

**SAMPLE INVESTMENT MANAGEMENT AGREEMENT**  
**(Appendix to Sec. 415 on Minimum documentary requirements)**

**IMA No.** (prenumbered)

**INVESTMENT MANAGEMENT AGREEMENT**

KNOW ALL MEN BY THESE PRESENTS:

This AGREEMENT, made and executed this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_, Philippines, by and between:

\_\_\_\_\_  
(Here in after referred to as the “**PRINCIPAL**”)

and

\_\_\_\_\_, a banking corporation  
authorized to perform trust functions, organized and existing under and  
by virtue of the laws of the Philippines, with principal office and place of  
business at \_\_\_\_\_, Philippines.

(Hereinafter referred to as the “**INVESTMENT MANAGER**”)

WITNESSETH: THAT -

WHEREAS, the **Principal** desires to avail of the services of the **Investment Manager** relative to the management and investment of **Principal’s** investible funds;

WHEREAS, the Investment Manager is willing to render the services required by the Principal relative to the management and investment of Principal’s investible funds, subject to the terms and conditions hereinafter stipulated;

NOW, THEREFORE, for and in consideration of the foregoing and of the mutual conditions stipulated hereunder, the parties hereto hereby agree and bind themselves to the following terms and conditions:

**INVESTMENT PORTFOLIO**

(1) Delivery of the Fund - Upon execution of this Agreement, the **Principal** shall deliver to the

**Investment Manager** the amount of PHILIPPINE PESOS: \_\_\_\_\_ (P\_\_\_\_\_).

- (2) Composition - The cash which the **Principal** has delivered to the **Investment Manager** as well as such securities in which said sums are invested, the proceeds, interest, dividends and income or profits realized from the management, investment and reinvestment thereof, shall constitute the managed funds and shall hereafter be designated and referred to as the **Portfolio**. For purposes of this Agreement, the term securities shall be deemed to include commercial papers, shares of stock and other financial instruments.
- (3) Delivery of Additional Funds - At any time hereafter and from time to time at the discretion of the **Principal**, the latter may deliver additional funds to the **Investment Manager** who shall form part of the Portfolio and shall be subject to the same terms and conditions of this Agreement. No formalities other than a letter from the principal and physical delivery to the **Investment Manager** of cash will be required for any addition to the Portfolio.
- (4) Nature of Agreement - **THIS AGREEMENT IS AN AGENCY AND NOT A TRUST AGREEMENT. AS SUCH, THE CLIENT SHALL AT ALL TIMES RETAIN LEGAL TITLE TO FUNDS AND PROPERTIES SUBJECT OF THIS ARRANGEMENT.**

**THIS AGREEMENT IS FOR FINANCIAL RETURN AND FOR THE APPRECIATION OF ASSETS OF THE ACCOUNT. THIS AGREEMENT DOES NOT GUARANTEE A YIELD, RETURN OR INCOME BY THE INVESTMENT MANAGER. AS SUCH, PAST PERFORMANCE OF THE ACCOUNT IS NOT A GUARANTY OF FUTURE PERFORMANCE AND THE INCOME OF INVESTMENTS CAN FALL AS WELL AS RISE DEPENDING ON PREVAILING MARKET CONDITIONS.**

**IT IS UNDERSTOOD THAT THIS INVESTMENT MANAGEMENT AGREEMENT IS NOT COVERED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC) AND THAT LOSSES, IF ANY, SHALL BE FOR THE ACCOUNT OF THE PRINCIPAL.**

#### POWERS

- (5) Powers of the Investment Manager - The **Investment Manager** is hereby conferred the following powers:
- a. To invest or reinvest the Portfolio in
- (1) Evidences of indebtedness of the Republic of the Philippines and of the Bangko Sentral ng Pilipinas, and any other evidences of indebtedness or obligations the servicing and repayment of which are fully guaranteed by the Republic of the Philippines or loans against such government securities;

- (2) Loans fully guaranteed by the government as to the payment of principal and interest;
  - (3) Loans fully secured by hold-out on, assignment or pledge of deposits or of deposit substitutes, or mortgage and chattel mortgage bonds;
  - (4) Loans fully secured by real estate and chattels in accordance with Section 78 of R.A. No. 337, as amended, and subject to the requirements of Sections 75, 76 and 77 of R.A. No. 337, as amended; and
  - (5) Such other investments or loans as may be directed or authorized by the **Principal** in a separate written instrument which shall form part of this Agreement: *Provided*, That said written instrument shall contain the following minimum information:
    - (a) The transaction to be entered into;
    - (b) The amount involved; and
    - (c) The name of the issuer, in case of securities and/or the name of the borrower and nature of security, in the case of loans;
- b. To endorse, sign or execute any and all securities, documents or contracts necessary for or connected with the exercise of the powers hereby conferred or the performance of the acts hereby authorized;
  - c. To cause any property of the Portfolio to be issued, held, or registered in the name of the **Principal** or of the **Investment Manager**: *Provided*, That in case of the latter, the instrument shall indicate that the **Investment Manager** is acting in a representative capacity and that the **Principal's** name is disclosed thereat;
  - d. To open and maintain savings and/or checking accounts as may be considered necessary from time to time in the performance of the agency and the authority herein conferred upon the **Investment Manager**;
  - e. To collect and receive matured securities, dividends, profits, interest and all other sums accruing to or due to the Portfolio;
  - f. To pay such taxes as may be due in respect of or on account of the Portfolio or in respect of any profit, income or gains derived from the sale or disposition of securities or other properties constituting part of the Portfolio;
  - g. To pay out of the Portfolio all costs, charges and expenses incurred in connection with the

investments or the administration and management of the Portfolio including the compensation of the **Investment Manager** for its services relative to the Portfolio; and

- h. To perform such other acts or make, execute and deliver all instruments necessary or proper for the exercise of any of the powers conferred herein, or to accomplish any of the purposes hereof.

#### LIABILITY OF INVESTMENT MANAGER

- (6) Exemption from Liability - In the absence of fraud, bad faith, or gross or willful negligence on the part of the **Investment Manager** or any person acting in its behalf, the **Investment Manager** shall not be liable for any loss or damage to the Portfolio arising out of or in connection with any act done or performed or caused to be done or performed by the **Investment Manager** pursuant to the terms and conditions herein agreed, to carry out the powers, duties and purposes for which this Agreement is executed.

#### ACCOUNTING AND REPORTING

- (7) The **Investment Manager** shall keep and maintain books of accounts and other accounting records as required by law. The **Principal** or the authorized representative of the **Principal** shall have access to and may inspect such books of accounts and all other records related to the Portfolio, including the securities held in custody by the **Investment Manager** for the Portfolio.
- (8) Reporting Requirements - The **Investment Manager** shall prepare and submit to the **Principal** the following reports within \_\_\_\_\_:

- (a) Balance Sheet;
- (b) Income Statement;
- (c) Schedule of Earning Assets;
- (d) Investment Activity Report; and
- (e) (such other reports as may be required by the **Principal**).

#### INVESTMENT MANAGER'S FEE

- (9) Investment Fee - The **Investment Manager**, in addition to the reimbursement of its expenses and disbursements in the administration and management of the Portfolio including counsel fees, shall be entitled to receive as compensation for its services a management fee of \_\_\_\_ (Specify amount or rate)\_\_\_\_\_.

### WITHDRAWALS FROM THE PORTFOLIO

- (10) Withdrawal of Income/Principal – Subject to availability of funds and the non-diminution of the Portfolio below P1 million, the **Principal** may withdraw the income/principal of the Portfolio or portion thereof upon written instruction or order given to the **Investment Manager**. The **Investment Manager** shall not be required to see as to the application of the income/principal so withdrawn from the Portfolio. Any income of the Portfolio not withdrawn shall be accumulated and added to the principal of the Portfolio for further investment and reinvestment.
- (11) Non-alienation of Encumbrance of the Portfolio or Income – During the effectivity of this Agreement, the **Principal** shall not assign or encumber the Portfolio or its income or any portion thereof in any manner whatsoever to any person without the prior written consent of the **Investment Manager**.

### EFFECTIVITY AND TERMINATION

- (12) Term – This Agreement shall take effect from the date of signing hereof and shall be in full force and effect until terminated by either party by giving written notice thereof to the other at least \_\_\_\_\_ ( ) days prior to the termination date.
- (13) Powers upon Liquidation – The powers, duties and discretion conferred upon the **Investment Manager** by virtue of this Agreement shall continue for the purpose of liquidation and return of the Portfolio, after the notice of termination of this Agreement has been served in writing, until final delivery of the Portfolio to the **Principal**.
- (14) Accounting of Transaction – Within \_\_\_\_\_ ( ) days after the termination of this Agreement, the **Investment Manager** shall submit to the **Principal** an accounting of all transactions effected by it since the last report up to the date of termination. Upon the expiration of the \_\_\_\_\_ ( ) days from the date of submission, the **Investment Manager** shall forever be released and discharged from all liability and accountability to anyone with respect to the Portfolio or to the propriety of its acts and transactions shown in such accounting, except with respect to those objected to in writing by the **Principal** within the \_\_\_\_\_ ( ) day period.
- (15) Remittance of Net Assets of the Portfolio – Upon termination of the Agreement, the **Investment Manager** shall turn over all assets of the Portfolio which may or may not be in cash to the **Principal** less the payment of the fees provided in this Agreement in carrying out its functions or in the exercise of its powers and authorities.

This Agreement or any specific amendments hereto constitute the entire agreement between the

parties, and the **Investment Manager** shall not be bound by any representation, agreement, stipulation or promise, written or otherwise, not contained in this Agreement or incorporated herein by reference, except pertinent laws, circulars or regulations approved by the Government or its agencies. No amendment, novation, modification or supplement of this Agreement shall be valid or binding unless in writing and signed by the parties hereto.

IN WITNESS WHEREOF, the parties have hereunto set their hands on the date and at the place first above set forth.

_____	_____
(PRINCIPAL)	(INVESTMENT MANAGER)
	By:
	SIGNED IN THE PRESENCE OF:
_____	_____