

**FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.**  
MINUTES OF THE ANNUAL MEETING  
OF STOCKHOLDERS  
(Joint Meeting with FAMI Funds)  
Wednesday, June 21, 2023, 02:00PM  
Meeting was conducted virtually via Zoom Webinar

Number of Total Outstanding Shares Present or Represented by Proxy	-	<u><b>15,392,241</b></u>
Percentage Based on the Total Outstanding Shares	-	<u>70.60%</u>

**I. CALL TO ORDER**

In accordance with the guidelines set forth by the Securities and Exchange Commission, the company conducted this year's annual stockholders' meeting via remote communication with the stockholders participating by electronic means.

The Chairman, Mr. Eduardo R. Carreon, presided and called the meeting to order at 2:00 P.M., and the Acting Corporate Secretary, Mr. Edwin B. Valeroso, recorded the minutes.

**II. PROOF OF NOTICE AND QUORUM**

ETF Chairman, Mr. Carreon requested the Corporate Secretary to certify the sending of notice and the determination of the quorum. The Corporate Secretary certified that the notice for the 2023 Annual Stockholders' Meeting was posted in the FAMI and the company's website, and published in a newspaper of general circulation for two consecutive days to notify the stockholders of record in accordance with SEC regulations.

The undersigned secretary also certified that there are actually present in person or represented by their proxies, by remote communication **15,392,241** common shares out of the **21,801,260** common shares outstanding. These constituted **70.60%** of the outstanding capital stock, thus, a quorum existed. Thereupon, the presiding chairman declared that the meeting was duly constituted to transact the business stated in the agenda.

**III. APPROVAL OF MINUTES**

The Chairman took up the next item in the agenda which was the approval of the minutes of the Annual Meeting of the Stockholders on June 30, 2022.

Upon motion duly made and seconded, the minutes of the Annual Stockholders' Meeting June 30, 2022 was unanimously approved.




**IV. REPORT TO THE STOCKHOLDERS**

Ms. Karen Liza M. Roa, FAMI President, reported to the stockholders the Fund's operations and financial condition and all the other FAMI Funds, the highlights of which are shown below:

- Executive Summary




## Executive Summary

As of December 2022 and 2021

- Total AUM: **₱2.20 Billion vs ₱2.19 Billion or 1%** 
- YTD Production
  - Gross Sales: **₱0.36 Billion vs ₱0.34 Billion or 5%** 
  - Net Sales: **₱0.15 Billion vs ₱0.26 Billion or -44%** 

## Executive Summary

As of May 2023 and 2022

- Total AUM: **₱2.14 Billion vs ₱2.16 Billion or -1%** 
- YTD Production
  - Gross Sales: **₱0.03 Billion vs ₱0.08 Billion or -64%** 
  - Net Sales: **-₱0.08 Billion vs ₱0.06 Billion or -218%** 

### ➤ Financial Highlights

## First Metro Philippine Equity Exchange Traded Fund, Inc.

in 000s	Audited			FTM			YTD		
	Dec 2022	Dec 2021	Var (%)	May 2023	Apr 2023	Var (%)	Jan-May 2023	Jan-May 2022	Variance
TOTAL ASSETS	2,206,690	2,191,373	0.7%	2,143,737	2,212,523	-3.1%	2,143,737	2,168,527	-1.1%
TOTAL LIABILITIES	2,152	4,957	-56.6%	1,646	5,747	-71.4%	1,646	4,962	-66.8%
SHAREHOLDERS' EQUITY	2,204,538	2,186,416	0.8%	2,142,092	2,206,776	-2.9%	2,142,092	2,163,565	-1.0%
ROE	-5.92%	1.91%	-410.1%	1.68%	7.75%	-78.3%	1.68%	-9.47%	-117.7%
PSEI	6,566.39	7,122.63	-7.8%	6,477.36	6,625.08	-2.2%	6,477.36	6,774.68	-4.4%
NAVPS	104.1198	108.2317	-3.8%	101.6112	103.5984	-1.9%	101.6112	104.1114	-2.4%

### ➤ Production Report

## AUM and YTD Sales Performance

in 000s	YTD				Actual MoM (%)	Actual YoY (%)
	March 2023	April 2023	May 2023	May 2022		
AUM as of	2,161,549	2,206,776	2,142,092	2,163,565	-3%	-1%
GROSS SALES	24,257	26,284	28,316	77,785	8%	-64%
NET SALES	(52,644)	(54,708)	(75,610)	64,101	-38%	-218%



Annual Shareholders' Meeting  
of Mutual Funds

## Funds AUM Increase/(Decrease)

(As of May 31, 2023)

in 000s	AUM as of Movement						AUM Variance		% Inc (Dec)	
	Jan 1, 2023	Sales	Red	Net Sales (Red)	Market Change	May 31, 2023	Amount	%	Due to	
									Net Sales (Red)	MV
FM Phil Equity Exchange Traded Fund	2,204,538	28,316	103,926	(75,610)	13,163	2,142,092	(62,447)	-2.8%	-3.4%	0.6%



Annual Shareholders' Meeting  
of Mutual Funds

### ➤ Fund Performance

## Fund Performance vs Benchmark as of May 31, 2023

Stock Funds - Index Funds	NAV as of April 2023	As of May 31, 2023				
		30-day	60-day	90-day	120-day	YTD
First Metro Phil. Equity Exchange Traded Fund, Inc.	2,206,775,858	1/7	1/7	1/7	1/7	0.49%
First Metro Save and Learn Philippine Index Fund, Inc.	103,897,465	6/7	6/7	7/7	7/7	-0.51%
Benchmark: Philippine Stock Exchange Index						-1.36%



Annual Shareholders' Meeting  
of Mutual Funds

## Fund Performance vs Peers & Benchmark as of May 31, 2023

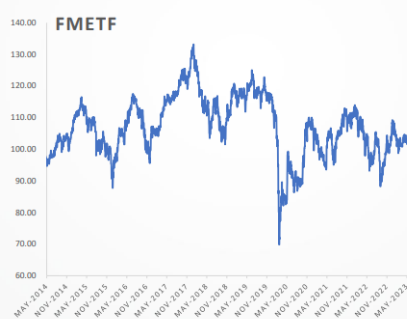
Stock Funds - Passively Managed	NAV as of	NAVPS	YTD	NAVPS AS OF MAY 31, 2023						
	April 2023			Rank	3-yr	Rank	5-yr	Rank	10-yr	Rank
First Metro Phil. Equity Exchange Traded Fund, Inc.	2,206,775,858	101.6112	0.49%	1	6.58%	1	-1.74%	1	-	-
Philequity PSE Index Fund Inc.	3,926,192,121	4.5114	0.35%	2	6.41%	2	-1.99%	2	-0.30%	1
Philippine Stock Index Fund Corp.	8,917,483,867	751.1100	0.29%	3	6.26%	3	-2.03%	3	-0.67%	2
Sun Life Prosperity Philippine Stock Index Fund, Inc.	12,183,467,167	0.8535	0.19%	4	5.93%	4	-2.35%	4	-	-
PAMI Equity Index Fund, Inc.	1,287,527,639	43.2053	0.03%	5	5.54%	5	-2.72%	5	-	-
Philequity MSCI Philippine Index Fund, Inc.	318,961,545	0.8482	-0.07%	6	5.32%	6	-	-	-	-
First Metro Save and Learn Philippine Index Fund, Inc.,	103,897,465	0.6975	-0.51%	7	3.97%	7	-4.09%	6	-	-
Philippine Stock Exchange Index		6,477.36	-1.36%		5.16%		-2.88%			-1.09%
FMETF Rank Per Category	4		1	1	1					
SALPHIN Rank Per Category	7		7	7	6					



Annual Shareholders' Meeting  
of Mutual Funds

## Historical NAVPS As of May 31, 2023

## Stock Funds - Index Funds



Annual Shareholders' Meeting  
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The Chairman thanked Ms. Roa and took note of the report. The Chairman stated that due to system limitations, all questions from the stockholders relating to the report have to be sent through email to [asm@fami.com.ph](mailto:asm@fami.com.ph) and FAMI will address them accordingly.

## V. CAPITAL MARKET INDICATORS

Mr. Edser Trinidad rendered the report on the Market Outlook (Views and Strategies During Covid-19), highlights of which are shown as follows:

- Market remains volatile as investors react on every data point that is being published
- PH bond prices have also weakened on FED rate hike fears
- High volatility is also observed in other ASEAN markets
- Foreign investors are still on a net selling position
- Market upgraded 2023 EPS outlook due to healthy 1Q results
- Revenue growth was not the sole driver in 1Q
- Margins seen to improve as some cost of inputs have started to ease
- Crude oil prices easing despite OPEC production cut due to concerns on economic slowdown of US and China
- Cost of electricity may soften due to a drop in one of the country's major source of fuel, coal
- Ave inflation outlook raised and expect to see another rate hike by the BSP
- After reaching a 14-year high last January, inflation is now slowing down and core inflation has also shown some deceleration.

➤ Outlook (2H23)

Equities – We expect the PSEi to post a 5% to 10% YoY growth Consumption-led growth as inflation recedes 2H23 margins should improve due to easing pressure on cost Cyclical such as the property sector may bounce on better outlook on office vacancy rates

Fixed Income - Local yields are expected to trend lower in 2H23 as inflation and growth slows down Potential upside for the fixed income market will be highly dependent on trajectory of inflation and policy rates Yield curve expected to steepen/ normalize in 2H23 if central banks lower their policy rates

The Board took note and thanked Mr. Trinidad for his report.

## **VI. RATIFICATION OF CORPORATE ACTS**

The Chairman informed the stockholders of the need to ratify and confirm the minutes of the meetings of the Board of Directors and all board committees and the management, and all acts, transactions and resolutions of the Board of Directors and the management for the year 2022 including among others, management and service agreements.

Upon motion duly made and seconded, the following resolution was unanimously approved and adopted:

### *RESOLUTION ASM 2023-06-01*

*“RESOLVED, that the minutes of the meetings of the Board of Directors and all Board committees and the management, and all acts, transactions and resolutions of the Board of Directors and the management for the year 2022 including among others, amendment of the Registration Statement and Prospectus and renewal of the Management Distribution Agreement, be hereby approved, ratified and confirmed.”*

## **VII. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS**

Atty. Abelardo V. Cortez, member of the Nomination Committee, explained the nomination procedure under current SEC Rules and the Manual on Corporate Governance pursuant to which a Nomination Committee was created. The Nomination process for the board of directors are the same for all the Funds.

Atty. Cortez explained that the Committee is tasked with the review and evaluation of the qualifications of all persons nominated to the Board.

The respective Nomination Committee, pursuant to its mandate, had reviewed the qualifications of the following nominees to the Board of Directors and certified that based on the records, they have all the qualifications and none of the disqualifications prescribed by law and regulations, namely:

FMETF nominees as follows:

MR. EDUARDO R. CARREON  
MR. MICHAEL G. SAY  
MR. WINSTON ANDREW L. PECKSON  
MS. KAREN LIZA M. ROA  
ATTY. ABELARDO V. CORTEZ  
MS. RHODORA ANGELA F. FERRER  
FR. RAFAEL K. ELORIAGA, CM

Also, as required by the SEC Memorandum Circular No. 16, Series of 2002 on the Guidelines on the Nomination and Election of Independent Directors, three (3) out of seven (7) nominees for directors namely: Atty. Abelardo V. Cortez, Ms. Rhodora Angela F. Ferrer, And Fr. Rafael K. Eloriaga, CM are independent directors.

After proper motion for the nominations of the stockholders mentioned and there being no other nominees, the abovementioned stockholders were considered elected as members of the Board of Directors for the year 2023-2024 and to act as such until their respective successors shall have been elected and qualified, or unless sooner terminated.

The Chairman, on behalf of the newly elected members of the Board thanked the stockholders for their trust and confidence.

### **VIII. APPOINTMENT OF EXTERNAL AUDITOR**

The Chairman informed the stockholders that the Board had approved the appointment of SGV & Co as external auditor for the year 2023 and it is being submitted for ratification by the stockholders. Upon motion duly made and seconded, the stockholders unanimously adopted and approved the following:

*RESOLUTION ASM 2023-06-02*

*“RESOLVED, that the appointment of Sycip, Gorres, Velayo and Company, as the external auditor of the Company for the year 2023, be as it is hereby confirmed and ratified.”*

### **IX. ADJOURNMENT**

There being no other matters to discuss, upon motion duly made and seconded, the meeting was adjourned at 03:00 P.M.



EDWIN B. VALEROSO  
Corporate Secretary

ATTESTED BY:

EDUARDO R. CARREON  
Chairman