

FIRST METRO SAVE AND LEARN EQUITY FUND, INC. (SALEF)
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. 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
6. Election of the Members of the Board of Directors for the year 2020-2021
7. Appointment of External Auditor for the year 2020.
8. Other Matters
9. 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 and hardcopies at 18th 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 SAVE AND LEARN EQUITY FUND, 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 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. Election of the Members of the Board of Directors for the year 2020-2021	# of Votes		
Bro. Manuel V. de Leon, FMS			
Dr. Victor A. Abola			
Mr. Eduardo S. Mendiola			
Fr. Rafael K. Eloriaga, CM			
Mr. Edgar B. Solilapsi			
	Yes	No	
4. Appointment of External Auditor for the year 2020.			

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER/
AUTHORIZED SIGNATORY

DATE

¹ 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, 18th 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.

²This 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.

³If 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 SAVE AND LEARN EQUITY FUND, INC.
3. Province, Country or other jurisdiction of incorporation or organization;
Metro Manila, Philippines
4. SEC Identification number: **CS200509328**
5. BIR Tax Identification Code: **238-518-996-000**
6. Address of Principal Office:
18F PSBank Center 777 Paseo de Roxas cor Sedeno St. Salcedo Village, Makati City, 1226
7. Telephone Numbers:
(632) 8912860, 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)
Common Shares	791,624,199
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:

18th 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) Other than election to office, there is no matter to be acted upon in which any director or executive officer is involved or had a direct, indirect or substantial interest.
- b) No one among the incumbent 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 & COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof:

a) Class of Voting Shares :

Class of Voting Securities	Total Outstanding Shares	Votes Entitlement
Common Shares	791,624,199	One (1) vote per share

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 of Class	Name and Address of Owner	Name of Beneficial Owner	Citizenship	No. of Shares Held	% of Holdings
Common Shares	First Metro Investment Corporation (FMIC) 45th Flr. GT Tower Int'l., Ayala Ave. corner HV Dela Costa	Same	Filipino	184,275,894	23.28%

First Metro Investment Corporation (FMIC), is the registered owner of the shares in the books of the Company. The Board of Directors of FMIC 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 FMIC is Mr. Jose Patricio A. Dumlaog or any officer appointed by the Board.

Security Ownership of Directors/Management:

Following are the securities owned by directors and officers of the Fund as of June 30, 2020:

Title of Class	Name of Beneficial Owners	Amount and Nature of Ownership	Citizenship	Percent to Outstanding Shares
Common shares	Bro. Manuel V. De Leon, FMS		Filipino	0.00%
Common shares	Eduardo S. Mendiola		Filipino	0.00%
Common shares	Victor A. Abola		Filipino	0.00%
Common shares	Raphael K. Eloriaga*		Filipino	0.00%
Common shares	Edgar B. Solilapsi*		Filipino	0.00%
Common shares	Nimfa B. Pastrana	86,054	Filipino	0.01%
Common shares	Marie Arabella D. Veron	22,492	Filipino	0.00%
Common shares	Jonathan Tabac	19,006	Filipino	0.00%

*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 SALEF'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
<p>Bro. Manuel V. de Leon, FMS Chairman</p>	<p>Bro. Manuel V. de Leon, FMS, 62, Filipino, term of office is one year. Bro. De Leon has been serving as a member of the Board of Director of the following companies since 2005 and elected as Chairman of the Board on March 22, 2011, namely: First Metro Save & Learn Fixed-Income Fund, Inc. (2005 to present), First Metro Save and Learn Equity Fund, Inc. (2005 to present), First Metro Save and Learn Balanced Fund, Inc. (2005 to present), First Metro Save and Learn Dollar Bond Fund, Inc. (2008 to present), First Metro Asia Focus Equity Fund, Inc. (2010 to present) and Paradigm Global Growth Fund, Inc. (2015 to present). He is also a director of First Metro Asset Management, Inc. (2005 to present). He is the Provincial Superior of Marist Brothers of the Schools - East Asia Province (from 2003 to present). He is the Founding President of SAGIP KA 2000 Foundation, Inc. (2000-present). He is Chairman of the Board of Notre Dame of Dadiangas University (2007-present), Notre Dame of Kidapawan College (2003-present), and Notre Dame of Marbel University (1990-present). He was an awardee of the Ten Outstanding Young Men (TOYM) in 1992. He has masters and doctorate degrees in Education from University of the Philippines.</p>
<p>Dr. Victor A. Abola President</p>	<p>Dr. Victor A. Abola, 76, Filipino, term of office is one year. Dr. Abola is the current Program Director of the Strategic Business Economics Program (SBEP) of the University of Asia and the Pacific (UA&P). He is the Executive Director of the UA&P-FMIC Capital Market Research Center and the Corporate Secretary of Research, Education and Institutional Development Foundation, Inc. (REID). He is an director of First Metro Save and Learn Balanced Fund, Inc. (since 2010), First Metro Save and Learn Equity Fund, Inc. (since 2010), First Metro Save & Learn Fixed Income Fund, Inc. (since 2010), First Metro Save and Learn Dollar Bond Fund, Inc. (since 2010), First Metro Asia Focus Equity Fund, Inc. (since 2010) and First Metro Securities Brokerage Corp. (since 2010).</p> <p>He gives lectures on Macroeconomic Policy at the graduate school level of the School of Economics. He was a lecturer in Macroeconomics and Introduction to Money, Banking and Finance in the Management Associates Program of the Development Bank of the Philippines (2006-2010). He was the Chief of Party of the Fiscal Policy Analysis Activity of the Department of Finance, a project funded by the USAID in order to enhance policy analysis and revenue forecasting capabilities of DOF's Domestic Finance Group. This work involved completing one of Asia's first Microsimulation Models for major taxes. He finished his doctorate degree in Development Management from the University of Asia and the Pacific, where he also received his M.S. in Industrial Economics. After obtaining his Bachelor of Arts and Bachelor of Science in Commerce (major in Accounting) from the De La Salle University, he obtained his CPA certificate. Prior to this, he spent 15 years in Hong Kong as a Consultant to PCI Capital Asia, Ltd. and later became the Executive Director of the Philippine Research Center (HK), Limited. He has authored numerous articles that have appeared in local and foreign newspapers and periodicals, and UA&P's research publications. He co-authored with Dr. Bernardo M. Villegas</p>

	<p>the textbooks, Economics An Introduction (now in its 6th edition) and Basic Economics (2nd ed. 2010). He is the author of the text/reference book Money, Banking and Finance (2006).</p>
<p>Mr. Eduardo S. Mendiola Director</p>	<p>Mr. Eduardo S. Mendiola, 64, Filipino, term of office is one year. Mr. Mendiola has been serving as a member of the Board of Director 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 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 Paradigm Global Growth 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 Master’s in Business Administration from Pamantasan ng Lungsod ng Maynila.</p>
<p>Fr. Rafael K. Eloriaga, CM Independent Director</p>	<p>Fr. Rafael K. Eloriaga, 56, Filipino. Independent Director for First Metro Save and Learn Fixed Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc. and First Metro Asia Focus Equity Fund, Inc.</p> <p>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>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>
<p>Mr. Edgar B. Solilapsi Independent Director</p>	<p>Mr. Edgar B. Solilapsi, 68, Filipino. Independent Director for First Metro Save and Learn Fixed Income Fund, Inc. and First Metro Save and Learn Equity Fund, Inc. Mr. Solilapsi served as the Executive Vice President (EVP) for Investments in the Social Security System (SSS) (2010 to 2014). Prior to his stint as EVP, he held various positions in SSS from 1988 to 2010. Prior to joining SSS, Mr. Solilapsi held various positions in other institutions, He was also Teacher for International</p>

	<p>School and a professional lecturer at the University of the Philippines College of Business Administration.</p> <p>Mr. Solilapsi received his Bachelor of Science in Mathematics degree from the University of the Philippines in 1973 and earned a master in business administration from the University of the Philippines in 1981. He also took a course on Operations Research / Management Science, Fellow, Life Management, from the Institute of Atlanta, Georgia also in 1981.</p>
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The two (2) independent directors, namely, Fr. Rafael K. Eloriga, CM and Mr. Edgar B. Solilapsi, have always possessed the qualifications and none of the disqualifications of an independent director.

Executive Officers

Name	Experience
Dr. Edwin B. Valeroso Vice President	Dr. Edwin B. Valeroso, 56, Filipino. He is First Vice President of First Metro Asset Management, Inc. He was the President of First Metro Save & Learn Balanced Fund (Jan 2007 to June 2011), First Metro Save & Learn Fixed Income Fund and First Metro Save & Learn Equity Fund (from May 2005 to June 2011), and President of First Metro Save and Learn 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 and 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 Asia 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, Inc. (2006-present) and an Associate Professorial Guest Lecturer at De La Salle University-Graduate School of Business (2000-present). He was a Mutual Fund Strategist/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>Ms. Marie Arabella D. Veron Treasurer</p>	<p>Ms. Marie Arabella D. Veron, 59, Filipino. Term of office is one year and has served as such since June 2018. 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 and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc., First Metro Save & Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc., First Metro Consumer Fund on MSCI Phils. IMI Inc., First Metro Save and Learn Philippine Index Fund, Inc., First Metro Save and Learn Money Market Fund, Inc., First Metro Save and Learn F.O.C.C.U.S. 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 & Co./Price Waterhouse (1980-1985) and of Philippine International Trading Corporation (1985-1990). Ms. Veron finished her Bachelor of Science Degree in Business Administration, major in Accounting, Cum Laude from University of the East. She is a Certified Public Accountant and a Certified Management Accountant.</p>
<p>Atty. Nimfa B. Pastrana Corporate Secretary</p>	<p>Atty. Nimfa B. Pastrana, 58, Filipino. Term of office is one year and has served as such since June 2018. She is First Vice President and Asst. Corporate Secretary of First Metro Investment Corporation. She is also the Corporate Secretary of First Metro Save & Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc. and First Metro Save and Learn Fixed Income Fund, Inc., (from May 2005 to present), First Metro Save & Learn Dollar Bond Fund, Inc. (from 2008 to present), First Metro Consumer Fund on MSCI Phils., IMI Inc. and First Metro Asia Focus Equity Fund, Inc. (from 2010 to present), First Metro Save and Learn Money Market Fund, Inc. (2018-Present), First Metro Save and Learn FOCCUS 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 in A.B. Philosophy and from San Beda College of Law with a Bachelor of Laws degree.</p>
<p>Mr. Jonathan T. Tabac Compliance Officer</p>	<p>Mr. Jonathan T. Tabac, 65, Filipino. Term of office is one year and has served as such from June 2018. He is also the Compliance Officer of First Metro Securities Brokerage Corporation, First Metro Save & Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc., 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 & 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, Unc, (1997-</p>

	2001). Mr. Tabac finished BSC-Accounting from University of Baguio. He is a Certified Public Accountant.
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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 are nominees to the Board of Directors for election during annual Stockholders Meeting on September 16, 2020:

- Br. Manuel V. De Leon, FMS
- Dr. Victor A. Abola
- Mr. Eduardo S. Mendiola
- Fr. Rafael K. Eloriaga, CM *
- Mr. Edgar B. Solilapsi *
- *Independent Directors

Independent Directors

In accordance with Rule 38 of the Securities Regulations Code (SRC) Implementing Rules and Regulations, First Metro Save and Learn Equity Fund, Inc. 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 Br. Manuel De Leon as Chairman, with Fr, Rafael Eloriaga and Mr. Eduardo Mendiola 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.

Mr. Edgar B. Solilapsi and Fr. Rafael K. Eloriaga are nominees for independent directors of First Metro Save and Learn Equity Fund, 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 the nominees.

- **Fr. Rafael K. Eloriaga,CM, 56, Filipino.** Independent Director since 2016. Fr. Eloriaga is also the Independent Director for First Metro Save and Learn Equity Fund, Inc. since 2016 First Metro Consumer Fund on MSCI Philippines IMI, Inc. since 2018, and First Metro Save and Learn Money Market Fund, Inc. since 2018. Member, Board of Trustees, Universidad De Sta. Isabel-Naga City since 2016. Fr. Eloriaga is currently the Vice President for Finance of Adamson

University. He was also former Cebu Business Center Head for Central and Eastern Visayas Senior Manager of BPI Family from 2005-2006.

- **Mr. Edgar B. Solilapsi, 68, Filipino**, Independent Director since 2016. Mr. Solilapsi is also an Independent Director of First Metro Save and Learn Equity Fund, Inc. since 2016 and First Metro Save and Learn Money Market Fund, Inc. since 2018. He served as the Executive Vice President (EVP) for Investments in the Social Security System (SSS) (2010 to 2014). Prior to his stint as EVP, he held various positions in SSS from 1988 to 2010. Prior to joining SSS, Mr. Solilapsi held various positions in other institutions. He was also Teacher for International School and a professional lecturer at the University of the Philippines College of Business Administration.

The current members of the Nomination Committee are Bro. Manuel V. De Leon, FMS, Mr. Eduardo S. Mendiola and Fr. Rafael K. Eloriaga, CM. Mr. De Leon is the Chairman of the Committee.

Legal Proceedings

The Company 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 Company 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 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.

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

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:

	2019	2018	2017
Directors	₱225,000	₱205,000	₱215,000
Executive Officers	67,000	77,000	74,500
Aggregate Annual Per Diem	₱292,000	₱282,000	₱289,500

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.

Employment Contracts, Termination of Employment and Change-in Control Arrangements

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 Save and Learn Equity Fund, Inc. since 2005. 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 Save & Learn Equity Fund 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 estimated fees to be paid for the professional services rendered by SGV & Company for the audit of our Financial Statements for the year 2019 is P441,830 while the aggregate fees paid for the 2018 and 2017 is P414,083 and P469,577, respectively. 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 2013, 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 – N/A

Item 18. Proposed Actions

1. Approval of the minutes of the meeting of the stockholders held on June 30, 2019, with the following points:
 - a) Approval of the Minutes of the Annual Stockholders' Meeting held on June 30, 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 2018, including the following:
 - i. Amendment of the Registration Statement and Prospectus in order to reflect the lower initial and additional investments
 - ii. Renewal of the Management & Distribution Agreement
 - d) Amendment of the Articles of Incorporation to include provision on the issuance of units of participation
 - e) Election of the Members of the Board of Directors for the year 2019-2020
 - f) 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. Amendment to 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 2019 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 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 SAVE AND LEARN EQUITY FUND, INC. YEAR 2019 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.
18th 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 SAVE AND LEARN EQUITY FUND, INC.
By:


NIMFA BALMES- PASTRANA
Corporate Secretary

PART II -COMPANY PROFILE

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

First Metro Save and Learn Equity Fund, Inc. (the Fund) is an open-end investment company, which was incorporated on May 27, 2005 and subsequently registered under R.A. 2629 (Philippine Investment Company Act) on September 6, 2005. As an open-end mutual fund, the company is engaged in selling its capital to the public and investing the proceeds in selected high grade stocks.

The Fund had an initial paid-up capital of ₱25.00 million out of ₱100.00 million authorized capital stock composed of 100.00 million common shares with a par value of ₱1.00 per share. As of December 31, 2016, the authorized capital of the Fund was ₱2.25 billion composed of 2.25 billion common shares with a par value of ₱1.00 per share. The shares are being offered at a price based on the net asset value per share computed on a daily basis plus a front-end sales load fee.

Below are some of the awards and recognitions earned by the Fund based on its performance from Philippine Investment Fund Association (PIFA) since 2010 as shown below:

- In 2010, the Fund's performance ranked first for 1-year return, 3-year return and 5-year return categories.
- In 2011, the Fund obtained the first place in both 5-year return and 3 year return while second for the 1-year return categories.
- In 2012, the Fund ranked first for both 1-year return and 5 year return categories.
- In 2013, First Metro Save and Learn Equity Fund, Inc. was 2nd place in the 5-year category versus peers.
- In 2014, the Fund performed 17.44% net for 2014, and is the 2nd best performing Equity fund in the 5-year return category.
- In 2015, the Fund performed (5.28%) net for 2015, and is the 1st best performing Equity fund in the 10-year return category.
- First Metro Save and Learn Equity Fund performed (7.05%) net in 2016.
- First Metro Save and Learn Equity Fund performed 22.57% net in 2017.
- First Metro Save and Learn Equity Fund performed (12.30%) net in 2018.

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 Sunlife, PAMI Equity, Philam, and Philippine Stock Index Fund Corp., as its main competitors. As of December 31, 2019, these four competitor Funds represent around 60.68% 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 (ICA) and the Securities and Exchange Commission (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, the level of interest rates, and of liquidity needs.

Moreover, the Fund's investment activities are also guided 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 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 counterparty 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 Save and Learn Equity Fund, 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 11, 2016. 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.

SALEF 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	5.6355	4.5896	–	–
	Low	3.4255	3.8590	–	–
2019	High	6.2594	5.6147	5.5306	5.4133
	Low	5.5249	4.9406	5.0346	4.8142
2018	High	5.2015	5.5659	5.7843	6.0128
	Low	4.9053	5.1066	5.5311	5.7303
2017	High	5.2777	5.4280	5.6160	5.4133
	Low	4.6414	5.2002	5.3302	4.7190

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. Shareholders

As of June 30, 2020, there are 19,525 shareholders of the Fund.

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

C. 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.

Recent Sale of Unregistered Securities

There are no securities of the registrant sold by it during the year which were not registered under the Code.

Legal Proceedings

The Registrant 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

	As of	
	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		
Cash and cash equivalents	P339,689,996	P174,096,648
Financial assets at fair value through profit or loss	3,035,282,139	3,961,347,817
Receivables	80,989,092	5,261,076
Other assets	1,597,979	1,597,979
TOTAL ASSETS	P3,457,559,206	P4,142,303,520

LIABILITIES AND EQUITY

LIABILITIES

Accounts payable and accrued expenses	P9,519,548	P18,262,134
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EQUITY

Capital stock	791,623,386	773,983,778
Additional paid-in capital	3,038,261,966	2,998,899,169
Retained earnings (Deficit)	(381,845,694)	351,158,439
	3,448,039,658	4,124,041,386

TOTAL LIABILITIES AND EQUITY	P3,457,559,206	P4,142,303,520
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INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Period Ended June 30	
	2020	2019
INVESTMENT INCOME		
Trading and securities gains (losses)	P (726,004,480)	P 238,763,264
	34,352,676	
Dividend income		49,935,600
Interest income	4,700,343	2,871,182
	P291,570,046	P (738,460,190)
OPERATING EXPENSES		
Management and retainer's fees	P 36,438,925	P 47,304,540
Brokers' commission	5,442,938	21,001,614
Transaction charges	194,391	762,584

Custodian and clearing fees	425,569	676,590
Professional fees	281,243	232,859
Taxes and licenses	704,973	192,357
Directors' and officers' fees	153,904	153,478
Postage and mailing fees	23,448	30,644
Miscellaneous	95,165	164,517
	7,371,337	22,983,566
INVESTMENT INCOME (LOSS) BEFORE FINAL TAX PROVISION FOR FINAL TAX	₱ (738,059,906)	₱ 198,097,941
TOTAL COMPREHENSIVE INCOME (LOSS)*	₱ (738,059,906)	₱ 198,097,941
	₱ (0.9569)	₱ 0.2441
EARNINGS (LOSS) PER SHARE		

*There are no other comprehensive income items for the period ended June 30, 2020 and 2019.

INTERIM FINANCIAL POSITION (June 20, 2020 vs. December 31, 2019)

As of June 30, 2020, the Fund's total assets reached ₱3.46 billion, lower by 16.53% or ₱0.68 billion from ₱4.14 billion as of December 31, 2019. Total liabilities decreased by 47.87% or ₱8.74 million from ₱18.26 million to ₱9.52 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 represents the Fund's savings and checking accounts and time deposits in local banks. Cash in banks earn interest at the respective bank deposit rates. Time deposits bear annual interest rates ranging from 0.25% to 2.80% and 0.25% to 3.75% in 2020 and 2019, respectively. The increase of 95.12% or ₱165.59 million from ₱174.10 million to ₱339.69 million was due to subscriptions during the period.

2. Financial assets at fair value through profit or loss

This account consists of investments in government securities and equity securities. The decrease of 23.38% or ₱0.93 billion from ₱3.96 billion to ₱3.04 billion was due to lower realized gain on sale and result of changes in the fair value of investments during the quarter. As of June 30, 2020 and December 31, 2019, this account include fair value loss of ₱0.73 billion and ₱106.67 million gain, respectively.

3. Receivables

This account consists of due from brokers, accrued interest receivables, dividend receivable and accounts receivables. The increase of ₱75.73 million from ₱5.26 million to ₱80.99 million was due to higher amount collectible from sales of securities and dividend receivable during the quarter.

4. Other asset

This account remained at ₱1.60 million which pertains to creditable withholding tax from interest income and miscellaneous asset of the Fund.

5. Accounts payable and accrued expenses

Accounts payable and accrued expenses consists of due to brokers, accounts payable, payable to FAMI, accrued expenses, withholding tax and documentary stamp tax payable. The 47.87% or ₱8.74 million decline from ₱18.26 million to ₱9.52 million was mainly due to payment of payables during the quarter.

6. Equity

The Fund's equity is comprised of its capital stock, additional paid-in capital and retained earnings. The decrease of ₱0.68 billion or 16.39% from ₱4.12 billion to ₱3.45 billion was mainly due to the net effect of redemptions and net loss recognized during the period.

Capital Stock ended at ₱791.62 million, a decrease of ₱17.64 million from ₱773.98 million, mainly due to redemptions during the period. The Fund's authorized capital stock remained at ₱2.25 billion with par value of ₱1.00 per share. As of June 30, 2020 and December 31, 2019, the total issued and outstanding shares were 791,623,386 and 773,983,778, respectively, while the total number of holders of redeemable common shares is 16,504 and 16,392, respectively.

Additional paid in capital went down by ₱39.36 million from ₱3.00 billion to ₱3.04 billion due to redemptions made during the year.

Retained earnings decreased by ₱0.73 billion from ₱351.16 million to ₱381.85 million deficit 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 ₱1.13 billion, lower by ₱1.3 billion from last year's net income of ₱0.19 billion. 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 debt and equity securities. The decrease of ₱0.96 billion from ₱0.23 billion gain to ₱ 0.73 billion loss was mainly due to lower realized gain from the sale and result of changes in fair value of debt and equity securities held for trading during the quarter.

2. Dividend income

This account decreased by 31.21% or ₱15.58 million from ₱49.94 million to ₱34.35 million mainly due to lower cash dividends earned from equity securities during the period.

3. Interest income

This account totaled ₱4.70 million, 63.71% or ₱1.83 million higher than last year's ₱1.83 million mainly due to higher interest income earned from time deposits during the period.

4. Management and retainer's fees

This account dropped by 22.97% or ₱10.87 million from ₱47.30 million to ₱36.44 million mainly due to the decline in management fees relative to the decrease in the Fund's net assets.

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 decrease of 74.08% or ₱15.56 million from ₱21.00 million to ₱5.44 million was mainly due to lower brokers' commission incurred during the period.

6. Custodian and clearing fees

This account decreased by ₱0.25 million or 37.10% from ₱0.67 million to ₱0.43 million mainly due to lower fees paid to the custodian of the Fund during the period.

7. Taxes and licenses

This account pertains to taxes other than income tax, such as DST and local taxes. The increase of ₱0.51 million from ₱0.19 million to ₱0.70 million was due to higher payment of taxed paid during the period.

8. Professional fees

This account represents audit fees and other professional fees incurred by the Fund amounting to ₱0.28 million for the quarter ended June 30, 2020.

9. Transaction charges

This account pertains to the payment of stock trading charges. The decrease of 74.51% or ₱0.57 million from ₱0.76 million to ₱0.19 million was due to lower volume of trades during the quarter.

10. 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.

11. Miscellaneous expense

This account decreased by ₱0.06 million or 42.15% from last year's ₱0.16 million to ₱0.09 million mainly due to lower bank charges and other miscellaneous expenses paid by the Fund during the period.

Statements of Financial Position

	As of December 31			Increase (Decrease)			
	2019	2018	2017	2019 vs 2018	%	2018 vs 2017	%
ASSETS							
Cash and cash equivalents	₱174,096,648	₱216,947,148	₱433,138,510	(₱42,850,500)	(19.75%)	(₱216,191,362)	(49.91%)
Financial assets at fair value through profit or loss (FVTPL)	3,961,347,817	4,220,043,951	4,917,997,012	(258,696,134)	(6.13%)	(697,953,061)	(14.19%)
Receivables	5,261,076	1,646,644	2,765,791	3,614,432	219.50%	(1,119,147)	(40.46%)
Other asset	1,597,979	1,477,983	1,477,983	119,996	8.12%	-	-
	₱4,142,303,520	₱4,440,115,726	₱5,355,379,296	(₱297,812,206)	(6.71%)	(₱915,263,570)	(17.09%)
LIABILITIES							
Accounts payable and accrued expenses	₱18,262,134	₱14,842,250	₱52,415,522	₱3,419,884	23.04%	(₱37,573,272)	(71.68%)
EQUITY							
Capital stock	773,983,778	839,188,115	881,909,688	(65,204,337)	(7.77%)	(42,721,573)	(4.84%)
Additional paid-in capital	2,998,899,169	3,243,899,782	3,386,254,263	(245,000,613)	(7.55%)	(142,354,481)	(4.20%)
Retained earnings	351,158,439	342,185,579	1,034,799,823	8,972,860	2.62%	(692,614,244)	(66.93%)
	4,124,041,386	4,425,273,476	5,302,963,774	(301,232,090)	(6.81%)	(877,690,298)	(16.55%)
	₱4,142,303,520	₱4,440,115,726	₱5,355,379,296	(₱297,812,206)	(6.71%)	(₱915,263,570)	(17.09%)

Statements of Comprehensive Income

	Years Ended December 31			Increase (Decrease)			
	2019	2018	2017	2019 vs 2018	%	2018 vs 2017	%
INVESTMENT INCOME							
Trading and securities gains(losses)	₱140,821,886	(₱51,670,412)	₱1,264,643,018	₱682,492,298	(126.00%)	(₱1,806,313,430)	(142.83%)
Dividend income	67,409,924	52,412,198	86,400,113	14,997,726	28.61%	(33,987,915)	(39.34%)
Interest income	5,888,352	9,568,940	7,978,609	(3,680,588)	(38.46%)	1,590,331	19.93%
Miscellaneous income	304,682	1,509,614	8,438,633	(1,204,932)	(79.82%)	(6,929,019)	(82.11%)
	214,424,844	(478,179,660)	1,367,460,373	692,604,504	144.84%	(1,845,640,033)	(134.97%)
OPERATING EXPENSES							
Management and retainer's fees	92,664,174	99,404,631	119,933,249	(6,740,457)	(6.78%)	(20,528,618)	(17.12%)
Brokers' commission	26,229,089	25,448,648	35,559,063	780,441	3.07%	(10,110,415)	(28.43%)
Custodian and clearing fees	1,281,495	1,325,316	1,582,087	(43,821)	(3.31%)	(256,771)	(16.23%)
Transaction charges	951,305	907,395	2,407,326	43,910	4.84%	(1,499,931)	(62.31%)
Taxes and licenses	466,544	2,495,069	1,257,714	(2,028,525)	(81.30%)	1,237,355	98.38%

	Years Ended December 31			Increase (Decrease)			
	2019	2018	2017	2019 vs 2018		2018 vs 2017	
				Amount	%	Amount	%
Miscellaneous	1,249,694	3,195,013	2,048,321	(1,945,319)	(60.89%)	1,146,692	55.98%
	122,842,301	132,776,072	162,787,760	(9,933,771)	(7.48%)	(30,011,688)	(18.44%)
INVESTMENT INCOME (LOSS) BEFORE INCOME TAX PROVISION FOR FINAL TAX	91,582,543	(610,955,732)	1,204,672,613	702,538,275	(114.99%)	(1,815,628,345)	(150.72%)
NET INVESTMENT INCOME (LOSS)	30,094,562	29,633,616	37,132,555	460,946	1.56%	(7,498,939)	(20.20%)
OTHER COMPREHENSIVE INCOME (LOSS)	61,487,981	(640,589,348)	1,167,540,058	702,077,329	(109.60%)	(1,808,129,406)	(154.87%)
<i>Items that recycle to profit or loss in subsequent periods:</i>							
Changes in fair value of available-for-sale investments	-	-	(1,929,588)	-	-	1,929,588	(100.00%)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱61,487,981	(₱640,589,348)	₱1,165,610,470	₱702,077,329	109.60%	(₱1,806,199,818)	(154.96%)

2019

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

The total resources of the Fund declined by ₱0.39 billion or 6.71% from ₱4.44 billion at the beginning of the year to ₱4.14 billion as of December 31, 2019. Liabilities also went up by 23.04% from ₱14.84 million in 2018 to ₱18.26 million in 2019.

The movement in total assets and liabilities are primarily due to the changes in the following accounts:

1. Cash and cash equivalents

Cash and cash equivalents represent the Fund's savings, checking accounts and time deposits in local banks. This account decreased by ₱42.85 million or 19.75% from ₱216.95 million in 2018 to ₱174.10 million in 2019 mainly due to the decrease in placement in time deposit to cover the redemptions for the year.

Cash in banks earn interest at the respective bank deposit rates ranging from 0.25% to 0.50% in 2019 and 2018, which consist of time deposits earns an annual interest ranging from 0.25% to 3.75% and from 0.25% to 7.10% in 2019 and 2018, respectively.

2. Financial assets at fair value through profit or loss (FVTPL)

This account represents 95.63% and 95.04% of the total assets in 2019 and 2018, respectively. It slid by ₱0.26 billion or 6.14% from ₱4.22 billion at the beginning of the year to ₱3.96 billion at the end of the year due to the sale of various securities and decrease in market value during the year.

As of December 31, 2019 and 2018, this account consists of investment in equity securities amounting to ₱3.86 billion and ₱3.97 billion, respectively. Government treasury bills amounts to ₱0.10 billion and ₱0.25 billion as of December 31, 2019 and 2018, respectively. Financial assets at FVTPL include fair value gain ₱106.67 million and fair value loss of ₱297.85 million as of December 31, 2019 and 2018, respectively.

3. Receivables

Receivables amounted to and ₱5.26 million and ₱1.65 million as of December 31, 2019 and 2018, respectively. The increase of ₱3.61 million is mainly due to the receivable from brokers pertain to the amount collectible for the sale of equity securities which collections are due within three (3) working trading days following the settlement convention.

This also includes dividend receivable that pertains to cash dividends declared but not yet collected as of financial position date.

4. Other asset

Other asset is composed of creditable withholding tax from interest income on unquoted debt securities.

5. Accounts payable and accrued expenses

Accounts payable and accrued expenses rose by ₱3.42 million or 23.04% from ₱14.84 million in December 31, 2017 to ₱18.26 million in December 31, 2019. This account consists of due to brokers, accounts payable, payable to FAMI, accrued expenses, withholding tax payable and documentary stamp tax payable.

6. Equity

Total stockholders' equity decreased by ₱0.88 billion or 16.55% mainly due to net of redemptions over subscriptions of ₱0.24 billion and comprehensive loss amounting to ₱0.64 billion.

Capital Stock

The Fund's authorized and issued capital stock follow:

	2019	2018
Authorized	2,250,000,000	2,250,000,000
Issued and outstanding	773,983,778	839,188,115

The BOD approved on March 14, 2012 and ratified by the stockholders on August 4, 2012 the increase in authorized capital stock from ₱1.00 billion (1.00 billion redeemable common shares) to ₱1.25 billion (1.25 billion redeemable common shares) with a par value of ₱1.00 per share. The application for increase in authorized capital stock was presented for filing with the SEC on November 13, 2012 and was approved by the SEC on January 24, 2013. The 0.25 billion shares of stock was registered with SEC on May 15, 2015.

The next tranche of the increase in authorized capital stock was approved by the BOD and stockholders on February 25, 2013 and July 13, 2013, respectively, from ₱1.25 billion (1.25 billion redeemable common shares) to ₱3.00 billion (3.00 billion redeemable common shares) with a par value of ₱1.00 per share. The BOD adopted a resolution that the increase in the authorized capital stock to ₱3.00 billion be made in several tranches. The authorized capital stock will be initially increased by ₱1.00 billion while the succeeding increases will be executed upon determination and approval of the BOD without the need of going back to the stockholders for approval. The first tranche of increase in authorized capital stock from ₱1.25 billion to ₱2.25 billion was approved by the SEC on December 29, 2014. The 1.00 billion shares of stock was registered with SEC on June 15, 2015.

As of December 31, 2019 and 2018, the total number of holders of redeemable common shares is 16,392 and 17,405, respectively.

Additional paid-in capital went down by ₱0.24 billion or 7.55% due to the redemptions made during the year.

Retained earnings improved by by ₱8.97 million or 2.62% due to the ₱61.49 million net income from the Fund's operations during the year and redemptions amounting to ₱52.51 million.

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

The Fund realized a net income of ₱0.06 billion for the year ended December 31, 2019, an increase of ₱0.70 billion or 109.60% from ₱0.64 billion net loss last year.

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

1. Trading and securities gains (losses)

This account was derived from income (loss) recognized in the sale and change in the fair value of investments held by the Fund. Trading and securities gain of ₱0.14 billion due to higher fair market value of equity securities recognized in 2019, an improvement of ₱0.68 billion or 126.00% as compared last year.

2. Dividend income

Dividend income climbed by ₱15.00 million or 28.61% from ₱52.41 million last year to ₱67.41 million this year mainly due to the higher dividends declared by investee of the shares held by the fund for the year ended December 31, 2019.

3. Interest income

Interest income declined by ₱3.68 million or 38.46% due to decrease in debt securities investments held by the Fund during the year. This account consists of interest earned from cash and cash equivalents and financial assets at FVTPL investments.

4. Miscellaneous income

This account consist of write-off of unidentified deposits and stale checks which decreased by ₱1.20 million.

5. Management and retainer's fee

This account includes management fees, incentive fees and retainer's fees. Management and retainer's fee amounted to ₱92.64 million, ₱6.74 million or 6.78% lower than the prior-year balance of ₱99.40 million as a result of the decline in asset under management of the Fund this year.

6. Brokers' commission

Broker's commission amounting to ₱26.23 million and ₱25.45 million for the year ended December 31, 2019 and 2018, respectively. This pertains to the fee paid to brokers for executing trade transactions.

7. Custodian and clearing fees

This account pertains to payment to the custodian of the Fund. The decrease of 3.31% is mainly due to the decrease in market value of the equity securities held by the Fund.

8. Transaction charges

This account pertains to the payment of stock trading and over-the-counter charges amounting to ₱0.95 million and ₱0.91 million for the year 2019 and 2018, respectively. The 4.84% decrease is a result of the increase in number of trades this year as compared last year.

9. Taxes and licenses

This account includes filing fees, local taxes and documentary stamp taxes which decreased by ₱2.03 million due to lower local taxes paid for the year.

10. Miscellaneous expense

Miscellaneous expense amounting to ₱1.25 million and ₱3.20 million in 2019 and 2018, respectively, includes professional fees, directors' and officers' fees, postage fees, insurance premiums, notarial fees and membership fees and dues. This account went down by ₱1.94 million or 60.89% mainly due to lower other operating expenses.

2018

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

The total resources of the Fund declined by ₱0.92 billion or 17.09% from ₱5.36 billion at the beginning of the year to ₱4.44 billion as of December 31, 2018. Liabilities also fell by 71.68% from ₱52.42 million in 2017 to ₱14.84 million in 2018.

The movement in total assets and liabilities are primarily due to the changes in the following accounts:

a. Cash and cash equivalents

Cash and cash equivalents represent the Fund's savings, checking accounts and time deposits in local banks. This account decreased by ₱216.19 million or 49.91% from ₱433.14 million in 2017 to ₱216.95 million in 2018 mainly due to the decrease in placement to time deposit to cover for the redemptions for the year.

Cash in banks earn interest at the respective bank deposit rates. Time deposits earn annual interest rates of 0.25% to 7.10% and 0.25% to 4.63% in 2018 and 2017, respectively.

b. Financial assets at fair value through profit or loss (FVTPL)

This account represents 95.04% and 91.83% of the total assets in 2018 and 2017, respectively. It slid by ₱0.70 billion or 14.19% from ₱4.92 billion at the beginning of the year to ₱4.22 billion at the end of the year due to the sale of various securities and decrease in market value during the year.

As of December 31, 2018 and 2017, this account consists of investment in equity securities amounting to ₱3.97 billion and ₱4.92 billion, respectively. Government treasury bills amounts to ₱0.25 billion as of December 31, 2018. Financial assets at FVTPL include fair value loss of ₱297.85 million and fair value gain of ₱524.98 million as of December 31, 2018 and 2017, respectively.

c. Receivables

Receivables amounted to ₱1.65 million and ₱2.77 million as of December 31, 2018 and 2017, respectively. The decrease of ₱1.12 million or 40.46% is mainly because of the decrease on dividends receivable account.

Dividend receivable pertains to cash dividends declared but not yet collected as of financial position date. The decrease of ₱1.33 million or 51.55% is mainly attributable to the lower dividend declaration as of December 31, 2018.

d. Other asset

Other asset is composed of creditable withholding tax from interest income on unquoted debt securities.

e. Accounts payable and accrued expenses

Accounts payable and accrued expenses slid by ₱37.57 million or 71.68% from ₱52.42 million in December 31, 2017 to ₱14.84 million in December 31, 2018. This account consists of due to

brokers, 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, subscriptions without confirmation from clients and other accounts payable. This account decreased by ₱35.95 million or 86.10%, which is mainly attributable to lower redemptions at the end of the period compared to the redemptions from previous year.

Payable to FAMI includes management fees, sales load payable and redemption fees. It decreased by ₱1.34 million or 15.96% from ₱8.42 million to ₱7.08 million mainly due to the lower assets under management this year compared last year which is the basis for management fee.

Accrued expenses includes professional fees, custodianship fees, retainer's fee and postages and mailing fees.

Withholding tax payable went down by 19.65% from ₱1.44 million to ₱1.16 million. The decrease is mainly due to lower management fee for the month of December 2018 compared to December 2017.

Documentary stamp tax payable declined by ₱0.01 million or 23.73% due to the decrease of subscriptions for the month of December 2018 compared to December 2017.

f. Equity

Total stockholders' equity decreased by ₱0.88 billion or 16.55% mainly due to net of redemptions over subscriptions of ₱0.24 billion and comprehensive loss amounting to ₱0.64 billion.

Capital Stock

The Fund's authorized and issued capital stock follow:

	2018	2017
Authorized	2,250,000,000	2,250,000,000
Issued and outstanding	839,188,115	881,909,688

The BOD approved on March 14, 2012 and ratified by the stockholders on August 4, 2012 the increase in authorized capital stock from ₱1.00 billion (1.00 billion redeemable common shares) to ₱1.25 billion (1.25 billion redeemable common shares) with a par value of ₱1.00 per share. The application for increase in authorized capital stock was presented for filing with the SEC on November 13, 2012 and was approved by the SEC on January 24, 2013. The 0.25 billion shares of stock was registered with SEC on May 15, 2015.

The next tranche of the increase in authorized capital stock was approved by the BOD and stockholders on February 25, 2013 and July 13, 2013, respectively, from ₱1.25 billion (1.25 billion redeemable common shares) to ₱3.00 billion (3.00 billion redeemable common shares) with a par value of ₱1.00 per share. The BOD adopted a resolution that the increase in the authorized capital stock to ₱3.00 billion be made in several tranches. The authorized capital stock will be initially increased by ₱1.00 billion while the succeeding increases will be executed upon determination and approval of the BOD without the need of going back to the stockholders for approval. The first tranche of increase in authorized capital stock from ₱1.25 billion to ₱2.25 billion was approved by the SEC on December 29, 2014. The 1.00 billion shares of stock was registered with SEC on June 15, 2015.

As of December 31, 2018 and 2017, the total number of holders of redeemable common shares is 17,405 and 17,367, respectively.

Additional paid-in capital went down by ₱0.14 billion or 4.20% due to the redemptions made during the year.

Retained earnings decreased by ₱0.69 billion or 66.93% due to the ₱0.64 billion net loss from the Fund's operations during the year and redemptions amounting to ₱0.52 billion.

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

The Fund realized a net loss of ₱0.64 billion for the year ended December 31, 2018, ₱1.81 billion lower than the last year's net income of ₱1.17 billion.

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

a. Trading and securities gains (losses)

This account was derived from income (loss) recognized in the sale and change in the fair value of investments held by the Fund. Trading and securities loss of ₱0.54 billion due to decrease in fair market value of equity securities was recognized in 2018, a decline of ₱1.81 billion or 142.83% as compared last year.

b. Dividend income

Dividend income went down by ₱33.99 million or 39.34% from ₱86.40 million last year to ₱52.41 million this year mainly due to the lower dividend declared by investee of the shares held by the fund for the year ended December 31, 2018.

c. Interest income

Interest income increased by ₱1.59 million or 19.93% due to purchase of treasury bills during the year. This account consists of interest earned from cash and cash equivalents and financial assets at FVTPL investments.

d. Miscellaneous income

This account decreased by ₱6.93 million from ₱8.44 million to ₱1.51 million due to the write-off of unidentified deposits and stale checks.

e. Management and retainer's fee

This account includes management fees, incentive fees and retainer's fees. Management and retainer's fee amounted to ₱99.40 million, ₱20.53 million or 17.12% lower than the prior-year balance of ₱119.93 million as a result of the decline in asset under management of the Fund this year.

f. Brokers' commission

Broker's commission amounting to ₱25.45 million and ₱35.56 million as of December 31, 2018 and 2017, respectively, pertains to the fee paid to brokers for executing trade transactions. The lower volume of trades made during the year compared last year resulted to a decline of ₱10.11 million or 28.43%.

g. Custodian and clearing fees

This account pertains to payment to the custodian of the Fund. The decrease of ₱0.26 million, or 16.23% from ₱1.58 million in 2017 to ₱1.32 million in 2018, is mainly due to the decrease in market value of the equity securities held by the Fund.

h. Transaction charges

This account pertains to the payment of stock trading and over-the-counter charges amounting to ₱0.91 million and ₱2.41 million as of December 31, 2018 and 2017, respectively. The decrease of

₱1.50 million or 62.31% is a result of the lower number of trades this year compared last year.

i. Taxes and licenses

This account includes filing fees and documentary stamp taxes which increased by ₱1.24 million or 98.38% mainly due to higher local taxes paid for the year compared to previous year.

j. Miscellaneous expense

Miscellaneous expense amounting to ₱3.20 million and ₱2.05 million in 2018 and 2017, respectively, includes professional fees, directors and officers' fees, postage fees, insurance premiums, notarial fees and membership fees and dues. This account went up by ₱1.15 million or 55.98% mainly due to increase in other operating expenses.

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 Manager of the Fund, 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

The Fund was incorporated on May 27, 2005 with the objective of seeking long-term capital appreciation by investing primarily in carefully selected listed and non-listed equity securities.

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, active management of SALEF’s assets was initiated in October 2005 with the objective of consistently outperforming its benchmark, which is the PSEi, and achieves a sizable net income.

The Fund has an initial paid-up capitalization of ₱25.00 million which translates to a minimal share in the mutual fund industry (under the equity fund category).

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

- *Net Asset Value Per Share* - Net Asset Value per share amounted to ₱4.3557 as of June 30, 2020, lower by 18.25% from ₱5.3283 as of December 31, 2019. The Fund’s average daily net asset value slid by 21.02% or ₱0.70 billion from ₱4.35 billion as of December 31, 2019 to ₱3.43 million as of June 30, 2020.
- *Sales for the period ended* - The Fund’s total sales of ₱214.45 million for the period ended June 30, 2020 was 463.78% or ₱124.41 million higher than ₱90.04 million sales for the same period last year.
- *Redemptions for the period ended* – Fund’s total redemptions amounted to ₱152.23 million for the period ended June 30, 2020 was 18.64% or ₱168.60 million lower than ₱320.82 million redemptions last year.
- *Net Income vs. Benchmark* - The Fund incurred a net loss of ₱0.74 billion for the period ended June 30, 2020 as compared to ₱0.19 billion net income for the same period last year.
- *Market Share vs. Benchmark* – As of June 30, 2020 the Fund garnered 3.58% share in the Equity Funds category while 1.18% share in terms of net assets. On the basis of account holders, the Fund has 16,504 account holders or 6.08% of the total accounts in the Equity Funds category.

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

Performance Indicators	2019	2018	2017
Return on assets ^{1/}	1.43%	(13.08%)	21.08%
Return on equity ^{2/}	1.44%	(13.17%)	21.31%
Cost to income ratio ^{3/}	57.29%	(20.73%)	13.94%
Net asset value per unit ^{4/}	₱5.3283	₱5.2733	₱6.0130
Earnings(Loss) per share ^{5/}	₱0.0775	(₱0.7461)	₱1.1423

^{1/} Net Income over average assets. Average assets for year ended December 31 were computed based on the average of the beginning and ending balances.

^{2/} Net Income over average equity. Average equity for year ended December 31 was computed based on the average of the beginning and ending balances.

³¹ Operating expenses for the cost-to-income ratios do not include provision for probable losses and provision for income taxes.

⁴¹ 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.

⁵¹ Net income divided by weighted average number of common shares.

Item 7. Financial Statements

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 SAVE AND LEARN EQUITY FUND, INC.

By:



MARIE ARABELLA D. VERON
TREASURER