

# Unit Investment Trust Funds

## METRO UNIT PAYING FUND KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Quarter Ended August 31, 2021

### FUND FACTS

<b>Classification:</b>	Bond-Long Term	<b>Net Asset Value per Unit (NAVPU):</b>	1.023755
<b>Launch Date:</b>	September 22, 2017	<b>Total Fund NAV (in Php Bns):</b>	2.75
<b>Trust Fee (per annum):</b>	0.50% based on NAV	<b>Dealing Day:</b>	12NN, any banking day
<b>Minimum Investment:</b>	Php10,000	<b>Redemption Settlement:</b>	3 Banking Days after date of redemption
<b>Additional Investment:</b>	Php1,000	<b>Early Redemption Charge:</b>	50% of income on redeemed amount
<b>Minimum Holding Period:</b>	7 calendar days from date of participation		

### COOLING-OFF PERIOD

Pursuant to BSP Circular No. 857, the TRUSTOR (individual participants) shall have the right to cancel their initial subscriptions or contributions, without penalty, upon written notice to the Trustee within two (2) banking days immediately following the signing of agreement or contract evidencing their participation in the Fund. Further, the net amount of payment or delivery due the TRUSTOR shall be based on the transaction day's NAVPU when notice of redemption, termination or cancellation was received.

### FEES COLLECTED FOR THE QUARTER<sup>1</sup>

Trustee Fees:	Custodianship Fees:	External Auditor Fees:	Other Fees:
<b>0.042%</b>	<b>0.000%</b>	<b>0.000%</b>	<b>0.004%</b>
<i>Metrobank-Trust Banking Group</i>	<i>HSBC</i>	<i>SGV &amp; Co.</i>	<i>Others</i>

<sup>1</sup> As a percentage of average daily NAV for the quarter valued at (in Php Bns): 2.57

### INVESTMENT OBJECTIVE AND STRATEGY

The Fund intends to achieve for its participants income from a portfolio of preferred shares listed at the Philippine Stock Exchange (PSE) and peso-denominated fixed income securities.

The Fund may invest up to 40% of its total assets in preferred shares.

The Fund's composite benchmark is composed of 60% Markit iBoxx ALBI Philippines 1-5 and 40% BPI Philippine Corporate Bond Index.

### UNIT PAYING FEATURE MECHANICS

Eligibility for Unit Income Distribution	All registered participants with outstanding investment in the Fund as of one (1) Banking Day (ex-date) prior to scheduled date of distribution shall be entitled to receive their pro-rata share of income through units.
Unit Distribution Frequency	Eligible participants shall receive unit income on a quarterly basis every third Monday of February, May, August and November of the year.
Basis of Units to be Paid-out	The units to be distributed to all eligible participants shall be based on one hundred percent of the collected effective income of the Fund from interest and cash dividends within the three month period, less applicable taxes, fees and expenses. There is no guaranteed income amount for distribution.
Unit Distribution Settlement	Units received by the participant shall be automatically redeemed on distribution date and credited to the participant's settlement account one banking day after distribution date.

### CLIENT SUITABILITY

A client profiling process is performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objectives and risk tolerance. Clients are encouraged to update the resulting profile every three (3) years or if there's any change in his/her personal/financial circumstances. Before deciding to invest, clients are advised to read the Declaration of Trust/Plan Rules of the Fund, which may be obtained from the Trustee, or seek an independent/professional opinion when necessary.

### The METRO UNIT PAYING FUND is suitable only for investors who:

- Have a Moderate profile.
- Want income to be distributed on a quarterly basis, and capital appreciation over time by investing in a portfolio of fixed income instruments and preferred shares listed in the Philippine Stock Exchange.
- Recommended investment horizon is at least five (5) years
- Participation in the Fund shall be open to Filipino individuals, resident and non-resident aliens and corporate accounts.

### KEY RISKS AND RISK MANAGEMENT

You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

<b>Interest Rate Risk:</b>	The possibility for an investor to experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
<b>Market/Price Risk:</b>	The possibility for an investor to experience losses due to changes in the market prices of bonds and stocks/equities. It refers to the portfolio's exposure to marked-to-market valuation due to market price fluctuations of the bonds and stocks/equities.
<b>Liquidity Risk:</b>	The possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a price that could result in a loss. This may be caused by low trading volume due to different reasons such as securities with small or few outstanding issues, absence of buyers and/or sellers (limited buy/sell activity) or underdeveloped capital market.
<b>Credit Risk / Default Risk:</b>	The possibility for an investor to experience losses due to a borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of fixed income security which the borrower issued. This inability of the borrower or counterparty to make good on its financial obligations may have resulted from adverse changes in its financial condition thus, lowering credit quality of the security, and consequently lowering the price (market/price risk) which contributes to the difficulty in selling such security.
<b>Reinvestment Risk:</b>	The possibility of having lower returns or earnings when funds mature and are reinvested. Investors in the UITF who redeem and realize their gains run the risk of reinvesting their funds in an alternative investment outlet with lower yields. Similarly, the UIT fund manager is faced with the risk of not being able to find better yielding alternative investment outlets as some of the securities in the fund matures.
<b>Other Risks:</b>	Your participation in the UITFs 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 Metrobank. These transactions may include own-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.

The Fund invests only in high-credit quality assets which are evaluated using a rigorous internal scoring model required under the Trustee's accreditation process and BSP regulations. Internal risk limits and position limits together with regulatory exposure limits are monitored, reviewed and strictly adhered to on a daily basis. The Fund may also use financial derivatives solely for hedging risk exposures.

THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC). RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY. WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.

THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.



For other details, you may visit our website at [www.metrobank.com.ph](http://www.metrobank.com.ph) or contact us at 8-8700-700 or email us at [customercare@metrobank.com.ph](mailto:customercare@metrobank.com.ph)

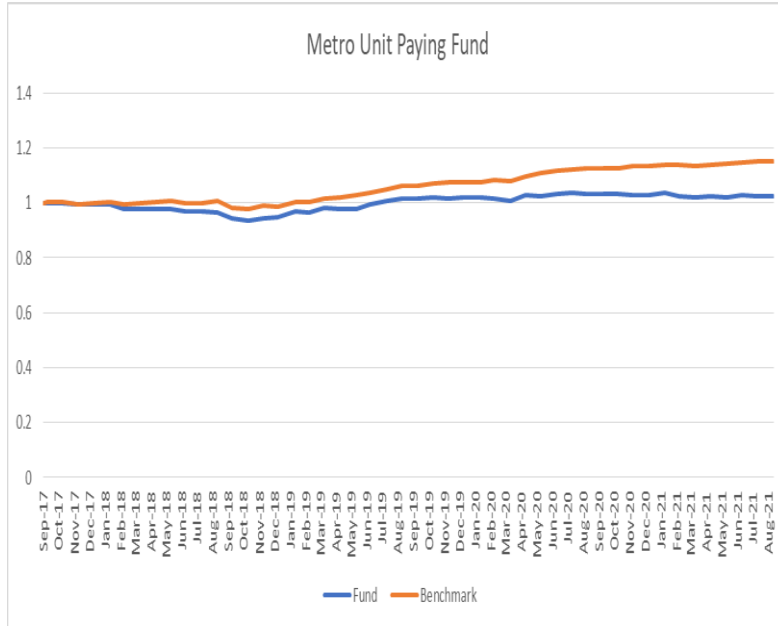


# Unit Investment Trust Funds

## FUND PERFORMANCE AND STATISTICS as of August 31, 2021

(Purely for reference purposes and is not a guarantee of future results)

### NAVPu GRAPH



\*Fund NAVPU does not reflect the income paid out on distribution date.

### NAVPu OVER THE PAST 12 MONTHS

Highest	1.039109
Lowest	1.015402

### STATISTICS

Weighted Average Duration (in years)	3.10
Volatility, Past 1 Year (in %) <sup>2</sup>	1.65%
Sharpe Ratio <sup>3</sup>	-0.78
Information Ratio <sup>4</sup>	-2.06

<sup>2</sup> Volatility measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time. The lower the number, the more stable the Fund's return is relative to its average return over time. Starting December 2017, computation is based on the annualized standard deviation of monthly returns.

<sup>3</sup> Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

<sup>4</sup> Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

### UNIT INCOME DISTRIBUTION INFORMATION

Date of Latest Distribution:	<b>August 16, 2021</b>	NAVPu on Latest Distribution Date:	<b>1.021086</b>
Total Income for Distribution (Php):	<b>21,286,919.87</b>	Equivalent Units for Distribution:	<b>20,847,333.10</b>
Income in % (May 14, 2021 to Aug 13, 2021)	<b>0.851%</b>	Unit Income (May 14, 2021 to Aug 13, 2021)	<b>0.008</b>

Past Distribution 8/19/2019, 11/18/2019, 02/17/2020, 05/18/2020, 8/17/2020, 11/16/2020, 2/15/2021, 5/17/2021

Dates:

Amounts of distribution may vary, are not guaranteed and are determined by the Trustee in accordance with the Plan Rules. Income distribution may result in an immediate decrease in NAVPU by the amount of the distribution.

### CUMULATIVE PERFORMANCE<sup>5</sup>

	1 QTR	2 QTR	3 QTR	4 QTR	Since Inception <sup>5</sup>
Fund ROI	0.435%	0.020%	-0.574%	-1.047%	2.376%
Fund Aggregate ROI	1.286%	1.759%	1.980%	2.508%	16.839%
Benchmark	0.833%	1.256%	1.726%	2.494%	15.256%

Fund Aggregate ROI is inclusive of Pay-out Rate.

<sup>5</sup> The Bloomberg Philippine Sovereign Bond Index 1-5 year (BPHIL15) Adjusted was tentatively discontinued when the GS pricing basis shifted from PDST -R2 of PDEX to BVAL of Bloomberg effective October 29, 2018. For the meantime, an equivalent benchmark namely, the BPI Philippine Government Bond 1-5 Year Index is being used until a new benchmark is identified.

The Philippine Special Savings Rate General Average (net of taxes) has been discontinued effective 31 Dec 2019; The Fund used, the last available value of PSAVAE (from January 2020 to September 22, 2020) and the average rate of the most recent 91-day Philippine Treasury Bill auction, net of taxes (from September 23, 2020 until October 20, 2020).

Effective October 21, 2020, the Fund benchmark is 40% Markit iBoxx ALBI Philippines 1-5, 40% BPI Philippine Corporate Bond Index and 20% average rate of the most recent 91-day Philippine Treasury Bill auction, net of taxes.

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Corporate Bonds	39.21%
Government Securities	23.27%
Time Deposits	19.88%
Equities (Preferred Shares)	17.44%
Cash	0.00%
Other Receivables - Net of Liabilities <sup>6</sup>	0.20%

<sup>6</sup> Includes accrued income from investments, receivables from brokers/counterparties and unpaid expenses.

### Maturity Profile

Government Securities >1-3 years	4.39%
Government Securities >3-5 years	1.64%
Government Securities >5 years	17.24%
Corporate Bonds <3 years	12.83%
Corporate Bonds >3-5 years	16.72%
Corporate Bonds >5-7 years	8.91%
Corporate Bonds >7-10 years	0.75%

### TOP 10 HOLDINGS

Name	Maturity	% of Fund
1. EQP PCOR 3Ae		6.80%
2. GENTD DBP	09.09.21	5.75%
3. GENSSA LANDBANK	09.06.21	4.92%
4. RTB	03.12.24	4.39%
5. FXT	01.10.29	4.06%
6. EQP PCOR 3Be		3.80%
7. CBMBT	09.04.26	3.66%
8. TD SECB	05.08.23	3.64%
9. TD BPI	05.24.23	3.64%
10. RTB	10.20.26	3.08%

### RELATED PARTY TRANSACTIONS

Related Party	Transaction	Market Value (in Php Mns)
MBTC	Time Deposit Placement	3.20
MBTC	Corporate Bonds	162.15

Investments in the said outlets were approved by the Trust Committee. Likewise, all related party transactions are conducted on an arm's length and best execution basis and within established limits.



For other details, you may visit our website at [www.metrobank.com.ph](http://www.metrobank.com.ph) or contact us at 8-8700-700 or email us at [customercare@metrobank.com.ph](mailto:customercare@metrobank.com.ph)



# Unit Investment Trust Funds

## INVESTMENT POLICY

The Fund may be invested and reinvested in the following instruments:

- Deposits
- BSP deposit facilities
- Repurchase Agreements (Repos)
- Government Securities
- Corporate Bonds
- Other money market instruments that are traded in an organized exchange
- Preferred shares listed in the Philippine Stock Exchange
- Other investments allowed under BSP regulations

## OUTLOOK AND STRATEGY

For its third income distribution for the year, the fund paid out 0.85% a tad lower from May's 0.89% output bring total accumulated yield for the year to 2.55%. Stretching this further to past 12 months, total distribution is at 3.55%.

Local government bond yield curve steepened as the belly part of the curve are lower by 5-14 bps while long-dated bonds are higher 6-20 bps as inflation expectations rose on higher electric prices and typhoon effects. Fears loomed on the new COVID strain as daily fresh cases reached new record highs, above 22,000 mark, and delayed vaccine shipments prompting the government to once again limit mobility on imposing the strictest lockdown measure (Enhanced Community Quarantine) in Metro Manila and certain areas from August 6 to 20 then downgraded by one notch to Modified Enhanced Community Quarantine until first week of September. In its sixth consecutive Monetary Board meeting, the Bangko Sentral ng Pilipinas has kept policy rates unchanged at 2% citing its commitment to complement the government's fiscal policy measures in combating the negative effects of the pandemic in the economy. BSP Chief Benjamin Diokno reiterated that usual policy tools are far from being fully utilized with the end goal in mind to meet sustained recovery and prevent permanent scarring of the economy. Inflation forecasts were raised to 4.1% from 4.0% for 2021 while 3.1% from 3.0% for 2022 and 2023.

Monetary policy-infused liquidity has kept short-term rates well-anchored as treasury bills are met with strong demand with average bid-to-cover ratio at 3 to 4.5 times compared to last month's 2.6 to 3 times. Treasury bond auctions are well-received for the 7-, 10-, 20-years however, investors turned defensive on the 12-years as bids were rejected by the Bureau of Treasury stating the yields are "unreasonably high". Albeit slightly narrowed fiscal deficit in July, the Department of Finance sees country's borrowing to expand to as high as 60.8% debt-to-GDP compared to pre-pandemic low of 39.6% only to decline starting 2023. Further, the government plans on cutting its borrowings by next year from Php 3 trillion to Php 2.4 Trillion and instead passes the funding responsibility to Bureau of Internal Revenue and Bureau of Customs through increased duties and tax collections target. Borrowing mix still seen at 77%-23% in favor of domestic versus offshore.

2Q 2021 GDP rose by 11.8% YoY compared to last year's decline of 11%. Government cuts GDP growth target to 4%-5% from 6%-7% citing mobility restrictions while keeping 2022 target at 7%-9%. The peso weakened against the US Dollar for August is as average USDPHP higher at 50.234, with a trading range of 49.59-50.67, compared to July's 49.943. Gross International Reserves remains healthy at \$106Bn in July translating to 12.2 months worth of import cover. August inflation beat expectations at 4.9% YoY versus 4.4% YoY consensus led by the increase in food and non-alcoholic beverages rising by 1.2% MoM as demand for staples rose following strict lockdown measures. BSP Governor Diokno mentioned accommodative stance is still in place to support recovery "to the extent that inflation outlook would allow" and assessed that prices to settle at the midpoint of 2%-4% target by 2022-2023.

**Note: The KIIDS of the Metro Unit Paying Fund is issued every end of February, May, August and November of the year.**

## IMPORTANT NOTICE

Metropolitan Bank and Trust Company is regulated by the Bangko Sentral ng Pilipinas (BSP). For any inquiries and complaints relating to Trust Products and Services you may (1) call our hotline: 8-8700-700 (Mondays-Fridays from 9:00am to 6:00pm); (2) send an email to [customercare@metrobank.com.ph](mailto:customercare@metrobank.com.ph); or (3) visit our website at <https://www.metrobank.com.ph/invest/uif> to know more. You may also file complaints at BSP Financial Consumer Protection Department at (632) 8708-7087 or [consumeraffairs@bsp.gov.ph](mailto:consumeraffairs@bsp.gov.ph). To know your rights under BSP Circular No. 857 (Regulations on Financial Consumer Protection), please access a copy at the BSP website ([www.bsp.gov.ph](http://www.bsp.gov.ph)).



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