

Unit Investment Trust Funds

METRO BALANCED FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended June 28, 2024

FUND FACTS

Classification:	Multi-Asset	Net Asset Value per Unit (NAVPU):	3.269893
Launch Date:	April 8, 2005	Total Fund NAV (in Php Bns):	1.01
Trust Fee (per annum):	2.0% 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:	2 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 MONTH¹

Trustee Fees:	Custodianship Fees:	External Auditor Fees:	Other Fees:
0.156%	0.001%	0.000%	0.009%
<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 Php Bns): **1.02**

INVESTMENT OBJECTIVE AND STRATEGY

The Fund is a Peso-denominated balanced Unit Investment Trust Fund that aims to achieve for its participants growth and high income from a portfolio of diversified blue-chip and fundamentally sound equities listed at the Philippine Stock Exchange (PSE) and peso-denominated fixed income securities. The Fund may invest between 40% and 60% of its market value in equities listed in Philippine Stock Exchange and a minimum of 40% of its market value in peso-denominated fixed income securities. The Fund's blended benchmark is composed of 60% Philippine Stock Exchange Index and 40% Markit iBoxx ALBI Philippines 1-5 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 BALANCED FUND is suitable only for investors who:

- Have an Aggressive profile.
- Want capital growth over the long-term and are willing to be exposed to a higher level of risk that may involve possible loss of principal in the short-term in exchange for higher long-term gains.
- 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 customercare@metrobank.com.ph

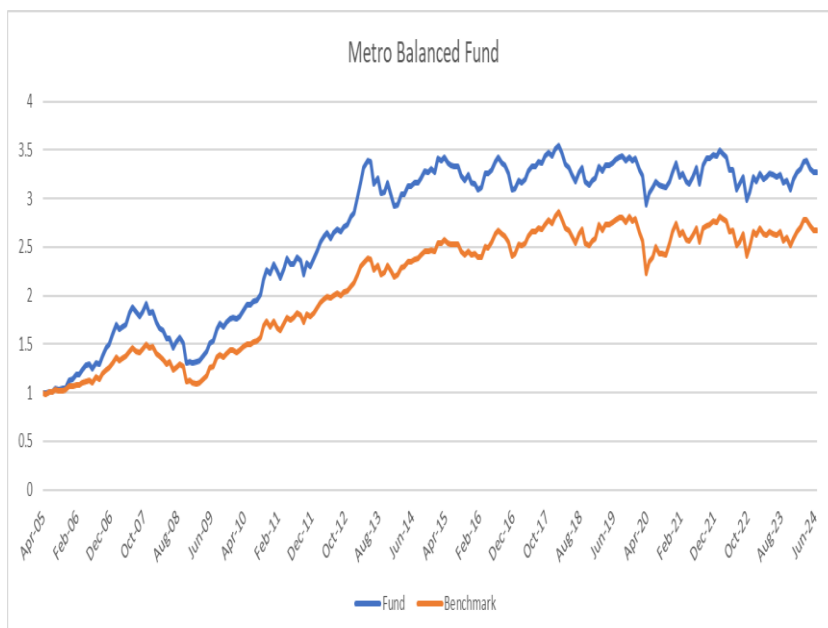


Unit Investment Trust Funds

FUND PERFORMANCE AND STATISTICS as of June 28, 2024

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

NAV_{Pu} GRAPH



NAV_{Pu} OVER THE PAST 12 MONTHS

Highest	3.405615
Lowest	3.091217

STATISTICS

Weighted Average Duration (in years)	4.31y
Volatility, Past 1 Year (in %) ²	7.16%
Sharpe Ratio ³	-0.59
Information Ratio ⁴	-0.02

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.

CUMULATIVE PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception ⁵
Fund	0.088%	-3.412%	0.045%	1.476%	-1.322%	-3.778%	226.989%
Benchmark	0.039%	-3.936%	0.292%	1.698%	-1.182%	-3.941%	166.763%

⁵ Benchmark return was based on the original benchmark of 50% 91-day Tbill and 50% Philippine Stock Exchange Index (PSEi) since inception, and was changed to 50% 91-day PDST-F and 50% PSEi from June 1, 2007 to August 31, 2010 then 60% PSEi and 40% HSBC Local Currency Bond Index (HSLI) 1-5 years (net of taxes) from September 1, 2010 to April 30, 2016 then 40% HSLI 1-5 years (net of taxes) was changed to 40% Bloomberg Philippine Sovereign Bond Index 1-5 year (BPHIL15) Adjusted, effective May 2016.

The BPHIL15-Adjusted Index was tentatively discontinued when the GS pricing basis shifted from PDST -R2 of PDEx to BVAL of Bloomberg effective October 29, 2018. The Fund used, an equivalent benchmark namely, the BPI Philippine Government Bond 1-5 Year Index (from October 30, 2018 to December 31, 2019) and Markit iBoxx ALBI Philippines 1-5 (from January 2020 until October 20, 2020). Effective October 21, 2020 the Fund's blended benchmark is composed of 60% Philippine Stock Exchange Index (PSEi) and 40% Markit iBoxx ALBI Philippines 1-5 Index.

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	51.97%
Government Securities	41.88%
Corporate Bonds	3.46%
Time Deposits	2.67%
Cash	0.12%
Other Receivables - Net of Liabilities ⁶	-0.11%

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

Sector Holdings

Holdings	34.34%
Financials	21.14%
Services	17.27%
Industrials	14.23%
Properties	11.92%
Mining And Oil	1.10%

TOP 10 HOLDINGS

Name	Maturity	% of Fund
1. FXT	06.23.32	8.66%
2. FXT	10.13.29	7.12%
3. SM		6.30%
4. FXT	01.10.29	6.16%
5. ICT		5.09%
6. ACPAR		4.91%
7. BDO		4.35%
8. BPI		4.18%
9. SMPH		3.79%
10. FXT	09.06.27	3.18%

RELATED PARTY TRANSACTIONS

Related Party	Transaction	Market Value (in Php Mns)
MBTC	Time Deposit Placement	27.10
MBTC	Corporate Bonds	19.00
MBTC	Shares of Stock	24.91
GT Capital	Shares of Stock	13.18

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



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INVESTMENT POLICY

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

- Equities listed in the PSE
- Fixed Income Instruments and Securities
- Deposits
- Other investments allowed under BSP regulations

OUTLOOK AND STRATEGY

June witnessed significant market volatility, highlighted by the PSEI seeing a low of 6,158.48 (-4.3% MTD). However, by month-end, the index managed to recover some ground, closing just -0.3% lower MoM at 6,411.91. This turbulence was largely driven by divergent interest rate outlooks between the BSP and the US Federal Reserve, leading to the depreciation of the Philippine Peso against the US Dollar, nearly breaching the PhP59 level at one point. Trading volume remained subdued with a bias towards selling, as foreign investors continued as net sellers for the fourth consecutive month, amounting to \$105.2 million in June. YTD foreign flows reflected an outflow of \$495.4 million. Additionally, market sentiment was influenced by FTSE rebalancing flows, contributing to an estimated outflow of \$10.5 million for the Philippines. Noteworthy adjustments included increased weights for ACEN (+\$2.8 million, 2.3x ADV) and JFC (+\$4.8 million, 1.5x ADV).

Inflation for May came out at 3.9% from 3.8% in April, which is lower than the consensus estimate of 4.0%, bringing YTD average inflation from January to May 2024 to 3.5%. Primary drivers of inflation were the higher prices of housing, water, electricity, gas, and other fuels, which increased 0.9% from 0.4% in April. On the bright side, rice prices further decelerated to 23.0% from 23.9%, and is expected to continue to decline with the recent approval of a reduction in rice tariffs from 35% to 15% until 2028. Additionally, the BSP maintained its policy rate unchanged at 6.50% for the sixth consecutive meeting and adjusted its inflation forecast downward to 3.10% for both 2024 and 2025, revising from 3.80% and 3.70% as projected in May. The BSP noted that the risks to the inflation outlook have tilted to the downside, primarily attributed to reduced import tariffs on rice. Regarding monetary policy, BSP Governor Remolona indicated an increased likelihood of a rate cut in August, with the central bank's baseline scenario anticipating a 50bps reduction in interest rates for 2024. That said, the BSP may potentially cut rates ahead of the FED, leading market participants to anticipate further depreciation of the local currency.

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%. For the T-Bond auctions, the Bureau of Treasury (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. The BTr will auction 5y, 7y, 10y and 20y issuances in July, all with offer size of PhP30Bn each, except for the 20y tenor where the target issue size is at PhP25Bn. The funds were not too axed to participate heavily on the auction tenors of more than 10y, but kept its overweight position versus the benchmark, with the outlook this year remaining intact that both the BSP and the FED will do at least one 25bps cut before 2024 ends.

Looking ahead, we anticipate ongoing challenges for the stock market in the near to medium term, despite the BSP signaling possible rate cuts aimed at stimulating economic growth. Our caution stems from concerns about preemptive rate cuts ahead of FED, which could potentially weaken the USDPHP exchange rate and deter foreign investment in Philippine equities. Given the delicate yet improving macroeconomic environment, we maintain a preference for liquid, high-quality companies with clear earnings visibility and a track record of dividend payouts.

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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