

FIRST METRO SAVE AND LEARN EQUITY FUND, INC. (SALEF)
ANNUAL MEETING OF THE STOCKHOLDERS
Wednesday, June 29, 2022, 02:00PM
Zoom webinar, link provided in the website: <https://fami.com.ph>

AGENDA

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on June 16, 2021
4. Annual Report to the Stockholders
5. Ratification of all Acts and Resolutions of the Board of Directors, Management and All Committees for the fiscal year 2021, including the following:
 - a. Renewal of the Management Distribution Agreement
6. Amendment to the Articles of Incorporation and By-Laws as follows:
 - i. Amendment of the Primary Purpose to include the provisions under the ICA IRR and its amendments.
 - ii. Amendment of the Secondary Purpose to delete the provisions not compliant or consistent with the ICA IRR.
 - iii. Amendment of Article VII to delete the provision not consistent with Rule 10.4 of the ICA IRR.
 - iv. Amendment of the By-Laws to align provisions with the Revised Corporation Code.
7. Election of the Members of the Board of Directors for the year 2022-2023
8. Appointment of External Auditor for the year 2022
9. Other Matters
10. Adjournment

Stockholders of record as of May 18, 2022 shall be entitled to vote at the meeting.

As a precautionary measure against the spread of COVID-19, the Company will not be conducting a physical annual shareholders' meeting. The conduct of the annual shareholders' meeting will be streamed live, and shareholders may attend the meeting by registering on or before 12:00 noon on June 29, 2022. Due to the limitations of available technology, voting will not be possible during the Zoom webinar, but participants may send in questions or remarks via the Zoom webinar platform.

If you cannot attend the meeting in person and you wish to be represented, you may designate your authorized representative by submitting a signed proxy document on or before June 20, 2022, through email at asm@fami.com.ph and hardcopies at 18th Floor, PS Bank Center, 777 Paseo de Roxas corner Sedeño St., Makati City.

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


NIRMA BALMES-PASTRANA
Corporate Secretary

PROXY

The undersigned stockholder of **FIRST METRO SAVE AND LEARN EQUITY FUND, INC.** hereby appoints _____ or in his absence, the Chairman of the meeting, as attorney-in-fact and proxy, with power of substitution, to present and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Company on Wednesday, June 29, 2022 and at any of the adjournments thereof. The proxy shall be revoked only in writing and by informing the Corporate Secretary prior to the annual stockholders meeting.

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

| ITEMS | ACTIONS | | |
|---|------------|-----------|---------|
| | Yes | No | Abstain |
| 1. Approval of the Minutes of the Annual Stockholders' Meeting held on June 2021 | | | |
| 2. Ratification of all Acts and Resolutions of the Board of Directors, Management and All Committees for the fiscal year 2021, including the following: a. Renewal of the Management Distribution Agreement | | | |
| 3. Amendment to the Articles of Incorporation and By-Laws as follows: a. Amendment of the Primary Purpose to include the provisions under the ICA IRR and its amendments. b. Amendment of the Secondary Purpose to delete the provisions not compliant or consistent with the ICA IRR. c. Amendment of Article VII to delete the provision not consistent with Rule 10.4 of the ICA IRR. d. Amendment of the By-Laws to align provisions with the Revised Corporation Code. | | | |
| 4. Election of the Members of the Board of Directors for the year 2022-2023 | # of Votes | | |
| Bro. Manuel V. de Leon, FMS | | | |
| Dr. Victor A. Abola | | | |
| Ms. Karen Liza M. Roa | | | |
| Fr. Rafael K. Eloriaga, CM (<i>Independent Director</i>) | | | |
| Mr. Edgar B. Solilapsi (<i>Independent Director</i>) | | | |
| | Yes | No | |
| 5. Appointment of External Auditor for the year 2022 | | | |

PRINTED NAME OF STOCKHOLDER

DATE

SIGNATURE OF STOCKHOLDER/
AUTHORIZED SIGNATORY

¹ Please fill-out and sign the proxy form and return via mail/email/Metrobank Branches on or before 5:00 p.m. on June 20, 2022.

Via Mail: To the Corporate Secretary, 18th Floor, PS Bank Center, 777 Paseo de Roxas corner Sedeño St., Makati City
Via Email: asm@fami.com.ph | Via Fax: 02816-0467 | Via MBTC Branches: Use Pouch Code 90020. This service is free of charge.

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

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

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

1. Check the appropriate box
() Preliminary Information Statement
(/) Definitive Information Statement
2. Name of registrant as specified in its charter:
FIRST METRO SAVE AND LEARN EQUITY FUND, INC.
3. Province, Country or other jurisdiction of incorporation or organization;
Metro Manila, Philippines
4. SEC Identification number: **CS200509328**
5. BIR Tax Identification Code: **238-518-996-000**
6. Address of Principal Office:
18F PSBank Center 777 Paseo de Roxas cor Sedeno St. Salcedo Village, Makati City, 1226
7. Telephone Numbers:
(632) 8912860, 8405710, Fax No. (632) 8160467
8. Date, time, place, of the meeting of security holders:
Date : June 29, 2022
Time : 2:00 p.m.
Place : Zoom webinar at the link provided in <https://fami.com.ph/>
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **June 8, 2022**
10. Securities registered pursuant to Sections 4 and 8 of the RSA:

| Title of each class | Number of Shares of Common Stock Outstanding (Par value of P1.00) |
|----------------------|---|
| Common Shares | 855,277,636 |
11. Are any or all of registrant's securities listed on the Philippine Stock Exchange?
No.

PART I - INFORMATION STATEMENT

A. GENERAL INFORMATION

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

Date : Wednesday, June 29, 2022
Time : 02:00 p.m.
Place : Zoom webinar at the link provided in <https://fami.com.ph/>

Mailing Address of the Registrant:

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

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

June 8, 2022

Item 2. Right of Appraisal:

Any stockholder who dissents to the proposed amendment in Articles of Incorporation (see Item 17), which amendment pertains to the amendment of Article VII (b) to delete the phrase “Provided, however, that no such redemption may be made unless the remaining unimpaired capital of the Corporation shall be at least 50% of its outstanding liabilities to the creditors of the Corporation” to comply with Rule 10.1 of the ICA-IRR, shall be entitled to exercise his right of appraisal in accordance with Section 81 of the Revised Corporation Code.

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

- a) Other than election to office, there is no matter to be acted upon in which any director or executive officer is involved or had a direct, indirect or substantial interest.
- b) No one among the incumbent director has informed the registrant, in writing or otherwise, that he intends to oppose any action to be taken by the registrant at the Meeting.

B. CONTROL & COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof:

a) Class of Voting Shares :

| Class of Voting Securities | Total Outstanding Shares | Votes Entitlement |
|----------------------------|--------------------------|------------------------|
| Common Shares | 855,277,636 | One (1) vote per share |

b) Record Date

Stockholders of record as of May 18, 2022 are entitled to notice and to vote in the Annual Stockholders Meeting.

c) Manner of Voting

A shareholder may vote in person or by proxy. Article III, Section 7 of the Amended By-Laws of the Corporation provides that any shareholder entitled to vote at shareholders' meetings may be

represented and vote thereat by proxy appointed in an instrument in writing, subscribed by such shareholder or by his duly authorized attorney-in-fact, and delivered to the Secretary at least five (5) business days or such other period as may be determined by the Board of Directors. Proxies shall be properly signed, but they shall require no other attestation.

In the election of Directors, shareholders shall be entitled to vote, in person or by proxy, the number of shares owned by him for as many persons as there are Directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such Directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of candidates.

d) Security Ownership of Certain Record and Beneficial Owners and Management:

The following stockholder owns more than 5% of the common voting securities as of March 31, 2022:

| Title of Class | Name and Address of Owner | Name of Beneficial Owner | Citizenship | No. of Shares Held | % of Holdings |
|-----------------------|--|---------------------------------|--------------------|---------------------------|----------------------|
| Common Shares | First Metro Investment Corporation (FMIC) 45th Flr. GT Tower Int'l., Ayala Ave. corner HV Dela Costa | Same | Filipino | 184,275,894 | 20.45% |

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

Security Ownership of Directors/Management:

Following are the securities owned by directors and officers of the Fund as of March 31, 2022:

| Title of Class | Name of Beneficial Owners | Amount and Nature of Ownership | Citizenship | Percent to Outstanding Shares |
|-----------------------|----------------------------------|---------------------------------------|--------------------|--------------------------------------|
| Common shares | Bro. Manuel V. De Leon, FMS | | Filipino | 0.00% |
| Common shares | Victor A. Abola | | Filipino | 0.00% |
| Common shares | Eduardo Mendiola | | Filipino | 0.00% |
| Common shares | Raphael K. Eloriaga* | | Filipino | 0.00% |
| Common shares | Edgar B. Solilapsi* | | Filipino | 0.00% |
| Common shares | Nimfa B. Pastrana | 128,009 | Filipino | 0.02% |
| Common shares | Maricel L. Madrid | 4,953 | Filipino | 0.00% |
| Common shares | Jonathan Tabac | 1,063,386 | Filipino | 0.12% |
| Common shares | Edwin B. Valeroso | | Filipino | 0.00% |

*Independent Director

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

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

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

Item 5. Directors and Executive Officers

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

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

The Board of Directors of the Fund as of May 18, 2022 are as follows:

| Name | Experience |
|---|--|
| <p>Bro. Manuel V. de Leon, FMS Chairman</p> | <p>Bro. Manuel V. de Leon, FMS, 62, Filipino, term of office is one year. Bro. De Leon has been serving as a member of the Board of Director of the following companies since 2005 and elected as Chairman of the Board on March 22, 2011, namely: First Metro Save & Learn Fixed-Income Fund, Inc. (2005 to present), First Metro Save and Learn Equity Fund, Inc. (2005 to present), First Metro Save and Learn Balanced Fund, Inc. (2005 to present), First Metro Save and Learn Dollar Bond Fund, Inc. (2008 to present), and First Metro Asia Focus Equity Fund, Inc. (2010 to present) He is also a director of First Metro Asset Management, Inc. (2005 to present). He is the Founding President and CEO of SAGIP KA 2000 Foundation, Inc. (2000-present). He is a member of the Board of Trustees of Notre Dame of Dadiangas University (2007-present). He was the Provincial Superior of Marist Brothers of the Schools - East Asia Province (from 2007 to 2013). He was an awardee of the Ten Outstanding Young Men (TOYM) in 1992. He has masters and doctorate degrees in Education from University of the Philippines.</p> |
| <p>Dr. Victor A. Abola President</p> | <p>Dr. Victor A. Abola, 76, Filipino, term of office is one year. Dr. Abola is the current Program Director of the Strategic Business Economics Program (SBEP) of the University of Asia and the Pacific (UA&P). He is the Executive Director of the UA&P-FMIC Capital Market Research Center and the Corporate Secretary of Research, Education and Institutional Development Foundation, Inc. (REID). He is an director of First Metro Save and Learn Balanced Fund, Inc. (since 2010), First Metro Save and Learn Equity Fund, Inc. (since 2010), First Metro Save & Learn Fixed Income Fund, Inc. (since 2010), First Metro Save and Learn Dollar Bond Fund, Inc. (since 2010), First Metro Asia Focus Equity Fund, Inc. (since 2010) and First Metro Securities Brokerage Corp. (since 2010).</p> <p>He gives lectures on Macroeconomic Policy at the graduate school level of the School of Economics. He was a lecturer in Macroeconomics and Introduction to Money, Banking and Finance in the Management Associates Program of the Development Bank of the Philippines (2006-2010). He was the Chief of Party of the Fiscal Policy Analysis Activity of the Department of Finance, a project funded by the USAID in order to enhance policy analysis and revenue forecasting capabilities of DOF's Domestic Finance Group. This work involved completing one of Asia's first Microsimulation Models for major taxes. He finished his doctorate degree in Development Management from the University of Asia and the Pacific, where he</p> |

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| | <p>also received his M.S. in Industrial Economics. After obtaining his Bachelor of Arts and Bachelor of Science in Commerce (major in Accounting) from the De La Salle University, he obtained his CPA certificate. Prior to this, he spent 15 years in Hong Kong as a Consultant to PCI Capital Asia, Ltd. and later became the Executive Director of the Philippine Research Center (HK), Limited. He has authored numerous articles that have appeared in local and foreign newspapers and periodicals, and UA&P's research publications. He co-authored with Dr. Bernardo M. Villegas the textbooks, Economics An Introduction (now in its 6th edition) and Basic Economics (2nd ed. 2010). He is the author of the text/reference book Money, Banking and Finance (2006).</p> |
| <p>Ms. Karen Liza M. Roa Director</p> | <p>Ms. Karen Liza M. Roa, 53, Filipino. Ms. Roa is a new nominee director with 25 years of expertise in the field of finance with a career that spans local and international banking operations, she has a wealth of experience and financial skills. Has worked with some of the most renowned global banking and asset management, such as Chase Manhattan Bank, SunGard trust banking groups of Philam Bank, and Citibank NA. She also served as CEO of Philam Asset Management, Inc. (PAMI). She was also a lecturer at the country's top universities, Ateneo de Manila and UP, teaching business strategy, investment management, and financial services. She is the President and CEO of First Metro Asset Management, Inc. (FAMI).</p> |
| <p>Fr. Rafael K. Eloriaga, CM Independent Director</p> | <p>Fr. Rafael K. Eloriaga, 58, Filipino. Independent Director for First Metro Save and Learn Fixed Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc. and First Metro Asia Focus Equity Fund, Inc.</p> <p>Fr. Eloriaga is currently the Vice-President for Finance of Adamson University (2016-present), a member of the Finance Committee, General Curia under the Congregation of the Mission (2013 to present) and joined as member of the Board of Trustees of the Universidad de Sta Isabel, Naga City (2016 to present). He was formerly the Cebu Business Center Head for Central and Eastern Visayas Senior Manager of BPI Family from 2005-2006 and the Provincial Econome, Philippine Province- Congregation of the Mission (2012- 2016)</p> <p>Fr. Eloriaga took up his AB Philosophy and Letters at Dela Salle University in 1983 and his BS Accountancy at Fr. Saturnino Urios University in 1994. He finished the Curriculum of Ordained Ministry and Masters in Pastoral Theology at St. Vincent School of Theology.</p> |
| <p>Mr. Edgar B. Solilapsi Independent Director</p> | <p>Mr. Edgar B. Solilapsi, 68, Filipino. Independent Director for First Metro Save and Learn Fixed Income Fund, Inc. and First Metro Save and Learn Equity Fund, Inc. Mr. Solilapsi served as the Executive Vice President (EVP) for Investments in the Social Security System (SSS) (2010 to 2014). Prior to his stint as EVP, he held various positions in SSS from 1988 to 2010. Prior to joining SSS, Mr. Solilapsi held various positions in other institutions, He was also Teacher for International School and a professional lecturer at the University of the Philippines College of Business Administration.</p> <p>Mr. Solilapsi received his Bachelor of Science in Mathematics degree from the University of the Philippines in 1973 and earned a master</p> |

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| | 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. |
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The two (2) independent directors, namely, Fr. Rafael K. Eloriga, CM and Mr. Edgar B. Solilapsi, have always possessed the qualifications and none of the disqualifications of an independent director.

Executive Officers

| Name | Experience |
|------------------------------------|--|
| Ms. Maricel L. Madrid Treasurer | <p>Ms. Maricel L. Madrid, 43 years old, Filipino. She is a Senior Vice President of First Metro Investment Corporation and currently heads the company's Controllershship Group. She also holds presidency and directorship with SBC Properties, Inc., Prima Ventures Development Corporation and FMIC Equities, Inc. Ms. Madrid also serves as the Treasurer of- First Metro Securities Brokerage Corporation, 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., First Metro Save and Learn FOCCUS Dynamic Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc., First Metro Consumer Funds on MSCI Philippines IMI, Inc. and First Metro Save & Learn Philippine Index Fund, Inc.</p> <p>She has more than 20 years of solid experience in the banking industry in the areas of audit, risk management, controllershship and finance. She was the Controller during her six years stint with a local bank and served as a director and a member of the audit committee for one of the subsidiaries of the said banking group. She started her career as an external auditor with one of the top auditing firms in the country.</p> <p>Ms. Madrid is a Certified Public Accountant and graduated cum laude with a degree of Bachelor of Science in Accountancy from the University of Santo Tomas.</p> |

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|--|--|
| <p>Atty. Nimfa B. Pastrana Corporate Secretary</p> | <p>Atty. Nimfa B. Pastrana, 60 years old, Filipino. She is First Vice President and Asst. Corporate Secretary of First Metro Investment Corporation. She is also the Corporate Secretary of First Metro Save and Learn Balanced Fund, Inc., First Metro Save & Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc. (from May 2005 to present), First Metro Save and Learn Dollar Bond Fund, Inc. (from 2008 to present), First Metro Asia Focus Equity Fund, Inc. (from 2010 to present), First Metro Consumer Fund, Inc., First Metro Save and Learn Money Market Fund, Inc., First Metro Save and Learn SALFOCCUS Dynamic Fund, Inc., First Metro Securities Brokerage Corporation, First Metro Asset Management, Inc., PBC Capital Investment Corporation, Prima Ventures Development Corporation, Resiliency (SPC), Inc., SBC Properties, Inc., FMIC Equities, Inc., and First Metro Insurance Brokers, Corp.</p> <p>She graduated from the University of the Philippines with a degree A.B. Philosophy and from San Beda College with a Bachelor of Laws degree.</p> <p>She joined First Metro Investment Corporation in February 2002.</p> |
| <p>Mr. Jonathan T. Tabac Compliance Officer</p> | <p>Mr. Jonathan T. Tabac, 65, Filipino. Term of office is one year and has served as such from June 2018. He is also the Compliance Officer of First Metro Securities Brokerage Corporation, First Metro Save & Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc., and First Metro Asset Management, Inc. (from May 2005 to present) and First Metro Save and Learn Philippine Index Fund, Inc., First Metro Save and Learn Money Market Fund, Inc. and First Metro Save and Learn FOCCUS Dynamic Fund, Inc.. He served as AVP & Compliance Officer of Citystate Savings Bank (2002-2003), Vice President of Maybank Philippines (formerly PNB Republic Planters Bank)-1997-2001 and Chairman of the Board of RPB Provident Fund, Unc, (1997-2001). Mr. Tabac finished BSC-Accounting from University of Baguio. He is a Certified Public Accountant.</p> |

Significant Employees

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

Nominee Directors

The following are nominees to the Board of Directors for election during annual Stockholders Meeting on June 29, 2022:

- Br. Manuel V. De Leon, FMS
- Dr. Victor A. Abola
- Ms. Karen Liza M. Roa
- Fr. Rafael K. Eloriaga, CM *

Mr. Edgar B. Solilapsi *

*Independent Directors

Independent Directors

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

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

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

Mr. Edgar B. Solilapsi and Fr. Rafael K. Eloriaga are nominees for independent directors of First Metro Save and Learn Equity Fund, and they were recommended to the Nominations Committee for election as independent directors by Atty. Melissa B. Reyes, stockholder, in accordance with the foregoing rules. Atty. Reyes has no relations with the nominees.

- **Fr. Rafael K. Eloriaga, CM, 58, Filipino.** Independent Director since 2016. Fr. Eloriaga is also the Independent Director for First Metro Save and Learn Equity Fund, Inc. since 2016 First Metro Consumer Fund on MSCI Philippines IMI, Inc. since 2018, and First Metro Save and Learn Money Market Fund, Inc. since 2018. Member, Board of Trustees, Universidad De Sta. Isabel- Naga City since 2016. Fr. Eloriaga is currently the Vice President for Finance of Adamson University. He was also former Cebu Business Center Head for Central and Eastern Visayas Senior Manager of BPI Family from 2005-2006.
- **Mr. Edgar B. Solilapsi, 68, Filipino,** Independent Director since 2016. Mr. Solilapsi is also an Independent Director of First Metro Save and Learn Equity Fund, Inc. since 2016 and First Metro Save and Learn Money Market Fund, Inc. since 2018. He served as the Executive Vice President (EVP) for Investments in the Social Security System (SSS) (2010 to 2014). Prior to his stint as EVP, he held various positions in SSS from 1988 to 2010. Prior to joining SSS, Mr. Solilapsi held various positions in other institutions. He was also Teacher for International School and a professional lecturer at the University of the Philippines College of Business Administration.

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

Legal Proceedings

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

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

- involved in any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
- involved in or convicted by final judgment in any criminal proceeding, domestic or foreign, or subject to a pending criminal proceeding, foreign or domestic, excluding traffic violations and other minor offenses;
- subject to any order, judgment, or decree not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the said judgment has not been reversed, suspended or vacated.

Family Relationships

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

Relationships and Related Transactions

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

Item 6. Compensation of Executive Officers and Directors

Per Diem payments to directors and officers for the year ended December 31, 2021, 2020 and 2019 are as follows:

| | 2022 (Estimated) | 2021 | 2020 | 2019 |
|----------------------------------|---------------------|-----------------|-----------------|-----------------|
| Directors | ₱250,000 | ₱184,000 | ₱233,268 | ₱225,000 |
| Executive Officers | 77,500 | 28,800 | 76,239 | 67,000 |
| Aggregate Annual Per Diem | ₱327,500 | ₱212,800 | ₱309,507 | ₱292,000 |

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

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

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

Item 7. Independent Public Accountants

SGV & Co. is the external auditor of First Metro Save and Learn Equity Fund, Inc. since 2005. Representatives of SGV & Co. are expected to be present at the stockholders meeting on June 29, 2022. They will have the opportunity to make a statement if they desire to do so and they are expected to be available to respond to appropriate questions.

For the year 2022, SALEF will still be engaging the services of SGV.

In compliance with SRC Rule 68, par. 3 (b)(ix), the signing partner of the auditing firm is rotated every after five (5) years of engagement. Redgienald G. Radam, signed the independent auditors' report starting the year 2021 while Janet A. Paraiso, signed the independent auditors' report for the years 2020 and 2019. The reports of auditors on the financial statements of the company for the years ended December 31, 2021, 2020 and 2019 contained unqualified opinions.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosures, auditing scope or procedures, which disagreements, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their respective reports on the financial statements for such years.

The estimated fees to be paid for the professional services rendered by SGV & Company for the audit of our Financial Statements for the year 2021 is P469,579 while the aggregate fees paid for the 2020 and 2019 is P469,588 and P441,830, respectively. SGV & Co. conducted the audit in accordance with auditing standards generally accepted in the Philippines to obtain reasonable assurance about whether the financial statements are free of material misstatements. Their audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

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

SALEF's Audit Committee is chaired by Fr. Rafael Eloriaga with Mr. Edgar Solilapsi and Dr. Victor Abola as members

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

D. OTHER MATTERS

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

The Board of Directors during its special meeting on December 16, 2021 approved the amendment of the Articles of Incorporation to comply with the provisions of the Revised Corporation Code (RCC), Securities Regulation Code (SRC), and Investment Company Act (ICA) and their implementing rules and regulations, as advised by the Securities and Exchange Commission.

- i. Amendment of the Primary Purpose to include the provisions under the ICA IRR and its amendments.
- ii. Amendment of the Secondary Purpose to delete the provisions not compliant or consistent with the ICA IRR.
- iii. Amendment of Article VII to delete the provision not consistent with Rule 10.4 of the ICA IRR.
- iv. Amendment of the By-Laws to align provisions with the Revised Corporation Code.

The proposed amendment is pursuant to the provisions of the Investment Company Act (ICA) and their implementing Rules and Regulations.

This matter will be submitted to the stockholders for approval.

The Board of Directors in the same meeting, approved the amendment of SALEF By-Laws to comply with the provisions of the Revised Corporation Code (RCC), Securities Regulation Code (SRC), and Investment Company Act (ICA) and their implementing rules and regulations, as advised by the Securities and Exchange Commission.

This matter will be submitted to the stockholders for information.

Item 18. Proposed Actions

1. Approval of the minutes of the meeting of the stockholders held on June 16, 2021, with the following points:
 - a) Approval of the Minutes of the Annual Stockholders' Meeting held on September 16, 2020
 - b) Annual Report to the Stockholders
 - c) Ratification of all Acts and Resolutions of the Board of Directors, Management and All Committees for the fiscal year 2020, including the following:
 - i. Renewal of the Management & Distribution Agreement
 - d) Election of the Members of the Board of Directors for the year 2021-2022
 - e) Appointment of External Auditor for the year 2021.
2. Ratification of Corporate Acts
 - a) Ratification of the minutes of the board meeting and all acts and resolutions of the Board, including among others the following:
 - i. Renewal of the Management Distribution Agreement with FAMI
3. Amendment to the Articles of Incorporation and By-Laws as follows:
 - i. Amendment of the Primary Purpose to include the provisions under the ICA IRR and its amendments.
 - ii. Amendment of the Secondary Purpose to delete the provisions not compliant or consistent with the ICA IRR.
 - iii. Amendment of Article VII to delete the provision not consistent with Rule 10.4 of the ICA IRR.
 - iv. Amendment of the By-Laws to align provisions with the Revised Corporation Code.
4. Election of the Members of the Board of Directors for the year 2022-2023 – Please refer to the list of nominees under Item 5 – “Directors and Executive Officers – Nominee Directors” for the details.
5. Appointment of Sycip Gorres Velayo & Co. (SGV) as External Auditors for the year 2022 – Please refer to the write-up under Item 7 “Independent Public Accountants” for the details.

Item 19. Voting Procedure

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

1. For the approval of the minutes of the 2021 meetings and the ratification/approval of the acts and resolutions of the Board, and the appointment of the external auditor, a majority vote of the stockholders present in the meeting is sufficient.
2. For the Amendment in the Articles of Incorporation the vote of at least 2/3 of the outstanding capital stock is required for its approval. For the amendment of the By-laws, a majority vote of the stockholders present in the meeting is sufficient.

3. For the election of Directors - The votes of all the shares present or represented by proxy at the meeting will be on a per share basis.

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

4. Methods by which votes will be counted

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

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

FIRST METRO SAVE AND LEARN EQUITY FUND, INC. YEAR 2021 ANNUAL REPORT ON SEC FORM 17-A WILL BE PROVIDED WITHOUT CHARGE TO EACH STOCKHOLDER UPON WRITTEN REQUEST ADDRESSED TO:

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

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on June 6, 2022.

FIRST METRO SAVE AND LEARN EQUITY FUND, INC.

By:


NIMFA BALMES- PASTRANA
Corporate Secretary

PART II -COMPANY PROFILE

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

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

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

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

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

Competition

The competitive environment for the company's products includes not only the products and services offered by the other Mutual Fund players, but all other investment instruments that the Company's target market has access to. The institutional funds of this market (especially the bigger ones) evidently have access to almost all types of instruments locally available such as unit investment trust funds, pre-need plans, universal life products, and other bank products. The retail funds and smaller institutional funds, however, are more likely limited to simple bank products. There is a big opportunity to tap into both the institutional and retail investors.

The registrant's main competitors are the other mutual funds in the Equity Fund category of Philippine mutual funds. It considers the funds of Philam, Sunlife, Philequity and BPI as its main competitors. As of December 31, 2021, these four competitor Funds represent around 82.03% of the total funds in this category. The company will be competing initially in terms of return on investment (ROI) and later on in terms of Fund size.

Effect of existing governmental regulation

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

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

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

- a. Maximum investment in any single enterprise is allowed but only up to fifteen percent (15.00%) of the Fund's NAV, except for investments in securities issued by the Philippine government or its instrumentalities and, in no case, shall the total investment of the Fund exceed ten percent (10.00%) of the outstanding securities of any one investee company.
- b. The Fund must not invest, in aggregate, more than twenty percent (20%) of its net assets in transferrable securities, money market securities, deposits and financial derivatives issued by a single entity or issuer. Deposit should not exceed twenty percent (20%) of its net assets in a single bank/non-bank with quasi bank license.
- c. The investments of the Fund in deposits, debt securities or money market placements, over-the-counter financial derivatives placed in non-investment grade or unrated deposit taking institution, including unlisted shares issued by a related party, should not exceed five percent (5%) of its net assets and shall not exceed ten percent (10%) in aggregate amount.
- d. Investments in foreign government securities or money markets where the issuer or the guarantor is a government, sovereign or central bank with an international long-term issuer rating of investment grade may be increased to thirty five percent (35%) of the NAV, but only five percent (5%) is allowed for non-investment grade.
- e. The Fund manager is required to use a risk-management process that captures the risk associated with in the financial derivative instruments:
 - Total exposure should not exceed ten percent (10%) of the net assets or five percent (5%) if the derivatives are not investment grade, unless used for efficient portfolio management which the aggregate shall not be more than twenty percent (20%);
 - Five percent (5%) of the NAV shall be invested to liquid assets to meet all payment and delivery obligations;
 - The Fund Manager shall not act as a counterparty to an OTC derivative investment into by the Investment Company.
- f. Investment in its own securities are prohibited.
- g. Investments in margin purchases of securities, commodity futures contracts, precious metals, unlimited liability instruments, short selling of currencies and securities are not allowed.
- h. Purchasing or selling of securities other than capital stocks of the Fund from or to any of its officers or directors or the officers and directors of its investment adviser/s, manager or distributor/s or firm/s of which any of them are members is prohibited.
- i. The Fund shall not participate in underwriting or selling activities in connection with public distribution of securities except for its own capital stock.
- j. Lending operations to corporations or other entities, public or private, shall not be engaged without prior review and approval of its BOD. Approvals, however, are only to those determined to be financially sound.
- k. Investment in any company for the purpose of exercising control or management or to invest in the securities of other investment companies and real estate companies is prohibited.

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

EXECUTIVE OFFICERS

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

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

Number of Employees

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

Compliance with the Manual on Corporate Governance

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

A compliance officer has been appointed to manage the Compliance System of the Company and to monitor and evaluate compliance with the Manual of Corporate Governance. In general, the Company is in compliance with the leading practices in good corporate governance. The Compliance Officer has submitted to SEC a Certification of Compliance covering the year 2021. No director or officer of the Company was found in violation of the Manual.

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

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

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

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

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

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

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

The following are additional risks present in managing the Fund:

- Investment companies/mutual funds are neither insured with the Philippine Deposit Insurance Corporation (PDIC) nor any other agency of the government, nor guaranteed by the Fund Manager. Investors are advised to read the prospectus of the Fund before deciding to invest.
- Investors are exposed to the risk of dilution since other investors may subscribe to any amount of shares of the Fund. The influence that the investors can exert over the control and management of the Fund decreases proportionately.

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

PART III - SECURITIES OF THE REGISTRANT

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

A. Market Price

Below is the history of Net Asset Value per Share (NAVPS) of the Fund the first quarter of 2022, and for the years 2021, 2020 and 2019:

| Year | | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|-------------|------|------------------------|------------------------|------------------------|------------------------|
| 2022 | High | 5.3104 | – | – | – |
| | Low | 4.9289 | – | – | – |
| 2021 | High | 5.0585 | 4.9174 | 5.0580 | 5.2983 |
| | Low | 4.4997 | 4.4199 | 4.4748 | 4.9709 |
| 2020 | High | 5.6355 | 4.5896 | 4.4463 | 5.0616 |
| | Low | 3.4255 | 3.8590 | 4.0572 | 4.1462 |
| 2019 | High | 6.2594 | 5.6147 | 5.5306 | 5.4133 |
| | Low | 5.5249 | 4.9406 | 5.0346 | 4.8142 |

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

B. Shareholders

As of March 31, 2022, there are 16,552 shareholders of the Fund.

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

C. Dividends

The Fund has not issued any cash dividend since its inception. The Board of Directors of the Fund may decide to declare dividends from the unrestricted retained earnings of the Fund at a time and percentage as the Board may deem proper and in accordance with law. The Fund may declare or

pay dividends but limits those dividends to come from the Fund's accumulated undistributed net income. The ability of the Fund to declare dividends therefore will be restricted by the amount of yearly net income generated. This would be dependent on the performance of the market and on the performance of the investment manager.

Recent Sale of Unregistered Securities

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

Legal Proceedings

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

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

PART IV - MANAGEMENT DISCUSSION AND ANALYSIS

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

The Fund's Statements of Financial Position and Statements of Comprehensive Income as of and for the period ended March 31, 2022, and for the years ended December 31, 2021, 2020, and 2019 are presented below:

Statements of Financial Position

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

INTERIM STATEMENTS OF FINANCIAL POSITION

| | As of | |
|---|-------------------------------|--------------------------------|
| | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
| ASSETS | | |
| Cash and cash equivalents | P241,251,224 | P520,232,655 |
| Financial assets at fair value through profit or loss | 4,160,450,011 | 3,734,318,678 |
| Financial assets at amortized cost | 99,816,500 | - |
| Receivables | 26,772,715 | 212,848,808 |
| Other assets | 1,477,983 | 1,477,983 |
| TOTAL ASSETS | P4,529,768,434 | P4,468,878,124 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | P90,400,916 | P142,611,664 |
| EQUITY | | |
| Capital stock | 855,279,273 | 855,951,046 |
| Additional paid-in capital | 3,353,719,759 | 3,357,228,747 |
| Retained earnings | 230,368,486 | 113,086,667 |
| | 4,439,367,518 | 4,326,266,460 |
| TOTAL LIABILITIES AND EQUITY | P4,529,768,434 | P4,468,878,124 |

Statements of Comprehensive Income

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

INTERIM STATEMENTS OF COMPREHENSIVE INCOME

| | For the Period Ended March 31 (Unaudited) | |
|--|--|-----------------------|
| | 2022 | 2021 |
| INVESTMENT INCOME | | |
| Trading and securities gain (loss) | P118,534,500 | (P336,531,580) |
| Dividend income | 33,065,041 | 18,988,020 |
| Interest income | 1,523,648 | 1,065,316 |
| | 153,123,188 | (316,478,244) |
| OPERATING EXPENSES | | |
| Management and retainer's fees | 22,429,689 | 21,269,245 |
| Brokers' commission | 11,393,852 | 11,876,396 |
| Taxes and licenses | 778,428 | 153,611 |
| Transaction charges | 473,698 | 829,544 |
| Custodian and clearing fees | 335,771 | 335,771 |
| Fund Accounting Fees | 186,914 | - |
| Professional fees | 139,458 | 139,459 |
| Directors' and officers' fees | 87,315 | 98,316 |
| Miscellaneous | 2,600 | 25,000 |
| | 35,827,726 | 34,727,342 |
| INVESTMENT INCOME (LOSS) BEFORE TAX | 117,295,462 | (351,205,586) |
| PROVISION FOR FINAL TAX | 15,840 | 59,452 |
| NET INVESTMENT INCOME (LOSS) / TOTAL COMPREHENSIVE INCOME (LOSS)* | P117,279,622 | (P351,265,038) |
| EARNINGS (LOSS) PER SHARE | P0.1392 | (P0.4022) |

*There are no other comprehensive income items for the period ended March 31, 2022 and 2021.

Financial Position (March 31, 2022 vs. December 31, 2021)

As of March 31, 2022, the Fund's total assets reached P4.53 billion, higher by P60.89 million from P4.47 billion as of December 31, 2021. Total liabilities decreased by 36.61% or P 52.21 million from P142.61 million to P90.40 million as of reporting date. 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 savings and checking accounts and time deposits in local banks. Cash in banks earn interest at the respective bank deposit rates. Time deposits bear annual interest rates ranging from 0.125% to 0.875% and 0.25% to 2.80% in 2022 and 2021, respectively. The decrease of 53.63% or P278.98 million from P520.23 million to P241.25 million was due to redemptions during the period.

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

This account consists of investments in government securities and equity securities. The increase of 11.41% or P426.13 million from P3.73 billion to P4.16 billion was due to purchases of securities and changes in the fair value of investments during the quarter. As of March 31, 2022 and December 31, 2021, this account includes P68.43 million and P109.09 million fair value gains, respectively.

c. Financial assets at amortized cost

This account consists of investments in debt securities. The increase of P99.82 million represents new purchases during the year.

d. Receivables

This account consists of due from brokers, accrued interest receivables, dividend receivable and accounts receivables. The decrease of 87.42% or P186.08 million from P212.85 million to P26.78 million was due to lower amount collectible from sales of securities and dividend receivable as of reporting date.

e. Other asset

This account remained at P1.48 million which pertains to creditable withholding tax from interest income of the Fund.

f. Accounts payable and accrued expenses

Accounts payable and accrued expenses consists of due to brokers, accounts payable, payable to FAMI, accrued expenses, withholding tax and documentary stamp tax (DST) payable. The 36.61% or P52.21 million decline from P142.61 million to P90.40 million was mainly due to payment of payables during the quarter.

g. Equity

The Fund's equity is comprised of its capital stock, additional paid-in capital and retained earnings. The increase of P13.10 million from P4.33 billion to P4.44 billion was mainly due to the net effect of redemptions and results of operations recognized during the period.

Capital Stock ended at P855.28 million, a decrease of P0.67 million from P855.95 million, mainly due to redemption during the period. The Fund's authorized capital stock remained at P2.25 billion with par value of P1.00 per share. As of March 31, 2022 and December 31, 2021, the total issued and outstanding shares were 855,279,273 and 855,951,046, respectively, while the total number of holders of redeemable common shares is 16,549 and 16,679, respectively.

Additional paid-in capital decreased by P3.51 million from P3.357 billion to P3.354 billion due to redemptions during the year.

Retained earnings increased by 103.71% or P117.28 million from P113.09 million to P230.37 million mainly due to results of operations recognized during the year.

Results of Operations

For the quarter ended March 31, 2022, the Fund realized a net income of P1 17.28 million, increased by 133.39% or P468.54 million from last year's net loss of P35 1.27 million. Detailed discussions on the changes in the statement of income accounts are as follows:

a. Trading and securities gains (losses)

This account includes realized and unrealized gains earned from trading investments in debt and equity securities. The increase of 135.22% or P455.07 million from P336.53 million loss to P1 18.53 million gain was mainly due to higher realized gain from the sale and result of changes in fair value of debt and equity securities held for trading during the quarter.

b. Dividend income

This account increased by 74.14% or P1 4.08 million from P18.99 million to P33.07 million mainly due to higher cash dividends earned from equity securities during the period.

c. Interest income

This account totaled P1 .52 million, an increase of 43.02% or P0.46 million from last year's P1 .07 million mainly due to higher interest income earned from time deposits during the period.

d. Directors' and officers' fees

This account pertains to per diem of the Fund's officers and directors during board meetings and annual stockholders' meeting. The increase of 11.19% or P0.01 million from P0.10 million to P0.09 million was due to lower attendees during the period.

e. Management and retainer's fee

This account increased by 5.46% or P1.16 million from P21.27 million to P22.43 million mainly due to the increase in management fees relative to the increase in the Fund's net assets for the period.

f. Brokers' commission

This account pertains to fees paid to brokers to execute a trade based on the volume of equity and debt securities being traded. The decrease of 4.06% or P0.48 million from P1 1.88 million to P1 1.39 million was mainly due to lower brokers' commission incurred during the period.

g. Taxes and licenses

This account pertains to taxes other than income tax, such as DST and local taxes. The increase of 406.75% or P0.62 million from P0.15 million to P0.78 million was due to higher taxes due during the period.

h. Custodian and clearing fees

This account totaled P0.34 million which pertains to fees paid to the custodian of the Fund during the period.

i. Transaction charges

This account pertains to the payment of stock trading charges. The decrease of 42.90% or P0.36 million from P0.83 million to P0.47 million was due to lower volume of trades during the quarter.

j. Fund accounting fee

This account totaled P0.19 million which pertains to payment of the fund admin fee during the period.

k. Professional fees

This account totaled P0.14 million which pertains to audit fees and other professional fees incurred by the Fund during the period.

l. Miscellaneous expense

This account decreased by 89.60% or P0.02 million due to lower bank charges and other miscellaneous expenses paid by the Fund during the period.

2021

Financial Position (December 31, 2021 vs. December 31, 2020)

The total resources of the Fund grew by P0.28 billion or 6.59% from P4.19 billion in 2020 to P4.47 billion as of December 31, 2021. Liabilities also went up by P72.01 million or 102.00% from P70.60 million in 2020 to P142.61 million in 2021.

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

a. Cash and cash equivalents

Cash and cash equivalents represent the Fund's savings, checking accounts and time deposits in local banks. This account increased by P281.68 million or 118.08% from P238.55 million in 2020 to P520.23 million in 2021 due to higher cash in banks and outstanding placements in time deposit this year.

Cash in banks earn interest at the respective bank deposit rates remains at 0.125% to 0.50% in 2021 and 2020. Cash equivalents which consist of time deposits earns an annual interest ranging from 0.125% to 0.875% and from 0.125% to 2.25% in 2021 and 2020, respectively.

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

This account represents 83.56% and 92.28% of the total assets in 2021 and 2020, respectively. It slid by P134.64 million or 3.48% from P3.87 billion in 2020 to P3.73 billion at the end of the year due to the sale of various securities and decrease in market value during the year.

This account consists of investment in equity securities and government treasury bills amounting to P3.73 billion and nil as of December 31, 2021 and P3.77 billion and P0.10 billion as of December 31, 2020, respectively. Financial assets at FVTPL include fair value gain of P109.09 million and P92.18 million as of December 31, 2021 and 2020, respectively.

c. Receivables

Receivables amounted to P212.85 million and P83.73 million as of December 31, 2021 and 2020, respectively. The increase of P129.12 million or 154.21% is mainly due to the receivable from brokers pertain to the amount collectible for the sale of equity securities which collections are due within three (3) working trading days following the settlement convention.

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

d. Other asset

This account remained at P1.48 million as of December 31, 2021 and 2020, respectively and this pertains to prepaid creditable withholding tax of the Fund.

e. Accounts payable and accrued expenses

Accounts payable amounted to P142.61 million and P70.60 million as of December 31, 2021 and 2020, respectively. The increase of P72.01 million or 102.0% is mainly due to the unpaid purchases of stock which payments are due within three (3) working trading days following the settlement convention.

This account also includes accounts payable, payable to FAMI, accrued expenses, withholding tax payable and documentary stamp tax payable.

f. Equity

Total stockholders' equity increased by P204.15 million or 4.95% mainly due to net of subscriptions over redemptions of P60.60 million and result of operations during the year.

Capital Stock

The Fund's authorized and issued capital stock follow:

| | 2021 | 2020 |
|------------------------|---------------|---------------|
| Authorized | 2,250,000,000 | 2,250,000,000 |
| Issued and outstanding | 855,951,046 | 834,222,325 |

The BOD approved on March 14, 2012 and ratified by the stockholders on August 4, 2012 the increase in authorized capital stock from P1.00 billion (1.00 billion redeemable common shares) to P1.25 billion (1.25 billion redeemable common shares) with a par value of P1.00 per share. The application for increase in authorized capital stock was presented for filing with the SEC on November 13, 2012 and was approved by the SEC on January 24, 2013. The 0.25 billion shares of stock were registered with SEC on May 15, 2015.

The next tranche of the increase in authorized capital stock was approved by the BOD and stockholders on February 25, 2013 and July 13, 2013, respectively, from P1.25 billion (1.25 billion redeemable common shares) to P3.00 billion (3.00 billion redeemable common shares) with a par value of P1.00 per share. The BOD adopted a resolution that the increase in the authorized capital stock to P3.00 billion be made in several tranches. The authorized capital stock will be initially increased by P1.00 billion while the succeeding increases will be executed upon determination and approval of the BOD without the need of going back to the stockholders for approval. The first tranche of increase in authorized capital stock from P1.25 billion to P2.25 billion was approved by the SEC on December 29, 2014. The 1.00 billion shares of stock were registered with SEC on June 15, 2015.

As of December 31, 2021 and 2020, the total number of holders of redeemable common shares is 16,679 and 16,678, respectively.

Additional paid-in capital totaled P3.36 billion and P3.19 billion in 2021 and 2020, respectively, increased by P0.17 billion or 5.34% mainly due to the net subscriptions during the year.

Retained earnings increased by P12.32 million or 12.23% due to the result of Fund's operation during the year.

Results of Operations (January 1– December 31, 2021 vs. January 1– December 31, 2020)

For the year ended December 31, 2021, the Fund incurred a net income of P143.57 million from a net loss of P250.40 million in 2020. The increase of P393.96 million or 157.33% is primarily due to higher trading and securities gains on sale of equity securities during the year.

The highlights of the results of operations for the year ended December 31, 2021 are as follows:

a. Trading and securities gains (losses)

For the year 2021, the Fund incurred trading and securities gains amounting to P220.29 million, 208.63% or P423.07 million higher than last year's loss of P202.79 million. This account represents realized gain (loss) from the sale and unrealized gain (loss) from changes in fair value of debt and equity securities held for trading during the year.

c. Dividend income

Dividend income is recognized when the Fund's right to receive payment is established. The increase of P15.44 million or 29.75% from last year's P51.90 million to P67.34 million this year was mainly due to higher cash dividends earned from shares of stocks held during the year.

c. Interest income

Interest income earned from cash and cash equivalents and financial assets at FVTPL investments declined by P4.85 million or 68.42% from P7.09 million to P2.24 million this year. due to decrease in the financial assets at FVTPL investments during the year.

d. Miscellaneous income

This account consists of write-off of unidentified deposits and stale checks in 2020.

e. Management and retainer's fee

This account includes management fees, incentive fees and retainer's fees of the Fund. This account increased by P16.65 million or 22.19%, from last year's P75.01 million to P91.66 million this year, due to increase in asset under management of the Fund this year.

f. Brokers' commission

Broker's commission amounting to P23.06 million and P12.52 million for the year ended December 31, 2021 and 2020, respectively. The increase of P10.55 million or 84.28% pertains to higher brokers' commission incurred during the year.

g. Taxes and licenses

This account includes filing fees, local taxes and documentary stamp taxes which increased by P1.04 million or 58.33% from P1.79 million to P2.84 million this year due to higher DST paid during the year.

h. Custodian and clearing fees

This account pertains to payment to the custodian of the Fund. The increase of P0.25 million or 22.66% from P1.11 million to P1.36 million this year is mainly due to the increase in market value of the equity securities held by the Fund.

i. Transaction charges

This account pertains to the payment of stock trading and over-the-counter charges of the Fund. The increase of P0.34 million or 75.87% from P0.45 million to P0.79 million this year was mainly due to higher number of trades during the year.

j. Fund accounting fee

This account totaled P0.46 million and this pertains to payment of the fund admin fee during the year.

k. Miscellaneous expense

Miscellaneous expense consists postage fees, insurance premiums, notarial fees and membership fees and dues. This account decreased by P0.36 million or 78.12% from P0.45 million to P0.10 million mainly due to lower other operating expenses during the year.

2020

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

The total resources of the Fund grew by P0.05 billion from P4.14 billion at the beginning of the year to P4.19 billion as of December 31, 2020. Liabilities also went up by 286.60% from P18.26 million in 2019 to P70.60 million in 2020.

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

1. Cash and cash equivalents

Cash and cash equivalents represent the Fund's savings, checking accounts and time deposits in local banks. This account increased by P64.45 million or 37.02% from P174.10 million in 2019 to P238.55 million in 2020 due to the net effect in the increase of cash in banks and decrease in placement in time deposit.

Cash in banks earn interest at the respective bank deposit rates ranging from 0.125% to 0.50% and 0.25% to 0.50% in 2020 and 2019, respectively. Cash equivalents which consist of time deposits earns an annual interest ranging from 0.125% to 2.25% and from 0.25% to 3.75% in 2020 and 2019, respectively.

2. Financial assets at fair value through profit or loss

This account represents 92.28% and 95.63% of the total assets in 2020 and 2019, respectively. It slid by P92.39 million or 2.33% from P3.96 billion at the beginning of the year to P3.87 billion at the end of the year due to the sale of various securities and decrease in market value during the year.

As of December 31, 2020 and 2019, this account consists of investment in equity securities amounting to P3.77 billion and P3.86 billion, respectively. Government treasury bills remained at P0.10 billion as of December 31, 2020 and 2019. Financial assets at FVTPL include fair value gain of P92.18 million and P106.67 million as of December 31, 2020 and 2019, respectively.

3. Receivables

Receivables amounted to P83.73 million and P5.26 million as of December 31, 2020 and 2019, respectively. The increase of P78.47 million is mainly due to the receivable from brokers pertain to the amount collectible for the sale of equity securities which collections are due within three (3) working trading days following the settlement convention.

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

4. Other asset

This account decreased by P 0.12 million or 7.51% mainly due to lower creditable withholding tax collected during the year.

5. Accounts payable and accrued expenses

Accounts payable amounted to P70.60 million and P18.26 million as of December 31, 2020 and 2019, respectively. The increase of P52.34 million or 286.6% is mainly due to the unpaid purchases of stock which payments are due within three (3) working trading days following the settlement convention.

This account also includes accounts payable, payable to FAMI, accrued expenses, withholding tax payable and documentary stamp tax payable.

6. Equity

Total stockholders' equity decreased by P1.93 billion mainly due to net of redemptions over subscriptions of P0.25 billion and result of operations during the year.

Capital Stock

The Fund's authorized and issued capital stock follow:

| | 2020 | 2019 |
|------------------------|---------------|---------------|
| Authorized | 2,250,000,000 | 2,250,000,000 |
| Issued and outstanding | 834,222,325 | 773,983,778 |

The BOD approved on March 14, 2012 and ratified by the stockholders on August 4, 2012 the increase in authorized capital stock from P1.00 billion (1.00 billion redeemable common shares) to P1.25 billion (1.25 billion redeemable common shares) with a par value of P1.00 per share. The application for increase in authorized capital stock was presented for filing with the SEC on November 13, 2012 and was approved by the SEC on January 24, 2013. The 0.25 billion shares of stock were registered with SEC on May 15, 2015.

The next tranche of the increase in authorized capital stock was approved by the BOD and stockholders on February 25, 2013 and July 13, 2013, respectively, from P1.25 billion (1.25 billion redeemable common shares) to P3.00 billion (3.00 billion redeemable common shares) with a par value of P1.00 per share. The BOD adopted a resolution that the increase in the authorized capital stock to P3.00 billion be made in several tranches. The authorized capital stock will be initially increased by P1.00 billion while the succeeding increases will be executed upon determination and approval of the BOD without the need of going back to the stockholders for approval. The first tranche of increase in authorized capital stock from P1.25 billion to P2.25 billion was approved by the SEC on December 29, 2014. The 1.00 billion shares of stock were registered with SEC on June 15, 2015.

As of December 31, 2020 and 2019, the total number of holders of redeemable common shares is 16,678 and 16,392, respectively.

Additional paid in capital amounted to P3.19 billion and P3.00 billion in 2020 and 2019, respectively. The increase of P0.19 billion or 6.28% was mainly due to the net subscriptions during the year.

Retained earnings went down by P0.25 billion or 71.31% due to the result of Fund's operation during the year.

Results of Operations

As of December 31, 2020, the Fund incurred a net loss of P0.25 billion from a net income of P0.06 billion in 2019. The decrease of P0.31 billion or 507.23% is primarily due to lower trading and securities gains in the sale.

The highlights of the results of operations for the year ended December 31, 2020 are as follows:

1. Trading and securities gains (losses)

As of December 31, 2020, the Fund incurred trading and securities loss amounted to P0.20 billion, 244.00% or P0.34 billion lower than the previous year's net income of P0.14 billion. This account represents realized gain (loss) from the sale and unrealized gain (loss) from changes in fair value of debt and equity securities held for trading during the year.

2. **Dividend income**

Dividend income is recognized when the Fund's right to receive payment is established. This account declined by P15.51 million or 23.00% from last year's P67.41 million to P51.90 million this year due to lower cash dividends earned from shares held during the year.

3. **Interest income**

Interest income grew by P1.20 million or 20.42% due to increase in deposit in cash in bank during the year. This account consists of interest earned from cash and cash equivalents and financial assets at FVTPL investments.

4. **Miscellaneous income**

This account consists of write-off of unidentified deposits and stale checks which decreased by P0.30 million.

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

This account includes management fees, incentive fees and retainer's fees. Management and retainer's fee amounted to P75.00 million, P17.66 million or 19.05% lower than the prior-year balance of P92.66 million as a result of the decline in asset under management of the Fund this year.

6. **Brokers' commission**

Broker's commission amounting to P12.52 million and P26.23 million for the year ended December 31, 2020 and 2019, respectively. The decrease of P13.71 million or 52.28% pertains to lower brokers' commission incurred during the year.

7. **Custodian and clearing fees**

This account pertains to payment to the custodian of the Fund. The decrease of 13.37% is mainly due to the decrease in market value of the equity securities held by the Fund.

8. **Taxes and licenses**

This account includes filing fees, local taxes and documentary stamp taxes which increased by P1.32 million due to higher DST and local taxes paid for the year.

9. **Transaction charges**

This account pertains to the payment of stock trading and over-the-counter charges amounting to P0.45 million and P0.95 million for the year 2020 and 2019, respectively. The 53.01% decrease is a result of lower number of trades this year as compared last year.

10. **Miscellaneous expense**

Miscellaneous expense amounting to P0.45 million and P0.52 million in 2020 and 2019, respectively, includes postage fees, insurance premiums, notarial fees and membership fees and dues. This account went down by 11.86% due to lower other operating expenses.

Plan of Action

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

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

Subsequent Events

There were no material subsequent events that occurred after the year ended December 31, 2021.

Other Matters

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, incorporated on May 27, 2005, is classified as an investment company with moderate risk. Its investment objective is to seek long-term capital appreciation by investing primarily in carefully selected listed and non-listed equity securities.

The Fund has First Metro Asset Management, Inc. (FAMI) as its Investment Company Adviser, Administrator and Principal Distributor.

The Fund started with an initial paid-up capitalization of ₱25,000,000, a small portion of the mutual fund industry (under the equity fund category).

SALEF has identified the following as its key performance indicators:

- *Net Asset Value Per Share* - Net Asset Value per share amounted to P5.1905 as of March 31, 2022, higher by 2.69% from P5.0543 as of December 31, 2021. The Fund's average daily net asset value increased by 2.61% or P0.11 billion from P4.33 billion as of December 31, 2021 to P4.44 billion as of March 31, 2022.
- *Sales for the period ended* - The Fund's total sales of P243.83 million for the period ended March 31, 2022 was 37.85% or P148.52 million lower than P392.35 million sales for the same period last year.
- *Redemptions for the period ended* - Fund's total redemptions amounted to P248.01 million for the period ended March 31, 2022 was 222.75% or P171.17 million higher than P76.85 million redemptions last year.
- *Net Income vs. Benchmark*- The Fund incurred a net income of P117.28 million for the period ended March 31, 2022 as compared to P351.27 million net loss for the same period last year.
- *Market Share vs. Benchmark*- As of March 31, 2022 the Fund garnered 3.61% share in the Equity Funds category while 0.98% share in terms of net assets. On the basis of account holders, the Fund has 16,549 account holders or 3.00% of the total accounts in the Equity Funds category.

FINANCIAL SOUNDNESS INDICATORS

| Performance Indicator | Formula | As of March 31 | |
|------------------------------------|--|-----------------|-----------|
| | | 2022 | 2021 |
| a. Current/Liquidity Ratio | Total Current Assets | 5009.12% | 6352.05% |
| | Total Current Liabilities | | |
| b. Solvency Ratio | Total Liabilities | 2.00% | 1.57% |
| | Total Assets | | |
| c. Debt to Equity Ratio | Total Liabilities | 2.04% | 1.60% |
| | Total Equity | | |
| d. Asset to Equity Ratio | Total Assets | 102.04% | 101.60% |
| | Total Equity | | |
| e. Interest Rate Coverage Ratio | Income before Interest Expense and Tax | NA | NA |
| | Interest Expense | | |
| f. Return on Equity | Net Income after Tax | 10.43% | -33.68% |
| | Average Capital | | |
| g. Return on Assets | Net Income after Tax | 10.70% | -34.23% |
| | Average Total Assets | | |
| h. Net Profit Margin Ratio | Net Income | 76.59% | (110.99%) |
| | Net Interest Income and Operating Income | | |
| i. Net Asset Value (NAY) Per Share | NAV Attributable to Holders of Redeemable Shares | 5.1905 | 4.5339 |
| | Number of Redeemable Shares | | |

Item 7. Financial Statements

Audited Financial Statements

Statement of Management's Responsibility for Financial Statements

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on June 7, 2022.

FIRST METRO SAVE AND LEARN EQUITY FUND, INC.

By:


MARICEL L. MADRID
TREASURER