



CORPORATE GOVERNANCE AND FINANCE DEPARTMENT

**SEC-CGFD Order No. 54
Series of 2022**

IN THE MATTER OF

FIRST METRO SAVE AND LEARN BALANCED FUND, INC. : **Amended Registration Statement**
 Registrant :
 X-----X

ORDER

Upon consideration of the Amended Registration Statement filed by **FIRST METRO SAVE AND LEARN BALANCED FUND, INC.** (the "Fund") the Commission in its meeting held on March 3, 2022, resolved to approve the following amendments:

SUBJECT	ORIGINAL PROVISION	PROPOSED AMENDMENTS	REASON/S FOR AMENDMENT																								
Sales Load	<table border="1"> <thead> <tr> <th>Amount</th> <th>Sales Load</th> </tr> </thead> <tbody> <tr> <td>P5,000 to less than P100,000</td> <td>2.0%</td> </tr> <tr> <td>P100,000 to less than P500,000</td> <td>1.50%</td> </tr> <tr> <td>P500,000 to less than P2M</td> <td>1.0%</td> </tr> <tr> <td>P2M above</td> <td>0.5%</td> </tr> </tbody> </table>	Amount	Sales Load	P5,000 to less than P100,000	2.0%	P100,000 to less than P500,000	1.50%	P500,000 to less than P2M	1.0%	P2M above	0.5%	<table border="1"> <thead> <tr> <th>Amount</th> <th>Sales Load</th> </tr> </thead> <tbody> <tr> <td><P100,00</td> <td>3.00%</td> </tr> <tr> <td>P100,000 to P499,999</td> <td>2.50%</td> </tr> <tr> <td>P500,000 to P999,999</td> <td>2%</td> </tr> <tr> <td>P1,000,000 to P4,999,999</td> <td>1.50%</td> </tr> <tr> <td>P5,000,000 to P9,999,999</td> <td>1%</td> </tr> <tr> <td>P10,000,000 above</td> <td>0.50%</td> </tr> </tbody> </table>	Amount	Sales Load	<P100,00	3.00%	P100,000 to P499,999	2.50%	P500,000 to P999,999	2%	P1,000,000 to P4,999,999	1.50%	P5,000,000 to P9,999,999	1%	P10,000,000 above	0.50%	The adjusted or increased rate of sales load is market driven and to be at par with other Funds with the same nature and similar underlying assets. .
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Benchmark	60% x [PSEi Annual Performance + 6.5%] +40% x [Mart1(5 years) + 1%]	50% Philippine Stock Exchange (PSEi) + 30% Bloomberg Index + 15% S&P Corporate Index + 5% Liquidity	To allow more flexibility on duration and optimize returns during a falling interest rate scenario.																								

The Fund is directed to upload its final prospectus on its website www.fami.com.ph and to publish this Order in a national newspaper of general circulation in the Philippines within two (2) business days from receipt of this Order and furnish the Commission with a copy of the affidavit of publication of this Order.

SO ORDERED.

Ground Floor, North Wing Hall, Secretariat Building, PICC Complex, Vicente Sotto St., Pasay City, Metro Manila, Philippines.

May 25, 2022.


RACHEL ESTHER J. GUMTANG-REMALANTE
Director



FINAL PROSPECTUS

FIRST METRO SAVE AND LEARN BALANCED FUND, INC.

**(Open-end Investment Company)
ISSUER**

The number of securities to be offered inclusive of what has already been subscribed to upon incorporation is One Billion (1,000,000,000) common shares. The price at which the shares are to be offered is based on 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

18th 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
April 25, 2022

**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 Balanced Fund, Inc. of One Billion (1,000,000,000) common shares with a par value of P1.00 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 1,000,000,000 shares is estimated at ₱2,663,300,000 (using the Fund's NAVPS of ₱2.6633 as of December 15, 2021).

The investment objective of the Fund is to provide capital growth with returns and inflows derived out of investments in both equity and fixed-income securities. The Fund is classified as moderate risk. The assets of the Fund were structured based on market conditions, the level of interest rates, and liquidity needs of the Fund, where its investments in debt instruments, denominated in Philippine Pesos or foreign currencies, 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 both equity and fixed-income securities 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 one-and-eighth-seven-five percent (1.875%) 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. 17 for the list of sub-distributors and "Parties involved in the Fund" on p 39.

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. 20.

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.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

SIGNED

VICTOR A. ABOLA
President

SUBSCRIBED AND SWORN to before this APR 25 day of 2022, affiant exhibiting to me his Passport No. _____ issued on _____ at DFA and valid until _____

Doc. No 115
Page No 84
Book No 22
Series of 2022.

[Signature]
ATTY: **J. BO' V. R**
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 204 (2021-2022)
IBP O.R. No. 132134 ND 2021 & IBP O.R. No. 133076 MD 2022
PTR O.R. No. 2453255D 1/3/22 / Roll No. 33892 / TIN# 129-871-009
MCLE No. VI-M-2-157906-1/2/22 9-15/22 Quezon City
Address: 31 - Harvard St., Cubao, Q.C.

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

Management and Distribution Fee	1.875% p.a. (excluding VAT)
Transfer Agency Fee	₱10,000 per month
Custodianship and Fund Accounting Fee	4bps of total AUM as of month-end
External Audit Fee	₱273,925 as of December 31, 2020
Directors' Fees	Aggregate annual per diem as of 2020 is ₱309,507

SUMMARY OF FEES TO BE PAID BY SHAREHOLDERS

Sales Load Fee	Total Amount (in PHP)	Sales Load
	< 100,000	3%
	100,000 - 499,999	2.50%
	500,000 - 999,999	2%
	1,000,000 - 4,999,999	1.50%
	5,000,000 - 9,999,999	1%
	10,000,000 and up	0.50%
Redemption Fee	Redemptions made within six (6) months are subject to an exit fee of no more than 1%	

ABBREVIATED FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

(Amounts in Peso)

	December 31, 2021	December 31, 2020
Total Assets	1,330,122,864	1,455,187,820
Total Liabilities	39,057,347	60,410,654
Net Assets	1,291,065,517	1,394,777,166
Net Asset Value Per Share	2.6517	2.6272

STATEMENT OF OPERATIONS

(Amounts in Peso)

	December 2021	December 2020
Total Revenues	60,398,146	43,265,644
Total Expenses	35,616,805	36,299,334
Net Income After Tax	14,688,088	(3,404,369)

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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 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.

Issuer	First Metro Save and Learn Balanced Fund, Inc.
Investment Objective	The Fund aims to provide capital growth with returns and inflows derived out of investments in both equity and fixed-income securities.
Investment Strategy	The Fund will invest in both equity and fixed income securities to provide diversification and maximization of returns.
Shares Offered/Par Value	The Fund is offering 1,000,000,000 shares of common stock with a par value of one peso P1.00 per share.
Offering Price	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.
Sales Load Fee	The sales load fee is a maximum of 3%. See breakdown of fees on p. 4.
Daily Cut-off Time	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.
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.
Redemption Price	<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>
Redemption Charge	Redemptions made within six (6) months 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 six (6) months from the time of investment.
Asset Valuation	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 in equity securities may decline in value due to factors affecting securities markets generally, or particular countries, segments, economic sectors, industries, or companies within those markets. Historically, the markets have moved in cycles and the value of the Fund's securities and other financial instruments may move drastically up or down from day to day. The risk can be minimized by following the exposure limits set in this prospectus or by the Commission.

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

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

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.

Monitoring and management of risk exposures are performed by the Chief Risk Officer, FMIC Risk Management Division, on a daily basis, check compliance with the investment limits prescribed under Rule 6.8 of the Implementing Rules and Regulations of the Investment Company Act, including compliance with internal investment policy limits, such as but not limited to approved portfolio allocation and sectorial allocation limits. Any breach noted by the risk officer, whether or not the same would involve regulatory limits or internal limits, is escalated to the Investment and Research Division for corrective action. The daily risk monitoring reports of the risk officer is collated weekly and reported to our Senior Management Committee during its weekly meeting. Thereafter, the risk monitoring and management report including the limit breaches noted thereof is elevated to the Audit Committee and taken up during its meeting held every other month of the year. As a matter of good governance policy, the Audit Committee renders its report to the Board of Directors.

The risk officer and his team also perform monitoring and management of operational risk incidents. Under existing policy, all units and departments are required to submit to the risk officer a risk incident report within 24 hours, if any. These units and departments are also required to fill up a templated Key Risk Indicator (KRI) report regardless of whether the pre-determined risk indicators were triggered or not. Similarly, these operational risk reports are escalated to the Audit Committee. Please note that the risk officer reports to the Board thru the Audit Committee.

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

First Metro Save and Learn Balanced Fund, Inc. is a Philippine corporation incorporated as an open-end investment company on January 29, 2007 under SEC registration No. CS200701110. The Fund is engaged primarily in the sale of its shares of stock and in the investment of the proceeds from these sales into a portfolio of quality, high grade equity securities and fixed income instruments.

CLASSIFICATION OF THE FUND

The Fund is exposed to equity securities and/or in government and corporate debt securities and can be considered a moderate type of investment.

INVESTMENT OBJECTIVE AND RESTRICTIONS

The investment objective of the Fund is to generate long-term capital appreciation through investment in equity securities and/or in government and corporate debt securities. The Fund will adopt a tactical allocation approach by having the ability to switch between equities, bonds, and cash with a wider range in the permitted allocation between equities and fixed-income assets when needed.

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, in aggregate, 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.

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
 - b. 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 of SEC MC. No. 15. S. 2020, 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.
- 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 3rd 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 equity securities and fixed income securities and can be considered by investors with moderate to aggressive risk profile with medium term (1-3 yrs) 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 Balanced 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. A sales load may also be charged on the day of the purchase.

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. In both instances, a sales load fee may be charged based on the total price of the subscription.

The sales load fee is a maximum of 3%. See breakdown of fees on p. 4.

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 Balanced 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. 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 six (6) months and redemption fees shall be deducted out of the redemption proceeds depending on the retention period of the Investor:

Retention Period	Fee
Less than 6 months	Maximum of 1% (excluding VAT)
6 months and beyond	None

PROCEDURE FOR HANDLING CUSTOMER’S COMPLAINTS

Investors may coordinate with FAMI through several platforms such as phone call (8891-2860 up to 65), email (fami@firstmetro.com.ph), social media [Facebook, Instagram, Twitter, Viber (@FirstMetroAsset)], and website (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. Applicable fees 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 from the sale of securities will be used to invest in equity and fixed income securities 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. If there be any delegation or outsourcing of fund management functions or custody of assets, the Fund shall comply with the requirements of ICA Rule 5.1.6 and 5.3.6, respectively and any amendments thereto.

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 OFFER 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, Unicapital 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 one-and-eighth-seven-five percent (1.875%) 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, will not be more than 3%.

DESCRIPTION OF SECURITIES TO BE REGISTERED

The Fund's authorized capital is One Billion Pesos (Php1,000,000,000), composed of One Billion (1,000,000,000) unclassified common shares with a par value of One Peso (Php1.00) 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.

INTEREST OF NAMED EXPERTS AND INDEPENDENT COUNSEL

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 incorporated as an open-end investment company on January 29, 2007. The investment objective of the Fund is to generate long-term capital appreciation through investment in equity securities and/or in government and corporate debt securities.

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 Fund's main competitors are the other mutual funds in the Balanced Fund category of Philippine mutual funds. As of December 31, 2021, the Fund considers the funds of Sunlife and Philam, as its main competitors which represent around 80.68% of the total funds in this category.

Mutual Fund Company	Net Asset Value	Market Share*
Philam Fund, Inc.	Php 117.06 Billion	46.28%
Sun Life of Canada Prosperity Balanced Fund, Inc.	Php 8.22 Billion	34.40%
First Metro Save and Learn Balanced Fund Inc.	Php 1.35 Billion	5.63%

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, fixed income securities, and equity 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 the First Metro Save and Learn Balanced Fund, Inc. 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 list of the highest and lowest Net Asset Value per Share (NAVPS) of the Fund for the years 2021, 2020, 2019 and 2018:

Year		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2021	High	2.6648	2.6166	2.6545	2.7366
	Low	2.4654	2.4501	2.4584	2.6211
2020	High	2.6355	2.4997	2.4676	2.6671
	Low	2.1061	2.2304	2.3482	2.3719
2019	High	2.6912	2.6872	2.7517	2.7070
	Low	2.5438	2.5573	2.6267	2.5786
2018	High	2.8483	2.6708	2.6506	2.5715
	Low	2.6321	2.4616	2.4629	2.3862

SHAREHOLDERS

As of December 31, 2021, there are 4,956 shareholders of the Fund.

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

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

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

Statements of Financial Position

	As of December 31			Increase (Decrease)			
	2021	2020	2019	2021 vs. 2020		2020 vs. 2019	
				Amount	%	Amount	%
ASSETS							
Cash and cash equivalents	₱185,423,448	₱60,417,149	₱103,968,876	₱125,006,299	206.91%	(₱43,551,727)	(41.89%)
Short-term investment	-	-	16,174,600	-	-	(16,174,600)	(100.00%)
Financial assets at:							
FVTPL	840,812,760	1,124,336,466	1,377,996,215	(283,523,706)	(25.22%)	(253,659,749)	(18.41%)
Amortized Cost	271,794,711	241,812,554	74,969,711	29,982,157	12.40%	166,842,843	222.55%
Loans and receivables	28,962,793	25,492,499	9,727,451	3,470,294	13.61%	15,765,048	162.07%
Other assets	3,129,152	3,129,152	3,171,666	-	-	(42,514)	1.34%
	₱1,330,122,864	₱1,455,187,820	₱1,586,008,519	(₱125,064,957)	(8.59%)	(₱130,820,699)	(8.25%)
LIABILITIES							
Accounts payable and accrued expenses	₱39,057,347	₱60,410,654	₱5,948,069	(₱21,353,307)	(35.35%)	₱54,462,585	915.63%
EQUITY							
Capital stock	486,900,879	530,959,884	600,450,496	(44,059,005)	(8.30%)	(69,490,612)	(11.57%)
Additional paid-in capital	760,499,152	784,171,610	896,559,913	(23,672,458)	(3.02%)	(112,388,303)	(12.54%)
Retained earnings	43,665,486	79,645,672	83,050,041	(35,980,186)	(45.18%)	(3,404,369)	(4.10%)
	1,291,065,516	1,394,777,166	1,580,060,450	(103,711,650)	(7.44%)	(185,283,284)	(11.73%)
	₱1,330,122,864	₱1,455,187,820	₱1,586,008,519	(₱125,064,956)	(8.59%)	(₱130,820,699)	(8.25%)

Statements of Comprehensive Income

	As of December 31			Increase (Decrease)			
	2021	2020	2019	2021 vs. 2020		2020 vs. 2019	
				Amount	%	Amount	%
INVESTMENT INCOME							
Trading and securities gain	₱28,371,301	₱1,736,074	₱79,653,452	₱26,635,227	1,534.22%	₱77,917,378	(97.82%)
Interest income	19,102,901	30,036,336	28,260,621	(10,933,435)	(36.40%)	1,775,715	6.28%
Dividend income	12,923,944	11,493,234	18,033,127	1,430,710	12.45%	(6,539,893)	(36.27%)
Miscellaneous income	-	-	85,451	-	-	(85,451)	(100.00%)
	60,398,146	43,265,644	126,032,651	17,132,502	39.60%	(82,767,007)	(65.67%)
OPERATING EXPENSES							
Management and retainer's fees	28,564,871	30,467,710	36,085,710	(1,902,839)	(6.25%)	(5,618,000)	(15.57%)
Brokers' commission	5,700,813	4,238,386	8,810,935	1,462,427	34.60%	(4,572,549)	(51.90%)
Custodian and clearing fees	543,602	448,042	493,022	95,560	21.33%	(44,980)	(9.12%)
Professional fees	273,918	273,925	257,733	(7)	-	16,192	6.28%
Taxes and licenses	219,399	255,989	288,355	(36,590)	(14.29%)	(32,366)	(11.22%)
Transaction charges	197,013	164,545	328,828	32,468	19.73%	(164,283)	(49.96%)
Directors' and officers' fees	70,993	309,507	272,000	(238,514)	(77.06%)	37,507	13.79%
Miscellaneous	46,196	141,230	219,480	(95,034)	(67.29%)	(78,250)	(35.65%)
	35,616,805	36,299,334	46,756,063	(682,529)	(1.88%)	(10,456,729)	(22.36%)
NET INVESTMENT INCOME BEFORE TAXES	24,781,341	6,966,310	79,276,588	17,815,031	255.73%	(72,310,278)	(91.21%)
PROVISION FOR FINAL TAXES	10,093,253	10,370,679	15,846,380	(277,426)	(2.68%)	(5,475,701)	(34.55%)
NET INVESTMENT INCOME (LOSS)/TOTAL COMPREHENSIVE INCOME (LOSS)	₱14,688,088	(₱3,404,369)	₱63,430,208	₱18,092,457	531.45%	(₱66,834,577)	(105.37%)

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

The Fund ended the year 2021 with audited total assets at P1.33 billion, lower by P0.13 billion or 8.59% from P1.46 billion as of December 31, 2020. Total liabilities decreased by P21.35 million or 35.35% from P60.41 million to P39.06 million this year.

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

I. 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 3.00% in 2021 and 2020, respectively. This account increased by P125.00 million or 206.91% from P60.42 million to P185.42 million mainly due to the higher balances of current accounts and time deposits as of reporting date.

2. **Financial assets**

Financial assets at FVTPL consists of investments in government securities and private debt and equity securities. The decrease of 25.22% or P283.52 million from P1.12 billion to P0.84 billion was mainly due to net redemptions during the year. Quoted government and private debt securities bears nominal annual interest rates ranging from 3.625% to 8.13% and 2.38% to 8.00% in 2021 and 2020, respectively. This account includes fair value loss of P1.31 million and fair value gain of P41.29 million in 2021 and 2020, respectively.

Financial assets at Amortized Cost consists of investments in quoted private debt securities. The increase of P29.98 million or 12.40% from P241.81 million to P271.79 million was due to purchases during the year. These securities earn annual effective interest rates ranging from 2.375% to 3.6875% and 2.55% to 5.55% in 2021 and 2020, respectively.

3. **Receivables**

This account consists of receivables from brokers, accrued interest receivable and dividend receivable. The increase of P3.47 million or 13.61% from P25.49 million to P28.96 million was mainly due to higher outstanding balances of amount collectible for the sale of equity securities, accrued interest receivable and dividend receivable as of reporting date.

4. **Other asset**

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

5. **Accounts payable and accrued expenses**

This account consists of due to brokers, accounts payable, payable to FAMI, accrued expenses, withholding tax and documentary stamp tax (DST) payable. The decrease of P21.35 million or 35.35% from P60.41 million to P39.06 million this year was mainly due to lower unsettled purchase of equity securities and accounts payable during the year.

6. **Equity**

The Fund's equity is comprised of its capital stock, additional paid-in capital and retained earnings. The decrease of P103.71 million or 7.44% from P1.39 billion to P1.29 billion was mainly due to the redemptions during the year.

Capital Stock ended at P486.90 million, a decrease of P44.06 million or 8.30% from P530.96 million last year, mainly due to redemptions during the year. The Fund's authorized capital stock remained at P1.00 billion with par value of P1.00 per share. As of December 31, 2021 and 2020, the total issued and outstanding shares were 486,900,879 and 530,959,884, respectively, while the total number of holders of redeemable common shares is 4,956 and 5,034, respectively.

Additional paid in capital went down by P23.67 million or 3.02% from P784.17 million to P760.50 million due to redemptions made during the year.

Retained earnings decreased by P35.98 million or 45.18% from P79.65 million to P43.67 million mainly due to redemptions made and results of operations recognized during the year.

Results of Operations

For the year ended December 31, 2021, the Fund realized a net income of P14.69 million, an increase of P18.09 million or 531.45% from last year's net loss of P3.40 million.

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

1. Trading and securities gain (loss)

This account includes realized and unrealized gains earned from trading investments in debt and equity securities. The increase of P26.64 million from last year's P1.74 million to P28.37 million was mainly due to higher realized gain from the sale and unrealized gain from changes in fair value of debt and equity securities held for trading during the year.

2. Interest income

This account includes interest income earned from cash and cash equivalents, investments in government and private debt securities. The decrease of P10.93 million or 36.40% from last year's income of P30.04 million to P19.10 million was mainly due to lower interest income earned from debt securities during the year.

3. Dividend income

This is recognized when the Fund's right to receive cash dividend is established. This account increased by 1.43 million or 12.45% from last year's P11.49 million to P12.93 million due to lower cash dividends received from equity securities during the year.

4. Management and retainer's fees

This account dropped by P1.90 million or 6.25% from last year's P30.47 million to P28.56 million mainly due to the decline in management fees relative to the decrease in the Fund's net assets.

5. Brokers' commission

This account pertains to fees paid to brokers to execute a trade based on the volume of equity and debt securities being traded. The increase of P1.46 million or 34.50% from last year's P4.24 million to P5.70 million was mainly due to higher brokers' commission incurred during the year.

6. Custodian and clearing fees

This account increased by P0.10 million or 21.33% from last year's P0.45 million and P0.54 million mainly due to higher fees paid to the custodian of the Fund during the year.

7. Directors' and officers' fees

This account pertains to per diem of the Fund's officers and directors during board meetings and annual stockholders' meeting during the year. This account decreased by P0.24 million or 77.06% from last year's P0.31 million to P0.07 million mainly due to lower per diem paid during the year.

8. Professional fees

This account remained at P0.27 million this year.

9. Tax and licenses

This account pertains to taxes other than income tax, such as DST and local taxes. The decrease of P0.04 million or 14.29% from last year's P0.26 million to P0.22 million was mainly due to lower DST and local taxes paid during the year.

10. Transaction charges

Transaction charges increased by P0.03 million or 19.73% from last year's P0.16 million to P0.20 million mainly due to higher transaction cost incurred in the purchase and sale of equity and fixed income securities during the year.

11. Miscellaneous Expense

This account decreased by P0.10 million or 67.29% from last year's P0.14 million to P0.05 million mainly due to lower membership fee and dues, postage and mailing fees, notarial fees, bank charges and other miscellaneous expenses paid by the Fund during the year.

2020 Performance

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

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

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

1. Cash and cash equivalents

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

2. Short term investment

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

3. Financial assets

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

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

4. Loans and receivables

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

5. Other asset

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

6. Accounts payable and accrued expenses

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

7. Equity

The Fund's equity is comprised of its capital stock, additional paid-in capital and retained earnings.

The decrease of P185.28 million or 11.73% from P1.58 billion to P1.39 billion was mainly due to the net effect of redemptions and net income recognized during the year.

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

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

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

Results of Operations

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

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

1. *Trading and securities gain (loss)*

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

2. *Interest income*

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

3. *Dividend income*

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

4. *Management and retainer's fees*

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

5. *Brokers' commission*

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

6. *Custodian and clearing fees*

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

7. *Directors' and officers' fees*

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

8. Professional fees

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

9. Tax and licenses

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

10. Transaction charges

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

11. Miscellaneous Expense

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

2019 Performance

Financial Position

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

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

1. Cash and cash equivalents

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

2. Short term investment

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

3. Financial assets

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

Financial assets at Amortized Cost consists of investments in quoted private debt securities. The increase of ₱40.0 million or 114.38% from ₱34.97 million to ₱74.97 million was due to purchases

during the year. These securities earn annual effective interest rates ranging from 4.00% to 5.88% and 4.00% in 2019 and 2018, respectively.

4. Loans and receivables

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

5. Other asset

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

6. Accounts payable and accrued expenses

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

7. Equity

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

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

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

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

Results of Operations

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

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

1. Trading and securities gain (loss)

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

2. Interest income

This account includes interest income earned from cash and cash equivalents, investments in government and private debt securities. The increase of ₱3.22 million or 12.85% from last year's

income of ₱25.04 million to ₱28.26 million was mainly due to higher interest income earned from debt securities during the year.

3. Dividend income

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

4. Miscellaneous income

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

5. Management and retainer's fees

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

6. Brokers' commission

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

7. Custodian and clearing fees

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

8. Transaction Charges

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

9. Taxes and licenses

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

10. Directors' and officers' fees

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

11. Professional fees

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

12. Miscellaneous Expense

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

Plan of Action

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

Subsequent Events

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

Other Matters

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, which was subsequently extended to May 15, 2020, for NCR and other areas in Luzon which were considered high-risk areas. While the low-risk to moderate-risk areas in Luzon and the rest of the country were placed under general community quarantine (general community quarantine (GCQ) or a less strict quarantine).

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

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

On December 28, 2020, the government further extended the GCQ until January 31, 2021 in NCR and nine (9) other areas in Luzon and Visayas. The rest of the country was under modified GCQ until January 31, 2021. On January 29, 2021, NCR and certain areas in the Philippines continued to be under GCQ until February 28, 2021, while the rest of the country as under modified GCQ. On February 27, 2021, the GCQ in NCR and other nine areas in the Philippines is extended until March 31, 2021. On March 21, 2021, the GCQ is extended in NCR surrounding provinces of Bulacan, Cavite, Laguna and Rizal starting March 22, 2021. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

FAMI, the Fund's Fund Manager, implements a work-from-home set-up that will be effective until the enhanced community quarantine is lifted for all its employees to resolve the impact of the pandemic. At this stage, known impact of COVID-19 to the Fund includes the decrease in net asset value due to fair valuation losses on investments in 2020.

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

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

Discussion of Key Performance Indicators

The Fund 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 50% Philippine Stock

Exchange Index (PSEi) + 30% Bloomberg Index + 15% S&P Corporate Index + 5% liquidity. The Bloomberg Index consists of PHP-denominated government bond while S&P Corporate Index also tracks the performance of local-currency denominated corporate bonds from the Philippines. Full details on the benchmark are available on the website of Bloomberg and S&P Global.

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

The Fund has appointed FAMI to serve as its Investment Company Adviser and Principal Distributor. With the SEC's approval of FAMI's license to act as such last September 6, 2005 and its procedures firmed-up at the end of the same month, active management of SALBF's assets was initiated in May 2007 with the objective to consistently outperform its benchmark and achieve a sizable net income.

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

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

- **Net asset value per share** - Net Asset Value per share ended at P2.6516 this year, an increase of 0.94% from last year's P2.6269. The Fund's average daily net asset value amounted to P1.35 billion and P1.43 billion in 2020 and 2019, respectively, or a decline of 5.59% or P0.08 million, year-on-year.
- **Sales for the period ended**- The Fund had total sales of P56.88 million for the year 2021. This is 12.85% lower compared to last year's P50.41 million.
- **Redemptions period ended** - The Fund had total redemptions of P175.32 million for the year 2021. This is 24.54% lower than last year's redemptions totaling P232.32 million.
- **Net income vs. Benchmark** – For the year ended December 31, 2021, the Fund, realized a net income of P14.69 million which is 531.45% or P18.09 million higher than last year's net loss of P3.40 million.
- **Market share vs. Benchmark** – As of December 31, 2021, the Fund held 4.81% share in the Balanced Funds category while 0.29% share among all mutual funds in terms of net assets. On the basis of account holders, the Fund has 4,956 outstanding accounts or 5.42% of the total number of accounts in this mutual fund category.

The following basic ratios measure the financial performance of the Fund for the years ended 2021, 2020 and 2019:

PERFORMANCE INDICATORS	2021	2020	2019
Return on average asset ^{1/}	1.05%	(0.22%)	3.81%
Return on average equity ^{2/}	1.09%	(0.23%)	3.82%
Cost-to-income ratio ^{3/}	58.97%	83.90%	37.10%
Net asset value per share ^{4/}	₱2.6516	₱2.6269	₱2.6315
Earnings(Loss) per share ^{5/}	₱0.0282	(₱0.0058)	₱0.0998

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

^{2/} Likewise, average equity for year ended December 31 was computed based on the average of the beginning and ending balances, over the net income for the year.

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

^{4/} Net asset value per share by deducting total liabilities from total assets to come up with the Net Assets and dividing with the outstanding number of shares for the year.

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

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Audit and Audit-Related Fees

For 2021, aggregate fees billed for professional services rendered by the external auditor for the audit of the Fund's annual financial statements amounted to ₱273,918.

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 AND OFFICERS OF THE FUND

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 five (5) 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:

NAME	CITIZENSHIP	AGE	POSITION
Bro. Manuel V. de Leon, FMS	Filipino	62	Chairman
Dr. Victor A. Abola	Filipino	76	President
Eduardo S. Mendiola	Filipino	64	Director
Bernadette M. Nepomuceno	Filipino	67	Independent Director
Rhodora Angela F. Ferrer	Filipino	52	Independent Director
Maricel L. Madrid	Filipino	43	Treasurer
Jonathan T. Tabac	Filipino	65	Compliance Officer
Atty. Nimfa B. Pastrana	Filipino	60	Corporate Secretary

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

BRO. MANUEL V. DE LEON, FMS

Chairman

Bro. Manuel V. de Leon, FMS, 62, Filipino, term of office is one year. Bro. De Leon has been serving as a member of the Board of Director of the following companies since 2005 and elected as Chairman of the Board on March 22, 2011, namely: First Metro Save & Learn Fixed-Income Fund, Inc. (2005 to present), First Metro Save and Learn Equity Fund, Inc. (2005 to present), First Metro Save and Learn Balanced Fund, Inc. (2005 to present), First Metro Save and Learn Dollar Bond Fund, Inc. (2008 to present), First Metro Asia Focus Equity Fund, Inc. (2010 to present) and Paradigm Global Growth Fund, Inc. (2015 to present). He is also a director of First Metro Asset Management, Inc. (2005 to present). He is the Provincial Superior of Marist Brothers of the Schools - East Asia Province (from 2003 to present). He is the Founding President of SAGIP KA 2000 Foundation, Inc. (2000-present). He is Chairman of the Board of Notre Dame of Dadiangas University (2007-present), Notre Dame of Kidapawan College (2003-present), and Notre Dame of Marbel University (1990-present). He was an awardee of the Ten Outstanding Young Men (TOYM) in 1992. He has masters and doctorate degrees in Education from University of the Philippines.

DR. VICTOR A. ABOLA

President

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 a 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).

He gives lectures on Macroeconomic Policy at the graduate school level of the School of Economics. He was a lecturer in Macroeconomics and Introduction to Money, Banking and Finance in the Management Associates Program of the Development Bank of the Philippines (2006-2010). He was the Chief of Party of the Fiscal Policy Analysis Activity of the Department of Finance, a project funded by the USAID in order to enhance policy analysis and revenue forecasting capabilities of DOF's Domestic Finance Group. This work involved completing one of Asia's first Microsimulation Models for major taxes. He finished his doctorate degree in Development Management from the University of Asia and the Pacific, where he also received his M.S. in Industrial Economics. After obtaining his Bachelor of Arts and Bachelor of Science in Commerce (major in Accounting) from the De La Salle University, he obtained his CPA certificate. Prior to this, he spent 15 years in Hong Kong as a Consultant to PCI Capital Asia, Ltd. and later became the Executive Director of the Philippine Research Center (HK), Limited. He has authored numerous articles that have appeared in local and foreign newspapers and periodicals, and UA&P's research publications. He co-authored with Dr. Bernardo M. Villegas 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).

EDUARDO S. MENDIOLA

Director

Mr. Eduardo S. Mendiola, 64, Filipino, term of office is one year. Mr. Mendiola has been serving as a member of the Board of Director of the following companies since June 2015, namely: First Metro Save & Learn Fixed-Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save

and Learn Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc. and Paradigm Global Growth Fund, Inc. He is a career Executive Service officer II and held the position of Deputy Treasurer of the Philippines from 1994 to 2013. Prior to his appointment as Deputy Treasurer, he held various positions in the Bureau of the Treasury from 1982-1993. He attended various trainings and conferences abroad on capital markets, development of financial system in the ASEAN, financial market analysis, and fiscal discipline among others.

Mr. Mendiola received the Most Outstanding “Dangal ng Trinity Award for Financial Administration” by Trinity University of Asia in 2009, and Distinguished Alumnus of Pamantasan ng Lungsod ng Maynila in 2005.

He finished his BS Statistics at the University of the East. He also completed a Master’s in Business Administration from Pamantasan ng Lungsod ng Maynila.

BERNADETTE M. NEPOMUCENO

Independent Director

Bernadette M. Nepomuceno, 67, Filipino, term of office is one year. Ms. Nepomuceno is also an Independent Director of First Metro Save and Learn Dollar Bond Fund, Inc. (since August 2012) and First Metro Asia Focus Equity Fund, Inc. (since August 2019). Ms. Nepomuceno is the President of Private Education Retirement Annuity Association (PERAA) (from 2007-present). Among her past positions during the last five years, she was the President of Holy Angel University (1994-August 2006); Board of Directors, Philippine Association of Colleges and Universities (1995-2006); Board of Directors, Coordinating Council of Private Education Association (2003-2006), among her other affiliations, includes: President, Sophia (Association of Women Presidents/Chancellors of Private Colleges & Universities, Inc.); Member, Technical Working Group on Management Development Program; CHED, Member, Ethics Committee, Lung Center of the Philippines; Board of Trustees, Private Education Retirement Annuity Association, Accreditor, Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU), Founding member, Friends of Jung. She is also a Psychotherapist in a Private Practice (2001-present). Ms. Nepomuceno has a Bachelor of Arts degree in Psychology from the University of the Philippines (1972). She also has a Masters in Psychology, major in Social Psychology, Ateneo de Manila University (1998) (cand.). She took up Hypnotherapy, Psychology of Carl Jung.

RHODORA ANGELA F. FERRER

Independent Director

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

Ms. Ferrer finished her BS degree in Physics for Teachers (Cum Laude) at the Philippine Normal University and took up Masters in Education, Major in Physics at De La Salle University. She obtained her doctorate degree in Education Major in Curriculum Studies at the University of the Philippines and took up Ph.D. in Educational Leadership and Management (Executive Program) at De La Salle University.

OFFICERS

MARICEL L. MADRID

Treasurer

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 Controllership 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.

She has more than 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 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.

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, 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.

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.

She joined First Metro Investment Corporation in February 2002.

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. Roberto Juanchito T. Dispo
2. Francisco G. Co
3. Eduardo A. Mendoza
4. Edwin B. Valeroso
5. Nimfa B. Pastrana

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.

	Per Diem			
	2022 (Estimated)	2021	2020	2019
Directors	₱250,000	₱173,000	₱233,268	₱205,000
Executive Officers	77,500	28,800	76,239	76,000
Aggregate Annual Per Diem	₱327,500	₱201,800	₱309,507	₱272,000

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 OWNER

The following stockholder owns more than 5% of the common voting securities as of September 30, 2021:

Title Class	Name and Address of Owner	Name of Beneficial Owner	Citizenship	No. of Shares Held	Percent to Outstanding Shares
Common Shares	First Metro Investment Corporation (FMIC) 45th Flr. GT Tower Int'l., Ayala Ave. corner HV Dela Costa	Same	Filipino	132,904,895	25.19%
Common Shares	First Georgetown Ventures, Inc. 5/F F & M Lopez Bldg., 109 C. Palanca St., Legaspi Village	Same	Filipino	31,264,752	5.93%

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

First Georgetown Ventures, Inc. is the registered owner of the shares in the books of the Company. The Board of Directors of First Georgetown 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 First Georgetown is Mr. George T. Yang 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 September 30, 2021:

Title of Class	Name of Beneficial Owners	Amount & Nature of Ownership	Citizenship	Percent to Outstanding Shares
Common shares	Bro. Manuel V. De Leon, FMS	I	Filipino	0.00%
Common shares	Eduardo Mendiola	I	Filipino	0.00%
Common shares	Victor A. Abola	I	Filipino	0.00%
Common shares	Bernadette M. Nepomuceno*	I	Filipino	0.00%
Common shares	Rhodora Angela F. Ferrer*	I	Filipino	0.00%
Common shares	Nimfa B. Pastrana	92,014	Filipino	0.02%
Common shares	Jonathan Tabac	121,783	Filipino	0.02%

*Independent Director

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 Board of Directors created the Related Party Transactions Committee (RPTCOM) to address possible conflict of interest situations in its dealings with related parties. All related party transactions (RPTs) regardless of amount must be approved by the RPTCOM of the Board. Before elevating to the RPTCOM for approval, any proposed RPT is coursed thru the Compliance Officer who reviews the proposed transaction as to whether it is arms-length basis and the terms of the transaction or relationship are no less favorable to the company. Thereafter, RPTCOM submits the approved RPT for Board confirmation and the Compliance Officer monitors the implementation of the approved RPT.

The RPT policy also requires all directors and senior officers with the rank of VP and up to disclose to the company if they and their immediate family members have transactions with the company. Upon the election of the directors or appointment/promotion of senior officers with the rank of VP & up, and at the beginning of the year, the Compliance Officer would request them to fill up an Information Statement Questionnaire (ISQ). The Compliance Officers reviews the ISQs and reports the results thereof to the Board.

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.

Furthermore, in relation to CISL bill, the ICA-IRR 3.4(j) states that an Investment Company shall not be required to comply with the minimum subscribed and paid-up capital relative to the increase in its authorized capital stock. This regulation will lower the cost paid by the Fund for the application to increase its authorized capital stock and can positively affect the business profitability. 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 with benefits to the 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 1.875% 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.

The auditors' objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. As part of an audit in accordance with PSAs, the auditor exercises professional judgment and maintain professional skepticism throughout the audit. They also 1) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for opinion; 2) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control; 3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management; and 4) concludes on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern.

The aggregate fees paid for the professional services rendered by SGV & Company for the audit of our Financial Statements are P273,918, P273,925 and P257,733 for the years 2021, 2020 and 2019, 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.

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.