

## **DECLARATION OF TRUST**

### **PNB Prime Dollar Money Market Fund**

A Unit Investment Trust Fund Structured as a Multi-class Fund

KNOW ALL MEN BY THESE PRESENTS:

**PHILIPPINE NATIONAL BANK**, a banking corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the 3/F, PNB Financial Center, President Diosdado Macapagal Boulevard, Pasay City, with authority to perform trust and other fiduciary functions, acting herein through its Trust Banking Group (herein referred to as the “Trustee”);

### **WITNESSETH:**

#### Article I

#### **CREATION OF THE TRUST**

That for the purpose of providing investment opportunities to its trust clients for 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 structured as a Multi-class 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 the **PNB Prime Dollar Money Market Fund** (herein referred to as the “Fund”).
- Sec. 2 Nature of the Fund –The Fund is a unit investment trust fund structured as a Multi-class Fund of the Philippine National Bank established in accordance with and shall be operated subject to the stipulations of this Declaration of Trust 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.

To promote operational efficiency and to eliminate the need to create separate UITFs with different features but with the same objectives and strategies, the Fund was structured as a multi-class UITF. Each class may be subject to different conditions including, but not limited to, trustee fees and expenses, amount of minimum initial participation, minimum holding period, charges, and target participants. The details of the different unit classes of the Fund are specified in **Appendix I**.

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 the PNB Prime Dollar Money Market 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 in the form prescribed under Appendix 56 (Appendix to Section 414 on Minimum disclosure requirement) of the Manual of Regulation for Banks hereto attached as **Appendix II**.

### 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.

If the result of CSA shows that the client is not suited for this Fund yet the client still decides to invest anyway, the Trustee shall require the client to sign a waiver to disregard the results of his/her client suitability assessment. The option of the client to be re-classified outside the CSA process shall only be allowed subject to the observance of the guidelines under Appendix 86 of the Manual of Regulations for Banks (MORB).

The CSA shall be subject to review every three (3) years. Should there be any change in the client's personal/financial circumstances or preferences prior to three years, he/she should immediately request the UITF Marketing personnel for a new profiling process and revisions shall be made accordingly.

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.

Admission to the Fund can be done via any PNB branch, PNB UITF Online and PNB Auto Invest Plan in accordance with the provisions stated in item 4c of Appendix 1.

- 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. In the case of multi-class funds, units shall be issued as units in a class of fund. 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 or class of a 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. The investments of a multi-class fund shall remain as one pool and are not separately allocated to classes.
- 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.
  - (d) The Trustee shall cause the publication of the NAVPu of all the unit classes of the Fund at least weekly in one or more newspaper of national circulation. The daily NAVPu, as well as the historical NAVPu’s, shall be available in the Trustee’s website and in [www.uitf.com.ph](http://www.uitf.com.ph).

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 of all unit classes of 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, Plan Rules j. 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 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 Section 414, Exposure Limits of the Manual of Regulations for Banks;
- e. To register or cause to be registered any securities of the Fund in nominee or bearer form;
- f. To appoint and retain the services of qualified and reputable local or foreign investment advisor and/or fund manager/s; provided, however, that the Trustee shall retain ownership and control of the Fund, and provided further, that the investment advisor/s and/or fund manager/s shall work within the investment parameters or guidelines set by the Trustee from

- time to time and shall be directly responsible to the Trustee for any investment actions and decisions undertaken for the Fund;
- g. To hire and compensate legal counsel/s, certified public accountant, and other specialist/s in connection with administration and management of the Fund and the protection or advancement of its legal and other interests;
  - h. To make, execute, acknowledge and deliver any or all securities, agreements, contracts, deeds, documents and instruments necessary in the management and reinvestment of the Fund, or in connection with the exercise of the powers herein conferred or the performance of acts herein authorized;
  - i. To collect, receive and receipt for income, dividends, interest, profits, increments and such other sums accruing or due to the Fund; and
  - j. To pay out of the Fund all costs, expenses, and proper charges incurred in connection with the administration, preservation, maintenance, and protection of the Fund.
- 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.**

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 56 (Appendix to Section 414 on Minimum disclosure requirement) of the Manual of Regulations for Banks. Notwithstanding the disclosure requirement in the form prescribed under Appendix 56 mentioned above, 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 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 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**

**IN WITNESS WHEREOF**, Philippine National Bank has caused this Amended Declaration of Trust to be signed on \_\_\_\_\_, 2020 at Pasay City, Metro Manila.

**PHILIPPINE NATIONAL BANK**  
Trust Banking Group  
Trustee

By:

**JOY JASMIN R. SANTOS**  
FVP & Chief Trust Officer, PNB Trust Banking Group

**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES)

\_\_\_\_\_ ) S. S.

BEFORE ME, a Notary Public for and in the above jurisdiction, on this day of \_\_\_\_\_ at \_\_\_\_\_, personally appeared the following, exhibiting to me the following described Competent Evidence of Identity (CEI) in accordance with the 2004 Rules of Notarial Practice:

Name \_\_\_\_\_ CEI  
PNB Trust Banking Group  
By: Joy Jasmin R. Santos

known to me and by me known to the same persons who executed the foregoing Declaration of Trust consisting of \_\_\_\_\_ pages including its annex documents and this page wherein this acknowledgment is written and who acknowledged to me that the same is their free and voluntary act and need.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed on every page hereof of my notarial seal at the place and on the date first above written.

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of 2020

**REVISED OCTOBER 2020**



**APPENDIX I**

**PNB PRIME DOLLAR MONEY MARKET FUND**  
A Unit Investment Trust Fund Structured as a Multi-class Fund

**FUND SPECIFICATIONS**

1. Investment Objective

- a) The PNB Prime Dollar Money Market Fund is a Unit Investment Trust Fund structured as a multi-class fund that is invested in a diversified portfolio of bank deposits and fixed income instruments issued by the Philippine government with a maximum weighted average duration of one year.

It allows investors to invest a much smaller amount and invest in high yielding bank deposits and government securities that were only previously available to investors with sizeable funds. Additionally, they also get a diversified portfolio, which helps reduce risk and enjoy the benefits of having their funds managed by a professional investment manager.

The Fund is suited for conservative clients who wants an investment strategy where the primary objective is to prevent the loss of principal and where the fund is invested in securities issued by the National Government and/or deposits with local banks/branches of foreign banks operating in the Philippines and/or with financial institutions in any foreign country provided that said financial institution has at least an investment grade credit rating from a reputable international credit rating agency.

- b) Return Objective. The Fund aims to exceed the moving average of the average one-month time deposit rate quoted by 3 banks, net of taxes.

2. Investment Policy

Pursuant to the foregoing objectives, the Fund shall be invested and reinvested in the following:

- Dollar-denominated bank deposits and all other deposit instruments that the BSP may allow.
- Securities issued by the Philippine government.

The Fund's investment horizon shall be one year or less.

3. Qualified Participants : Requirements and Restrictions

Participation in the Fund shall be open to individual or collective reference to persons, natural or juridical.

#### 4. Admission and Redemption

##### a. Policy on Admission and Redemption.

Description	Class I	Class II
Minimum Initial Participation	\$500	\$100
Minimum Additional Participation	\$500	\$100
Minimum Maintaining Participation	\$500	\$100
Minimum Holding Period	30 calendar days from the date of participation	
Mode(s) of Participation	Via Any PNB Branch	Via the PNB UITF Online and PNB Auto Invest Plan

b. Admission and Redemption Cut-off Time. Admission and/or notice of redemption received by the Trustee on or before the cut-off time of 11:00 A.M. shall be considered as transaction for the day. However, admission/notice of redemption received after the cut-off time shall be considered as transaction for the next applicable banking day. Upon admission, the Participating Trust Agreement and/or Confirmation of Participation shall be made available to the Participant. For participations done via the PNB UITF Online Facility, the client will be provided with an electronic copy of his/her Participating Trust Agreement (PTA) and Confirmation of Participation (COP). Proceeds of redemption shall be paid out of the Fund on the redemption settlement date of 1 banking day after transaction date.

c. Modes of Participation. Participations in the Fund can be done via the following channels:

- Any PNB Branch – Participants will be provided with a physical copy of their Participating Trust Agreement (PTA) and Confirmation of Participation (COP). The PTA is made available to the participant on the day of participation while the COP is made available one day after transaction date. This channel is available to Class I participants.
- PNB UITF Online – Participants will be provided with an electronic Participating Trust Agreement (ePTA) and an electronic Confirmation of Participation (eCOP). The ePTA is made available to the participant on the day of transaction while the COP is made available one day after transaction date. The PNB UITF Online shall be limited to existing PNB depositors only. This ensures that a face-to-face interaction (KYC) with the client has already been conducted at the client’s maintaining branch and that the true identity of the client has been ascertained. This channel is available to Class II participants.
- PNB Auto Invest Plan – The PNB Auto Invest Plan (AIP) is an investment facility that allows clients to save small amount of funds in a savings account for automatic investment in a PNB UITF of their choice upon reaching the fund’s threshold amount or the minimum amount of participation. AIP subscription is done via the PNB UITF Online Facility. The ePTA and eCOP shall only be issued to clients when the AIP savings account reached the threshold amount or minimum amount of participation and swept/debited for investment in the client’s UITF of choice. The ePTA is made available to the participant on the day the AIP savings account is swept/debited while the eCOP is made available the following banking day. A savings account which shall serve as the client’s settlement account shall be

required prior to opening of the AIP account. This channel is available to Class II participants.

- d. Admission and Redemption Prices. Admission and redemption prices shall be based on the end of day NAVPu of the fund or of the class of a fund, if applicable, computed after the cut-off time for fund participation and redemption for that reference day, in accordance with existing Bangko Sentral regulations on mark to market valuation of investment securities.
- e. Participation Requirements and Condition. Contributions to the Fund by clients shall always be through participation in units of the fund and each unit shall have uniform rights or privileges, as any other unit.
- f. Redemption Requirements and Conditions. Redemption shall also be subject to the following requirements/conditions:
  - Redemption Notice Period. The participant in the Fund may redeem his/her participation on or before 11:00 A.M. of any Banking Day by presenting his/her Confirmation of Participation to the Trustee. Each request for redemption shall be dealt with by the Trustee in chronological order as received.
  - For redemptions to be done via the PNB UITF Online Facility, the client must select the specific COP that he/she wishes to redeem. Once the client clicks the “submit” button, the system shall immediately process the redemption request. The client will receive an email notification containing the details of his/her redemption. Once a full redemption has been processed, the redeemed COP shall no longer appear in the client’s portfolio screen. For partial redemptions, the client’s COP will automatically be revised and will reflect the remaining principal and units of participation while maintaining the same COP number. All redemptions, whether full or partial, shall immediately be reflected in the redemption history screen.
  - Early Redemption Fee. An early redemption fee equivalent to fifty percent (50%) of the income earned if any, by the participation from the date of admission up to the date of redemption shall be charged to the concerned Participant in case of redemption prior to the completion or lapse of the minimum holding period. For partial redemption, the early redemption fee shall be charged only to the income of the partially redeemed amount and not to the income of the entire participation. Such fee shall form part of the Fund.
  - Policy for Partial Redemption. Should a client wish to redeem only a portion of his investment, the unredeemed amount will be issued a new COP which will reflect the remaining balance of units and the NAVPu at the time of the original contribution. However, the remaining unredeemed amount should conform to the minimum investment amount required. When making a partial redemption, the participant shall surrender the old COP prior to the issuance of a new one.
  - A participation in the Fund may be redeemed without penalty, in whole or in part, on the valuation date following the lapse of the 30-calendar day holding period from the date of its

admission. The participant shall present the Confirmation of Participation to the Trustee when making redemption.

- g. 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.

5. NAVPu

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. The benchmark shall be based on the latest available price for the day, Manila time, as quoted in major information systems, e.g. Bloomberg, etc.

Valuation Day shall mean any business day wherein the Net Asset Value Per Unit of the Fund is calculated by the Trustee with the provisions of this Plan.

The NAVPu of the fund shall be computed daily and shall be published after 7:00PM in the Trustee's website ([www.pnb.com.ph](http://www.pnb.com.ph)).

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

6. Fees

The Trustee shall collect from the Fund trust fees in the amount equivalent to 0.25% per annum based on the fund value which shall be accrued daily and shall be payable quarterly in arrears. Fund value is defined as the net asset value before trust fees.

7. Other Terms Conditions

Investment in securities of the Fund shall be held for safekeeping by Deutsche Bank AG, Manila 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.

**REVISED OCTOBER 2020**