

# Unit Investment Trust Funds

## METRO\$ CHINA EQUITY FEEDER FUND KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended January 31, 2024

### FUND FACTS

<b>Classification:</b>	Feeder	<b>Net Asset Value per Unit (NAVPu):</b>	0.852259
<b>Launch Date:</b>	June 1, 2023	<b>Total Fund NAV (in USD Mns):</b>	0.13
<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>	4 Banking Days 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>0.064%</b>	<b>0.017%</b>	<b>0.000%</b>	<b>0.000%</b>
<i>Metrobank-Trust Banking Group</i>	<i>Standard Chartered Bank</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): **0.13**

### INVESTMENT OBJECTIVE AND STRATEGY

The Investor Fund is a USD-denominated equity Unit Investment Trust Fund structured as a feeder fund and aims to provide market returns from a representative portfolio of stocks that comprise the China Equity Market by investing at least 90% of its assets in the iShares MSCI China A UCITS ETF USD.

The Fund's benchmark is the MSCI China A Inclusion Net Return USD Index (M1CNA).

### 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\$ CHINA EQUITY FEEDER FUND is suitable only for investors who:

- Have an Aggressive profile.
- Want capital appreciation over the long-term by primarily investing in iShares MSCI China A UCITS ETF USD.
- Recommended investment horizon is at least five (5) years
- Participation in the Investor Fund shall be open to Filipino individuals, resident and non-resident aliens, and corporate accounts. However, persons from US, and Canada are not allowed to open an account.

### 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>Market/Price Risk:</b>	The possibility for an investor to experience losses due to changes in the market prices of stocks/equities. It refers to the portfolio's exposure to marked-to-market valuation due to market price fluctuations of the 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>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>Index Tracking Risk:</b>	The possibility for the Fund not being able to achieve a level of return that closely mirrors the index being tracked due to operational and fund management expenses.
<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.

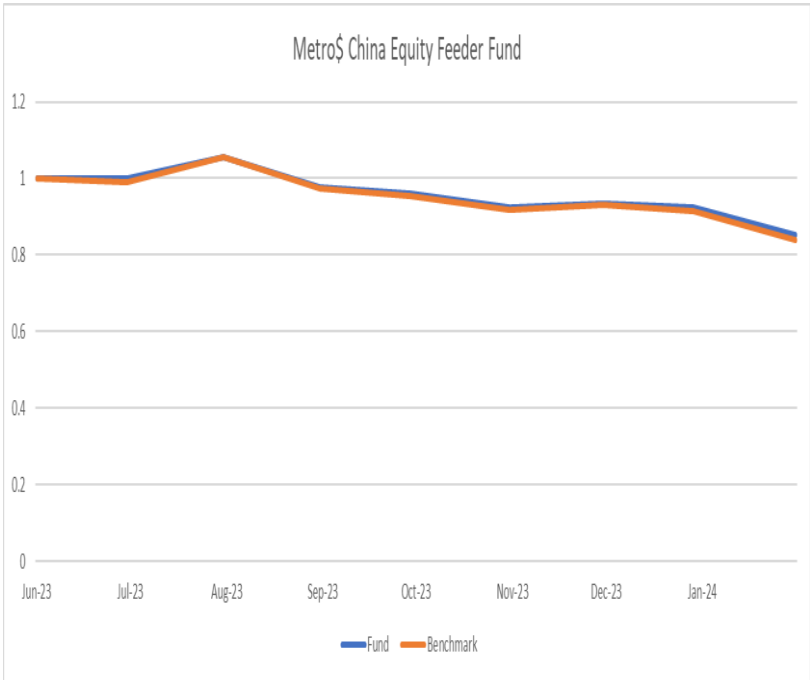


For other details, you may visit our website at [www.metrobank.com.ph](http://www.metrobank.com.ph) or contact us at 8-8700-700 or email us at [customercare@metrobank.com.ph](mailto:customercare@metrobank.com.ph)



# Unit Investment Trust Funds

**FUND PERFORMANCE AND STATISTICS as of January 31, 2024**  
(Purely for reference purposes and is not a guarantee of future results)  
**NAVPu GRAPH**



**NAVPu OVER THE PAST 12 MONTHS**

Highest	1.060377
Lowest	0.847414

**STATISTICS OF THE TARGET FUND**

Volatility, Past 1 Year (in %) <sup>2</sup>	14.70%
Sharpe Ratio <sup>3</sup>	-2.44
Information Ratio <sup>4</sup>	-1.67
Tracking Error <sup>5</sup>	0.92%

<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.

<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.

<sup>5</sup> Tracking Error measures the deviation between the Fund's return and benchmark return since the Fund's inception. The lower the number, the more aligned the Fund's return is with the benchmark. (Starting September 2021 report the basis for the Tracking Error computation is since the Fund's inception.)

**CUMULATIVE PERFORMANCE**

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
Fund	-7.708%	-7.662%	-19.369%	N/A	N/A	N/A	-14.774%
Benchmark	-8.332%	-8.571%	-20.535%	N/A	N/A	N/A	-16.079%

**PORTFOLIO COMPOSITION**

Allocation	% of Fund
iShares MSCI China A UCITS ETF	89.30%
Time Deposits	6.71%
Cash	4.00%
Other Receivables - Net of Liabilities <sup>6</sup>	-0.01%

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

Sector Allocation of the Target Fund	
Financials	20.34%
Industrials	14.99%
Consumer Staples	14.08%
Information Technology	13.85%
Materials	10.49%
Health Care	8.14%
Consumer Discretionary	5.93%
Utilities	4.76%
Energy	4.01%
Communication	1.72%
Real Estate	1.54%

**TOP 10 HOLDINGS OF THE TARGET FUND**

Name	% of Fund
1. KWEICHOW MOUTAI LTD A	5.92%
2. CONTEMPORARY AMPEREX TECHNOLOGY LT	1.96%
3. CHINA MERCHANTS BANK LTD A	1.87%
4. CHINA YANGTZE POWER LTD A	1.76%
5. WULIANGYE YIBIN LTD A	1.44%
6. PING AN INSURANCE (GROUP) OF CHINA	1.29%
7. AGRICULTURAL BANK OF CHINA LTD A	0.98%
8. INDUSTRIAL BANK LTD A	0.97%
9. SHENZHEN MINDRAY BIO-MEDICAL ELECT	0.96%
10. INDUSTRIAL AND COMMERCIAL BANK OF CHINA	0.96%

**RELATED PARTY TRANSACTIONS**

Related Party	Transaction	Market Value (in USD Mns)
MBTC	Time Deposit Placement	0.009

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.

**TARGET FUND FACTS**

**Name of Target Fund:** iShares MSCI China A UCITS ETF  
**Fund Currency:** US Dollar  
**Fund Manager:** BlackRock Asset Management Ireland Limited  
**Inception Date:** April 08, 2015  
**Benchmark:** MSCI China A Inclusion Index

**INVESTMENT OBJECTIVE**

The Target Fund seeks to provide investors with a total return, taking into account both capital and income returns, which reflects the return of the MSCI China A Inclusion Index. Fund Performance Report and relevant information about the iShares MSCI China A UCITS ETF can be viewed and downloaded through [www.iShares.com](http://www.iShares.com).

**Domicile:** Ireland  
**Regulator:** Central Bank of Ireland  
**Administrator, Custodian and Transfer Agent:** State Street Custodial Services (Ireland) Limited



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

## INVESTMENT POLICY

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

- USD-denominated units/shares in more than one collective investment schemes subject to the conditions under BSP Circular 767
- USD-denominated money market instruments
- USD/PHP-denominated deposits
- Other USD-denominated Investments allowed under BSP regulations

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

- Global-denominated Investments allowed under regulations issued by the Bangko Sentral Ng Pilipinas;
- Global-denominated Exchange-listed securities;
- Global-denominated deposits with local banks/foreign banks
- Financial derivative instruments for hedging purposes and efficient portfolio management.

C. The Investor Fund may invest a minimum of 90% of its net asset value in more than one (1) Target Fund and a maximum of 10% in cash, deposits and other money market instruments

## OUTLOOK AND STRATEGY

The fund decreased by 7.70% for the month of January. Disinflation stemming from the weak consumer, property sector and contagion risks continued to pound on investor sentiment despite increasing intervention by Chinese authorities.

The People's Bank of China (PBOC) reduced its reserve ratio requirement (RRR) by 50 basis points, maintained its medium-term lending rate at a low 3.45%; and its 5-year rate at 4.2% to support the economy, specifically its agriculture sector and small businesses. The persistent property slump has been a key concern for growth, resulting in growing support from Chinese authorities to halt the bleeding in its equity market.

China's economy continued to deflate as CPI printed -0.3% YoY from -0.5%, producer prices declined 2.7% YoY and retail sales slowed to 7.4% to 10.1%. Both manufacturing and services PMI showed improvement at 49.2 and 50.7, respectively. The weakness in the Asian giant seems to be more persistent, resulting in an uptick of jobless from 5.0% to 5.1%.

The Moody's outlook downgrade in late 2023 has sent Chinese equities into a strong decline as foreign investors see up-swings as opportunity to sell more. The downtrend in this market continued to extend to 5-year lows, last seen during the onset of the COVID-19 pandemic. Meanwhile, global equities continued to push higher, powered by the magnificent 7 as the "AI chase" continued. Although markets have become severely overbought, it is important to note that markets can stay irrational for extended periods, with valuations extending beyond 10-year historical averages. Healthcare has also emerged a prominent theme as the weight loss drugs becomes the consumer's solution to obesity.

The fund is capitalizing on favorable dollar time deposit rates, offering a 60-day yield of 5.20%.

## 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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