed in **Appendix IV** hereto;
- l. To perform other acts necessary to ensure proper administration and management of the Fund.

Sec. 3 Liability of Trustee – Save that attributable to the Trustee's fraud, willful default, bad faith or gross negligence, the Trustee shall not be liable for any loss or depreciation in the value of the Fund or in the value of the Trustor's participation in the Fund. The Trustee shall not be liable for act or omission where such action or inaction, in the good faith judgment of the Trustee, was then necessary, reasonable or appropriate for the proper and advantageous administration and management of the Fund.

Sec. 4 Non-Coverage By PDIC – Participation in this Fund is a trust arrangement and is not a deposit account. As such, the participation in the Fund is not covered by the Philippine Deposit Insurance Corporation (PDIC). Any income or loss of the Fund (whether realized or unrealized) will impact the NAVpu and shall be for the account and risk of the participant.

Sec. 5. No Guarantee of Yield

The Trustee does not guarantee a yield, return or income of the Fund.

#### 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 Appendix A of Subsection X410.7 of the Manual of Regulations for Banks. Upon request, participants in the Fund shall be furnished a quarterly list of investments held by the Fund.

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 of Article IX hereof and, (b) upon demand, the right to inspect or be provided a copy of the financial statement used as the basis for the distribution of the Fund.

In respect of the Fund, the rights of the remaining Participants as against each other shall be *pari passu* and *pro-rata*.

#### 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 of such amendments and those who are not in conformity with the amendments made shall be allowed to withdraw their participations within (30) calendar days after the amendments are approved. Otherwise, participants are deemed to have conformed to the amendments. *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 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.

**IN WITNESS WHEREOF**, CTBC Bank (Philippines) Corporation thru its Trust and Investment Services Department has caused this Declaration of Trust to be signed and its corporate seal affixed thereto on \_\_\_\_\_, 2017 at Taguig City.

**CTBC Bank (Philippines) Corporation**  
**Trust and Investment Services Department**  
Trustee

By:

**DREDA TERESA D. MENDOZA**  
Vice President and Trust Officer

**CTBC BANK - SUN LIFE PHILIPPINE STOCK INDEX FEEDER FUND**

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**FUND SPECIFICATIONS**

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

(a) The Fund intends to achieve for its participants investment returns that track the performance of the Philippine Stock Exchange Index (PSEi) by investing in a diversified portfolio of stocks comprising the PSEi in the same weights as the index, to the extent practicable. It is suitable for investors with aggressive risk profile who wish to seek long term capital growth.

## (b) Return Objective

The return objective of the Fund is to replicate the performance of the PSEi by investing in the same securities and in the same weights as in the Index.

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

Pursuant to the foregoing objectives, the Fund takes the form of a feeder fund as defined in BSP Circular No. 767, Series of 2012. Therefore, it shall invest at least ninety percent (90%) of its assets in a single collective investment scheme. In this case, the target fund is Sun Life Prosperity Philippine Stock Index Fund, Inc., an open-end investment company duly registered with the Securities and Exchange Commission.

The remaining portion of the assets, up to a maximum of 10%, may be invested and reinvested in the following:

- (a) Short-term tradable fixed-income instruments, issued or guaranteed by the Philippine government or the BSP; marketable instruments that are traded in an organized exchange; investment outlets/ categories that the BSP may allow.
- (b) Short-term tradable fixed-income securities issued, underwritten, or otherwise dealt by CTBC Bank Phils. 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 or any such instrument as may be allowed under BSP regulations. The principle of best execution shall be observed and no purchase/sale shall be made with related counterparties without considering at least two (2) competitive quotes from other sources as provided in Subsection X410.12.a of the MORB.
- (c) Bank deposits or tradable debt instruments issued by the BSP.
- (d) Money market unit investment trust funds or mutual funds. Pursuant to Subsection X410.12.a and consistent with the provisions of Subsection X410.4 of the MORB, a trustee may invest the funds of a UIT Fund structured as an investor fund in a target fund that is administered by the trustee or its related party/company, provided that there shall be no cross-holding between the investor fund and the target fund, where cross-holding refers to the holding of shares/units of participation in one another by two (2) or more funds. All initial charges on the target fund shall be waived and the trust/management fee shall be charged only once, either at the level of the investor fund or at level of the target fund.
- (e) Such other investments allowed under regulations issued by the BSP.



The Fund may exceed the 10% limit on other instruments during a transition period should the Trustee decide to switch to another target fund.

### **Exposure Limits**

As a feeder fund, the exposure limit shall be applied on the target fund's underlying investments. Since the target fund, Sun Life Prosperity Philippine Stock Index Fund, Inc., is an index tracker fund, the exposure limit to a single entity shall be the actual benchmark weighting of the issuer or fifteen percent (15%), whichever is higher.

Furthermore, the investments in any one target fund shall not exceed ten percent (10%) of the total net asset value of the target fund.

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.

### **3. Qualified Participants: Requirements and Restrictions (Sec. 1, Art. III)**

Participation in the Fund shall be open to all individuals of legal age, institutions and corporations.

### **4. Admission and Redemption (Art. III)**

#### **(a) Policies of Admission and Redemption.**

**Minimum Initial Participation.** The minimum amount of initial participation/contribution is Php10,000.00.

**Minimum Maintaining Participation.** The minimum maintaining participation is Php10,000.00.

**Minimum Additional Participation.** The minimum maintaining participation is Php10,000.00.

**Minimum Holding Period –** The minimum holding period of the participation is thirty (30) calendar days from the date of participation.

**(b) Admission and Redemption Cut-off Time .** Admission and/or notice of redemption may be accepted on any banking day subject to an 11:00 am cut-off time. The cut-off time may be amended by the Trustee upon which all branches distributing the said UITF will be advised. However, admission/notice of redemption received after the cut-off time shall be considered as transaction for the next applicable banking day. When admitted, the Participating Trust Agreement and/or Confirmation of Participation shall be made available to the Participant. Proceeds of redemption shall be paid out of the Fund on the settlement date of five (5) banking days after transaction date.

**(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 Condition. Participation shall also be subject to the following requirements/conditions:

Investment in the Fund shall be expressed in units. On opening date, each unit shall be sold at P1.00. Thereafter, each unit shall be sold at its net asset value (NAVPU). Minimum investment per investor should be at least Php10,000.00. Any additional investment shall be not less than Php10,000.00.

Prior to admission of client's initial participation in the Fund, the Trustee shall conduct a client suitability assessment to profile the risk-return orientation and suitability of the client.

- (e) Redemption Requirements and Conditions. Redemption shall also be subject to the following requirements/conditions:

Redemption Notice Period. The participant in the Fund may redeem its participation on any banking day provided that notice of redemption, in any form acceptable to the Trustee, is acknowledged/received by the Trustee five (5) banking days prior to settlement date. Requests for redemption shall be dealt with by the Trustee in chronological order according to the day that notice is received. Such conditions are also applicable for partial redemptions.

Redemption Proceeds. Proceeds of full or partial redemption shall be paid out of the Fund on the settlement date of five (5) banking days after transaction date. The NAVPu on the transaction date shall be used to compute the value of the redeemed units.

Early Redemption Fee. An early redemption fee of one percent (1.0%) of the redemption proceeds shall be charged to the concerned Participant in case of redemption prior to the completion of the minimum holding period. Such fee shall form part of the Fund.

Pursuant to Subsection X1002.3.c of the MORB, participants shall be given a cooling-off period of at least two (2) banking days after subscription. Redemptions made within the cooling-off period shall not be subject to early redemption fees.

Policy for Partial Redemption. A new Confirmation Notice reflecting the NAVpu at the time of original contribution will be issued to the participant for the remaining unredeemed units. There is no need to compute for the NAVpu of the remaining unredeemed participation since it will not be affected by the partial redemption. No minimum amount of investment is required for partial redemption for as long as the remaining investment will not fall below the Minimum Maintaining Participation of Php10,000.00.

If as a result of partial redemption, the remaining investment will be less than Php10,000.00, the remaining investment shall be included in the redemption.

- (f) Suspension of Admission and Redemptions. The Trustee of the Fund may temporarily suspend calculation of the NAV/NAVPU of the Fund, as well as admission to and redemption from the Fund, 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.

As a feeder fund, the end-day Net Asset Value per share (NAVps) of the target fund shall be used for the marked to market value of the portion invested by the feeder fund.

Prices to be used in mark-to-marking of government securities shall be based on the weighted average of done or executed deals in a trading market registered with the SEC. In the absence of done deals, the simple average of all firm bids per benchmark tenor shall be used in calculating the benchmarks; Provided, that the simple average of all firm offer per benchmark tenor shall likewise be included as soon as permissible under securities laws and regulations. The cutoff time will be 5:00 pm.

Valuation Day shall mean any day in which banks are open for business in Manila.

The NAVPU of the fund shall be computed daily after cut-off time using the mark-to marking included in the end of day processing. The NAVpu of the fund shall be computed daily at 8:00 pm.

In the event that the target fund is not able to provide the NAVps before 7:00pm, the NAVpu of the feeder fund shall be made available to the participants not later than 9:30am of the following business day.

In compliance with Subsection X410.7.c(2) of the MORB, the NAVPu of the Fund shall be published at least weekly in one (1) or more newspaper of national circulation.

## 6. Fees (Sec. 3 Art. V)

The Trustee shall collect from the Fund a trust fee of one percent (1.0%) per annum based on NAV of the Fund which shall be accrued daily and shall be collectible from the Fund at the end of each month.

The target fund, Sun Life Prosperity Philippine Stock Index Fund, Inc., has a management and distribution fee of 1.0% per annum and transfer agency fee of 0.15% per annum. These fees are based on its average net asset value, computed on a daily basis and subsequently charged to the fund's assets. The end-day Net Asset Value per share is already net of the management and distribution fee.

**Early Redemption Fee.** An early redemption fee of one percent (1.0%) of the redemption proceeds shall be charged to the concerned Participant in case of redemption prior to the completion of the minimum holding period. Such fee shall form part of the Fund.

Pursuant to Subsection X1002.3.c of the MORB, participants shall be given a cooling-off period of at least two (2) banking days after subscription. Redemptions made within the cooling-off period shall not be subject to early redemption fees.

### **Fee rebate by the target fund**

The target fund, Sun Life Prosperity Philippine Stock Index Fund, Inc., will provide a fee rebate of 0.50% per annum, to be given to the Fund, based on the average net asset value of the Trustee's outstanding holdings in the target fund.

Below is the summary of all pertinent details and fees with respect to the Fund and the target fund:

	<b>Sun Life Prosperity Philippine Stock Index Fund, Inc.</b>	<b>CTBC Bank - Sun Life Philippine Stock Index Feeder Fund</b>
Minimum Holding Period	30 days	30 days
Management and Distribution Fee	1.0% pa	None. Target fund charges the management and distribution fee.
Transfer Agency Fee	0.15% pa	None
Fee rebate	0.50% pa	None
Early Redemption Fee	1.0%	1.0% of redemption proceeds
Front Load Fee	Waived	None
Trust Fee	None	1.0% pa
Settlement Period	T + 4 days	T + 5 days

#### 7. Other Terms Conditions (Art. X)

Investment in securities of the Fund shall be held for safekeeping by the bank's third party custodian, Philippine Depository and Trust Corporation (PDTC) or other BSP accredited third party custodian that may be assigned by the Trustee in the future. The third party custodian shall perform independent marking-to-market of such securities.