

Philequity Corner (September 8, 2014)
By Valentino Sy

One Win

Last September 4, traffic was light and everyone was glued to their TVs watching the satellite broadcast. Many were praying for that elusive win. With the pain of loss after loss still fresh in everyone's memory, hope was pinned on this last game. On that day, our Gilas Pilipinas won 81-79 against Senegal in a thrilling match that would become our country's first win in the FIBA World Cup in 40 years. After 4 decades, the Philippines was once again on basketball's international stage. With just one win, we forgot about the traffic jams, port congestion and even the ongoing political squabbles and investigations. This one win was the talk of the town and became the banner headline of major dailies. This one win was all it took to solidify the nation. With one win, our country celebrated.

Basketball nation

Facebook and Twitter feeds were filled with nothing else but updates about Gilas. We cheered for our countrymen, who were underdogs compared to much larger players from Croatia, Argentina and Puerto Rico. Even foreign sportscasters rooted for us, many of them lauding the Filipino tenacity and hoping that we would get into the Round of 16. So when Gilas did not make it to the next round, many foreigners were wondering why we were still happy. Instead of weeping over these losses, our country celebrated this one win. Never mind if our team lost 4 games. Never mind that we were already eliminated from the Round of 16. Our basketball nation's jubilation was not to be held back. This goes to show that there is indeed more fun in the Philippines and that Filipinos are among the happiest people in the world.

High

In the midst of all this euphoria, beneath the headlines and buried in news feeds was the strong performance of the stock market. While our nation was on a high because of Gilas' historic win, many overlooked the stock market's journey to a historic high. For instance, the S&P 500 reached yet another all-time high last week.

The PSEi was not to be outdone. In the past week, our market gained 3%, closing at 7,263.58, its highest for the year. This was led by strong rallies in many stocks, some of which made history by reaching all-time highs last week, such as TEL, URC, DMC, SCC and NIKL. Note that this breakout occurred despite the presence of significant geopolitical risks, such as the Ukraine conflict brought about by Russia and the sectarian conflict in Iraq.

All Philequity clients are making money

Another new high was also reached last week, and this was for the Philequity Fund. While the index has yet to reach its all-time high of 7,403, Philequity is now at its highest NAV/share ever – 36.8016. This means that none of the fund's investors are losing money. This is the ultimate goal and ultimate joy of a fund manager – that all his investors make money.

Ride the bull

With the index rising very sharply, many are asking if it is time to sell. Even before the index hit 7,000, many were already tempted to take profits and wait for a correction. This is why during Philequity's shareholders meeting last August 16, we reminded our investors of the basic premise they should always remember – we are in the midst of a bull market and that we should continue riding this bull. It is a sin not to participate in the strongest bull market of our generation. Since 2009, we have been trying to impart this in numerous articles and presentations. See below some of the Philequity articles where we reiterated that one should just ride the bull market we are experiencing now:

1. **5000**, 5 March 2012
2. **The Bull market surges on**, 3 December 2012
3. **Global Bull Market**, 7 January 2013
4. **6000**, 14 January 2013
5. **Secular Bull Market**, 28 January 2013
6. **Understanding the Current Bull Market - and How to Profit from It**, 18 February 2013
7. **7000**, 29 April 2013
8. **7,000 in 1 year, 8,000 in 2 years**, 10 March 2014

Don't Fight the Fed

What makes this bull market so strong is that it was brought about by the coordinated actions of central banks around the world to promote global growth. This is why one of our favorite mantras is "Don't fight the Fed". The S&P 500 tripling and the PSEi more than quadrupling since March 2009 is a testament to the power of central banks. Betting against them would be similar to betting against the house in a casino – you will always lose and they will always win (see *Don't Fight the Bangko Sentral*, 17 February 2014).

Stay the course

One very important lesson we shared during the last shareholders meeting is that once an investor has properly identified a bull market, one should just focus on riding it. No fancy strategies are required to profit from it. In fact, trying to time corrections in a bull market may be costly because they are extremely hard to predict (see *Time in the Market vs. Timing the Market*, 28 April 2014). Many traders have attempted to catch peaks and troughs, causing them to sell too early and miss the long term move. Even professional fund managers are not spared from the temptation to sell aggressively in a bull market, much to the frustration of their investors. With this current bull market having the makings of a recordbreaker in both magnitude and duration, the best move is to stay the course.

PUSO!

With the market now poised to make new highs and Gilas notching a historic win in the FIBA World Cup, we have a lot to be thankful for. At the end of the day, it is the desire and the heart to win that matters, even if it was for just one victory. We saw how our home team fought with all their heart to give us one win. Even when they lost, the matches were very close. The determination, the fight (*laban*) and the heart (*puso*) of the Filipino is something that the world will never forget. In the road ahead, the entire country will be right behind team Gilas, willing them to win and shouting PUSO!!!

A double thank you for MVP

We would like to extend our heartfelt gratitude to the Gilas players, Chot Reyes, his coaching staff and our foremost sports patron, MVP for giving our country something to be joyful about. We also like to thank MVP not just for the high created by the Gilas Philippine team, but also for the high of the PSEi, which was caused by the strong performance of PLDT, the top index component. With this double win in sports and the stock market, can MVP be our vice president in 2016 and president in 2022?

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