

Unit Investment Trust Funds

METRO\$ SHORT TERM BOND FUND

(formerly known as Metro\$ Short Term Fund)

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended February 28, 2025

FUND FACTS

| | | | |
|--------------------------------|--|--|---|
| Classification: | Bond - Intermediate Term | Net Asset Value per Unit (NAVPU): | 1.481656 |
| Launch Date: | March 1, 2007 | Total Fund NAV (in USD Mns): | 58.60 |
| Trust Fee (per annum): | 0.50% based on NAV | Dealing Day | 12:00NN for Branch Channels 2:30PM for Electronic Channels |
| Minimum Investment: | USD 500 | Redemption Settlement: | 1 Banking Day after date of redemption |
| Additional Investment: | USD 100 | Early Redemption Charge: | 50% of income on redeemed amount |
| Minimum Holding Period: | 7 calendar days from date of participation | | |

FEES COLLECTED FOR THE MONTH¹

| Trustee Fees: | Custodianship Fees: | External Auditor Fees: | Other Fees: |
|--------------------------------------|---------------------|------------------------|---------------------------|
| 0.039% | 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 month valued at (in USD Mns): **57.42**

INVESTMENT OBJECTIVE AND STRATEGY

The Fund intends to achieve for its participants income and potential returns that are higher than regular traditional deposit products by investing in a diversified portfolio of peso-denominated fixed income securities, other short-dated securities, and money market instruments with a maximum weighted average portfolio duration of two (2) years.

The Fund aims to outperform its benchmark, which is the 1-Year US Treasury Bill Yield, net of applicable taxes.

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 BOND FUND (formerly Metro\$ Short Term Fund) is suitable only for investors who:

- Have a Moderate profile.
- Want potential returns that are higher than regular deposit products and are willing to be exposed to some risk in consideration of higher returns.
- Prefer a fund with an investment horizon of at least six (6) months.
- 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.

| | |
|------------------------------------|--|
| 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. It refers to the portfolio's exposure to marked-to-market valuation due to market price fluctuations of the bonds. |
| 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. |
| Foreign Exchange Risk: | The possibility for an investor to experience losses due to fluctuations in foreign exchange rates. The exchange rates depend upon a variety of global and local factors, e.g. interest rates, economic performance, and political developments. |
| Country Risk: | The possibility for an investor to experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of these countries. There are risks in foreign investments due to the possible internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases of the foreign country involved which are difficult to predict but must be taken into account in making such investments. |
| 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 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

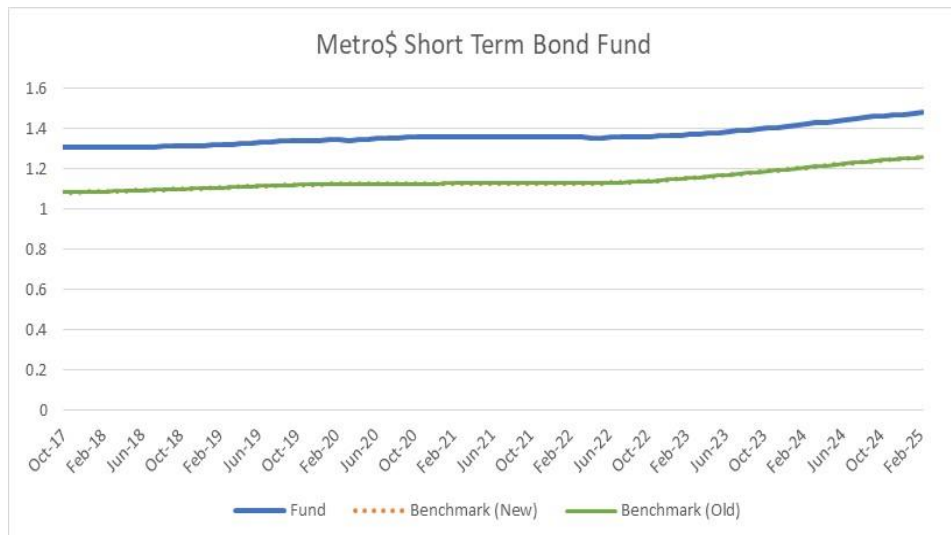


Unit Investment Trust Funds

FUND PERFORMANCE AND STATISTICS as of Feb 28, 2025

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

| | |
|---------|----------|
| Highest | 1.481656 |
| Lowest | 1.424598 |

STATISTICS

| | |
|---|-------|
| Weighted Average Duration (in years) | 0.52 |
| Volatility, Past 1 Year (in %) ² | 0.40% |
| Sharpe Ratio ³ | -3.01 |
| Information Ratio ⁴ | -0.35 |

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 benchmark details, please refer to benchmark information section.)

CUMULATIVE PERFORMANCE

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years | Since Inception |
|------------------------------------|---------|----------|----------|--------|---------|---------|-----------------|
| Fund | 0.309% | 0.835% | 1.834% | 3.984% | 9.082% | 9.857% | 48.166% |
| Benchmark (New)⁵ | 0.305% | 0.919% | 1.913% | 4.207% | 11.561% | 11.718% | 25.920% |
| Benchmark (Old)⁶ | 0.305% | 0.919% | 1.913% | 4.267% | 11.624% | 11.782% | 25.992% |

⁵ For strategy alignment, the fund changed its benchmark to 1-Year US Treasury Bill Yield, net of applicable taxes on October 11, 2024.

⁶ The fund used the benchmark of 3-month US T-bill from May 2016 to October 10, 2024.

PORTFOLIO COMPOSITION

| Allocation | % of Fund |
|---|-----------|
| Time Deposit | 63.95% |
| Government Securities | 33.38% |
| Corporate Bonds | 2.50% |
| Cash | 0.18% |
| Other Receivables - Net of Liabilities ⁷ | -0.01% |

⁷ Includes accrued income from investments, receivables from brokers/counterparties and unpaid expenses.

Maturity Profile

| | |
|----------------------------------|--------|
| Government Securities <=1 year | 22.85% |
| Government Securities >1-3 years | 3.52% |
| Government Securities >3-5 years | 7.01% |
| Corporate Bonds <=3 years | 2.50% |

RELATED PARTY TRANSACTIONS

| Related Party | Transaction | Market Value (in USD Mns) |
|---------------|------------------------|---------------------------|
| PSBank | Time Deposit Placement | 5.81 |
| MBTC | Time Deposit Placement | 0.25 |

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.

TOP 10 HOLDINGS

| Name | Maturity | % of Fund |
|-----------------|----------|-----------|
| 1. \$RDB | 04.11.29 | 7.01% |
| 2. \$ROP | 10.13.27 | 3.52% |
| 3. \$TBL | 06.12.25 | 3.38% |
| 4. \$TBL | 08.07.25 | 3.36% |
| 5. \$TBL | 09.04.25 | 3.35% |
| 6. \$CBBDO | 01.13.26 | 2.50% |
| 7. UNION USD TD | 03.17.25 | 1.71% |
| 8. \$TBL | 03.13.25 | 1.70% |
| 9. \$TBL | 03.20.25 | 1.70% |
| 10. \$TBL | 04.17.25 | 1.70% |



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:

- i. Deposits and special savings with local banks/branches of foreign banks operating in the Philippines;
- ii. Deposits and other evidences of indebtedness by the Bangko Sentral ng Pilipinas;
- iii. Tradable Philippine sovereign fixed income securities;
- iv. Tradable Philippine 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 derivative 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;
- vii. Other money market instruments that are traded in an organized exchange; and
- viii. Other investments allowed under regulations issued by the Bangko Sentral ng Pilipinas.

BENCHMARK INFORMATION

The benchmark of the Fund is the 1 Year US Treasury Bill Yield, net of applicable taxes.

The benchmark is appropriate for the fund as it is invested in short-term fixed income instruments, and complements the maximum duration of (2) two years.

Key Characteristics of the Benchmark. The benchmark represents the indicative yield for investing in US government-issued Treasury bills with a tenor of one (1) year.

Further details regarding the benchmark are available from Bloomberg, and the website of the Bureau of the Treasury.

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

U.S. interest rates were unchanged in February. In the January FOMC minutes, the Federal Reserve expressed caution in further adjusting policy, some members supported the need to keep policy rates restrictive given the robustness of growth, contributing to inflation staying elevated. Further easing can be done if employment conditions weaken as economic activity slowed. Policy makers cited upside risk to inflation due to incoming trade and immigration policy changes.

Inflation inched higher at 3.0% YoY, with leading indicator, producer prices index supporting at 3.5% YoY. Near-term risk of inflation remains low, however; the developing "no landing" rhetoric now raises concerns that inflation may inflect and head higher by the second half of 2025.

Services, which constitute roughly 70% of the U.S. economy continued to fall to 51, while manufacturing expanded for a second consecutive month, rising to 52.7. Despite unemployment at 4%, consumer sentiment dropped to 98.3 from 104.1 as policy changes from the Trump 2.0 Administration sparks uncertainties in job security, prompting consumers to spend 0.2% less MoM despite a 0.9% MoM increase in personal income. A sustained weakness in personal consumption can be a strong headwind to growth.

The US10Y fell 26-bps in February as markets anchored on the disinflationary process, ignoring the emerging inflationary risks. The head and shoulders spotted last month on the US 10Y took full effect as yields dropped to as low as 4.22% for the month. Given the inflation risks & debt issuance required by the U.S., long-end yield are likely to stay elevated without an exogenous event.

The funds continue to diversify holdings by placing allocations in time deposits with competitive rates, investing in U.S. Treasury bills, and buying short-dated bonds. The funds remain focused on navigating market conditions while delivering stable returns.

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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