

Unit Investment Trust Funds

METRO UNIT PAYING FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Quarter Ended February 29, 2024

FUND FACTS

Classification:	Bond-Long Term	Net Asset Value per Unit (NAVPU):	0.961600
Launch Date:	September 22, 2017	Total Fund NAV (in Php Bns):	2.37
Trust Fee (per annum):	0.50% based on NAV	Dealing Day	12:00NN for Branch Channels
Minimum Investment:	Php10,000	(any banking day):	2:30PM for Electronic Channels
Additional Investment:	Php1,000	Redemption Settlement:	3 Banking Days after date of redemption
Minimum Holding Period:	7 calendar days from date of participation	Early Redemption Charge:	50% of income on redeemed amount

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 QUARTER¹

Trustee Fees:	Custodianship Fees:	External Auditor Fees:	Other Fees:
0.042%	0.001%	0.000%	0.000%
<i>Metrobank-Trust Banking Group</i>	<i>HSBC</i>	<i>SGV & Co.</i>	<i>Others</i>

¹ As a percentage of average daily NAV for the quarter valued at (in Php Bns): **2.42**

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.

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 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.
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.
Reinvestment Risk:	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.
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 customer@metrobank.com.ph

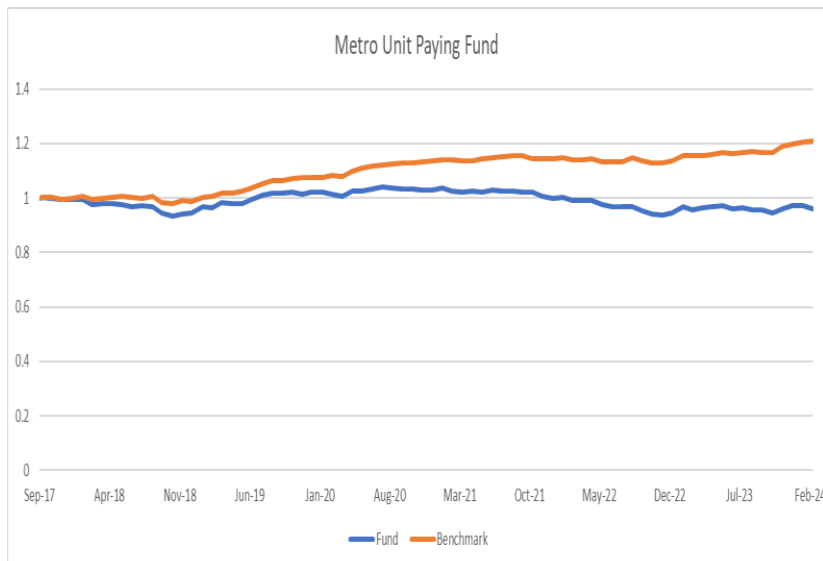


Unit Investment Trust Funds

FUND PERFORMANCE AND STATISTICS as of February 29, 2024

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

NAVPU GRAPH



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

UNIT INCOME DISTRIBUTION INFORMATION

Date of Latest Distribution:	February 19, 2024	NAVPU on Latest Distribution Date:	0.958694
Total Income for Distribution (Php):	28,074,483.44	Equivalent Units for Distribution:	29,284,092.15
Income in % (November 18, 2023 to February 16, 2024)	1.095%	Unit Income (November 18, 2023 to February 16, 2024)	0.011

Past Distribution Dates: 11/15/2021, 02/18/22, 05/16/22, 08/15/2022, 11/21/2022, 02/20/2023, 05/15/2023, 08/21/2023, 11/20/2023

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

	1 QTR	2 QTR	3 QTR	4 QTR	Since Inception ⁵
Fund ROI	0.155%	0.509%	-0.877%	0.422%	-3.840%
Fund Aggregate ROI	1.315%	2.763%	2.447%	4.656%	20.715%
Benchmark	1.503%	3.166%	3.299%	4.658%	20.719%

Fund Aggregate ROI is inclusive of Pay-out Rate.

⁵ 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	51.02%
Corporate Bonds	24.26%
Equities (Preferred Shares)	21.94%
Time Deposits	2.45%
Cash	0.34%
Other Receivables - Net of Liabilities ⁶	-0.01%

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

Maturity Profile

Government Securities <1 year	0.04%
Government Securities >1-3 years	1.11%
Government Securities >3-5 years	10.93%
Government Securities >5 years	38.95%
Corporate Bonds <3 years	13.69%
Corporate Bonds >3-5 years	6.30%
Corporate Bonds >5-7 years	2.58%
Corporate Bonds >7-10 years	1.70%

TOP 10 HOLDINGS

Name	Maturity	% of Fund
1. FXT	06.23.32	8.07%
2. APB2R		6.72%
3. FXT	09.30.35	5.30%
4. FXT	01.10.29	5.03%
5. FXT	10.13.29	4.88%
6. EQP PCOR 3A		4.86%
7. FXT	07.27.30	4.22%
8. ACPAR		4.20%
9. CBMBT	09.04.26	3.99%
10. RTB	02.28.29	3.79%

RELATED PARTY TRANSACTIONS

Related Party	Transaction	Market Value (in Php Mns)
MBTC	Corporate Bonds	94.57

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.

NAVPU OVER THE PAST 12 MONTHS

Highest	0.975333
Lowest	0.945582

STATISTICS

Weighted Average Duration (in years)	3.90
Volatility, Past 1 Year (in %) ²	3.35%
Sharpe Ratio ³	-1.09
Information Ratio ⁴	-1.91

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. Starting December 2017, computation is based on the annualized standard deviation of monthly returns.

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.



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



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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 big news for February : The new 5-year Retail Treasury Bond (RTB 5-18) with final coupon of 6.25% payable quarterly and will mature on 28 February 2029. And keeping in tune with the love month, this security might be “the one” to lock in, especially with rate cuts expectation this year. The Bureau of Treasury (BTr) was able to successfully issue a total of PhP585Bn for this RTB, including both fresh money and swap options for RTB 3-11 (maturity 9 Mar 2024) and RTB 5-12 (maturity 12 Mar 2024). In other local news, the result of the first Monetary Board meeting for 2024 was released, where as widely expected by market players, the BSP kept rates unchanged, still at 6.50% for the 3rd straight meeting. The BSP slightly lowered its risk-adjusted inflation estimates for 2024 to 3.9%, previously at 4.2% but slightly increased the estimate for 2025 to 3.5%, previously at 3.4%. The BSP continue to signal the need to keep monetary policy tight if necessary, to help anchor both inflation and inflection expectations, amid geopolitical risks, higher rice and electricity prices brought about by El Nino, and higher gasoline prices. With this guidance from the BSP, the country's February inflation print rose faster than expected indeed at 3.4% YoY versus 3.0% market consensus and higher than January's print of 2.8%. This latest print is still within the BSP's inflation target of 2% to 4%. The main driver for the higher print was rice inflation which was up by a whopping 23.7% YoY, the fastest in 15 years (since February 2009).

In news overseas, we highlight the release of the January FOMC and ECB minutes. The FOMC minutes showed policy makers sentiment that significant progress has been made on their fight against inflation and that the tightening cycle has peaked, but most participants noted the risks of moving too quickly to ease the stance of policy and emphasized the importance of carefully assessing incoming data in judging whether inflation is moving down sustainably to their 2% target. Market players continue to price at least 75bps of FED easing this 2024. While the ECB minutes showed that rate cuts in spring this year are highly unlikely. Instead, the ECB wants to wait until 1Q2024 data confirms receding inflationary pressure, a modest economic recovery and no acceleration of wage growth to slightly reduce the current monetary policy restrictiveness : The risk of cutting policy rates too early was still seen as outweighing that of cutting too late.

There were supposed to be 5 Treasury Bonds (T-Bond) auctions for February : 3y, 5y, 7y, 10y and 20y issuances. The BTr cancelled 3 auctions (5y, 7y and 10y) to give way for the offer period of the new 5y RTB. Only the 3y Re-issuance of FXT3-30 and New 20y FXT2026 were auctioned for the month. What was surprising was that the BTr awarded the new 20y FXT2026 coupon at 6.25%, same rate as the coupon of the new 5y RTB5-18. Tendered bids received were at PhP91.423Bn for this new 20y issuance, or 3.05x oversubscribed. Meanwhile, all the 4 Treasury Bills (T-Bills) auctions for February pushed-thru. The BTr almost fully awarded the target T-Bills issue size for the month, from target PhP62Bn issue size, the BTr awarded at PhP61.3Bn. T-Bills auction average rates awarded were higher by 16bps across all 3 tenors MoM. For the month, we saw yields higher by an average of 15bps again MoM across the curve. Both the 20y and 25y BVAL were up by an average of 19bps MoM. The 20y and 25y BVAL is now at 6.31% vs previous month's BVAL of 6.12%. The BTr plans to sell government securities in March, aiming to raise PhP180Bn. The T-Bond issuances have revised tenors of 7y, 10y, 20y and 6y versus original advise (before 2023 ended) of 3y, 5y, 7y and 10y. The BTr mentioned that the revised tenors were due to the result of the new 5y RTB offering. The bond funds participated in the RTB 5-18 offering, guided by its potential weight on the benchmarks and yield movement outlook. We also kept our strategy of maintaining overweight duration versus its benchmark, and keeping cash to a minimum.

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; 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).



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