

## **Philquity Corner**

By Ignacio B. Gimenez

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### **Investing with Social Relevance**

The issue on poverty is again hugging the headlines. A recent monitoring report by the World Bank mentioned about inadequate efforts in meeting the Millennium Development goal of halving the poverty rate by 2015. In the local front, the elections campaign has spurred several surveys on the subject. All these have prompted queries as to why poverty remains prevalent despite the positive economic data that the country has been achieving. This only indicates that a lot still needs be done before we can claim that the country has achieved economic deliverance.

Even before these debates and surveys cropped up, poverty alleviation has long been a recurring topic for discussion in Philequity board meetings. Just to give the readers a peek into what goes on in our board meetings, here are some excerpts from the minutes of one of our meetings:

**Mr. Washington Sycip:** *“Beyond the impressive economic data and stock market performance, there has yet to be data to support that these have trickled down to the masses. It seems that it is only the wealthy that has been benefiting from all these.”*

**Mr. Wilson Sy:** *“That is why attaining a higher GNP growth is important because the present GNP growth rate that we have is not sufficient to ensure that the benefits will trickle down to the poor. We need a higher growth economic growth rate for this to happen.”*

**Mr. Ramon Sy:** *“It usually takes years before any economic boom filters down to the masses.”*

**Mr. Roberto Lorayes:** *“Poverty will always exist. Even in countries with high economic growth rate like China and Brazil or in first-world countries, poverty still exists. The poverty rate can be brought down but it can not be eradicated totally.”*

**Mr. Washington Sycip:** *“I think one hindrance to this is the unabated population growth. That is why the Government has to review its population policy.”*

**Mr. Vicente Jayme:** *“Population itself is not the problem. What matters more is what you do with your population. Remember that development does not take place by itself. It is pursued. The better equipped your population is, the higher chances that you achieve progress. So you have to back your population with a good educational system and a good economic system.”*

**Dr. Enrique Esteban:** *“Population can even be an asset. Look at China and India. What makes them attractive and exciting to investors are their population numbers. At the end of the day, it is purchasing power that is more indicative of people’s economic standing. We should be looking at it instead of just the macro-economic growth rate.”*

### **Poverty alleviation: everyone's aim**

Note that the individuals quoted above come from different disciplines and are highly regarded in their respective fields. Mr. Washington Sycip, founder of SGV & Co., is one of the most sought-after consultants by local and foreign businessmen, politicians and the academe. Mr. Vicente Jayme is a former Finance Secretary and Mr. Enrique Esteban has a doctorate in development management and was the former president of the University of Asia and the Pacific. Meanwhile, Mr. Ramon Sy is a seasoned banker while Mr. Wilson Sy and Roberto Lorayes are expert stockbrokers and former chairmen of the Philippine Stock Exchange.

Sure, they offer differing views but all are one in dreaming of licking the poverty problem of the country. The debate on how to ease poverty can go on and on. But the more important question is: what do we have to contribute towards achieving our goal?

### **Philequity's mission**

On Philequity's part, our primary preoccupation is to provide our investors the best value for their money. But just as important is our concern of making the benefits available even to the low-income groups. These guiding principles are just as applicable now as when a group of individuals formed Philequity in 1994.

The Philequity mutual fund was borne out of the desire of a group of individuals to create an alternative investment vehicle that can provide better returns than the traditional instruments. Just as important was the need to make this instrument accessible even to small investors.

Today, in our own small way, we are trying to bring social relevance to investing. One way of achieving this is to maintain a low investment requirement. This probably goes against management principles regarding being cost efficient in doing business. But we thought that this may be the only way make the fund accessible to low-income investors and allow them to participate and benefit from any market upturn.

Our decision to write a column every week to impart our humble opinion on various topics affecting investments is yet another way. Of late, we have also been incorporating investment basics into our columns for the benefit of our readers. We hope that this can encourage them to read on further on these topics and enable them to eventually become savvy and informed investors. In the long-run, we hope that this too will help in the development of our capital markets.

*For comments and inquiries, you can email us at [info@philequity.net](mailto:info@philequity.net) or [gime10000@yahoo.com](mailto:gime10000@yahoo.com).*