

Unit Investment Trust Funds

METRO\$ US INVESTMENT GRADE CORPORATE BOND FEEDER FUND KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended December 29, 2022

FUND FACTS

| | | | |
|--------------------------------|--|--|---|
| Classification: | Feeder | Net Asset Value per Unit (NAVPU): | 0.949214 |
| Launch Date: | February 14, 2018 | Total Fund NAV (in USD Mns): | 0.47 |
| Trust Fee (per annum): | 0.50% based on NAV | Dealing Day: | 12NN, any banking day |
| Minimum Investment: | USD 500 | Redemption Settlement: | 4 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: |
|--------------------------------------|--------------------------------|------------------------|---------------|
| 0.043% | 0.004% | 0.000% | 0.000% |
| <i>Metrobank-Trust Banking Group</i> | <i>Standard Chartered Bank</i> | <i>SGV & Co.</i> | <i>Others</i> |

¹ As a percentage of average daily NAV for the month valued at (in USD Mns): **0.48**

INVESTMENT OBJECTIVE AND STRATEGY

The Investor Fund is a USD-denominated Unit Investment Trust Fund structured as a feeder fund and aims to provide market returns from a representative portfolio of USD-denominated investment grade corporate bonds that comprise the US Investment Grade Corporate Bond Market by investing at least 90% of its assets in the iSHARES IBOXX \$ INVESTMENT GRADE CORPORATE BOND ETF. The Fund's benchmark is the Markit IBOXX USD Liquid Investment Grade Index (IBOXIG 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 INVESTMENT GRADE CORPORATE BOND FEEDER FUND is suitable only for investors who:

- Have an Aggressive profile.
- Want capital appreciation over the long-term by primarily investing in iSHARES IBOXX \$ INVESTMENT GRADE CORPORATE BOND 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.

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

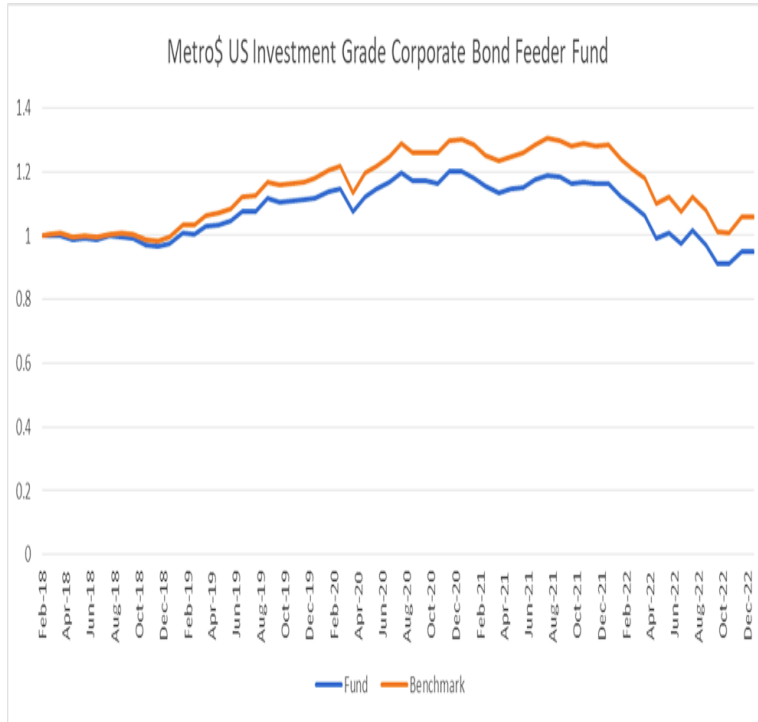


Unit Investment Trust Funds

FUND PERFORMANCE AND STATISTICS as of December 29, 2022

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

NAVPu GRAPH



NAVPu OVER THE PAST 12 MONTHS

| | |
|---------|----------|
| Highest | 1.162095 |
| Lowest | 0.887018 |

STATISTICS OF THE TARGET FUND

| | |
|---|--------|
| Weighted Average Duration (in years) | 7.84 |
| Volatility, Past 1 Year (in %) ² | 12.79% |
| Sharpe Ratio ³ | -1.58 |
| Information Ratio ⁴ | -0.83 |
| Tracking Error ⁵ | 0.69% |

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.

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.

⁵ 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 |
|------------------|---------|----------|----------|----------|----------|---------|-----------------|
| Fund | -0.015% | 4.073% | -2.476% | -18.319% | -15.010% | N/A | -5.079% |
| Benchmark | 0.216% | 4.730% | -1.405% | -17.201% | -10.086% | N/A | 5.918% |

PORTFOLIO COMPOSITION

| Allocation | % of Fund |
|---|-----------|
| iShares iBOXX \$ IG Corp Bond ETF | 94.33% |
| Time Deposits | 5.69% |
| Cash | 0.21% |
| Other Receivables - Net of Liabilities ⁶ | -0.24% |

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

Maturity Profile of the Target Fund

| Maturity | % of Fund |
|-------------|-----------|
| 20+ years | 26.48% |
| 15-20 years | 9.10% |
| 10-15 years | 5.58% |
| 7-10 years | 20.88% |
| 5-7 years | 13.73% |
| 3-5 years | 22.39% |
| 2-3 years | 0.21% |

TOP 10 HOLDINGS OF THE TARGET FUND

| Name | % of Fund |
|-----------------------------------|-----------|
| 1. BLK CSH FND TREASURY SL AGENCY | 1.63% |
| 2. ANHEUSER-BUSCH COMPANIES LLC | 0.29% |
| 3. CVS HEALTH CORP | 0.23% |
| 4. T-MOBILE USA INC | 0.21% |
| 5. GOLDMAN SACHS GROUP INC | 0.19% |
| 6. ANHEUSER-BUSCH COMPANIES LLC | 0.17% |
| 7. BOEING CO | 0.17% |
| 8. AT&T INC | 0.16% |
| 9. AT&T INC | 0.16% |
| 10. WELLS FARGO & COMPANY MTN | 0.16% |

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 iBOXX \$ Investment Grade Corporate Bond ETF
Fund Currency: US Dollar
Fund Manager: BlackRock Fund Advisors
Inception Date: July 22, 2002
Benchmark: Markit iBoxx USD Liquid Investment Grade 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 U.S. dollar-denominated, investment grade corporate bonds.

Fund Performance Report and relevant information about the iShares iBoxx \$ Investment Grade Corporate Bond ETF can be viewed and downloaded through www.iShares.com.



For other details, you may visit our website at www.metrobank.com.ph or contact us at 8-8700-700 or email us at customer@metrobank.com.ph



Unit Investment Trust Funds

INVESTMENT POLICY

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

- USD-denominated deposits
- USD-denominated 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 USD-denominated subordinated fixed income instruments issued by corporations and financial institutions
- 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 one Target Fund shall not exceed 10% of the Total Net Asset Value of the Target Fund.

OUTLOOK AND STRATEGY

The fund's return was flat, -0.02% while the target fund posted a return of -0.34% in December. Bond markets fell as well and closed out the worst year on record for the Bloomberg U.S. Aggregate Index. The yield on the benchmark 10-year U.S. Treasury note was volatile over the period, falling as low as 3.40% on intraday trading early in the month before ending higher for the month at 3.88%. The Federal Reserve increased official short-term interest rates for the seventh time in 2022 in mid-December but slowed the pace of rate increases from 75bps to 50bps. The market recorded losses as major indexes tumbled following the Federal Reserve's policy meeting, which concluded on December 14. The median projection for the federal funds rate in 2023 rose to 5.1%, well above the 4.6% officials had anticipated in September. Moreover, Fed Chair Jerome Powell may have added to worries at his post-meeting press conference by stressing the need for further rate hikes and the inflationary dangers of a tight labor market, which has proved resilient—employers added another 263,000 nonfarm jobs in November, above expectations—despite the Fed's aggressive rate hikes.

YTD, the fund fell -18.32% while the target fund posted a deeper loss of -19.94% in 2022.

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).



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

