

**Philequity Corner (July 11, 2011)**  
**By Valentino Sy**

## **HAPPY 90<sup>th</sup> BIRTHDAY UNCLE WASH**

*"Yesterday is history, tomorrow is a mystery and today is a gift. That is why it is called the present."* - Grand Master Oogway to Po, **Kung Fu Panda**

At 90 years, there is still no stopping Washington Sycip. He had already accomplished a lot and is blessed with a long and fruitful life. Yet his calendar is full, and in fact, you have to schedule an appointment or meeting with him months in advance. At his age, Mr. Sycip still makes the most out of every day. For him, time waits for no man and every day is a gift.

### **Philequity's Sage**

In the movie Kung Fu Panda, Grand Master Oogway was the elderly tortoise known to be the greatest Kung Fu Master in history. He is credited as the creator of Kung Fu. Highly venerated for his wisdom, knowledge and experience, Grand Master Oogway was considered to be a sage.

For Philequity, Mr. Sycip is our Oogway. Like Oogway, he is the most senior and highly regarded sage in Philequity's board. His knowledge, perspective and insights have often played key roles in our successful investment strategies.

Wise and experienced as he is, Mr. Sycip is fond of tortoises. He prominently displays a huge collection of tortoise and owl figurines and paintings in his office, animals that are commonly associated with wisdom and longevity.

### **Champion of Corporate Integrity**

Besides giving the board advice with regard to the economy and business, Mr. Sycip is also Philequity's champion of corporate integrity. Mr. Sycip believes that aside from striving for excellence, a company should strive for integrity. He is very conscious of corporate governance issues, making sure that corporate laws and rules are followed and practiced with the highest ethical and moral standards.

### **Bringing Harmony and Balance**

Grand Master Oogway is an avid practitioner of the Chinese internal martial art, Tai Chi. In a scene in Kung Fu Panda, he was seen balancing on top of his thin walking staff. Grand Master Oogway was calm and composed even in the most serious situations.

Much like Oogway, Mr. Sycip is often a picture of harmony and balance. During our board meetings, it is not unusual that simple discussions lead to animated debates in topics that range from politics, religion, government policies, the economy and the corporate landscape. Oftentimes, Mr. Sycip gets the last say just as everyone has said his piece. And in a calm but authoritative voice, he would express his views which are taken seriously even by those whose opinions are different from his. In the end, he balances any exaggerated optimism or pessimism in the discussion.

Whenever the majority of the board becomes overly bullish, he cautions us and tones down our expectations. During the 2008 US credit crisis, he forewarned Philequity that a big US bank, probably Lehman, would collapse. At that time, many were already anticipating a bottom because the market has already fallen by a significant amount. His warning prepared us for the worst that was yet to come.

In other times, when many in the board were extremely pessimistic, he balances it out by pointing the positives. During the start of the 2009 bull market, when most were still apprehensive because US unemployment was still worsening and there were still no signs of turning around, Mr. Sycip pointed out that unemployment is a lagging indicator. He said that the economy, in fact, appears to be turning. At that time, he mentioned that the US ISM manufacturing index was already improving and that the Leading Economic Index (LEI) has turned positive in April 2009. Again he would be proven correct.

### **Poverty Alleviation – His Current Crusade**

Since his retirement from SGV in 1996, Mr. Sycip has concentrated his time and efforts in his current crusade, poverty alleviation.

He often laments that, the Philippines was positioned next to Japan as one of the leading nations in Asia in the late 1950s. But several decades later, the country has been overtaken by nearly all its neighbors. We are way behind Singapore, Malaysia and Thailand, not to mention South Korea and Taiwan (in terms of GNP per capita).

Mr. Sycip blames the population problem and the country's premature democracy as the roots to poverty. "Continued rapid growth is draining economic resources and slowing down economic growth," he says. In addition, he cites statistics which shows that the poorest of the poor tends to have the most children. According to him, this further worsens the inequality problem. While he is not against democracy per se, he often criticizes the country's premature democracy where people sell their votes.

### **Education = Economic Equalizer**

To reduce poverty, Mr. Sycip says, we must first focus on education and adopt long-term solutions. Education can be the most effective "economic equalizer," he says. He notes the wide disparity in education standards between the good but expensive private schools and the poorly equipped public schools. Often, he would recall the public schools of his youth where the standards of education were high. He also cites the lack of equal educational opportunities in many poor areas and in Muslim communities. Compared to our neighbors, the Philippines has been under-investing in education, he says. On a per capita basis, Thailand spends 6 times more for education than the Philippines, while Malaysia spends over 10 times more.

### **Doing What He Preaches**

Mr. Sycip has been putting his money where his mouth is. Unknown to many, he has donated chairs and school supplies to his alma mater Burgos Elementary School and continues to do so to other schools all over the Philippines.

He has urged the alumni of state schools (especially that of University of the Philippines), who benefitted from subsidized tuition and scholarships to give back to their schools, thus enabling more funds to be diverted from the state college to basic education. He himself has donated Php 1 million for every member of his family who graduated from UP for a total of Php 10 million in all.

### **Improving Basic Education**

Recently, Mr. Sycip became deeply involved with Synergeia Foundation, a coalition of private and public individuals, organizations and institutions that work with Local Government Units (LGUs) to improve basic education. Synergeia initiates programs to improve the proficiency of grades 1 to 6 children to speak, read, understand, and write in English. The goal of the program is to raise the achievement scores of children in English to 85 percent.

Initially donating some funds to support the projects of foundation, Mr. Sycip now sits on the board of trustees of Synergeia. He now offers his time, advice and network connections, on top of his regular monetary donations. Mr. Sycip religiously attends initial meetings with new communities and regularly chairs them.

### **The Order of Lakandula**

We have called Mr. Sycip, the quintessential nationalist. His unparalleled love for the country and concern towards the poor and underprivileged earned him **The Order of Lakandula** with the **Rank of Grand Cross (Bayani)**. Conferred to Mr. Sycip by President Aquino during Mr. Sycip's 90th birthday last June 30. **The Order of Lakandula** is one of the highest honors given by the Republic of the Philippines to a Filipino or a foreigner who has demonstrated by his life and deeds a dedication to the welfare of society.

Happy 90<sup>th</sup> birthday Uncle Wash.

### **Philequity's Annual Shareholders' Meeting**

We are inviting Philequity shareholders to our Annual Shareholders Meeting on July 13, 2011 (3:00 pm), at the Quezon Ballroom, Makati Shangri-La Hotel. This would be an opportunity for shareholders to personally hear the views of the fund managers, research analysts and directors of Philequity.

*For further stock market research and to view our previous articles, please visit our online trading platform at [www.wealthsec.com](http://www.wealthsec.com) or call 634-5038. Our archived articles can also be viewed at [www.philequity.net](http://www.philequity.net).*