

Unit Investment Trust Funds

METRO UNIT PAYING FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Quarter Ended August 30, 2024

FUND FACTS

Classification:	Bond-Long Term	Net Asset Value per Unit (NAVPU):	0.965848
Launch Date:	September 22, 2017	Total Fund NAV (in Php Bns):	2.28
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>Qualified Expenses</i>

¹ As a percentage of average daily NAV for the quarter valued at (in Php Bns): **2.30**

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 customercare@metrobank.com.ph

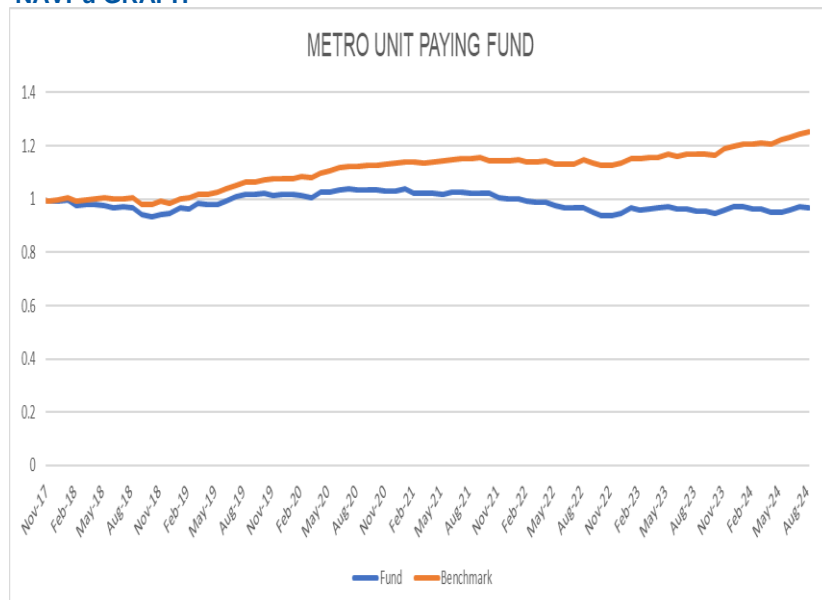


Unit Investment Trust Funds

FUND PERFORMANCE AND STATISTICS as of August 30, 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:	August 19, 2024	NAVPU on Latest Distribution Date:	0.964503
Total Income for Distribution (Php):	30,028,723.69	Equivalent Units for Distribution:	31,133,883.14
Income in % (May 18, 2024 to August 16, 2024)	2.325%	Unit Income (May 18, 2024 to August 16, 2024)	0.013
Past Distribution Dates:	05/16/2022, 08/15/2022, 11/21/2022, 02/20/2023, 05/15/2023, 08/21/2023, 11/20/2023, 02/19/2024, 05/20/2024		

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	1.432%	0.442%	0.598%	0.953%	-3.415%
Fund Aggregate ROI	2.732%	2.832%	3.058%	5.597%	23.530%
Benchmark	2.555%	3.850%	5.417%	7.149%	25.367%

Fund Aggregate ROI is inclusive of Pay-out Rate.

⁵The 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	53.36%
Equities (Preferred Shares)	22.81%
Corporate Bonds	21.34%
Time Deposits	2.55%
Cash	0.08%
Other Receivables - Net of Liabilities ⁶	-0.14%

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

Maturity Profile

Government Securities >1-3 years	1.37%
Government Securities >3-5 years	17.80%
Government Securities >5 years	34.19%
Corporate Bonds <3 years	13.47%
Corporate Bonds >3-5 years	6.08%
Corporate Bonds >7-10 years	1.79%

TOP 10 HOLDINGS

Name	Maturity	% of Fund
1. FXT	06.23.32	8.45%
2. APB2R		7.03%
3. FXT	01.10.29	5.24%
4. FXT	10.13.29	5.08%
5. EQP PCOR 3A		4.99%
6. FXT	07.27.30	4.41%
7. RTB	02.28.29	4.41%
8. ACPAR		4.37%
9. CBMBT	09.04.26	4.22%
10. FXT	09.30.35	4.06%

RELATED PARTY TRANSACTIONS

Related Party	Transaction	Market Value (in Php Mns)
MBTC	Time Deposit Placement	28.17
MBTC	Corporate Bonds	96.25

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	0.977982
Lowest	0.945582

STATISTICS

Weighted Average Duration (in years)	3.68
Volatility, Past 1 Year (in %) ²	3.81%
Sharpe Ratio ³	-0.86
Information Ratio ⁴	-2.66

²Volatility 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.

³Sharpe 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.

⁴Information 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 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

While August is often dubbed a 'ghost' month, the Peso Fixed Income market proved to be anything but haunted. The month delivered a mix of positive developments, both locally and internationally, that influenced the Peso Fixed Income space. Let's start with news from overseas. Global markets closely watched developments in the United States as the U.S. economy posted robust second-quarter GDP growth of 3.0% on a quarter-on-quarter, seasonally adjusted annual rate (QoQ SAAR) basis, slightly surpassing expectations of 2.8%. This strong economic performance was accompanied by stability in the U.S. Personal Consumption Expenditures (PCE) price index, the Federal Reserve's (FED's) preferred inflation gauge, which held steady at 2.5% year-on-year (YoY) in July. The moderation in PCE suggested that inflationary pressures were easing, aligning with the FED's objective of guiding inflation back to its 2% target. Further clarity on the FED's stance came from the minutes of its July meeting, which revealed a cautious, but supportive approach, to future rate cuts, with a strong likelihood of a rate cut in September. The minutes emphasized a shift in the balance of risks, with diminished upside risks to inflation and increased downside risks to employment, pointing to a more gradual and data-dependent approach to easing monetary policy. This cautious outlook was reinforced at the Jackson Hole symposium, where key FED officials expressed confidence in the trajectory of U.S. inflation but stressed that the timing and pace of any future rate cuts would be dictated by ongoing economic data.

On the local front, the long wait is finally over. After several months of anticipation, the Bangko Sentral ng Pilipinas (BSP) cut its benchmark interest rate by 25 basis points (bps) to 6.25%, marking the start of its easing cycle. This decision was driven by an improved inflation outlook, with the BSP revising its inflation forecasts downward for 2024 and 2025 at 3.3% and 2.9% respectively. The rate cut is expected to provide relief to borrowers and support economic growth, with the BSP indicating that further rate cuts may be possible later in the year (in October and/or December), depending on economic conditions. As the global context continues to evolve, the BSP's future policy decisions will be closely tied to both domestic developments and the broader international environment. In response to the rate cut by the BSP, Peso GS yields moved lower by an average of 4 bps month-on-month (MoM). Buying interest was mostly seen in the belly to the long end of the curve as the 5-year to 25-year BVALs were down by an average of 12 bps, with market players lengthening duration in anticipation of more cuts by the BSP. Both the 20-year and 25-year BVALs are down by at least 15 bps MoM, now at around the 6.17% level versus the previous month's close of 6.35%. MBTC's official house call is a 75 bps rate cut this year for both the BSP and the FED, with another 75 bps rate cut by the BSP in 2025.

The country's latest inflation print in August came out at 3.3%, returning to the BSP's 2-4% target after breaching in July at 4.4%. The latest print was also lower than the analysts' median estimate of 3.6%. The downtrend was primarily driven by slower YoY increase in food items such as rice, as well as lower transport inflation. Additionally, core inflation slowed to 2.6% in August from 2.9% the previous month.

The BTr continued to fully accept all target-size issuances for both Treasury Bills (T-Bills) and Treasury Bonds (T-Bonds) auctions. Accepted bids for T-Bill issuances were higher for the 91-day T-Bill by about 20 bps but lower by an average of 5 bps for the 182-day and 364-day T-Bills compared to July levels. For the T-Bond auctions, the BTr awarded the average bids around 25 bps lower compared to the awarded averages in July, mirroring the rate cut by the BSP MB. The fund managers purchased belly securities, both through auctions and in the secondary market, as the funds continue to maintain their overweight duration versus the benchmark. In September, the BTr will auction 3-year, 5-year, 10-year, and 20-year issuances, each with an offer size of PhP30Bn, except for the 20-year auction, which will have an offer size of PhP25Bn. The funds will continue to keep cash at a minimum and deploy all subscriptions to belly securities, as we still find this portion of the curve to offer the most value. The outlook remains intact that the FED will cut rates soon, while the BSP is not yet done with its rate cuts for this year.

Latest Payouts :

Date	Yield
8/16/2024	1.30%
5/17/2024	1.09%
2/16/2024	1.16%
11/17/2023	1.09%
8/18/2023	1.07%
5/12/2023	0.91%
2/17/2023	0.98%
11/21/2022	0.97%

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).



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

