

# Unit Investment Trust Funds

## METRO BALANCED FUND KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended February 28, 2025

### FUND FACTS

<b>Classification:</b>	Multi-Asset	<b>Net Asset Value per Unit (NAVPU):</b>	3.266737
<b>Launch Date:</b>	April 8, 2005	<b>Total Fund NAV (in Php Mns):</b>	907.11
<b>Trust Fee (per annum):</b>	2.0% based on NAV	<b>Dealing Day</b>	12:00NN for Branch Channels
<b>Minimum Investment:</b>	Php10,000	(any banking day):	2:30PM for Electronic Channels
<b>Additional Investment:</b>	Php1,000	<b>Redemption Settlement:</b>	2 Banking Days after date of redemption
<b>Minimum Holding Period:</b>	7 calendar days from date of participation	<b>Early Redemption Charge:</b>	50% of income on redeemed amount

### FEES COLLECTED FOR THE MONTH<sup>1</sup>

Trustee Fees:	Custodianship Fees:	External Auditor Fees:	Other Fees:
<b>0.155%</b>	<b>0.000%</b>	<b>0.000%</b>	<b>0.010%</b>
<i>Metrobank-Trust Banking Group</i>	<i>Standard Chartered Bank</i>	<i>SGV &amp; Co.</i>	<i>Qualified Expenses</i>

<sup>1</sup> As a percentage of average daily NAV for the month valued at (in Php Mns): **913.39**

### INVESTMENT OBJECTIVE AND STRATEGY

The Fund intends 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 benchmark is the 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.
- Prefer a fund with an investment horizon of at least five (5) years.
- Are qualified to participate in this fund. 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.**

<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 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.
<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 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.**



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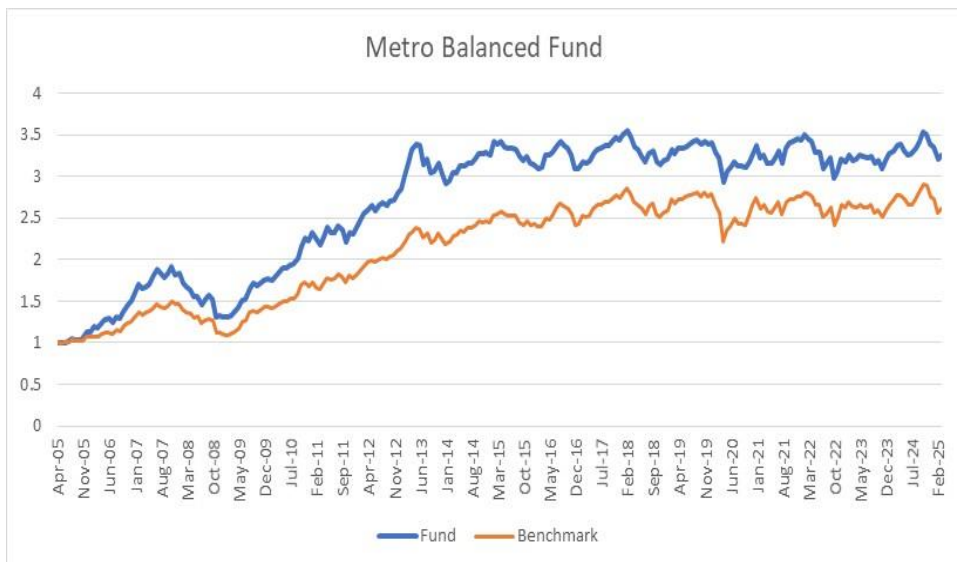


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## FUND PERFORMANCE AND STATISTICS as of Feb 28, 2025

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

### NAVPU GRAPH



### NAVPU OVER THE PAST 12 MONTHS

Highest	3.603333
Lowest	3.204368

### STATISTICS

Weighted Average Duration (in years)	1.87
Volatility, Past 1 Year (in %) <sup>2</sup>	8.38%
Sharpe Ratio <sup>3</sup>	-1.08
Information Ratio <sup>4</sup>	1.35

<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.

(For benchmark details, please refer to benchmark information section.)

### CUMULATIVE PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
<b>Fund</b>	1.691%	-3.465%	-4.708%	-3.210%	-5.675%	1.195%	226.674%
<b>Benchmark</b>	1.577%	-5.074%	-6.781%	-6.103%	-6.380%	1.804%	161.200%

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Stocks	55.09%
Government Securities	39.43%
Time Deposit	3.13%
Corporate Bonds	2.49%
Other Receivables - Net of Liabilities <sup>5</sup>	-0.06%
Cash	-0.08%

<sup>5</sup> Includes accrued income from investments, receivables from brokers/counterparties and unpaid expenses.

### Sector Holdings

Holdings	30.92%
Financials	24.16%
Services	17.75%
Industrials	15.63%
Properties	10.19%
Mining And Oil	1.34%

### TOP 10 HOLDINGS

Name	Maturity	% of Fund
1. FXT	10.13.29	8.15%
2. FXT	06.23.32	7.10%
3. SM		5.94%
4. FXT	09.06.27	5.93%
5. ACPAR		5.54%
6. BDO		5.47%
7. ICT		5.14%
8. BPI		4.66%
9. FXT	01.10.29	4.00%
10. MBT		3.18%

### RELATED PARTY TRANSACTIONS

Related Party	Transaction	Market Value (in PHP Mns)
MBTC	Corporate Bonds	19.53
MBTC	Shares of Stock	28.85
MBTC	Time Deposit Placement	28.36
GT Capital	Shares of Stock	7.55

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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## INVESTMENT POLICY

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

- i. Deposits and special savings with local banks/branches of foreign banks operating in the Philippines;
- ii. Deposits and other evidence of indebtedness by the Bangko Sentral ng Pilipinas;
- iii. Stocks listed in the Philippine Stock Exchange;
- iv. Tradable Philippine sovereign and corporate fixed income securities;
- v. Loans arising from Repurchase Agreements (Repos) secured by government securities and which are traded in an exchange recognized by the SEC, subject to the condition that the repo contracts may be pre-terminated lawfully by the Trustee with due notice to its counterparty and the market operator;
- vi. Financial derivatives instruments solely for the purpose of hedging risk exposures of the existing investments of the Fund, provided these are accounted for in accordance with existing BSP hedging guidelines and disclosed to participants; and
- vii. Other investments allowed under regulations issued by the Bangko Sentral ng Pilipinas.

## BENCHMARK INFORMATION

The Fund's benchmark is a blended benchmark composed of 60% Philippine Stock Exchange index (PSEi), and 40% Markit iBoxx ALBI Philippines 1-5 index.

The blended benchmark reference for acceptable returns on a peso-denominated high-risk multi-asset fund comprised of PSE-listed equities and government bonds. The benchmark is heavily weighted on the PSEi to track an aggressive fund strategy. The fixed income benchmark reflects the bond composition of the fund.

Key Characteristics of the Benchmarks. The PSEi is a free-float adjusted market capitalization-weighted index of the 30 largest and most active common stocks listed at the PSE. The index is reviewed quarterly, and its composition is rebalanced at least twice a year. The Markit iBoxx ALBI Philippines 1-5 index is a total return index composed of Peso-denominated fixed rate government bonds, including retail treasury bonds, with a remaining tenor of 1–5 years and a minimum notional size of PHP 3.0 billion.

Further details regarding the benchmark are available from Bloomberg, and the websites of IHS Markit and the Philippine Stock Exchange.

## COOLING-OFF PERIOD

Pursuant to regulations on Financial Consumer Protection, 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.

## OUTLOOK AND STRATEGY

Modest rebound in February. The PSEI rebounded by 2.3% month-on-month, closing at 5,997.97 after the previous month's selloff. Throughout most of the month, the index traded sideways between 6,000 and 6,200 as investors digested a slew of fourth-quarter 2024 and full-year 2024 earnings results, inflation data, and the Bangko Sentral ng Pilipinas' policy moves. On the flows side, average daily turnover improved to \$116 million, likely boosted by the implementation of MSCI rebalancing at the month's end, which saw JGS (-1.86%) and URC) +8.88% removed from the main index and subsequently added to the small-cap index. However, foreign funds continued their selling streak for the fourth consecutive month, with an outflow of \$145 million.

4Q24 earnings generally in-line. Earnings season was in full swing during the month, with approximately 40% of index constituents having reported results, the majority of which met market expectations. The top three banks reported robust results, primarily driven by higher loan growth and steady asset quality, despite slight challenges in expanding net interest margins amid easing rates. The two property companies in the index reported divergent performances in the residential sector, with SMPH showing a rebound in presales, while ALI continued to decline, attributing this to the timing of launches. The overall outlook for the sector remains uncertain amid heightened inventory levels in Metro Manila. In the telcos sector, TEL saw gains in its mobile segment, while Maya continued to narrow its losses. GLO, on the other hand, disappointed due to MynT's one-off asset cleanup in preparation for its upcoming IPO. Lastly, MER surprised to the upside due to stronger contributions from its generation business.

BSP surprises with a pause. February inflation was recorded at 2.1% year-on-year, better than the 2.6% consensus estimate. Core inflation eased to 2.4% from the previous month's 2.6%. The primary contributor to the decline in headline inflation was easing food prices, with food inflation decelerating to 2.6% in February 2025 from 4.0% the previous month and 4.8% in February 2024. Given uncertainties regarding inflation and growth outlook, the BSP paused its easing cycle, keeping the policy rate unchanged at 5.75% in their latest meeting, despite market expectations of a 25 basis point cut. Nevertheless, the BSP proceeded with its planned 200 basis point reduction in the reserve requirement ratio, effective March 28th, which is estimated to inject at least PHP 300 billion worth of liquidity into the financial system.

For local equities, fundamentals of the market remain strong, with a key driver being corporate earnings growth which we expect to settle around 9% for 2025. Moreover, we also reiterate the relative attractiveness of local equities from a valuation standpoint, both historically and in comparison, to ASEAN peers. However, in the short term, volatility is anticipated to persist, largely due to global uncertainties from Trump 2.0, foreign exchange, and foreign outflows. In light of these factors, we recommend adopting a selective approach, prioritizing highly liquid names with clear earnings visibility and maximizing dividend-paying names.

In the fixed income space, the average yield for the 10-year reissuance of FXT1072 auctioned in January, was lower by around 13 bps, aligning with the month-on-month movement of the yield curve. For February, the Peso Fixed Income fund strategy focused on capturing profit opportunities on the long end of the curve while rotating into belly bonds to align fund durations closer to benchmarks. Auction results, inflation data, and offshore yield movements will continue to drive local bond prices, with investors closely watching inflation prints and central bank signals. The outlook remains cautiously optimistic — softening inflation and dovish global central bank trends could provide more room for yields to grind lower, though volatility is expected to persist amid ongoing trade tensions and whispers of a potential jumbo bond issuance soon.

## 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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