

# COVER SHEET

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S.E.C. Registration Number

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B	A	L	A	N	C	E	D		F	U	N	D		I	N	C	.												

(Company's Full Name)

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(Business Address: No. Street City / Town Province)

<b>MARICEL L. MADRID</b>
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Contact Person

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Company Telephone Number

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1	2				
3	1				
Fiscal Year					

<b>DEFINITIVE 20-IS</b>
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Form Type

**3rd Wed. of June**

<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td></td><td></td></tr> </table> Month			<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td></td><td></td></tr> </table> Day		
Annual Meeting					

<b>INVESTMENT COMPANY</b>
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Secondary License type, if applicable

<b>C G F D</b>
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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total amount of Borrowings

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 20px;"></td></tr> </table> Domestic		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 20px;"></td></tr> </table> Foreign	

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To be Accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Cashier

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Remarks = Pls. use black ink for scanning purposes.

**FIRST METRO SAVE AND LEARN BALANCED FUND, INC. (SALBF)**

**ANNUAL MEETING OF THE STOCKHOLDERS**

Wednesday, June 16, 2021, 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 September 16, 2020
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 2020, including the following:
  - a. Renewal of the Management Distribution Agreement
6. Election of the Members of the Board of Directors for the year 2021-2022
7. Appointment of External Auditor for the year 2021.
8. Other Matters
9. Adjournment

Stockholders of record as of May 5, 2021 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 June 16, 2021. 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 May 28, 2021, through email at [20is@fami.com.ph](mailto:20is@fami.com.ph) and hard copies at 18<sup>th</sup> Floor, PS Bank Center, 777 Paseo de Roxas corner Sedeño St., Makati City.

Attached for your convenience is a sample proxy form.

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

  
**NIMFA BALMES-PASTRANA**  
Corporate Secretary

## PROXY

The undersigned stockholder of **FIRST METRO SAVE AND LEARN BALANCED 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, June 16, 2021 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 September 2020			
2. Ratification of all Acts and Resolutions of the Board of Directors, Management and All Committees for the fiscal year 2020, including the following:  a. Renewal of the Management Distribution Agreement			
3. Election of the Members of the Board of Directors for the year 2021-2022	# of Votes		
Bro. Manuel V. de Leon, FMS			
Dr. Victor A. Abola			
Mr. Eduardo S. Mendiola			
Ms. Bernadette M. Nepomuceno ( <i>Independent Director</i> )			
Ms. Rhodora Angela F. Ferrer ( <i>Independent Director</i> )			
	Yes	No	
4. Appointment of External Auditor for the year 2021.			

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

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

\_\_\_\_\_  
DATE

<sup>1</sup> Please fill-out and sign the proxy form and return via mail/email/Metrobank Branches on or before 5:00 p.m. on May 28, 2021.  
Via Mail: To the Corporate Secretary, 18<sup>th</sup> Floor, PS Bank Center, 777 Paseo de Roxas corner Sedeño St., Makati City  
Via Email: 20is@fami.com.ph | Via Fax: (02) 816-0467  
Via Metrobank Branches: Use Pouch Code 90020. This service is free of charge.

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

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

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

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box  
( ) Preliminary Information Statement  
(/ ) Definitive Information Statement
2. Name of registrant as specified in its charter:  
**FIRST METRO SAVE AND LEARN BALANCED FUND, INC.**
3. Province, Country or other jurisdiction of incorporation or organization;  
**Metro Manila, Philippines**
4. SEC Identification number: **CS200701110**
5. BIR Tax Identification Code: **006-609-183**
6. Address of Principal Office:  
**18<sup>th</sup> 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 the meeting of security holders:  
**Date : June 16, 2021**  
**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: **May 19, 2021**
10. Securities registered pursuant to Sections 4 and 8 of the RSA:

Title of each class	Number of Shares of Common Stock Outstanding (Par value of P1.00)
<b>Common Shares</b>	<b>531,914,442 shares</b>
11. Are any or all of registrant's securities listed on the Philippine Stock Exchange?  
**No**

## PART I - INFORMATION STATEMENT

### A. GENERAL INFORMATION

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

Date : Wednesday, June 16, 2021  
Time : 02:00 p.m.  
Place : Livestream at the link provided in <https://fami.com.ph>

#### Mailing Address of the Registrant

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

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

May 19, 2021

#### 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 AND 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	531,914,442	One (1) vote per Share

##### b) Record Date

Stockholders of record as of May 5, 2021 are entitled to notice and to vote in the Annual Stockholders' Meeting.

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

The following stockholder owns more than 5% of the common voting securities as of March 31, 2021:

Title Class	Name and Address of Owner	Name of Beneficial Owner	Citizenship	No. of Shares Held	Percent to Outstanding Shares
Common Shares	First Metro Investment Corporation (FMIC)	Same	Filipino	132,904,895	24.99%

	45th Flr. GT Tower Int'l., Ayala Ave. corner HV Dela Costa				
Common Shares	First Georgetown Ventures, Inc. 5/F F & M Lopez Bldg., 109 C. Palanca St., Legaspi Village	Same	Filipino	31,242,650	5.87%

First Metro Investment Corporation (FMIC), is the registered owner of the shares in the books of the Company. The Board of Directors of FMIC has the right to appoint actual person or persons acting individually or jointly to direct the voting or disposition of the shares held by the corporation. The person who will exercise the voting powers over the shares of FMIC is Mr. Jose Patricio A. Dumlaog or any officers appointed by the Board.

First Georgetown Ventures, Inc., is the registered owner of the shares in the books of the Company. The Board of Directors of First Georgetown 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 Georgetown is Mr. George T. Yang 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 March 31, 2021:

Title of Class	Name of Beneficial Owners	Amount and Nature of Ownership	Citizenship	Percent to Outstanding Shares
Common shares	Bro. Manuel V. De Leon, FMS	1	Filipino	0.00%
Common shares	Eduardo Mendiola	1	Filipino	0.00%
Common shares	Victor A. Abola	1	Filipino	0.00%
Common shares	Bernadette M. Nepomuceno*	1	Filipino	0.00%
Common shares	Rhodora Angela F. Ferrer*	1	Filipino	0.00%
Common shares	Nimfa B. Pastrana	158,615	Filipino	0.03%
Common shares	Jonathan Tabac	121,783	Filipino	0.02%

\*Independent Director

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

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

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

### Item 5. Directors and Executive Officers

Incumbent Directors (5) - All directors are elected for a term of one year and until their successor shall have been elected or qualified. Below is a list of SALBF'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 May 5, 2021 are as follows:

**The Board of Directors**

<b>Name</b>	<b>Experience</b>
<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 &amp; 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), and First Metro Asia Focus Equity Fund, Inc. (2010 to present) He is also a director of First Metro Asset Management, Inc. (2005 to present). He is the Founding President and CEO of SAGIP KA 2000 Foundation, Inc. (2000-present). He is a member of the Board of Trustees of Notre Dame of Dadiangas University (2007-present). He was the Provincial Superior of Marist Brothers of the Schools - East Asia Province (from 2007 to 2013). 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&amp;P). He is the Executive Director of the UA&amp;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 &amp; Learn Fixed Income Fund, Inc. (since 2010), First Metro Save and Learn Dollar Bond Fund, Inc. (since 2010), First Metro Asia Focus Equity Fund, Inc. (since 2010) and First Metro Securities Brokerage Corp. (since 2010).</p> <p>He gives lectures on Macroeconomic Policy at the graduate school level of the School of Economics. He was a lecturer in Macroeconomics and Introduction to Money, Banking and Finance in the Management Associates Program of the Development Bank of the Philippines (2006-2010). He was the Chief of Party of the Fiscal Policy Analysis Activity of the Department of Finance, a project funded by the USAID in order to enhance policy analysis and revenue forecasting capabilities of DOF's Domestic Finance Group. This work involved completing one of Asia's first Microsimulation Models for major taxes. He finished his doctorate degree in Development Management from the University of Asia and the Pacific, where he also received his M.S. in Industrial Economics. After obtaining his Bachelor of Arts and Bachelor of Science in Commerce (major in Accounting) from the De La Salle University, he obtained his CPA certificate. Prior to this, he spent 15 years in Hong Kong as a Consultant to PCI Capital Asia, Ltd. and later became the Executive Director of the Philippine Research Center (HK), Limited. He has authored numerous articles that have appeared in local and foreign newspapers and periodicals, and UA&amp;P's research publications. He co-authored with Dr. Bernardo M. Villegas the textbooks, Economics An Introduction (now in its</p>

		6th edition) and Basic Economics (2nd ed. 2010). He is the author of the text/reference book Money, Banking and Finance (2006).
Mr. Eduardo S. Mendiola Director		<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 &amp; Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc. and 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>
Bernadette M. Nepomuceno Independent Director	M.	<p>Bernadette M. Nepomuceno, 67, Filipino, term of office is one year. Ms. Nepomuceno is an Independent Director of First Metro Save and Learn Dollar Bond Fund, Inc. (since August 2012), First Metro Save and Learn Balanced Fund, Inc. (since August 2012) and First Metro Asia Focus Equity Fund, Inc. (since June 2018). Ms. Nepomuceno is the President of Private Education Retirement Annuity Association (PERAA) (from 2007-present). She is also a Psychologist in a Private Practice (2001-present).</p> <p>Ms. Nepomuceno has a Bachelor of Arts degree in Psychology from the University of the Philippines (1972). She also has a Masters in Psychology, major in Social Psychology, Ateneo de Manila University (1998) (cand.). She took up Hypnotherapy, Psychology of Carl Jung.</p>
Ms. Rhodora Angela F. Ferrer Independent Director		<p>Ms. Rhodora Angela F. Ferrer, 52, Filipino, term of office is one year.</p> <p>Ms. Ferrer is an Independent Director of First Metro Save and Learn Dollar Bond Fund, Inc. (since 2014), First Metro Consumer Fund on MSCI Philippines IMI, Inc. (since 2019), and First Metro Save and Learn Balanced Fund, Inc. (since 2016).</p> <p>Ms. Ferrer is currently the Executive Director of the Private Education Assistance Committee (PEAC), the Trustee of the Fund for Assistance to Private Education (FAPE). PEAC co-implements with the Department of Education, the JHS Education Service Contracting Program and the SHS Voucher Program with over 2 million grantees in the country.</p> <p>Ms. Ferrer served as Executive Director for Catholic Educational Association of the Philippines (from 2010 to 2014); Asst. Professor, Education Department and Natural Science Department, St.</p>



	<p>Scholastica's College (since 2007); Trainer for Teacher-Training Programs, Foundation for Upgrading the Standards of Education (FUSE), since 2004. She also served as Chairperson of the Training Committee, Foundation for Upgrading the Standards of Education, Inc. (FUSE) (2009 to 2010); Associate Professor, College of Education at the University of the East (2009 to 2012).</p> <p>Ms. Ferrer finished her BS degree in Physics for Teachers (Cum Laude) at the Philippine Normal University and took up Masters in Education, Major in Physics at De La Salle University. She is currently pursuing her Ph.D. in Educational Leadership and Management (Executive Program) at De La Salle University.</p> <p>Ms. Ferrer finished Executive Courses in the areas of public policy and private sector development at the Lee Kuan Yew School of Public Policy of the National University of Singapore.</p>
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The two (2) independent directors, namely, Ms. Bernadette M. Nepomuceno and Ms. Rhodora Angela F. Ferrer, have always possessed the qualifications and none of the disqualifications of an independent director.

### Executive Officers

Name	Experience
Dr. Edwin B. Valeroso Vice President	<p>Dr. Edwin B. Valeroso, 56, Filipino. He is First Vice President of First Metro Asset Management, Inc. He was the President of First Metro Save &amp; Learn Balanced Fund (Jan 2007 to June 2011), First Metro Save &amp; Learn Fixed Income Fund and First Metro Save &amp; 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. Maricel L. Madrid Treasurer</p>	<p>Ms. Maricel Madrid, 41 years old, Filipino. Term of office is one year. Ms. Madrid joined First Metro Investment Corporation as First Vice President in November 2017. She currently heads the company's Controllershship Group and holds directorship with SBC Properties, Inc., Prima Ventures Development Corporation and FMIC Equities, Inc. Ms. Madrid also serves as the Adviser to the Board and the Audit Committee for First Metro Securities Brokerage Corporation and the Treasurer of First Metro Asset Management, Inc., First Metro Save &amp; Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Fixed Income Fund, Inc., First Metro Save &amp; Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc., First Metro Save and Learn Money Market Fund, Inc. and First Metro Save and Learn FOCCUS Dynamic Fund, Inc.</p> <p>She has almost 20 years of solid experience in the banking industry in the areas of audit, risk management, controllership and finance. She was the Controller during her six years stint with East West Banking Corporation. She served as a director and a member of the audit committee for one of the subsidiaries of East West Bank. She also held key management positions for some entities under East West Bank Group. She started her career as an external auditor with Punongbayan &amp; Araullo.</p> <p>Ms. Madrid is a Certified Public Accountant and graduated cum laude with a degree of Bachelor of Science in Accountancy from the University of Santo Tomas.</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 &amp; 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 &amp; 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 &amp; Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc., and First Metro Asset Management, Inc. (from May 2005 to present) and First Metro Save and Learn Philippine Index Fund, Inc., First Metro Save and Learn Money Market Fund, Inc. and First Metro Save and Learn FOCCUS Dynamic Fund, Inc..</p>

	<p>He served as AVP &amp; Compliance Officer of Citystate Savings Bank (2002-2003), Vice President of Maybank Philippines (formerly PNB Republic Planters Bank)-1997-2001 and Chairman of the Board of RPB Provident Fund, Unc, (1997-2001). Mr. Tabac finished BSC-Accounting from University of Baguio. He is a Certified Public Accountant.</p>
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**Significant Employees**

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

**Nominee Directors**

The following are expected to be nominated as members of the Board of Directors during annual Stockholders Meeting on June 16, 2021:

- Bro. Manuel V. de Leon, FMS
  - Dr. Victor A. Abola
  - Mr. Eduardo S. Mendiola
  - Ms. Bernadette M. Nepomuceno\*
  - Ms. Rhodora Angela F. Ferrer\*
- \*Independent Directors

**Independent Directors**

In accordance with Rule 38(8)(F)(v) of the Securities Regulations Code (SRC) Implementing Rules and Regulations, First Metro Save and Learn Balanced Fund, Inc. has formulated its rules relative to the election of independent directors, as follows:

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

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.

Ms. Bernadette M. Nepomuceno and Ms. Rhodora Angela F. Ferrer are nominees for independent directors of First Metro Save and Learn Balanced Fund, Inc. and they were recommended to the Nominations Committee for election of independent directors by *Atty. Melissa B. Reyes*, stockholder, in accordance with the foregoing rules. *Atty. Reyes* has no relations with any nominees.

**Bernadette M. Nepomuceno, 67, Filipino.** Ms. Nepomuceno is also an Independent Director of First Metro Save and Learn Dollar Bond Fund, Inc. (since August 2012) and First Metro Asia Focus Equity Fund, Inc. (since August 2019). Ms. Nepomuceno is the President of Private Education Retirement Annuity Association (PERAA) (from 2007-present). Among her past positions during the last five years, she was the President of Holy Angel University (1994-August 2006); Board of Directors, Philippine Association of Colleges and Universities (1995-2006); Board of Directors, Coordinating Council of Private Education Association (2003-2006), among her other affiliations, includes: President, Sophia (Association of Women Presidents/Chancellors of Private Colleges & Universities, Inc.); Member, Technical Working Group on Management Development Program; CHED, Member, Ethics Committee, Lung Center of the Philippines; Board of Trustees, Private

Education Retirement Annuity Association, Accreditor, Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU), Founding member, Friends of Jung. She is also a Psychotherapist in a Private Practice (2001-present). Ms. Nepomuceno has a Bachelor of Arts degree in Psychology from the University of the Philippines (1972). She also has a Masters in Psychology, major in Social Psychology, Ateneo de Manila University (1998) (cand.). She took up Hypnotherapy, Psychology of Carl Jung.

**Ms. Rhodora Angela F. Ferrer, 52, Filipino.** Ms. Ferrer served as Executive Director for Catholic Educational Association of the Philippines (from 2010 to 2014); Asst. Professor, Education Department and Natural Science Department, St. Scholastica's College (since 2007); Trainer for Teacher-Training Programs, Foundation for Upgrading the Standards of Education (FUSE), since 2004. She also served as Chairperson of the Training Committee, Foundation for Upgrading the Standards of Education, Inc. (FUSE) (2009 to 2010); Associate Professor, College of Education at the University of the East (2009 to 2012); Chairperson, Natural Science Department, St. Scholastica's College, Dean of Student Affairs, St. Scholastica's College (2004 to 2007). Ms. Ferrer is also an Independent Director since 2014 of First Metro Save and Learn Dollar Bond Fund, Inc. and First Metro Consumer Fund on MSCI Phils., IMI Inc. since 2019.

The current members of the Nomination Committee are, Bro. Manuel V. De Leon, FMS, Ms. Rhodora Angela F. Ferrer and Mr. Eduardo S. Mendiola. Bro. De Leon is the Chairman of the Committee.

### **Legal Proceedings**

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

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

### **Family Relationships**

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among the directors and officers listed above.

### **Relationships and Related Transactions**

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

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

	<b>Per Diem</b>			
	<b>2021 (Estimated)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Directors	₱250,000	₱233,268	₱205,000	₱205,000
Executive Officers	77,500	76,239	76,000	77,000
Aggregate Annual Per Diem	₱327,500	₱309,507	₱272,000	₱282,000

Per diem of Directors, Corporate Secretary and Officers of the Fund amounting to ₱10,000.00, ₱3,000.00, ₱2,500.00, respectively, are given during their Annual Stockholders' and regular board meetings.

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

**Item 7. Independent Public Accountants:**

SGV & Co. is the external auditor of First Metro Save and Learn Balanced Fund Inc.. Representatives of SGV & Co. are expected to be present at the stockholders meeting on June 16, 2021. 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 2021, SALBF 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 2020, 2019 and 2018. 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 are ₱273,925, ₱257,733.39 and ₱241,546.54 for the years 2020, 2019 and 2018. SGV & Co. conducted the audit in accordance with auditing standards generally accepted in the Philippines to obtain reasonable assurance about whether the financial statements are free of material misstatements. Their audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

There are no tax fees paid for the last 5 years for professional services rendered by SGV & Co. for tax accounting compliance, advice, planning and any other form of tax service.

There are no other fees paid for the last 5 years for products and services provided by SGV & Co. other than the services mentioned above.

SALBF's Audit Committee is chaired by Ms. Bernadette Nepomuceno with Ms. Rhodora Ferrer and Dr. Victor Abola as members.

### **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 September 16, 2020, with the following points:
  - a) Approval of the Minutes of the Annual Stockholders' Meeting held on June 19, 2019
  - b) Annual Report to the Stockholders
  - c) Ratification of all Acts and Resolutions of the Board of Directors, Management and All Committees for the fiscal year 2019, including the following:
    - i. Renewal of the Management and Distribution Agreement
  - d) Election of the Members of the Board of Directors for the year 2020-2021
  - e) Appointment of External Auditor for the year 2020.
  - f) Amendment of the Registration Statement and Prospectus in order to reflect the changes in sales load and benchmark
2. Ratification of Corporate Acts
  - a) Ratification of the minutes of the board meeting and all acts and resolutions of the Board, including among others the following:
    - i. Renewal of the Management Distribution Agreement with FAMI
3. Election of the Members of the Board of Directors for the year 2021-2022 – 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 2021 – Please refer to the write-up under Item 7 “Independent Public Accountants” for the details.

### **Item 19. Voting Procedure**

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

1. For the approval of the minutes of the 2021 meetings and the ratification/approval of the acts and resolutions of the Board, and the appointment of the external auditor, a majority vote of the stockholders present in the meeting is sufficient.
2. For the election of Directors - The votes of all the shares present or represented by proxy at the meeting will be on a per share basis.

Article III of Section 7 of the By-Laws states that “unless otherwise provided by law, each stockholder shall at every meeting of the stockholders be entitled to one vote, in person or by proxy, for each share with voting right held by such stockholder. At all meetings of the

stockholders, all elections and all questions, except in cases where other provision is made by statute or by these By-Laws, shall be decided by the plurality vote of stockholders present in person or by proxy and entitlement to vote thereat, a quorum being present. Unless required by law, or demanded by a stockholder present in person or by proxy at any meeting and entitlement to vote thereat, the vote on any question need not be by ballot. On a vote ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by him.

3. Methods by which votes will be counted

Voting shall be made *viva voce*, through the raising of the hands or electronically by poll during the meeting, and counted manually/electronically by the Corporate Secretary. The duly accomplished proxy forms indicating votes for the particular items, sent by the stockholder prior the meeting, shall be tallied in advance by the Corporate Secretary accordingly.

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.

**FIRST METRO SAVE AND LEARN BALANCED FUND, INC. YEAR 2020 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.  
45<sup>th</sup> Floor GT Tower International  
Ayala Avenue corner H.V. de la Costa 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 May 17, 2021.

**FIRST METRO SAVE AND LEARN BALANCED FUND, INC.**

By:

  
**NIMFA BALMES- PASTRANA**  
Corporate Secretary

## **PART II -COMPANY PROFILE**

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

First Metro Save and Learn Balanced Fund, Inc. (the Fund) is an open-end investment company, which was incorporated on January 29, 2007 and subsequently registered under the Philippine Investment Company Act (Republic Act No. 2629) on May 10, 2007. As an open-end mutual fund, the company is engaged in selling its capital to the public and investing the proceeds in selected high-grade stocks and fixed-income securities.

Initially, the Fund had paid-up capital of ₱25.00 million out of ₱100.00 million authorized capital stock composed of 100.00 million common shares with a par value of ₱1.00 per share. Due to the increase in subscriptions being received by the Fund, as of December 31, 2016, the authorized capital of the Fund was increased to ₱1.00 billion composed of 1.00 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 both 1-year return and 3-year return categories.
- In 2011, the Fund obtained the first place in the 1-year return and second for the 3-year return categories.
- In 2012, the Fund ranked second for 1-year return, first for 3-year return and 5 year return categories.
- In 2013, First Metro Save and Learn Balanced Fund ranked third place in the 1-year return category versus peers, and taking the second and first place in the 3-year and 5-year categories, respectively.
- In 2014, the Fund got first place in the 5-year category.
- In 2016, First Metro Save and Learn Balanced Fund ranked second place in the 10-year return category.
- In 2017, First Metro Save and Learn Balanced Fund ranked first place in the 1-year return category and in the 10-year return category.

In 2018, First Metro Save and Learn Balanced Fund ranked third place in the 1-year return category and first place in the 10-year return category.

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

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. Heavy use of print advertisements will be part of the sales and marketing strategy.

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 starting May 2007.

FAMI'S marketing strategy will be based on the strategic partnership of CEAP, Marist and First Metro Investment Corporation. 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 Fund's products includes not only the products and services offered by the other Mutual Fund players, but all other investment instruments that the target market has access to. The Philippine mutual fund industry is still a relatively young industry compared to those of other countries. However, it is growing at a fast rate.

The registrant's main competitors are the other mutual funds in the Balance Fund category of Philippine mutual funds. It considers the funds of Sunlife and Philam, as its main competitors. As of December 31, 2020, these two competitor Funds represent around 80.11% of the total funds in this category. The Fund will be competing initially in terms of return on investment (ROI) and later on in terms of Fund size. Philam and Sunlife have big sales force and they have life insurance companies as affiliates which they also tap to market their mutual funds. They have big multinational financial institutions as their parent companies. They have longer track record and experience not only in the mutual fund industry but also in other financial products and services. The top three competitors substantially capture the local industry's market share.

The Fund will compete with other Balanced Funds which at present are also few. It will target potential clients all over the country with concentration in the major cities. The Fund believes that the competition is in the area of investment performance and client services. It will be competing more in the terms of investment performance. It will adopt active investment strategies and tactics. It will fully utilize its present network, database, and available technology to its advantage.

The institutional funds of the target market (especially the bigger ones) evidently have access to almost all types of instruments locally available such as common trust funds (now unit investment trusts), pre-need plans, universal life products and other bank products. The retail funds and smaller institutional funds, however, are limited to simple bank products. Appropriately formulated marketing strategies, sales tactics and promotional activities will be employed to present the Fund and ultimately close the sale and maintain the account.

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

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

- a. Maximum investment in any single enterprise is allowed but only up to fifteen percent (15.00%) of the Fund's NAV, except for investments in securities issued by the Philippine government or its instrumentalities and, in no case, shall the total investment of the Fund exceed ten percent (10.00%) of the outstanding securities of any one investee company.
- b. The Fund must not invest, in aggregate, more than twenty percent (20%) of its net assets in transferrable securities, money market securities, deposits and financial derivatives issued by a single

entity or issuer. Deposit should not exceed twenty percent (20%) of its net assets in a single bank/non-bank with quasi bank license.

c. The investments of the Fund in deposits, debt securities or money market placements, over-the-counter financial derivatives placed in non-investment grade or unrated deposit taking institution, including unlisted shares issued by a related party, should not exceed five percent (5%) of its net assets and shall not exceed ten percent (10%) in aggregate amount.

d. Investments in foreign government securities or money markets where the issuer or the guarantor is a government, sovereign or central bank with an international long-term issuer rating of investment grade may be increased to thirty five percent (35%) of the NAV, but only five percent (5%) is allowed for non-investment grade.

e. The Fund manager is required to use a risk-management process that captures the risk associated with in the financial derivative instruments:

- Total exposure should not exceed ten percent (10%) of the net assets or five percent (5%) if the derivatives are not investment grade, unless used for efficient portfolio management which the aggregate shall not be more than twenty percent (20%);

- Five percent (5%) of the NAV shall be invested to liquid assets to meet all payment and delivery obligations;

- The Fund Manager shall not act as a counterparty to an OTC derivative investment into by the Investment Company.

f. Investment in its own securities are prohibited.

g. Investments in margin purchases of securities, commodity futures contracts, precious metals, unlimited liability instruments, short selling of currencies and securities are not allowed.

h. Purchasing or selling of securities other than capital stocks of the Fund from or to any of its officers or directors or the officers and directors of its investment adviser/s, manager or distributor/s or firm/s of which any of them are members is prohibited.

i. The Fund shall not participate in underwriting or selling activities in connection with public distribution of securities except for its own capital stock.

j. Lending operations to corporations or other entities, public or private, shall not be engaged without prior review and approval of its BOD. Approvals, however, are only to those determined to be financially sound.

k. Investment in any company for the purpose of exercising control or management or to invest in the securities of other investment companies and real estate companies is prohibited.

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

## **EXECUTIVE OFFICERS**

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

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

## **Number of Employees**

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

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

First Metro Save and Learn Balanced 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.

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

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

Various risk factors can affect the market value of the assets of the Fund and cause the Fund's net asset value to vary. Consequently, the returns of the Fund are not guaranteed and there is a risk that a Fund might not achieve its investment objectives.

The major risk factors facing the Fund are listed by order of importance below:

**MARKET RISK** is the risk of change in the value/price of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk). The Fund's investments in equity securities may decline in value due to factors affecting securities markets generally, or particular countries, segments, economic sectors, industries, or companies within those markets. Historically, the markets have moved in cycles and the value of the Fund's securities and other financial instruments may move drastically up or down from day to day. The risk can be minimized by following the exposure limits set in this prospectus or by the Commission.

**LIQUIDITY RISK** (also called funding risk) is the risk that the Fund will encounter difficulty in raising funds within a reasonable time to meet short term financial demands. The Fund may not be able to generate enough cash to pay for the redemptions within the normal 7-day period. The risk can be minimized by placing a liquidity contingency plan that will provide a framework for addressing liquidity crisis situations.

**CREDIT RISK** (also called default risk) is the risk that the issuer of the security will be unable to make the required payments on their debt obligations. The Fund invests in government securities, the risk of default of which is considered minimal. The Fund manages credit risks by transacting with accredited counterparties only. Credit exposures are closely monitored to ensure that payments are made on time.

The following are additional risks present in managing the Fund:

- Investment companies/mutual funds are neither insured with the Philippine Deposit Insurance Corporation (PDIC) nor any other agency of the government, nor guaranteed by the Fund Manager. Investors are advised to read the prospectus of the Fund before deciding to invest.

- Investors are exposed to the risk of dilution since other investors may subscribe to any amount of shares of the Fund. The influence that the investors can exert over the control and management of the Fund decreases proportionately.

The above risk factors are by no means all-inclusive. New and/or unidentified risks may arise any time given the dynamic financial markets and economic environment.

### **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 list of the highest and lowest Net Asset Value per Share (NAVPS) of the Fund for the first quarter of 2021, and for the year 2020, 2019 and 2018:

<b>Year</b>		<b>1st Quarter</b>	<b>2nd Quarter</b>	<b>3rd Quarter</b>	<b>4th Quarter</b>
<b>2021</b>	High	2.6648	–	–	–
	Low	2.4654	–	–	–
<b>2020</b>	High	2.6355	2.4997	2.4676	2.6671
	Low	2.1061	2.2304	2.3482	2.3719
<b>2019</b>	High	2.6912	2.6872	2.7517	2.7070
	Low	2.5438	2.5573	2.6267	2.5786
<b>2018</b>	High	2.8483	2.6708	2.6506	2.5715
	Low	2.6321	2.4616	2.4629	2.3862

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 March 31, 2021 are 5,044 shareholders of the Fund.

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

##### **C. Dividends**

The Board of Directors of the Fund may decide to declare dividends from the unrestricted retained earnings of the Fund at a time and percentage as the same Board may deem proper and in accordance with law. If the market value of the Fund's assets is reduced significantly enough to erode retained earnings then the board will be restricted to declare dividends.

If dividends are to be declared, the computation and distribution shall be proportionate to the holdings or ownership of each of the stockholders. As provided for in the issuer's By-laws, the Board of Directors may make arrangements with its stockholders whereby dividends and/or other distributions may be reinvested in the Fund's securities in lieu of cash to be paid to the stockholders. The arrangement with stockholders shall be such that the dividends to be reinvested shall be valued at the net asset value per share of the Fund at the time said dividends are paid.

##### **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 period ended March 31, 2021, and for the years ended December 31, 2020, 2019 and 2018 are presented below:

#### Statements of Financial Position

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

#### INTERIM STATEMENTS OF FINANCIAL POSITION

	As of	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>		
Cash and cash equivalents	₱163,511,408	₱60,417,149
Financial assets at fair value through profit or loss	911,717,412	1,124,336,466
Financial assets at amortized costs	241,909,954	241,812,554
Receivables	13,114,076	25,492,499
Other assets	3,129,152	3,129,152
<b>TOTAL ASSETS</b>	<b>₱1,333,382,002</b>	<b>₱ 1,455,187,820</b>

#### LIABILITIES AND EQUITY LIABILITIES

Accounts payable and accrued expenses	₱14,001,085	₱60,410,654
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#### EQUITY

Capital stock	531,919,460	530,959,884
Additional paid-in capital	785,687,579	784,171,610
Retained earnings (Deficit)	1,773,878	79,645,672
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱ 1,333,382,002</b>	<b>₱ 1,455,187,820</b>

	As of December 31			Increase (Decrease)			
	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Amount	%	Amount	%
<b>ASSETS</b>							
Cash and cash equivalents	₱60,417,149	₱103,968,876	₱180,307,075	(₱43,551,727)	(41.89%)	(₱76,338,199)	(42.34%)
Short-term investment	-	16,174,600	-	(16,174,600)	(100.00%)	16,174,600	100.00%
Financial assets at:							
FVTPL	1,124,336,466	1,377,996,215	1,522,355,150	(253,659,749)	(18.41%)	(144,358,935)	(9.48%)
FVOCI	-	-	-	-	-	-	-
Amortized Cost	241,812,554	74,969,711	34,969,711	166,842,843	222.55%	40,000,000	114.38%
Loans and receivables	25,492,499	9,727,451	2,528,504	15,765,048	162.07%	7,198,947	284.71%
Other assets	3,129,152	3,171,666	3,129,152	(42,514)	1.34%	42,514	1.36%
	<b>₱1,455,187,820</b>	<b>₱1,586,008,519</b>	<b>₱1,743,289,592</b>	<b>(₱130,820,699)</b>	<b>(8.25%)</b>	<b>(₱157,281,073)</b>	<b>(9.02%)</b>
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	₱60,410,654	₱5,948,069	₱4,439,006	₱54,462,585	915.63%	₱1,509,063	34.00%
<b>EQUITY</b>							
Capital stock	530,959,884	600,450,496	683,739,611	(69,490,612)	(11.57%)	(83,289,115)	(12.18%)
Additional paid-in capital	784,171,610	896,559,913	1,028,611,022	(112,388,303)	(12.54%)	(132,051,109)	(12.84%)
Retained earnings	79,645,672	83,050,041	26,499,953	(3,404,369)	(4.10%)	56,550,088	213.40%
	<b>1,394,777,166</b>	<b>1,580,060,450</b>	<b>1,738,850,586</b>	<b>(185,283,284)</b>	<b>(11.73%)</b>	<b>(158,790,136)</b>	<b>(9.13%)</b>
	<b>₱1,455,187,820</b>	<b>₱1,586,008,519</b>	<b>₱1,743,289,592</b>	<b>(₱130,820,699)</b>	<b>(8.25%)</b>	<b>(₱157,281,073)</b>	<b>(9.02%)</b>

## Statements of Comprehensive Income

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

#### INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Quarter Ended March 31 (Unaudited)	
	2021	2020
<b>INVESTMENT INCOME</b>		
Trading and securities gain (loss)	(₱75,592,420)	(₱241,883,760)
Interest income	5,419,259	8,325,196
Dividend income	3,607,884	4,678,921
	(66,565,276)	(228,879,643)
<b>OPERATING EXPENSES</b>		
Management and retainer's fees	7,061,019	7,865,793
Brokers' commission	1,311,285	960,093
Custodian and clearing fees	134,039	115,699
Directors' and officers' fees	92,315	76,952
Professional fees	91,213	68,106
Taxes and licenses	928,686	63,750
Transaction charges	1,717,876	34,389
Miscellaneous	25,000	28,200
	11,361,433	9,212,982
<b>INVESTMENT INCOME (LOSS) BEFORE FINAL TAX</b>	<b>(77,926,709)</b>	<b>(238,092,625)</b>
<b>PROVISION FOR FINAL TAX</b>	<b>1,584</b>	<b>3,085,771</b>
<b>NET INVESTMENT INCOME (LOSS)</b>	<b>(77,928,293)</b>	<b>(₱241,178,396)</b>
<b>EARNINGS (LOSS) PER SHARE</b>	<b>(₱0.1466)</b>	<b>(₱0.4058)</b>

\*There are no other comprehensive income items for the period ended March 31, 2021 and 2020.

	As of December 31			Increase (Decrease)			
	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Amount	%	Amount	%
<b>INVESTMENT INCOME</b>							
Interest income	₱30,036,336	₱28,260,621	₱25,043,301	₱1,775,715	6.28%	₱3,217,320	12.85%
Dividend income	11,493,234	18,033,127	16,073,540	(6,539,893)	(36.27%)	1,959,587	12.19%
Trading and securities gain (loss)	1,736,074	79,653,452	(127,870,737)	77,917,378	(97.82%)	207,524,189	162.29%
Miscellaneous income	-	85,451	466,593	(85,451)	(100.00%)	(381,142)	(81.69%)
	43,265,644	126,032,651	(86,287,303)	(82,767,007)	(65.67%)	212,319,954	246.06%
<b>OPERATING EXPENSES</b>							
Management and retainer's fees	30,467,710	36,085,710	39,201,151	(5,618,000)	(15.57%)	(3,115,441)	(7.95%)
Brokers' commission	4,238,386	8,810,935	12,710,454	(4,572,549)	(51.90%)	(3,899,520)	(30.68%)
Custodian and clearing fees	448,042	493,022	545,366	(44,980)	(9.12%)	(52,344)	(9.60%)
Directors' and officers' fees	309,507	272,000	282,000	37,507	13.79%	(10,000)	(3.55%)
Professional fees	273,925	257,733	241,546	16,192	6.28%	16,186	6.70%
Taxes and licenses	255,989	288,355	944,753	(32,366)	(11.22%)	(656,398)	(69.48%)
Transaction charges	164,545	328,828	484,589	(164,283)	(49.96%)	(155,761)	(32.14%)
Reversal of provision for credit losses	-	-	(24,474)	-	-	24,474	100.00%
Miscellaneous	141,230	219,480	305,929	(78,250)	(35.65%)	(86,447)	(28.26%)
	36,299,334	46,756,063	54,691,314	(10,456,729)	(22.36%)	(7,935,251)	(14.51%)
<b>NET INVESTMENT INCOME (LOSS) BEFORE TAXES</b>	<b>6,966,310</b>	<b>79,276,588</b>	<b>(140,978,617)</b>	<b>(72,310,278)</b>	<b>(91.21%)</b>	<b>220,255,205</b>	<b>156.23%</b>
<b>PROVISION FOR FINAL TAXES</b>	<b>10,370,679</b>	<b>15,846,380</b>	<b>18,702,207</b>	<b>(5,475,701)</b>	<b>(34.55%)</b>	<b>(2,855,827)</b>	<b>(15.27%)</b>
<b>NET INVESTMENT INCOME (LOSS)</b>	<b>(3,404,369)</b>	<b>63,430,208</b>	<b>(159,680,824)</b>	<b>(66,834,577)</b>	<b>(105.37%)</b>	<b>223,111,032</b>	<b>139.72%</b>
<b>OTHER COMPREHENSIVE INCOME</b>							
<i>Items that recycle to profit or loss in subsequent periods</i>							
Changes in the fair value of FVOCI investments	-	-	(1,050,000)	-	-	1,050,000	100.00%
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(₱3,404,369)</b>	<b>₱63,430,208</b>	<b>(₱160,730,824)</b>	<b>(₱66,834,577)</b>	<b>(105.37%)</b>	<b>₱224,161,032</b>	<b>139.46%</b>

## **Financial Position (March 31, 2021 vs. December 31, 2020)**

As of March 31, 2021, the Fund's total assets ended at P1.33 billion, lower by 8.37% or P121.81 million from P1.46 billion as of December 31, 2020. Total liabilities decrease by 76.82% or P46.41 million from P60.41 million to P14.00 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 rates ranging from 0.125% to 3.75% in 2021 and 2020, respectively. The increase of 170.64% or P103.09 million from P60.42 million to P163.51 million was due to higher savings account balance this year.

### **2. Financial assets**

*Financial assets at FVTPL* consists of investments in government securities and private debt and equity securities. The decrease of 18.91% or P212.62 million from P1.12 billion to P0.91 billion was due to result of changes in the fair value of investments during the quarter. As of March 31, 2021 and December 31, 2020, this account include fair value loss of P75.59 million and P241,88 million loss, respectively.

*Financial assets at Amortized Cost* consists of investments in quoted private debt securities. The increase of P0.09 million or 0.04% from P241.81 million to P241.91 million was mainly due to amortization during the period.

### **3. Receivables**

This account consists of receivables from brokers, accrued interest receivable and dividend receivable. The decrease of P12.38 million from P25.49 million to P13.11 million was due to lower uncollected proceeds from the sale of equity securities and dividend receivable as of reporting date.

### **4. Other asset**

This account remained at P3.13 million which pertains to creditable withholding taxes of the Fund.

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

This account consists of due to brokers, accounts payable, payable to FAMI, accrued expenses, withholding tax payable and documentary stamp tax payable. The decrease of 76.82% or P46.41 million from P60.41 million to P14.01 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 P75.40 million or 5.41% from P1.39 billion to P1.32 billion was mainly due to the net effect of redemptions and net loss recognized during the period.

*Capital Stock* ended at P531.92 million, an increase of P0.96 million from P530.96 million, mainly due to subscriptions during the period. The Fund's authorized capital stock remained at P1.00 billion with par value of P1.00 per share. As of March 31, 2021 and December 31, 2020, the total issued and outstanding shares were 531,919,460 and 530,959,884, respectively, while the total number of holders of redeemable common shares is 5,036 and 5,034, respectively.

*Additional paid in capital* increased by P1.52 million from P784.17 million to P785.69 million due to subscription made during the year.

*Retained earnings* decreased by P77.87 million from P79.65 million to P1.77 million mainly due to results of operations recognized during the year.



## **Results of Operations**

For the quarter ended March 31, 2021, the Fund realized a net loss of P77.93 million, increased by P77.93 million from last year's net loss of P241.18 million. Detailed discussions on the changes in the statement of income accounts are as follows:

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

This account includes realized and unrealized gains earned from trading investments in debt and equity securities. The increase of P166.29 million from P241.88 million loss to P75.59 million loss was mainly due to lower realized gain from the sale and result of changes in fair value of debt and equity securities held for trading during the quarter.

### **2. Interest income**

This account includes interest income earned from cash and cash equivalents, investments in government and private debt securities. Interest income decreased by 34.91% or P2.91 million from P8.33 million to P5.42 million this period due to lower investments in debt securities during the period.

### **3. Dividend income**

This is recognized when the Fund's right to receive cash dividend is established. Dividend income dropped by 22.89% or P1.07 million from P4.68 million to P3.61 million mainly due to the lower cash dividends earned from equity securities during this period.

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

This account dropped by 10.23% or P0.80 million from P7.87 million to P7.06 million mainly due to the decline in management fees relative to the decrease in the Fund's net assets.

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

This account pertains to fees paid to brokers to execute a trade based on the volume of equity and debt securities being traded. The decrease of P3.45 million or 78.21% from P4.41 million to P0.96 million was mainly due to lower brokers' commission incurred during the period.

### **6. Custodian and clearing fees**

This account increased by P0.02 million or 15.85% from P0.13 million to P0.12 million mainly due to lower fees paid to the custodian of the Fund during the period.

### **7. 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 P0.09 million for the quarter ended March 31, 2021 and 2020.

### **8. Professional fees**

This account represents audit fees and other professional fees incurred by the Fund amounting to P0.09 million for the quarter ended March 31, 2021 and 2020.

### **9. Tax and licenses**

This account pertains to taxes other than income tax, such as DST and local taxes amounting to P1.31 million for the quarter ended March 31, 2021 and 2020.

### **10. Transaction charges**

This account pertains to the payment of over-the-counter and stock trading charges. The increase of 1,356.76% or P0.93 million from P0.03 million to P1.72 million was due to higher volume of trades during the quarter.

### **11. Miscellaneous Expense**

This account decreased by P0.01 million or 11.35% from last year's P0.02 million to P0.03 million mainly due to lower membership fee and dues and bank charges paid by the Fund during the period.

## **2020 Performance**

### ***Financial Position (December 31, 2020 vs. December 31, 2019)***

The Fund closed the year 2020 with audited total assets at P1.46 billion, lower by P130.82 million or 8.25% from P1.59 billion as of December 31, 2019. Total liabilities ended at P60.41 million from P5.95 million, higher by P54.46 million or 915.63% during the year.

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

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

This account represents the Fund's savings and checking accounts and time deposits in local banks. Cash in banks earn interest at the respective bank deposit rates. Time deposits bear annual interest rates ranging from 0.25% to 3.00% and 0.25% to 7.10% in 2020 and 2019, respectively. This account decreased by P43.55 million or 41.89% from P103.97 million to P60.42 million mainly due to the redemptions made during the year.

#### ***2. Short term investment***

In 2020, the outstanding short-term investment amounted to P16.17 million as of December 31, 2019 has matured.

#### ***3. Financial assets***

*Financial assets at FVTPL* consists of investments in government securities and private debt and equity securities. The decrease of 18.41% or P253.66 million from P1.38 billion to P1.12 billion was mainly due to net sales during the year. Quoted government and private debt securities bears nominal annual interest rates ranging from 2.38% to 8.00% and 4.63% to 5.55% in 2020 and 2019, respectively. This account includes fair value gain of P41.29 million and P25.08 million in 2020 and 2019, respectively.

*Financial assets at Amortized Cost* consists of investments in quoted private debt securities. The increase of P166.84 million or 222.55% from P74.97 million to P241.81 million was due to purchases during the year. These securities earn annual effective interest rates ranging from 2.55% to 5.55% and 4.00% to 5.88% in 2020 and 2019, respectively.

#### ***4. Loans and receivables***

This account consists of receivables from brokers, accrued interest receivable and dividend receivable. The increase of P15.77 million or 162.07% from P9.73 million to P25.49 million was mainly due to higher outstanding balances of amount collectible for the sale of equity securities, accrued interest receivable and dividend receivable as of reporting date.

#### ***5. Other asset***

This pertains to creditable withholding taxes of the Fund which decreased by P0.04 million from P3.17 million to P3.13 million this year.

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

This account consists of due to brokers, accounts payable, payable to FAMI, accrued expenses, withholding tax and documentary stamp tax (DST) payable. Payable to FAMI includes management fees, redemption fees and sales load fees while accrued expenses consists of unpaid professional fees, custodianship fees and retainer's fees. Accounts payable represents amounts payable to shareholders for the unpaid redemption proceeds and subscriptions without confirmation from clients. The increase of P54.46 million or 915.63% from P5.95 million to P60.41 million was mainly due to higher unsettled purchase of equity securities and accounts payable this year.

## **7. Equity**

The Fund's equity is comprised of its capital stock, additional paid-in capital and retained earnings. The decrease of P185.28 million or 11.73% from P1.58 billion to P1.39 billion was mainly due to the net effect of redemptions and net income recognized during the year.

*Capital Stock* ended at P530.96 million, a decrease of P69.49 million or 11.57% from P600.45 million last year, mainly due to redemptions during the year. The Fund's authorized capital stock remained at P1.00 billion with par value of P1.00 per share. As of December 31, 2020 and 2019, the total issued and outstanding shares were 530,959,884 and 600,450,496, respectively, while the total number of holders of redeemable common shares is 5,004 and 4,982, respectively.

*Additional paid in capital* went down by P112.39 million or 12.54% from P896.56 million to P784.17 million due to redemptions made during the year.

*Retained earnings* decreased by P3.04 million or 4.10% from P83.05 million to P79.65 million mainly due to results of operations recognized during the year.

## **Results of Operations**

For the year ended December 31, 2020, the Fund realized a net loss of P3.40 million, a decrease of P66.83 million or 105.37% from last year's net income of P63.43 million.

The highlights of the results of operations for the year are as follows:

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

This account includes realized and unrealized gains earned from trading investments in debt and equity securities. The decrease of P77.92 million or 97.82% from last year's gain of P79.65 million to P1.73 million was mainly due to lower realized gain from the sale and unrealized gain from changes in fair value of debt and equity securities held for trading during the year.

### **2. Interest income**

This account includes interest income earned from cash and cash equivalents, investments in government and private debt securities. The increase of P1.78 million or 6.28% from last year's income of P28.26 million to P30.04 million was mainly due to higher interest income earned from debt securities during the year.

### **3. Dividend income**

This is recognized when the Fund's right to receive cash dividend is established. This account decreased by P6.54 million or 36.27% from last year's P18.03 million to P11.49 million due to lower cash dividends received from equity securities during the year.

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

This account dropped by P5.62 million or 15.57% from last year's P36.09 million to P30.47 million mainly due to the decline in management fees relative to the decrease in the Fund's net assets.

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

This account pertains to fees paid to brokers to execute a trade based on the volume of equity and debt securities being traded. The decrease of P4.57 million or 51.90% from last year's P8.81 million to P4.24 million was mainly due to lower brokers' commission incurred during the year.

### **6. Custodian and clearing fees**

This account decreased by P0.04 million or 9.12% from last year's P0.49 million and P0.45 million mainly due to lower fees paid to the custodian of the Fund during the year.

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

This account pertains to per diem of the Fund's officers and directors during board meetings and annual stockholders' meeting during the year. This account increased by P0.04 million or 13.79% from last year's P0.27 million to P0.31 million mainly due to lower per diem paid during the year.

**8. Professional fees**

This account increased by P0.02 million or 6.28% from last year's P0.26 million to P0.27 million this year mainly due to lower professional fees incurred during the year.

**9. Tax and licenses**

This account pertains to taxes other than income tax, such as DST and local taxes. The decrease of P0.03 million or 11.22% from last year's P0.29 million to P0.26 million was mainly due to lower DST and local taxes paid during the year.

**10. Transaction charges**

Transaction charges slid by P0.16 million or 49.96% from last year's P0.33 million to P0.16 million mainly due to lower transaction cost incurred in the purchase and sale of equity and fixed income securities during the year.

**11. Miscellaneous Expense**

This account decreased by P0.08 million or 35.65% from last year's P0.22 million to P0.14 million mainly due to lower membership fee and dues, postage and mailing fees, notarial fees, bank charges and other miscellaneous expenses paid by the Fund during the year.

**2019 Performance**

***Financial Position***

The Fund closed the year 2019 with audited total assets at ₱1.59 billion, lower by ₱157.28 million or 9.02% from ₱1.74 billion as of December 31, 2018. Total liabilities ended at ₱5.95 million from ₱4.44 million, higher by ₱1.51 million or 34.00% during the year.

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

**1. Cash and cash equivalents**

This account represents the Fund's savings and checking accounts and time deposits in local banks. Cash in banks earn interest at the respective bank deposit rates. Time deposits bear annual interest rates ranging from 0.25% to 7.10% and 0.25% to 4.63% in 2019 and 2018, respectively. This account decreased by ₱76.34 million or 42.34% from ₱180.31 million to ₱103.97 million mainly due to the redemptions made during the year.

**2. Short term investment**

This pertains to short-term time deposit amounting to ₱16.17 million with 3.75% interest rate.

**3. Financial assets**

*Financial assets at FVTPL* consists of investments in government securities and private debt and equity securities. The decrease of 9.48% or ₱144.36 million from ₱1.52 billion to ₱1.38 billion was mainly due to net sales during the year. Private bond bears nominal annual interest rates ranging from 4.63% to 5.55% and 5.38% in 2019 and 2018, respectively, while government securities bears annual interest rate ranging from 4.00% to 6.42% and 4.10% to 7.02% in 2019 and 2018, respectively. This account includes fair value gain of ₱25.08 million in 2019 and fair value loss of ₱82.09 million in 2018.

*Financial assets at Amortized Cost* consists of investments in quoted private debt securities. The increase of ₱40.0 million or 114.38% from ₱34.97 million to ₱74.97 million was due to purchases during the year. This securities earn annual effective interest rates ranging from 4.00% to 5.88% and 4.00% in 2019 and 2018, respectively.

#### **4. Loans and receivables**

This account consists of receivables from brokers, accrued interest receivable and dividend receivable. The increase of ₱7.20 million or 284.71% from ₱2.53 million to ₱9.73 million was mainly due to higher outstanding balances of amount collectible for the sale of equity securities, accrued interest receivable and dividend receivable as of reporting date.

#### **5. Other asset**

This pertains to creditable withholding taxes of the Fund which increased by ₱0.04 million or 1.36% from ₱3.13 million to ₱3.17 million this year.

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

This account consists of due to brokers, accounts payable, payable to FAMI, accrued expenses, withholding tax and documentary stamp tax (DST) payable. Payable to FAMI includes management fees, redemption fees and sales load fees while accrued expenses consists of unpaid professional fees, custodianship fees and retainer's fees. Accounts payable represents amounts payable to shareholders for the unpaid redemption proceeds and subscriptions without confirmation from clients. The increase of ₱1.51 million or 34.00% from ₱4.44 million to ₱5.95 million was mainly due to unsettled purchase of equity securities and higher accounts payable this year.

#### **7. Equity**

The Fund's equity is comprised of its capital stock, additional paid-in capital and retained earnings. The decrease of ₱158.79 million or 9.13% from ₱1.74 billion to ₱1.58 billion was mainly due to the net effect of redemptions and net income recognized during the year.

*Capital Stock* ended at ₱600.45 million, a decrease of ₱83.29 million or 12.18% from ₱683.74 million last year, mainly due to redemptions during the year. The Fund's authorized capital stock remained at ₱1.00 billion with par value of ₱1.00 per share. As of December 31, 2019 and 2018, the total issued and outstanding shares were 600,450,496 and 683,739,611, respectively, while the total number of holders of redeemable common shares is 4,982 and 5,413, respectively.

*Additional paid in capital* went down by ₱132.05 million or 12.84% from ₱1.03 billion to ₱896.56 million due to redemptions made during the year.

*Retained earnings* increased by ₱56.55 million or 213.40% from ₱26.50 million to ₱83.05 million mainly due to results of operations recognized during the year.

### **Results of Operations**

For the year ended December 31, 2019, the Fund realized a net income of ₱63.43 million, an increase of ₱223.11 million or 139.72% from last year's net loss of ₱159.68 million.

The highlights of the results of operations for the year are as follows:

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

This account includes realized and unrealized gains earned from trading investments in debt and equity securities. The increase of ₱207.52 million or 162.29% from last year's loss of ₱127.87 million to ₱79.65 million was mainly due to higher realized gain from the sale and unrealized gain from changes in fair value of debt and equity securities held for trading during the year.

#### **2. Interest income**

This account includes interest income earned from cash and cash equivalents, investments in government and private debt securities. The increase of ₱3.22 million or 12.85% from last year's income of ₱25.04 million to ₱28.26 million was mainly due to higher interest income earned from debt securities during the year.

### **3. Dividend income**

This is recognized when the Fund's right to receive cash dividend is established. This account increased by ₱1.96 million or 12.19% from last year's ₱16.07 million to ₱18.03 million due to the higher cash dividends received from equity securities during the year.

### **4. Miscellaneous income**

This account declined by ₱0.38 million or 81.69% from last year's ₱0.47 million to ₱0.09 million due to the decrease in the reversal of stale checks and unrecorded deposit.

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

This account dropped by ₱3.11 million or 7.95% from last year's ₱39.20 million to ₱36.09 million mainly due to the decline in management fees relative to the decrease in the Fund's net assets.

### **6. Brokers' commission**

This account pertains to fees paid to brokers to execute a trade based on the volume of equity and debt securities being traded. The decrease of ₱3.90 million or 30.68% from last year's ₱12.71 million to ₱8.81 million was mainly due to lower brokers' commission incurred during the year.

### **7. Custodian and clearing fees**

This account decreased by ₱0.05 million or 9.60% from last year's ₱0.55 million to ₱0.49 million mainly due to lower fees paid to the custodian of the Fund during the year.

### **8. Transaction Charges**

Transaction charges slid by ₱0.16 million or 32.14% from last year's ₱0.48 million to ₱0.33 million mainly due to lower transaction cost incurred in the purchase and sale of equity and fixed income securities during the year.

### **9. Taxes and licenses**

This account pertains to taxes other than income tax, such as DST and local taxes. The decrease of ₱0.66 million or 69.48% from last year's ₱0.94 million to ₱0.29 million was mainly due to lower DST and local taxes paid during the year.

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

This account pertains to per diem of the Fund's officers and directors during board meetings and annual stockholders' meeting during the year. This account decreased by ₱0.01 million or 3.55% from last year's ₱0.28 million to ₱0.27 million this year.

### **11. Professional fees**

This account represents audit fees and other professional fees incurred during the year and it increased by ₱0.02 million or 6.70% from last year's ₱0.24 million to ₱0.26 million this year.

### **12. Miscellaneous Expense**

This account decreased by ₱0.09 million or 28.26% from last year's ₱0.31 million to ₱0.22 million mainly due to lower membership fee and dues, postage and mailing fees, notarial fees, bank charges and other miscellaneous expenses paid by the Fund during the year.

## **Plan of Action**

FAMI is the principal distributor of the Fund's shares of stock. It is licensed by SEC to act as the Investment Company Adviser/Manager, Administrator and Principal Distributor. It intends to increase its marketing network and accredit sub-dealers or agents to sell the Fund's share.

## **Subsequent Events**

There were no subsequent events that took place after the year ended December 31, 2020.

## 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, which was subsequently extended to May 15, 2020, for NCR and other areas in Luzon which were considered high-risk areas. While the low-risk to moderate-risk areas in Luzon and the rest of the country were placed under general community quarantine (general community quarantine (GCQ) or a less strict quarantine).

Subsequent to May 15, 2020, the NCR, Laguna and Cebu had been subjected to modified enhance community quarantine (MECQ). Beginning June 1, 2020, NCR and certain areas were put under GCQ until July 31, 2020. Thereafter, NCR, Bulacan, Cavite, Laguna, and Rizal were then put under MECQ beginning August 4, 2020 until August 18, 2020. GCQ was imposed again in NCR and certain areas from August 19, 2020 until December 31, 2020.

On September 16, 2020, Proclamation No. 1021 was issued, extending the State of Calamity throughout the Philippines due to COVID-19 for a period of one-year effective September 13, 2020 to September 12, 2021, unless earlier lifted or extended as circumstances may warrant.

On December 28, 2020, the government further extended the GCQ until January 31, 2021 in NCR and nine (9) other areas in Luzon and Visayas. The rest of the country was under modified GCQ until January 31, 2021. On January 29, 2021, NCR and certain areas in the Philippines continued to be under GCQ until February 28, 2021, while the rest of the country as under modified GCQ. On February 27, 2021, the GCQ in NCR and other nine areas in the Philippines is extended until March 31, 2021. On March 21, 2021, the GCQ is extended in NCR surrounding provinces of Bulacan, Cavite, Laguna and Rizal starting March 22, 2021. 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. At this stage, known impact of COVID-19 to the Fund includes the decrease in net asset value due to fair valuation losses on investments in 2020.

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

- will have a material impact on liquidity
- will trigger direct or contingent obligation that is material to the Fund including any default or acceleration of obligation
- will have an impact on all material off-balance sheet transactions, arrangement, obligations and other relationships of the Fund
- is a significant element of income or loss that did not arise from the Fund's continuing operations
- there are no material commitments for capital expenditures during the past year and in the subsequent year.

## Discussion of Key Performance Indicators

The Fund was incorporated on January 29, 2007. It seeks to provide total return consisting of as high a level of current income as is consistent with the preservation of capital and liquidity and long-term capital appreciation by investing in a mix of debt instruments and equity securities.

The Fund has appointed FAMI to serve as its Investment Company Adviser, Administrator and Principal Distributor. With the SEC's approval of FAMI's license to act as such last September 6, 2005 and its procedures firmed-up at the end of the same month, active management of SALBF's assets was

initiated in May 2007 with the objective to consistently outperform its benchmark, which is the PSEi, and achieve a sizable net income.

The Fund has an initial paid-up capital of P25.00 million which translates to a minimal share in the mutual fund industry (under the balanced fund category).

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

- **Net asset value per share** - Net Asset Value per share amounted to P2.4804 as of March 31, 2021, lower by 5.58% from the P2.6269 NAVPS as of December 31, 2020. The Fund's average daily net asset value slid by 7.64% or P0.11 billion from P1.47 billion as of December 31, 2020 to P1.36 billion as of March 31, 2021.
- **Sales for the period ended**- The Fund's total sales of P6.87 million for the period ended March 31, 2021 was 101.23% or P8.34 million higher than P8.73 million sales for the same period last year.
- **Redemptions period ended** - Total redemptions of the Fund amounting to P15.09 million for the period ended March 31, 2021 was 45.47% or P12.58 million lower than P27.67 million redemptions for the same period last year.
- **Net income vs. Benchmark** – The Fund incurred P77.93 million net loss for the period ended March 31, 2021, P163.25 million lower than P241.18 million net loss for the same period last year.
- **Market share vs. Benchmark** – As of March 31, 2021, the Fund garnered 5.74% share in the Balanced Funds category while 0.36% share among all mutual funds in terms of net assets. On the basis of account holders, the Fund has 5,045 account holders or 5.90% of the total accounts in this Fund category.

The following basic ratios measure the financial performance of the Company for the period ended March 31, 2021 and March 2020:

#### FINANCIAL SOUNDNESS INDICATORS

Performance Indicator	Formula	As of March 31	
		2021	2020
a. Current/Liquidity Ratio	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	8535.78%	37,369.60%
b. Solvency Ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	1.05%	0.24%
c. Debt to Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	1.06%	0.24%
d. Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	101.06%	100.24%
e. Interest Rate Coverage Ratio	$\frac{\text{Income before Interest Expense and Tax}}{\text{Interest Expense}}$	NA	NA
f. Return on Equity	$\frac{\text{Net Income after Tax}}{\text{Average Capital}}$	(22.97%)	(66.53%)
g. Return on Assets	$\frac{\text{Net Income after Tax}}{\text{Average Total Assets}}$	(22.36%)	(66.32%)
h. Net Profit Margin Ratio	$\frac{\text{Net Income}}{\text{Net Interest Income and Operating Income}}$	(117.07%)	(105.37%)
i. Net Asset Value (NAV) Per Share	$\frac{\text{NAV Attributable to Holders of Redeemable Shares}}{\text{Number of Redeemable Shares}}$	2.4804	2.2262



**Item 7. Financial Statements**

1. Statement of Management's Responsibility for Financial Statements
2. 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 May 19, 2021.

**FIRST METRO SAVE AND LEARN BALANCED FUND,  
INC.**

By:

  
**MARICEL L. MADRID**  
TREASURER