

Metro Unit Paying Fund (MUPF) Update 18 May 2026

For the second income distribution of 2026, the Metro Unit Paying Fund delivered a yield of **1.38%**, higher than the 1.23% payout in February 2026 and the 1.18% payout in May 2025. This reflects the fund's continued ability to generate stable income potential despite heightened market volatility and a more challenging macroeconomic backdrop.

Since the last distribution, the covered period was marked by heightened volatility across global and domestic fixed income markets. This was largely driven by escalating geopolitical tensions involving the U.S./Israel and Iran, which raised concerns over potential disruptions to global oil supply and the resulting impact on inflation. The conflict triggered a broad repricing of global interest rates, as elevated oil prices fueled renewed inflation concerns and reinforced expectations that central banks may need to keep interest rates higher for longer, pushing global bond yields upward. This global backdrop carried through to local markets, where above-target inflation prompted a more hawkish stance from the Bangko Sentral ng Pilipinas (BSP) and a policy rate hike, driving peso government securities yields higher amid inflation pressures, elevated oil prices, and a weaker Peso.

Given these developments, the fund maintained an underweight duration position relative to its benchmark to better navigate the rising yield environment. As yields have adjusted upward, the fund is also gradually repositioning into securities offering more attractive carry and income potential. Portfolio strategy remains focused on flexibility while selectively deploying into high-quality peso-denominated instruments that offer improved risk-adjusted returns under prevailing market conditions. The fund remains committed to delivering stable income potential, supported by prudent risk management and a disciplined investment approach amid evolving global and domestic market conditions.

MUPF schedule of payouts and breakdown of earnings yield:

Asset	Port %	Gross Yield	Net Yield
GS	58.08%	6.66%	5.33%
Corp	19.27%	5.33%	4.26%
Pref	16.40%	6.33%	6.33%
Cash	6.25%	4.47%	3.58%
Total	100.0%	6.21%	5.18%
		Less TF	0.50%
		Portfolio Wtd Yld	4.68%

Refer to **Annex A** for the complete Historical Payout Yield.

2026	2.62%
2025	4.80%
2024	4.60%
2023	4.07%
2022	4.02%
2021	3.41%
2020	4.45%
2019	4.16%
2018	3.11%
2017	0.19%
	35.42%

Market Recap

Global Market Trends

Globally, offshore developments remained a key driver of market sentiment, with conditions generally leaning upward pressure on interest rates. The U.S. Federal Reserve kept policy rates unchanged during the period while maintaining a cautious, data-dependent stance amid persistent inflation risks. Expectations for policy easing were gradually pushed back following stronger-than-expected U.S. inflation data and sustained increases in producer prices, partly driven by elevated energy costs. As a result, global bond yields moved higher, reflecting increased uncertainty around the inflation outlook and the path of monetary policy. Geopolitical developments also remained fluid, with intermittent ceasefire discussions between the U.S. and Iran briefly supporting sentiment before tensions resurfaced toward the latter part of the period.

Unit Investment Trust Funds (UITFs) are not deposit products and are not insured by the Philippine Deposit Insurance Corporation (PDIC).

They are not obligations of, nor guaranteed by, the Metrobank or its affiliates or subsidiaries. Due to the nature of the investments, returns and principal value may fluctuate, and losses may be incurred. Metrobank is regulated by the Bangko Sentral ng Pilipinas (BSP).

Local Market Developments

Locally, conditions became more challenging as inflation accelerated from 2.4% in February to 7.2% in April—rising well above BSP's target range. The increase was driven by higher fuel, transport, food, and electricity costs. Core inflation also rose, signaling more entrenched price pressures, while Q1 2026 GDP growth slowed to 2.8%, reflecting softer demand and a more challenging growth-inflation trade-off.

In response, the Bangko Sentral ng Pilipinas adopted a more hawkish stance, raising its policy rate by 25 basis points to 4.50% following an earlier pause, with markets pricing in the potential for further tightening. Peso government securities yields increased by about 126 basis points on average across the curve, with larger increases in longer tenors, driven by higher risk premiums amid inflation concerns, elevated oil prices, peso weakness, and continued geopolitical uncertainty.

Annex A: Historical Payout Yield

Table 3: Historical Payout	
Actual Payout Yield	
5/18/2026	1.38%
2/16/2026	1.23%
11/17/2025	1.15%
8/18/2025	1.18%
5/19/2025	1.18%
2/17/2025	1.29%
11/18/2024	1.05%
8/19/2024	1.30%
5/20/2024	1.09%
2/19/2024	1.16%
11/20/2023	1.09%
8/21/2023	1.07%
5/15/2023	0.91%
2/20/2023	0.98%
11/21/2022	0.97%
8/12/2022	1.05%
5/13/2022	0.99%
2/18/2022	1.01%
11/18/2021	0.86%
8/17/2021	0.85%
5/17/2021	0.89%
2/18/2021	0.82%
11/16/2020	1.00%
8/18/2020	1.07%
5/18/2020	1.17%
2/17/2020	1.21%
11/18/2019	1.03%
8/19/2019	1.08%
5/20/2019	1.18%
2/18/2019	0.87%
11/19/2018	0.99%
8/20/2018	0.83%
5/21/2018	0.88%
2/19/2018	0.40%
11/20/2017	0.19%
	35.42%

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