

# Unit Investment Trust Funds

## METROBANK PERA BOND FUND KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended May 31, 2022

### FUND FACTS

<b>Classification:</b>	Bond - Intermediate Term	<b>Net Asset Value per Unit (NAVPU):</b>	0.976966
<b>Launch Date:</b>	October 1, 2020	<b>Total Fund NAV (in Php Mns):</b>	1.35
<b>Trust Fee (per annum):</b>	0.75% based on NAV	<b>Dealing Day:</b>	12NN, any banking day
<b>Minimum Investment:</b>	Php5,000	<b>Redemption Settlement:</b>	1 Banking Day after date of redemption
<b>Additional Investment:</b>	Php5,000	<b>Early Redemption Charge:</b>	50% of income on redeemed amount
<b>Minimum Holding Period:</b>	30 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>0.065%</b>	<b>0.013%</b>	<b>0.000%</b>	<b>0.000%</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 Php Mns): 1.35

### INVESTMENT OBJECTIVE AND STRATEGY

The Fund intends to achieve for its PERA participants high income and potential returns that are higher than regular traditional deposit products by investing in a diversified portfolio of peso-denominated fixed income securities and instruments which are tax-exempt in accordance with the PERA Law and shall have a maximum weighted average duration of five years. The Fund's composite benchmark is composed of Markit iBoxx ALBI Philippines 1-5.

### 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 METROBANK PERA BOND FUND is suitable only for investors who:

- Have a Moderate profile.
- Want potential returns that are higher than regular Peso deposit products and are willing to be exposed to some risk in consideration of higher returns.
- Recommended investment horizon is at least three (3) years
- Filipino individuals with legal capacity to contract and possesses a Tax Identification Number (TIN)

### 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. It refers to the portfolio's exposure to marked-to-market valuation due to market price fluctuations of the bonds.
<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)

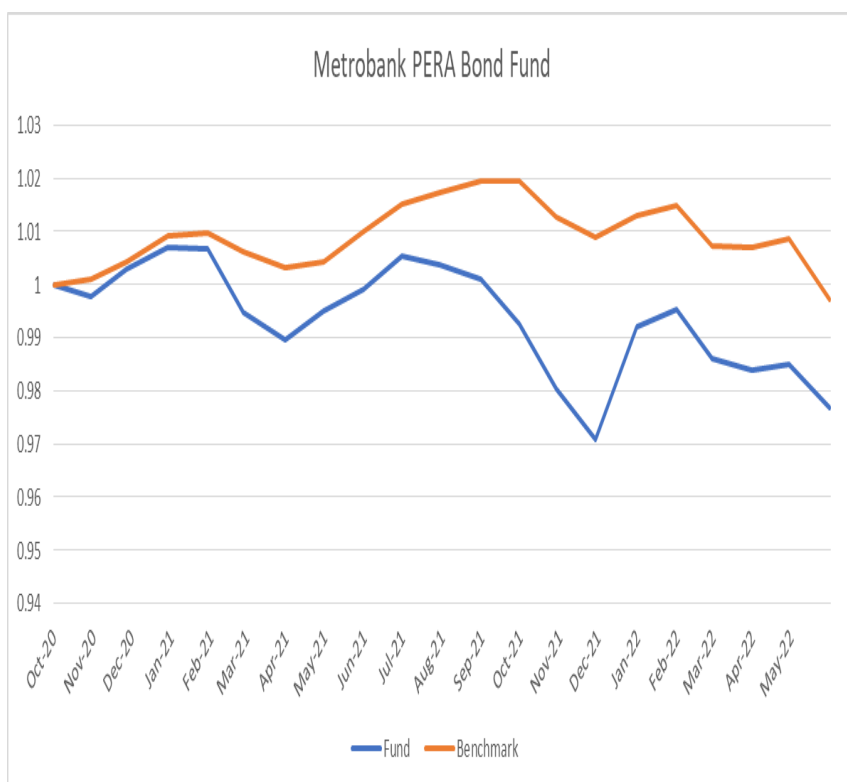


# Unit Investment Trust Funds

## FUND PERFORMANCE AND STATISTICS as of May 31, 2022

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

### NAVPu GRAPH



### NAVPu OVER THE PAST 12 MONTHS

Highest	1.006637
Lowest	0.967660

### STATISTICS<sup>1</sup>

Weighted Average Duration (in years)	2.52
Volatility, Past 1 Year (in %) <sup>2</sup>	3.25%
Sharpe Ratio <sup>3</sup>	-1.03
Information Ratio <sup>4</sup>	-0.33

<sup>1</sup> Volatility, Sharpe Ratio and Information Ratio metrics is computed based on available data in past 1 month.

<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.

### CUMULATIVE PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
<b>Fund</b>	-0.810%	-0.911%	0.629%	-2.227%	N/A	N/A	-2.303%
<b>Benchmark</b>	-0.886%	-0.943%	-0.918%	-1.024%	N/A	N/A	-0.030%

Initial benchmark adopted was 80% Bloomberg Philippine Sovereign Bond Index 1-5 year (BPHIL15), Adjusted and 20% Bloomberg Philippines 30-day Special Savings Rate General Average beginning October 1, 2020. The Fund changed its benchmark to Markit iBoxx ALBI Philippines 1-5 on December 1, 2020.

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Government Securities	87.77%
Time Deposits	12.15%
Cash	0.10%
Other Receivables - Net of Liabilities <sup>5</sup>	-0.01%

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

### Maturity Profile

Government Securities <1 year	14.41%
Government Securities >1-3 years	25.33%
Government Securities >3-5 years	33.52%
Government Securities >5 years	14.51%

### TOP 10 HOLDINGS

Name	Maturity	% of Fund
1. GENTD MBTC	06.01.22	12.15%
2. RTB	03.12.24	9.64%
3. RTB	03.04.27	9.59%
4. RTB	02.11.23	7.85%
5. RTB	08.12.25	7.74%
6. RTB	06.02.27	7.27%
7. RTB	03.09.24	6.57%
8. FXT	09.09.25	6.45%
9. FXT	02.14.26	6.20%
10. RTB	12.04.22	4.91%

### RELATED PARTY TRANSACTIONS

Related Party	Transaction	Market Value (in Php Mns)
MBTC	Time Deposit Placement	0.16

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.

### PERA Administrator Information

In compliance with PERA Law, the PERA products may only be sold through an accredited PERA Administrator. For any concerns, you may contact the PERA Administrator through the following:

**ATRAM Trust Corporation (ATC)**  
 Website: <https://pera.seedbox.ph/>  
 Email: [pera.support@seedbox.ph](mailto:pera.support@seedbox.ph)



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 [customer@metrobank.com.ph](mailto:customer@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 investments allowed under BSP regulations

## OUTLOOK AND STRATEGY

For the first time since 2018, the Bangko Sentral ng Pilipinas (BSP) raised its policy rates by 25 bps to 2.25% to “help arrest further second-round effects and temper the buildup in inflation expectations”. May inflation was well-within consensus at 5.4% YoY vs. 4.9% YoY in April led by the acceleration in transport, and food and non-alcoholic beverage prices. BSP Governor Benjamin Diokno cited a strong rebound in economic activity and jobs market in the first quarter would let the central bank unwind their monetary policy support. He further noted that the BSP’s legroom for policy accommodation is shrinking as inflation starts to fall within their target range. Meanwhile, incoming BSP Governor Felipe Medalla sees no rush in raising policy rates with inflation mainly driven by rising import costs.

Local government bond yields rose by 40-80 bps across the curve as supply risks and heightened inflation expectations turned market participants on the defensive. In terms of bond prices, government securities lost 2% in May. Investors demand higher premium with average awarded yields on Treasury bonds are higher by 60-80 bps for the month. Newly issued 7Y Bond was partially awarded at Php 20 billion vs. Php 35 bn offer size - with a coupon of 6.50%. The Bureau of Treasury (BTR) is set to borrow Php 250 bn in June, higher by Php 50 bn last month, via Treasury bill and Treasury bond offerings. Tenors are kept at 3, 5, 7, and 10Y tenor buckets, with the 7Y to be offered twice. Government borrowing stood at a record high of Php 12.68 trillion as of end-March, higher by 17.7% from the previous year. Meanwhile the nation’s debt-to-GDP ratio expanded to 63.5% in March, the highest since 2005.

On the macro side, 1Q GDP beat expectations at 8.3% vs. 6.8% consensus – higher than upwardly revised 7.8% in 4Q2021. Investments improved along with private consumption resumed to its pre-pandemic levels. Labor market showed signs of development with unemployment average unemployment rate falling to 6.2% in 1Q22, from 7.4% in 2021. A landslide win for former senator Ferdinand “Bongbong” Marcos Jr. to become the country’s 17th president of the Republic of the Philippines. Market players await for his choice of cabinet members and his plans for his first 100 days as president albeit policy continuity will be in play with more focus on infrastructure-led recovery.

The Philippine peso depreciated against the US Dollar closing at 52.39 (+20c higher MoM, +0.38%). The country’s Gross International Reserves declined to USD 106.76bn compared to last month’s USD 108.54bn, due to decline in gold prices and foreign currency debt payments. This roughly covers 9.4 months’ worth of import cover.

## 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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