

## Client Suitability Assessment (CSA)

1. **INVESTMENT OBJECTIVE:** Why are you investing?
  - a. To build my emergency or operational fund
  - b. To maintain a sustenance fund through steady returns
  - c. To save for future expenditure (e.g. car, vacation, home)
  - d. To enhance wealth or achieve capital growth
  
2. **LIQUIDITY REQUIREMENT:** When do you intend to withdraw your investment?
  - a. Might require withdrawal anytime
  - b. Might require regular withdrawal
  - c. Only when necessary
  - d. Does not require withdrawal until 5 years or more
  
3. **RISK TOLERANCE:** What level of risk in relation to investment returns are you most comfortable with?
  - a. I am ok with very low returns as long as my principal is protected.
  - b. I can accept minimal risk for stable returns.
  - c. I can accept moderate risk and short-term losses for potentially higher returns over time.
  - d. I am willing to take high risks to achieve the highest potential returns over the long term
  
4. **INVESTMENT HORIZON:** How long are you willing to keep your money invested?
  - a. Less than a year
  - b. 1 to 3 years
  - c. More than 3 years but less than 5 years
  - d. 5 years or more
  
5. **INVESTMENT KNOWLEDGE:** How much do you know about investments?
  - a. Minimal. I have savings and time deposits.
  - b. Low. I know the basics of money markets and bonds.
  - c. Medium. I have existing investment funds.
  - d. High. I trade stocks.
  
6. **INVESTMENT EXPERIENCE:** How long have you been investing?
  - a. Less than 1 year.
  - b. 1-5 years
  - c. 6-10 years
  - d. More than 10 years
  
7. What type of investment are you **INTERESTED** in?
  - a. Savings and Time Deposits
  - b. Money Market and Government Securities
  - c. Bond and Balanced Funds
  - d. Stocks, Real Estate, and/or Derivatives

***Client Acknowledgment***

*I/We acknowledge that the answers I/we indicated in this Client Suitability Assessment (CSA) are true, accurate, and complete and can be relied upon by First Metro Securities. I/We understand that this CSA shall be used as a guide for recommending suitable investments, and that any false and insufficient information herein may result to inappropriate and/or inaccurate recommendation of products/services.*

*I/We also understand that in case of joint accounts with varying investment profiles per co-investor, the investor profile of the primary investor shall prevail.*

*I/We agree with the results of this assessment and confirm that **I/we shall update this CSA at least once every three years** or whenever my/our characteristics, preferences, or circumstances change.*

*Furthermore, in compliance with BSP Circular No. 1022, in relation to Unit Investment Trust Funds (UITFs), I/we hereby give my/our consent to First Metro Securities to share my/our personal information such as but not limited to complete name, date and place of birth, residential address, contact number, and citizenship to its third party service providers or the Trust Corporation for the purposes of opening a trust account under my/our account name and investing in UITFs.*

## **RISK DISCLOSURE STATEMENT**

Prior to making an investment, First Metro Securities is hereby informing you of the nature of Investment Funds and the risks involved in investing therein. As investments carry different degrees of risk, it is necessary that before participating in these investments, you should have:

1. fully understood the nature of the investment and the extent of your exposure to risks;
2. read this Risk Disclosure Statement completely; and
3. independently determined that the investment in any of the Investment Funds is appropriate for you.

When investing in Investment Funds, there are specific risks involved because the value of your investment is based on the Net Asset Value per unit/share (NAVPU/S) of the Fund which uses a marked-to-market valuation and therefore may fluctuate daily. The NAVPU/S is computed by dividing the Net Asset Value (NAV) of the Fund by the number of outstanding units/shares. The NAV is derived from the summation of the market value of the underlying securities of the Fund plus accrued interest income less liabilities and qualified expenses.

**INVESTMENT FUNDS DO NOT PROVIDE GUARANTEED RETURNS EVEN IF INVESTED IN GOVERNMENT SECURITIES AND HIGH-GRADE PRIME INVESTMENT ALTERNATIVES. YOUR PRINCIPAL AND EARNINGS FROM INVESTING IN THE FUND CAN BE LOST IN WHOLE OR IN PART WHEN THE NAVPU AT THE TIME OF REDEMPTION IS LOWER THAN THE NAVPU AT THE TIME OF PARTICIPATION.** Gains from investment are realized when the NAVPU at the time of redemption/withdrawal is higher than the NAVPU at the time of participation/investment.

Your investment in any of the Investment Funds may expose you to the various types of risks enumerated and defined hereunder:

- 1. Interest Rate Risk.** This is the possibility for an investor to experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.

The Fund's portfolio, being marked-to-market, is affected by changes in interest rates thereby affecting the value of fixed income investments such as bonds. Interest rate changes may affect the prices of fixed income securities inversely, i.e. as interest rates rise, bond prices fall and when interest rates decline, bond prices rise. As the prices of bonds in a Fund adjust to a rise in interest rates, the Fund's unit price may decline.

- 2. Market/Price Risk.** This is the possibility for an investor to experience losses due to changes in the prices of securities (e.g., bonds and equities) due to fluctuations in the market.

It is the risk of the Fund to lose value due to a decline in securities prices, which may sometimes happen rapidly or unpredictably. The value of investments fluctuates over a given time period because of general market conditions, economic changes or other events that impact large portions of the market such as political events, natural calamities, etc. As a result, the NAVPU/S may increase to make profit or decrease to incur loss.

- 3. Liquidity Risk.** This is the possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a price that could result in a loss. These may be caused by different reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or underdeveloped capital market.

Liquidity risk occurs when certain securities in the Fund may be difficult or impossible to sell at a particular time which may prevent the redemption of investments until its assets can be converted to cash. Even government securities which are the most liquid of fixed income securities may be subjected to liquidity risk particularly if a sizeable volume is involved.

- 4. Credit Risk/Default Risk.** This is the possibility for an investor to experience losses due to a borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued. This inability of the borrower to make good on its financial obligations may have resulted from adverse changes in its financial condition thus, lowering credit quality of the security, and consequently lowering the price (market/price risk) which contributes to the difficulty in selling such security. It also includes risk on a counterparty (a party the Fund Manager trades with) defaulting on a contract to deliver its obligation either in cash or securities.

This is the risk of losing value in the Fund in the event the borrower defaults on his obligation or in the case of a counterparty, when it fails to deliver on the agreed trade. This decline in the value of the Fund happens because the default/failure would make the price of the security decline thus making it difficult to sell without having to realize a loss in value. As these happen, the Fund's NAVPU/S will be affected by a decline in value.

- 5. Reinvestment Risk.** This is the risk associated with the possibility of having lower yields or earnings when reinvesting maturing funds or investments that are preterminated or prepaid.

Investors who redeem/withdraw and realize their gains run the risk of reinvesting their funds in an alternative investment outlet with lower yields. Similarly, the fund manager is faced with the risk of

not being able to find good or better alternative investment outlets as some of the securities in the fund matures or if issuer/direct borrower redeems or prepays.

In case of a foreign-currency denominated Fund or a peso denominated Fund allowed to invest in securities denominated in currencies other than its base currency, the Fund is also exposed to the following risks:

- 6. Foreign Exchange Risk.** This is the possibility that an investor may experience losses due to fluctuations in foreign exchange rates. The exchange rates depend upon a variety of global and local factors, e.g., interest rates, economic performance, and political developments.

It is the risk of the Fund to currency fluctuations when the value of investments in securities denominated in currencies other than the base currency of the Fund depreciates. Conversely, it is the risk of the Fund to lose value when the base currency of the Fund appreciates. The NAVPU/S of a peso-denominated Fund invested in foreign currency-denominated securities may decrease to incur loss when the peso appreciates.

- 7. Country Risk.** This is the possibility that an investor may experience losses arising from investments in securities issued by/ in foreign countries due to the political, economic and social structures of such countries. There are risks in foreign investments due to the possible internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases of the foreign country involved which are difficult to predict but must be taken into account in making such investments.

Likewise, brokerage commissions and other fees may be higher in foreign securities. Government supervision and regulation of foreign stock exchanges, currency markets, trading systems and brokers may be less than those in the Philippines. The procedures and rules governing foreign transactions and custody of securities may also involve delays in payment, delivery or recovery of investments.

- 8. Other Risks.** Your participation in the Fund may be further exposed to the risk of any actual or potential conflicts of interest in the handling of in-house or related party transactions by the fund manager. These transactions may include own-bank deposits; purchase of own-institution or affiliate obligations (stocks, mortgages); purchase of assets from or sales to own institution, directors, officers, subsidiaries, affiliates or other related interests/parties; or purchases or sales between fiduciary/managed accounts.

*I/WE HAVE COMPLETELY READ AND FULLY UNDERSTOOD THIS RISK DISCLOSURE STATEMENT. I/WE SHALL CONTACT FIRSTMETROSEC SHOULD I/WE REQUIRE FURTHER EXPLANATION.*

*I/WE HEREBY VOLUNTARILY AND WILLINGLY AGREE TO COMPLY WITH ANY AND ALL LAWS, REGULATIONS, THE PLAN RULES/PROSPECTUS, TERMS, AND CONDITIONS GOVERNING MY/OUR INVESTMENT.*

CONFORME:

\_\_\_\_\_  
PRINTED NAME AND SIGNATURE / DATE

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FMSBC ACCOUNT CODE