

FIRST METRO SAVE AND LEARN FIXED INCOME FUND, INC. (SALFIF)
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 FIXED INCOME 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

² 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.

³ 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 SAVE & LEARN FIXED-INCOME FUND, INC.
3. Province, Country or other jurisdiction of incorporation or organization;
Metro Manila, Philippines
4. SEC Identification number: **CS2005009327**
5. BIR Tax Identification Code: **238-699-638-000**
6. Address of Principal Office:
18th Floor, PS Bank Center, 777 Paseo de Roxas corner Sedeño St., Makati City
7. Telephone Number:
(632) 8912860, (632)8405710, Fax No. (632) 8160467
8. Date, time, place, of Date meeting of Security Holders, 2020
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	677,389,251 shares
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 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	677,389,251	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 stockholders own more than 5% of the common voting securities as June 30, 2020.

Title of Class	Name and Address of Owner	Name of Beneficial Owner	Citizenship	No. of Shares Held	Percent to Outstanding Shares
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Common Shares	First Metro Investment Corporation (FMIC) ^{/1}	Same	Filipino	175,807,043	25.95%
Common Shares	Metrobank Trust Banking as IM for Girl Scout of the Philippines ^{/2}	Same	Filipino	48,230,464	7.12%
Common Shares	Smart Communications Employees Multi_Purpose Cooperative (SEMPCO) ^{/3}	Same	Filipino	35,713,635	5.27%

^{/1} First Metro is the registered owner of the shares in the books of the Company. The Board of Directors of First Metro 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 First Metro is Mr. Francisco C. Sebastian or Mr. Jose Patricio A. Dumlaog or any officers appointed by the Board.

^{/2} Metrobank Trust Banking as IM for Girl Scout of the Philippines is the registered owner of the shares in the books of the Company. The Board of Directors of Metrobank Trust Banking as IM for Girl Scout of the Philippines 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 First Metro is Mr. Eduardo C. Ramirez or any officers appointed by the Board.

^{/3} Smart Communications Employees Multipurpose Cooperative (SEMPCO) is the registered owner of the shares in the books of the Company. The Board of Directors of SEMPCO 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 SEMPCO is Adrian O. Ada, Chairperson, or any officers 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	Manuel V. De Leon	1	Filipino	0.000%
Common Shares	Fr. Rafael K. Eloriaga*	1	Filipino	0.000%
Common Shares	Victor A. Abola	1	Filipino	0.000%
Common Shares	Edgar B. Solilapsi*	1	Filipino	0.000%
Common Shares	Eduardo S. Mendiola	1	Filipino	0.000%
Common Shares	Nimfa B. Pastrana	4,000	Filipino	0.000%
Common Shares	Jonathan T. Tabac	94,531	Filipino	0.010%

*Independent Directors

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</p>

	<p>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 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>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>
<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</p>

	<p>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.</p> <p>r. 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
<p>Dr. Edwin B. Valeroso Vice President</p>	<p>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>

<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 Fund to make a significant contribution to the business.

Nominee Directors

The following are the nominees to the Board of Directors for election during Annual Stockholders' Meeting on September 16, 2020:

- Bro. 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 SRC Rule 38(8), First Metro Save & Learn Fixed-Income Fund, Inc. (SALFIF) 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 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, CM are nominees for independent directors of First Metro Save and Learn Fixed Income Fund, and they were recommended to the Nominations Committee for election of independent directors by Ms. Wilma Crisostomo, stockholder, in accordance with the foregoing rules. Ms. Crisostomo 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 members of the Nominations Committee are, Bro. Manuel V. De Leon, FMS, as Chairman and Mr. Eduardo S. Mendiola and Fr. Rafael K. Eloriaga, CM as members.

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.

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 have 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:

	2020 (estimated)	2019	2018	2017
Directors	₱250,000	₱225,000.00	₱205,000	₱265,000
Executive Officers	77,500	67,000.00	77,000	80,000
Aggregate Annual Per Diem	₱327,500	₱225,000.00	₱282,000	₱345,000

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 board meetings.

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 & Learn Fixed-Income 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 Fixed-Income 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 aggregate fees paid for the professional services rendered by SGV & Company for the audit of our Financial Statements for the years 2019, 2018 and 2017 are ₱217,408, ₱203,756 and ₱219,912, 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.

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. Other Proposed Item

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 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 Management and 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 2019 – Please refer to the write-up under Item 7 “Independent Public Accountants” for the details.

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 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

statue 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 & LEARN FIXED-INCOME 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 & Learn Fixed-Income 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 & LEARN FIXED INCOME 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 & Learn Fixed-Income Fund, Inc. is an open-end investment company, which was incorporated on June 3, 2005 and subsequently registered under R.A. 2629 on September 6, 2005. It is principally engaged in the sale of its shares of stock and in the investment of the proceeds from these sales in a variety of fixed-income instruments and securities.

Initially, the Fund had paid-up capital of ₱50.00 million out of ₱300.00 million authorized capital stock composed of 300 million common shares with a par value of ₱1.00 per share. Due to the increase in subscriptions being received by the Fund, on December 31, 2014, the authorized capital of the Fund was increased to ₱1.70 billion composed of 1.70 billion common shares with a par value of ₱1.00 per share. The price at which the shares are being offered is based on the net asset value per share computed on a daily basis plus a front-end sales load fee.

The Fund earned some awards and recognitions 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, second place for 3-year return and third place in 5-year return categories.
- In 2011, the Fund obtained the first place in 1-year return, 3-year return and 5-year return categories.
- In 2012, the Fund ranked first place in the 1-year return, 3-year return and 5-year return categories.
- In 2013, First Metro Save & Learn Fixed-Income Fund, Inc. ranked first place in the 1-year return, 3-year return and 5-year return categories.
- In 2014, the Fund maintains its first place in the 3-year and 5-year return categories among other Peso Fixed Income Funds.
- In 2015, First Metro Save & Learn Fixed-Income Fund, Inc. was rated as first place in the 3-year return, 5-year return and 10-year return categories.
- In 2016, First Metro Save & Learn Fixed-Income Fund, Inc. was ranked as first place in the 5-year return and 10-year return categories.
- In 2017, First Metro Save & Learn Fixed-Income Fund, Inc. was second place in the 5-year return and first place in 10-year return categories.
- In 2018, the fund was ranked as first place in 10-year return categories.

The Fund is principally engaged in the sale of its shares of stock and in the investment of the proceeds from these sales into a portfolio of quality, high grade fixed income instruments. As an open-end Mutual Fund Company (MFC), it can redeem its outstanding redeemable shares at net asset value (NAV) per share at any time upon redemption of its investors.

The Fund's investment objective is classified as conservative or low-risk. The Fund's main objective is to provide investors with the opportunity to access the capital markets and enable them to reap modest but satisfactory returns on their investments through a selection of fixed income instruments and securities, and the professional management and supervision of the Fund.

The product being sold by the registrant, through First Metro Asset Management, Inc. (FAMI), is its shares of stock, being a mutual fund company. As of December 31, 2018, the registrant's total sales were ₱96.66 million.

Distribution Methods of Products and Services

The Fund has First Metro Asset Management, Inc. (FAMI) as principal distributor of its shares of stock and will not sell or agree to sell any shares of its capital stock except through FAMI. FAMI may 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.

The product being sold by the registrant, through FAMI, is its shares of stock, being a mutual fund company. This product was offered to the public in October 2005. The registrant is a stock corporation which was incorporated on June 3, 2005.

FAMI'S marketing strategy will be based on the strategic partnership of CEAP, Marist and First Metro Investment Corporation (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 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 registrant's main competitors are the other mutual funds in the Fixed Income Fund category of Philippine mutual funds. It considers the funds of Sunlife, Philam, Philequity and Cocolife, as its main competitors. As of December 31, 2019, these four competitor Funds represent around 22% 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.

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.

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.

The Fund primarily invests in government securities, SEC-registered commercial papers and other qualified debt instruments taking precautions of the market conditions, the level of interest rates, and of liquidity needs.

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. The maximum investment of an Investment Company in any single enterprise or issuer shall not exceed an amount equivalent to fifteen percent (15%) of its net assets, nor shall the total

investment of the fund exceed ten percent (10%) of the outstanding securities of the investee company.

- b. The Investment Company 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.
- c. Deposits shall not exceed twenty percent (20%) of its net assets in a single bank/non-bank with quasi bank license excluding monies for liquidation of a revoked Investment Company.
- d. The investments in the following shall not exceed five percent (5%) of the net assets of the Investment Company:
 - i. Deposits placed with a non-investment grade or unrated deposit taking institution;
 - ii. Debt securities or money market instruments not dealt in an organized market or issued by an unrated or non-investment grade issuing body; and
 - iii. Over-the-counter financial derivatives with non-investment grade or unrated counterparty, unless the derivatives are used for efficient portfolio management which the investment aggregate shall not exceed more than twenty percent (20%) of the assets of the Investment Company;
 - iv. Unlisted shares issued by a related party.

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

- e. Investment in foreign government debt securities or money markets where the issuer or the guarantor is a government, sovereign or central bank with an international long-term issuer rating of investment grade may be increased to a maximum of thirty five percent (35%) of the net assets of the Investment Company;
- f. A maximum of five percent (5%) of the net assets of the Investment Company may be invested in government debt securities issued or guaranteed by a government, sovereign or central bank with an international long-term issuer rating that is non-investment grade;
- g. In investing in financial derivative instruments for the Investment Company, the Fund Manager shall see to it that it employs a risk-management process which captures the risks associated with the use of financial derivatives and satisfies all the following requirements:
 - i. The total exposure to financial derivatives or embedded financial derivatives, including counterparty transactions, shall not exceed ten percent (10%) of the net assets of the Investment Company, or five percent (5%) of the net assets if the derivatives are not investment grade, unless the derivatives counterparty is used for efficient portfolio management which the investment aggregate shall not exceed more than twenty percent (20%);
 - ii. The Investment Company shall invest five percent (5%) of its net assets to liquid assets to meet all its payment and delivery obligations;
 - iii. The Fund Manager shall not act as a counterparty to an OTC derivative invested into by the Investment Company.
- h. The MFC shall be prohibited from investing in the securities it is issuing.
- i. No Investment Company shall purchase from or sell to any of its officers or directors or the officers or directors of its investment advisor/s, manager or distributor/s or firm/s of which any of them are members, any securities other than the capital stock of the Investment Company.
- j. The Investment Company shall not engage in short selling;
- k. Unless the Commission shall provide otherwise, the Investment Company shall not invest in any of the following:
 - i. margin purchase of securities (investment in partly paid shares are excluded);
 - ii. commodity futures contracts;
 - iii. precious metals; and
 - iv. unlimited liability investments.

The Fund's policy prescribes that at least 10.00% of its total assets is invested in any of the following:

- Treasury notes or bills, Certificates of Indebtedness issued by the Bangko Sentral ng Pilipinas which are short term, and other government securities or bonds and such other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines;
- Tradable Long-Term Negotiable Certificate of Time Deposits (LTNCTD)
- Government debt securities where the issuer or the guarantor is a foreign government, sovereign or central bank with an international long-term issuer rating of investment grade;
- Savings or time deposits with government-owned banks or commercial banks, provided that in no case shall any such savings or time deposit accounts be accepted or allowed under a "bearer", "numbered" account or other similar arrangement.
- Money market instruments issued by Philippine regulated qualified buyers or those issued by an investment grade issuing body;
- Other collective schemes wholly invested in liquid/semi-liquid assets.

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

- the borrowing period should not exceed one month; and
- the aggregate borrowings shall not exceed ten percent (10%) of the net assets of the Investment Company

The Fund shall not incur any further debt or borrowing, unless at the time it is incurred or immediately thereafter, there is asset coverage of at least 300.00% for all its borrowings. In the event that such asset coverage shall at any time fall below 300.00%, the Fund shall, within three days thereafter, reduce the amount of borrowings to an extent that the asset coverage of such borrowings shall be at least 300.00%.

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 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 Fixed Income 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 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.

SALFIF has identified the following major risks involved in its businesses and other operations:

The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of such unpredictability on the Fund's financial performance.

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

Specifically, the Fund primarily invests in government securities, SEC-registered commercial papers and other qualified debt instruments taking precautions of the market conditions, the level of interest rates, and of liquidity needs.

Credit Risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Fund invests in government securities wherein the risk of default is considered minimal. Also, management policies prohibit engaging in lending operations without prior review and approval of its BOD. Another policy of the Fund directed at managing credit risk is that all sales of the Fund's capital stock shall only be on cash basis. Installment sales are prohibited.

Credit risk exposure is limited to the carrying amount of the financial assets. The maximum exposure to credit risk is represented by the carrying amounts of the financial assets that are carried in the statement of financial position and the related notes. There are no agreements concluded which reduced the maximum exposure to credit risk as of the statement of financial position date.

The Fund's credit risk policy restricts the amount of investment in any single enterprise to 15% of the Fund's NAV, except for government securities. Conversely, the total investment of the Fund in any single investee company must not exceed 10% of the outstanding securities.

The Fund is also not allowed to invest in securities of other investment companies and mutual funds.

The Fund manages credit risks by transacting with accredited counterparties only. Credit exposures are closely monitored to ensure that payments are made on time.

Liquidity Risk. Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or

counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Fund is exposed to daily cash redemptions of its redeemable shares. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund has the ability to borrow within a short term period to ensure settlement of amounts due. No such borrowings have arisen during the year.

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 the market or its peers. Also, the Fund may fail to meet its investment objectives.

Market Risk. Market risk is the risk of change in fair value of financial instruments from fluctuation in equity exchange rates (currency risk), interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. To manage this risk, the investment manager will resort to an investment committee approach wherein different members of the committee come from varied backgrounds and expertise and each of them would contribute towards optimizing the Fund's performance.

The Fund's exposure to market risk relates only to interest rate risk.

Fair value interest rate risk. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in interest rates. The Fund's fixed income securities are exposed to such risk.

Risks to the financial instruments are managed by (a) closely monitoring investment objectives and constraints on investment by its Fund Manager; (b) detailed market observation and analysis; (c) setting limits on investment diversification i.e. issuer, industry or sector, index; and (d) establishment of profit and/or loss tolerance.

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 for the second quarter of 2020, and the years 2019, 2018 and 2017:

Year		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2020	High	2.3845	2.4517	-	-
	Low	2.3404	2.3556	-	-
2019	High	2.2753	2.3154	2.3596	2.3591
	Low	2.2096	2.2526	2.3113	2.3349
2018	High	2.2220	2.2190	2.2194	2.2183
	Low	2.2083	2.2108	2.2144	2.2024
2017	High	2.2220	2.2167	2.2200	2.2192
	Low	2.2030	2.2058	2.2109	2.2106

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 3,304 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	December 31, 2019
ASSETS		
Cash and cash equivalents	₱ 135,739,233	₱ 196,276,984
Financial assets at fair value through profit or loss	1,072,273,802	952,093,145
Financial assets at amortized cost	421,969,334	427,859,485
Receivables	17,899,424	16,925,092
Other assets	16,156,773	16,156,773
TOTAL ASSETS	₱ 1,664,038,566	₱ 1,609,311,479
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	₱ 3,455,406	₱ 3,250,876
EQUITY		
Capital stock	677,389,251	680,802,846
Additional paid-in capital	895,375,261	890,955,597
Retained earnings	87,818,648	34,302,160
	₱ 1,660,583,160	₱ 1,606,060,603
TOTAL LIABILITIES AND EQUITY	₱ 1,664,038,566	₱ 1,609,311,479

INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Period Ended June 30	
	2020	2019
INCOME		
Interest income	₱ 36,478,061	₱ 42,353,182
Trading and securities gains (losses)	49,511,022	58,269,987
	₱ 85,989,083	₱ 100,623,169
EXPENSES		
Management and retainer's fees	₱ 15,910,826	₱ 15,852,513
Taxes and licenses	495,175	344,871
Directors' and officers' fees	153,904	153,478
Custodian and clearing fees	108,189	121,652
Professional fees	114,899	114,581
Provision for Reversal of Impairment Loss	(46,462)	(6,444)
Postage & Mailing Fee Expense	2,358	-
Transaction charges	100	-
Miscellaneous	23,409	42,662

	₱ 16,762,398	₱ 16,623,313
INVESTMENT INCOME BEFORE FINAL TAX	₱69,226,685	₱ 83,999,856
PROVISION FOR FINAL TAX	7,464,719	8,592,819
TOTAL COMPREHENSIVE INCOME (LOSS)*	₱61,761,966	₱ 75,407,037
EARNINGS (LOSS) PER SHARE	₱ 0.0925	₱ 0.0893

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

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

As of June 30, 2020, the Fund's total assets stood at ₱1.66 billion, increased by ₱0.05 billion from ₱ 1.61 billion as of December 31, 2019. Total liabilities decreased to ₱3.46 million from ₱3.25 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 and time deposits in local banks. Cash in banks earn interest at the respective bank deposit rates. Time deposits bear annual interest rate ranging from 0.25% to 6.00% and 0.25% to 7.10% in 2020 and 2019, respectively. The decrease of 30.84% or ₱60.54 million from ₱196.28 million to ₱135.74 million was due to lower time deposits during the period.

2. Financial assets

Financial assets at FVTPL consists of investments in government and private debt securities. The increase of 12.62% or ₱120.18 million from ₱952.09 million to ₱1.07 billion was mainly due to purchase of investments during the quarter. As of June 30, 2020 and December 31, 2019, this account include fair value loss of ₱9.90 million and ₱8.80 million gain, respectively.

Financial assets at Amortized Costs consists of investments in government and private bonds. The decrease of ₱5.89 million or 1.38% from ₱427.86 million to ₱421.97 million was mainly due to additional purchases during the period.

3. Receivables

This account consists of accrued interest receivable and other receivables. The increase of 5.76% or ₱0.97 million from ₱16.93 million to ₱17.90 million was due to higher accrued interest receivable from investments as of reporting date.

4. Other assets

This account remained at ₱16.16 million which pertains to creditable withholding taxes of the Fund.

5. Accounts payable and accrued expenses

This account consists of accounts payable, payable to FAMI, accrued expenses, withholding tax and documentary stamp tax (DST) payable. The increase of 6.29% or ₱0.20 million from ₱3.25 million to ₱3.46 million was due to settlement of accounts payable during the period.

6. Equity

The Fund's equity is comprised of its capital stock, additional paid-in capital and retained earnings. The decrease of ₱0.05 billion from ₱1.61 billion to ₱1.66 billion was mainly due to the effect of redemptions during the period.

Capital Stock ended at ₱677.39 million, a decrease of ₱3.41 million from ₱680.80 million, mainly due to redemptions during the period. The Fund's authorized capital stock remained at ₱1.70 billion.

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 677,389,251 and 680,802,846, respectively, while the total number of holders of redeemable common shares is 1,804 and 1,722, respectively.

Additional paid in capital went down by ₱4.42 million from ₱890.56 million to ₱895.38 million due to redemptions made during the year.

Retained earnings increased by 156.01% or ₱53.52 million from ₱34.30 million to ₱87.82 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 income of ₱61.76 million, lower by 18.10% or ₱13.65 million from last year's net income of ₱75.41 million. Detailed discussions on the changes in the statement of income accounts are as follows:

1. Interest income

This account includes interest income earned from cash and cash equivalents, investments in government and private debt securities. Interest income dropped by 13.87% or ₱5.88 million from ₱42.35 million to ₱36.48 million mainly due to lower volume of investments in debt securities during the period.

2. Trading and securities gain (loss)

This account includes realized and unrealized gains earned from trading investments in debt securities. The decrease of 15.03% or ₱8.76 million from ₱58.27 million gain to ₱49.51 million gain was mainly due to lower realized gain from the sale and result of changes in fair value of debt securities held for trading during the quarter.

3. Management and retainer's fees

This account increased by ₱0.06 million from ₱15.85 million to ₱15.91 million mainly due to the increase in management fees relative to the higher level of Fund's net assets for the period.

4. Taxes and licenses

This account pertains to taxes other than income tax, such as DST and local taxes. The increase of 43.58% or ₱0.15 million from ₱0.34 million to ₱0.50 million was due to higher DST incurred for the period.

5. 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.

6. Professional fees

This account represents audit fees and other professional fees incurred by the Fund amounting to ₱0.14 million for the quarter ended June 30, 2020.

7. Custodian and clearing fees

This account pertains to fees paid to the custodian of the Fund amounting to ₱0.11 million for the quarter ended June 30, 2020.

8. Miscellaneous expenses

This account decreased by 45.13% from last year's ₱0.04 million to ₱0.02 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	2018	2017	2019 vs. 2018		2018 vs. 2017	
				Amount	%	Amount	%
ASSETS							
Cash and cash equivalents	₱196,276,984	₱409,562,773	₱594,544,373	(₱213,285,789)	(52.08%)	(₱184,981,600)	(31.11%)
Financial assets at fair value through profit or loss (FVPL)	952,093,145	599,836,412	495,008,951	352,256,733	58.73%	104,827,461	21.18%
Financial assets at amortized cost	427,859,485	579,014,409	704,856,254	(151,154,924)	(26.11%)	(125,841,845)	(17.85%)
Receivables	16,925,092	9,053,282	326,277,696	7,871,810	86.95%	(317,224,414)	(97.23%)
Other asset	16,156,773	16,156,773	15,751,439	-	-	405,334	2.57%
	₱1,609,311,479	₱1,613,623,649	₱2,136,438,713	(₱4,312,170)	(0.27%)	(₱522,815,064)	(24.47%)
LIABILITIES							
Accounts payable and accrued expenses	₱3,250,876	₱5,881,770	₱5,590,744	(₱2,630,894)	(44.73%)	₱291,026	5.21%
EQUITY							
Capital stock	680,802,846	729,101,211	962,008,175	(48,298,365)	(6.62%)	(232,906,964)	(24.21%)
Additional paid-in capital	890,955,597	937,710,312	1,189,925,485	(46,754,715)	(4.99%)	(252,215,173)	(21.20%)
Retained earnings	34,302,160	(59,069,644)	(21,085,691)	93,371,804	158.07%	(37,983,953)	(180.14%)
	1,606,060,603	1,607,741,879	2,130,847,969	(1,681,276)	(0.10%)	(523,106,090)	(24.55%)
	₱1,609,311,479	₱1,613,623,649	₱2,136,438,713	(₱4,312,170)	(0.27%)	(₱522,815,064)	(24.47%)

Statements of Comprehensive Income

	Years Ended December 31			Increase (Decrease)			
	2019	2018	2017	2019 vs. 2018		2018 vs. 2017	
				Amount	%	Amount	%
INVESTMENT INCOME							
Interest income	₱83,896,304	₱74,604,485	₱86,487,936	₱9,291,819	12.45%	(₱11,883,451)	(13.74%)
Trading and securities gains (losses)	74,172,722	(33,326,805)	(12,972,088)	107,499,527	322.56%	(20,354,717)	156.91%
Miscellaneous income	16,074	481,171	387,229	(465,097)	-96.66%	93,942	24.26%
	158,085,100	41,758,851	73,903,077	116,326,249	278.57%	(32,144,226)	(43.50%)
OPERATING EXPENSES							
Management and retainer's fees	31,830,966	36,403,721	42,357,373	(4,572,755)	(12.56%)	(5,953,652)	(14.06%)
Taxes and licenses	601,445	701,829	850,590	(100,384)	(14.30%)	(148,761)	(17.49%)
Directors' and officers' fees	292,000	282,000	345,000	10,000	3.55%	(63,000)	(18.26%)
Custodian and clearing fees	249,870	235,626	247,488	14,244	6.05%	(11,862)	(4.79%)
Professional fees	217,408	203,756	356,726	13,652	6.70%	(152,970)	(42.88%)
Transaction charges	400	16,900	-	(16,500)	(97.63%)	16,900	100.00%
Reversal of provision for credit losses	(107,497)	(90,471)	-	(17,026)	18.82%	(90,471)	(100.00%)
Miscellaneous	186,632	220,006	239,688	(33,374)	(15.17%)	(19,682)	(8.2%)
	33,271,224	37,973,367	44,487,957	(4,702,143)	(12.38%)	(6,424,119)	(14.44%)
NET INVESTMENT INCOME (LOSS) BEFORE INCOME TAX PROVISION FOR FINAL INCOME TAX							
	124,813,876	3,785,485	29,415,120	121,028,391	3,197.17%	(25,720,107)	(87.13%)
INCOME TAX							
	16,954,734	14,755,905	16,602,615	2,198,829	14.90%	(1,937,182)	(11.12%)
NET INVESTMENT INCOME (LOSS)							
	107,859,142	(10,970,420)	12,812,505	118,829,562	(1,083.18%)	(23,782,925)	(185.62%)
OTHER COMPREHENSIVE INCOME (LOSS)							
<i>Items that recycle to profit or loss in subsequent periods:</i>							
Changes in fair values of available-for-sale investments	-	-	1,731,417	-	-	(1,731,417)	100.00%
TOTAL COMPREHENSIVE INCOME (LOSS)							
	₱107,859,142	(₱10,970,420)	₱14,543,922	118,829,562	175.43%	(₱25,514,342)	175.43%

2019

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

As of December 31, 2019 and 2018, the total resources of the Fund declined by 0.27% or ₱4.31 million. The changes in total assets were primarily due to the movements in the following accounts:

1. Cash and cash equivalents

Cash and cash equivalents include cash in bank, time deposits and short term placements. This account decreased by 52.08% or ₱213.28 million primarily due to decrease in the Time Deposit placements.

Cash in banks earn interest at the respective bank deposit rates. Time deposits bear annual interest rates ranging from 0.25% to 3.75% and from 0.25% to 7.10% in 2019 and in 2018, respectively.

2. Financial assets at FVTPL

Financial assets at FVTPL grew by ₱352.26 million or 58.73% from ₱599.84 million in 2018 to ₱952.09 million in 2019, mainly due to the additional investment in government securities during the year.

This account comprises of investments in private corporate and government bonds that bear annual interest rates ranging from 4.25% to 8.00% for the year 2019 and 5.38% to 8.00% for the year 2018. The carrying values of financial assets at FVTPL include unrealized gain or loss of ₱8.80 million and ₱2.54 million in 2019 and 2018, respectively.

3. Financial assets at amortized cost

This account consists of private and government bonds that are purchased with the intention of holding the investment to maturity and reported at its amortized cost. The investment went down by 26.11% from ₱579.01 to ₱427.86 million in 2018 and 2019, respectively, due to the maturity of some investments..

The bonds bear annual interest rates ranging from 4.00% to 7.07% and from 4.00% to 5.63% in 2019 and 2018, respectively.

4. Receivables

Receivables comprised of accrued interest receivables and other receivables.

Accrued interest receivable as of December 31, 2019 and 2018 represents interests on time deposits, short-term placements, government and private debt securities held by the Fund.

5. Others asset

Other asset consists of creditable withholding tax on interest income earned from unquoted debt securities.

6. Accounts payable and accrued expenses

This account is composed of accounts payable, payable to FAMI, accrued expenses, withholding and documentary stamp tax payable. Accounts payable and accrued expenses went down by ₱2.63 million or 44.73% from ₱5.88 million at the beginning of the year to ₱3.25 million at the end of the year mostly due to the decline in unclaimed redemptions and reduction of unidentified deposits by clients.

7. Equity

The Fund's equity is comprised of its capital stock, additional paid-in capital, retained earnings and net unrealized gain on AFS investments.

Capital Stock

The Fund's authorized and issued capital stock follow:

	2019	2018
Authorized	1,700,000,000 shares	1,700,000,000 shares
Issued	680,802,846 shares	729,101,211 shares

The authorized capital of the Fund is ₱1.70 billion divided into 1.70 billion redeemable shares of ₱1.00 par value with each share carrying one vote. As of December 31, 2019 and 2018, issued and fully paid shares totaled 0.68 billion and 0.73 billion, respectively. The Fund's capital is represented by these redeemable shares.

On February 25, 2013, the BOD approved the increase in authorized capital stock from ₱1.70 billion divided into 1.70 billion shares with a par value of ₱1.00 per share to ₱4.00 billion divided into 4.00 billion shares with a par value of ₱1.00 per share. This action was ratified by the stockholders on July 13, 2013. The BOD also adopted a resolution that the increase in the authorized capital stock to ₱4.00 billion be made in tranches. The authorized capital stock will be initially increased by ₱1.00 billion 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.

As of December 31, 2015, the Fund has yet to file an application for the increase in authorized capital stock with the SEC.

As of December 31, 2019, 2018 and 2017, the total number of holders of redeemable common shares is 1,722, 1,822 and 1,951, respectively.

Additional paid-in capital went down by ₱46.75 million for 2019 as compared to previous year.

Retained earnings rose by ₱93.37 million or 158.07% due to net effect of the Fund's results of operations and redemption of shares for 2019.

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

For the year ended December 31, 2019, the Fund posted a net income of ₱107.86 million compared to a net loss of ₱10.97 million in 2018 as the Fund's operating expenses decline during the year.

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

1. Interest income

Interest income amounting to ₱83.90 million consists of earnings from investments in financial assets at FVTPL, financial assets at amortized cost investments, receivables and cash and cash equivalents. The increase of ₱9.29 million on interest income was due to higher volume of government securities placed by the Fund for the year ended December 31, 2019.

2. Trading and securities gains (losses)

This account rose by ₱107.50 million or 322.56%, from ₱33.33 million loss to ₱74.17 million gain due to market improvements during the current year.

3. Miscellaneous income

Miscellaneous income consists of various income recognized during the year.

4. Management and retainer's fees

This account includes management fees and retainer's fees. The ₱4.57 million or 12.56% decline from ₱36.40 million to ₱31.83 million is mainly attributed to lower accrual of management fee during the year relative to the decrease in net assets of the Fund.

5. Taxes and licenses

Taxes and licenses includes documentary stamp taxes and filing fees. Taxes and licenses during the year went down by ₱0.10 million or 14.30% due to the lower payment of local taxes in 2019.

6. Directors' and officers' fees

This account pertains to payment of directors' and officers' per diem and bonus for the year.

7. Custodian and clearing fees

Custodian and clearing fees pertains to payment made to the custodian of the Fund. The 6.05% increase of this account was due to the higher custody fee caused by the growth in outstanding portfolio of the Fund for 2019.

8. Professional fees

This account pertains to audit fee and other professional services acquired during the year.

9. Transaction charges

Transaction charges includes transaction and mapping fees paid equivalent to 0.0025% of the face amount of fixed income securities traded during the year.

10. Miscellaneous fees

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

2018

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

Total resources of the Fund declined by 24.47% from December 31, 2017 audited balance of ₱2.14 billion to ₱1.61 billion as of December 31, 2018.

The changes in total assets were primarily due to the movements in the following accounts:

a) Cash and cash equivalents

Cash and cash equivalents include cash in bank, time deposits and short term placements. This account decreased by 31.11% or ₱184.98 million primarily due to decrease in the Time Deposit placements.

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

b) Financial assets at FVTPL

Financial assets at FVTPL escalated by ₱104.83 million or 21.18% from ₱495.01 million in 2017 to ₱599.84 million in 2018, mainly due to the purchase of government corporate bonds during the year.

This account comprises of investments in private corporate and government bonds that bear annual interest rates ranging from 5.38% to 8.00% for the year 2018 and 3.88% to 8.00% for the year 2017. The carrying values of financial assets at FVTPL include unrealized loss of ₱10.39 million and ₱3.06 million in 2018 and 2017, respectively.

c) Financial assets at amortized cost / Held-to-maturity investments

This account consists of private and government bonds that are purchased with the intention of holding the investment to maturity and reported at its amortized cost. The investment went down by 17.85% from ₱704.86 million to ₱579.01 million in 2017 and 2018, respectively, due to the reclassification of investments due to the adoption PFRS 9 effective January 1, 2018.

The bonds bear annual interest rates ranging from 4.00% to 5.63% and from 2.125% to 8.00% in 2018 and 2017, respectively.

d) Loans and receivables

Loans and receivables comprised of loans and discounts and accrued interest receivables. Loans and discounts include unquoted debt securities amounting to ₱334.25 million as of December 31, 2017. This balance represents investments in corporate bonds which earn annual interest rates ranging from 3.53% to 5.48%.

Accrued interest receivable represents interests on time deposits, short-term placements, debt securities and a receivable from a private company held by the Fund. The decrease of ₱317.22 million or 97.23% as compared with last year was due to the reclassification of investments made during the period due to the implementation of PFRS 9.

e) Others asset

Other asset consists of creditable withholding tax amounting to ₱16.16 million and ₱15.75 million as of December 31, 2018 and 2017, respectively. The increase of ₱0.41 million or 2.57% was due to the additional creditable withholding tax on interest income earned from unquoted debt securities held by the Fund during the year.

f) Accounts payable and accrued expenses

This account is composed of accounts payable, payable to FAMI, accrued expenses, withholding and documentary stamp tax payable. Accounts payable and accrued expenses increased by ₱0.29 million or 5.21% from ₱5.59 million at the beginning of the year to ₱5.88 million at the end of the year mostly due to the decline in unclaimed redemptions and reduction of unidentified deposits by clients.

Accounts payable represents amounts payable to shareholders for the unpaid redemption proceeds as well as subscriptions without confirmation from clients. A subscription is confirmed by submitting the required subscription documents. Once confirmed, these subscriptions are reclassified to equity. As of December 31, 2018, most of the subscriptions without confirmation were already identified and reclassified under equity.

Payable to FAMI includes management fees, sales load fees and redemption fees. The account went down by ₱0.79 million or 25.12% due to lower management fees as the Fund's net assets decreased during the year.

Accrued expenses include professional fees, custodianship fees and retainer's fee. This account is higher by 28.81% or ₱0.08 million in 2018 as compared to the last year due to the increase in accruals.

Withholding tax payable slid by 25.11% due to decline of amount paid for management fees and other expenses during the year.

Documentary stamp tax payable this year is significantly lower by 62.09% compared to last year's balance due to lower subscriptions for December 2018 as compared to prior year.

g) Equity

The Fund's equity is comprised of its capital stock, additional paid-in capital, retained earnings and net unrealized gain on AFS investments.

Capital Stock

The Fund's authorized and issued capital stock follow:

	2018	2017
Authorized	1,700,000,000 shares	1,700,000,000 shares
Issued	729,101,211 shares	962,008,175 shares

The authorized capital of the Fund is ₱1.70 billion divided into 1.70 billion redeemable shares of ₱1.00 par value with each share carrying one vote. As of December 31, 2018 and 2017, issued and fully paid shares totaled 0.73 billion and 0.96 billion, respectively. The Fund's capital is represented by these redeemable shares.

On February 25, 2013, the BOD approved the increase in authorized capital stock from ₱1.70 billion divided into 1.70 billion shares with a par value of ₱1.00 per share to ₱4.00 billion divided into 4.00 billion shares with a par value of ₱1.00 per share. This action was ratified by the stockholders on July 13, 2013. The BOD also adopted a resolution that the increase in the authorized capital stock to ₱4.00 billion be made in tranches. The authorized capital stock will be initially increased by ₱1.00 billion 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.

As of December 31, 2015, the Fund has yet to file an application for the increase in authorized capital stock with the SEC.

As of December 31, 2018 and 2017, the total number of holders of redeemable common shares is 1,822 and 1,951, respectively.

Additional paid-in capital went down by ₱252.22 million for 2018 as compared to previous year.

Retained earnings declined by ₱37.98 million or 180.14% due to net effect of the Fund's results of operations and redemption of shares for 2018.

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

For the year ended December 31, 2018, the Fund posted a net loss of ₱10.97 million compared to a net income of ₱12.81 million in 2017 as the Fund's revenues declined during the year 2018.

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

a) Interest income

Interest income amounting to ₱74.60 million consists of earnings from investments in financial assets at FVTPL, HTM investments, loans and receivables and cash and cash equivalents. The decrease of ₱11.88 million on interest income was due to lower volume of Time Deposits placed by the Fund for the year ended December 31, 2018.

b) Trading and securities gains (losses)

This account fell by ₱20.35 million or 156.91%, from ₱12.97 million loss to ₱33.33 million due to higher losses realized from sale of securities for the current year.

c) Miscellaneous income

Miscellaneous income consists of additional payment from banks for interest income from unquoted debt securities and others. This account increased by ₱0.09 million or 24.26% from ₱0.39 million in 2017 to ₱0.48 million in 2018. The rise of this account was caused by the income recognition of unidentified deposits from previous years and penalty payments received from a private company.

d) Management and retainer's fees

This account includes management fees and retainer's fees. The ₱5.95 million or 14.06% decline from ₱42.36 million to ₱36.40 million is mainly attributed to lower accrual of management fee during the year relative to the decrease in net assets of the Fund.

e) Taxes and licenses

Taxes and licenses includes documentary stamp taxes and filing fees. Taxes and licenses during the year went down by ₱0.15 million or 17.49% due to the lower payment of local taxes in 2018.

f) Professional fees

This account pertains to audit fee and other professional services acquired during the year. Professional fees is lower by ₱0.15 million or 42.88% due to lower charges paid.

g) Directors' and officers' fees

This account pertains to payment of directors' and officers' per diem and bonus for the year. The slight decrease of ₱0.06 million or 18.26% was due to more meeting convened this year as compared to prior year.

h) Custodian and clearing fees

Custodian and clearing fees pertains to payment made to the custodian of the Fund. The 4.79% decline of this account was due to the lower custody fee caused by the decrease in outstanding portfolio of the Fund for 2018.

i) Transaction charges

Transaction charges includes transaction and mapping fees paid equivalent to 0.0025% of the face amount of fixed income securities traded during the year. The decrease of 99.01% or ₱0.09 million was due to the lower volume of transactions for the current year.

j) Miscellaneous fees

Miscellaneous fees consists of notarial fee, membership fee and dues, postage and mailing fee and bank charges paid by the Fund. The 8.21% or ₱0.02 million drop in this account was due to the decrease in other expenses for 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, 2017.

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

The Fund has identified the following as its key performance indicators - performance vs. benchmark, net income and market share.

The Fund was incorporated on June 3, 2005. It seeks to provide a high level of current income that is consistent with the preservation of capital and liquidity.

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, active management of the Fund's assets was initiated during the latter part of the same month with the objective to consistently outperform its benchmark and achieve a sizable net income.

The Fund has an initial capitalization of ₱50.00 million which translates to a minimal share in the mutual fund industry (under the bond fund category).

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

- *Net Asset Value per Share.* Net Asset Value per share increased to ₱2.4514 as of March 31, 2020 from ₱2.3591 as of December 31, 2019. The Fund's average daily net asset value slid by 0.26% or ₱4.2 million. From ₱1.59 billion as of December 31, 2019 to ₱1.6 billion as of June 30, 2020.
- *Sales for the period ended.* The Fund's total sales of ₱116.46 million for the period ended June 30, 2020 was 62.40% or ₱44.75 million higher than ₱46.39 million sales for the same period last year.
- *Redemptions for the period ended.* The Fund's total redemptions of ₱123.65 million for the period ended June 30, 2020, was 26.82% or ₱45.32 million lower than last year's ₱168.98 million.
- *Net Income (Loss) vs. Benchmark.* The Fund incurred ₱61.76 million net income for the period ended June 30, 2020, ₱13.65 million lower than ₱75.41 million net income for the same period last year.
- *Market Share vs. Benchmark –* As of June 30, 2020 the Fund garnered 2.08% share in the Fixed Income Funds (Peso) category while 0.57% share among all mutual funds in terms of net assets. On the basis of account holders, the Fund has 1,804 account holders or 2.49% of the total accounts in the Fixed Income category (Peso) category.

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

PERFORMANCE INDICATORS	2019	2018	2017
Return on assets ^{1/}	6.69%	0.59%	0.59%
Return on equity ^{2/}	6.71%	0.59%	0.59%
Cost to income ratio ^{3/}	21.05%	90.93%	60.20%
Net asset value per share ^{4/}	₱2.3591	₱2.2051	₱2.2162
Earnings(Loss) per share ^{5/}	₱0.1553	(₱0.0134)	₱0.0133

^{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.

^{3/} Operating expenses for the cost-to-income ratios do not include provision for probable losses and provision for income taxes.

^{4/} 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.

^{5/} Net income divided by weighted average number of common shares.

Item 7. Financial Statements

Statement of Management's Responsibility for Financial Statements

Audited 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 & LEARN FIXED-INCOME FUND,
INC.**

By:


MARIE AUBELLO D. VERON
TREASURER