

# **FINAL PROSPECTUS**

RELATING TO THE PUBLIC OFFER OF

100,000,000 SHARES  
OF COMMON STOCK OF

## **ONE WEALTHY NATION FUND, INC.**

An Open-End Investment Company  
ISSUER

The number of securities to be offered, inclusive of what has already been subscribed to upon incorporation is One Hundred Million (100,000,000) shares which corresponds to the authorized capital stock One Wealthy Nation Fund, Inc. at par value of P1.00 per share. The price at which these shares are to be offered is based on the net asset value per share computed on a daily basis plus a front-end sales load fee. The shares to be offered are unlisted and will be traded through the over-the-counter market.

## **FIRST METRO ASSET MANAGEMENT, INC.**

INVESTMENT COMPANY ADVISER, FUND ADMINISTRATOR,  
AND PRINCIPAL DISTRIBUTOR

THIS PROSPECTUS IS DATED  
NOVEMBER 30, 2013

The number of securities to be offered, inclusive of what has already been subscribed to upon incorporation is One Hundred Million (100,000,000) shares with a par value of P1.00 per share. The price at which these shares are to be offered is based on the net asset value per share computed on a daily basis plus a front-end sales load fee. Using a Net Asset Value per share of P0.9931 as of September 30, 2013, the total estimated gross proceeds to be raised by the

offering is P99,310,000.00. The gross proceeds from the sale of the shares of stock of the registrant shall be held by the Issuer's Custodian Bank, which is The Hong Kong and Shanghai Banking Corporation. The shares to be offered are not listed and will be traded through the over-the-counter market.

The proceeds from the offering will be invested in listed equities, government securities, SEC-registered commercial papers, and other debt instruments. All of these are valued on a marked-to-market valuation basis. The investment objective of the Fund is classified as moderate risk. The assets of the Fund shall be structured based on market conditions, the level of interest rates, and liquidity needs of the Fund, where its investments in debt instruments, denominated in Philippine Pesos or foreign currencies, are to be of above-average credit quality and minimal risk, and the average maturity are to take into account any expectation of any changes in interest

The Issuer is a domestic corporation, incorporated on April 26, 2013 as One Wealthy Nation Fund, Inc. (the "Fund"), with principal business office address at 18<sup>th</sup>Floor, PS Bank Tower, 777 Paseo de Roxas, corner Sedeño St., Makati City, Philippines, and Telephone Numbers: (632) 8912860.

It is currently being registered with the Securities and Exchange Commission as an Open-End Investment Company or "mutual fund". It is engaged primarily in the business of investing, reinvesting and trading in securities and the sale of its shares of stock. As a licensed Mutual Fund, it offers to the public, on a continuous basis, redeemable shares of stock, at a price related to the net asset value of the Fund's portfolio.

Various risk factors (i.e., stock market risk, interest rate risk, inflation risk, and manager's risk) can affect the market value of the assets of the Fund and cause the Fund's net asset value to vary over time. Consequently, there may be instances when the redemption prices of redeemed shares will be less than the prices at which the shares were originally purchased. Investors who redeem their shares during this time may not recover the full cost of their investment.

First Metro Asset Management, Inc. (FAMI) is the Investment Manager, Fund Administrator, and Principal Distributor of the Fund.

The total fees payable to First Metro Asset Management, Inc. (FAMI), is a monthly fee equivalent to one-and-seven-fifths percent (1.75%) per annum of the average net asset value of the Fund's assets, computed on a daily basis. The "net asset value" shall be determined by computing the total value of the Fund's assets less its liabilities in accordance with the procedure used in computing the net asset value of each share of the Fund. In addition, as Investment Manager, FAMI shall be paid an incentive fee equivalent to one-tenth (1/10) of the realized appreciation in value of the Fund's net assets in excess of the "hurdle rate" defined as: PSEi annual performance + 6.5%. FAMI will also receive from the Fund a sales load fee maximum of 3.0%.

The Fund is authorized under its By-Laws to issue cash, property and stock dividends out of its unrestricted retained earnings whenever the condition of the Fund's finances will render it expedient to declare said dividends. However, said dividends, shall be automatically re-invested.

No dealer, selling agent and any other person has been authorized to give information or make any representation not contained in this Prospectus. This Prospectus does not constitute an offer to sell or a solicitation of an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The delivery of this Prospectus does not imply that the information herein contained is correct as of any time subsequent to this date.

The information contained in this Prospectus has been supplied by One Wealthy Nation Fund, Inc. unless otherwise stated. One Wealthy Nation Fund, Inc. accepts full responsibility for the accuracy of the information given herein. First Metro Asset Management, Inc., the Fund Administrator of One Wealthy Nation Fund, Inc. has exerted reasonable efforts to verify the information herein and does not make any representations or warranties as to the accuracy or completeness of the materials contained herein.

## SUMMARY OF FINANCIAL INFORMATION

### STATEMENTS OF ASSETS AND LIABILITIES

	Audited as of September 30, 2013
Total Assets	Php27,800,047
Total Liabilities	2,973,731
Net Assets	Php24,826,316
Net Asset Value Per Share	Php0.9931

## STATEMENT OF INCOME &amp; EXPENSES

	Audited as of September 30, 2013
Income	Php740,617
Expenses	907,363
Net Investment Loss Before Tax	Php(166,746)
Net Investment Loss After Tax	Php(173,684)

As of November 30, 2013, the registrant company has not been operating yet as a mutual fund or investment company.

## **RISK DISCLOSURE STATEMENT**

### I. GENERAL RISK WARNING

- The price of securities can and does fluctuate, and any individual security may experience upward or downward movement, and may even become valueless. There is an inherent risk that losses maybe incurred rather than profit made as a result of buying and selling securities.
- Past performance is not a guide to future performance.
- There is an extra risk of losing money when securities are bought from smaller companies. There maybe a big difference between the buying price and the selling price of these securities.
- An investor deals in a range of investments, which may carry a different level of risk.

### II. PRUDENCE REQUIRED

This disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake his or her own research and study on the trading of securities before commencing any trading activity. He/she may

request information on the securities and issuer thereof from the Commission, which are available to the public.

III. PROFESSIONAL ADVICE

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risk involved in trading of securities especially high-risk securities.

**ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.**

FRANCISCO J. COLAYCO  
President

SUBSCRIBED AND SWORN to before me this 17<sup>th</sup> day of December 2013 affiant exhibiting to me his Community Tax Certificate no. 15374946 issued on February 15, 2013 in Manila City.

NOTARY PUBLIC

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## Prospectus Summary

The following summary is qualified in its entirety by the detailed information appearing elsewhere in this Prospectus.

### Issuer

One Wealthy Nation Fund, Inc.

### Investment Objective

The Fund seeks to provide total return consisting of as high a level of current income as is consistent with the preservation of capital and liquidity and long-term capital appreciation by investing in a mix of debt instruments and equity securities.

### Type of Issue

Open-end investment company.

### Shares Offered

Common stock

### Par Value

One Peso (Php1.00) per share.

### Offering Price

At Net Asset Value (NAV) per share for the banking day, if payment is made within the daily cut-off time, plus a front-end sales load fee.

### Sales Load Fee

Maximum of 3.0%.

### Minimum Investment

The minimum initial investment shall be P5,000.00 and the minimum additional investment shall be P1,000.00. All sales shall be on cash basis and installment sales are prohibited.

### Redemption Price

The price of securities surrendered for redemption within the daily cut-off time shall be the NAV per share on the same banking day while those surrendered after the daily cut-off time shall be deemed to have been received on the next banking day and will be processed accordingly. Payment shall be made no later than seven (7) banking days from receipt of redemption request.

### Daily Cut-Off Time

12:00 noon.



**Redemption Charge**

<u>Retention Period</u>	<u>Fee</u>
Less than 180 days	1.0%
180 days and beyond	none

**Risks of Investing**

An investment in the Fund is not insured or guaranteed by the Philippine Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of its investments, it is possible to lose money by investing in the Fund. The Fund's income will change as a result of movements in the stock market and other macroeconomic factors. No single fund is intended to be a complete investment program, but individual funds, such as this Fund, can be an important part of a balanced and diversified investment program. Mutual funds have the following general risks: returns may vary, the investor may lose money, and the investor cannot be certain that the Fund will achieve its investment objective.

**Risk Factors**

Various risk factors can affect the market value of the assets of the Fund and cause the Fund's net asset value to vary. Consequently, there are instances where redemption prices of redeemed shares may be less than the prices at which the shares were originally purchased. Investors who redeem their shares during this time may not recover the full cost of their investment. The following are the risk factors in their order of importance:

**Stock market risk**

Investing in shares of stock is generally riskier because of the volatility of the stock market. Changes in prices of equity securities that compose the Fund's portfolio may substantially vary in a short span of time. The performance of the companies whose shares are included in the portfolio of the Fund are very much dependent on the people behind those companies. Added to that, stock prices are sensitive to political and economic conditions that normally change from time to time. To manage the risk, the stocks included in the portfolio will be cautiously selected by the investment manager based on their soundness and long-term profitability. Diversification of the stockholdings (not only in terms of the number of stocks but also in the different sectors and industries) of the portfolio will be done to reduce its impact.

**Interest rate risk**

If interest rates rise, the prices at which the assets of the Fund can be sold may fall. The longer the maturity of the assets, the more sensitive the prices of the assets will be to changes in interest rates. In other words, a long-term investment (e.g. 5-year Retail Treasury Bond) will have higher interest rate sensitivity than a short-term investment (e.g. 365-day Treasury Bill). To mitigate the risks, the Fund manager will diversify in terms of the type of

securities (such as treasury bonds, notes, bills) and the time horizons of the said securities (such as one-year, 3-year, 5-year, 10-year, and above 10 years).

### **Inflation risk**

Inflation risk is the risk that inflation may erode the real value of an investment by the Fund. One way to manage the risk is to actively trade in fixed-income securities, particularly government securities, which are valued on a marked-to-market basis.

### **Manager risk**

The performance of the Fund is dependent upon the investment manager's skill in making appropriate investments. As a result, the Fund may underperform in the market or compared to its peers. Also, the Fund could fail to meet its investment objectives. The board of directors of the Issuer will see to it that all the investment policies and restrictions enumerated in this prospectus are strictly followed. The board will meet more often to continually monitor the investment manager's performance in this area.

### **Glossary**

The following words or expressions used in this Prospectus, unless the context otherwise requires, shall have the corresponding meanings:

Act	Investment Company Act, Republic Act No. 2629
BSP	Bangko Sentral ng Pilipinas
Close-end Company	An investment company other than an open-end company
Custodian Bank	The Hongkong and Shanghai Banking Corp. Ltd.
Investment Application Form	The forms to be used by the Principal Distributor for investors to purchase the shares of stock of the Fund in accordance with the terms and conditions of the Fund as described in this Prospectus.
Investment Company	Any issuer which is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, re-investing or trading in securities, as defined in Section 4 of the Act.

Issuer/Registrant	One Wealthy Nation Fund (OWN Fund).
Fund Manager	First Metro Asset Management, Inc. or (FAMI)
Fund Administrator and Principal Distributor	First Metro Asset Management, Inc. or (FAMI)
Investor	Any person, association, or corporation with the intention of investing in the shares of the Fund.
NAV	Net Asset Value
Open-end Company	An investment company, which is offering for sale, or has outstanding, any redeemable security, of which it is the issuer.
P, PhP or Pesos	Philippine Pesos, lawful currency of the Republic of the Philippines
PSE or Stock Exchange or the Exchange	The Philippine Stock Exchange, Inc.
R.A. 2629	Republic Act No. 2629 or the Investment Company Act of 1960
SEC	Securities and Exchange Commission
Shareholder or Stockholder	Any natural or juridical person who has subscribed to the shares of the Fund.
Transfer Agent	Metrobank Trust Banking Group
VAT	Value Added Tax

## The Fund

### Background and Purpose

One Wealthy Nation Fund, Inc. is an open-end investment company incorporated on April 26, 2013. It is principally engaged in the sale of its own shares of stock and in the investment of the proceeds from sales into a portfolio of quality, highgrade equity securities and fixed income instruments. The Fund's investment objective is classified as moderate. One of the objectives of the Fund is to provide small investors with the opportunity to access the capital markets and enable them to reap satisfactory returns on their investments. This will be done through prudent selection of equity and fixed income securities, and professional management and supervision of the Fund.

While the Fund aims to provide total returns consisting of current income and capital appreciation, various risk factors (such as stock market risk, interest rate risk, credit risk, inflation risk, manager risk) can affect the market value of the Fund's assets and may cause the Fund's net asset value to vary. Consequently, there may be instances when the redemption prices of redeemed shares will be less than the prices at which the shares were originally purchased. Investors who redeem their shares during this time may not recover the full cost of their investment.

To manage the stock market risk, the stocks to be included in the portfolio will be cautiously selected based on their soundness and long-term profitability. Diversification of the stockholdings, not only in terms of the number of stocks, but also in the different sectors and industries will also be done to reduce this risk.

On interest rate and inflation risks, the Fund manager will diversify its portfolio in terms of the type of fixed income securities and time horizons of said securities.

To manage default risk, SEC-registered and investment grade fixed-income securities will be selected.

On management risk, the issuer's Board of Directors will see to it that all investment policies and restrictions mentioned in this prospectus are strictly followed. The board will meet more often to continually monitor the investment manager's performance in this area.

## Description of Securities

### Capitalization and Ownership

The Fund's authorized capital stock is One Hundred Million (100,000,000) common shares with a par value of Php1.00 per share.

The Company has an initial paid-up capital of Twenty Five Million Pesos (Php25,000,000.00) which was subscribed by the following:

Name	Nationality	Number of shares subscribed	Amount subscribed(in Php)	Percentage (%)
1. Francisco J. Colayco	Filipino	12,499,999	12,499,999.00	49.99%
2. Mary Anne B. Colayco	Filipino	12,499,998	12,499,998.00	49.99%
3. Armand Q. Bengco	Filipino	1	1.00	0.00%
4. Guita T. Gopalan	Filipino	1	1.00	0.00%
5. Charito Cole-Alfaro	Filipino	1	1.00	0.00%
<b>Total</b>		<b>25,000,000</b>	<b>25,000,000.00</b>	<b>100.00%</b>

Pursuant to ICA Rule 35-1(c)(3), the incorporators of the Fund agreed not to sell, transfer, convey, encumber or otherwise dispose of their shares in the Fund within twelve (12) months from the registration date of the Fund.

There are no other material rights that common or preferred stockholders have nor there is any provision in the charter or by-laws of the issuer that would delay, deter or prevent a change in control of the registrant.

Each share of stock of the Fund is a voting stock with voting rights equal to every other outstanding share of stock and subject to the following:

- **Right of Redemption** – The holder of any shares of stock of the Fund, upon presentation to the Fund or to any of the Fund's duly authorized representatives of the Confirmation Receipt or stock certificate, and upon filing of the duly accomplished redemption form, shall receive by way of redemption approximately his proportionate share in the Fund's current net assets or the cash equivalent thereof, i.e., the net current asset value per share, subject to existing laws and the By-Laws of the Fund.
- **Waiver of Pre-emptive Rights** – No stockholder shall, because of his ownership of stock, have a pre-emptive or other right to purchase, subscribe for, or take any part of any stock or of any other securities convertible into or carrying options or warrants to purchase stock of the Fund. The Fund's Articles of Incorporation further provide that any part of such stock or other securities may at any time be issued, auctioned for sale, and sold or disposed of by the Fund pursuant to the

resolution of its Board of Directors, to such persons and upon such terms as the Board may deem proper, without first offering such stock or securities or any part thereof to existing stockholders.

- Restrictions on Transfer – No transfer of shares of the Fund, which would reduce the stock ownership or equity interest of Filipino citizens to less than the percentage required by applicable laws or regulations shall be caused or allowed to be recorded in the books of the Fund.
- Distribution of Dividends - As provided for in the Fund's By-laws, the Board of Directors may make arrangements with its stockholders whereby dividends and/or other distributions may be reinvested in the Fund's securities in lieu of cash to be paid to the stockholders. The arrangement with shareholders shall be such that the dividends to be reinvested shall be valued at the net asset value per share of the Fund at the time said dividends are paid.

### **Properties**

The Registrant does not own any properties such as real estate, plant and equipment, mines, patents, etc.

### **Market Information**

There is no principal market where the Fund's shares will be traded, not even in the Philippine Stock Exchange due to its nature as an open-end investment company. The Fund's shares shall be sold by First Metro Asset Management, Inc., its appointed Principal Distributor.

### **Dividends**

The fund has not issued cash dividends since its inception. The Board of Directors of the Fund may decide to declare dividends from the unrestricted retained earnings of the Fund at a time and percentage as the same Board may deem proper and in accordance with law. Dividends, if any, are automatically re-invested.

The Fund may declare or pay dividends but limits those dividends to come from the Fund's accumulated undistributed net income, determined in accordance with good accounting practice and including profits or losses realized upon the sale of securities; or from the Fund's earned surplus so determined for the current or preceding fiscal year.

### **Affiliated Companies**

The Fund has no affiliated companies.

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## Management's Discussion and Analysis of Financial Condition and Results of Operations

### MANAGEMENT DISCUSSION OF PLAN OF OPERATIONS

The OWN Fund has First Metro Asset Management, Inc. (FAMI) of the Metrobank Group as Administrator and Investment Advisor. FAMI is also the principal distributor of its shares of stock and OWN Fund will not sell or agree to sell any shares of its capital stock except through FAMI. FAMI continually sets up marketing networks and accredits sub-distributors or agents to sell the mutual funds that it manages. Accredited sub-distributors or agents are directly liable to FAMI. Use of internet, TV, radio and print advertisements will be part of the sales and marketing strategy.

The product being sold by the registrant, through FAMI, is its shares of stock, being a mutual fund company. Francisco and Mary Anne Colayco provided the initial investment in the product. Thereafter, this product will be offered to the public upon approval by the SEC. The registrant is a stock corporation which was incorporated on April 26, 2013.

FAMI'S marketing strategy will be based on the strategic partnership of FAMI with Kapatiran sa Kasagaanaan Multi Purpose Service Cooperative (KSK SMP ) and the Colayco Foundation for Education Inc. (CFE). FAMI will capitalize on the endorsement of KSK SMP and CFE in order to educate the OFWs and the general public on the concept of savings and investing in mutual funds. The KSK SMP membership is composed of nearly 3,000 OFWs all over the world. In addition, there are some half a million readers of CFE publications authored by Francisco J. Colayco, seminar attendees, and Facebook followers who will be the primary source of retail investors. This competitive advantage will be further strengthened by First Metro Investment Corporation (FMIC)'s good track record, market experience and credibility, and position as the largest investment bank and backed-up by the second largest universal bank in the country.

FAMI will likewise capitalize on its relationships with the companies under the Metrobank Group. The group, with its total employee force of over 14,000 will be an excellent source of retail investors and referrals to high net-worth individuals. The corporations under the group are potential sources of institutional funds that will enable the FAMI mutual funds to attain critical mass at a faster pace.

### DISCUSSION OF KEY PERFORMANCE INDICATORS

One Wealthy Nation Fund is classified as an investment company with moderate risk. Its investment objective is to seek long-term capital appreciation by investing primarily in carefully selected listed and non-listed equity securities.

The Fund has First Metro Asset Management, Inc. (FAMI) as its Investment Company Adviser, Administrator and Principal Distributor.

The Fund started with an initial paid-up capitalization of ₱25,000,000.00, which is currently a small portion of the mutual fund industry under the balanced fund category.

### **Discussion and analysis of material events and/or uncertainties**

The Fund Manager is not aware of any event and/or uncertainties that:

- (a) will have a material impact on liquidity
- (b) will trigger direct or contingent obligation that is material to the Fund including any default or acceleration of obligation
- (c) will have an impact on all material off-balance sheet transactions, arrangement, obligations and other relationships of the Fund
- (d) is a significant element of income or loss that did not arise from the Fund's continuing operations.

### **KEY PERFORMANCE INDICATORS**

<b>PERFORMANCE INDICATORS</b>	<b>As of September 30, 2013 (Audited)</b>
Return on Assets <sup>1/</sup>	(.62)%
Return on Equity <sup>2/</sup>	(.70)%
Cost-to-Income Ratio <sup>3/</sup>	122.51%
Net Asset Value per Unit <sup>4/</sup>	0.9931
Loss per share <sup>5/</sup>	(0.0069)

<sup>1/</sup> Net Investment Income divided by Average Total Assets

<sup>2/</sup> Net Investment Income divided by Average Total Equity

<sup>3/</sup> Operating expenses for the cost-to-income ratios do not include provision for probable losses and provision for income taxes.

<sup>4/</sup> Net asset value per unit by deducting total liabilities from total assets to come up with the Net Assets and dividing with the outstanding number of shares for the period.

<sup>5/</sup> Net loss divided by weighted average number of common shares

### **Directors and Officers of the Fund**

As of the date of this Prospectus, the Board of Directors and the officers of the Fund are as follows:

#### **Board of Directors**

As of the date of this Prospectus, the Board of Directors and the officers of the Fund are as follows:



**VICTOR C. MACALINCAG**  
**DIRECTOR- CHAIRMAN,**  
**77, Filipino**  
**Term of office – 1 year**

Mr. Victor C. Macalincag served as Independent Director in Semirara Mining Corporation from 2002 to present. He has been an Independent Director Sem-Calaca Power Corporation since 2011 to present, Republic Glass Holdings Corporation from 2007 to present, ISM Communications Corporation from 2012 to present, Atok Big Wedge Co., Inc. from 2012 to present, Crown Equities, Inc. from 2003 to present and Ceres Property Venture Inc. from 2011 to present. Mr. Victor served as the Undersecretary of Finance from 1986 to 1991, Minister of Finance from 1981 to 1986 and Treasurer of the Philippines from 1981 to 1988. Mr. Macalincag serves as the President of PHILEXIM formerly PhilGuarantee from 1991-2001. He also held the position of the Chairman in Pilipinas Bank from 1983 to 1988. He served as Executive Vice-President of Land Bank of the Philippines from 1981-1982. He served as a Director of Universal LRT-7 Corporation from 2005-2010; D.M. Consunji, Inc. (DMCI) 2002-2005; He served as Director of Home Guaranty Corporation 1979 to 2000. Mr. Macalincag served on the Board of Philippine Long Distance & Telephone Company from 1988 to 1995; The Philippine Deposit Insurance Corporation from 1983 to 1991; The National Power Corporation from 1978 to 1986; He was an advisory board member of First Metro Investment Corporation from 2004-2009. Mr. Macalincag has a Bachelor of Science degree in Business Administration from University of the East and has completed the academic requirements for Master of Arts in Economics from University of the East. He is a Certified Public Accountant, and is a Fellow of the Economic Development Institute of the World Bank.

**FRANCISCO J. COLAYCO**  
**DIRECTOR - PRESIDENT,**  
**68, Filipino**  
**Term of office – 1 year**

Mr. Colayco is the Founder and President of the One Wealthy Nation Fund, Inc. (2013). He is the Chairman/Founder (2002-present) of Colayco Foundation for Education, Vice-Chairman/Founder (2004-present) of Kapatiran sa Kasaganaan Service and Multipurpose Cooperative, Chairman/Founder (2009-present) Kalayaan Multi-Purpose Foods Corp., Chairman (2009-present) Rural Bank of Cavite City (OWN Bank) , Chairman/Founder (2011-present) AurumDev Ventures Corporation. All these companies are fulfillment mechanisms for the financial literacy program that Mr. Colayco has been espousing since 2002 to help the Filipino working class especially the Overseas Filipino Workers.

He writes regular columns in newspapers/magazines: three local (Bulgar, Tinigng Marino, La Guardia) and three global (Ilustrado (Dubai), Pinoy Tayo Sanman (HK) and The HK Sun and three websites ([www.franciscocolayco.com](http://www.franciscocolayco.com), [www.youtube.com/Colayco](http://www.youtube.com/Colayco) Foundation and [www.goodnewspilipinas.com](http://www.goodnewspilipinas.com) Wealth of Advice. He participates in regular TV programs (Pisobilities on Light TV 33, and PeraPera Lang on RHTV.

Mr. Colayco has a Doctorate in Philosophy, HonorisCausa from the National University (2007), a Masters in Business Administration from Ateneo de Manila University (1969) and an AB-Economics degree from Ateneo de Manila University (1965)

**ARMAND Q. BENGCO**  
**DIRECTOR**

**45, Filipino**

**Term of office – 1 year**

Mr. Bengco is presently the Executive Director of Colayco Foundation for Education Inc. (CFE) which position he has held since 2001. He is a frequent resource speaker on matters of personal finance and investing at seminars, workshops, TV and radio programs. He is the host of the Global News Network's Pisobilities at the Business Portal, a program which discusses one's ability to earn, manage and make that same peso work for him. He is also the host of RHTV's Colayco Foundation Presents series of financial literacy seminars school. He regularly counsels employees on management and financial planning.

Mr. Bengco is also the current Corporate Secretary of CFE, a position he has held since 2008. In 2010, he was appointed as General Manager of Kapatiran sa Kasaganaan Service and Multi Purpose Cooperative (KsKCoop). Concurrently, he also holds the position of Treasurer in the following entities: Kasaganaan Multi-Purpose Concierge Philippines, Inc. (2013), OWN Bank, The Rural Bank of Cavite City, Inc.(2010 to present), Kasaganaan Multi-Purpose Foods Corporation (2009 to present) and One Wealthy Nation, Inc. (2009 to present).

Mr. Bengco completed his Bachelor of Science in Commerce degree Major in Marketing in 1990 from the San Beda College. He is currently pursuing a Master in Entrepreneurship (2014) from the Ateneo Graduate School of Business.

**DR. CIELITO F. HABITO**  
**INDEPENDENT DIRECTOR,**

**60, Filipino**

**Term of office – 1 year**

**Dr. Habito** is a Professor of Economics in the Ateneo de Manila University, where he had also served as Director of the Ateneo Center for Economic Research and Development (ACERD) for more than ten years (2001-2012). He also writes the popular award-winning weekly column “No Free Lunch” in the Philippine Daily Inquirer. As former Secretary of Socioeconomic Planning and Director-General of the National Economic and Development Authority (NEDA), he was the country’s chief economic planner through most of the 1990s and a member of the Cabinet of President Fidel V. Ramos throughout his six-year presidency (1992-1998). He has held board directorships in several private corporations including the Metropolitan Bank and Trust Co. from January 2001 to April 2005, Metrobank Card Corporation (June 2006 to present), Steel Corporation of the Philippines (Nov. 1999 to May 2009), Manila Water Company (2004- April 2010) and Lepanto Mining Corp. (Feb. 2001- Aug. 2004) He

also chairs the boards of Brain Trust Inc. and Operation Compassion International from 2005 to present. His professional career began at the Department of Economics of the University of the Philippines-Los Baños (UPLB), where he started as Instructor in 1975 and moved up to become Professor and Chairman of the Department by the time he left to join government in 1990. He had also worked as a Research Assistant at the World Bank in the summers of 1979 and 1980, as Teaching Fellow at Harvard University from 1981-84, as Research Fellow at the Kyoto University Center for Southeast Asian Studies in Japan in 1988-89, and Visiting Fellow at the Asian Development Bank Institute in Tokyo, Japan in 2008-2009. Dr. Habito holds a Ph.D. in Economics (1984) from Harvard University in U.S.A., where he also earned a Master of Arts (1981). He also holds a Master of Economics (1978) from the University of New England in Australia. He earned his Bachelor of Science in Agriculture, *Summa cum Laude* (1975, Major in Agricultural Economics) from UPLB.

**ALFONSO B. CRUZ**  
**INDEPENDENT DIRECTOR**  
**69, Filipino**

Term of office – 1 year

Mr. Cruz is currently a Consultant of Radiowealth Finance Corporation since 2009. He started as an Asst. Manager at Citibank. N.A. (1966-73). In 1974-76, he was Vice-President of First Metro Investment Corp. and Asst. Vice-President of Metropolitan Bank and Trust Company, Director of First Metro International Co. and Family Insurance. In 1976-82, he was President of Industrial Finance Corporation Director of BA Finance Corporation Phil. Fuji Xerox Corporation (1979-82). In 1982-86, he was a Director of Cebu International Finance Corp., Summa International Philippines Inc. and a Consultant of Summa International Bank, Ltd. He was EVP and Treasurer of Commercial Bank of Manila (1986-87), Special Asst. to the President of National Power Corporation (1988-89) and Consultant of Visia Finance (Malaysia) (1990-92). He was President of WS Capital (HKG) Ltd. 1990-92, EVP/COO of PNB Republic Bank 1992-94; Consultant of Unicapital, Inc. (1995-96); President of Malayan Savings Bank (1996-97); Director/Stockholder of Cebu International Finance Corp. in 1996; Senior Exec. Vice President (1998-2009) of the Land Bank of the Philippines; Director of Land Bank Remittance USA (2000-09), Land Bank Remittance S.P.A. Italy (2000-09), Land Bank Realty & Development Corp. (2008), Advent Capital and Finance Corp (2008-10), LBP Leasing Corp (2009-10), LBP Insurance Brokerage Inc. (2009-10), Capital Markets Integrity (2011-13). He was Consultant of the Land Bank of the Philippines (2008-09) and of the Development Bank of the Philippines (2009-10). He completed his Bachelor of Science in Economics from Ateneo de Manila University in 1965 and has extensive training in Banking and Related Fields through the years.

**Executive Officers****MR. HECTOR C. DE LEON****VICE PRESIDENT****50, Filipino****Term of office - 1 year**

Mr. De Leon is the Executive Vice President of First Metro Asset Management, Inc. (2007 - present), President of First Metro Global Opportunity Fund, Inc. (since 2010), First Metro Save and Learn Equity Fund, Inc. (since June 2011) First Metro Save and Learn Fixed Income Fund, Inc. (since June 2011), First Metro Save and Learn Dollar Bond Fund, Inc. (since June 2011) and First Metro Save and Learn Balanced Fund Inc. (2011 to present). He was formerly the EVP and Head of Sales and Marketing for Philequity Management, Inc (2006 to 2007). Before joining Philequity, he served as FVP for Capital Markets of Philam Asset Management Inc. (1996 to 2006) where he was instrumental in setting up and operating most of the company's mutual funds. He was former Chairman of the Board of Trustees of the Investment Company Association of the Philippines from 2005 to 2006. Mr. de Leon has a Bachelors Degree in Electronics and Communications Engineering from De La Salle University and took up Masters in Business Administration (MBA) at the Ateneo Graduate School of Business.

**MS. AMALIA M. ORDAS****TREASURER****48, Filipino****Term of office – 1 year**

Ms. Ordas is the Special Assistant to the President of Own Bank, The Rural Bank of Cavite City from November 2010 to present. Concurrently, she is the Controller of Colayco Foundation for Education Inc., Kapatiran sa Kasaganaan Service & Multi-Purpose Cooperative (KsKCoop), Kasaganaan Multi-Purpose Foods Corp. (KMP Foods), MPC Realty Inc. which position she has held since July 2009.

She was previously the Controller of MRC Allied Industries Inc. from 2008 to June 2009 and was a Consultant – Subsidiaries Accounting (2006-2008) and Accounting Manager – Subsidiaries Accounting (2002-2006) and Consultant – Liability Servicing Plan (2001-2002) at Export & Industry Bank Inc.

From 1994 to 2001 she held various managerial positions in Stockbrokerage Operations, Bank Processing, Trust Processing, Trust Accounting and Liability Servicing at Urban Bank, Inc. (1994-2001). She held various positions in Trust and Investment Department Accounting at Asian Bank Corporation (1988-1993)

Ms. Ordas has a Bachelor in Accountancy Cum Laude from the Polytechnic University of the Philippines. She is a Certified Public Accountant.

**MR. EDWIN B. VALEROSO**  
**ASSISTANT TREASURER**  
**50, Filipino**  
**Term of office – 1 year**

Mr. Valeroso is the First Vice President of First Metro Asset Management, Inc. (2005-present), Asst. Treasurer for First Metro Save & Learn Balanced Fund (Jan 2007 to June 2011), First Metro Save & Learn Fixed Income Fund and First Metro Save & Learn Equity Fund (from May 2005 to June 2011), and First Metro Save and Learn Money Market Fund, Inc. (2008 to 2011). He is Vice President/Trustee/Corporate Secretary of Philippine Investment Funds Association (2006-present) and an Associate Professorial Guest Lecturer at De La Salle University-Graduate School of Business (2000-present). He was a Mutual Fund Strategist at First Metro Investment Corporation (2004-2005). Mr. Valeroso has a BS Actuarial Mathematics degree from University of Santo Tomas, a Master's degree in Applied Mathematics from University of the Philippines, and a Doctorate degree in Business Administration from De La Salle University-Manila. He is also an alumnus of the Trust Institute Foundation of the Philippines.

**MS. MELISSA B. REYES**  
**CORPORATE SECRETARY**  
**43, Filipino**  
**Term of office – 1 year**

Ms. Reyes is Senior Manager and Senior Legal Officer of FMIC. She joined FMIC in November, 2003. She was also Compliance Officer of First Metro Securities Brokerage Corporation from 2004-2006. Prior to joining the First Metro group, she was Senior Consultant in the Corporate and Tax Services of J. Cunanan-Pricewaterhouse Philippines (2000-2003). She was previously Chief Legislative Officer in the Office of Senator Loren Legarda from 1998-2000, and Court Attorney III in the Office of Supreme Court Justice Ricardo J. Francisco from 1997-1998. Ms. Reyes obtained her A.B. Political Science Degree from Ateneo de Manila University, and her Bachelor of Laws degree from San Beda College. She also completed the Trust Course from the Trust Institute of the Philippines in 2012.

**MS. GUITA T. GOPALAN**  
**ASSISTANT CORPORATE SECRETARY,**  
**27, Filipino**  
**Term of office – 1 year**

Ms. Gopalan is Managing Director of Colayco Foundation for Education, Inc. and has been with the Foundation since March 2009 serving as Programs Officer and later

Programs Director. She is a frequent resource speaker on matters of personal finance and investing at seminars, workshops, TV and radio programs. She regularly counsels individuals on financial planning. Since August 2009, Ms. Gopalan has also served as the Programs Manager of One WealthyNation, Inc.

From July 2011 to March 2012, she was concurrently Marketing Manager of One CORE Success Center, Inc. and Social Media and Marketing Consultant for the Francis Magalona Foundation, Inc. (FMF). She continues to serve as a consultant to OneCORE and FMF.

From November 2010 - February 2011, she held the position of Special Projects Assistant at the Filipinas Heritage Library - Ayala Foundation, Inc. She was consultant at the Ateneo Center for Social Entrepreneurship - Ateneo School of Government's for various projects, thus: "Catalizing New Mobilities: A Case for Metro Manila Project" which was funded by the Rockefeller Foundation (January - April 2012), a Commemorative Book Project of the Young Liberals and Democrats of Asia (May-December 2010), a Public Transportation Project of the Business Resource Center of the Ateneo de Manila University's School of Management (August - October 2008). For the period September 2010 - March 2012 she was a fellow of the Ateneo School of Government-World Bank's Youth Leaders for Knowledge and Development.

Ms. Gopalan is a graduate of the Ateneo de Manila University in 2009 with a degree in Bachelor of Arts majoring in Development Studies.

### Significant Employee

There is no significant employee who is expected by the registrant to make a significant contribution to the business.

### Family Relationship

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers or persons nominated or chosen by the Registrant to become directors or executive officers.

### Executive Compensation

#### Compensation of Directors and Officers

	2013 (Estimated)	2014 (Estimated)
Aggregate annual per diem of directors	200,000.00	200,000.00
All other executive officers as a group	42,000.00	42,000.00

Per diem of Directors, Corporate Secretary and Officers of the Fund amounting to P10,000.00, P3,000.00, P2,500.00, respectively, are given during their Annual Stockholders' and regular meetings.

There is no employment contract between the Registrant and a named executive officer. There is no compensatory plan or arrangement, including payments to be received from the Registrant, with respect to a named executive officer in the event of resignation, retirement or any other termination of such officer's employment with the Registrant and its subsidiaries.

### Legal Proceedings

The Registrant has no material pending legal proceedings to which the registrant or any of its common affiliates is a party. No member of the Board of Directors is:

1. involved in any legal proceeding in the past five (5) years that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter, or control person of the Registrant;
2. involved in any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
3. involved in or convicted by final judgment in any criminal proceeding, domestic or foreign, or subject to a pending criminal proceeding, foreign or domestic, excluding traffic violations and other minor offenses;
4. subject to any order, judgment, or decree not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
5. found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the said judgment has not been reversed, suspended or vacated.

### Security Ownership of Certain Record and Beneficial Owners as of November 30, 2013:

Title of Class	Name and Address of Owner	Name of Beneficial Owner	Citizenship	No. of Shares Held	Percent to Outstanding Shares
Common shares	Francisco J. Colayco Unit 807 Citystate Center 709 Shaw Blvd. Pasig City	Same	Filipino	12,499,997	49.99%
Common shares	Mary Anne B. Colayco Unit 807 Citystate Center 709 Shaw Blvd. Pasig City	Same	Filipino	12,499,996	49.99%

The number of accountholders of the Fund as of November 30, 2013 is 9.

**Security Ownership of Management as of November 30, 2013:**

<b>Title of Class</b>	<b>Name of Beneficial Owners</b>	<b>Amount and Nature of Ownership</b>		<b>Citizenship</b>	<b>Percent to Outstanding Shares</b>
Common shares	Francisco J. Colayco	12,499,997		Filipino	49.99%
Common shares	Victor C. Macalincag	1		Filipino	.00%
Common shares	Armand Q. Bengco	1		Filipino	.00%
Common shares	Cielito F. Habito	1		Filipino	.00%
Common shares	Alfonso B. Cruz, Jr.	1		Filipino	.00%
Common shares	Guita T. Gopalan	1		Filipino	.00%

**Certain Relationships and Related Transactions**

There are no material transactions with or involving the Fund or any of its subsidiaries in which a director, executive officer, or stockholder owns ten percent (10%) or more of the total outstanding shares, and any member of their immediate family had or is to have a direct or indirect material interest.

There are no transactions during the last two (2) years or proposed transactions, to which the Registrant was or is to be a party in which any of the Fund's directors, executive officers or stockholders had or is to have a direct or indirect material interest.

There are no transactions by any security holder named in response to Part IV, paragraph C of the Securities Regulation Code.

There are no transactions with promoters and there are no transactions that involve the nature and amount of anything of value (including money, property, contracts, options or rights of any kind) received or to be received by each promoter, directly or indirectly, from the Issuer and the nature and amount of any assets, services or other consideration received or to be received by the Registrant. There are no transactions acquired, or to be acquired from a promoter.

**Compliance with the Investment Company Act**

In compliance with the requirements of the R.A. No. 2629, otherwise known as the Investment Company Act of 1960 or ICA, the Fund is organized as a stock corporation. All the members of the Board of Directors of the Fund are



Filipino citizens and all shares of its capital stock are common and voting shares. The Articles of Incorporation of the Fund provide for the waiver of pre-emptive rights of stockholders.

**Investment Policy**

The Fund is an open-end mutual fund designed to provide total returns consisting of current income and long-term capital appreciation through investment in a mix of debt and equity securities.

**Investment Guidelines and Restrictions**

The company's investment objective is classified as moderate risk. It is a balanced fund which seeks good returns through current income and a long-term capital appreciation by investing in a mix of debt instruments and equity securities. The Fund intends to invest up to 60% of its assets in equities but a minimum of 30% in fixed-income securities. ICA Rule 35-1 provides that an investment company shall not change its investment objective without prior approval of a majority of its shareholders

For this purpose, the term "equity securities" generally includes common stock, preferred stock and securities convertible into or exchangeable for such equity securities, such as convertible debentures and convertible preferred shares, or shares which carry warrants to purchase such securities.

"Debt Instruments", on the other hand, consist of Government Securities such as Treasury Bills, Fixed Rate Treasury Notes or FXTNs, Retail Treasury Bonds, Progress Bonds and Small-Denominated Treasury Bonds or SDT Bonds and repurchase agreements involving these instruments. These also include Certificates of Deposits, SEC-registered commercial papers and bonds, Bankers' acceptances, and other allowed fixed-income instruments both Peso and Dollar denominated.

The assets of the Fund shall be structured based on stock market condition, the level of interest rates, market conditions, and liquidity needs of the Fund, where its investments, denominated in Philippine Pesos or foreign currencies, are to be of above-average credit quality and minimal risk, and the average maturity are to take into account any expectation of any changes in interest rates.

Moreover-

1. The maximum investment of the Fund in any single enterprise shall be limited to fifteen percent (15%) of the Fund's NAV, except for investments in securities of the Philippine Government or its instrumentalities and, in no case, shall the total investment of the Fund exceed 10% of the outstanding securities of any one investee company;

2. For liquidity purposes, unless otherwise prescribed by the Commission, at least five percent (5%) of an open-end company fund shall be invested in liquid/semi-liquid assets such as: (A) Treasury notes or bills, Certificates of Indebtedness issued by the Bangko Sentral ng Pilipinas which are short term, and other government securities or bonds and such other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines; (B) Savings or time deposits with government owned banks or commercial banks, provided that in no case shall any such savings or time deposit accounts be accepted or allowed under a “bearer”, “numbered” account or other similar arrangement. Provided that, the open-end company fund shall submit a liquidity contingency plan to the Commission before it implements a decreased investment of less than ten percent (10%) in liquid/semi-liquid assets.”
3. Until the Commission shall provide otherwise, the Fund shall not invest in any of the following: margin purchases of securities; commodity futures contracts; precious metals; unlimited liability investments; short-selling of currencies; short-selling of securities; and, other investments as the SEC shall, from time to time, prescribe;
4. The Fund shall not incur any further debt or borrowing, unless at the time it is incurred or immediately thereafter, there is asset coverage of at least three hundred percent (300%) for all its borrowings. In the event that such asset coverage shall at any time fall below 300%, the Fund shall within three (3) days thereafter, reduce the amount of borrowings to an extent that the asset coverage of such borrowings shall be at least 300%;
5. The Fund shall not participate in an underwriting or selling group in connection with the public distribution of securities, except for its own capital stock;
6. The Fund shall not invest in real estate properties and developments;
7. The Fund shall not invest in any company for the purpose of exercising control or management;
8. The Fund shall not invest in the securities of other investment companies;
9. The Fund shall not purchase from or sell to any of its officers or directors or the officers or directors of its investment adviser/s, manager or distributor/s or firm/s of which any of them are members, any security other than the capital stock of the Fund;

10. The total operational expenses of the Fund shall not exceed ten percent (10%) of its average fund or net worth as shown in the previous year's audited financial statements;
11. The Fund shall focus on industries and enterprises with strong growth potentials or profitable historical financial performance. There may be concentration on certain industries at various points in time, depending on the overall condition of the financial and capital markets;
12. The Fund shall not engage in lending operations without prior approval of the Board of Directors. Such approval shall be limited only to corporations or other entities, public or private, determined to be financially sound by the Board of Directors;
13. The Fund anticipates a gradual turnover in portfolio with the aim of ensuring the preservation of capital and liquidity.

**Use of Proceeds**

The proceeds from the sale of the 100,000,000 shares will be primarily invested in equity and fixed-income securities in accordance with the policies set forth in the sections headed "Investment Policy" and "Investment Guidelines and Restrictions."

Using a Net Asset Value per share of P0.9931 as of September 30, 2013, for the one hundred million shares, the total estimated gross proceeds to be raised by the offering is P99,310,000.00. The gross proceeds from the sale of the shares of stock of the registrant shall be held by the Issuer's Custodian Bank. The shares to be offered are unlisted and will be traded through the over-the-counter market.

No material amount of the proceeds is to be used to acquire assets or finance the acquisition of other business. The proceeds will not be used to discharge debt or reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, money loaned or advanced or otherwise or any expenses.

The proceeds derived by the Fund from the sale of its shares including the payments for original subscriptions during incorporation shall be deposited and held by the Fund's Custodian Bank which is The Hong Kong and Shanghai Banking Corporation.

**Expenses to be deducted from the Gross Proceeds**

The following are expenses normally deducted from the gross proceeds of shares sold:

1. Allowances of directors and officers for every shareholders' and board meeting held;

2. Audit and legal fees;
3. Fees of custodian bank;
4. Cost of printing and delivering notices, reports, proxies and other communication material for existing shareholder;
5. Fees of transfer agent;
6. Taxes, including income taxes, documentary stamp taxes and license fees as may be required by law or by the rules and regulations of the SEC; and
7. Management, distribution and administration fees computed in accordance with the Management, Distribution and Administration Agreement between the Fund and the Investment Company Adviser.

### **Plan of Distribution/Distribution method**

The Fund has appointed First Metro Asset Management, Inc. (FAMI) as principal distributor of its shares of stock and will not sell or agree to sell any shares of its capital stock except through FAMI. FAMI will set up a marketing network and accredit sub-dealers or agents to sell the shares. Accredited sub-dealers or agents are directly liable to FAMI.

FAMI is licensed by SEC to act as the Investment Company Adviser/Manager, Administrator and Principal Distributor. Its license, originally issued on September 7, 2005, and was renewed in November 29, 2012.

### **Competition**

The competitive environment for the company's products includes not only the products and services offered by the other Mutual Fund players in the Balanced Fund category, but all other investment instruments that the target market has access to. The Philippine mutual fund industry is still a relative young industry compared to those of other countries, however, it is growing at a fast rate.

Currently, the big players in this category are Sun Life Prosperity Balanced Fund, ALFM Growth Fund, and Philam Fund.;they have about P15 billion, P7 billion, and P6 billion in net assets, respectively as of March 31, 2013. They capture around 29% of the industry under the Balanced Fund category. OWN Fund is just starting with an initial assets of around P25 million.

The Fund's distributor, First Metro Asset Management, has established a good track record in terms of Fund management and distribution. Philam and Sunlife have big sales force and they have life insurance companies as affiliates which they also tap to market their mutual funds. They have big multinational financial institutions as their parent companies. They have longer track record and experience not only in the mutual fund industry but also in other financial products and services. The top three competitors substantially capture the local industry's market share.

The Fund will compete with other Balanced Funds which at present are also few. It will target potential clients all over the country with concentration in the major cities. The Fund believes that the competition is in the area of investment performance and client services. It will be competing more in terms of investment performance. It will adopt active investment strategies and tactics to improve its performance. It will fully utilize its present network, database, and the available technology to its advantage.

The institutional funds of the target market (especially the bigger ones) evidently have access to almost all types of instruments locally available such unit investment trust funds, universal life products and other similar bank products. The retail funds and smaller institutional funds, however, are limited to simple bank products. Appropriately formulated marketing strategies, sales tactics and promotional activities will be employed to present the Fund ultimately close the sale and maintain the account.

**Effect of existing governmental regulation**

Mark-to-market method of valuation, assesses both equity and debt instruments based on the current market price of those investment instruments. Therefore, the interplay of demand and supply of those instruments and other macroeconomic factors affect their prices. The changes in the prices of equities will be reflected in the value of the net assets of the Fund. The Fund's net asset value per share (NAVPS) is thus affected by this mark-to-market valuation.

**Subscription Procedure**

Investments in mutual funds are covered by the Anti-Money Laundering Law of the country. An Investment Application Form and signature cards must be submitted together with the appropriate payment. Once submitted, the Investment Application may not be cancelled in full or in part. An Investment Application, once accepted, shall constitute an agreement between the Investor and the Investment Manager and Principal Distributor at the time, in the manner, and subject to the conditions set forth in this Prospectus and the Investment Application Form.

**Eligible Investors**

The shares of the Fund may be purchased and held by any person of legal age or duly organized and existing corporations, partnerships or corporate entities regardless of nationality, subject to the rules and regulations of the Anti-Money Laundering law. The Investor shall declare and warrant that there are no legal restrictions prohibiting the purchase of the shares applied for and that the Investor is otherwise eligible throughout the duration of the period that the Investor remains a stockholder of the Company.

Purchase of the shares of the Fund may be restricted by law in certain jurisdictions. Foreign investors interested in subscribing to the shares should get information on the applicable legal requirements under the laws and

regulations of the countries of their nationality, residence or domicile and as to any relevant tax or foreign exchange control laws and regulations affecting them personally.

**Requirements for Corporate Applicants**

For Investors other than individuals, the following documents, in addition to the Investment Application Form and the signature cards, must be accomplished and shall be considered integral parts thereof: copy of the Investor's SEC Certificate of Registration, Articles of Incorporation and By-Laws; notarized corporate secretary's certificate setting forth the resolutions of the Investor's Board of Directors or equivalent body: authorizing the purchase of the shares of the Fund; designating the signatories for the purpose; and, certifying the percentage of capital stock held by non-Filipinos.

**Minimum Investment**

The minimum initial investment is Five Thousand Pesos (Php5,000.00) and subsequent investments shall be for a minimum of One Thousand Pesos (Php1,000.00).

**Offering Price**

The net asset value computation shall be made in accordance with the valuation method indicated in the prospectus and shall be applied consistently. Any change in the NAVPS computation or valuation method shall be subject to approval by the Commission. Investment companies shall compute and post their NAVPS on a daily basis and shall publish such daily prices in at least two (2) newspapers of general circulation in the Philippines and shall post them daily in a conspicuous place at the principal office of the investment company as well as all its branches or correspondent offices which are designated redemption centers.

The daily cut-off time for the reckoning of the date of submission of the subscription application shall be 12:00 noon. If an application is received on or before the cut-off time, the shares shall be valued based on the net asset value (NAV) per share on the same banking day. For applications received after the cut-off time, it shall be deemed to have been received the following banking day. In both instances, a sales load fee shall be charged based on the total price of the application. The NAV per share shall be the computed difference between the total assets of the Fund and its total liabilities divided by the number of shares outstanding.

Subscriptions must be paid in full upon submission of the application for subscription.

**Acceptance of Investment Applications**

Applications for the number of shares and the applicable NAV are subject to acceptance and approval by the Principal Distributor. The Principal Distributor reserves the right to reject, scale-down and re-allocate any application for the shares for whatever reason. Applications for which check

payments are dishonored upon first presentment, as well as those which do not comply with the requirements set in this Prospectus and Investment Application Form, shall be rejected.

The Principal Distributor shall inform the Investor of such reduction or rejection within three (3) days after submission of the Investment Application.

**Payment Terms**

Subscriptions shall be paid in full upon submission of a duly accomplished and executed Investment Application Form. Payments must be made in the form of personal or corporate check or cashier's or manager's check, drawn against a bank account with a BSP authorized agent bank located in Metro Manila. All such checks must be made payable to "One Wealthy Nation Fund, Inc.," dated as of the date of the Investment Application, and remitted directly to the Principal Distributor at its principal office. A provisional receipt will be issued initially to the Investor. Upon acceptance of the Investment Application by the Principal Distributor, a Confirmation Receipt will be issued to confirm the purchase of the shares of the Fund and to likewise serve as the Investor's Official Receipt.

**Refunds**

Refunds of payments for any rejected or scaled-down applications shall be made without interest by the Principal Distributor not later than five (5) business days after submission. The respective Investor shall receive a check, crossed "Payee's Account Only," mailed and delivered at the Investor's risk to the address specified in the Investment Application Form or to the corresponding distributor or any authorized investment salesmen of the Investor.

**Delivery of Stock Certificates**

Each stockholder of the Fund is entitled to receive a stock certificate representing ownership of the shares of the Fund. However, an Investor has an option not to request for stock certificates because the legal requirements for replacing lost certificates entail costly and lengthy procedures. Nevertheless, if an Investor still wants to receive a stock certificate, he must indicate so in the Investment Application Form. Stock certificates shall be made available to the Investor as soon as practicable at the office of the Transfer Agent. Any certificate that remains unclaimed for a period of thirty (30) days shall be mailed to the address specified in the Investment Application Form at the risk of the Investor.

**Redemption of Shares**

Investors in redeemable securities issued by an open-end investment company shall have the right to have their securities redeemed in accordance with the terms of the issue thereof and the procedures indicated in this prospectus. The redemption price surrendered before the daily cut-off time shall be the next computed NAVPS. Payments for securities redeemed shall be effected within seven (7) banking days from receipt of the request for redemption, in

accordance to ICA Rule 35-1(e)(5) of the Investment Company Act. The Commission may, whenever necessary or appropriate in the public interest or for the protection of investors, suspend the redemption of securities of open-end companies. The investment company may establish a network of redemption centers acceptable to the Commission.

The holder of any shares of stock of the Fund, upon his presentation to the Fund in its principal office or to any of its duly authorized representatives of the confirmation receipt and stock certificate (if issued), and upon filing of the redemption request form, is entitled to receive by way of redemption approximately his proportionate share of the Company's current net assets or the cash equivalent thereof, i.e. the current NAV per share, subject to the existing laws and By-laws of the Company.

The NAV is then divided by the number of shares outstanding in order to arrive at the NAV per share.

For securities surrendered for redemption before the daily cut-off time of 12:00 noon, the price at which the Company's securities may be redeemed shall be computed based on the NAV per share on the banking day following the day when such request for redemption is received. Should the request for redemption be received after the said daily cut-off time, it shall be deemed to have been received on the following banking day, and the applicable NAV per share to be used as basis for redemption shall be that which shall be computed for the following banking day when such request for redemption is deemed to have been received.

There shall be no minimum holding period, however, redemption fees shall be deducted out of the redemption proceeds depending on the retention period.

Payments for redeemed shares shall be effected within seven (7) banking days from receipt of the request for redemption.

The Fund shall not suspend the right of redemption or postpone the date of payment or satisfaction upon redemption of any redeemable security in accordance with the terms appearing in this Prospectus, for more than seven (7) banking days after the tender of such security to the Corporation, except on the instances prescribed by applicable Philippine laws or regulations.

### **Benefits to the Investor**

Mutual funds make saving and investing simple, accessible, and affordable. They offer professional management, diversification, liquidity, affordability, convenience, and ease of recordkeeping, as well as strict government regulation and full disclosure.

### **Professional Management**

Even under the best of market conditions, it takes an experienced investor to invest prudently, and a further commitment of time to monitor those



investments. With mutual funds, experienced professionals manage a portfolio full-time, and decide where to invest based on extensive research.

**Diversification at Low Cost**

Successful investors know that diversification will reduce the adverse impact of a single investment. Mutual funds provide diversification to your investment portfolio automatically by holding a wide variety of securities at a fraction of the cost of making such investments independently.

**Liquidity**

Liquidity is the ability to readily access your investment. Mutual fund shares are liquid investments that can be sold on any business day. Mutual funds are required by law to buy, or redeem, shares each business day.

**Convenience**

You can purchase or sell fund shares directly through a broker, bank or insurance agent, by mail, over the telephone, and increasingly by personal computer. You can also arrange for automatic reinvestment or periodic distribution of the dividends and capital gains paid by the fund. A wide variety of other services can be provided, including monthly or quarterly account statements, tax information, and easy access to fund and account information.

**Protecting Investors**

Not only are mutual funds subject to exacting internal standards, they are also highly-regulated by the Securities and Exchange Commission which has a direct and indirect impact on the environment where mutual funds operate.

**Parties Involved in the Fund****Investment Manager, Fund Administrator and Principal Distributor**

First Metro Asset Management, Inc., ("FAMI"), the Investment Manager, Fund Administrator and Principal Distributor of the shares of the Company, was incorporated on April 21, 2005 with an authorized capital stock of Forty Million Pesos (Php40,000,000.00) divided into Four hundred Thousand (400,000) shares at a par value of One Hundred Peso (Php100.00) per share. It has a paid-up capital of Forty Million Pesos (Php40 million) as of August 31, 2013.

The guidelines for the investment management, fund administration and shares distribution of the Company are set forth in the Management and Distribution Agreement between the parties.

FAMI is a corporation organized by a group of individuals with a solid track record in fund management, administration, and distribution. The following are the members of the Board of Directors and officers of FAMI:

**MR. FRANCISCO C. SEBASTIAN**  
**CHAIRMAN OF THE BOARD**

**58, Filipino**

Prior to his appointment as Chairman of the Board of Directors of First Metro Investment Corporation in April 2011, he served as President from 1997 to 2011. His investment banking and financial advisory experience spans over 30 years and covers the Asian region as he was based in Hong Kong for 20 years.

Mr. Sebastian also currently serves as Vice Chairman of Metropolitan Bank and Trust Co. (since 2006), as well as Chairman of Global Business Power Corporation (since 2007), and Federal Land, Inc. (since 2007).

He completed his collegiate studies at the Ateneo de Manila University, earning a Bachelor of Arts degree in Economics Honors, graduating as Magna Cum Laude.

**MR. ROBERTO JUANCHITO T. DISPO****VICE CHAIRMAN****48, Filipino**

Mr. Dispo currently serves as President and Director of First Metro Investment. In addition, he is a member of the Advisory Board of Metropolitan Bank & Trust Company; Chairman of First Metro Securities Brokerage Corporation; and PBC Capital Investment Corporation; President of Resiliency (SPC), Inc.; and Director of Travel Services, Inc.

Prior to joining First Metro in 1998, he held various positions in different government offices, including, the Department of National Defense, Department of Trade and Industry, Department of Finance and the Central Bank. His last government post was Deputy Treasurer of the Philippines with the rank of Assistant Secretary.

Mr. Dispo holds BSC Economics and Business Management-MBA degrees from San Sebastian College and the Pamantasan ng Lungsod ng Maynila, respectively. He also completed a Masters in Business Economics from the University of Asia & the Pacific. In addition, he finished a Management Development Program from the Asian Institute of Management and a diploma course in International Banking and Finance from the Economic Institute, University of Colorado.

**MR. AUGUSTO M. COSIO, JR.****PRESIDENT****61, Filipino**

Mr. Cosio assumed this position in June 2010. He has been a member of the First Metro Investment Corporation (FMIC) Investment committee since 2008. In FMIC he held the position of Vice President since September 2006.

Mr. Cosio has had extensive experience in investments and the capital markets both locally and internationally. He served as consultant to the Mutual Fund Company of the Philippines (Kabuhayan Fund) from 2005 to 2006 and with the GSIS Mutual Fund (Kinabukasan Fund)

from 2003 to 2003. He was Vice President at Bank Austria Private Banking in Hong Kong from 2000 to 2001 managing portfolios for private clients. He was previously, President of PNB Securities Inc. (1997 to 2000), a nominee and a member of the board of the Philippine Stock Exchange (1999).

He had been an international capital markets practitioner from 1977 to 1994 having been connected with Banque Nationale de Paris (1977 to 1981) and Banque Paribas (1984 to 1994), the predecessors of the present BNP Paribas. Gus worked in Hong Kong and Singapore for the Paribas capital markets group.

He is also a resource speaker for fixed income courses at the Ateneo Center for Continuing Education and the University of Asia and the Pacific as well as for the PSE Certified Securities Specialist Course. He pursued his course of AB Social science at the University of the Philippines finishing in 1974. He received further training in international capital markets through seminars and courses conducted by BNP and Banque Paribas in London, Paris, Tokyo in New York.

**BRO. MANUEL V. DELEON, FMS**  
**DIRECTOR**  
**54, Filipino**

Bro. De Leon has been serving as a member of the Board of Director since 2005 and elected as Chairman of the Board on March 22, 2011. Bro. de Leon is also the Chairman of First Metro Save & Learn Fixed Income Fund, Inc. First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc. and First Metro Save and Learn Global Opportunity Fund, Inc. He also director for First Metro Asset Management, Inc. (since 2005). He is the Provincial Superior of Marist Brothers of the Schools - East Asia Province (from 2003 to present). He is the Founding President of SAGIP KA 2000 Foundation, Inc. (2000-present). He is Chairman of the Board of Notre Dame of Dadiangas University (2007-present), Notre Dame of Kidapawan College (2003-present), Notre Dame of Marbel University (1990-present). He was an awardee of the Ten Outstanding Young Men (TOYM) in 1992. He has masteral and doctorate degrees in Education from University of the Philippines.

**BRO. JOHN Y. TAN**  
**DIRECTOR**  
**54, Filipino**

Bro. Tan is a member of the Board of Trustees of Notre Dame of Dadiangas College, Notre Dame of Kidapawan College, Notre Dame of Marbel University, Marist Development Foundation, Inc., Marist School Marikina City, Marian Hills Memorial Park, Inc., ND Business Resource Center Foundation, Inc., First Metro Investment Corporation, and SAGIP KA 2000 Foundation, Inc. He is the Chairman of the Board of Trustees of Notre Dame of Cotabato, Inc. He is also the treasurer of Notre Dame Educational Association and a member of the International Preparatory Commission on Mission, Marist Brothers Generalate, Rome, Italy. He is a member of the Provincial Council and Provincial Econome of Marist Brothers of the Philippines, Inc. He was a Mindanao Cluster Team Member of FORD Foundation IP Regional Screening Committee, President of Samahan ng mga Pari at Relihiyoso ng Kidapawan (SPARK), Chairman of Cotabato Province CHED Sports Council, and Board of Trustees

Member of Cotabato Private Schools Association, Inc. He has a bachelor's degree in Education (English/Science) and a master's degree in Education (Educational Administration) from Notre Dame University.

**MR. REX C. DRILON II**  
**INDEPENDENT DIRECTOR**  
**62, Filipino**

Mr. Drilon was elected as Independent Director of FAMI on May 8, 2012. He is also an Independent Director of First Metro Investment Corporation since June 2011. He has over 30 years of experience in general management, having served in various key executive positions such as: President of Phil Fuji Xerox Corporation, Yuchengco Group (1994 to 1995), Vice President and General Manager of Jardine Sugar Group, President of Hawaiian Philippine Company as well as HPCo Agridev Corp (1996-1997), Vice President of Ayala Land, Inc., President of Cebu Holdings Inc. and Cebu Property Ventures and Development Corp. (1998-2001), and Chief Operating Officer of Ortigas and Company Limited Partnership (2001-2010).

Mr. Drilon received his Business Administration degree from the University of the East and pursued further studies at the University of Asia and the Pacific. He is a Fellow of the Institute for Solidarity in Asia and the Institute of Corporate Directors from 2003 up to the present. He also currently sits as a Director of Priority Management, JMRJ Drilon Foundation, and the Iloilo Economic Development Foundation.

**MR. JUSTINO JUAN R. OCAMPO**  
**DIRECTOR**  
**48, Filipino**

Mr. Ocampo joined the Board on June 20, 2012. Concurrently, he is the Senior Vice President and Investment Banking Group Head of First Metro Investment Corporation (since 2010). He is also director of SBC Properties Inc. (since 2011) and Prima Venture Development Inc. (since 2012). He started his career in banking at the Far East Bank and Trust Co. in 1985 and later moved on to the Dev't. Bank of the Philippines in 1990, PCIBank in 1992, AB Capital and Investment Corp. in 1996 and ABN Amro Bank N.V., Manila in 1999. In 2010, he joined First Metro investment Corp. as Senior Vice-President and Deputy Group Head of the Investment Banking Group, a position he still presently holds. Mr. Ocampo brings with him over 25 yrs. of banking and investment experience covering a considerable range of banking related areas.

Mr. Ocampo had undergone intensive training abroad in management, finance, capital markets, negotiations and even non-bank related areas such energy and petroleum & petrochemicals during his previous employments.

A product of the University of the Philippines, Diliman, Justino Juan R. Ocampo graduated Cum Laude with a degree in BS Business Administration in 1984.

**BRO. NARCISO S. ERGUIZA, JR., FSC**  
**DIRECTOR**  
**61, Filipino**

Bro. Erguiza was elected as Director in June 2011. Term of office is one year. Currently, he is the President of De La Salle University (August 2010 to present), De La Salle University-Canlubang (August 2010 to present) and De La Salle University-Malabon City. He held the following positions: President of La Salle University, Ozamiz City (May 2006 to May 2010), Immaculate Conception College- La Salle Ozamis City and Chief Executive Officer, Universitas Katolik De La Salle, Manado, Indonesia (June 2006 to 2007).

Bro. Erguiza has a Doctorate Degree in Education major in Educational Management and Masters of Arts in English Education at De La Salle University. He has a Bachelor of Arts and Bachelor of Science in Education from De La Salle University.

**MR. NILO L. PACHECO, JR.**  
**DIRECTOR**  
**62, Filipino**

Director since December 2010. He is the Vice Chancellor for Finance of De La Salle Group (from June 1, 2011 to present). Mr. Pacheco has an Advanced Management Program at the Harvard Business School Boston, Massachusetts, USA and Masters in Business Administration at the University of the Philippines. He finished Bachelor of Arts major in Mathematics from De La Salle University.

Among his other positions are: Director, Sterling Bank of Asia (October 2010- present) and ATR Kim Eng Securities Inc. (February 2010- present). He also held the following positions: President, Export and Industry Bank (April 2007 to May 2009), Executive Vice President for Union Bank of the Philippines (June 2006 to March 2007) and International Exchange Bank (September 1995 to June 2006).

**MR. JOSE C. NOGRALES**  
**INDEPENDENT DIRECTOR**  
**63, Filipino**

Mr. Nograles was elected to the Board as Directors in June 2011. He was past President and Vice Chairman of the Board of Directors of the Philippine Deposit Insurance Corporation (Jan. 2008 to June 2011). He held various key positions with the Land Bank of the Philippines & Group from 2000 to 2007. Mr. Nograles being the Vice Chairman/President of the Land Bank Insurance Brokerage Inc. (2000 to 2007), was appointed as Vice Chairman of the Executive Committee (2002 to 2007). He joined the UCPB Board in March 2008 to Jan. 2011 where he appointed as Chairman of the Audit Committee and member of the Executive Committee. He was also the Chairman of the Audit Committee and member of the Executive Council of International Association of Deposit Insurers (Oct. 2008 to May 2011).

He pursued collegiate studies at the Ateneo de Manila University, earning an AB degree in Economics and graduating as Cum Laude. He also completed Master's degree in Business

Administration from the Asian Institute of Management and undertook diploma courses-Career Executive Service Officer III ; Fellow, Institute of Corporate Directors.

**MS. MARIE ARABELLA D. VERON**  
**DIRECTOR/TREASURER**  
**52, FILIPINO**

Ms. Veron was elected to the Board in April 2011. She is the Controller and First Vice President of First Metro Investment Corporation, Treasurer/Director of SBC Properties, Inc. (2003-present), Treasurer of First Metro Save & Learn Money Market Fund, Inc., First Metro Global Opportunity Fund, Inc., First Metro Save & Learn Fixed Income Fund, One Wealthy Nation Fund, Treasurer of PBC Capital Investment Corporation (2006-present). She was a manager of MBTC Domestic Subsidiaries, a Senior Auditor of Joaquin Cunanan & Co./Price Waterhouse (1980-1985) and of Philippine International Trading Corporation (1985-1990). Ms. Veron finished her Bachelor of Science Degree in Business Administration, major in Accounting from University of the East. She is a Certified Public Accountant and a Certified Management Accountant.

**MR. HECTOR C. DE LEON**  
**EXECUTIVE VICE PRESIDENT**  
**50, FILIPINO**

Mr. De Leon is the President of First Metro Global Opportunity Fund, Inc. (since 2010), First Metro Save and Learn Equity Fund, Inc. (since June 2011) First Metro Save and Learn Fixed Income Fund, Inc. (since June 2011), First Metro Save and Learn Dollar Bond Fund, Inc. (since June 2011) and First Metro Save and Learn Balanced Fund Inc. (2011 to present). He was formerly the EVP and Head of Sales and Marketing for Philequity Management, Inc (2006 to 2007). Before joining Philequity, he served as FVP for Capital Markets of Philam Asset Management Inc. (1996 to 2006) where he was instrumental in setting up and operating most of the company's mutual funds. He was former Chairman of the Board of Trustees of the Investment Company Association of the Philippines from 2005 to 2006. Mr. de Leon has a Bachelors Degree in Electronics and Communications Engineering from De La Salle University and took up Masters in Business Administration (MBA) at the Ateneo Graduate School of Business.

**MR. EDWIN B. VALEROSO**  
**FIRST VICE PRESIDENT**  
**50, Filipino**

Mr. Valeroso is the First Vice President of First Metro Asset Management, Inc. (2005-present), Asst. Treasurer for First Metro Save & Learn Balanced Fund (Jan 2007 to June 2011), First Metro Save & Learn Fixed Income Fund and First Metro Save & Learn Equity Fund (from May 2005 to June 2011), and First Metro Save and Learn Money Market Fund, Inc. (2008 to 2011). He is Vice President/Trustee/Corporate Secretary of Philippine Investment Funds Association

(2006-present) and an Associate Professorial Guest Lecturer at De La Salle University-Graduate School of Business (2000-present). He was a Mutual Fund Strategist at First Metro Investment Corporation (2004-2005). Mr. Valeroso has a BS Actuarial Mathematics degree from University of Santo Tomas, a Master's degree in Applied Mathematics from University of the Philippines, and a Doctorate degree in Business Administration from De La Salle University-Manila. He is also an alumnus of the Trust Institute Foundation of the Philippines.

**ATTY. NIMFA B. PASTRANA**  
**CORPORATE SECRETARY**  
**50, FILIPINO**

Atty. Pastrana is the First Vice President and Asst. Corporate Secretary of First Metro Investment Corporation. She is also Corporate Secretary of First Metro Save and Learn Balanced Fund and First Metro Money Market Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc. and First Metro Global Opportunity Fund, Inc. She is also the Corporate Secretary of PBC Capital Investment Corporation, Prima Ventures Development Corporation, SBC Properties, Inc., First Metro Insurance Brokers Corp., FMIC Equities, Inc., First Metro Securities Brokerage Corp. She finished her A.B Philosophy course at the University of the Philippines and her Bachelor of Law at San Beda College.

**MR. JONATHAN T. TABAC**  
**COMPLIANCE OFFICER**  
**55, FILIPINO**

Compliance Officer since 2005. Term of office is one year. He is also the Compliance Officer of First Metro Investment Corporation, First Metro Securities Brokerage Corporation, First Metro Save & Learn Fixed Income Fund, One Wealthy Nation Fund, and First Metro Asset Management, Inc (from May 2005 to present). He was AVP & Compliance Officer of Citystate Savings Bank (2002-2003), Vice President of Maybank Philippines (formerly PNB Republic Planters Bank)-1997-2001 and Chairman of the Board of RPB Provident Fund, Inc.(1997-2001) Mr. Tabac finished BSC-Accounting from University of Baguio and MBA units from the University of Santo Tomas. He is a Certified Public Accountant.

**Custodian Bank**

The Custodian Bank of the Company is The Hongkong and Shanghai Banking Corporation Ltd (HSBC). The Custodian Bank Agreement covers the custodian bank's duties on receipt of investments, redemption procedures to be used, reports and records to be accomplished by the custodian bank, procedures governing the transfer of the Company's shares and accounts of investors, custody of certificates representing investments made by the fund manager for the Fund and fees of the Custodian bank.

**Transfer Agent**

Metrobank-Trust Banking Group is the designated Stock and Transfer Agent of the Fund.

**External Auditors**

The present auditor of ONE WEALTHY NATION FUND INC is Sycip, Gorres, Velayo and Company. The report of said auditors on the financial statements of the company for the interim period ended September 30, 2013 contained unqualified opinion.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosures, auditing scope or procedures, which disagreements, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their respective reports on the financial statements for the said period.

The aggregate fees paid for the professional services rendered by SGV & Company for the audit of our Interim Financial Statements for the period ended September 30, 2013 is P36,960.00 . SGV & Co. conducted the audit in accordance with auditing standards generally accepted in the Philippines to obtain reasonable assurance about whether the financial statements are free of material misstatements. Their audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

There are no tax fees paid since the company was incorporated on April 26, 2013 for services rendered by SGV & Co. for tax accounting compliance, advice, planning and any other form of tax service.

There are no other fees paid from April 26, 2013 for products and services provided by SGV & Co. Other than the services mentioned above.

**Material Contracts and Agreements**

The following is a summary of the material contracts and agreements relating to the Fund:

**Management and Distribution Agreement**

Under this agreement, First Metro Asset Management, Inc., was appointed as the Investment Manager, Principal Distributor, and Fund Administrator of the Fund. Under the Agreement, the services of FAMI shall include the following:

1. Coordination of the activities of, and extension of all necessary cooperation or assistance to the Fund's Custodian Bank, the Transfer Agent, the auditors, and the legal counsel without prejudice to the direct responsibility of such firms to the Fund;
2. Preparation of such reports, circulars, notices and other information on internal corporate affairs that may be required, from time to time, by the Fund, its stockholders, board of directors, and/or officers, which shall include a monthly report on: a.) Revenues and disbursements broken-down as to investments and expenses; b.) Sales and redemptions; and c.) Performance, change or status of the Fund's assets;
3. Representation with Government offices, instrumentalities and agencies, including all work required in registering the Fund's securities, obtaining proper licenses and permits, complying with other



legal requirements including those requirements relevant to FAMI's own operations, and submitting regular reports to various government agencies;

4. Accounting, bookkeeping, clerical and other administrative services in the ordinary conduct of the Fund's activities, other than those services provided by the Custodian Bank, the auditors, and the legal counsel;
5. Provide office space and other administrative facilities;
6. Distribution of the shares of the Fund
7. Investment and reinvestment of the resources of the Fund in accordance with the investment policies and guidelines set by the Fund's board of directors in conformity with the Fund's Prospectus, the Investment Company Act and other applicable laws and regulations;
8. Preparation and submission of such information and data relating to economic conditions, industries, business, corporations, or securities as may be reasonably required by the Fund's Board of Directors or as FAMI may deem to be helpful in formulating and evaluating its investment policies or guidelines;
9. Transactions with stockbrokers for the account of the Fund in connection with the investment and reinvestment of the Fund's assets;

The fees payable to FAMI, is a monthly fee equivalent to 1.75% per annum of the average net asset value of the Fund's assets, computed on a daily basis. The "net asset value" shall be determined by computing the total value of the Fund's assets less its liabilities divided by the number of shares outstanding in accordance with the procedure used in computing the net asset value of the Fund. In addition, as Investment Manager, FAMI shall be paid an incentive fee equivalent to 10% of the realized appreciation in the value of the fund's net assets in excess of the benchmark, earlier defined in this prospectus.

#### **Custodian Bank Agreement**

Under the agreement, the Custodian Bank shall receive, safe-keep, record, and account for the proceeds of the sale of the shares of stock of the Fund. The Custodian Bank shall, likewise, hold all the certificates representing the investments made by the Investment Manager in behalf of the Fund in accordance with the regulations of the SEC.

#### **Stock and Transfer Agency Agreement**

Under the agreement, the Stock and Transfer Agent shall render the following services:

1. File the reports pertaining to the Fund as may be required by the SEC and other governmental entities;
2. Prepare the list of stockholders for all regular or special meetings of the Fund's stockholders;
3. Prepare and mail out all notices, reports, and circulars to all stockholders upon prior request of the Fund, Investment Manager or Administrator;
4. Prepare and mail dividend checks;
5. Prepare and issue stock certificates; and,
6. Register all liens constituted on the shares of stock of the Fund.

### **Expenses Chargeable to the Fund and the Fund Management Company**

The expenses chargeable to the Fund are:

1. Compensations of the officers and directors of the Fund;
2. Audit and legal fees of the Fund;
3. Brokerage charges and other customary fees in connection with the acquisition, appraisal and disposition of the Fund's assets;
4. Fees of the Custodian Bank to the extent not absorbed by buyers of the Fund's securities;
5. Cost of printing and mailing notices, reports, proxies and other communication material to the Fund's stockholders;
6. Fees of Transfer Agent for the securities to the extent not absorbed by the buyers of the Fund's securities;
7. Taxes, including income taxes, documentary stamp taxes, and license fees, to the extent not absorbed by the buyers of the Fund's securities and as may be required by law or by the rules and regulations of the SEC; and,
8. Investment Management fee, Distribution Fee and Fund Administration fee which are computed in accordance with the Management and Distribution Agreement.

The expenses chargeable to FAMI are:

1. Salaries, bonuses, allowances, and other compensation of the personnel hired by the company to perform the administrative and distribution functions and other services as may be required by law or by the rules and regulations of the SEC;
2. Expenses incurred for the office space and other administrative facilities;
3. Commission fees and other compensation due to agents and dealers in connection with the distribution of the shares of the Fund;
4. Transportation and communication charges in relation to the distribution of the shares;
5. Cost of selling materials such as brochures, sales kits, and cost of printing and distributing the Prospectus; and,

6. Advertising and promotional expenses incurred in connection with the selling of the Fund's shares, including the daily publication of NAV quotations.

### **Applicable Philippine Laws**

#### **Investment Company Act of 1960**

The business of investment companies is primarily regulated by the Investment Company Act of 1960 and the SEC rules and regulations governing investment companies. Subject to the exceptions under the law, an investment company is any issuer which is or holds itself out as being engaged primarily, or proposes to engage primarily in the business of investing, reinvesting, or trading in securities. An investment company is either, an open-end company or a closed-end company.

On one hand, an open-end company is an investment company that offers for sale or has outstanding redeemable security, of which it is the issuer. On the other hand, a closed-end company is any investment company other than an open-end company.

To be incorporated as an investment company, the following requirements should be complied with:

1. Minimum subscribed and paid-in capital of Php50,000,000.00 (with exception);
2. All shares of stock should be common and voting shares. In the case of open-end companies, the articles of incorporation thereof should expressly deny the pre-emptive rights of stockholders;
3. All the members of the board directors must be Filipino citizens.

The Investment Company Act, likewise, requires the registration of the investment company and of the shares of the investment company itself. Likewise, the Investment Company Act requires an investment company to place and maintain its securities and similar investments in the custody of: a duly organized local commercial bank of good repute; or a company that is a member of a securities exchange as defined in the Securities Regulation Code subject to such rules and regulations of the Securities and Exchange Commission; or such registered company, but only in accordance with such rules and regulations or order as the Commission may from time to time prescribe for the protection of investors.

#### **Dividends**

The corporation may pay dividends only out of its unrestricted retained earnings, the unrestricted retained earnings of the corporation that have not been allocated for any managerial, contractual, or legal purposes and that are free for distribution to shareholders. The corporation may satisfy dividends in cash, by the distribution of property, or by the issuance of shares of stock. Dividends satisfied by the issuance of shares may only be paid with the approval of shareholders representing at least two-thirds (2/3) of the

outstanding capital stock at a shareholders' meeting specially called for that purpose.

Declaration of dividends is generally discretionary with the board of directors. However, corporations with surplus profits in excess of 100% of their paid-in capital are required to declare and distribute the amount of such excess profits as dividends, except when the retention is justified by: Definite corporate expansion projects, programs approved by the board of directors, or when consent of creditors is required under any loan agreement, or when it can be clearly shown that such retention is necessary under special circumstances.

### **Rights of Minority Shareholders**

The right of a shareholder to institute proceedings on behalf of the corporation in a derivative suit is recognized by Philippine law. Derivative suits may be filed where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrong committed against the corporation or to vindicate corporate rights. Derivative suits involving intra-corporate disputes are filed before the Courts of general jurisdiction of the appropriate Regional Trial Court per Sec 5.2 of the Securities Regulation Code.

Shareholders have the right to inspect the records of the corporation at reasonable hours on business days. These records include minutes of all meetings of the board of directors and of the shareholders, and records of all business transactions of the corporation. However, the right of inspection may be denied if the shareholder seeking to examine the corporate records has improperly used any information secured through any prior examination of corporate records, or was not acting in good faith or with a legitimate purpose in making his demand for inspection.

### **Management**

Corporate powers are exercised, all business conducted, and all properties of a corporation are controlled and held by the board of directors. However, a corporation may enter into a management contract with another corporation, for a period not exceeding five (5) years for any one term, subject to the approval of the board of directors and stockholders owning at least a majority (or in certain instances, two-thirds) of the outstanding capital stock of both the managing and managed corporations. The nature of an investment company's business, however, makes it imperative for the corporation to enter into a management contract with an investment manager/adviser. The Investment Company Act lays down the requirements for such kind of contracts as follows:

1. The contract has been approved by the vote of a majority of the outstanding voting securities of the investment company;
2. The contract precisely described all compensation to be paid thereunder;
3. The contract shall continue in effect for a period of more than two years from the date of its execution, provided that such continuance is

- specifically approved at least annually by the board of directors or by vote of a majority of the outstanding voting securities of such company;
4. The contract provides in substance that it may be terminated at any time without the payment of any penalty by the board of directors of the company or by vote of two-thirds of the outstanding voting securities of such company or not more than sixty days written notice to the investment adviser; and,
  5. The contract provides in substance for the automatic termination in the event of assignment thereof by the investment adviser/manager.

Unless otherwise provided by the Corporation Code, the articles of incorporation or By-laws of the corporation, an act of the majority of the directors present in a meeting with a quorum shall be valid as a corporate act. Certain corporate acts, however, may only be effected with the approval of shareholders representing at least two-thirds (2/3) of the outstanding capital stock at a shareholders' meeting convened for the purpose. Matters requiring such shareholders' approval include, but are not limited to: the amendment of the articles of incorporation; the removal of directors; the sale, lease, exchange, mortgage, pledge, or other disposition of all or a substantial part of the assets of the corporation; and investment of corporate funds in any other corporation, or business, or for any purpose other than primary purpose for which the corporation was organized.

Each member of the board of directors, who must hold at least one (1) share of the corporation, is elected for a one (1) year term during the annual meeting of stockholders of the corporation.

Each share of stock is entitled to one vote during shareholders' meeting. However, in the election of directors, each shareholder is entitled to such number of votes as is equal to the product of the number of shares owned by him and the number of directors to be elected. The shareholder may cumulate his votes in favor of one candidate or distribute these votes in such proportion and amount between or among as many of the candidates as he may think fit. The election of directors may only be held at a meeting convened for that purpose at which shareholders representing a majority of outstanding capital stock are present in person or by proxy. However, any vacancy in the board, other than by removal or expiration of term, may be filled by the majority of the remaining directors if still constituting a quorum.

#### *Accounting and Auditing*

Corporations are required to file copies of their annual financial statements with the SEC. Shareholders are entitled to request copies of the most recent financial statements of the corporation which shall include a balance sheet as of the end of the last tax year and profit and loss statement approved at least annually by the board of directors or by vote of a majority of the outstanding voting securities of such company for that year. The board of directors is required to present to shareholders at every annual meeting a financial report

of the operations of the corporation for the preceding year. This report is required to include audited financial statements.

### *Taxation*

1. Corporate income tax on taxable income derived from all sources within and without the Philippines is 30%;
2. Final withholding tax of 20% on gross interest from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements;
3. Final withholding tax on sale of shares listed and traded through the Exchange of 1/2 of 1% of gross selling price;
4. Tax on net capital gain of sale of shares not traded through the Exchange: not over 100,000.00 - 5% and amount in excess of 100,000.00 - 10%;
5. Documentary stamps tax at the rate of P1.00 per P200.00 (or fractional part thereof) of par value on original issuance of shares by the Fund.

### *Shareholder*

1. Tax on dividends received from the Fund by: domestic corporations and resident foreign corporation: None; individual citizen and individual resident alien: 10%
2. Documentary stamps tax of P0.75 per P200.00 (or fractional part thereof) of par value on subsequent sale or transfer of shares by the Shareholder.
3. Tax on gains realized by the investor upon redemption of shares in a mutual fund company: None.
4. Tax on net capital gains on sale of shares not traded through the Exchange: Not over 100,000.00: 5%; and amount in excess of 100,000.00: 10%.
5. Tax on dividends received from domestic corporations: None.
6. Documentary stamps tax at the rate of P1.00 per P200.00 (or fractional part thereof) of par value on original issuance of shares by the Fund.