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SECURITIES AND EXCHANGE COMMISSION

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Company Representative

Doc Source

Company Information

SEC Registration No. CS201300728
Company Name FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.
Industry Classification Investment Company Operation
Company Type Stock Corporation

Document Information

Document ID 108092018003064
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)
Document Code 17-Q
Period Covered June 30, 2018
No. of Days Late 0
Department CFD
Remarks

COVER SHEET

C S 2 0 1 3 - 0 0 7 2 8

SEC Registration Number

F I R S T M E T R O P H I L I P P I N E E Q U I T Y -
 E X C H A N G E T R A D E D F U N D , I N C .
 (A n O p e n - E n d M u t u a l F u n d C o m p a n y)

(Company's Full Name)

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 s e o d e R o x a s c o r n e r S e d e ñ o S t r e e t
 M a k a t i C i t y

(Business Address: No. Street City/Town/Province)

Ms. Marie Arabella D. Veron
 (Contact Person)

891-2860
 (Company Telephone Number)

1 2 3 1
 Month Day
 (Fiscal Year)

SEC Form-17Q
 (Form Type)

2nd Wednesday of May
 (Annual Meeting)

Investment Company
 (Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings
 Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

- 1. For the quarterly period ended: **June 30, 2018**
- 2. Commission identification number: **CS201300728**
- 3. BIR Tax Identification No.: **008-447-745-000**
- 4. Exact name of issuer as specified in its charter: **FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.**
- 5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
- 6. Industry Classification Code: Use Only)
- 7. Address of issuer's principal office Postal Code
18th Floor, PSBank Center, Paseo de Roxas corner Sedeño St., Makati City **1200**
- 8. Issuer's telephone number, including area code: **(632) 891-2860**
- 9. Former name, former address and former fiscal year, if changed since last report: **N/A**
- 10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

(a) Authorized capital stock: **30,000,000 shares** **₱3,000,000,000.00**

(b.) Number of shares outstanding as of: June 30, 2018

Common shares **14,291,260**

(c.) Amount of debt outstanding (unpaid subscriptions): **None**

11. Are any or all of the securities listed in the Philippine Stock Exchange?

Yes [] No []

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [] No []

PART I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC. (An Open-End Mutual Fund Company)

INTERIM STATEMENTS OF FINANCIAL POSITION

	As of	
	June 30, 2018	December 31, 2017
ASSETS		
Cash in banks	₱20,589,735	₱12,064,174
Financial assets at fair value through profit or loss	1,502,311,939	1,407,701,912
Receivables	1,742,430	1,059,715
Other asset	174,223	–
TOTAL ASSETS	₱1,524,818,327	₱1,420,825,801
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	₱1,389,749	₱1,271,854
EQUITY		
Capital stock	1,429,126,000	1,094,200,000
Additional paid-in capital	164,245,031	92,152,483
Retained earnings (deficit)	(69,942,453)	233,201,464
	1,523,428,578	1,419,553,947
TOTAL LIABILITIES AND EQUITY	₱1,524,818,327	₱1,420,825,801

FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.
(An Open-End Mutual Fund Company)

INTERIM STATEMENTS OF COMPREHENSIVE INCOME*

	For the Period Ended June 30		For the Quarter Ended June 30	
	2018	2017	2018	2017
INVESTMENT INCOME				
Trading and securities gains (losses)	(P)265,099,801	P140,071,418	(P)155,631,644	P78,596,006
Dividend income	16,259,833	11,504,301	8,459,193	4,998,700
Interest income	14,195	149	8,570	(30)
	(248,825,773)	151,575,868	(147,163,881)	83,594,676
OPERATING EXPENSES				
Management fees	4,245,082	3,029,306	2,161,116	1,671,103
Custodian and transfer agency fees	537,158	389,819	308,004	161,613
Taxes and licenses	464,258	536,165	433,946	473,575
Brokers' commission	398,920	220,990	357,522	91,885
Information technology expenses	311,836	249,460	125,420	62,063
Regulatory and filing fees	281,948	250,937	182,410	191,148
Directors' and officers' fees	191,910	191,910	96,485	88,348
Miscellaneous	136,533	147,377	55,884	100,773
	6,567,645	5,015,964	3,720,787	2,840,508
INVESTMENT INCOME (LOSS) BEFORE FINAL TAX	(255,393,418)	146,559,904	(150,884,668)	80,754,168
PROVISION FOR FINAL TAX	451,666	128,902	412,108	61,755
NET INVESTMENT INCOME (LOSS)	(P)255,845,084)	P146,431,002	(P)151,296,776)	P80,692,413
EARNINGS PER SHARE	(P)20.0233)	P16.2554	(P)11.1176)	P8.3889

*There are no other comprehensive income items for the period ended June 30, 2018 and 2017.

FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.
(An Open-End Mutual Fund Company)

INTERIM STATEMENTS OF CHANGES IN EQUITY

	Number of Shares Outstanding	Capital Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
Balance at January 1, 2018	10,942,000	₱1,094,200,000	₱92,152,483	₱233,201,464	₱1,419,553,947
Total comprehensive income for the period	-	-	-	(255,845,084)	(255,845,084)
Subscriptions during the period	3,349,260	334,926,000	72,092,548	(47,298,833)	359,719,715
Shares redeemed during the period	-	-	-	-	-
Balance at June 30, 2018	14,291,260	₱1,429,126,000	₱164,245,031	(₱69,942,453)	₱1,523,428,578
Balance at January 1, 2017	7,650,000	₱765,000,000	₱8,502,216	₱89,952,056	₱863,454,272
Total comprehensive income for the period	-	-	-	146,431,002	146,431,002
Subscriptions during the period	2,612,000	261,200,000	66,763,931	(122,508,324)	205,455,607
Shares redeemed during the period	(10,000)	(1,000,000)	(254,975)	-	(1,254,975)
Balance at June 30, 2017	10,252,000	₱1,025,200,000	₱75,011,172	₱113,874,734	₱1,214,085,906

FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.
(An Open-End Mutual Fund Company)

INTERIM STATEMENTS OF CASH FLOWS

	For the Period Ended June 30	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net investment income before final tax	(₱255,393,418)	₱146,559,904
Adjustments for:		
Net unrealized loss from changes in fair value of equity securities	258,724,931	138,250,266
Dividend income	(16,259,833)	(11,504,301)
Interest income	(14,195)	(149)
Changes in operating assets and liabilities:		
Increase in:		
Financial assets at FVTPL	(353,334,958)	(489,468,362)
Receivables	(21,214)	-
Other assets	(174,223)	(94,920)
Increase (decrease) in accounts payable and accrued expenses	117,895	(82,963)
Net cash used in operations	(366,355,015)	(216,340,525)
Dividend received	15,598,332	11,978,953
Interest received	14,195	149
Income tax paid	(451,666)	(128,902)
Net cash used in operating activities	(351,194,154)	(204,490,325)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for shares redeemed	-	(1,254,975)
Proceeds from issuance of capital stock	359,719,715	205,455,607
Net cash provided by financing activities	359,719,715	204,200,632
NET INCREASE (DECREASE) IN CASH IN BANKS	8,525,561	(289,693)
CASH IN BANKS AT BEGINNING OF PERIOD	12,064,174	4,161,350
CASH IN BANKS AT END OF PERIOD	₱20,589,735	₱3,871,657

FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.
(An Open-End Mutual Fund Company)

NOTES TO INTERIM FINANCIAL STATEMENTS

1. Corporate Information

First Metro Philippine Equity Exchange Traded Fund, Inc. (the Fund) was incorporated on January 15, 2013. The Fund's registration under Republic Act (RA) No. 2629, the *Philippine Investment Company Act*, Securities and Exchange Commission (SEC) Exchange Traded Fund (ETF) Rules, and the Securities Regulation Code is an open-end investment company engaged 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 equity securities representing an index. The Fund's shares were listed with the Philippine Stock Exchange (PSE) on December 2, 2013.

As a licensed ETF, the Fund offers to qualified trading participants, on a continuous basis, the shares of the Fund which are issuable and redeemable in predetermined creation units. The Board approved during its meeting on December 11, 2015, the reduction of the number of shares comprising one creation unit from the current Two Hundred Thousand (200,000) to Fifty Thousand (50,000) shares. On December 13, 2016, the Board approved to reduce further the number of shares per creation unit from Fifty Thousand (50,000) to Ten Thousand shares. Shares of the Fund may be directly redeemed in exceptional circumstances as approved by the SEC.

The Fund is majority-owned by First Metro Investment Corporation (First Metro or the Parent Company) and its ultimate parent company is Metropolitan Bank & Trust Company (MBTC). First Metro Asset Management, Inc. (FAMI), a majority-owned subsidiary of First Metro, serves as the fund manager and principal distributor of the Fund. Metropolitan Bank & Trust Company - Trust Banking Group (MBTC-TBG) serves as the Fund's stock and transfer agent. First Metro Securities Brokerage Corporation (FMSBC) serves as the Fund's market maker. The Fund's authorized participants are FMSBC and IGC Securities, Inc. (IGC).

The registered office address of the Fund is at 18th Floor, PSBank Center, 777 Paseo de Roxas corner Sedeño Street, Makati City.

2. Summary of Significant Accounting Policies

Basis of Financial Statement Preparation

The accompanying interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34 *Interim Financial Reporting*. Accordingly, the interim financial statements do not include all of the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Fund's annual audited financial statements as of and for the year ended December 31, 2017.

The accompanying interim financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss (FVTPL) that have been measured at fair value. The financial statements are presented in Philippine peso, the Fund's functional currency. All amounts in the financial statements are rounded to the nearest peso unless otherwise indicated.

Presentation of Financial Statements

The Fund presents its statements of financial position in order of liquidity. As of June 30, 2018 and December 31, 2017, financial assets comprised of cash in banks, financial assets at FVTPL, and receivables which are realizable within one year from reporting date. The Fund's financial liabilities consist of accounts payable and accrued expenses which are due to be settled within one year from

reporting date.

Statement of Compliance

The financial statements of the Fund have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Fund assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Fund and all of the counterparties.

Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Fund.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Fund has adopted the following new accounting pronouncements starting January 1, 2017. Adoption of these amendments did not have any significant impact on the Fund's financial position or performance.

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)
- Amendments to Philippine Accounting Standard (PAS) 7, *Statement of Cash Flows, Disclosure Initiative*
- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

Summary of Significant Accounting Policies

Fair Value Measurement

The Fund measures equity securities at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If an asset or a liability measured at fair value has a bid price and an ask price (e.g., an input from a dealer market), the price between the bid-ask price spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

The Fund recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial instruments that require delivery within the time frame established by regulation or convention in the marketplace are recognized on trade date. Deposits and receivables are recognized when cash is advanced or when the earning process is completed.

Initial recognition of financial instruments

All financial instruments are initially recognized at fair value. Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs. The Fund classifies its financial assets in the following categories: financial assets at FVTPL, available-for-sale (AFS) investments, held-to-maturity (HTM) investments and receivables. Financial liabilities are classified as financial liabilities at FVTPL and other liabilities carried at cost. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of June 30, 2018 and December 31, 2017, the Fund has no AFS investments, HTM investments and financial liabilities at FVTPL.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are:

- acquired and held for trading purposes;
- designated upon initial recognition as at FVTPL; and
- stand-alone or bifurcated embedded derivative financial instruments not designated as effective hedging.

Financial assets are classified as held for trading (HFT) if they are acquired principally for the purpose of selling or repurchasing in the near term.

Financial assets may be designated by management on initial recognition as designated financial assets at FVTPL when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or

- The assets and liabilities are part of a group of financial assets, liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets at FVTPL comprise of quoted equity securities. These securities are carried at fair value, and realized and unrealized gains and losses on these instruments are recognized in 'Trading and securities gains (losses) - net' in the statement of comprehensive income. Dividend earned on financial assets held for trading is reported under 'Dividend income' in the statement of comprehensive income.

Receivables

These are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets at FVTPL or designated as AFS investments. Receivables consist of accounts receivable, due from brokers and dividends receivable.

After initial measurement, receivables are subsequently measured at amortized cost using the effective interest method, less any allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate (EIR). The amortization, if any, is included in 'Interest income' in the statement of comprehensive income. The losses arising from impairment are recognized in 'Provision for credit losses' in the statement of comprehensive income.

This accounting policy applies to the Fund's 'Cash in Banks' and 'Receivables' accounts.

Financial liabilities at amortized cost

Issued financial instruments or their components, are classified as liabilities under the appropriate financial liability accounts, where the substance of the contractual arrangements result in the Fund having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

This accounting policy applies to the Fund's 'Accounts payable and accrued expenses' account.

Due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to the accounting policy for 'Financial liabilities at cost or amortized cost' for recognition and measurement.

Amounts due from brokers are receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered as of the reporting date. Refer to accounting policy for 'Receivables' for recognition and measurement.

The Fund recognizes a net due to or due from brokers in relation to subscription and redemption and related trade transactions by the Fund investors and authorized participants, respectively.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Fund retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Fund has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Fund has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Fund’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Impairment of Financial Assets

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Fund assesses whether objective evidence of impairment exists individually for its cash in banks and receivables.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial asset’s carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The estimated future cash flows is discounted at the financial asset’s original EIR.

The carrying amount of the financial asset is reduced through use of an allowance account and the amount of loss is charged against profit or loss. Interest income continues to be recognized based on the original EIR of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because

of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to the 'Provision for credit losses' in the statement of comprehensive income.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and other sales taxes or duties. The Fund assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Fund has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before income is recognized:

Trading and securities gains (losses) – net

Trading and securities gains (losses) represents results arising from gains and losses from changes in the fair values and gains and losses on sale of financial assets at FVTPL.

Dividend income

Dividend income is recognized when the Fund's right to receive payment is established.

Interest income

Interest income is recognized in the statement of income as it accrues, taking into account the effective yield of the asset. Interest income includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an EIR basis.

Expense Recognition

Expenses are recognized when decrease in future economic benefits related to decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognized as incurred.

The following specific recognition criteria must also be met before expense is recognized:

Management fee

Management fee is accrued over time at 0.50% of average daily net asset value (NAV) of the Fund plus 12.00% value added tax (VAT).

Custodian and transfer agency fees

This includes custodian fee, retainers fee and transaction charges which are accrued upon receipt of monthly billings.

Brokers' commission

Brokers' commission is recognized upon execution of trade.

Taxes and licenses

This includes local taxes which are recognized when incurred.

Stock transaction tax

Stock transaction tax, amounting to 0.06% of gross selling price of stocks sold, is incurred on sale of equity securities listed and traded through the PSE.

Income Taxes

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in other comprehensive income (OCI).

Current tax

Current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided using the balance sheet liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating losses carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT over RCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority.

Current tax and deferred tax relating to items recognized in equity are recognized in OCI.

NAV Per Share

As defined in the Fund's prospectus, NAV per share (NAVPS) is computed by dividing the Fund's net assets (total assets less total liabilities) by the total number of redeemable shares outstanding as of the reporting date.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year, after giving retroactive effect to stock dividends declared, stock rights exercised and stock splits, if any, declared during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary shareholders (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares

outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As of June 30, 2018 and December 31, 2017, there were no potential common shares with dilutive effect on the basic EPS of the Fund.

Share Capital Transactions

The Fund issues redeemable shares in creation units, which are redeemable at the holder's option. Redeemable shares can be put back to the Fund at any time in creation units for a basket of securities and cash equal to a proportionate share of the Fund's NAV on date of redemption.

The Fund's redeemable shares have all of the following features which qualify them as puttable instruments classified as equity instruments:

- The shares entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The shares are in the class of instruments that is subordinate to all other classes of instruments.
- All shares in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's right to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the shares over their life are based substantially on the statement of comprehensive income, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the shares.

In addition, the Fund does not have other financial instruments or contract that have:

- total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund (excluding any effect of such instrument or contract); and
- the effect of substantially restricting or fixing the residual return to the puttable instruments holders.

The Fund continuously assesses the classification of its redeemable shares. If the redeemable shares cease to have all the features or meet the conditions stated above, the Fund will reclassify the shares as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognized in equity. If the redeemable shares subsequently have all the features and meet the above conditions, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of reclassification.

The issuance, acquisition and resale of redeemable shares are accounted for as equity transactions. Upon issuance of shares (or sale of treasury shares), the consideration received is included in equity. Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

Transaction costs incurred by the Fund in issuing, acquiring or selling its own equity instruments are deducted against 'Additional paid-in capital' (APIC). If the APIC is not sufficient to absorb these transaction costs, any excess is charged against 'Retained earnings'.

Additional Paid-in Capital

Additional paid-in capital is the excess amount paid by an investor over the par value of a stock issue.

Retained Earnings

The amounts in retained earnings include accumulated investment income of previous periods reduced by the excess of redemption costs over the original selling price of redeemed shares and transaction costs in excess of APIC.

Dividend Distribution

Dividend distributions are at the discretion of the Fund. A dividend distribution to the Fund's shareholders is accounted for as a deduction from retained earnings. A proposed cash dividend is recognized as a liability in the period in which it is approved by the Board of Directors (BOD).

A proposed stock dividend is recognized as a reduction in equity in the period in which it is approved by the BOD and shareholders representing at least two-thirds (2/3) of the outstanding capital stock. Dividends declared during the year that are approved after the reporting date are dealt with as an event after the reporting date.

Provisions and Contingencies

Provisions are recognized when the Fund has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable

Events After the Reporting Date

Post year-end events up to the date of the approval by the BOD of the financial statements that provide additional information about the Fund's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are non-adjusting events are disclosed in notes to the financial statements when material.

Standards Issued but not yet Effective

Standards issued but not yet effective are listed below. The listing consists of standards and interpretations issued, which the Fund reasonably expects to be applicable at a future date. Unless otherwise indicated, the Fund does not expect that the future adoption of the said pronouncements to have a significant impact on its financial statements. The Fund intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2018

- PFRS 2, *Classification and Measurement of Share-based Payment Transactions* (Amendment)
- PFRS 4, *Applying PFRS 9, Financial Instruments, with PFRS 4* (Amendment)
- PFRS 15, *Revenue from Contracts with Customers*
- PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*) (Amendment)
- PAS 40, *Investment Property - Transfers of Investment Property* (Amendment)
- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

Effective beginning on or after January 1, 2019

- PFRS 9, *Prepayment Features with Negative Compensation* (Amendment)
- PFRS 16, *Leases*

- PAS 28, *Long-term Interests in Associates and Joint Ventures* (Amendment)
- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

Deferred effectivity

- PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendment)

Pronouncements that are deemed to have significant impact on the financial statements of the Fund are described below:

Effective beginning on or after January 1, 2018

PFRS 9 Adoption

PFRS 9, Financial Instruments

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Fund plans to adopt the new standard on the mandatory effective date and will not restate comparative information.

In 2017, the Fund performed its initial impact assessment of all three phases of PFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information becoming available to the Fund when it adopts PFRS 9 in 2018. The initial adoption of PFRS 9 will have no effect on the classification and measurement of the Fund's financial instruments as its investment portfolio consists only of financial instruments classified as financial assets at FVTPL. The adoption will have an impact on the Fund's amount of provisioning based on the new requirements of the expected credit loss model.

The Fund has applied its existing governance framework to ensure that appropriate controls and validations are in place over key processes and judgments in implementing PFRS 9. The Fund is continuously refining its internal controls and processes which are relevant in the proper implementation of the PFRS 9.

3. Significant Estimates and Judgments

The preparation of the financial statement in compliance with PFRS requires the Fund to use estimates, assumptions and judgments. These estimates and assumptions affect the reported amounts of assets and liabilities and contingent assets and liabilities, if any, at the reporting date, as well as the reported income and expenses for the period. Although the estimates are based on management's best knowledge and judgment of current facts at the reporting date, the actual outcome may differ from these estimates, which may possibly be significant.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgment

Classification of redeemable shares as equity

The Fund continually assesses whether all of the conditions indicated in its accounting policy on Share Capital Transaction (Note 2) are met by the redeemable shares it issues to retain the classification of the shares as equity instruments.

In applying its judgment, management considers the rights and claims that each shareholder is entitled to from the Fund's on shares held, the type and features of issued shares including the terms of any contractual obligation, and the basis for the cash flows attributable to the entirety of the term of the shares.

4. Financial Risk Management Objectives and Policies

The Fund has exposures to the following risks from the use of financial instruments:

- a. Credit risk
- b. Liquidity risk
- c. Market risk

Risk Management Framework

The BOD has overall responsibility for the oversight of the Fund's risk management process. Supporting the BOD in this function is the Audit Committee (AC).

The AC is responsible for monitoring compliance with the Fund's risk management policies and procedures, and for reviewing the adequacy of risk management practices in relation to the risks faced by the Fund. The AC is assisted in these functions by the Internal Audit Group (IAG) of MBTC. The IAG undertakes both the Fund's regular and ad-hoc reviews of risk management controls and procedures through the audit of FAMI's processes and operations, being the Investment Manager, the results of which are reported to the AC.

Under the management and distribution agreement of the Fund with FAMI as its Investment Manager and Principal Distributor, FAMI handles the management and administration of the Fund and is authorized to setup marketing network and accredited sub-dealers and agents to sell the shares of the Fund. In addition, under the memorandum of agreement between FAMI and First Metro, the former engages the latter to provide research assistance and technical advice on the implementation and ongoing management of the Investment Guidelines outlined in the Fund's prospectus.

First Metro's BOD, through its board-level Risk Oversight Committee (ROC), has an oversight function in reviewing and assessing all risks associated with the Fund.

The Compliance Division (CD) of First Metro also collaborates with the ROC. The main task of the CD is to monitor and assess compliance of the Fund to the rules and regulations outlined in Fund's prospectus as well as their compliance with the rules of the relevant regulatory bodies. The CD is also tasked to properly disseminate these rules and regulations to the Fund.

First Metro's Chief Risk Officer (CRO) manages and oversees the day-to-day activities of the Risk Management Division (RMD). RMD is tasked with identifying, analyzing, measuring, controlling and evaluating risk exposures arising from fluctuations in prices or market values of instruments, products and transactions of the Parent Company and subsidiaries. It is responsible for recommending trading risk and liquidity management policies, setting uniform standards of risk assessment and measurement, providing senior management with periodic evaluation and simulation and analyzing limit compliance exceptions. The RMD furnishes daily reports to FAMI and provides monthly reports to the ROC.

Nature of Risks and Risk Management Objectives and Policies

The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of such unpredictability on the Fund's financial performance.

The Fund is governed by the provisions in its prospectus that incorporated relevant investment rules and regulations by regulators such as the Investment Company Act, SEC ETF Rules, and the SEC,

among others.

The Fund's investment activities are guided by the following limits/conditions:

- Investments in margin purchases of securities, commodity futures contracts, precious metals, unlimited liability investments, short-selling of currencies and securities are not allowed.
- It shall not incur any further debt or borrowing.
- It shall not participate in underwriting or selling activities in connection with the public distribution of securities except for its own capital stock.
- Investment in any company for the purpose of exercising control or management.
- Investment in the securities of other investment companies.
- Investment in real estate properties and developments.
- Purchasing or selling of securities other than capital stocks of the Fund from or to any of its officers or directors or the officers and directors of its investment adviser/s, manager or distributor/s or firm/s of which any of them are members is prohibited.
- It shall not engage in lending operations.

As an ETF, the Fund is not subject to the maximum or minimum investment limitations or liquidity requirements provided under the Investment Company Rule.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Fund manages its credit risks by setting limits for issuers/borrowers. As credit ratings can change and affect the Fund's returns, a credit analysis is adopted to standardize operational procedure that will support in assessing the credit quality and the credit worthiness of the counterparty. Transactions are structured to include collateralization or various credit enhancements when necessary. Credit exposures are closely monitored to ensure payments are made on time.

Maximum Exposure to Credit Risk

The maximum exposure to credit risk and investment risk is represented by the carrying amounts of the financial assets that are reflected in the statements of financial position and the related notes.

As of June 30, 2018 and December 31, 2017, the Fund does not hold collateral or has no other credit enhancements for the outstanding financial assets

Concentration of risks of financial assets with credit risk exposure

The Fund's basis in grading its financial assets is as follows:

High grade - Entities that are highly liquid, sustain operating trends, unlikely to be affected by external factors and have competent management that uses current business models.

Standard grade - Entities that meet performance expectation, unlikely to be affected by external factors and have competent management that uses current business models.

Substandard grade - Entities with marginal liquidity and have a declining trend in operations or an imbalanced position in their statements of financial position, though not to the point that repayment is jeopardized.

Not Rated - Entities for which there is no established credit rating.

As of June 30, 2018 and December 31, 2017, the Fund has no past due or impaired receivables.

- **Dividends**

On March 16, 2018, the Board of Directors approved the issuance of 3% stock dividend. The record and payment dates were June 8, 2018 and July 4, 2018, respectively.

- **Material Events**

On March 16, 2018 and May 23, 2018, the Board of Directors approved and the Stockholders ratified, respectively, the “ten-for-one” stock split. This will reduce the par value from ₱100.00 to ₱10.00 while the authorized shares will increase from 30.00 million to 300.00 million shares.

- **Subsequent Events**

There were no material subsequent events that took place after the period ended June 30, 2018.

- **Commitments and Contingent Accounts**

There were no commitments and contingent accounts for the period ended June 30, 2018.

- **Net Asset Value (NAV) Per Share**

The total expected cash outflow on redemption of all the shares equals the Fund’s equity. For the purpose of calculating the NAV per share attributable to holders of redeemable shares, the Fund’s investments in listed equity securities held for trading are valued on the basis of closing prices.

As of June 30, 2018 and December 31, 2017, the reconciliation between the Fund’s equity and the NAV per share calculated using closing prices follows:

	June 30, 2018	December 31, 2017
Total equity calculated under PFRS	₱1,523,428,578	₱1,419,553,947
Adjustment from bid prices	—	—
Net asset value attributable to holders of		
redeemable shares (a)	1,523,428,578	1,419,553,947
Number of redeemable shares (b)	14,291,260	10,942,000
NAV per share (a/b)	₱ 106.5986	₱129.7344

The related NAVPS as of December 31, 2017 after the effect of the 3% stock dividends equivalent to 409,260 shares is 125.9557.

- **Earnings Per Share**

Earnings per share is determined by dividing the net income for the period by the weighted average number of common shares issued and outstanding during the period, computed as follows:

	June 30	
	2018	2017
a. Net Income (Loss)	(₱255,845,084)	₱146,431,002
b. Weighted average number of common shares	12,777,347	9,008,122
c. Earnings per share (a/b)	₱(20.0233)	₱16.2554

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION (June 30, 2018 vs. December 31, 2017) AND RESULTS OF OPERATIONS (January 1 – June 30, 2018 vs. January 1 – June 30, 2017)

FINANCIAL POSITION

Total assets of the Fund reached ₱1.52 billion as of June 30, 2018, a growth of 7.32% or ₱0.10 billion from ₱1.42 billion as of December 31, 2017. Liabilities of the Fund went up to ₱1.39 million from ₱1.27 million during the six-month period or an increase of 9.27% or ₱0.12 million. The changes in total assets and total liabilities are primarily due to the movements in the following accounts:

1. Cash in banks

Cash in banks represent the Fund's savings and checking accounts in local banks and bear annual interest of 0.25%. This account became higher by 70.67% or ₱8.53 million from ₱12.06 million in December 31, 2017 to ₱20.59 million in June 30, 2018 due to proceeds from rebalancing trades and dividends received during the period.

2. Financial assets at FVTPL

Financial assets at FVTPL slightly increased by 6.72% or ₱0.09 billion as a result of additional investments made during the period. This consists of quoted equity securities held for trading amounting to ₱1.50 billion and ₱1.41 billion as of June 30, 2018 and December 31, 2017, respectively.

3. Receivables

Receivables consist of dividends and other receivables. This account is significantly higher by ₱0.68 million from ₱1.06 million to ₱1.74 million as of December 31, 2017 and June 30, 2018, respectively, due to the dividends earned from investment in equity securities but not yet received as of the end of the month.

4. Other asset

Other asset pertains to the prepayment made for the annual listing maintenance fee and annual business permit amounting to ₱0.17 million to be amortized over the remaining period.

5. Accounts payable and accrued expenses

This account is composed of payable to FAMI, custodian fees, withholding taxes payable and other accrued expenses. Accounts payable and other accrued expenses is up by 9.27% or ₱0.12 million from ₱1.27 million as of December 31, 2017 to ₱1.39 million as of June 30, 2018.

Payable to FAMI pertains to unpaid management fees as of reporting date. Accrual of management fee is based on the level of Fund's net assets. This account rose by ₱0.06 million relative to the increase in the Fund's net assets at the end of the period.

Custodian fee payable represents unpaid fees to the Fund's custodian for daily fees charged based on transactions made and for safekeeping services of the Fund's equity securities.

Accounts payable includes cash component for redemption, unpaid retainer fees, information technology fees and listing fees.

Accrued expenses include professional fee and transfer agency fee.

6. Capital stock

The authorized capital of the Fund is ₱3.00 billion divided into 30.00 million redeemable shares of ₱100 par value with each share carrying one vote. As of June 30, 2018 and December 31, 2017, issued and fully paid shares amounted to ₱1.43 billion and ₱1.09 billion, respectively. The Fund's capital is represented by these redeemable shares. The shares are entitled to dividends when

declared and to the payment of a proportionate share of the Fund's NAV on the redemption date or upon winding up of the Fund. The Fund's issued shares are redeemed at their NAV calculated in accordance with redemption requirements.

The increment of 30.61% or ₱0.33 billion was due to the subscriptions during the period.

7. Additional paid-in capital

Additional paid-in capital represents subscriptions received in excess of par of ₱100.00 per share amounting to ₱164.25 million as of June 30, 2018 and ₱92.15 million as of December 31, 2017. The growth of ₱72.09 million primarily came from the subscriptions during the period.

8. Retained earnings

Retained earnings went down by ₱303.14 million from ₱233.20 million as of December 31, 2017 to a deficit of ₱69.94 million as of June 30, 2018 mainly due to the Fund's results of operation for the period and the declaration of 3% stock dividend.

RESULTS OF OPERATIONS

The Fund's results of operations for the period ended June 30, 2018 resulted to a net loss of ₱255.85 million, lower by 274.72% or ₱402.28 million than last year's ₱146.43 million net income.

Detailed discussions of the changes in statement of comprehensive income accounts are as follows:

1. Trading and securities gains (losses)

Trading and securities gains (losses) were derived from income realized in the sale of equity securities and the change in fair value of investments held by the Fund. This account resulted to a loss of ₱265.10 million and ₱140.07 million gain for the period ended June 30, 2018 and 2017, respectively. The decrease of ₱405.17 million was mainly due to the weakening fair market value of equity securities during the period.

2. Dividend income

Dividend income totaled ₱16.26 million and ₱11.50 million for the period ended June 30, 2018 and 2017, respectively. This account rose by 41.34% or ₱4.76 million due to higher dividend declaration from investee companies.

3. Interest income

This account pertains to interest earned from cash in banks. This account increased to ₱14,046 from ₱149 as of June 30, 2018 and 2017, respectively. The rise was primarily due to the transfer of fund from non-interest to interest earning bank accounts.

4. Management fee

Management fees amounting to ₱4.25 million consist of fees accrued and paid to the Fund's Investment Adviser. The increase of 40.13% or ₱1.22 million was due to higher level of asset under management during the second quarter of 2018 as compared to the same period last year.

5. Custodian and transfer fees

This account rose by 37.80% or ₱0.15 million as a result of higher balance of the Fund's net asset and transaction charges incurred relative to the purchase and sale of securities. Custodian fees are computed at 1.25 basis points of the Fund's net asset value.

6. Taxes and licenses

This account consists of local taxes amounting to ₱0.46 million and is 13.41% or ₱0.07 million lesser compared to ₱0.54 million for the same period last year. This was generally caused by amortization of business permit for the entire year.

- *Net Income vs. Benchmark* - The Fund posted a net loss of ₱255.85 million for the period ended June 30, 2018 and ₱146.43 million net income for the same period last year.
- *Market Share vs. Benchmark* – As of June 30, 2018 the Fund garnered 1.51% share in the Equity Funds category while 0.57% share among all mutual funds in terms of net assets. On the basis of account holders, the Fund has 1,017 account holders or 0.46% of the total accounts in the Equity Funds category.
- *NAVPS vs. Benchmark*-The Fund NAVPS is tracked using the PSEi. The Fund’s tracking error will not exceed 5%. The highest and lowest tracking error during the period are 0.05% and 0.04% respectively.

COMMITMENTS, MATERIAL EVENTS AND UNCERTAINTIES

1. To date, the Fund has no plans of entering into any material commitments for capital expenditures in the future.
2. To the knowledge and information of the Fund, there are no events or uncertainties that will have a material impact on the Fund’s liquidity.
3. There are no known events that will trigger direct or contingent financial obligation that is material to the Fund, including any default or acceleration of an obligation.
4. Also, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities or other persons created during the reporting period.
5. Likewise, there are no known trends, events or uncertainties that have had or that are reasonably expected to cause a material favorable or unfavorable impact on income from continuing operations.
6. Similarly, there were no significant elements of income or loss that did not arise from the Fund’s continuing operations.
7. Lastly, there were no seasonal aspects that had any material effect on the financial condition or results of operations of the Fund.

FINANCIAL SOUNDNESS INDICATORS

Performance Indicators	As of		
	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)	December 31, 2017 (Audited)
Current ratio ^{1/}	109,718.97%	112,856.87%	111,712.96%
Acid test ratio ^{2/}	109,706.44%	112,848.05%	111,712.96%
Debt-to-equity ratio ^{3/}	0.09%	0.09%	0.09%
Asset-to-equity ratio ^{4/}	100.09%	100.09%	100.09%
Interest rate coverage ratio ^{5/}	n.a.	n.a.	n.a.
Profitability ratios:			
Return on assets ^{6/}	(34.74%)	28.16%	23.26%
Return on equity ^{7/}	(34.77%)	28.19%	23.28%

^{1/} Current Assets divided by Current Liabilities

^{2/} Quick Assets (Cash and cash equivalents, Financial assets at FVTPL securities and Current receivables) divided by Current Liabilities

^{3/} Total Liabilities divided by Total Equity

^{4/} Total Assets divided by Total Equity

^{5/} Earnings Before Interest and Tax divided by Interest Expense

^{6/} Annualized Net Investment Income divided by Average Total Assets

^{7/} Annualized Net Investment Income divided by Average Total Equity

OTHER RELEVANT PERCENTAGES

	As of		
	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)	December 31, 2017 (Audited)
Liquid/Semi liquid assets to total assets	99.99%	99.99%	100.00%
Total operating expenses to total net worth	0.45%	0.48%	0.87%
Total assets to total borrowing	n.a.	n.a.	n.a.

FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.
FORM AND CONTENT OF SCHEDULES
AS OF JUNE 30, 2018

Schedule A - Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
<i>Financial assets at fair value through profit or loss</i>				
SM Investments Corporation	227,720	₱199,255,000	₱199,255,000	₱1,799,654
SM Prime Holdings, Inc.	4,002,900	143,904,255	143,904,255	1,308,335
Ayala Land, Inc.	3,273,300	124,058,070	124,058,070	726,365
BDO Unibank, Inc.	842,240	105,701,120	105,701,120	472,464
Ayala Corporation	113,840	104,732,800	104,732,800	-
Bank of the Philippine Islands	967,675	85,639,238	85,639,238	870,908
PLDT, Inc.	49,805	64,248,450	64,248,450	1,238,720
JG Summit Holdings, Inc.	1,256,540	62,827,000	62,827,000	371,562
Metropolitan Bank & Trust Company	853,840	62,671,856	62,671,856	588,510
Aboitiz Equity Ventures, Inc.	1,090,820	59,449,690	59,449,690	1,242,138
Jollibee Foods Corporation	199,260	52,405,380	52,405,380	217,512
Universal Robina Corporation	426,900	51,654,900	51,654,900	1,164,965
Security Bank Corporation	193,340	38,668,000	38,668,000	265,440
Manila Electric Company	99,610	35,421,316	35,421,316	782,628
International Container Terminal Services, Inc.	455,360	35,199,328	35,199,328	1,029,675
GT Capital Holdings, Inc.	34,610	31,495,100	31,495,100	94,725
Metro Pacific Investments Corporation	5,692,400	26,185,040	26,185,040	387,190
LT Group, Inc.	1,242,900	22,471,632	22,471,632	218,340
Globe Telecom, Inc.	14,230	21,914,200	21,914,200	577,168
San Miguel Corporation	151,910	20,963,580	20,963,580	101,756
Aboitiz Power Corp.	569,200	19,779,700	19,779,700	674,428
Megaworld Corporation	4,269,000	18,271,320	18,271,320	263,991
Robinsons Retail Holdings, Inc.	227,680	18,100,560	18,100,560	161,625
Puregold Price Club Inc.	386,090	17,991,794	17,991,794	-
DMCI Holdings, Inc.	1,655,200	17,379,600	17,379,600	698,687
Alliance Global Group, Inc.	1,423,000	16,535,260	16,535,260	-
Robinsons Land Corporation	853,800	15,880,680	15,880,680	275,183
Semirara Mining And Power Corporation	426,900	12,935,070	12,935,070	600,500
Petron Corporation	966,700	8,584,296	8,584,296	127,364
First Gen Corporation	552,400	7,987,704	7,987,704	-
	32,519,170	₱1,502,311,939	₱1,502,311,939	₱16,259,833

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written-off	Current	Non-Current	Balance at end of period
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None to report.

Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders are subject to usual terms in the normal course of business.

Schedule C – Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected (i)	Amounts Written-off (ii)	Current	Non-Current	Balance at end of period
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None to report.

(i) If collected was other than in cash, explain.

(ii) Give reasons to write-off.

Schedule D – Intangible Assets – Other Assets

Description ⁽ⁱ⁾	Beginning Balance	Additions at Cost ⁽ⁱⁱ⁾	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) ⁽ⁱⁱⁱ⁾	Ending Balance
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None to report.

- ⁽ⁱ⁾ The information required shall be grouped into (a) intangibles shown under the caption intangible assets and (b) deferrals shown under the caption Other Assets in the related balance sheet. Show by major classifications.
- ⁽ⁱⁱ⁾ For each change representing other than an acquisition, clearly state the nature of the change and the other accounts affected. Describe cost of additions representing other than cash expenditures.
- ⁽ⁱⁱⁱ⁾ If provision for amortization of intangible assets is credited in the books directly to the intangible asset account, the amounts shall be stated with explanations, including the accounts charged. Clearly state the nature of deductions if these represent anything other than regular amortization.



Schedule E - Long-Term Debt

Title of issue and type of obligation ⁽ⁱ⁾	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet ⁽ⁱⁱ⁾	Amount shown under caption "Long-Term Debt" in related balance sheet ⁽ⁱⁱⁱ⁾	Interest Rate %	Maturity Date
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None to report.

⁽ⁱ⁾ Include in this column each type of obligation authorized.

⁽ⁱⁱ⁾ This column is to be totaled to correspond to the related balance sheet caption.

⁽ⁱⁱⁱ⁾ Include in this column details as to interest rates, amounts or numbers of periodic instalments, and maturity dates.

Schedule F - Indebtedness to Related Parties (Long-Term Loans from Related Parties)

Name of Related Parties ⁽ⁱ⁾	Balance at beginning of period	Balance at end of period ⁽ⁱⁱ⁾
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None to report.

⁽ⁱ⁾ The related parties named shall be grouped as in Schedule C. The information called for shall be stated for any persons whose investments shown separately in such related schedule.

⁽ⁱⁱ⁾ For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.

Issuer

for 
EDUARDO S. MENDIOLA
President


MARIE ARABELLA D. VERON
Treasurer

Date: July __, 2018