

# Unit Investment Trust Funds

## METRO\$ US EQUITY FEEDER FUND (formerly Metro\$ S&P 500 Feeder Fund)

### KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended September 30, 2021

#### FUND FACTS

|                                |  |  |   |
|--------------------------------|--|--|---|
| <b>Classification:</b>         | Feeder                                     | <b>Net Asset Value per Unit (NAVPU):</b> | 1.579661                                |
| <b>Launch Date:</b>            | February 14, 2018                          | <b>Total Fund NAV (in USD Mns):</b>      | 18.48                                   |
| <b>Trust Fee (per annum):</b>  | 0.75% based on NAV                         | <b>Dealing Day:</b>                      | 12NN, any banking day                   |
| <b>Minimum Investment:</b>     | USD 500                                    | <b>Redemption Settlement:</b>            | 4 Banking Days after date of redemption |
| <b>Additional Investment:</b>  | USD 100                                    | <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 MONTH<sup>1</sup>

| Trustee Fees:                        | Custodianship Fees:            | External Auditor Fees: | Other Fees:   |
|--------------------------------------|--------------------------------|------------------------|---------------|
| <b>0.054%</b>                        | <b>0.010%</b>                  | <b>0.001%</b>          | <b>0.017%</b> |
| <i>Metrobank-Trust Banking Group</i> | <i>Standard Chartered Bank</i> | <i>SGV &amp; Co.</i>   | <i>Others</i> |

<sup>1</sup> As a percentage of average daily NAV for the month valued at (in USD Mns): **17.62**

#### INVESTMENT OBJECTIVE AND STRATEGY

The Investor Fund is a USD-denominated equity Unit Investment Trust Fund structured as a feeder fund and aims to provide market returns from a representative portfolio of stocks that comprise the US Equity Market by investing at least 90% of its assets in the iSHARES CORE S&P 500 ETF. The Fund's benchmark is the S&P 500 TR 4 JAN 1988 (SPTR Index).

#### 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\$ US EQUITY FEEDER FUND

(formerly Metro\$ S&P 500 Feeder Fund) is suitable only for investors who:

- Have an Aggressive profile.
- Want capital appreciation over the long-term by primarily investing in iSHARES CORE S&P 500 ETF
- 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.

**Market/Price Risk:** The possibility for an investor to experience losses due to changes in the market prices of stocks/equities. It refers to the portfolio's exposure to marked-to-market valuation due to market price fluctuations of the stocks/equities.

**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.

**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.

**Index Tracking Risk:** The possibility for the Fund not being able to achieve a level of return that closely mirrors the index being tracked due to operational and fund management expenses.

**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](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)

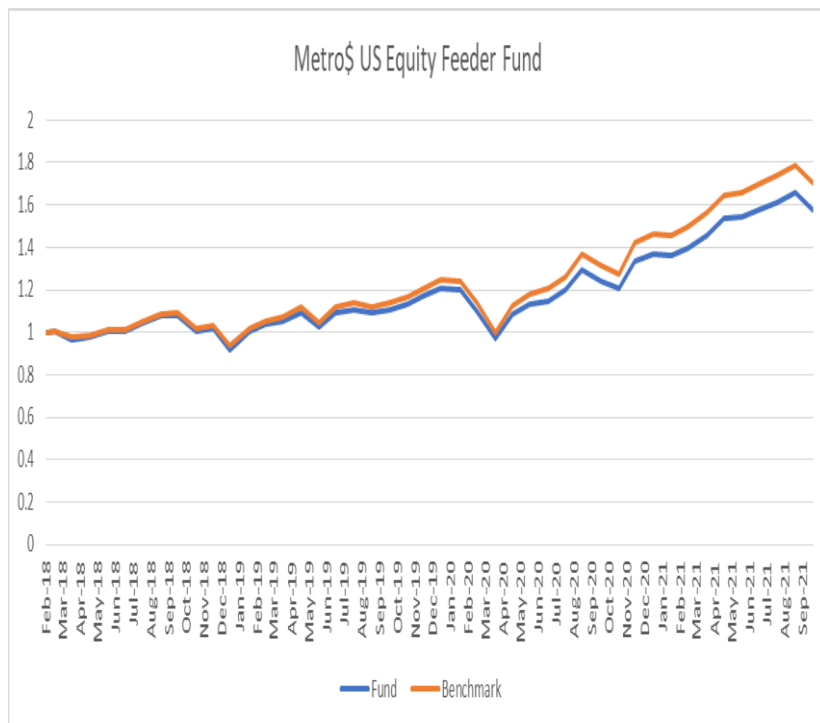


# Unit Investment Trust Funds

## FUND PERFORMANCE AND STATISTICS as of September 30, 2021

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

### NAVPu GRAPH



### NAVPu OVER THE PAST 12 MONTHS

|         |          |
|---------|----------|
| Highest | 1.665965 |
| Lowest  | 1.204914 |

### STATISTICS OF THE TARGET FUND

|   |        |
|---|--------|
| Volatility, Past 1 Year (in %) <sup>2</sup> | 13.78% |
| Sharpe Ratio <sup>3</sup>                   | 1.99   |
| Information Ratio <sup>4</sup>              | -4.16  |
| Tracking Error <sup>5</sup>                 | 0.14%  |

<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.

<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.

<sup>5</sup> Tracking Error measures the deviation between the Fund's return and benchmark return since the Fund's inception. The lower the number, the more aligned the Fund's return is with the benchmark. (Starting September 2021 report the basis for the Tracking Error computation is since the Fund's inception.)

### CUMULATIVE PERFORMANCE

|                  | 1 Month | 3 Months | 6 Months | 1 Year  | 3 Years | 5 Years | Since Inception |
|------------------|---------|----------|----------|---------|---------|---------|-----------------|
| <b>Fund</b>      | -4.859% | 0.269%   | 8.365%   | 27.443% | 46.193% | N/A     | 57.966%         |
| <b>Benchmark</b> | -4.651% | 0.582%   | 9.181%   | 30.005% | 56.067% | N/A     | 70.569%         |

### PORTFOLIO COMPOSITION

| Allocation  | % of Fund |
|---|-----------|
| iShares Core S&P 500 ETF                            | 99.67%    |
| Cash  | 3.50%     |
| Other Receivables - Net of Liabilities <sup>6</sup> | -3.17%    |

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

### Sector Allocation of the Target Fund

|                        |        |
|------------------------|--------|
| Information Technology | 27.57% |
| Health Care            | 13.22% |
| Consumer Discretionary | 12.33% |
| Financials             | 11.37% |
| Communication          | 11.26% |
| Industrials            | 8.02%  |
| Consumer Staples       | 5.76%  |
| Energy                 | 2.74%  |
| Real Estate            | 2.58%  |
| Materials              | 2.47%  |
| Utilities              | 2.45%  |

### TOP 10 HOLDINGS OF THE TARGET FUND

| Name                              | % of Fund |
|-----------------------------------|-----------|
| 1. APPLE INC                      | 6.07%     |
| 2. MICROSOFT CORP                 | 5.79%     |
| 3. AMAZON COM INC                 | 3.91%     |
| 4. FACEBOOK CLASS A INC           | 2.21%     |
| 5. ALPHABET INC CLASS A           | 2.20%     |
| 6. ALPHABET INC CLASS C           | 2.05%     |
| 7. TESLA INC                      | 1.72%     |
| 8. NVIDIA CORP                    | 1.41%     |
| 9. BERKSHIRE HATHAWAY INC CLASS B | 1.38%     |
| 10. JPMORGAN CHASE & CO           | 1.34%     |

### 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.

### TARGET FUND FACTS

**Name of Target Fund:** iShares Core S&P 500 ETF  
**Fund Currency:** US Dollar  
**Fund Manager:** BlackRock Fund Advisors  
**Inception Date:** May 15, 2000  
**Benchmark:** S&P 500 Index

**Domicile:** United States of America  
**Regulator:** Securities and Exchange Commission  
**Administrator, Custodian and Transfer Agent:** State Street Bank & Trust Company

### INVESTMENT OBJECTIVE

The Target Fund seeks to track the investment results of an index composed of large-capitalization U.S. equities.

Fund Performance Report and relevant information about the iSHARES Core S&P 500 ETF can be viewed and downloaded through [www.iShares.com](http://www.iShares.com).



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

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

- USD-denominated units/shares in collective investment schemes subject to the conditions under BSP Circular 767
- USD-denominated deposits
- Other traded money market instruments
- Other USD-denominated Investments allowed under BSP regulations

B. The Investor Fund may invest a minimum of 90% of its fund in the Target Fund and a maximum of 10% in cash, deposits and other money market instruments. The investment of the Investor Fund in any Target Fund shall not exceed 10% of the Total Net Asset Value of the Target Fund.

## OUTLOOK AND STRATEGY

Global equity markets fell for the month amid slower pace of post-quarantine/lockdown economic recovery. 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. Emerging markets shares underperformed relative to developed market shares dragged by the sell-off in Chinese equities over contagion fears in relation to property giant Evergrande debt crisis. Sharp rise in interest rates weigh down the equity markets with value stocks outperforming growth stocks; giant technology companies took the hardest hit as investors shift growth outlook and sentiment towards cyclical companies. Commodity price increases during the month was amplified by energy prices climbing abruptly mainly due to demand and supply imbalance as consumers return to pre-pandemic consumption patterns.

US equity share prices retraced lower during the month reversing its strong rally and upward trend in August due to inflation and growth uncertainties. Anecdotally, the month of September positions among the worst performing months for US equities recording negative average returns in the last ten years which is mainly due to seasonal behavioral bias. Growing concerns over supply chain constraints continue to push prices higher resulting to the Fed raising its 2021 inflation projection to 4.2% from its previous estimate of 3.4%. Although consumer confidence index remains high and seen to be supportive of growth in the near term, it declined during the month as Covid-19 Delta variant fears continue to temper near term outlook. As such, Fed's Gross Domestic Product forecast for this year was revised downward to 5.9% from prior projection of 7% while 2022 estimate was raised to 3.8% from 3.3%.

The target fund contracted by 4.64% month-on-month; dwindling market sentiment together with high inflation and supply bottlenecks initiated sell-offs across all sectors with utilities, communications services and real estate among the laggards for the month dragging the fund by a total of - 1.07%. Materials sector was the worst performer due to iron ore price declining pulled by weak demand. Energy sector was the only segment able to record a positive return with a total contribution to the fund of 0.22% as supply constrains pushed prices of oil, coal and natural gas higher.

## 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/uitf> 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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