

# Unit Investment Trust Funds

## METRO SHORT TERM FUND KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended June 28, 2024

### FUND FACTS

<b>Classification:</b>	Money Market	<b>Net Asset Value per Unit (NAVPU):</b>	1.203462
<b>Launch Date:</b>	March 15, 2017	<b>Total Fund NAV (in Php Bns):</b>	22.68
<b>Trust Fee (per annum):</b>	0.60% based on NAV	<b>Dealing Day</b>	12:00NN for Branch Channels 2:30PM for Electronic Channels (any banking day):
<b>Minimum Investment:</b>	Php10,000	<b>Redemption Settlement:</b>	Same day as 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>0.047%</b>	<b>0.000%</b>	<b>0.000%</b>	<b>0.000%</b>
<i>Metrobank-Trust Banking Group</i>	<i>Standard Chartered Bank</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 Bns): **22.85**

### INVESTMENT OBJECTIVE AND STRATEGY

The Fund is a Peso-denominated money market Unit Investment Trust Fund that aims to achieve for its participants liquidity and income higher than that of regular time deposit products by investing in a diversified portfolio of Peso-denominated deposits and fixed income securities with a maximum weighted average duration of one year. The Fund's blended benchmark is composed of 75% average rate of the most recent 91-day Philippine Treasury Bill auction, net of taxes and 25% Markit iBoxx ALBI Philippines Money Market 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 SHORT TERM FUND is suitable only for investors who:

- Have a Moderate profile.
- Want liquidity but are willing to take on minimal volatility in exchange for slightly better returns than regular time deposit products.
- Recommended investment horizon is at least six (6) months
- Participation in the Fund shall be open to all Philippine residents, including resident aliens and Filipino citizens residing therein, and domestic corporations.

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

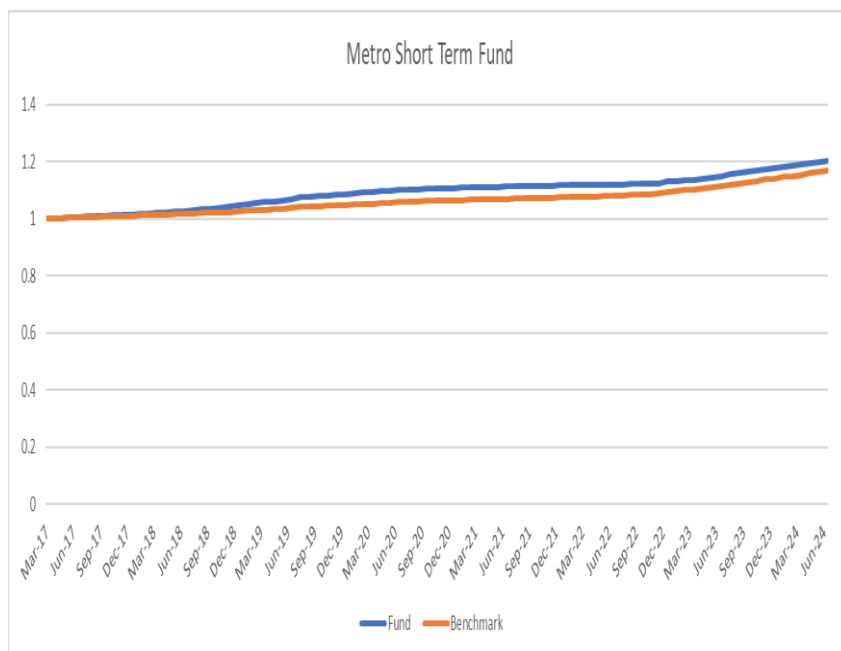


# Unit Investment Trust Funds

## FUND PERFORMANCE AND STATISTICS as of June 28, 2024

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

### NAVPu GRAPH



### NAVPu OVER THE PAST 12 MONTHS

Highest	1.203462
Lowest	1.147951

### STATISTICS

Weighted Average Duration (in years)	0.10y
Volatility, Past 1 Year (in %) <sup>2</sup>	0.22%
Sharpe Ratio <sup>3</sup>	-3.97
Information Ratio <sup>4</sup>	4.77

<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. 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.

### CUMULATIVE PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception <sup>5</sup>
<b>Fund</b>	0.355%	1.203%	2.339%	4.836%	8.182%	12.537%	20.346%
<b>Benchmark</b>	0.364%	1.174%	2.273%	4.695%	9.142%	12.483%	16.740%

<sup>5</sup> The Bloomberg Philippine Sovereign Bond Index Money Market, Adjusted was tentatively discontinued when the GS pricing basis shifted from PDST –R2 of PDEX to BVAL of Bloomberg effective October 29, 2018. This was however replaced by the BPI Philippine Government Money Market Index starting November 2018 until present.

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 changed its benchmark to 75% average rate of the most recent 91-day Philippine Treasury Bill auction, net of applicable taxes and 25% Markit iBoxx ALBI Philippines Money Market Index on October 21, 2020.

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Government Securities	75.51%
Time Deposits	15.74%
Corporate Bonds	8.74%
Cash	0.11%
Other Receivables - Net of Liabilities <sup>6</sup>	-0.10%

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

### Maturity Profile

Government Securities <1 year	75.51%
Corporate Bonds <3 years	8.74%

### TOP 10 HOLDINGS

Name	Maturity	% of Fund
1. BSPBILL	08.13.24	15.33%
2. BSPBILL	07.09.24	14.08%
3. BSPBILL	07.16.24	10.99%
4. BSPBILL	07.23.24	8.78%
5. BSPBILL	08.20.24	8.75%
6. CBDBP	11.04.24	7.23%
7. BSPBILL	07.02.24	6.61%
8. BSPBILL	08.06.24	6.58%
9. BSPBILL	07.30.24	4.39%
10. MBTC PHP TD	07.01.24	3.53%

### RELATED PARTY TRANSACTIONS

Related Party	Transaction	Market Value (in Php Mns)
MBTC	Time Deposit Placement	1,968.75

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.



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# Unit Investment Trust Funds

## INVESTMENT POLICY

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

- Deposits and special savings
- BSP deposit facilities
- Repurchase Agreements (Repos)
- Government Securities
- Corporate Bonds
- Other investments allowed under BSP regulations

## OUTLOOK AND STRATEGY

Central banks around the world kept markets on edge in June with a flurry of policy announcements and interest rate decisions. The Bank of Canada and European Central Bank (ECB) both cut their policy rates by 25bps, while the People's Bank of China (PBOC), Bank of England (BOE), the US Federal Reserve (FED), Bank of Japan (BoJ), and our very own BSP Monetary Board (MB), have all kept their policy rates steady during their June meetings. Most of these policy decisions were a non-event in the Philippine fixed income market except for the forward guidance, projections, and statements made by the FED and of the BSP. For its seventh consecutive meeting, the FED left its target rate unchanged at 5.25% to 5.50%, as widely expected by market participants. Their updated forecasts leave 2024 growth and unemployment projections unchanged, but inflation estimates are higher than previously thought and signal that they are on track to cut the policy rate only once this year, from initial forecast of three cuts in March. Meanwhile, BSP's Monetary Board also left its target rate unchanged at 6.50% for the sixth straight meeting, also in-line with market expectations. Additionally, the BSP revised down its risk-adjusted inflation projection to 3.10% for both 2024 and 2025 from 3.80% and 3.70%, respectively from projections during their meeting in May. The BSP also said that the balance of risks to the inflation outlook have shifted on the downside, largely due to the lower import tariffs on rice. BSP Gov. Remolona mentioned that the BSP is somewhat more dovish compared to its previous meeting and signalled that an August rate cut is somewhat more likely than before. Other significant news for the month was the release of US' latest GDP and PCE figures. The US 1Q2024 GDP growth was revised to 1.4%, higher than the previously reported 1.3% pace. This third and final estimate update primarily reflected a downward revision to imports and upward revisions to non-residential fixed investment, state and local government spending, exports, federal government spending, private inventory investment, and residential fixed investment were partly offset by a downward revision to consumer spending. While the US May PCE price index, the FED's preferred inflation gauge, was slightly lower at 2.6% YoY versus prev. 2.7%, in-line with market expectations. While Core PCE was also slower at 2.6% YoY versus prev. 2.8%. Prices for goods decreased 0.4% and prices for services increased 0.2%. Food prices increased 0.1% and energy prices decreased 2.1%. In local news, the country's June inflation data came out lower at 3.7% versus market expectation and May's inflation print both at 3.9%, ending four consecutive months of acceleration on a YoY basis. This also marks the seventh straight month that inflation settled within the BSP's target of 2% to 4%. The lower inflation for June was driven by slower increases in prices of utilities, particularly of electricity, as well as gasoline, and restaurants and accommodation services. On the other hand, upward price pressures for the month came from food items such as rice, vegetables, and meat. Meanwhile, core inflation held steady at 3.1% in June and YTD headline inflation averaged 3.5%.

We saw yields move sideways on the fixed income space with a downward bias, just down by an average of 4bps across the curve. The biggest move we saw was in the 10y BVAL which was down 10bps MoM closing the month at 6.65% versus end-May level at 6.75%. The Bureau of Treasury (BTr) continued to fully accept all the target size issuances for the Treasury Bills (T-Bills) while partially awarding the bids for the Treasury Bonds (T-Bonds) auctions. Accepted bids for the TBL issuances were flat, almost same levels as what were awarded in May. For the T-Bond auctions, the BTr accepted a total of PhP110.23Bn or around 92% of the target PhP120Bn issuance in June. The BTr issued the same securities during this month's auction : FXT2017 (7y), FXT1072 (10y), FXT2023 (15y) and FXT2027 (20y) where the BTr awarded the average bids of the auction around 15bps lower on average versus the awarded averages in May. On the BSP Bills, the 28day and 56-day bills average were at 6.68% and 6.66% respectively, which is around the same average level awarded in May. The Peso Liquidity Funds continue to maximize its exposure in the BSP Bills with a yield of at least 6.60%.

## 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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