

Prospectus dated November 27, 2013



FIRST METRO PHILIPPINE EQUITY
EXCHANGE-TRADED FUND

First Metro Philippine Equity Exchange Traded Fund, Inc.
An Open-End Investment Company

Registration and offer of up to 30,000,000 Common Shares
to be listed and traded on the ETF Board of The Philippine Stock Exchange, Inc.



First Metro Asset Management, Inc.
Fund Manager and Principal Distributor



First Metro Investment Corporation
Fund Sponsor



First Metro Securities Brokerage Corporation
Authorized Participant and Market Maker



IGC Securities, Inc.
Authorized Participant

First Metro Philippine Equity Exchange Traded Fund, Inc. has been incorporated and registered with the Securities and Exchange Commission (“SEC”) in accordance with the requirements of Republic Act No. 2629, otherwise known as the Investment Company Act, and SEC Memorandum Circular No. 10, Series of 2012, otherwise known as the SEC Rules and Regulations on Exchange Traded Funds.

KEY PRODUCT INFORMATION

First Metro Philippine Equity Exchange Traded Fund, Inc.

This is an exchange traded fund.

This statement provides you with the relevant information about the product.

This statement is part of the Prospectus.

You should not invest in this product based on this statement alone.

This summary should be read as an introduction to this prospectus (“Prospectus”) and any decision to invest in the shares (“Shares”) of First Metro Philippine Equity Exchange Traded Fund, Inc. (“First Metro ETF”, the “Fund,” or the “Issuer”) should be based upon consideration of the Prospectus as a whole.

QUICK FACTS:

Name of Issuer	First Metro Philippine Equity Exchange Traded Fund, Inc.
Security Code	FMETF
No. of ETF shares to be registered	30,000,000 common shares
No. of ETF shares to be offered	Up to 30,000,000 common shares
Total number of shares in a Creation Unit /Trading Lot Size	The total number of shares in a Creation Unit is 200,000 shares. The trading lot size of the shares of the Fund on The Philippine Stock Exchange (the “PSE”) shall be in accordance with the board lot table of the PSE.
Net Asset Value Per Share	The Shares may be subscribed to in Creation Unit/s based on the Fund’s Net Asset Value Per Share (“NAVps”) on the date a Creation Order/s is made. The NAVps is computed by dividing the net assets of the Fund (the market value of the underlying securities, including any cash in the portfolio, interest receivables, dividend receivables, less liabilities such as taxes, accrued fees and expenses) by the total number of its outstanding Shares. The NAV and NAVps of the Fund will be published on the websites of the Fund and of the PSE at 6:30 p.m. of each Trading Day. Shares of the Fund may also be purchased in the secondary market at the current market price of the Shares in the PSE.
Continuous Offering	The Shares are offered in Creation Units, through the Authorized Participants, on a continuous basis in accordance with the Creation Method in the Prospectus. Shares of the Fund may also be purchased in the secondary market at the current market price of the Shares in the PSE.
Fund Sponsor	First Metro Investment Corporation (“FMIC”)
Fund Manager and Principal Distributor	First Metro Asset Management, Inc. (“FAMI”)
Market Maker	First Metro Securities Brokerage Corporation (“FMSBC”)

Authorized Participants	FMSBC and IGC Securities, Inc. (“IGC”)
INAV Calculator	Interactive Data Corporation
Index Provider	The Philippine Stock Exchange, Inc. (“PSE”)
Custodian	HSBC Securities Services
Stock and Transfer Agent	Metropolitan Bank & Trust Company – Trust Banking Group
Total Expense Ratio	Not more than 2.00%
Underlying Index	A basket of securities selected based on an index replication strategy that aims to track the PSEi. For more information, please refer to “Underlying Index” section on p. 6.
Base Currency	Philippine Pesos
Dividend Policy	The Board of Directors of the Fund may decide to declare dividends from the unrestricted retained earnings of the Fund at a time and percentage as the same Board may deem proper and in accordance with law. As provided for in the Fund's By-Laws, the Board of Directors may make arrangements with its stockholders whereby the amount of unrestricted retained earnings not declared as cash dividends and/or other distributions may be reinvested in the Fund's basket of securities in lieu of cash dividends to be paid to the stockholders. The arrangement with shareholders shall be such that the aforementioned amount of unrestricted retained earnings dividends to be reinvested in the Fund's basket of securities shall be declared as stock dividends in accordance with law and valued at the NAVps of the Fund at the time said stock dividends are paid. The Board of Directors of the Fund intends to declare, as cash dividends, a minimum of ten percent (10%) of the amount of the unrestricted retained earnings derived from the cash dividend income of the portfolio of the Fund based on the latest audited financial statements of the Fund; Provided, that the Board shall pass the appropriate Board resolution covering any dividend declaration, and such dividend declaration shall be disclosed to the SEC, the PSE and the Fund's website.
Foreign Ownership Limitations	There are limitations on foreign ownership of the Fund's Shares arising from the fact that the Fund will be investing in Component Securities, the ownership of which may be limited to Philippine Nationals. The term “Philippine National” as defined under the Republic Act No. 7042, as amended, shall mean a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is

	a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals. The Fund is thus constrained to keep the foreign equity interest in it below the 40% threshold and any sale or transfer of shares in excess of this threshold shall not be recorded in the Fund's stock and transfer book.
Address and Telephone Number of the Issuer's Principal Address	18/F PSBank Center, Paseo de Roxas corner Sedeño St., Makati City 1227, Philippines +632 891-2860
ETF Website	www.firstmetroetf.com.ph

Before you invest, you may want to review the Fund's entire Prospectus, which contains more information about the Fund and its risks. You can find the Fund's Prospectus and other information about the Fund online at www.firstmetroetf.com.ph. You can also get this information at no cost by sending an email request to Mr. Edwin B. Valeroso, the Investor Relations Officer of the Fund, at ebv@firstmetro.com.ph, or calling him at 891-2860.

This Prospectus relates to the registration and offer, on a continuous basis, of up to 30,000,000 Shares (the “Offer”). The Shares of the Fund are offered in Creation Unit/s on a continuous basis in accordance with the Creation Method as set forth in this Prospectus. Immediately prior to the Offer, the Fund will have a total of 7,500,000 issued and outstanding Shares, which have been subscribed by the Fund Sponsor, First Metro Investment Corporation (“FMIC”). During the Offer, the total number of issued and outstanding Shares of the Fund may eventually reach up to 30,000,000 Shares.

The Offer consists of (1) the original subscription of the Fund Sponsor to 7,500,000 issued Shares, and (2) 22,500,000 unissued Shares to be issued in Creation Units. The unissued Shares shall be issued in Creation Units, in exchange for a basket of equity securities included in the main index (“PSEi”) of the PSE.

The original subscription of the Fund Sponsor in the Fund, as of the date of this Prospectus, for 7,500,000 issued Shares is PhP750,000,000.00. The unissued Shares to be issued in Creation Units will depend on the number of orders for the creation of Shares in Creation Units and the NAVps of the Fund on the day when a Creation Order is made. For a more detailed discussion, please see “Use of Offer Proceeds” beginning on p. 17 and “Creation Method” beginning on p. 26 of this Prospectus.

The Fund is a domestic corporation, incorporated on January 15, 2013, with principal business office address at 18th Floor, PSBank Center, Paseo de Roxas corner Sedeño St., 1227 Makati City, Philippines, and telephone number: (632) 891-2860. As of the date of this Prospectus, the Fund has an authorized capital stock of Three Billion Pesos (PhP3,000,000,000.00) divided into Thirty Million (30,000,000) Shares with a par value of One Hundred Pesos (PhP100.00) per Share, and a total of 7,500,000 issued and outstanding Shares.

It was registered on January 15, 2013 with the Securities and Exchange Commission (“SEC”) as an Open-end Investment Company under Republic Act No. 2629, otherwise known as the Investment Company Act and as an “Exchange Traded Fund” (“ETF”) under SEC Memorandum Circular No. 10, Series of 2012 otherwise known as the SEC Rules and Regulations on Exchange Traded Funds (the “SEC ETF Rules”). The Fund is engaged primarily in the business of investing, reinvesting, and trading in, and issuing and redeeming its shares of stock in Creation Units in exchange for a basket of securities representing an index. As a licensed ETF, it offers to, and through, qualified trading participants (the “Authorized Participants”), on a continuous basis, Shares in the Fund which are issuable and redeemable in Creation Units as defined in the body of this Prospectus.

The Fund aims to provide returns which would reflect the performance of the Philippine equities market by investing in a basket of securities which are included in the PSEi of the PSE (the “Underlying Index”). The portfolio of the Fund is to be rebalanced and reconstituted every six (6) months in order to adjust to the current composition of the PSEi. See discussion of the composition of the PSEi under “Index Provider” on p. 55. Price volatility of the constituent shares of stock can affect the market value of the assets of the Fund and cause the Fund’s Net Asset Value (“NAV”) to vary.

The Shares of the Fund will be listed on the ETF Board of the PSE. The Shares of the Fund may be bought and sold on the secondary market at the quoted market price in the PSE through the Trading Participants of the PSE which may require payment of brokerage commissions, stock transaction tax and/or other fees and charges (e.g. clearing house fees). However, Shares of the Fund may be issued and redeemed only through Authorized Participants in Creation Units as described in the body of the Prospectus. Investors who are interested in creating or redeeming Shares in Creation Units may contact any one of the Authorized Participants or request his or her existing registered broker/Trading Participant to place such an order with any of the Authorized Participants. Interested investors should be aware that the Authorized Participants and the Trading Participants are required to comply with Philippine general laws, rules and regulations including any “know-your-customer” requirements under existing regulations. For more information on the creation process, please see “Creation Method” beginning on p. 26 of this Prospectus. More information on the Fund may also be found in its website: www.firstmetroetf.com.ph.

FMIC is the Fund Sponsor. As Fund Sponsor, FMIC organized the Fund and has provided the initial capital of the Fund totaling Seven Hundred Fifty Million Pesos (PhP750,000,000.00).

First Metro Asset Management, Inc. (“FAMI”) is the Fund Manager and Principal Distributor. FAMI aims to initially market the Fund and list the same in the PSE. FAMI will continue to perform all the functions of a Fund Manager with regard to the Fund as described under the SEC ETF Rules and in this Prospectus. As Principal Distributor, FAMI will

market to and accept orders of the Shares of the Fund in Creation Units from the Authorized Participants as described in the body of this Prospectus.

First Metro Securities Brokerage Corporation (“FMSBC”) and IGC Securities, Inc. (“IGC”) are the Authorized Participants. A creation fee, inclusive of documentary stamp tax and other charges, of approximately eighty basis points (0.80%) of the total value of the Creation Order or a redemption fee, inclusive of other charges, of approximately eighty basis points (0.80%) of the total value of the Redemption Order is charged by an Authorized Participant to each investor who places a Creation or Redemption Order. FMSBC is also the appointed Market Maker of the Fund. There are no fees charged by and payable to the Market Maker.

The Fund appointed HSBC Securities Services (“HSBC”) as Custodian. As Custodian, HSBC shall hold in safe custody the assets of the Fund in accordance with the terms and conditions contained in the Custodian Agreement. FAMI shall subcontract HSBC to provide fund administration services, such as accounting and valuation services to the Fund in accordance with the Fund Administration Terms and Conditions executed between FAMI and HSBC. HSBC shall charge an annual safe custody fee and a fund administration fee as per the agreed Tariff Schedule between FAMI and HSBC.

The Fund appointed Interactive Data Corporation as Indicative Net Asset Value (“INAV”) Calculator. The INAV Calculator shall provide INAV calculations every one (1) minute during the Trading Day, which shall be disclosed in the websites of the Fund and the PSE as well as the PSE's ETF Board.

The total fee payable by the Fund to FAMI is a monthly fee equivalent to fifty basis points (0.50%) per annum of the average NAV of the Fund's assets, computed on a daily basis. The NAV of the Fund is the aggregate value of the Fund's assets as determined by the market value of its underlying securities holdings, including any cash in the portfolio, interest receivables, dividend receivables, less liabilities such as taxes, accrued fees and expenses computed after the close of trading hours of the PSE.

An investment in the Fund is not insured or guaranteed by the Philippine Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of its investments, it is possible to lose money by investing in the Fund. The Fund's return will change as a result of movements in the stock market and other macroeconomic factors. No single fund is intended to be a complete investment program, but individual funds, such as this Fund, can be an important part of a balanced and diversified investment program. Before making an investment decision, investors should carefully consider the risks associated with an investment in the Shares. These risks include:

- Market risk;
- Stock market risk;
- Index risk;
- Liquidity risk;
- Tracking error risk;
- Early closing risk;
- Trading halt risk;
- Trading risk;
- Interest rate risk;
- Inflation risk;
- Non-diversification risk;
- Passive investment risk;
- Absence of operating history;
- Risk of dilution;
- Geographic concentration risk;
- Delay in issuance of Shares risk;
- Securities lending risk;
- Regulatory risk;
- Risks relating to the Philippines;
- Dependence on the services of third parties;

- Communication risk for creation/redemption method; and
- Foreign ownership restrictions for the Component Securities and the Fund.

Please refer to the section entitled “Risk Factors” beginning on p. 13 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Shares.

Up to 30,000,000 Shares of the Fund shall be continuously offered to the public through the Authorized Participants who directly transact with the Fund for Creation Orders. The Shares of the Fund may also be bought and sold in the secondary market, in board lots, through the PSE, and investors who wish to trade the Shares of the Fund may contact his or her Trading Participant. The Fund’s investments shall be guided by investment guidelines and restrictions, which are set out in detail in the body of this Prospectus. (See discussion under “Investment Guidelines and Restrictions” on p. 25)

No dealer, selling agent, or any other person has been authorized to give information or make any representation not contained in this Prospectus. This Prospectus does not constitute an offer to sell or a solicitation of an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The delivery of this Prospectus at any time does not imply that the information herein contained is correct as of any time subsequent to this date.

The information contained in this Prospectus relating to the Fund, has been supplied by the Fund, unless otherwise stated herein. To the best of its knowledge and belief, the Fund confirms that the information contained in this Prospectus relating to it, is true, accurate and correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading, inaccurate or false in any material respect and that the Fund hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus with respect to the same. The Principal Distributor has exerted reasonable efforts to verify the information herein and does not make any representations or warranties as to the accuracy, truthfulness or completeness of the materials contained herein. The Principal Distributor assumes no liability for any information supplied by the Fund in relation to this Prospectus. Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus. 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 or that there has been no change in the affairs of the Fund since such date.

This Prospectus includes forward-looking statements. The Fund has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting its business. Words including, but not limited to, “believes,” “may,” “will,” “estimates,” “continues,” “anticipates,” “intends,” “expects” and similar words are intended to identify forward-looking statements. In light of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this prospectus might not occur. The Fund’s actual results could differ substantially from those anticipated in the Fund’s forward-looking statements.

An application for listing of the Shares of the Fund (comprising of all issued and outstanding, and unissued Shares of the Fund as of the date of this Prospectus) was approved on October 9, 2013 by the Board of Directors of the PSE, subject to the fulfillment of certain listing conditions. All issued and outstanding Shares of the Fund as of the date of this Prospectus, shall be listed on the ETF Board of the PSE, while unissued Shares of the Fund as of the date of this Prospectus, shall be subject to shelf listing in accordance with the PSE ETF Rules. The PSE assumes no responsibility for the truthfulness, accuracy and correctness of any statements made or opinions expressed in this prospectus. The PSE makes no representation as to its truthfulness, accuracy and completeness and expressly disclaims any liability whatsoever for any loss arising from any reliance on the entire or any part of this Prospectus. Such approval for listing is permissive only and does not constitute a recommendation or endorsement of the Shares by the PSE.

An application has been made to the SEC to register the Shares under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799) (the “SRC”).

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

The Shares are offered subject to receipt and acceptance of any order by the Fund and subject to its right to reject any order in whole or in part. The Shares offered will be delivered in book-entry form against payment to the Philippine Depository and Trust Corporation (the "PDTC") on or about November 29, 2013.

FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.

By: _____
Name: Hector R. Villanueva
Title: Chairman of the Board

By: _____
Name: Abelardo V. Cortez
Title: Director

By: _____
Name: Romualdo A. Ong
Title: Director

By: _____
Name: Winston L. Peckson
Title: Director

By: _____
Name: Melissa B. Reyes
Title: Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
CITY OF _____)SS.

Before me, a notary public in and for the city named above, personally appeared:

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Date/Place Issued and Expiry Date</u>
Eduardo R. Carreon		

who is personally known to me and to me known to be the same person who presented the foregoing instrument and signed the same in my presence and who took an oath before me as to such instrument.

Witness my hand and seal this _____ day of _____, 2013.

NOTARY PUBLIC

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2013.

Summary Financial Information

The following tables present summary financial information for the Fund. This summary should be read in conjunction with the auditors' report and with the financial statements for the Fund and notes thereto contained in the Prospectus. The Fund's summary financial information as of July 31, 2013 and for the period from January 15 to July 31, 2013 was derived from the audited financial statements of the Fund prepared in accordance with Philippine Financial Reporting Standards ("PFRS"). The Fund's summary financial information below should not be considered indicative of the results of future operations.

Summary Income Statement Data

	Period from January 15 to July 31 2013 (in ₱)
Investment Income	
Interest.....	387,305
Expense	
Regulatory and filing fees.....	3,348,205
Documentary stamp tax.....	1,250,000
Professional fees.....	469,840
Directors' fees.....	111,500
Miscellaneous expense.....	3,162
	5,182,707
Net Investment Loss Before Tax.....	(4,795,402)
Provision for Final Tax.....	77,461
Net Investment Loss.....	(4,872,863)

Summary Balance Sheet Data

	Period from January 15 to July 31 2013 (in ₱)
Asset	
Cash in bank.....	748,983,819
Liabilities and Equity	
Liabilities	
Accounts payable and accrued expenses	3,839,957
Withholding tax payable	16,725
Total Liabilities	3,856,682
Equity	
Share capital.....	750,000,000
Deficit.....	(4,872,863)
Total Equity.....	745,127,137
Total Liabilities and Equity...	748,983,819

Summary Cash Flow Data

	Period from January 15 to July 31 2013
	(in ₱)
Cash Flows from Operating Activities	
Net investment loss before tax.....	(4,795,402)
Increase in accounts payable.....	3,856,682
Net cash used in operations.....	(938,720)
Income taxes paid.....	(77,461)
Net cash used in operating activities.....	(1,016,181)
Cash Flows from Financing Activities	
Proceeds from issuance of shares.....	750,000,000
Cash in Bank at End of Period.....	748,983,819
Operational Cash Flows from Interest	
Interest received.....	387,305

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Glossary of Terms

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

Act	Investment Company Act, Republic Act No. 2629.
Actively-Managed ETF	An ETF that uses the services of a portfolio manager or certain mathematical model to actively select the securities to be included in an investment portfolio and make strategic changes in that portfolio within the framework of the fund.
Arbitrage	The practice of the Authorized Participant to cause the creation of more ETF shares for sale in the secondary market, or to purchase ETF shares in the secondary market for redemption, in order to take advantage of the price differential of the ETF's NAVps and the market price.
Authorized Participant	A registered broker-dealer and Trading Participant that entered into an Authorized Participant Agreement or any similar arrangement with the Fund, and participates in the creation and redemption of Shares of the Fund in accordance with the terms provided under the agreement between the Authorized Participant and the Fund. The term "Authorized Participant" shall also refer to a PDTC Participant (as defined in the body of the Prospectus) who has entered into a First Metro ETF Authorized Participant Agreement (as defined in the body of the Prospectus), as the context may provide.
Balancing Amount	The amount equal to the difference between the NAV per Creation Unit of the Fund and the total aggregate market value per Creation Unit of the securities deposited with the Custodian.
"basket of securities" or "portfolio of securities"	The bundle of securities whose names and numbers are specified each business day by an ETF, in exchange for which, the ETF will issue, or in return for which it will redeem ETF shares; provided that the ETF may allow cash to be a part of the basket in accordance with pertinent provisions of the SEC ETF Rules.
Beneficial Owners	An individual or group who has the power to vote the Shares of the Fund as the ultimate beneficial owners thereof.
BIR	Bureau of Internal Revenue.
BSP	Bangko Sentral ng Pilipinas.
Business Day	Every official working day of the week, during which trading in the PSE is open.
Cash Component	The amount of cash required to equalize any differences between the value of the securities and the value of each Creation Unit (being the NAV per Share multiplied by the number of Shares in a Creation Unit). The Cash Component is computed as the Income Net of Expense Amount, plus or minus (as the case may be) the Balancing Amount.
Close-end Investment Company	An investment company other than an open-end investment company. An example is a mutual fund with a fixed number of shares.

Cut-Off Time	11:30 a.m. of each Trading Day, for purposes of receiving creation or redemption orders for Shares of the Fund.
Company	First Metro Philippine Equity Exchange Traded Fund, Inc., an open-end investment company.
Component Security/ies	The security/ies which constitute the basket or portfolio of securities that is substantially similar in composition and weighting to the Underlying Index of the Fund.
Creation Unit	The smallest block of Shares of the Fund that can be created or redeemed by an Authorized Participant from the Fund as disclosed in this Prospectus.
Custodian	HSBC or such other company as may from time to time be appointed to provide custodian services to the Fund in accordance with the requirements of the SEC.
Exchange Traded Fund or ETF	An Exchange Traded Fund or ETF is an open-end investment company that continuously issues and redeems its shares of stock in creation unit in exchange for delivery of a basket of securities representing an index whose performance the ETF endeavors to track.
Fund Manager	First Metro Asset Management Inc. ("FAMI"), or such other company as may from time to time be appointed to perform several activities for the Fund, including, but not limited to the selection of the constituents of the portfolio and computation of the daily NAV.
Fund Sponsor	First Metro Investment Corporation ("FMIC").
GAAP	Generally Accepted Accounting Principles.
INAV Calculator	Interactive Data Corporation
Income Net of Expense Amount	An amount equal, on a per Creation Unit basis, to the dividends on all the Component Securities with ex-dividend dates within the period beginning on the most recent ex-dividend date for the Shares through and including the current Business Day as if all of the Component Securities had been held for such period, net of accrued expenses and liabilities for such period not previously deducted (including, without limitation, (x) taxes or other governmental charges against the Fund not previously deducted, if any, and (y) accrued fees of the Custodian and other expenses of the Fund (including legal and auditing expenses) and other expenses not previously deducted (see "Expenses of the Fund").
Index	A single number that is calculated based on known methodology and is used to gauge the price and/or volume movements of a list of selected securities traded in an exchange. Any financial index which the Fund will aim to track, pursuant to its investment objective and in accordance with its investment policies, as specified in this document.
Index Provider	The Philippine Stock Exchange, Inc. ("PSE").
Indicative Net Asset Value or INAV	An approximation of the current value of the basket of securities on a per share basis computed at a one (1) minute interval throughout the trading

	hours of the PSE, which shall be disclosed in the websites of the Fund and the PSE.
Investment Company	Any issuer which is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, re-investing or trading in securities, as defined in Section 4 of the Act.
Investor	Any person, association, or corporation with the intention of investing in the Shares of the Fund.
Market Maker	An Authorized Participant that assumes the obligation of providing two-way quotes following the rules of the PSE and the SEC for the purpose of ensuring liquidity and of maintaining a fair and orderly trading market to the Fund's Shares. The Market Maker for the Fund is FMSBC.
Net Asset Value per share or NAVps	The computed NAV on a per share basis. It is calculated by dividing the Fund's NAV by its number of shares outstanding. Orders to create or redeem Shares of the Fund in Creation Units shall be based on the Fund's closing NAV on the Trading Day the order was placed.
Net Asset Value or NAV	The aggregate value of the Fund as determined by the market value of its underlying securities holdings, including any cash in the portfolio, less liabilities computed at the close of trading hours of the PSE.
Open-end Investment Company	An Investment Company which is offering for sale, or has outstanding, any redeemable security, of which it is the issuer.
Passively-managed ETF	An index fund that tracks a specific benchmark and any changes thereto.
PFRS	Philippine Financial Reporting Standards
Authorized Participant Agreement	An agreement entered into by a registered Authorized Participant with an ETF, for its participation in the creation and redemption of shares in the ETF.
PDTC	Philippine Depository and Trust Corporation.
Philippine National	As defined under the Republic Act No. 7042, as amended, or the Philippine Foreign Investments Act of 1992, means a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.
PHP or Pesos	Philippine Pesos, lawful currency of the Republic of the Philippines.

Portfolio Deposit	For in-kind issuances and redemptions, it is comprised of the Component Securities and the Cash Component, which is computed as the Income Net of Expense Amount, plus or minus (as the case may be) the Balancing Amount, to be delivered to the Company in subscribing for one Creation Unit or to be delivered by the Company in redeeming one Creation Unit.
Principal Distributor	First Metro Asset Management Inc. (“FAMP”), and/or such other company as may from time to time be appointed to approve the acceptance of orders from Authorized Participants and provide distribution services to the Company in accordance with the requirements of SEC.
PSE	The Philippine Stock Exchange, Inc.
PSE ETF Rules	The PSE’s Rules on Exchange Traded Funds approved by the SEC on March 18, 2013 (for Parts A and B) and on June 20, 2013 (for Part C).
PSEi	The main index of the PSE.
SCCP	The Securities Clearing Corporation of the Philippines, which is responsible for establishing the cash and securities liabilities and entitlements of its clearing members.
SEC	Securities and Exchange Commission.
SEC ETF Rules	SEC Memorandum Circular No. 10, Series of 2012, otherwise known as the Rules and Regulations on Exchange Traded Funds.
Shareholder or Stockholder	Any natural or juridical person who owns the shares of the Fund.
Shares of the Fund	Shares that are offered by the Fund to the public in the form of Creation Units through the Authorized Participants.
Trading Day	It is the time span when trading in the PSE is open for business.
Trading Participant	An entity authorized by the PSE to own and operate a trading right, pursuant to the PSE’s By-Laws and applicable rules.
Transaction Date	The Trading Day when the order to create or redeem Shares in Creation Units was placed with the Authorized Participant and accepted by the Fund Manager and Principal Distributor before the Cut-Off Time.
Underlying Index	A basket of securities that aims to track the PSEi.
VAT	Value Added Tax.

Summary

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

Overview

The Fund is a domestic corporation, incorporated on January 15, 2013, with principal business office address at 18th Floor, PSBank Center, Paseo de Roxas corner Sedeño St., 1227 Makati City, Philippines, and telephone number: (632) 891-2860.

It was registered on January 15, 2013 with the Securities and Exchange Commission (“SEC”) as an Open-end Investment Company under Republic Act No. 2629, otherwise known as the Investment Company Act and as an “Exchange Traded Fund” (“ETF”) under SEC Memorandum Circular No. 10, Series of 2012 otherwise known as the SEC Rules and Regulations on Exchange Traded Funds (the “SEC ETF Rules”). The Fund is engaged primarily in the business of investing, reinvesting, and trading in, and issuing and redeeming its shares of stock in Creation Units in exchange for a basket of securities representing an index. As a licensed ETF, it offers to, and through, qualified trading participants (the “Authorized Participants”), on a continuous basis, Shares in the Fund which are issuable and redeemable in Creation Units as defined in the body of this Prospectus.

Investment Objective, Policy and Restrictions

The Fund aims to provide returns which would reflect the performance of the Philippine equities market by investing in a basket of securities included in the PSEi, prior to the application of fees and expenses.

As an ETF, the Fund is not subject to the maximum or minimum investment limitations or liquidity requirements provided under ICA Rule 35-1, or the Investment Company Rule. The requirement under ICA Rule 35-1 mandating that the sale of securities by investment companies shall be on cash basis shall not be applicable to the Fund. Neither shall the Lock-Up requirement under ICA Rule 35-1 apply to the Fund.

Principal Investment Strategies

The Fund Manager shall use an indexing approach in achieving its investment objective. The Fund’s investment objective is not to outperform the PSEi but to track this index as closely as possible. Consequently, the Fund does not intend to seek provisional defensive positions during instances of market decline or overvaluation.

The approach used to select the Underlying Index may prevent the Fund from considerably outperforming the PSEi; however, the indexing approach may also result to the reduction of the risks that the Fund is faced with.

To meet the Fund’s investment objectives, FAMI intends to manage the Fund using an index replication strategy, which involves investing in substantially all of the securities and in approximately the same weights as in the PSEi.

When conditions permit, as determined by FAMI, FAMI may use a representative sampling indexing strategy, instead of a full replication strategy, to manage the Fund. This would involve investing in a representative sample of securities that collectively has an investment profile optimally similar to the PSEi, which it aims to track. The securities selected, in this particular case, are expected to have, in the aggregate, investment and fundamental characteristics, as well as liquidity measures, substantially similar to those in the PSEi. The use of representative sampling may result in higher chances of incurring tracking error risk as opposed to replication of an index.

A change in the index tracking strategy may result in a change in the composition of the securities in the Underlying Index, but shall not be a change in the investment objective or policy of the Fund in accordance with the SEC ETF Rules.

The Fund will at all times be substantially fully invested. In cases when rebalancing the portfolio is required due to changes in the index composition or diminishing liquidity of certain index component stocks, the portfolio may be under invested but limited to at least eighty percent (80%) of its assets. The Fund may then temporarily invest the remainder of its assets in liquid investments, including cash, cash equivalents, money market instruments, and shares of money market funds advised by FAMI. Please see discussion of the “Underlying Index” on p. 6.

The Fund Manager expects that, over time, the Fund's tracking error will not exceed five percent (5%). If the Fund uses a representative sampling indexing strategy, it can be expected to have a larger tracking error than it would have if it used a replication indexing strategy.

Underlying Index

As of November 15, 2013, the Underlying Index is composed of the following thirty (30) Component Securities:

	Security Name	Symbol	Last Trade Date	Last Trade Price	Outstanding Shares	Free Float Level (%)	Free Float Market Capitalization	% Weight
1	Philippine Long Distance Telephone Company "Common"	TEL	15-Nov-13	2,798	216,055,775	50%	302,262,029,225	11.80%
2	SM Investments Corporation	SM	15-Nov-13	771	796,231,242	43%	263,974,543,660	10.31%
3	Ayala Land, Inc.	ALI	15-Nov-13	28.65	14,173,286,611	50%	203,032,330,703	7.93%
4	Bank Of The Philippine Islands	BPI	15-Nov-13	91.9	3,556,356,173	47%	153,609,692,180	6.00%
5	SM Prime Holdings, Inc.	SMPH	15-Nov-13	17.38	27,816,560,220	30%	145,035,544,987	5.66%
6	Ayala Corporation	AC	15-Nov-13	586.5	599,423,567	38%	133,593,530,377	5.22%
7	Aboitiz Equity Ventures, Inc.	AEV	15-Nov-13	49.85	5,521,871,821	44%	121,116,736,521	4.73%
8	BDO Unibank, Inc.	BDO	15-Nov-13	78.40	3,580,875,328	43%	120,718,469,058	4.71%
9	Alliance Global Group, Inc.	AGI	15-Nov-13	26.9	10,269,827,979	40%	110,503,349,054	4.31%
10	Metropolitan Bank & Trust Company	MBT	15-Nov-13	80.40	2,744,801,066	49%	108,134,182,796	4.22%
11	Universal Robina Corporation	URC	15-Nov-13	126.5	2,181,501,933	39%	107,624,397,864	4.20%
12	JG Summit Holdings, Inc.	JGS	15-Nov-13	47.9	6,797,191,657	32%	104,187,353,718	4.07%
13	Jollibee Foods Corporation	JFC	15-Nov-13	182	1,050,015,727	40%	76,441,144,926	2.98%
14	GT Capital Holdings, Inc.	GTCAP	15-Nov-13	819	174,300,000	40%	57,100,680,000	2.23%
15	Metro Pacific Investments Corporation	MPI	15-Nov-13	4.8	26,025,098,752	44%	54,965,008,564	2.15%
16	International Container Terminal Services, Inc.	ICT	15-Nov-13	49.05	2,034,055,360	51%	50,882,911,858	1.99%
17	Aboitiz Power Corp.	AP	15-Nov-13	33	7,358,604,307	20%	48,566,788,426	1.90%
18	Energy Development (EDC) Corporation	EDC	15-Nov-13	5.05	18,750,000,000	50%	47,343,750,000	1.85%
19	Globe Telecom, Inc.	GLO	15-Nov-13	1,611	132,568,084	22%	46,984,780,331	1.83%
20	LT Group, Inc.	LTG	15-Nov-13	14.82	10,821,388,889	26%	41,696,975,667	1.63%
21	DMCI Holdings, Inc.	DMC	15-Nov-13	53	2,655,494,000	28%	39,407,530,960	1.54%
22	Robinsons Land Corporation	RLC	15-Nov-13	23.5	4,093,830,685	39%	37,519,958,228	1.46%
23	Manila Water Company, Inc.	MWC	15-Nov-13	25.8	2,013,651,738	66%	34,288,461,795	1.34%
24	Bloomerry Resorts Corporation	BLOOM	15-Nov-13	10.28	10,589,800,556	28%	30,481,681,920	1.19%
25	Semirara Mining Corporation	SCC	15-Nov-13	282	356,250,000	28%	28,129,500,000	1.10%
26	San Miguel Corporation	SMC	15-Nov-13	74	2,377,009,485	14%	24,625,818,265	0.96%
27	Petron Corporation	PCOR	15-Nov-13	12.8	9,375,104,497	17%	20,400,227,385	0.80%
28	Megaworld Corporation	MEG	15-Nov-13	1.92	29,461,233,122	36%	20,363,604,334	0.80%
29	First Gen Corporation	FGEN	15-Nov-13	13.94	3,363,571,607	32%	15,004,220,225	0.59%
30	Philex Mining Corporation	PX	15-Nov-13	8.08	4,933,246,068	33%	13,154,007,316	0.51%

Information about the Underlying Index, the identities and weightings of the Component Securities and other assets held by the Fund, the identities and weightings of the component securities and other assets of the index, the number and type of securities comprising the basket of securities with which the Fund could create or redeem a Creation Unit, and the performance of the Underlying Index and the Fund may also be found on the Fund's website.

Initial Listing Price

The Initial Listing Price of each Share of the Fund shall be equivalent to the NAVps at the end of the day one business day prior to the listing date. The Fund intends to purchase the Component Securities close to the listing date. The

Fund will make the appropriate disclosure of the Initial Listing Price to the SEC and the PSE using SEC Form 17-C on the Listing Date.

NAV, NAVps and INAV

The NAV and the NAVps of the Fund are computed daily at the end of each Trading Day. The NAV is the aggregate value of the Fund as determined by the market value of its underlying securities holdings, including any cash in the portfolio, interest receivables, dividend receivables, less liabilities such as taxes, accrued fees and expenses. The NAVps is determined by dividing the NAV by the total number of its outstanding Shares. The NAV and NAVps of the Fund will be published on the websites of the Fund and of the PSE at 6:30 p.m. of each Trading Day.

The intra-day INAV of the Fund will be calculated by Interactive Data at one (1) minute intervals during trading hours of the PSE, and will be disclosed periodically throughout the day through the websites of the Fund and of the PSE.

Premium and Discount Information

Prior to the listing of the Fund, there has been no public market for the Shares of the Fund. Accordingly there has been no market price for the Shares derived from day-to-day trading.

Information on the extent and frequency with which market prices of the Fund's Shares have tracked the Fund's NAVps, the prior business day's last determined NAV, the market closing price of the Fund's Shares, and the premium/discount of the closing price to NAVps may be found in the Fund's website.

Investors should be aware that they may sell or purchase the Shares of the Fund through the PSE at prices that do not correspond to the NAVps of the Fund.

Creation Units

Shares of the Fund in Creation Units are issued to investors, who after placing a creation order with an Authorized Participant, would cause the deposit of a basket of securities which comprise the Fund's Underlying Index with the Custodian.

Shares in the Fund can be acquired through orders to create Shares in Creation Units. A Creation Unit is equivalent to a Portfolio Deposit composed of the Component Securities and the Cash Component (as defined in "The Creation Method" on p. 26) which will be equivalent to a lot of 200,000 Shares, and in multiples thereof. All orders to create Shares in Creation Units must be placed with the Principal Distributor before a prescribed time of day and according to a course of prescribed actions as stated in "First Metro ETF Clearing Process".

As of the date of this Prospectus, the basket of securities that equates to one (1) Creation Unit is displayed in the table below:

	Security Name	Symbol	No. of Shares
1	Philippine Long Distance Telephone Company "Common"	TEL	795
2	SM Investments Corporation	SM	2,520
3	Ayala Land, Inc.	ALI	52,100
4	Bank Of The Philippine Islands	BPI	12,290
5	SM Prime Holdings, Inc.	SMPH	61,400
6	Ayala Corporation	AC	1,670
7	Aboitiz Equity Ventures, Inc.	AEV	17,860
8	BDO Unibank, Inc.	BDO	11,320
9	Alliance Global Group, Inc.	AGI	30,200
10	Metropolitan Bank & Trust Company	MBT	9,890
11	Universal Robina Corporation	URC	6,260
12	JG Summit Holdings, Inc.	JGS	16,000
13	Jollibee Foods Corporation	JFC	3,090
14	GT Capital Holdings, Inc.	GTCAP	510
15	Metro Pacific Investments Corporation	MPI	84,000
16	International Container Terminal Services, Inc.	ICT	7,630

17	Aboitiz Power Corp.	AP	10,800
18	Energy Development (EDC) Corporation	EDC	68,900
19	Globe Telecom, Inc.	GLO	215
20	LT Group, Inc.	LTG	20,700
21	DMCI Holdings, Inc.	DMC	5,470
22	Robinsons Land Corporation	RLC	11,700
23	Manila Water Company, Inc.	MWC	9,800
24	Bloomberry Resorts Corporation	BLOOM	21,800
25	Semirara Mining Corporation	SCC	730
26	San Miguel Corporation	SMC	2,450
27	Petron Corporation	PCOR	11,700
28	Megaworld Corporation	MEG	78,000
29	First Gen Corporation	FGEN	7,900
30	Philex Mining Corporation	PX	12,000

To be eligible to place orders with the Principal Distributor to create a Creation Unit an entity must be:

- An Authorized Participant as defined in the SEC ETF Rules and PSE ETF Rules;
- An Authorized Participant that has executed an Authorized Participant Agreement with the Fund and the Fund Manager and Principal Distributor ; and
- An Authorized Participant which is a Trading Participant in the securities clearing process of the PSE, namely, the Securities Clearing Corporation of the Philippines (“SCCP”) and the Philippine Depository and Trust Corporation (“PDTC”).

Creation Method

Orders of Creation Units are made by the Authorized Participants to the Fund, subject to the approval of the Principal Distributor. The Creation Units shall be based on the Fund’s closing NAV on the day the order to create was placed and shall be issued in exchange for a Portfolio Deposit composed of the Component Securities and a Cash Component, as confirmed by the Custodian, equivalent in value to the closing NAV of the Creation Units.

Details on the Creation Method are set out in the “Creation Method” on p. 26.

Redemption Method

Redemptions of Creation Units are made by the Authorized Participants to the Fund, subject to the approval of the Principal Distributor. The Authorized Participant shall surrender the Creation Units, which shall be based on the Fund’s closing NAV on the day the order to redeem was placed, to the Custodian and shall in exchange receive a Portfolio Deposit composed of the Component Securities and a Cash Component, as confirmed by the Custodian, equivalent in value to the closing NAV of the Creation Units.

Details on the Redemption Method are set out in the “Redemption Method” on p. 29.

Arbitrage Mechanism

The number of shares which are reasonably designed to facilitate arbitrage is 200,000 shares or one (1) Creation Unit, or multiples thereof. See also discussion in the “Redemption Method” on p. 31.

Fund Manager

The Fund Manager is responsible for determining the composition of the Component Securities, which must be delivered in exchange for the issuance of the Shares of the Fund in Creation Units, and adjusts the composition of the Fund’s portfolio from time to time to conform to changes in the composition and/or weighting structure of the Underlying Index.

Principal Distributor

The Principal Distributor:

- maintains records of the orders placed with it and the confirmations of acceptance and furnishes to those placing such orders confirmations of acceptance of the orders;
- is responsible for delivering a prospectus to the Authorized Participants who place orders for the creation of Shares of the Fund in Creation Units;
- maintains a record of the delivery instructions in response to orders and may provide certain other administrative services, such as those related to securities law compliance; and
- must be a corporation organized under the corporation laws of the Philippines.

Custodian

The Custodian provides custodian services to the Fund in accordance with the requirements of the SEC. The obligations and scope of services of the Custodian are outlined in the Custodian Agreement discussed under “Material Contracts and Agreements” on p. 37.

Authorized Participant

An Authorized Participant is a registered broker-dealer and Trading Participant that entered into an Authorized Participant Agreement or any similar arrangement with the Fund, and participates in the creation and redemption of Shares of the Fund in accordance with the terms provided under the agreement between the Authorized Participant and the Fund.

Index Provider

The Index Provider is an entity that has entered into an Index Provider Agreement with the Fund to allow the Fund to track the index it has designed, constructed and calculated.

Stock and Transfer Agent

The Stock and Transfer Agent shall keep the list of all stockholders of record of the Fund in accordance with Section 74 of the Corporation Code.

Summary of the Offer

The following is a general summary of the Offer. This summary is derived from and should be read in conjunction with the rest of the information in the Prospectus. Before you invest, you may want to review the Fund's entire Prospectus, which contains more information about the Fund and its risks. You can find the Fund's Prospectus and other information about the Fund online at www.firstmetroetf.com.ph. You can also get this information at no cost by sending an email request to Mr. Edwin B. Valeroso, the Investor Relations Officer of the Fund, at ebv@firstmetro.com.ph.

Issuer

First Metro Philippine Equity Exchange Traded Fund, Inc. (i.e. "First Metro ETF", the "Fund" or the "Issuer").

Type of Issuer

The Fund is an Open-end Investment Company. The Fund, however, will issue and redeem Shares in lots with a minimum of 200,000 Shares, and in multiples thereof, referred to as Creation Units through the Authorized Participants.

Shares offered

All Shares of the Fund issued or to be issued are unclassified common shares and have, or upon issuance will have, identical rights and privileges.

Foreign Ownership Limitations

There are limitations on foreign ownership of the Fund's Shares arising from the fact that the Fund will be investing in Component Securities, the ownership of which may be limited to Philippine Nationals. The term "Philippine National" as defined under the Republic Act No. 7042, as amended, shall mean a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals. The Fund is thus constrained to keep the foreign equity interest in it below the 40% threshold and any sale or transfer of shares in excess of this threshold shall not be recorded in the Fund's stock and transfer book.

Par Value

One Hundred Pesos (Php100.00) per Share.

Use of Offer Proceeds

Shares of the Fund shall be issued in Creation Units, in exchange for a basket of equity securities included in the Underlying Index. See also "Use of Offer Proceeds" on p. 17 for expenses associated with the Creation Process.

Listing and Trading

The Shares are expected to be listed on the PSE under the symbol "FMETF". The application to list the Shares was approved by the PSE last October 9, 2013. All issued and outstanding Shares of the Fund as of the date of this Prospectus shall be listed on the ETF Board of the PSE, while the unissued Shares of the Fund as of the date of this Prospectus shall be subject to shelf listing in accordance with the PSE ETF Rules. All of the Shares are expected to be listed on the PSE on December 2, 2013. Trading of the shares is expected to commence on the same date.

Initial Listing Price

The Initial Listing Price of each Share of the Fund shall be equivalent to the NAVps at the end of the day one business day prior to the listing date. The Fund intends to purchase the Component Securities close to the listing date. The Fund will make the appropriate disclosure of the Initial Listing Price to the SEC and the PSE using SEC Form 17-C on the Listing Date.

Dividends

The Board of Directors of the Fund may decide to declare dividends from the unrestricted retained earnings of the Fund at a time and percentage as the same Board may deem proper and in accordance with law.

The Fund may declare or pay dividends but limit those dividends to come from the Fund's accumulated undistributed net income, determined in accordance with PFRS and including profits or losses realized upon the sale of securities; or from the Fund's earned surplus so determined for the current or preceding fiscal year. See "Dividends and Dividend Policy" on p. 24.

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 subject to the provisions of Republic Act No. 7042, as amended by Republic Act No. 8179, otherwise known as the Foreign Investments Act. 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.

Purchase of the shares of the Fund may be restricted by law in certain jurisdictions. 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.

Registration and Lodgment of Shares with PDTC

The Shares are required to be lodged with PDTC at least two (2) Trading Days prior to the Listing Date.

Delivery of Stock Certificates

Because of the nature of the ETF operations, the Fund will require all shares to be lodged with PDTC in order to facilitate book-entry delivery of the Shares. However, Beneficial Owners may apply for the upliftment of the Shares from the PDTC subject to the rules, guidelines and charges which may be imposed by the PSE, PDTC, and other participants. Uplifted shares may be lodged with the PDTC subject to the rules, guidelines and charges which may be imposed by the PSE, PDTC and other participants.

Tax Considerations

See "Tax Considerations" on p. 77 for further information on the tax consequences of the purchase, ownership and disposal of the Shares.

Expected Timetable

The timetable of the Offer is expected to be as follows:

<u>Activity</u>	<u>Date</u>
Listing Date and commencement of trading on the PSE	December 2, 2013
Continuous Offering of ETF Shares	December 2, 2013 onwards

The dates included above are subject to the approval of the PSE and the SEC, market and other conditions and may be changed.

Risks of Investing

An investment in the Fund is not insured or guaranteed by the Philippine Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of its investments, it is possible to lose money by investing in the Fund. The Fund's return will change as a result of movements in the stock market and other macroeconomic factors. No single fund is intended to be a complete investment program, but individual funds, such as this Fund, can be an important part of a balanced and diversified investment program. ETFs have the general risks enumerated under "Risk Factors" starting on p. 13.

Risk Factors

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, there are instances where redemption prices of redeemed Shares may be less than the prices at which the Shares were originally purchased or created. Investors who redeem their Shares during this time may not recover the full cost of their investment.

Market 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. The value of a security may decline due to general economic and market conditions which are not specifically related to a particular issuer, such as real or perceived adverse economic conditions or changes in interest or currency rates. Fluctuations in the value of securities in which the Fund invests will cause the NAV of the Fund to fluctuate. Historically, the markets have moved in cycles, and the value of the Fund's securities and other financial instruments may fluctuate drastically from day to day.

Stock Market Risk

In addition, investing in shares of stock is generally riskier than investing in fixed-income securities, hence investors' money or principal may even be lost. The risks inherent to equity ETFs are related to the volatility of the stock market. Changes in prices of equity securities that compose the Fund's investment portfolio may substantially vary in a short span of time. The performance of the companies whose shares are included in the portfolio of the Fund is very much dependent on the people behind those companies. Added to that, stock prices are sensitive to political and economic conditions that normally change from time to time.

Index Risk

The Fund is subject to the risk that the Underlying Index may underperform other segments of the equity market or the equity market as a whole.

The Fund aims to track the PSEi, which is rebalanced every six (6) months. The returns of the Fund may be affected by such rebalancing, and the Fund is subject to the risk that it may not accurately track the returns of the PSEi.

Liquidity Risk

Although the Underlying Index shall be comprised of securities included in the main index of the PSE, in certain circumstances, it may be difficult for the Fund to purchase and sell particular investments within a reasonable time at a fair price. In addition, the ability to assign an accurate daily value to certain investments may be difficult, and the Fund Manager may be required to fair value the investments.

Tracking Error Risk

Tracking error is the divergence of the Fund's performance from that of the index it tracks. Tracking error may occur because of differences between the securities held in the Fund's portfolio and those included in the index, pricing differences, transaction costs, the Fund's holding of cash, differences in timing of the accrual of dividends, changes to the Underlying Index or the need to meet various new or existing regulatory requirements. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also may result because the Fund incurs fees and expenses, while the index it tracks does not.

Early Closing Risk

An unanticipated early closing of the PSE may result in a shareholder's inability to buy or sell shares of the Fund on that day.

Trading Halt Risk

Secondary market trading in the Shares of the Fund may be halted or suspended by the PSE because of market conditions or other reasons. If a trading halt or suspension occurs, a shareholder may temporarily be unable to purchase or sell Shares of the Fund.

Trading Risk

Shares may trade below their NAV. The NAV of the Shares of the Fund will fluctuate with changes in the market value of the Fund's holdings. In addition, although the Shares of the Fund are listed on the PSE, there can be no assurance that an active trading market for Shares of the Fund will develop or be maintained.

The Philippine securities markets are substantially smaller, less liquid, and more volatile relative to major securities markets in the U.S. and other jurisdictions, and may not be as highly regulated or supervised as some of these other markets. The NAVps of the Shares when issued, may differ significantly from the price at which the Shares will trade on the PSE.

Interest Rate Risk

Interest rate movements may have direct impact on prices of the assets of the Fund. Some assets are more sensitive to changes in interest rates while other assets may not. It is expected that interest rate movements may have negative influence of the Fund's assets.

Inflation Risk

Inflation risk is the risk that inflation may erode the real value of an investment by the Fund.

Non-Diversification Risk

The Fund is considered non-diversified and can invest a greater portion of its assets in securities of individual issuers than a diversified fund. As a result, changes in the market value of a single security could cause greater fluctuations in the value of the Shares of the Fund than would occur in a diversified fund.

Passive Investment Risk

The Fund is not actively managed and the Fund Manager does not attempt to take defensive positions in declining markets. Therefore, the Fund may be subject to greater losses in a declining market compared to a fund that is actively managed.

Absence of Operating History

The Fund is a start-up company and may also be affected by risks associated with companies that do not have operating histories. However, people and companies behind the Fund have actual experience and track record in mutual funds and other financial institutions.

The investors should be aware that their investment in exchange traded funds is not guaranteed by the Philippine Deposit Insurance Corporation. The Fund Manager is also not permitted by law to guarantee any yield to the investors of the Fund.

Risk of Dilution

Because the Fund is an Open-end Investment Company, investors may effectively subscribe to any amount of Shares of the Fund. As such, investors face the risk of the percentage of their stockholding in the Fund being diluted as more investors subscribe to the Shares. The influence that the investors can exert over the control and management of the Fund decreases proportionally.

Geographic Concentration Risk

The Fund's investments are primarily in shares of stock of publicly listed domestic corporations. Funds that are less diversified across countries or geographic regions are generally riskier than more geographically diversified funds. A fund that focuses on a single country or a specific region is more exposed to that country's or region's economic cycles, currency exchange rates, stock market valuations and political risks, among others, compared with a more geographically diversified fund.

Delay in Issuance of ETF Shares Risk

In the event that the authorized capital stock of the Fund has been fully subscribed, the Fund will have to apply for an increase in its authorized capital stock with the SEC in order to accommodate additional creation orders. Due to the corporate actions and regulatory approvals that have to be complied with to increase the authorized capital stock of the Fund, there may be a delay in delivery of the Shares of the Fund to Authorized Participants which made such creation orders.

Securities Lending Risk

The Fund bears the risk of loss of investing cash collateral and may be required to make payments to a borrower upon return of loaned securities if invested collateral has declined in value. Furthermore, because of the risks in delay of recovery, the Fund may lose the opportunity to sell the securities at a desirable price, and it may not have the right to vote securities while they are being loaned.

Regulation and Taxation Risk

The Fund is subject to a number of national and local laws and regulations. These include industry laws and regulations relating to investment and publicly-owned companies, the PSE and applicable taxes. The Fund cannot assure prospective investors that changes in laws or regulations, including those related to investment and publicly-owned companies, the PSE and applicable taxes, will not result in the Fund or the investors in the Fund having to incur substantial additional expenditures in relation to the Fund's investments or investments in the Fund.

Risks Relating to the Philippines

Substantially all of the Fund's Component Securities are shares of companies based in the Philippines, which exposes the Fund to risks associated with the country, including the performance of the Philippine economy. Factors that may adversely affect the Philippine economy include: (1) decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally; (2) scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally; (3) exchange rate fluctuations; (4) inflation or increases in interest rates; (5) levels of employment, consumer confidence and income; (6) changes in the Philippine government's fiscal and regulatory policies; (7) re-emergence of SARS, avian influenza (commonly known as bird flu), or H1N1, or the emergence of another similar disease in the Philippines or in other countries in Southeast Asia; (8) natural disasters, including but not limited to tsunamis, typhoons, earthquakes, floods, fires and similar events; (9) political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and (10) other social, political or economic developments in or affecting the Philippines. There can be no assurance that the Philippines will achieve strong economic fundamentals in the future. Changes in the conditions of the Philippine economy could materially and adversely affect the performance of the Fund.

Dependence on the Services of Third Parties

The Fund relies on the services of third parties such as the Authorized Participants, Principal Distributor, Fund Manager, Custodian, Stock and Transfer Agent, and INAV Calculator, among others, to run its operations. The loss of services of any of these third parties could materially impair the Fund's operations and performance, and the Fund may not immediately be able to replace such third party within a reasonable period of time, which could materially and adversely affect the Fund's operations and performance.

The Fund also relies on the PDTC as the securities depository of its Shares. The PDTC may determine to discontinue providing its service with respect to the Shares at any time by giving notice to the Fund, the Fund Manager, the

Custodian and the Fund Sponsor and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Fund, the Fund Manager and Principal Distributor, the Custodian and/or the Fund Sponsor shall take action either to find a replacement for the PDTC to perform its functions at a comparable cost or, if such a replacement is unavailable, to terminate the Fund.

Communication Risk for Creation/Redemption Method

Orders to create or redeem Shares of the Fund in Creation Units may be transmitted by facsimile, email or any other transmission method acceptable to the Principal Distributor, followed by a telephone call for confirmation, pursuant to procedures set forth in the “Creation Method” and “Redemption Method” in this Prospectus. Severe economic or market changes or disruptions, or telephone or other communication failure, may impede the ability of such orders to reach the Authorized Participant or the Principal Distributor.

Foreign Ownership Restrictions for the Component Securities and the Fund

The Component Securities of the Fund may be subject to Philippine foreign ownership limitations. There is a possibility that the Fund may not allow the issuance or the transfer of its Shares to persons other than Philippine Nationals and may not record the transfers in the books of the Fund if such issuance or transfer would result in the prohibition of holding any or all of the Component Securities by the Fund, due to foreign ownership restrictions in any or all the Component Securities. The issuer of the Component Security may also refuse to transfer the said security in the name of the Fund when doing so will cause the issuer to violate the foreign ownership restrictions provided under the Constitution and the existing laws.

Due to the foregoing, there are limitations on foreign ownership of the Fund’s Shares arising from the fact that the Fund will be investing in Component Securities, the ownership of which may be limited to Philippine Nationals. The term “Philippine National” as defined under the Republic Act No. 7042, as amended, shall mean a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals. The Fund is thus constrained to keep the foreign equity interest in it below the 40% threshold and any sale or transfer of shares in excess of this threshold shall not be recorded in the Fund’s stock and transfer book.

Use of Offer Proceeds

The Offer Proceeds include (1) the original subscription of the Fund Sponsor, and (2) proceeds from the Creation of Shares in Creation Units at the relevant NAVps. The unissued Shares to be offered by the Fund will be issued in exchange for a basket of equity securities included in the main index ("PSEi") of the PSE.

The original subscription of the Fund Sponsor in the Fund, as of the date of this Prospectus, is PhP750,000,000.00. The proceeds from the creation of Shares in Creation Units will depend on the number of orders for the creation of Shares in Creation Units and NAVps of the Fund on the day a Creation Order is made.

The assets of the Fund shall be composed of a basket of securities included in the PSEi in accordance with the policies set forth in the sections headed "Investment Policy" and "Investment Guidelines and Restrictions."

No material amount of the Offer Proceeds is to be used to acquire assets or finance the acquisition of other businesses. 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 any expenses.

Prior to the target listing date on December 2, 2013, the original subscription of the Fund Sponsor in the amount of PhP750,000,000.00 less any expenses incurred by the Fund and any and all Component Securities purchased out of such proceeds shall be deposited and held by the Custodian.

In the course of its incorporation and registration with the SEC, and listing with the PSE, the Fund incurred the following one-time expenses:

Initial Expenses of the Fund

1.	Taxes to be paid by the Fund	3.75 million
2.	SEC incorporation and filing fees	6.06 million
3.	SEC registration and processing fees	2.15 million
4.	Estimated other expenses	1.04 million
	Total expenses	13.0 million

Investors who wish to place Creation Orders for the Shares of the Fund in Creation Units should be aware of the following expenses:

Expenses

Fees payable to the Authorized Participant

Creation

approximately 0.80% of the Creation Order
(inclusive of documentary stamp tax and other charges)

Fund Features

Issuer	First Metro Philippine Equity Exchange Traded Fund, Inc.																																																																												
Security Code	FMETF																																																																												
Type of Issuer	Open-End Investment Company																																																																												
Shares Offered	Common shares																																																																												
Par Value	One Hundred Pesos (PhP100.00) per share																																																																												
Initial Listing Price	The Initial Listing Price of each Share of the Fund shall be equivalent to the NAVps at the end of the day one business day prior to the listing date. The Fund intends to purchase the Component Securities close to the listing date. The Fund will make the appropriate disclosure of the Initial Listing Price to the SEC and the PSE using SEC Form 17-C on the Listing Date.																																																																												
NAVps	The computed NAV on a per share basis, calculated by dividing the Fund's total net assets by its total number of shares outstanding. Orders to create or redeem Shares of the Fund in Creation Units shall be based on the Fund's closing NAVps on the day the order was placed. The NAV and NAVps of the Fund will be published on the websites of the Fund and of the PSE at 6:30 p.m. of each Trading Day.																																																																												
Transaction Date	The Trading Day when the order to create or redeem Shares in Creation Units was placed by the Authorized Participant and accepted by the Fund Manager and Principal Distributor before the Cut-Off Time.																																																																												
Daily Cut-Off Time	11:30 a.m.																																																																												
Minimum Investment	Investors may buy or sell Shares in the Fund through Trading Participants of the PSE in lots prescribed in accordance with the trading rules of the PSE, at the quoted market price. Investors may also subscribe to new Shares in Creation Units through the Authorized Participants of the Fund.																																																																												
Creation Units	The smallest block of ETF shares that can be created or redeemed by an Authorized Participant from the ETF. A Creation Unit's aggregate size is equivalent to 200,000 shares, and in multiples thereof. As of the date of this Prospectus, the basket of securities that equates to one (1) Creation Unit is displayed in the table below: <table><tr><th></th><th>Security Name</th><th>Symbol</th><th>No. of Shares</th></tr><tr><td>1</td><td>Philippine Long Distance Telephone Company "Common"</td><td>TEL</td><td>795</td></tr><tr><td>2</td><td>SM Investments Corporation</td><td>SM</td><td>2,520</td></tr><tr><td>3</td><td>Ayala Land, Inc.</td><td>ALI</td><td>52,100</td></tr><tr><td>4</td><td>Bank Of The Philippine Islands</td><td>BPI</td><td>12,290</td></tr><tr><td>5</td><td>SM Prime Holdings, Inc.</td><td>SMPH</td><td>61,400</td></tr><tr><td>6</td><td>Ayala Corporation</td><td>AC</td><td>1,670</td></tr><tr><td>7</td><td>Aboitiz Equity Ventures, Inc.</td><td>AEV</td><td>17,860</td></tr><tr><td>8</td><td>BDO Unibank, Inc.</td><td>BDO</td><td>11,320</td></tr><tr><td>9</td><td>Metropolitan Bank & Trust Company</td><td>MBT</td><td>9,890</td></tr><tr><td>10</td><td>Alliance Global Group, Inc.</td><td>AGI</td><td>30,200</td></tr><tr><td>11</td><td>Universal Robina Corporation</td><td>URC</td><td>6,260</td></tr><tr><td>12</td><td>International Container Terminal Services, Inc.</td><td>ICT</td><td>7,630</td></tr><tr><td>13</td><td>JG Summit Holdings, Inc.</td><td>JGS</td><td>16,000</td></tr><tr><td>14</td><td>Jollibee Foods Corporation</td><td>JFC</td><td>3,090</td></tr><tr><td>15</td><td>GT Capital Holdings, Inc.</td><td>GTCAP</td><td>510</td></tr><tr><td>16</td><td>Metro Pacific Investments Corporation</td><td>MPI</td><td>84,000</td></tr><tr><td>17</td><td>Energy Development (EDC) Corporation</td><td>EDC</td><td>68,900</td></tr><tr><td>18</td><td>Globe Telecom, Inc.</td><td>GLO</td><td>215</td></tr></table>		Security Name	Symbol	No. of Shares	1	Philippine Long Distance Telephone Company "Common"	TEL	795	2	SM Investments Corporation	SM	2,520	3	Ayala Land, Inc.	ALI	52,100	4	Bank Of The Philippine Islands	BPI	12,290	5	SM Prime Holdings, Inc.	SMPH	61,400	6	Ayala Corporation	AC	1,670	7	Aboitiz Equity Ventures, Inc.	AEV	17,860	8	BDO Unibank, Inc.	BDO	11,320	9	Metropolitan Bank & Trust Company	MBT	9,890	10	Alliance Global Group, Inc.	AGI	30,200	11	Universal Robina Corporation	URC	6,260	12	International Container Terminal Services, Inc.	ICT	7,630	13	JG Summit Holdings, Inc.	JGS	16,000	14	Jollibee Foods Corporation	JFC	3,090	15	GT Capital Holdings, Inc.	GTCAP	510	16	Metro Pacific Investments Corporation	MPI	84,000	17	Energy Development (EDC) Corporation	EDC	68,900	18	Globe Telecom, Inc.	GLO	215
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	19	Aboitiz Power Corp.	AP	10,800
	20	LT Group, Inc.	LTG	20,700
	21	Megaworld Corporation	MEG	78,000
	22	DMCI Holdings, Inc.	DMC	5,470
	23	Robinsons Land Corporation	RLC	11,700
	24	Manila Water Company, Inc.	MWC	9,800
	25	Bloomerry Resorts Corporation	BLOOM	21,800
	26	San Miguel Corporation	SMC	2,450
	27	Semirara Mining Corporation	SCC	730
	28	Petron Corporation	PCOR	11,700
	29	First Gen Corporation	FGEN	7,900
	30	Philex Mining Corporation	PX	12,000
Authorized Participants	Creation and Redemption of Shares in Creation Units shall be coursed through the Authorized Participants of the Fund, namely, FMSBC and IGC.			
Creation Method	Orders of Creation Units are made by the Authorized Participants to the Fund, subject to the approval of the Fund Manager and Principal Distributor. The Creation Units shall be based on the Fund's closing NAV on the day the order to create was placed and shall be issued in exchange for a Portfolio Deposit composed of the Component Securities and a Cash Component, as confirmed by the Custodian, equivalent in value to the closing NAV of the Creation Units. Please see section "Creation Method" on p. 26 for a more complete discussion.			
Redemption Method	Redemption of Creation Units is made by the Authorized Participants to the Fund, subject to the approval of the Fund Manager and Principal Distributor. The Authorized Participant shall surrender the Creation Units, which shall be based on the Fund's closing NAV on the day the order to redeem was placed, to the Custodian and shall in exchange receive a Portfolio Deposit composed of the Component Securities and a Cash Component, as confirmed by the Custodian, equivalent in value to the closing NAV of the Creation Units. Please see section "Redemption Method" on p. 29 for a more complete discussion.			

Background and Purpose

First Metro Philippine Equity Exchange Traded Fund, Inc. is an Open-end Investment Company registered under the Investment Company Act and, was incorporated on January 15, 2013. It is principally engaged 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. The Fund aims to provide returns which would reflect the performance of the Philippine equities market by investing in a portfolio of securities included in the PSEi, prior to the application of fees and expenses.

The Fund is engaged primarily in "the business of investing, reinvesting and trading in, and issuing and redeeming its shares of stock in creation unit in exchange for basket of securities representing an index." As a licensed ETF, it offers through Authorized Participants, on a continuous basis, Shares of the Fund which are issuable and redeemable in Creation Units, as defined in the body of this Prospectus.

Benefits to the Investor

ETFs make investing simple, accessible, and affordable. They offer professional management, diversification, liquidity, affordability, convenience, and ease of recordkeeping, as well as strict government regulation and full disclosure.

Professional Management

ETFs have very little intervention from its fund management; rather, it adheres very strictly to the prescribed portfolio index. Investors would be assured that through the Fund Manager and the Custodian, the Fund would strictly follow the investment policies and guidelines set forth in this Prospectus.

Diversification at Low Cost

Successful investors know that diversification will reduce the adverse impact of a single investment. ETFs offer 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. ETF shares are liquid investments that can be sold on the PSE any Business Day.

Convenience

You can purchase or sell the Shares of the Fund directly through a PSE member broker.

Protecting Investors

ETFs are subject to exacting internal standards, and they are also highly-regulated by the SEC and the PSE.

Distribution Method of Shares in Creation Units

The Fund has no consumer or industrial products or services to be distributed, except for its own shares of stock (i.e., the Shares). The Shares of the Fund in Creation Units are offered on a continuous basis through the Authorized Participants. For more information on the Creation Method and the Plan of Distribution, please refer to pages starting on p. 26 and p. 36.

Competition

The competitive environment for the company's products includes not only the products and services offered by other ETF players, but all other investment instruments that the target market, such as investors interested in gaining exposure to equities or equity funds have access to, such as mutual funds.

The expected competition will be in the area of investment performance and cost of doing investment. Although there are no other ETFs yet in the Philippines, the natural competitors will be the index mutual funds. Currently, there are only two such funds, namely: BPI's Philippine Stock Index Fund and Philequity PSE Index Fund. As of August 31, 2013, the sizes were PhP 9.6 billion and PhP 0.16 billion, respectively. Together, they represent 17% of the total net assets of all Equity Mutual Funds in the country. The registrant believes that it can effectively compete with these mutual funds because the total cost of investing in an ETF is, in general, lower than the cost of investing in an index mutual fund primarily because ETFs are passively managed (as compared to actively managed funds) resulting in lower management and administrative costs..

Furthermore, appropriately formulated marketing strategies, sales tactics, and promotional activities will be employed to present the Fund to the market, which will ultimately result to closing the sales and maintaining the accounts. These sales and marketing activities include, but are not limited to, the following:

- Investment forums;
- Personal visits;
- Appointment of representatives in strategic areas;
- Written proposals;
- Telephone follow-ups;
- Press releases and print media advertisements; and
- Sales kits.

Related Parties and Related Party Transactions

The Fund was established by its Fund Sponsor, FMIC. FMIC is a majority-owned subsidiary of Metropolitan Bank & Trust Company ("Metrobank") and is primarily engaged in investment banking activities.

The Fund is dependent on certain related parties to carry out its business. In the ordinary course of its business, the Fund engages in a variety of transactions with related parties. Please see the discussion on "Related Party Transactions" on p. 64.

Legal Proceedings

There are no legal proceedings to which the Fund is a party or of which any of its property is subject to.

Capitalization and Ownership

Upon incorporation, the Fund's authorized capital stock was One Billion Pesos (PhP1,000,000,000.00), composed of Ten Million (10,000,000) Shares with a par value of One Hundred Pesos (PhP100.00) per Share. The Fund had an initial paid-up capital of Two Hundred Fifty Million Pesos (PhP 250,000,000.00), which was subscribed by the following: -

Name	Nationality	Number of shares subscribed	Amount subscribed(in Php)	Percentage (%)
1. First Metro Investment Corporation	Filipino	2,499,995	249,999,500.00	100.00%
2. Mr. Hector R. Villanueva	Filipino	1	100.00	-
3. Amb. Romualdo A. Ong	Filipino	1	100.00	-
4. Mr. Nilo L. Pacheco, Jr.	Filipino	1	100.00	-
5. Mr. Augusto M. Cosio	Filipino	1	100.00	-
6. Dr. Bernardo M. Villegas	Filipino	1	100.00	-
Total		2,500,000	250,000,000.00	100.00%

Subsequently, the Fund increased its authorized capital stock from One Billion Pesos (PhP1,000,000,000.00) to Three Billion Pesos (PhP3,000,000,000.00) divided into Thirty Million (30,000,000) Shares with a par value of One Hundred Pesos (PhP100.00) per Share, which increase was approved by the SEC on 29 August 2013.

Out of the increase in the authorized capital stock of the Fund, FMIC subscribed to, and paid for, Four Hundred Ninety Nine Million Nine Hundred Ninety Nine Thousand Eight Hundred Pesos (PhP499,999,800.00).

As of 15 November 2013, the Fund had a total of eight (8) shareholders, with the following subscriptions:

Name	Shares subscribed	Amount paid-in (in Php)	Date of Full Payment
First Metro	7,499,993	749,999,300.00	PhP249,999,500.00 paid on December 3, 2012. PhP499,999,800.00 paid on 1 July 2013.
Mr. Hector R. Villanueva	1	100.00	December 3, 2012
Amb. Romualdo A. Ong	1	100.00	December 3, 2012
Eduardo R. Carreon	1	100.00	December 3, 2012
Winston L. Peckson	1	100.00	December 3, 2012
Dr. Bernardo M. Villegas	1	100.00	December 3, 2012
Atty. Abelardo V. Cortez	1	100.00	July 1, 2013
Michael G. Say	1	100.00	July 1, 2013
Total	7,500,000	750,000,000.00	

Each Share of the Fund is a voting stock with voting rights equal to every other outstanding Share of the Fund and subject to the following:

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. The Fund's Articles of Incorporation further provide that any part of such stock or other securities may at any time be issued, optioned for sale, and sold or disposed of by the Fund pursuant to the resolution of its Board of Directors, to such persons and upon such terms as the Board may deem proper, without first offering such stock or securities or any part thereof to existing stockholders.

Distribution of Dividends - As provided for in the Fund'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 NAVps of the Fund at the time said dividends are paid.

In addition to voting rights and dividend rights and except for pre-emptive rights, shareholders of the Fund are entitled to all other rights accorded to shareholders under the Corporation Code, such as, but not limited to, the right to inspect corporate books.

There is no provision in the Articles of Incorporation or the By-Laws that would delay, defer or prevent a change in the control of the Fund.

Foreign Ownership Limitations

There are limitations on foreign ownership of the Fund's Shares arising from the fact that the Fund will be investing in Component Securities, the ownership of which may be limited to Philippine Nationals. The term "Philippine National" as defined under the Republic Act No. 7042, as amended, shall mean a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals. The Fund is thus constrained to keep the foreign equity interest in it below the 40% threshold and any sale or transfer of shares in excess of this threshold shall not be recorded in the Fund's stock and transfer book.

Properties

The Fund does not own any properties (such as real estate, plant and equipment, mines, patents, etc.) other than the Component Securities comprising the Fund's portfolio.

Market Information

The Fund's Shares will be listed and traded in the PSE. It is an Open-end Investment Company by virtue of its character as an ETF. The Fund's Shares shall be subscribed for or redeemed from through its appointed Principal Distributor by the Authorized Participants. The Authorized Participants may exchange the specified Component Securities and Cash Component, if applicable, as determined by the Fund Manager for Shares of the Fund in Creation Units. Conversely, the Authorized Participants may exchange Shares of the Fund in Creation Units of 200,000 Shares and multiples thereof into the specified Portfolio Deposit, as determined by the Fund Manager.

As an ETF, the Fund is not subject to the maximum or minimum investment limitations or liquidity requirements provided under ICA Rule 35-1, and the Investment Company Act. The requirement under ICA Rule 35-1 mandating that the sale of securities by investment companies shall be on cash basis shall not apply also to the Fund. Neither shall the Lock-Up requirement under ICA Rule 35-1 apply to the Fund.

Management's Discussion of Plan of Operations

FAMI is the Fund Manager and Principal Distributor of the Fund. The Fund will rely on the services of third parties such as FAMI, HSBC, and Metrobank to run its operations (i.e., management, distribution, administration, custodian, transfer agent and others). Most of these operations will charge fees based on the Fund's net assets. The total operating costs, by law, cannot exceed ten percent (10%) of the average investment fund or net worth of the Fund as indicated in its previous year's audited financial statements. The Fund does not expect any significant changes in the number of its employees due to the fact that third parties run its operations.

As of the date of this Prospectus, there is no available discussion and analysis of the past operations and financial results of the Fund, as it was incorporated only on 15 January 2013, and the Fund has not commenced operations since its

incorporation. Per its audited interim financial statements as of and for the period ended July 31, 2013, the Fund's loss per share is PhP1.9491 computed as follows:

Net loss for the period from January 15 to July 31, 2013	PhP4,872,863
No. of outstanding common shares	<u>2,500,000</u>
Net loss per share	PhP1.9491

Investment Policy

The Fund aims to provide returns which would reflect the performance of the Philippine equities market by investing in a basket of securities included in the PSEi, prior to the application of fees and expenses.

Dividends and Dividend Policy

The Board of Directors of the Fund may decide to declare dividends from the unrestricted retained earnings of the Fund at a time and percentage as the same Board may deem proper and in accordance with law.

The Fund may declare or pay dividends but limit those dividends to come from the Fund's accumulated undistributed net income, determined in accordance with PFRS and including profits or losses realized upon the sale of securities; or from the Fund's earned surplus so determined for the current or preceding fiscal year.

As provided for in the Fund's By-Laws, the Board of Directors may make arrangements with its stockholders whereby the amount of unrestricted retained earnings not declared as cash dividends and/or other distributions may be reinvested in the Fund's basket of securities in lieu of cash dividends to be paid to the stockholders. The arrangement with shareholders shall be such that the aforementioned amount of unrestricted retained earnings dividends to be reinvested in the Fund's basket of securities shall be declared as stock dividends in accordance with law and valued at the NAVps of the Fund at the time said stock dividends are paid.

The Board of Directors of the Fund intends to declare annually, as cash dividends, a minimum of ten percent (10%) of the amount of the unrestricted retained earnings derived from the cash dividend income of the portfolio of the Fund based on the latest audited financial statements of the Fund; Provided, that the Board shall pass the appropriate Board resolution covering any dividend declaration, and such dividend declaration shall be disclosed to the SEC, the PSE and the Fund's website.

Investment Guidelines and Restrictions

The Fund is an ETF as defined under the SEC ETF Rules and PSE ETF Rules. The Fund aims to provide returns which would reflect the performance of the Philippine equities market by investing in a basket of securities which are included in the PSEi. The portfolio of the Fund is to be rebalanced and reconstituted every six (6) months in order to adjust to the current composition of the PSEi. ICA Rule 35-1 provides that an investment company shall not change its investment objective without prior approval of a majority of its shareholders. However, a rebalancing of the index or change in its composition shall not be construed as a change in the investment limitation of the Fund.

For this purpose, the term “equity securities” generally includes common stock or shares which carry warrants to purchase such securities.

Pursuant to the governing rules and regulations of the SEC, the Fund shall not invest in any of the following: margin purchases of securities; commodity futures contracts; precious metals; unlimited liability investments; short-selling of currencies; short-selling of securities; and, other investments as the SEC shall, from time to time, prescribe;

The Fund shall not incur any further debt or borrowing.

The Fund shall not participate in an underwriting or selling group in connection with the public distribution of securities, except for its own capital stock.

The Fund shall not invest in real estate properties and developments.

The Fund shall not invest in any company for the purpose of exercising control or management.

The Fund shall not invest in the securities of other investment companies.

The Fund shall not purchase from or sell to any of its officers or directors or the officers or directors of its Fund Manager/s, manager or distributor/s or firm/s of which any of them are members, any security other than the capital stock of the Fund.

The total operational expenses of the Fund shall not exceed ten percent (10%) of its average investment fund or net worth as shown in the previous year's audited financial statements as provided under the Act and ICA Rule 35-1.

The Fund shall not engage in lending operations.

The Fund anticipates a gradual turnover in portfolio with the aim of ensuring the preservation of capital and liquidity.

Creation Method

Only Authorized Participants acting on their own behalf or on behalf of their clients who wish to create Shares in Creation Units, may transmit an order to create the Shares in Creation Units (a “Creation Order”) to the Principal Distributor. Investors cannot acquire Shares directly from the Fund. Only Authorized Participants may submit Creation Orders to the Principal Distributor. Investors who wish to create Shares in Creation Units, must apply for creation through the Authorized Participants. Shares in Creation Unit are created based on the NAV of the Fund at the end of the Transaction Date the Creation Order was made.

The Fund Manager and Principal Distributor has the final discretion to accept in full or in part of the creation order, and the Fund Manager and Principal Distributor will instruct the Stock and Transfer Agent to initiate the book-entry movement of the appropriate number of Shares of the Fund to the account of the Authorized Participant which placed the Creation Order. Payment for Creation Orders to create Shares in Creation Units will be made by the Authorized Participants by delivering, depositing, or causing to be delivered or deposited, with the Custodian a basket of securities that is substantially similar in composition and weighting to the Underlying Index of the Fund (the “Component Securities”) together, in certain cases, with a cash payment (the “Cash Component”) in an amount which shall be equal to the Income Net of Expense Amount (as hereinafter defined), plus or minus, as the case may be, the Balancing Amount (as hereinafter defined).

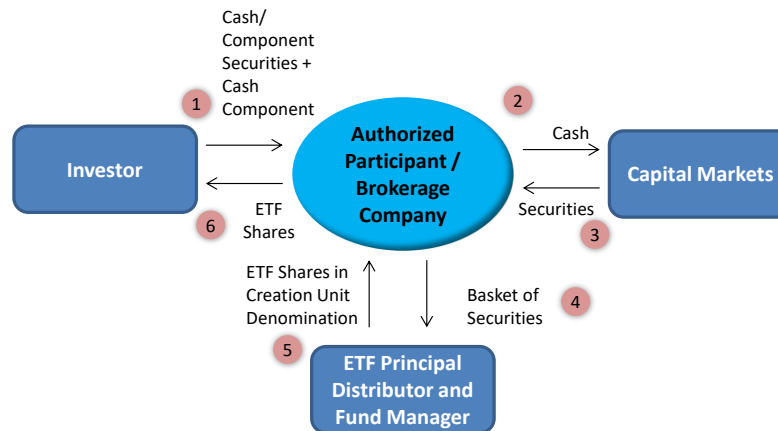
The Income Net of Expense Amount is an amount equal, on a per Creation Unit basis, to the dividends on all the Component Securities with ex-dividend dates within the period beginning on the most recent ex-dividend date for the Shares through and including the Trading Day when the order to create was accepted by the Fund Manager before the Cut-Off Time (the “Transaction Date”) as if all of such Component Securities had been held for such period, net of accrued expenses and liabilities for such period not previously deducted (including, without limitation, (x) taxes or other governmental charges against the Fund not previously deducted, if any, and (y) accrued fees of the Custodian and other expenses of the Fund (including legal and auditing expenses) and other expenses not previously deducted (See “Fees” on p. 72).

The Balancing Amount serves the function of compensating for any differences between (1) the value of the basket of securities deposited with the Custodian in connection with a creation of the Shares of the Fund in Creation Units and (2) the NAV of the Fund on the Transaction Date on a per Creation Unit basis.

The Cash Component and the Component Securities are collectively referred to herein as the “Portfolio Deposit”. In connection with an order to create Shares of the Fund in Creation Units on any given day, the Cash Component of the Portfolio Deposit may be payable either by the Custodian on behalf of the Fund to the Authorized Participant which issued the Creation Order of the Shares of the Fund in Creation Units or by the Authorized Participant to the Custodian on behalf of the Fund, depending upon the respective amounts of the Income Net of Expense Amount and the Balancing Amount.

Once a Creation Order is approved by the Fund Manager and Principal Distributor, the Authorized Participant must initiate instructions pertaining to the Portfolio Deposits through the clearing processes of the PSE, in connection with the creations and redemptions of the Shares in Creation Units (the “First Metro ETF Clearing Process”).

Procedures for Creation of Creation Units



1. Investors who wish to make an order to create Shares in Creation Units must open an account with or have an existing account with an Authorized Participant. The investor should submit an official order and make initial payment in cash or in Component Securities plus Cash Component to an Authorized Participant no later than 11:30 a.m. (the “Cut-Off Time”) during the PSE regular trading session in each case of the Transaction Date that such order is placed, in order for the creation of Shares in Creation Units to be effected based on the NAV of the Fund as determined on such date after trading in the PSE closes. If order is submitted past the Cut-off Time, it shall be treated as next day’s order.

2 & 3. The Authorized Participant purchases the Component Securities of the ETF shares from the Market, in the equivalent amount of shares prescribed per Creation Order. All Creation Orders to create Shares of the Fund in Creation Units must be at least 200,000 Shares, or multiples thereof. On the first trading day after the Transaction Date (“T+1”), after receiving notice of the required Cash Component, the investor shall pay/receive the difference to/from the Authorized Participant.

4 & 5 & 6. On or before the third trading day after the Transaction Date (“T+3”), the Authorized Participant shall turn over the Component Securities plus Cash Component to the Principal Distributor. On T+3, the Authorized Participant shall deliver the Creation Unit/s to the investor’s account which the investor may readily trade in the market by 2:30 p.m. on T+3.

In the event that the Component Securities plus Cash Component are not delivered by T+3, no Creation Units will be issued. Shares in Creation Units shall only be issued upon the Custodian’s confirmation that it had received the Component Securities and Cash Component and the Principal Distributor’s instructions to the Stock and Transfer Agent to effect such issuance.

All questions as to the number of Component Securities of the Portfolio Deposit, and the amount and identity of the payor of the Cash Component (i.e., the Custodian on behalf of the Fund or the Authorized Participant which is the creator of the Shares in Creation Units), and the validity, form, eligibility (including time of receipt), and acceptance for deposit of any Component Securities to be delivered shall be determined by the Fund Manager and Principal Distributor, whose determination shall be final and binding.

Securities Depository; Book-Entry-Only System

PDTC acts as securities depository of the Fund. The PDTC is a limited-purpose corporation which was created to hold securities of its participants (the “PDTC Participants”) and to facilitate the clearance and settlement of securities transactions among the PDTC Participants in such securities through electronic book-entry changes in accounts of the PDTC Participants, thereby eliminating the need for physical movement of securities certificates. PDTC Participants include securities brokers and dealers, banks, and clearing corporations. Access to the PDTC system is also available to others such as banks, brokers, dealers, and trust companies that maintain a custodial relationship with a PDTC Participant, either directly or indirectly (the “Indirect Participants”).

Upon the settlement date of any creation, transfer, or redemption of the Shares, the PDTC will credit or debit, on its book-entry registration and transfer system, the number of Shares so created, transferred, or redeemed to the accounts of the appropriate PDTC Participants. The accounts to be credited and charged shall be designated by the Stock and Transfer Agent to SCCP. Beneficial ownership of the Shares is limited to PDTC Participants, Indirect Participants, and persons holding interests through PDTC Participants and Indirect Participants.

Ownership of beneficial interests in the Shares (“Beneficial Owners”) will be shown on, and the transfer of ownership will be effected only through, records maintained by the PDTC (with respect to PDTC Participants) and on the records of PDTC Participants (with respect to Indirect Participants and Beneficial Owners that are not PDTC Participants). Beneficial Owners are expected to receive from or through the PDTC Participant a written confirmation relating to their purchase of the Shares.

Beneficial Owners of the Shares will not be entitled to have the Shares registered in their names, will not receive or be entitled to receive physical delivery of certificates in definitive form, and will not be considered the record or registered holder unless the appropriate procedures for the upliftment of the Shares from the PDTC have been complied with. Accordingly, each Beneficial Owner must rely on the procedures of the PDTC, the PDTC Participant, and any Indirect Participant through which such Beneficial Owner holds its interests, to exercise any rights of a holder of Shares in the Fund. The costs of the upliftment of the Shares shall be shouldered by the Beneficial Owner.

The Fund Manager and Principal Distributor recognizes the PDTC or its nominee as the owner of all the Shares for all purposes. The PDTC is required to make available to the Fund Manager and Principal Distributor upon request and for a fee to be charged to the Fund a listing of the shareholdings of each PDTC Participant in the Fund. The Fund Manager and Principal Distributor shall inquire from each such PDTC Participant as to the number of Beneficial Owners holding Shares of the Fund, directly or indirectly, through such PDTC Participant. The Stock and Transfer Agent shall provide each such PDTC Participant with copies of such notice, statement, or other communication, in such form, number, and at such place as such PDTC Participant may reasonably request, in order that such notice, statement, or communication may be transmitted by such PDTC Participant, directly or indirectly, to such Beneficial Owners. In addition, the Fund Manager and Principal Distributor on behalf of the Fund shall pay to each such PDTC Participant a fair and reasonable amount as reimbursement for the expenses attendant to such transmittal, all subject to applicable statutory and regulatory requirements.

The distributions of cash and other dividends (the “Distributions”) shall be made by the Custodian to the PDTC or its nominee. Upon receipt by PDTC of any payment of the Distributions with respect to the Shares of the Fund from the Custodian, the PDTC is required immediately to credit PDTC Participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the Shares, as shown on the records of PDTC or its nominee. Payments by PDTC Participants to Indirect Participants and Beneficial Owners of the Shares held through such PDTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in a “street name,” and will be the responsibility of such PDTC Participants. Neither the Fund, the Fund Manager and Principal Distributor, the Custodian nor the Fund Sponsor has or will have any responsibility or liability for any aspects of the records relating to or notices to Beneficial Owners, or payments made on account of beneficial ownership interests in the Shares, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between the PDTC and the PDTC Participants or the relationship between such PDTC Participants and the Indirect Participants and Beneficial Owners owning through such PDTC Participants.

The PDTC may determine to discontinue providing its service with respect to the Shares at any time by giving notice to the Fund, the Fund Manager, the Custodian and the Fund Sponsor and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Fund, the Fund Manager and Principal Distributor, the Custodian and/or the Fund Sponsor shall take action either to find a replacement for the PDTC to perform its functions at a comparable cost or, if such a replacement is unavailable, to terminate the Fund.

Redemption Method

Investors in the Shares of the Fund have the right to have their Shares redeemed in Creation Units in accordance with the terms of the issue thereof and the procedures indicated in this Prospectus. Shares are issued and redeemed by the Fund in accordance with the written instructions of the Authorized Participant(s) only in Creation Unit size aggregations of 200,000 Shares, and in multiples thereof. Such transactions are only permitted on an in kind basis, with a separate cash payment that is equivalent to the Income Net of Expense Amount and the Balancing Amount to equate the transaction value to the NAVps of the Fund on the Transaction Date when the order to redeem was placed.

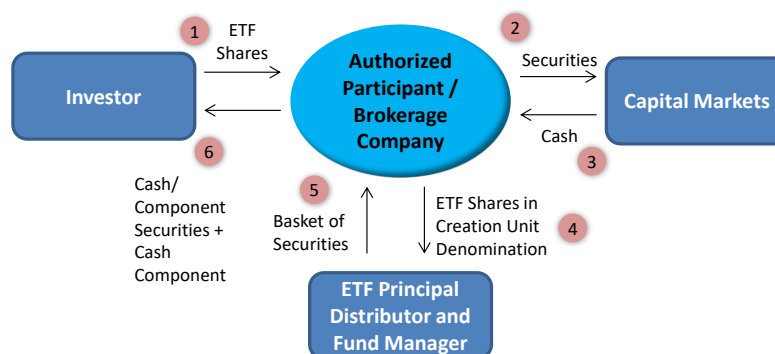
Settlement for redeemed shares shall be effected within three (3) Business Days from receipt of the request for redemption in accordance with the First Metro ETF Clearing Process.

The Fund shall not suspend the right of redemption or postpone the date of payment or satisfaction upon redemption of any redeemable Shares of the Fund in Creation Units in accordance with the terms appearing in this Prospectus, for more than seven (7) Banking Days after the tender of such Shares of the Fund in Creation Units by the Authorized Participant(s) to the Custodian or the Fund, except on the instances prescribed by applicable Philippine laws or regulations.

Redemption of First Metro ETF Shares

The Shares are redeemable only in Creation Units in redemption orders placed by the Authorized Participant to the Fund. As a general rule under the SEC ETF Rules, Creation Units shall be redeemed by the Fund from the Authorized Participant in kind except in exceptional circumstances when the direct redemption mechanism is permitted as discussed in the section on “Direct Redemption of Shares of the Fund” on p. 30.

Procedures for Redemption of Creation Units



1. Investors who wish to redeem Shares in Creation Units must open an account with or have an existing account with an Authorized Participant. The investor should submit an official redemption order to an Authorized Participant no later than the Cut-Off Time during the PSE regular trading session in each case of the Transaction Date such order is placed, in order for the redemption of Shares in Creation Units to be effected based on the NAV of the Fund as determined on such date after trading in the PSE closes. If order is submitted past the Cut-off Time, it shall be treated as next day's order.

2 & 3. The Authorized Participant sells the underlying securities of the ETF shares to the Market, in the equivalent amount of shares prescribed per Redemption Order. All Redemption Orders to redeem Shares of the Fund in Creation Units must be at least 200,000 Shares, or multiples thereof.

4 & 5 & 6. On the third trading day from the Transaction Date ("T + 3"), the Authorized Participant shall turn over the Creation Units to the Principal Distributor and shall deliver either in cash or in Component Securities plus Cash Component to the investor's account in exchange for the Creation Units surrendered by the investor.

If the Fund Manager and Principal Distributor determines that a Component Security is likely to be unavailable or available in insufficient or irregular quantity (i.e. fractional shares) for delivery by the Fund upon the redemption of the Shares in Creation Unit size aggregations, the Fund Manager and Principal Distributor shall have the right in its discretion to include the cash equivalent value of such Component Security or Securities, based on the market value of such Component Security or Securities as of the evaluation time on the date such redemption is deemed approved by the Fund Manager, in the calculation of the Cash Redemption Payment in lieu of delivering such Component Security or Securities to the redeemer.

The Fund Manager and Principal Distributor, in its discretion, upon the request of a redeeming investor, may redeem Creation Units in whole or in part by providing such redeemer with a portfolio of securities differing in exact composition from the Component Securities of the Fund's Underlying Index but not differing in NAV from the then-current Portfolio Deposit. Such redemption is likely to be made only if it were to be determined that this composition would be appropriate in order to maintain the Portfolio Deposit's correlation to the composition and weighting of the Fund's Underlying Index.

Direct Redemption of Shares of the Fund

Direct redemption of Shares in the Fund is available in exceptional circumstances such as, but not limited to, (i) when an ETF is delisted; (ii) when the secondary trading of ETF shares is disrupted over an extended period; or (iii) when the market price of the ETF shares varies significantly from NAVs, as determined by the Fund Manager.

Securities Borrowing and Lending ("SBL") Scenario

During trading hours, the Market Maker performs market making functions for the ETF. By end of trading day, the Market Maker reconciles the buying and selling transactions of the ETF. A net selling position means that an SBL facility is required. Before end of trading day ("T+0"), the Market Maker prepares and sends documents for borrowing of shares to the Lender.

Before 9:00 a.m. on the first trading day after T+0 ("T+1"), the Market Maker receives approval/confirmation to borrow shares from the Lender. During trading hours on T+1, the Market Maker shall buy from the market or place a creation order to the Authorized Participant the equivalent number of ETF shares borrowed from the Lender. These shares will be settled on the third trading day thereafter ("T+4").

On T+1



By 9:00 a.m. on T + 3, the Market Maker shall process in/out of the borrowed ETF shares from Lender's account to its own account. Borrowed ETF shares (which shall cover the short selling position of the Market Maker) are now credited to Market Maker's account for settlement of sell transactions on T + 3.

Before 12:00 noon on T + 3, the borrowed ETF shares shall be delivered to the clearing house for settlement of the Market Maker's net selling position.

On T+3



Before 12:00 noon on T+4, the Market Maker sends advice for delivery of the borrowed ETF shares to the Lender. By 1:30 pm, the ETF shares purchased on T + 1 are settled and credited to the Market Maker's account. By 2:00 pm, the Market Maker shall process the in/out of ETF shares from its own account to the Lender's account. The borrowed ETF shares are then credited to the Lender's account.

On T+4



Lending of Securities

In order to enhance its fund performance, First Metro ETF will engage in securities lending. Securities lending involves the temporary loan of securities, such as equities or bonds, to another institution in exchange for a fee. The borrowing institution (a broker, dealer or other financial institution) is required to post collateral to cover the value of the securities on loan.

First Metro ETF will lend its portfolio securities in an amount not to exceed twenty percent (20%) of the value of its total assets to borrowing institutions desiring to borrow securities to complete transactions and for other purposes. This allows First Metro ETF to receive the income generated by lending its securities and investing the respective collateral. Securities lent out will be collateralized by at least 105% and will be marked to market daily. Only high quality government bonds are accepted as collateral.

There are, however, possible risks in securities lending. For one, First Metro ETF bears the risk of loss of investing cash collateral and may be required to make payments to a borrower upon return of loaned securities if invested collateral has declined in value. Furthermore, because of the risks in delay of recovery, First Metro ETF may lose the opportunity to sell the securities at a desirable price, and it may not have the right to vote securities while they are being loaned.

First Metro ETF may also appoint a third party lending agent to help in the administration of the loans and help reduce the lending risks.

Arbitrage Mechanism

Arbitrage, under the SEC ETF Rules, is defined as the practice of the Authorized Participant to cause the creation of more ETF shares for sale in the secondary market, or to purchase ETF shares in the secondary market for redemption, in order to take advantage of the price differential of the ETF's NAVps and the market price.

The number of shares which are reasonably designed to facilitate arbitrage is 200,000 shares or one (1) Creation Unit, or multiples thereof.

Determination of Initial Listing Price and Subsequent NAV, NAVps and INAV

Initial Listing Price

The Initial Listing Price of each Share of the Fund shall be equivalent to the NAVps at the end of the day one business day prior to the listing date. The Fund intends to purchase the Component Securities close to the listing date. The Fund will make the appropriate disclosure of the Initial Listing Price to the SEC and the PSE using SEC Form 17-C on the Listing Date.

NAV, NAVps and INAV

The NAV and the NAVps of the Fund are computed daily at the end of each Trading Day. The NAV is the aggregate value of the Fund as determined by the market value of its underlying securities holdings, including any cash in the portfolio, interest receivables, dividend receivables, less liabilities such as taxes, accrued fees and expenses. The NAVps is determined by dividing the NAV by the total number of its outstanding Shares. The NAV and NAVps of the Fund will be published on the websites of the Fund and of the PSE.

For more information about the Underlying Index, the identities and weightings of the Component Securities and other assets held by the Fund, the identities and weightings of the component securities and other assets of the index, the number and type of securities comprising the basket or securities with which the Fund could create or redeem a Creation Unit, and the performance of the Underlying Index and the Fund, please visit the websites of the Fund and of the PSE.

The intra-day INAV of the Fund will be calculated by Interactive Data at one (1) minute intervals during trading hours of the PSE, and will be disclosed periodically throughout the day through the websites of the Fund and of the PSE.

Premium and Discount Information

Prior to the listing of the Fund, there has been no public market for the Shares of the Fund. Accordingly there has been no market price for the Shares derived from day-to-day trading.

Information on the extent and frequency with which market prices of the Fund's Shares have tracked the Fund's NAVps, the prior business day's last determined NAV, the market closing price of the Fund's Shares, and the premium/discount of the closing price to NAVps may also be found in the websites of the Fund and of the PSE.

Investors should be aware that they may sell or purchase the Shares of the Fund at prices that do not correspond to the NAVps of the Fund.

Dilution

Due to the nature of the operations of an ETF, there will be no resulting dilution due to the issuance of Shares in Creation Units because such Creation Units shall only be issued in exchange for a basket of securities (and Cash Component, if necessary) based on the Fund's NAV and NAVps at the end of each Trading Day. Since all issuances of shares by the First Metro ETF will be based on the NAVps, it appears that there should be no dilution of the Fund's post-listing net tangible book value per share.

Principal and Selling Shareholders

Upon incorporation of the Fund, First Metro as the Fund Sponsor provided the initial capitalization of Two Hundred Forty Nine Million Nine Hundred Ninety Nine Thousand Five Hundred Pesos (PhP249,999,500.00). The Fund Sponsor also provided the additional capital stock of Four Hundred Ninety Nine Million Nine Hundred Ninety Nine Thousand Eight Hundred Pesos (PhP499,999,800.00) in relation to the increase of the authorized capital stock of the Fund from One Billion Pesos (PhP1,000,000,000.00) to Three Billion Pesos (PhP3,000,000,000.00).

From time to time, First Metro may, at its option, sell or offer a portion of its Shares in the Fund as it may deem fit, through the PSE. There is no lock-up period applicable to the Fund Sponsor, under the SEC ETF Rules.

Shareholders as of 15 November 2013

As of November 15, 2013, the Fund has eight (8) shareholders:

Name	Shares subscribed	Amount paid (in Php)	Percentage of Ownership
First Metro	7,499,993	749,999,300.00	99.999%
Mr. Hector R. Villanueva	1	100.00	0.00%
Amb. Romualdo A. Ong	1	100.00	0.00%
Eduardo R. Carreon	1	100.00	0.00%
Winston L. Peckson	1	100.00	0.00%
Dr. Bernardo M. Villegas	1	100.00	0.00%
Atty. Abelardo V. Cortez	1	100.00	0.00%
Michael G. Say	1	100.00	0.00%
Total	7,500,000	750,000,000.00	100.00%

Selling Shareholders during the Offer

As mentioned earlier, FMIC, the Fund Sponsor, may sell a portion of its Shares in the Fund from time to time through the PSE. As of 15 November 2013, the Fund Sponsor directly owns 7,499,993 Shares of the Fund.

Security Ownership of Certain Record and Beneficial Owners

As of the date of this Prospectus, the principal stockholder of the Fund is as follows:

Title of Class	Name/Address of Owner/Relationship with Issuer	Name of Beneficial Owner & Relationship w/ Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	First Metro Investment Corp. / 45/F GT Tower International, 6813 Ayala Ave. Makati City/ Stockholder and Fund Sponsor	First Metro Investment Corp.	Filipino	7,499,993	99.999%

As of the date of this Prospectus, the person who will exercise the voting powers over the shares of FMIC is its President, Mr. Roberto Juanchito T. Dispo.

Security Ownership of Management

Title of Class	Name of Record Owner	Name of Beneficial Owner	Citizenship	Number of Shares & Nature of Beneficial Ownership	Percent of Class
Common	Mr. Hector R. Villanueva	First Metro	Filipino	1	0.00%
Common	Amb. Romualdo A. Ong	First Metro	Filipino	1	0.00%
Common	Eduardo R. Carreon	First Metro	Filipino	1	0.00%
Common	Winston L. Peckson	First Metro	Filipino	1	0.00%
Common	Dr. Bernardo M. Villegas	First Metro	Filipino	1	0.00%
Common	Atty. Abelardo V. Cortez	First Metro	Filipino	1	0.00%
Common	Michael G. Say	First Metro	Filipino	1	0.00%

Plan of Distribution

Continuous Offering of ETF Shares

As an open-end investment company, the Fund will continuously offer its unissued Shares to investors to the extent that its prevailing authorized capital stock will allow. The Shares of the Fund shall be continuously offered and issued by the Principal Distributor through the Authorized Participants in Creation Units for their own accounts or on behalf of the general public, including institutional investors, high net worth individuals and Trading Participants. See “Creation Method” on p. 26.

The Fund appointed FAMI as Principal Distributor of the Shares of the Fund and will not sell or agree to sell any of the Shares of the Fund except through FAMI. The Fund approves the Authorized Participants who will be eligible to exchange a basket of securities for Shares of the Fund in Creation Units. Similarly, the Authorized Participants may exchange Shares of the Fund in Creation Units for a basket of securities. (See “Creation Method” on p. 26)

Investors who are interested in creating Shares in Creation Units may contact any one of the Authorized Participants or request his or her existing registered broker/Trading Participant to place such an order with any of the Authorized Participants. Interested investors should be aware that the Authorized Participants and the Trading Participants are required to comply with Philippine general laws, rules and regulations including any “know-your-customer” requirements under existing regulations.

Trading of ETF Shares

The Shares of the Fund may also be bought and sold on the secondary market at the quoted market price through the Trading Participants of the PSE which may require payment of brokerage commissions, stock transaction tax, and other fees and charges.

Material Contracts and Agreements

The following is a summary of the material contracts and agreements relating to the Fund:

Management and Distribution Agreement

Under this agreement, FMIC as the Fund Sponsor, entered into an agreement with FAMI as the Principal Distributor and Fund Manager of the Fund. Under this agreement, the services of FAMI shall include the following:

1. Coordination of the activities of, and extension of all necessary cooperation or assistance to the Fund's Custodian, the Stock and Transfer Agent, the auditors, and the legal counsel without prejudice to the direct responsibility of such firms to the Fund;
2. Preparation of such reports, circulars, notices and other information on internal corporate affairs that may be required, from time to time, by the Fund, its stockholders, board of directors, and/or officers, which shall include a monthly report on:
 - a.) Revenues and disbursements broken-down as to investments and expenses;
 - b.) Sales and redemptions; and
 - c.) Performance, change or status of the Fund's assets;
3. Representation with Government offices, instrumentalities and agencies, including all work required in registering the Fund's securities, obtaining proper licenses and permits, complying with other legal requirements including those requirements relevant to First Metro's own operations, and submitting regular reports to various government agencies;
4. Accounting, bookkeeping, clerical and other administrative services in the ordinary conduct of the Fund's activities, other than those services provided by the Custodian and Valuation Agent, the auditors, and the legal counsel;
5. Provide office space and other administrative facilities;
6. Distribution of the Shares of the Fund
7. Investment and reinvestment of the resources of the Fund in accordance with the investment policies and guidelines set by the Fund's Board of Directors in conformity with the Fund's Prospectus, the Investment Company Act and other applicable laws and regulations;
8. Preparation and submission of such information and data relating to economic conditions, industries, business, corporations, or securities as may be reasonably required by the Fund's Board of Directors or as First Metro may deem to be helpful in formulating and evaluating its investment policies or guidelines; and
9. Transactions with stockbrokers for the account of the Fund in connection with the investment and reinvestment of the Fund's assets.

The fees payable to FAMI, is a monthly fee equivalent to fifty basis points (0.50%) per annum of the NAV of the Fund's assets, computed on a daily basis based on the method prescribed in this Prospectus. The NAV shall be determined by computing the total value of the Fund's assets less its liabilities in accordance with the procedure.

Custodian Agreement

Under the Custodian Agreement, the Custodian shall receive, safe-keep, record, and account for the proceeds of the sale of the Shares of the Fund. The Custodian shall, likewise, hold all the certificates representing the investments made by the Fund Manager in behalf of the Fund in accordance with the regulations of the SEC.

Authorized Participant Agreement

FMSBC and IGC are the Authorized Participants for the Fund. They will participate in the creation and redemption of units in the Fund, in accordance with the terms and conditions of the Authorized Participant Agreement and the procedure as outlined in this Prospectus.

The APs are independent contractors. Each AP will keep and maintain the records of all sales of shares made through it, and are tasked to assist the Fund Manager in determining information about the sales in the ETF shares.

Under the Agreement, an AP is allowed to be the beneficial owner of ETF shares.

Market Making Agreement

FMSBC is appointed as the Market Maker of the Fund. The Market Maker is tasked to ensure two-way quotes, to ensure liquidity and promote a fair and orderly trading for the shares of the Fund. Among its other primary functions are:

- 1) Continuously quote binding bid and sell prices for the ETF Shares in accordance with the Market Maker Agreement and the Market Making Guidelines;
- 2) Maintain market making orders for at least fifty percent of the time for any given trading day;
- 3) Post and maintain market making orders for an aggregate of at least eighty percent of the time each month; and
- 4) Perform all other functions and duties as may be prescribed by the SEC or PSE, and observe allowable parameters on allowable Market Making Obligations as defined by the SEC or PSE.

Index Provider Agreement

The PSE will be the Index Provider for the Fund. The Index Provider determines the securities and other assets that comprise the securities index.

Index Calculator Agreement

Interactive Data is appointed the Index Calculator by the Fund. Under the Index Calculator Agreement, Interactive Data will develop and operate a website containing financial data and tools which shall be assessed and used by an open user group through the internet.

Stock and Transfer Agency Agreement

MBTC-TBG is appointed as the Stock and Transfer Agent of the Fund. Under the Stock and Transfer Agreement, MBTC –TBG is tasked with the following functions:

- 1) Maintain a registry of the stockholders of the Fund
- 2) Keep and maintain all journals and ledgers showing the required and relevant information for registered stockholders
- 3) Register all liens constituted on shares of stocks of the Fund upon receipt of notice or release thereof;
- 4) Prepare the schedule of stockholders when dividends are declared; and
- 5) Assist in the preparation of reports required by the SEC, PCDI, PSE and the Fund.

Parties to the Fund

Fund Sponsor

FMIC, the Fund Sponsor of the shares of the Fund, was incorporated on August 30, 1972 with an authorized capital stock of Eight Billion Pesos (PhP8,000,000,000.00) divided into Eight Hundred Million (800,000,000) shares at a par value of Ten Pesos (PhP10.00) per share. It has a subscribed capital of Four Billion, Two Hundred Eight Million, Six Hundred Ninety-Two Thousand, Four Hundred Pesos (PhP4,208,692,400.00), of which the same amount is paid-up.

FMIC is a majority-owned subsidiary of Metrobank and is primarily engaged in investment banking activities.. FMIC's core services are undertaken through three strategic business units namely, the Investment Banking Group, Treasury Group and Investment Advisory Group. It is a leading dealer of Government securities and other fixed income securities which it trades for its own account or sells to its customers. The following are the members of the Board of Directors and officers of FMIC.

Board of Directors

Chairman	-	Francisco C. Sebastian
Vice Chairmen	-	Solomon S. Cua
	-	Arthur V. Ty
President / Director	-	Roberto Juanchito T. Dispo
Directors	-	Martin Q. Dy Buncio
	-	Bienvenido E. Laguesma
	-	Ismael G. Cruz
	-	Vicente R. Cuna, Jr.
Independent Directors	-	Rex C. Drilon II
	-	Abelardo V. Cortez
	-	Manuel I. Ayala

Senior Officers

President	-	Roberto Juanchito T. Dispo
SVP / Group Head - IBG	-	Justino Juan R. Ocampo
SVP / Group Head - Treasury	-	Reynaldo B. Montalbo, Jr.
FVP / Head – Controllershship	-	Marie Arabella D. Veron

Fund Manager and Principal Distributor

FAMI, the Fund Manager and Principal Distributor of the Fund, was incorporated on April 21, 2005, with an authorized capital stock of Forty Million Pesos (PhP40,000,000.00) divided into Four Hundred Thousand (400,000) shares at a par value of One Hundred Pesos (PhP100.00) per share. It has a subscribed capital of Eleven Million, Seven Hundred Sixty-Five Thousand Pesos (PhP11,765,000.00) of which Ten Million Pesos (PhP10,000,000.00) are paid-up.

The Fund Manager and Principal Distributor has applied for a license as a Fund Manager from the SEC and such application was approved last September 6, 2005.

The guidelines for the shares distribution, investment management and fund administration of the Fund are set in the Management and Distribution Agreement by and among the Fund, FMIC and FAMI.

FAMI is a corporation organized through a partnership between FMIC, the Marist Brothers Foundation, and the Catholic Educational Association of the Philippines (CEAP). It is a wholly-owned subsidiary of FMIC. Majority of its directors, and all of its executive officers have at track record of more than five (5) years in fund and asset management. The following are the members of the Board of Directors and officers of FAMI.

The following are the directors and senior officers of the Fund Manager:

Board of Directors

Chairman	-	Francisco C. Sebastian
Vice-Chairman	-	Roberto Juanchito T. Dispo
Directors	-	Narciso S. Erguiza Jr.
	-	John Y. Tan
	-	Justino Juan R. Ocampo
	-	Manuel V. De Leon
	-	Nilo S. Pacheco
	-	Marie Arabella D. Veron
Independent Director	-	Augusto M. Cosio
	-	Jose C. Nograles
	-	Rex C. Drilon II

Senior Officers

President	-	Augusto M. Cosio
Executive Vice President	-	Hector C. De Leon
First Vice President	-	Edwin C. Valeroso
Treasurer	-	Marie Arabella D. Veron
Corporate Secretary	-	Nimfa B. Pastrana
Compliance Officer	-	Jonathan T. Tabac

Mr. Francisco C. Sebastian, 59, Filipino, Chairman of the Board. Prior to his appointment as Chairman of the Board of Directors of First Metro Investment Corporation in April 2011, he served as President from 1997 to 2011. His investment banking and financial advisory experience spans over 30 years and covers the Asian region as he was based in Hong Kong for 20 years. Mr. Sebastian also currently serves as Vice Chairman of Metropolitan Bank and Trust Co. (since 2006), as well as Chairman of Global Business Power Corporation (since 2007), and Federal Land, Inc. (since 2007). He completed his collegiate studies at the Ateneo de Manila University, earning a Bachelor of Arts degree in Economics Honors and graduating as Magna Cum Laude.

Mr. Roberto Juanchito T. Dispo, 49, Filipino, Vice Chairman. Mr. Dispo currently serves as President and Director of FMIC. In addition, he is a member of the Advisory Board of Metropolitan Bank & Trust Company; a Director of Philippine AXA Life Insurance Corporation, Chairman of First Metro Securities Brokerage Corporation; and PBC Capital Investment Corporation; President of Resiliency (SPC), Inc.; and Director of Travel Services, Inc. Prior to joining First Metro in 1998, he held various positions in different government offices, including, the Department of National Defense, Department of Trade and Industry, Department of Finance and the Central Bank. His last government post was Deputy Treasurer of the Philippines with the rank of Assistant Secretary. Mr. Dispo holds BSC Economics and Business Management-MBA degrees from San Sebastian College and the Pamantasan ng Lungsod ng Maynila, respectively. He also completed a Masters in Business Economics from the University of Asia & the Pacific. In addition, he finished a Management Development Program from the Asian Institute of Management and a diploma course in International Banking and Finance from the Economic Institute, University of Colorado.

Bro. Narciso S. Erguiza, Jr., 62, Filipino, Director. Bro. Erguiza was elected as Director in June 2011. Term of office is one year. Currently, he is the President of De La Salle University (August 2010 to present), De La Salle University-Canlubang (August 2010 to present) and De La Salle University-Malabon City. He held the following positions: President of La Salle University, Ozamiz City (May 2006 to May 2010), Immaculate Conception College- La Salle Ozamis City and Chief Executive Officer, Universitas Katolik De La Salle, Manado, Indonesia (June 2006 to 2007). Bro. Erguiza has a Doctorate Degree in Education major in Educational Management and Masters of Arts in English Education at De La Salle University. He has a Bachelor of Arts and Bachelor of Science in Education from De La Salle University.

Bro. John Y. Tan, 55, Filipino. Bro. Tan is a member of the Board of Trustees of Notre Dame of Dadiangas College, Notre Dame of Kidapawan College, Notre Dame of Marbel University, Marist Development Foundation, Inc., Marist

School Marikina City, Marian Hills Memorial Park, Inc., ND Business Resource Center Foundation, Inc., First Metro Investment Corporation, and SAGIP KA 2000 Foundation, Inc. He is the Chairman of the Board of Trustees of Notre Dame of Cotabato, Inc. He is also the treasurer of Notre Dame Educational Association and a member of the International Preparatory Commission on Mission, Marist Brothers Generalate, Rome, Italy. He is a member of the Provincial Council and Provincial Econome of Marist Brothers of the Philippines, Inc. He was a Mindanao Cluster Team Member of FORD Foundation IP Regional Screening Committee, President of Samahan ng mga Pari at Relihiyoso ng Kidapawan (SPARK), Chairman of Cotabato Province CHED Sports Council, and Board of Trustees Member of Cotabato Private Schools Association, Inc. He has a bachelor's degree in Education (English/Science) and a master's degree in Education (Educational Administration) from Notre Dame University.

Mr. Justino Juan R. Ocampo, 49, Filipino, Director. Mr. Ocampo joined the Board on June 20, 2012. Concurrently, he is the Senior Vice President and Investment Banking Group Head of First Metro Investment Corporation (since 2010). He is also director of SBC Properties Inc. (since 2011) and Prima Venture Development Inc. (since 2012). He started his career in banking at the Far East Bank and Trust Co. in 1985 and later moved on to the Development Bank of the Philippines in 1990, PCIBank in 1992, AB Capital and Investment Corp. in 1996 and ABN Amro Bank N.V., Manila in 1999. In 2010, he joined First Metro investment Corp. as Senior Vice-President and Deputy Group Head of the Investment Banking Group, a position he still presently holds. Mr. Ocampo brings with him over 25 yrs. of banking and investment experience covering a considerable range of banking related areas. Mr. Ocampo had undergone intensive training abroad in management, finance, capital markets, negotiations and even non-bank related areas such energy and petroleum & petrochemicals during his previous employments. A product of the University of the Philippines, Diliman, Justino Juan R. Ocampo graduated Cum Laude with a degree in BS Business Administration in 1984.

Bro. Manuel V. De Leon, FMS, 55, Filipino, Director. Bro. De Leon has been serving as a member of the Board of Director since 2005 and elected as Chairman of the Board on March 22, 2011. Bro. De Leon is also the Chairman of First Metro Save & Learn Fixed Income Fund, Inc. First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc. and First Metro Global Opportunity Fund, Inc. He also director for First Metro Asset Management, Inc. (since 2005). He is the Provincial Superior of Marist Brothers of the Schools - East Asia Province (from 2003 to present). He is the Founding P.resident 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), Notre Dame of Marbel University (1990-present). He was an awardee of the Ten Outstanding Young Men (TOYM) in 1992. He has masteral and doctorate degrees in Education from University of the Philippines.

Mr. Nilo L. Pacheco, Jr., 57, Filipino, Director. Director since December 2010. He is the Vice Chancellor for Finance of De La Salle Group (from June 1, 2011 to present). Mr. Pacheco has an Advanced Management Program at the Harvard Business School Boston, Massachusetts, USA and Masters in Business Administration at the University of the Philippines. He finished Bachelor of Arts major in Mathematics from De La Salle University. Among his other positions are: Director, Sterling Bank of Asia (October 2010- present) and ATR Kim Eng Securities Inc. (February 2010- present). He also held the following positions: President, Export and Industry Bank (April 2007 to May 2009), Executive Vice President for Union Bank of the Philippines (June 2006 to March 2007) and International Exchange Bank (September 1995 to June 2006).

Ms. Marie Arabella D. Veron, 52, Filipino, Director/Treasurer. Ms. Veron was elected to the Board in April 2011. She is the Controller and First Vice President of First Metro Investment Corporation, Treasurer/Director of SBC Properties, Inc. (2003-present), Treasurer of First Metro Save & Learn Dollar Bond Fund, Inc., First Metro Global Opportunity Fund, Inc., First Metro Save & Learn Fixed Income Fund, First Metro Save & Learn Equity Fund, Treasurer of PBC Capital Investment Corporation (2006-present). She was a manager of MBTC Domestic Subsidiaries, a Senior Auditor of Joaquin Cunanan & Co./Price Waterhouse (1980-1985) and of Philippine International Trading Corporation (1985-1990). Ms. Veron finished her Bachelor of Science Degree in Business Administration, major in Accounting from University of the East. She is a Certified Public Accountant and a Certified Management Accountant.

Augusto M. Cosio, 61, Filipino, assumed this position as President in First Metro Asset Management Inc. in June 2010. He has been a member of the First Metro Investment Corporation (FMIC) Investment committee since 2008. Mr.

Cosio has had extensive experience in investments and the capital markets both locally and internationally. He served as consultant to the Mutual Fund Company of the Philippines (Kabuhayan Fund) from 2005 to 2006 and with the GSIS Mutual Fund (Kinabukasan Fund) from 2003 to 2003. He was Vice President at Bank Austria Private Banking in Hong Kong from 2000 to 2001 managing portfolios for private clients. He was previously, President of PNB Securities Inc. (1997 to 2000), a nominee and a member of the board of the Philippine Stock Exchange (1999). He had been an international capital markets practitioner from 1977 to 1994 having been connected with Banque Nationale de Paris (1977 to 1981) and Banque Paribas (1984 to 1994), the predecessors of the present BNP Paribas. Ms. Cosio worked in Hong Kong and Singapore for the Paribas capital markets group. He is also a resource speaker for fixed income courses at the Ateneo Center for Continuing Education and the University of Asia and the Pacific as well as for the PSE Certified Securities Specialist Course. He pursued his course of AB Social science at the University of the Philippines finishing in 1974. He received further training in international capital markets through seminars and courses conducted by BNP and Banque Paribas in London, Paris, Tokyo in New York.

Mr. Jose C. Nograles, 64, Filipino, Independent Director. Mr. Nograles was elected to the Board as Directors in June 2011. He was past President and Vice Chairman of the Board of Directors of the Philippine Deposit Insurance Corporation (Jan. 2008 to June 2011). He held various key positions with the Land Bank of the Philippines & Group from 2000 to 2007. Mr. Nograles being the Vice Chairman/President of the Land Bank Insurance Brokerage Inc. (2000 to 2007), was appointed as Vice Chairman of the Executive Committee (2002 to 2007). He joined the UCPB Board in March 2008 to Jan. 2011 where he appointed as Chairman of the Audit Committee and member of the Executive Committee. He was also the Chairman of the Audit Committee and member of the Executive Council of International Association of Deposit Insurers (Oct. 2008 to May 2011).

Mr. Rex C. Drilon II, 67, Filipino, Independent Director. Mr. Drilon was elected as Independent Director of FAMI on May 8, 2012. He also serve as Independent Director of Metropolitan Bank and Trust Co. (2012) and First Metro Investment Corp. (2011). He has over 30 years of experience in general management, having served in various key executive positions such as: President of Phil Fuji Xerox Corporation, Yuchengco Group (1994 to 1995), Vice President and General Manager of Jardine Sugar Group, President of Hawaiian Philippine Company as well as HPCo Agridev Corp (1996-1997), Vice President of Ayala Land, Inc., President of Cebu Holdings Inc. and Cebu Property Ventures and Development Corp. (1998-2001), and Chief Operating Officer of Ortigas and Company Limited Partnership (2001-2010). Mr. Drilon received his Business Administration degree from the University of the East and pursued further studies at the University of Asia and the Pacific. He is a Fellow and Trustee of the Institute for Solidarity in Asia and the Institute of Corporate Directors from 2003 up to the present. He also currently sits as an Independent Director of Metropolitan Bank and Trust Co., (2012 to present), Independent Director, First Metro Asset Management Inc. (May 2012 to present), Director of Keyland Corporation, Uniwireless Inc. (2012 to present) and Chairman of the National Advisory Group for Police Transformation and Development (2011 to present). He pursued collegiate studies at the Ateneo de Manila University, earning an AB degree in Economics and graduating as Cum Laude. He also completed Master's degree in Business Administration from the Asian Institute of Management and undertook diploma courses-Career Executive Service Officer III ; Fellow, Institute of Corporate Directors.

Mr. Hector C. De Leon, 49, Filipino, Executive Vice President. Mr. De Leon is also the President of First Metro Global Opportunity Fund, Inc. (since 2010), First Metro Save and Learn Equity Fund, Inc. (since June 2011) First Metro Save and Learn Fixed Income Fund, Inc. (since June 2011), First Metro Save and Learn Dollar Bond Fund, Inc. (since June 2011) and First Metro Save and Learn Balanced Fund Inc. (2011 to present). He was formerly the EVP and Head of Sales and Marketing for Philequity Management, Inc (2006 to 2007). Before joining Philequity, he served as FVP for Capital Markets of Philam Asset Management Inc. (1996 to 2006) where he was instrumental in setting up and operating most of the company's mutual funds. He was former Chairman of the Board of Trustees of the Investment Company Association of the Philippines from 2005 to 2006. Mr. de Leon has a Bachelors Degree in Electronics and Communications Engineering from De La Salle University and took up Masters in Business Administration (MBA) at the Ateneo Graduate School of Business.

Mr. Edwin B. Valeroso, 50, Filipino, First Vice President. Mr. Valeroso is the Asst. Treasurer for First Metro Save & Learn Balanced Fund (Jan 2007 to June 2011), First Metro Save & Learn Fixed Income Fund and First Metro Save & Learn Equity Fund (from May 2005 to June 2011), and First Metro Save and Learn Dollar Fund, Inc. (2008 to 2011). He

is Vice President/Trustee/Corporate Secretary of Investment Company Association of the Philippines-ICAP (2006-present) and an Associate Professorial Guest Lecturer at De La Salle University-Graduate School of Business (2000-2009). He was appointed Mutual Fund Strategist at First Metro Investment Corporation (2004-2005). Mr. Valeroso has a BS Actuarial Mathematics degree from University of Santo Tomas, a Master's degree in Applied Mathematics from University of the Philippines, and a Doctorate degree in Business Administration from De La Salle University-Manila. He is also an alumnus of the Trust Institute Foundation of the Philippines.

Atty. Nimfa B. Pastrana, 51, Filipino, Corporate Secretary. Atty. Pastrana is the First Vice President, General Counsel and Asst. Corporate Secretary of First Metro Investment Corporation. She is also Corporate Secretary of First Metro Save & Learn Equity Fund, First Metro Save and Learn Balanced Fund and First Metro Money Market Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc. and First Metro Global Opportunity Fund, Inc. She is also the Corporate Secretary of PBC Capital Investment Corporation, Prima Ventures Development Corporation, SBC Properties, Inc., First Metro Insurance Brokers Corp., and First Metro Securities Brokerage Corp. She finished her A.B Philosophy course at the University of the Philippines and her Bachelor of Law at San Beda College.

Mr. Jonathan T. Tabac, 59, Filipino. Mr. Tabac has been a Compliance Officer since 2005. Term of office is one year. He is also the Compliance Officer of First Metro Investment Corporation, First Metro Securities Brokerage Corporation, First Metro Save & Learn Fixed Income Fund, First Metro Save & Learn Equity Fund, and First Metro Asset Management, Inc (from May 2005 to present). He was 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, Inc.(1997-2001) Mr. Tabac finished BSC-Accounting from University of Baguio and MBA units from the University of Santo Tomas. He is a Certified Public Accountant.

Custodian

The Custodian of the Fund is The Hongkong Shanghai and Banking Corporation Limited (HSBC). HSBC is a corporation duly organized and existing under and by virtue of the laws of Hong Kong SAR, licensed to do business in the Philippines and with the authority to act as securities custodian by Bangko Sentral ng Pilipinas with office address at 7th Flr, HSBC Centre, 3058 Fifth Avenue West, Bonifacio Global City, Taguig City. HSBC has an assigned capital of Four Billion Twenty Nine Million Pesos (Php4,029,000,000.00).

Established in Hong Kong in March 1865 and in Shanghai a month later, The Hongkong and Shanghai Banking Corporation Limited is the founding and a principal member of the HSBC Group which, with some 6,900 offices in 80 countries and territories in Europe, the Asia-Pacific region, North and Latin America, and the Middle East and North Africa. With assets of US\$2,721bn at 30 September 2012, the HSBC Group is one of the world's largest banking and financial services organizations.

HSBC began operating in the Philippines in November 1875, in Binondo. A second branch was opened in Iloilo to serve the growing sugar industry. In 1971, the main branch in Binondo was moved to Makati City. Ten years later, in 1981, the Iloilo branch was closed and a new branch in Ortigas Centre was opened. Following the introduction of the Foreign Bank Liberalisation Act of 1994, HSBC re-opened a branch in Binondo in 1995 and established a branch in Cebu in 1996. In 1999, a fifth branch was opened in Quezon City. To cater to the needs of clients in the Visayas and Mindanao regions, a branch was opened in Davao in 2006, and a second branch in Cebu in 2007 which was closed in 2011 for optimization purposes. The most recent addition is the branch in the Bonifacio Global City in Taguig, bringing the total number to seven main bank branches.

In 2000, HSBC, through The Hongkong and Shanghai Banking Corporation Limited, completed the acquisition of 100% of PCIB Savings Bank, now HSBC Savings Bank (Philippines), Inc.

The Bank currently has a 16-strong total branch network (including 9 branches of HSBC Savings Bank) and employs over 1,100 people.

Bank Services

Retail Banking and Wealth Management

HSBC provides a full range of personal financial and wealth management services in the Philippines. Customers can access these services through a wide range of channels, including over 9,000 ATMs locally and 800,000 internationally, internet banking, 24-hour phonebanking and 16 branches covering Metro Manila, Pampanga, Cebu and Davao, which includes 9 branches of HSBC Savings Bank (Philippines), Inc. HSBC Premier, the Bank's global wealth management service offering exclusive and personalized banking, is available in key branches.

HSBC Savings Bank (Philippines), Inc

HSBC Savings Bank provides personal financial services to the growing middle market through 9 branches in Metro Manila and Pampanga. It offers a full range of personal banking products including Philippine peso, US dollar and multi-currency savings and term deposit accounts, and personal loans. Customers can access their accounts through BancNet ATMs located throughout the country, and overseas through any HSBC and PLUS ATMs, as well as through automated phonebanking service.

Corporate Banking

Since 1875, HSBC has been giving corporate, commercial and institutional customers in the Philippines the combined advantage of worldwide connections, an extensive global experience and the same familiarity with the local market. The alignment of the corporate, investment banking and treasury businesses has allowed the Bank's dedicated relationship management team to gain a deeper understanding of customers' corporate requirements to offer timely, value-added solutions. This strategy has secured the Bank's position as the market leader in the local custody, sub-custody, debt capital and derivatives markets.

Global Trade and Receivables Finance

HSBC has been a leading provider of trade services in Asia for more than 130 years. With its extensive global presence, it offers a wide range of import and export services and trade finance facilities, including documentary credit opening and advising, bills discounting and collections, import and export finance, shipping guarantees, interbank collections and non-recourse financing. It offers best in class electronic banking solutions in the Philippines for exporters and importers. Over the recent years, HSBC has been the recipient of various Trade-related awards from Trade Finance, Global Finance, The Asset, Global Trade Review, Cargonews Asia, and FinanceAsia.

Payments and Cash Management

HSBC delivers tailored product solutions to address clients' need for operational efficiency through receivables and disbursements services, as well as overall liquidity resource management. HSBCnet, HSBC's global corporate internet banking platform, allows integration with clients' accounting and treasury systems for real-time balance and transactions reporting, and serves as the main delivery channel for Payment and Cash Management's suite of services. These services include Integrated Receivables Solutions (IRS), Integrated Payments Solutions (IPS), Liquidity Management Solutions (LMS), Integrated Delivery Channels (IDC) and local services such as electronic tax payments. HSBC has been recognized with best cash management awards across Asia Pacific by Asiamoney, TMI, Euromoney, Global Finance and The Asset.

Global Markets and Global Banking

HSBC's Global Markets and Global Banking bring together the global markets and global investment banking capabilities of the HSBC Group. It works closely with the Group's corporate and commercial banking businesses to provide clients with comprehensive financial solutions suited to their strategic requirements.

Global Markets

The HSBC Group's global markets businesses rank among the largest in the world, providing clients with a tailored service in foreign exchange, fixed income, derivatives and money markets. HSBC is one of the first banks in the

Philippines to be awarded a derivatives license, and continues to be a top-performing government securities dealer, having been awarded by the Bureau of Treasury (BTr) as the top foreign bank government securities eligible dealer (GSED) for 2005 and 2007, and consistently recognized by the domestic fixed income exchange as a top inter-dealer market participant. HSBC won top FX positions in the 2009 Greenwich survey, ranking number one in FX Market Share and Volume Penetration, number one in FXO Market Penetration in EMC, Most Competitive in Forwards, and Highest Percentage in Trading Relationships.

Global Banking

HSBC has a leading footprint in the Philippine capital markets, based on integrity, commitment, consistency and innovation. This provides HSBC an edge when addressing concerns of issuers who are considering raising funds in either the local or international debt markets.

In the Philippines, HSBC offers financing services covering debt capital, structured finance, and syndicated finance. HSBC provides borrower access to markets such as: corporate bonds and notes, financial institution bonds, sovereign and quasi-sovereign bonds, syndicated loans and project finance loans. HSBC leverages links with other areas of the business and an international debt franchise to provide full distribution for these instruments.

For 2011, HSBC led a variety of landmark transactions translating to HSBC being ranked number one in overall position in the Debt Capital Market for all Philippine bonds (USD and PHP formats combined), as well as number one overall amongst foreign banks in the local currency market. HSBC was awarded 'Best Debt House in the Philippines' in The Asset's Triple A Country Awards for four consecutive years now (2008 to 2011), and 'Best Debt House in the Philippines' by Euromoney in 2010.

Securities Services

HSBC provides Custody and Clearing, Corporate Trust and Loan Agency, Fund Administration and Stock Transfer services to local and foreign investors. In the Philippines, HSBC is the leading choice of financial institutions, global custodians, broker dealers and fund managers, as evidenced by the Bank's undisputed market leadership in investment flows into the country. HSBC has been consistently recognized by various finance magazines, award-giving institutions, surveys and customers as the Best Custodian in the Philippines. These awards include: Top Custody House (2008-2010) by the Philippine Dealing System; Best Domestic Custodian (2008-2011) and Best Sub-custodian (2006-2011) by The Asset Triple A Awards; Best Sub-custodian (2004-2007 and 2009-2011) by Global Finance; and Top Rated Custodian Service Provider (1996-2009), Number 1 and Top Rated in Leading Clients category (2007-2011) and for Cross-Border Clients (2010-2011) by Global Custodian.

Investment Banking and Markets

HSBC's Investment Banking and Markets division brings together the treasury and capital markets, corporate and advisory, equity securities, asset management and private equity activities of the HSBC Group. It works closely with the Group's corporate and commercial banking businesses to provide clients with comprehensive financial solutions suited to their strategic requirements.

HSBC Insurance Brokers (Philippines), Inc

Established in 2002, HSBC Insurance Brokers (Philippines) Inc. is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited. Its capabilities allow for a wide range of insurance solutions to be provided to suit personal circumstances and financial protection needs.

With an office staffed by experienced insurance practitioners, and supported by extensive resources of HSBC Insurance worldwide, its clients can look forward to having their risks managed and their claims handled in a more cost effective, thorough and efficient way.

The duties of the Custodian are set out in the Custodian Agreement signed between HSBC and the Fund. The Custodian Agreement covers the Custodian's duties on receipt of investments, reports and records to be accomplished by the Custodian, procedures governing the transfer of the Fund's shares and accounts of investors, custody of certificates representing investments made by the Fund Manager for the Fund and fees of the Custodian.

Board of Directors

Group Chairman	-	Douglas J Flint
Group Chief Executive	-	Stuart T Gulliver
Directors	-	Safra Catz
	-	Laura May L Cha
	-	Marvin K T Cheung
	-	Jonathan Evans
	-	J D Coombe
	-	J Faber
	-	Rona A Fairhead
	-	Renato Fassbind
	-	James W J Hughes-Hallett
	-	W S H Laidlaw
	-	J P Lipsky
	-	J Rachel Lomax
Group Finance Director	-	Iain J Mackay
Deputy Chairman	-	Sir Simon M Robertson
Group Company Secretary	-	B J S Matthews

Key Officers

President & CEO	-	Jose Arnulfo Veloso
Chief Financial Officer	-	Nelson Carlos Reyes
Chief Operating Officer	-	John Alistair Nicholls
Chief Risk Officer	-	Luz Pilar Glinoga
SVP & Area Compliance Officer	-	Raissa Katrina Ballesteros
SVP & General Counsel	-	Jose German Licup

Douglas Flint is Group Chairman of HSBC Holdings plc. He began his career with Peat Marwick Mitchell & Co (now KPMG) where he trained as a chartered accountant. He was appointed a partner of the firm in 1988. Mr Flint specialised in banking, multinational financial reporting, treasury and securities trading operations, group reorganisations and litigation support while at KPMG. He joined the HSBC Group as Group Finance Director-Designate on 30 September 1995 and was appointed to the Board on 1 December 1995. In February 2010, Mr Flint's responsibilities were broadened to that of Chief Financial Officer, Executive Director Risk and Regulation. He was appointed Group Chairman of HSBC Holdings plc on 3 December 2010. Mr Flint was appointed Chairman of the Institute of International Finance in June 2012. He is a member of the Mayor of Beijing's International Business Leaders' Advisory Council as well as the Mayor of Shanghai's International Business Leaders' Advisory Council, and a member of the International Advisory Board of the China Europe International Business School, Shanghai. He is also an independent external member of the Financial Services Trade and Investment Board in the UK. Mr Flint was born in Scotland in July 1955 and was educated at Glasgow University where he gained a B.Acc (Hons) degree. He also completed the PMD course at Harvard Business School in 1983. He is a member of the Institute of Chartered Accountants of Scotland and the Association of Corporate Treasurers. He is a Fellow of The Chartered Institute of Management Accountants. In June 2006, he was honoured with a CBE (Commander of the British Empire) by Her Majesty the Queen in recognition of his services to the finance industry. Mr Flint was Chairman of the Financial Reporting Council's review of the Turnbull Guidance on Internal Control from 2004-2005 and served on the Accounting Standards Board and the Advisory Council of the International Accounting Standards Board from 2001-2004. He also served on the Shipley Working Group on Public Disclosure and co-chaired the Group of Thirty report on Enhancing Public Confidence in Financial Reporting, and the 2008 Report of the CRMPG III, "Containing Systemic Risk: The Road to Reform". Mr Flint served as a non-executive director of BP plc from 1 January 2005 until 14 April 2011 and was Chairman of its Audit Committee in his final year.

Stuart Gulliver is Group Chief Executive of HSBC Holdings plc. He is also Chairman of The Hongkong and Shanghai Banking Corporation Limited. Mr Gulliver joined HSBC in 1980 and has held a number of key roles in the Group's operations worldwide, including postings in London, Hong Kong, Tokyo, Kuala Lumpur and the United Arab Emirates. Before his appointment as Group Chief Executive of HSBC Holdings plc in January 2011, he was Chairman of Europe, Middle East and Global Businesses of HSBC Holdings plc. He was appointed Chief Executive of Global Banking and

Markets and HSBC Global Asset Management in May 2006. He has also served as Chairman of HSBC France, Deputy Chairman of Trinkaus & Burkhart AG and on the boards of HSBC Bank plc, HSBC Bank Middle East Limited, HSBC USA Inc. and HSBC Bank USA, N.A. Mr Gulliver was appointed to the HSBC Group Management Board in March 2004 and became a Group General Manager in August 2000. He has been an Executive Director of HSBC Holdings plc since May 2008 and an Executive Director of The Hongkong and Shanghai Banking Corporation Limited since September 2006. Mr Gulliver is a member of the International Advisory Panel of the Monetary Authority of Singapore and of the International Advisory Council of the China Banking Regulatory Commission of the People's Republic of China. Mr Gulliver holds a law degree from Oxford University.

Safra Catz was appointed Independent non-executive Director to the Board in 2008. She has a background in international business leadership, having helped transform Oracle into the largest producer of business management software and the world's leading supplier of software for information management. Ms Catz is President and Chief Financial Officer of Oracle Corporation. She joined Oracle in 1999 and was appointed to the board of directors in 2001. She was formerly Managing Director of Donaldson, Lufkin & Jenrette.

Laura Cha, GBS, Independent non-executive Director, Chairman of the Corporate Sustainability Committee, was appointed to the Board on 1 March 2011. She has extensive regulatory and policymaking experience in the finance and securities sector in Hong Kong and mainland China. She was formerly Vice Chairman of the China Securities Regulatory Commission, being the first person outside mainland China to join the Central Government of the People's Republic of China at vice-ministerial rank. The Hong Kong Government has awarded her Gold and Silver Bauhinia Stars for public service. Ms Cha is a former Deputy Chairman of the Securities and Futures Commission in Hong Kong; and has worked in the USA and Asia. She is a non-executive Deputy Chairman of The Hongkong and Shanghai Banking Corporation Limited; a Non-Official Member of the Executive Council of Hong Kong SAR; a director of Hong Kong Exchanges and Clearing Limited and Tata Consultancy Services Limited; Chairman of the ICAC Advisory Committee on Corruption; a Hong Kong Deputy to the 12th National People's Congress of China; a member of the Advisory Board of the Yale School of Management Millstein Center of Corporate Governance and Performance; a Senior International Advisor for Foundation Asset Management Sweden AB; and a member of the State Bar of California. She earned a BA degree from the University of Wisconsin and a JD degree from the Santa Clara University in California. She is a non-executive director of the Bank of Communications Co., Ltd., Baoshan Iron and Steel Co. Limited, Johnson Electric Holdings Limited, and China Telecom Corporation Limited; and was Chairman of the University Grants Committee in Hongkong from 2007 to 2011.

Marvin Cheung, GBS, OBE, Independent non-executive Director, member of the Group Audit Committee, has a background in international business and financial accounting, particularly in Greater China and the wider Asian economy. He retired from KPMG Hong Kong in 2003 after more than 30 years and became a member of the HSBC Board of Directors in 2009. He was awarded the Gold Bauhinia Star by the Hong Kong Special Administrative Region Government in 2005 and is a Fellow of the Institute of Chartered Accountants in England and Wales. Mr Cheung is a non-executive director of Hang Seng Bank Limited; non-executive chairman of the Airport Authority Hong Kong; non-executive director of HKR International Limited; non-executive chairman of the Council of the Hong Kong University of Science and Technology; and a director of The Association of Former Council Members of The Stock Exchange of Hong Kong Limited and The Hong Kong International Film Festival Society Ltd. Previous appointments include non-executive director of Sun Hung Kai Properties Limited and Hong Kong Exchanges and Clearing Limited; Chairman and Chief Executive Officer of KPMG Hong Kong; and a council member of the Open University of Hong Kong.

John Coombe, Independent non-executive Director, Chairman of the Group Audit Committee, member of the Group Risk Committee and Group Remuneration Committee, has a background in international business, financial accounting and the pharmaceutical industry. He joined HSBC as a non-executive Director in 2005. He was Chief Financial Officer of GlaxoSmithKline with responsibility for the group's financial operations globally, and is a Fellow of the Institute of Chartered Accountants in England and Wales. He is a non-executive Chairman of Hogg Robinson Group plc and Chairman of Home Retail Group plc. Mr Coombe was previously Executive Director and Chief Financial Officer of GlaxoSmithKline plc; non-executive director of GUS plc; a member of the Supervisory Board of Siemens AG; Chairman of The Hundred Group of Finance Directors; and a member of the Accounting Standards Board.

Sir Jonathan Evans, Independent non-executive Director, member of the Financial System Vulnerabilities Committee, was appointed to the Board on 6 August 2013. He spent 33 years in the UK Security Service, six as Director General. Sir Jonathan's experience includes counter-espionage, protection of classified information and the security of critical national infrastructure. His main focus was counter-terrorism, both international and domestic, including initiatives

against cyber threats. As Director General he was a senior advisor to the UK government on national security policy and attended the National Security Council. He was appointed Knight Commander of the Order of the Bath in the 2013 New Year Honours List. He retired from the Security Service in April 2013. Sir Jonathan graduated from Bristol University, where he gained a degree in Classical Studies.

Joachim Faber, Independent non-executive Director, Chairman of the Group Risk Committee, was appointed to the Board on 1 March 2012. He has a background in banking and asset management with significant international experience, having worked in Germany, Tokyo, New York and London. Mr Faber was formerly Chief Executive Officer of Allianz Global Investors AG and a member of the management board of Allianz SE until 31 December 2011. He is an independent director of Coty Inc, Allianz France SA and Allianz Investment Management GmbH, as well as the Chairman of the board of Joh A Benckiser SARL and the supervisory board of Deutsche Boerse AG. He is a member of the supervisory board of the European School for Management and Technology, the advisory board of the Siemens Group Pension Board and a member of The German Council for Sustainable Development. He has 14 years' experience with Citicorp, holding positions in Trading and Project Finance and as Head of Capital Markets for Europe, North America and Japan. He holds a law degree from Bonn University and has a doctorate from the German University of Administrative Sciences in Speyer.

Rona Fairhead, CBE, Independent non-executive Director, Chairman of the Financial System Vulnerabilities Committee, member of the Nomination Committee, joined the Board in December 2004. She has a background in international industry, publishing, finance and general management. She was formerly Finance Director of Pearson plc with responsibility for overseeing the day-to-day running of the finance function and directly responsible for global financial reporting and control, tax and treasury. Ms Fairhead has a Master's degree in Business Administration from the Harvard Business School. She is currently a non-executive member of the board of the UK Government's Cabinet Office. Formerly, Ms Fairhead was executive vice president, Strategy and Group Control of Imperial Chemical Industries plc; chief financial officer and a director of Pearson plc; chairman and a director of Interactive Data Corporation; and chairman, chief executive officer and a director of the Financial Times Group Limited.

Renato Fassbind, Independent non-executive Director, member of the Group Audit Committee and the Group Remuneration Committee, was appointed to the Board on 1 January 2013. He was Chief Financial Officer and member of the Executive Board of Credit Suisse Group AG from June 2004 until September 2010. He is Vice Chairman of the Supervisory Board and a member of the audit and the compensation committee of Swiss Reinsurance Company, a member of the Supervisory Board and audit committee of Kühne + Nagel International AG and a member of the Supervisory Board of the Swiss Federal Audit Oversight Authority. Before joining Credit Suisse, Mr Fassbind was the Chief Executive Officer of Diethelm Keller Group from 2002 to 2004. Between 1997 and 2002, he was the Chief Financial Officer at ABB AG. Mr Fassbind has a PhD in Economics from the University of Zurich.

James Hughes-Hallett, CMG, SBS, Independent non-executive Director, member of the Nomination Committee and the Corporate Sustainability Committee, was appointed to the Board in 2005. He has a background in financial accounting and management experience in aviation, insurance, property, shipping, manufacturing and trading businesses in the Far East, UK, USA and Australia. The Hong Kong Special Administrative Region Government awarded him the Silver Bauhinia Star in 2004. He is a Fellow of the Institute of Chartered Accountants in England and Wales. Mr Hughes-Hallett is chairman of John Swire & Sons Limited; a non-executive director of Cathay Pacific Airways Limited and Swire Pacific Limited; a trustee of the Esmée Fairbairn Foundation; and a member of The Hong Kong Association and the Governing Board of the Courtauld Institute of Art. He was previously a non-executive Director of The Hongkong and Shanghai Banking Corporation Limited.

Sam Laidlaw, Independent non-executive Director, member of the Group Remuneration Committee, was appointed to the Board in 2008. He has significant international experience, particularly in the energy sector, having had responsibility for businesses in four continents. He is a qualified solicitor and has a Master's degree in Business Administration from INSEAD. He is currently Chief Executive Officer of Centrica plc and the lead non-executive Board Member of the UK Department for Transport. His previous roles include Executive Vice President of Chevron Corporation; a non-executive director of Hanson PLC; Chief Executive Officer of Enterprise Oil plc; and President and Chief Operating Officer of Amerada Hess Corporation.

John Lipsky, Independent non-executive Director, member of the Group Risk Committee and Nomination Committee, was appointed to the Board in March 2012. He served at the International Monetary Fund as First Deputy Managing Director, Acting Managing Director from May 2011, and as Special Advisor from September 2011, until

retirement in November 2011. Mr Lipsky's international experience includes having worked in Chile, New York, Washington and London. He has interacted with financial institutions, central banks and governments in many countries. He is currently Distinguished Visiting Scholar, International Economics Program at the Paul H. Nitze School of Advanced International Studies, Johns Hopkins University; a co-director of the Aspen Institute Program on the World Economy; a director of the National Bureau of Economic Research; and a member of the advisory board of the Stanford Institute for Economic Policy Research and the Council on Foreign Relations. Previously he was Vice Chairman of the J P Morgan Investment Bank; a director of the American Council on Germany and the Japan Society; and a trustee of the Economic Club of New York. He has a PhD from Stanford University.

Rachel Lomax, Independent non-executive Director, member of the Group Audit Committee and Group Risk Committee, joined the HSBC Board of Directors in 2008. She has experience in the public and private sectors, plus a deep knowledge of the operations of the UK government and financial system. Her previous appointments include Deputy Governor, Monetary Stability, at the Bank of England and a member of the BoE's Monetary Policy Committee; Permanent Secretary at the UK Government Departments for Transport and Work and Pensions and the Welsh Office; and Vice President and Chief of Staff to the President of the World Bank. Currently, she is a non-executive director of The Scottish American Investment Company PLC, Reinsurance Group of America Inc., Arcus European Infrastructure Fund GP LLP and Heathrow Airport Holdings Limited (formerly BAA Limited); a director of the Council of Imperial College, London; and President of the Institute of Fiscal Studies.

Iain Mackay was appointed as Group Finance Director of HSBC Holdings plc in December 2010. A chartered accountant, Mr Mackay joined HSBC in July 2007. He initially served as Chief Financial Officer of HSBC North America Holdings Inc, where he was instrumental in the restructuring of HSBC's consumer finance business. From September 2009 until his appointment to the Board as Group Finance Director, Mr Mackay was Chief Financial Officer, Asia-Pacific, of HSBC Holdings plc. Before joining HSBC, Mr Mackay worked at General Electric in the US from 1996 to 2007. He joined GE as Controller of the Global Consumer Finance unit, which specialised in providing credit cards and personal loans. He then became Chief Financial Officer of GE Consumer Finance - Americas, then Chief Financial Officer of GE Healthcare - Global Diagnostic Imaging. From 1990 to 1996, Mr Mackay was with Schlumberger Dowell, working in the finance and audit divisions. He also held the roles of Regional Finance Director for Europe/Africa and the same for South-East Asia. During the early part of his career, Mr Mackay has also worked for PriceWaterhouse in New York and Paris, as well as at Thomson McLintock, KMG in the UK. Mr Mackay holds an MA in Business Studies and Accounting from Aberdeen University in Scotland.

Sir Simon Robertson, Deputy Chairman, senior independent non-executive Director, Chairman of the Group Remuneration Committee and the Nomination Committee, member of the Financial System Vulnerabilities Committee, has a background in international corporate advisory with a wealth of experience in mergers and acquisitions, merchant banking, investment banking and financial markets. He was honoured with a knighthood in recognition of his services to business. Sir Simon joined the Board in 2006. His extensive international experience included working in France, Germany, the UK and the USA. Since 23 February 2011, he has been non-executive Chairman of Rolls-Royce Holdings plc, which became the holding company of the Rolls-Royce group of companies on 23 May 2011 as part of a group restructuring. He was Chairman of Rolls-Royce Group plc, formerly the holding company of the Rolls-Royce group of companies, until 23 May 2011. He is the founding member of Robertson Robey Associates LLP (formerly Simon Robertson Associates LLP); a non-executive director of Berry Bros & Rudd Limited, The Economist Newspaper Limited and Troy Asset Management; a partner of NewShore Partners LLP; and a trustee of the Eden Project Trust and of the Royal Opera House Endowment Fund. His previous roles included Managing Director of Goldman Sachs International and chairman of Dresdner Kleinwort Benson.

Ben Matthews was appointed Group Company Secretary of HSBC Holdings plc on 1 July 2013. He joined from Rio Tinto, where he had been Company Secretary since 2007, managing the dual listings in London and Sydney. Before that, Mr Mathews spent more than five years with BG Group plc, the leading natural gas major. He has extensive experience in international corporates, mergers and acquisitions, corporate governance and share listing across a range of companies. He qualified as a chartered company secretary with PricewaterhouseCoopers in London. He graduated with honours in European Studies and French. After a period of post-graduate study he was elected as a Fellow of the Institute of Chartered Secretaries and Administrators. One of the world's largest banking and financial services organizations, the HSBC Group has been doing business in the Philippines for almost 138 years where they currently employ over 5,000 people.

Jose Arnulfo “Wick” Veloso is currently President and Chief Executive Officer of HSBC Philippines, a role he has held since December 2012. Mr Veloso is also the first Filipino CEO for HSBC Philippines in its over 137 years of operations in the country. Mr Veloso has 26 years of capital markets experience, of which 18 years were with HSBC. He first joined HSBC in late 1994 as Head of Interest Rate Trading in the Philippines, before transferring to the Group's Asian headquarters in Hong Kong to take on dual roles, first as Head of Asian Local Currency Debt Trading, then with Head Credit Derivatives for Asia Pacific added concurrently. Mr Veloso assumed responsibility for the Philippines' Treasury and Global Markets business upon his return to the country in 2004. Before that, he also undertook a number of overseas attachments in London, New York, Tokyo, Singapore, Korea and Pakistan. Prior to joining HSBC, Mr Veloso has worked for several other banks, both local and foreign. These included Urban Development Bank, Asiatrust Development Bank, Citibank in the Philippines, PCIB Capital and PCI Bank. Mr Veloso is actively involved in a number of industry associations that promote capital markets development in the Philippines. He is currently Vice Chairman of the Open Market Committee of the Bankers Association of the Philippines, and was a past President of the Money Market Association of the Philippines. He also currently sits on the Market Governance Board of the Philippine Dealing and Exchange Corp., and has been a long-time member of ACI (Assosacion Cambiste Internationale) Philippines, where he served as its 2006 World Congress Organising Committee Chairman. Mr Veloso holds a degree in Marketing Management from De La Salle University in the Philippines.

Nelson Carlos Reyes is currently the Chief Financial Officer of HSBC Philippines, a role he has held since April 2009. Mr. Reyes has 28 years of banking experience, all of which were with HSBC. After a brief career with Sycip, Gorres & Velayo (now Ernst and Young), he joined HSBC Philippines in July 1986 as a Credit Analyst for Corporate Banking. He assumed the role of Relationship Manager before transferring to the Financial Control Department in 1991 to manage the Bank's regulatory and management reporting functions. During his stint in Financial Control, he undertook a number of overseas attachments in Hong Kong, Sri Lanka and Thailand. In 2003, he transferred to HSBC Bank Australia Limited in Sydney as Manager Finance Operations. Mr. Reyes assumed responsibility as the Head of Finance in the Philippines upon his return to the country in 2004. Mr. Reyes is a Certified Public Accountant and holds a bachelor's degree in Accounting from De La Salle University.

John Alistair Nicholls assumed the Chief Operating Officer role for HSBC Philippines in 8 February 2013. John has been with HSBC since 1995. He has held a number of front office, back office and product management roles in UAE, Taiwan, Azerbaijan, Brazil, Hong Kong and two assignments in Russia. He was the Deputy CEO and Chief Operating Officer in Russia, developed the new offices there. For the last three years, Mr. Nicholls has worked in HSBC London office, focusing on Change Delivery for Group Human Resources. He has taken leadership roles in two global flagship programmes, most recently as the Business Lead for People & Structure.

Luz Pilar Glinoga, Chief Risk Officer, joined HSBC in January 1998 as a Management Trainee. With her accounting background, she spent some time in Financial Control before joining Credit Risk Management as Manager, Credit Control in charge of managing exit and recovery of bad and doubtful corporate accounts. In October 2000, she moved to PFS Card Operations. She returned to credit risk by way of a secondment to Asia Pacific Consumer Credit Risk in March 2002. In 2003, she returned to the Philippines to Consumer Credit Risk where she spent the next 5 years in various roles including Head of Collections and Recoveries and Head of Consumer Credit Risk. In October 2008, she was appointed to her present role Chief Risk Officer. Ms. Glinoga is a Certified Public Accountant and a CFA Charterholder.

Raissa Katrina Marie Ballesteros is currently Senior Vice President and Area Compliance Officer of HSBC Philippines, a role she has held since 15 August 2012. Ms Ballesteros has 11 years of experience in the banking industry, all of which were with HSBC. She first joined HSBC in 2002 as Assistant Manager Money Laundering Deterrence under the Legal and Compliance Department. She subsequently held the positions of Manager Legal and Compliance, AVP Legal and Compliance and VP Legal and Compliance providing legal and compliance support mainly for the Bank's Services Division and its Risk Division. She was assigned to head the Compliance Department when it became a separate department under the Risk Division in August 2012. Prior to joining HSBC, Ms Ballesteros worked as an Associate Lawyer in Padilla, Jimenez, Kintanar and Asuncion Law Offices handling litigation cases. She was also a volunteer lawyer for the Free Legal Assistance Group (FLAG), involved specifically in its Task Force: Death Penalty, providing free legal representation for convicts on death row in the appellate proceedings in the Court of Appeals and Supreme Court. Ms Ballesteros is currently a member of the following industry associations: Association of Bank Compliance Officers of the Philippines (ABCOMP) and Bankers' Institute of the Philippines (Baiphil). She is also a member of the Philippines Bar, Integrated Bar of the Philippines (IBP) and the UP Women Lawyer's Circle.

Jose German Licup, Senior Vice President and Country General Counsel, is a graduate of the University of the Philippines and admitted as member of the Philippine Bar in 1992. He was previously connected with a law firm after which he joined a Citibank subsidiary (CityTrust Banking Corporation) as a legal and corporate officer. In March 1997, he joined HSBC Manila as Assistant Vice President for Legal & Compliance and deputised for the SVP Services (now Chief Operating Officer) in matters relating to his accountabilities as Area Compliance Officer for the Philippines. In August 2001, his role was expanded to Country Legal Adviser and local compliance officer for HBAP Philippines and all its operating companies. In January 2004, he assumed the additional role of Money Laundering Control Officer for the Philippines. In December 2004, he was promoted to Senior Vice President and Local Compliance Officer/Legal Adviser of HSBC Manila. In September 2008, he assumed the role of Area Compliance Officer and Country Legal Adviser. By July 2011, he was designated as the Country General Counsel and Chief Compliance Officer for HSBC Philippines. Currently, Mr. Licup is the Senior Vice President and Country General Counsel of HSBC Philippines.

Stock and Transfer Agent

Metropolitan Bank & Trust Company – Trust Banking Group (the “Bank” or “MBTC-TBG”) has been appointed as the Stock and Transfer Agent of the Fund. The Bank was granted a Trust Banking License by the BSP in 1962, the same year it was incorporated. The Bank’s trust banking operation has grown over the past seven years to include a wider range of investment products and fund management and administration services for retirement funds, pre-need and insurance funds, foundation and school funds and estate planning services for personal assets and common trust funds and unit investment trust funds. The Trust Banking Group of the Bank now offers trust and agency arrangements for securities issues, management services, mortgage trust, loan and facilitation agency and escrow agency services. The clients of the Trust Banking Group include multinational corporations and major Philippine corporations and high net worth individuals.

As of the date of this Prospectus, the Bank has an authorized capital stock of Fifty Billion Pesos (PhP50,000,000,000.00) divided into Two Billion Five Hundred Million (2,500,000,000) common shares at a par value of Twenty Pesos (PhP20.00) per share. It has a subscribed and paid-up capital of Forty Two Billion Two Hundred Twenty Seven Million Seven Hundred Twenty Thousand Three Hundred Forty Pesos (PhP42,227,720,340.00).

The following are the members of the Trust Committee and senior officers of the Trust Banking Group:

Trust Committee

Chairman and Independent Director	-	Jesli A. Lapus
Vice-Chairman	-	Francisco C. Sebastian
Members	-	Fabian S. Dee
	-	Edmund A. Go
	-	Rex C. Drilon II
	-	Josefina T. Tuplano
Advisers	-	Placido L. Mapa, Jr.
	-	James Go
	-	Antonio S. Abacan, Jr.
	-	Manuel Q Bengson
Secretary	-	Jasmine E. Navarra

Senior Officers

Group Head – Trust Banking Group	-	Josefina T. Tuplano
Deputy Group Head	-	Angel O. Pagaspas
Head, Investments Management Division	-	Allan S. Yu
Head, Trust Sales Division	-	Jasmine E. Navarra
Head, Wealth Division – Relationship Mgt 1	-	Maritess D. Rivera
Head, Wealth Division – Relationship Mgt 2	-	Tonette M. Ochoa
Head, Corporate Portfolio Mgt. Division	-	Dalisay S. Molas
Head, Personal Portfolio Mgt. Division	-	Dennis E. Balagtas

Head, Strategic Support Division	-	Alfredo F. Amahan
Head, Trust Operations Division	-	Rosauro A. Alburo

Authorized Participants

The Authorized Participants are FMSBC and IGC.

FMSBC was established in 1987. It is a securities brokerage-dealership that is wholly-owned by FMIC. It has an authorized capital stock of Two Hundred Million Pesos (PhP 200,000,000.00) divided into Two Million (2,000,000) shares with a par value of One Hundred Pesos (PhP100.00) per share and a subscribed capital of One Hundred Thirty Million Pesos (PhP130,000,000.00) of which One Hundred Thirty Million Pesos (PhP130,000,000.00) is paid up. As of end of 2012, it is ranked 16th out of the 133 active trading participants in the PSE. Its collaboration with some overseas-based entities enables it to offer best-in-class equity research to local and foreign investors. In support of the goals of its parent company, FMSBC has deployed its equity sales officers to various economic centers in the country.

FMSBC's broker-dealership license was renewed last December 2012.

The following are the directors and senior officers of FMSBC:

Board of Directors

Chairman	-	Roberto Juanchito T. Dispo
Vice-Chairman	-	Robert T. Yu
Directors	-	Gonzalo G. Ordóñez
Independent Director	-	Francisco J. Colayco
	-	Victor A. Abola

Senior Officers

President	-	Gonzalo G. Ordóñez
Treasurer	-	Marie Arabella D. Veron
Corporate Secretary	-	Nimfa B. Pastrana
Compliance Officer	-	Jonathan T. Tabac

Please see p. 40 for a brief profile of the Chairman, **Mr. Roberto Juanchito T. Dispo**.

Robert T. Yu, Filipino, is the Vice Chairman of FMSBC. He was also appointed as Director in 2011 after his stint as the company's President in 2010. He concurrently serves as Director and Vice Chairman of Charter Ping An Insurance Corporation, and Executive Director of PG Progress Marketing Corporation. He previously served at the Senior Management level in various Industrial Corporations. Robert Yu has a Bachelor's degree in Commerce from the University of the East.

Gonzalo G. Ordóñez, Filipino, is a Director and President of FMSBC, the stockbrokerage arm of First Metro Investment Corporation. After spending more than a decade with Philippine Airlines, which included stints in the United States and Japan, he joined FMSBC in 1997, bringing with him a wealth of experience in management and years of trading in the Philippine stock market. Since then, he has successfully overseen the operations of the company and its rapid expansion as an institutional and online stockbrokerage house. He led FMSBC in becoming one of the top stockbrokers in the Philippine Stock Exchange. He is working on further expanding the business through growth of institutional clients and HNWIs, as well as regional partnerships. Mr. Ordóñez has a BS Management degree from Ateneo de Manila University.

Francisco J. Colayco, 68, Filipino, President. Mr. Colayco is the Founder and President of the One Wealthy Nation Fund, Inc. (2013). He is the Chairman/Founder (2002-present) of Colayco Foundation for Education, Vice-Chairman/Founder (2004-present) of Kapatiransa Kasaganaan Service and Multipurpose Cooperative, Chairman/Founder (2009-present) Kalayaan Multi-Purpose Foods Corp., Chairman (2009-present) Rural Bank of Cavite City (OWN Bank), Chairman/Founder (2011-present) AurumDev Ventures Corporation. All these companies are fulfillment mechanisms for the financial literacy program that Mr. Colayco has been espousing since 2002 to help the

Filipino working class especially the Overseas Filipino Workers. He writes regular columns in newspapers/magazines: three local (Bulgar, Tinigng Marino, La Guardia) and three global (Ilustrado (Dubai), Pinoy Tayo Sanman (HK) and The HK Sun and three websites (www.franciscocolayco.com, www.youtube.com/Colayco Foundation and www.goodnewspilipinas.com Wealth of Advice. He participates in regular TV programs (Pisobilities on Light TV 33, and PeraPera Lang on RHTV. Mr. Colayco has a Doctorate in Philosophy, HonorisCausa from the National University (2007), a Masters in Business Administration from Ateneo de Manila University (1969) and an AB-Economics degree from Ateneo de Manila University (1965).

Victor A. Abola, Filipino, is an Independent Director of FMSBC. He is also the current Director of the Strategic Business Economics Program (SBEP) of the University of Asia and the Pacific (UA&P). He is also the Executive Director of the UA&P-FMIC Capital Market Research, and Independent Director of five (5) Metro Save and Learn Funds and First Metro Global Opportunity, Inc. under the First Metro Asset Management, Inc. (FAMI). He lectures on Macroeconomic Policy at the graduate school level of the School of Economics. He was lecturer on 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 C.P.A. 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).

Please see p. 41 for a brief profile of the Treasurer, **Ms. Marie Arabella D. Veron**.

Please see p. 43 for a brief profile of Corporate Secretary, **Ms. Nimfa B. Pastrana** and the Compliance Officer **Mr. Jonathan T. Tabac**.

IGC was incorporated on November 24, 1993 as a SEC-licensed broker-dealer in listed Philippine securities. It offers fixed income and equities broking services and investment research and advisory services to institutional and private clients. It has been appointed as Authorized Participant of the Fund. It has an authorized capital stock of Thirty Million Pesos (PhP30,000,000.00) divided into Thirty Thousand (30,000) shares with a par value of One Thousand Pesos (PhP1,000.00) and a subscribed and paid-up capital stock of Thirty Million Pesos (PhP30,000,000.00).

IGC was first granted its broker-dealership license on January 27, 1994 which was renewed last December 2011.

IGC Securities, Inc. is fully compliant with Capitalization Requirements of Trading Participants, including Minimum Paid-up Capital and Risk-based Capital Adequacy Requirement for Trading Participants.

IGC Securities, Inc. is composed of senior management and key personnel with competence and requisite training/certification in Sales and Trading, Research and Advisory, Clearing and Settlement, Financial Accounting and Compliance. The company follows industry best practices in implementing internal control procedures to maintain independence of its business units.

IGC Securities, Inc. executes trades through the Poste D'Access Aux Marche (PAM) Workstation of PSETrade, a computerized trading system developed by NYSE Euronext Technology SAS.

IGC Securities, Inc.'s financial and securities accounting systems are centralized and fully automated via WinStockSS, the leading stock/bond brokerage software developed by Software Farm International, Inc.

The following are the directors and senior officers of IGC:

Board of Directors

Chairman	-	Ismael G. Cruz
Directors	-	Deo Santos Dionisio
	-	Mauricio Pelagallo Cruz
	-	Carlo Pelagallo Cruz
	-	Carmen Guerrero Nakpil
	-	Blesilda Ocampo Cruz
Independent Director	-	Antonio R. Alunan
	-	Manuel O. Chan

Senior Officers

President	-	Ismael G. Cruz
Senior Vice President	-	Doreen G. Mijares
Vice President	-	Peter Raymond C. Lee
Treasurer	-	Deo Santos Dionisio
Corporate Secretary	-	Blesilda Ocampo Cruz
Acting Corporate Secretary	-	Carlo Pelagallo Cruz
Investment Officer	-	Ismael J. Cruz

Ismael G. Cruz, Filipino, Chairman and President. Mr. Cruz serves as Chairman and President of IGC Securities, Inc. He is a Director of First Metro Investment Corp. He is also an Independent Director of Penta Capital Investment Corp. and Penta Capital Finance Corp. Currently, he serves as Governor of Makati Commercial Estates Association, Governor of PDEX Market Governance Board., and Trustee of Securities Investor Protection Fund. He is also President of the Philippine Association of Securities Brokers and Dealers, Inc. Mr. Cruz obtained his Bachelor of Science degree in Economics from Ateneo de Manila University in 1965. He then completed his Master of Business Administration from Ateneo de Manila University in 1970.

Deo S. Dionisio, Filipino, Director. Mr. Dionisio was appointed Director of IGC Securities, Inc. on November 23, 1993. Currently, he is President of Magsimban Realty Co. He obtained his Bachelor of Science degree in Economics from Ateneo de Manila University in 1965.

Mauricio P. Cruz, Filipino, Director and Vice President. Mr. Cruz was appointed Director and Vice President of IGC Securities, Inc. on November 23, 1993. He obtained his Bachelor of Science degree in Economics from Ateneo de Manila University in 1989. He then completed his Master of Business Administration from Melbourne Business School in 2003.

Carlo P. Cruz, Filipino, Director. Mr. Cruz was appointed Director of IGC Securities, Inc. on November 24, 1993. He served as General Manager of Guevara Group of Companies from 1996 to 2007. From 2007 to 2009 he was General Manager of Designs Ligna Enterprises Corp. He was General Manager COSD of Seoil Philippines Inc. from 2009 to 2011. Currently, he is Assistant Vice President of Operations and Administration of Aboitiz Energy Solutions, Inc. Mr. Cruz obtained his Bachelor of Arts degree in English Literature from Ateneo de Manila University in 1994. He then completed his Master of Business Administration from University of Western Australia in 2010.

Carmen G. Nakpil, Filipino, Director. Ms. Nakpil was appointed Director of IGC Securities, Inc. on November 23, 1993. From 1975 to 1985, she served as Director General of Government Technology Resource Center. She was Executive Board Member of UNESCO (Paris), writer of Philippine Star, and Chairman of the National Historical Commission. She also served as Secretary General of Writers Union of the Philippines in 1985. Ms. Nakpil obtained her Bachelor of Arts degree from St. Theresa's Manila in 1942.

Blesilda O. Cruz, Filipino, Director and Corporate Secretary. Ms. Cruz was appointed as Director and Corporate Secretary of IGC Securities, Inc. on November 24, 1993. She also served as Chief Purser of Cathay Pacific Limited Hong Kong from 1975 to 1991. Ms. Cruz obtained her Bachelor of Science in Foreign Services from Lyceum of the Philippines in 1975.

Antonio R. Alunan, Filipino, Independent Director. Mr. Alunan was appointed as Independent Director of IGC Securities, Inc. in July 2010. He is currently President of Arads Inc. He obtained his Bachelor of Architecture from Hong Kong University in 1972.

Manuel O. Chan, Jr., Filipino, Independent Director. Atty. Chan was appointed as Independent Director of IGC Securities, Inc. in July 2010. He is also Partner of Manuel O. Chan Jr. Law Office. Mr. Chan obtained his Bachelor of Laws from University of the Philippines in 1973.

Doreen G. Mijares, Filipino, Senior Vice President. Ms. Mijares has been with IGC Securities, Inc. since 1997. She is currently Senior Vice President Trading and Research of IGC Securities, Inc. She obtained her Bachelor of Arts and Bachelor of Science degree in Commerce from De La Salle University in 1997. She then completed her Master of Business Administration from Ateneo Graduate School of Business.

Peter C. Lee, Filipino, Vice President. Mr. Lee has been with IGC Securities, Inc. since 2002. He is currently Vice President of IGC Securities, Inc. He also serves as Associated Person of IGC Securities, Inc. He obtained his Bachelor of Science degree in Business Management from Ateneo de Manila University in 2001.

Ismael J. Cruz, Filipino, Investment Officer. Mr. Cruz has been with IGC Securities, Inc. since 2009. He is currently Investment Officer of IGC Securities, Inc. He obtained his Bachelor of Science degree in Applied Mathematics Major in Mathematical Finance from Ateneo de Manila University in 2009 and Masters in Applied Mathematics from Ateneo de Manila University in 2012.

Market Maker

FMSBC is the appointed Market Maker of the Fund. Please refer to the section on “Authorized Participants” on p. 52 for information about FMSBC.

Index Provider

FAMI, as Fund Manager, has chosen the PSE to be the Index Provider of the Fund. The PSE is the national stock exchange of the Philippines. It is one of the oldest stock exchanges in Southeast Asia, having been in continuous operation since its inception in 1927. It currently maintains two trading floors, one at the PSE Centre (Tektite), Ortigas Center in Pasig City, and one at its principal office at the Ayala Tower One in Makati City's Central Business District. The PSE is composed of a 15-man Board of Directors, chaired by Jose T. Pardo.

The top 20 shareholders of the PSE as of September 30, 2013 are as follows:

Name	No. of Shares	% of Total
PCD Nominee Corp. (Filipino)	40,023,277	65.55%
San Miguel Corporation Retirement Plan	6,296,000	10.31%
The First Resources Management and Securities Corp.	5,833,250	9.55%
PCD Nominee Corp. (Other Alien)	4,299,864	7.04%
G.D. Tan & Company Inc.	201,800	0.33%
Ansaldo Godinez & Company, Inc.	200,000	0.33%
Apex Phils. Equities Corporation	200,000	0.33%
BDO Securities Corporation	200,000	0.33%
Christfund Securities (Phils.), Inc.	200,000	0.33%
DBS Vickers Securities (Phils.), Inc.	200,000	0.33%
Deutsche Regis Partners, Inc.	200,000	0.33%
FEB Stock Brokers, Inc.	200,000	0.33%
Goldstar Securities, Inc.	200,000	0.33%
Highland Securities Phils., Inc.	200,000	0.33%
HSBC Securities (Philippines) Inc.	200,000	0.33%
Chan, Vicky L.	200,000	0.33%
Chia Kim Teck	200,000	0.33%

Chilip, Christopher L.	200,000	0.33%
Chong, Jose	200,000	0.33%
Cruz, Ismael	200,000	0.33%

The PSEi is provided by the PSE as its main index for the Philippine equities market. It is composed of a fixed basket of thirty (30) companies, whose selection is based on a specific set of criteria. The PSEi measures the relative changes in the free float-adjusted market capitalization of the aforementioned 30 largest and most active common stocks listed at the PSE. The PSE conducts a semi-annual review of the composition of the PSEi and the results become the basis for a re-composition of the PSEi.

Companies with common stocks listed in the main board of the PSE for at least six (6) months during the review period are eligible for inclusion in the PSEi, subject to complying with the requirements for free float and liquidity.

The PSEi is calculated in Philippine Pesos ("PHP" or "Pesos") using an application called Platform Indices 2 (PFI2) and broadcasted through radio, television, the PSE website (www.pse.com.ph) and other websites that provide reports on the performance of the stock market. The final results of the trading are published in the PSE Daily Quotation Report, as well as in major newspapers.

As of November 15, 2013, the shares of stock constituting the PSEi and their respective weights are as follows:

	Security Name	Symbol	Last Trade Date	Last Trade Price	Outstanding Shares	Free Float Level (%)	Free Float Market Capitalization	% Weight
1	Philippine Long Distance Telephone Company "Common"	TEL	15-Nov-13	2,798	216,055,775	50%	302,262,029,225	11.80%
2	SM Investments Corporation	SM	15-Nov-13	771	796,231,242	43%	263,974,543,660	10.31%
3	Ayala Land, Inc.	ALI	15-Nov-13	28.65	14,173,286,611	50%	203,032,330,703	7.93%
4	Bank Of The Philippine Islands	BPI	15-Nov-13	91.9	3,556,356,173	47%	153,609,692,180	6.00%
5	SM Prime Holdings, Inc.	SMPH	15-Nov-13	17.38	27,816,560,220	30%	145,035,544,987	5.66%
6	Ayala Corporation	AC	15-Nov-13	586.5	599,423,567	38%	133,593,530,377	5.22%
7	Aboitiz Equity Ventures, Inc.	AEV	15-Nov-13	49.85	5,521,871,821	44%	121,116,736,521	4.73%
8	BDO Unibank, Inc.	BDO	15-Nov-13	78.40	3,580,875,328	43%	120,718,469,058	4.71%
9	Alliance Global Group, Inc.	AGI	15-Nov-13	26.9	10,269,827,979	40%	110,503,349,054	4.31%
10	Metropolitan Bank & Trust Company	MBT	15-Nov-13	80.40	2,744,801,066	49%	108,134,182,796	4.22%
11	Universal Robina Corporation	URC	15-Nov-13	126.5	2,181,501,933	39%	107,624,397,864	4.20%
12	JG Summit Holdings, Inc.	JGS	15-Nov-13	47.9	6,797,191,657	32%	104,187,353,718	4.07%
13	Jollibee Foods Corporation	JFC	15-Nov-13	182	1,050,015,727	40%	76,441,144,926	2.98%
14	GT Capital Holdings, Inc.	GTCAP	15-Nov-13	819	174,300,000	40%	57,100,680,000	2.23%
15	Metro Pacific Investments Corporation	MPI	15-Nov-13	4.8	26,025,098,752	44%	54,965,008,564	2.15%
16	International Container Terminal Services, Inc.	ICT	15-Nov-13	49.05	2,034,055,360	51%	50,882,911,858	1.99%
17	Aboitiz Power Corp.	AP	15-Nov-13	33	7,358,604,307	20%	48,566,788,426	1.90%
18	Energy Development (EDC) Corporation	EDC	15-Nov-13	5.05	18,750,000,000	50%	47,343,750,000	1.85%
19	Globe Telecom, Inc.	GLO	15-Nov-13	1,611	132,568,084	22%	46,984,780,331	1.83%
20	LT Group, Inc.	LTG	15-Nov-13	14.82	10,821,388,889	26%	41,696,975,667	1.63%
21	DMCI Holdings, Inc.	DMC	15-Nov-13	53	2,655,494,000	28%	39,407,530,960	1.54%
22	Robinsons Land Corporation	RLC	15-Nov-13	23.5	4,093,830,685	39%	37,519,958,228	1.46%
23	Manila Water Company, Inc.	MWC	15-Nov-13	25.8	2,013,651,738	66%	34,288,461,795	1.34%
24	Bloomerry Resorts Corporation	BLOOM	15-Nov-13	10.28	10,589,800,556	28%	30,481,681,920	1.19%
25	Semirara Mining Corporation	SCC	15-Nov-13	282	356,250,000	28%	28,129,500,000	1.10%
26	San Miguel Corporation	SMC	15-Nov-13	74	2,377,009,485	14%	24,625,818,265	0.96%
27	Petron Corporation	PCOR	15-Nov-13	12.8	9,375,104,497	17%	20,400,227,385	0.80%
28	Megaworld Corporation	MEG	15-Nov-13	1.92	29,461,233,122	36%	20,363,604,334	0.80%
29	First Gen Corporation	FGEN	15-Nov-13	13.94	3,363,571,607	32%	15,004,220,225	0.59%
30	Philex Mining Corporation	PX	15-Nov-13	8.08	4,933,246,068	33%	13,154,007,316	0.51%

To track the performance of specific sectors of the market, the PSE has also maintained six sector indices representing each major sector under the revised industry classification of the PSE for at least the past five (5) years. These indices are the (1) Financials Index; (2) Industrial Index; (3) Holding Firms Index; (4) Property Index; (5) Services Index; and (6) Mining & Oil Index. Below is a summary of the base date and base value of each index:

Indices	Base Date	Base Value
Financials	14-Nov-96	1,000.00
Industrial	28-Feb-90	1,422.20
Holding Firms	29-Dec-05	1,000.00
Property	30-Sep-94	1,000.00
Services	29-Dec-05	1,000.00
Mining & Oil	28-Feb-90	4,752.45

The PSE has also maintained the All Shares Index as a complementary index to the PSEi. It is considered a broader barometer of the index, because it includes all the common stocks of companies listed at the PSE. The base value of the All Shares Index was set on November 14, 1996, at 1,000.00 points. The full market capitalization method is used in computing the All Shares Index. The All Shares index excludes those listed in the Small and Medium Enterprises (SME) Board.

The following are the members of the Board of Directors and officers of the PSE:

Board of Directors

Chairman	-	Jose T. Pardo
President / Director	-	Hans B. Sicat
Directors	-	Emmanuel O. Bautista
	-	David Chua
	-	Francis C. Chua
	-	Anabelle Lim-Chua
	-	Dakila B. Fonacier
	-	Eddie T. Gobing
	-	Amor C. Iliscupidez
	-	Edgardo G. Lacson
	-	Cornelio T. Peralta
	-	Eusebio H. Tanco
	-	Roberto G. Vergara
	-	Alejandro T. Yu
	-	Vivian Yuchengco

Senior Officers

Chief Operating Officer/SVP	-	Roel A. Refran
Head of Governance, Risk and Compliance/VP	-	Argel G. Astudillo
Head of Market Operations Division/VP	-	Rachelle C. Blanch
Controllership and Treasury Division/VP	-	Marietta U. Tan
Head of Internal Audit/AVP	-	Jinky A. Alora
Head of Technology Division/AVP	-	Tristan G. Gillego
Head of Corporate Planning & Investor Relation/AVP	-	John Bennette B. Mamangun
Head of Issuer Regulations Division/AVP	-	Marsha Angelyn M. Resurreccion
OIC of Business Development/AVP	-	Precilla S. Sandoval
General Counsel/AVP	-	Buenaventura S. Sanguyo
Treasurer	-	Omélita J. Tiangco
Corporate Secretary	-	Aissa V. Encarnacion

Jose T. Pardo is the Chairman of the Philippine Stock Exchange, Inc. and the Securities Clearing Corporation of the Philippines. He is also the Chairman of the Corporate Governance Committee of the Company. He became an

independent director on 26 January 2011. He is also the Chairman of the Philippine Savings Bank, Bank of Commerce, Electronic Commerce Payment Network, Inc., and OCCC General Construction Corp. He is likewise a Director of National Grid Corporation of the Philippines, ZNN Radio Veritas, and JG Summit Holdings, Inc. Previously, Mr. Pardo was the Chairman of Asian Holdings Corporation, ABC Development Corporation (Channel 5). He also served as President of Philippine Seven Corporation (Licensee of 7 Eleven), Wenphil Corporation (Licensee of Wendy's USA), Cable Entertainment Corporation, and Land and Housing Development Corporation. Mr. Pardo has held various positions in the government including Secretary of the Department of Finance (2000-2001) and Secretary of the Department of Trade and Industry (1998-2000) Mr. Pardo obtained his Bachelor of Science in Commerce, major in Accounting and his Masters Degree in Business Administration at the De La Salle University in Manila which he now sits as Chairman of the Board of Trustees.

Hans B. Sicat was named President and Chief Executive Officer of Philippine Stock Exchange (PSE) in January 2011. He also served as Chairman and Independent Director of the PSE from May 2009 to January 2011. He is concurrent President and CEO of the Securities Clearing Corporation of the Philippines (SCCP). Currently, he is non-executive Vice Chairman and Director of LegisPro Corporation. Mr. Sicat also holds positions in various business entities such as Independent Director of Serica Balanced Fund and Master Fund, Independent Director of the Philippine Dealing System Holdings Corporation, and Board of Trustee of Securities Investors Protection Fund, among others. Mr. Sicat has more than two decades of experience as investment banker. He was Chief Representative of Citigroup Global Markets Asia Pacific Limited in the Philippines from July 2000 to September 2008; Director and Head for Philippine Investment Banking at Salomon Smith Barney Asia Pacific Limited from April 1996 to June 2000; and Managing Director for Asian Fixed Income (Emerging Markets) at Citicorp International from December 1993 to March 1996. He was also the Vice President and Capital Markets Asia Head of Citicorp Securities, Inc. in New York City. Mr. Sicat finished his coursework for Ph. D. Economics Program at the University of Pennsylvania, Philadelphia, USA and earned his Master of Arts in Economics and Bachelor of Science in Mathematics at the University of the Philippines.

Emmanuel O. Bautista became a Director of PSE on May 2011. He is the Chairman and Chief Executive Officer of Deutsche Regis Partners, Inc. where he has worked from 1994 to the present. From 1986 to 1994, he was connected with Pepsi Co., Inc. both in New York and in Manila. He was Director of Strategic Planning and member of the Executive Committee of PepsiCo Philippines. Mr. Bautista trained as an analyst at Philippine American Investment Corporation and Bank of America in Los Angeles. He holds a Master's degree in Business Administration from Georgetown University, USA. He graduated from the Ateneo de Manila University with a Bachelor of Science degree in Management Engineering.

David Chua has been a Director of PSE since 2007. He is currently the Nominee of Asia Pacific Capital Equities and Securities Corporation and is a member of the Advisory Board of the Metropolitan Bank and Trust Company (MBTC). He is a Director of Crown Equities, Inc., Nihao Minerals Inc., Dizon Copper- Silver Mines, Inc. and Trustees of the University of the East (UE) and the University of the East Ramon Magsaysay Memorial Medical Center (UERMMM). Mr. Chua is also President of Cathay Pacific Steel Corporation (CAPASCO) and the Philippine Steel Makers Association (PSA). He is a Vice President of the Federation of Filipino Chinese Chambers of Commerce and Industry Inc. (FFCCCII), Chairman of the 2011 Philippine Business Conference of the Philippine Chamber of Commerce and Industry, Chairman of the 2008 National Employers Conference of the Employers Confederation of the Philippines, and a Past President of the Kellogg/Northwestern University Alumni Association of the Philippines. He was past Directors of the Philippine Savings Bank (PS Bank), First Metro Investment Corporation, the Philippine Banking Corporation, and former Chairman of the Philippine Institute of Quezon City (PIQC). He graduated with a BS Financial Services Management, Honors degree from St. Mary's College of California and finished his MBA from the Kellogg School of Management of Northwestern University, Evanston, Illinois and the Hong Kong University of Science and Technology.

Francis C. Chua, Filipino, has been a Director of PSE since 2010. He is currently the President of the Foundation for Crime Prevention (Patrol 117) and the Chairman Emeritus of the Philippine Chamber of Commerce and Industry Inc. (PCCI). He is the only Filipino who has ever served as President to three of the most influential business organizations in the land, notably, the Philippine Chamber of Commerce and Industry Inc. (2010-2011), The Chamber of Commerce of the Philippines Foundation Inc. (2004-2006) and the Federation of the Filipino Chinese Chambers of Commerce and Industry (2005-2007). In 2007, he was appointed as Special Envoy for Trade and Investments. He is a notable business figure entrusted by several companies to sit on their Board. He is the Chairman of the Board of Negros Navigation, 2GO Corporation, Dong Feng Automotive Philippines, and the Green Army Foundation. He is also the Vice Chairman of Bank of Commerce and Vice Chairman of Basic Energy. He is also the Chairman and President of CLMC Group of

Companies and Philippine Satellite Corporation. Dr. Chua is also a Director of various companies and institution like National Grid Corporation of The Philippines, UP Foundation Inc., Adamson University, Employers Confederation of the Philippines, Board of Adviser of Office of Alternative Dispute Resolution, Department of Justice, Xavier School and Xavier School Educational and Trust Fund, Philippine Institute of Quezon City, Overseas Chinese University, UP Board of Regent 2008 to 2010, Board of Trustees in TESDA 2006 to 2010. Dr. Chua is the Consul General (ad honorem) of the Honorary Consulate General of Peru in Manila since 2006. He has been recipients to several distinguished awards notably the PCCI Medallion of Leadership and Employers Confederation of the Philippines (ECOP) Lakan ng Kalakalan both awarded in 2012, Outstanding Dignitary Award by Superbrands in 2012; the Management Man of the Year 2011 awarded by the Philippine Council of Management; BizNews Asia Magazine Who's Who in Philippine Business in 2010; Presidential Sikatuna Award in 2010; UP Alumni Award for Community Service (National Level) in 2006 and the Jose Rizal Award for Excellence in Business and Entrepreneurship in 2004 to name a few. Dr. Chua graduated Bachelor of Science in Industrial Engineering from the University of the Philippines in Diliman, Quezon City and class Valedictorian in Xavier High School.

Anabelle Lim- Chua first became a Director of PSE 2004 to May 2010 and was re-elected on May 2011. She is the Chief Financial Officer of Smart Communications, Inc. and Treasurer and Senior Vice President of Philippine Long Distance Telephone Company. For the years 1987-1998, she held various executive positions in Citibank N.A. culminating as Corporate Finance Senior Transactor and Market Execution Head in February 1998. She was a Controller of the Solid Pacific Finance Ltd. in Hong Kong from July 1986 to September 1987 and a Banking Assistant of the Phil. National Oil Company from January 1983 to June 1986. Ms. Chua graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines and was a consistent University Scholar for ten semesters. She topped the October 1982 CPA Board Examinations.

Dakila B. Fonacier has been a Director of PSE since May 2011. He is a Member of the Board of Directors of the Securities Clearing Corporation of the Philippines (SCCP), Capital Markets Integrity Corporation (CMIC), Philippine Dealing Systems Holdings Corporation (PDS), McManus Ventures, Inc. and MCX Konsult Corporation. Mr. Fonacier is also a member of the Exchange's Audit and Nomination and Election Committee, PDS and CMIC's Audit Committee. He held various positions in the government, such as Commissioner of the Bureau of Internal Revenue and Concurrently Undersecretary of Department of Finance (2000-2001) and Undersecretary of the Department of Trade and Industry (1998-2000). He was the President of Franchise One Corporation and the Chairman of the Board of Directors of the Philippines Associated Smelting and Refining Corp. Mr. Fonacier became a Board Member of the following corporations: National Power Corporation; Cagayan Economic Zone Authority; Garments & Textile Export Board; Asean Potash Mining Ltd in Bangkok, Thailand; Asean Bintulu Fertilizer Sdn. Bhd in Kuala Lumpur, Malaysia; Philippine Phosphate Fertilizer Corporation; Semirara Coal Corporation; Philippine International Trading Corp.; and Refractories Corp. of the Philippines. He earned his Master's degree in Marketing and Finance from J.L. Kellogg Graduate School of Management Northwestern University, in Chicago, Illinois and finished his Bachelor's degree in Accounting, cum laude, from the University of the Philippines. He ranked fifth in the 1968 Philippine CPA Examinations.

Eddie T. Gobing has been a Director of PSE since 2006. He also served as a member of the Board of the Company from 2001 to 2003; and from 2004 to 2005. He also served as a PSE Governor from 1995 to 1997 and from 2001 to 2002, aside from being a PSE Assistant Secretary in 1998 and an Assistant Treasurer in 1999 and in 2001. He was Co-Chairman of the Floor Trading & Arbitration Committee ("FTAC") and FTAC Chairman from 1999 to August 2002 on top of being a member of the Company's Membership Committee since 1997. He was a member of the FTAC and Sports Committee from 1994 to present. He is the President of Lucky Securities, Inc., and E.G. & Sons Insurance Agency; Chairman of Jacqui Foods Corp., G.G. Food Chain Corp. and J.G. Food Corp. Mr. Gobing graduated with a Bachelor of Science degree, major in Management, from the University of Santo Tomas.

Amor C. Iliscupidez has been a Director of PSE since April 2006. She is a member of the Audit Committee and Corporate Governance Committee of the Company. She is a director of the Securities Clearing Corporation of the Philippines and a member of its Audit Committee and Fails Management Committee since January 2011. She is also a Director of the Bank of Commerce since April 2008 and is a member of the Executive Committee, Trust Investment Committee. Aside from being the General Manager of San Miguel Corporation (SMC) Retirement Funds Office, she is also a member of the Board of Trustees of various Retirement Plans of the San Miguel Group. She was General Manager at Anchor Insurance Brokerage Corporation from 2003 to 2005 and was Assistant Vice President and Manager of the SMC Group Financial Services from 2001 to 2003. Ms. Iliscupidez was also Finance Manager of several

subsidiaries/business units of San Miguel Corp. She graduated Cum Laude with a Bachelor of Science degree in Business Administration, major in Accountancy, from the University of the East. She is a Certified Public Accountant (CPA).

Edgardo G. Lacson has been a Director of PSE since May 2011. He is the President of various business companies including MIS Maritime Corporation, Safe Seas Shipping Agency, Marine Industrial Supply Corporation and EML Realty. He is the Chairman of Metrostore Corporation, MIL Export Philippines, Beacon Environmental Management Services. He is also the President of Employers Confederation of the Philippines and a Member of the Makati Business Development Council, Phil. Nippon Kyokai Technical, Phil. Interisland Shipping Association, Makati Zoning Committee and Management Association of the Philippines. Mr. Lacson is an Honorary Member of the Rotary Club-Diliman and Honorary Chairman of the Philippine Chambers of Commerce and Industry. He is also a Trustee of Phil. Petroleum Sea Transport Association.

Cornelio T. Peralta is the Chairman of the Board of Directors of the Company from January – May 2011. He has been a member of the PSE Board as an Independent Director from 2004- 2008 and 2010. He is the Chairman of the Audit Committee of the Exchange, and member of the Board of the Capital Markets Integrity Corporation and the Securities Clearing Corporation of the Philippines. He is a Trustee of the University of the East and of UERM Memorial Medical Center. He is a member of the Board of Governors of Makati Commercial Estate Association, Inc.. He is also a director of JG Summit Holdings, Inc., Wan Hai Lines, Inc., Grow Holdings, Inc.. Atty. Peralta worked as an Associate Attorney at the Crispin D. Baisas Law Office from 1956 to 1961. He then became a lawyer for Insular Life-FGU Insurance Group. From 1964 to 1971, he held various positions in Kimberly-Clark Philippines, culminating in his election as the President and Chairman for 27 years from 1971 to 30 June 1998. He was likewise the Chairman and CEO of the University of the East from 1982 to 1984, the President and Director of P.T. Kimsari Paper Indonesia, from 1985 to 30 June 1998, and the President and Director of Twin Towers Condominium Corporation from 1989 to 1997. Atty. Peralta finished his Bachelor of Arts Degree Cum Laude and Bachelor of Laws degree from the University of the Philippines. He then enrolled in an Advanced Management Program in Harvard Graduate School of Business.

Eusebio H. Tanco has been a Director of PSE since 2007 and is also a member of the Company's Building Committee. He is the executive committee chairman of STI Education Services Group, Inc. and founding president of Global Resource for Outsourced Workers. He is also the Chairman of STI Investments, STI Education Systems Holdings, Inc. , Delos Santos-STI College, DLS-STI Medical Center, DLS-STI Megaclinic, Philplans First, Inc and PhilhealthCare, Inc., Banlife Insurance, Capital Managers and Advisors, Inc., the vice chairman and president of port operator Asian Terminals Inc., president of Venture Securities, Inc., Philippines First Insurance Co., Mactan Electric Company, STMI Logistics, Inc. , Total Consolidated Asset Management Inc., Prime Power Holdings, Inc. and a member the board of Philippine Women's University, iACADEMY, Mindanao Energy Inc., Philippine Life Financial Assurance ,United Coconut Chemicals, Inc., Philippine Racing Club and Leisure & Resorts World Corporation. His extensive corporate experience covers financial services, manufacturing, transportation and logistics, energy, property development, ICT-enabled education and services. His professional associations include the Philippines-UAE Business Council, Philippines-Thailand Business Council, Philippines, Inc., Philippine Chamber of Commerce and Industry & the Philippine Stock Exchange. Mr. Tanco holds a Master of Science in Economics from the London School of Economics and Political Science. He finished his undergraduate studies at the Ateneo de Manila University.

Robert G. Vergara became a Director of PSE in October 2010. He is presently President and General Manager of the Government Service Insurance System (GSIS). Currently, he sits as Vice Chairman and Member of the Board of Directors of Manila Hotel and National Reinsurance Corporation of the Philippines, and as Member of the Board of Directors of Philippine Health Insurance Corporation and Housing and Urban Development Coordinating Council. Prior to his appointment to GSIS, Mr. Vergara was Managing Director and the Founding Partner of Cannizaro Limited (Hong Kong), a multi-strategy hedge fund manager organization investing in the Asian markets. He was a Principal of Morgan Stanley Asia Ltd. from 1997 to 2001 where he set up and managed its firm's Asian proprietary trading activities. Immediately before that, Mr. Vergara worked at IFM Trading, a pioneering hedge fund based in the city of London that specialized in arbitrage and derivative trading strategies in global capital markets. He graduated from the Harvard Graduate School of Business Administration in Massachusetts, USA, in 1986, and he earned his Bachelor of Science Degrees in Management Engineering and Mathematics, magna cum laude, from the Ateneo de Manila University in 1982.

Alejandro T. Yu has been a Director of PSE and SCCP since 2004. Previously, he was a Governor of the Makati Stock Exchange Inc., from 1994 to 1996. He participated actively in various committees including: trading floor and arbitration, computer, membership, and sports. He was also the Treasurer of the PSE and the SCCP from 2005 to 2008.

Mr. Yu is currently, serving various capacities as Chair or member of committees such as: Fails Management, Risk Management, Audit, Investment and Golf. A graduate of Xavier School and De la Salle University, he took up Industrial Management Engineering, with Minor in Mechanical Engineering.

Vivian Yuchengco served as the Chairman of the Philippine Stock Exchange, Inc. (PSE) from 2002 to 2003. In 1989, she became the first woman president of the Makati Stock Exchange. She was co- Chair of the Committee that worked for the demutualization of the PSE. She was also a member of the Board of Trustees of the Securities Investment Protection Fund, Inc. in 2000 and Director of Ayala Tower One since 1996. She currently serves as Chairperson of the PSE Building Committee and the Philippine Association of Stockbrokers and Dealers Incorporated. She is the Managing Director of her own firm, The First Resources Management and Securities Corporation which has been in operation for 33 years. She graduated with a Bachelor of Arts degree, major in Economics.

Roel A. Refran is Senior Vice President and Chief Operating Officer of the Exchange, effective June 2012. He is a certified public accountant (CPA) and a lawyer. He joined the company in March 2005 as General Counsel, and he was the Compliance Officer of the Company and SCCP. He worked as an associate at Sycip Salazar Hernandez & Gatmaitan law office from 1999 to 2001; from 2002 to 2004, he was chief of staff of Sen. Ralph G. Recto. Before joining the Company, he was an associate at Angara Abello Concepcion Regala & Cruz. He was a part-time lecturer at Ateneo Law School. He obtained his Juris Doctor degree, Second Honors, from Ateneo de Manila University in 1999. He earned his degree in Bachelor of Science in Business Administration and Accountancy (B.S.B.A.A.), Magna Cum Laude, from the University of the Philippines (Diliman) in 1995. He then obtained his Master of Business Administration (MBA), with specialization in capital markets and finance, from Goizueta Business School of Emory University (USA) where he was a Fulbright scholar and Donald R. Keough scholar. He is a member of Beta Gamma Sigma, the international honor society in business. Atty. Refran obtained the fourth highest ranking among the successful bar examinees in the 1999 bar examinations when the national passing percentage was only 16.59%. He has been with the Exchange for 8 years already, before he took his study leave from July 2010 to May 2012.

J. Argel G. Astudillo is Vice President and Head of Governance, Risk and Compliance. Mr. Astudillo joined the Exchange in December 2010. He has been with the Exchange for 3 years already. He is an independent consulting sub-contractor at Pricewaterhouse Coopers Financial Advisors, Inc. from August to November 2010; Risk Management Consultant at Government Service Insurance System from August 2008 to June 2010; and held various positions at Citibank N.A. Philippines from 1985 to August 2007 the latest of which was Retail Branch Banking Compliance Head – Global Consumer Group, from February 2005 to August 2007. Mr. Astudillo earned his Master of Business Administration degree from Case Western Reserve University, Weatherhead School of Management in Cleveland, Ohio, U.S.A. He graduated from the University of the Philippines with a Bachelor of Science Degree in Business Administration and was one of the Ten Outstanding Young Students of the College of Business Administration for Leadership.

Rachelle C. Blanch is Vice President and Head of the Market Operations Division of the Company since July 2008. She was promoted April 2011 to the rank of Vice President. She was the Head of the Applications Development Department of the former Information Technology Division before the Market Operations Division was created. Prior to joining the Exchange in 1997, Ms. Blanch was Project Implementor at the Computer Information System. She has been with the Exchange for 16 years already. Ms. Blanch finished her Master's degree in Business Administration at the De La Salle University. She graduated from the University of the Philippines with a Bachelor of Science Degree in Mathematics.

Marietta U. Tan is Vice President, Controllershship and Treasury Division since November 2002. Ms. Tan is also the Officer-In-Charge of the PSE Foundation, Inc. She is a Director and the Treasurer of GOLD, Inc. and Executive Net Consulting Company. She is an investor in Country Waffle, Inc. (Alabang). Prior to joining the Exchange, Ms. Tan was the Chief Finance Officer of the Rural Electrification Financing Corporation. Her past positions include the following: Executive Vice President and Chief Operating Officer of the Small Business Guarantee Fund Corporation; Project Director of the Credit Evaluation Group, The Guarantee Fund for Small and Medium Enterprises; Senior Manager and Department Head of the Credit Research Group of the Banco de Oro and Mortgage Bank; Manager and Department Head of the Financial Engineering Department and Chief Accountant of First Metro Investment Corporation; Senior Financial Evaluation Analyst and Senior Auditor of Bancom Development Corporation; and External Auditor of SGV & Co. She has been with the Exchange for 11 years already. Ms. Tan received her Bachelor of Science in Business Administration Degree Magna Cum Laude from the University of the East. She is a Certified Public Accountant.

Jinky A. Alora is Assistant Vice President and Head of the Internal Audit Unit effective May 2012. She used to head the Trading Participants Regulation Department of the Market Regulation Division since July 2008. She is likewise designated as the Officer-In-Charge of the Market Regulation Division since October 2009. Prior to said appointment, she was head of the same office as Senior Manager. Before she joined the Exchange in 1995, Ms. Alora was the Accounting Manager of USA Laboratories, and the Senior Auditor at Joaquin Cunanan Price Waterhouse Coopers. She has been with the Exchange for 18 years already. She graduated Magna Cum Laude with a Bachelor of Science Degree in Commerce Major in Accounting from the University of Perpetual Help of Laguna.

Tristan G. Gillego is Assistant Vice President and Head of the Technology Division effective April 2012. Mr. Gillego joined the Exchange in July 1996 as a Network Specialist. He became Network Administrator in October 1997 and Manager of the Infrastructure Development and Computer Operations Department in March 2007. In April 2008, he was made Department Head of the Systems and Infrastructure Department which eventually became the Infrastructure and Systems Administration Department of the Technology Division. Before joining the Exchange, Mr. Gillego was Network Specialist at Datamag Systems, Incorporated, Sr. Network & Systems Engineer at Digital Pro, Incorporated, Network Engineer with IBM Philippines, and Jr. Network Engineer at Digital Pro, Incorporated. He has been with the Exchange for 17 years already. He has a Bachelor of Science in Electrical Engineering Degree from the Technological Institute of the Philippines.

John Bennette B. Mamangun is Assistant Vice President and Head of the Corporate Planning & Investor Relations Division and is the Exchange's Chief Investor Relations Officer. He rejoined the Exchange last December 2011. He was Equities Investments Head of Kai-zen Management Services Incorporated from March to December 2011. Previous to that he was Head of the Corporate Planning and Research Section of the Exchange with a rank of Senior Manager. Prior to joining the Exchange, he was Supervising Legislative Staff Officer at the Economic Planning Office of the Senate of the Philippines, Capital Markets Research Associate at Accelerating Growth Investments Liberalization with Equity (AGILE), Senior Research Associate at the Department of Agriculture and District Development Assistant with Caritas Manila. Mr. Mamangun has a Master's Degree in Economics from the Ateneo de Manila University where he also acquired his Bachelor of Arts in Philosophy degree. He has been with the Exchange for two years already.

Marsha Angelyn M. Resurreccion is Assistant Vice President and Head of the Issuer Regulations Division since April 2011. She was hired as a Listings Specialist in July 2002. She was promoted to Sr. Listings Specialist with the rank of Supervisor in September 2004. By March 2006, she was made Assistant Manager and a year later she became a full-fledged Manager. In July 2008, Ms. Resurreccion was promoted to Senior Manager and Head of the Listings Department. Prior to joining the Exchange, Ms. Resurreccion was an Officer Development Program Trainee at Solidbank Corporation where she also held the position of Regional Marketing Officer for Mindanao and Account Assistant of its Branch Lending Division. She was also Marketing Consultant and Compliance Officer/ Branch Cashier at South Bank, Inc. in Cagayan de Oro City. She has been with the Exchange for 11 years already. Ms. Resurreccion has a Bachelor of Science in Business Management degree from the Ateneo de Manila University, graduating with Honorable Mention.

Precilla S. Sandoval is the Assistant Vice President and Officer-in-Charge of the Business Development Department of the Capital Markets Development Division. Prior to said appointment, she was Head of Market Data Business Department March 2006 to February 2013, and was Head of the Strategic/Corporate Planning Department of the Automated Trading Group from March 2003 to February 2006. Before she joined the Exchange in 2003, Ms. Sandoval was Consultant for Information Technology for Senator Loren Legarda. She was employed in Far East Bank and Trust Company from 1983 to 2000 and occupied the following positions: Head of the Operations Management Division, Head of the Technology Research and Planning Department, Head of the Office Automation Department, Co-head of the Technical Support Department, and Analyst/Programmer of the Systems Development Department. She has been with the Exchange for 10 years already. Ms. Sandoval took up her Masters in Business Administration from the University of the Philippines (Diliman) and graduated from the same university with a Bachelor of Science degree in Industrial Engineering. She likewise finished the Information Systems Professional Development Program from IBM Philippines.

Buenaventura S. Sanguyo is Assistant Vice President and General Counsel effective April 2012. He joined the Exchange in July 2007 as a Legal Officer. On April 1, 2010, he became Deputy General Counsel and was promoted to Senior Manager. Prior to the Exchange, Atty. Sanguyo was a Partner at Castro Sanguyo Margarejo and Rosas Law Office, Contracts Manager at Caspian Wireless Technologies, Special Legal Counsel with the Department of Agrarian Reform, Senior Associate at Reyes Francisco & Associates Law Office and Assistant Tax Manager at Isla Lipana & Co./

Pricewaterhouse Coopers. He graduated Cum Laude with a Bachelor of Arts in Political Science Degree from the University of Santo Tomas. He obtained his Law Degree from the University of the Philippines in Diliman in 1994 and subsequently passed the 1995 Bar Examinations.

Omelita J. Tiangco is the concurrent Treasurer of the PSE after having been appointed to the post by the Board of Directors last 2011. She was a Director of the Company from August 2006 to May 2011, and was a member of the Exchange's Corporate Governance and Audit Committees. She used to be the Executive Vice President of the Government Service Insurance System (GSIS) and served as the Senior Vice President of the Fund Management Group up to November 2007. She also served as the Senior Vice President of the Internal Audit Group of GSIS in 2004. She also used to be the President of GSIS Mutual Fund Inc., Director and Treasurer of GSIS Family Bank and Controller of GSIS Properties, Inc. She has been involved with the Exchange for 7 years already. Ms. Tiangco holds a Master's degree in Business Administration from the De La Salle University and a Bachelor of Science in Commerce degree from Arellano University. She is a Certified Public Accountant.

Aissa V. Encarnacion, Filipino, has been the Corporate Secretary of the Exchange and SCCP since February 2004. She is a Partner of the Zamora Poblador Vasquez & Breaña Law Offices. She is a part-time lecturer at the University of the Philippines, College of Business Administration. Before she assumed her present PSE post in February 2004, she was Assistant Corporate Secretary of PSE from 2000 to 2003 and Acting Corporate Secretary from 2003 to February 2004. She is also the President of Creative Juice\G1 Advertising, Inc., since 2006. Prior to joining her present law firm, she was a Senior Associate of the Bengzon Narciso Cudala Jimenez & Liwanag Law Offices. She received her Bachelor of Laws and Bachelor of Science in Business Administration degrees from the University of the Philippines. She has been involved with the Exchange for 13 years already.

Independent Legal Counsel

ACCRALAW has been appointed as legal counsel of the Fund. ACCRALAW, established in 1972, is today one of the Philippines' top-tier full service law firms with a cohesive multi-disciplinary team of legal professionals who possess in-depth knowledge of specialized fields of law backed by extensive experience of forty years in the practice of law in the Philippines. Please refer to section on "Legal Matters" on p. 90.

External Auditor

Please refer to section on "Independent Auditors" on p. 91 for discussion on the external auditor of the Fund.

Related Party Transactions

The Fund, in its ordinary course of its business, engages in a variety of transactions with related parties. Certain of these related party transactions are described below:

- The engagement of FAMI, a wholly-owned subsidiary of the Fund Sponsor, FMIC, as the Fund Manager and Principal Distributor of the Fund. The Fund pays FAMI an annual management fee payable monthly to the Fund Manager, equivalent to fifty basis points (0.50%) per annum of the NAV of the Fund's assets, computed on a daily basis, pursuant to the Management and Distribution Agreement.
- The engagement of FMSBC, a wholly-owned subsidiary of the Fund Sponsor, FMIC, and is appointed as one of the Authorized Participants and the Market Maker of the Fund. Creation and Redemption orders from investors are coursed through the Authorized Participants who directly transact with the Fund for the in-kind creation and redemption of Creation Units.
- MBTC-TBG, the Trust Division of the parent company of FMIC, Metrobank, has been engaged by the Fund to act as its Stock and Transfer Agent. The Fund shall pay the Stock and Transfer Agent transfer agency fees in accordance with the fee schedule provided in the letter proposal between the Fund and MBTC-TBG.

In addition, no Director or executive officer or any member of their respective immediate families has, during the last two (2) years and up to the date of this Prospectus, had a direct or indirect, material interest in a transaction or proposed transaction to which the Fund was a party.

Board of Directors and Senior Management

Currently, the Board of Directors of the Fund consists of seven (7) members, of which three (3) are independent directors. The table below presents certain information pertaining to the members of the Board and senior management.

Name	Age	Position
Hector C. Villanueva	78	Chairman
Eduardo R. Carreon	65	Director and President
Winston L. Peckson	60	Director
Michael G. Say	52	Director
Atty. Abelardo V. Cortez	67	Independent Director
Amb. Romualdo A. Ong	78	Independent Director
Dr. Bernardo M. Villegas	78	Independent Director

The table below presents certain information pertaining to the Fund's executive officers.

Name	Age	Position
Marie Arabella D. Veron	52	Treasurer
Jonathan T. Tabac	59	Compliance Officer
Melissa B. Reyes	43	Corporate Secretary
Edwin B. Valeroso	50	Corporate Information Officer and Investor Relations Officer

Hector C. Villanueva, DIRECTOR/CHAIRMAN OF THE BOARD

Mr. Villanueva, 78, Filipino, served as Post Master General and Chief Executive Officer of the Philippine Postal Corporation ("PPC") from 2006 to 2011. Prior to this, he served as Chairman of the Board of the Directors of PPC from 2004 to 2006. He also held the following positions: Member, Private Sector Representative, Polytechnic University of the Philippines (2002-2006); Representative to Export and Industry Bank, Philippine Deposit Insurance Co. (2002-2006); Chairman and President, Philippine Pacific Management Consultancy, Inc.; Member, Advisory Board, FMIC (2002-2004); Publisher and Editor -in-Chief, Sun Star Manila (1998 to 2001) and served as the Press Secretary of the Malacañang Palace, Manila (1995-1998).

Mr. Villanueva has a Bachelor of Science degree in Economics from the University of London and has taken the International Banking Course from Royal Institute of Bankers, United Kingdom.

Mr. Villanueva was elected Director and Chairman of the Board on April 16, 2013, and his term of office is for one (1) year.

Eduardo R. Carreon, DIRECTOR/PRESIDENT

Mr. Carreon, 65, Filipino, is President and CEO of CVLF Consultancy and Outsourcing Corporation since 2009. He served in various position with Maybank Philippines since 1999. He was Consultant (2008-2009), and prior, Senior Vice President of the Enterprise Financial Services (2003-2008). He served as Consultant for Capital Advisors for Private Enterprise Expansion Inc. from 1998-1999. He was also Country Manager for Dow Jones Philippines (1995-1998); General Manager, Philippine Finance and Investment Company, Hong Kong (1979-1981); Assistant Vice President, PCIBank – 1974-1979; and Pro Manager, Citibank from 1970-1973.

Mr. Carreon graduated from the Ateneo de Manila University in 1969 with a Bachelor of Arts degree. He is also an MBA candidate from the Ateneo Graduate School of Business.

Mr. Carreon was elected Director and President on April 16, 2013, and his term of office is for one (1) year.

Winston L. Peckson, DIRECTOR

Mr. Peckson, 60, Filipino, has thirty-six years of experience in the banking industry. He is currently a Consultant for the Treasury and Investment Banking groups of FMIC. Among his past positions were Head of Treasury Marketing of Philippine National Bank (PNB) from 2009-2010; Vice President and General Manager of the Manila Offshore Branch of ABN-AMRO NV from October 1999-2009; VP and Corporate Treasury Advisor of Bank of America- Manila Branch from 1996-1999; CEO and Director of Danamon Finance Company (HK) from 1991-1996; Manager Corporate Banking of Lloyds Bank PLC (HK) from 1986-1991, and VP(Commercial) at the Manila Offshore Branch; and Department Head, Branch Banking with the Far East Bank and Trust Company from 1972-1975.

Mr. Peckson obtained a Master's Degree in Business Management from the Asian Institute of Management in 1977, and he graduated from the Ateneo De Manila University in 1972 with a Bachelor of Arts Degree, minor in Business Administration.

Mr. Peckson was elected Director on June 19, 2013. Having replaced a director who resigned, his term of office will be for ten (10) months.

Michael G. Say, DIRECTOR

Mr. Say, 52, Filipino, graduated from De La Salle University with a degree in Management of Financial Institutions.

He is currently Chairman of the following companies: Capitalwise Groups Ltd., Atlantic Achers Achiever Corporation, Tokagawa Global Corporation, Chef and Cooks Market Corporation, Poc and Poc Corporation, and Chic Uniform, Inc.

Mr. Say was elected Director on October 24, 2013, and his term of office will be for five (5) months.

Atty. Abelardo V. Cortez, INDEPENDENT DIRECTOR

Atty. Cortez, 67, Filipino, has over 25 years of banking experience in the local and international banking industry, concentrating on treasury, trust and private banking side of the business. Atty. Cortez is also an Independent Director of PBC Capital Investment Corporation (2012-2013). Over this period, he held the following posts: Money Market Head-Rizal Banking Corporation (1978 to 1980); Vice President-Treasury Operations, Bank of the Philippine Island (1980 to 1986); Managing Director, Overall CEO, BPI International Finance Ltd. (Hongkong) from 1987 to 1995; Vice President, Head/Private Banking Group- Bank of the Philippine Island (1995 to 1996); Director for Trust and Investment, ATR KimEng Capital Partners, Inc. (1996 to 2011). He was FINEX national President in 2007 and Co-Chairman of the country's Capital Market Development Council in 2008.

Presently, he also sits as Independent Director of PBC Capital Investment Corporation (2012-2013).

Atty. Cortez earned his Bachelor of Laws degree from San Beda College of Law. He completed his collegiate studies at San Beda College, earning a Bachelor of Arts degree graduating as Cum Laude.

Atty. Cortez writes a monthly business column in the Businessworld.

Atty. Cortez was elected Director on October 24, 2013, and his term of office will be for five (5) months.

Amb. Romualdo A. Ong, INDEPENDENT DIRECTOR

Amb. Ong, 78, Filipino, has been part of the Board of Directors of FMIC as an Independent Director from the year 2005 to 2012. As a professional, he has over 40 years of experience in foreign service/ international management. Previously, he has served in the capacity of Philippine Ambassador to Malaysia (2003 to 2004), to China (1994 to 2000), to Russia (1993 to 1994), and to Australia (1986 to 1989). Amb. Ong also held the positions of Assistant Secretary for the Office of ASEAN Affairs, and for ASIAN and Pacific Affairs, Director of the Foreign Service Institute— all under the Department of Foreign Affairs (DFA).

He is a graduate of the University of the Philippines with a BS degree in Foreign Service. He also pursued further Diplomatic Studies at the Institut International D'Etudes et de Recherches Diplomatiques (Paris), and International Civil Service Training at O.F.I. (Paris).

Presently, he sits as an Independent Director of PBC Capital Investment Corp. (since 2006), First Metro Save and Learn Fixed Income Fund, Inc. (June 2009 to present) and First Metro Save and Learn Global Opportunity Fund, Inc. (August 2012 to Present)

Amb. Ong was elected Director on April 16, 2013, and his term of office is for one (1) year.

Dr. Bernardo M. Villegas, INDEPENDENT DIRECTOR

Dr. Bernardo M. Villegas, Ph.D., 78. Filipino, serves as the Senior Vice President of the University of Asia and the Pacific. Dr. Villegas serves as an Educational Consultant for the Parents for Education Foundation Inc. ("PAREF"), and a columnist in the Manila Bulletin. Dr. Villegas also serves as the Dean of the School of Economics of the University of Asia & the Pacific; and as Consultant of Bank of Philippine Islands, and Transnational Diversified Inc. He has been the Chairman of Filipino Fund Inc. since June 2012. He also served as Chairman of Filipino Fund Inc. until February 2007, Co-Chairman until November 30, 2007 and served as its President. He served as Chairman, Department of Economics-De La Salle University Manila and Director, Economic Research Bureau and Graduate School of Business-De La Salle University Manila. He has been an Independent Director of Benguet Corp. since June 25, 1998. He has been a Director of Alaska Milk Corp. since August 2008. He serves as a Director of Bank of Philippine Islands, and Transnational Diversified Inc. He serves as a Member of Board of Trustees of The Insular Life Assurance Company, Ltd. He served as a Member of the South East Asia Advisory Board of Rolls Royce Group plc. He serves as a Member of the Board of Directors of leading firms in the food and beverage, sugar milling, pharmaceutical, electric power, banking, information technology, construction, agribusiness, trading, transportation and engineering industries. He began to serve in the Board of AMC in 1999. He serves as Director of Filipino Fund Inc. He served as a Director of the Filipino Fund Inc., from June 1995 to November 30, 2007. He served as a Non-Executive Independent Director of Uniwide Holdings Inc., since September 11, 1994. He served as an Independent Director of Alaska Milk Corp. from 1999 to 2006. He was President of Philippine Economic Society. He served as Project Director, Philippine Economic History under the National Historical Commission; Member, Preparatory Commission for Constitutional Reforms and Constitutional Commission; Consultant, Productivity Development Center-National Economic Council and Program Implementation Agency. He serves as the Chairman of Center for Research and Communication. He is a Member of the boards of several foundations such as Dualtech Foundation, Pilipinas Shell Foundation and PHINMA Foundation. He is a Member of the board of Trustees of the Makati Business Club. He is Professor of the University of Asia and the Pacific, Manila, Philippines, and a Visiting Professor in Economics, IESE Business School, Barcelona, Spain. His special fields of study are developments economics, social economics, business economics and strategic management. He is a Certified Public Accountant, having been one of the CPA board topnotchers in 1958. He is the Consultant on Strategic Planning and Management. Dr. Villegas holds a Ph.D. in Economics and M.A. in Economics from the Harvard University. He obtained his Bachelor's degrees in Commerce and the Humanities (both Summa Cum Laude) from De La Salle University.

Dr. Villegas is one of the two Independent Directors of the Company.

Dr. Villegas was elected Director on April 16, 2013, and his term of office is for one (1) year.

Aside from the President of the Fund, the other Executive Officers are:

Marie Arabella D. Veron, TREASURER

Marie Arabella D. Veron, 52, Filipino. Ms. Veron is First Vice President and Controller of FMIC. She joined FMIC on May 4, 1992. Among her other positions are: Director of FAMI (From 2010 to present), Treasurer of PBC Capital Investment Corporation (2006- Present), Director/Treasurer of SBC Properties, Inc. (2003-Present), Treasurer of First Metro Save and Learn Money Market Fund, Inc., First Metro Global Opportunity Fund, Inc., First Metro Save and Learn Fixed Income Fund, Inc., First Metro Save and Learn Equity Fund, and First Metro Save and Learn Balanced Fund, Inc (2008 to present). Ms. Veron finished her Bachelor of Science Degree in Business Administration, major in Accounting from University of the East. She is a Certified Public Accountant and a Certified Management Accountant.

Jonathan T. Tabac, COMPLIANCE OFFICER

Jonathan T. Tabac, 59, Filipino, is the Head of the Compliance Department of FMIC (from 2003-present), and he is also Compliance Officer of FMSBC, First Metro Save and Learn Fixed Income Fund, First Metro Save and Learn Equity Fund, and FAMI (from 2005-present). He was Assistant Vice President and Compliance Officer of Citystate Savings Bank (2002-2003), Vice President of Maybank Philippines (formerly PNB Republic Planters Bank from 1997-2001) and Chairman of the Board of RPB Provident Fund (from 1997-2001). Mr Tabac finished BSC-Accounting from University of Baguio and earned MBA Units from the University of Sto. Tomas. He is a Certified Public Accountant.

Melissa B. Reyes, CORPORATE SECRETARY

Melissa B. Reyes, 43, Filipino. Ms. Reyes is Senior Manager and Senior Legal Officer of FMIC. She joined FMIC in November, 2003. She was also Compliance Officer of FMSBC from 2004-2006. Prior to joining the FMIC group, she was Senior Consultant in the Corporate and Tax Services of J. Cunanan-Pricewaterhouse Philippines (2000-2003). She was previously Chief Legislative Officer in the Office of Senator Loren Legarda from 1998-2000, and Court Attorney III in the Office of Supreme Court Justice Ricardo J. Francisco from 1997-1998. Ms. Reyes obtained her A.B. Political Science Degree from Ateneo de Manila University, and her Bachelor of Laws degree from San Beda College. She also completed the Trust Course from the Trust Institute of the Philippines in 2012.

The executive officers were elected on April 16, 2013, and the term of office of each is for one (1) year.

Investor Relations Officer

The Investor Relations Officer shall be tasked with (a) the creation and implementation of an Investor Relations Program that reaches out to all shareholders and fully informs them of corporate activities, and (b) the formulation of a clear policy for accurately, effectively and sufficiently communicating and relating relevant information to the Fund's stakeholders as well as to the broader investor community.

Edwin B. Valeroso was appointed Investor Relations Officer of the Fund. Mr. Valeroso is 50 years old, Filipino, and his term of office is one year. He is First Vice President of First Metro Asset Management, Inc. He was the President and of First Metro Save & Learn Balanced Fund (Jan 2007 to June 2011), First Metro Save & Learn Fixed Income Fund and First Metro Save & Learn Equity Fund (from May 2005 to June 2011), and President of First Metro Save and Learn Dollar Bond Fund, Inc. (2008 to 2011). He is Vice President/Trustee/Corporate Secretary of Philippine Investment Funds Association, Inc. (2006-present) and an Associate Professorial Guest Lecturer at De La Salle University-Graduate School of Business (2000-2009). He was a Mutual Fund Strategist/Consultant at First Metro Investment Corp. (2004-2005). Mr. Valeroso has a BS Actuarial Mathematics degree from University of Santo Tomas, a Master's degree in Applied Mathematics from University of the Philippines, and a Doctor of Business Administration degree from De La Salle University-Manila. He is also an alumnus of the Trust Institute Foundation of the Philippines.

His contact details are as follows:

Telephone Number: +632 891 2860

Email Address: ebv@firstmetro.com.ph

Office Address: 18th Floor, PSBank Center, Paseo de Roxas corner Sedeño St., Makati City 1227, Philippines

Corporate Information Officer

The Fund's Investor Relations Officer, Mr. Edwin B. Valeroso, is concurrently the Corporate Information Officer of the Fund.

Significant Employees

The Fund does not believe that its business is dependent significantly on the services of any particular employee.

Involvement in Certain Legal Proceedings

Neither the Issuer nor FAMI is a party to any material pending legal proceedings. None of the Board of Directors or executive officers of the Issuer or FAMI are:

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

Corporate Governance

The Board approved the Fund's Corporate Governance Manual on June 19, 2013 to monitor and assess the level of the Fund's compliance with leading practices on good corporate governance as specified in Philippine SEC Circulars. Aside from establishing specialized committees to aid in complying with the principles of good corporate governance, the Manual also outlines specific investor's rights and protections and enumerates particular duties expected from the Fund's Board members, officers and employees. It also features a Disclosure System which highlights adherence to the principles of transparency, accountability and fairness. A Compliance Officer is tasked with the formulation of specific measures to determine the level of compliance with the Manual by the Fund's Board members, officers and employees. To date, the Fund has not encountered any deviations from the Manual's standards.

Committees of the Board

Pursuant to the Fund's Corporate Governance Manual, the Fund's Board has created each of the following committees and appointed Board members thereto on June 19, 2013. Each member of the respective committees named below will automatically assume office upon approval by the SEC of the Fund's application to register the Shares and will serve until a successor shall have been elected and qualified.

Corporate Governance Committee

The Corporate Governance Committee has the oversight function relative to the governance of the Fund in accordance with its Manual on Corporate Governance. This includes ensuring due observance of corporate governance principles and guidelines, the determination of the duties, responsibilities and authorities of the Board of Directors, as well as the qualification and disqualifications of the directors and officers. This also mandates the creation of Board Committees, like the Audit Committee, the Risk Management Committee, and the Remuneration and Compensation Committees. The Corporate Governance Committee reports to the Fund's Board and is required to meet at least two times a year. The Corporate Governance Committee Chairman is Amb. Romualdo Ong and the two members are Mr. Eduardo Carreon and Mr. Hector Villanueva.

Audit Committee

The Fund's Audit Committee is responsible for assisting the Fund's Board in its fiduciary responsibilities by providing an independent and objective assurance to its management and shareholders of the continuous improvement of its risk management systems, business operations and the proper safeguarding and use of its resources and assets. The Audit Committee provides a general evaluation of and assistance in the overall improvement of its risk management, control and governance processes. The Audit Committee must comprise at least three members, including at least one independent director, one of whom shall serve as the committee chairman. The Audit Committee reports to the Fund's

Board and is required to meet at least two times a year. The Audit Committee Chairman is Dr. Bernardo Villegas, who serves with Amb. Romualdo Ong and Mr. Winston Peckson.

Risk Management Committee

The Risk Management Committee is headed by Mr. Winston Peckson as Chairman, and Dr. Bernardo Villegas and Amb. Romualdo Ong as Members. This committee is responsible for the development and oversight of the risk management program for the Fund, and oversees the system of limits to discretionary authority that the Board delegates to the Fund Manager. It also ensures that the said system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached. Its core responsibilities are: to identify and evaluate exposures, develop risk management strategies, and oversee the implementation of the risk management plan.

Remuneration and Compensation Committee

The Fund's Remuneration and Compensation Committee is responsible for objectively recommending a formal and transparent framework of remuneration and evaluation for the members of the Fund's Board and the Fund's key executives to enable them to run the Fund successfully. The Remuneration and Compensation Committee must comprise at least three members including one independent director. The Remuneration and Compensation Committee reports directly to the Fund's Board and is required to meet at least once a year. The Remuneration and Compensation Committee will consist of Mr. Hector Villanueva as Committee chairman, Amb. Romualdo Ong and Mr. Winston Peckson.

The appointments of the members of the Remuneration and Compensation Committee will take effect immediately upon the issuance by the SEC of the Permit to Sell the Shares of the Fund, without any further action required.

Nomination Committee

The Fund's Nomination Committee is responsible for providing the Fund's shareholders with an independent and objective evaluation and assurance that the membership of the Fund's Board is competent and will foster long-term success and competitiveness. The Nomination Committee must comprise at least three members, including one independent director. The Nomination Committee reports directly to the Fund's Board and is required to meet at least once a year. The Nomination Committee will consist of Mr. Hector Villanueva as Committee chairman, Amb. Romualdo Ong and Mr. Winston Peckson.

The appointments of the members of the Nomination Committee will take effect immediately upon the issuance by the SEC of the Permit to Sell the Shares of the Fund, without any further action required.

Executive Compensation

Directors and executive officers are given per diems for each meeting as follows:

Directors	=	PhP10,000.00
Corporate Secretary	=	PhP3,000.00
Other executive officers	=	PhP2,500.00

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.

The total estimated per diems to be received by the Directors and executive officers for the year 2013 are as follows:

Directors	=	PhP280,000.00
Corporate Secretary	=	PhP12,000.00
Other executive officers	=	PhP40,000.00

Family Relationship

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.

Certain Relationships and Related Transactions

There are no material transactions with or involving the Fund or any of its subsidiaries in which a director, executive officer, or stockholder owning ten percent (10%) or more of the total outstanding shares, and any member of their immediate family had or is to have a direct or indirect material interest.

There are no transactions during the last two (2) years or proposed transactions to which the Issuer was or is to be a party in which any of the Fund's directors, executive officers or stockholders had or is to have a direct or indirect material interest.

There are no transactions with or involving the Fund or any of its subsidiaries in which any security holder who owns or controls, whether by voting trust, contract or otherwise, directly or indirectly, more than five percent (5%) of the Issuer's Shares had or is to have a direct or indirect material interest.

The Fund does not have any transactions with its promoters and has not and will not enter into any transactions with its promoters wherein the latter has received or will receive anything of value (including money, property, contracts, options or rights of any kind) directly or indirectly, from the Issuer. The Fund has not entered into any transaction involving assets acquired or to be acquired from a promoter.

Direct or Indirect Interest of Named Experts and Independent Counsel in Issuer

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

Compliance with the Investment Company Act and the SEC ETF Rules

In compliance with the requirements of the R.A. 2629, otherwise known as the Investment Company Act of 1960 and the SEC ETF Rules, the Fund is organized as a stock corporation, and named as First Metro Philippine Equity Exchange Traded Fund, Inc. The Fund had an initial subscribed and paid-in capital of PhP250,000,000.00 in compliance with the SEC ETF Rules. 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 primary purpose of the Fund's Articles of Incorporation provides that the corporation shall engage in the business of investing, reinvesting or trading in securities and shall issue and redeem its shares of stock in a defined creation unit in exchange for delivery of a basket of securities representing an index.

As an ETF, the Fund is not subject to the maximum or minimum investment limitations or liquidity requirements provided under ICA Rule 35-1, or the Investment Company Rule. The requirement under ICA Rule 35-1 mandating that the sale of securities by investment companies shall be on cash basis shall not apply also to the Fund. Neither shall the Lock-Up requirement under ICA Rule 35-1 apply to the Fund.

Fees

There are fees and expenses applicable to investing in the Fund and are incurred by the different parties of the Fund.

Fee payable by investors via the Creation and Redemption Method

A creation fee, inclusive of documentary stamp tax and other charges, of approximately eighty basis points (0.80%) of the total value of the Creation Order or a redemption fee, inclusive of other charges, of approximately eighty basis points (0.80%) of the total value of the Redemption Order is charged by an Authorized Participant to each investor who places a Creation or Redemption Order.

Fees and expenses payable by investors in the secondary market

Investors will have to bear brokerage fees and other customary fees (i.e. stock transaction tax, sales tax, VAT, clearing fees, etc.) charged by their stock brokers upon purchase or sale of Shares of the Fund in the secondary market through the PSE.

Fees and expenses payable by the Fund

The fees and expenses chargeable to the Fund are the following:

1. Compensations of the officers and directors of the Fund;
2. Audit and legal fees of the Fund;
3. Brokerage charges and other customary fees in connection with the acquisition, appraisal and disposition of the Fund's assets;
4. Fees of the Custodian to the extent not absorbed by buyers of the Fund's Shares;
5. Fees of the Stock and Transfer Agent for the securities to the extent not absorbed by the buyers of the Fund's Shares and cost of printing and mailing notices, reports, proxies and other communication material to the Fund's stockholders;
6. Annual management fee payable monthly to the Fund Manager, equivalent to fifty basis points (0.50%) per annum of the NAV of the Fund's assets, computed on a daily basis, pursuant to the Management and Distribution Agreement;
7. Fees for the maintenance of the Fund's website; and
8. Taxes, including income taxes, documentary stamp taxes, and license fees, to the extent not absorbed by the buyers of the Fund's Shares and as may be required by law or by the rules and regulations of the SEC.

Fees and expenses chargeable to the Fund Sponsor

The fees and expenses chargeable to the Fund Sponsor are the following:

1. Legal fees prior to the listing of the Fund with the PSE;
2. SEC fee for the listing of the Shares with the PSE in the amount of PhP2,525.00;
3. PSE listing application fee in the amount of PhP56,050.00 and listing fee in the amount of PhP112,000.00; and
4. Other expenses incurred prior to the listing of the Fund

Applicable Philippine Laws

Investment Company Act of 1960

The business of investment companies is primarily regulated by the Investment Company Act of 1960 and the SEC rules and regulations governing investment companies. Subject to the exceptions under the law, an investment company is any issuer which is or holds itself out as being engaged primarily, or proposes to engage primarily in the business of investing, reinvesting, or trading in securities. An investment company is either, an open-end company or a closed-end company.

On one hand, an open-end company is an investment company that offers for sale or has outstanding redeemable security, of which it is the issuer. On the other hand, a closed-end company is any investment company other than an open-end company.

To be incorporated as an investment company, the following requirements should be complied with:

1. Minimum subscribed and paid-in capital of PhP50,000,000.00;
2. All shares of stock should be common and voting shares. In the case of open-end companies, the articles of incorporation thereof should expressly deny the pre-emptive rights of stockholders;
3. All the members of the board of directors must be Filipino citizens.

The Investment Company Act, likewise, requires the registration of the investment company and of the shares of the investment company itself. Likewise, the Investment Company Act requires an investment company to place and maintain its securities and similar investments in the custody of: a duly organized local commercial bank of good repute; or a company that is a member of a securities exchange as defined in the Securities Regulation Code subject to such rules and regulations of the SEC; or such registered company, but only in accordance with such rules and regulations or order as the SEC may from time to time prescribe for the protection of investors.

The Investment Company Act also provides that the pertinent provisions of section seventeen of the Corporation Law (now Section 38 of the Philippine Corporation Code) or any other provision of the said law in conflict with Section 22 of the Act (on distribution, redemption, and repurchase of securities), shall not apply to a registered open-end company.

No registered investment company shall (1) employ as regular broker any director, officer, or employee of such registered company, or any person of which any such director, officer, or employee is an affiliated person; (2) use a principal underwriter of securities issued by it any director, officer, or employee of such registered company or may person of which any such director, officer, employee is an affiliated person; or (3) have as director, officer, or employee any investment banker, or any affiliated person of an investment banker. For the purposes of the foregoing, a person shall not be deemed an affiliated person of an investment banker solely by reason of the fact that he is an affiliated person of a company (A) all the outstanding securities of which (other than short-term paper, securities representing bank loans and directors' qualifying shares) are, or after such acquisition will be, owned by one or more registered investment companies; and (B) which is primarily engaged in the business of underwriting and distributing securities issued by other persons, selling securities to customers, or any one or more of such or related activities, and the gross income of such person normally is derived principally from such business or related activities. No registered investment company shall have a majority of its board of directors consisting of persons who are officers or directors of any one bank. If by reason of the death, disqualification, or bona fide resignation of any director or directors, the requirements of the foregoing in respect of directors shall not be met by a registered investment company, the operation of such requirements shall be suspended as to such registered company for a period of thirty (30) days if the vacancy or vacancies may be filled by action of the board of directors, and for a period of sixty (60) days if a vote of stockholders is required to fill the vacancy or vacancies, or for such longer period as the SEC may prescribe, by rules and regulations upon its own motion or by order upon application, as not inconsistent with the protection of investors.

No registered investment company shall knowingly purchase or otherwise acquire, during the existence of any underwriting or selling syndicate, any security (except a security of which such company is the issuer) a principal underwriter of which is an officer, director, member of an advisory board, investment adviser, or employee of such registered company, or is a person (other than a company of the character described in paragraphs (A) and (B) of subsection (b) (3) of which any such officer, director, member of an advisory board, investment adviser, or employee is

an affiliated person, unless in acquiring such security such registered company is itself acting as a principal underwriter for the issuer. The SEC, by rules and regulations upon its own motion or by order upon application, may conditionally or unconditionally exempt any transaction or classes of transactions from any of the provisions of this subsection, if and to the extent that such exemption is consistent with the protection of investors.

SEC Rules on Exchange Traded Funds

Exchange Traded Funds are governed by the rules and regulations issued by the SEC in its Memorandum Circular No. 10 (the “SEC ETF Rules”). Under the SEC ETF Rules, an ETF is defined as an open-end investment company that continuously issues and redeems its shares of stock in exchange for delivery of a basket of securities representing an index whose performance the ETF endeavors to track; provided that, the terms and conditions relative to the issuance and redemption in creation unit shall be prescribed and disclosed in its Registration Statement.

The ETF Rules only apply to passively-managed ETFs, and amendments may be made to address issues affecting other forms of ETFs, including actively-managed ETFs. Aside from being registered under the Investment Company Act of 1960, an ETF must comply with the following minimum requirements:

1. The name of the corporation shall contain the words “Exchange Traded Fund” or “ETF”;
2. The purpose clause of the Articles of Incorporation shall provide that the corporation shall engage in the business of investing, reinvesting or trading in securities and shall issue and redeem its shares of stock in a defined creation unit in exchange for delivery of a basket of securities representing an index;
3. All members of the board of Directors shall be Filipino citizens;
4. It shall have a minimum paid-in capital of Two Hundred Fifty Million Pesos (PhP250,000,000.00);
5. All shares of its capital stock shall be common, voting and in general, redeemable in creation unit in accordance with the terms and conditions prescribed and disclosed in the Registration Statement; and
6. The pre-emptive right of stockholders to all issues or disposition of shares in proportion to their respective shareholdings shall be denied in the Articles of Incorporation of the ETF.

Moreover, no person shall sell or offer for sale or distribute the shares of stock of an ETF unless such shares of stock have been registered in accordance with the requirements of the SRC.

No shares of stock of an ETF shall be registered pursuant to the SRC unless the assets of the corporation shall be primarily in baskets of securities comprising the index that it represents to track.

An ETF must explicitly state in its registration statement its investment objective and policy. Any changes in the investment objective and policy shall be made in accordance with the Investment Company Act of 1960. A rebalancing of the index or change in its composition shall not be construed as a change in the investment policy of the ETF.

An ETF shall not be subject to the maximum or minimum investment limitations and liquidity requirements provided under ICA Rule 35-1. An ETF is also exempt from the mandatory tender offer rules under the SRC.

As a general rule, shares of stock of an ETF may be issued only upon delivery by an Authorized Participant of the basket of securities underlying an index, or redeemed, by delivering to the Authorized Participant the basket of securities after surrender of the ETF shares. In limited circumstances, an ETF may allow: 1) the issuance of ETF shares in exchange for cash; or 2) the direct redemption of ETF shares.

PSE ETF Rules

ETFs are also subject to the PSE’s Rules on Exchange Traded Funds approved by the SEC on March 18, 2013 (for Parts A and B i.e., General Provisions and Listing and Disclosure) and on June 20, 2013 (for Part C i.e., Market Maker) (the “PSE ETF Rules”).

The PSE ETF Rules describe the listing requirements and procedures for ETFs, including shelf listing which allows the listing of the equivalent number of shares subject of the Registration Statement of an ETF provided the Registration and Licensing Order and the Permit to Sell Securities issued by the SEC covering the subject shares remain valid and subsisting. The eligibility for trading of the ETF shares shall take effect only upon the PSE's receipt of an official notice issued by an authorized officer of the ETF and confirmed in writing by the Custodian and Transfer Agent, that such number of ETF shares has been created and issued to or through the Authorized Participant.

ETFs are subject to the suitability and continuing listing requirements of the PSE, including the rules on Minimum Public Ownership. An ETF is also subject to certain reporting requirements including the disclosure of its indicative NAV every minute, and its NAV, NAVps, number of issued and outstanding shares, underlying index and tracking error, no later than 4:30 p.m. at the end of every trading day.

The PSE ETF Rules also describe the registration and reportorial requirements, and obligations of market makers for ETF shares. The PSE has also waived transaction fees of market makers for trades involving ETF shares.

Dividends

The Issuer may pay dividends only out of its unrestricted retained earnings. The unrestricted retained earnings of the Issuer are those that have not been allocated for any managerial, contractual, or legal purposes and that are free for distribution to shareholders. The Issuer may satisfy dividends in cash, by the distribution of property, or by the issuance of shares of stock. Dividends satisfied by the issuance of shares may only be paid with the approval of shareholders representing at least two-thirds (2/3) of the outstanding capital stock at a shareholders' meeting specially called for that purpose.

Declaration of dividends is generally discretionary with the board of directors. However, corporations with surplus profits in excess of 100% of their paid-in capital are required to declare and distribute the amount of such excess profits as dividends, except when the retention is justified by: Definite corporate expansion projects, programs approved by the board of directors, or when consent of creditors is required under any loan agreement, or when it can be clearly shown that such retention is necessary under special circumstances.

Rights of Minority Shareholders

The right of a shareholder to institute proceedings on behalf of the Issuer in a derivative suit is recognized by Philippine law. Derivative suits may be filed where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrong committed against the corporation or to vindicate corporate rights. Derivative suits are filed with the Regional Trial Court. The Regional Trial Court has original and exclusive jurisdiction over intra-corporate disputes.

Shareholders have the right to inspect the records of the Issuer. These records include minutes of all meetings of the board of directors and of the shareholders, and records of all business transactions of the Issuer. However, the right of inspection may be denied if the shareholder seeking to examine the corporate records has improperly used any information secured through any prior examination of corporate records, or was not acting in good faith or with a legitimate purpose in making his demand for inspection.

Management

Corporate powers are exercised, all business conducted, and all properties of a corporation are controlled and held by the board of directors. However, a corporation may enter into a management contract with another corporation, for a period not exceeding five (5) years for any one term, subject to the approval of the board of directors and stockholders owning at least a majority (or in certain instances, two-thirds) of the outstanding capital stock of both the managing and managed corporations. The nature of an investment company's business, however, makes it imperative for the corporation to enter into a management contract with an investment adviser/fund manager.

The Investment Company Act lays down the requirements for such kind of contracts as follows:

1. The contract has been approved by the vote of a majority of the outstanding voting securities of the investment company;
2. The contract precisely described all compensation to be paid thereunder;
3. The contract shall continue in effect for a period of more than two years from the date of its execution, provided that such continuance is specifically approved at least annually by the board of directors or by vote of a majority of the outstanding voting securities of such company;
4. The contract provides in substance that it may be terminated at any time without the payment of any penalty by the board of directors of the company or by vote of two-thirds of the outstanding voting securities of such company on not more than sixty days written notice to the Fund Manager; and,
5. The contract provides in substance for the automatic termination in the event of assignment thereof by the Fund Manager/fund manager.
6. Unless otherwise provided by the Corporation Code, the articles of incorporation or By-laws of the corporation, an act of the majority of the directors present in a meeting with a quorum shall be valid as a corporate act. Certain corporate acts, however, may only be effected with the approval of shareholders representing at least two-thirds (2/3) of the outstanding capital stock at a shareholders' meeting convened for the purpose.
Matters requiring such shareholders' approval include, but are not limited to: the amendment of the articles of incorporation; the removal of directors; the sale, lease, exchange, mortgage, pledge, or other disposition of all or a substantial part of the assets of the corporation; and investment of corporate funds in any other corporation, or business, or for any purpose other than primary purpose for which the corporation was organized.
7. Each member of the board of directors, who must hold at least one (1) share of the corporation, is elected for a one (1) year term during the annual meeting of stockholders of the corporation.
8. Each share of stock is entitled to one vote during shareholders' meeting. However, in the election of directors, each shareholder is entitled to such number of votes as is equal to the product of the number of shares owned by him and the number of directors to be elected. The shareholder may cumulate his votes in favor of one candidate or distribute these votes in such proportion and amount between or among as many of the candidates as he may think fit. The election of directors may only be held at a meeting convened for that purpose at which shareholders representing a majority of outstanding capital stock are present in person or by proxy. However, any vacancy in the board, other than by removal or expiration of term, may be filled by the majority of the remaining directors if still constituting a quorum.

Under the SEC ETF Rules, an ETF may appoint a reputable Fund Manager who shall register as Fund Manager in accordance with the requirements of the Investment Company Act of 1960. The majority of the directors and officers of the fund management company appointed must have a track record of at least five (5) years in managing funds. The duties and responsibilities of a Fund manager shall include, but are not limited to the following:

1. Perform its duties and responsibilities with due skill, care, diligence that a good father of a family would exercise in the position of being a Fund Manager;
2. Uphold the best interests of shareholders in any of its acts at all time and shall avoid conflict of interest situations; if unavoidable, a disclosure shall be promptly made to the ETF board of directors; in any case, the ETF shall act accordingly to protect the shareholders' interests;
3. Act honestly and fairly in managing the fund to the best and exclusive interest of the ETF and its shareholders;
4. Not misappropriate information acquired as Fund Manager to gain an advantage for itself or for other persons;
5. Ensure the segregation of the ETF assets and other properties from those of its own account, physically and in the relevant records, by clearly and properly identifying and labeling the said assets and properties;
6. Have sufficient resources, including competent manpower complement, and proper systems, procedures and processes to effectively and efficiently perform its business activities and its duties and responsibilities, and to ably supervise and ensure compliance with the regulatory requirements and other obligations;
7. Comply with all the regulatory requirements and any other obligations set forth in all the agreements and arrangements that it entered into as Fund Manager; and
8. Not to perform activities that shall cause harm to the ETF and its shareholders.

The foregoing duties and responsibilities shall also be imposed on the directors, officers and staff of the Fund Manager.

The ETF performs oversight responsibility over authorized appointments and agreements made or entered into by the Fund Manager.

Securities Regulation Code (“SRC”)

No person shall sell or offer for sale or distribute the shares of stock of an ETF unless such shares of stock have been registered in accordance with the requirements of the SRC. Corollary to this, the SEC issued the required registration form and instructions for ETFs through SEC Form 12-1 ETF.

Among others, ETFs are subject to the reportorial requirements under the SRC. However, ETFs are exempt from the mandatory tender offer rule under the SRC.

Accounting and Auditing

Corporations are required to file copies of their annual financial statements with the SEC. Shareholders are entitled to request copies of the most recent financial statements of the corporation which shall include a balance sheet as of the end of the last tax year and profit and loss statement approved at least annually by the board of directors or by vote of a majority of the outstanding voting securities of such company for that year. The board of directors is required to present to shareholders at every annual meeting a financial report of the operations of the corporation for the preceding year. This report is required to include audited financial statements.

Tax Considerations

The following is a general description of certain Philippine tax aspects of the investment in the Fund. This discussion is based on laws, regulations, rulings, income tax conventions (tax treaties), administrative practices and judicial decisions in effect at the date of this Prospectus. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the Issuer or a prospective investor.

The tax treatment of a prospective investor may vary depending on such investor’s particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to an investor.

The general description does not purport to be a comprehensive description of the Philippine tax aspects of the investments in shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing the shares under applicable tax laws of other applicable jurisdictions and the specific tax consequence in light of particular situations of acquiring, owning, holding and disposing the shares in such other jurisdictions. This summary does not purport to address all tax aspects that may be important to a holder of the Shares. Prospective purchasers of the Shares are advised to consult their own tax advisors concerning the tax consequences of their investment in the Shares.

As used in this section, the term “resident alien” refers to an individual whose residence is within the Philippines and who is not a citizen thereof, while a “non-resident alien” is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a “non-resident alien engaged in trade or business in the Philippines;” otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a “non-resident alien not engaged in trade or business in the Philippines.” The term “domestic corporation” refers to a corporation created or organized in the Philippines. A “resident foreign corporation” is a non-Philippine corporation engaged in trade or business within the Philippines; and a “non-resident foreign corporation” is a non-Philippine corporation not engaged in trade or business within the Philippines.

Corporate Income Tax

As a general rule, a domestic corporation is subject to corporate income tax of 30% on its taxable income¹ from all sources within or without the Philippines. The exception, among others, would be (i) gross interest income from

¹ Taxable income refers to the pertinent items of gross income specified in the National Internal Revenue Code of 1997, as amended (the “Tax Code”) less the deductions and/or personal and additional exemptions, if any, authorized for such types of income by the Tax Code or other special laws.

Philippine currency bank deposits and yields from deposit substitutes, trust funds and similar arrangements, and royalties, which are subject to a final withholding tax rate of 20% of the gross amount of such income; (ii) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final 7.5% tax on the gross amount of such income. Further, in computing the corporate income tax, effective July 6, 2008, companies are given a choice to claim itemized deductions or the optional standard deduction ("OSD"), with the former being presumed unless specific election of OSD is signified in the tax return. The OSD election is irrevocable for the taxable year for which the tax return is made. The OSD is equivalent to an amount not exceeding 40% of the company's gross income. For this purpose, "Gross Income" means all income derived from whatever source, including, but not limited to, compensation for service, gross income derived from the conduct of trade or business or exercise of profession, gains derived from dealings in property, interests, rent, royalties, dividends, annuities, prizes and winnings.

A minimum corporate income tax ("MCIT") of 2% of gross income would likewise be applicable to the Issuer, beginning on the fourth taxable year from commencement of business operations, whenever the MCIT is greater than the ordinary corporate income tax. For this purpose, "Gross Income" means gross sales less sales returns, discounts and allowances and cost of goods sold. Passive income, such as interest on bank deposits and royalties subject to final withholding tax, shall not form part of gross income for purposes of MCIT.

Nevertheless, any excess of the MCIT over the ordinary corporate income tax may be carried forward and credited against the latter for the three (3) immediately succeeding taxable years. Further, subject to certain conditions, the MCIT may be suspended with respect to a corporation which suffers losses on account of a prolonged labor dispute, or because of force majeure, or because of legitimate business reverses.

Tax on Dividends

Cash and property dividends actually or constructively received from a domestic corporation by individual shareholders who are either Filipino citizens or alien residents of the Philippines are subject to a final withholding tax at the rate of 10.0%. Those received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20.0% final withholding tax while those received by non-resident alien individuals not engaged in trade or business in the Philippines are subject to tax at 25.0%.

Cash and property dividends actually or constructively received from a domestic corporation by another domestic corporation or by resident foreign corporations are exempt from income taxes while those received by non-resident foreign corporations are subject to a 30.0% withholding tax, which dividend tax rate may be reduced to 15% if (i) the country in which the non-resident foreign corporation is domiciled imposes no taxes on foreign sourced dividends, or (ii) the country in which the non-resident foreign corporation is domiciled allows a credit against the tax due from the non-resident foreign corporation for taxes deemed to have been paid in the Philippines equivalent to 15%, which represents the difference between the regular income tax rate of 30% and the 15% tax rate on dividends. The reduced dividend tax rate may be further minimized if tax treaty relief is available to the non-resident foreign corporation. Depending on the country of residence of the foreign individual or the non-resident foreign corporation with which the Philippines has an existing tax treaty, the tax rate may be as low as 10%..

Philippine tax authorities have prescribed certain procedures for availment of tax treaty relief. The application for tax treaty relief has to be filed with the International Tax Affairs Division of the BIR by the non-resident holder of the Shares prior to the "first taxable event," but subject always to the BIR's ruling on the application. The "first taxable event" has been construed by the BIR as "payment of the dividend." Failure to file the application for tax treaty relief with the BIR prior to the first taxable event may disqualify the said application. The Fund may withhold taxes at a reduced rate on dividends paid to a non-resident holder of the Shares if such non-resident holder submits to the domestic corporation proof of the filing of the tax treaty relief application with the BIR prior to the payment of dividends. However, on 19 August 2013, the Philippine Supreme Court in *Deutsche Bank AG Manila Branch v. CIR*, G.R. No. 188550, ruled that the period of application for the availment of tax treaty relief should not operate to divest entitlement to the relief as it would constitute a violation of the duty required by good faith in complying with a tax treaty. At most, the application for a tax treaty relief to be filed with the BIR should merely operate to confirm the entitlement of the taxpayer to the relief.

The requirements for a tax treaty relief application in respect of dividends are set out in the applicable tax treaty, Revenue Memorandum Order 72-2010 and BIR Form No. 0901. These include consularized certification from the tax authority of the country of residence of the non-resident holder of the Shares which states that the non-resident holder

is a resident of such country under the applicable tax treaty. If the non-resident holder of Shares is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

If the regular tax rate is withheld by the Fund instead of the reduced rates applicable under a treaty, the non-resident holder of the shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, there may be legal constraints for a non-resident corporation to pursue such a refund. While the withholding agent in the Philippines may represent the non-resident foreign corporation, the automatic review conducted by the BIR on account of such refund application, which generally results in the issuance of a deficiency tax assessment against the refund applicant, may deter the withholding agent in the Philippines from filing such refund application. Moreover, in view of the requirement of the BIR that an application for tax treaty relief be filed prior to the payment of dividends, the non-resident holder of Shares may not be able to successfully pursue a claim for refund if such an application is not filed before the deadline for the filing of the withholding tax return.

Stock dividends distributed pro rata to any holder of shares of stock are not subject to Philippine income tax. However, if the proportionate interests of the stockholders are changed, dividends received are taxable as ordinary income to the stockholders in the year paid or accrued. The sale, exchange or disposition of shares received as stock dividends by the holder is subject to the capital gains or stock transaction tax.

Tax treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

<u>Jurisdiction</u>	<u>Dividends</u>	<u>Capital gains tax due on disposition of Shares outside the PSE</u>
	<u>%</u>	<u>%</u>
Canada	25 ⁽¹⁾	Exempt ⁽⁸⁾
France	15 ⁽²⁾	Exempt ⁽⁸⁾
Germany	15 ⁽³⁾	5/10 ⁽⁹⁾
Japan	15 ⁽⁴⁾	Exempt ⁽⁸⁾
Singapore	25 ⁽⁵⁾	Exempt ⁽⁸⁾
United Kingdom	25 ⁽⁶⁾	Exempt ⁽¹⁰⁾
United States	25 ⁽⁷⁾	Exempt ⁽⁸⁾

Notes:

- (1) 15.0% if recipient company controls at least 10.0% of the voting power of the company paying the dividends.
- (2) 10.0% if the recipient company holds directly at least 10.0% of the voting shares of the company paying the dividends.
- (3) 10.0% if the recipient company owns directly at least 25.0% of the capital of the company paying the dividends.
- (4) 10.0% if the recipient company holds directly at least 10.0% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends.
- (5) 15.0% if during the part of the paying company's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15.0% of the outstanding shares of the voting stock of the paying company was owned by the recipient company.
- (6) 15.0% if the recipient company is a company which controls directly or indirectly at least 10.0% of the voting power of the company paying the dividends.
- (7) 20.0% if during the part of the paying corporation's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year at least 10.0% of the outstanding shares of the voting stock of the paying corporation was owned by the recipient corporation.
- (8) Capital gains are taxable only in the country where the seller is a resident, provided that the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.
- (9) Under the Republic of the Philippines-Germany Tax Treaty, capital gains from the alienation of shares of a Philippine corporation may be taxed in the Philippines irrespective of the nature of the assets of the Philippine corporation. Tax rates are 5.0% on the net capital gains realized during the taxable year not in excess of 100,000 and 10.0% on the net capital gains realized during the taxable year in excess of 100,000.
- (10) Under the Republic of the Philippines-UK Tax Treaty, capital gains on the sale of the stock of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

Sale, Exchange or Disposition of Shares

Capital gains tax, if sale was made outside the PSE

Net capital gains realized from the sale, exchange or disposition of shares of stock in a Philippine corporation listed at and effected outside the facilities of the PSE by a Filipino citizen, a resident alien, a non-resident alien doing business in the Philippines, a non-resident alien not engaged in trade or business in the Philippines, a resident foreign corporation or a non-resident foreign corporation are subject to final withholding tax are as follows: 5.0% on net capital gains not exceeding P100,000.00 and 10.0% on net capital gains over P100,000.00. Foreign individuals and corporations may avail of preferential tax rates or exemptions provided under the applicable tax treaty that exempts such gains from tax or provides for preferential rates.

Gains from the sale or disposition of shares in a Philippine corporation may be exempt from capital gains tax or subject to a preferential rate under a tax treaty. An application for tax treaty relief must be filed (and approved) by the Philippine tax authorities in order to obtain such exemption under a tax treaty. A prospective investor should consult its own tax advisor with respect to the applicable rates under the relevant tax treaty.

The transfer of shares shall not be recorded in the books of the Company unless the BIR certifies that the capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax or other conditions have been met.

The BIR has expanded the application of the 5.0%/10.0% capital gains tax by extending it even to trades through the stock exchange of shares of listed companies which do not maintain their public ownership requirement. On November 7, 2012, the BIR issued Revenue Regulations No. 16-2012 (RR 16-12), which provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. RR 16-12 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

Taxes on transfer of shares listed and traded at the PSE

A sale, barter, exchange or other disposition of shares of stock through the facilities of the PSE (including the sale or disposition of treasury shares) by a resident or a non-resident individual or a domestic or foreign corporation; other than a dealer in securities, is subject to a stock transaction tax at the rate of 0.5% of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, unless an applicable treaty exempts such sale from said tax. This tax is required to be collected by and paid to the Philippine Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax and not as capital gains tax. In addition, a value-added tax of 12% is imposed on the commission earned by the PSE-registered broker, which tax is generally passed on to the selling stockholder.

Under the terms of some treaties, an exemption may be specifically available for stock transaction tax; under other treaties, an exemption may be available for taxes substantially similar to and in place of taxes covered by the treaty when it took effect. The stock transaction tax is classified as a percentage tax and not as an income tax under the Philippine Tax Code. Notwithstanding its classification as a percentage tax, an exemption from the stock transaction tax may be available under the terms of some tax treaties. However, the BIR's current position on this matter is that the stock transaction tax is not identical or substantially similar to the income tax/capital gains tax on a sale of shares in a domestic corporation, and, hence, not covered by the treaty exemption, for capital gains tax. Thus, the treaty must specifically provide for an exemption from stock transaction tax, for such an exemption to apply. If such an exemption were available, an application for tax treaty relief would also have to be filed.

Tax Treaty Relief on Income Tax; Withholding Tax on Income

Philippine tax authorities have prescribed certain procedures, through an administrative issuance, for availment of tax treaty relief. Upon submission by the non-resident holder of the shares of stock of the approval by the BIR of the non-resident holder's application for tax treaty relief, proof of residence in a treaty country and, if applicable, individual or corporate status and other supporting documents to the Fund, the Fund shall withhold taxes on dividends to be paid to

a non-resident holder at the applicable preferential treaty rate. Proof of residence for an individual consists of certification from his embassy, consulate, or other equivalent certifications issued by the proper government authority, or any other official document proving residence. If the regular tax rate is withheld by the Fund instead of the reduced rates applicable under a treaty, the non-resident holder of the shares of stock may file a claim for refund with the BIR. The refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, within the period prescribed by law.

Gains from Redemption of Shares in a Mutual Fund

Gains realized by an investor upon redemption of shares of stock in a mutual fund company are exempt from income taxes. A “mutual fund company” under the Tax Code means an open-end and close-end investment company as defined under the Investment Company Act.

Documentary Stamp Tax

The original issue of shares of stock is subject to documentary stamp tax of P1.00 for each P200.00 par value or a fraction thereof, of the shares of stock issued. The transfer of shares of stock is subject to a documentary stamp tax of P0.75 for each P200.00 par value or a fractional part thereof of the share of stock transferred if the transfer is made outside the PSE.

Pursuant to RA 9648, the sale, barter or exchange of shares of stock listed and traded at the PSE shall not be subject to documentary stamp tax. Accordingly, the sale, barter or exchange of shares, if made through the facilities of the PSE shall be exempt from documentary stamp tax. Otherwise, such sale or other disposition of the shares will be subject to a documentary stamp tax of 0.375% of the par value of the shares sold or disposed.

In addition, the borrowing and lending of securities executed under the Securities Borrowing and Lending Program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority, are likewise exempt from documentary stamp tax. However, the securities borrowing and lending agreement should be duly covered by a master securities borrowing and lending agreement acceptable to the appropriate regulatory authority, and should be duly registered and approved by the BIR.

However, the transfer of shares of listed companies that are non-compliant with the MPO requirement and whose shares have been suspended from trading, will be subject to documentary stamp tax of P0.75 for each P200.00 par value of a fractional part thereof of the share of stock transferred.

Estate and Gift Taxes

The transfer of shares of stock upon the death of an individual holder to his heirs by way of succession, whether such holder was a citizen of the Philippines or an alien, regardless of residence, is subject to estate tax, which is levied on the net estate of the deceased at progressive rates ranging from 5.0% to 20.0%, if the net estate is over P200,000.00. Otherwise, such transfer will not be subject to estate tax.

The transfer of the shares by gift to a stranger (i.e., a person who is not a brother, sister, spouse, ancestor, lineal descendant or relative by consanguinity within the fourth degree of relationship) will be subject to a donor's tax at a flat rate of 30%. Gifts or donations to non-strangers, however, will be subject to progressive rates ranging from 2.0% to 15.0%, if the net gifts during the calendar year exceed P100,000.00. Otherwise, such transfer will not be subject to donor's tax. Corporate registered holders are also liable for Philippine donor's tax on such transfers, but the rate of tax with respect to net gifts made by corporate registered holders is always at a flat rate of 30.0%.

Estate and donors' taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock: (a) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (b) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

Revenue Regulation No. 006-08 prescribes that in case the fair market value of the shares of stock sold, bartered or exchanged is greater than the amount of money and/or fair market value of the property received, the excess of the fair market value of the shares of stock sold, bartered or exchanged over the amount of money and the fair market value of the property, if any, received as consideration shall be deemed a gift subject to the donor's tax under the Tax Code.

Taxation Outside The Philippines

Shares of stock in a domestic corporation are considered under Philippine law as situated in the Philippines and the gain derived from their sale is entirely from Philippine sources; hence such gain is subject to Philippine income tax and capital gains tax and the transfer of such shares by gift (donation) or succession is subject to the donors' or estate taxes, each as stated above.

The tax treatment of a non-resident holder of shares of stock in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations on non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

The Philippine Stock Market

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Fund, FMIC or any of their respective subsidiaries, affiliates or advisors in connection with sale of the Shares.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 14 July 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. While the PSE maintains two trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system which integrates all bids and ask quotations from the bourses. A trading right evidenced by a “Trading Participant Certificate” is conferred on each member broker allowing the use of the PSE’s trading facilities.

In June 1998, the Philippine SEC granted the PSE a Self-Regulatory Organization status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. In 2001, PSE demutualized, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC. On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, mining and oil sectors, companies are listed on the PSE’s Main Board or Small and Medium Enterprises Board. The PSE has an index, referred to as the PHISIX, which as of the date hereof reflects the price movements of selected stocks listed on the PSE, based on traded prices of stocks from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is an index based on the price of 30 selected stocks listed on the PSE.

With the increasing calls for good corporate governance, PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public.

The table below sets forth movements in the composite index since 2007, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Selected Stock Exchange Data

Calendar Year	Composite Index⁽¹⁾	Number of Listed Companies⁽¹⁾	Aggregate Market Capitalization⁽¹⁾ (₱ billions)	Combined Value of Turnover (₱ billions)
2007.....	3,621.6	244	7,976.8	1,338.3
2008.....	1,872.9	246	4,072.2	763.9
2009.....	3,052.7	248	6,032.2	994.2
2010.....	4,201.1	253	8,866.1	1,207.4
2011.....	4,372.0	253	8,697.0	1,422.6
2012.....	5,812.7	254	10,952.7	1,771.7
2013 (through March 31)	6,847.5	267	10,802.5	2,288.8

Source: PSE.

(1) Data in the table above, with the exception of 2013, is as of the last trading day of each year.

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stock brokers. To trade, bids or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Transactions are generally invoiced through a confirmation slip sent to customers on the trade date (or the following trading day). Payment of purchases of listed securities must be made by the buyer on or before the third trading day after the trade.

Beginning January 2, 2012, trading on the PSE starts at 9.30 a.m. and ends at 12.00 p.m. for the morning session, and resumes at 1.30 p.m. and ends at 3.30 p.m. for the afternoon session, with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal and special holidays.

Minimum trading lots range from 5 to 1,000,000 shares depending on the price range and nature of the security traded. The minimum trading lot for the Shares is 100 shares. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up or down by 50.00% (the "trading band") in one day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the relevant company or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the issuer fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the issuer is disseminated, subject again to the trading band.

Non-Resident Transactions

When the purchase/sale of Philippine shares of stock involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The Securities Clearing Corporation of the Philippines ("SCCP") is a wholly-owned subsidiary of the PSE and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. The SCCP received its permanent license to operate in January 2002. It is responsible for (a) delivery-versus-payment trade settlement; (b) management and administration of the Clearing and Trade Guaranty Fund and (c) risk monitoring and management. SCCP assumes the role of guarantor for transactions by trading participants of the PSE in the PSE and maintains and administers a trade guarantee fund called the Clearing and Trade Guaranty Fund.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three trading days after transaction date (**T+3**). The deadline for settlement of trades is 12.00 noon on T+3. Securities sold should be in scripless form and lodged under the book-entry system of the PDTC. Each Trading Participant maintains a Cash Settlement Account with one of the two existing Settlement Banks of SCCP which are Banco de Oro Unibank, Inc. and Rizal Commercial Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement system on May 29, 2006, which employs multilateral netting whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each Clearing Member. All cash debits and credits are also netted into a single net cash position for each Clearing Member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the central counterparty to each PSE-eligible trade cleared through it. Under this system, the current securities infrastructure in the Philippines is composed of a depository

and a registry system wherein listed shares are traded and settled as book-entry shares. The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporation's books.

Scripless Trading

On March 31, 1995, the Philippine Depository Trust Corporation (formerly the Philippine Central Depository, Inc.) ("**PDTC**"), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. In December 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository and live operations commenced on January 10, 1997. All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgement (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, Rizal Commercial Banking Corporation and Banco de Oro Unibank, Inc.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgement. Lodgement is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee Corporation ("**PCD Nominee**"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged into the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer or legal ownership of the immobilized shares to PCD Nominee will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current the PDTC system, only participants (e.g., brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgements, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (trading date plus three trading days) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP Clearing and Central Settlement System, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a new Jumbo Certificate is issued in the name of PCD Nominee. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

Amended Rule on Lodgement of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the Philippine Securities Regulation Code. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgement of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the Philippine SEC.

For listing applications, the amended rule on lodgement of securities is applicable to:

- the offer shares/securities of the applicant company in the case of an initial public offering;
- the shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Philippine SEC in the case of a listing by way of introduction;
- new securities to be offered and applied for listing by an existing listed company; and
- additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on listing date.
- On the other hand, for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a Registry Confirmation Advice to PDTC evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the Shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the Shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry

settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

Philippine Foreign Exchange and Foreign Ownership Controls

Registration of Foreign Investments and Exchange Controls

Under current BSP regulations, an investment in listed Philippine securities (such as the Common Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippine banking system, registration is not required. Currently, BSP Circular No. 471 (Series of 2005), as amended, however, subjects foreign exchange dealers and money changers to Republic Act No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these nonbank sources of foreign exchange to require foreign exchange buyers to submit supporting documents in connection with their application to purchase foreign exchange for purposes of capital repatriation and remittance of dividends.²

The application for registration may be done directly with the BSP or through a custodian bank duly designated by the foreign investor. A custodian bank may be a commercial bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines. Applications for registration must be accompanied by: (i) purchase invoice, subscription agreement and proof of listing on the PSE (either or both); (ii) credit advice or bank certificate showing the amount of foreign currency inwardly remitted and converted into Pesos; and (iii) transfer instructions from the stockbroker or dealer, as the case may be.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments, are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (1) the BSP registration document; (2) the cash dividends notice from the PSE and the Philippine Central Depository printout of cash dividend payment or computation of interest earned; (3) copy of the secretary's sworn statement on the board resolution covering the dividend declaration and (4) detailed computation of the amount applied for in the format prescribed by the BSP.

Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, through the Monetary Board, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during an exchange crisis, when an exchange crisis is imminent, or in times of national emergency.

The registration with the BSP of all foreign investments in any Shares of the Fund shall be the responsibility of the foreign investor.

Foreign Ownership Controls

The Philippine Constitution and related statutes set forth certain restrictions on foreign ownership of companies engaged in certain activities, among them is the ownership of private land.

In connection with the ownership of private land, Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter 4 of Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60.00% of whose capital is owned by such citizens.

² The term "authorized agent bank" refers to all categories of banks, except offshore banking units, duly licensed by the BSP.

RA 7042, as amended, otherwise known as the Foreign Investments Act of 1991 and the Negative List issued pursuant thereto, reserves to Philippine Nationals all areas of investment in which foreign ownership is limited by mandate of the Constitution and specific laws. Section 3(a) of RA 7042 defines a “Philippine National” as:

- a citizen of the Philippines;
- a domestic partnership or association wholly owned by citizens of the Philippines;
- a trustee of funds for pension or other employee retirement or separation benefits where the trustee is a Philippine National and at least 60.00% of the fund will accrue to the benefit of the Philippine Nationals;
- a corporation organized under the laws of the Philippines of which at least 60.00% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; and
- a corporation organized abroad and registered as doing business in the Philippines under the Corporation Code of the Philippines of which 100.0% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos.

However, the Foreign Investments Act of 1991 states that where a corporation (and its non-Filipino shareholders) own stock in a Philippine SEC-registered enterprise, at least 60.00% of the capital stock outstanding and entitled to vote of both the investing corporation and the investee corporation must be owned and held by citizens of the Philippines. Further, at least 60.0% of the members of the board of directors of both the investing corporation and the investee corporation must be Philippine citizens in order for the investee corporation to be considered a Philippine National.

In the case of *Gamboa vs. Teves et. al.* (G.R. No. 176579. June 28, 2011), the Supreme Court ruled that the term “capital” in Section 11, Article XII of the 1987 Constitution refers only to shares of stock entitled to vote in the election of directors, and thus in that particular case, only to common shares and not to the total outstanding capital stock (common and non-voting preferred shares). Recently, the SEC issued SEC Memorandum Circular No. 8 (2013) laying down the guidelines on compliance with the Filipino-foreign ownership requirements prescribed in the Constitution and/or existing laws by corporations engaged in nationalized and partly nationalized activities. The said guidelines provide that to comply with foreign ownership limitations, the minimum Filipino ownership requirements for covered corporations shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors; and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

Foreign Ownership Limitations of the Fund

There are limitations on foreign ownership of the Fund’s Shares arising from the fact that the Fund will be investing in Component Securities, the ownership of which may be limited to Philippine Nationals. The term “Philippine National” as defined under the Republic Act No. 7042, as amended, shall mean a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals. The Fund is thus constrained to keep the foreign equity interest in it below the 40% threshold and any sale or transfer of shares in excess of this threshold shall not be recorded in the Fund’s stock and transfer book.

Legal Matters

Certain legal matters as to Philippine laws relating to the Offer will be passed upon by ACCRALAW. ACCRALAW does not have any direct or indirect interest in the Fund arising from the Offer.

Independent Auditors

SGV & Co. has been appointed as the external auditor of the Fund. It is currently the Philippines' largest multidisciplinary professional services firm with eight offices across the country. The Firm employs over 3,200 professionals from various disciplines delivering value-added services to over 5,000 esteemed clients. It provides integrated solutions that draw on diverse and deep competencies in assurance, tax, transaction and advisory services. SGV & Co. has upheld the highest standards of quality over the years. In fact, it remains the only ISO 9001-certified professional services firm in the Philippines – a distinction it has maintained since 1996.

Vicky Lee Salas is the current audit partner of the Fund and has served as such since its incorporation on January 15, 2013. The Fund has not had any disagreements on accounting and financial disclosures with its external auditor. SGV & Co. has neither shareholdings in the Fund nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit of the Fund's interim financial statements, its Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of the Fund's policies, controls, processes and activities; (ii) ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors; (iii) ensure the Fund's compliance with acceptable auditing and accounting standards and regulations; and (iv) approve all related fees paid to the independent auditors.

The following table sets out the aggregate fees billed for the period ended July 31, 2013 for professional services rendered by SGV & Co. to the Fund, excluding fees directly related to the Offer.

	Period from January 15 to July 31 2013 (in PhP thousands)
Audit and Audit-Related Services.....	80
Non-Audit Services.....	49