

**FIRST METRO CONSUMER FUND ON MSCI PHILIPPINES IMI, INC. (FMCF)  
ANNUAL MEETING OF THE STOCKHOLDERS**

Wednesday, September 16, 2020, 02:00PM

Livestream, link provided in the website

<https://fami.com.ph/>

**AGENDA**

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on June 19, 2019
4. Annual Report to the Stockholders
5. Amendment of Articles of Incorporation (Change of Corporate Name) and Amendment of Prospectus (Revision of Investment Objective and Guidelines and Portfolio Constituents)
6. Ratification of all Acts and Resolutions of the Board of Directors, Management and All Committees for the fiscal year 2019, including the following:
  - a. Amendment to the Management Distribution Agreement
7. Election of the Members of the Board of Directors for the year 2020-2021
8. Appointment of External Auditor for the year 2020.
9. Other Matters
10. Adjournment

Stockholders of record as of August 7, 2020 shall be entitled to vote at the meeting.

As a precautionary measure against the spread of COVID-19, the Company will not be conducting a physical annual shareholders' meeting. The conduct of the annual shareholders' meeting will be streamed live, and shareholders may attend the meeting by registering on or before 12:00 noon on September 16, 2020. Due to the limitations of available technology, voting will not be possible during the livestream, but participants may send in questions or remarks via the livestream platform.

If you cannot attend the meeting in person and you wish to be represented, you may designate your authorized representative by submitting a signed proxy document on or before September 4, 2020, through email at [20is@fami.com.ph](mailto:20is@fami.com.ph) and hardcopies at 18<sup>th</sup> Floor, PS Bank Center, 777 Paseo de Roxas corner Sedeño St., Makati City.

Attached for your convenience is a sample proxy form.

This Agenda and the attached sample proxy form together with the Definitive Information Statement including the Audited Financial Statements will be distributed through electronic mail to all stockholders as of record date.

  
**NIMFA BALMES-PASTRANA**  
Corporate Secretary

PROXY

The undersigned stockholder of **FIRST METRO CONSUMER FUND ON MSCI PHILIPPINES IMI, INC.** hereby appoints \_\_\_\_\_ or in his absence, the Chairman of the meeting, as attorney-in-fact and proxy, with power of substitution, to present and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Company on Wednesday, September 16, 2020 and at any of the adjournments thereof. The proxy shall be revoked only in writing and by informing the Corporate Secretary prior to the annual stockholders meeting.

The proxy may vote by checking (✓) the area that corresponds to his vote. In the election of the Members of the Board of Directors, the proxy shall indicate number of votes on the blank place provided beside the names of the nominees or check abstain should they wish to do so.

ITEMS	ACTIONS		
	Yes	No	Abstain
1. Approval of the Minutes of the Annual Stockholders' Meeting held on June 3, 2019			
2. Ratification of all Acts and Resolutions of the Board of Directors, Management and All Committees for the fiscal year 2019, including the following:  a. Amendment to the Management Distribution Agreement			
3. Amendment of Articles of Incorporation (Change of Corporate Name) and Amendment of Prospectus (Revision of Investment Objective and Guidelines and Portfolio Constituents)			
4. Election of the Members of the Board of Directors for the year 2020-2021	# of Votes		
Mr. Eduardo S. Mendiola			
Mr. Robert T. Yu			
Ms. Helen U. Fargas			
Ms. Rhodora Angela F. Ferrer			
Fr. Rafael K. Eloriaga, CM			
	Yes	No	
5. Appointment of External Auditor for the year 2020.			

\_\_\_\_\_  
PRINTED NAME OF STOCKHOLDER

\_\_\_\_\_  
SIGNATURE OF STOCKHOLDER/  
AUTHORIZED SIGNATORY

\_\_\_\_\_  
DATE

<sup>1</sup> Please fill-out and sign the proxy form and return via mail/email/Metrobank Branches on or before 5:00 p.m. on September 4, 2020.  
Via Mail: To the Corporate Secretary, 18<sup>th</sup> Floor, PS Bank Center, 777 Paseo de Roxas corner Sedeño St., Makati City  
Via Email: 20is@fami.com.ph | Via Fax: (02) 816-0467  
Via Metrobank Branches: Use Pouch Code 90020. This service is free of charge.

<sup>2</sup>This proxy shall be valid for a period of five (5) years from the date of its execution. This proxy shall continue to be in effect until and unless withdrawn by written notice delivered to the Corporate Secretary, but shall not apply in instances wherein the undersigned personally attends the meeting.

<sup>3</sup>If no name is provided; the Chairman of the Meeting will act as the proxy.

THIS PROXY NEED NOT BE NOTARIZED. IF THE STOCKHOLDER ATTENDS IN PERSON AND EXPRESSES HIS INTENTION TO VOTE IN PERSON, THE PROXY WILL BE REVOKED.

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 20-IS**

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box  
( ) Preliminary Information Statement  
(/ ) Definitive Information Statement
2. Name of registrant as specified in its charter:  
**FIRST METRO CONSUMER FUND ON MSCI PHILIPPINES IMI, INC.**
3. Province, Country or other jurisdiction of incorporation or organization:  
**Metro Manila, Philippines**
4. SEC Identification number  
**CS201006424**
5. BIR Tax Identification Code:  
**7-742-652-000**
6. Address of Principal Office:  
**18F PSBank Center 777 Paseo de Roxas cor Sedeno St. Salcedo Village, Makati City, 1226**
7. Telephone Number:  
**(632) 8912860, (632) 8405710, Fax No. (632) 8160467**
8. Date, time, place, of the meeting of security holders:  
**Date : September 16, 2020**  
**Time : 2:00 p.m.**  
**Place : Livestream at the link provided in**  
**<https://fami.com.ph/>**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **August 24, 2020**
10. Securities registered pursuant to Sections 4 and 8 of the RSA:  

Title of each class	Number of Shares of Common Stock Outstanding (Par value of P1.00)
<b>Common Shares</b>	<b>576,861,851 shares</b>
11. Are any or all of registrant's securities listed on the Philippine Stock Exchange?  
**No**

## PART I - INFORMATION STATEMENT

### A. GENERAL INFORMATION

#### Item 1. Date, Time, and Place of Meeting of Security Holders:

Date : Wednesday, September 16, 2020  
Time : 02:00 p.m.  
Place : Livestream at the link provided in <https://fami.com.ph/>

#### Mailing Address of the Registrant

18<sup>th</sup> Floor, PS Bank Center, 777 Paseo de Roxas, corner Sedeño St., Makati City

#### Approximate date on which the Information Statement is first to be sent or given to security holders:

August 24, 2020

#### Item 2. Right of Appraisal:

There are no matters or proposed corporate actions which may give rise to a possible exercise by security holders of their appraisal rights under Title X of the Corporation Code of the Philippines.

#### Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon:

- a. No current director or officer of the Fund, or nominee for election as directors of the Fund nor any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.
- b. No director has informed the registrant, in writing or otherwise, that he intends to oppose any action to be taken by the registrant at the Meeting.

### B. CONTROL AND COMPENSATION INFORMATION

#### Item 4. Voting Securities and Principal Holders Thereof:

##### a) Class of Voting Shares :

Class of Voting Securities <b>Common Shares</b>	Total Outstanding Shares <b>576,861,851</b>	Votes Entitlement <b>One (1) vote per share</b>
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##### b) Record Date

Stockholders of record as of August 7, 2020 are entitled to notice and to vote in the Annual Stockholders Meeting.

##### c) Security Ownership of Certain Record and Beneficial Owners and Management:

The following stockholder owns more than 5% of the common voting securities as of June 30, 2020:

Title Class	Name and Address of Owner	Name of Beneficial Owner	Citizenship	No. of Shares Held	Percent to Outstanding Shares
Common	Board of Trustees of	Same	Filipino	115,300,358	19.99%

Shares	PERAA <sup>1</sup> / Salcedo Village, Makati City				
Common Shares	Account Number 26830 <sup>2</sup> / Taysan Street, Ayala Alabang Village, Muntinlupa City	Same	Filipino	69,310,027	12.02%

<sup>1/</sup> Board of Trustees of PERAA is the registered owner of the shares in the books of the Company. The Board of Directors of Board of Trustees of PERAA 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 Board of Trustees of PERAA is Ms. Bernadette M. Nepomuceno or any officers appointed by the Board.

<sup>2/</sup> Account Number 26830 are the owners and will vote over his/her shares.

### Security Ownership of Directors/Management:

The directors and officers as of June 30, 2020. This is broken down as follows:

Title of Class	Name of the Beneficial Owner	Amount and Nature of Ownership	Citizenship	Percent to Outstanding Shares
Common Shares	Eduardo S. Mendiola	1	Filipino	0.00%
Common Shares	Robert T. Yu	1	Filipino	0.00%
Common Shares	Rafael K. Eloriaga*	1	Filipino	0.00%
Common Shares	Marie Arabella Veron	1,608,132	Filipino	0.28%
Common Shares	Atty. Nimfa B. Pastrana	1,351,107	Filipino	0.23%

\*Independent Director

The Corporation knows of no other person holding more than 5% of common shares under a voting trust or similar agreement.

There is no arrangement that may result in a change in control of the registrant.

No change of control in the Corporation has occurred since the beginning of its last fiscal year.

### Item 5. Directors and Executive Officers

Incumbent Directors (5) - All directors are elected for a term of one year and until their successor shall have been elected or qualified. Below is a list of FMCF's incumbent directors with their corresponding business affiliations and other qualifications.

All other officers shall be elected/appointed by the Board of Directors. Vacancies occurring among such officers however arising shall be filled by the Board.

The Board of Directors of the Fund as of June 30, 2020 are as follows:

Name	Experience
Mr. Eduardo S. Mendiola Chairman	Mr. Eduardo S. Mendiola, 64 years old, Filipino, term of office is one and half year. Mr. Mendiola has been serving as a member of the Board of Director and President of the following companies since June 2015, namely: First Metro Save & Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn

	<p>Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc. and First Metro Philippine Equity Exchange Traded Fund, Inc. He is a career Executive Service officer II and held the position of Deputy Treasurer of the Philippines from 1994 to 2013. Prior to his appointment as Deputy Treasurer, he held various positions in the Bureau of the Treasury from 1982-1993. He attended various trainings and conferences abroad on capital markets, development of financial system in the ASEAN, financial market analysis, and fiscal discipline among others.</p> <p>Mr. Mendiola received the Most Outstanding “Dangal ng Trinity Award for Financial Administration” by Trinity University of Asia in 2009, and Distinguished Alumnus of Pamantasan ng Lungsod ng Maynila in 2005.</p> <p>He finished his BS Statistics at the University of the East. He also completed a Masters in Business Administration from Pamantasan ng Lungsod ng Maynila.</p>
<p>Mr. Robert T. Yu President</p>	<p>Mr. Robert T. Yu, 73 years old, Filipino, President. Mr. Yu was formerly the Vice Chairman of First Metro Securities Brokerage Corporation. He was also appointed as Director in 2011 after his stint as the company’s President in 2010. He concurrently serves as Adviser to the Board of Charter Ping An Insurance Corporation and Executive Director of PG Progress Marketing Corporation. He previously served at the Senior Management level in various industrial corporations. Robert Yu has a Bachelor’s degree in Commerce from the University of the East.</p>
<p>Helen U. Fargas Director</p>	<p>Ms. Helen U. Fargas, 67, Filipino. Term of office is one year. She is also a Director of First Metro Save and Learn Philippine Index Fund, Inc., First Metro Consumer Fund on MSCI Phils., IMI Inc. and First Metro Asia Focus Equity Fund, Inc. She is currently a Consultant in National Branch Banking Sector and has been with Metrobank since 2000. She served as a director in Orix Metro Leasing Corp. from 2011-2014 and in Charter Ping-An Insurance Corp from 2007-2011. She has been a member of different bank-level committees from 2004-2014. She held various key positions and supervised all of the 610 Metrobank Domestic Branches nationwide with manpower headcount of 6,035 when she was the Executive Vice President/Sector Head from 2012-2014. She also joined PCI Bank and served from 1973-1999 where she achieved the most coveted award in all categories bankwide, the Area of the Year Award when she was the Assistant Vice President / Area Manager – Branch Banking Segment.</p>
<p>Rhodora Angela F. Ferrer Independent Director</p>	<p>Ms. Rhodora Angela F. Ferrer, 52 years old, Filipino. Term of office is one year. Ms. Ferrer served as Executive Director for Catholic Educational Association of the Philippines (from 2010 to 2014); Asst. Professor, Education Department and Natural Science Department, St. Scholastica’s College (since 2007); Trainer for Teacher-Training Programs, Foundation for Upgrading the Standards of Education (FUSE), since 2004. She also served as Chairperson of the Training Committee, Foundation for Upgrading the Standards of Education, Inc. (FUSE) (2009 to 2010); Associate Professor, College of Education at the University of the East (2009 to 2012); Chairperson, Natural Science Department, St. Scholastica’s College, Dean of Student Affairs, St. Scholastica’s College (2004 to 2007). Ms. Ferrer is also an</p>

	<p>Independent Director of First Metro Save and Learn Dollar Bond Fund, Inc. since 2014 and of First Metro Save and Learn Balanced Fund, Inc. since 2016.</p> <p>Ms. Ferrer finished her BS degree in Physics for Teachers (Cum Laude) at the Philippine Normal University and took up Masters in Education, Major in Physics at De La Salle University. She obtained her doctorate degree in Education Major in Curriculum Studies at the University of the Philippines and took up Ph.D. in Educational Leadership and Management (Executive Program) at De La Salle University.</p>
Fr. Rafael K. Eloriaga, CM Independent Director	<p>Fr. Rafael K. Eloriaga, 56 years old, Filipino. Fr. Eloriaga is also the Independent Director for First Metro Save and Learn Fixed Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Money Market Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc. and First Metro Consumer Fund on MSCI Phils., IMI Inc. Fr. Eloriaga is currently the Vice-President for Finance of Adamson University (2016-present), a member of the Finance Committee, General Curia under the Congregation of the Mission (2013 to present) and joined as member of the Board of Trustees of the Universidad de Sta Isabel, Naga City (2016 to present). He was formerly the Cebu Business Center Head for Central and Eastern Visayas Senior Manager of BPI Family from 2005-2006 and the Provincial Econome, Philippine Province- Congregation of the Mission (2012- 2016).</p> <p>Fr. Eloriaga took up his AB Philosophy and Letters at Dela Salle University in 1983 and his BS Accountancy at Fr. Saturnino Urios University in 1994. He finished the Curriculum of Ordained Ministry and Masters in Pastoral Theology at St. Vincent School of Theology.</p>

The two (2) independent directors, namely, Rhodora Angela F. Ferrer and Fr. Rafael K. Eloriga, CM, have always possessed the qualifications and none of the disqualifications of an independent director.

### Executive Officers

Name	Experience
Dr. Edwin B. Valeroso Vice President	<p>Dr. Edwin B. Valeroso, 56 years old, Filipino. Term of office is one year. He is First Vice President of First Metro Asset Management, Inc. He was the President of First Metro Save and Learn Balanced Fund, Inc. (Jan 2007 to June 2011), First Metro Save &amp; Learn Fixed-Income Fund, Inc. and First Metro Save and Learn Equity Fund, Inc. (from May 2005 to June 2011), and First Metro Save and Learn Dollar Bond Fund, Inc. (2008 to 2011). He is a Director of First Metro Save and Learn F.O.C.C.U.S Dynamic Fund, Inc. He is presently Vice President of First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Save &amp; Learn Fixed-Income Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Save and Learn Philippine Index Fund, Inc., First Metro Consumer Fund on MSCI Phils., IMI Inc., First Metro Save and Learn Money Market Fund, Inc. and First Metro Asis Focus Equity Fund, Inc. He is also the Chief Information Officer of First Metro Philippine Equity Exchange Traded Fund, Inc. He is Vice President and Trustee of Philippine Investment Funds Association (2006-present) and an</p>

	<p>Associate Professor Guest Lecturer at De La Salle University-Graduate School of Business (2000-present). 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 (major in Actuarial Science) 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.</p>
<p>Ms. Marie Arabella D. Veron Treasurer</p>	<p>Ms. Marie Arabella D. Veron, 59 years old, Filipino. Term of office is one year. She is currently the First Vice President and Head of Corporate Services and Finance Group of First Metro Asset Management, Inc., Treasurer of First Metro Save &amp; Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc., First Metro Consumer Fund, First Metro Save and Learn Philippine Index Fund, Inc., First Metro Save and Learn Money Market Fund, Inc., First Metro Save and Learn SALFOCCUS Dynamic Fund, Inc. and First Metro Securities Brokerage Corporation. She also served as the First Vice President and Controller of First Metro Investment Corporation, Treasurer/Director of SBC Properties, Inc. and Treasurer of PBC Capital Investment Corporation (2003-2016). She was a Manager of MBTC Domestic Subsidiaries, a Senior Auditor of Joaquin Cunanan &amp; 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.</p>
<p>Atty. Nimfa B. Pastrana Corporate Secretary</p>	<p>Atty. Nimfa B. Pastrana, 58 years old, Filipino. Term of office is one year. She is First Vice President and Asst. Corporate Secretary of First Metro Investment Corporation. She is also the Corporate Secretary of First Metro Save and Learn Balanced Fund, Inc., First Metro Save &amp; Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc. (from May 2005 to present), First Metro Save and Learn Dollar Bond Fund, Inc. (from 2008 to present), First Metro Asia Focus Equity Fund, Inc. (from 2010 to present), First Metro Save and Learn Money Market Fund, Inc., First Metro Save and Learn SALFOCCUS Dynamic Fund, Inc., First Metro Securities Brokerage Corporation, PBC Capital Investment Corporation, 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.</p>



<p>Mr. Jonathan T. Tabac Compliance Officer</p>	<p>Mr. Jonathan T. Tabac, 65 years old, Filipino. Term of office is one year. He is also the Compliance Officer of First Metro Securities Brokerage Corporation, First Metro Save &amp; Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc., and First Metro Asset Management, Inc. (from May 2005 to present) and First Metro Save and Learn Philippine Index Fund, Inc., First Metro Save and Learn Money Market Fund, Inc. and First Metro Save and Learn FOCCUS Dynamic Fund, Inc. He served as AVP &amp; Compliance Officer of Citystate Savings Bank (2002-2003), Vice President of Maybank Philippines (formerly PNB Republic Planters Bank)-1997-2001 and Chairman of the Board of RPB Provident Fund, Inc. (1997-2001). Mr. Tabac finished BSC-Accounting from University of Baguio. He is a Certified Public Accountant.</p>
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### Significant Employees

No person who is not an executive officer is expected by the Corporation to make significant contribution to its business.

### Nominee Directors

The following have been nominated for election as member of the Board of Directors during annual Stockholders Meeting on September 16, 2020:

Mr. Eduardo S. Mendiola  
 Mr. Robert T. Yu  
 Ms. Helen U. Fargas  
 Mr. Rhodora Angela F. Ferrer \*  
 Fr. Rafael K. Eloriaga, CM\*  
 \*Independent Directors

### Independent Directors

In accordance with Securities Regulations Code, FMCFM has formulated its rules relative to the election of independent directors, as follows:

The Nomination Committee shall have at least three (3) members, one of whom is an independent director, and it shall promulgate the guidelines and criteria to govern the conduct of the nomination. The nomination of independent director/s shall be conducted by the Committee prior to a stockholder's meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

The Nomination Committee of the Board of Directors is composed of Mr. Eduardo Mendiola as Chairman, with Fr. Rafael Eloriaga and Ms. Helen Fargas as member.

After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under SRC IRR Rule 38. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared and no further nomination shall be entertained or allowed on the floor during the stockholders'/membership meeting.

Ms. Rhodora Angela F. Ferrer and Fr. Rafael K. Eloriaga, CM are nominees for independent directors of First Metro Consumer Fund on MSCI Philippines IMI, Inc. and they were recommended to the Nominations Committee for election as independent directors by *Atty. Melissa B. Reyes*, stockholder, in accordance with the foregoing rules. *Atty. Reyes* has no relations with any nominees.

- **Rhodora Angela F. Ferrer, 52, Filipino.** Independent Director. Term of office is one year. Ms. Ferrer served as Executive Director for Catholic Educational Association of the Philippines (from 2010 to 2014); Asst. Professor, Education Department and Natural Science Department, St. Scholastica's College (since 2007); Trainer for Teacher-Training Programs, Foundation for Upgrading the Standards of Education (FUSE), since 2004. She also served as Chairperson of the Training Committee, Foundation for Upgrading the Standards of Education, Inc. (FUSE) (2009 to 2010); Associate Professor, College of Education at the University of the East (2009 to 2012); Chairperson, Natural Science Department, St. Scholastica's College, Dean of Student Affairs, St. Scholastica's College (2004 to 2007). Ms. Ferrer is also an Independent Director of First Metro Save and Learn Dollar Bond Fund, Inc. since 2014 and of First Metro Save and Learn Balanced Fund, Inc. since 2016.
- **Fr. Rafael K. Eloriaga, CM, 56, Filipino.** Independent Director. Fr. Eloriaga is also the Independent Director for First Metro Save and Learn Fixed Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Money Market Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc. and First Metro Consumer Fund on MSCI Phils., IMI Inc. Fr. Eloriaga is currently the Vice-President for Finance of Adamson University (2016-present), a member of the Finance Committee, General Curia under the Congregation of the Mission (2013 to present) and joined as member of the Board of Trustees of the Universidad de Sta Isabel, Naga City (2016 to present). He was formerly the Cebu Business Center Head for Central and Eastern Visayas Senior Manager of BPI Family from 2005-2006 and the Provincial Econome, Philippine Province- Congregation of the Mission (2012- 2016).

## Legal Proceedings

The Fund is not aware of any event that occurred during the year that is material to an evaluation of the ability or integrity of any of its directors, any nominees for election as directors or executive officers for the past five (5) years.

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

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

5. found by a domestic or foreign court of competent jurisdiction( in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the said judgment has not been reversed, suspended or vacated.

### **Family Relationships**

There are no family relationships among the directors and officers listed above 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 director or executive officers.

### **Relationships and Related Transactions**

There had been no material transaction nor is there any material transaction currently proposed to which the Company was, or is a party, or in which any director or executive officer of the Company, had or is to have a direct or indirect material interest.

### **Item 6. Compensation of Executive Officers and Directors**

Per Diem payments to directors and officers for the year ended December 31, 2019, 2018 and 2017 are as follows:

	<b>2020</b> <b>(estimated)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Directors	₱250,000	₱205,000	₱245,000	₱140,000
Executive Officers	77,500	67,000	90,000	36,500
Aggregate Annual Per Diem	₱327,500	₱272,000	₱335,000	₱176,500

Per diem of Directors, Corporate Secretary and Officers of the Fund amounting to P10,000, P3,000, P2,500, respectively, are given during their Annual Stockholders' and regular meeting.

There are no compensatory plans or arrangement with respect to any of its executive officers that can result to the resignation, retirement or any other termination of such executive officer's employment with the Fund; neither from a change in control of the registrant or a change in the named executive officer's responsibilities.

### **Item 7. Independent Public Accountants:**

SGV & Co. is the external auditor of First Metro Consumer Fund on MSCI Philippines IMI, Inc.. Representatives of SGV & Co. are expected to be present at the stockholders meeting on September 16, 2020. They will have the opportunity to make a statement if they desire to do so and they are expected to be available to respond to appropriate questions.

For the year 2020, First Metro Consumer Fund on MSCI Philippines IMI, Inc. will still be engaging the services of SGV.

In compliance with SRC Rule 68, par. 3 (b)(iv), the signing partner of the auditing firm is rotated every after five (5) years of engagement. Janet A. Paraiso, signed the independent auditors' for the years 2019 and 2018 while Ray Francis C. Balagtas signed from 2015 - 2017. The reports of auditors on the financial statements of the company for the years ended December 31, 2019, 2018 and 2017 contained unqualified opinions.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosures, auditing scope or procedures, which disagreements, if not resolved

to their satisfaction, would have caused the auditors to make reference thereto in their respective reports on the financial statements for such years.

The fees paid for the professional services rendered by SGV & Company for the audit of our Financial Statements for the year 2019, 2018 and 2017 P37,268. SGV & Co. conducted the audit in accordance with auditing standards generally accepted in the Philippines to obtain reasonable assurance about whether the financial statements are free of material misstatements. Their audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

There are no tax fees paid for the last 2 years for professional services rendered by SGV & Co. for tax accounting compliance, advice, planning and any other form of tax service.

In 2018, an agreed upon procedure was engaged with SGV & Co. pertinent to the increase in authorized capital stock.

### **C. ISSUANCE AND EXCHANGE OF SECURITIES**

**Item 11. Authorization or Issuance of Securities Otherwise than for Exchange – N/A**

### **D. OTHER MATTERS**

**Item 17. Amendment of Charters, By-Laws or Other Documents**

The reason for the change of name is to mirror the reconstitution of the Fund's objective. The Fund's objective has limited choice due to the restrictions of the MSCI methodology. By being consumer focused, FMCF shall be more differentiated relative to other competing funds in the market.

**Item 18. Other Proposed Items**

1. Approval of the minutes of the meeting of the stockholders held on June 19, 2019, with the following points:
  - a) Approval of the Minutes of the Annual Stockholders' Meeting held on June 19, 2019
  - b) Annual Report to the Stockholders
  - c) Ratification of all Acts and Resolutions of the Board of Directors, Management and All Committees for the fiscal year 2019, including the following:
    - a. Renewal of the Management Distribution Agreement
  - d) Election of the Members of the Board of Directors for the year 2019-2020
  - e) Appointment of External Auditor for the year 2019.
2. Ratification of Corporate Acts
  - a) Ratification of the minutes of the board meeting and all acts and resolutions of the Board, including among others the following:
    - i. Renewal of the Management Distribution Agreement with FAMI
3. Election of the Members of the Board of Directors for the year 2020-2021 – Please refer to the list of nominees under Item 5 – “Directors and Executive Officers – Nominee Directors” for the details.
4. Appointment of Sycip Gorres Velayo & Co. (SGV) as External Auditors for the year 2020 – Please refer to the write-up under Item 7 “Independent Public Accountants” for the details.

## Item 19. Voting Procedure

The matters included in the agenda require the approval of the stockholders, as follows;

1. For the approval of the minutes of the 2018 meetings and the ratification/approval of the acts and resolutions of the Board, and the appointment of the external auditor, a majority vote of the stockholders present in the meeting is sufficient.
2. For the election of Directors - The votes of all the shares present or represented by proxy at the meeting will be on a per share basis.

Article III of Section 7 of the Articles of By-Laws states that “unless otherwise provided by law, each stockholder shall at every meeting of the stockholders be entitled to one vote, in person or by proxy, for each share with voting right held by such stockholder. At all meetings of the stockholders, all elections and all questions, except in cases where other provision is made by statute or by these By-Laws, shall be decided by the plurality vote of stockholders present in person or by proxy and entitlement to vote thereat, a quorum being present. Unless required by law, or demanded by a stockholder present in person or by proxy at any meeting and entitlement to vote thereat, the vote on any question need not be by ballot. On a vote ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by him.”

3. Methods by which votes will be counted

Voting shall be made *viva voce*, through the raising of the hands, and counted manually by the Corporate Secretary, unless there is a motion duly made and seconded for voting to be made via balloting.

The Board of Directors in its special meeting held on May 22, 2020, approved the adoption of guidelines to allow participation through remote/electronic means of communication in board/shareholders' meeting. The guidelines detail mainly: a) the mechanism to verify the identity of the shareholders; (b) the measures to ensure that all shareholders have the opportunity to participate in the meeting; and (c) the mechanism to enable shareholders to vote during the meeting.

The authority to allow shareholders to participate through remote communication will only be limited to the 2020 ASM, and not to any regular or special shareholder's meeting that may be called after.

**FIRST METRO CONSUMER FUND ON MSCI PHILIPPINES IMI, INC. YEAR 2018 ANNUAL REPORT ON SEC FORM 17-A WILL BE PROVIDED WITHOUT CHARGE TO EACH STOCKHOLDER UPON WRITTEN REQUEST ADDRESSED TO:**

**Atty. Nimfa Balmes-Pastrana**  
Corporate Secretary  
First Metro Save and Learn Equity Fund, Inc.  
18<sup>th</sup> Floor, PS Bank Center  
777 Paseo de Roxas, corner Sedeño St., Makati City

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on September 1, 2020.

**FIRST METRO CONSUMER FUND ON MSCI PHILIPPINES IMI, INC.**

By:

  
**NIMEA BALMES- PASTRANA**  
Corporate Secretary

## **PART II -COMPANY PROFILE**

### **Brief Description of the General Nature and Scope of Business of the Company**

#### **The Fund**

First Metro Consumer Fund on MSCI Philippines IMI, Inc. formerly Paradigm Global Growth Fund, Inc. (the Fund) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 28, 2010.

On September 8, 2011, the Fund received its Certificate of Permit to Offer Securities for Sale, and a license to act as an open-end investment company under the Investment Company Act (ICA). As an open-end investment company, its outstanding shares of stock are redeemable anytime based on the net asset value (NAV) per share at the time of redemption.

In January 2012, the Fund began its commercial operations. As stated in the Fund's prospectus which was approved in September 2011, the investment objective was to generate medium to long-term capital growth through investments in equity and fixed income, debt securities and contract notes issued by public or private companies globally and Philippine companies, sovereign issues issued by foreign government as well as those issued by the Philippines, fixed income issued by supranationals, and global mutual funds and units trusts with the exception of those mutual funds and unit trust funds domiciled in the Philippines.

On March 20, 2017, the Board of Directors (BOD) approved the amendment of the Fund's corporate name from Paradigm Global Growth Fund, Inc. to First Metro Consumer Fund on MSCI Philippines IMI, Inc. and subsequently ratified by the Stockholders on June 9, 2017.

On June 9, 2017 and June 30, 2017, the BOD approved and the stockholders ratified, respectively, the conversion of the Fund from balanced to equity (consumer index fund) and the change of its investment objective.

On January 12, 2018, the SEC has approved the amendments of the Fund's corporate name and investment objective.

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

The Fund appointed First Metro Asset Management, Inc. (FAMI) as principal distributor of its shares of stock and will not sell or agree to sell any shares of its capital stock except through FAMI. These shares of stock were offered to the public beginning April 11, 2018.

FAMI's marketing strategy will be based on the strategic partnership of CEAP, Marist and First Metro Investment Corp. (First Metro). FAMI will capitalize on the endorsement of the CEAP in order to educate the teachers on the concept of savings and mutual fund investing. The CEAP membership composed of over 20,000 teachers will be a primary source of retail investors. This competitive advantage will be further strengthened by First Metro's good track record, market experience and credibility, and position as the largest investment bank and backed-up by the largest universal bank in the country.

FAMI will also set up a marketing network and accredit sub-distributors or agents to sell the shares. Accredited sub-distributors or agents are directly liable to FAMI.

FAMI will likewise capitalize on its relationships with the companies under the Metrobank Group. The group, with its total employee force of over 14,000 will be an excellent source of retail investors and referrals to high net-worth individuals. The corporations under the group are

potential sources of institutional funds that will enable the FAMI mutual funds to attain critical mass at a faster pace.

## **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 Company's target market has access to. The institutional funds of this 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 more likely limited to simple bank products. There is a big opportunity to tap into both the institutional and retail investors.

The registrant's main competitors are the other mutual funds in the Equity Fund category of Philippine mutual funds. It considers the funds of Philam, Sunlife and BPI as its main competitors. As of December 31, 2019, these three competitor Funds represent around 64.58% of the total funds in this category. The company will be competing initially in terms of return on investment (ROI) and later on in terms of Fund size.

## **Effect of existing governmental regulation**

The Fund is governed by the provisions in its prospectus that incorporated relevant investment rules and regulations by regulators such as the Investment Company Act and the SEC, among others.

Specifically, the Fund primarily invests in equity securities, however, as a tactical move, a portion of the Fund may also be invested in government securities and in SEC-registered commercial papers but taking precautions of the market conditions and of liquidity needs.

Moreover, The Fund's investment activities are also by the following limits/conditions as set out in the revised Implementing Rules and Regulations (IRR) of ICA:

- a. Maximum investment in any single enterprise is allowed but only up to fifteen percent (15.00%) of the Fund's NAV, except for investments in securities issued by the Philippine Government or its instrumentalities and, in no case, shall the total investment of the Fund exceed ten percent (10.00%) of the outstanding securities of any one investee company.
- b. The Fund must not invest, in aggregate, more than twenty percent (20%) of its net assets in transferrable securities, money market securities, deposits and financial derivatives issued by a single entity or issuer. Deposit should not exceed twenty percent (20%) of its net assets in a single bank/non-bank with quasi bank license.
- c. The investments of the Fund in deposits, debt securities or money market placements, over-the-counter financial derivatives placed in non-investment grade or unrated deposit taking institution, including unlisted shares issued by a related party, should not exceed five percent (5%) of its net assets and shall not exceed ten percent (10%) in aggregate amount.
- d. Investments 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 thirty five percent (35%) of the NAV, but only five percent (5%) is allowed for non-investment grade.
- e. The Fund manager is required to use a risk-management process that captures the risk associated with in the financial derivative instruments:



- Total exposure should not exceed ten percent (10%) of the net assets or five percent (5%) if the derivatives are not investment grade, unless used for efficient portfolio management which the aggregate shall not be more than twenty percent (20%);
- Five percent (5%) of the NAV shall be invested to liquid assets to meet all payment and delivery obligations;
- The Fund Manager shall not act as a counterpart to an OTC derivative investment into by the Investment Company.
  - f. Investment in its own securities are prohibited.
  - g. Investments in margin purchases of securities, commodity futures contracts, precious metals, unlimited liability instruments, short selling of currencies and securities are not allowed.
  - h. Purchasing or selling of securities other than capital stocks of the Fund from or to any of its officers or directors or the officers and directors of its investment adviser/s, manager or distributor/s or firm/s of which any of them are members is prohibited.
  - i. The Fund shall not participate in underwriting or selling activities in connection with public distribution of securities except for its own capital stock.
  - j. Lending operations to corporations or other entities, public or private, shall not be engaged without prior review and approval of its BOD. Approvals, however, are only to those determined to be financially sound.
  - k. Investment in any company for the purpose of exercising control or management or to invest in the securities of other investment companies and real estate companies is prohibited.

The Fund believes that government regulations are intended to grow the mutual fund industry while protecting the interests of the investing public, thus, it will comply with the regulations imposed or to be imposed by government regulators. Also, the passage of the Personal Equity Retirement Account (PERA) and the Collective Investment Scheme bills into law will benefit the mutual fund industry.

### **EXECUTIVE OFFICERS**

The list of officers is found in Item 5 of Part I above.

Principal Officers are appointed annually by the Board of Directors at its organizational meeting following the Annual Meeting of Stockholders.

### **Number of Employees**

The Fund has no employees because all aspects of its operations and administration are subcontracted with third parties; hence it has no risks as far as labor problems are concerned.

### **Compliance with the Manual on Corporate Governance**

First Metro Consumer Fund on MSCI Philippines IMI, Inc. has adopted a good governance scorecard to measure and determine the level of compliance by the Board of Directors and top-level management with its Manual of Corporate Governance. Every end of the current year, the scorecard patterned after the SEC-prescribed Corporate Governance Self-Rating Form (CG-SRF) shall be accomplished by the Compliance Officer. The result of this evaluation is submitted to the Board together with the CO's recommendation for any sanctions of non-compliance. On the basis of this scorecard, the Compliance Officer has issued to SEC a certification on the Company's compliance with its Manual of Corporate Governance.

A compliance officer has been appointed to manage the Compliance System of the Company and to monitor and evaluate compliance with the Manual of Corporate Governance. In general, the Company is in compliance with the leading practices in good corporate governance. This was reported in a Certification by the Compliance Officer filed with the Commission on January 25, 2019. No director or officer of the Company was found in violation of the Manual.

As there shall be new SEC issuances, the Company is committed to comply with new requirements to enhance its corporate governance.

**The Fund has identified the following major risks involved in its businesses and other operations:**

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

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

**Interest rate risk.** If interest rates rise, the prices at which the assets of the Fund can be sold may fall. The longer the maturity of the assets, the more sensitive the prices of the assets will be to changes in interest rates. In other words, a long-term investment (e.g. 5-year Retail Treasury Bond) will have higher interest rate sensitivity than a short-term investment (e.g. 365-day Treasury Bill). To mitigate the risks, the Fund manager will diversify in terms of the type of securities (such as treasury bonds, notes, bills) and the time horizons of the said securities (such as one-year, 3-year, 5-year, 10-year, and above 10 years).

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

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

## PART III - SECURITIES OF THE REGISTRANT

### Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

#### A. Market Price

Below is the history of Net Asset Value per Share (NAVPS) of the Fund the second quarter of 2020, and for the years 2019, 2018 and 2017:

Year		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2020	High	0.8499	0.7133	–	–
	Low	0.5606	0.6043	–	–
2019	High	0.8912	0.8984	0.9193	0.8927
	Low	0.8206	0.8303	0.8484	0.8218
2018	High	0.9544	0.8878	0.8745	0.8556
	Low	0.8763	0.7852	0.8008	0.7646
2017	High	(1.2494)	(1.4140)	(1.5557)	0.9452
	Low	(1.4088)	(1.5502)	(1.7933)	0.9425

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

#### B. Dividends

The Fund has not issued any cash dividend since its inception. The Board of Directors of the Fund may decide to declare dividends from the unrestricted retained earnings of the Fund at a time and percentage as the Board may deem proper and in accordance with law. The Fund may declare or pay dividends but limits those dividends to come from the Fund's accumulated undistributed net income. The ability of the Fund to declare dividends therefore will be restricted by the amount of yearly net income generated. This would be dependent on the performance of the market and on the performance of the investment manager.

#### C. Shareholders

As of June 30, 2020, there are 1,331 shareholders of the Fund.

\*On December 17, 2019, SEC approved the confidential treatment of the Top 20 shareholders of the Fund.

#### Legal Proceedings

The Fund has no material pending legal proceedings to which it is a party. None of the Board of Directors is:

- involved in any legal proceeding 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.

## PART IV - MANAGEMENT DISCUSSION AND ANALYSIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Fund's Statement of Financial Position and Statement of Comprehensive Income as of and for the years ended December 31, 2019, 2018 and 2017 and the Interim Financial Position and Statements of Comprehensive Income as of and for the years ended June 30, 2020 are presented below.

#### INTERIM STATEMENTS OF FINANCIAL POSITION

	<b>As of</b>	
	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	₱39,336,830	₱15,452,449
Financial assets at fair value through profit or loss	341,779,893	477,669,641
Receivables	10,755,157	213,393
Other assets	41,126	41,127
	₱391,913,006	₱493,376,610
<b>LIABILITIES AND CAPITAL</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	₱1,100,553	₱1,433,992
	₱1,100,553	₱1,433,992
<b>CAPITAL</b>		
Capital stock	₱1,365,511	₱1,785,000
Additional paid-in capital	123,647,699	158,644,933
Deposit for future stock subscriptions	375,023,047	344,695,870
Deficit	(109,223,804)	(13,183,185)
	390,812,453	491,942,618
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱391,913,006</b>	<b>₱493,376,610</b>

#### INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	<b>For the Period Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
<b>INVESTMENT INCOME</b>		
Trading and securities gains (losses)	₱ (92,125,175)	₱ 28,508,147
Interest income	28,693	10,012
Dividend income	3,812,600	4,562,401
	₱ (88,283,882)	₱ 33,080,560
<b>OPERATING EXPENSES</b>		
Management and retainer's fees	₱ 4,086,569	₱ 4,162,134
Brokers' commission	1,972,624	291,347
Custodian and clearing fees	76,852	90,774
Transaction charges	70,451	14,005
Directors' and officers' fees	150,175	149,759
Professional fees	17,404	17,356
Taxes and licenses	19,296	28,144
Miscellaneous	14,964	35,915
	₱ 6,408,335	₱ 4,789,434

<b>NET INVESTMENT INCOME (LOSS) BEFORE FINAL TAX</b>	<b>₱ (94,692,217)</b>	<b>₱ 28,291,126</b>
<b>PROVISION FOR FINAL TAX</b>	<b>2,250,558</b>	<b>296,299</b>
<b>NET INVESTMENT INCOME (LOSS)</b>	<b>₱87,271,446</b>	<b>(193,972,705)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Items that recycle to profit or loss in subsequent periods:</i>		
Changes in the fair value of available-for-sale investments	2,250,558	296,299
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱ (96,942,775)</b>	<b>₱ 27,994,827</b>
<b>EARNINGS (LOSS) PER SHARE</b>	<b>₱ (0.1701)</b>	<b>₱ 0.0584</b>

### **INTERIM FINANCIAL POSITION (June 30, 2020 vs. December 31, 2019)**

As of June 30, 2020, the Fund's total assets ended at ₱391.91 million, lower by 20.57% or ₱101.46 million from ₱493.38 million as of December 31, 2019. Total liabilities decreased by ₱333.44 million from ₱1.43 million to ₱1.1 million during the three-month period. The changes in total assets and liabilities are primarily due to the movements in the following accounts:

#### **1. Cash and cash equivalents**

This account consists of the Fund's savings and checking accounts in local banks. Cash in banks earn interest at the respective bank deposit rates. The increase of ₱23.88 million from ₱15.45 million to ₱39.34 million was mainly due to higher checking account balances this year.

#### **2. Financial assets at fair value through profit or loss**

This account consists of investments in quoted equity securities. The decrease of 28.45% or ₱135.89 million from ₱477.67 million to ₱341.78 million was mainly due to sales and result of changes in the fair value of investments during the period. As of June 30, 2020 and December 31, 2019, this account include fair value loss of ₱92.13 million and ₱11.53 million gain, respectively.

#### **3. Receivables**

This account increased by ₱10.54 million from ₱0.21 million to ₱10.76 million due to higher proceeds from the sale of equity securities and dividend receivables still for collections as of reporting date.

#### **4. Other assets**

This account remained at ₱0.04 million as of June 30, 2020.

#### **5. Accounts payable and accrued expenses**

This account consists of due to brokers, accounts payable, payable to FAMI, accrued expenses, withholding tax and documentary stamp tax (DST) payable. The increase of ₱0.33 million from ₱1.43 million to ₱1.10 million was mainly due to unsettled payment for management fee of the Fund.

#### **6. Equity**

The Fund's equity is comprised of its capital stock, additional paid-in capital, deposit for future subscriptions and retained earnings. The decrease of ₱101.13 million or 20.56% from ₱491.94 million to ₱390.81 million was mainly due to the redemptions and net loss recognized during the period.

*Capital Stock* ended at ₱1.37 million, decreased by ₱0.04 million from ₱1.79 million due to redemptions during the period. The Fund's authorized capital stock remained at ₱2.00 million with par value of ₱0.01 per share. As of June 30, 2020 and December 31, 2019, the total issued

and outstanding shares were 136,551,104 and 178,499,966, respectively, while the total number of holders of redeemable common shares is 1,207 and 1,127, respectively.

*Additional paid in capital* went down by ₱35 million from ₱158.64 million to ₱123.65 million due to redemptions made during the year.

*Deposit for Future Subscription*

This account pertains to total consideration received in excess of the authorized capital of the Fund with the purpose of applying the same as payment for future issuance of redeemable shares. The decrease of ₱30.33 million from ₱344.70 million to ₱375.02 million was due to redemptions during the period.

Deficit increased by ₱96.04 million from ₱13.18 million to ₱109.22 million mainly due to results of operations recognized during the year.

## **INTERIM RESULTS OF OPERATIONS (June 30, 2020 vs. 2019)**

For the quarter ended June 30, 2020, the Fund realized a net loss of ₱96.94 million, lower by ₱124.94 million from last year's net income of ₱27.99 million. Detailed discussions on the changes in the statement of income accounts are as follows:

### **1. Trading and securities gain (loss)**

This account includes realized and unrealized gains earned from trading investments in equity securities. The decrease of ₱120.63 million from ₱28.51 million gain to ₱92.13 million loss was due to lower realized gain from the sale and result of changes in fair value of equity securities held during the period.

### **2. Dividend income**

This is recognized when the Fund's right to receive cash dividend is established. Dividend income decreased by 16.43% or ₱0.75 million from ₱4.56 million to ₱3.81 million mainly due to the lower cash dividends earned from equity securities during this period.

### **3. Interest income**

This account rose by 186.59% due to higher interest earned from Fund's cash balances during the period.

### **4. Management fee and retainer's fees**

This account decreased by 1.82% or ₱0.07 million from ₱4.1 million to ₱4.09 million mainly due to higher management fees incurred during the period.

### **5. Brokers' commission**

This account pertains to fees paid to brokers to execute a trade based on the volume of equity and debt securities being traded. The increase of ₱1.68 million from ₱0.29 million to ₱1.97 million was mainly due to higher brokers' commission incurred during the period.

### **6. Directors' and officers' fees**

This account pertains to per diem of the Fund's officers and directors during board meetings and annual stockholders' meeting amounting to ₱0.15 million for the quarter ended June 30, 2020.

### **7. Custodian and Clearing fees**

This account decreased by ₱0.01 million or 15.34% from ₱0.09 million to ₱0.07 million mainly due to lower fees paid to the custodian of the Fund during the period.

### **8. Taxes and licenses**

This account pertains to taxes other than income tax, such as DST and local taxes amounting to ₱0.02 million for the quarter ended June 30, 2020.

### 9. Professional fees

This account represents audit fees and other professional fees incurred by the Fund amounting to ₱0.01 million for the quarter ended June 30, 2020.

### 10. Transaction charges

This account pertains to the payment of stock trading charges. The increase of ₱0.05 million from ₱0.01 million to ₱0.07 million was due to higher volume of trades during the quarter.

### 11. Miscellaneous expense

This account decreased by ₱0.02 million or 58.33% from last year's ₱0.03 million to ₱0.01 million mainly due to lower membership fee and dues and bank charges paid by the Fund during the period.

## Statements of Financial Position

	As of December 31			Increase (Decrease)			
				2019 vs 2018		2018 vs 2017	
	2019	2018	2017	Amount	%	Amount	%
<b>ASSETS</b>							
Cash and cash equivalents	₱15,452,449	₱12,925,248	₱25,014,938	₱2,527,201	19.55%	(₱12,089,690)	(48.33%)
Financial assets at fair value							
through profit or loss (FVPL)	477,669,641	372,451,557	–	105,218,084	28.25%	372,451,557	100.00%
Receivables	213,393	140,441	–	72,952	51.94%	140,441	100.00%
Other assets	41,127	–	–	41,127	100.00%	–	–
	₱493,376,610	₱385,517,246	₱25,014,938	₱107,859,364	27.98%	₱360,502,308	1,441.15%
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	₱1,433,992	₱1,155,891	₱971,981	₱278,101	24.06%	₱183,910	18.92%
Deposits for future stock subscription	–	245,924,064	–	(245,924,064)	(100.00%)	245,924,064	100.00%
	₱1,433,992	₱247,079,955	₱971,981	(₱245,645,963)	(99.42%)	₱246,107,974	25,320.25%
<b>EQUITY</b>							
Capital stock	1,785,000	1,849,967	255,000	(64,967)	(3.51%)	1,594,967	625.48%
Additional paid-in capital	158,644,933	160,285,160	24,750,000	(1,640,227)	(1.02%)	135,535,160	547.62%
Deposit for future stock subscription	344,695,870	–	–	344,695,870	100.00%	–	–
Deficit	(13,183,185)	(23,697,836)	(962,043)	10,514,651	44.37%	(22,735,793)	(2,363.28%)
	491,942,618	138,437,291	24,042,957	353,505,327	255.35%	114,394,334	475.79%
	₱493,376,610	₱385,517,246	₱25,014,938	₱107,859,364	27.98%	₱360,502,308	1,441.15%

## Statements of Comprehensive Income

	Years Ended December 31			Increase (Decrease)			
				2019 vs 2018		2018 vs 2017	
	2019	2018	2017	Amount	%	Amount	%
<b>INVESTMENT INCOME</b>							
Trading and securities gains (losses)	₱13,886,981	(₱22,257,822)	₱–	₱36,144,803	162.39%	(₱22,257,822)	(100.00%)
Dividend income	7,062,637	3,609,585	–	3,453,052	95.66%	3,609,585	100.00%
Interest income	29,318	173,698	12,186	(144,380)	(83.12%)	161,512	1,325.39%
Miscellaneous income	150,000	–	–	150,000	100.00%	–	–
	21,128,936	(18,474,539)	12,186	39,603,475	214.37%	(18,486,725)	(151,704.62%)
<b>OPERATING EXPENSES</b>							
Management and retainer's fees	8,863,125	5,608,772	50,000	3,254,353	58.02%	5,558,772	11,117.54%
Brokers' commission	530,404	1,441,081	–	(910,677)	(63.19%)	1,441,081	100.00%
Directors' and officers' fees	272,000	335,000	176,500	(63,000)	(18.81%)	158,500	89.80%
Custodian and clearing fees	171,089	66,645	–	104,444	156.72%	66,645	100.00%
Taxes and licenses	90,787	143,728	13,870	(52,941)	(36.83%)	129,858	936.25%
Professional fee	37,092	133,232	55,902	(96,140)	(72.16%)	77,330	138.33%
Transaction charges	26,218	57,339	–	(31,121)	(54.28%)	57,339	100.00%
Miscellaneous expenses	105,088	107,179	48,766	(2,091)	(1.95%)	58,413	119.78%
	10,095,803	7,892,976	345,038	2,202,827	27.91%	7,547,938	2,187.57%
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	11,033,133	(26,367,515)	(332,852)	37,400,648	141.84%	(26,034,663)	(7,821.69%)



	Years Ended December 31			Increase (Decrease)			
	2019		2018	2019 vs 2018		2018 vs 2017	
	2019	2018	2017	Amount	%	Amount	%
<b>PROVISION FOR INCOME TAX</b>	300,160	523,092	2,437	(222,932)	(42.62%)	520,655	21,364.59%
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	₱10,732,973	(₱26,890,607)	(₱335,289)	₱37,623,580	139.91%	(₱26,555,318)	(7,920.13%)

## **2019**

### **Financial Position (December 31, 2019 vs. December 31, 2018)**

Total assets of the Fund posted ₱493.38 million as of December 31, 2019, an increase of ₱107.86 million from ₱385.52 million as of December 31, 2018. Liabilities of the Fund went down to ₱1.43 million from ₱247.08 million during the year. The changes in total assets and total liabilities are primarily due to the movements in the following accounts:

#### **7. Cash in banks**

Cash and cash equivalents increased by ₱2.53 million or 19.55% from ₱12.93 million to ₱15.45 million as of December 31, 2019 and 2018, respectively, due to subscriptions for the period. This account represents the Fund's savings and checking accounts.

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

#### **8. Financial assets at fair value through profit or loss**

This account totaled to ₱477.67 million as of December 31, 2019. An increase of ₱105.22 million or 28.25% was due to purchases of various equity securities and the improvements of equity market during the year. As of December 31, 2019, the Fund recognized unrealized trading gain amounting to ₱11.53 million.

#### **9. Receivables**

As at December 31, 2019, this account pertains to dividend receivables from quoted equity securities and other receivables amounting to ₱0.21 million. This account grew by 51.94% or ₱0.07 million due to declaration of dividends by investee company as of the reporting date.

#### **10. Other assets**

This account pertains to property dividend received by the fund during the year.

#### **11. Accounts payable and accrued expenses**

Accounts payable and accrued expenses reached ₱1.43 million as of December 31, 2019 from ₱1.16 million on December 31, 2018. This account consists of accounts payable, payable to FAMI, accrued expenses, withholding tax payable and documentary stamp tax payable.

Accounts payable represents amounts payable to shareholders for the unpaid redemption proceeds and subscriptions without confirmation from clients. This account totaled ₱0.30 million as of December 31, 2019. A subscription is confirmed by submitting the required subscription documents. Once confirmed, these subscriptions are reclassified to equity.

Payable to FAMI includes management fees, redemption fees, sales load fees and other expenses of the Fund initially paid by the fund manager. This account went down by 2.80% from ₱0.80 million to ₱0.78 million mainly due to various settlement of payables to FAMI.

Accrued expenses which include unpaid professional fees amounted to ₱0.24 million and ₱0.05 as of December 31, 2019 and 2018, respectively. There was a huge rise of 370.40% in comparison with the balance at the beginning of the year due to the various accruals made this year.

Withholding tax payable pertains to taxes withheld from fees payable to the fund manager and various trading transactions of equity securities for the month.

Documentary stamps tax payable pertains to unpaid documentary stamp tax as of the reporting period.

### 12. Deposit for future stock subscriptions

Deposits for future stock subscriptions pertain to total consideration received in excess of the authorized capital of the Fund with the purpose of applying the same as payment for future issuance of redeemable shares.

The Fund reclassified the DFFS from liability to equity after the SEC accepted the application for the increase of authorized capital stock on April 11, 2019.

### 13. Capital stock

The Fund's authorized and issued capital stock follow:

	December 31, 2019		December 31, 2018	
	Shares	Amount	Shares	Amount
Authorized	200,000,000	₱2,000,000	200,000,000	₱2,000,000
Issued and outstanding	178,499,966	1,785,000	184,996,706	1,849,967

The initial authorized capital of the Fund amounting to ₱2.00 million which is divided into 200 million common redeemable shares of ₱0.01 par value with each share carrying one vote, was approved by the SEC on April 28, 2010. The Fund's capital is represented by these redeemable shares. Issuance, repurchase and resale of redeemable shares are based on NAV per share (NAVPS) attributable to holders of redeemable shares. The shares are entitled to dividends when declared and to payment of a proportionate share of the Fund's NAV on the redemption date or upon winding up of the Fund.

#### Increase in Capital Stock/Deposits for Future Stock Subscriptions

On June 20, 2018 and September 30, 2018, the Board of Directors and the stockholders approved and ratified the increase in authorized capital stock from 2.00 million (200.00 million redeemable common shares) to 10.00 million (1.00 billion redeemable common shares) with a par value of ₱0.01 per share. Also, the BOD adopted a resolution that the increase in the authorized capital stock by 10.00 million be made in several tranches. The authorized capital stock will be initially increased by 5.00 million while the succeeding increase will be executed upon determination and approval of the BOD without the need of going back to the stockholders for approval. The authority of the BOD to increase the authorized capital stock is limited to 10.00 million.

On June 20, 2018, the BOD approved the first tranche of increase of 5.00 million (500.00 redeemable common shares). On July 23, 2018, the BOD approved the additional increase of 3.00 million (300.00 redeemable common shares) for the second tranche increase.

On April 11, 2019, the Fund submitted and the SEC accepted the required documentations for the Fund's application for the increase in authorized capital stock. On the same date, the Fund reclassified DFFS from liability to equity.

The Fund received deposits for future stock subscriptions (DFSS) of ₱344.70 million and ₱245.92 million representing subscription for 400,758,646 and 283,327,964 numbers of shares as of December 31, 2019 and 2018, respectively.

The total number of holders of redeemable common shares is 1,127 and 151 as of December 31, 2019 and 2018, respectively.

**14. Additional paid-in capital**

The additional paid-in capital as of December 31, 2019 amounting to ₱158.64 million is slightly lower by ₱1.64 million as compared to the December 31, 2018 balance of ₱160.29 million due to redemptions during the year.

**15. Deficit**

This account went down by ₱10.51 million or 44.37% due to the net income earned by the Fund during the year.

**Results of Operations (January 1– December 31, 2019 vs. January 1– December 31, 2018)**

For the period ended December 31, 2019, the Fund earned a net income of ₱10.73 million as compared to a net loss of ₱26.89 million for 2018 as the local equities market improved this year.

The highlights of the results of operations for the period ended December 31, 2019 are as follows:

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

This account is derived from income (losses) recognized from the sale and change in the fair value of investments held by the Fund during the year. The Fund recognized a gain of ₱13.89 million during the current year resulting to a huge increase of 162.39% or ₱36.14 million compared to ₱22.26 million loss last year. The growth resulted from the increase in fair market value of equity securities for the year.

**2. Dividend income**

Dividend income amounted to ₱7.06 million for the year ended December 31, 2019. This account went up by 95.66% or ₱3.45 million from ₱3.61 million last year primarily due to the higher number of shares held by the fund this year.

**3. Interest income**

Interest income decreased by 83.12% due to decrease in Fund's investment in fixed deposits for 2019.

**4. Miscellaneous income**

This account pertains to income recognition of unidentified deposits from previous years.

**5. Management fee and retainer's fees**

This account includes management fees paid to FAMI, incentive fees and retainer's fees. Management and retainer's fee amounted to ₱8.86 million and ₱5.61 million for the period ended December 31, 2019 and 2018, respectively. This account ballooned by ₱3.25 million or 58.02% primarily due to the growth of asset under management of the Fund for the current year.

**6. Brokers' commission**

Broker's commission amounted to ₱0.53 million and ₱1.44 million for the year ended December 31, 2019 and 2018, respectively. This pertains to the fees paid to brokers for executing trade transactions. The decrease in volume of trades during the year resulted to a decline of ₱0.91 million or 63.19% in this account.

**7. Directors' and officers' fees**

This account pertains to payment of directors' and officers' per diem and bonus for the period. The 18.81% or ₱0.06 million dip of this account was due to lesser meetings held during the year.

**8. Custodian and Clearing fees**

Custodian and clearing fees pertains to custodianship fee paid to HSBC amounting to ₱0.17 million as of December 31, 2019. The increase of 156.72% or ₱0.10 million of this account is due to the rise in the value of the Fund's portfolio.

**9. Taxes and licenses**

This account includes filing fees, documentary stamp tax and local taxes. Taxes and licenses slid by ₱0.05 million or 36.83% primarily due to lower payment of documentary stamp tax relative to the lower subscriptions for the year ended December 31, 2019.

**10. Professional fees**

Professional fees pertains to audit fee and other professional services. This account decreased by 72.16% or ₱0.10 million due to services incurred in connection with the application to increase the authorized capital stock last year.

**11. Transaction charges**

Transaction charges pertains to the trading charges incurred by the Fund. This account decreased by 54.28% as a result of the lower volume of trades for the current year.

**12. Miscellaneous expense**

Miscellaneous expense consists of various operational expenses of the Fund. This account has minimal decrease for the year.

**2018**

**Financial Position (December 31, 2018 vs. December 31, 2017)**

Total assets of the Fund posted ₱385.52 million as of December 31, 2018, a significant jump of ₱360.50 million from ₱25.01 million as of December 31, 2017. Liabilities of the Fund went up to ₱247.08 million from ₱0.97 million during the year. The changes in total assets and total liabilities are primarily due to the movements in the following accounts:

**1. Cash and cash equivalents**

Cash and cash equivalents decreased by ₱12.09 million or 48.33% from ₱25.01 million to ₱12.93 million as of December 31, 2017 and 2018, respectively, due to purchases of equity securities for the current year. This account represents the Fund's savings and checking accounts.

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

**2. Financial assets at fair value through profit or loss**

This account totaled to ₱372.45 million as of December 31, 2018 due to purchases of various equity securities as the Fund started its commercial operation during the year. As of December 31, 2018, the Fund recognized unrealized trading loss amounting to ₱17.73 million.

**3. Receivables**

As at December 31, 2018, this account pertains to dividend receivables from quoted equity securities amounting to ₱0.14 million.

**4. Deposit for Future Subscription**

Deposits for future shares subscriptions pertain to total consideration received in excess of the authorized capital of the Fund with the purpose of applying the same as payment for future issuance of redeemable shares.

**5. Accounts payable and accrued expenses**

Accounts payable and accrued expenses reached ₱1.16 million as of December 31, 2018 from ₱0.97 million in 2017. This account consists of accounts payable, payable to FAMI, accrued expenses, withholding tax payable and documentary stamp tax payable.

Accounts payable represents amounts payable to shareholders for the unpaid redemption proceeds and subscriptions without confirmation from clients. This account totaled ₱0.20 million as of December 31, 2018. A subscription is confirmed by submitting the required subscription documents. Once confirmed, these subscriptions are reclassified to equity. During the period, subscriptions without confirmation from clients were already identified and reclassified under equity.

Payable to FAMI includes management fees, redemption fees, sales load fees and other expenses of the Fund initially paid by the fund manager. This account slightly went down by 7.66% from ₱0.86 million to ₱0.80 million mainly due to various settlement of payables to FAMI.

Accrued expenses which include unpaid professional fees totaled ₱0.05 million and ₱0.04 as of December 31, 2018 and 2017, respectively. There was an increase of 17.35% in comparison with the balance at the beginning of the year due to various accruals made this year.

Withholding tax payable pertains to taxes withheld from fees payable to the fund manager and various trading transactions of equity securities for the month.

Documentary stamps tax payable pertains to unpaid documentary stamp tax as of the reporting period.

## 6. Capital stock

The Fund's authorized and issued capital stock follow:

	December 31, 2018		December 31, 2017	
	Shares	Amount	Shares	Amount
Authorized	200,000,000	₱2,000,000	200,000,000	₱2,000,000
Issued and outstanding	184,996,706	1,849,967	25,500,000	255,000

The initial authorized capital of the Fund amounting to ₱2.00 million which is divided into 200 million common redeemable shares of ₱0.01 par value with each share carrying one vote, was approved by the SEC on April 28, 2010. The Fund's capital is represented by these redeemable shares. Issuance, repurchase and resale of redeemable shares are based on NAV per share (NAVPS) attributable to holders of redeemable shares. The shares are entitled to dividends when declared and to payment of a proportionate share of the Fund's NAV on the redemption date or upon winding up of the Fund.

### Increase in Capital Stock/Deposits for Future Stock Subscriptions

On June 20, 2018 and June 30, 2018, the Board of Directors and the stockholders approved and ratified the increase in authorized capital stock from 2.00 million (200.00 million redeemable common shares) to 10.00 million (1.00 billion redeemable common shares) with a par value of ₱0.01 per share. Also, the BOD adopted a resolution that the increase in the authorized capital stock by 10.00 million be made in several tranches. The authorized capital stock will be initially increased by 5.00 million while the succeeding increase will be executed upon determination and approval of the BOD without the need of going back to the stockholders for approval. The authority of the BOD to increase the authorized capital stock is limited to 10.00 million.

On June 20, 2018, the BOD approved the first tranche of increase of 5.00 million (500.00 redeemable common shares). On July 23, 2018, the BOD approved the additional increase of 3.00 million (300.00 redeemable common shares) for the second tranche increase.

In 2018, the Fund received deposits for future stock subscription (DFSS) of ₱245.92 million representing subscription for 283,327,964 numbers of shares. As of December 31, 2018, the Company is in the process of completing the application requirements for SEC approval of its increase in authorized capital stock. As of April 11, 2019, the Fund reclassified DFFS from liability to equity.

In accordance with Financial Reporting Bulletin (FRB) No. 6 dated February 16, 2012, as issued by the SEC. FRB No. 6 requires that all of the following criteria are met before DFFS can be classified as equity:

1. The unissued authorized capital stock of the Fund is insufficient to cover the amount of shares classified as DFFS;
2. There is BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the Fund);
3. There is stockholders' approval of said proposed increase; and
4. The application for the approval of the proposed increase has been filed with the Securities and Exchange Commission (SEC) as of end of the reporting period.

Accordingly, the Fund classifies the DFSS as liability as at December 31, 2018.

#### NAV per Share

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

The following presents the operational NAV per share assuming the deposits for future stock subscription is included in equity in 2018 and the equivalent shares of 238,327,964 are considered as outstanding shares as of December 31, 2018:

	2018	2017	2016
Total equity, including deposits for future stock subscription classified as liability in 2018	<b>₱384,361,355</b>	₱24,042,957	(₱621,754)
Number of redeemable shares*	<b>468,324,670</b>	25,500,000	500,000
<b>NAV per share</b>	<b>₱0.8207</b>	₱0.9429	(₱1.2435)

*\*Includes the equivalent number of deposits for future stock subscriptions totaling 283,327,964 shares as of December 31, 2018.*

As defined by the Fund's prospectus, NAVPS is computed by dividing net assets (total assets less total liabilities) by the total number of redeemable shares outstanding as of the reporting date.

As of December 31, 2018, 2017 and 2016, the calculation of the NAV per share of the Fund based on total equity under PFRS follows:

	2018	2017	2016
Total equity excluding deposits for future stock subscriptions amounting to ₱245.92 million	<b>₱138,437,291</b>	₱24,042,957	(₱621,754)
Number of redeemable shares*	<b>184,996,706</b>	25,500,000	500,000
<b>NAV per share</b>	<b>₱0.7483</b>	₱0.9429	(₱1.2435)

*\*Excludes equivalent number of deposit for future shares subscriptions totaling 283,327,964 shares as of December 31, 2018.*

As of December 31, 2018 and 2017, the total number of holders of redeemable common shares is 812 and 6, respectively.

**7. Additional paid-in capital**

The additional paid-in capital as of December 31, 2018 amounting to ₱160.29 million is higher by ₱135.54 million or 547.62% as compared to the December 31, 2017 balance of ₱24.75 million due to subscriptions made during the year.

**8. Deficit**

This account significantly went down by ₱22.74 million or 2,363.28% due to the net loss incurred by the Fund during the year.

**Results of Operations (January 1– December 31, 2018 vs. January 1– December 31, 2017)**

For the period ended December 31, 2018, the Fund suffered a net loss of ₱26.89 million as compared to ₱0.34 million in 2017 as the local equities market significantly dropped this year.

The highlights of the results of operations for the period ended December 31, 2018 are as follows:

**1. Trading and securities losses**

This account is derived from income recognized in the sale and change in the fair value of investments held by the Fund during the year. The Fund realized a loss of ₱4.53 million and unrealized loss of ₱17.73 million for the year ended December 31, 2018.

**2. Dividend income**

Dividend income totaled ₱3.61 million for the year ended December 31, 2018.

**3. Interest income**

Interest income increased by ₱0.16 million or 1,325.39% from ₱0.01 million in 2017 to ₱0.17 million due to investment made in fixed deposits and increase in Fund's cash balance for 2018.

**4. Management fee and retainer's fees**

This account includes management fees paid to FAMI, incentive fees and retainer's fees. Management and retainer's fee amounted to ₱5.61 million and ₱0.05 for the period ended December 31, 2018 and 2017, respectively. The huge increase of ₱5.56 million of this account was primarily due to the growth of asset under management of the Fund this year.

**5. Brokers' commission**

Broker's commission amounting to ₱1.44 million for the period ended December 31, 2018 pertains to the fees paid to brokers for executing trade transactions.

**6. Directors' and officers' fees**

This account pertains to payment of directors' and officers' per diem and bonus for the year. This account increased by 89.80% or ₱0.16 million compared last year due to more meetings held for the current year.

**7. Taxes and licenses**

This account includes filing fees, documentary stamp tax and local taxes. Taxes and licenses went up by ₱0.13 million or 936.25% primarily due to the payment of documentary stamp tax relative to subscriptions and payment of municipal permit for the year.

**8. Professional fees**

Professional fees pertains to audit fee and other professional services for the year. This account increased by 138.33% or ₱0.08 million due to additional charges incurred by the Fund on the increase of authorized capital stock.

### **9. Custodian and Clearing fees**

This account pertains to custodianship fee paid to HSBC amounting to ₱0.07 million as of December 31, 2018.

### **10. Transaction charges**

Transaction charges pertains to the trading charges amounting to ₱0.06 million for 2018.

### **11. Miscellaneous expense**

Miscellaneous expense consists of various operational expenses of the Fund. This account increased by 119.78% or ₱0.06 million compared last year due to the increase in bank charges during 2018.

## **Plan of Action**

FAMI is licensed by SEC to act as Investment Company Adviser/Manager, Administrator and Principal Distributor of mutual funds.

Being the principal distributor of the Fund's shares of stock, it intends to increase its marketing network and accredit sub-dealers or agents to sell the Fund's share.

## **Subsequent Events**

There were no material subsequent events that occurred after the year ended December 31, 2019.

## **Other Matters**

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

FAMI, the Fund's Fund Manager, implements a work-from-home set-up that will be effective until the enhanced community quarantine is lifted for all its employees to resolve the impact of the pandemic.

The Fund considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Fund cannot determine at this time the impact to its financial position, performance and cash flows. The Fund will continue to monitor the situation.

Aside from the issued disclosed above, 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
- there are no material commitments for capital expenditures during the past year and in the subsequent year.

## DISCUSSION OF KEY PERFORMANCE INDICATORS

First Metro Consumer Fund on MSCI Philippines IMI, Inc. formerly Paradigm Global Growth Fund, Inc. (the Fund) was incorporated in the Philippines and registered with the SEC on April 28, 2010.

FAMI serves as its Investment Company Adviser, Administrator and Principal Distributor. With the SEC’s approval of FAMI’s license to act as such on September 6, 2005 and its procedures firmed-up at the end of the same month.

The Fund has identified the following as its key performance indicators:

- *Net Asset Value Per Share* - Net Asset Value per share amounted to ₱0.6775 as of June 30, 2020, lower by 15.40% from the ₱0.8249 as of December 31, 2019. The Fund’s average daily net asset value decreased by 7.71% or ₱33.88 million from ₱439.55 million as of December 31, 2019 to ₱405.68 million as of June 30, 2020, respectively.
- *Sales for the period ended* - The Fund had total sales of ₱17.32 million and ₱34.57 million for the period ended June 30, 2020 and 2019, respectively.
- *Redemptions for the period ended* - The Fund had total redemptions of ₱21.50 million and ₱33.73 million for the period ended June 30, 2020 and 2019, respectively.
- *Net Income vs. Benchmark* - The Fund posted a net loss of ₱96.94 million for the period ended June 30, 2020 lower than ₱27.99 million net income for the same period last year.
- *Market Share vs. Benchmark* – As of June 30, 2020 the Fund garnered 0.41% share in the Equity Funds category while 0.13% share among all mutual funds in terms of net assets. On the basis of account holders, the Fund has 911 account holders (including holders of deposits for future subscription) or 0.44% of the total accounts in this Fund category.

The following basic ratios measure the financial performance of the Company for the years ended 2019, 2018 and 2017:

<b>Performance Indicators</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Return on assets <sup>1/</sup>	2.44%	(13.10%)	n.a
Return on equity <sup>2/</sup>	3.41%	(13.17%)	n.a
Cost to income ratio <sup>3/</sup>	94.06%	(29.35%)	(102.91%)
Net asset value per unit (DFFS shares included) <sup>4/</sup>	₱0.8493	₱0.8207	₱0.9429
Net asset value per unit (DFFS shares excluded) <sup>4/</sup>	₱0.8249	₱0.7483	₱0.9429
Earnings(Loss) per share <sup>5/</sup>	₱0.0209	(₱0.0745)	(₱0.0493)

<sup>1/</sup> *Net Income over average assets. Average assets for year ended December 31 were computed based on the average of the beginning and ending balances.*

<sup>2/</sup> *Net Income over average equity. Average equity for year ended December 31 was computed based on the average of the beginning and ending balances.*

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

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

<sup>5/</sup> *Net income divided by weighted average number of common shares.*

**Financial and Other Information**

**Audited Financial Statements**

**Statement of Management's Responsibility for Financial Statements**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on September 1, 2020.

**FIRST METRO CONSUMER FUND ON MSCI  
PHILIPPINES IMI, INC.**

By:

  
**MARIE ARABELLA O. VERON**  
TREASURER