

## DECLARATION OF TRUST

### ODYSSEY PESO BOND UNIT INVESTMENT TRUST FUND A Fixed Income Unit Investment Trust Fund

This Declaration of Trust is made and executed by BPI Asset Management and Trust Corporation, *doing business under the trade name and style of **BPI WEALTH – A TRUST CORPORATION***, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 26/F & 27/F Ayala Triangle Gardens Tower 2, Paseo De Roxas Cor. Makati Avenue, Makati City, Philippines 1226, and duly licensed to operate and perform trust and other fiduciary functions by the Bangko Sentral ng Pilipinas, herein referred to as “BPI WEALTH” or the “Trustee”.

#### WITNESS THAT:

In order to provide a vehicle for the Trustee and other fiduciary clients who are interested in diversifying their investment, the Trustee hereby establishes and declares that it has created and shall administer a fixed income Unit Investment Trust Fund (the “UITF”), a trust product, for the collective investment of funds of its clients under the terms and conditions provided in this Plan Rules and Regulations (the “Plan”).

#### ARTICLE I: NAME, DEFINITIONS & PURPOSE

- 1.1 This UITF is an open-ended fixed income fund established and administered by the Trustee as a medium through which investible funds are pooled together for collective investment and shall be known as the **Odyssey Peso Bond Fund** (the “Fund”). The features of the Fund shall be described in Annex A hereto.
- 1.2 The Fund is 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 law.

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.

- 1.3 In applying this Plan, the following shall have the meaning indicated below unless the context otherwise requires:
- a) “BSP” shall mean the Bangko Sentral ng Pilipinas.
  - b) “Business Day” means such day (other than a Saturday, Sunday, or declared holiday) on which the trust corporation is open for business in the City of Makati.
  - c) “Confirmation of Participation/Transaction Advice” means the instrument evidencing the extent of Participant’s proportionate interest in the Fund.
  - d) “Confirmation of Redemption/Transaction Advice” means the instrument confirming the partial or full redemption of units held by the Participant and evidencing the reduction of the Participant’s proportionate interest in the Fund.
  - e) “Initial NAVPu” means the initial NAVPu of the Fund as indicated in Annex A.
  - f) “Minimum Additional Participation Amount” means the minimum amount of subsequent participation of a Participant or Trustor in the Fund as indicated in Annex A.
  - g) “Minimum Maintaining Participation” means the amount indicated in Annex A that must be maintained at the time when a partial redemption is made by a Participant or Trustor in the Fund.
  - h) “Minimum Participation Amount” means the minimum amount of initial participation of a Participant or Trustor in the Fund as indicated in Annex A.

- i) “NAV” means Net Asset Value of the Fund.
- j) “NAVPu” means Net Asset Value Per Unit or the value of each unit of participation in the Fund.
- k) “Redemption Cut-Off Time” means the cut-off time for receiving redemption orders as indicated in Annex A.
- l) “Redemption Notice Period” means the required number of days of prior notice in a form acceptable to the Trustee for any redemption from the Fund as indicated in Annex A.
- m) “Subscription Cut-Off Time” means the cut-off time for receiving subscription orders as indicated in Annex A.
- n) “Trade Date” means a business day when a redemption or subscription order is received before cut-off time.
- o) “Trust Agreement” means the Participation Trust Agreement.
- p) “Trust Fee” means the fee based on the net asset value of the Fund at day end payable by Participants to the Trustee as indicated in Annex A.
- q) “Trustor” or “Participant” means a person who participates in the Fund under a Trust Agreement.
- r) “Trustee” means BPI Wealth acting in its capacity as trustee of the Fund.
- s) “Total Net Assets” means the summation of the market value of each investment less Trust Fee, taxes, and other qualified expenses.
- t) “Unit” means a unit of participation in the Fund.
- u) “Valuation Day” means a trading day when the Fund is made available for participation or redemption, and on which the Trustee determines the NAV of the Fund

1.4 The Fund shall be established, maintained and administered exclusively for the collective investment and reinvestment of the funds held by the Trustee, which constitute the participation in the Fund. The rights and benefits of all parties in interest in the Fund shall be pursuant to the Plan.

## **ARTICLE II: INVESTMENT OBJECTIVE OF THE FUND**

The objective of the Fund is to achieve capital appreciation and income growth in Philippine Peso (PHP) terms by investing in a diversified portfolio of Philippine Peso denominated fixed income instruments.

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 as prescribed by the BSP.

## **ARTICLE III: MANNER OF OPERATION**

- 3.1 BPI Wealth, acting as Trustee, shall have exclusive management and control of the Fund.
- 3.2 The Fund shall receive cash contributions from Participants or Trustors, which contributions shall be made through participation to be delivered to the Trustee. Participation in the Fund shall be pooled and invested as one account.
- 3.3 The Trustee shall designate clearly in its records the participation and extent of the interest of Participants in the Fund. The Trustee shall not negotiate or assign the Participant’s beneficial interest in the Fund without prior written consent of the Participant. No Participant shall have or be deemed to have ownership or interest in any particular account or investment of the Fund but shall have only a proportionate beneficial interest in the Fund as a whole. All of the assets in the Fund shall at all times be construed as assets held by the Trustee and title thereto shall be vested solely in the Trustee.

- 3.4 The interest of each Participant shall be determined by the unitized NAVPu valuation methodology explained in Article VIII hereof. No participation shall be admitted to or redeemed from the Fund except on the basis of such valuation.
- 3.5 The Fund shall be distributed exclusively in distribution channels duly authorized by the Trustee.

#### **ARTICLE IV: PURCHASE/ADMISSION OF UNITS OF PARTICIPATION IN THE FUND**

- 4.1 At the inception of the operation of the Fund, participating units shall be issued, as they are purchased by the Participants, at the Initial NAVPu.
- 4.2 Participation in the Fund shall be open to any eligible person or entity with legal capacity to contract on any Valuation Day. Qualified participants are more specifically defined under Annex A hereof.
- 4.3 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 and establishing the suitability of the client to the Fund.
- 4.4 Investments in the Fund shall be made by purchasing units of the Fund at the prevailing NAVPu and shall not be less than the Minimum Participation Amount indicated in Annex A. Subsequent contributions by a Participant are subject to the Minimum Additional Participation Amount in Annex A. Admission of participation shall commence upon execution by the Trustee and Participant of the Trust Agreement and the receipt by the Trustee of the cleared funds from the Participant.
- 4.5 The Trustee has sole discretion to accept a participation and expressly reserves its rights to reject or refuse any participation, investment, or contribution in the Fund by any person or entity for any reason whatsoever.
- 4.6 The participation of each Participant in the Fund shall be designated in terms of number of participating units for which the corresponding Confirmation of Participation/Transaction Advice shall be issued indicating the amount of the participation and the equivalent number of Units or proportionate interest at the prevailing NAVPu. Each Unit shall have uniform rights and privileges as any other Units.
- 4.7 The NAVPu shall be adjusted according to the valuation of the Fund as provided in Article VIII hereof.

#### **ARTICLE V: REDEMPTION OF UNITS OF PARTICIPATION IN THE FUND**

Redemptions from the Fund shall be made on any Valuation Day. All redemption from the Fund shall be done through a notice to the Trustee within the Redemption Notice Period. No partial redemption from the Fund may be effected if the amount so redeemed reduces the Participant's proportionate interest in the Fund below the Minimum Maintaining Participation (Annex A).

A Confirmation of Redemption/Transaction Advice shall be issued to the Participant for every redemption as evidence of the partial or full redemption of Units. The outstanding unredeemed Units, as well as subscription/ redemption transactions for the relevant period, shall be reflected in a quarterly statement to be sent to the Participant.

#### **ARTICLE VI: SUBSEQUENT PURCHASE/REDEMPTION OF UNITS OF PARTICIPATION IN THE FUND**

Subsequent purchases or redemption of Units will be based on the applicable NAVPu. Additional purchases of Units will expand the number of outstanding Units issued, while redemption of Units will contract the number of outstanding Units.

The Trustee is authorized to execute recorded telephone and faxed instructions from the Participant to purchase or redeem Units based on the Trustee's internal control procedures and policies to ensure legitimacy. The Participant or Trustor waives any right under Republic Act No. 4200, otherwise known as The Anti-Wire Tapping Act and other similar laws or regulations and hereby releases the Trustee from any liability or responsibility under the aforesaid law as well as for any loss or damage incurred by the Participant, in connection with the Participant's telephone or faxed instructions and/or the recording thereof, except when it is occasioned by the Trustee's gross and willful negligence or evident bad faith.

## **ARTICLE VII: SURVIVORSHIP CLAUSE**

### **7.1 For Joint/"AND" Accounts**

The Fund or any balance thereof, shall be redeemed by the Trustors' joint signatures.

The available balance of the Fund at any time shall be subject to redemption or other disposal in whole or in part by the check or order of payment by all of the Trustors or the attorney(s)-in-fact duly authorized by all of the Trustors, all without inquiry or regard by the Trustee with respect to the use or disposition which may be made of the funds so redeemed or otherwise disbursed and shall release and discharge the Trustee from such redemption / disposal.

Should any or all of the Trustors die during the effectivity of the trust, the Trustee will be promptly notified in writing and the Fund at the time of such death shall be disposed in accordance with the laws on co-ownership. Unless a different sharing among the Trustor exist, each of the Trustor is presumed under the laws on co-ownership to own equal shares of the Fund and in case of the death of any of the Trustor, the deceased Trustor (s) shall be replaced by his / their estate(s). In this regard, the Trustor shall hold the Trustee free and harmless from all damages, costs and expenses to which the Trustee may be put in any suit or proceeding relating to the Fund, should the Trustee release the equal share to the estate of the deceased Trustor.

Should an administrator or executor of the estate or a legal representative of the deceased Trustor be appointed, the Trustee shall be informed accordingly and the Trustee shall be free to release any amount in the Fund upon the joint signatures of the surviving Trustor and the abovementioned administrator, executor or legal representative upon presentation to the Trustee of a certificate from the Commissioner of Internal Revenue that taxes have been paid on the share of the deceased Trustor and other documents submitted as the Trustee's rules and regulations may require as provided by law.

### **7.2 For Solidary/"OR" Accounts**

The Fund or any balance thereof may be redeemed by any one of the Trustor as joint and several Trustor. In case of conflict among the Trustor, the Trustee is hereby authorized to hold/freeze the Fund until the Trustee receives a court order authorizing the Trustee to release the Fund to the Trustor or anyone among the Trustor, and the Trustor, jointly and severally, shall hold the Trustee free and harmless from any and all damages, costs, expenses and attorney's fees that the Trustee may incur by virtue thereof.

The available balance of the Fund at any time shall be subject to redemption or other disposal in whole or in part by the check, draft or other written order signed by any one of the Trustor or that of the attorney(s)-in-fact of any one of the Trustor, all without inquiry or regard by the Trustee with respect to the use or disposition which may be made of the funds so redeemed or otherwise disbursed and shall release and discharge the Trustee from such redemption/ disposal.

Upon the death of any of the Trustor, the Fund or balance thereof, shall belong to the surviving Trustor and can be redeemed by any of the surviving Trustor without the necessity of obtaining the consent of the heirs of the deceased Trustor.

In case of death of the last surviving Trustor, the latter's estate shall be entitled to redeem and collect from the Fund. In case of simultaneous death of all the Trustor, the Fund shall be governed by the laws on co-ownership and shall be redeemed by the joint signatures of the executors, administrators, or legal representatives of all of Trustor upon presentation to the Trustee of a certificate from the Bureau of Internal Revenue that taxes have been paid and after compliance with such requirements as the Trustee may impose.

**ARTICLE VIII: VALUATION METHODOLOGY AND ALLOCATION AND DISTRIBUTION OF INCOME AND LOSSES**

8.1 The Trustee shall determine and calculate on every Valuation Day the NAV and the NAVPu in the manner provided in Article 8.3 and 8.4 hereof and shall be made available to the Participants and prospective Participants and published in the Trustee's website. The calculation and availability of the NAVPU shall be as prescribed under Annex A hereof.

8.2 The Trustee shall cause the publication of the NAVPu, as well as the moving return on investment (ROI) of the Fund on a year-to-date and year-on-year basis, in at least one (1) newspaper of national circulation, either by itself or by way of a pooled weekly publication of such NAVPu through the initiative of industry practitioners.

8.3 The NAV shall be computed using the pooled-fund accounting methodology, or more specifically based on the following formula:

Cash Deposits	
+	Market Value of Investment
+	Accrued Interest on Cash Deposits
+	All other assets and receivables
	GROSS ASSET VALUE
-	Accrued Taxes Payable
-	Accrued Trust Fee Payable
-	Other Accrued Expenses
-	Accounts Payable
	Net Asset Value of the Fund

8.4 The NAVPu shall be calculated by dividing the NAV by the number of Units outstanding as of the date of valuation. The NAVPu shall be computed up to two (2) decimal places as follows:

$$\text{NAVPu} = \frac{\text{Total Net Assets of the Fund}}{\text{Total number of outstanding Units}}$$

8.5 All authorized investments of the Fund shall be marked to market regularly in accordance with the applicable rules and regulations of the BSP. The determination of the market value of the investments of the Fund shall be in accordance with existing BSP rules and regulations on marking to market of investment securities.

8.6 The Trustee of the Fund may temporarily suspend calculation of the NAV, NAVPu, as well as subscription and redemptions, in the following instances:

- a) When a stock exchange or another regulated market, functioning in a regular manner, recognized and open to the public, supplying listings for a significant portion of the assets of the Fund, is closed for periods other than regular holidays, or when transactions thereat are suspended or subject to restrictions;

- b) When the means of communication or calculation usually determine the value of the assets of the Fund are suspended, or when, for any reason whatsoever, the value of an investment of the Fund cannot be determined with the desirable speed and accuracy;
- c) When exchange-rate or capital transfer restrictions prevent execution of transactions for the account of the Fund, or when purchase or sale transactions for the account of the same cannot be executed at normal rates of exchange;
- d) When factors due, *inter alia*, to the political, economic, military or monetary climate, which are outside the control, liability and operational scope of the Trustee shall prevent the same from having disposal in respect of the assets and from determining the net asset value thereof in a normal and reasonable manner;
- e) When the market of a currency in which a significant portion of the assets of the Fund is invested shall be closed for periods other than normal holidays, or when transactions thereon are suspended or subject to restrictions.

Such suspension decision shall be communicated to the Participants requesting redemption of their Units.

8.7 A Participant shall be entitled to a pro-rata distribution of income, profits and losses in respect of their participation in the Fund, upon the redemption of, and corresponding to, its units of participation based on the NAVPu.

## **ARTICLE IX: TAXATION**

Taxation or tax exemption on income or other yield earned from the Fund shall be based on prevailing tax laws and regulations of the relevant tax authority.

Taxes, including assessments for deficiencies, penalties, surcharges, claims or cost for defense or counsel in appropriate proceedings arising from any change in the law or regulations or a change in the interpretation of the law or regulations and through no fault of the Trustee, shall be for the account of the Fund.

The Trustee recommends that prospective participants obtain independent advice on tax issues associated with an investment in the Fund.

## **ARTICLE X: INVESTMENT POWERS AND RIGHTS OF THE TRUSTEE**

10.1 The Trustee shall have the exclusive management, control and administration of the Fund and shall be vested with full and exclusive power and authority to hold, manage, administer, convert, sell, assign, invest, reinvest, exchange, transfer, dispose, or otherwise deal with the cash comprising the Fund, as well as with the assets of the Fund and additions thereto, and shall exercise every power with respect to each item in the property of the Fund to the same extent and effect as might legally be done by owners of like property. The Trustee shall have such additional powers and authority conferred by law or administrative regulation and such as may be necessary for the purpose of this Plan. Accordingly, pursuant to said rights and prerogatives, the Trustee is specifically authorized and empowered to:

- a) Hold legal title over the assets comprising the Fund for the benefit of the Participants;
- b) Retain or dispose any item of property in the Fund or any addition thereto;
- c) Hold, place, invest and reinvest the Fund with full discretionary powers, and without distinction, as to principal and income in instruments stipulated in Article XI and in such investments it may

deem sound and appropriate, subject only to the limitations, investment objectives, and policies of the Fund as stated in the Article II, Article XI, and Annex A;

- d) Deposit in any bank or financial institution, including the parent and/or affiliate bank/s of the Trustee, a portion of the Fund, subject to the requirement of Section 414-Q of the Manual of Regulations for Non-Bank Financial Institutions (“MORBNFI”);
- e) Buy, sell, exchange, convey, transfer or otherwise dispose of or grant options with respect to any property comprising the Fund by private contract or public auction as the Trustee shall in its discretion deem proper or necessary. No person dealing with the Trustee shall be bound and required to see the application of the purchase price or to inquire into the validity, expediency or propriety of any such sale of other dispositions;
- f) Extend or modify the terms of any mortgage duly executed in favor of the Trustee for the Fund, to foreclose such mortgage or to protect or redeem the mortgaged property from forfeiture for non-payment of taxes or other liens;
- g) Consent to the reorganization, consolidation, merger or readjustment of the finances or sale of any corporation, any stock or security of which is held by the Fund, and to do any act with reference to such stock or security to enable the Fund to obtain the benefit of any such reorganization, consolidation, merger, readjustment or sale;
- h) Execute and deliver powers of attorney to any person or persons as the Trustee may deem proper, granting to such person such powers and authority with respect to any security, instrument or property at any time held by the Fund;
- i) Register any security, instrument or other assets belonging to the Fund in its own name or in the name of an appointed custodian/depository or in any manner appropriate for the security purchased;
- j) Renew or extend the time of payment of any obligation due or becoming due;
- k) Compromise, arbitrate or otherwise adjust or settle claims in favor of or against the Fund or any assets thereof and to deliver or accept any property in full or partial satisfaction of any indebtedness or obligation due the Fund and to continue to hold for such period of time as the Trustee may deem appropriate such property so received;
- l) Hire or retain the services of an investment manager or advisor as it sees fit, as approved by the relevant authority;
- m) Hire or retain the services of a custodian as it sees fit, as approved by the relevant authority;
- n) Hire and compensate legal counsel/s, certified public accountant/s and other specialist/s in connection with the administration and management of the Fund and the protection or advancement of its legal and other interests;
- o) Institute or defend actions or proceedings in connection with any and all assets, securities or property at any time received or held by the Fund and all costs and attorney's fees in connection therewith shall be charged against the Fund;
- p) Make, execute, acknowledge, keep in custody and deliver any and all securities, documents and credit agreements or contracts necessary for the management and reinvestment of the assets of the Fund in connection with the exercise of the powers conferred or the performance of the acts authorized under the trust agreements;
- q) Collect and receive all profits or income including interest and dividends arising from investment or reinvestment of the assets of the Fund;
- r) Pay out of the Fund taxes accruing on the income earned by the Fund as well as all costs, expenses and other charges incurred in the administration, management and investment of the Fund;

- s) Adopt an external or internal risk management and hedging strategy and a more definitive policy guideline based on generally accepted risk management principles, and duly approved by the Board of Directors of the Trustee;
- t) Set the minimum amounts or number of units required for purchases or redemptions by a Participant of the Fund as defined in the Annex A;
- u) Set the admission and redemption cut-off time as defined in the Annex A;
- v) Collect from the Fund trust fees as defined in the Annex A;
- w) Exercise any right or privilege inherent or incidental to ownership of securities, deposits, shares of stocks or properties comprising the assets of the Fund;
- x) Temporarily suspend trading, calculation of the NAV/NAVPU of the Fund, as well as participation to and redemption from the Fund as further defined in Article 8.6.

The foregoing provisions on the powers and authority of the Trustee shall also apply to the income of the Fund or any additions thereto.

10.2 The Trustee shall be subject to the following limitations:

- a) The Trustee shall not have any interest in such Fund other than in its capacity as Trustee thereof. However, the Trustee may invest in the Fund its other trust funds or investment management funds that it simultaneously administers provided that it is allowed under a policy approved by the relevant authority.
- b) The Trustee shall maintain at all times the BSP prescribed percentage of the mark to market value of the Fund in liquid or readily marketable investments to cover any redemption.
- c) The combined exposure of the Fund to any entity and its related parties shall not exceed fifteen percent (15%) of the market value of the Fund. The limitation shall not apply to non-risk assets as defined by the BSP.
- d) In cases where the limit is breached due to the marking to market of certain investment(s) or any such extraordinary circumstances e.g. abnormal redemption which are beyond the control of the Trustee, the Trustee shall correct the breach within the period prescribed by the BSP.
- e) The Trustee shall adopt adequate transparency and maintain an audit trail for all investment transactions, particularly for deals made with related parties, entities or counterparties. In this instance, the Trustee shall observe the principle of best execution.
- f) To effect a purchase or sale of a transaction involving investments in the Fund, the Trustee shall deal only with accredited counterparties in accordance with the policy duly approved by the relevant authority.

**ARTICLE XI: INVESTMENTS OF THE FUND**

11.1 The Fund may invest in the following financial instruments:

- a) Deposit products;
- b) Money market instruments;
- c) Securities issued by or guaranteed by the Philippine government, or by the BSP;
- d) Tradable securities issued or guaranteed by multilateral institutions such as the Asian Development Bank (ADB), International Monetary Fund (IMF) and World Bank;
- e) Tradable securities issued by the government of a foreign country, any political subdivision of a foreign country or any supranational entity;
- f) Exchange-listed securities;



- g) Marketable instruments that are traded in an organized exchange;
- h) Loans traded in an organized market; and
- i) Such other investments suitable to the nature, classification, and strategy of the Fund, as allowed by prevailing regulations.

11.2 The Trustee may invest in allowable investments denominated in any acceptable foreign currency.

11.3 The Fund may avail itself of instruments solely for the purpose of hedging risk exposures of the existing investments of the Fund. Further, the use of financial derivatives must be in accordance with other existing BSP guidelines, as well as the Trustee's risk management and hedging policies duly approved by the Board of Directors of the Trustee, and disclosed to the Participants.

11.4 The Board of Directors of the Trustee may limit the type of investments that the Trustee may make with the Fund.

11.5 Investment of the Fund in securities shall be held for safekeeping by the custodian identified in Annex A hereto, or such other BSP accredited third party custodian that may be appointed by the Trustee in the future. The third party custodian shall perform independent marking-to-market of such securities.

## **ARTICLE XII: LIABILITY CLAUSE OF THE TRUSTEE**

12.1 The Trustee shall administer and manage the Fund with the skill, care, and prudence required of it by law and shall not be liable for any loss, damage or diminution of the Fund or in the value of the Participant's Unit arising from any act done by the Trustee pursuant to the terms hereof, except when it is occasioned by the Trustee's gross and willful negligence or evident bad faith.

12.2 The Trustee, including its authorized representatives, officers, directors, employees, and staff, shall be held free and harmless from any liability for any of its actions and omissions made in good faith, or for which the Trustee believed to be authorized or falling within its discretion, rights, or power conferred under this Plan, the Trust Agreement, or specific written authority from the Participant and the law.

**12.3 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 any 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**

**12.4 The Trustee does not and shall not guarantee a fixed rate of return or income to the participants. Losses, if any, shall be for the account and risk of the participants. Historical performance, when presented, is purely for reference purposes and is not a guarantee of similar future results.**

**12.5 Non-Coverage by PDIC – Participation in the Fund creates a trust and 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 on the NAVPU and shall be for the account and risk of the Participant.**

### **ARTICLE XIII: RIGHTS OF PARTICIPANTS**

- 13.1 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.
- 13.2 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 prescribed by BSP.
- 13.3 Participants shall be informed of the risks attendant to this type of Fund through a Risk Disclosure Statement. The Risk Disclosure Statement may be found in Annex B and is deemed incorporated in this Declaration of Trust/Plan Rules
- 13.4 In case of termination of the Plan, the Participants shall have:
- a. The right to be notified of such termination in accordance with Article XVI 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 XIV: AUDITING AND SETTLEMENT OF ACCOUNTS**

- 14.1 The Trustee shall cause an annual external audit of the accounts and records of the Fund separate from the regular audit requirement applicable to all trust accounts administered by it, by an independent auditor acceptable to the BSP. The external audit of the Fund shall be conducted by the same external auditor engaged for the audit of the Trustee. A copy of the report, or a notice that the report is available and that a copy thereof shall be furnished upon request, without charge, shall be sent to each participant.
- 14.2 When an account is closed or a participation is redeemed, the Trustee shall furnish the Participant with a final computation of the amount to be paid to the Participant, in full settlement of the participation and the accountability of the Trustee as far as the interest of the participant of the Fund is concerned.

### **ARTICLE XV: ACCOUNTING AND REPORTORIAL REQUIREMENTS**

- 15.1 The Trustee shall keep separate books of account and accounting records for the Fund. Such books of accounts and accounting records shall be maintained and kept separate and segregate from the records and books of accounts of other businesses. The Trustee shall record the total assets and accountabilities of the Fund as a single account referred to as “pooled fund accounting method”.
- 15.2 The chart of accounts and booking of transactions shall conform with the BSP’s Financial Reporting Package for Trust Institution, generally accepted accounting principles of practice, and the Rules and Regulations of Trust, Other Fiduciary Business and Investment Management Activities of Financial Institutions.
- 15.3 The Trustee shall periodically prepare a financial report of the Fund, which shall be made available for inspection by the Participants during business hours on any Business Day.

### **ARTICLE XVI: TERMINATION OF THE PLAN**

- 16.1 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 BSP for information. 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, publication of announcement in the Trustee's own website, posting of notices in the premises of the Trustee, or posting/sending of notices in the approved platforms of all duly accredited distribution channels. Upon termination, the Trustee shall prepare a financial statement of the Fund which shall be made the basis of distribution to the Participants.

- 16.2 After the resolution terminating the Plan is adopted, the Trustee shall no longer accept additions to, or allow redemptions from, the Fund. However, a notice of redemption received by the Trustee before the date of resolution of the Board of Directors of the Trustee terminating the Plan shall be completed if the date of the scheduled redemption is before the date of effectivity of the termination.
- 16.3 Within a reasonable time after the termination or discontinuance of this Plan and the Fund, the Trustee shall distribute to the Participants each Participant's proportionate interest in the net assets of the Fund after deducting therefrom all accrued taxes, expenses, and Trust Fee chargeable against the Fund. The Trustee shall be authorized to sell or dispose any asset of the Fund as may be necessary to fully implement the distribution to the Participants and finally liquidate or settle its accountabilities or obligations as Trustee.
- 16.4 Even after the termination of this Plan, the Trustee shall continue to exercise its powers and rights until all the assets of the Fund have been liquidated and distributed to all Participants.

#### **ARTICLE XVII: FEES AND COMMISSIONS**

- 17.1 The Trustee shall charge against the Fund regular trust fees in the amount indicated in Annex A 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 daily and shall be collected from the Fund on a monthly basis. The trust fee shall be uniformly applied to all participants in the Fund. Said fee/s may be increased or decreased in the future as may be warranted by circumstances then existing, subject to the requirements of Section 414-Q of the MORNBF. In the event the trust fee/s are changed, such changes shall be charged prospectively.
- 17.2 The Trustee may charge the Fund for other qualified expenses incurred by it in the management of the Fund, including attorney's fees, cost of research, custody fees, external audit fees and other similar expenses as allowed by the BSP. 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 XVIII: AMENDMENTS TO THE PLAN**

This Declaration of Trust / Plan Rules 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 Participants who are not in conformity with the amendments made shall be allowed to redeem their participations within thirty (30) calendar days after the amendments are approved, or such longer period as may be fixed by the Trustee: Provided further that amendments to the Declaration of Trust/

Plan Rules may be allowed subject to notification to the BSP and continuing compliance of the Trustee with the prudential criteria prescribed under Section 111-T of the MORNBF1.

**ARTICLE XIX: TRUST AGREEMENT AND CONFIRMATION OF PARTICIPATION/TRANSACTION  
ADVICE**

19.1 The provisions of the Trust Agreement and Confirmation of Participation/Transaction Advice shall be in accordance with this Plan and shall include other provisions as may be required by the BSP rules and regulations or as may be deemed necessary under the circumstances, provided, that, any such additional provisions are not inconsistent with this Plan. The provisions of this Plan shall prevail over those of the Trust Agreement or the Confirmation of Participation/Transaction Advice, in the event that there is an inconsistency between their provisions.

19.2 The Confirmation of Participation/Transaction Advice, to be effective, need not be manually signed by Trustee or its authorized representative. It may be in the form of an electronic document which shall be governed by R.A. No. 8792, otherwise known as the Electronic Commerce Act, and its implementing rules and regulations.

**ARTICLE XX: APPROVAL OF THE PLAN**

This plan was approved to be adopted by the Board of Directors of BPI Wealth on December 13, 2023.

**IN WITNESS WHEREOF, BPI Wealth has caused this Declaration of Trust / Plan Rules to be signed and its corporate seal affixed thereto December 13, 2023 at Makati City, Philippines.**

**BPI Wealth- A Trust Corporation  
(Trustee)**



**MARIA THERESA D. MARCIAL  
President and Chief Executive Officer**

## Annex A

### Odyssey Peso Bond Fund UNIT INVESTMENT TRUST FUND Fund Features

Classification of Fund	:	Fixed Income fund
Currency	:	Philippine Peso (PHP)
Investment Objective	:	The objective of the Fund is to achieve capital appreciation and income growth in Philippine Peso terms over a period of time by investing in a diversified portfolio of Philippine peso denominated fixed income securities.
Return Objective	:	The Fund aims to outperform its benchmark which is the BPI Philippine Government Bond Index.
Qualified Participants	:	The Fund is suitable for investors with at least an aggressive risk profile.
Investment Policy	:	Please refer to Section XI.
Modified Duration Policy	:	The modified duration of the Fund shall be more than five (5) years. Modified duration is used to determine the effect of a 1% or 100 basis points change in interest rates on the price of the fixed-income security. The Trustee is authorized to adopt internal guidelines in relation to the Fund's modified duration policy, as duly approved by the Board of Directors of the Trustee. The modified duration of the Fund shall be disclosed in the KIIDS.
Benchmark Name	:	BPI Philippine Government Bond Index
Benchmark Description and Key Characteristics	:	<p>The BPI Index is intended to reflect the performance of Philippine Government, fixed-rate straight bonds denominated in Philippine Peso. It is intended to be a template for passive, diversified fixed income investment portfolios where securities are held in proportion to the market value (Market Capitalization) of the issued securities. It aims to provide accurate and objective benchmarks by which to assess the performance of the Philippine Government bond market.</p> <p>The BPI Index comprises of the BPI Philippine Government Bond Index as the primary index and five other indices, each with constituents covering more specific asset segments.</p>
Benchmark Reference	:	<p>For more information on BPI Indices, participants may contact, the calculating agent, BPI Investment Management Inc. at <a href="mailto:bpi_investment@bpi.com.ph">bpi_investment@bpi.com.ph</a>.</p> <p>Alternatively, participants may request information from BPI Wealth at <a href="mailto:bpiwealth@bpi.com.ph">bpiwealth@bpi.com.ph</a>.</p>

- Benchmark Relation to the Fund's Objective or Investment Strategy** : The Fund is actively managed, which allows the Trustee full discretion on security selection. The Trustee will use the BPI Philippine Government Bond Index as reference during portfolio construction to ensure that the active risk taken is commensurate to the Fund's objective and investor profile. Moreover, given the active nature of the Fund, the Trustee may select securities which are not within the benchmark index to take advantage of any opportunities available. Investors may use the Index to gauge the Fund's performance.
- Minimum Participation Amount** : PHP 10,000.00
- Minimum Additional Participation** : PHP 5,000.00
- Minimum Maintaining Participation** : The minimum maintaining participation is the same as the amount prescribed for minimum initial participation.
- Initial NAVPU** : PHP 100.00/ unit
- Trust Fee** : 1.50% p.a. based on the net asset value of the Fund, net of taxes, which shall be accrued daily and shall be collectible from the Fund on a monthly basis.
- Subscription Cut-Off Time** : 2:00 p.m. on any Valuation Day. Subscription orders received on or before 2:00 p.m. shall be considered as a transaction of that day and shall receive that day's NAVPU, subject to receipt of clear funds. However, subscription orders received after the cut-off time shall be considered as transaction for the next applicable valuation day.

Redemption shall be subject to the following requirements/conditions:

- Redemption Notice Period** : The participant of the Fund may redeem its participation on any valuation day. Request for redemption, subject to the cut-off time shall be dealt with by the Trustee in chronological order according to the day that notice is received. On the next business day after the redemption, a Transaction Advice shall be sent to the Participant. However, the Trustee reserves the right to require from the Trustor/s a five (5) business day advanced written notice of redemption from the Fund. This required notice may be shortened or extended at the sole discretion of the Trustee depending on the liquidity position of the Fund and the frequency and volume of requests for redemption received by the Trustee at any given time. The Trustee shall communicate these by way of direct written correspondence to each participant, publication of announcement in the Trustee's own website, posting of notices in the premises of the Trustee, or posting/sending of notices in the approved platforms of all duly accredited distribution channels, not shorter than three (3) business days before any change is implemented.
- Redemption Cut-Off Time** : Redemption orders received on or before 2:00 p.m. shall be considered as a transaction of that day and shall receive that day's NAVPU. However,

redemption orders received after the cut-off time shall be considered as transaction for the next applicable valuation day.

Partial Redemption	No partial redemption from the Fund may be effected if the amount so redeemed reduces the Participant's proportionate interest in the Fund below the Minimum Maintaining Participation. A Confirmation of Redemption/Transaction Advice shall be provided to the Participant for every redemption after settlement date.
Redemption Settlement Date	Proceeds of redemption shall be paid out of the Fund to the Trustor/Participant on settlement date of Trade Date + 1 business day.
Suspension of Contributions and Redemptions	Conditions for the suspension of contributions to, and redemptions from the Fund are specified in Article VIII Section 8.6 of the Declaration of Trust.

The foregoing fund features may be changed by the Trustee from time to time, as conditions warrant subject to the Trustee's compliance with Section 414-Q of the MORNBF1.

NAVPU Calculation	: The Net Asset Value of the Fund shall be computed earliest 7:00PM on each valuation day using the marked to market method of valuation as stated in Article VIII of the Declaration of Trust.  Subscriptions or redemptions received before the Fund's cut-off time will be included in the day's valuation while those received after the cut-off time will be for value the next day. The Trustee shall determine the NAV of the Fund on every valuation day.
NAVPU Availability	Information relating to the NAVPU of the preceding Trade Date shall be available not later than 12:00 noon on each valuation day
Third Party Custodian	: Investments of the Fund shall be held for safekeeping by any BSP accredited third party custodian/s, as assigned by the Trustee. The name/s of the third party custodian/s shall be indicated in the Key Information and Investment Disclosure Statement.

## RISK DISCLOSURE STATEMENT

Prior to making an investment, BPI Wealth is hereby informing you of the nature of investments and the risks involved in investing therein. As investments generally carry different degrees of risk, it is necessary that before you make any investment, you should have:

- Fully understood the nature of investments and the extent of your exposure to risks;
- Read this Risk Disclosure Statement completely; and,
- Independently determined that the investment is appropriate for you.

Enumerated and defined below are the various risks you are normally exposed in investing depending on the type of the underlying assets of the portfolio. BPI Investment Funds do not provide guaranteed returns and are not covered by the Philippine Deposit Insurance Corporation (PDIC).

There are risks involved in investing in BPI Investment Funds because the value of your investment is based on the Net Asset Value per Unit (NAVPU) of the BPI Investment Fund which uses a marked-to-market valuation and therefore may fluctuate daily. The NAVPU is computed by dividing the Net Asset Value (NAV) of the BPI Investment Fund by the number of outstanding units. The NAV is derived from the summation of the market value of the underlying securities of the BPI Investment Fund plus accrued interest income less liabilities and qualified expenses.

**INVESTMENT IN BPI INVESTMENT FUNDS DOES NOT PROVIDE GUARANTEED RETURNS EVEN IF INVESTED IN GOVERNMENT SECURITIES AND HIGH-GRADE PRIME INVESTMENT OUTLETS. THE PRINCIPAL AND EARNINGS FROM YOUR INVESTMENT CAN BE LOST IN WHOLE OR IN PART WHEN THE NAVPU AT THE TIME OF REDEMPTION IS LOWER THAN THE NAVPU AT THE TIME OF PARTICIPATION. GAINS FROM THE INVESTMENT IS REALIZED WHEN THE NAVPU AT THE TIME OF REDEMPTION IS HIGHER THAN THE NAVPU AT THE TIME OF PARTICIPATION.**

*Your investment exposes you to the various types of risks enumerated and defined hereunder.*

### **Interest Rate Risk**

There is a possibility that an investor may experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in a profit or a loss because the value of a debt instrument changes inversely with prevailing interest rates.

The Fund's portfolio, 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 rate, the Fund's market value may decline.

### **Market/Price Risk**

There is a possibility that an investor may experience losses due to changes in market prices of securities (e.g., bonds and equities). The portfolio of a Fund is exposed to uncertain market values due to price fluctuations.

The Fund risks to lose value due to a decline in the prices of securities, 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, and other factors. As a result, the NAVPU may increase to make profit or decrease to incur a loss.

### **Liquidity Risk**

There is a 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 to be made 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 an underdeveloped capital market.

There is liquidity risk when certain securities in the Fund may be difficult or impossible to sell at a particular time which may prevent the withdrawal/redemption until the Fund's 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 sought to be traded.

### **Credit Risk/Default Risk**

There is a possibility that an investor may experience losses due to a borrower's failure to pay the principal and/or interest 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 fulfill 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 of a counterparty (a party the Fund Manager trades with) defaulting on a contract to deliver its obligation either in cash or securities.

There is a risk that the Fund may experience a reduction in value in the securities which it has invested in, in the event the borrower defaults on its obligation or in the case of counterparty, when it fails to deliver on the agreed trade. This reduction in value of the Fund happens because the default/failure will cause the price of the security to decline and may make the security difficult to sell. As these happen, the Fund's NAVPU will be affected by a decline in value.

### **Reinvestment Risk**

There is a risk associated with the reinvestment of amounts in the Fund in view of the possibility of having lower returns or earnings when maturing funds or interest earnings are reinvested.

Investors who withdraw/redeem and realize their gains are exposed to the risk of generating lower returns if their funds are reinvested in an alternative investment outlet with lower yields. Similarly, BPI Wealth is faced with the risk of not being able to find alternative investments with equal or better yield as some of the securities in the Fund matures.

*In case of a foreign-currency denominated Fund or a peso-denominated Fund that is allowed to invest in securities denominated in currencies other than its base currency, the Fund is also exposed to the following risks.*

### **Foreign Exchange Risk**

There is a 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 such as but not limited to interest rates, economic performance, and political developments.

The Fund is exposed to currency fluctuations when the value of investments in securities denominated in currencies other than the base currency of the Fund depreciates. Conversely, the Fund may lose value when the base currency of the Fund appreciates. The NAVPU of a Philippine Peso-denominated BPI Investment Fund invested in foreign currency-denominated securities may decrease when the Philippine Peso appreciates.

The returns of a foreign currency-denominated Fund invested in foreign currency-denominated securities may decrease when converted or translated in Philippine Pesos when the Philippine Peso appreciates.

### **Country Risk**

There is a 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. There 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.

For complex investment products, investment instruments can be subject to sudden and sharp falls in market value which may cause a TRUSTOR to lose the entire investment and extra funding may be required, as necessary.

### **Index-Tracking Risk**

Specifically for index-tracker investments, there is a risk that the Fund's portfolio may not be the same as, and/or may not achieve a high degree of correlation with, the return of an index because of operating and other fund-management related expenses.

### **Other Risks**

A Fund may be further exposed to the risk of any actual or potential conflicts of interest in the handling of in-house or related party transactions by BPI Wealth. These transactions may include parent/affiliate-bank deposits; purchase of own-institution or affiliate obligations (stocks, mortgages); purchase of assets from or sales to own institution, directors, officers, subsidiaries, affiliates or other related interests/parties; or purchases or sales between fiduciary/managed accounts.