



Philequity Corner (June 27, 2016)
By Wilson Sy

Happy 95th, Uncle Wash

On Thursday (June 30), Mr. Washington Sycip will be celebrating his 95th birthday. I have known Mr. Sycip for more than twenty-five years and I feel grateful to have him as a partner and director in various companies. Uncle Wash has been a great mentor who has imbued me with integral values that have helped me not only in my investment career but also in life. As the oldest member of our board, Uncle Wash brings wisdom and a wealth of experience to the Philequity board. His willingness to impart his knowledge and insights on various global and local developments has guided us in our investment decisions throughout the years.

Young at Heart

Though Uncle Wash is about to turn 95, those close to him know that he is young at heart. In his office table, Uncle Wash keeps different types of candies, readily offering these to his visitors to make them feel at ease. During our board meetings, he usually asks for his favorite sugar-free ice cream and cake.

Truly young at heart, Uncle Wash participated in a benefit fashion show a few years ago. In the event's finale, the crowd cheered as a 90-plus-year-old man walked the ramp with his colorful red and green barong. In another instance, Mr. Sycip showed his youthful attitude by agreeing to be an endorser for a local clothing brand. The company then featured him in one of its giant billboards along EDSA. And when we at Philequity were printing our commemorative shirts when the PSE Index reached 7000, Uncle Wash specifically asked for his shirts to be in red and in green, even though all other versions were made in blue. In the subsequent board meeting, he surprised everyone as he proudly wore his red commemorative '7000' shirt while everyone else wore their suits and barongs.

Uncle Wash is also up-to-date with the latest trends in pop culture. Two years ago, Uncle Wash and I watched Taylor Swift's Manila concert. And earlier this year, we watched Madonna's concert here. Since he is inquisitive and analytical by nature, Uncle Wash was curious why many Filipinos were very interested in seeing these foreign artists and how they could afford to buy expensive tickets for these shows. I would like to thank SM Prime's Hans Sy for giving me and Uncle Wash free tickets so we could watch Taylor Swift and Madonna up close.

Owls, Turtles and Roosters

Uncle Wash maintains an extensive collection of owl, turtle and rooster figurines. Most of these were given to him as gifts from different people, as they associate these animal collectables with him. Owls signify wisdom while turtles symbolize wisdom and long life. He also has rooster figurines because he was born in 1921, a rooster year. Through the years, Mr. Sycip's figurine collection grew as he kept receiving gifts from various people who appreciated his wisdom and kindness.

Philequity's Yoda

Uncle Wash religiously attends almost all Philequity board meetings. He intently listens to presentations, actively participates in discussions and shares his views in pertinent matters. And when he speaks, we all listen. Aside from Philequity, Uncle Wash also sits in the boards of various companies and organizations. We surmise that he is likewise alert, participative and opinionated in the other boards that he sits in. We

know Uncle Wash to be very frank and opinionated, which may sometimes upset certain people. Yet, given his age, knowledge and experience, he is really entitled to share his candid views and opinions. We see him as a wise and respected guru, in a similar mold with Yoda from Star Wars or Master Oogway and Master Shifu from Kung Fu Panda.

Global Perspective

Aside from his many board commitments, Uncle Wash also travels extensively to different parts of the world to attend meetings and conferences. In these events, he meets and converses with world leaders, diplomats, central bankers, academicians and CEOs of major companies. These encounters have further widened his perspective on pressing global and national matters. Uncle Wash proactively provides us with updates from those meetings. More importantly, he always shares his insights on how these developments may affect Filipinos and our country's growth prospects.

Owl's Eye View

As a result of his experiences, connections and long-term perspective, Uncle Wash has developed an uncanny sense of foresight. He seems to understand how certain things will unfold ahead of most other people. In our book "Opportunity of a Lifetime", we devoted a chapter to detail his immense contributions to the Philequity Board (Chapter 8, page 152 – The Importance of Uncle Wash). Whenever Uncle Wash has something important in his mind, he calls me up early in the morning, writes me handwritten letters, sends me emails or delivers cut-outs of important news articles and reference materials. Many times, he would even invite me to his house for a meeting so that we can discuss important matters. He does this to personally alert or warn me about brewing events that may affect the global and local investment climate.

Our Resident Seer

Time and again, Uncle Wash has made some prophetic calls and predictions about important events that moved the stock market. We recall and summarize these below.

- 1. The fall of Lehman and the 2008 financial crisis.** In page 154 of our book, we retold the story of an ominous warning that Uncle Wash gave us. Even before the 2008 financial crisis erupted, he intimated to us that a major US bank was in danger of falling, which at that time was unthinkable and almost impossible. In fact, when I asked for the identity of the bank, Uncle Wash whispered to me that it was Lehman Brothers that was in danger. His warning indeed came true as Lehman collapsed and caused credit markets to freeze. These events sparked a global financial crisis and worsened the bear market in stocks. These prompted the Fed to undertake a series of unprecedented policy actions to save the US and the whole world from financial armageddon.
- 2. A new hope for Philippine politics.** In page 159 of our book, we recounted Mr. Sycip's confidence when President Noyonoy Aquino (PNoy) was elected in May 2010. Back then, Uncle Wash said that PNoy's anti-corruption stance will result in a more vibrant economy and an improved investment climate. Mr. Sycip put his money where his mouth is by making substantial additions to his investments in Philequity after PNoy's election. In hindsight, PNoy's leadership has indeed been beneficial for the stock market, as the PSE Index has gone up 143% since his election in 2010.

- 3. Out of the sand trap.** In page 102 of our book, we recalled another important alert from Mr. Sycip. Sometime in March 2013, Uncle Wash called me at 7 in the morning to tell me about his dinner the night before with Mr. Haruhiko Kuroda, who was then the incoming Bank of Japan (BOJ) Governor. According to Uncle Wash, Kuroda lamented that Japan had been stuck in a deflationary sand trap for more than two decades. Uncle Wash emphasized Kuroda's determination to do everything in his power to pitch Japan out of the sand trap. Months after, the Japanese stock market surged higher and the yen depreciated as Kuroda embarked on aggressive quantitative and qualitative easing.
- 4. Threat to OFWs.** In one of our board meetings a few years ago, we were discussing the US shale oil revolution and its impact on oil prices. The discussion centered on how lower oil prices would be beneficial for countries like the Philippines. However, something else caught the eye of Uncle Wash. He commented that significantly lower oil prices may upset the geopolitical situation in the Middle East and may lead to deteriorating economic conditions. He warned that these may affect job security and employment prospects of our OFWs in the Middle East. Years later, oil prices dropped precariously, prompting economists and analysts to say the same things that Uncle Wash had warned about in the past.
- 5. China's slowdown.** In another board meeting, Uncle Wash shared his insights about the Chinese economy. Back then, China was delivering growth in excess of 7%. Uncle Wash gave a contrarian view that China's economic growth may slow down to 3-4% by 2020. This was a shocker to many of us. However, Uncle Wash explained that we must pay special attention to this assessment, as this was the view of esteemed top-level economists in the meetings that he attended. A few years after, we started to see clearer signs of the deceleration of the Chinese economy.

Uncle Wash, a Patriot

Mr. Sycip founded Sycip, Gorres & Velayo (SGV), one of the country's leading accounting firms. This is why he is regarded as one of the most respected businessmen in the country. After stepping down from the helm of SGV, Mr. Sycip did not really retire. As a result of his love for the Philippines and the Filipino people, Uncle Wash now uses his own money and spends most of his time pursuing his personal advocacies, particularly for basic education and microfinance. Basic education offers opportunities for upward mobility while microfinance provides cheaper and safer access to credit for 'unbanked' segments. Uncle Wash views these advocacies as 'economic equalizers' since they have the potential to uplift the lives of our poorest countrymen.

Uncle Wash, the Visionary

We consider Uncle Wash a visionary. While the common mindset is to look at immediate concerns and issues, Uncle Wash has the foresight to see things develop many years ahead. He is able to maintain a very long-term perspective and has a knack for spotting interconnections and risks before anyone else does. His vast experience and exposure has allowed him to build an unparalleled body of knowledge which he has unselfishly shared with us time and again. It is therefore a privilege to work with Mr. Washington Sycip. We at Philequity consider ourselves fortunate to have him in our board. Thank you, Uncle Wash and Happy 95th Birthday!

Philequity Management is the fund manager of the leading mutual funds in the Philippines. Visit www.philequity.net to learn more about Philequity's managed funds or to view previous articles. For inquiries or to send feedback, please call (02) 689-8080 or email ask@philequity.net.