



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

09 Mar 2011

## MORNING NOTES

### PSEi performance

PSEi Index 08 Mar 2011:	3,898.87	+ 12.39
Value T/O, net	Php 2,680 million	
52-week High	4,413.42	
Low	3,034.13	
Foreign Buying:	Php 2,169 million	
Foreign Selling:	Php 1,542 million	

### Regional performance

Dow Jones	: 12,214.38	+ 124.35
FTSE 100	: 5,974.76	+ 0.98
Nikkei 225	: 10,525.19	+ 20.17

### Trading snapshot

Index Movers	Points
SM Investments Corp.	+6.35
Metrobank	-4.85
DMCI Holdings Inc.	+3.60
Ayala Land Inc.	+2.73
Aboitiz Equity Ventures	+1.98

Index Out-performers	Up
DMCI Holdings Inc.	4.79%
ABS-CBN	4.07%
SM Investments Corp.	2.72%
Energy Development Corp.	1.57%
SM Prime Holdings	1.42%

Index Under-performers	Down
First Philippine Holdings	3.49%
Metrobank	2.53%
First Gen Corp.	2.07%
Banco De Oro	1.33%
Aboitiz Power	0.64%

### Calendar

Mar 10	Jan `11 Merchandise Export Perf.
Mar 11	GMA7/ AC Results Briefings
Mar 11	PNX/ DFNN ASM
Mar 11	Jan `11 Dep. Corp. Survey/KB Loans

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## HEADLINES

### BofA forecast, oil price retreat lift Wall Street

- Financial shares (+2.2%) led gainers on Tuesday (Mar 8) after Bank of America Corp (+4.7%) forecast a higher-than-expected pretax profit of about \$40B annually longer term, while oil prices slid after Kuwait's oil minister said OPEC was in discussions to increase production. Brent crude closed nearly 2% lower at \$113.06 a barrel. Homebuilders (+4.9%) jumped, following an upgrade on MDC Holdings Inc (+11.1%) by Credit Suisse, citing improved operating results in 2011. On the down side, Netflix Inc (-6.8%) tumbled after Warner Bros Digital Distribution said it would make some of its films available on Facebook.

### FGEN exercises call option on EDC shares (FGEN/ EDC; P11.36/P5.81)

- First Gen Corporation (First Gen), through its wholly-owned subsidiary Northern Terracotta Power Corp., exercised its call option over 195M common shares of Energy Development Corporation (EDC) at the exercise price of P5.67 per share. The transaction will be made through a regular block sale in the Philippine Stock Exchange. The exercise of the call option was made pursuant to the Call Option Agreements executed on April 20, 2010 by First Gen with each of Philplans First, Inc., Rescom Developers Inc., and Philhealthcare, Inc./Systems Technology Institute Inc., in which First Gen was granted call options over an aggregate 585M EDC common shares within a period of three years or up to April 2013. Under the terms of the agreements, First Gen will be entitled to exercise its call option over the EDC shares at the exercise price of P5.67 for the 1<sup>st</sup> year, P6.19 for the 2<sup>nd</sup> year, and P6.76 for the 3<sup>rd</sup> year.

### Ayala Group exchanges holdings in ARCH Capital (AC/ ALI; P337.00/ P14.96)

- Ayala Corp. (AC) and its subsidiary Ayala Land Inc. (ALI) announced that they exchanged their combined 50% ownership in ARCH Capital Management Co. Ltd. (ARCH Capital) and ARCH Capital Asian Partners G.P. (ARCH G.P.) with The Rohatyn Group (TRG). Ayala Corp. said the transaction will give it a larger stake (unspecified) in TRG, where it has been a key investor since the latter was established in 2003. The remaining 50% in the two entities will continue to be owned by Richard Yue, who cofounded the ARCH investment management firms in 2006 with the Ayala Group.
- ARCH Capital is the investment manager and ARCH G.P. is the general partner of ARCH Capital Asian Partners, L.P. (ARCH Capital Fund), an Asian real estate fund with investments in China, Macau, Singapore, Thailand and India. TRG is an emerging-markets focused private investment firm with approximately US\$3B in assets under management, and currently has offices in New York, Singapore, Hong Kong, London, Buenos Aires, Lima, Montevideo, and Johannesburg.
- The share swap will leave the management and structure of ARCH Capital Fund unchanged, with Ayala Corp. and Ayala Land keeping their respective ownership stakes in the fund.

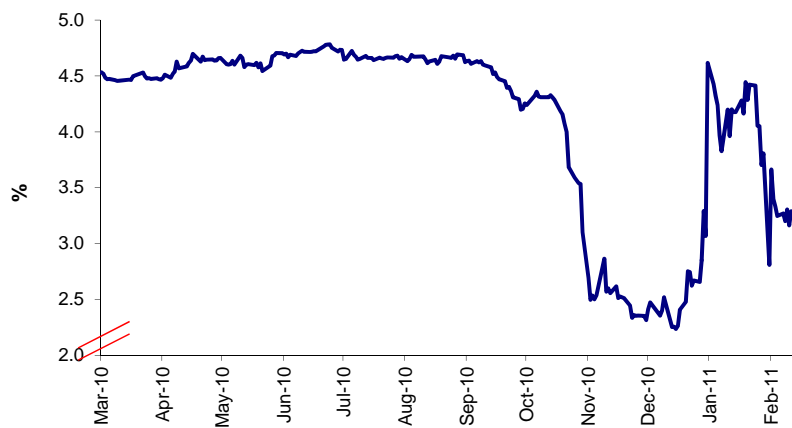
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**Benguet transfers nickel mine to subsidiary for P1B (BC/ BCB; P12.00/P15.20)**

- The Securities and Exchange Commission (SEC) approved the P2B-capital increase of BenguetCorp Nickel Mines, Inc. (BNMI), a wholly owned subsidiary of Benguet Corporation (BC). The SEC likewise approved the infusion into BNMI of Benguet’s interests in the Sta. Cruz Nickel mine at a transfer value of P1B. This development will further strengthen Benguet’s balance sheet and is consistent with Benguet’s strategy of extracting value from its various mineral properties. The Sta. Cruz nickel mine, located in Sta. Cruz, Zambales, consists of 1,406.7 hectares, covered by MPSA No. 226-2005-III. Some 1.3M tons of ore with grades ranging from 1.8% to 2.05% Nickel were shipped in 2010 through an off-take arrangement. BNMI is considering the establishment of an intermediate processing facility to improve and maximize the value of its products. Preliminary studies have shown encouraging results and further tests are now being conducted in China.

**PDS 1-Year Tenor Yield: 12-month period**



Source: Philippine Dealing and Exchange Corp.