



FINAL PROSPECTUS

FIRST METRO SAVE AND LEARN PHILIPPINE INDEX FUND, INC.
formerly One Wealthy Nation Fund, Inc.

(Open-end Investment Company)
ISSUER

The number of securities to be offered inclusive of what has already been subscribed to upon incorporation is Two Hundred Million (200,000,000) common shares, which will be offered based on the Net Asset Value (NAV) per share computed on a daily basis plus sales load. The shares will be traded over-the-counter.

FIRST METRO ASSET MANAGEMENT, INC.

Investment Company Adviser, Fund Administrator,
and Principal Distributor
18th Floor, PSBank Center
777 Paseo de Roxas corner Sedeño St., Salcedo Village, Makati City
Tel. No. (632) 891-2860 to 65

THIS PROSPECTUS IS DATED
20 December 2019

**THIS PROSPECTUS SHOULD BE READ CAREFULLY BEFORE INVESTING
AND RETAINED FOR FUTURE REFERENCE.**

This prospectus relates to the offer Two Hundred Million (200,000,000) common shares with a par value of P1.00 per share of First Metro Save and Learn Philippine Index Fund, Inc. (formerly One Wealthy Nation Fund, Inc.). The price at which these shares are to be offered is based on the current Net Asset Value Per Share (“NAVPS”) computed on a daily basis plus a sales load fee. Using the Net Asset value per share computed of Php0.8556 as of 30 September 2019, the total estimated gross proceeds to be raised by the offering is Php171,120,000.

The Issuer is a domestic corporation, incorporated on April 26, 2013 as One Wealthy Nation Fund, Inc., with which the annual stockholders meeting is conducted every 3rd Wednesday of June or as stated in its By-Laws. The Fund has received the approval of the Commission to change the name to First Metro Save and Learn Philippines Index Fund, Inc. (the Fund) on October 12, 2018.

The net proceeds from the sale of securities will be used to invest in a basket of securities which are included in the Philippine Stock Exchange Index (PSEi) of the Philippine Stock Exchange (PSE). The Fund aims to provide returns which would reflect the performance of the Philippine equities market by investing in equity securities included in the PSEi. The portfolio of the Fund is to be rebalanced and reconstituted every six (6) months in order to adjust to the current composition of the PSEi. Price volatility of the constituent shares of stock can affect the market value of the assets of the Fund and cause the Fund’s Net asset Value (“NAV”) to vary.

The offer shares will be primarily sold through the Fund’s investment manager, First Metro Asset Management, Inc. (FAMI). FAMI shall be paid a monthly fee up to a maximum of one point seventy-five percent (1.75%) per annum of the average net asset value of the Fund’s assets, computed on a daily basis.


All of the offered shares are common shares, voting with identical rights and privileges, and may be owned by any person or entity, regardless of nationality. The shares are eligible for payment of dividends, which depends, among other factors, upon the Fund’s unrestricted retained earnings, cash flow and financial condition.

As provided for in the Issuer’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.

An investment in the Fund is not insured or guaranteed by the Philippines Deposit Insurance Corporation or any other government agency. The Fund’s return will change as a result of movements in the stock market and other macroeconomic factors.

The information contained in this Prospectus has been supplied by the Fund, unless otherwise stated. To the best of its knowledge and belief, the Fund confirms that there are no omissions of fact which would make any statement in this Prospectus misleading and hereby accepts full and sole responsibility for the accuracy of the information. The Principal Distributor (First Metro Asset Management, Inc.) has exerted reasonable efforts to verify the information herein and does not make any representations or warranties as to the accuracy, truthfulness or completeness of the materials contained herein. The Principal Distributor assumes no liability for any information supplied by the Fund in relation to this Prospectus. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Fund since such date.

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



ROBERT T. YU
President

SUBSCRIBED AND SWORN to before this 23 DEC 2019 day of _____ 2019, affiant exhibiting to me his Passport # P10152420 issued on Nov. 12, 2019 at Davao del Sur and valid until Nov. 11, 2029.

Doc. No 429 ;
Page No 84 ;
Book No 129 ;
Series of 2019.

ATTY. ROSELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Not. Com. No. NR-1221-12-19 until 12-31-2020
BP O.R. No. 055255 Jan. 2019 & IBP O.R. No. 055256 Jan. 2020
PTR O.R. No. 7376155 C. 1-1-19 Roll No. 33832 TIN# 129-871-009
MCLE No. V-0019290 valid from 04-15-2016 until 04-14-2019 PASIG CITY
Address: 31-F Harvard St. Cubao, Q. C.

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GLOSSARY

1. **Assets Under Management (AUM)** – shall refer to the total market value of all the financial assets of an Investment Company managed by a Fund Manager.
2. **BSP**– shall refer to the Bangko Sentral ng Pilipinas
3. **Commission** – shall refer to the Securities and Exchange Commission.
4. **Fund Manager** – shall refer to a registered entity with an Investment Company Adviser license that is First Metro Asset Management, Inc. (FAMI).
5. **Independent Director** – shall refer to a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company. An independent director shall possess the degree of independence and all the qualifications and none of the disqualifications for independent directors as defined in the SRC and its implementing rules and regulations or such other rules or guidelines issued by the Commission.
6. **Index Fund** – shall refer to an Investment Company with an objective of providing investors with a return that replicates or is linked to securities indices as disclosed in its prospectus.
7. **Investment Company** – shall refer to a stock corporation primarily engaged or holds itself out as being engaged primarily, or proposes to engage, in the business of investing, reinvesting and trading in securities.
8. **Investors of the Fund** – shall refer to the shareholders or unitholders of the Investment Company who subscribe to the shares or units of the Investment Company.
9. **Net Asset Value (NAV)** – shall refer to the aggregate value of each fund, either shares or units, as determined by the market value of its underlying securities holdings, including any cash in the portfolio less liabilities, computed at the close of the trading of securities for the day.
10. **Net Asset Value per Share or NAVps** – shall refer to the computed NAV on a per share basis at the close of the day. It is the computed difference between the total assets of the Fund and its liabilities divided by the number of outstanding shares.
11. **Open-end company** – shall refer to an investment company which is offering for sale, or has outstanding, any redeemable security, of which it is the issuer.
12. **Sales load** – shall refer to the charge or commission on the cost of acquiring the shares or units of an Investment Company.

PROSPECTUS SUMMARY

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

Issuer	First Metro Save and Learn Philippines Index Fund, Inc. (formerly One Wealthy Nation Fund, Inc.)										
Investment Objective	The Fund aims to provide returns which would reflect the performance of the Philippine equities market by investing in a basket of securities included in PSEi, prior to application of fees and expenses.										
Shares Offered/Par Value	The Fund is offering 200,000,000 shares of common stock with a par value of one peso P1.00 per share.										
Offering Price	It is the NAVPs at the end of banking day, if payment is made within the daily cut-off time, plus a sales load fee.										
Sales Load Fee	<table border="1"> <thead> <tr> <th><u>Investment Amount</u></th> <th><u>Sales Load</u></th> </tr> </thead> <tbody> <tr> <td>Less than P100,000</td> <td>2.0%</td> </tr> <tr> <td>P100,000 to less than P500,000</td> <td>1.5%</td> </tr> <tr> <td>P500,000 to less than P2,000,000</td> <td>1.0%</td> </tr> <tr> <td>P2,000,000 and above</td> <td>0.5%</td> </tr> </tbody> </table>	<u>Investment Amount</u>	<u>Sales Load</u>	Less than P100,000	2.0%	P100,000 to less than P500,000	1.5%	P500,000 to less than P2,000,000	1.0%	P2,000,000 and above	0.5%
<u>Investment Amount</u>	<u>Sales Load</u>										
Less than P100,000	2.0%										
P100,000 to less than P500,000	1.5%										
P500,000 to less than P2,000,000	1.0%										
P2,000,000 and above	0.5%										
Daily Cut-off Time	If received after 1:30 PM, subscription will be processed at the NAVPs calculated for the next business day. For redemption requests, the daily cut-off time shall be 12:00 NN.										
Minimum Investment	The minimum initial and additional investment shall be P5,000.00 and P1,000.00 respectively or as otherwise prescribed by the Fund Manager and approved by the Commission.										
Redemption Price	<p>The redemption price is the NAVPS at the close of business day provided that redemption form is received on or before the specified cut-off time.</p> <p>Should the redemption request be received after the specified cut-off time, the request shall be deemed to have been received on the following business day and the NAVPS applied shall be the NAVPS of the said following business day.</p>										
Redemption Charge	Redemptions made within six (6) months are subject to an exit fee of no more than 1% (exclusive of Value Added Tax/VAT). No redemption fee shall be deducted if redeemed beyond six (6) months from the time of investment.										
Asset Valuation	The Fund will be valued using the mark-to-market basis in accordance with PFRS 9. Thus, the NAV of the Fund will fluctuate with changes in the market value of the Fund's investments. Such changes in the market value may occur as a result of various factors including material changes in the Fund, general economic conditions or interest rate and foreign exchange policy changes.										

SUMMARY OF FINANCIAL INFORMATION

FIRST METRO SAVE AND LEARN PHILIPPINE INDEX FUND, INC. (An Open-End Mutual Fund Company)

AUDITED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2018	2017
ASSETS		
Cash in banks	₱7,801,356	₱23,527,836
Financial assets at fair value through profit or loss	60,840,368	36,314,358
Receivables	31,167	14,800
Other assets	485,291	485,291
	₱69,158,182	₱60,342,285
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued expenses	₱621,626	₱831,274
Equity		
Capital stock	81,910,194	59,949,169
Additional paid-in capital	14,344,613	13,537,675
Deficit	(27,718,251)	(13,975,833)
	68,536,556	59,511,011
	₱69,158,182	₱60,342,285

FIRST METRO SAVE AND LEARN PHILIPPINE INDEX FUND, INC.
(An Open-End Mutual Fund Company)

AUDITED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31	
	2018	2017
INVESTMENT INCOME		
Trading gains (losses) – net	(P13,698,137)	P10,709,748
Dividend income	1,287,722	945,176
Interest income	22,252	1,475,137
Miscellaneous	126,923	–
	(12,261,240)	13,130,061
EXPENSES		
Management and retainer’s fees	2,041,294	1,590,802
Broker’s commissions	786,880	776,180
Taxes and licenses	667,557	249,245
Directors’ and officers’ fees	217,575	127,500
Custodian fees	158,780	153,717
Professional fees	113,541	251,328
Transaction charges	46,715	45,672
Miscellaneous	107,307	87,763
	4,139,649	3,282,207
NET INVESTMENT INCOME (LOSS)		
BEFORE TAX	(16,400,889)	9,847,854
PROVISION FOR INCOME TAX	763,216	798,102
NET INVESTMENT INCOME (LOSS)	(17,164,105)	9,049,752
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Item that recycle to profit or loss in subsequent periods:</i>		
Changes in net unrealized gains (losses) of available-for-sale investments	–	(156,155)
TOTAL COMPREHENSIVE INCOME (LOSS)	(P17,164,105)	P8,893,597
BASIC/DILUTED EARNINGS (LOSS)		
PER SHARE	(P0.1672)	P0.1298

RISK FACTORS AND OTHER INFORMATION

I. GENERAL RISK WARNING

The price of securities as a result of market conditions fluctuates, and any individual security may experience upward or downward movement, and may even become valueless. There is a risk that losses may be incurred rather than profit made as a result of buying and selling of securities.

Past performance is not a guide to future performance.

An investor deals in a range of investments of which may carry a different level of risk. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.

II. PRUDENCE REQUIRED

This risk 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

The 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 risks involved in trading of securities especially the high-risk securities.

RISK FACTORS

Potential investors should read thoroughly all information contained in this Prospectus and/or other Fund related documents available before making any investment decisions. He or she should carefully consider all investment risks, fees, and/or other factors detailed in these documents to make certain whether the Fund's nature is appropriate for his or her investment profile and objective.

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, the returns of the Fund are not guaranteed and there is a risk that a Fund might not achieve its investment objectives.

A summary of each Risk Factor is listed by order of importance below:

MARKET RISK is the risk of change in the value/price of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk). The risk can be minimized by closely monitoring the Fund's tracking error and by following the exposure limits set in this prospectus or by the Commission.

POLITICAL RISK is the risk that arises from political changes in a country. It could stem from a change in leadership/ legislative bodies, other foreign policy makers and military control. To lessen the impact originating from political factors, the Fund will monitor political decisions made by the administration, the status of the reforms being administered by the government and foreign investors' perception of doing business in the country.

INFLATION RISK indirectly affects the Fund only to the extent that the interest rate outlook affects the forward valuation of the stocks in the portfolio. The fund does not at all invest in long-

term bonds or long-term fixed income instruments, and any interest rate risk is merely coincidental and has no direct correlation with the behavior of the portfolio.

INDEX RISK refers to the performance of the Fund which may not precisely duplicate the performance of the benchmark index being used. The Fund may rebalance the portfolio to account for changes in the composition or valuation of the stocks within the index. This creates the possibility of a marked difference between the Fund's performance and that of the index. Lacking active risk management, the Fund is fully exposed to all of the changes to the market benchmark, the PSEi.

CREDIT RISK (also called default risk) is the risk that the issuer of the security will be unable to make the required payments on their debt obligations. Given that this is an index fund, it will only invest in the basket of securities included in the PSEi.

REGULATORY RISK refers to the government regulations which are subject to change from time to time. Regulations such as taxation and accounting rules may have a significant impact in the performance of the Fund which may either be positive or negative for the shareholders of the Fund. To address this risk, the Fund will keep itself up-to-date with all regulatory changes that may have an impact on the Fund's operation and assets and seek to communicate and dialogue with departments concerned. In addition, the Fund will be an active member of the Philippine Investment Fund Association through which it may recommend changes in regulatory policies that affect the mutual fund industry.

TRACKING ERROR RISK (also called tracking risk) is the divergence of the Fund's performance from that of the index it tracks. Tracking error may occur due to the differences between the securities held in the Fund's portfolio and those included in the index, pricing differences, transaction costs, the Fund's holding of cash, differences in timing of the accrual of dividends, changes to the Underlying Index or the need to meet various new or existing regulatory requirements. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error may also result due to fees and expenses which are incurred by the Fund.

FAMI has had a strong track record of securing a very low tracking error through the FMETF which enjoyed a tracking error of 0.15% to 0.14% since inception in December 2013. Tracking error risk is fully mitigated by daily calculations and daily potential adjustments. However, in order not to increase expense ratios, portfolio movements will be executed only when tracking error threatens to widen significantly.

LIQUIDITY RISK (also called funding risk) is the risk that the Fund will encounter difficulty in raising funds within a reasonable time to meet short term financial demands. In addition, the ability to assign an accurate daily value to certain investments may sometimes be difficult, and the Fund Manager may be required to fair value the investments.

However, since one of the criteria for selection is that a constituent stock must have a history of above trading volume over the prior three months, any liquidity risk will be mitigated in every rebalancing.

PASSIVE INVESTMENT RISK is the risk that the Fund may be subject to greater losses in a declining market compared to a fund that is actively managed. The Fund is not actively managed and the Fund Manager may not attempt to take defensive positions in declining markets. This, however, is the nature of a tracker fund. Investors need to understand that the fund manager will do as best as he can to track the behavior of the index.

DILUTION RISK is the risk that the existing investors' ownership percentage will decrease as the number of outstanding shares increases. The influence that the investors can exert over the control and management of the Fund decreases proportionately.

OPERATIONS RISK refers to potential breakdown in internal controls, information systems, employee integrity and operating processes that will impact business operations. There are internal controls being practiced annually such as operational risk assessment conducted per department and business continuity/disaster recovery exercises.

REPUTATIONAL RISK is defined as any event that may distort public perception of FAMI name, brand, or corporate identity, such that if not addressed immediately or managed properly, may trigger extensive negative news coverage and public scrutiny, long-term public relations damage, breach of trust and outright impact on stakeholders' interest.

MANAGEMENT RISK is the risk that the fund manager will not be able to track the particular index or to fulfill the investment objective of the Fund. The board of director of the issuer shall see to it that all investment policies and restrictions enumerated in this prospectus are strictly followed. The board shall meet more often to continually monitor the Fund Manager's performance in this area.

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 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. However, daily monitoring of the portfolio's tracking error can mitigate management risk since any divergence from the tracked index can be responded to very quickly.

FUND FEATURES

THE FUND

First Metro Save and Learn Philippine Index Fund, Inc. (formerly One Wealthy Nation Fund, Inc.) is a Philippine corporation incorporated as an open-end investment company on April 26, 2013 under SEC registration No. CS201307805. The Fund is engaged primarily in the business of investing, reinvesting, and trading in, and issuing and redeeming its shares of stocks in exchange for a basket of securities representing an index.

CLASSIFICATION OF THE FUND INTO LOW, MEDIUM OR HIGH RISK INVESTMENT

The Fund is exposed to equity securities included in the PSEi which are high-risk investments. However, the Fund will be passively-managed since it will replicate the components and the performance of the PSEi. The Fund can be considered moderate to high risk investment.

INVESTMENT OBJECTIVE AND RESTRICTIONS

The investment objective of the Fund is to generate returns that would reflect the performance of the Philippine equities market by investing in equity securities included in the PSEi. The portfolio of the Fund will be rebalanced and reconstituted every six (6) months in order to adjust to the current composition of the PSEi.

ICA Rule 35-I provides that an investment company shall not change its investment objective without prior approval of a majority of its shareholders. However, a rebalancing of the index or change in its composition shall not be construed as a change in the investment limitation of the Fund.

The Fund shall be subject to the following limitations and restrictions:

- a. The maximum investment in any single enterprise or issuer shall not exceed an amount equivalent to fifteen percent (15%) of its net assets, nor shall the total investment of the fund exceed ten percent (10%) of the outstanding securities of the Fund.
- b. There shall be no investment of more than twenty percent (20%), in aggregate, of its net assets in transferable securities, money market securities, deposits and financial derivatives issued by a single entity or issuer.
- c. Deposits shall not exceed twenty percent (20%) of its net assets in a single bank/non-bank with a quasi-bank license excluding monies for liquidation of a revoked Investment Company.
- d. The investment in the following shall not exceed five percent (5%) of the net assets of the Fund:
 - a. Deposits placed with a non-investment grade or unrated deposit taking institution;
 - b. Debt securities or money market instruments not dealt in an organized market or issued by an unrated or non-investment grade issuing body;
 - c. Over-the-counter financial derivatives with non-investment grade or unrated counterparty, unless the derivatives are used for efficient portfolio management which the investment aggregate shall not exceed more than twenty percent (20%) of the assets of the Fund.
 - d. Unlisted shares issued by a related party.

The aggregate investments shall not exceed ten percent (10%)

- e. Investment in foreign government debt securities or money markets where the issuer or the guarantor is a government, sovereign or central bank with an international long-term issuer rating of investment grade may be increased to a maximum of thirty five percent (35%) of the net assets of the Fund.
- f. A maximum of five percent (5%) of the net assets of the Fund may be invested in government debt securities issued or guaranteed by a government, sovereign or central bank with an international long-term issuer rating that is non-investment grade;
- g. In investing in financial derivative instruments for the Fund, the Fund Manager shall see to it that it employs a risk-management process which captures the risks associated with the use of financial derivatives and satisfies all the following requirements:
 - a. The total exposure to financial derivatives or embedded financial derivatives, including counterparty transactions, shall not exceed ten percent (10%) of the net assets of the Fund, or five percent (5%) of the net assets if the derivatives are not investment grade, unless the derivatives counterparty is used for efficient portfolio management which the investment aggregate shall not exceed more than twenty percent (20%).
 - b. The Fund shall invest five percent (5%) of its net assets to liquid assets to meet all its payment and delivery obligations.
- h. The Fund shall not invest in the securities it is issuing.

- i. The Fund shall not purchase from or sell to any of its officers or directors or the officers or directors of its investment advisor/s, manager or distributor/s or firm/s of which any of them are members, any securities other than the capital stock of the Fund.
- j. The Fund shall not engage in short selling securities or invest in any of the following:
 - a. Margin purchase of securities (investment in partly paid shares are excluded)
 - b. Commodity futures contracts
 - c. Precious metals
 - d. Unlimited liability instruments
- k. For liquidity purposes, unless otherwise prescribed by the Commission, the Fund may implement a decreased investment of less than ten percent (10%) but not less than five percent (5%) of its assets in liquid/semi-liquid assets provided that a notarized liquidity contingency plan has been submitted, signed by the President of the Fund and its Fund Manager.
 - a. Treasury notes or bills, certificates of indebtedness issues by the Bangko Sentral ng Pilipinas (BSP) 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.
- l. The total operating expenses of the Fund shall not exceed ten percent (10%) of its average investment fund or net worth as shown in its previous Audited Financial Statements covering the immediately preceding fiscal year.
- m. The Fund shall not incur any further debt or borrowing unless at the time of its incurrence or immediately thereafter there is an asset coverage of at least three hundred percent (300%) for all borrowings of the Fund. Provided, however, that in the event that such asset coverage shall at any time fall below three hundred percent (300%), the Fund shall within three (3) days thereafter, reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least three hundred percent (300%).
- n. The Fund Manager shall inform the Commission within three (3) business days after it becomes aware of any breach of investment restrictions and shall rectify such breach as soon as practicable, but shall not be more than five (5) business days from the date of discovery. If any of the investment limits is breached by reason other than investment decision, the Fund Manager shall report this matter to the Commission within five (5) business days, and rectify the breach no later than three (3) months from the date of the breach.

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. 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.

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.

INVESTOR PROFILE AND INVESTMENT SUITABILITY

Prior to account opening, the Fund shall perform an investor profiling process for all investors under the general principles on client suitability assessment to guide the investor in choosing investment outlets that are best suited to their objectives, risk tolerance, preferences and experience. The profiling process shall, at the minimum, require the client to provide relevant information thru the Suitability Assessment Form (SAF) and classify them according to their financial sophistication and communicate the SAF results to the Fund.

REQUIREMENTS FOR ACCOUNT OPENING

Any qualified investors may submit the following documents through the principal distributor, FAMI, or through any authorized investment solicitor:

The Know-Your-Customer (KYC) documents (*may be updated from time to time*)

- a. Account Opening Form (AOF), Customer Data Sheet (CDS), Signature Card (per investor)
- b. Photocopy of at least one (1) valid government-issued ID
- c. Subscription/initial payment to First Metro Save and Learn Philippine Index Fund, Inc.

For investors other than individuals, the following documents, in addition to the AOF, CDS, Signature Card and valid government-issued ID, must be submitted and shall be considered integral parts thereof:

- a. Investor's SEC Certificate of Registration, Articles of Incorporation and By-Laws;
- b. Latest Audited Financial Statement (AFS);
- c. Latest General Information Sheet (GIS);
- d. Notarized corporate secretary's certificate setting forth the resolutions of the Investor's Board of Directors or equivalent body:
 - i. Authorizing the purchase of the shares of the Fund;
 - ii. Designating the signatories for the purpose; and
 - iii. Certifying the percentage of capital stock held by non-Filipinos.

Applications for the number of shares and the applicable NAV are subject to acceptance and approval by the Principal Distributor. The Issuer or its Principal Distributor reserves the right to accept, reject, or reduce the number of shares subscribed for in any application at its discretion in such a manner that it may deem appropriate. The Principal Distributor shall inform the Investor of such reduction or rejection within three (3) banking days after subscription.

An application, once accepted, shall constitute an agreement between the Investor and the Fund Manager and Principal Distributor at the time, in the manner and subject to the conditions set forth in this Prospectus and the Application.

OFFERING PRICE AND SALES LOAD FEES

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.

The price at which the securities are to be sold is at the NAVPS computed at the end of each banking day. A sales load may also be charged on the day of the purchase.

The daily cut-off time for the receipt of the subscription proceeds shall be 1:30 PM. The shares shall be valued based on the NAVPS for the same banking day if the proceeds are received on or before the said cut-off time. For subscriptions 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 may be charged based on the total price of the subscription.

The sale load fees applicable for the various levels of investments are as follows:

<u>Investment Amount</u>	<u>Sales Load</u>
Less than P100,000	2.0%
P100,000 to less than P500,000	1.5%
P500,000 to less than P2,000,000	1.0%
P2,000,000 and above	0.5%

MINIMUM INVESTMENT

The minimum initial and additional investment shall be P5,000.00 and P1,000.00 respectively or as otherwise prescribed by the Fund Manager and approved by the Commission.

PAYMENT TERMS AND METHODS

Subscriptions shall be made in the form of cash, check or electronic transfer with a BSP authorized agent bank. All such authorized cash, checks and electronic transfer must be made payable to "First Metro Save and Learn Philippines Index Fund, Inc.," dated as of the date of subscription, and remitted directly to the Principal Distributor at its principal office. A provisional receipt will be issued initially to the Investor.

Investors can make payments through FAMI cashier, local bank partners, and mobile payment channels. The updated payment methods and procedures are available on the FAMI website, www.fami.com.ph. A confirmation notice will be sent to the Investors once the subscription has been processed.

REDEMPTION OF SHARES

Investors may redeem/withdraw their existing number of shares by submitting a duly signed Redemption Form accompanied by a photocopy of one (1) valid government-issued ID to the Principal Distributor or to the network of redemption centers acceptable to the Commission.

For redemption requests submitted before the daily cut-off time of 12:00NN, the redemption price shall be computed based on the NAVPS on the same banking day when such request is received. Should the request for redemption be received after the said daily cut - off time, it shall be valued at the NAVPS on the following banking day.

Payments for shares redeemed, less any redemption charges and taxes applicable, shall be made within seven (7) banking days from receipt of the request for redemption, in accordance to Sec 22(b) of the Investment Company Act. Redemption proceeds shall be made available either by

issuing a cheque to the Investor, through bank remittance or to other payment channels acceptable to the Commission.

The Fund shall not suspend the right of redemption or postpone the date of payment of redemption request except on the following cases:

- a. For any period during which Philippine banks are closed other than customary weekend and holiday closings;
- b. The PSE is closed for reasons other than the customary weekend and holiday closings or trading is suspended or restricted;
- c. There exists an emergency as a result of which disposal by the Fund of securities owned by it is not reasonably practicable, or the computation or determination of the net asset value is not practicable;
- d. The Commission may, whenever necessary or appropriate in the public interest or for the protection of investors; and
- e. Such other circumstance as the applicable Philippine laws or regulations may allow.

MINIMUM HOLDING PERIOD AND REDEMPTION CHARGES

There shall be a minimum holding period of at least six (6) months and redemption fees shall be deducted out of the redemption proceeds depending on the retention period of the Investor:

Retention Period	Fee
Less than 6 months	Maximum of 1% (excluding VAT)
6 months and beyond	None

PROCEDURE FOR HANDLING CUSTOMER'S COMPLAINTS

Investors may coordinate with FAMI through several platforms such as phone call (8891-2860 up to 65), email (fami@firstmetro.com.ph), social media [Facebook, Instagram, Twitter, Viber (@FirstMetroAsset)], and website (www.fami.com.ph).

Guidelines for each complaint category are implemented to ensure speed and efficiency in achieving the goal of solving concerns via shortest handling and waiting time possible.

DELIVERY OF STOCK CERTIFICATES

In the interest of economy and convenience, a stock certificate representing ownership of shares in the Fund will not be issued unless requested by the shareholder in writing. Shares are recorded on a stock register; shareholders who do not elect to receive stock certificates have the same rights of ownership as if certificates had been issued to them. Issued stock certificate/s must be surrendered when redeeming the related shares or when transferring such assets from one fund to another. If the certificate is lost, the Investor cannot carry out such transaction in his/her/their Account until the certificate has been replaced, a process which, for legal reasons, can take more than one year. A fee of Php1,000.00 will be charged to replace a lost certificate.

The Investor shall not assign, transfer, or convey this stock certificate, and any of the Investor's rights and obligations, without the prior written consent of FAMI and/or the Fund.

DEPOSIT FOR FUTURE SUBSCRIPTION

The Fund may become fully subscribed at any point in time. In such case, the Fund would continue to accept deposits for future subscription (DFFS) in anticipation of an increase in capital, subject to

the requirements of the law and regulations on the same. The DFFS accepted would be earmarked for the issuance of the appropriate number of shares that the DFFS would have purchased as of date of acceptance. Upon approval of the increase in authorized capital stock and upon registration of the new shares resulting therefrom with the Commission, the Fund would release the shares equivalent to the DFFS accepted, according to the “first in, first out” rule.

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 record keeping, 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 bought or sold on any business day as required by the law.

Convenience

Purchase of fund shares shall be through a broker, bank, accredited agent or any authorized distributor.

Protecting Investors

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

USE OF PROCEEDS

The proceeds from the sale of securities will be used to invest in a basket of securities which are included in the PSEi in accordance with the policies and limitations of this prospectus and other applicable laws. All the proceeds from the sale of shares, including the original subscription payments at the time of incorporation constituting the paid in capital of the Fund shall be held by the custodian bank. Using a Net Asset value per share computed of Php0.8556 as of 30 September 2019, the total estimated gross proceeds to be raised by the offering is P171,120,000.

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 any expenses.

The following are the summary of fees charged to the fund in the regular operation of the Fund:

FEES	DESCRIPTION	
Charged to the Fund		
Audit and Related Fees	Not Applicable	
Management Fee	Up to 1.75% of the total Asset Under Management	
Audit Fee	Php155,232 as of December 31, 2018	
Transfer Agent Fee	Php10,000.00/month	
Custodianship Fee	USD750m&above	1.25bps
	USD300m to less than USD750m	1.50bps
	Less than USD300m	1.75bps
Charged to the Investor		
Redemption Fee	1% of the amount redeemed within 7 days from subscription	

DETERMINATION OF OFFER PRICE

The offer price is the NAVPS at the end of the day. NAVPS is computed by dividing net assets (total assets less total liabilities) by the total number of shares issued and outstanding, plus the total number of shares outstanding due to DFFS and for conversion to shares, if any, as of the end of the reporting day. A sales load fee may be charged based on the total amount of the subscription.

The Fund will compute and post the NAVPS on a daily basis and will publish such daily prices in at least two (2) newspapers of general circulation in the Philippines.

PLAN OF DISTRIBUTION

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. No shares are designated to be sold to specified persons. FAMI may set up a marketing network and legally qualified sub-dealers or agents to sell the shares. Accredited sub-dealers or agents are directly liable to FAMI. There is no arrangement whereby FAMI as Investment Company Adviser, Principal Distributor, and Administrator has the right to designate or nominate a member or members of the board of directors of the Fund.

FAMI is licensed by the Commission to act as an Investment Company Adviser. The license was renewed last November 28, 2019 and is being renewed annually.

DESCRIPTION OF SECURITIES TO BE REGISTERED

The Fund's authorized capital is Two Hundred Million Pesos (Php200,000,000), composed of Two Hundred Million (200,000,000) unclassified common shares with a par value of One Peso (Php1.00) per share.

Each shares of stock of the Fund shall have voting rights equal to every other outstanding share of stock of the same Fund in accordance with the Corporation Code of the Philippines, and subject to the following:

Right of Redemption

The holder of any share of the Fund, upon presentation 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.

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

Each shareholder has a right to any dividends that may be declared by the Fund in accordance to the Dividend Policy indicated in this prospectus.

While the DFFS holders are not shareholders (hence, they do not have the rights to vote and receive dividends), they have the right to ask for a return of their DFFS amounts at any time based on NAVPS at the time of redemption request.

INTEREST OF NAMED EXPERTS AND INDEPENDENT COUNSEL

There are no experts or independent counsels hired on a contingent basis and who received a direct or indirect interest in the Fund.

INFORMATION WITH RESPECT TO THE REGISTRANT

DESCRIPTION OF BUSINESS

THE FUND

The Fund is a Philippine corporation incorporated as an open-end investment company on April 26, 2013. The investment objective of the Fund is to generate returns that would reflect the performance of the Philippine equities market by investing in equity securities included in the PSEi.

COMPETITION

As of September 2019, there are eight (8) peso- denominated equity index mutual funds in the country with a combined assets under management of over P40 billion, this represents about 16% of the total mutual fund industry. Out of the 8 equity index funds, one is classified as an exchange-traded fund with an asset under management of about P1.6 billion. The big players in this segment of the industry are ALFM, Sun Life and Philam which hold about 84% of this market segment.

There are currently four other stock index tracker funds in the mutual fund industry. Below are the mutual fund companies primarily invested in Philippine equity securities that comprise the PSEi as of September 27, 2019:

MUTUAL FUND COMPANY	ASSETS UNDER MANAGEMENT (IN MILLIONS)	MARKET SHARE (%)
Philippine Stock Index Fund Corp.	12,508	30.57%
PAMI Equity Index Fund, Inc.	11,037	26.98%
Sun Life Prosperity Philippine Stock Index Fund, Inc.	11,020	26.93%
Philequity PSE Index Fund Inc.	3,859	9.43%

DESCRIPTION OF PROPERTY

The Fund has financial assets in the form of cash, fixed income securities, and equity securities. It does not own any real property. As prescribed by SEC rules, all of the Fund's assets must be held by the custodian bank as disclosed in this prospectus.

Operations will be conducted within the premises of the Fund Manager. All facilities are either owned or provided by the Fund Manager. The Fund has neither property under its fixed asset account nor hires employees for its operations.

MARKET PRICE FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

There is no public trading facility or 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 through its appointed Principal Distributor and sub-distributors.

Below is the list of the highest and lowest NAVPS of SALPHIN for third quarter of 2019, and for the years 2018 and 2017.

Year		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2019	High	0.9033	0.8965	0.9242	–
	Low	0.8323	0.8304	0.8551	–
2018	High	1.0315	0.9195	0.8975	0.8604
	Low	0.9039	0.8044	0.8055	0.7703
2017	High	0.9321	0.9624	0.9782	0.9919
	Low	0.8867	0.9084	0.9457	0.9669

SHAREHOLDERS

As of September 30, 2019, there are 345 shareholders of the Fund. Shown below are the top twenty* (20) shareholders, including the number of shares and percentages of ownership per shareholder.

No.	Client No.	No. of Shares	Percentage of Ownership
1	34350	19,579,050	27.27%
2	20038	6,832,789	9.52%
3	35857	3,662,801	5.10%
4	52715	3,129,238	4.36%
5	51875	2,927,906	4.08%
6	47692	2,446,400	3.41%
7	11347	2,077,027	2.89%
8	50484	1,962,467	2.73%
9	52354	1,517,939	2.11%
10	5770	1,310,284	1.83%
11	51557	1,012,166	1.41%
12	14698	966,770	1.35%
13	16413	966,770	1.35%
14	8436	891,429	1.24%
15	25948	875,735	1.22%
16	52116	792,803	1.10%
17	5352	674,796	0.94%
18	3092	669,145	0.93%
19	33150	567,483	0.79%
20	36827	539,236	0.75%

*In lieu of names, the account numbers were reflected in this report for security reasons.

DIVIDENDS

The Corporation Code generally requires a Philippine corporation with surplus profits in excess of 100% of its paid-up capital to declare and distribute such surplus to its shareholders in the form of dividends. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus when (i) justified by definite corporate expansion projects or programs approved by the Board of Directors; or (ii) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/ his consent, and such consent has not yet been secured; or (iii) when it can clearly be shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies.

The Board of Directors of the Fund has adopted a policy, consistent with the Fund's objective, to retain the surplus profits of the Fund in the retained earnings account. Such accumulation is reflected in the computation of the NAVPS. Shareholders realize their gains when shares are redeemed. To date, there has been no distribution of dividends to shareholders. The Board of Directors of the Fund may amend the dividend policy as conditions warrant. In said event, the declaration of cash dividends is subject to the restriction that no dividends will be declared that will impair the capital stock of the company.

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. If dividends are to be declared, the computation and distribution shall be proportionate to the holdings or ownership of each of the stockholders.

LEGAL PROCEEDINGS

There is no material pending legal proceeding to which the Fund or any of its affiliates is a party or in which any of its properties are the subject of the proceeding.

AFFILIATED COMPANIES

First Metro Investment Corporation (FMIC) is affiliated with the Fund, being its majority founding shareholder. FMIC is the parent company of FAMI, principal distributor and fund manager, and it is also a stockholder of the other investment companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION (September 30, 2019 vs December 31, 2018) AND RESULTS OF OPERATIONS (January 1 to September 30, 2019 vs. January 1 to September 30, 2018)

FINANCIAL POSITION (September 30, 2019 vs. December 31, 2018)

The total resources of the Fund as of September 30, 2019 amounted to ₱61.91 million. It went down by ₱7.25 million from ₱69.16 million as of December 31, 2018. Liabilities decreased to ₱0.48 million from ₱0.62 million during the nine-month period, a decline of 22.27% or ₱0.14 million. The changes in total assets and total liabilities are primarily due to the movements in the following accounts:

1. Cash and cash equivalents

Cash and cash equivalents represent the Fund's savings and checking accounts in local banks. The decrease of ₱7.38 million or 94.65% was primarily due to the payment for redemption of clients and purchases of equity securities during the period.

Cash in banks earn interest at the respective bank deposit rates.

2. Financial assets at fair value through profit or loss

Financial assets at FVTPL amounting to ₱61.00 million consist of equity investments. This account has minimal increase of ₱0.16 million from ₱60.84 million as of December 31, 2018, due to the improvement of equity market for the current year.

3. Receivables

This account is composed of dividends receivable. For the nine-month ended September 30, 2019, this account decreased by ₱0.03 million or 98.02% from ₱0.03 million as of December 31, 2018 due to the decline in the recognition of cash dividends which has been declared but not yet collected as of reporting date.

4. Other assets

Other assets amounting to ₱0.49 million pertains to creditable withholding taxes from interest income in unquoted debt securities held by the Fund.

5. Accounts payable and accrued expenses

Accounts payable and accrued expenses totaled ₱0.48 million and ₱0.62 million as of September 30, 2019 and December 31, 2018, respectively. This account pertains to due to brokers,

accounts payable, payable to FAMI, accrued expenses, withholding tax payable and documentary stamp tax payable.

This account dipped by ₱0.14 million or 22.27% which primarily pertains to the payable to FAMI as a result of the various settlements made before the reporting date.

6. **Capital stock**

The Fund's authorized and issued capital stock follow:

	September 30, 2019	December 31, 2018
Authorized	100,000,000 shares	100,000,000 shares
Issued	71,792,951 shares	81,910,194 shares

On December 13, 2013, the BOD approved and the stockholders ratified the increase in authorized capital stock of the Fund from ₱100.00 million (100.00 million redeemable common shares) to ₱2.00 billion (2.00 billion redeemable common shares) with a par value of ₱1.00 per share. The first tranche for increase in capital stock equivalent to ₱100.00 million (100.00 million redeemable common shares) was approved by the BOD on March 26, 2015 and ratified by the stockholders on May 20, 2015.

The features of the Fund's share capital are common, voting and redeemable based on the Fund's NAV. The pre-emptive rights of the Fund's shareholders are explicitly denied in its Articles of Incorporation in accordance with the rules and regulation set by the SEC.

As of September 30, 2019 and December 31, 2018, the total number of holders of redeemable common shares is 342 and 387, respectively.

7. **Additional paid-in capital**

Additional paid-in capital declined by ₱0.18 million due to the higher redemptions for the current year.

8. **Deficit**

This account decreased by 11.49% or ₱3.18 million from ₱27.72 million on December 31, 2018 to ₱24.53 million on September 30, 2019 primarily due to the net income earned by the Fund for the year.

RESULTS OF OPERATION (January 1 – September 30, 2019 vs. 2018)

For the period ended September 30, 2019, First Metro Save and Learn Philippine Index Fund (SALPHIN), Inc. posted a net income of ₱1.94 million, ₱20.57 million higher as compared to ₱18.62 million net loss for the same period in 2018 as the local equities market improved during the period.

Detailed discussions on the changes in the statement of income accounts are as follows:

1. **Trading and securities gains (losses)**

Trading and securities gains (losses) represents realized and unrealized gains (losses) from sale and changes in fair value of equity portfolio of the Fund. This account grew by ₱18.75 million from a loss of ₱15.65 million on September 30, 2018 to a gain of ₱3.10 million on September 30, 2019 mainly due to the increase of market value of equity securities held by the Fund.

2. Dividend income

Dividend income for the period ended September 30, 2019 amounting to ₱1.02 million came from the dividends declared by the investee companies. This account has minimal drop of 2.06% or ₱0.02 million due to the lesser declarations of cash dividends for the period as compared to the same period last year.

3. Interest income

This account consists of interest earned from cash and cash equivalents held by the Fund. Interest income decreased by 89.42% due to the decrease in Fund's cash balance for the current period.

4. Management and retainer's fee

This account includes management fees paid to FAMI, which serves as the Fund's Investment Adviser, incentive fees and retainer's fees. The 22.70% or ₱0.35 million decrease was principally driven by the drop in management fees relative to the lower net asset value of the Fund for the period.

5. Directors' and officers' fees

This account pertains to per diem paid to the board of directors and officers for their attendance to annual stockholders' and quarterly meetings. The 22.27% or ₱0.06 million decrease of this account was due to fewer meetings held for the current period as compared to the same period in 2018.

6. Brokers' commission

Brokers' commission amounting to ₱0.17 million and ₱0.64 million for the period ended September 30, 2019 and 2018, respectively, pertains to the fees paid to the brokers to execute a trade based on the volume of shares. The decline of 73.55% or ₱0.47 million was due to the lower volume of trades during the period.

7. Custodian fee

This account pertains to payment for the custody of the Fund's investments amounting to ₱0.12 million for the period ended September 30, 2019. Custodian fee has a minimal growth compared to the same period last year.

8. Professional fees

Professional fees consists of audit fee and other professional services incurred by the Fund. This account has a minimal decrease for the current year.

9. Taxes and licenses

This account includes filing fees and documentary stamp tax. For the period ended September 30, 2019, taxes and licenses decreased by ₱0.58 million or 91.83% mainly due to the decline in documentary stamp tax payments as a result of lower subscriptions this period compared with the same period last year.

10. Transaction charges

Transaction charges pertains to the trading charges incurred by the Fund. This account decreased by 60.77% as a result of the lower volume of trades for the period.

11. Miscellaneous expenses

Miscellaneous expenses consist of notarial fee, membership fee and dues, postage and mailing fee and bank charges paid by the Fund.

DISCUSSION OF KEY PERFORMANCE INDICATORS

The Fund sets quantifiable measures to evaluate its performance in terms of meeting the investment objective while consistently following the investment policies and limitations indicated in this prospectus. Listed below are the identified key performance indicators:

- *Net Asset Value Per Share – The Net Asset Value per share is P0.8556 at the end of September 30, 2019. It increased by 2.25% from P0.8367 as of December 31, 2018. The Fund’s average daily net asset value slid by 23.26% or P20.77 million from P89.33 million as of December 31, 2018 to P68.55 million as of September 30, 2019.*
- *Sales for the period ended - The Fund had total sales of P0.85 million for the period ended September 30, 2019. This is P57.15 million or 98.54% lower than the P57.99 million sales (including DFFS) for the same period last year.*
- *Redemptions for the period ended - The Fund had total redemptions of P9.90 million for the period ended September 30, 2019, lower by P1.07 million or 9.76% compared to P10.98 million redemptions for the same period last year.*
- *Net Income vs. Benchmark – The Fund earned a net income of P1.94 million for nine months of 2019, P20.57 million higher than the net loss of P18.62 million for the same period last year.*
- *Market Share vs. Benchmark – As of September 30, 2019 the Fund garnered 0.05% share in the Equity Funds category while 0.02% share among all mutual funds in terms of net assets. On the basis of account holders, the Fund has 342 account holders or 0.13% of the total accounts in this Fund category.*

COMMITMENTS, MATERIAL EVENTS AND UNCERTAINTIES

The Fund has no plans of entering into any material commitment for capital expenditures in the future. To the knowledge and information of the Fund, there are no events or uncertainties that will have a material impact on the Fund’s liquidity or that will trigger direct or contingent financial obligation to the Fund, including any default or acceleration of an obligation. Also, there are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities or other persons created during the reporting period.

There are no known trends, events or uncertainties that have had or that are reasonably expected to cause a material favorable or unfavorable impact on income from continuing operations. Similarly, there are no significant elements of income or loss that did not arise from the Fund’s continuing operations. Lastly, there are no seasonal aspects that had any material effect on the financial condition or results of operations of the Fund.

FINANCIAL SOUNDNESS INDICATORS

Performance Indicators	As of		
	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)	December 31, 2018 (Audited)
Current ratio ^{1/}	12,712.22%	841.59%	11,047.30%
Acid test ratio ^{2/}	12,712.22%	841.49%	11,047.30%
Debt-to-equity ratio ^{3/}	0.79%	13.40%	0.91%
Asset-to-equity ratio ^{4/}	100.79%	113.40%	100.91%
Interest rate coverage ratio ^{5/}	n.a.	n.a.	n.a.
Profitability ratios:			
Return on assets ^{6/}	3.96%	(32.59%)	(26.51%)
Return on equity ^{7/}	3.99%	(35.30%)	(26.81%)

^{1/} Current Assets divided by Current Liabilities

^{2/} Quick Assets (Cash and cash equivalents, Financial assets at FVPL securities and Current receivables) divided by Current Liabilities

^{3/} Total Liabilities divided by Total Equity

^{4/} Total Assets divided by Total Equity

^{5/} Earnings Before Interest and Tax divided by Interest Expense

^{6/} Annualized Net Investment Income divided by Average Total Assets

^{7/} Annualized Net Investment Income divided by Average Total Equity

Other relevant ratios:

	As of		
	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)	December 31, 2018 (Audited)
Liquid/Semi liquid assets to total assets	0.67%	12.34%	11.33%
Total operating expenses to total net worth	3.05%	4.95%	6.47%
Total assets to total borrowing	n.a.	n.a.	n.a.

^{1/} Liquid/Semi Liquid Assets (Cash and cash equivalents and Financial assets at FVPL securities Current receivables) divided by Total Assets

^{2/} Total Operating Expenses divided by Average Equity

^{3/} Total Assets divided by Total Borrowings

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Audit and Audit-Related Fees

The aggregate fees paid for the audit of the Fund's financial statements for the years 2018 and 2017 amounted to ₱155,232 for each year and an estimated amount of ₱162,994 to be paid for 2018.

There are no other assurance and related services rendered by the external auditor that are reasonably related to the performance of the audit of the Fund's financial statements.

Tax Fees

There are no professional services rendered by the external auditor for tax accounting, compliance, advice, planning and any other form of tax services.

All Other Fees

In 2017, The fund paid ₱88,704 for the PFRS 9 conversion project.

The Fund's Audit and Compliance Committee reviews the client service plan and service fee proposal presented by the external auditor and recommends such for the approval of the Board of Directors, if found acceptable.

DIRECTORS AND OFFICERS OF THE FUND

The Board of Directors is responsible for conducting all the businesses of the Fund. It shall exercise general supervision over the duties performed by the Fund Manager, Principal Distributor, Transfer Agent and Custodian of the Fund.

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

NAME	CITIZENSHIP	AGE	POSITION
Michael G. Say	Filipino	59	Chairman
Robert T. Yu	Filipino	72	President
Edwin B. Valeroso	Filipino	55	Vice-President
Marie Arabella D. Veron	Filipino	56	Treasurer
Jonef A. Samonte	Filipino	48	Assistant Treasurer
Jonathan T. Tabac	Filipino	64	Compliance Officer
Melissa B. Reyes	Filipino	49	Corporate Secretary
Karen Liza M. Roa	Filipino	50	Director
Roderick C. Salazar	Filipino	71	Independent Director
Helen U. Fargas	Filipino	66	Independent Director
Jose Allan I. Arellano	Filipino	49	Independent Director

Below is a description of the business experiences of each director/officer during the last five (5) years:

MICHAEL G. SAY

Chairman

Mr. Say, 59 yrs. old, Filipino, term of office is one year and has served as Independent Director since December 2017. He is currently Chairman of the following companies: Capitalwise Corp., (2008 to present), Atlantic Archers Achiever Corporation (2004 to present), Chef and Cooks Market Corporation (2009 to present), and Crusade for Better Philippines Inc., Hiratsuka Int'l Corp. He was the former Chairman for the following companies: Poc and Poc Corporation (2010 to 2016), Chic Uniform, Inc. (2002 to 2013) and Tokagawa Global Corporation (2004 to 2013). Mr. Say graduated from De La Salle University with a degree in Management of Financial Institutions.

ROBERT T. YU

President

Mr. Yu, 72 yrs. old, Filipino, term of office is one year. He is the former Vice Chairman of First Metro Securities Brokerage Corporation. He was also appointed as Director in 2011 after his stint as the company's President in 2010. He was also appointed as Director and Vice Chairman of Charter Ping An Insurance Corporation, and Executive Director of PG Progress Marketing Corporation. He previously served at the Senior Management level in various industrial corporations. Robert Yu has a Bachelor's degree in Commerce from the University of the East.

KAREN LIZA M. ROA

Director

Ms. Roa, 50 yrs. old, Filipino, term of office is one year. She is the current President of First Metro Asset Management, Inc. She has twenty-five (25) years of experience in the financial services sector both domestic and international with her last role as president & CEO of Philam Asset Management Inc. (PAMI). She stayed with PAMI from 2006 to 2014. Prior to PAMI, she was Asia Pacific product director for SunGard Solutions; head of the Trust Banking Group for Philam Savings Bank and operations head of Citibank's Global Asset Management. She began her career as a management trainee at Chase Manhattan Bank in NY. Her responsibilities covered business and product development; sales distribution & marketing; operations, internal controls and risk management. She has strong operational risk and administrative skills owing to her roles in audit and compliance. She was a lecturer at the country's top universities teaching business courses on strategy, investment management and financial services. She also facilitates corporate training on strategy, leadership, culture and innovation to top level managers of large Philippine companies. She earned her Bachelor's Degree in Legal Management from the Ateneo de Manila University and her Master's in Business Administration from Fordham University.

RODERICK C. SALAZAR

Independent Director

Fr. Salazar, 71 yrs. old, Filipino, term of office is one year. He is an independent director of Cebu Holdings Inc. (CHI). For more than 15 years, until June 2014, he was Chair of the Board of Trustees of St. Jude Catholic School in Manila. In 2017, he was elected back to the same SICS Board. He served as the Chair of the Board of Trustees of St. Scholastica's College, Westgrove. He continues to be the Chair of the Board of Trustees of St. Agnes Academy in Legazpi City. He just finished a second term as a member of the Board of Trustees of St. Paul University in Dumaguete City. He is the Chair of the Board of Trustees of Center for Educational Measurement (CEM). He is the Regional Secretary for Asia and the Vice-President for Asia of the Office Internationale de l'Enseignement Catholique (OIEC) [International Office of Catholic Education] after serving as its President in 2011-2015. He is the Executive Secretary of the Office of Education and Faith Formation of the Federation of Asian Bishops Conferences (FABC-OEFF).

For sixteen years, from 1992 to 2008, he was President of the Catholic Educational Association of the Philippines (CEAP). Outside USC, he was member of various groups like FILIPINO, Inc. (Filipino Institute for the Promotion of Integrity and Nobility); San Carlos Community Development Foundation, Divine Word Educational Association (DWEA); Philippine Accrediting Association of Schools, Colleges, and Universities (PAASCU); Private Educational Advisory Council (PEAC); Word Broadcasting Corporation. As CEAP president, he served three terms as Chair of the Coordinating Council of Private Educational Associations (COCOPEA).

He has also been Chair of the Board of Trustees of St. Scholastica's Academy in Tabunok, Talisay City, Cebu; Divine Word University (now Liceo del Verbo Divino) in Tacloban City; and Divine Word College of Tagbilaran (now Holy Name University). He was a member of the Board of Trustees of St. Paul University in Tuguegarao, and, at different times, of the Boards of Trustees of the St Paul Colleges in Pasig, Iloilo, and Surigao, as well as of the Visayas Cluster of the Daughters of Charity (DC) schools. He was a Board Director of People's Television Network (PTV4), and of First Metro Asset Management, Inc. (FAMI).

On August 14, 2010, in the Archdiocese of Cebu, he received the Papal Award Croce Pro Ecclesia et Pontifice for his years of service to Catholic Education. On June 2014 his congregation appointed him Director of SVD Mission Philippines, Inc, a position he presently holds.

JOSE ALLAN I. ARELLANO

Independent Director

Mr. Arellano, 49 yrs. old, Filipino, term of office is one year. He has been serving as Catholic Educational Association of the Philippines (CEAP) Executive Director since 2006 up to the present. He is also a Membership and Communication Officer since 2010 to present and he held the position of OIC-Executive Director of CEAP for the period of October 2014-April 2015 and May 2016–September 2016. He is an Accreditor at the Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU) since 2004 to the present. He was the Campus Administrator and Principal, at St. James College of Parañaque from 2007 to 2010 and Basic Education Department-World Citi-Colleges (Caloocan City) from 2006 to 2007. He held teaching, administrative and supervisory positions at St. Scholastica’s College from 1991-2006. He was awarded by the Philippine Normal University as Outstanding Alumni in 1991.

Mr. Arellano graduated Cum Laude with a degree in Education, Major in Social Sciences from the Philippine Normal University in 1990. He also obtained his Masters in Religious Studies from the St. Vincent School of Theology in Adamson University.

EDWIN B. VALEROSO

Vice President

Dr. Valeroso, 55 years old, Filipino, term of office is one year. He is First Vice President of First Metro Asset Management, Inc. He was the President of 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 President of First Metro Save and Learn Money Market Fund, Inc. (2008 to 2011). He is Vice President/Trustee/Corporate Secretary of Philippine Investment Funds Association, Inc. (2006-present) and an Associate Professorial Guest Lecturer at De La Salle University-Graduate School of Business (2000-2009). He was a Mutual Fund Strategist/Consultant at First Metro Investment Corp. (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 Doctor of Business Administration degree from De La Salle University-Manila. He is also an alumnus of the Trust Institute Foundation of the Philippines.

MARIE ARABELLA D. VERON

Treasurer

Ms. Veron, 58 yrs. old, Filipino, term of office is one year. She is currently the First Vice President and Head of Corporate Services and Finance Group of First Metro Asset Management, Inc., Treasurer of First Metro Save & Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc. and First Metro Save and Learn Philippine Index Fund, Inc (from 2005 to present). She also served as the First Vice President and Controller of First Metro Investment Corporation, Treasurer/Director of SBC Properties, Inc. (2003-2016) and Treasurer of PBC Capital Investment Corporation (2006-2016). 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, Cum Laude from University of the East. She is a Certified Public Accountant and a Certified Management Accountant.

JONATHAN T. TABAC

Compliance Officer

Mr. Tabac, 64 yrs. old, Filipino, term of office is one year. He is also the Compliance Officer for First Metro Asset Management, Inc., First Metro Securities Brokerage Corporation, First Metro Save & Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc., First Metro Save and Learn Philippine Index Fund, Inc. . (from May 2005 to present). He was the Compliance Officer of First Metro Investment Corporation from 2003 to 2016. He served as 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. He is a Certified Public Accountant.

MELISSA B. REYES

Corporate Secretary

Ms. Reyes, 49 yrs. old, Filipino, term of office is one year. She is the Asst. Vice President and 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.

JONEF A. SAMONTE

Assistant Treasurer

Mr. Samonte, 49 years old, Filipino, term of office is one year. He is Vice President of First Metro Asset Management, Inc. and Heads the Partnership Distribution Unit. He sets the general direction of both the Banks and Non-Banks (Brokers and other Financial Institutions) and the Agency Development Departments. Concurrently sits in the following companies/ funds as Vice President: First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Fixed Income Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Consumer Fund On MSCI Philippines IMI, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc., and as Assistant Treasurer In Following Companies/ Funds: First Metro Save and Learn Money Market Fund, Inc. Served as Assistant Vice President/ Head New Markets Development & Agency Recruitment at Manulife Philippines (2012 to 2015). He was Senior Assistant Vice President/Channel Head (Nonlife) at Generali Pilipinas Insurance Co. (2006 to 2009). Mr. Samonte finished his Bachelor of Arts Degree in Hotel and Restaurant Administration, from University of the Philippines Diliman.

SIGNIFICANT EMPLOYEES

The Fund has no significant employees or persons other than the above-mentioned directors and officers who are expected to make a significant contribution to the business of the Fund.

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 Fund to become directors or executive officers.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of the directors or executive officers of the Fund, its Fund Manager, and its Fund Manager's directors and officers were involved during the past five (5) years in any legal proceeding which is material to an evaluation of their ability or integrity to serve as such, including, bankruptcy petition, conviction by final judgment, domestic or foreign criminal proceeding, being subject to any order, judgment or decree, or violation of a securities, banking or commodities law. Likewise, there is no material pending legal proceeding to which the Fund, any of its affiliates is a party or in which any of its properties are the subject of the proceeding.

EXECUTIVE COMPENSATION

The Fund pays its directors, corporate secretary and officers as per diem of P10,000.00, P3,000.00, P2,500.00, respectively, The payment is given during the Annual Stockholders' and regular board meetings.

	Per Diem		
	2019*	2018	2017
Directors	₱200,000	₱156,500	₱106,000
Executive Offices	62,000	61,075	21,500
Aggregate Annual Per Diem	₱262,000	₱217,575	₱127,500

*Estimate

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

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNER

The stockholder below owns more than 5% of the common voting securities as of September 30, 2019:

Title of Class	Name and Address of Owner	Name of Beneficial Owner	Citizen	No. of Shares	Percent Ownership
Common	Customer Account Number 34350/ Stockholder/ Butuan City	Customer Account Number 34350	Filipino	9,579,050	27.27%

Title of Class	Name and Address of Owner	Name of Beneficial Owner	Citizen	No. of Shares	Percent Ownership
Common	Customer Account Number 20038/ Stockholder/ Pasig City	Customer Account Number 20038	Filipino	6,832,789	9.52%
Common	Customer Account Number 35857/ Stockholder/ Quezon City	Customer Account Number 35857	Filipino	3,662,801	5.10%

The respective registered owner(s) of the shares above has/have the right to appoint actual person or persons acting individually or jointly to direct the voting or disposition of the shares held by the corporation.

On May 16, 2019, the Fund submitted a letter through its Fund Manager, FAMI, requesting for confidential treatment of the names of the top 20 stockholders including its 5% and 10% beneficial owners. The public disclosure of their names may unnecessarily expose them to security risks and similar perils. This is also to protect the privacy of the said stockholders.

SECURITY OWNERSHIP OF MANAGEMENT

The directors and officers as a group held a total of 223,737 common voting shares as of September 30, 2019. This is broken down as follows:

Title of Class	Name of Beneficial Owners	Amount and Nature of Ownership	Citizenship	Percent to Outstanding Shares
Common shares	Michael G. Say		Filipino	0.00%
Common shares	Robert T. Yu		Filipino	0.00%
Common shares	Karen Liza M. Roa		Filipino	0.00%
Common shares	Roderick C. Salazar*		Filipino	0.00%
Common shares	Jose Allan I. Arellano*		Filipino	0.00%
Common shares	Marie Arabella D. Veron	223,732	Filipino	0.29%

*Independent Director

VOTING TRUST

The Fund knows no persons holding more than 5% of its shares under a voting trust or similar agreement which may result in a change in control of the Fund.

CHANGE OF CONTROL

There has been no change in control of the Fund since the beginning of the last fiscal year. There is no arrangement which may result in a change in control of the Fund.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There has been no material transaction during the year nor is there any material transaction currently proposed to which the Fund was, or is a party, or in which any director or executive officer of the Fund, any nominee for election, any owner of more than five (5%) percent of the Fund's voting shares, or any member of the immediate family of any such director or officer, had or is to have a direct or indirect material interest.

RULES AND REGULATIONS GOVERNING INVESTMENT COMPANIES

INVESTMENT COMPANY ACT OF 1960

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.

PREVENTION OF MONEY-LAUNDERING AND TERRORIST FINANCING

As part of the Fund's responsibility for the prevention of money-laundering under the Anti-Money Laundering Act of 2001 (AMLC), R.A. 9160, as amended, the Terrorism Financing Prevention and Suppression Act of 2012 (R.A. 10168) and other relevant rules and regulations, the Fund or an entity acting on its behalf may require evidence verifying the identity of a prospective purchaser of shares and the source of the relevant funds. Whether or not such evidence will be required and, if so, the nature and extent of such evidence will depend on the particular circumstances. The Fund and any entity acting on its behalf reserve the right to request such information as considered necessary to verify the identity of a proposed purchaser of shares in each case, and the Fund has absolute discretion to refuse to accept a subscription for shares in the event of delay or failure in the provision of any such information required. The Fund and/or relevant government agencies shall immediately preserve the subject property or funds upon receipt of the notice of a freeze order, in accordance with the order of the court of competent jurisdiction or the AMLC. The owner or holder of the property or funds shall be given a copy of the notice of the freeze order.

COMPLIANCE WITH DATA PRIVACY ACT OF 2012 (REPUBLIC ACT NO. 10173)

To enable the Fund to comply with the requirements of the Data Privacy Act of 2012 (Republic Act No. 10173), the Fund requires all investors to expressly authorize the Fund to collect, process, use, destroy his/her personal and sensitive personal information and any information related to him/her and his/her account as well as its sharing, transfer and/or disclosure to any of the Fund's branches,

subsidiaries, affiliates, agents and representatives, industry associations and third parties such as but not limited to outsourced service providers, external auditors, and local and foreign regulatory authorities in relation to any matter including but not limited to those involving anti-money laundering and tax monitoring, review and reporting, statistical and risk analysis, provision of any products, service, or offers made through mail/email/fax/sms/telephone, customer satisfaction surveys; compliance with court and other lawful orders and requirements. The Fund further requires the investors to hold the Funds and FAMI free and harmless from any liability that may arise from any transfer, disclosure, processing, collection, use, storage or destruction of said information.

COMPLIANCE WITH FOREIGN ACCOUNT TAX COMPLIANCE ACT

For purposes of compliance with the Foreign Account Tax Compliance Act (FATCA or Chapter 4 of the US Internal Revenue Code) particularly, Change in Circumstances (in compliance with the Foreign Account Tax Compliance Act also known as FATCA or Chapter 4 of the US Internal Revenue Code), the Fund requires the investors to:

- 1) Notify the Fund in writing and provide the required details or documents within thirty (30) days from a change of your circumstances. Change of circumstances means any change in the investor's circumstances which results in the Fund being subject to tax reporting and withholding requirements under local and/or foreign laws applicable to the investor or investor's property (such as the US Foreign Account Tax Compliance Act). There is a change of circumstances if there is a change in the investor's contact information, identification documents, place of residence, citizenship of the owner or beneficiary, or other circumstances as defined under applicable laws;
- 2) Failure to accomplish the foregoing gives the Fund the right to exercise any of the following: a) continue the account on the same terms and conditions; b) continue the investment on the same terms and conditions and deduct from it any amounts that the Fund has to withhold under the applicable laws; or c) terminate your account. The right to terminate the account will only be exercised after the investor have failed to provide the required information within thirty (30) days from written notice from the Fund and only after the Fund is unable to transfer your policy or take any steps other than termination in order to comply with applicable laws.

CORPORATE GOVERNANCE

All of the directors and officers of the Fund have attended seminars on corporate governance given by a SEC-accredited provider. The Board reviews and updates its Manual on Corporate Governance ("Manual") at least annually to ensure that it is kept abreast of global leading practices and principles on good corporate governance. At least annually, the directors accomplish a Board Effectiveness Questionnaire to determine their level of compliance, as well as top management's. There have been no deviations from the manual.

In dealing with conflict of interest the following are the policies and procedures adopted by the Fund:

1. To ensure a high standard of best practice for the corporation, its stockholders and other stakeholders, the Board shall establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.
2. A director shall conduct fair business transactions with the corporation and ensure that his personal interest does not conflict with the interests of the corporation. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director

who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

3. The control environment of the corporation consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts. The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include review of the corporation's human resource policies conflict of interest situations, compensation program for employees, and management succession plan.
4. The Audit Committee has the following duties and responsibilities, among others:
 - Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report
 - Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties
5. The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law. The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS ON THE BUSINESS

Senate and congressional bills amending R. A. 2629, which is the main law that regulates the mutual fund industry, have been filed. The most prominent of these are the bills on the proposed Collective Investment Schemes Law ("CISL"). One of the noteworthy provisions of the CISL bills is the exemption of mutual fund companies from certain requirements of the Corporation Code as

regards increasing ACS. If passed into law, this would be of possible benefit to the mutual fund companies which, with their numerous stockholders, find it difficult to obtain the votes of stockholders representing at least 2/3 of the outstanding capital stock to approve certain corporate actions. FAMI, through PIFA, participates in the hearing and deliberation of the CISL bill. FAMI expects the regulatory environment to improve with the passage of the CISL bill to the benefit of investors.

EFFECT OF DISSOLUTION OF THE INVESTMENT COMPANY

The stockholders shall have the following rights provided for in the event of dissolution:

- 1) Inspect the corporate books and financial records
- 2) Share in the remaining assets after all the Fund's creditors are duly paid

The Fund Manager shall carry out the winding up and all liquidation of assets on behalf of the Fund. The Investment Company, or the Fund Manager, shall inform the Commission of the status of the redemption of securities every 30th of January until all the shares/units have been fully redeemed.

PARTIES INVOLVED IN THE FUND

INVESTMENT MANAGER, FUND ADMINISTRATOR AND PRINCIPAL DISTRIBUTOR

First Metro Asset Management Inc., (FAMI), the Investment Manager/Fund Manager, Fund Administrator and Principal Distributor of the shares of the Fund, was incorporated on April 21, 2005. The guidelines for the investment management, fund administration and shares distribution of the Company are set in the Management and Distribution Agreement between the parties.

FAMI was established by First Metro Investment Corporation (FMIC) in partnership with the Catholic Educational Association of the Philippines (CEAP) and Marist Brothers Congregation Philippines, Inc. to engage in the mutual fund business, promote savings mobilization and advocate investment literacy among Filipinos.

CUSTODIAN BANK

The Custodian Bank of the Fund is The Hongkong and Shanghai Banking Corporation Ltd (HSBC). In consideration of the services to be rendered by the custodians, the Fund shall pay the custodian all fees, charges and obligations incurred from time to time for services rendered pursuant to the Direct Custodial Services Agreements between each registrant and custodian with the terms of the fees schedule specified from time to time by the custodian, upon prior notice to the registrants. The custodianship fees are usually quoted as a percentage per annum (% p.a.) of the securities' notional or market value, billed at every month-end. The designated custodians also charge transaction fees for the purchase and sale of portfolio securities, usually at a flat fee per transaction.

TRANSFER AGENT

A Transfer Agent shall refer to a juridical person/institution duly licensed by the Commission as a transfer agent and appointed by the Fund, or the Fund Manager, to maintain an accurate registry for recording the initial and subsequent transfer of securities. The transfer agent of the Fund is Metropolitan Bank and Trust Company-Trust Banking Group.

MATERIAL CONTRACTS AND AGREEMENTS

MANAGEMENT AND DISTRIBUTION AGREEMENT

Under this agreement, FAMI is appointed as the Fund Manager, Principal Distributor, and Fund Administrator of the Fund. FAMI shall provide services to the Funds such as: coordination of the activities; preparation of reports, circulars, notices and other information as may be required from time to time; representation with government offices; accounting, bookkeeping, clerical and other administrative services; provision of office space and other administrative facilities; distribution of the shares of the Fund; investment and reinvestment of the resources of the Fund; and carrying out of due diligence with respect to any broker through whom the Fund deals in the conduct of its investment operations.

The fees payable to FAMI, is a monthly fee equivalent to a maximum of one point seventy-five percent (1.75%) per annum of the average NAV of the Fund, computed on a daily basis. In addition, as Fund 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, as defined in the Management and Distribution Agreement.

CUSTODIAN BANK AGREEMENT

Under this 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 when applicable, representing the investments made by the Fund Manager in behalf of the Fund in accordance with the regulations of the SEC.

STOCK AND TRANSFER AGENCY AGREEMENT

Under this agreement, the Stock and Transfer Agent shall provide certain services such as: filing of reports as may be required by the Commission; preparing of list of stockholders for all regular or special meetings; preparing and mailing out all notices, reports, and circulars to all stockholders; preparing and mailing dividend checks; preparing and issuing stock certificates; and registering all liens constituted on the shares of stock of the Fund.

The fees payable to the Stock Transfer Agent is a maximum of 0.10% per annum of the average NAV of the Funds' assets computed on a daily basis.

TAXATION

Investors are advised to consult their own professional advisers as to the tax implications of subscribing for, purchasing, holding, and redeeming shares of the Fund. Mutual funds are eligible investment products under R.A. 9505 or the "Personal Equity and Retirement Account (PERA) Act of 2008" and qualified mutual fund investments under said law would entitle the Investor to certain tax benefits. Tax related laws, rules and regulations are factors that are subject to rapid change and which could affect the performance of the Fund.