

Unit Investment Trust Funds

METRO CORPORATE BOND FUND KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended June 30, 2021

FUND FACTS

| | | | |
|--------------------------------|--|--|---|
| Classification: | Bond - Medium Term | Net Asset Value per Unit (NAVPU): | 1.170826 |
| Launch Date: | November 23, 2016 | Total Fund NAV (in Php Mns): | 483.23 |
| Trust Fee (per annum): | 0.75% based on NAV | Dealing Day: | 12NN, any banking day |
| Minimum Investment: | Php10,000 | Redemption Settlement: | 3 Banking Days after date of redemption |
| Additional Investment: | Php1,000 | Early Redemption Charge: | 50% of income on redeemed amount |
| Minimum Holding Period: | 7 calendar days from date of participation | | |

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: |
|--------------------------------------|--------------------------------|------------------------|---------------|
| 0.062% | 0.000% | 0.001% | 0.000% |
| <i>Metrobank-Trust Banking Group</i> | <i>Standard Chartered Bank</i> | <i>SGV & Co.</i> | <i>Others</i> |

¹As a percentage of average daily NAV for the month valued at (in Php Mns): **480.74**

INVESTMENT OBJECTIVE AND STRATEGY

The Fund is a Peso-denominated medium term bond Unit Investment Trust Fund that aims to achieve for its participants, income generation and capital appreciation by investing in a diversified portfolio of predominantly peso-denominated corporate fixed income securities with a maximum weighted average duration of five years. The Fund's composite benchmark is composed of 80% BPI Philippine Corporate Bond Index and 20% average rate of the most recent 91-day Philippine Treasury Bill auction, net of 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 CORPORATE BOND FUND is suitable only for investors who:

- Have a Moderate profile.
- Want income generation and capital appreciation over the medium-term.
- 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. 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. |
| 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

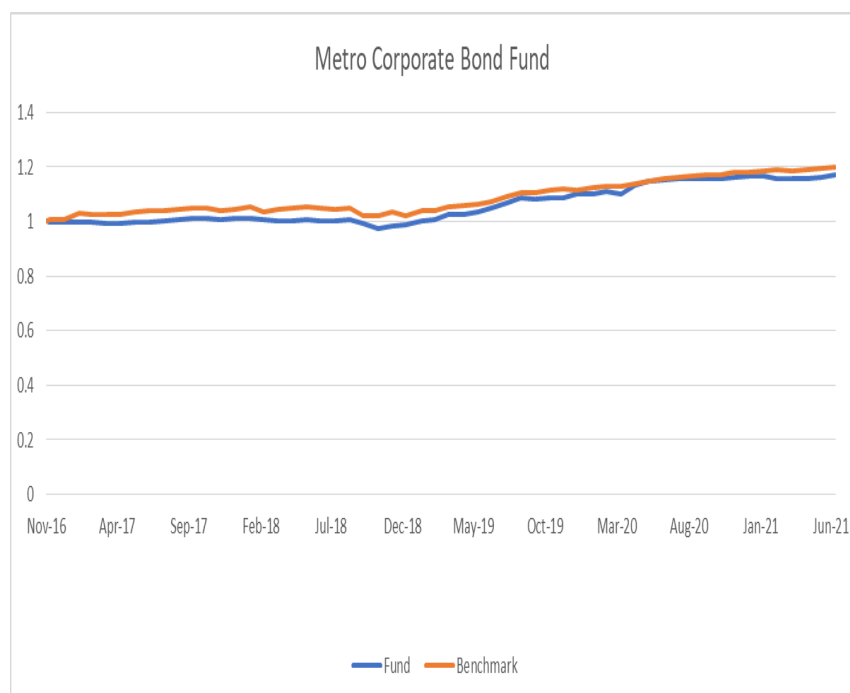


Unit Investment Trust Funds

FUND PERFORMANCE AND STATISTICS as of June 30, 2021

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

NAVPu GRAPH



NAVPu OVER THE PAST 12 MONTHS

| | |
|---------|----------|
| Highest | 1.170826 |
| Lowest | 1.152260 |

STATISTICS

| | |
|---|-------|
| Weighted Average Duration (in years) | 2.62 |
| Volatility, Past 1 Year (in %) ² | 1.46% |
| Sharpe Ratio ³ | 0.18 |
| Information Ratio ⁴ | -1.08 |

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 PERFORMANCE⁵

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years | Since Inception |
|------------------|---------|----------|----------|--------|---------|---------|-----------------|
| Fund | 0.883% | 1.372% | 0.492% | 1.611% | 16.802% | N/A | 17.083% |
| Benchmark | 0.331% | 1.032% | 1.525% | 3.635% | 14.390% | N/A | 19.822% |

⁵ Initial benchmark adopted was Philippine Special Savings Rate General Average (net of taxes). Effective September 23, 2020, the Fund benchmark is 80% BPI Philippine Corporate Bond Index and 20% average rate of the most recent 91-day Philippine Treasury Bill auction, net of taxes.

PORTFOLIO COMPOSITION

| Allocation | % of Fund |
|---|-----------|
| Corporate Bonds | 51.10% |
| Government Securities | 33.85% |
| Time Deposits | 15.05% |
| Cash | 0.02% |
| Other Receivables - Net of Liabilities ⁵ | -0.02% |

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

Maturity Profile

| | |
|----------------------------------|--------|
| Government Securities >1-3 years | 15.70% |
| Government Securities >3-5 years | 9.87% |
| Government Securities >5 years | 8.27% |
| Corporate Bonds <3 years | 32.73% |
| Corporate Bonds >3-5 years | 7.37% |
| Corporate Bonds >5-7 years | 9.95% |
| Corporate Bonds >7-10 years | 1.06% |

TOP 10 HOLDINGS

| Name | Maturity | % of Fund |
|-----------------|----------|-----------|
| 1. RTB | 03.12.24 | 14.24% |
| 2. Time Deposit | | 9.26% |
| 3. Time Deposit | | 5.40% |
| 4. RTB | 08.12.25 | 4.67% |
| 5. CBSMFB | 03.10.27 | 4.36% |
| 6. CBDBP | 12.11.22 | 4.16% |
| 7. CBMBT | 09.04.26 | 4.15% |
| 8. FXT | 07.19.31 | 3.97% |
| 9. CBSECB | 07.24.22 | 3.15% |
| 10. CBAPC | 03.16.26 | 3.14% |

RELATED PARTY TRANSACTIONS

| Related Party | Transaction | Market Value (in Php Mns) |
|---------------|------------------------|---------------------------|
| MBTC | Time Deposit Placement | 1.64 |
| MBTC | Corporate Bonds | 40.44 |

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 customercare@metrobank.com.ph



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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 investments allowed under BSP regulations

OUTLOOK AND STRATEGY

Amidst prospects of better inoculation rates brought about by increased availability of vaccines, local government bond yields continue to tread lower by 20-40 bps even as economic growth outlook remains unclear. Strong liquidity has kept yields well-anchored amid Bangko Sentral ng Pilipinas kept policy rates to its all-time low of 2% on its fifth consecutive meeting. The Bureau of Treasury was successful in their bond sales as all weekly auctions are fully awarded and opened the tap facility with the exception of 5Y bonds. The 20-year bonds were issued at an average yield of 5.084% - 31.4 bps lower compared to last November's auction. The 7-years were awarded at an average yield of 3.685% compared last May's 3.678%. 10-year bond was met with strong demand as it was issued at 3.719% - lower by 89.5 bps from previous sale last March. 5-year bonds were awarded lower at 3.815% compared to its previous month's sale at 3.295%. Lastly, 11-year bonds were issued at 4.817%. Meanwhile, average awarded yields for treasury bills are lower by 20.4bps, 14bps, and 16.1 bps for 3-month, 6-month, and 1-year, respectively with auctions oversubscribed by 3 to 3.9 times. The Bureau of Treasury continued with its weekly bill auctions at Php 15Bn each while weekly bond auctions continued issuing 7-, 10-, 11-, and 20-years for Php 35Bn each.

Economic numbers showed some signs of recovery as Philippines Purchasing Managers' Index improved slightly at 49.9 in May from previous month's 49. Bank lending slowed in May by 4% compared to April's 5% decline. May unemployment rate printed at 7.7% compared to last month's 8.7%. Government announced Metro Manila, Rizal and Bulacan will remain under GCQ "with some restrictions" while Laguna and Cavite are still under GCQ "with heightened restrictions" until July 15. Some good news as the House of Representatives approved Php 400Bn worth of stimulus package. On its fifth consecutive meeting, the Bangko Sentral ng Pilipinas maintained its policy rate to an all-time low of 2% citing overall momentum of economic recovery stays uncertain.

June inflation fell short of expectations with a reading of 4.1% (vs. 4.3% consensus), well-within government's forecast of 3.9% to 4.7%. Slower transport prices were the main driver while power, meat and oil prices remains elevated. The central bank increased inflation forecasts for 2021 at 4% from 3.9% previously as global oil prices surged while 2022 forecasts were maintained at 3% - well within its target range of 2%-4%. With lower inflation print, Bangko Sentral ng Pilipinas still has ample room to keep rates accommodative.

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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