

# Unit Investment Trust Funds

## METRO MULTI-THEMED EQUITY FUND OF FUNDS KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended September 29, 2023

### FUND FACTS

<b>Classification:</b>	Equity Fund-of-Funds	<b>Net Asset Value per Unit (NAVPU):</b>	0.706959
<b>Launch Date:</b>	August 16, 2021	<b>Total Fund NAV (in Php Mns):</b>	603.78
<b>Trust Fee (per annum):</b>	1.50% based on NAV	<b>Dealing Day:</b>	12NN, any banking day
<b>Minimum Investment:</b>	Php10,000	<b>Redemption Settlement:</b>	6 Banking Day after date of redemption
<b>Additional Investment:</b>	Php1,000	<b>Early Redemption Charge:</b>	50% of income on
<b>Minimum Holding Period:</b>	7 calendar days from date		

### 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>0.125%</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): **623.83**

### INVESTMENT OBJECTIVE AND STRATEGY

The Investor Fund intends to achieve for its participants long-term capital growth by investing in a diversified portfolio of US Dollar-denominated collective investment schemes. The Investor Fund will have more than one (1) Target Funds at any given time. The Target Funds may be changed from time-to-time subject to regulations and the stipulations contained in the Declaration of Trust. The Fund's benchmark is the MSCI ACWI Net Total Return (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 MULTI-THEMED EQUITY FUND OF FUNDS is suitable only for investors who:

- Have an Aggressive profile.
- Want capital appreciation over the long-term by investing in more than one Target Funds at any given time.
- 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 domestic corporate accounts. However, persons from United States of America (USA), Canada, India, and People's Republic of China are not qualified to open an account.

### 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>Market/Price Risk:</b>	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.
<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>Foreign Exchange Risk:</b>	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.
<b>Country Risk:</b>	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.
<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.
<b>Investing in Other Funds:</b>	The fund bears all risks of investment strategies employed by the underlying funds, including the risk that the underlying funds will not meet their investment objectives.

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)

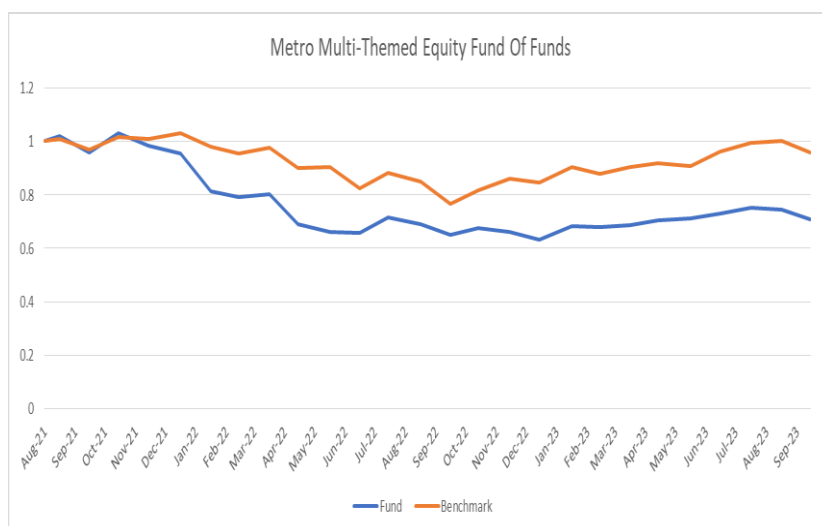


# Unit Investment Trust Funds

## FUND PERFORMANCE AND STATISTICS as of September 29, 2023

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

### NAVP<sub>u</sub> GRAPH



### NAVP<sub>u</sub> OVER THE PAST 12 MONTHS

Highest	0.750779
Lowest	0.621046

### STATISTICS OF THE TARGET FUND

Volatility, Past 1 Year (in %) <sup>2</sup>	12.64%
Sharpe Ratio <sup>3</sup>	0.33
Information Ratio <sup>4</sup>	-1.05

<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<sup>5</sup>

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
<b>Fund</b>	-5.059%	-3.367%	2.906%	8.799%	N/A	N/A	-29.304%
<b>Benchmark</b>	-4.140%	-0.100%	6.071%	23.924%	N/A	N/A	-4.067%

<sup>5</sup> Initial benchmark adopted was MSCI ACWI Net Total Return USD Index. Effective December 15, 2022, the Fund benchmark is MSCI ACWI Net Total Return (PHP).

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Target Funds	98.61%
Time Deposits	1.42%
Cash	0.01%
Other Receivables - Net of Liabilities <sup>6</sup>	-0.03%

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

### TOP 10 HOLDINGS

Name	% of Fund
1. MICROSOFT CORP	8.55%
2. APPLE INC	7.67%
3. NVIDIA CORP	5.79%
4. AMAZON.COM INC	5.61%
5. ALPHABET INC CLASS A	3.70%
6. VISA INC	2.19%
7. FAIR ISAAC CORP	2.14%
8. VERISK ANALYTICS INC	2.13%
9. THERMO FISHER SCIENTIFIC INC	2.06%
10. STERIS	2.04%

### RELATED PARTY TRANSACTIONS

Related Party	Transaction	Market Value
MBTC	Time Deposit Placement	8.57

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.

### INVESTMENT POLICY

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

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

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

- Global-denominated Investments allowed under regulations issued by the Bangko Sentral Ng Pilipinas;
- Global-denominated Exchange-listed securities;
- Global-denominated deposits with local banks/foreign banks
- Financial derivative instruments for hedging purposes and efficient portfolio management.

C. The Investor Fund may invest a minimum of 90% of its net asset value in more than one (1) Target Fund and a maximum of 10% in cash, deposits and other money market instruments



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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## TARGET FUNDS

Name	Fund Manager	Target Fund Objective
1. Credit Suisse (LUX) Digital Health Equity Fund (USD)	Credit Suisse Fund Management S.A. <a href="http://www.credit-suisse.com">www.credit-suisse.com</a>	This fund invests globally in innovative companies which are driving a revolution in the health care sector through the application of technology. The investment universe comprises three segments: Research & Development, Treatments and Efficiency. The investment objective is long-term capital appreciation from actively managed exposure to this secular growth theme.
2. Credit Suisse (LUX) Security Equity Fund (USD)	Credit Suisse Fund Management S.A. <a href="http://www.credit-suisse.com">www.credit-suisse.com</a>	The fund assets are invested worldwide in companies that are primarily active in Technology, Healthcare and Industrials, and that offer products and services related to health prevention/protection and environmental safety, IT security, transportation safety, and crime prevention.
3. Nikko AM Ark Disruptive Innovation Fund (USD)	Nikko Asset Management Luxembourg, S.A. <a href="http://www.nikkoam.com.sg">www.nikkoam.com.sg</a>	The Fund will invest, under normal market conditions, primarily in global equity securities of companies that are relevant to the investment theme of disruptive innovation - defined as the introduction of a technologically enabled new product or service that potentially changes the way the world works, such as:  Genomic Revolution Companies - the study of genes and their functions and related techniques Industrial Innovation Companies - in energy, automation and manufacturing Web x.0 Companies - the increased use of shared technology, infrastructure and services FinTech Innovation Companies - technologies that make financial services more efficient.
4. Franklin Technology Fund (USD)	Franklin Advisers Inc. <a href="http://www.franklintempleton.lu">www.franklintempleton.lu</a>	The Fund aims to achieve capital appreciation by investing at least two-thirds of its assets in equity securities of companies expected to benefit from the development, advancement and use of technology.
5. Robeco Global Consumer Trends F USD	Robeco Institutional Asset Management B.V. <a href="http://www.robeco.com.be">www.robeco.com.be</a>	The aim of the Sub-fund is to provide long term capital growth while at the same time promoting certain ESG (i.e. Environmental, Social and corporate Governance) characteristics and integrating sustainability risks in the investment process.
6. iShares Global Energy ETF (IXC)	BlackRock Fund Advisors <a href="http://www.iShares.com">www.iShares.com</a> <a href="http://www.blackrock.com">www.blackrock.com</a>	The Fund seeks to track the investment results of an index composed of global equities in the energy sector.
7. iShares MSCI ACWI ETF (ACWI)	BlackRock Fund Advisors <a href="http://www.iShares.com">www.iShares.com</a> <a href="http://www.blackrock.com">www.blackrock.com</a>	The Fund seeks to track the investment results of an index composed of large- and mid-capitalization developed and emerging market equities.
8. iShares MSCI Emerging Markets ETF (EEM)	BlackRock Fund Advisors <a href="http://www.iShares.com">www.iShares.com</a> <a href="http://www.blackrock.com">www.blackrock.com</a>	The Fund seeks to track the investment results of an index composed of large- and mid-capitalization emerging market equities.
9. iShares MSCI World ETF (URTH)	BlackRock Fund Advisors <a href="http://www.iShares.com">www.iShares.com</a> <a href="http://www.blackrock.com">www.blackrock.com</a>	The Fund seeks to track the investment results of an index composed of developed market equities.
10. The Real Estate Select Sector SPDR Fund	State Street Global Advisors <a href="http://www.sectorspdrs.com">www.sectorspdrs.com</a>	The Fund seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of publicly traded equity securities of companies in the Real Estate Select Sector Index (the "Index").
11. CS (Lux) Infrastructure Equity Fund EB USD	Credit Suisse Fund Management S.A. <a href="http://www.credit-suisse.com">www.credit-suisse.com</a>	This sector-based equity fund invests along the value chain of the global infrastructure opportunity set. The investment universe encompasses companies that provide the facilities and services necessary to maintain and develop modern infrastructure, and also includes companies supplying infrastructure-related products and services. The objective is to maximize total return from capital appreciation and dividends over extended periods of time. It follows an unconstrained, non-benchmark oriented approach to identify attractively valued companies positioned to benefit from the infrastructure theme.

## RISK FACTORS RELATED TO THE TARGET FUNDS

<b>Concentration Risk:</b>	The Fund may be susceptible to an increased risk of loss, including losses due to adverse events that affect the Fund's investments more than the market as a whole, to the extent that the Fund's investments are concentrated in the This may include, but is not limited to:
	<ul style="list-style-type: none"> <li>● Asian Economic Risk</li> <li>● Chinese Market Risk</li> <li>● Risk of Investing in Emerging Markets</li> <li>● Risk of Investing in Developed Countries</li> <li>● Securities Lending Risk</li> <li>● Indexing Strategy/Index Tracking Risk</li> <li>● Sustainability Risk</li> <li>● Energy Sector Risk</li> <li>● Real Estate Sector Risk</li> <li>● REIT Risk</li> <li>● Industrials Sector Risk</li> <li>● Information Technology Sector Risk</li> <li>● Financial Technology Risk</li> <li>● Future Expected Genomic Business Risk</li> <li>● Web x.0 Companies Risk</li> </ul>



# Unit Investment Trust Funds

## OUTLOOK AND STRATEGY

The fund decreased by 5.05% for the month, lagging the benchmark's decrease (in peso terms) of 4.17%, or an underperformance of about 88 bps. The fund's underperformance was due to the drag from small-market-cap exposure which were hit harder as long-end yields rose. The fund kept cash elevated and continues to rebalance its holdings to mitigate volatility in specific themes and sectors.

In the September FOMC meeting, the Federal Reserve kept rates unchanged at 5.5%, but Fed Chair Jerome Powell signaled a hawkish 'higher for longer' stance after one more hike this year. Markets were caught off-guard when the central bank left the door open for another hike. In 2022 until early this year, the expectation was that the Fed would be cutting rates by the second half of 2023.

Despite the strong calls for a recession earlier this year, the U.S. economy continues to defy expectations with 2Q-2023 GDP remaining unchanged at 2.1% and 3Q is expected to rise further to 4.9% QoQ due to strong consumer spending. The moderation of Core PCE to 3.9% YoY and 0.1% MoM, the lowest monthly increase since 2020, is welcomed news by the central bank. It was thought that inflation would only drop if unemployment rose significantly; however, inflation improved with unemployment rising only to 3.8% in August.

While it looks like the U.S. has managed to dodge the most anticipated recession in history, several risks, namely, gas prices and the resumption of student loan repayments, still linger. Gas prices have risen by 8.56% MoM to \$90.79, the highest level seen since August 2022. The rise in gas prices was the result of supply cuts by OPEC+, and oil is expected to move into the \$100 range as a deficit of 3 million barrels per day is seen in Q4-2023.

Like many economies, U.S. manufacturing has underperformed compared to services, suggesting that cash flow is currently favoring short-term spending over long-term investments. The country's Purchasing Managers Index (PMI) for manufacturing remains in contraction despite the improvement from 46.9 to 48.9. Services notched lower from 50.5 to 50.2.

September saw extended volatility in U.S. equity markets as yields on U.S. 10-year Treasury bonds closed at 4.57%, jumping by 47 basis points and reaching the highest level since 2007. The inversion between the U.S. 10-year and 2-year improved from 75 to 47; however, the movement came with a painful bear steepening as longer-end yields climbed under the 'soft landing' narrative. It is important to note that an inverted yield curve signals a forthcoming recession, while the un-inversion of the yield curve signals the beginning of a recession. The 'higher for longer' narrative also pushed the dollar index (DXY) to an 11-week win streak, strengthening by 2.47% MoM.

A topping formation called the "head & shoulders" (H&S) has emerged in the S&P500, and the bear steepening in treasury yields prompted the equity index to break below the 4,350 neckline. The S&P500 remains in a bullish uptrend as long as it stays above the 4,200 level, a break below would confirm the H&S downside target of 4,000. As long as markets respond to "bad economic news is good news for market", a pullback would be a good re-entry to set-up for a year-end rally.

While current market sentiment aligns with the belief that "bad news is good news" for equities, any economic developments that shift sentiment towards "bad news is bad news" could result in increased volatility and continued market weakness.

For the month, energy was the sole sector in the green while Real Estate, Technology, Utilities and small market-caps (found in the Russell 2000) had the biggest drawdown.

The target funds decreased by an average of 6.67% in September. Among the target funds, the Emerging Market ETF (EEM) was the best performer with the smallest monthly decrease of 3.11%, the outperformance was due to the exposure in China. In August, Chinese stocks were the hardest hit and the EEM fund's resilience for the month could be attributed to mean reversion. The fund kept cash elevated in September as volatility extended.

## 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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