

**Philequity Corner (March 31, 2014)**  
**By Valentino Sy**

**Example of a Real-Life Investor**

In this article, we discuss Peso Cost Averaging as an investment strategy. We center on an actual investor of the Philequity Fund who has been employing this strategy since 2003. In fact, this is the same investor whose statement of account we presented during our Investors' Briefing last March 8, 2014.

**What is Peso Cost Averaging?**

As we said in our article last week (*The Time to Invest is Now*, March 24, 2014), Peso Cost Averaging "is an investing technique which involves buying a fixed peso amount of stocks on a regular schedule." To illustrate, an investor applying Peso Cost Averaging can invest P10,000 on a monthly basis. Another investor can opt to invest P5,000 every week. The amount and the frequency of investing will depend on one's financial capacity and tolerance for risk.

**Why is Peso Cost Averaging Stress-Free?**

Investing can be stressful especially for first time investors who have never experienced volatility in the markets. Also, many are daunted by the thought of investing a large amount of money in one go. But with Peso Cost Averaging, as the following example will show, one can reach a gross investment of P1 million in a short amount of time by investing as little as P5,000 on a weekly basis.

**A Real-Life Investor**

During our Investors' Briefing last March 8, 2014, we included in our presentation the actual statement of account of Mr. Cecilio Castro, Jr. In our article today, we narrate how Peso Cost Averaging has allowed him to build his investment in the Philequity Fund.

Mr. Cecilio began investing in Philequity Fund in September 2003 with an initial investment of P31,000. Since then, he has been investing regularly – investing around P4,000 to P10,000 weekly or biweekly. Even throughout the vicious bear market of 2008, he continued Peso Cost Averaging.

Here is a snapshot of his ledger:

<b>Transaction Date</b>	<b>NAV Per Share</b>	<b>Transaction Amount</b>
09/03/2003	4.4171	11,268
09/18/2003	4.5976	10,000
09/24/2003	4.5883	10,000
10/06/2003	4.6343	10,000
10/14/2003	4.7374	10,000
10/27/2003	4.7345	10,732
11/06/2003	4.9039	10,000
11/17/2003	4.7239	10,750
11/28/2003	4.7366	10,750
12/09/2003	4.8335	10,750
...		
09/02/2005	6.9999	10,000
09/26/2005	6.9350	10,000

10/14/2005	6.9619	5,000
11/03/2005	7.1204	5,000
..		
08/13/2008	10.6523	5,000
09/10/2008	10.5195	5,000
09/16/2008	9.6233	5,000
09/22/2008	9.9286	5,000
09/29/2008	10.1839	5,000
10/08/2008	9.2110	5,000
10/21/2008	8.6821	5,000
...		
08/20/2009	11.8549	5,000
09/23/2009	12.4435	5,000
10/05/2009	12.2980	5,000
11/18/2009	13.1218	5,000
...		
02/20/2014	30.9389	4,000
02/28/2014	31.3944	14,000
03/13/2014	31.4182	12,000
03/17/2014	31.3906	7,000

The table below shows how Mr. Cecilio’s gross investment grew each year. By the end of 2008, he had reached a gross investment of P899,000. Today, his gross investment of P1.28 million has a market value of P4.27 million as of last Friday, March 28, 2014.

Year	Investment for the year	Cumulative Investment
Sept - Dec 2003	104,250	104,250
2004	201,750	306,000
2005	186,000	492,000
2006	52,000	544,000
2007	178,000	722,000
2008	177,000	899,000
2009	55,000	954,000
2010	36,000	990,000
2011	0	990,000
2012	7,000	997,000
2013	203,000	1,200,000
2014 YTD	75,000	1,275,000
<b>Market Value as of Mar 28, 2014</b>		<b>P4,270,000</b>
<b>10.5-year CAGR</b>		<b>12.2%</b>

### Straight from the horse’s mouth

We interviewed Mr. Cecilio over the phone and here is what he had to say about his experience as an investor – from choosing the right fund to investing consistently even during bear markets.

**Q:** How did you start investing in mutual funds?

**A:** I worked in Philequity from 1998 to 1999 and in a brokerage firm prior to that so I had knowledge on investments. I started investing once I had enough income to set aside. My first choice was Philequity because I knew how the fund invested...

**Q:** Which was?

**A:** Value investing. I also chose Philequity because it was not affiliated with any investment bank or insurance company. But most of all, I had full belief in Wilson Sy. For me, the fund manager's reputation is a very critical aspect in choosing a mutual fund.

**Q:** What was the market like when you started investing in 2003?

**A:** I don't remember. But I do remember the NAV at which I first entered the fund: P4.42 per share.

**Q:** What was your experience as an investor during the bear market?

**A:** I just kept investing. For those who set aside funds to invest regularly, you should not look at what the index level is. Investing consistently has proven to give you a good average cost in the long run. You cannot catch peaks and bottoms in the market.

**Q:** What can you say about financial literacy in the Philippines?

**A:** It still has a long way to go but people are much more knowledgeable now. Back in 2003 and much more in 1994 when Philequity started, only those who were in the industry of capital markets knew about mutual funds. But now, people are more aware as seen, I think, in how Philequity Fund has grown. I think Philequity has made investing in mutual funds very accessible by making the minimum additional investment only P1,000.

#### **Learning by Example**

We would like to thank Mr. Cecilio Castro, Jr. for allowing us to use his account as an example during our Investors' Briefing and in our article today. He did not mind being interviewed as he shares in our advocacy of teaching people how to invest. In fact, he was even interviewed by ANC. We hope that this real-life example will help our readers understand how to use Peso Cost Averaging to achieve their investment goals.

*For further stock market research and to view our previous articles, please visit our online trading platform at [www.wealthsec.com](http://www.wealthsec.com) or call 634-5038. Our archived articles can also be viewed at [www.philequity.net](http://www.philequity.net).*