

Unit Investment Trust Funds

METRO\$ ASIAN INVESTMENT GRADE BOND FUND KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended September 30, 2021

FUND FACTS

| | | | |
|--------------------------------|--|--|---|
| Classification: | Bond - Long Term | Net Asset Value per Unit (NAVPU): | 1.150463 |
| Launch Date: | July 17, 2017 | Total Fund NAV (in USD Mns): | 2.21 |
| Trust Fee (per annum): | 1.0% based on NAV | Dealing Day: | 12NN, any banking day |
| Minimum Investment: | USD 500 | Redemption Settlement: | 3 Banking Days after date of redemption |
| Additional Investment: | USD 100 | Early Redemption Charge: | 50% of income on redeemed amount |
| Minimum Holding Period: | 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 MONTH¹

| Trustee Fees: | Custodianship Fees: | External Auditor Fees: | Other Fees: |
|--------------------------------------|---------------------|------------------------|---------------|
| 0.083% | 0.002% | 0.007% | 0.000% |
| <i>Metrobank-Trust Banking Group</i> | <i>HSBC</i> | <i>SGV & Co.</i> | <i>Others</i> |

¹ As a percentage of average daily NAV for the month valued at (in USD Mns): **2.23**

INVESTMENT OBJECTIVE AND STRATEGY

The Fund is a dollar-denominated long-term bond Unit Investment Trust Fund that aims to achieve for its participants income generation and capital appreciation by investing in a diversified portfolio of investment grade fixed income securities issued within the Asian region with a maximum weighted average duration of eight years. The Fund's composite benchmark is composed of 90% JP Morgan Investment Grade Total Return Index (JACIIGTR) and 10% Philippine Dollar Deposit Rate Savings Deposit (PPSDU\$).

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\$ ASIAN INVESTMENT GRADE BOND FUND is suitable only for investors who:

- Have an Aggressive profile.
- Want capital appreciation over the long-term by primarily investing in a portfolio of investment grade dollar-denominated fixed income securities.
- 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.

| | |
|------------------------------------|--|
| Interest Rate Risk: | 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. |
| Market/Price Risk: | The possibility for an investor to experience losses due to changes in the market prices of bonds. It refers to the portfolio's exposure to marked-to-market valuation due to market price fluctuations of the bonds. |
| Liquidity Risk: | 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. |
| Credit Risk / Default Risk: | 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. |
| Reinvestment Risk: | 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. |
| Foreign Exchange Risk: | The possibility for an investor to experience losses due to fluctuations in foreign exchange rates. The exchange rates depend upon a variety of global and local factors, e.g. interest rates, economic performance, and political developments. |
| Country Risk: | The possibility for an investor to experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of these 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. |
| Other Risks: | 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 or contact us at 8-8700-700 or email us at customercare@metrobank.com.ph

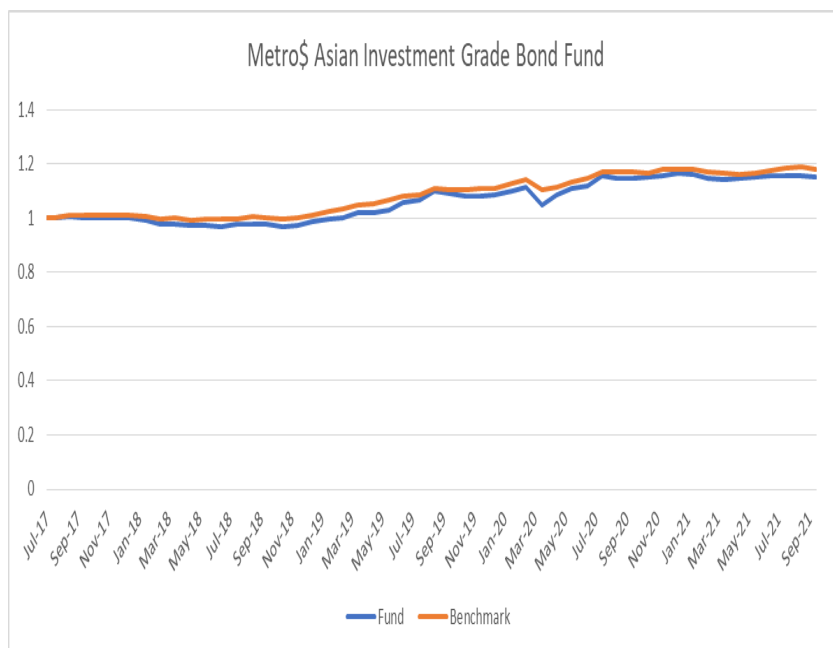


Unit Investment Trust Funds

FUND PERFORMANCE AND STATISTICS as of September 30, 2021

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

NAVPu GRAPH



NAVPu OVER THE PAST 12 MONTHS

| | |
|---------|----------|
| Highest | 1.169160 |
| Lowest | 1.088407 |

STATISTICS

| | |
|---|-------|
| Weighted Average Duration (in years) | 3.46 |
| Volatility, Past 1 Year (in %) ² | 2.24% |
| Sharpe Ratio ³ | 0.01 |
| Information Ratio ⁴ | -0.40 |

² 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

³ 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.

⁴ 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.

CUMULATIVE PERFORMANCE

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years | Since Inception |
|------------------|---------|----------|----------|--------|---------|---------|-----------------|
| Fund | -0.746% | -0.425% | 0.820% | 0.084% | 17.848% | N/A | 15.046% |
| Benchmark | -0.838% | 0.370% | 1.403% | 0.990% | 17.906% | N/A | 18.134% |

PORTFOLIO COMPOSITION

| Allocation | % of Fund |
|---|-----------|
| Government Securities | 63.43% |
| Corporate Bonds | 18.79% |
| Time Deposits | 17.40% |
| Cash | 0.42% |
| Other Receivables - Net of Liabilities ⁵ | -0.04% |

⁵ Includes accrued income from investments, receivables from brokers/counterparties and unpaid expenses.

Maturity Profile

| | |
|---|--------|
| Government Securities >1year - 3 years | 9.42% |
| Government Securities >3years - 5 years | 35.57% |
| Government Securities >5 years | 18.44% |
| Corporate Bonds >5 - 7 years | 13.89% |
| Corporate Bonds >7 - 10 years | 4.91% |

TOP 10 HOLDINGS

| Name | Maturity | % of Fund |
|---------------------|----------|-----------|
| 1. \$ROP | 10.21.24 | 23.44% |
| 2. \$CBPLN | 05.15.27 | 13.89% |
| 3. \$ROP | 03.16.25 | 12.13% |
| 4. \$ROI | 01.11.28 | 11.37% |
| 5. \$GENTD LANDBANK | 03.10.23 | 9.98% |
| 6. \$ROP | 06.04.23 | 9.42% |
| 7. \$ROP | 02.02.30 | 7.08% |
| 8. \$GENTD CHINABAN | 10.21.21 | 5.16% |
| 9. \$CBJFCPM | 06.24.30 | 4.91% |
| 10. \$GENTD RCBC | 10.18.21 | 2.27% |

RELATED PARTY TRANSACTIONS

| Related Party | Transaction | Market Value (in USD Mns) |
|---------------|-------------|---------------------------|
|---------------|-------------|---------------------------|

- nothing to report -

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 or contact us at 8-8700-700 or email us at customercare@metrobank.com.ph



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INVESTMENT POLICY

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

- USD-denominated deposits
- Other money market instruments
- Tradable Philippine sovereign, quasi-sovereign and corporate fixed income securities
- Tradable fixed income securities issued by other sovereign countries and foreign quasi-sovereign and private institutions
- Tradable US\$-denominated subordinated fixed income instruments issued by corporations and financial institutions
- Other investments allowed under BSP regulations

OUTLOOK AND STRATEGY

Global markets continue to recover post quarantine lockdowns but at a slower pace. Covid-19 infection rate seemed to have peaked particularly in developed economies while emerging countries show improving vaccination rates which could further support economic activity and growth. US 2Q Gross Domestic Product was revised upward (3rd estimate) from 6.6% to 6.7% growth year-on-year which reflects upward revision in consumer spending and exports. The Federal Open Market Committee (FOMC) kept their key policy rate unchanged with a target range of 0% - 0.25%. However, Fed chair Powell comments suggest that bond purchase tapering could start on November with the expectation that preceding labor data would be reasonably good, an improvement from August's disappointing 235 thousand additional jobs. Likewise, a more hawkish Bank of England indicated the possibility of hiking interest rates later this year to contain inflationary pressures. Supply chain constraints continue to push prices higher but softened for the month with US Consumer Price Index (CPI) rising by 0.3% month-on-month (vs 0.5% prior; 0.4% consensus) mainly due to high cost of energy. On the other hand, excluding volatile prices of food and energy resulted in the slowest Core inflation increase since February; core CPI rose by 0.1% month-on-month below the market estimate and previous print of 0.3% as used car and truck prices which have been major contributors fell by 1.5%.

Philippine government was able to raise USD 1.593 billion thru its first ever onshore Retail Dollar Denominated Bond that will be used to fund its recovery and resilience programs and big-ticket infrastructure projects. It was offered in two tenors; 5y bond due on 2026 which fetched a coupon rate of 1.375% and 10 year bond due on 2031 with a coupon rate of 2.25%. The issue was 4 times oversubscribed amid strong market interest as it provided higher than market rates especially for retail or small investors.

Global sovereign and corporate bond yields rose amid US Treasury yields climbing by 8-24 bps mainly attributable to the perception that Fed is moving closer to tapering its asset purchase program and a sooner than expected policy rate hike. Spread between 2y and 10y benchmark rates widened by 14 bps to 124 bps. Asian investment grade bond prices declined by 0.3 to 2.4 price points during the month while credit spreads widened by 7-36 bps over contagion fears in relation to Chinese property giant Evergrande debt crisis.

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; or (3) visit our website at <https://www.metrobank.com.ph/invest/uitf> to know more. You may also file complaints at BSP Financial Consumer Protection Department at (632) 8708-7087 or 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).



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