

Mutual Interest

PHILLIP HAGEDORN IS PLACING HIS BETS ON MUTUAL FUNDS AS THE IDEAL VEHICLE FOR FILIPINOS—ESPECIALLY OFWs—TO INVEST THEIR MONEY

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Reporter

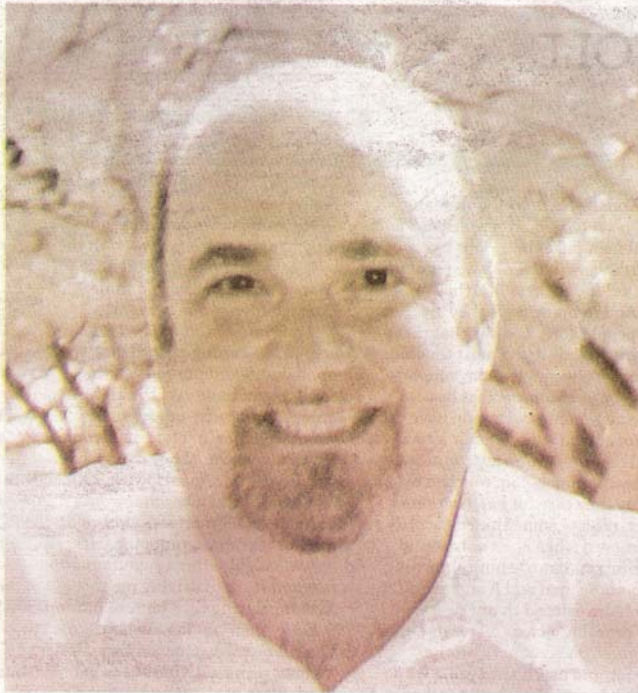
THE Mutual Fund Management Co. of the Philippines is using modern investment instruments and techniques to perpetuate Old World values.

Its president and chief executive Phillip F. Hagedorn believes in cultivating ties very early, and stresses the value of hard work, commitment and planning as key ingredients to success.

He aims to make the three-year old mutual-fund company the country's biggest and he is looking at the overseas Filipino worker market, virtually untapped, to make that happen.

The Mutual Fund, as Hagedorn calls the business in both the formal and informal sense, has grown 50 percent larger than its original size three years ago when its assets were worth only P300 million.

Although he now manages assets totaling P450 million, Hagedorn continues to explore ways to attract even more investors.



“The risk premium on the Philippines has improved a lot in recent months and this is going to attract more foreign capital to the

"We're looking at the OFW market and we have started making marketing pitches, initially in Hong Kong, where quite a number of overseas Filipinos are working," he said in an interview with BUSINESSMIRROR.

Success was modest in terms of Hong Kong-based OFW mutual-fund investors but Hagedorn waxed optimistic nonetheless.

"We believe in planting seeds. With more information campaigns in the future we will get the necessary numbers," he said.

The OFW market is particularly promising to Hagedorn, considering the minimum required investment is just loose change among better-paid OFWs.

He admits not everyone has heard of mutual funds much less understands what it is and the benefits it brings to believers.

Mutual funds provide superior

returns to investors who benefit from the professionals that manage the pool of resources invested, in this case in both equity stocks and debt instruments, mostly government bills and bonds.

Hagedorn said the Mutual Fund is a balanced fund, meaning its assets are invested in both types of instruments.

"Most of our assets are in equities and our average return [on the investments] is pretty high at 10.4 percent," he revealed.

This compares with the performance of the Philippine Stock Exchange that posted gains no more than 4.7 percent to 2,052 index points last year.

Hagedorn said anyone old enough to invest at least P5,000 is welcome to participate.

"We started small, at only P300 million three years ago. But we're worth P450 million today and

growing," he said.

According to him, foreign fund managers have started pouring in as the fiscal outlook improves: "The risk premium on the Philippines has improved a lot in recent months and this is going to attract more foreign capital to the Philippines."

He said the net outflow of funds last year, led for the most part by Filipinos themselves, reverted to net inflow already.

Hagedorn said the mutual-fund market is quite large at P70 billion, out of which some P65 million are invested in fixed-income securities.

Only some P3 billion worth have been invested in so-called balanced funds.

"The future is promising, considering there are only around 100,000 individual mutual-fund investors at present while there are some 40 million cellular-phone owners," Hagedorn said. ■