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THE WEALTH VAULT

A Product of Wealth Securities, Inc.

FRIDAY, 03 August 2012

Index	Value	Change	% Chg
PSEi	5,293.40	-5.32	0.10 ▼
All Shares	3,504.46	5.5	0.16 ▲
Financials	1,335.33	11.56	0.87 ▲
Industrial	7,887.79	9.73	0.12 ▲
Holding Firms	4,428.79	0.89	0.02 ▲
Services	1,800.58	-1.69	0.09 ▼
Mining and Oil	23,063.13	-343.48	1.47 ▼
Property	1,990.36	-26.84	1.33 ▼

WORLD INDICES

Dow Jones	12,878.88	-0.91%
FTSE 100	5,662.30	-1.88%
NIKKEI 225	8,653.18	+0.12%

TRADING SNAPSHOT

Index Movers	Points
Ayala Land Inc.	-9.11
Robinsons Land Corp.	-3.18
Banco De Oro	+2.88
Bank of the Philippine Islands	+2.63
SM Prime Holdings	+2.26

Index Out-performers	Up
Jollibee Foods Corp.	2.10%
Semirara Mining Corp.	1.89%
Banco De Oro	1.19%
SM Prime Holdings	1.15%
ICTSI	1.12%

Index Under-performers	Down
Robinsons Land Corp.	3.93%
Ayala Land Inc.	2.44%
Philex Mining Corp.	1.82%
Belle Corp.	1.80%
Manila Water Company	1.53%

CALENDAR

Jul 26	Monetary Policy Stance Press Release
Jul 27	May '12 UB, KB NPL
Jul 31	Jun '12 Template on Int'l Reserves and Foreign Currency
Aug 07	Jul'12 CPI, Inflation Rate



PSEi Index

02 Aug 2012:	5,293.40 - 5.32
Value T/O, net	Php 3,592 million
52-week High	5,403.16
Low	3,715.01
Foreign Buying:	Php 2,292 million
Foreign Selling:	Php 3,185 million



HEADLINES

US stocks end lower as ECB meeting disappoints

Ø US stocks declined yesterday (Aug 02) as the latest European Central Bank meeting failed to outline immediate actions to contain the euro zone debt crisis. All three major indices fell with the Dow declining 0.71%; the S&P, 0.74%; and the Nasdaq, 0.36%. The ECB said that it will prepare to buy Italian and Spanish bonds on the open market although it would only act after governments of the trouble euro zone economies would activate bailout funds themselves. In addition to the disappointment from the ECB, economic data also added to the negative sentiment as the latest jobs data show that new claims for jobless benefits rose last week. Manufacturing also unexpectedly dropped in June.

ECB decides to keep interest rates

Ø Yesterday, President of the European Central Bank (ECB), Mario Draghi, announced that they are to keep the refinancing rate at its current level of 0.75%. Draghi added that governments should be ready to buy bonds from the open market and he mentioned the possibility of ECB buying bonds as well. The ECB sees inflation to be below 2 percent by next year or before. Euro-zone inflation in July was at 2.4%. In summary, there were no concrete measures given by the ECB. Their decision to act will depend on the ability of European governments to implement fiscal reforms. The IBEX (Spain), DAX (Germany), CAC 40 (France) fell 5.2%, 2.2% and 2.7% respectively.

Vista Land to hit P20B Revenues in 2013

Ø Vista Land is expected to hit P20 Bil revenues, 25% higher y/y this 2013, as it starts booking leasing income from its aggressive mall-expansion program. The company is set to build 50 malls in five years with the first five completed this year. Some of the malls will be managed by Starmalls. The move is made so that the company can grow its leasing and provide recurring income.

SMPH earmarks P63B for expansion

Ø SM Prime Holdings said that it has set a P63B three year capital spending plan to rapidly expand its presence in the country and in China. SMPH is spending P21B each year to build four to five malls in the country and one mall in China to take advantage of rising consumer spending. SM Prime expects to have a total of 46 malls in the country by the end of the year and five in China. *Source: ABS-CBN news*

Tanduary to sell shares

Ø Tanduary Holdings managing director and deputy chief executive, Wilson T. Young told the BusinessWorld that the company is planning to sell shares to comply with the minimum public ownership rule. No date is set yet for the planned action but Young said that the deadline for the MPOR compliance is by the end of December. Tanduary's free float level is expected to drop below the required 10% following a planned consolidation of assets. *Source: BusinessWorld*

Dividends Calendar

CODE	STOCK	CASH	SPLITS	RIGHTS	EX-DIVIDEND	RECORD	PAYABLE	ANNOUNCED
LAND	20%				TBA	TBA	TBA	15-May-2012
CDC	10%				TBA	TBA	TBA	07-May-2012
NIKL	50%				TBA	TBA	TBA	28-Mar-2012
ATN	2%				TBA	TBA	TBA	28-Dec-2011
EEL		0.025			27-Nov-2012	03-Dec-2012	28-Dec-2012	23-Mar-2012
ACPA		11.1			25-Oct-2012	30-Oct-2012	25-Nov-2012	09-Dec-2011
FJP		0.05			03-Oct-2012	08-Oct-2012	02-Nov-2012	17-Jul-2012
PERC		0.1			18-Sep-2012	21-Sep-2012	17-Oct-2012	26-Apr-2012
EEL		0.025			29-Aug-2012	03-Sep-2012	27-Sep-2012	23-Mar-2012
PPREF		2.382			13-Aug-2012	16-Aug-2012	05-Sep-2012	07-Mar-2012
FJP		0.07			09-Aug-2012	14-Aug-2012	07-Sep-2012	17-Jul-2012
ABA		0.1			08-Aug-2012	11-Aug-2012	07-Sep-2012	19-Jul-2012
ABA				Abacus Goldmines common shares as would be equivalent to P0.10 per share - prop. div.	08-Aug-2012	11-Aug-2012	TBA	19-Jul-2012
MB		0.05			03-Aug-2012	08-Aug-2012	03-Sep-2012	12-Jul-2012
ACPA		11.1			26-Jul-2012	31-Jul-2012	25-Aug-2012	09-Dec-2011
IPO		0.06			24-Jul-2012	27-Jul-2012	09-Aug-2012	29-Jun-2012
MFIN	1.06%				23-Jul-2012	26-Jul-2012	20-Aug-2012	28-Jun-2012
MFIN		0.010618854			23-Jul-2012	26-Jul-2012	20-Aug-2012	28-Jun-2012

Source: Technistock

CURRENCIES

US, Dollar	41.7760
Japan, Yen	0.5326
UK, Pound	64.9115
Hong Kong, Dollar	5.3881
EU, Euro	51.0795
Bahrain, Dinar	110.8176
Saudi Arabia, Rial	11.1403
China, Yuan	6.5598

As of 8/02/2012

COMMODITIES

NYMEX		
Crude	87.13	-2.00%
Futures		
%NY Gold	1,585.80	-1.14%
Spot (\$/t oz.)		
Silver Comex	24.16	-1.98%
(\$/t oz.)		
London		
Copper Spot	7,322.25	-1.29%

As of 08/02/2012





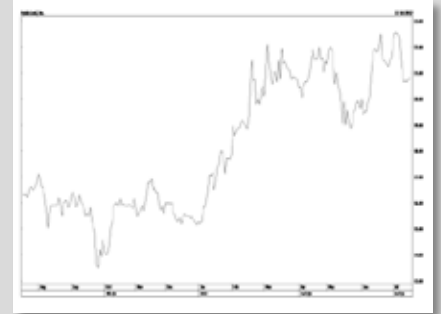
Conglomerates Sector

Maintain Overweight

FRIDAY, 03 AUGUST 2012

Price Performance

	1m	6m	12m
SM	+3.5%	+11.2%	+36.9%
AEV	-0.9%	+12.9%	+18.5%
AC	-10.2%	+10.1%	+27.2%
SMC	-2.8%	-4.4%	-14.3%
JGS	-6.3%	+14.6%	+25.8%
DMC	+0.5%	+23.7%	+27.3%
AGI	-2.6%	+5.4%	-6.6%
MPI	0.0%	+20.3%	+15.7%
GTCAP	+7.5%	n/a	n/a
TDY	+154%	+170%	+129%
FPH	+1.7%	+25.5%	+25.6%
PSEi	-0.1%	+9.8%	+16.6%



Another conгло underway

- Ø **Asset consolidation.** Tanduary Holdings recently approved the change of its Articles of Incorporation and By-laws along with the renaming of its corporate name to LT Group (LTG). The move will pave the way for the consolidation of assets of Mr. Lucio Tan under a single holding entity. We view this as a step in the right direction towards achieving a viable succession planning. To note, most prominent taipans have already instituted this to ensure corporate sustainability.
- Ø **LTG assets under consideration.** In a disclosure to the PSE, the assets that will be folded into LTG have interests in property, consumer, airline, and banking. These assets will be transferred at mere par values and will involve a total consideration of P5 billion. This allows tax savings as well as leaves upside potential for the conglomerate as the fair values are expectedly much higher. Given the dilutive nature of the pending transaction, a capital raising exercise is likely the next course of action to improve the free float of the enlarged entity.
- Ø **Size matters.** The stock has nearly doubled since the announcement was made. While it may be difficult to arrive at a fair value for TDY at this point given the lack of financial statements, it would be fitting to compare the company against other conglomerates using market cap. Listed next page are the market caps of taipan-led conglomerates juxtaposed with their ranking in the Forbes' richest in the Philippines.

Assets that will be folded under LTG

Companies	Stake
Asia Brewery, Inc.	90.0%
Fortune Tobacco Corp.	83.0%
Eton Properties	98.1%
Philippine Airlines	49.84%
Air Philippines Corp.	50.97%
PNB	34.79%
Allied Banking Corp	27.62%

Source: Company disclosure, PSE

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Market Cap of Conglomerates

Company	Market Cap, P'bn	Forbes Rank	Family / Management
SM Investments	464	1	Sy family
Aboitiz Equity Ventures	270	16	Aboitiz family
Ayala Corporation	253	7	Ayala family
San Miguel Corporation	264	10	Cojuangco / Ang
JG Summit Holdings	222	4	Gokongwei family
DMCI Holdings	154	5	Consunji family
Alliance Global	116	6	Andrew Tan
Metro Pacific Investments	103	--	Pangilinan group
GT Capital Holdings	87	8	Ty family
Tanduay / LT Group	45	2	Lucio Tan group
First Philippine Holdings	43	31	Lopez family
Filinvest Development Corp	40	17	Gotianun family

.Source: PSE, Forbes

- Ø **Ranking the conglos.** While the SM group is at the top of the list in both market cap and in Forbes ranking, the Lucio Tan group – though ranking second among the richest – is at the bottom when ranked according to market value. Indeed, the consolidation will help unlock the value in Lucio Tan's assets. It may take a while, however, before the market ascribes a conglomerate discount aligned with recognized entities like SM and AC.



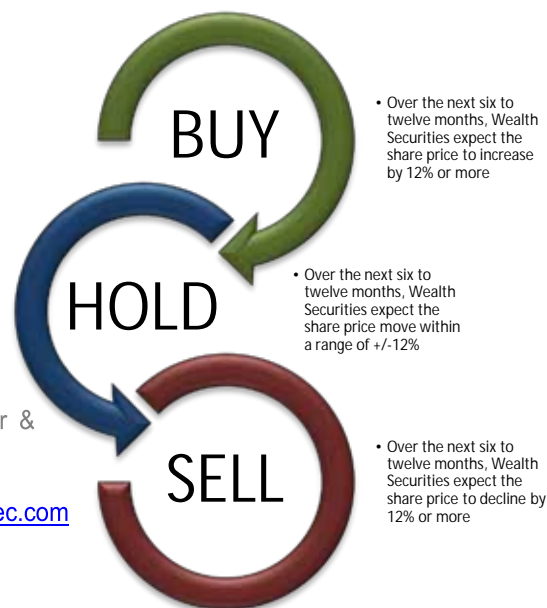
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RATINGS DEFINITION



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