

# Unit Investment Trust Funds

## METRO UNIT PAYING FUND

### KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Quarter Ended August 31, 2023

#### FUND FACTS

<b>Classification:</b>	Bond-Long Term	<b>Net Asset Value per Unit (NAVPU):</b>	0.956735
<b>Launch Date:</b>	September 22, 2017	<b>Total Fund NAV (in Php Bns):</b>	2.46
<b>Trust Fee (per annum):</b>	0.50% based on NAV	<b>Dealing Day:</b>	12NN, any banking day
<b>Minimum Investment:</b>	Php10,000	<b>Redemption Settlement:</b>	3 Banking Days 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 QUARTER<sup>1</sup>

Trustee Fees:	Custodianship Fees:	External Auditor Fees:	Other Fees:
<b>0.043%</b>	<b>0.001%</b>	<b>0.000%</b>	<b>0.000%</b>
<i>Metrobank-Trust Banking Group</i>	<i>HSBC</i>	<i>SGV &amp; Co.</i>	<i>Others</i>

<sup>1</sup> As a percentage of average daily NAV for the quarter valued at (in Php Bns): **2.50**

#### INVESTMENT OBJECTIVE AND STRATEGY

The Fund intends to achieve for its participants income from a portfolio of preferred shares listed at the Philippine Stock Exchange (PSE) and peso-denominated fixed income securities.

The Fund may invest up to 40% of its total assets in preferred shares.

The Fund's composite benchmark is composed of 60% Markit iBoxx ALBI Philippines 1-5 and 40% BPI Philippine Corporate Bond Index.

#### UNIT PAYING FEATURE MECHANICS

Eligibility for Unit Income Distribution	All registered participants with outstanding investment in the Fund as of one (1) Banking Day (ex-date) prior to scheduled date of distribution shall be entitled to receive their pro-rata share of income through units.
Unit Distribution Frequency	Eligible participants shall receive unit income on a quarterly basis every third Monday of February, May, August and November of the year.
Basis of Units to be Paid-out	The units to be distributed to all eligible participants shall be based on one hundred percent of the collected effective income of the Fund from interest and cash dividends within the three month period, less applicable taxes, fees and expenses. There is no guaranteed income amount for distribution.
Unit Distribution Settlement	Units received by the participant shall be automatically redeemed on distribution date and credited to the participant's settlement account one banking day after distribution date.

#### 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 UNIT PAYING FUND is suitable only for investors who:

- Have a Moderate profile.
- Want income to be distributed on a quarterly basis, and capital appreciation over time by investing in a portfolio of fixed income instruments and preferred shares listed in the Philippine Stock Exchange.
- 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.

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

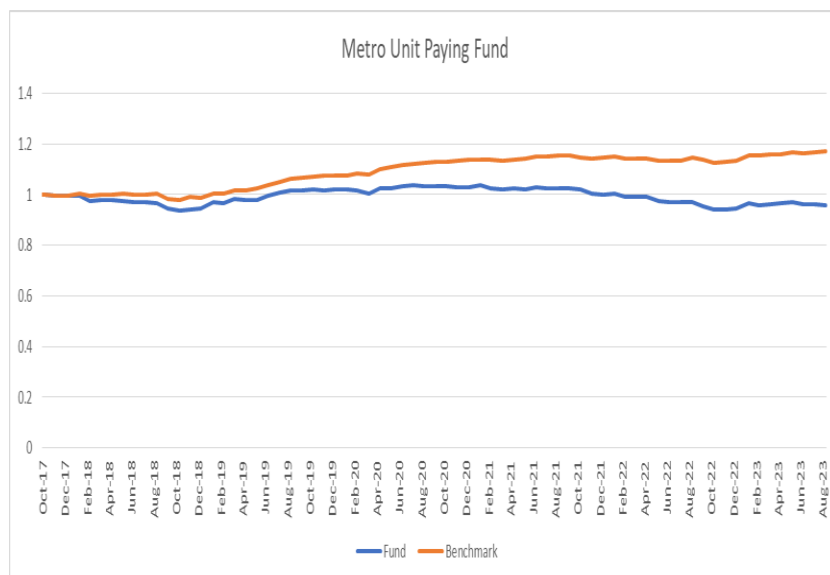


# Unit Investment Trust Funds

## FUND PERFORMANCE AND STATISTICS as of August 31, 2023

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

### NAVPU GRAPH



### NAVPU OVER THE PAST 12 MONTHS

Highest	0.975333
Lowest	0.930383

### STATISTICS

Weighted Average Duration (in years)	4.04
Volatility, Past 1 Year (in %) <sup>2</sup>	3.80%
Sharpe Ratio <sup>3</sup>	-1.15
Information Ratio <sup>4</sup>	-1.37

<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.

\*Fund NAVPU does not reflect the income paid out on distribution date.

### UNIT INCOME DISTRIBUTION INFORMATION

Date of Latest Distribution:	August 22, 2023	NAVPU on Latest Distribution Date:	0.952768
Total Income for Distribution (Php):	26,898,863.85	Equivalent Units for Distribution:	28,232,333.42
Income in % (May 13, 2023 to Aug. 18, 2023)	2.028%	Unit Income (May 13, 2023 to Aug. 18, 2023)	0.010
Past Distribution Dates:	8/16/2021, 11/15/2021, 02/18/22, 05/16/22, 08/15/2022, 11/21/2022, 02/20/2023, 05/15/2023, 08/22/2023		

Amounts of distribution may vary, are not guaranteed and are determined by the Trustee in accordance with the Plan Rules. Income distribution may result in an immediate decrease in NAVPU by the amount of the distribution.

### CUMULATIVE PERFORMANCE<sup>5</sup>

	1 QTR	2 QTR	3 QTR	4 QTR	Since Inception <sup>5</sup>
Fund ROI	-1.379%	-0.086%	1.913%	-1.186%	-4.327%
Fund Aggregate ROI	-0.309%	1.894%	4.873%	2.744%	17.975%
Benchmark	0.130%	1.430%	3.772%	2.032%	17.002%

Fund Aggregate ROI is inclusive of Pay-out Rate.

<sup>5</sup> The Bloomberg Philippine Sovereign Bond Index 1-5 year (BPHIL15) Adjusted was tentatively discontinued when the GS pricing basis shifted from PDST -R2 of PDEX to BVAL of Bloomberg effective October 29, 2018. For the meantime, an equivalent benchmark namely, the BPI Philippine Government Bond 1-5 Year Index is being used until a new benchmark is identified.

The Philippine Special Savings Rate General Average (net of taxes) has been discontinued effective 31 Dec 2019; The Fund used, the last available value of PSAVAVE (from January 2020 to September 22, 2020) and the average rate of the most recent 91-day Philippine Treasury Bill auction, net of taxes (from September 23, 2020 until October 20, 2020).

The Fund's benchmark, from October 21, 2020 to June 13, 2021, was 40% Markit iBoxx ALBI Philippines 1-5, 40% BPI Philippine Corporate Bond Index and 20% average rate of the most recent 91-day Philippine Treasury Bill auction, net of taxes. Effective June 14, 2021, the Fund benchmark is 60% Markit iBoxx ALBI Philippines 1-5 and 40% BPI Philippine Corporate Bond Index.

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Government Securities	49.28%
Corporate Bonds	27.66%
Equities (Preferred Shares)	20.68%
Time Deposits	2.30%
Cash	-3.47%
Other Receivables - Net of Liabilities <sup>6</sup>	3.56%

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

### Maturity Profile

Government Securities <1 year	24.22%
Government Securities >1-3 years	1.07%
Government Securities >3-5 years	11.75%
Government Securities >5 years	12.25%
Corporate Bonds <3 years	14.80%
Corporate Bonds >3-5 years	10.35%
Corporate Bonds >5-7 years	2.50%

### TOP 10 HOLDINGS

Name	Maturity	% of Fund
1. FXT	06.23.32	8.46%
2. RTB	03.07.28	7.26%
3. APB2R		6.44%
4. CBDBP	11.04.24	5.92%
5. FXT	09.30.35	5.06%
6. FXT	01.10.29	4.86%
7. FXT	10.13.29	4.72%
8. EQP PCOR 3Ae		4.61%
9. CBMBT	09.04.26	4.04%
10. EQP AC Ser Ae		4.02%

### RELATED PARTY TRANSACTIONS

Related Party	Transaction	Market Value (in Php Mns)
MBTC	Time Deposit Placement	56.47
MBTC	Corporate Bonds	99.21

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](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 money market instruments that are traded in an organized exchange
- Preferred shares listed in the Philippine Stock Exchange
- Other investments allowed under BSP regulations

## OUTLOOK AND STRATEGY

The month of Au-ghost brought some negative news to market players. We opened the month with news that the US Treasuries lost their AAA rating as Fitch joined S&P in lowering their rating to AA+. Fitch criticized US' ballooning fiscal deficits and an erosion of governance that has led to repeated debt limit clashes over the past two decades. By mid-month, the July FOMC minutes was released which showed that there was broad support for the decision to raise the federal funds target range by 25bps to 5.25%-5.50% at the conclusion of its July 25 to 26 policy meeting. The minutes also showed that most FED officials see significant upside risks to inflation and may opt for more tightening. Two officials opted for a no hike in July, and the FED staff scrapped its recession call while seeing a smaller jobless-rate rise. Economists from the FED expect a small rise in the jobless rate over the next two years and warned commercial real estate fundamentals may worsen. On domestic news, second quarter GDP disappointed in a big way; growing 4.3% YoY, much slower than the market expectation of +6.0%. On a quarter-on-quarter basis, the economy contracted by 0.9% as high inflation and the lagged impact of previous monetary tightening weighed on economic activity. This was the slowest pace of expansion since 2011, with growth momentum slowing due to a challenging global landscape, price pressures, muted fiscal stimulus and elevated borrowing costs. Overall, this was a disappointing report with the slowdown evident in all major sectors of the economy. BSP Gov. Eli Remolona, in his first meeting as BSP governor, was likely mindful of the slowing growth momentum. The BSP kept rates steady (for the third straight meeting) at 6.25%. Said policy rate is still the highest in more than 16 years or since May 2007 when RRP was at 7.50%. Meanwhile, Aug inflation accelerated to 5.3% from 4.7% in July, bringing 8M average to 6.6%. The BSP expects inflation to slow further in the coming months with headline inflation expected to settle within target range of 2% to 4%. Gov. Remolona, reiterated the BSP's readiness to hike policy rates if necessary while remaining data-dependent. The BSP pushed up its inflation forecast, likely due to the developments in global energy and food prices to 5.6% (from 5.4% in June) for 2023 and 3.3% (2.9%) for 2024. The uptrend in headline inflation was mainly influenced by the 8.1% YoY increase in the heavily-weighted food and non-alcoholic beverages index (from 6.3% in July).

The yield curve moved sideways for the month, as yields were just up by an average of 2bps across the curve. The belly bonds' yields decreased the most, particularly the 4y BVAL which was down by 8bps, closing the month at 6.20% versus 6.28% in July. In the August TBL auctions, the BTr fully awarded the issue size of PhP 75Bn. Yields were higher by an average of about 8bps across the 3 tenors. For the TBonds, the BTr issued a new 10y bond for the month, FXT1071, with a final coupon rate of 6.625%, while rejecting the 15-year auction (Re-issuance of FXT2023). The BTr plans to sell government securities in September, aiming to raise PhP 180Bn. The TBond issuances will have tenors of 3y, 7y, and 10y. The bond funds actively participated in the auctions for the month, specifically to the longer-dated issuances, to continue to lengthen duration and maintain overweight versus benchmark.

**Note: The KIIDS of the Metro Unit Paying Fund is issued every end of February, May, August and November of the year.**

## 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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