

## **Philquity Corner**

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### **It's All Worth the Hard Work**

Last week, we briefly discussed the humble beginning of Philequity. We narrated how it was conceived out the desire of a group of individuals to give the Filipino a viable alternative to traditional instruments.

Thirteen years later, Philequity has become one of the most recognizable names in the country's mutual fund industry. Thirteen must also be a lucky number because, on this year, Philequity gained recognition not only from investors but also from its peers. In the recently concluded Investment Performance Awards given by the Investment Company Association of the Philippines (ICAP), Philequity bagged the following awards for equity mutual funds :

- *First Place, Three Year Performance*
- *First Place, Five-Year Performance*
- *First Place, Ten Year Performance*

The awards were based on the compounded average return of the fund for each category. In the case of Philequity, it was able to generate compounded annual returns of 31.1% over the past three years, 23.7% over the past five years, and 18.2% over the past 10 years.

### **All about consistency and longevity**

These awards that we receive point out two important things:

1. **Philequity is not a one-shot deal or a one-year wonder.** It has consistently generated the best returns among equity mutual funds through the years. It may be easy to generate a good investment return for a year or two but this does not necessarily prove anything. A fund may have started small such that any increase from its low base is easily magnified. Or it may have started during a bull market when any informed investor can easily generate attractive returns. But the actual gauge for a good mutual fund is its ability to deliver attractive returns repeatedly for more than five or ten years. Just as crucial is how the fund has performed on a bear market or when economic conditions are not conducive.
2. **Philequity offers stability.** For a fund to last this long is something noteworthy. It shows stability and connotes security which is what companies engaged in financial services should offer their clients. We have lost count as to how many financial companies went under or suffered heavy losses when economic conditions turned bad.

### **Fund Managers of the Decade**

We are just as pleased to inform our readers and investors that the ICAP also handed of the special award "*Fund Managers of the Decade*" to Philequity's Mr. Wilson Sy and Mr. Roberto Lorayes. The ICAP took note of their efforts to successfully steer the fund to a consistently good performance through good times and bad. This is not unexpected given the skills and expertise of both Mr. Sy and Mr. Lorayes borne out of their extensive experience in

the stock market. Both have also served as former chairmen of the Philippine Stock Exchange.

In our article on the basics of mutual fund investing (see the *Philippine Star*, November 27, 2006 issue), we pointed out that one of the critical criteria that investors should take note of is the qualification of the fund managers. One must research on the extent of the fund managers' education, training, experience, track record and consistency in performance. Our fund managers must have satisfied the highest standards on the said factors for them to receive a special recognition from their own peers. This should also provide a good guide to prospective investors who are still scouting around for a good mutual fund to invest in.

### **The Good News**

I am writing this article not just to crow about our achievements but, more importantly, to inform the public that there are alternatives to traditional investment avenues. The mutual fund industry has gone a long way in becoming an ethical, professional, and investor-oriented industry. It is strongly committed to providing the Filipino the best possible returns on his investments given prevailing conditions. It has also gained strong public confidence that it has become an P87-billion industry (in terms of assets) as of end-March 2007.

In our own way, we have been doing our part in helping the country develop its capital markets. In my speech before our colleagues during the ICAP awards night, I highlighted that providing attractive investment returns to the Filipino is our contribution to the creation of a really strong and financially-secure middle class. The awards and recognition that we have received are no cause for complacency though. We must make sure that the interests of those who manage the mutual funds are the same as the interests of its investors. For as long as we continue delivering in terms of good performance, the mutual fund could become the principal means by which the average Filipino can achieve his financial goals.

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