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Mutual funds still a viable investment option for Filipinos

MORE and more Filipinos are investing in mutual funds, according to the Mutual Fund Co. of the Philippines, which is also known as the Kabuhayan Mutual Fund.

The fund said the industry registered a 66 percent growth in five years with P76.9 billion at the end of 2005 compared to only P6.1 billion at the end of 2000.

From 2003 to 2005, Kabuhayan was the industry's best performing fund with net asset value increasing at an average of 21.1 percent every year. Its total net assets increased by P71 million to P440 million at the end of 2005.

For the first three months of 2006, the fund continues to lead the sector with its net asset value rising 8.9 percent, ending the quarter at .9350 per share.

ATR Kim Eng Equity Opportunity Fund and ATR Kim Eng Income Fund remain in the top three of equities and fixed income funds, with 11.4 percent and 5.9 percent growth, respectively, registered for the first quarter.

"The industry's growth is spurred by changes in the rules governing the management of funds and common trust funds. Rules were amended to allow fund managers to manage a family of funds, encouraging them to offer new products to clients. Meanwhile, common trust funds were forced to value securities on a 'market-to-market' basis, making them more like mutual funds," said lawyer Miro Quimbo, president of the Kabuhayan Mutual Fund.

Quimbo said he was hopeful the economy would "gain steam and investment opportunities will present themselves," resulting in a more active market.

He said investments in the telecom, power and property sectors remain the top drivers for mutual funds' equity portfolio. This was attributed to the Philippine Long Distance Telephone Co.'s strong performance in 2005, the deregulation of the power sector and the increasing demand for office space by the call center industry. This was strengthened by the demand for housing from Filipino workers abroad.

Aside from investments in the three sectors, the funds' fixed-income investments now include longer-term securities. The funds have also diversified to include corporate debt.

"We are cautiously optimistic about the future of Philippine equities and fixed income instruments. It is important to note that the government's continued vigilance on the fiscal front has indeed attracted more investments. We look forward to participating in a more dynamic, diverse and deeper capital market in the very near future," said Quimbo.

Dinna Chan Vasquez

