

DECLARATION OF TRUST

PNB INSTITUTIONAL MONEY MARKET FUND

A Unit Investment Trust 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 for the collective investment of funds held by it in the capacity of trustee under the terms and conditions hereinbelow set forth:

Article II

NATURE AND INVESTMENT OBJECTIVES

Sec. 1 Title of the Fund – The pooled fund shall be known as the **PNB Institutional Money Market Fund** (herein referred to as the "Fund").

Sec. 2 Nature of the Fund – The Fund is a unit investment trust fund of the Philippine National Bank established in accordance with and shall be operated subject to the stipulations of this Declaration of Trust ("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 the PNB Institutional 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 62 of Subsection X410.7 of the Manual of Regulation for Banks (MORB) 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 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 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. 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.
- (d) The daily NAVPu, as well as the historical NAVPu’s, shall be available in the Trustee’s website and in 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 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, Plan Rules j. of the MORB. 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 Subsection UX410.8/ U4410Q.8 of the Manual of Regulations for Banks and the Manual of Regulations for Non-Bank Financial Institutions;
 - 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 participant'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 shall be available at the principal office of the Trustee and in the Trustee's website for inspection by any person having an interest in the Fund or by his authorized representative. Upon request, a copy of the Declaration 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 62 of Subsection X410.7 of the MORB. Notwithstanding the disclosure requirement in the form prescribed under Appendix 62 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 Declaration – In case of termination of the Declaration, 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 at the principal office of the Trustee and in the Trustee's website 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 Declaration 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 Declaration shall be submitted to the BSP within ten (10) business days from approval of the amendments by the Board of Directors of the Trustee.
- Sec. 2 Termination - This Declaration 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 BSP. 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 Declaration, the Trustee shall notify the participants accordingly.

Following the approval of the termination of the Declaration 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 participants.

Article X
OTHER TERMS AND CONDITIONS

- Sec. 1 Consumer Protection Policy – The PNB UITFs are subject to the Bank's Consumer Protection Policy, which is compliant with BSP Circular 1160 (Regulations on Financial Consumer Protection).
- Sec. 2 Publication – The Trustee shall publish on its website the (i) updated Declaration, (ii) latest KIIDS, (iii) historical NAVPU, (iv) moving return on investment for each on a year-to-date and year-on-year basis, and (v) latest annual report of the Fund. The updated Declaration and latest annual report of the Fund shall also be available at the Trustee's principal office.
- Sec. 3 Client Assistance – For any inquiries and complaints, participants may send an email to Trust_CustomerCare@pnb.com.ph. Trustee shall respond within 48 hours or 2 banking days and resolve the complaint within 20 banking days. Trustee shall notify the participants in case the complaint cannot be resolved within 20 banking days.

For urgent concerns, participants may call Trustee's Customer Service Hotline at (632) 8573 8888 from 8 a.m. to 8 p.m. Monday to Sunday.

TRUSTEE is regulated by the BSP with email address at consumeraffairs@bsp.gov.ph.

IN WITNESS WHEREOF, Philippine National Bank has caused this Amended Declaration of Trust to be signed on June 15, 2023 at Pasay City, Metro Manila.

PHILIPPINE NATIONAL BANK

Trust Banking Group

Trustee

By:



JOY JASMIN R. SANTOS

SVP & Chief Trust Officer, PNB Trust Banking Group

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

PASAY CITY

) S. S.

BEFORE ME, a Notary Public for and in the above jurisdiction, on this day of **22 SEP 2023** at **PASAY CITY**, 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

PNB Trust Banking Group

By: Joy Jasmin R. Santos

CEI

Passport No. P2359431B

Valid Until: 26 June 2029

known to me and by me known to the same persons who executed the foregoing Declaration of Trust consisting of 11 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. 119

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Book No. V

Series of 2023

Atty. Jamie A. Real

Commission No. 23-15; Roll No. 68794

Notary Public in and for Pasay City

Until December 31, 2024

9th Floor PNB Financial Center

Pres. Diosdado Macapagal Blvd., Pasay City

PTR No. 8058701/Jan. 05, 2023/Pasay City

IBP Lifetime No. 018651/Dec. 11, 2017/Manila I'

**PNB INSTITUTIONAL MONEY MARKET FUND
FUND SPECIFICATIONS**

1. Investment Objective

- a) The PNB Institutional Money Market Fund was specifically created to meet the investment needs of institutional investors. It is invested in a portfolio of bank deposits with a remaining term to maturity of not more than three (3) years and has a weighted average portfolio life of one (1) year or less.

The Fund is suited for institutional clients with conservative risk appetite and who are looking for an investment strategy where the primary objective is to prevent the loss of principal at all times and where the fund is invested in deposits with local banks/branches of foreign banks operating in the Philippines and 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 outperform its benchmark, which is the 91-day Philippine Treasury-Bill rate auction, net of tax. It is the yield received for investing in a government issued treasury security that has a maturity of three (3) months. The risk profile of the fund's benchmark maybe viewed as conservative, having a maturity of only three (3) months. Participants are advised that the fund may invest in securities with a remaining term to maturity of not more than three (3) years but with a weighted average portfolio life of one (1) year or less. Additional information on the benchmark may be obtained from Bloomberg or the Bureau of Treasury website.
- c) Exposure Limit. The combined exposure of the UIT Fund to any entity and its related parties shall not exceed fifteen percent (15%) of the market value of the UIT Fund: *Provided That*, this limitation shall not apply to non-risk assets as defined by the BSP.

2. Investment Policy

- a) Pursuant to the foregoing objectives, the Fund shall be invested and reinvested in bank deposits and all other deposit instruments that the BSP may allow. The Fund's investment horizon shall be one year or less.

3. Qualified Participants : Requirements and Restrictions

Participation in the fund shall be limited to institutional accounts only.

4. Admission and Redemption

- a) Policy on Admission and Redemption.
- Minimum Initial Participation. The minimum amount of initial participation/ contribution is Php 10,000,000.

- Minimum Maintaining Participation. The minimum maintaining participation is Php 10,000,000.
 - Minimum Additional Participation. The minimum additional contribution is Php 1,000,000.
 - Minimum Holding Period – The minimum holding period of the participation is 3 banking days from the date of participation.
- 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 12:00NN 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. Proceeds of redemption shall be paid out of the Fund after 6:00PM of the same banking day as the transaction date.
- c) Modes of Participation. Participations in the Fund can be done via any PNB Branch. Participants will be provided with an electronic or physical copy of their Participating Trust Agreement (PTA) and UITF Confirmation of Transaction (COT) containing the details of their participation. The PTA is made available to the participant on the day of participation while the UITF COT is made available one day after transaction date.
- d) 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.
- 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 12:00NN of any Banking Day by submitting to the Trustee a duly filled out and duly signed Letter of Instruction stating the participant's intention to redeem and the details of the redemption. Each request for redemption shall be dealt with by the Trustee in chronological order as received.
 - Participants shall be provided with an electronic or physical copy of their UITF COT containing the details of their redemption.
 - 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 Trustee shall issue a UITF COT containing the remaining balance of units and NAVPU at the

time of the original contribution. However, the remaining unredeemed amount should conform to the minimum investment amount required. If the remaining balance falls below the minimum maintaining balance as a result of the partial redemption, the Trustee shall fully redeem the investment without prior notice and credit the proceeds to the Trustor's nominated settlement account.

- A participation in the Fund may be redeemed without penalty, in whole or in part, on the valuation date following the lapse of the 3-banking day holding period from the date of its admission.
 - Cooling-Off Period. The participant of the Fund may cancel the participation without penalty pursuant to the terms of the Participating Trust Agreement and existing BSP regulations.
- 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

The NAVPU of the Fund is computed daily via the accrual method of valuation. It takes into account principal and interest accruing from various investments of the fund.

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 4:00PM in the Trustee's website (www.pnb.com.ph).

The value of the NAVPU at the start of the Fund's operation shall be: PHP 1.00.

6. Fees

The Trustee shall collect from the Fund trust fees in the amount equivalent to 0.125% 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.