



**CORPORATE GOVERNANCE AND FINANCE DEPARTMENT**

**IN THE MATTER OF:**

**FIRST METRO SAVE AND LEARN  
MONEY MARKET FUND, INC.  
-Registrant-**

**Amended Registration Statement**

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**NOTICE**

Notice is hereby given that on December 4, 2020<sup>1</sup> An Amended Registration Statement was filed with the Securities and Exchange Commission on behalf of **FIRST METRO SAVE AND LEARN MONEY MARKET FUND, INC.** (the "Company") to reflect the following changes:

<b>Items to be Amended</b>	<b>Original Provision</b>	<b>Proposed Amendments</b>	<b>Reason/s for Amendments</b>
Use of Proceeds	The proceeds from the Offer Shares shall be invested in short-term (less than one year) fixed income securities and instruments.	The proceeds from the Offer Shares shall be invested in short-term fixed income securities and instruments with a <b>portfolio duration</b> of less than one year.	The Fund's investment objective is stricter than what the law prescribes. Under <b>Section 3.3. paragraph (g)</b> of the Implementing Rules and Regulations of the Investment Company Act (R.A. 2629). A money market fund "shall refer to an investment company that invests in short-term fixed income securities <b>with a portfolio duration of one (1) year or less</b> ".
Investment Objective	The Fund's investment objective is classified as low-risk or conservative. It is a Fund which seeks good returns through current income by investing in fixed income instruments and securities with a tenor of less than one year.	The Fund's investment objective is classified as low risk or conservative. It is a Fund which seeks good returns through current income by investing in fixed income instruments and securities with a <b>portfolio duration</b> of less than one (1) year.	
Benchmark	The Fund performance is measured against a thirty (30) days special savings account of Top Tier banks.	The benchmark of the Fund is the <b>Bloomberg Philippines Sovereign Bond Index</b> .	To allow more flexibility on duration and optimize returns on a falling interest rates scenario.

The proposed amendments were approved and adopted by the stockholders representing at least two thirds (2/3) of the outstanding capital stock during its annual stockholders' meeting held on September 16, 2020 through remote communication via Zoom. The Board of Directors, in a special meeting held last August 5, 2019, approved the amendment of the Use of Proceeds and Investment Objectives, while the amendment of the Benchmark was unanimously approved during the organizational meeting of the Board held on September 16, 2020.

Said Amended Registration Statement and other papers/documents attached thereto are open to inspection by interested parties at the Corporate Governance and Finance Department of the SEC, Ground Floor, North Wing Hall, Secretariat Building, PICC Complex, Vicente Sotto Street, 1307 Pasay City, during business hours and copies thereof, photostatic or otherwise, shall be furnished to any party upon request at such fees as the Commission may prescribe. The Amended Registration Statement dated may also be downloaded from [www.fami.com.ph](http://www.fami.com.ph).

Issued on 16 November 2021, Pasay City.

  
**RACHEL ESTHER J. GUMTANG-REMALANTE**  
 Director

Reference No. 202111-033-0D

<sup>1</sup> The latest amended registration statement was filed on August 27, 2021.



## **AMENDED PROSPECTUS**

### **FIRST METRO SAVE AND LEARN MONEY MARKET FUND, INC.**

*(Open-end Investment Company)*

ISSUER

The number of securities to be offered consists of One Hundred Million (100,000,000) common shares with a par value of PHP0.01 per share. The price at which the shares are to be offered is based in the Net Asset Value (NAV) per share computed on a daily basis. The shares are traded over the counter.

### **FIRST METRO ASSET MANAGEMENT, INC.**

Investment Company Adviser

and Principal Distributor

18<sup>th</sup> Floor, PSBank Center

777 Paseo de Roxas corner Sedeño St., Salcedo Village, Makati City

Tel. No. (632) 8891-2860 to 65

Sub-Distributors: First Metro Securities, COL Financial, Wealth Securities,  
Unicapital Securities, AB Capital Securities and CiSols

THIS PROSPECTUS IS DATED

January 7, 2022

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

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



This prospectus relates to the offer for subscription of the First Metro Save and Learn Money Market Fund, Inc. of One Hundred Million (100,000,000) common shares with a par value of P0.01 per share at an offer price of the current net asset value per share (NAVPS).

The Fund is engaged in the business of investing, re-investing or trading in securities or other investment assets allowed under ICA and its rules. The total proceeds from the sale of the 100,000,000 shares is estimated at P105,750,000 (using the Fund's NAVPS of P1.0575 as of December 15, 2021).

The investment objective of the Fund is to seek stable returns by investing in fixed income instruments/securities or investment in a portfolio with an average portfolio duration of one (1) year or less. The Fund is classified as conservative risk. The assets of the Fund were structured based on market conditions, the level of interest rates, and liquidity needs of the Fund, are to be of above-average credit quality and minimal risk, and the average maturity is to take into account any expectation of any change in interest rates.

The net proceeds from the sale of securities will be used to invest in fixed income instruments and securities with a portfolio duration of less than one (1) year as may be allowed by the ICA and its Implementing Rules and Regulations or any amendments.

The shares are being offered in the Philippines through First Metro Asset Management, Inc. (FAMI), the fund manager and principal distributor of the Fund. The shares of the Fund will be offered through the principal distributor and other eligible sales agents licensed by the Commission, including agents/employees who are Certified Investment Solicitors (CISol) and Mutual Fund Sub-Distributors, that have entered into an agreement to sell shares with the principal distributor. FAMI shall be paid a monthly fee up to a maximum of point five percent (0.5%) per annum of the average net asset value of the Fund's assets, computed on a daily basis. In addition, as Investment Manager, FAMI shall be paid an incentive fee equivalent to 10% of the realized appreciation in the value of the fund's net assets in excess of the benchmark or any of its prior years' highest performance whichever is higher. For a more details discussion, please refer to the section entitled "Plan of Distribution" on p. 18 for the list of sub-distributors and "Parties involved in the Fund" on p. 41.

All of the offered shares are common shares, voting with identical rights and privileges, and may be owned by any person or entity, regardless of nationality. The shares are eligible for payment of dividends, which depends, among other factors, upon the Fund's unrestricted retained earnings, cash flow and financial condition.

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 shareholders shall be such that the dividends to be reinvested shall be valued at the net asset value per share of the Fund at the time said dividends are paid. For a more details discussion, please refer to the section entitled "Dividends" on p. 22.

An investment in the Fund is not insured or guaranteed by the Philippines Deposit Insurance Corporation or any other government agency. The Fund's return will fluctuate as a result of various factors, including material changes in the Fund, general economic conditions or interest rate and foreign exchange policy changes. The profits or losses of a stockholder is limited to their investment in the Fund. For a more detailed discussion on additional risk factors, please refer to the section entitled "Risk Factors on p. 8."

The information contained in this Prospectus has been supplied by the Fund and the Fund Manager, unless otherwise stated. To the best of its knowledge and belief, the Fund and the Fund Manager confirms that there are no omissions of fact which would make any statement in this Prospectus misleading and hereby accepts full and sole responsibility for the accuracy of the information. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof.

**“A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OF COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.”**

**EDUARDO S. CARREON**  
President

SUBSCRIBED AND SWORN TO BEFORE ME this \_\_\_\_\_ in Makati City\_\_\_\_, affiant exhibiting to me his \_\_\_\_\_.

Notary Public  
Doc No.  
Page No.  
Book No.  
Series of 2021.

## SUMMARY OF FEES, COMMISSIONS AND OTHER CHARGES TO BE DEDUCTED FROM THE FUND

Management and Distribution Fee	0.5% p.a. (excluding VAT)
Transfer Agency Fee	P10,000-P42,000 per month
Custodianship and Fund Accounting Fee	4bps of total AUM as of month-end
External Audit Fee	₱141,680 as of December 31, 2020
Directors' Fees	Aggregate annual per diem as of 2020 is P317,000 (2021 estimate is ₱327,500)

## SUMMARY OF FEES TO BE PAID BY SHAREHOLDERS

Sales Load Fee	No sales load fee
Redemption Fee	Redemptions made within seven (7) days are subject to an exit fee of no more than 1%

## ABBREVIATED FINANCIAL STATEMENTS

### STATEMENT OF ASSETS AND LIABILITIES

*(Amounts in Peso)*

	June 30, 2021	December 31, 2020
Total Assets	1,601,214,393	1,515,663,308
Total Liabilities	20,559,409	81,936,117
Net Assets	1,580,654,984	1,433,727,191
Net Asset Value Per Share	1.0530	1.0481

### STATEMENT OF OPERATIONS

*(Amounts in Peso)*

	June 2021	June 2020
Total Revenues	14,749,065	3,756,047
Total Expenses	4,785,563	1,869,718
Net Income After Tax	7,223,939	5,781,074



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## GLOSSARY

1. **Assets Under Management (AUM)** – shall refer to the total market value of all the financial assets of an Investment Company managed by a Fund Manager.
2. **BSP**– shall refer to the Bangko Sentral ng Pilipinas
3. **Commission** – shall refer to the Securities and Exchange Commission.
4. **Fund Manager** – shall refer to a registered entity with an Investment Company Adviser license that is First Metro Asset Management, Inc. (FAMI).
5. **Independent Director** – shall refer to a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company. An independent director shall possess the degree of independence and all the qualifications and none of the disqualifications for independent directors as defined in the SRC and its implementing rules and regulations or such other rules or guidelines issued by the Commission.
6. **Investment Company** – shall refer to a stock corporation primarily engaged or holds itself out as being engaged primarily, or proposes to engage, in the business of investing, reinvesting and trading in securities.
7. **Investment Company Act / ICA** – shall refer to the Investment Company Act, Republic Act No. 2629.
8. **Investors of the Fund** – shall refer to the shareholders of the Investment Company who subscribe to the shares or units of the Investment Company.
9. **Net Asset Value (NAV)** – shall refer to the aggregate value of each fund in shares as determined by the market value of its underlying securities holdings, including any cash in the portfolio less liabilities, computed at the close of the trading of securities for the day.
10. **Net Asset Value per Share or NAVps** – shall refer to the computed NAV on a per share basis at the close of the day. It is the computed difference between the total assets of the Fund and its liabilities divided by the number of outstanding shares.
11. **Open-end company** – shall refer to an investment company which is offering for sale, or has outstanding, any redeemable security, of which it is the issuer.
12. **Sales load** – shall refer to the charge or commission on the cost of acquiring the shares of an Investment Company.

## PROSPECTUS SUMMARY

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

<b>Issuer</b>	First Metro Save and Learn Money Market Fund, Inc.
<b>Investment Objective</b>	The Fund seeks stable returns by investing in fixed income instruments/securities or investment in a portfolio with an average portfolio duration of one (1) year or less.
<b>Investment Strategy</b>	The Fund will invest in carefully selected fixed income securities to provide diversification and maximization of returns.
<b>Shares Offered/Par Value</b>	The Fund is offering 100,000,000 shares of common stock with a par value of one peso P0.01 per share.
<b>Offering Price</b>	It is the NAVPs at the end of banking day, if payment is made within the daily cut-off time, plus a sales load fee.
<b>Sales Load Fee</b>	No sales load fee
<b>Daily Cut-off Time</b>	If received after 12:00 NN, subscription will be processed at the NAVPs calculated for the next business day. For redemption requests, the daily cut-off time shall be 12:00 NN.
<b>Minimum Investment</b>	The minimum initial and additional investment shall be P5,000.00 and P1,000.00 respectively or as otherwise prescribed by the Fund Manager and approved by the Commission.
<b>Redemption Price</b>	<p>The redemption price is the NAVPS at the close of business day provided that redemption form is received on or before the specified cut-off time.</p> <p>Should the redemption request be received after the specified cut-off time, the request shall be deemed to have been received on the following business day and the NAVPS applied shall be the NAVPS of the said following business day.</p>
<b>Redemption Charge</b>	Redemptions made within seven (7) days are subject to an exit fee of no more than 1% (exclusive of Value Added Tax/VAT). No redemption fee shall be deducted if redeemed beyond seven (7) days from the time of investment.
<b>Asset Valuation</b>	The Fund will be valued using the mark-to-market basis in accordance with PFRS 9. Thus, the NAV of the Fund will fluctuate with changes in the market value of the Fund's investments. Such changes in the market value may occur as a result of various factors including material changes in the Fund, general economic conditions or interest rate and foreign exchange policy changes.

## RISK FACTORS AND OTHER INFORMATION

### I. GENERAL RISK WARNING

The price of securities as a result of market conditions fluctuates, and any individual security may experience upward or downward movement, and may even become valueless. There is a risk that losses may be incurred rather than profit made as a result of buying and selling of securities.

Past performance is not a guide to future performance.

An investor deals in a range of investments of which may carry a different level of risk. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.

### II. PRUDENCE REQUIRED

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

### III. PROFESSIONAL ADVICE

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

## RISK FACTORS

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 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. To mitigate interest rate risk when invested in bonds, the Fund Manager can shift maturities. The Fund Manager also manages volatility by taking a long-term and systematic approach.

**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 Fund Manager can also avoid this risk by keeping at least 10% of the portfolio in highly liquid securities as stipulated in the IRR of the Investment Company Act.

**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.

**OPERATIONAL RISK** is the risk of loss resulting from inadequate internal processes, people, systems, or external events. The Fund ensures that policies and guidelines are in place to monitor and manage operational risks including maker-checker structures, regular reconciliation of positions, and regular monitoring reports. The risk management process further includes daily monitoring of compliance with ICA Rule 6 of the Implementing Rules and Regulations of the Investment Company Act.

**REGULATORY RISK** is subject to government regulation, which are subject to change from time to time. Regulations such as taxation and accounting rules may have a significant impact in the performance of the Fund which may either be positive or negative for the shareholders of the Fund. The risk management process further includes daily monitoring of compliance with ICA Rule 6 of the Implementing Rules and Regulations of the Investment Company Act. In addition, the Fund will be an active member of the Philippine Investment Fund Association (PIFA) through which it may recommend changes in regulatory policies that affect the mutual fund industry.

The overall risk management framework establishes risk management policies, procedures, limits and practices. The Fund's risk management framework is designed to manage risks that could affect the Fund value, contribute to sustainable returns and provide transparency through risk reporting. The Fund takes risks with the appropriate returns in order to meet its investment objectives. This is aligned with the Fund's vision and strategies embedded within its practices. In pursuing the investment objectives, it is ensured that all significant risks are identified, measured, managed and monitored. The Fund's investment outlets undergo evaluation in accordance with the Investment Policy, and internal and regulatory limits are monitored on a regular basis.

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.

## FUND FEATURES

### THE FUND

The Fund is a Philippine corporation registered as an open-end investment company under R.A. 2629 and R.A. 8799, on March 1, 2018 under SEC registration No. CS201801646. The Fund's main objective is to seek good returns through current income by investing in fixed income instruments and securities with a portfolio duration of less than one (1) year.

## CLASSIFICATION OF THE FUND

The Fund's portfolio may consist of fixed income instruments such as, but not limited to, government securities, high-grade commercial papers, promissory notes, other deposit substitutes, and other fixed income instruments or securities. The Fund can be considered conservative.

## INVESTMENT OBJECTIVES AND LEGAL RESTRICTIONS

The Fund seeks stable returns by investing in fixed income instruments/securities or investment in a portfolio with an average portfolio duration of one (1) year or less.

Investment in money market instruments shall comply with the following requirements:

1. The investment is dealt in the money market, or investment in a portfolio with duration of one (1) year or less;
2. Can be sold at limited cost in an adequately short time frame based on ordinary market conditions; and
3. The value can be verified based on either market data or valuation models.

Constant net asset value money market funds (C-NAV MMFs) are not permitted. The fund manager that manages an investment company that markets itself as a money market fund or an equivalent fund that primarily invests in high quality debt securities, deposits and money market instruments shall comply with the following:

1. Shall have a cash reserve, or assets with high liquidity, low market risk and can be cashed within T+1 day, of at least ten percent (10%) of its net assets;
2. Invest in any of the following:
  - i. high quality debts securities;
  - ii. deposits; and
  - iii. high quality money market instruments

Guidance: a high quality money market instrument has:

- (a) a remaining term to maturity of not more than 397 days; and
- (b) an issuer credit rating that is:
  1. in the case of short-term credit rating, one of the two highest credit ratings; and
  2. in the case of long-term credit rating, one of the three highest credit ratings.

iv. financial derivatives for hedging arrangements

The hedging arrangement should:

- (a) not be aimed at generating a return;
  - (b) result in an overall verifiable reduction of the risk of the qualifying CIS;
  - (c) offset the general and specific risks linked to the underlying being hedged;
  - (d) relate to the same asset class being hedged; and
  - (e) be able to meet its hedging objective in all market conditions.
3. Shall not engage in direct lending of monies.

Guidance: Direct lending of monies refers to an instance in which an investment company lends money or makes loan directly to other entities (borrower) without intermediaries.

The Fund shall be subject to the following limitations and restrictions:

- a. The maximum investment in any single enterprise or issuer shall not exceed an amount equivalent to fifteen percent (15%) of its net assets, nor shall the total investment of the fund exceed ten percent (10%) of the outstanding securities of the Fund.
- b. There shall be no investment of more than twenty percent (20%), in aggregate, of its net assets in transferable securities, money market securities, deposits and over-the-counter (OTC) financial derivatives issued by a single business group, provided the investments in OTC financial derivatives with non-investment grade or unrated counterparty shall not exceed five percent (5%) of the net assets of the investment company.
- c. Deposits shall not exceed twenty percent (20%) of its net assets in a single bank/non-bank with a quasi-bank license excluding monies for liquidation of a revoked Investment Company.
- d. The investment in the following must not exceed fifteen percent (15%) of the net assets of the Investment Company provided the investment enumerated herein shall not exceed five percent (5%) of the net assets of the investment company:
  - i. Deposits placed with a non-investment grade or unrated deposit-taking institution;
  - ii. Debt securities or money market instruments not dealt in an organized market or issued by an unrated or non-investment grade issuing body;
  - iii. OTC financial derivatives with non-investment grade or unrated counterparty; and
  - iv. Unlisted shares issued by a related party.

For the avoidance of doubt, the exposure to a counterparty of an OTC financial derivative should be measured based on the maximum potential loss that may be incurred by the investment company if the counterparty defaults, subject to the calculation method set out under ICA IRR.

The aggregate fifteen percent (15%) limit does not apply to deposits, debt securities or money market instruments or OTC financial derivatives where the:

- a. Deposit-taking institution, issuing body or counterparty is rated investment grade only with a national rating scale, which refers to a rating falling within the top four (4) long-term credit ratings or the top three (3) short-term credit ratings provided on an international scale; and

The jurisdiction in which the issuing body or counterparty is domiciled has a sovereign credit rating that is at least investment grade.

- e. Investment in foreign government debt securities or money markets where the issuer or the guarantor is a government, sovereign or central bank with an international long-term issuer rating of investment grade may be increased to a maximum of thirty five percent (35%) of the net assets of the Fund.
- f. A maximum of five percent (5%) of the net assets of the Fund may be invested in government debt securities issued or guaranteed by a government, sovereign or central bank with an international long-term issuer rating that is non-investment grade;
- g. In investing in financial derivative instruments for the Fund, the Fund Manager shall see to it that it employs a risk-management process which captures the risks associated with the use of financial derivatives and satisfies all the following requirements:
  - i. The global exposure, calculated based on the commitment approach set out in the Appendix, to financial derivatives or embedded financial derivatives must not exceed twenty percent (20%) of the net assets of the investment company;
  - ii. The investment company must, at all times, be capable of meeting all its payment and delivery obligations incurred by transactions involving financial derivative instruments;

- iii. The exposure to the underlying assets do not exceed, in aggregate, the investment limits laid down in clauses 1 to 2 of Section 2 and Rule 6.8 of the ICA-IRR except Rules 6.8 (b), 6.8 (d) (iii), and 6.8 (h); and
- iv. The fund manager of the investment company may not act as the counterparty to an OTC derivative invested into by the investment company.

Notwithstanding clause 3(a) of Section 2 (SEC MC. No. 15. S. 2020), the global exposure, calculated based on the commitment approach set out in the Appendix, of an index-tracking investment company that invests in exchange-traded financial derivatives for the purpose of index replication must not exceed one hundred percent (100%) of the net assets of the investment company.

- h. The Fund shall not invest in the securities it is issuing.
- i. The Fund shall not purchase from or sell to any of its officers or directors or the officers or directors of its investment advisor/s, manager or distributor/s or firm/s of which any of them are members, any securities other than the capital stock of the Fund.
- j. Unless the Commission shall provide otherwise, the Fund shall not engage in short selling securities or invest in any of the following:
  - a. Margin purchase of securities (investment in partly paid shares are excluded)
  - b. Commodity futures contracts
  - c. Precious metals
  - d. Unlimited liability instruments
- k. For liquidity purposes, unless otherwise prescribed by the Commission, at least ten percent (10%) of the assets of an Investment Company shall be invested in liquid/semi-liquid assets.

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

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

The investment company may implement a decreased investment of less than ten percent (10%) of its assets in liquid/semi-liquid assets, provided, however, that it shall submit a notarized liquidity contingency plan, signed by the president of the fund and its fund manager.

- l. The total operating expenses of the Fund shall not exceed ten percent (10%) of its average investment fund or net worth as shown in its previous Audited Financial Statements. The formula shall be as follows:  $\text{Expense Ratio \%} = (\text{Total Operating Expenses} / \text{Average Net Asset Value}) * 100$ . The computation and expense ratio of the Fund must be disclosed in the quarterly and annual report.



- m. The Fund may borrow, on a temporary basis, for the purpose of meeting redemptions and bridging requirements provided that:
- i. The borrowing period should not exceed one month; and
  - ii. The aggregate borrowings shall not exceed ten percent (10%) of the net assets of the Fund.

The Fund shall not incur any further debt or borrowing unless at the time of its incurrence or immediately thereafter there is an asset coverage of at least three hundred percent (300%) for all borrowings of the Fund. Provided, however, that in the event that such asset coverage shall at any time fall below three hundred percent (300%), the Fund shall within three (3) days thereafter, reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least three hundred percent (300%).

- n. The Fund Manager shall inform the Commission within three (3) business days after it becomes aware of any breach of investment restrictions and shall rectify such breach as soon as practicable, but shall not be more than five (5) business days from the date of discovery. Failure of the Fund Manager to report the breach within the period shall raise the presumption that the Fund Manager intentionally breached the investment restrictions and therefore shall be liable for administrative penalty/ies.

If any of the investment limits is breached by reason other than investment decision, the Fund Manager shall report this matter to the Commission within five (5) business days, and rectify the breach no later than three (3) months from the date of the breach.

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

## **LIMITATION OF LIABILITIES**

*As stated in the ICA Rules, such agreement shall not contain any provision which protects or purports to protect any director or officer of such Fund Manager against any liability to the Investment Company or to its security holders to which it would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of its office.*

The liability of the investors is limited to their investments in the Fund. The investment risk and liquidity associated with the Fund are to be borne solely by the investor.

## **ANNUAL SHAREHOLDERS' MEETING**

The Fund shall conduct the annual shareholders' meeting every 3<sup>rd</sup> Wednesday of June or as stated in its By-Laws. Reports or notices of such meetings shall be in compliance with ICA IRR including its amendments, as well as other SEC issuances applicable.

## **FEATURES AND PROCEDURES**

### **ELIGIBLE INVESTORS**

The shares of the Fund may be purchased and held by any person of legal age or duly organized and existing corporations, partnerships or corporate entities regardless of nationality. The Investor shall declare and warrant that there are no legal restrictions prohibiting the purchase of the shares applied for and that the Investor is otherwise eligible throughout the duration of the period that the Investor remains a stockholder of the Company.

Foreign investors interested in subscribing to the shares should get information on the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile and as to any relevant tax or foreign exchange control laws and regulations affecting them personally.

## **INVESTOR PROFILE AND INVESTMENT SUITABILITY**

Prior to account opening, the Fund shall perform an investor profiling process for all investors under the general principles on client suitability assessment to guide the investor in choosing investment outlets that are best suited to their objectives, risk tolerance, preferences and experience. The profiling process shall, at the minimum, require the client to provide relevant information thru the Suitability Assessment Form (SAF) and classify them according to their financial sophistication and communicate the SAF results to the Fund. The Fund is exposed to fixed income securities and is suitable for conservative investors with short term (<1yr) investment horizon.

## **REQUIREMENTS FOR ACCOUNT OPENING**

Any qualified investors may submit the following documents through the principal distributor, FAMI, or through any authorized investment solicitor:

The Know-Your-Customer (KYC) documents (*may be updated from time to time*)

- a. Account Opening Form (AOF), Customer Data Sheet (CDS), Signature Card (per investor)
- b. Photocopy of at least one (1) valid government-issued ID
- c. Subscription/initial payment to First Metro Save and Learn Money Market Fund, Inc.

For investors other than individuals, the following documents, in addition to the AOF, CDS, Signature Card and valid government-issued ID, must be submitted and shall be considered integral parts thereof:

- a. Investor's SEC Certificate of Registration, Articles of Incorporation and By-Laws;
- b. Latest Audited Financial Statement (AFS);
- c. Latest General Information Sheet (GIS);
- d. Notarized corporate secretary's certificate setting forth the resolutions of the Investor's Board of Directors or equivalent body:
  - i. Authorizing the purchase of the shares of the Fund;
  - ii. Designating the signatories for the purpose; and
  - iii. Certifying the percentage of capital stock held by non-Filipinos.

Applications for the number of shares and the applicable NAV are subject to acceptance and approval by the Principal Distributor. The Issuer or its Principal Distributor reserves the right to accept, reject, or reduce the number of shares subscribed for in any application at its discretion in such a manner that it may deem appropriate.

An application, once accepted, shall constitute an agreement between the Investor and the Fund Manager and Principal Distributor at the time, in the manner and subject to the conditions set forth in this Prospectus and the Application.

## **OFFERING PRICE AND SALES LOAD FEES**

The net asset value computation shall be made in accordance with the valuation method indicated in the prospectus and shall be applied consistently. Any change in the NAVPS computation or valuation method shall be subject to approval by the Commission.



The price at which the securities are to be sold is at the NAVPS computed at the end of each banking day. The Fund has no sales load fee.

The daily cut-off time for the receipt of the subscription proceeds shall be 12:00 NN (*may be updated from time to time*). The shares shall be valued based on the NAVPS for the same banking day if the proceeds are received on or before the said cut-off time. For subscriptions received after the cut-off time, it shall be deemed to have been received the following banking day.

## **MINIMUM INVESTMENT**

The minimum initial and additional investment shall be P5,000.00 and P1,000.00 respectively or as otherwise prescribed by the Fund Manager and approved by the Commission.

## **PAYMENT TERMS AND METHODS**

Subscriptions shall be made in the form of cash, check or electronic transfer with a BSP authorized agent bank. All such authorized cash, checks and electronic transfer must be made payable to "First Metro Save and Learn Money Market Fund, Inc.," dated as of the date of subscription, and remitted directly to the Principal Distributor at its principal office.

Investors can make payments through FAMI cashier, local bank partners, mobile payment channels and other channels prescribed by the Fund Manager and approved by the Commission. The updated payment methods and procedures are available on the FAMI website, [www.fami.com.ph](http://www.fami.com.ph). A confirmation notice will be sent to the Investors once the subscription has been processed.

## **REDEMPTION OF SHARES**

Investors may redeem/withdraw their existing number of shares by submitting a duly signed Redemption Form accompanied by a photocopy of one (1) valid government-issued ID to the Principal Distributor or to the network of redemption centers acceptable to the Commission.

For redemption requests submitted before the daily cut-off time of 12:00NN (*may be updated from time to time*), the redemption price shall be computed based on the NAVPS on the same banking day when such request is received. Should the request for redemption be received after the said daily cut-off time, it shall be valued at the NAVPS on the following banking day.

An investor is allowed to switch every calendar year for each FAMI fund under every account he/she maintains. Sales load for fund switches, are subject to conditions (*may be updated from time to time*): fresh placements from money market fund, if switched to other funds, would be subject to the normal entry fee; fund switches may be a partial or full transfer from one FAMI fund to another; and the transferred amount should be beyond the originating fund's minimum holding period otherwise, redemption out of FAMI funds would be subject to exit fee of 1%.

Payments for shares redeemed, less any redemption charges and taxes applicable, shall be made within seven (7) banking days from receipt of the request for redemption. Redemption proceeds can be made available to the Investor through bank remittance or to other payment channels acceptable to the Commission.

The Fund may suspend redemption or postpone the date of payment for redemptions in accordance with R.A. 2629 and/or the Implementing Rules and Regulations of the Investment Company Act including its amendments as applicable. The Commission motu proprio or, upon the request of the Fund Manager, may suspend the redemption of securities of ICA if:

- a. The exchange, where eighty percent (80%) of the securities in the Fund's portfolio, is suspended;



- b. Eighty percent (80%) of the securities in the Fund’s portfolio, could not be traded or liquidated; or
- c. Whenever necessary or appropriate in the public interest or for the protection of investors.

If the request for suspension of redemption of shares or units is made by the Fund Manager, for any of the grounds mentioned above, the approval of the IOE must be secured.

The Commission shall provide the period of suspension of redemption which shall not be more than twenty-one (21) business days, unless an extension is approved by the Commission En Banc.

### **MINIMUM HOLDING PERIOD AND REDEMPTION CHARGES**

There shall be a minimum holding period of at least seven (7) days and redemption fees shall be deducted out of the redemption proceeds depending on the retention period of the Investor:

<b>Retention Period</b>	<b>Fee</b>
Less than 7 days	Maximum of 1% (excluding VAT)
7 days and beyond	None

### **PROCEDURE FOR HANDLING CUSTOMER’S COMPLAINTS**

Investors may coordinate with FAMI through several platforms such as phone call (891-2860 up to 65), email (fami@firstmetro.com.ph), social media [Viber Public (FAMI); Facebook Messenger, Instagram, Twitter (@FirstMetroAsset)], and website ([www.fami.com.ph](http://www.fami.com.ph)).

Guidelines for each complaint category are implemented, such as endorsing concerns to specific subject matter expert or assigned Relationship Manager, to ensure speed and efficiency in achieving the goal of solving concerns via shortest handling and waiting time possible.

### **DELIVERY OF STOCK CERTIFICATES**

In the interest of economy and convenience, a stock certificate representing ownership of shares in the Fund will not be issued unless requested by the shareholder in writing. Shares are recorded on a stock register; shareholders who do not elect to receive stock certificates have the same rights of ownership as if certificates had been issued to them. Issued stock certificate/s must be surrendered when redeeming the related shares or when transferring such assets from one fund to another. If the certificate is lost, the Investor cannot carry out such transaction in his/her/their Account until the certificate has been replaced, a process which, for legal reasons, can take more than one year. A fee of Php1,000.00 will be charged to replace a lost certificate.

The Investor shall not assign, transfer, or convey this stock certificate, and any of the Investor’s rights and obligations, without the prior written consent of FAMI and/or the Fund.

### **BENEFITS TO THE INVESTOR**

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

#### **Professional Management**

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



### **Diversification at Low Cost**

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

### **Liquidity**

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

### **Convenience**

Purchase of fund shares shall be through a broker, bank, accredited agent or any authorized distributor.

### **Protecting Investors**

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

## **USE OF PROCEEDS**

The proceeds of the shares of the Fund will be invested in short-term fixed-income securities and instruments with a portfolio duration of one (1) year or less in accordance with the policies and limitations set forth in the "Investment Objective and Restrictions" and other applicable laws. The Fund Manager shall be guided by the Fund's investment policies and legal limitations on investment prescribed by the Board of Directors and subject to the provisions of the ICA Rules and amendments and registration statements of the Fund. The Fund Manager shall exercise due diligence and prudence in connection with the investment of the Fund's assets; but, except for willful misfeasance, bad faith, gross negligence or reckless disregard of its duties. All the proceeds from the sale of shares, including the original subscription payments at the time of incorporation constituting the paid in capital of the Fund shall be held by the custodian bank.

Expenses charged to the Fund include, but not limited to, SEC filing fees, documentary stamp taxes, registration statement fees, transfer, distribution, directors, and officers and management fees. No material amount of the proceeds is to be used to acquire assets or finance the acquisition of other business. The proceeds will not be used to discharge debt or reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, money loaned or advanced or otherwise or any expenses.

## **DETERMINATION OF OFFERING PRICE**

The offer price is the NAVPS at the end of the day. NAVPS is computed by dividing net assets (total assets less total liabilities) by the total number of shares issued and outstanding as of the end of the reporting day. A sales load fee may be charged based on the total amount of the subscription.

The value of the assets of the Investment Company shall be determined based on the following:

- a. If quoted in an organized market, based on official closing price or last known transacted price;
- b. If unquoted or quoted investments where the transacted prices are not represented or not available to the market, based on fair value; Provided further that in determining the fair value of the investments, the Fund Manager shall, with due care and good faith:



- i. Have reference to the price that the Investment Company would reasonably expect to receive upon the sale of the investment at the time the fair value is determined;
- ii. Document the basis and approach for determining the fair value.

The net asset value shall be calculated by adding:

- The aggregate market value of the portfolio securities and other assets;
- The cash on hand;
- Any dividends on stock trading ex-dividend; and
- Any accrued interest on portfolio securities,

And subtracting:

- Taxes and other charges against the fund not previously deducted;
- Liabilities;
- Accrued expenses and fees; and
- Cash held for distribution to investors of the fund on a prior date.

The Fund Manager will compute and post the NAVPS of the Fund on a daily basis and shall upload daily in its website or industry association, through digital portals such as its website or social media accounts; or post them daily in a conspicuous place at the principal office of the investment company as well as in all its branches or correspondent offices which are designated redemption centers.

## **PLAN OF DISTRIBUTION**

The Fund does not have any underwriter and has not entered into any underwriting agreement. There are no shares designated to specified persons. There is no plan to apply the shares of the Fund for listing in any exchange. Thus, none of the Fund's shares are to be allocated to an exchange and/or to its members.

First Metro Asset Management, Inc. (FAMI) serves as the Fund's principal distributor. FAMI is licensed by the Commission to act as an Investment Company Adviser wherein the license was renewed last November 27, 2020 and is being renewed annually. The shares of the Fund will be offered through the principal distributor and other eligible sales agents licensed by the Commission, including agents/employees who are Certified Investment Solicitors and Mutual Fund Sub-Distributors, that have entered into an agreement to sell shares with the principal distributor.

As the principal distributor, FAMI will be in-charge of monitoring the Fund's distribution in all its accredited channels and sub-distributors. The following are the active sub-distributors of the Fund: First Metro Securities, COL Financial, Wealth Securities, Ucapital Securities, AB Capital Securities and CiSols. The sub-distributors may invest in the Fund for and in behalf of its customers and in accordance with specific instructions of the latter provided thru the sub-distributor's online platform or electronic means as approved by the SEC and provided or allowed by the sub-distributor's MFD license to distribute the Fund. FAMI shall monitor their compliance with the Investment Company Act and its implementing rules and regulations through submission of daily reports per channel.

FAMI's marketing strategy will leverage on the strategic partnership of CEAP, Marist Brothers Congregation and First Metro Investment Corp. through joint programs or events that cater to their employees and other internal staff. It likewise capitalizes on its affiliation with the Metrobank Group.

The Fund will pay its principal distributor a monthly distribution fee equivalent up to a maximum of point five percent (0.5%) per annum of the average net asset value of the Fund's assets, computed on a daily basis. In addition, as Investment Manager, FAMI shall be paid an incentive fee equivalent to 10% of the realized appreciation in the value of the fund's net assets in excess of the benchmark or any of



its prior years' highest performance whichever is higher. The sales load which will be directly used for commissions of sub-distributors, if applicable.

## **DESCRIPTION OF SECURITIES TO BE REGISTERED**

The Fund's authorized capital is One Million Pesos (Php1,000,000), composed of One Hundred Million (100,000,000) unclassified common shares with a par value of One Centavo (Php0.01) per share.

Each shares of stock of the Fund shall have voting rights equal to every other outstanding share of stock of the same Fund in accordance with the Revised Corporation Code of the Philippines, and subject to the following:

### **Right of Redemption**

The holder of any share of the Fund, upon presentation of the duly accomplished redemption form, shall receive by way of redemption approximately his proportionate share in the Fund's current net assets or the cash equivalent thereof, i.e., the net current asset value per share, subject to existing laws and the By-Laws of the Fund.

### **Waiver of Pre-emptive Rights**

No stockholder shall, because of his ownership of stock, have a pre-emptive or other right to purchase, subscribe for, or take any part of any stock or of any other securities convertible into or carrying options or warrants to purchase stock of the Fund.

### **Distribution of Dividends**

Each shareholder has a right to any dividends that may be declared by the Fund in accordance to the Revised Corporation Code of the Philippines.

### **Right to Information**

The shareholders shall be provided, upon request, with periodic reports and information relating to matters for which the Fund is accountable for and should disclose to the shareholders. Except as may be provided other under the ICA-IRR as to manner or form of conveying reports or information to shareholders, each shareholder has a right to be notified of the matters concerning changes in the Fund through posting in the Fund's website and/or the office/s of the Fund's distributors or as prescribed by the Commission within the applicable period specified in the ICA-IRR. The Fund Manager shall maintain records and arrange for participants to receive accounts, reports and statements either in hard/physical copies or by electronic means such as but not limited to, transmitting via electronic communication with soft-copy attachments or as amended by the Commission.

There are also no provisions in the Articles of Incorporation or By-Laws that would delay, deter or prevent a change in control of the Fund.

In case of dissolution, all the shareholders have all the rights and entitlements granted to them under the Revised Corporation Code, the ICA and other relevant laws. The Fund Manager shall immediately stop the offer of shares and carry out the liquidation of assets within maximum of six (6) months from the receipt of the Investment Company the Order revoking the registration statement and its Certificate. Likewise, the Fund Manager shall file a monthly report to SEC, within ten (10) days after the end of every month, on the redemption of securities in the immediately preceding month. The report shall include the following: 1) number of shares redeemed, 2) number of shareholders whose securities were redeemed, 3) number of shareholders whose securities are yet to be redeemed, 4) reasons why their securities are not yet redeemed.



The Fund Manager shall carry out the liquidation of assets on behalf of the Fund. In all cases of revocation of the Registration Statement and Certificate of Permit to Offer Securities for Sale, the Fund Manager must liquidate the assets within a maximum period of six (6) months from the receipt of the Investment Company of the Order revoking the Registration Statement and its Certificate. The Fund must wind up or amend its business purposes within one (1) year from receipt of the same. The Fund and the Fund Manager shall comply with R.A. 2629 and/or the Implementing Rules and Regulations of the Investment Company Act including its amendments as applicable.

## **INTERESTS OF NAMED EXPERTS AND INDEPENDENT**

There are no experts or independent counsels hired on a contingent basis and who received a direct or indirect interest in the Fund.

## **INFORMATION WITH RESPECT TO THE REGISTRANT**

### **DESCRIPTION OF BUSINESS**

#### **THE FUND**

The Fund is a Philippine corporation registered as an open-end investment company on March 1, 2018 under SEC Registration No. CS201801646. The Fund is an open-end investment company engaged in the sale and distribution of mutual fund shares, and invests short-term (portfolio duration of less than one year) fixed-income securities and instruments in accordance with the policies and limitations of this prospectus and other applicable laws.

There are no sales or revenues and net income contributed by foreign sales (broken down into major markets such as Western Europe, Southeast Asia, etc.) for each of the last three years.

#### **COMPETITION**

The competitive environment for the Fund’s product includes not only the products and services offered by the other Mutual Fund players, but all other investment instruments that the Fund’s target market has access to.

The registrant’s main competitors are the other mutual funds in the Money Market Fund category of Philippine mutual funds. As of June 30, 2021, the Fund considers the money market funds of BPI and Sunlife, as its main competitors which represent around 99.02% of the total money market funds sector.

<b>Mutual Fund Company</b>	<b>Net Asset Value</b>	<b>Market Share*</b>
ALFM Money Market Fund, Inc.	Php 98.61 Billion	65.34%
Sun Life Prosperity Money Market Fund, Inc.	Php 50.82 Billion	33.68%
First Metro Save and Learn Money Market Fund, Inc.	Php 1.48 Billion	0.98%

The institutional funds of this market (especially the bigger ones) evidently have access to almost all types of instruments locally available such as unit investment trust funds, pre-need plans, universal life products, and other bank products. The retail funds and smaller institutional funds, however, are more likely limited to simple bank products. There is a big opportunity to tap into both the institutional and retail investors. The Fund will be competing in terms of investment performance or fund return



measured as the NAVPS appreciate over time. The Fund continues to be steadfast on the strategies and abilities of its appointed Fund Manager to effectively compete in this sector.

## DESCRIPTION OF PROPERTY

The Fund has financial assets in the form of cash and fixed income securities. It does not own any real property. As prescribed by SEC rules, all of the Fund's assets must be held by the custodian bank as disclosed in this prospectus.

## MARKET PRICE FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

### MARKET INFORMATION

The shares of First Metro Save and Learn Money Market Fund are available for purchase through its appointed Principal Distributor and sub-distributors. The shares of the Fund are not traded publicly on an exchange.

Below is the history of Net Asset Value per Share (NAVPS) of the Fund for the second quarter of 2021, and the years 2020, 2019 and 2018:

Year		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2021	High	1.0498	1.0530	–	–
	Low	1.0480	1.0499	–	–
2020	High	1.0337	1.0415	1.0452	1.0481
	Low	1.0249	1.0338	1.0416	1.0453
2019	High	1.0064	1.0149	1.0230	1.0316
	Low	0.9971	1.0063	1.0150	1.0227
2018	High	–	–	0.9978	0.9988
	Low	–	–	0.9957	0.9945

## SHAREHOLDERS

As of May 31, 2021, there are 355 shareholders of the Fund. Shown below are the top twenty\* (20) shareholders, including the number of shares and percentages of ownership held by each.

No.	Client No.	No. of Shares	Percentage of Ownership
1	60006	159,254,927.00	11.32%
2	46667	143,584,771.00	10.21%
3	5890	88,196,990.00	6.27%
4	56115	71,564,885.00	5.09%
5	78	60,503,740.00	4.30%
6	56742	56,015,758.00	3.98%
7	47734	51,651,877.00	3.67%
8	61436	38,127,919.00	2.71%
9	6904	36,018,431.00	2.56%
10	59952	28,661,541.00	2.03%
11	59381	27,672,202.00	1.96%
12	60184	21,948,332.00	1.56%
13	7988	21,646,206.00	1.54%
14	59524	19,151,585.00	1.36%

<b>15</b>	59531	19,151,585.00	1.36%
<b>16</b>	60352	19,109,497.00	1.35%
<b>17</b>	49026	19,083,969.00	1.35%
<b>18</b>	60886	19,095,341.00	1.35%
<b>19</b>	61065	19,083,969.00	1.35%
<b>20</b>	5672	18,436,631.00	1.31%

\*In lieu of names, the account numbers were reflected in this report to protect the privacy of the said shareholders. The public disclosure of their names may unnecessarily expose them to security risks and similar perils.

## DIVIDENDS

Under the Revised Corporation Code, the Board of Directors of the Fund may declare dividends from the unrestricted retained earnings of the Fund at a time and percentage as the same Board may deem proper and in accordance with law. If dividends are to be declared, the computation and distribution shall be proportionate to the holdings or ownership of each of the stockholders. A Philippine corporation may retain all or any portion of such surplus when (i) justified by definite corporate expansion projects or programs approved by the Board of Directors; or (ii) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/ his consent, and such consent has not yet been secured; or (iii) when it can clearly be shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies. The Fund shall comply with Revised Corporation Code rulings, SEC MC#11, S. 2008 on Guidelines on the Determination of Retained Earnings Available for Dividend Declaration or any amendment thereto.

Consistent with the Fund's objective, the Fund may retain the surplus profits of the Fund in the retained earnings account when justified for a definite project or programs approved by the Board of Directors, or prohibited under any loan agreements with financial institutions or creditor, or when the retention is necessary under special circumstances in the Fund. Such accumulation is reflected in the computation of the NAVPS. Shareholders realize their gains when shares are redeemed. To date, there has been no distribution of dividends to shareholders. The Board of Directors of the Fund may amend the dividend policy as conditions warrant as long as the dividends to be declared will not impair the capital stock of the company.

## LEGAL PROCEEDINGS

There is no material pending legal proceeding to which the Fund or any of its affiliates is a party or in which any of its properties are the subject of the proceeding.

## AFFILIATED COMPANIES

First Metro Investment Corporation (FMIC) is affiliated with the Fund, being its majority founding shareholder. FMIC is the parent company of FAMI, principal distributor and fund manager, and it is also a stockholder of the other investment companies.

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

As of June 30, 2021, the Fund's total assets ended at P1.60 billion, higher by 5.64% or ₱85.55 from ₱1.52 billion as of December 31, 2020. Total liabilities decreased by ₱61.38 million from ₱81.94 million to ₱20.56 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 2.75% to 2.80% and 0.50% to 7.10% in 2021 and 2020, respectively. The decrease of 5.10% or ₱20.58 million from ₱403.75 million to ₱383.17 million was due to lower receipt of funds for subscriptions during the period.

## 2. *Financial assets*

Financial assets at FVTPL consists of investments in government securities and private debt securities. The increase of 38.22% or ₱136.15 million from ₱356.24 million to ₱492.39 million was mainly due to sales during the period. As of June 30, 2021, and December 31, 2020, this account includes fair value loss of ₱1.27 million and ₱0.10 million, respectively.

Financial assets at Amortized Cost consists of investments in government securities and private debt securities. The increase of 38.22% or ₱0.1 million from ₱720.84 million to ₱720.70 million was due to amortization during the period.

## 3. *Receivables*

Receivables consist of accrued interest and accounts receivables. This account increased by ₱0.12 million from ₱4.84 million to ₱4.96 million as of June 30, 2021.

## 4. *Accounts payable and accrued expenses*

Accounts payable and accrued expenses consisting of accounts payable, payable to FAMI, accrued expenses, withholding tax and documentary stamp tax (DST) payable. The decrease of ₱61.38 million from ₱81.94 million to ₱20.56 million was mainly due to lower accounts payable due to unclaimed redemption this year.

### a) *Equity*

The Fund's equity is comprised of its capital stock, additional paid-in capital, deposit for future subscription and retained earnings. The increase of ₱152.55 million or 10.06% from ₱1.43 billion to ₱1.65 billion was mainly due to the net subscriptions and net income recognized during the period.

*Capital Stock* ended at ₱15.01 million, an increase of ₱1.33 million or 9.73% from last year's ₱13.68 million, mainly due to subscriptions during the period. The Fund's authorized capital stock remained at ₱1.00 million divided into 100.00 million redeemable common shares with par value of ₱0.01 per share. As of June 30, 2021 and December 31, 2020, the total issued and outstanding shares were 1,501,036,482 and 98,887,655, respectively, while the total number of holders of redeemable common shares is 411 and 364, respectively.

*Additional paid-in capital* increased by ₱138.37 million or 9.87% from ₱1.40 billion to ₱1.54 billion mainly due to redemptions during the period.

*Retained earnings* rose by ₱7.22 million or 38.92% from ₱18.56 million to ₱25.79 million due to the results of operations recognized during the year.

## RESULTS OF OPERATION

For the period ended June 30, 2021, the Fund realized a net income of ₱2.45 million, higher by 35.90% or ₱0.65 million from last year's net income of ₱1.80 million. Detailed discussions on the changes in the statement of income accounts are as follows:

### 1. *Fair value (loss) on financial assets at fair value through profit or loss*

This account totaled P1.27 million loss and this pertains to unrealized loss from changes in fair value of investment in debt securities during the period.

**2. Interest income**

This account consists of interest earned from investments in financial assets and cash and cash equivalents. The increase of 40.13% or ₱3.86 million from last year's ₱9.62 million to ₱13.47 million was mainly due to higher interest income recognized from financials assets at FVTPL during this period.

**3. Management and retainer's fees**

This account includes management fees and retainer's fees. The increase of 185.71% or ₱2.78 million from ₱1.50 million to ₱4.28 million was mainly due to higher management fees relative to the increase in Fund's net assets during the year.

**4. Directors' and officers' fees**

This account pertains to per diem of the Fund's officers and directors during board meetings and annual stockholders' meeting amounting to ₱0.20 million for the period ended June 30, 2021 and 2020.

**5. Taxes and licenses**

This account pertains to taxes other than income tax, such as DST and local taxes. The increase of ₱0.01 million or 19.83% from last year's ₱0.06 million to ₱0.08 million was mainly due to higher taxes paid during the period.

**6. Custodian and clearing fees**

This account increased by ₱0.002 million or 2.90% from ₱0.07 million to ₱0.07 million mainly due to higher fees paid to the custodian of the Fund during the period.

**7. Professional fees**

This account represents audit fees and other professional fees incurred by the Fund amounting to ₱0.09 million for the period ended June 30, 2021 and 2020.

**8. Miscellaneous expense**

This account increased by ₱0.03 million or 197.10% from ₱0.01 million to ₱0.05 million mainly due to higher membership fee and dues and bank charges paid by the Fund during the period.

**2020**

**Financial Position**

The Fund ended the year 2020 with total assets at P1.52 billion, higher by P1.09 billion or 259.27% from P421.87 million last year. Total liabilities increased by P79.73 million from P2.20 million to P81.94 million during the year.

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

**a) Cash and cash equivalents**

This account represents the Fund's cash in bank, time deposits and short-term placements. Cash in banks earn interest at the respective bank deposit rates. Time deposits earn an annual interest ranging from 0.13% to 2.25% and from 0.50% to 7.10% in 2020 and 2019, respectively. The increase of P329.71 million or 445.30% from P74.04 million to P403.75 million was due to higher cash in bank balances this year.

**b) Financial assets**

*Financial assets at FVTPL* consists of investments in government securities and private debt securities. Government debt securities bears annual interest rate ranging from nil to 5.75%. The increase of P139.95 million or 64.70% in 2020 was mainly due to acquisition during the year. These accounts include fair value gain of P1.67 million and P1.21 in 2020 and 2019, respectively.

*Financial assets at amortized cost* consists of investments in government securities and private debt securities. Private debt securities bear annual interest rates of 2.38% to 6.94% with maturity of three (3) years while government debt securities bear annual interest rates ranging from nil to 4.38% and 3.49% to 6.03% in 2020 and 2019, respectively, with maturity of one (1) year to seven (7) years in 2020 and one (1) year in 2019. The increase of P605.02 million or 522.40% from P115.81 million to P720.84 million was due to additional purchases during the year.

**c) Short term investment**

This pertains to short-term time deposit amounting to P30.00 million with 1.50% interest rate in 2020 while in 2019 the fund has P13.00 million with 5.25% interest rate.

**d) Receivables**

Receivables comprised of accrued interest receivables and other receivables. The increase of P2.11 million from P2.72 million to P4.84 million was mainly due to higher balances of accrued interest receivable from outstanding investments as of reporting date.

**e) Accounts payable and accrued expenses**

Accounts payable and accrued expenses consisting of accounts payable, payable to FAMI, accrued expenses, withholding tax and documentary stamp tax (DST) payable. The increase of P79.73 million from P2.20 million to P81.94 million was mainly due to higher accounts payable due to unclaimed redemption and payable to FAMI this year.

**f) Deposit for future subscription**

This account resulted to nil balance this year mainly because of issuance of outstanding DFFS this year.

**g) Equity**

The Fund's equity is comprised of its capital stock, additional paid-in capital, deposit for future subscription and retained earnings. The increase of P1.01 billion or 241.63% from P419.67 million to P1.43 billion was mainly due to the net subscriptions and net income recognized during the year.

*Capital Stock* ended at P13.68 million, an increase of P12.69 million or 1283.30% from last year's P0.99 million, mainly due to net subscriptions during the year. The Fund's authorized capital stock remained at P1.00 million divided into 100.00 million redeemable common shares with par value of P0.01 per share. As of December 31, 2020 and 2019, the total issued and outstanding shares were 1,367,917,806 and 98,887,655, respectively, while the total number of holders of redeemable common shares is 277 and 157, respectively.

*Additional paid-in capital* increased by P1.30 billion or 1336.18% from P97.58 million to P1.40 billion mainly due to net subscriptions during the year.

*Retained earnings* rose by P12.96 million due to the results of operations recognized during the year.

## Results of Operations

For the year ended December 31, 2020, the Fund realized a net income of P12.96 million, an increase of P5.29 million or 68.93% from last year's net income of P7.67 million.

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

**a) Interest income**

This account consists of interest earned from investments in financial assets and cash and cash equivalents. The increase of P6.26 million from last year's P14.47 million to P20.72 million was mainly due to higher level of Fund's investments in financial assets during the year.

**b) Trading and securities gain (loss)**

This account totaled P1.67 million gain this year and this pertains to unrealized gain from changes in fair value of investment in debt securities during the year.

**c) Management and retainer's fees**

This account includes management fees and retainer's fees. The P2.39 million or 132.17% increase from P1.81 million to P=4.19 million was mainly due to higher management fees relative to the increase in Fund's net assets during the year.

**d) Directors' and officers' fees**

This account pertains to per diem of the BOD and officers during annual stockholders' meeting and board meetings. The increase of P0.05 million or 15.78% from last year's P0.32 million to P0.37 million was mainly due to higher per diem paid during the year.

**e) Custodian and clearing fees**

This account totaled P0.16 million, 8.32% lower than last year's P0.17 million mainly due to lower fees paid to the custodian of the Fund.

**f) Professional fees**

This account decreased by P0.09 million or 60.87% from last year's P0.14 million to P0.06 million this year mainly due to lower professional fees incurred during the year.

**g) Taxes and licenses**

This account pertains to taxes other than income tax, such as DST and local taxes. The increase of P0.17 million or 164.15% from last year's P0.10 million to P0.28 million was mainly due to higher taxes paid during the year.

**h) Miscellaneous fees**

This account consists of membership fee and dues, postage and mailing fees and bank charges paid by the Fund. The increase of P0.05 million or 27.44% from last year's P0.19 million to P0.24 million was due to higher miscellaneous expenses incurred during the year.

## 2019

### Financial Position

The Fund ended the year 2019 with total assets at ₱421.87 million, higher by ₱299.72 million or 245.38% from ₱122.15 million last year. Total liabilities decreased by ₱37.91 million or 94.51% from ₱40.12 million to ₱2.20 million during the year.

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

**a) Cash and cash equivalents**

This account represents the Fund's cash in bank, time deposits and short-term placements. Cash in banks earn interest at the respective bank deposit rates. Time deposits earn an annual interest ranging from 0.50% to 7.10% and from 0.50% to 5.25% in 2019 and 2018, respectively. The increase of ₱0.87 million or 1.18% from ₱73.18 million to ₱74.04 million was due to higher cash in bank balances this year.

**b) Financial assets**

*Financial assets at FVTPL* consists of investments in government securities and private debt securities. Private bond bears nominal annual interest rates ranging from 4.19% to 4.91% while government securities bears annual interest rate ranging from 4.76% to 4.92%. The increase of ₱216.29 million in 2019 was mainly due to acquisition during the year. This account include fair value loss of ₱1.21 million and nil in 2019 and 2018, respectively.

*Financial assets at amortized cost* consists of investments in government securities and private debt securities. Private debt securities bear annual interest rates of 5.13% while government debt securities bears annual interest rates ranging from 3.49% to 6.03% and 5.22% in 2019 and 2018, respectively. The increase of ₱66.95 million or 137.00% from ₱48.87 million to ₱115.81 million was due to additional purchases during the year.

**c) Short term investment**

This pertains to short-term time deposit amounting to ₱13.00 million with 5.25% interest rate.

**d) Receivables**

Receivables comprised of accrued interest receivables and other receivables. The increase of ₱2.62 million from ₱0.10 million to ₱2.72 million was mainly due to higher balances of accrued interest receivable from outstanding investments and other receivables as of reporting date.

**e) Accounts payable and accrued expenses**

Accounts payable and accrued expenses consisting of accounts payable, payable to FAMI, accrued expenses, withholding tax and documentary stamp tax (DST) payable. The increase of ₱2.09 million from ₱0.12 million to ₱2.20 million was mainly due to higher accounts payable due to unclaimed redemption and payable to FAMI this year.

**f) Deposit for future subscription**

This account represents subscription of shares that will be credited to capital stock upon approval by the SEC. The ₱40.00 million balance in 2018 was reclassified from liability to equity in 2019.

**g) Equity**

The Fund's equity is comprised of its capital stock, additional paid-in capital, deposit for future subscription and retained earnings. The increase of ₱337.64 million or 411.60% from ₱82.03 million to ₱419.67 million was mainly due to the net subscriptions and net income recognized during the year.

*Capital Stock* ended at ₱0.99 million, an increase of ₱0.17 million or 20.20% from last year's ₱0.82 million, mainly due to net subscriptions during the year. The Fund's authorized capital stock remained at ₱1.00 million divided into 100.00 million redeemable common shares with par value of ₱0.01 per share. As of December 31, 2019 and 2018, the total issued and

outstanding shares were 98,887,655 and 82,266,232, respectively, while the total number of holders of redeemable common shares is 157 and 14, respectively.

*Additional paid-in capital* increased by ₱16.34 million or 20.11% from ₱81.24 million to ₱97.58 million mainly due to net subscriptions during the year.

*Deposit for future subscription* totaled ₱315.49 million this year, which represents subscriptions of the Fund that was reclassified from liability to equity in 2019 following the requirements of the SEC. This amount also includes the ₱40.00 million DFSS balance last year. As of December 31, 2019, the related shares for the DFSS have not been issued in 2019 and the Fund has yet to file an application for the increase in authorized capital stock with the SEC.

*Retained earnings* rose by ₱5.64 million due to the results of operations recognized during the year.

## Results of Operations

For the year ended December 31, 2019, the Fund realized a net income of ₱7.67 million, an increase of ₱7.71 million from last year's net loss of ₱0.03 million.

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

a) ***Interest income***

This account consists of interest earned from investments in financial assets and cash and cash equivalents. The increase of ₱13.98 million from last year's ₱0.48 million to ₱14.47 million was mainly due to higher level of Fund's investments in financial assets during the year.

b) ***Trading and securities gain (loss)***

This account totaled ₱1.21 million loss this year and this pertains to unrealized loss from changes in fair value of investment in debt securities during the year.

c) ***Management and retainer's fees***

This account includes management fees and retainer's fees. The ₱1.79 million increase from ₱0.02 million to ₱1.81 million was mainly due to higher management fees relative to the increase in Fund's net assets during the year.

d) ***Directors' and officers' fees***

This account pertains to per diem of the BOD and officers during annual stockholders' meeting and board meetings. The increase of ₱0.25 million from last year's ₱0.07 million to ₱0.32 million was mainly due to higher per diem paid during the year.

e) ***Custodian and clearing fees***

This account totaled ₱0.17 million this year and this pertains to payment made to the custodian of the Fund.

f) ***Professional fees***

This account represents audit fees and other professional fees incurred by the Fund. The increase of ₱0.03 million or 27.78% from last year's ₱0.11 million to ₱0.14 million was mainly due to higher professional fees incurred during the year.

g) ***Taxes and licenses***

This account pertains to taxes other than income tax, such as DST and local taxes. The decrease of ₱0.06 million or 37.88% from last year's ₱0.17 million to ₱0.10 million was mainly due to lower taxes paid during the year.

**h) Miscellaneous fees**

This account consists of membership fee and dues, postage and mailing fees and bank charges paid by the Fund. The increase of ₱0.13 million from last year's ₱0.05 million to ₱0.19 million was due to membership fee and other miscellaneous expenses incurred during the year.

**Plan of Action**

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

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

**Subsequent Events**

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

Aside from the issued disclosed above, the Fund Manager is not aware of any event and/or uncertainties that:

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

## DISCUSSION OF KEY PERFORMANCE INDICATORS

The Fund has identified the following as its key performance indicators - performance vs. benchmark, net income and market share. The Fund's performance can be measured against Bloomberg Phils Sovereign Bond Index. Full details on the benchmark are available on the website of Bloomberg.

FAMI serves as its Investment Company Adviser and Principal Distributor. With the SEC's approval of FAMI's license to act as such on September 6, 2005, active management of the Fund's assets was initiated during the latter part of the same month with the objective to consistently outperform its benchmark and achieve a sizable net income.

The Fund has an initial paid-up capitalization of P1.00 million which translates to a minimal share in the mutual fund industry (under the money market fund category).

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

- *Net Asset Value per Share.* Net Asset Value per share increased from ₱1.0481 as of December 31, 2020 to ₱1.0498 as of June 30, 2021. The Fund's average daily net asset value rose by 114.78% or P824.04 million from P717.90 million in December 2020 to P1.54 billion as of June 30, 2021.
- *Sales for the period ended.* The Fund's total sales of ₱877.13 million for the period ended June 30, 2021 was 333.96% or ₱675.01 million higher than ₱202.12 million sales same period last year.
- *Redemptions for the period ended.* The Fund's total redemptions of ₱737.43 million this quarter was ₱673.40 million higher than ₱64.03 million redemptions for the same period last year.
- *Net Income vs. Benchmark.* The Fund earned a net income of ₱7.22 million for the period ended June 30, 2021 as compared to ₱5.78 million net income for the same period last year.
- *Market Share vs. Benchmark* – As of June 30, 2021 the Fund garnered 1.02% share in the Money Market Funds category while 0.40% share among all mutual funds in terms of net assets. On the

basis of account holders, the Fund has 411 account holders or 0.51% of the total accounts in the Money Market Funds category.

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

Performance Indicators	As of	As of	As of
	June 30, 2021	June 30, 2020	December 31, 2020
	(Unaudited)	(Unaudited)	(Audited)
Current Ratio <sup>1/</sup>	<b>4282.78%</b>	19128.80%	38413.80%
Acid Test Ratio <sup>2/</sup>	<b>4282.78%</b>	19128.80%	38413.80%
Solvency Ratio	<b>1.28%</b>	0.22%	
Debt-to-equity ratio <sup>3/</sup>	<b>1.30%</b>	0.22%	0.26%
Asset-to-equity ratio <sup>4/</sup>	<b>101.30%</b>	100.22%	100.26%
Interest Rate Coverage Ratio <sup>5/</sup>	<b>n.a.</b>	n.a.	n.a.
Profitability ratios:			
Return on assets <sup>6/</sup>	<b>0.93%</b>	6.72%	-8.51%
Return on Equity <sup>7/</sup>	<b>0.96%</b>	7.15%	-8.55%

<sup>1/</sup> Current Assets divided by Current Liabilities

<sup>2/</sup> Quick Assets (Cash and cash equivalents, financial assets at FVTPL securities and Current receivables) divided by Current Liabilities

<sup>3/</sup> Total Liabilities divided by Total Equity

<sup>4/</sup> Total Assets divided by Total Equity

<sup>5/</sup> Earnings before Interest and Tax divided by Interest Expense

<sup>6/</sup> Annualized Net Investment Income divided by Average Total Assets

<sup>7/</sup> Annualized Net Investment Income divided by Average Total Equity

## CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

### Audit and Audit-Related Fees

For 2020, aggregate fees billed for professional services rendered by the external auditor for the audit of the Fund's annual financial statements amounted to ₱141,680.

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 refer thereto in their respective reports on the financial statements for such years.

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.

### Tax Fees

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

### All Other Fees

There are no other fees billed by the external auditor for any other products and services for the last two fiscal years.

The Fund’s audit and compliance committee reviews the client service plan and service fee proposal presented by the external auditor and recommends such for the approval of the Board of Directors, if found acceptable. Under the supervision of the Audit Committee, rules and procedures on financial reporting and internal control shall be formulated in accordance with the following guidelines: the Fund should consistently comply with the financial reporting requirements of the Commission; the external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Fund, should be changed with the same frequency; and amendments approved by the Board or as required by the Commission.

**DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS**

**DIRECTORS AND EXECUTIVE OFFICERS**

The Board of Directors is responsible for conducting all the businesses of the Fund. It shall exercise general supervision over the duties performed by the Fund Manager, Principal Distributor, Transfer Agent and Custodian of the Fund. The number of directors of the corporation as stated on the Articles of Incorporation shall be seven (7) who are to serve until their successors are elected and qualified as provided by the By-Laws.

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

<b>NAME</b>	<b>CITIZENSHIP</b>	<b>AGE</b>	<b>POSITION</b>
Michael G. Say	Filipino	60	Chairman
Eduardo S. Carreon	Filipino	71	President
Jose Allan I. Arellano	Filipino	49	Independent Director
Fr. Rafael K. Eloriaga, CM	Filipino	56	Independent Director
Fr. Roderick C. Salazar	Filipino	72	Independent Director
Edgar B. Solilapsi	Filipino	68	Independent Director
Bernardo M. Villegas	Filipino	81	Independent Director
Nimfa B. Pastrana	Filipino	58	Corporate Secretary
Maricel L. Madrid	Filipino	41	Treasurer
Jonathan T. Tabac	Filipino	65	Compliance Officer

Below is a description of the business experiences of each director/officer during the last five (5) years:

**MICHAEL G. SAY**

Chairman

Mr. Michael G. Say, 60, Filipino. Mr. Say is a new nominee director. He graduated from De La Salle University with a degree in Management of Financial Institutions.

He is currently Chairman of the following companies: Capitalwise Groups Ltd., (2008 to present), Atlantic Archers Achiever Corporation (2004 to present), Chef and Cooks Market Corporation (2009 to present), and Crusade for Better Philippines Inc., Hiratsuka Int'l Corp.

He was the former Chairman for the following companies: Poc and Poc Corporation (2010 to 2016), Chic Uniform, Inc. (2002 to 2013) and Tokagawa Global Corporation (2004 to 2013).

**EDUARDO S. CARREON**

President

Mr. Carreon, 71 years old, Filipino, term of office is one year. Mr. Carreon is the President and CEO of CVLF Consultancy and Outsourcing Corporation since 2009. He served in various positions with Maybank Philippines since 1999. He was Consultant (2008-2009), and prior, Senior Vice President of the Enterprise Financial Services (2003-2008). He served as Consultant for Capital Advisors for Private Enterprise Expansion Inc. from 1998-1999. He was also Country Manager for Dow Jones Philippines (1995-1998); General Manager, Philippine Finance and Investment Company, Hong Kong (1979-1981); Assistant Vice President, PCIBank – 1974-1979; and Pro Manager, Citibank from 1970-1973. Mr. Carreon graduated from the Ateneo de Manila University in 1969 with a Bachelor of Arts degree. He is also an MBA candidate from the Ateneo Graduate School of Business.

**FR. RODERICK C. SALAZAR**

Independent Director

Fr. Salazar, 72 years old, Filipino, term of office is one year. He is an independent director of Cebu Holdings Inc. (CHI) since 2005. For more than 15 years, until June 2014, he was Chair of the Board of Trustees of St. Jude Catholic School in Manila. He is currently the Chair of the Board of Trustees of St. Scholastica’s College, Westgrove; and St. Agnes Academy in Legazpi City. He is a member of the Board of Trustees of St. Paul University in Dumaguete City and Center for Educational Measurement (CEM). He is the Regional Secretary for Asia, and the President of the Office Internationale de l’Enseignement Catholique (OIEC), while concurrently serving as the Executive Secretary of the Office of Education and Faith Formation of the Federation of Asian Bishops Conferences (FABC-OEFF). He worked in various and administrative positions at the University of San Carlos for 34 years (1975-2009) since his ordination to the priesthood on June 21, 1974. He was USC president for twelve years (four 3-year terms: 1987-1990; 1990-1993; 2002-2005; 2005-2008).

From 1992 to 2008, he was President of the Catholic Educational Association of the Philippines (CEAP). Before being elected OIEC president in October 2011, he was Vice-President for Asia of the same organization. His term as OIEC president having expired in 2015, he is now Vice-President and Regional Secretary for Asia of the same organization. Outside USC, he was member of various groups like FILIPINO, Inc. (Filipino Institute for the Promotion of Integrity and Nobility); San Carlos Community Development Foundation, Divine Word Educational Association (DWEA); Philippine Accrediting Association of Schools, Colleges, and Universities (PAASCU); Private Educational Advisory Council (PEAC); Word Broadcasting Corporation. As CEAP president, he served three terms as Chair of the Coordinating Council of Private Educational Associations (COCOPEA). He has also been Chair of the Board of Trustees of St. Scholastica’s Academy in Tabunok, Talisay City, Cebu; Divine Word University (now Liceo del Verbo Divino) in Tacloban City; and Divine Word College of Tagbilaran (now Holy Name University). He was a member of the Board of Trustees of St. Paul University in Tuguegarao, and, at different times, of the Boards of Trustees of the St Paul Colleges in Pasig, Iloilo, and Surigao, as well as of the Visayas Cluster of the Daughters of Charity (DC) schools. He was a Board Director of People’s Television Network (PTV4), and of First Metro Asset Management, Inc. (FAMI). He has two Master’s Degree, one is Philosophy from Divine Word Seminary, Tagaytay City, and another in Mass Communications from the University of Leicester, England. He has two honorary Doctorates in the Humanities, the first given in March 2010 by St Paul University, Tuguegarao City; the second, awarded by Aquinas University, Legazpi City on April 8, 2011. On August 14, 2010, in the Archdiocese of Cebu, he received the Papal Award Croce Pro Ecclesia et Pontifice for his years of service to Catholic Education. In June 2015, he became member of the Board of Trustees of Immaculate Conception Academy, a Catholic school run by the Missionaries of the Immaculate Conception (MIC).

**JOSE ALLAN I. ARELLANO**

Independent Director

Mr. Arellano, 49 years old, Filipino, term of office is one year. He is the OIC and Executive Director of Catholic Educational Association of the Philippines since 2010. He ensures that the organization is

fiscally and programmatically sound and strategically advancing its purpose and goals. He has served 15 years of teaching, in administrative and supervisory work at St. Scholastica's College High School Unit, Manila and was awarded the "Teaching Chair Holder" from 1994-2006. He finished his BSE Major in Social Science and Certificate for English Teaching, Cum Laude at Philippine Normal University. He earned his Master's degree in Religious Studies/Pastoral Ministry at St. Vincent School of Theology, Adamson University. Mr. Arellano was also Principal, in Basic Education Dept., at World Citi Colleges where he formulates, recommends, documents plans, policies, rules and procedures in line with the objective and goals of the institution.

**FR. RAFAEL K. ELORIAGA, CM**

Independent Director

Fr. Rafael K. Eloriaga, 56, Filipino. Independent Director for First Metro Save and Learn Fixed Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc. and First Metro Asia Focus Equity Fund, Inc.

Fr. Eloriaga is currently the Vice-President for Finance of Adamson University (2016-present), a member of the Finance Committee, General Curia under the Congregation of the Mission (2013 to present) and joined as member of the Board of Trustees of the Universidad de Sta Isabel, Naga City (2016 to present). He was formerly the Cebu Business Center Head for Central and Eastern Visayas Senior Manager of BPI Family from 2005-2006 and the Provincial Econome, Philippine Province-Congregation of the Mission (2012- 2016)

Fr. Eloriaga took up his AB Philosophy and Letters at Dela Salle University in 1983 and his BS Accountancy at Fr. Saturnino Urios University in 1994. He finished the Curriculum of Ordained Ministry and Masters in Pastoral Theology at St. Vincent School of Theology.

**EDGAR B. SOLILAPSI**

Independent Director

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

Mr. Solilapsi received his Bachelor of Science in Mathematics degree from the University of the Philippines in 1973 and earned a master in business administration from the University of the Philippines in 1981. He also took a course on Operations Research / Management Science, Fellow, Life Management, from the Institute of Atlanta, Georgia also in 1981.

**DR. BERNARDO M. VILLEGAS**

Independent Director

Dr. Bernardo M. Villegas, Ph.D., 81, Filipino. Dr. Villegas is a new nominee director. He serves as the Senior Vice President of the University of Asia and the Pacific. Dr. Villegas serves as an Educational Consultant for the Parents for Education Foundation Inc. ("PAREF"), and a columnist in the Manila Bulletin. Dr. Villegas also serves as the Dean of the School of Economics of the University of Asia & the Pacific and as Consultant of Bank of Philippine Islands, and Transnational Diversified Inc. He serves as Director of Transnational Diversified Inc. from 2000 to present. He has been the Chairman of Filipino Fund Inc. since June 2012. He serves as a Member of Board of Trustees of The Insular Life

Assurance Company, Ltd. and South East Asia Advisory Board of Rolls Royce Group plc from 1995 to 2002. He serves as a Member of the Board of Directors of leading firms in the food and beverage, sugar milling, pharmaceutical, electric power, banking, information technology, construction, agribusiness, trading, transportation and engineering industries. He began to serve in the Board of AMC in 1999. He serves as Director of Filipino Fund Inc. He was President of Philippine Economic Society. He served as Project Director, Philippine Economic History under the National Historical Commission; Member, Preparatory Commission for Constitutional Reforms and Constitutional Commission; Consultant, Productivity Development Center-National Economic Council and Program Implementation Agency. He serves as the Chairman of Center for Research and Communication. He is a Member of the boards of several foundations such as Dualtech Foundation, Pilipinas Shell Foundation and PHINMA Foundation. He is a Member of the board of Trustees of the Makati Business Club. He is Professor of the University of Asia and the Pacific, Manila, Philippines, and a Visiting Professor in Economics, IESE Business School, Barcelona, Spain. His special fields of study are developments economics, social economics, business economics and strategic management. He is a Certified Public Accountant, having been one of the CPA board topnotchers in 1958. He is the Consultant on Strategic Planning and Management.

He also served as Chairman of Filipino Fund Inc. until February 2007, Co-Chairman until November 30, 2007 and served as its President. He served as Chairman, Department of Economics-De La Salle University Manila and Director, Economic Research Bureau and Graduate School of Business-De La Salle University Manila. He has been an Independent Director of Benguet Corp. since June 25, 1998. He has been a Director of Alaska Milk Corp. since August 2008. He served as Director of Bank of Philippine Islands from 1980 to 2000. He served as a Director of the Filipino Fund Inc., from June 1995 to November 30, 2007. He served as a Non-Executive Independent Director of Uniwide Holdings Inc., since September 11, 1994. He served as an Independent Director of Alaska Milk Corp. from 1999 to 2006.

Dr. Villegas holds a Ph.D. in Economics and M.A. in Economics from the Harvard University. He obtained his Bachelor's degrees in Commerce and the Humanities (both Summa Cum Laude) from De La Salle University.

## **OFFICERS**

### **MARICEL L. MADRID**

Treasurer

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 Controllership 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 & Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Fixed Income Fund, Inc., First Metro Save & 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.

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 & Araullo.



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.

### **ATTY. NIMFA B. PASTRANA**

Corporate Secretary

Atty. Nimfa B. Pastrana, 58, Filipino. Term of office is one year and has served as such since June 2018. She is First Vice President and Asst. Corporate Secretary of First Metro Investment Corporation. She is also the Corporate Secretary of First Metro Save & Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc. and First Metro Save and Learn Fixed Income Fund, Inc., (from May 2005 to present), First Metro Save & Learn Dollar Bond Fund, Inc. (from 2008 to present), First Metro Consumer Fund on MSCI Phils., IMI Inc. and First Metro Asia Focus Equity Fund, Inc. (from 2010 to present), First Metro Save and Learn Money Market Fund, Inc. (2018-Present), First Metro Save and Learn FOCCUS Dynamic Fund, Inc., First Metro Securities Brokerage Corporation), PBC Capital Investment Corporation, Prima Ventures Development Corporation and First Metro Asset Management Inc. She graduated from the University of the Philippines with a degree in A.B. Philosophy and from San Beda College of Law with a Bachelor of Laws degree.

### **JONATHAN T. TABAC**

Compliance Officer

Mr. Jonathan T. Tabac, 65, Filipino. Term of office is one year and has served as such from June 2018. He is also the Compliance Officer of First Metro Securities Brokerage Corporation, First Metro Save & Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc., and First Metro Asset Management, Inc. (from May 2005 to present) and First Metro Save and Learn Philippine Index Fund, Inc., First Metro Save and Learn Money Market Fund, Inc. and First Metro Save and Learn FOCCUS Dynamic Fund, Inc.. He served as AVP & Compliance Officer of Citystate Savings Bank (2002-2003), Vice President of Maybank Philippines (formerly PNB Republic Planters Bank)-1997-2001 and Chairman of the Board of RPB Provident Fund, Unc, (1997-2001). Mr. Tabac finished BSC-Accounting from University of Baguio. He is a Certified Public Accountant.

### **INCORPORATORS**

The following are the incorporators of the Fund:

1. Augusto M. Cosio, Jr.
2. Rey D.C. Erlano
3. Marie Arabella D. Veron
4. Edwin B. Valeroso
5. Jonef A. Samonte

### **SIGNIFICANT EMPLOYEES**

The Fund has no significant employees or persons other than the above-mentioned directors and officers who are expected to make a significant contribution to the business of the Fund.

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

## INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of the directors or executive officers of the Fund, its Fund Manager, and its Fund Manager's directors and officers were involved during the past five (5) years in any legal proceeding which is material to an evaluation of their ability or integrity to serve as such, including, bankruptcy petition, conviction by final judgment, domestic or foreign criminal proceeding, being subject to any order, judgment or decree, or violation of a securities, banking or commodities law. Likewise, there is no material pending legal proceeding to which the Fund, any of its affiliates is a party or in which any of its properties are the subject of the proceeding.

## EXECUTIVE COMPENSATION

The Fund pays its directors, corporate secretary and officers as per diem of P10,000.00, P3,000.00, P2,500.00, respectively, The payment is given during the Annual Stockholders' and regular board meetings.

	2021 (Estimated)	2020	2019	2018
Directors	₱250,000	₱238,915	₱250,000	₱60,000
Executive Officers	77,500	78,085	67,000	10,500
Aggregate Annual Per Diem	₱327,500	₱317,000	₱317,000	₱70,500

There is no employment contract between the Fund and a named executive officer. There is no compensatory plan or arrangement, including payments to be received from the Fund, with respect to a named executive officer in the event of resignation, retirement or any other termination of such officer's employment with the Fund.

## SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

### SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

The following stockholders own more than 5% of the common voting securities as June 30, 2021:

Title of Class	Name and Address of Owner	Name of Beneficial Owner	Citizenship	No. of Shares Held	Percent to Outstanding Shares
Common Shares	BRG Realty Corporation <sup>1</sup> #16 Emilio Osmena St., Cebu City	Same	Filipino	159,254,927	10.61%
Common Shares	Smart Communications Employees Multi_Purpose Cooperative (SEMPCO) <sup>2</sup>	Same	Filipino	143,584,771	9.57%
Common Shares	Infinitum Equity Ventures Inc. <sup>3</sup> Sumulong Highway, Antipolo City	Same	Filipino	95,066,071	6.33%
Common Shares	Tasco, Inc. <sup>4</sup> #70 20 <sup>th</sup> Avenue Cubao, Quezon City	Same	Filipino	88,196,990	5.88%

<sup>1</sup> BRG Realty Corporation is the registered owner of the shares in the books of the Company. The Board of Directors of BRG Realty Corporation 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 BRG Realty Corporation is Ms. Ophelia Dy or any other officer/s appointed by the Board.

<sup>12</sup> Smart Communications Employees Multipurpose Cooperative (SEMPCO) is the registered owner of the shares in the books of the Company. The Board of Directors of SEMPCO has the right to appoint actual person or persons acting individually or jointly to direct the voting or disposition of the shares held by the corporation. The person who will exercise the voting powers over the shares of SEMPCO is Adrian O. Ada, Chairperson, or any officers appointed by the Board.

<sup>13</sup> Infinitum Equity Ventures Inc. is the registered owner of the shares in the books of the Company. The Board of Directors of Infinitum Equity Ventures Inc. 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 Infinitum Equity Ventures Inc. is Mr. Don August Olivares Santos or any officers appointed by the Board.

<sup>14</sup> Tasco, Inc is the registered owner of the shares in the books of the Company. The Board of Directors of Tasco, Inc. 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 Tasco, Inc. is Mr. Edwin Cua or any officers appointed by the Board.

## SECURITY OWNERSHIP OF MANAGEMENT

Following are the securities owned by directors and officers of the Fund as of June 30, 2021:

Title of Class	Name of Beneficial Owners	Amount and Nature of Ownership	Citizenship	Percent to Outstanding Shares
Common Shares	Fr. Rafael K. Eloriaga*	1	Filipino	0.000%
Common Shares	Eduardo R. Carreon	1	Filipino	0.000%
Common Shares	Edgar B. Solilapsi*	1	Filipino	0.000%
Common Shares	Fr. Roderick C. Salazar, Jr.*	1	Filipino	0.000%
Common Shares	Jose Allan I. Arellano*	1	Filipino	0.000%
Common Shares	Nimfa B. Pastrana	2,383,086	Filipino	0.152%

\*Independent Directors

## VOTING TRUST

The Fund knows no persons holding more than 5% of its shares under a voting trust or similar agreement which may result in a change in control of the Fund.

## CHANGE OF CONTROL

There has been no change in control of the Fund since the beginning of the last fiscal year. There is no arrangement which may result in a change in control of the Fund.

## CERTAIN 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.

Related party transactions consist mainly of management and other fees paid in accordance with the management agreement with FAMI as Fund Manager.

## **RULES AND REGULATIONS GOVERNING INVESTMENT COMPANIES**

### **INVESTMENT COMPANY ACT OF 1960**

In compliance with the requirements of the R. A. No. 2629, otherwise known as the Investment Company Act of 1960 or ICA, the Fund is organized as a stock corporation. All the members of the Board of Directors of the Fund are Filipino citizens and all shares of its capital stock are common and voting shares. The Articles of Incorporation of the Fund provide for the waiver of pre-emptive rights of stockholders. The Fund shall comply with R.A. 2629 and/or the Implementing Rules and Regulations of the Investment Company Act including its amendments, as well as other SEC issuances and BSP regulations as applicable.

The Compliance Management Unit (CMU) of the Fund Manager is responsible for the compliance with the requirements of the SEC/PSE, SRC, the ICA, the AMLA regulations, the Data Privacy Act and other relevant rules and regulations. CMU has 2 staffs and is headed by the Chief Compliance Officer who is licensed by the SEC to perform compliance function.

### **PREVENTION OF MONEY-LAUNDERING AND TERRORIST FINANCING**

As part of the Fund's responsibility for the prevention of money-laundering under the Anti-Money Laundering Act of 2001 (AMLC), R.A. 9160, as amended, the Terrorism Financing Prevention and Suppression Act of 2012 (R.A. 10168) and other relevant rules and regulations, the Fund or an entity acting on its behalf may require evidence verifying the identity of a prospective purchaser of shares and the source of the relevant funds. Whether or not such evidence will be required and, if so, the nature and extent of such evidence will depend on the particular circumstances. The Fund and any entity acting on its behalf reserve the right to request such information as considered necessary to verify the identity of a proposed purchaser of shares in each case, and the Fund has absolute discretion to refuse to accept a subscription for shares in the event of delay or failure in the provision of any such information required. The Fund and/or relevant government agencies shall immediately preserve the subject property or funds upon receipt of the notice of a freeze order, in accordance with the order of the court of competent jurisdiction or the AMLC. The owner or holder of the property or funds shall be given a copy of the notice of the freeze order.

### **COMPLIANCE WITH DATA PRIVACY ACT OF 2012 (REPUBLIC ACT NO. 10173)**

To enable the Fund to comply with the requirements of the Data Privacy Act of 2012 (Republic Act No. 10173), the Fund requires all investors to expressly authorize the Fund to collect, process, use, destroy his/her personal and sensitive personal information and any information related to him/her and his/her account as well as its sharing, transfer and/or disclosure to any of the Fund's branches, subsidiaries, affiliates, agents and representatives, industry associations and third parties such as but not limited to outsourced service providers, external auditors, and local and foreign regulatory authorities in relation to any matter including but not limited to those involving anti-money laundering and tax monitoring, review and reporting, statistical and risk analysis, provision of any products, service, or offers made through mail/email/fax/sms/telephone, customer satisfaction surveys; compliance with court and other lawful orders and requirements. The Fund further requires the investors to hold the Funds and FAMI free and harmless from any liability that may arise from any transfer, disclosure, processing, collection, use, storage or destruction of said information.

### **COMPLIANCE WITH FOREIGN ACCOUNT TAX COMPLIANCE ACT**

For purposes of compliance with the Foreign Account Tax Compliance Act (FATCA or Chapter 4 of the US Internal Revenue Code) particularly, Change in Circumstances (in compliance with the Foreign Account Tax Compliance Act also known as FATCA or Chapter 4 of the US Internal Revenue Code),



the Fund requires the investors to notify the Funds in writing and provide the required details or documents within thirty (30) days from a change of your circumstances.

Failure to accomplish the foregoing gives the Fund the right to exercise any of the following: a) continue the account on the same terms and conditions; b) continue the investment on the same terms and conditions and deduct from it any amounts that the Fund has to withhold under the applicable laws; or c) terminate your account. The right to terminate the account will only be exercised after the investor have failed to provide the required information within thirty (30) days from written notice from the Fund and only after the Fund is unable to transfer your policy or take any steps other than termination in order to comply with applicable laws.

## **CORPORATE GOVERNANCE**

All of the directors and officers of the Fund have attended seminars on corporate governance given by a SEC-accredited provider. The Board reviews and updates its Manual on Corporate Governance (“Manual”) at least annually to ensure that it is kept abreast of global leading practices and principles on good corporate governance. At least annually, the directors accomplish a Board Effectiveness Questionnaire to determine their level of compliance, as well as top management’s. There have been no deviations from the manual. The Board recently amended the Corporate Governance manual to incorporate provisions requiring the annual performance evaluation of the BOD members and the executive management. The Fund have adopted self-rating sheets which are being accomplished by the directors and senior officers. Charters of all board-level committees were also updated to incorporate this corporate governance scorecard.

The Fund Manager has put in place a Code of Ethics governing the conduct and behaviour of its employees, directors and suppliers/customers. The Board of Directors also created the Related Party Transactions Committee to address possible conflict of interest situations in its dealings with related parties. The Fund Manager shall avoid any situation or engagement which may lead to conflict of interest and shall refrain from engaging in any other business, transaction or activity which will be prejudicial to the interest of the Company.

## **EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS ON THE BUSINESS**

Senate and congressional bills amending R.A. 2629, which is the main law that regulates the mutual fund industry, have been filed. The most prominent of these are the bills on the proposed Collective Investment Schemes Law (“CISL”). One of the provisions of the CISL bill is the exemption of the mutual fund companies from certain requirements of the Corporation Code as regards increasing ACS. If passed into law, this would be of possible benefit to the mutual fund companies which, with their numerous stockholders, find it difficult to obtain at least 2/3 votes of eligible stockholders to approve certain corporate actions. The Fund expects the regulatory environment to improve with the passage of the CISL bill to the benefit of investors.

## **TAXATION**

Investors are advised to consult their own professional advisers as to the tax implications of subscribing for, purchasing, holding, and redeeming shares of the Fund. Tax related laws, rules and regulations are factors that are subject to rapid change and which could affect the performance of the Fund.

Gains realized by investors upon redemption of their shares in a mutual fund shall not be included in gross income and shall be exempt from taxation as stated in Sec. 32 (B) (7) (h) of R.A. No. 8424 or National Internal Revenue Code (NIRC) as amended.



Dividends received from a domestic corporation by individual investors who are citizens and residents of the Philippines are subject to withholding tax of 10%. Dividends received from a domestic corporation by domestic corporations are not subject to income tax.

A documentary stamp tax (DST) is imposed on every original issuance of stock certificates at the rate of P2.00 for every P200 (or a fraction thereof) of par value. The said DST is paid by the Fund.

Income derived from doing business in the Philippines, net of allowable deductions, is subject to tax at the rate of twenty-five percent (25%) effective July 1, 2020 as amended by the Comprehensive Recovery and Tax Incentives for Enterprises (CREATE) Act (Republic Act 11534).

## **PARTIES INVOLVED IN THE FUND**

### **INVESTMENT MANAGER AND PRINCIPAL DISTRIBUTOR**

First Metro Asset Management Inc., (FAMI), the Investment Manager/Fund Manager and Principal Distributor of the shares of the Fund, was incorporated on April 21, 2005. The guidelines for the investment management, fund administration and shares distribution of the Company are set in the Management and Distribution Agreement between the parties.

The Audit Committee of the Board of Directors was designated and authorized as the Independent Oversight entity (IOE). It performs oversight on the transactions and functions of the Fund Manager to ensure compliance with the requirements of the Registration Statement, other requirements of the SRC, ICA and their implementing rules and regulations. It also has oversight on the processing of subscription and redemption transactions being performed by the Fund Manager.

Under the Agreement, FAMI shall formulate and implement the investment strategy, provide and render management, technical, and administrative services, authorized to purchase and sell investment securities for the account of the Fund FAMI shall provide services to the Funds such as: coordination of the activities; preparation of reports, circulars, notices and other information as may be required from time to time; representation with government offices; and other administrative services; and other roles stated in the Management and Distribution Agreement or as approved by the Commission. Such agreement shall not contain any provision which protects or purports to protect any director or officer of such Fund Manager against any liability to the Investment Company or to its security holders to which it would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of its office. The agreement is presented annually to the Board of Directors for its approval.

The Fund agrees to pay to FAMI, as compensation for the services and facilities provided by FAMI, a monthly fee equivalent up to 0.5% per annum of the average net asset value of the Fund's assets. In addition, as Investment Manager, FAMI shall be paid an incentive fee equivalent to 10% of the realized appreciation in the value of the fund's net assets in excess of the benchmark or any of its prior years' highest performance whichever is higher.

### **CUSTODIAN BANK AND FUND ACCOUNTANT**

The Custodian Bank of the Company is Citibank Philippines. All proceeds from the sale of shares/securities, including the original subscription/payments at the time of incorporation constituting the paid-in capital of the Fund shall be in custody/held by the designated custodian banks. In consideration of the services to be rendered by the custodians, the Fund shall pay the custodians all fees, charges and obligations incurred from time to time for services rendered pursuant to the Direct Custodial Services Agreements between each registrant and custodian with the terms of the fees schedule specified from time to time by the custodian, upon prior notice to the registrants. The



designated custodian and fund accounting charge 4bps of total AUM as of month-end. Citibank is the independent entity responsible for the calculation and cross-checking of the Fund's net asset value.

Citibank is also the fund accountant. Under the agreement, Citibank shall calculate the Net Asset Value, maintain the Fund's books and records solely to facilitate NAV calculation, reconcile all custodial and/or broker/clearer statements, periodically provide portfolio and unitholder reports, including NAV reports, transaction reports, trial balances, and such other reports as may be agreed and other roles stated in the Agreement or as approved by the Commission.

Under this agreement, the Custodian Bank shall receive, safe keep, record, and account for the proceeds of the sale of the shares of stock of the Fund. The Custodian Bank shall, likewise, hold all the certificates when applicable, representing the investments made by the Fund Manager in behalf of the Fund in accordance with the regulations, and other roles stated in the Custodian Bank Agreement or as approved by the Commission.

## **TRANSFER AGENT**

The transfer agent of the Fund is Metropolitan Bank and Trust Company-Trust Banking Group. The primary responsibility of the transfer agent is the accurate record keeping of individual shareholdings and the issuance and cancellation of stock certificates.

Under this agreement, the Stock and Transfer Agent shall provide certain services such as: filing of reports as may be required by the Commission; preparing of list of stockholders for all regular or special meetings; preparing and mailing out all notices, reports, and circulars to all stockholders; preparing and mailing dividend checks; preparing and issuing stock certificates; and registering all liens constituted on the shares of stock of the Fund.

## **EXTERNAL AUDITOR**

The external auditor of the Fund is the accounting firm of Sycip, Gorres, Velayo and Company (SGV & Co.). SGV & Co. will continue being the external auditors for the Fund. The auditor will not have any direct or indirect interest in the Fund or in any securities thereof (including options, warrants or rights thereto) nor has it acted at any time as promoter, underwriter, voting trustee, director, officer or employee of the Fund.

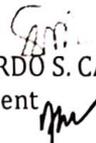
For 2020 and 2019, aggregate fees billed for professional services rendered by the external auditor for the audit of the Fund's annual financial statements amounted to P141,680.

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.

SIGNATURES

Pursuant to the requirements of the Code, this registration statement is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of QUEZON CITY on JUL 28 2021.

By:

  
EDUARDO S. CARREON  
President

  
MARICEL L. MADRID  
Treasurer

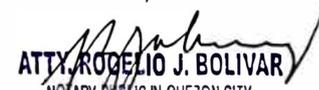
  
NIMFA BALMES- PASTRANA  
Corporate Secretary

SUBSCRIBED AND SWORN to before me on JUL 28 2021 day of \_\_\_\_\_ in QUEZON CITY, Philippines, affiant(s) exhibiting to me their respective IDs, as follows:

NAMES	Government Issued Id and No.
Eduardo S. Carreon	Unified Multi-Purpose ID CRN.
Maricel L. Madrid	Passport No. P39572388
Nimfa Balmes-Pastrana	Unified Multi-Purpose ID CRN. 00396224383

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Book No. 181  
Series of 2021.

NOTARY PUBLIC

  
ATTY. RODOLFO J. BOLIVAR  
NOTARY PUBLIC IN QUEZON CITY  
AM Adm. Matter No. 204 June 21, 2021 to Dec. 31, 2022  
IBP O.R. No. 132134 MD 2021 & IBP O.R. No. 133076 MD 2022  
PIR O.R. No. 0695112 D 1/4/21 / Roll No. 33832 / TIN# 129-871-009  
MCLE VI-0029593 valid from 12/16/19 Valid until 04/14/22 Quezon City  
Address: 31-F Harvard St., Cubao, Q.C.