

In compliance with SEC Notice on Covid19 dated March 12, 2020, FFI, through its Fund Manager, AB Capital & Investment Corporation (“ABCIC”), hereby informs the investing public that a Crisis Management Plan on Covid is already in place to respond to the increasing risk of disruption to FFI’s business operations.

Business Continuity Plan:

Business Description

FFI is a closed-end investment company. Its services include investments in equities, unit investment trust funds (UITF) and bank placements. There are no distribution methods adopted by FFI as it does not deal or trade in goods or products. FFI likewise has no business operations aside from the trading of its shares as well as the maintenance of its investment portfolio. For FFI, what is most important is to have full access to its securities and a significant number of counterparties to accommodate trades and placement

Access to Securities

FFI does not maintain custody of securities. All assets are held by the Philippine Depository and Trust Corporation for equity securities, AB Capital and Investment Corporation for the UITFs and various banks for the placements.

Access to Counterparties

In order to properly address the need to have counterparties that can readily execute the Fund Manager’s orders, the FFI has accredited 16 brokers to accept equity trades and 14 bank counterparties to accept placements.

Risk Policies and Procedures

To mitigate against risks to the Fund, we have in place various policies and procedures that deals with cutting losses, concentration and exposure limits, regular evaluation of Broker and Bank counterparties and a proprietary Internal Risk Rating System. We have likewise in place the following portfolio allocation strategy:

- Increase allocation to non-price sensitive investments such as regular deposit products to minimize portfolio volatility.
- Increase allocation to government-guaranteed securities for capital preservation.
- Increase allocation to highly liquid benchmark securities for easy liquidation
- Reduce portfolio duration to minimize losses during a price downtrend
- Reduce equity exposure to minimize losses during a price downtrend
- Reduce or zero out exposure in illiquid stocks.

Crisis Management Plan:


FFI’s Fund Manager, ABCIC, has already activated its Crisis Management Team. The Team has already issued the necessary guidelines and protocols on proper hygiene measures, social distancing procedures, travel restrictions, and quarantine impositions, all in accordance with the WHO and DOH requirements. These guidelines and protocols are now being implemented since last week. This is a continuing initiative of ABCIC.

Employee Covid Management Plan:

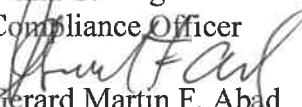
Considering that FFI does not have employees of its own, as management of the Fund, including its business operations, is completely handled by ABCIC, FFI will adopt all of the Employee Covid Management Plan of ABCIC (please see attached integral Annex "A").

Rest assured that FFI is implementing proper hygiene measures, social distancing guidelines, and travel and quarantine requirements as imposed by the DOH.

By:



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ANNEX "A"

ABCAP Crisis Management Plan ("CMP")

In response to the increasing risk of *disruption to business operations* caused by the COVID - 19 virus Pandemic out-break, ABCAP (AB Capital and Investment Corporation and AB Capital Securities Inc.) has created a CMP composed of the following major segments:

- 1 - Planning and Preparation
- 2 - Activation of the Business Continuity Plan ("BCP")
- 3 - Post Peak Period (Reversion to Business as Usual) ("BAU")
- 4 - Post Crisis Review
- 5 - Situation Monitoring and Assessment
- 6 - Employee Self Reporting
- 7 - Alert Notification and Communication

The CMP adopts the World Health Organisation's (WHO) six phases of alert for a Pandemic Influenza (as shown in the table below).

WHO Pandemic Phase s Alert			AB Capital's Action Plan
Period	Phase	Description	
Inter-pandemic period New virus in animals, no human cases	1	Low risk of human cases	Planning & Preparation
	2	High risk of human cases	
Pandemic alert period Virus causes human cases	3	No or very limited human-to-human transmission	Activate Contingency Plan
	4	Evidence of increased human-to-human transmission	
Sunstantial Pandemic Risk	5	Evidence of significant human-to-human transmission	Implement Contingency Plan
Pandemic period	6	Efficient and sustained human-to-human transmission	
Post Peak Period			Conduct a thorough evaluation of the Pandemic Plan
Post Pandemic Period		Cases dropped below peak level	

Based on the above risk assessment table, we are now at Phase 6 where there is evident "Person to person transmission occurring in Metro Manila".

The Crisis Management Plan

1 - Planning and Preparation

Phase 1 to 4 were spent in "Planning and Preparation", included setting up of 1) "BCP" and Call Tree Teams; 2) issuance of and implementing thereof of precautionary *policies and procedures on hygiene and travel* and an 3) *information campaign* via the regular dissemination of relevant advisories and bulletins to the organization.

Policies and procedures on the following agenda have been issued and are currently being strictly enforced.

1. Travel restrictions
2. Medical clearance for employees travelling from affected countries and regions
3. Health, hygiene and infection containment
4. Limiting visitors and deliveries to "critical to business or to essentials"
5. Disinfecting / sanitizing individual workspaces
6. Environmental cleaning

2 - Activation of the BCP

**Please see covering Board of Directors Memo for details*

3 - Post Peak Period (Reversion to Business as Usual) (as triggered by the following):

1. First wave of epidemic declining however CMT will continue to conduct surveillance in case of future waves
2. Assess resources to return to BAU
3. Prepare communication plan to employees and stakeholders
4. ABCIC and ABCSI eventually returns to BAU

4 - Post Crisis Review (conducted by Crisis Management Team)

CMT will conduct a thorough evaluation of the Plan. Business Units will review lessons learned, evaluate resources and update the Plan.

5 - Situation Monitoring and Assessment

CMT shall conduct a regular meeting with the BU Heads to discuss the plans and actions. Assess the development of the Pandemic and its effect to AB Capital. Communicate to the BU Heads the mitigating measure to lessen the threat in the organization.

6 - Employee Self-Reporting

Business Units shall ensure their employees will report to ABCAP-HRAD any pandemic symptom and disclose if with contact with the following:

1. Positive carrier of COVID-19
2. Person under Investigation for COVID-19 (waiting for test results); or
3. Person under Monitoring COVID-19 (home quarantine).

7 - Alert Notification & Communication

CMT may decide to escalate the alert level via existing BCP Call Tree procedure.