

FINAL PROSPECTUS

RELATING TO THE PUBLIC OFFER OF
400,000,000 SHARES
OF COMMON STOCK OF

FIRST METRO SAVE & LEARN F.O.C.C.U.S. DYNAMIC FUND, INC.

An Open-End Investment Company
ISSUER

The number of securities to be offered inclusive of what has already been subscribed to upon incorporation is Four Hundred Million (400,000,000) shares. The price at which the shares are to be offered is based on the current Net Asset Value (NAV) per share computed on a daily basis plus a front end sales load. The shares to be offered are unlisted and will be traded over-the-counter.

FIRST METRO ASSET MANAGEMENT, INC.
INVESTMENT COMPANY ADVISER, FUND ADMINISTRATOR,
AND PRINCIPAL DISTRIBUTOR

This Prospectus is dated
1 July 2019

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

FIRST METRO SAVE & LEARN F.O.C.C.U.S DYNAMIC FUND, INC.

(A corporation organized under Philippine laws)

The number of securities to be offered, inclusive of what has already been subscribed to upon incorporation is Four Hundred Million (400,000,000) shares. The price at which the Four Hundred Million shares are to be offered is based on the net asset value per share computed on a daily basis plus sales load fee.

The total estimated gross proceeds to be raised by the offering is Php99,440,000 (computed by multiplying 400,000,000 Offer Shares by Php0.2486 per share offer price as of December 31, 2018). The gross proceeds from the sale of the shares of stock of the registrant shall be held by the Issuer's Custodian Bank which is The Hong Kong and Shanghai Banking Corporation. The shares to be offered are unlisted and will be traded through the over-the-counter market.

The Company will use the proceeds of the sale of First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc. to invest in listed and non-listed equity and fixed income securities within the Philippines. However, as a tactical move, a portion of the Fund may also be invested in government securities, SEC-registered commercial papers, among other debt instruments. The assets of the Fund shall be structured based on market conditions, the level of interest rates, and liquidity needs of the Fund.

The Issuer is a domestic corporation, incorporated September 25, 2018 as First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc. (the "Fund"), with principal business office address at 4th Floor, Agdao MPC Green Building, Nicasio Torres Street, Obrero, Davao City, Philippines the annual stockholder of which shall be every 4th Friday of May.

The registration of the Fund as an Open-End Investment Company or "mutual fund" is currently being processed by the Securities and Exchange Commission. It is engaged primarily in the business of investing, reinvesting and trading in securities and the sale of its shares of stock. As a licensed Mutual Fund, it offers to the public, on a continuous basis, redeemable shares of stock, at the current NAVPS plus a front end sales load.

The Fund is designed to seek long-term capital appreciation by investing in equity securities and/or in government and corporate debt securities. The Fund will adopt a tactical asset allocation approach by having the ability to switch between equities, bonds, and cash with a wider range in the permitted allocation between equities and fixed-income assets when needed. The investment objective of the Fund is classified as moderate to high risk.

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

The Fund is authorized under its By-Laws to issue cash, property and stock/unit dividends out of its unrestricted retained earnings whenever the condition of the Fund's finances will render it expedient to declare said dividends. If ever dividends are declared, the computation and distribution shall be proportionate to the holdings or ownership of each of the stockholders at the time of declaration.

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/per unit of the Fund at the time said dividends are paid declared.

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

The total fees payable to First Metro Asset Management, Inc. (FAMI), is a monthly fee equivalent up to one point eight seventy five percent (1.875%) percent per annum of the average net asset value of the Fund's assets, computed on a daily basis. The "net asset value" shall be determined by computing the total value of the Fund's assets less its liabilities in accordance with the procedure used in computing the net asset value of each share of the Fund.

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

The information contained in this Prospectus has been supplied by First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc. unless otherwise stated. First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc. accept full responsibility for the accuracy of the information given herein. First Metro Asset Management, Inc., the Fund Administrator of First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc., has exerted reasonable efforts to verify the information herein and does not make any representations or warranties as to the accuracy or completeness of the materials contained herein.

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

EDWIN B. VALEROSO
President

SUBSCRIBED AND SWORN to me before this _____ day of _____ 2019, the affiant exhibiting to me his UMID ID CRN-003-7816469-4.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2019.

SUMMARY OF FINANCIAL INFORMATION**AUDITED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018****ASSETS**

Cash in bank	₱25,042,187
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LIABILITIES AND EQUITY**LIABILITIES**

Accounts payable and accrued expenses	₱182,979
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EQUITY

Capital stock	1,000,000
Additional paid-in capital	24,000,000
Deficit	(140,792)
	24,859,208

TOTAL LIABILITIES AND EQUITY	₱25,042,187
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Net Asset Value Per Share	₱0.2486
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**AUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD SEPTEMBER 25, 2018 TO DECEMBER 31, 2018*****INCOME**

Interest income	₱52,984
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EXPENSES

Professional fee	110,880
Taxes and licenses	65,949
Miscellaneous	6,350

TOTAL EXPENSES	183,179
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LOSS BEFORE INCOME TAX	130,195
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PROVISION FOR INCOME TAX	10,597
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NET LOSS/TOTAL COMPREHENSIVE LOSS**	₱140,792
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Basic Loss per Share	₱0.0014
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* First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc. was registered with the Securities and Exchange Commission on September 25, 2018.

** There are no other comprehensive income items for the period September 25, 2018 to December 31, 2018.

GLOSSARY

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

Act	Investment Company Act, Republic Act No. 2629
BSP	Bangko Sentral ng Pilipinas
Close-end Company	An investment company other than an open-end company
Custodian Bank	The Hongkong and Shanghai Banking Corp. Ltd.
Investment Application Form	The forms to be used by the Principal Distributor for investors to purchase the shares of stock of the Fund in accordance with the terms and conditions of the Fund as described in this Prospectus.
Investment Company	Any issuer which is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, re-investing or trading in securities, as defined in Section 4 of the Act.
Issuer/Registrant	First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc.
Fund Manager Fund Administrator and Principal Distributor	First Metro Asset Management, Inc. or (FAMI)
Investor	Any person, association, or corporation with the intention of investing in the shares of the Fund.
NAV	Net Asset Value
Open-end Company	An investment company which is offering for sale, or has outstanding, any redeemable security, of which it is the issuer.
P or Pesos	Philippine Pesos, lawful currency of the Republic of the Philippines
PSE or Stock Exchange or the Exchange	The Philippine Stock Exchange, Inc.
R.A. 2629	Republic Act No. 2629 or the Investment Company Act of 1960
SEC	Securities and Exchange Commission
Shareholder or Stockholder	Any natural or juridical person who has subscribed to the shares of the Fund.
Transfer Agent	Metrobank Trust Banking Group
VAT	Value Added Tax

TABLE OF CONTENTS

<u>COVER PAGE</u>	1
<u>REGISTRANT</u>	2
<u>SUMMARY OF FINANCIAL INFORMATION</u>	4
<u>GLOSSARY</u>	5
<u>TABLE OF CONTENTS</u>	6
<u>PROSPECTUS SUMMARY</u>	9
<u>RISK DISCLOSURE STATEMENT</u>	11
<u>I. GENERAL RISK WARNING</u>	11
<u>II. RISK FACTORS</u>	11
<u>III. PRUDENCE REQUIRED</u>	12
<u>IV. PROFESSIONAL ADVICE</u>	12
<u>INFORMATION WITH RESPECT TO THE REGISTRANT</u>	12
<u>I. THE FUND</u>	12
<u>A. BACKGROUND AND PURPOSE</u>	12
<u>B. CAPITALIZATION AND OWNERSHIP</u>	12
<u>C. PROPERTIES</u>	14
<u>D. MARKET INFORMATION</u>	14
<u>E. TOP 20 STOCKHOLDERS</u>	14
<u>F. DIVIDENDS</u>	14
<u>G. DIVIDEND POLICY</u>	15
<u>H. AFFILIATED COMPANIES</u>	15
<u>II. LEGAL PROCEEDINGS</u>	15
<u>III. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS</u>	16
<u>A. FINANCIAL POSITION (AS OF DECEMBER 31, 2018)</u>	17
<u>B. RESULTS OF OPERATION</u>	18
<u>IV. DISCUSSION OF KEY PERFORMANCE INDICATORS</u>	20
<u>V. COMMITMENTS, MATERIAL EVENTS AND UNCERTAINTIES</u>	20
<u>VI. FINANCIAL SOUNDNESS INDICATORS</u>	21
<u>VII. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	21
<u>VIII. DIRECTORS AND OFFICERS OF THE FUND</u>	22
<u>SIGNIFICANT EMPLOYEE</u>	23

<u>FAMILY RELATIONSHIP</u>	23
<u>INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS</u>	23
<u>IX. EXECUTIVE COMPENSATION</u>	24
<u>X. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS</u>	24
<u>XI. SECURITY OWNERSHIP OF MANAGEMENT</u>	25
<u>XII. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	25
<u>INTEREST OF NAMED EXPERTS AND INDEPENDENT COUNSEL</u>	26
<u>INVESTMENT COMPANY ACT OF 1960</u>	26
<u>INVESTMENT POLICY</u>	26
<u>INVESTMENT GUIDELINES AND RESTRICTIONS</u>	26
<u>GUIDELINES</u>	26
<u>RESTRICTIONS</u>	26
<u>INVESTOR PROFILE AND INVESTMENT SUITABILITY</u>	28
<u>LIQUIDITY REQUIREMENTS</u>	28
<u>OPERATIONAL EXPENSES</u>	28
<u>BORROWING LIMIT</u>	28
<u>PREVENTION OF MONEY-LAUNDERING AND TERRORIST FINANCING</u>	29
<u>COMPLIANCE WITH DATA PRIVACY ACT OF 2012 (REPUBLIC ACT NO. 10173)</u>	29
<u>COMPLIANCE WITH FOREIGN ACCOUNT TAX COMPLIANCE ACT</u>	29
<u>CORPORATE GOVERNANCE</u>	30
<u>EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS ON THE BUSINESS</u>	31
<u>EFFECT OF DISSOLUTION OF THE INVESTMENT COMPANY</u>	31
<u>USE OF PROCEEDS</u>	32
<u>DETERMINATION OF OFFER PRICE</u>	33
<u>EXPENSES TO BE DEDUCTED FROM THE GROSS PROCEEDS</u>	33
<u>PLAN OF DISTRIBUTION</u>	33
<u>COMPETITION</u>	34
<u>PROCEDURE FOR HANDLING CUSTOMER'S COMPLAINTS</u>	34
<u>ELIGIBLE INVESTORS</u>	34
<u>REQUIREMENTS FOR CORPORATE APPLICANTS</u>	35
<u>OFFERING PRICE</u>	35
<u>SUBSCRIPTION PROCEDURE</u>	35
<u>BENEFITS TO THE INVESTOR</u>	35

<u>PARTIES INVOLVED IN THE FUND</u>	36
<u>INVESTMENT MANAGER, FUND ADMINISTRATOR AND PRINCIPAL DISTRIBUTOR</u>	36
<u>CUSTODIAN BANK</u>	37
<u>TRANSFER AGENT</u>	37
<u>EXTERNAL AUDITOR</u>	37
<u>MATERIAL CONTRACTS AND AGREEMENTS</u>	37
<u>MANAGEMENT AND DISTRIBUTION AGREEMENT</u>	37
<u>CUSTODIAN BANK AGREEMENT</u>	38
<u>STOCK AND TRANSFER AGENCY AGREEMENT</u>	38
<u>LIMITATION OF LIABILITY</u>	39
<u>EXPENSES CHARGEABLE TO THE FUND AND THE FUND MANAGEMENT</u>	39
<u>FUND</u>	39
<u>FUND MANAGEMENT</u>	39
<u>DIVIDENDS</u>	40
<u>RIGHTS OF MINORITY SHAREHOLDERS</u>	40
<u>REGULATION CODE</u>	40
<u>MANAGEMENT</u>	40
<u>ACCOUNTING AND AUDITING</u>	41
<u>TAXATION</u>	41
<u>SHAREHOLDER</u>	42

PROSPECTUS SUMMARY

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

I. Issuer

First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc.

II. Investment Objective

The Fund is designed to seek long-term capital appreciation by investing in equity securities and/or in government and corporate debt securities. The Fund will adopt a tactical asset allocation approach by having the ability to switch between equities, bonds, and cash with a wider range in the permitted allocation between equities and fixed-income assets when needed.

III. Type of Issue

Open-end investment company.

IV. Shares Offered

Common stock.

V. Par Value

One Centavo (Php0.01) per share.

VI. Offering Price

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

VII. Minimum Investment

The minimum initial and additional investment shall be Php5,000.00 and Php1,000.00

VIII. Sales Load Fee

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

VIII. Redemption Price

The redemption price is the NAVPS at the close of business day if order ticket is received on or before 1:30pm. Thereafter, the order ticket is deemed to have been received the following business day, and the redemption price will be the NAVPS determined at the close of business on the next business day.

VIX. Daily Cut-Off Time

1:30pm

X. Redemption Charge

Redemption made within six (6) months are subject to an exit fee of no more than 1% (exclusive if VAT).

XI. 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.

XII. Acceptance of Investment Applications

Applications for the number of shares and the applicable NAV are subject to acceptance and approval by the Principal Distributor. The Principal Distributor reserves the right to reject, scale-down and re-allocate any application for the shares for whatever reason. Applications for which check payments are dishonored upon first presentment, as well as those which do not comply with the requirements set in this Prospectus and Investment Application Form, shall be rejected.

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

XIII. Payment Terms

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

XIV. Delivery of Stock Certificates

Shareholders are given an official receipts and confirmation slips upon subscription. Shares are recorded on a stock register by FAMI, and shareholders that do not elect to receive certificates have the same rights as if certificates had been issued to them.

XV. Redemption of Shares

Investors in redeemable securities issued by an open-end investment company shall have the right to have their securities redeemed in accordance with the terms of the issue thereof and the procedures indicated in this prospectus. The redemption price surrendered before the daily cut-off time shall be the next computed NAVPS. Payments for securities redeemed, less any redemption charges, shall be effected within seven (7) banking days from receipt of the request for redemption. The Commission may, whenever necessary or appropriate in the public interest or for the protection of investors, suspend the redemption of securities of open-end companies. The investment company may establish a network of redemption centers acceptable to the Commission.

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

The NAV is then divided by the number of shares outstanding in order to arrive at the NAV per share. For securities surrendered for redemption before the daily cut-off time of 1:30PM, the price at which the Company's securities may be redeemed shall be computed based on the NAV per share on the banking day following the day when such request for redemption is received. Should the request for redemption be received after the said daily cut-off time, it shall be deemed to have been received on the following banking day, and the applicable NAV per share to be used as basis for redemption shall be that which shall be computed for the following banking day when such request for redemption is deemed to have been received.

There is a minimum holding period of six (6) months that is subject to an exit fee/early redemption fee of no more than 1% (exclusive of VAT).

The Fund shall not suspend the right of redemption or postpone the date of payment or satisfaction upon redemption of any redeemable security in accordance with the terms appearing in this Prospectus, for more than three (3) banking days after the tender of such security to the Corporation, except on the instances prescribed by applicable Philippine laws or regulations.

RISK DISCLOSURE STATEMENT

I. GENERAL RISK WARNING

- The prices of securities as a result of market conditions fluctuate, and any individual security may experience upward or downward movement, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.
- There is an extra risk of losing money when securities are brought from smaller companies. There may be a big difference between the buying and selling price of these 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.

II. RISK FACTORS

- **Non-Guarantee:** Unlike deposits made with banks, an investment in the Fund is neither insured nor guaranteed by the Philippine Deposit Insurance Corporation (“PDIC”). Hence, investors carry the risk of losing the value of their investment, without any guarantee in the form of insurance.
- **Interest Rate Risk:** If interest rates rise, the prices at which the assets of the Fund can be sold may fall. The longer the maturity of the assets, the more sensitive the prices of the assets will be to changes in interest rates. In other words, a long-term investment will have higher interest rate sensitivity than a short-term investment. To mitigate the risks, the Fund manager will diversify in terms of the type of securities and the time horizons of the said securities.
- **Credit Risk:** Credit risk (also called default risk) is the risk that the issuer of the security will not be able to make principal and interest payment on a debt issue. The credit ratings of issuers can change and affect the Fund’s returns. To manage the risk, good quality and/or investment grade fixed income securities will be selected.
- **Manager Risk:** The performance of the Fund is dependent upon the investment manager’s skill in making the appropriate investments. As a result, the Fund may underperform the market or its peers. Also, the Fund could fail to meet its investment objectives. The board of directors of the issuer will see to it that all investment policies and restrictions enumerated in this prospectus are strictly followed. The board will meet more often to continually monitor the investment manager’s performance in this area.
- **Market Risk:** Stock prices rise and fall. The carrying value of the Fund’s investments in other corporate stocks depends on the value at which the stocks have been traded at the stock market as at the end of a particular day. The risk is minimized by closely monitoring the Fund’s performance and establishing certain exposure limits.

- **Liquidity Risk:** The fund is usually able to service redemption of investors within seven (7) business days after receipt of the notice of redemption by paying out redemptions exceed these liquid holdings, the Fund will have to sell less-liquid assets, and during periods of extreme market volatility, the Fund may not be able to find a buyer for such assets. Consequently, the Fund may not be able to generate enough cash to pay for the redemptions within the normal 7-day period.
- **Dilution Risk:** Being an open-end mutual fund, various investors may effectively subscribe to any amount of shares of the Fund. As such, investors face the risk of their investments being diluted by the shares of the other investors of the Fund. The influence that the investors can exert over the control and management of the Fund decreases proportionately.

III. PRUDENCE REQUIRED

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

IV. PROFESSIONAL ADVICE

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

INFORMATION WITH RESPECT TO THE REGISTRANT

I. THE FUND

A. Background and Purpose

First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc. is an open-end investment company, which was incorporated on and subsequently registered under R.A. 2629 on September 25, 2018. It is principally engaged in the sale of its shares of stock and in the investment of the proceeds from these sales into a portfolio of quality, high grade equity securities within the Philippines. The Fund's main objective is to provide small investors with the opportunity to access the capital markets and enable them to reap satisfactory returns on their investments through prudent selection of securities, and the professional management and supervision of the Fund.

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

B. Capitalization and Ownership

The Fund's authorized capital stock is Four Million (Php4,000,000.00) Philippine currency divided into Four Hundred (400,000,000) common shares with a par value of Php0.01 per share.

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

Name	Nationality	Number of shares subscribed	Amount subscribed (in Php)
First Metro Asset Management, Inc.	Filipino	Php 39,988,000	Php399,880.00
Augusto M. Cosio, Jr.	Filipino	4,000	40.00
Rey D. C. Erlano	Filipino	4,000	40.00
Gil C. Gilot	Filipino	20,000	200.00
Federico L. Bañez	Filipino	20,000	200.00
Rhoda Ruth M. Pillerin	Filipino	20,000	200.00
Perlita P. Dela Vega	Filipino	4,000	40.00
Miguel S. Soledad	Filipino	4,000	40.00
Silangan Multipurpose Cooperative	Filipino	19,980,000	199,800.00
PERA Multipurpose Cooperative	Filipino	19,980,000	199,800.00
Nabunturan Integrated Cooperative	Filipino	4,000,000	40,000.00
Kapalong Cooperative	Filipino	4,000,000	40,000.00
AdDE Credit Coperative	Filipino	4,000,000	40,000.00
Maragusan Growers Multipurpose Cooperative	Filipino	2,000,000	20,000.00
BCS Credit Cooperative	Filipino	2,000,000	20,000.00
Model Cooperative Network	Filipino	3,976,000	39,760.00
TOTAL		100,000,000	Php1,000,000.00

There are no provision under the Fund's Article of Incorporation and By-Laws that would delay, defer or prevent a change in control of the registrant.

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

- **Right of Redemption** – The holder of any shares of stock 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. The Fund's Articles of Incorporation further provide that any part of such stock or other securities may at any time be issued, auctioned for sale, and sold or disposed of by the Fund pursuant to the resolution of its Board of Directors, to such persons and upon such terms as the Board may deem proper, without first offering such stock or securities or any part thereof to existing stockholders.
- **Restrictions on Transfer** – No transfer of shares of the Fund, which would reduce the stock ownership or equity interest of Filipino citizens to less than the percentage required by applicable laws or regulations shall be caused or allowed to be recorded in the books of the Fund.
- **Distribution of Dividends** - As provided for in the Fund's By-laws, the Board of Directors may make arrangements with its stockholders whereby dividends and/or other distributions may be reinvested in the Fund's securities in lieu of cash to be paid to the stockholders. The

arrangement with shareholders shall be such that the dividends to be reinvested shall be valued at the net asset value per share of the Fund at the time said dividends are paid.

- **Voting Rights** - Each holder of a share in the Fund is entitled to one vote, in person or by proxy.

C. 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 on the inside back cover of this Prospectus.

D. Market Information

There is no principal market where the Fund's shares will be traded, not even in the Philippine Stock Exchange due to its nature as an open-end investment company. The Fund's shares shall be sold through its appointed Principal Distributor and sub-distributors.

E. Top Stockholders

As of April 30, 2019, there are sixteen (16) shareholders of the Company's common stock. Shown below are the top shareholders, including the number of shares and percentages of ownership held by each.

No	Account No	No of Shares	Percentage of Ownership
1	First Metro Asset Management, Inc.	39,988,000	39.98%
2	Silangan Multipurpose Cooperative	19,980,000	19.98%
3	PERA Multipurpose Cooperative	19,980,000	19.98%
4	Nabunturan Integrated Cooperative	4,000,000	4.00%
5	Kapalong Cooperative	4,000,000	4.00%
6	AdDE Credit Coperative	4,000,000	4.00%
7	Model Cooperative Network	3,976,000	3.98%
8	Maragusan Growers Multipurpose Cooperative	2,000,000	2.00%
9	BCS Credit Cooperative	2,000,000	2.00%
10	Gil C. Gilot	20,000	0.02%
11	Federico L. Bañez	20,000	0.02%
12	Rhoda Ruth M. Pillerin	20,000	0.02%
13	Edwin B. Valeroso	4,000	0.00%
14	Antonio P. Avelino	4,000	0.00%
15	Perlita P. Dela Vega	4,000	0.00%
16	Miguel S. Soledad	4,000	0.00%

F. Dividends

The Board of Directors of the Fund has the power to fix and determine the amount to be reserved or provided for declaration and payment of dividends from the Fund's unrestricted retained earnings. The amount of such dividends (either in cash, stock, property or a combination of the foregoing) will depend on the Fund's profits, cash flows, capital expenditure, financial condition, and other factors and will follow SEC's guidelines on determining retained earnings available for dividend declaration. The existence of surplus profit is a condition precedent before a dividend can be declared. The surplus profits or income must be a bona fide income founded upon actual earnings or profits. Actual earnings or profits shall be the net income for the year based on the audited financial statements, adjusted for unrealized items, which are considered not available for dividend declaration. Taking into account the Fund's cash flows, capital expenditure, investment objective and

financial condition, at least 10% of the actual earnings or profits may be declared by the Board of Directors as dividends.

Dividends so declared will be automatically reinvested in additional shares on behalf of the shareholders, without sales charges, at the NAVPS on the payment date established for such dividends. As such, shareholders realize their gains when shares are redeemed. Shareholders may elect not to have dividends reinvested and receive payment in cash, net of tax.

G. Dividends Policy

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 probably contingencies.

The Board of Directors of the Fund has adopted a policy, consistent with the Fund's objective of capital appreciation, to retain the surplus profits of the Fund in the retained earnings account. Such accumulation is reflected in the computation of the net asset value per share. Shareholders realize their gains when shares are redeemed. To date, there have been no distributions 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.

H. Affiliated Companies

The following firms are affiliated with the Fund:

First Metro Investment Corporation (FMIC) is affiliated with the Fund, being its majority founding shareholder. On the other hand, FMIC, CEAP and Marist Brothers Congregation Philippines, Inc. own FAMI 75%, 15% and 15%, respectively.

II. LEGAL PROCEEDINGS

A. Fund

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

- involved in any legal proceeding in the past five (5) years that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter, or control person of the Registrant;

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

B. Fund Manager

Neither the Fund Manager nor its 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.

III. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

STATEMENTS OF ASSETS AND LIABILITIES AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018

ASSETS

Cash in bank	₱25,042,187
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LIABILITIES AND EQUITY

LIABILITIES

Accounts payable and accrued expenses	₱182,979
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EQUITY

Capital stock	1,000,000
Additional paid-in capital	24,000,000
Deficit	(140,792)
	24,859,208

TOTAL LIABILITIES AND EQUITY	₱25,042,187
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD SEPTEMBER 25, 2018 TO DECEMBER 31, 2018***

INCOME	
Interest income	₱52,984
EXPENSES	
Professional fee	110,880
Taxes and licenses	65,949
Miscellaneous	6,350
TOTAL EXPENSES	183,179
LOSS BEFORE INCOME TAX	130,195
PROVISION FOR INCOME TAX	10,597
NET LOSS/TOTAL COMPREHENSIVE LOSS**	₱140,792
Basic Loss per Share	₱0.0014

* First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc. was registered with the Securities and Exchange Commission on September 25, 2018.

** There are no other comprehensive income items for the period September 25, 2018 to December 31, 2018.

A. FINANCIAL POSITION (As of December 31, 2018)*Cash in Bank*

This account consists of cash deposits in local bank amounting to ₱25.04 million, which earns annual interest at 0.25%.

Accounts payable and accrued expenses

Accounts payable and accrued expenses pertain to various operating expenses shouldered initially by the Fund Manager.

Capital Stock

As of December 31, 2018, details of capital stock are as follows:

	Shares	Amount
Common - ₱0.01 par value		
Authorized	400,000,000	₱4,000,000
Issued and outstanding	100,000,000	1,000,000
Balance at end of period	100,000,000	₱1,000,000

As of December 31, 2018, the Fund has 17 common shareholders.

Authorized capital stock

The initial authorized capital of the Fund amounting to ₱4.00 million is divided into 400 million common redeemable shares of ₱0.01 par value with each share carrying one vote, as approved by the SEC on September 25, 2018.

NAV per share

Securities Regulation Code Rule 68 requires mutual funds to disclose net asset value per share in the face of the statement of financial position or in the notes to the financial statements.

As defined by the Fund's prospectus, NAV per share is computed by dividing net assets (total assets less total liabilities) by the total number of units/shares issued and outstanding as of the reporting date.

As of December 31, 2018, NAV per share follows:

NAV attributable to holders of redeemable shares	₱24,859,208
Number of redeemable shares	100,000,000
<u>NAV per share</u>	<u>₱0.2486</u>

Capital Management

As a result of the ability to issue, repurchase and resell shares, the capital of the Fund can vary depending on the demand for subscriptions and redemptions of the capital stock.

The Fund's objective is to achieve reasonable capital growth through investing in short-term (less than one year) fixed-income securities and instruments. The Fund seeks to provide a high level of current income, consistent with the preservation of capital and liquidity by observing regulatory guidelines.

As of December 31, 2018, the Fund has not started operations and with capital amounting to ₱24.86 million. FAMI provides advances to the Fund to defray the Fund's expenditures.

Minimum Capital Requirement

Investment companies registered with the SEC must continually comply with the minimum subscribed and paid-up capital of ₱50.00 million. The SEC may grant a request for a lower paid-in capital requirement if the investment company is one of or part of a group of investment companies to be created or already in existence to be managed or under management by the same Fund Manager with a track record of at least five years as such and provided that the subscribed and paid up capital shall not be lower than ₱1.00 million.

The Fund, upon its application to SEC will file a request for a lower paid-in capital requirement, being part of a group of investment companies already in existence under management by FAMI.

Deficit of ₱140,792 pertains to the net loss incurred by the Fund for the period September 25, 2018 to December 31, 2018.

B. RESULTS OF OPERATIONS (for the period September 25, 2018 to December 31, 2018)

The Fund incurred a net loss of ₱140,792 for the period September 25, 2018 to December 31, 2018.

The details of the income and expense incurred are as follows:

Interest income amounting to ₱52,984 relates to cash in bank.

Professional fee refers to audit fee paid by the Fund.

Taxes and licenses pertains to local business permits.

Miscellaneous expenses consists of various pre-operating expenses.

The Fund has not yet started commercial operations. For the next twelve (12) months, the Fund is expected to commence official operations as an investment company. In terms of cash requirements, the Fund is currently compliant. It may raise additional funds in the next twelve (12) months as the investor base grows.

Income is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

The Fund manages its capital to ensure that the Fund will be able to continue as a going concern while maximizing returns to stakeholders through the optimization of the mix of debt instrument with acceptable credit rating and equity securities from domestic issuers.

The Fund is guided by its investment policies and legal limitations. All the proceeds from the sale of shares, including the original subscription payments at the time of incorporation constituting the paid-in capital, is held by the pertinent custodian banks.

The Fund is also governed by the following fundamental investment policies:

- It does not issue senior securities.
- It does not intend to incur any debt or borrowing. In the event that borrowing is necessary, it can do so only if, at the time of its incurrence or immediately thereafter, there is asset coverage of at least 300% for all its borrowings.
- It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital.
- It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects.
- It does not invest directly in real estate properties and developments.
- It does not purchase or sell commodity futures contracts.
- It does not engage in lending operations to related parties such as the members of the board of directors, officers of the Fund and any affiliates, or affiliated corporations of the company.
- The asset mix in each type of security is determined from time to time, as warranted by economic and investment conditions.
- It does not change its investment objectives without the prior approval of a majority of its shareholders.

IV. DISCUSSION OF KEY PERFORMANCE INDICATORS

Net Asset Value Per Share - Net Asset Value per share amounted to ₱0.2486 as of December 31, 2018.

Sales for the period - The Fund had no sales for the period September 25, 2018 to December 31, 2018 aside from the seed capital infused by FAMI.

Redemptions for the period - The Fund had no redemption for the period September 25, 2018 to December 31, 2018.

Net Income vs. Benchmark – The Fund incurred a net loss of ₱140,792 for the period ended September 25, 2018 to December 31, 2018.

Market Share vs. Benchmark – The fund has not yet started its commercial operations. As of December 31, 2018, the Fund held no share yet in the Equity Fund category and among all mutual funds in terms of net assets. On the basis of account holders, the Fund has sixteen outstanding accounts.

Discussion and analysis of material events and/or uncertainties

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

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

V. COMMITMENTS, MATERIAL EVENTS AND UNCERTAINTIES

1. To date, the Fund has no plans of entering into any material commitment for capital expenditures in the future.
2. 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.
3. There are no known events that will trigger direct or contingent financial obligation that is material to the Fund, including any default or acceleration of an obligation.
4. Also, there were 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.
5. Likewise, 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.
6. Similarly, there were no significant elements of income or loss that did not arise from the Fund's continuing operations.
7. Lastly, there were no seasonal aspects that had any material effect on the financial condition or results of operations of the Fund.

VI. FINANCIAL SOUNDNESS INDICATORS

The following basic ratios measure the financial performance of the Company for the periods ended December 30, 2018.

	December 31, 2018
Current ratio ¹	13,685.83%

Acid test ratio ²	13,685.83%
Debt-to-equity ratio ³	0.74%
Asset-to-equity ratio ⁴	100.74%
Interest rate coverage ratio ⁵	n.a.
Profitability ratios:	
Return on assets ⁶	(0.56%)
Return on equity ⁷	(0.57%)

¹Current Assets divided by Current Liabilities

²Quick Assets (Cash, FVPL, Accrued interest and Current receivables) divided by Current Liabilities

³Total Liabilities divided by Total Equity

⁴Total Assets divided by Total Equity

⁵Earnings Before Interest and Tax divided by Interest Expense

⁶Net Investment Income divided by Average Total Assets

⁷Net Investment Income divided by Average Total Equity

VII. CHANGES IN AND AGREEMENTS WITH ACCOUNTANT ON ACCOUNTING AND FINANCIAL DISCLOSURES

There has been no disagreement with the external auditor of First Metro Save and Learn F.O.C.C.U.S. Dynamic Dividend Fund, Inc., which is Sycip, Gorres, Velayo and Company (SGV). The reports of said auditors on the financial statements of the company for the year ended December 31, 2018, contained unqualified opinions.

For 2018, the audit and audit-related fees charged to the Fund amounts to Php55,440.00 relative to the October 31, 2018 audited interim financial statements and Php73,920.00 for the year-end audit December 31, 2018. SGV & Co. conducted the audit in accordance with auditing standards generally accepted in the Philippines to obtain reasonable assurance about whether the financial statements are free of material misstatements. Their audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

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

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

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.

VIII. DIRECTORS AND OFFICERS OF THE FUND

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

Rhoda Ruth M. Pillerin, 42, Filipino, Chairman. Term of office is one year. She serves as the Chief Executive Officer of Model Cooperative Network (MCN) since June 2010. Prior to MCN she was the Executive Director of Tri-People Concern for Peace and Progress in Mindanao (TRICOM) from May 2008 – October 2009 and Davao Provinces Rural Development Institute from March 1999-April 2008. From July 1997 to February 1999, she was the Research and Data Center Coordinator of Tri-People Partnership for Peace and Development.

Antonio P. Avelino, 65, Filipino, Independent Director. Term of office is one year. Mr. Avelino worked at SGV & Co., Inc. as Technical Staff III from 1973 to 1974. In Center for Research and Communication (now UA&P) he was a Graduate Staff in industrial Economics Program from 1974 to 1976 and a Research Tutor from 1976 to 1978. From 1978 to 2018 he was the General Manager of Dacon Corp. and Affiliates.

Perlita P. Dela Vega, 54, Filipino, Independent Director. Term of office is one year. Ms. Dela Vega was a bookkeeper in Rallos Accounting & Auditing Office (1985-1991) and at DACS, Inc. (1991-1993). While she was with University of the Immaculate Conception she occupied the following positions: Administrative Assistant, VP Academics Graduate School, Business Ad Faculty, and Graduate School Faculty.

Miguel D. Soledad, 65, Filipino, Independent Director. Term of office is one year. Mr. Soledad started his career in Southern Philippines Development as a consultant to the administrator in April to September of 2018. He was a Member of the Special Staff of the Minister in the Ministry of Natural Resources for the period of July to September of 1984. During the years 1974 to 1987 he was a Professional Manager for Procter and Gamble, Wrigley & Dole, Crown Fruits and Cannery Corporation and, lastly, Anflo Investment and Management Corporation.

The above career was followed by a foray into the academics starting with University of the Philippines – Mindanao as an Assistant Professor. A Program Coordinator in Master in Management Program in UP Mindanao School of Management from September 1, 2001 to May 31, 2008. From June 2008 to February 2010 he was the Vice Chancellor for Administration in the University of the Philippines – Mindanao. In September 1, 2011 he held the position of Davao Doctors College, Inc. A position he holds until this writing. Likewise, he still teaches in Ateneo de Davao University as a Part-time Professor of the Graduate Management Programs of the School of Business and Governance, a position he served since 1986.

Federico L. Banez, 65, Filipino, Director. Term of office is one year. Mr. Banez served as Branch Manager of Security Bank from 1997-2005.

Gil C. Gilot, 60, Filipino, Director. Term of office is one year. He was affiliated with Philippine National Bank from August 1982 to March 31, 2016 and occupying various positions.

Nimfa Balmes-Pastrana, 56, Filipino, Corporate Secretary. Term of office is one year. Atty. Pastrana is the First Vice President, General Counsel and Asst. Corporate Secretary of First Metro Investment Corporation since 2012 and 2002, respectively. She is also the Corporate Secretary of First Metro Save & Learn Fixed Income Fund, Inc., (from May 2005 to present) First Metro Save & Learn Dollar Bond Fund, Inc. (from 2008 to present) First Metro Global Opportunity Fund, Inc. (from 2010 to present), First Metro Securities Brokerage Corporation (2004 to present), PBC Capital Investment Corporation (2004 to present), Prima Ventures Development Corporation and First Metro Asset Management Inc. She graduated from the University of the Philippines with a degree A.B. Philosophy and from San Beda College with a Bachelor of Laws degree.

Jonathan T. Tabac, 63, Filipino, Compliance Officer. Term of office is one year. Mr. Tabac has served as FAMI's Compliance Officer since 2005. Term of office is one year. He is also the Compliance Officer of First Metro Investment Corporation, First Metro Securities Brokerage Corporation, First Metro Save & Learn Fixed Income Fund, First Metro Save & Learn Equity Fund, and First Metro Asset Management, Inc (from May 2005 to present),. He was AVP & Compliance Officer of Citystate Savings Bank (2002-2003), Vice President of Maybank Philippines (formerly PNB Republic Planters Bank)-1997-2001 and Chairman of the Board of RPB Provident Fund, Inc.(1997-2001) Mr. Tabac finished BSC-Accounting from University of Baguio and MBA units from the University of Santo Tomas. He is a Certified Public Accountant

Marie Arabella D. Veron, 57, Filipino, Treasurer. Term of office is one year. Ms. Veron was elected to the Board in April 2011. She is the Controller and First Vice President of First Metro Investment Corporation, Treasurer/Director of SBC Properties, Inc. (2003-2016) and Treasurer of PBC Capital Investment Corporation (2006-2016), Treasurer of First Metro Save & Learn Money Market Fund, Inc., First Metro Global Opportunity Fund, Inc., First Metro Save & Learn Fixed Income Fund, First Metro Save & Learn Equity Fund and First Metro Save and Learn Balanced Fund, Inc., (2006-present). She was a manager of MBTC Domestic Subsidiaries, a Senior Auditor of Joaquin Cunanan & Co./Price Waterhouse (1980-1985) and of Philippine International Trading Corporation (1985-1990). Ms. Veron finished her Bachelor of Science Degree in Business Administration, major in Accounting from University of the East. She is a Certified Public Accountant and a Certified Management Accountant.

Dr. Edwin B. Valeroso, 55, Filipino, President. Term of office is one year. He is First Vice President of First Metro Asset Management, Inc (from 2005-Present). 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.

SIGNIFICANT EMPLOYEE

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

FAMILY RELATIONSHIP

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

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.

IX. EXECUTIVE COMPENSATION

Compensation of Directors and Officers

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

No payment of per diem for Directors and Officers for the year 2018. The estimated per diem for 2019 is as follows

	2019 (Estimated)
Directors	₱280,000
Executive Officers	42,000
Aggregate Annual Per Diem	₱322,000

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.

X. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

The following stockholders own more than 5% of the common voting securities as of April 30, 2019:

Title of Class	Name and Address of Owner	Name of Beneficial Owner	Citizenship	No. of Shares Held	% of Holdings
Common Shares	First Metro Asset Management, Inc. ^{1/} Stockholder/ 18F PSBank Center 777 Paseo de Roxas cor. Sedeno St. Salcedo Village, Makati City	Same	Filipino	39,988,000	39.99%
Common Shares	Silangan Multipurpose Cooperative ^{2/} Stockholder / Door 1, Silangan Building 4, San Pedro Ext., Davao City	Same	Filipino	19,980,000	19.98%
Common Shares	PERA Multipurpose Cooperative ^{3/} Stockholder / Purok 3, Brgy. 5, San Francisco, Agusan Del Sur	Same	Filipino	19,980,000	19.98%

¹ First Metro Asset Management, Inc. (FAMI), is the registered owner of the shares in the books of the Company. The Board of Directors of FAMI has 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. The person who will exercise the voting powers over the shares of FAMI is Mr. Francisco C. Sebastian or Ms. Karen Liza M. Roa or any officers appointed by the Board.

² Silangan Multipurpose Cooperative (SMC) is the registered owner of the shares in the books of the Company. The Board of Directors of SMC has 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. The person who will exercise the voting powers over the shares of SMC is Mr. Federico L. Bañez or any officers appointed by the Board.

³ PERA Multipurpose Cooperative (PMC) is the registered owner of the shares in the books of the Company. The Board of Directors of PMC has 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. The person who will exercise the voting powers over the shares of PMC is Mr. Gil C. Gilot or any officers appointed by the Board.

The number of accountholders of the Fund as of April 30, 2019 is sixteen (16).

XI. SECURITY OWNERSHIP OF MANAGEMENT

The directors and officers as a group held a total of 76,000 common voting shares as of April 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	Gil C. Gilot	20,000	Filipino	0.02%
Common shares	Federico L. Bañez	20,000	Filipino	0.02%
Common shares	Rhoda Ruth M. Pillerin	20,000	Filipino	0.02%
Common shares	Edwin B. Valeroso	4,000	Filipino	0.00%
Common shares	Antonio P. Avelino*	4,000	Filipino	0.00%
Common shares	Perlita P. Dela Vega *	4,000	Filipino	0.00%
Common shares	Miguel S. Soledad*	4,000	Filipino	0.02%

*Independent Director

XII. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

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

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

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

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

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.

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.

INVESTMENT POLICY

The Fund is an open-end mutual fund that seeks long-term capital appreciation by investing in equity securities and/or in government and corporate debt securities.

INVESTMENT GUIDELINES AND RESTRICTIONS**GUIDELINES**

The Fund is a dynamic balanced fund which seeks to generate long-term capital appreciation through investment in equity securities and/or in government and corporate debt securities within the Philippines. The Fund will adopt a tactical allocation approach by having the ability to switch between equities, bonds, and cash with a wider range in the permitted allocation between equities and fixed-income assets when needed.

It can be categorized as moderate to high risk investment. Investment Company Act (ICA) provides that an investment company shall not change its investment objective without prior approval of a majority of its shareholders for this purpose, the term "equity securities" generally includes common stock, preferred stock and securities convertible into or exchangeable for such equity securities, such as convertible debentures and convertible preferred shares, or shares which carry warrants to purchase such securities.

The assets of the Fund shall be structured based on stock market condition, the level of interest rates, market conditions, and liquidity needs of the Fund, where its investments, denominated in Philippine

Pesos or foreign currencies are to be of above-average credit quality and minimal risk, and the average maturities are to take into account any expectation of any changes in interest rates.

RESTRICTIONS

The following shall be the limitations in investing the assets of the Fund:

- 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 investee company.
- 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 Investment Company:
 - i. Deposits placed with a non-investment grade or unrated deposit taking institution;
 - ii. Debt securities or money market instruments not dealt in an organized market or issued by an unrated or non-investment grade issuing body;
 - iii. 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.
 - iv. 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:
 - i. 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%)
 - ii. The Fund shall invest five percent (5%) of its net assets to liquid assets to meet all its payment and delivery obligations.
 - iii. The Fund Manager shall not act as counterparty to an OTC derivative invested into by the investment company.
- h. The Fund will not invest in the securities it is issuing.
- i. The Fund will 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 will not engage in short selling.
- k. Unless the Commission shall provide otherwise, the Fund shall not invest in any of the following:
 - i. Margin purchase of securities (investment in partly paid shares are excluded)
 - ii. Commodity futures contracts
 - iii. Precious metals
 - iv. Unlimited liability instruments

Classification of the Fund into low, medium or high risk investment: The investment objective of the Fund is classified as moderate to high risk or aggressive.

INVESTOR PROFILE AND INVESTMENT SUITABILITY

Prior to account opening, the fund shall perform an investor profiling process for all investor 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.

LIQUIDITY REQUIREMENTS

For liquidity purposes, unless otherwise prescribed by the Commission, at least ten percent (10%) of the assets of the Fund shall be invested in liquid/semi-liquid assets.

Such liquid/semi-liquid assets shall refer to, but not limited to the following:

- Treasury notes or bills, certificates of indebtedness issues by the Bangko Sentral ng Pilipinas which are short term, and other government securities or bonds and such other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines
- Tradable Long-Term Negotiable Certificate of Time Deposits (LTNCTD)
- Government debt securities where the issuer or the guarantor is a foreign government, sovereign or central bank with an international long-term issuer rating of investment grade
- 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.
- Money market instruments issued by Philippine regulated qualified buyers or those issued by an investment grade issuing body.
- Other collective schemes wholly invested in liquid/semi-liquid assets.

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 upon submission of a notarized liquidity contingency plan, signed by the President of the Fund and its Fund Manager.

OPERATIONAL EXPENSES

The total operating expenses of a 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.

BORROWING LIMIT

The Fund may borrow, on a temporary basis, for the purpose of meeting redemptions and bridging requirements provided that:

- a. The borrowing period should not exceed one month
- b. The aggregate borrowings shall not exceed ten percent (10%) of the net assets of the Fund

The Fund will 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%).

The purchase and sale of foreign securities shall be made only through a distributor or underwriter duly authorized or licensed by the government of the issuer of such securities.

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 (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.

USE OF PROCEEDS

The proceeds from the sale of the 400,000,000 shares, estimated at PhP99,440,000 using PhP0.2486 NAVPS as of December 31, 2018, will be primarily invested in domestic listed and non-listed equity securities in accordance with the policies set forth in the sections headed "Investment Policy" and "Investment Guidelines and Restrictions."

The Fund shall not make loans to other interested persons such as members of its Board of Directors, officers of the Fund and any of its affiliates/affiliated corporations. The Fund shall not acquire assets or finance the acquisition of other business. It does not have any existing debt, thus, proceeds shall not be utilized to settle any existing indebtedness or obligation.

Expenses charged to the Funds include, but are not limited to, remuneration of the members of the board who are not officers and/or employees of FAMI, SEC filing fees, documentary stamp taxes, registration statement fees, transfer, management and distribution fees.

Below are the estimated expenses for the registration of the Offer Shares:

Estimated Expenses for the Registration of the Company

SEC Registration Fees	404,000.00
Publication	30,000.00
Documentary Stamp Tax	20,000.00
Professional Fees	80,000.00
TOTAL	534,000.00

The net proceeds of the Fund are estimated to be as follows:

Gross Proceeds	99,440,000
Less: Estimated Expenses	<u>534,000</u>
Net Proceeds	<u>98,906,000</u>

SUMMARY OF FEES

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	Php60,440.00	
Management Fee	Up to 1.875% of the total Asset Under Management	
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 6 months from subscription	

DETERMINATION OF OFFER PRICE

The offer price will be the NAVPS at the end of the day. NAVPS is computed by dividing net assets (total assets¹ less total liabilities²) by the total number of shares issued and outstanding, plus the

¹ The assets of the Fund shall be deemed to include (i) all cash on hand, or on call, (ii) all bills, notes and accounts receivables, (iii) all shares of stocks and subscription rights, and other securities owned or contracted for the Fund, other than its own capital stock, (iv) all stock and cash dividends and cash distributions to be received by the Fund but declared to stockholders of record on a date on or before the date as of which the net asset value per share of the Fund is being determined, (v) all interests accrued on any interest-bearing security owned by the Fund, (vi) all real properties and interests therein, and (vii) all other property of every kind and nature including prepaid expenses.

² The liabilities of the Fund shall be deemed to include (i) all bills, notes and accounts payable, (ii) all administrative expenses payable and/or accrued (including management fees), (iii) all contractual obligations for the payment of money or property, including the amount

total number of shares outstanding due to DFFS and for conversion to shares, if any, as of the end of the reporting day.

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.

EXPENSES TO BE DEDUCTED FROM THE GROSS PROCEEDS

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

- Allowances of independent directors for every shareholders' and board meeting held;
- Audit and legal fees;
- Fees of custodian bank;
- Cost of printing and delivering notices, reports, proxies and other communication material for existing shareholder;
- Fees of transfer agent;
- Taxes, including income taxes, documentary stamp taxes and license fees as may be required by law or by the rules and regulations of the SEC; and
- Management, distribution and administration fees computed in accordance with the Management, Distribution and Administration Agreement between the Fund and the Investment Company Adviser.

PLAN OF DISTRIBUTION/DISTRIBUTION METHOD

The Fund has appointed FAMI as principal distributor of its shares of stock and will not sell or agree to sell any shares of its capital stock except through FAMI. FAMI will set up a legally qualified marketing network and accredit sub-dealers or agents to sell the shares and they are directly liable to FAMI. FAMI shall be compensated with 1.875% per annum of the average net assets representing fees for fund management, distribution and administration.

The fund distribution is monitored thru the financial statements that were generated daily.

The said statements show the outstanding number of shares on a given period.

FAMI is licensed by SEC to act as the Investment Company Adviser/Manager, Administrator and Principal Distributor. Its license was issued on September 7, 2005 and its 2019 license was renewed on 26 November 2018. There is no arrangement whereby FAMI has the right to designate or nominate a member or members of the board of directors of the Registrant.

COMPETITION

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

There are ten (10) peso- denominated balanced mutual funds in the country as of December 2018 with a combined assets under management of over P28 billion. The big players in this segment of the industry are Sun Life and Philam which hold about 78% of this market segment.

of any unpaid dividend declared upon the Fund's stock and payable to shareholders of record on or before the date on which the value of the Fund is being determined, (iv) all reserves authorized or approved by the Board of Directors for taxes or contingencies, and (v) all other liabilities of the Fund of whatsoever kind and nature except liabilities represented by the outstanding capital stock and surplus of the Fund.

MUTUAL FUND COMPANY	ASSETS UNDER MANAGEMENT (IN MILLIONS)	MARKET SHARE (%)
Sun Life of Canada Prosperity Balanced Fund, Inc.	11,445	40.58%
Philam Fund, Inc.	10,418	36.93%
Sun Life Prosperity Dynamic Fund, Inc.	1,792	6.36%

The Fund will compete with other balanced funds; it will target potential clients all over the country with concentration in the major cities. The Fund believes that competition will be in the area of investment performance and client services. The Fund will be competing more in terms of investment performance. It will adopt active investment strategies and tactics. It will utilize its present network, database, and available technology to its advantage.

The institutional funds of the target market (especially the bigger ones) evidently have access to almost all types of instruments locally available such as unit investment trust funds, pre-need plans, universal life products and other bank products. The retail funds and smaller institutional funds, however, are limited to simple bank products. Appropriately formulated marketing strategies, sales tactics and promotional activities will be employed by the Fund's principal distributor as it competes in this industry.

PROCEDURE FOR HANDLING CUSTOMER'S COMPLAINTS

Several platforms are available to clients in coordinating with FAMI such as phone call (8912860 up to 65), email (fami@firstmetro.com.ph), social [Facebook (firstmetroassetmgt); Viber Public (fami); Instagram (firstmetrofund); Twitter (@saveandlearn)] networking sites, website and chat box.

Sales supports are assigned to handle aftersales transactions which also include customer complaints guided by the key driver: Customer Experience, FAMI is continuously developing a customer-centric experience by paying considerable attention to client concerns.

A strict turn-around time guidelines for each complaint category is implemented to ensure speed and efficiency in achieving the goal in solving concerns via shortest handling and waiting time possible. Empowerment is given to associates for concerns that can be handled at point of interface. An escalation for complex transactions still follow the turn-around time; proper monitoring and feedback to clients are accomplished.

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 Articles of Incorporation of the Company provides, however, that no transfer of shares of stock of the Company 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 proper books of the Fund. The Investor shall declare and warrant that there are no legal restrictions prohibiting the purchase of the shares applied for and that the Investor is otherwise eligible throughout the duration of the period that the Investor remains a stockholder of the Company.

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

domicile and as to any relevant tax or foreign exchange control laws and regulations affecting them personally.

REQUIREMENTS FOR CORPORATE APPLICANTS

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

OFFERING PRICE

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

SUBSCRIPTION PROCEDURE

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

Subscriptions must be paid in full upon submission of the application for subscription. The daily cut-off time for the reckoning of the date of submission of the subscription application shall be 1:30 PM. If the proceeds are received on or before the said cut-off time, the shares shall be valued based on the net asset value (NAV) per share for the same banking day. For applications received after the cut-off time, it shall be deemed to have been received the following banking day. In both instances, a sales load fee shall be charged based on the total price of the application. The NAV per share shall be the computed difference between total assets of the Fund and its total liabilities divided by the number of shares outstanding.

BENEFITS TO THE INVESTOR

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

Professional Management

Even under the best of market conditions, it takes an experienced investor to invest prudently, and a further commitment of time to monitor those investments. With mutual funds, experienced professionals manage a portfolio full-time, and decide where to invest based on extensive research.

Diversification at Low Cost

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

Liquidity

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

Convenience

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

Protecting Investors

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

PARTIES INVOLVED IN THE FUND**INVESTMENT MANAGER, FUND ADMINISTRATOR AND PRINCIPAL DISTRIBUTOR**

First Metro Asset Management, Inc., ("FAMI"), the Investment Manager, Fund Administrator and Principal Distributor of the shares of the Company, was incorporated on April 21, 2005 with an authorized capital stock of Forty Million Pesos (Php40,000,000.00) divided into Four hundred Thousand (400,000) shares at a par value of One Hundred Peso (Php100.00) per share. It has a subscribed and paid-up capital of Twenty Three Million Five Hundred Thirty Thousand Pesos (Php23,530,000.00).

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 is a corporation organized by a group of individuals with a solid track record in management.

FAMI will comply with the responsibilities stated in Rule 5.1.2 of the new Implementing Rules and Regulations (IRR) of the Investment Company Act (ICA). FAMI's license shall be revoked and, if the fault lies with its officers, its directors will be removed after due notice and hearing in accordance with the provisions of the Corporation Code if any of the responsibilities stated therein is willfully not fulfilled.

CUSTODIAN BANK

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

TRANSFER AGENT

Metropolitan Bank and Trust Company- Trust Banking Group is the designated Stock and Transfer Agent of the Fund. The primary responsibility of the transfer agent is the accurate record keeping of individual shareholdings and the issuance and cancellation of stock certificates. The transfer agency shall be transferred to FAMI, after FAMI has acquired the requisite licenses.

EXTERNAL AUDITOR

The external auditor of First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc. is the accounting firm of Sycip, Gorres, Velayo and Company.

The audit committee is responsible for the appointment of the Independent External Auditor, the audit fee and any question of resignation or dismissal. The external auditors shall report directly to the Audit Committee. To date, there are no written policies on the appointment of external auditors.

The audit committee recommends to the shareholders the external auditor to be appointed based on an assessment of the auditing firms' qualification, expertise and resources, effectiveness and independence. The audit committee should ensure that the external auditor that is recommended for the appointment is accredited by the Securities and Exchange Commission.

The audit committee must approve the external auditors' term of engagement and remuneration. To do so, the audit committee should evaluate the term of engagement and discuss with the auditor to satisfy itself that the level of remuneration is appropriate to enable an effective audit to be conducted.

MATERIAL CONTRACTS AND AGREEMENTS

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

MANAGEMENT AND DISTRIBUTION AGREEMENT

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

- Coordination of the activities of, and extension of all necessary cooperation or assistance to the Fund's Custodian Bank, the Transfer Agent, the auditors, and the legal counsel without prejudice to the direct responsibility of such firms to the Fund;
- Preparation of such reports, circulars, notices and other information on internal corporate affairs that may be required, from time to time, by the Fund, its stockholders, board of directors, and/or officers, which shall include a monthly report on: a.) Revenues and

disbursements broken-down as to investments and expenses; b.) Sales and redemptions; and c.) Performance, change or status of the Fund's assets;

- Representation with Government offices, instrumentalities and agencies, including all work required in registering the Fund's securities, obtaining proper licenses and permits, complying with other legal requirements including those requirements relevant to FAMI's own operations, and submitting regular reports to various government agencies;
- Accounting, bookkeeping, clerical and other administrative services in the ordinary conduct of the Fund's activities, other than those services provided by the Custodian Bank, the auditors, and the legal counsel;
- Provide office space and other administrative facilities;
- Distribution of the shares of the Fund
- Investment and reinvestment of the resources of the Fund in accordance with the investment policies and guidelines set by the Fund's board of directors in conformity with the Fund's Prospectus, the Investment Company Act and other applicable laws and regulations;
- Preparation and submission of such information and data relating to economic conditions, industries, business, corporations, or securities as may be reasonably required by the Fund's Board of Directors or as FAMI may deem to be helpful in formulating and evaluating its investment policies or guidelines;
- Transactions with stockbrokers for the account of the Fund in connection with the investment and reinvestment of the Fund's assets;

The fees payable to FAMI, is a monthly fee equivalent to one point eight seventy five percent (1.875%) per annum of the average net asset value of the Fund's assets, computed on a daily basis. The "net asset value" shall be determined by computing the total value of the Fund's assets less its liabilities divided by the number of shares outstanding in accordance with the procedure used in computing the net asset value of the Fund. In addition, as Investment Manager, FAMI shall be paid an incentive fee equivalent to 10% of the realized appreciation in the value of the fund's net assets in excess of the benchmark.

CUSTODIAN BANK AGREEMENT

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

STOCK AND TRANSFER AGENCY AGREEMENT

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

- File the reports pertaining to the Fund as may be required by the SEC and other governmental entities
- Prepare the list of stockholders for all regular or special meetings of the Fund's stockholders;
- Prepare and mail out all notices, reports, and circulars to all stockholders upon prior request of the Fund, Investment Manager or Administrator;
- Prepare and mail dividend checks;

- Prepare and issue stock certificates; and,
- Register all liens constituted on the shares of stock of the Fund.
- Applicable Philippine Laws
- Investment Company Act of 1960

LIMITATION OF LIABILITY

To the extent allowed by law, the Fund and/or the Fund Manager's liability shall be limited to those arising from willful default or gross negligence. The Fund Manager shall not be liable for act or omission where such action or inaction, in the good faith judgment of the Fund Manager, was then necessary, reasonable or appropriate for the proper and advantageous administration and management of the Fund. The investment risks, including but not limited to credit risk, market risk, taxation risk, regulatory risk, interest risk and liquidity associated with the Fund are to be borne solely by the investor. The liability of the investors is limited to their investments in the Fund.

EXPENSES CHARGEABLE TO THE FUND AND THE FUND MANAGEMENT

FUND

The expenses chargeable to the fund include but not limited to the following:

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

FUND MANAGEMENT

The expenses chargeable to FAMI are:

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

DIVIDENDS

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

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

RIGHTS OF MINORITY SHAREHOLDERS

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

REGULATION CODE

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

MANAGEMENT

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

- The contract has been approved by the vote of a majority of the outstanding voting securities of the investment company;
- The contract precisely described all compensation to be paid thereunder;
- The contract shall continue in effect for a period of more than two years from the date of its execution, provided that such continuance is specifically approved at least annually by the board of directors or by vote of a majority of the outstanding voting securities of such company;

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

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

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

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

ACCOUNTING AND AUDITING

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

TAXATION

Corporate income tax on taxable income derived from all sources within and without the Philippines is 30% effective January 2009;

- Final withholding tax of 20% on gross interest from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements;
- Final withholding tax on sale of shares listed and traded through the Exchange of 1/2 of 1% of gross selling price;
- Tax on net capital gain on sale of shares not traded through the Exchange: not over ₱ 100,000.00 - 5% and amount in excess of ₱100,000.00 - 10%;
- Documentary stamps tax at the rate of ₱1.00 per ₱200.00 (or fractional part thereof) of par value on original issuance of shares by the Fund.

SHAREHOLDER

Tax on dividends received from the Fund by:

- domestic corporations and resident foreign corporation: None;
- individual citizen and individual resident alien: 10%
- Documentary stamps tax of ₱0.75 per ₱200.00 (or fractional part thereof) of par value on subsequent sale or transfer of shares by the Shareholder.
- Tax on gains realized by the investor upon redemption of shares in a mutual fund company: None.
- Tax on net capital gains on sale of shares not traded through the Exchange: Not over ₱100,000.00: 5%; and amount in excess of ₱100,000.00: 10%.
- Tax on dividends received from domestic corporations: None.

Documentary stamps tax at the rate of ₱1.00 per ₱200.00 (or fractional part thereof) of par value on original issuance of shares by the Fund.