

# COVER SHEET

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 SEC Registration Number

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(Company's Full Name)

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

<b>Edwin B. Valeroso</b>
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 (Contact Person)

<b>8891-2860</b>
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 (Company Telephone Number)

1	2
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*Month*

3	1
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*Day*

(Fiscal Year)

<b>SEC Form-17Q</b>
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 (Form Type)

<b>2<sup>nd</sup> Wednesday of May</b>
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 (Annual Meeting)

<b>Investment Company</b>
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 (Secondary License Type, If Applicable)

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 Dept. Requiring this Doc.

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 Amended Articles Number/Section

<b>3,155</b>
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 Total No. of Stockholders

Total Amount of Borrowings

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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: **September 30, 2024**
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:  (SEC Use Only)
7. Address of issuer's principal office Postal Code  
**18<sup>th</sup> Floor, PSBank Center, Paseo de Roxas corner Sedeño St., Makati City** **1226**
8. Issuer's telephone number, including area code: **(632) 8891-2860**
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 September 30, 2024:

Common shares	<b>13,301,260</b>
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  - (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	
	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>		
Cash in banks	<b>₱8,761,847</b>	₱10,168,391
Financial assets at fair value through profit or loss	<b>1,546,348,153</b>	2,129,183,895
Receivables	<b>156,322</b>	2,070,195
<b>TOTAL ASSETS</b>	<b>₱1,555,266,322</b>	₱2,141,422,481
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<b>₱1,272,252</b>	₱1,655,852
<b>EQUITY</b>		
Capital stock	<b>1,330,126,000</b>	2,099,126,000
Additional paid-in capital	<b>4,316,882</b>	63,494,703
Retained earnings (deficit)	<b>219,551,188</b>	(22,854,074)
	<b>1,553,994,070</b>	2,139,766,629
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱1,555,266,322</b>	₱2,141,422,481

**FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.**

**(An Open-End Mutual Fund Company)**

**INTERIM STATEMENTS OF COMPREHENSIVE INCOME**

	For the Period Ended September 30		For the Quarter Ended September 30	
	(Unaudited)		(Unaudited)	
	2024	2023	2024	2023
<b>INVESTMENT INCOME</b>				
Trading and securities gains (losses)	<b>₱207,696,545</b>	(₱72,883,344)	<b>₱212,374,344</b>	(₱46,162,935)
Dividend income	<b>46,277,708</b>	60,724,873	<b>7,833,797</b>	11,896,167
Interest income	<b>784</b>	1,489	<b>344</b>	414
	<b>253,975,037</b>	(12,156,982)	<b>220,208,485</b>	(34,266,354)
<b>OPERATING EXPENSES</b>				
Management fees	<b>8,344,647</b>	9,175,882	<b>2,309,970</b>	3,017,823
Information technology expenses	<b>825,923</b>	756,253	<b>355,934</b>	232,589
Custodian and transfer agency fees	<b>709,031</b>	361,873	<b>279,995</b>	118,833
Fund admin fees	<b>514,761</b>	605,720	<b>123,748</b>	142,766
Regulatory and filing fees	<b>477,586</b>	457,603	<b>172,518</b>	154,211
Directors' and officers' fees	<b>247,000</b>	274,496	<b>86,500</b>	92,504
Brokers' commission	<b>200,597</b>	1,217,094	<b>50,729</b>	679,754
Taxes and licenses	<b>191,964</b>	674,737	<b>26,203</b>	337,575
Professional fees	<b>67,144</b>	66,899	<b>22,544</b>	22,545
Miscellaneous	<b>128,654</b>	452,388	<b>9,164</b>	24,974
	<b>11,707,307</b>	14,042,945	<b>3,437,305</b>	4,823,574
<b>NET INVESTMENT INCOME (LOSS) BEFORE FINAL TAX</b>	<b>242,267,730</b>	(26,199,927)	<b>216,771,180</b>	(39,089,928)
<b>PROVISION FOR FINAL TAX</b>	<b>169,956</b>	770,973	<b>113,668</b>	295,320
<b>NET INVESTMENT INCOME (LOSS)/TOTAL COMPREHENSIVE INCOME (LOSS)*</b>	<b>₱242,097,774</b>	(₱26,970,900)	<b>₱216,657,512</b>	(₱39,385,248)
<b>BASIC EARNINGS (LOSS) PER SHARE</b>	<b>₱13.5599</b>	(₱1.2772)	<b>₱12.2836</b>	(₱1.8630)

\*There are no other comprehensive income items for the period ended September 30, 2024 and 2023.

**FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.****(An Open-End Mutual Fund Company)****INTERIM STATEMENTS OF CHANGES IN EQUITY**

	<b>Number of Shares Outstanding</b>	<b>Capital Stock</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings (Deficit)</b>	<b>Total Equity</b>
<b>Balance at January 1, 2024</b>	<b>20,991,260</b>	<b>₱2,099,126,000</b>	<b>₱63,494,703</b>	<b>(₱22,854,074)</b>	<b>₱2,139,766,629</b>
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>242,097,774</b>	<b>242,097,774</b>
<b>Shares issued during the period</b>	<b>140,000</b>	<b>14,000,000</b>	<b>535,918</b>	<b>–</b>	<b>14,535,918</b>
<b>Shares redeemed during the period</b>	<b>(7,830,000)</b>	<b>(783,000,000)</b>	<b>(59,713,739)</b>	<b>307,488</b>	<b>(842,406,251)</b>
<b>Balance at September 30, 2024</b>	<b>13,301,260</b>	<b>₱1,330,126,000</b>	<b>₱4,316,882</b>	<b>₱219,551,188</b>	<b>₱1,553,994,070</b>
Balance at January 1, 2023	21,801,260	₱2,180,126,000	₱70,238,408	(₱45,843,141)	₱2,204,521,267
Total comprehensive loss for the period	–	–	–	(26,970,900)	(26,970,900)
Shares issued during the period	650,000	65,000,000	411,243	(905,558)	64,505,685
Shares redeemed during the period	(1,430,000)	(143,000,000)	(7,054,608)	46,778	(150,007,830)
Balance at September 30, 2023	21,021,260	₱2,102,126,000	₱63,595,043	(₱73,672,821)	₱2,092,048,222

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

**INTERIM STATEMENTS OF CASH FLOWS**

	<b>For the Period Ended September 30</b>	
	<b>(Unaudited)</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net investment income (loss) before final tax	<b>₱242,267,730</b>	(₱26,199,927)
Adjustments for:		
Dividend income	<b>(46,277,708)</b>	(60,724,873)
Interest income	<b>(784)</b>	(1,489)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Financial assets at FVTPL	<b>582,835,742</b>	115,645,916
Receivables	–	(11,086,748)
Other assets	–	265,848
Increase (decrease) in accounts payable and accrued expenses	<b>(383,600)</b>	10,589,768
Net cash provided by operations	<b>778,441,380</b>	28,488,495
Dividend received	<b>48,191,581</b>	61,397,231
Interest received	<b>784</b>	1,489
Income tax paid	<b>(169,956)</b>	(770,973)
Net cash provided by operating activities	<b>826,463,789</b>	89,116,242
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment for shares redeemed	<b>(842,406,251)</b>	(150,007,830)
Proceeds from issuance of capital stock	<b>14,535,918</b>	64,505,685
Net cash used in financing activities	<b>(827,870,333)</b>	(85,502,145)
<b>NET INCREASE (DECREASE) IN CASH IN BANKS</b>	<b>(1,406,544)</b>	3,614,097
<b>CASH IN BANKS AT BEGINNING OF PERIOD</b>	<b>10,168,391</b>	5,421,590
<b>CASH IN BANKS AT END OF PERIOD</b>	<b>₱8,761,847</b>	₱9,035,687

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

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**NOTES TO INTERIM FINANCIAL STATEMENTS**

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**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 No. 2629, the Philippine Investment Company Act, Securities and Exchange Commission (SEC) Exchange Traded Fund (ETF) Rules and the Securities Regulation Code (SRC), 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 units 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 (10,000) shares. Shares of the Fund may be directly redeemed in exceptional circumstances as approved by the SEC. As of December 31, 2023, the minimum number of shares per creation unit is ten thousand (10,000) shares.

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.

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

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**2. Summary of Material Accounting Policies**

Basis of Financial Statement Preparation

The accompanying 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.

Statement of Compliance

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

Presentation of Financial Statements

The Fund presents its statements of financial position in order of liquidity.

### New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development, including tax law that implements qualified domestic



minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

## **Significant Accounting Policies**

### Cash in banks

Cash in banks consist of demand and savings deposits in banks.

### Fair Value Measurement

The Fund measures certain financial instruments at fair value at each statement of financial position 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 ask price, the price within the bid-ask spread is most representative of fair value in the circumstance shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy. The fair value measurement of a nonfinancial asset takes into account the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, 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.

For purposes of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of hierarchy.

### Financial Instruments - Initial Recognition and Subsequent Measurement

#### *Date of recognition*

The Fund recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on settlement date.

#### *Initial recognition of financial instruments*

All financial instruments are initially measured at fair value. Except for financial assets and financial liabilities valued at FVTPL, the initial measurement of financial instruments includes transaction costs.

#### *Classification and Subsequent Measurement of financial instruments*

##### *Classification of financial assets*

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Fund's business model for managing financial assets. The Fund classifies its financial assets into the following categories: financial assets at FVTPL, fair value through other comprehensive income (FVOCI) and AC.

##### *Contractual cash flows characteristics*

The Fund assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding. Instruments with cash flows that do not represent as such are classified as at FVTPL.

In making this assessment, the Fund determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

##### *Business model*

The Fund's business model does not depend on management's intentions for an individual instrument, rather it refers to how it manages its group of financial assets in order to generate cash flows (i.e. collecting contractual cash flows, selling financial assets or both).

Relevant factors considered by the Fund in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Fund's key management personnel. The Fund also considers the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers, if any, of the business are compensated.

#### *Financial assets at FVTPL*

Financial assets are classified as held-for-trading (HFT) if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets that do not meet the amortized cost or FVOCI criteria, or that meet the criteria, but the Fund has chosen to designate as FVTPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVTPL, unless the Fund designates an investment that is not held for trading as at FVOCI at initial recognition.

Financial assets at FVTPL are recorded in the statement of financial position at fair value, with changes in the fair value included under the 'Trading and securities gains (losses) - net' account in the profit or loss. Interest earned is reported in the profit or loss under 'Interest income' while dividend income is reported in the profit or loss under 'Dividend income' when the right to receive payment has been established.

As of September 30, 2024 and December 31, 2023, the Fund's financial assets at FVTPL consist of quoted equity investments

#### *Financial assets at AC*

A debt financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. 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 EIR. The amortization is included in 'Interest income' in the profit or loss and is calculated by applying the EIR to the gross carrying amount of the financial asset. The Fund's financial assets at AC consist of cash in banks and receivables.

#### *Financial liabilities at FVTPL*

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Interest incurred from debt securities is recorded as 'Interest expense' in the statement of profit or loss.

As of September 30, 2024 and December 31, 2023, the Fund has no financial liabilities at FVTPL.

#### *Financial liabilities at AC*

Issued financial instruments or their components, which are not designated at FVTPL, are classified as financial liabilities at amortized cost. After initial measurement, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. This policy applies to accounts payable and accrued expenses of the Fund.

#### *Reclassifications of financial instruments*

The Fund reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Fund and any previously recognized gains, losses or interest shall not be restated.

## Derecognition of Financial Assets and Liabilities

### *Financial asset*

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized generally when the rights to receive cash flows from the asset have expired.

### *Financial liability*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

## Impairment of Financial Assets

### *Expected credit loss*

PFRS 9 requires the Fund to record expected credit losses (ECL) for all loans and other debt financial assets not classified as at FVTPL, together with loan commitments and financial guarantee contracts. ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk since initial recognition. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of the financial asset.

### *Staging assessment*

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Fund recognizes a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Fund recognizes a lifetime ECL for Stage 2 debt financial assets.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment.

### *Forward looking information*

A range of economic overlays are considered, and expert credit judgment is applied in determining the forward-looking inputs to the ECL calculation.

As of September 30, 2024 and December 31, 2023, the Fund did not recognize any provision for ECL.

## Creditable Withholding Taxes

Creditable withholding taxes (CWT) represent prepayments of income tax by the Fund through its payors who withhold and pay the same to the Bureau of Internal Revenue (BIR). These are accounted for as assets deductible from income tax due on quarterly and annual income tax returns.

In accordance with Section 2.58(B) of Revenue Regulations No. 2-1998, as amended, the Fund obtains from each payor the CWT certificate or BIR Form No. 2307 which serves as proof of withholding and is required to be attached to the income tax return.

CWT is presented under 'Other assets' in the statements of financial position.

### Revenue recognition (outside the scope of PFRS 15)

The following specific recognition criteria must be met before revenue is recognized.

#### *Trading and securities gains (losses)*

Trading and securities gains (losses) represent results arising from trading activities and unrealized gains and losses from changes in the fair values of financial assets at FVTPL.

#### *Dividend income*

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

#### *Interest income*

##### *a. Interest income is recognized using the effective interest rate method*

Interest income is recognized in profit or loss for all instruments measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

##### *b. Other interest income*

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognized using the contractual interest rate and is included under Interest Income on financial assets at FVTPL.

### 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 specific recognition criteria described below must also be met before expense is recognized:

#### *Management fee and retainer's fee*

Management fee is accrued over time at 0.50% of average daily NAV of the Fund.

#### *Custodian and clearing fees*

This includes custodian fees and transaction charges which are being charged at a fixed amount and recognized as incurred.

#### *Brokers' commissions*

Brokers' commissions are recognized upon execution of trade.

#### *Taxes and licenses*

This includes all other local taxes which are recognized when incurred.

### Stock Transaction Tax

Stock transaction tax, amounting to 0.60% of gross selling price of stocks sold is incurred on sale of

equity securities listed and traded through the PSE.

### Income Taxes

#### *Current tax*

Current tax assets and liabilities for the current and prior periods 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 have been enacted or substantively enacted at the reporting date.

#### *Deferred tax*

Deferred tax is provided, using the balance sheet 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. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences, carryforward of unused tax credits and unused NOLCO can be utilized.

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 taxable income will be available to allow all or part of the deferred tax assets 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 profit will allow the deferred tax assets to be recovered.

### Earnings Per Share

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

Diluted EPS is calculated by dividing the profit attributable to ordinary shareholders (after adjusting for interest on any 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 September 30, 2024 and December 31, 2023, there were no potential common shares with dilutive effect on the basic earnings (losses) per share of the Fund.

### Net Asset Value (NAV) per share

NAV per share is computed by dividing net assets (total assets less total liabilities) by the total number of outstanding redeemable shares as of the statement of financial position date.

### Capital Stock Transactions

The Fund issues redeemable shares, which are redeemable at the holder's option. Redeemable shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV.

The Fund's redeemable shares have 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 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 over the life of the shares.

Further, the Fund does not have other financial instruments or contracts 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; and
- The effect of substantially restricting or fixing the residual return to the holders of redeemable shares.

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. No gain or loss is recognized in the statement of comprehensive income on the purchase, sale or issuance or cancellation of the Fund's own equity instruments. Redemptions are recorded as charges against equity.

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

#### Retained Earnings

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

#### Dividend Distribution

Dividend distribution is 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 retained earnings 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.

#### 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.

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. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the statement of income.

#### Segment Reporting

For management purposes, the Fund is organized into one main operating segment, which invests in short term placements and equity instruments. All of the Fund's activities are interrelated and interdependent.

Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

#### 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 not adjusting events, if any, are disclosed in the notes when material to the financial statements.

#### **Standards Issued but not yet Effective**

Pronouncements issued but not yet effective are listed below. The Fund intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Fund's financial statements.

##### *Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current, Liabilities with Covenants*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7: *Disclosures: Supplier Finance Arrangements*

##### *Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

##### *Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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### **3. Significant Estimates and Judgments**

The preparation of the financial statements in compliance with PFRSs 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 financial assets at FVTPL*

The Fund classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are SPPI on the principal amount outstanding. The Fund's financial assets comprise significantly of quoted equity securities, which are classified as held for trading under financial assets at FVTPL. In making the judgment on whether the financial assets are held for trading, the Fund evaluates whether its intention to sell or repurchase these financial assets in the near term remains appropriate.

#### *Classification of redeemable shares as equity*

The Fund continually assesses whether all of the conditions indicated in its accounting policy on Share Capital Transaction 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.

### Estimate

#### *Recognition of deferred tax asset*

The Fund reviews the carrying amount of deferred tax assets at each reporting date and reduces it to the extent that it is no longer probable that sufficient income will be available to allow all or part of the deferred tax assets to be utilized. The Fund did not recognize certain deferred tax assets, since management assessed that it is not probable that the benefits from these deferred tax assets will be realized in the future.

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## **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 with 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 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 incorporate relevant investment rules and regulations by regulators such as the Investment Company Act, SEC ETF Rules and the SRC, 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 Act.

### *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. Credit exposures are closely monitored to ensure payments are made on time.

### *Maximum Exposure to Credit Risk and Investment Risk*

The maximum exposure to credit 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 September 30, 2024 and December 31, 2023, the Fund does not hold collateral nor any 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 expectations, 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 September 30, 2024 and December 31, 2023, the Fund's financial assets at AC comprising of cash in banks and receivables are all assessed to be High Grade. Accordingly, the Fund assessed that the impact of recognizing ECL is insignificant as of September 30, 2024 and December 31, 2023.

### *Liquidity Risk*

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.

The Fund is also exposed to daily cash redemptions of redeemable shares. The Fund therefore invests the majority of its assets in the basket of securities as indicated in the Fund's prospectus.

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

### *Market Risk*

Market risk is the risk of change in fair value of financial instruments from fluctuations in equity prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its

issuer or factors affecting all instruments traded in the market. The Fund's exposure to market risk relates to equity price risk.

As of September 30, 2024 and December 31, 2023, the Fund does not have debt instruments that would expose it to interest rate risk.

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 basket of securities 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. Fluctuations in the value of securities in which the Fund invests will cause the NAV of the Fund to fluctuate.

The Fund's financial instruments comprise equity investments. The Fund Manager uses an indexing approach in achieving its investment objective. The Fund's investment objective is not to outperform the Philippine Stock Exchange index (PSEi) but to track this index as close as possible. Consequently, the Fund does not intend to seek provisional defensive position 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 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 times be substantially fully invested. In case when rebalancing the portfolio is required due to changes in the index composition or diminishing liquidity of certain index component stock, the portfolio may be under invested but limited to at least 80.00% 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 as advised by FAMI.

#### *Equity price risk*

The Fund's price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices. Such investment securities are subject to price risk due to changes in the market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Fund measures the sensitivity of its investment securities by using the PSEi fluctuations.

### *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, as the Underlying Index, which is rebalanced every six 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.

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## **5. Fair Value Measurement**

As of September 30, 2024 and December 31, 2023, the carrying values of the Fund's financial assets and liabilities as reflected in the statements of financial position and related notes approximate their fair values.

The methods and assumptions used by the Fund in estimating fair values of financial instruments are as follows:

### *Financial assets at FVTPL*

Fair values are based on closing market prices as published by the PSE, which are considered as Level 1 inputs.

### *Financial assets and liabilities carried at AC*

Carrying values approximate fair values since these instruments are liquid and have short-term maturities (less than three months). These financial instruments comprise cash in banks, receivables, and accounts payable and accrued expenses.

As of September 30, 2024 and December 31, 2023, the Fund has no financial instruments that are reported under levels 2 and 3 fair value measurements, and there were no transfers made among the three levels in the fair value hierarchy.

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## **6. Other information**

- **Seasonality or Cyclicity of Interim Operations**

The Fund's operations is driven mainly by prevailing market and economic conditions, as well as, by the demands and or needs of the investors and is not influenced by seasonal or cyclical pulls.

- **No Unusual Items**

There are no items affecting assets, liabilities, equity, net income or cash flows, which may be considered unusual by virtue of their nature, size or incidence.

- **Subscriptions and Redemptions of Securities**

There were 0.14 million shares subscribed and 7.83 million shares redeemed during the period ended September 30, 2024.

- **Dividends**

There were no dividends declared and paid during the period ended September 30, 2024.

- **Material Events**

There were no material events that happened for the period ended September 30, 2024.

- **Subsequent Events**

There were no material subsequent events that took place after the period ended September 30, 2024.

- **Commitments and Contingent Accounts**

There were no commitments and contingent accounts for the period ended September 30, 2024.

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

NAV per share is computed by dividing net assets (total assets less total liabilities) by the total number of shares issued and subscribed as of the date of the statements of financial position.

As of September 30, 2024 and December 31, 2023, NAV per share is computed as follows:

	<b>September 30, 2024</b>	December 31, 2023
Net asset value attributable to holders of redeemable shares (a)	<b>₱1,553,994,070</b>	₱2,139,766,629
Number of redeemable shares (b)	<b>13,301,260</b>	20,991,260
NAV per share (a/b)	<b>₱116.8306</b>	₱101.9361

- **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:

	<b>September 30</b>	
	<b>2024</b>	2023
Net income (loss) (a)	<b>₱242,097,774</b>	(₱26,970,900)
Weighted average number of common shares (b)	<b>17,853,997</b>	21,117,487
Earnings per share (a/b)	<b>₱13.5599</b>	(₱1.2772)

**Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION (September 30, 2024 vs. December 31, 2023) AND RESULTS OF OPERATIONS (January 1 – September 30, 2024 vs. January 1 – September 30, 2023)**

**FINANCIAL POSITION**

As of September 30, 2024, the Fund’s total assets stood at ₱1.56 billion, lower by ₱0.58 billion or 27.37% from ₱2.14 billion as of December 31, 2023. Total liabilities ended at ₱1.27 million from ₱1.66 million, lower by ₱0.39 million or 23.17% as of reporting date. The changes in total assets and liabilities are primarily due to the movements in the following accounts:

**1. Cash in banks**

This represents the Fund’s savings and checking accounts in local banks and bear annual interest of 0.0625% per annum. This account ended at ₱8.76 million, decreased by 13.83% or ₱1.41 million from ₱10.17 million mainly on account of net redemptions during the period.

**2. Financial assets at FVTPL**

This consists of quoted equity securities held for trading. The decrease of ₱0.58 billion or 27.37% from ₱2.13 billion to ₱1.55 billion was due to net redemptions during the period.

**3. Receivables**

This account consists of dividend receivable. The decrease of ₱1.91 million or 92.45% from ₱2.07 million to ₱0.16 million was due to lower uncollected dividend receivable as of reporting date.

**4. Accounts payable and accrued expenses**

This account consists of accounts payable, payable to FAMI, accrued expenses, withholding tax and documentary stamp tax (DST) payable. The decrease of 23.17% or ₱0.39 million from ₱1.66 million to ₱1.27 million was mainly due to lower payable to FAMI relative to the decrease of the Fund’s assets under management as of reporting date.

**5. Equity**

The Fund’s equity is comprised of its capital stock, additional paid-in capital and retained earnings. The decrease of ₱0.59 billion or 27.38% from ₱2.14 billion to ₱1.55 billion was due to net redemptions during the period.

*Capital stock* ended at ₱1.33 billion, a decrease of ₱0.77 billion or 36.63% from ₱2.10 billion due to net redemptions during the period. The Fund’s authorized capital stock remained at ₱3.00 billion divided into 30.00 million redeemable shares with par value of ₱100.00 per share with each share carrying one vote. As of September 30, 2024 and December 31, 2023, the total issued and outstanding shares were 13,301,260 and 20,991,260, respectively, while the total number of holders of redeemable common shares are 3,155 and 3,288, respectively.

*Additional paid-in capital* declined by 93.20% or ₱59.17 million from ₱63.49 million to ₱4.32 million this year mainly due to net redemptions during the period.

*Retained earnings (deficit)* increased by ₱242.40 million from ₱22.85 million deficit to ₱219.55 million earnings as of September 30, 2024 due to results of operations during the period.

## RESULTS OF OPERATIONS

For the period ended September 30, 2024, the Fund realized a net income of ₱242.10 million, an increase of ₱269.07 million or 997.63% from the same period last year's net loss of ₱26.97 million. Detailed discussions of the changes in the statement of comprehensive income accounts are as follows:

**1. *Trading and securities gains (losses)***

This account represents realized gains (losses) from the sale and unrealized gain (losses) from changes in fair value of equity securities held for trading during the period. The increase of ₱280.58 million or 384.97% from ₱72.88 million loss to ₱207.70 million gain was mainly due to the result of changes in the fair value and trading of equity securities during the period.

**2. *Dividend income***

This is recognized when the Fund's right to receive cash dividend is established. This account totaled ₱46.28 million, a decrease of 23.79% or ₱14.44 million from ₱60.72 million mainly due to lower cash dividends earned from shares held during the period.

**3. *Interest income***

This account pertains to interest earned from cash in bank of the Fund. The decrease of 47.33% was due to lower cash in bank balances during the period.

**4. *Management fees***

This account decreased by ₱0.84 million or 9.06% from same period last year's ₱9.18 million to ₱8.34 million this year due to the lower management fees incurred relative to the decrease of the Fund's assets under management during the period.

**5. *Information technology expenses***

This account pertains to prime portal services being used by the Fund and includes the license fee for the web hosting of the Fund's website and the calculation of its Indicative NAV during the trading day. This account increased by ₱0.07 million or 9.21% from the same period last year's ₱0.76 million to ₱0.83 million due to timing difference of payment during the period.

**6. *Custodian and transfer fees***

This account pertains to charges incurred relative to the purchase and sale of securities. This account totaled ₱0.71 million and ₱0.36 million for the period ended September 30, 2024 and 2023, respectively, resulting to ₱0.35 million or 95.93% increase due to higher volume of equity securities movement from subscriptions and redemptions during the period.

**7. *Fund admin fee***

This account totaled ₱0.51 million which pertains to payment of the fund admin fee during the period. The decrease of 15.02% or ₱0.10 million from ₱0.61 million was due to the lower fees incurred relative to the decrease of the Fund's assets under management during the period.

**8. *Regulatory and filing fees***

This account totaled ₱0.48 million and ₱0.46 million for the period ended September 30, 2024 and 2023, respectively, which consists of Funds' listing and filing fees paid to regulatory bodies.

**9. *Directors' fees per diem***

This account pertains to per diem paid to the Fund's officers and directors during board meetings and annual stockholders' meeting. This account decreased by ₱0.02 million or 10.02% from ₱0.27 million



for the same period last year to ₱0.25 million this year due to fewer attendees on meetings held during the period.

**10. Broker's commission**

This pertains to fees paid to brokers for executing trade transactions. This account decreased by ₱1.02 million or 83.52% from same period last year's ₱1.22 million to ₱0.20 million this year due to lower volume of rebalancing trades during the period.

**11. Taxes and licenses**

This account decreased by 71.55% or ₱0.48 million from the same period last year's ₱0.67 million to ₱0.19 million mainly due to lower documentary stamp taxes paid during the period.

**12. Professional fees**

This account totaled ₱0.07 million for the period ended September 30, 2024 and 2023, and this represents audit fees incurred by the Fund.

**13. Miscellaneous expenses**

This account includes membership fees and dues, bank charges and other miscellaneous expenses. The decrease of 71.56% or ₱0.32 million from same period last year's ₱0.45 million to ₱0.13 million this year was mainly due to lower membership fees and miscellaneous expenses paid during the period.

## **DISCUSSION OF KEY PERFORMANCE INDICATORS**

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

- *Net Asset Value Per Share* - Net Asset Value per share increased by ₱14.8945 from ₱101.9361 as of December 31, 2023 to ₱116.8306 as of September 30, 2024. The Fund's net asset value decreased by ₱0.59 billion or 27.38% from ₱2.14 billion as of December 31, 2023 to ₱1.55 billion as of September 30, 2024.
- *Sales for the period ended* - The Fund had total sales of ₱14.54 million for the period ended September 30, 2024. This is ₱49.97 million or 77.47% lower than ₱64.51 million total sales for the same period last year.
- *Redemptions for the period ended* - The Fund had total redemptions of ₱842.41 million for the period ended September 30, 2024. This is ₱692.40 million or 461.57% higher than ₱150.01 million redemptions for the same period last year.
- *Net Income vs. Benchmark* - The Fund recognized a net income of ₱242.10 million for the period ended September 30, 2024, higher by ₱269.07 million or 997.63% compared to same period last year's ₱26.97 million net loss.
- *Market Share vs. Benchmark* - As of September 30, 2024, the Fund garnered 2.32% share in the Equity Funds category in terms of net assets. On the basis of account holders, the Fund has 3,155 account holders or 0.31% 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 0.0410% and 0.0403%, 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		
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2023 (Audited)
Current ratio <sup>1/</sup>	122245.15%	16497.46%	129324.51%
Acid test ratio <sup>2/</sup>	122245.15%	16497.46%	129324.51%
Debt-to-equity ratio <sup>3/</sup>	0.08%	0.61%	0.08%
Asset-to-equity ratio <sup>4/</sup>	100.08%	100.61%	100.08%
Interest rate coverage ratio <sup>5/</sup>	N/A	N/A	N/A
Profitability ratios:			
Return on assets <sup>6/</sup>	17.46%	(1.67%)	1.11%
Return on equity <sup>7/</sup>	17.48%	(1.67%)	1.11%

<sup>1/</sup> Current Assets divided by Current Liabilities

<sup>2/</sup> Quick Assets (Cash and cash equivalents, financial assets at FVTPL securities and Current receivables) divided by Current Liabilities

<sup>3/</sup> Total Liabilities divided by Total Equity

<sup>4/</sup> Total Assets divided by Total Equity

<sup>5/</sup> Earnings before Interest and Tax divided by Interest Expense

<sup>6/</sup> Annualized Net Investment Income divided by Average Total Assets

<sup>7/</sup> Annualized Net Investment Income divided by Average Total Equity

## OTHER RELEVANT PERCENTAGES

	As of	
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Liquid/Semi liquid assets to total assets	100.00%	100.00%
Total operating expenses to total net worth	0.63%	0.65%
Total assets to total borrowing	N/A	N/A

<sup>1/</sup> Liquid/Semi Liquid Assets (Cash and cash equivalents and Financial assets at FVPL securities Current receivables) divided by Total Assets

<sup>2/</sup> Total Operating Expenses divided by Average Equity

<sup>3/</sup> Total Assets divided by Total Borrowings

**FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.**  
**OTHER RATIOS REQUIRED FOR MUTUAL FUNDS**  
**AS OF SEPTEMBER 30, 2024**

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds or notes	Valued based on market quotation at balance sheet date	Percentage of Investment to Net Asset Value (i)	Percentage to Outstanding Shares of Investee Company (ii)
<i>Financial assets at fair value through profit or loss</i>				
Aboitiz Equity Ventures, Inc.	978,438	₱36,348,971	2.34%	0.02%
ACEN Corp.	3,657,438	19,677,016	1.27%	0.01%
Alliance Global Group, Inc.	1,029,831	9,659,815	0.62%	0.01%
Ayala Corporation	122,139	82,016,338	5.28%	0.02%
Ayala Land, Inc.	2,722,058	99,627,323	6.41%	0.02%
Bank of the Philippine Islands	995,549	134,498,670	8.66%	0.02%
BDO Unibank, Inc.	894,185	141,281,230	9.09%	0.02%
Bloomberry Resorts Corporation	1,275,500	10,318,795	0.66%	0.01%
Century Pacific Food Inc.	469,158	17,851,462	1.15%	0.01%
Converge ICT Solutions Inc	862,857	14,116,341	0.91%	0.01%
DMCI Holdings, Inc.	1,330,369	15,299,244	0.98%	0.01%
Emperador Inc	1,214,112	22,776,741	1.47%	0.01%
Globe Telecom, Inc.	12,162	27,656,388	1.78%	0.01%
GT Capital Holdings, Inc.	36,250	26,462,500	1.70%	0.02%
International Container Terminal Services, Inc.	399,752	161,499,808	10.39%	0.02%
JG Summit Holdings, Inc.	1,156,969	32,163,738	2.07%	0.02%
Jollibee Foods Corporation	193,970	52,100,342	3.35%	0.02%
LT Group, Inc.	1,085,833	10,880,047	0.70%	0.01%
Manila Electric Company	112,422	49,263,320	3.17%	0.01%
Metropolitan Bank & Trust Company	831,403	65,348,276	4.21%	0.02%
Monde Nissin Corp	2,768,197	28,180,245	1.81%	0.02%
Nickel Asia Corporation	1,458,000	5,248,800	0.34%	0.01%
PLDT, Inc.	30,620	45,623,800	2.94%	0.01%
Puregold Price Club Inc.	387,523	12,206,975	0.79%	0.01%
San Miguel Corporation	183,569	16,521,210	1.06%	0.01%
Semirara Mining and Power Corporation	392,676	12,761,970	0.82%	0.01%
SM Investments Corporation	226,031	216,085,636	13.91%	0.02%
SM Prime Holdings, Inc.	4,118,630	133,031,749	8.56%	0.01%
Universal Robina Corporation	366,482	38,004,183	2.45%	0.02%
Wilcon Depot, Inc.	537,553	9,837,220	0.63%	0.01%
	<b>29,849,676</b>	<b>₱1,546,348,153</b>	<b>99.52%</b>	<b>N/A</b>

**FIRST METRO PHILIPPINE EQUITY EXCHANGE TRADED FUND, INC.  
FORM AND CONTENT OF SCHEDULES  
AS OF SEPTEMBER 30, 2024**

**Schedule A - Financial Assets**

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds or notes	Amount shown in the balance sheet (ii)	Value based on market quotation at end of reporting period (iii)	Income received and accrued
<i>Financial assets at fair value through profit or loss</i>				
Aboitiz Equity Ventures, Inc.	978,438	₱36,348,971	₱36,348,971	₱2,133,232
ACEN Corp.	3,657,438	19,677,016	19,677,016	248,712
Alliance Global Group, Inc.	1,029,831	9,659,815	9,659,815	-
Ayala Corporation	122,139	82,016,338	82,016,338	695,055
Ayala Land, Inc.	2,722,058	99,627,323	99,627,323	857,568
Bank of the Philippine Islands	995,549	134,498,670	134,498,670	2,943,545
BDO Unibank, Inc.	894,185	141,281,230	141,281,230	3,168,359
Bloomberry Resorts Corporation	1,275,500	10,318,795	10,318,795	-
Century Pacific Food Inc.	469,158	17,851,462	17,851,462	585,032
Converge ICT Solutions Inc	862,857	14,116,341	14,116,341	156,322
DMCI Holdings, Inc.	1,330,369	15,299,244	15,299,244	1,419,962
Emperador Inc	1,214,112	22,776,741	22,776,741	431,691
Globe Telecom, Inc.	12,162	27,656,388	27,656,388	1,229,900
GT Capital Holdings, Inc.	36,250	26,462,500	26,462,500	389,070
International Container Terminal Services, Inc.	399,752	161,499,808	161,499,808	6,601,342
JG Summit Holdings, Inc.	1,156,969	32,163,738	32,163,738	719,279
Jollibee Foods Corporation	193,970	52,100,342	52,100,342	331,143
LT Group, Inc.	1,085,833	10,880,047	10,880,047	1,287,480
Manila Electric Company	112,422	49,263,320	49,263,320	3,090,098
Metropolitan Bank & Trust Company	831,403	65,348,276	65,348,276	5,660,125
Monde Nissin Corp	2,768,197	28,180,245	28,180,245	492,456
Nickel Asia Corporation	1,458,000	5,248,800	5,248,800	284,180
PLDT, Inc.	30,620	45,623,800	45,623,800	3,654,610
Puregold Price Club Inc.	387,523	12,206,975	12,206,975	503,301
San Miguel Corporation	183,569	16,521,210	16,521,210	284,728
Semirara Mining and Power Corporation	392,676	12,761,970	12,761,970	2,033,416
SM Investments Corporation	226,031	216,085,636	216,085,636	3,011,589
SM Prime Holdings, Inc.	4,118,630	133,031,749	133,031,749	2,110,402
Universal Robina Corporation	366,482	38,004,183	38,004,183	1,748,008
Wilcon Depot, Inc.	537,553	9,837,220	9,837,220	207,103
	<b>29,849,676</b>	<b>₱1,546,348,153</b>	<b>₱1,546,348,153</b>	<b>₱46,277,708</b>

**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
First Metro Securities Brokerage	P-	P28,249,548	P28,249,548	P-	P-	P-	P-

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.

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(i) If collected was other than in cash, explain.  
(ii) Give reasons to write-off.

**Schedule D – Intangible Assets – Other Assets**

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

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- <sup>(i)</sup> 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.
  - <sup>(ii)</sup> 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.
  - <sup>(iii)</sup> 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**

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

<sup>(i)</sup> Include in this column each type of obligation authorized.

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

<sup>(iii)</sup> 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)**

<b>Name of Related Parties <sup>(i)</sup></b>	<b>Balance at beginning of period</b>	<b>Balance at end of period <sup>(ii)</sup></b>
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None to report.

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- <sup>(i)</sup> 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.
- <sup>(ii)</sup> 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.

**Schedule G - Guarantees of Securities of Other Issuers**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding <sup>(i)</sup>	Amount owned by person of which statement is filed	Nature of guarantee <sup>(ii)</sup>
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None to report.

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- (i) Indicate in a note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
  - (ii) There must be a brief statement of the nature of the guarantee, such as "Guarantee of principal and interest", "Guarantee of Interest", or "Guarantee of Dividends". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

**Schedule H - Capital Stock**

<b>Title of Issue</b> <small>(i)</small>	<b>Number of shares authorized</b>	<b>Number of shares issued and outstanding as shown under the related balance sheet caption</b>	<b>Number of shares reserved for options, warrants, conversion and other rights</b>	<b>Number of shares held by related parties</b> <small>(ii)</small>	<b>Directors, officers and employees</b>	<b>Others</b> <small>(iii)</small>
Common	30,000,000	13,301,260	–	7	397	The Fund issued 140,000 shares and redeemed 7,830,000 shares during the period.

(i) Include in this column each type of issue authorized

(ii) Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.

(iii) Indicate in a note any significant changes since the date of the last balance sheet filed.

Schedule I – Aging of Receivables as of September 30, 2024

Description	Total	Current	0-30 days	31-60 days	61-90 days	More than 90 Days
Individual	₱–	₱–	₱–	₱–	₱–	₱–
Corporate	156,322	–	156,322	–	–	–
<b>Total Trade Receivables, gross</b>	156,322	–	156,322	–	–	–
Less: Allowance for Doubtful Accounts	–	–	–	–	–	–
Total Trade Receivables, net	156,322	–	156,322	–	–	–
Other receivables	–	–	–	–	–	–
<b>Total trade and other receivables</b>	<b>₱156,322</b>	<b>₱–</b>	<b>₱156,322</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>

## 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



**EDUARDO R. CARREON**  
Chairman



**MAURO B. PLACENTE**  
Treasurer

Date: November 13, 2024