



Philequity Corner (January 28, 2019)
By Wilson Sy

Tatang's Legacy in the Stock Market

Last January 19, Henry Sy Sr. passed away peacefully in his sleep. As a testament to his legacy, multitudes of people attended his wake to pay their respects. This is the biggest crowd I have seen for a businessman in wakes and funerals at memorial parks. Just like an SM mall on a weekend, Heritage Park was full of people whose lives Tatang has touched in one way or another.

All walks of life

Henry Sy Sr. founded SM Investments, the largest conglomerate, which made him the richest man in the Philippines. Tatang, as he was fondly called, helped shape the country's retail landscape through his SM mall empire. With 78 SM malls, 1,729 retail stores, 1,264 BDO branches, and investments in real estate, leisure, and logistics, the scale of Henry Sy Sr.'s legacy is truly extraordinary. From suppliers to tenants, employees to customers, SM created jobs and generated wealth for countless people from all walks of life.

Inspiration from Carriedo

I have always looked up to Henry Sy Sr. as a mentor and source of inspiration. Growing up in Quiapo, I witnessed how he transformed Shoemart from a small store in Carriedo into the country's biggest conglomerate. Tatang and my father became friends as the first Shoemart was located across my parents' store. Big Boy was my batchmate in Xavier and Hans was my brother's batchmate. Coming from the same background, I can personally identify with Tatang and his children. As the richest man in the Philippines, his humble beginnings inspired me as his values, work ethic, and vision are the key ingredients behind SM's success. Below I share some of my fondest anecdotes of Tatang.

- 1. The humble taipan.** Even after he achieved taipan status, Tatang remained humble and curious. As a mentor, he was willing to teach but at the same time he was also willing to learn. With an eye for talent, he partnered with promising businesses in order to venture into something new. By surrounding himself with the best minds, Tatang was able to grow his businesses at a rapid pace. Notable partnerships include Ace Hardware, SM Supermarket, Tagaytay Highlands, and Belle Corp. On a personal note, I was also approached by Tatang who was interested in trading stocks. This sparked the start of our many market-related discussions over the years.
- 2. Fried rice.** Staying true to his roots, Tatang exemplified frugality and simplicity in his daily lifestyle. In fact, he would always only serve fried rice in the excom meetings that I attended. Tatang would point to the meat and shrimp pieces mixed with the rice and explain that fried rice is already a complete meal. It was only years later that his son Harley would give us sweet and sour pork to go with the rice.
- 3. Signing checks at 10pm.** I once visited Tatang in his Echague office late at night and was surprised to find him still signing hundreds of checks at 10pm. He showed me how he

took pride in his consistent penmanship in signing each check. Tatang’s diligence and attention to detail for even the smallest of tasks is why he is number one in all his business endeavors.

4. **Antidote to unfavorable feng shui.** When Henry Sy Sr. set out to build his first SM Supermall, SM City North EDSA, he was advised against the location as it was *tumbok* or directly hit by roads. According to feng shui experts, *tumbok* properties are buffeted by aggressive chi (energy) which causes negative consequences for the occupants. Tatang told me that he will build a structure so huge and massive to scare the bad spirits away. True enough, Tatang’s foresight and guts paid off. SM North Edsa is now one of the most successful SM malls to date.

Wealth creation

I recall being among those who encouraged Tatang to conduct an initial public offering (IPO) for SM Prime Holdings (SMPH) and recommended Iggy Kilayko of ING Barings as underwriter. My admiration for Tatang and his family’s values is a big reason why I invested in the SM companies when they were listed in the stock market. For all of us investors who believed in Tatang’s vision, we were generously rewarded with one trillion pesos in wealth creation. On June 5, 2017, SMPH became the first Filipino company to reach a market capitalization of P1 trillion and SM Investments Corp (SM) followed soon afterward.

Table 1. Market capitalization of SM companies on IPO and current date

Corporate name	Listing date	Market cap (Pm)		Growth (x)
		IPO	Current	
SM Investments Corporation (SM)	Mar 22, 2005	132,500	1,191,332	9.0
SM Prime Holdings, Inc. (SMPH)	Jul 5, 1994	29,165	1,152,281	39.5
BDO Unibank, Inc. (BDO)	May 21, 2002	18,890	597,068	31.6

Source: Wealth Securities

Pillar of the Philippine economy

In honor of his lasting legacy, Malacañang praised Henry Sy Sr. as a “pillar of the Philippine economy.” As the epitome of the hardworking Filipino, Tatang was able to change the retail, banking, and property landscape of the country. His fearless investments and optimism in the country’s potential contributed greatly towards nation-building and fueled economic growth. In his lifetime, Tatang has forever changed the lives and inspired the hearts of Filipinos through his timeless values. Thank you, Tatang for all you have done for the Philippines.

Philequity investor briefing on Saturday, Feb. 9

We will have our investor briefing next Saturday, February 9, 2019, 9 am, at the Meralco Theater. As we wrote last week, the Philippines is the best stock market in Asia year to date. We will discuss long-term investing and share our market outlook for the new year. Philequity investors and readers of this corner who wish to attend may register at events@philequity.net.

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