

# Unit Investment Trust Funds

## METRO\$ MAX-3 BOND FUND KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended August 31, 2021

### FUND FACTS

<b>Classification:</b>	Bond - Intermediate Term	<b>Net Asset Value per Unit (NAVPU):</b>	1.813490
<b>Launch Date:</b>	April 5, 2005	<b>Total Fund NAV (in USD Mns):</b>	2.69
<b>Trust Fee (per annum):</b>	0.75% based on NAV	<b>Dealing Day:</b>	12NN, any banking day
<b>Minimum Investment:</b>	USD 500	<b>Redemption Settlement:</b>	1 Banking Day after date of redemption
<b>Additional Investment:</b>	USD 100	<b>Early Redemption Charge:</b>	50% of income on redeemed amount
<b>Minimum Holding Period:</b>	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 MONTH<sup>1</sup>

Trustee Fees:	Custodianship Fees:	External Auditor Fees:	Other Fees:
<b>0.067%</b>	<b>0.000%</b>	<b>0.006%</b>	<b>0.000%</b>
<i>Metrobank-Trust Banking Group</i>	<i>HSBC</i>	<i>SGV &amp; Co.</i>	<i>Others</i>

<sup>1</sup> As a percentage of average daily NAV for the month valued at (in USD Mns): **2.69**

### INVESTMENT OBJECTIVE AND STRATEGY

The Fund is a US Dollar-denominated intermediate-term bond Unit Investment Trust Fund that aims to achieve for its participants income and potential returns that are higher than regular deposit products by investing in a diversified portfolio of dollar-denominated fixed income securities and instruments with a maximum weighted average duration of three years. The Fund's composite benchmark is composed of 35% JP Morgan Asian Credit Index Total Return (JACIPHTR) and 65% Philippine Dollar Deposit Rate Savings Deposit (PPSDU\$).

### 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\$ MAX-3 BOND 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.
- Recommended investment horizon is at least one (1) year
- 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. It refers to the portfolio's exposure to marked-to-market valuation due to market price fluctuations of the bonds.
<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>Foreign Exchange Risk:</b>	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.
<b>Country Risk:</b>	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.
<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 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](http://www.metrobank.com.ph) or contact us at 8-8700-700 or email us at [customer@metrobank.com.ph](mailto:customer@metrobank.com.ph)

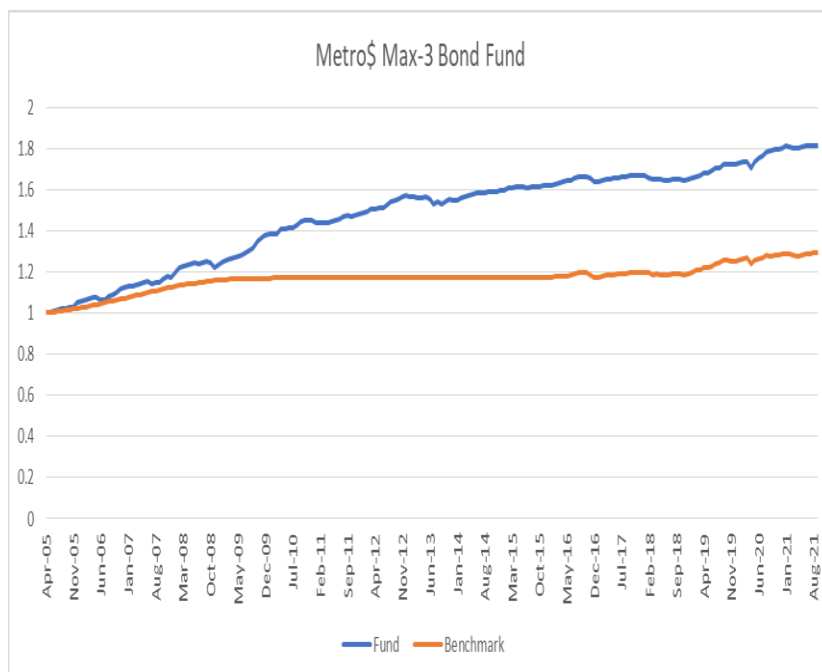


# Unit Investment Trust Funds

## FUND PERFORMANCE AND STATISTICS as of August 31, 2021

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

### NAVP<sub>u</sub> GRAPH



### NAVP<sub>u</sub> OVER THE PAST 12 MONTHS

Highest	1.816745
Lowest	1.787844

### STATISTICS

Weighted Average Duration (in years)	2.34
Volatility, Past 1 Year (in %) <sup>2</sup>	0.82%
Sharpe Ratio <sup>3</sup>	1.71
Information Ratio <sup>4</sup>	0.05

<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.

### CUMULATIVE PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception <sup>5</sup>
<b>Fund</b>	-0.063%	0.070%	0.509%	1.464%	9.902%	8.975%	81.349%
<b>Benchmark</b>	0.345%	0.754%	1.217%	1.444%	8.709%	8.195%	29.504%

<sup>5</sup> Benchmark return was based on the original benchmark of 3-month LIBOR since inception, and was changed to 3-month US T-bill from September 1, 2010 to March 29, 2016 then to 65% Philippine Dollar Deposit Rate savings Deposit (PPSDU\$) and 35% JP Morgan Asian Credit Index Total Return (JACIPHTR) from March 30, 2016 until present.

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Government Securities	51.80%
Time Deposits	32.60%
Corporate Bonds	15.59%
Cash	0.08%
Other Receivables - Net of Liabilities <sup>6</sup>	-0.07%

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

### Maturity Profile

Government Securities >1y - 3years	25.40%
Government Securities >3y - 5years	26.40%
Corporate Bonds <3 years	3.95%
Corporate Bonds >3y - 5 years	7.64%
Corporate Bonds >7y - 10 years	4.00%

### TOP 10 HOLDINGS

Name	Maturity	% of Fund
1. \$ROP	01.21.24	25.40%
2. \$ROP	03.16.25	15.48%
3. \$GENTD LANDBANK	09.19.23	14.91%
4. \$GENTD CHINABAN	10.06.21	12.86%
5. \$ROP	09.25.24	10.93%
6. \$CBMBTC	01.15.26	7.64%
7. \$CBJFCPM	06.24.30	4.00%
8. \$CBICTSI	01.16.23	3.95%
9. \$TD UNION	01.17.24	3.72%
10. \$GENTD DBP	01.03.22	0.56%

### RELATED PARTY TRANSACTIONS

Related Party	Transaction	Market Value (in USD Mns)
MBTC	Corporate Bonds	0.21

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](http://www.metrobank.com.ph) or contact us at 8-8700-700 or email us at [customer@metrobank.com.ph](mailto:customer@metrobank.com.ph)



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## INVESTMENT POLICY

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

- USD-denominated deposits
- Other money market instruments
- Government Securities
- Corporate Bonds
- Other investments allowed under BSP regulations

## OUTLOOK AND STRATEGY

Global markets remains resilient amid Covid-19 Delta variant posing risk to growth outlook as vaccinations continue to be effective in preventing critical complications among patients; with some countries already announcing booster programs to support further re-opening of their economies. US inflation accelerated by 5.4% year-on-year in line with both market expectation and prior month's print. However, slower increase of 0.5% was seen month-on-month due to lower prices of used cars and apparel. Core inflation which excludes food and energy prices rose by 4.3% year-on-year (vs 4.5% prior month) and 0.3% month-on-month (vs 0.9% prior month). Federal Open Market Committee remains accommodative to support economic recovery; but could start tapering monthly bond purchase program by the end of the year. Fed Chair Powell during his speech at the Jackson Hole Symposium cited that while the US economy is at a strong path forward, they are still looking at incoming data from the labor market. Moreover, with inflation considered as transitory and is mainly driven by supply constraints, they are not in a hurry to raise interest rates as tapering too aggressively could derail progress. Market participants will now closely monitor Federal Open Market Committee September meeting for further clues on the tapering and the release of the committee's rate forecasts.

US Treasury yields climbed higher by 1-8 bps month-on-month as investors continue to price gradual monetary easing hinted by the Fed. Overall, global sovereign and corporate bond yields rose for the month with data showing economy is still expanding that point towards minimal impact of the Delta variant. Asian investment grade bond spreads narrowed and prices were marginally higher attributable to a strong demand for better yielding assets. Bond yields are expected to rise as the Fed is anticipated to gradually wind down its ultra-easy monetary stance by tapering asset purchases possibly to start by year end.

## 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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