

# Unit Investment Trust Funds

## METRO CLEAN ENERGY EQUITY FEEDER FUND KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended October 28, 2022

### FUND FACTS

<b>Classification:</b>	Feeder	<b>Net Asset Value per Unit (NAVPU):</b>	0.983477
<b>Launch Date:</b>	July 25, 2022	<b>Total Fund NAV (in Php Mns):</b>	1.17
<b>Trust Fee (per annum):</b>	0.75% based on NAV	<b>Dealing Day:</b>	12NN, any banking day
<b>Minimum Investment:</b>	Php10,000	<b>Redemption Settlement:</b>	5 Banking Day 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 MONTH<sup>1</sup>

Trustee Fees:	Custodianship Fees:	External Auditor Fees:	Other Fees:
<b>0.065%</b>	<b>0.000%</b>	<b>0.000%</b>	<b>0.000%</b>
<i>Metrobank-Trust Banking Group</i>	<i>Allfunds</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): **1.07**

### INVESTMENT OBJECTIVE AND STRATEGY

The Investor Fund intends to achieve for its participants long-term capital growth by primarily investing in a USD denominated\* collective investment scheme that is focused on investing in alternative energy and energy technologies including: renewable energy technology; renewable energy developers; alternative fuels; energy efficiency; enabling energy and infrastructure. The Fund's benchmark is the MSCI All Country World Index (PHP).

### 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 CLEAN ENERGY EQUITY FEEDER FUND is suitable only for investors who:

- Have an Aggressive profile.
- Want capital appreciation over the long-term by primarily investing in BlackRock Global Funds (BGF) – Sustainable Energy Fund Class D2 – USD
- Recommended investment horizon is at least five (5) years
- Participation in the Investor Fund shall be open to Filipino individuals, resident and non-resident aliens, and corporate accounts. However, persons from US, Canada, Indonesia, South Korea and Iceland are not allowed to open an account. For guidelines on US Person qualifications, refer to the Foreign Account Tax Compliance Act (FATCA).

### 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 value of investments may be affected by fluctuations in the exchange rates of securities in a different currency other than the base currency of the Investor Fund. The Participants should note that the Fund is denominated in Philippine Peso and will be invested in a US dollar denominated share class of the Target Fund. The foreign currency position of the Investor will not be hedged.

**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](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)



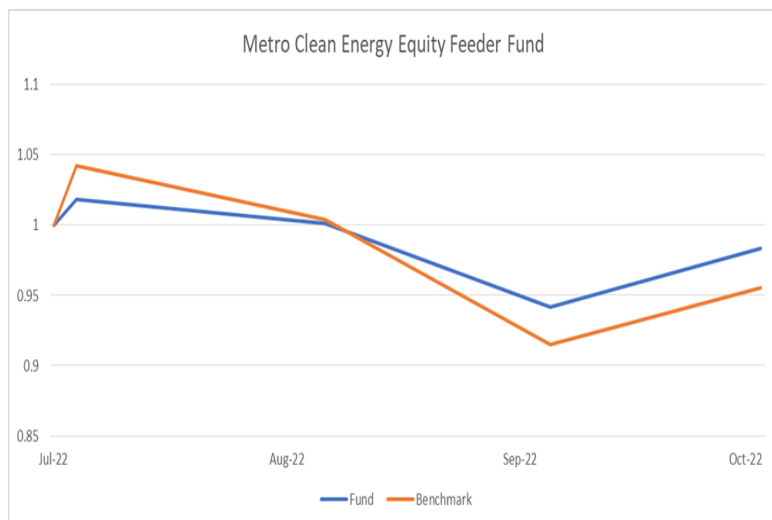
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## FUND PERFORMANCE AND STATISTICS as of

October 28, 2022

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

### NAVPu GRAPH



### NAVPu OVER THE PAST 12 MONTHS

Highest	1.070368
Lowest	0.914693

### STATISTICS OF THE TARGET FUND

Volatility, Past 1 Year (in %) <sup>2</sup>	23.43%
Sharpe Ratio <sup>3</sup>	-0.86
Information Ratio <sup>4</sup>	-0.77

<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.

### CUMULATIVE PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
<b>Fund</b>	4.474%	-3.423%	N/A	N/A	N/A	N/A	-1.652%
<b>Benchmark</b>	6.494%	-7.246%	N/A	N/A	N/A	N/A	-4.479%

### PORTFOLIO COMPOSITION

Allocation	% of Fund
BlackRock Global Funds (BGF) – Sustainable Energy Fund Class D2 – USD	96.38%
Cash	3.63%
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.

### SECTOR ALLOCATION OF THE TARGET FUND

Clean Power	21.68%
Industrial Efficiency	19.58%
Automotive & Sustainable Mobility	19.45%
Building & Consumer	13.11%
Renewable Energy Technology	9.64%
Other	7.58%
Energy Storage & Infrastructure	3.82%

### TOP 10 HOLDINGS OF THE TARGET FUND

Name	% of Fund
1.NEXTERA ENERGY INC	6.01%
2.ENEL SPA	4.67%
3.RWE AG	4.50%
4.SAMSUNG SDI CO LTD	4.04%
5.JOHNSON CONTROLS INTERNATIONAL PLC	3.84%
6.LG CHEM LTD	3.80%
7.INGERSOLL RAND INC	3.76%
8.INFINEON TECHNOLOGIES AG	3.44%
9.FIRST SOLAR INC	3.02%
10.EDP - ENERGIAS DE PORTUGAL SA	2.76%

### RELATED PARTY TRANSACTIONS

Related Party	Transaction	Market Value (in Php 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:** BlackRock Global Funds (BGF) – Sustainable Energy Fund Class D2 – USD

**Fund Currency:** US Dollar

**Fund Manager:** BlackRock (Luxembourg) S.A

**Fund Launch Date:** March 15, 2001

**Share Class Launch Date:** May 19, 2006

**Domicile:** Luxembourg

**Regulator:** Commission de Surveillance du Secteur Financier

**Benchmark:** MSCI All Countries World Index (USD)

### INVESTMENT OBJECTIVE

The BGF Sustainable Energy Fund seeks to maximize total return. The Fund invests globally at least 70% of its total assets in the equity securities of sustainable energy companies. Sustainable energy companies are those which are engaged in alternative energy and energy technologies including: renewable energy technology; renewable energy developers; alternative fuels; energy efficiency; enabling energy and infrastructure.

### INVESTMENT POLICY

A. The Fund may be invested and reinvested in the following instruments that is focused on investing in alternative energy and energy technologies including: renewable energy technology; renewable energy developers; alternative fuels, energy efficiency; enabling energy and infrastructure:

- USD-denominated units/shares in collective investment schemes subject to the conditions under BSP Circular 767
- USD-denominated traded money market instruments
- USD and/or Peso-denominated deposits

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.



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)



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## RISK FACTORS RELATED TO THE TARGET FUND

**Contingent Convertible Bond Risk:** In case of conversion into equity, the relevant Fund might be forced to sell new equity shares because the investment policy of the relevant Fund may not allow equity in its portfolio. Such a forced sale, and the increased availability of these shares might have effect on market liquidity in so far as there may not be sufficient demand for these shares.

**Smaller Capitalisation Companies Risk:** The securities of smaller companies maybe subject to more abrupt or erratic market movements than larger, more established companies or the market average in general.

**ESG Investment Policy Risk:** The use of ESG criteria may affect an ESG Fund's investment performance and, as such, ESG Funds may perform differently compared to similar funds that do not use such criteria. ESG based exclusionary criteria used in an ESG Fund's investment policy may result in the ESG Fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their ESG characteristics when it might be disadvantageous to do so.

**Sustainability Risk:** The probability or uncertainty of occurrence of material losses relative to the expected return of an investment that relates to environmental, social or governance issues.

## SUSTAINABLE INVESTMENTS

Sustainable Finance refers to any form of financial product or service which integrates environmental, social, and governance criteria into business decisions that supports economic growth and provides lasting benefit for both clients and society while reducing pressures on the environment. This also covers green finance which is designed to facilitate the flow of funds towards green economic activities and climate change mitigation and adaptation projects.<sup>6</sup>

The Target Fund adopts a "best in class" approach to sustainable investing. This means that the Target Fund selects the best issuers (from an ESG perspective) for each relevant sector of activities (without excluding any sector of activities). More than 90% of the issuers of securities the Target Fund invests in are ESG rated or have been analysed for ESG purposes.<sup>7</sup>

<sup>6</sup> BSP Circular No. 1085 dated April 29, 2020

<sup>7</sup> Prospectus of BlackRock Global Funds dated March 10, 2021

## OUTLOOK AND STRATEGY

Metro Clean Energy Equity Feeder fund returned +4.47% for the month of October.

Please see below commentary from Blackrock.

### Market overview:

European governments announced policies to reduce the impact of the energy crisis on households and businesses and mitigate the risks of a harsh recession as indicators for global economic growth remained weak with a further fall in the manufacturing PMI survey data for Europe and the US. However, markets rallied during October on hopes the Federal Reserve is getting closer to slowing and stopping rate hikes. Fed comments after month end suggested such views were premature with inflation data remaining strong. On the other hand, China's Communist Party Congress meeting occurred during the month, which appeared to further strengthen President Xi Jinping's leadership position. In the sustainable energy theme, the International Energy Agency (IEA) released their World Energy Outlook, which highlighted the need for an acceleration in investment in renewables required for a net zero transition, well beyond the 50% increase to \$2tn/year by 2030 already suggested by energy transition policies. Higher oil and gas prices are supportive for accelerating the energy transition in our view, as they make renewables prices relatively more attractive and therefore announcements from OPEC that it would cut target oil production to support oil prices and also from the US administration that it would refill the Strategic Petroleum Reserve should prices fall below \$72, may be supportive for the theme.

### Performance overview:

- The BGF Sustainable Energy Fund returned +6.0% in October 2022.
- For reference, MSCI AC World index rose +6.0%.

### Stocks:

Positive contributors to performance included Korean EV battery companies Samsung SDI and LG Chem as more information emerges on the US Inflation Reduction Act and which companies may be potential beneficiaries. Moreover, European success in filling natural gas storage has led to the power market becoming less stressed at the margin and this has been supportive for European industrials. Within the Fund, positive contributors included European energy efficiency companies Atlas Copco, Air Liquide and Schneider Electric. The main detractors to returns included Chinese related holdings, as China's stock market underperformed and included wind turbine manufacturer Goldwind and battery component group Shanghai Putailai. Solar rooftop installation companies Sunrun and Sunnova fell on concerns that their businesses may be impacted by rising US bond yields leading to tighter financial conditions.

### Changes:

- During the month, we added exposure to European energy efficiency companies with more cyclical end markets given a strong pullback in valuations of these companies. We diversified exposure to US power construction businesses via a new purchase.
- We exited a wind farm developer and a company within the battery supply chain.

### Positioning & Outlook:

Russia's invasion of Ukraine represents a transformational moment for the world, in addition to the human tragedy the war has created, it has focused countries on their energy supplies. An acceleration in investment into sustainable energy companies is being driven by 3 powerful factors: Supportive regulation and policies; Energy security has become front and centre; The expectation that traditional energy prices remain higher for longer, making sustainable energy solutions appear more attractive. A key observation from COP26 in Glasgow was the conviction from so many countries and co-ordinated approach to accelerate the energy transition with the aim of keeping a 1.5C scenario within reach. Furthermore, there is regulatory support for all aspects of the sustainable energy theme via the EU Green Deal and recent REPowerEU, in China for wind, solar and EV adoption and in the US via the Inflation Reduction Act. To add to that, renewable energy costs for onshore wind and solar PV now represent the most economic technology choice for power generation in many markets, which is driving rapid adoption. We see similar cost competitiveness trends in other areas such as energy storage solutions in automotive electrification, where the transition to electric is driving an increase in EV adoption. Thus, the path to a lower carbon global economy is forecast to disrupt many industries and business models. However, this evolution is also expected to create remarkable opportunities. To quantify, the IEA's most recent estimates suggest annual clean energy investment will need to more than double by 2030 to US \$4trillion. The BGF Sustainable Energy Fund is positioned to capture such industry shifts and reap the benefits from this transition, we believe that the scale of the growth opportunity for the sustainable energy sector as a whole over the coming years has been under-appreciated both as a play on capital allocation and attractive long-term investment exposure.

## 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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