

**DECLARATION OF TRUST**

**BANKCOM PESO LONG TERM BOND FUND**

A Unit Investment Trust Fund

**KNOW ALL MEN BY THESE PRESENTS:**

**BANK OF COMMERCE**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the 15<sup>th</sup> Floor, San Miguel Properties Centre, No. 7 St. Francis Street, Mandaluyong City, with authority to perform trust and other fiduciary functions and herewith represented by **Bank of Commerce – Trust Services Group**, hereinafter called 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 fixed income 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 **BANKCOM PESO LONG TERM BOND FUND** (herein referred to as the "Fund").

Sec. 2 Nature of the Fund –The Fund is a fixed income 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 this 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 prescribed under Appendix 56 (Appendix to Section 414 on Minimum Disclosure Requirement) of the BSP MORB (the Key Information and Investment Disclosure Statement or KIIDS) hereto attached as **Appendix II**.

Article III

**PARTICIPATION: ADMISSION AND 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 and suitability of the client to the Fund. Further, the Trustee shall update the CSA at least every three (3) years.

Participation in the Fund shall be open to participants with legal capacity to contract and whose investment objectives and needs match the Fund's investment parameters based on the result of the CSA, subject to 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.

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 CSA may subsequently be updated by the client at any time given the changes in the clients' circumstances or preferences. In case of such changes, the client shall immediately request in writing the Trustee for a new profiling process and revisions shall be made accordingly.

- 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.
- Sec. 3. Expansion and Contraction of Fund – Admissions of participations in the Fund shall serve to expand the Fund's total outstanding units. Conversely redemption of participation/s from the Fund shall serve to contract the Fund's outstanding units.

Every participation in the Fund shall be evidenced by a subscription of units arrived at by dividing the amount of investment by the applicable NAVpu. On the other hand, every redemption of participation/s from the Fund shall be evidenced by a redemption of units arrived at by dividing the amount of redemption by the applicable NAVpu.

#### 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:
- On "Valuation Day" which shall mean a trading day where the Fund is made available for admission or redemption, 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")
  - 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:
- The NAVpu shall be determined by dividing the NAV of the Fund by the total number of units outstanding as of Valuation Date.
  - The NAVpu at the start of the Fund's operation, or the Fund's par value, shall be as indicated in **Appendix I** hereto.
  - 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 Section 414 - Unit Investment Trust Funds (UITFs) of the Manual of Regulations for Banks (MORB). In the event the trust fees are changed, such change shall be charged prospectively.
- b. **Special 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 in Key Information and Investment Disclosure Statement (KIIDS).

**Sec.4 Regular Publication/ Computation/ Availability of the NAVPU**

- a. The Trustee shall cause at least the weekly publication of the NAVPU of such fund in one (1) or more newspaper of national circulation or through the fund industry website at [uitf.com.ph](http://uitf.com.ph). The said publication, at the minimum, shall clearly state the name of the Fund, its general classification, the Fund's NAVPU and the moving return on investment (ROI) of the Fund on a year-to-date (YTD) and year-on-year (YOY) basis; and
- b. The Trustee shall also publish the historical NAVPU and such other pertinent information about the Fund which information may also be contained in the Key Information and Investment Disclosure Statement or KIIDS via Bank of Commerce's website.

**Article VI**

**TRUSTEE'S POWERS AND 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 MORB Section 414 – Unit Investment Trust Funds (UITFs) specific on Exposure Limits;
- 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; and
- k. To perform such acts which are necessary or desirable for the 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.

Article VII

**RIGHTS OF PARTICIPANTS**

Sec. 1 Right to Inspect Declaration - A copy of this Declaration of Trust (herein referred to as the “Plan”) 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 Plan 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 to MORB Section. 414 on Minimum disclosure requirements. 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”, which shall be explained by the Trustee in a manner understandable by the Participant. The Trustee shall likewise emphasize to the Participant that the Fund is not capital protected.

Sec. 4 Right to be Offered by a CUSP – The Trustee’s Certified UITF Sales Personnel or CUSP are the authorized personnel who are allowed to sell, offer and explain the Fund to the Participants and to sign on the Trustee’s UITF Kit which contains among others, the Participating Trust Agreement, Risk Disclosure Statement and the Client Suitability Assessment.

Sec. 5 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 1 of Article X 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 audited financial statement for each

Fund shall be PFRS/PAS compliant in all respects. The result of this audit shall be the basis of the Trustee's annual report as of calendar year ending date ("AFS") and the Trustee shall ensure that the Fund's AFS shall be submitted to the BSP within one hundred twenty (120) days following the close of the calendar year and a copy thereof shall be made available to all the Participants at the Trustee's place of business or posted on the Trustee's website. Further, 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

### RISK DISCLOSURE

Sec. 1 Participants in the Fund shall be made aware of the risks that may be associated in such investment. Before investing into the Fund, the following risks should be considered:

- c. **Interest Rate Risk:** This is the possibility that an investor may experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.

The Fund, being marked-to-market, is affected by changes in interest rates thereby affecting the value of fixed income investments such as bonds. Interest rate changes may affect the prices of fixed income securities inversely, i.e., as interest rates rise, bond prices fall and when interest rates decline, bond prices rise. As the prices of bonds in a Fund adjust to a rise in interest rates, the Fund's unit price may decline. Investment in government securities in Philippine Peso, although considered almost credit risk-free, is subject to interest rate risk.

- d. **Market / Price Risk:** This is the possibility that an investor may experience losses due to changes in market prices of securities (e.g., bonds and equities). It is the exposure to the uncertain market value of a portfolio due to price fluctuations.

It is the risk of the Fund to lose value due to a decline in securities prices, which may sometimes happen rapidly or unpredictably. The value of investments fluctuates over a given time period because of general market conditions, economic changes or other events that impact large portions of the market such as political events, natural calamities, etc. As a result, the NAVpu may increase to make profit or decrease to incur loss.

- c. **Liquidity Risk:** This is the possibility that an investor may experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss. These may be caused by different reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or underdeveloped capital market.

Liquidity risk occurs when certain securities in the Fund may be difficult or impossible to sell at a particular time which may prevent the redemption of investment in UITF until its assets can be converted to cash. Even government securities which are the most liquid of fixed income securities may be subjected to liquidity risk particularly if a sizeable volume is involved.

- d. **Credit Risk/Default Risk:** This is the possibility that an investor may experience losses due to a borrower's failure to pay principal and/or interest payments/amortizations in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued. This inability of the borrower to make good on its financial obligations may have resulted from adverse changes in its financial condition thus, lowering credit quality of the security, and consequently lowering the price (market/price risk) which contributes to the difficulty in selling such security. It also includes risk on a counterparty (a party the Trustee trades with) defaulting on a contract to deliver its obligation either in cash or securities.

This is the risk of losing value in the Fund in the event the borrower defaults on his obligation or in the case of a counterparty, when it fails to deliver on the agreed trade. This decline in the value of the UITF happens because the default/failure would make the price of the security go down and may make the security difficult to sell. As these happen, the UITF's NAVpu will be affected by a decline in value.

- e. **Reinvestment Risks:** This is the possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

Investors in the Fund who redeem and realize their gains run the risk of reinvesting their funds in an alternative investment outlet with lower yields. Similarly, the Trustee is faced with

the risk of not being able to find good or better alternative investment outlets as some of the securities in the fund matures.

f. **Currency Risk:** In case the Fund is allowed to invest in securities denominated in currency other than its base currency, the Fund is also exposed to the following risks:

(i) **Foreign Exchange Risk:** This is the possibility that an investor may experience losses due to fluctuations in foreign exchange rates. The exchange rates depend upon a variety of global and local factors, e.g., interest rates, economic performance, and political developments.

It is the risk of the Fund to currency fluctuations when the value of investments in securities denominated in currencies other than the base currency of the Fund depreciates. Conversely, it is the risk of the Fund to lose value when the base currency of the Fund appreciates. The NAVpu of a peso-denominated Fund invested in foreign currency-denominated securities may decrease to incur loss when the peso appreciates.

(ii) **Country Risk:** This is the possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries. These are risks in foreign investments due to the possible internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases of the foreign country involved which are difficult to predict but must be taken into account in making such investments.

Likewise, brokerage commissions and other fees may be higher in foreign securities. Government supervision and regulation of foreign stock exchanges, currency markets, trading systems and brokers may be less than those in the Philippines. The procedures and rules governing foreign transactions and custody of securities may also involve delays in payment, delivery or recovery of investments.

g. **Other Risks:** Participation in the Fund may also be further exposed to any actual or potential conflicts of interest in the handling of in-house or related party transactions by the Trustee. These transactions may include own-bank deposits; purchase of own-institution or affiliate obligations (e.g. mortgages); purchase of assets from or sales to own-institution, directors, officers, subsidiaries, affiliates or other related interests/parties; or purchases of sales between fiduciary/managed accounts.

## Article X

### 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 (30) calendar days prior to the implementation of any amendments or such longer period as may be fixed by the Trustee: Provided further, That amendments to the Plan involving any of the following aspects shall be the subject of a written notification to the BSP and continuing compliance of the Trustee with the prudential criteria specified by the BSP:

1. Investment objectives, policies, or strategies;
2. Risk profile;
3. Benchmark;
4. Target investors of a multi-class fund;
5. Target fund/s of a feeder fund or a fund-of-funds;
6. Income distribution policy of a distributing class/fund;
7. Basis of the NAVPu computation;
8. Fees and other charges to the fund;
9. Custodian;
10. Investment manager, if separate from the trustee; and/or;
11. Merger of funds

For this purpose, the Trustee shall submit all the following required documents to the BSP within ten (10) business days from approval of the amendments by the Board of Directors of the Trustee:

1. Letter signed by the president or officer of equivalent rank informing the Bangko Sentral of the amendments to a UITF;
2. Duly accomplished form on the Amendment/s of a UITF in Appendix 138 detailing the changes in the Plan and any related appendices, and the purpose of adopting the amendments;

3. Board-approved Amended Plan, including any related appendices;
4. Corporate secretary's certificate attesting to the approval of the amendments to the UITF by the TE's board of directors;
5. Certification jointly signed by the president or officer of equivalent rank and the chief compliance officer attesting to: (i) the compliance of the TE with the prudential criteria under Sec. 111; and (ii) the completeness of the amended plan rules of the UITF that is subject of the notice in respect of the minimum provisions required under this Section; and (iii) the correctness and consistency of the provisions across the Plan Rules and related appendices, and the alignment of the KIIDS with the Plan Rules; and
6. Other relevant documents that the Bangko Sentral may require to facilitate the evaluation of the amendments to a UITF.

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 XI

#### NOTICES

Sec. 1 Subject as otherwise provided in the Plan, any notice required to be served upon or given to a Registered Participant shall be deemed to have been fully served or given if sent by post to or left at his given address as appearing in the register of Participants. Any such notice so served by post shall be deemed to have been served on the day following that on which the notice is posted and in proving such service, it shall be sufficient to prove that such was properly named, addressed, stamped and posted.

Service of a notice on or delivery of a document to any one of several joint-Participant shall be deemed effective service on or delivery to all other such joint-Participants.

Any notice or document sent by post or left at the address of a Registered Participant or joint-Participant in pursuance of these presents shall, notwithstanding that such Registered Participant or joint-Participant be deceased or bankrupt or whether or not the Trustee has received notice of his death or bankruptcy, be deemed to have been duly served and such service shall be deemed a complete and sufficient service on all persons or entities so concerned.

All such notices and/or documents sent by post to Registered Participants or joint-Participants or in accordance with their instruction shall be sent at the sole risk of the persons or entities entitled thereto.

#### ARTICLE XI

#### PROVISION FOR INFORMATION

Sec. 1 If the Trustee is requested by any department of any government supervising agency to provide any information regarding the Plan or the Fund and it complies with such request, the Trustee shall not incur any liability to any Registered Participant or to any person or entity as a result of such compliance or in connection with such compliance.

#### ARTICLE XIII

#### GOVERNING LAW AND REGULATIONS

Sec. 1 The Fund shall be subject to and governed by the laws of the Republic of the Philippines and the relevant Bangko Sentral circulars in effect, and the Plan, including all supplemental deeds and annexes shall be construed according to the laws of the Republic of the Philippines.

ARTICLE XIV

OTHER TERMS AND CONDITIONS

Sec. 1 Investment in securities of the Fund shall be held for safekeeping, specifically Government Securities, by the Bureau of Treasury ("Btr") under our Ross Account, 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.

ARTICLE XV

RESOLUTION OF APPROVAL

Sec. 1 The Plan was approved by a resolution of the Board of Directors of Bank of Commerce on \_\_\_ day of \_\_\_\_\_ (See Annex "A" for Secretary's Certificate of Board Resolution)

Sec. 2 In the event of any change in the corporate name of Bank of Commerce, any reference herein to Bank of Commerce, shall be deemed amended thereby and any such corporate name as adopted hereafter shall accordingly be the corporate name made by reference herein, without further need of notice in writing to any Registered Participant.

IN WITNESS WHEREOF, BANK OF COMMERCE - TRUST SERVICES GROUP has caused the Plan to be signed and its corporate seal affixed thereto on DEC 18 2025 at \_\_\_\_\_ City.

BANK OF COMMERCE - TRUST SERVICES GROUP TRUSTEE

By:

DON CARLO P. HERNANDEZ

First Vice President & Chief Trust Officer

HERBERT GLEN D. ARABELO

First Vice President

WITNESSES:

MICHAEL M. FLORES

JOSEPH JUDE BURTON MACATOL

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES ) MANDALUYONG CITY ) S.S.

BEFORE ME, a Notary Public in the MANDALUYONG CITY, Philippines, this DEC 18 2025 day of \_\_\_\_\_, 20\_\_ personally appeared:

Table with 5 columns: NAME, TIN/SSS, DATE ISSUED, PASSPORT NO., EXPIRATION DATE. Rows include BANK OF COMMERCE, Don Carlo P. Hernandez, and Herbert Glen D. Arabelo.

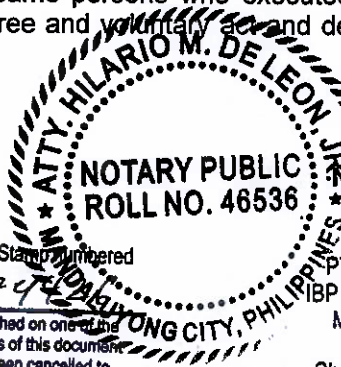
all known to me and to me known by the same persons who executed the foregoing instrument and acknowledged to me that the same is their free and voluntary act and deed, as well as, the corporation which they represent.

WITNESS MY HAND AND SEAL

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Documentary Stamp Numbered 052792

has been attached on one of the original versions of this document set and has been cancelled to prevent its reuse.



ATTY. HILARIO M. DE LEON, JR. NOTARY PUBLIC until Dec. 31, 2026 Appt. No. 0404-25/ For Mandaluyong City Roll of Attorneys No. 46536 PTR No. 5708488; 01/06/2025; Mandaluyong City IBP OR No. 501684; 01/07/2025; Rizal (RSM) Chapter MCLE Compliance No. VII-0031484; 04/04/2024 Unit 908 Cityland Shaw Tower Shaw Blvd. corner St. Francis St., Mandaluyong City

**BANKCOM PESO LONG TERM BOND FUND**  
**FUND SPECIFICATIONS**

**I. Investment Objectives and Policy [Art. II, Sec. 3 of the Declaration of Trust (DOT)]**

1. Objective

The Fund intends to achieve for its participant's total returns consisting of current income and capital growth.

The Fund is suitable to a moderate client who wants a portfolio which may provide potential returns on investments that are higher than the regular traditional deposit products and client is aware that a higher return is accompanied by a higher level of risk. Client is willing to expose the funds to a certain level of risks in consideration for higher returns.

The Fund aims to achieve a rate of return higher than the benchmark of the iBoxx ABF Philippines Bond Index – Net of Tax. *This benchmark is a total return market value weighted index measuring the fixed rate local currency securities publicly issued by the Philippines, it includes local currency-denominated sovereign (government) and sub-sovereign (local government or corporate) debt from the Philippines.*

*However, there is no guarantee that the return objective will be obtained since the value of the investments varies such that the participant may earn profits or incur losses depending on the prevailing market price of the assets of the Fund. Such market price is affected by changes in interest rates, general market conditions, economic changes, political events, natural calamities, etc.*

2. Policy

The Fund's investment and reinvestment outlets shall be subject to prior evaluation, review and approval by the Trust and Investments Committee of the Trustee.

a) Pursuant to the foregoing objectives, the Trustee, with full discretionary powers, may invest and reinvest the assets of the Fund in:

- (a) Investments allowed under regulations of the BSP;
- (b) Bank deposits in the Trustee's own bank or in other banks operating in the Philippines;
- (c) Securities issued or guaranteed by the Republic of the Philippines and government-owned or controlled entities including the Bangko Sentral ng Pilipinas (BSP);
- (d) Tradeable Securities by any supranational entity;
- (e) Exchange-listed fixed income securities;
- (f) Marketable fixed income instruments that are traded in an organized exchange;
- (g) Such other tradeable investment outlets/categories allowed for Fixed-Income UITFs by the relevant regulations and determined by the Trustee's Trust and Investments Committee as suitable for the Fund.

b) 15% Single Exposure Limit Policy. The combined exposure to any entity and its related parties must not exceed 15% of the market value of the Fund. This limitation shall not apply to non-risk assets as defined by the BSP. 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) calendar days from the time the limit is breached to correct the same.

c) Modified Duration Policy. The modified duration limit is 7. The Modified Duration is a measure of bond's sensitivity to changes in interest rates, how 1% (100 basis points) change in interest rates affect the value of the bond holding all other factors unchanged.

Provided, that a financial instrument is regarded as tradable if quoted two-way prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly market transactions on an arm's length basis.

The Fund may avail itself of 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 as well as the Trustee's risk management and hedging policies duly approved by the Trust and Investments Committee and disclosed to participants. Given such, the use of hedging instruments shall be disclosed.

Other related guidelines on valuation of allowable investments:

- a. In marking to market debt securities, the provisions of Appendix 28 shall apply;

**Bases/References**

Bangko Sentral Supervised Financial Institutions (BSFIs) shall have adequate governance structures and control processes to ensure that valuations are prudent and reliable for risk management and financial reporting purposes. These processes shall be consistently applied across the institution and integrated within the overall governance framework and risk management systems.

BSFIs shall mark-to-market (MTM) debt and equity in accordance with the provisions of Philippine Financial Reporting Standard 13 (PFRS 13) on Fair Value Measurement and shall observe the following bases/references:

Type of Security	Market Price Basis
i. Equity Securities Listed in the Stock Exchange	
1. Traded in the Philippines	Same day closing prices as quoted at the Philippines Stock Exchange. In case of halt trading/suspension or holidays, use the latest available closing price.
2. Traded Abroad	Latest available closing price from the exchange where the securities are traded.
ii. Foreign Currency-Denominated Debt Securities Quoted in Major Information Systems (e.g., Bloomberg, Reuters)	Latest available price for the day, Manila Time.
iii. Foreign Currency Denominated Debt Securities Traded in Local Registered Exchange or Market	The latest available closing price provided by the exchange where the said security is traded and/or enrolled.
iv. Peso-Denominated Government Securities	The market prices provided by either a third party pricing service or calculating agent: Provided, That the pricing service or the calculation agent and its valuation methodology are recognized by the Securities and Exchange Commission (SEC)-licensed benchmark administrator.
v. Peso-Denominated Private Debt Securities	The basis for MTM of peso-denominated debt securities traded in an organized market shall be the same as those used in section iii above.

**Other Valuation Guidelines**

In the absence of market price described above, the fair value which is the price that would be received in selling the financial instrument in an orderly transaction in the principal (or most advantageous) market under current market condition, shall be used as basis for the MTM. BSFIs shall ensure that such an observed price or the price estimated using another valuation technique, including inputs to valuation technique, are consistent with the provisions of PFRS 13.

- b. In case outstanding UITF investments may deteriorate in quality, i.e., no longer tradable as defined under *allowable investments and valuation* of this Section, the trustee shall immediately provision to reflect fair value in accordance with generally accepted accounting

principles or as may be prescribed by the Bangko Sentral ng Pilipinas. If no fair value is available, the instrument shall be assumed to be of no market value.

**II. Qualified Participants: Requirements and Restrictions (Art. III, Sec. 1 of the DOT)**

1. A Register of Participants shall be kept and maintained exclusively by the Trustee so that the relevant provisions covering the issuance of Confirmation of Participation, registration, transmission, redemption or cancellation of a participation in the Plan by any Registered Participant shall be observed at all times.
2. The following information shall be entered in the Register of Participants:
  - a. The full name/s, addresses and telephone number/s (if any) of the Registered Participant;
  - b. The initial or subsequent amount of participation/s corresponding to the Minimum Lot Size held by such person or entity and the relevant serial number of the Confirmation of Participation/s issued for such participation/s;
  - c. The Dealing Day in which the name/s of such person/s or entity/ies was entered in respect to his participation/s standing in his name and when he became a Registered Participant by virtue of an instrument;
  - d. Any change of address or telephone number on the part of the registered Participant shall forthwith be notified to the Trustee;
  - e. The date on which any participation/s is/are canceled pursuant to the relevant provisions in the Plan regarding such.
3. Fund participations or investments jointly held by several persons shall be issued only one (1) Report of Participation by the Trustee.
4. Any change of name, address or telephone number on the part of the Registered Participant shall forthwith be notified to the Trustee who on being satisfied thereof and on compliance with such formalities as it may require shall alter or cause the Register of Participants to be altered or adjusted accordingly.
5. A copy of the Plan shall be made available for inspection by any registered Participant or by his authorized representative at the specified office of the trustee at all reasonable times during usual business hours in Republic of the Philippines. Upon request, a copy of the plan shall be furnished such person.
6. The Register of Participants may be kept either in written form or by such other means as the Trustee in its absolute discretion may approve from time to time.
7. A duplicate Register shall be kept and maintained by the Trustee and safekept in the main vault at the Specified Office of the Trustee.
8. Save as herein provided, the Register of Participants shall be conclusive evidence as to the person/s or entity/ties entitled to the contributions made therein and no notice of any trust, express, implied or constructive shall be entered on the Register. Any Registered Participant shall be the only person or entity to be recognized by the Trustee as having any beneficial interest in or to a contribution made to the Trust Plan registered in his name.
9. The Trustee may recognize any such Registered Participant as a Beneficial Owner of a contribution thereof and shall not be bound by any notice to the contrary or sees to the execution of any trust or, save as herein expressly provided or save by some court of competent jurisdiction ordered, to recognize any trust or equity or other interest affecting the interest to any such contribution.
10. Any receipt signed or purporting to be signed by any Registered Participant for any monies payable in respect of any contribution/s previously recorded by the Trustee shall be a good discharge to the Trustee and , if several persons are registered as joint-Participants, or in consequence of the death of a Registered Participant are legally entitled to be so registered, any one of them may give effectual receipt/s for such monies and any receipt signed or purporting to be signed by one of the joint Registered Participants shall be deemed signed by all.
11. The Trustee may issue such conditions or rules, as may affect the distribution of investment units subject to the minimum conditions enumerated under Section 414 - Unit Investment Trust Funds (UITFs) of the Manual of Regulations for Banks.

**III. Marketing Materials.** All printed marketing materials related to the sale of the Fund shall clearly state:

1. The designated name of the fund and the fund's trustee;
2. The participation is not a "deposit account" but a trust product; and that any loss/income is for the account of the participant; that the Trustee is not liable for losses unless upon proven to be negligent;
3. The participation does not carry any guaranteed rate of return and it is not insured by the Philippine Deposit Insurance Corporation (PDIC);
4. Minimum information regarding:
  - a. The general investment policy and applicable risk profile;
  - b. Particulars or administrative and marketing details like pricing and cut-off time;
  - c. All charges made/to be made against the fund, including trust fees and other related charges;
  - d. The availability of the Plan rules governing the Fund, upon the client's request; and
  - e. Customer and Product Suitability Standards.
5. A balanced assessment of the possible gains and losses of the Fund and that the participation does not carry any guaranteed rate of return and is not insured by the PDIC.
6. An advisory that the investor must read the complete details of the fund in the Plan rules, make his/her own risk assessment and when necessary, he/she must seek independent/professional opinion, before making investment.

**IV. Admission and Redemption (Art. III of the DOT)**

1. Frequency of Admission and Redemption
  - a. Minimum Initial Participation. The minimum amount of initial participation/contribution is Php5,000.00
  - b. Minimum Maintaining Balance. The minimum maintaining balance of participation is Php5,000.00
  - c. Minimum Additional Participation. The minimum additional contribution is Php1,000.00
  - d. Minimum Holding Period. The minimum holding period of the participation is 7 calendar days from the date of participation.
2. Admission and Redemption Cut-Off Time. Admission and/or notice of redemption received by the Trustee on or before the cut-off time of 11:30 am 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 banking day. Upon admission, the Participating Trust Agreement and/or Confirmation of Participation shall be issued to the Participant at the end of the day after computing the end of day NAVpu, and shall be made available the following day after the documents are executed.
3. 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 debt and equity securities.
4. Participation Requirements and Condition. Participation shall also be subject to the following requirements/conditions:

Participation in the Fund shall be open to all persons with legal capacity to enter into contracts who are Philippine residents only and whose investment objectives and needs match the Fund's investment parameters based on the result of the CSA, and those established by the Trustee to be advantageous or to the best interest of the Fund.
5. Redemption Requirements and Conditions. Redemption shall also be subject to the following requirements/conditions:
  - a. Redemption Notice Period. The participant in the Fund may redeem his/her participation by signing the notice of redemption as contained in the Confirmation of Participation to the trustee on or before 11:30 am. However, notice of redemption received after the cut-off time shall be considered as transaction for the next banking day. Each request for redemption shall be dealt with by the Trustee in chronological order as received. Such conditions are also applicable for partial redemptions.
  - b. Redemption Proceeds. Settlement of redemption proceeds shall be one (1) day after redemption/transaction date.

- c. **Early Redemption Fee.** An early redemption fee of 5% of the redeemed amount shall be charged to the concerned Participant in case of redemption prior to the completion of the minimum holding period. Such fee shall be deducted from the Participant's earnings upon redemption and shall form part of the Fund.
  - d. **Full and Partial Redemptions.** A Participant may redeem his participation in full or partial and must endorse and surrender the corresponding Confirmation of Participation ("COP").
  - e. **Policy for Partial redemptions.** A new Confirmation of Participation (COP) reflecting the NAVpu at the time or 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.
6. **Suspension of Admission and Redemptions (if applicable).** The Trustee of the Fund may temporarily suspend calculation of the NAV/NAVpu of the Fund, as well as the 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.

**V. NAVpu (Art. V, Secs. 1 and 2 of the DOT)**

- 1. All assets of the Fund shall be marked to market daily at 7:00 p.m., Manila Time in accordance with existing BSP rules and regulations on marking to market valuation of investment securities.
- 2. Valuation of participations is through units under a unitized NAVpu methodology.
- 3. NAVpu is computed by dividing the funds' total Net Asset Value ("NAV") by the total outstanding units.
- 4. NAV is a summation of the market value of each investment less fees, taxes and other qualified expenses.
- 5. Marking to market of securities shall be computed as follows:
  - a. In marking to market debt securities, the provisions of Appendix 28 shall apply;

**Bases/References**

Bangko Sentral Supervised Financial Institutions (BSFIs) shall have adequate governance structures and control processes to ensure that valuations are prudent and reliable for risk management and financial reporting purposes. These processes shall be consistently applied across the institution and integrated within the overall governance framework and risk management systems.

BSFIs shall mark-to-market (MTM) debt and equity in accordance with the provisions of Philippine Financial Reporting Standard 13 (PFRS 13) on Fair Value Measurement and shall observe the following bases/references:

Type of Security	Market Price Basis
<ul style="list-style-type: none"> <li>i. Equity Securities Listed in the Stock Exchange               <ul style="list-style-type: none"> <li>1. Traded in the Philippines</li> <li>2. Traded Abroad</li> </ul> </li> <li>ii. Foreign Currency-Denominated Debt Securities Quoted in Major Information Systems (e.g., Bloomberg, Reuters)</li> <li>iii. Foreign Currency Denominated Debt Securities Traded in Local Registered Exchange or Market</li> <li>iv. Peso-Denominated Government Securities</li> </ul>	<p>Same day closing prices as quoted at the Philippines Stock Exchange. In case of halt trading/suspension or holidays, use the latest available closing price.</p> <p>Latest available closing price from the exchange where the securities are traded.</p> <p>Latest available price for the day, Manila Time.</p> <p>The latest available closing price provided by the exchange where the said security is traded and/or enrolled.</p> <p>The market prices provided by either a third party pricing service or calculating</p>

agent: Provided, That the pricing service or the calculation agent and its valuation methodology are recognized by the Securities and Exchange Commission (SEC)-licensed benchmark administrator.

v. **Peso-Denominated Private Debt Securities**

The basis for MTM of peso-denominated debt securities traded in an organized market shall be the same as those used in section iii above.

**Other Valuation Guidelines**

In the absence of market price described above, the fair value which is the price that would be received in selling the financial instrument in an orderly transaction in the principal (or most advantageous) market under current market condition, shall be used as basis for the MTM. BSFIs shall ensure that such an observed price or the price estimated using another valuation technique, including inputs to valuation technique, are consistent with the provisions of PFRS 13.

- b. In case outstanding UITF investments may deteriorate in quality, i.e., no longer tradable as defined under *allowable investments and valuation* of this Section, the trustee shall immediately provision to reflect fair value in accordance with generally accepted accounting principles or as may be prescribed by the Bangko Sentral ng Pilipinas. If no fair value is available, the instrument shall be assumed to be of no market value.

6. The value of the NAVpu at the start of the Fund's operation shall be PhP 1.00.
7. Admission and/or redemption of participations in the Fund shall be based only on the NAVpu of the Fund on day of admission / redemption.
8. The Income/loss of the Fund shall be allocated to the Registered Participants on a pro-rata and pari-pasu basis depending upon the number of units held by each Registered Participant in the Fund.
9. The actual distribution or realization of income/loss to each Registered Participant shall take place upon redemption / termination is made to the extent of the number of the units redeemed.
10. Performance review of the funds shall be prepared by the Trustee on a quarterly basis not later than forty-five (45) calendar days from end of the reference date/period.

**VI. Fees (Art. V Sec. 3 of the DOT)**

The Trustee shall collect from the Fund trust fees equivalent to one percent (1.00%) per annum based on daily Net Asset Value (NAV) of the fund which shall be accrued on a daily basis and shall be collectible from the Fund on a quarterly basis.

The trustee fee may be reviewed and may be changed if the situation warrants, subject to the requirements of Section 414 - Unit Investment Trust Funds (UITFs) of the Manual of Regulations for Banks. In the event the trust fees are changed, such fees shall be charged prospectively.

**VII. Other Terms Conditions (Art.XV of the DOT)**

Investment in securities of the Fund shall be held for safekeeping by the Philippine Depository and Trust Corporation ("PDTC") or such other BSP accredited third party custodian. The third party custodian shall perform independent marking-to market of such securities. Government Securities are to be maintained in a ROSS Account with the Bureau of Treasury.