

DECLARATION OF TRUST

**LANDBANK MONEY MARKET FUND
A UNIT INVESTMENT TRUST FUND**

KNOW ALL MEN BY THESE PRESENTS:

This Declaration of Trust, made and executed by:

LAND BANK OF THE PHILIPPINES, a government financial institution created and existing under and virtue of Republic Act No. 3844, as amended, and duly authorized to perform trust and other fiduciary functions through its Trust Banking Group (LBP-TBG), with principal office address at LandBank Plaza 1598 M. H. del Pilar cor. Dr. J. Quintos Streets, Malate, Manila, represented in this act by its authorized signatories hereinafter referred to as the **TRUSTEE**.

WITNESSETH:

WHEREAS, in order to facilitate investments and portfolio management through the pooling of investible funds of various Participants in one common unitized fund, the Trustee, under: (1) Board Resolution No. 11-543a approved on 09 August 2011; (2) as amended by Board Resolution No. 11-849 on 19 December 2011; (3) as amended by Board Resolution No. 12-634 on 17 September 2012; (4) as amended by Board Resolution No. 13-531 on 13 August 2013; (5) as amended by Board Resolution No. 14-356 on 09 June 2014; (6) as amended by Board Resolution No. 15-020 on 12 January 2015; (7) as further amended by Board Resolution No. 16-361 on 13 June 2016; approved the **LANDBANK MONEY MARKET Unit Investment Trust Fund ("LANDBANK Money Market Fund")** in accordance with the relevant regulations issued by the Bangko Sentral ng Pilipinas (BSP) and existing laws.

NOW THEREFORE, the **TRUSTEE** hereby establishes, and declares that it has created, and shall manage and, administer a unit investment trust fund (UITF) for the collective investment of funds of its various trust clients, whether individuals or corporate entities, under the terms and conditions herein below set forth:

**ARTICLE I
DEFINITION OF TERMS**

Section 1.1 Whenever used in this Declaration, and unless the context otherwise requires, the term,

- a) "Confirmation of Participation" or "COP" or "Confirmation" shall mean the instrument issued by the Trustee to a Participant or Trustor as evidence of participation in the Fund.
- b) "Fund" shall mean the LANDBANK Money Market Unit Investment Trust Fund or LANDBANK Money Market Fund.
- c) "MORB" shall mean the Manual of Regulations for Banks of the BSP.
- d) "Plan" shall mean this Declaration of Trust establishing and governing the Fund.
- e) "Trust Account" shall mean the individual/s, corporate entities or other trust, fiduciary or investment management funds which the Trustee simultaneously administers.
- f) "Trustee" shall mean the Land Bank of the Philippines -Trust Banking Group or LBP-TBG.
- g) "Trustor" or "Participant" shall mean the individual/s, institutions, corporate entities or trust accounts named in the COP.

**ARTICLE II
LANDBANK MONEY MARKET UNIT INVESTMENT TRUST FUND**

Section 2.1 The **LANDBANK MONEY MARKET Unit Investment Trust Fund (LANDBANK Money Market Fund)** is the unit investment trust fund (UITF) classified as money market fund and maintained by the Trustee exclusively for the collective investment and reinvestment of certain monies received by it in its capacity as trustee. Such monies received shall be evidenced by a Confirmation of Participation (COP) which shall be surrendered upon redemption.

Section 2.2 The Fund shall be treated as an entity separate and distinct from its constituent assets, the contributions of the Participants thereto and the other trust accounts administered by the Trustee. All assets of the Fund shall, at all times, be considered as assets held by, and vested solely in, the Trustee.

Section 2.3 The Fund aims to provide high liquidity and minimal risk but with decent returns on their capital, from short-term and flexible investments with less than one year duration suitable for conservative investors. While offering Participants a systematic investment vehicle, the Fund makes economically available the portfolio management expertise of the Trustee to a greater number of small investors.

Section 2.4 The Trustee shall be the sole trustee of the Fund and shall have full management and discretionary control thereof including the right, at any time, to sell, convert, reinvest, exchange, transfer or otherwise change or dispose of the assets comprising the Fund.

Section 2.5 The Fund shall be invested and reinvested, without distinction as to principal or income, in any or all of the following areas of investments:

- a. current, savings, special savings deposit accounts (SSDA), high-yield savings account (HYSA), time deposits and other interest-bearing deposits of top private domestic expanded commercial banks and other private, foreign or government banks accredited through the LANDBANK's Financial Institution Department; and
- b. bonds, securities or other evidence of indebtedness issued or fully guaranteed by the Bangko Sentral ng Pilipinas such as but not limited to Bangko Sentral ng Pilipinas-Special Deposit Account (BSP-SDA), Term Deposit Auction Facility, or Overnight (O/N) Deposit Facility.

Provided, however, that the duration of the total portfolio shall not exceed one (1) year. Provided, further, that nothing herein shall be construed as prohibiting other investments as may be approved or allowed by the BSP in the future and to the extent deemed proper by the Trustee, having in mind the general purpose and objectives of the Fund.

Pursuant to X410.8 of the MORB, 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. This limitation shall not apply to non-risk assets as defined by the BSP.

The Trustee shall be transparent at all times and maintain an audit trail for all transactions with related parties or entities. The Trustee shall observe the principle of best execution and no purchase/sale shall be made with related counterparties without considering at least two (2) competitive quotes from other sources. The Fund shall only invest with approved counterparties qualified in accordance with the policy duly approved by the Trustee's Trust Committee. Counterparties shall be subject to appropriate limits in accordance with sound risk management principles.

Section 2.6 A list of existing and prospective investment outlets of the Fund which shall be updated quarterly shall be made available to the Participants upon request. Performance of the fund can be measured by comparing it with the percentage change in the Bloomberg Philippine Sovereign Bond Index Money Market¹ or, in its absence, any relevant and industry-accepted benchmark. Such disclosures shall be substantially in the form as provided in Appendix 62/Q034 of the MORB or as amended by BSP Circular 852, Series of 2014.

Section 2.7 To ensure that a Participant's investment profile is matched against the investment parameters of the Fund, or to profile the risk return orientation of a Participant, the Trustee shall, prior to its acceptance of a Participation in the Fund: a) perform a Client Suitability Assessment (CSA) on the Participant. For this purpose, a Participant shall be provided a CSA Form. The information about the Participant shall, at the minimum, include personal or institutional data, investment objective, investment horizon, investment experience, and risk tolerance; and b) prepare, for acknowledgment by the Participant, a Risk Disclosure Statement (RDS), describing the attendant general and specific risks that may arise from investing in the Fund.

ARTICLE III POWERS AND AUTHORITIES OF THE TRUSTEE

Section 3.1 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 of the Fund, as it deems to be for the best interest of the Fund. When the Trustee may deem it proper and beneficial for the Fund, it may, however, engage the services of a third party as investment advisor or manager of a portion of the Fund; Provided, further, that said arrangement shall be covered by a written contract and that the engagement of such third party or parties is duly disclosed to the Participants.

Section 3.2 With respect to any or all assets at any time received or held by the Fund, the Trustee is authorized to do all acts, take all actions, take such proceedings, hire such agents and exercise without any restrictions thereon all rights and privileges as could be done, performed, taken or exercised by the absolute owner thereof acting in a non-fiduciary capacity, including, without in any way limiting or impairing the generality of the foregoing, the following powers and authorities:

- 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 qualified assets comprising the Fund;
- c. to hold, place, invest and reinvest the Fund with full discretionary powers, and without distinction, as to principal and income in investments in such investment objectives and policies of the Fund stated herein;
- d. to deposit in any bank or financial institution, including its own bank, any portion of the Fund, subject to the requirement of Subsection UX410.8 of the MORB;
- 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 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 be

¹ Priced using PDEX's (Philippine Dealing Exchange Corporation) PDSS-R2

- 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 the 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 issue receipt for income, dividends, interest, profits, increments and such other sums accruing or due to the Fund; and
 - j. to pay out of the Fund all costs, expenses, and proper charges incurred in connections with the administration, preservation, maintenance and protection of the Fund.

Section 3.3 The Trustee shall administer the Fund with the skill, care, prudence and diligence that a prudent man, acting in like capacity and familiar with such matters, would exercise in the conduct of an enterprise of like character and with similar aims under the circumstances then prevailing.

Section 3.4 The Trustee shall formulate and implement investment strategies and programs for the Fund, giving due consideration to available investments and the prevailing investments markets. Returns that shall redound to the benefit of the Participants as a result of investments made by the Trustee shall, at all times, be dependent on the actual performance of the Fund.

Section 3.5 In the absence of fraud, bad faith or gross negligence, the Trustee shall not be liable for any loss or depreciation in value or diminution in income resulting from investments made by the Trustee in accordance with the Plan.

Section 3.6 The Trustee shall designate clearly upon its records, the trust accounts owning participation in the Fund and the extent of the interest of such accounts. No trust account holding a participation in the Fund shall have or be deemed to have any ownership or interest in any particular account or investment of the Fund but shall have only its proportionate beneficial interest in the Fund.

ARTICLE IV UNITS OF PARTICIPATION

Section 4.1 The interest of each Participant shall be represented by units of participation in the Fund to be evidenced by a Confirmation of Participation issued by the Trustee. The minimum initial participation in the Fund shall be such number of units equivalent to an amount that shall be not less than FIVE THOUSAND PESOS (₱5,000.00). Each additional contribution shall be in such amount as will result to a certain number of units of participation the equivalent of which shall in no case be less than ONE THOUSAND PESOS (₱1,000.00). Each unit of the Fund shall be of uniform rights and privileges with the other units of the Fund. The beneficial interest of each unit of participation shall be determined by the net asset value per unit (NAVPU) valuation methodology defined herein.

Section 4.2 In computing the number of units which a Participant shall be entitled to, the following formula shall be observed:

$$\text{Number of Units} = \frac{\text{Amount of Participation}}{\text{NAVPU of the Fund}}$$

where:

$$\text{NAVPU of the Fund} = \frac{\text{Net Asset Value of the Fund}}{\text{No. of Outstanding Units}}$$

The Number of Units of participation and the NAVPU of the Fund that shall appear in the COP shall be rounded off and expressed in six (6) decimal places.

**ARTICLE V
VALUATION OF THE FUND**

Section 5.1 The Trustee shall determine the Net Asset Value of the Fund on each banking day using the pooled-fund accounting method.

Section 5.2 The Net Asset Value of the Fund shall be determined by adding the current value of the outstanding investments and cash in bank of the Fund less fees, taxes, and other qualified expenses as defined herein, using pooled-fund accounting. Pricing/valuation of assets shall be based on existing industry standards and/or existing applicable BSP regulations.

Section 5.3 The Trustee may temporarily suspend the calculation of the NAV/NAVPU and the announcement thereof if it is unable to determine due to any fortuitous event, such as fire, natural calamity, public disorder or national emergency affecting the financial markets resulting in the suspension of trading and consequently, the absence of available market prices of securities/instruments.

**ARTICLE VI
VALUATION UNITS**

Section 6.1 The value of each unit of participation or the unit value shall be determined at the end of each banking day by dividing the Net Asset Value of the Fund by the number of units then outstanding. The Trustee shall utilize the current mark-to-market value of outstanding investments for the day based on existing BSP regulations.

Section 6.2 The initial value of each unit in the Fund shall be ONE PESO (₱1.00).

Section 6.3 The NAVPU of the Fund shall be computed daily not earlier than 5:00 p.m..

**ARTICLE VII
ADMISSION AND REDEMPTION OF UNITS**

Section 7.1 Admission of units of participation of the TRUSTORS to the FUND/S shall be evidenced by a Confirmation of Participation or COP issued by the TRUSTEE for this purpose. The COP may be in the form of an electronic document in accordance with R.A. 8792 or the Electronic Commerce Act of 2000 and its implementing rules and regulations. The TRUSTEE may formulate the manner of redemption in such cases.

The COP shall state the name/s of the TRUSTOR/S, date and amount of contribution, the equivalent number of units purchased/owned, and the applicable NAVPU. In case of redemption, whether full or partial, the TRUSTOR must endorse and surrender the COP to the TRUSTEE. In case the COP is lost, the loss must be immediately reported to the TRUSTEE by submitting a notarized affidavit of loss and such other reasonable requirements which the TRUSTEE may deem appropriate.

Section 7.2 Units of participation in the Fund may only be admitted based on the end of day NAVPU of the Fund computed after the cut-off time for fund participation for that reference day.

Section 7.3 Likewise, redemption of units of participation from the FUND shall be computed based on the end of day NAVPU on the day the request for redemption is received by the TRUSTEE, subject to applicable cut-off time.

Section 7.4 Units admitted for participation shall be paid by the Participant in cash or debit/transfer from cleared funds. Units redeemed by the Participant, in whole or in part, shall be paid for by the Trustee, by credit to the LBP deposit account designated by the Participant, within the redemption date; or in the form of a check payable to the Participant, available the next banking day from redemption date; Provided that the remaining balance shall not be lower than the minimum initial amount of participation which is FIVE THOUSAND PESOS (P5,000.00). Early redemption shall be penalized pursuant to Article XI, Section 11.1 hereof. Admission/notice of redemption received by the Trustee on or before 12:00nn shall be considered as transaction for the day. Admission/notice of redemption received by the Trustee after the cut-off time shall be considered as transaction for the next applicable business day.

Request for redemption shall be handled by the TRUSTEE in chronological order according to the day the notice is received.

In case of partial redemption, the NAVPU to be used in the valuation of the remaining unredeemed units shall be the original NAVPU. The remaining unredeemed units shall be computed as follows:

$$\text{Remaining Unredeemed Units} = [\text{Original Number of Units}] - \left[\frac{\text{Amount Redeemed}}{\text{NAVPU on Redemption Date}} \right]$$

A new COP shall be issued reflecting the remaining unredeemed units as computed and the equivalent remaining amount of participation based on the said original NAVPU.

Section 7.5 The Trustee may temporarily suspend admission and/or redemption of participation 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 markets resulting in the suspension of trading and consequently, the absence of available market prices of securities/instruments.

Section 7.6 The Trustee may distribute the Fund exclusively through duly authorized distribution channels which will be provided and updated by the Trustee.

**ARTICLE VIII
BOOKS OF ACCOUNTS**

Section 8.1 The Trustee shall keep the proper books of accounts of the Fund as may be necessary in order to record all transactions pertaining to the Fund.

**ARTICLE IX
AUDIT AND REPORT**

Section 9.1 At the end of each calendar year, the Trustee shall cause an external audit of the Fund by an independent auditor and, from said audit, cause the preparation of an Annual Report. The external audit shall be conducted by an independent auditor acceptable to the BSP who is engaged in the audit of the other operations of the Trustee. A copy of the report shall be made available upon request without cost to the Participants.

**ARTICLE X
TRUST FEES AND OTHER EXPENSES**

Section 10.1 The Trustee shall be entitled to a fee of twenty hundredths percent (0.20%) per annum based on the gross portfolio value of the Fund. The fee shall be uniformly applied to all Participants in the Fund. Change in the Trust Fee shall be subject to the terms and conditions stated in Article XII and shall be applied prospectively.

Section 10.2 Other qualified expenses such as custodianship expense, consultancy fees, special audit fees and other special expenses payable to a third party and covered by a contract if the same is necessary to preserve or enhance the value of the Fund shall be charged against the Fund and shall be included in the disclosure as mentioned in Section 2.6 hereof.

Section 10.3 All allowable expenses incurred in the management of the Fund, including trust fees shall be charged against the Fund, to accrued daily and paid at the end of each calendar month.

**ARTICLE XI
PENALTY FOR EARLY REDEMPTION**

Section 11.1 The participation of any Trustor shall be held in the Fund for not less than seven (7) calendar days. Otherwise, a penalty for early redemption, equivalent to twenty five percent (25%) of the net earnings of the redeemed principal amount (i.e., net of trust fee, final withholding tax, and other qualified expenses of the Fund), shall be charged to the Participant(s) concerned. At no instance shall the penalty be less than FIVE HUNDRED PESOS (₱500.00). The penalty collected shall accrue to the Fund.

**ARTICLE XII
AMENDMENTS**

Section 12.1 The Plan may be amended by a resolution of the Board of Directors of the Trustee; Provided, however, that Participants in the Fund shall immediately be notified of such amendments and those who are not in conformity with the amendments shall be allowed to redeem their participation within a reasonable time but in no case less than thirty (30) calendar days after the amendments are approved: Provided, further, that amendments to the Plan shall be submitted to BSP

within ten (10) banking days from approval of the amendments by the Board of Directors of the Trustee. For purposes of imposing monetary penalties provided under Subsections X162.2 of the MORB, respectively, for delayed submission of reports, the amendments to the Plan shall be considered as "Category A-3" report. The amendments shall be deemed approved by the BSP after thirty (30) banking days from date of completion of requirements.

ARTICLE XIII TERMINATION

Section 13.1 The 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. At the discretion of the Trustee's Board of Directors, the Trustee may engage the services of a reputable accounting firm to look into the books and records 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 Participants at least 30 banking days prior to the actual termination of the fund. Such notice shall be made by way of written notice to each Participant or through the posting of notices in the premises of the principal office address as well as the branches of the Trustee. After the date of the approval of the resolution, no further admission to, or redemption from the Fund shall be allowed; Provided, however, that if the Trustee receives, prior to the approval of the resolution, a notice of redemption which is to be made on a day after the approval of the resolution but before the effective date of the termination, the Participant shall be permitted to complete the redemption. Upon termination of the Fund, the Trustee shall prepare a financial statement which shall be the basis for distribution to the Participants. Upon demand, the Participants may inspect or be provided with 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.

Section 13.2 A copy of the Termination Plan shall be submitted to the BSP within ten (10) banking days from the approval of the same by the Board of Directors of the Trustee.

ARTICLE XIV LIABILITY OF THE TRUSTEE

Section 14.1 **Nothing in this Plan shall be construed as a guarantee of return or income, nor does it entitle the Participant to a fixed rate of return on the money invested in the Fund by the Trustee.** Due to the nature of the investment, yields and potential yields cannot be guaranteed. Any loss/income arising from market fluctuations and price volatility of the securities held by the Fund, even if invested in government securities, is for the account of the client/participant. As such, the units of participation of the investor in the Fund, when redeemed, may be worth more or be worth less than his/her initial investment/contributions. The historical performance, when presented, is purely for reference purposes and is not guarantee of similar future result. 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. **Participation in the Fund is a trust arrangement and is not a deposit. As such, the participation in the Fund is not covered by the Philippine Deposit Insurance Corporation (PDIC) and that losses (whether realized or unrealized), if any, shall be for the account of the Participant.**

**ARTICLE XV
MISCELLANEOUS PROVISIONS**

Section 15.1 Whenever it is provided in the Plan that any power may be exercised by the Trustee or any act or thing done by the Trustee involving the exercise of discretion, the discretion of the Trustee when exercised with reasonable care under circumstances then prevailing shall be final and conclusive and its determination, when so made to act or refrain from acting or to exercise such power or to refrain from so doing, shall be binding upon the Participant and all persons having or claiming any interest therein.

Section 15.2 The Trustee may select and consult with qualified legal counsel in regard to the construction and meaning of this Plan and shall not be liable to the Participant or any person for any action taken or omitted by it in good faith pursuant to the advice of such counsel.

Section 15.3 No mistake made in good faith and in the exercise of due care in connection with the administration of the Fund shall be deemed a violation of this Plan or of any applicable law, regulation or rule if promptly after the discovery of the mistake, the Trustee takes whatever action is practicable in the circumstance to remedy the mistake.

Section 15.4 The provisions of the Plan shall be governed by and construed in accordance with the laws of the Republic of the Philippines.

Section 15.5 Unless the context otherwise requires, words denoting the singular number shall be construed as denoting the plural number, and words of the plural number as denoting the singular number.

Section 15.6 The Plan and all the provisions hereof shall be binding upon and shall inure to the benefit of the Participants as Trustors and their successors, executors, administrators and assigns having or claiming to have any interest in a participation in the Fund. Without prejudice to the provisions hereof, a Participant may designate in writing his beneficiary or beneficiaries who shall be entitled to claim all the benefits or be bound to the responsibilities under this Plan.

Section 15.7 No person other than the Participant or his authorized representative may inquire into or require any information as to the authority of the Trustee concerning the payment, application or disposition of the Fund or any part thereof.

Section 15.8 A copy of the Plan shall be available at the principal office of the Trustee during regular office hours for inspection by the Participants or by his authorized representative and a copy of the Plan shall be furnished such person(s).

Section 15.9 Investment in securities of the Fund shall be held for custodianship by a BSP accredited third party custodian appointed by the Trustee. The third party custodian shall perform independent marking-to-market of such securities.

**ARTICLE XVI
RESOLUTION OF APPROVAL**

Section 16.1 The Plan has been approved by a resolution of the Board of Directors of the Land Bank of the Philippines by: (1) Board Resolution No. 11-543a approved on 09 August 2011; (2) as amended by Board Resolution No. 11-849 on 19 December 2011; (3) as amended by Board Resolution No. 12-634 on 17 September 2012; (4) as amended by Board Resolution No. 13-531 on

13 August 2013, (5) as amended under Board Resolution No. 14-356 on 09 June 2014; (6) as amended under Board Resolution No. 15-020 on 12 January 2015; (7) as further amended under Board Resolution No. 16-361 on 13 June 2016.

IN WITNESS WHEREOF, the Trustee has caused this instrument to be executed this _____ day of _____, 20_____.

LANDBANK-TRUST BANKING GROUP

By:

JOSEPHINE G. CERVERO
Senior Vice President & Trust Officer

SIGNED IN THE PRESENCE OF:
