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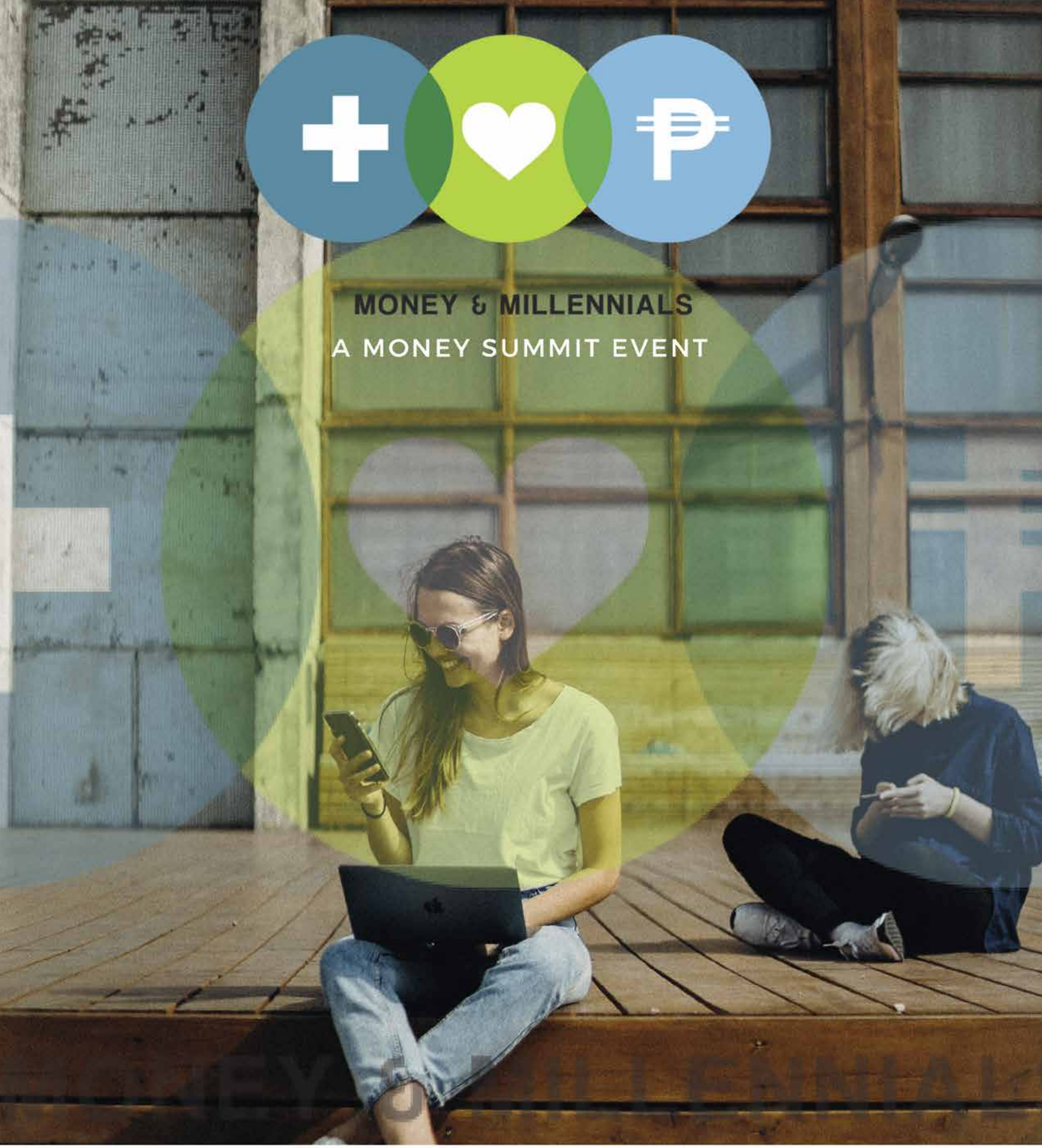

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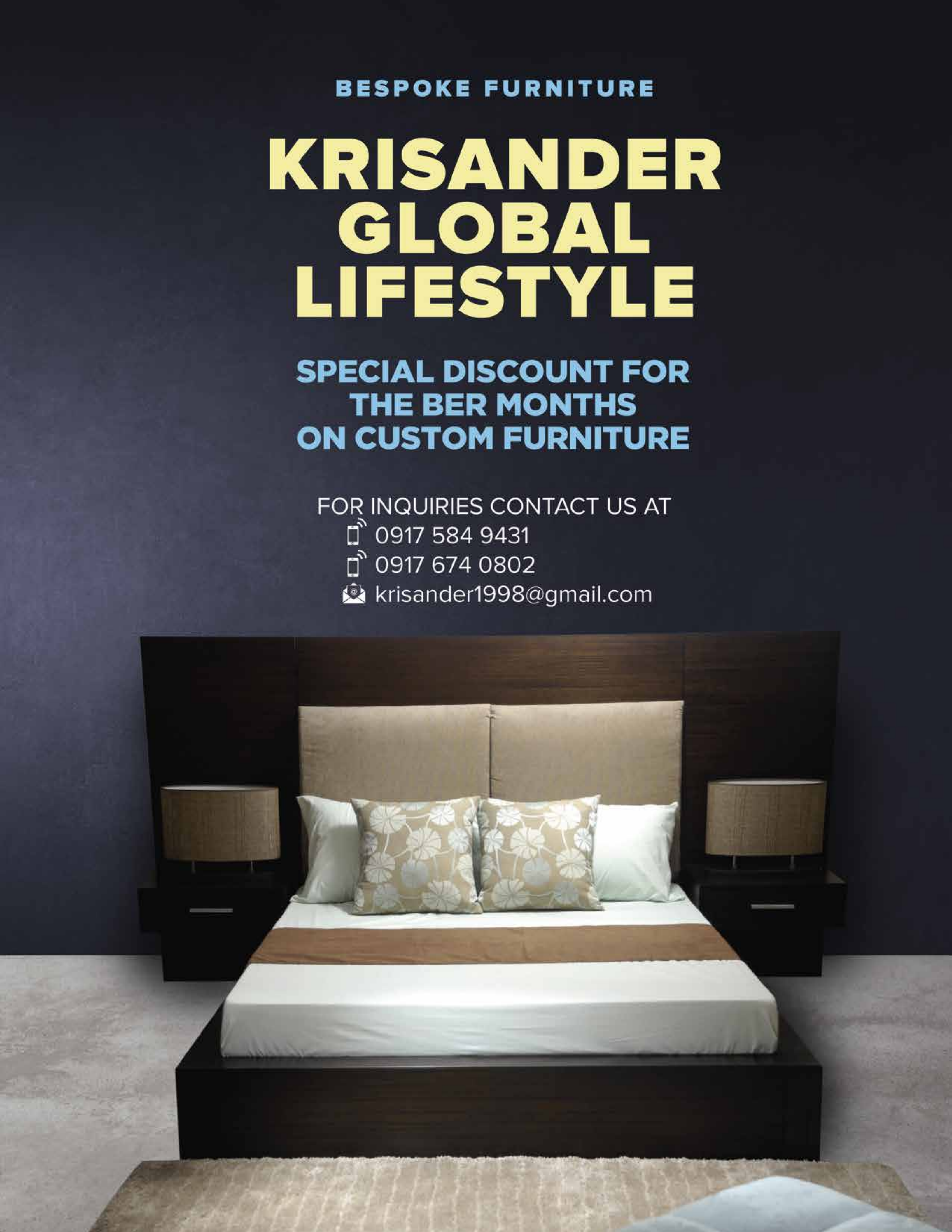
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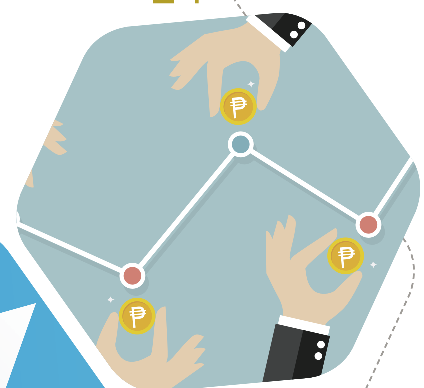

COVER STORIES

PLAN

"What you invest your time in defines who you are."
— TODD DUNCAN

"The best investment you can make, is an investment in yourself ... The more you learn, the more you earn."
— WARREN BUFFET

"Never invest in any idea you can't illustrate with a crayon."
— PETER LYNCH

"Wise spending is part of wise investing. And it's never too late to start."
— RHONDA KATZ

"Investment is an asset or item that is purchased with the hope that it will generate income or appreciate in the future."
— ANONYMOUS

"Courage taught me no matter how bad a crisis gets ... any sound investment will eventually pay off."
— CARLOS SLIM HELU

"Do something today that your future self will thank you for."
— ANONYMOUS

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EDITOR'S NOTE

The World is Your Oyster

If there is one major lesson the pandemic has taught us, it is that the world is indeed flat. The globalization train has been running for decades, with global trade and business outsourcing generating cost savings, wider markets, and bigger profits for corporations.

As consumers, we have benefited from access to cheaper, better goods and services from all over the world. But as investors, for the longest time, we were stuck with local, often more expensive, financial products and services. And as producers, it was costly and complicated to sell outside our domestic market. Not anymore.

Global market. Thanks to the Internet, we have access to global markets, whether we produce goods, services, or information. With e-commerce platforms, we can sell anywhere in the world. With online freelance marketplaces, we can sell our services to international clients. With social media and content management systems, we can earn from the content we create.

Even the job market is now international. As more and more companies accept remote work—driven by lockdowns due to the pandemic—it has become easier to be employed by a company from the other side of the world.

This is nothing new. What is new is the rapid acceleration of this trend towards online and digital and the growing acceptance of this world of work. It is time that you start having a more global outlook. You can earn a living at home—whether as an employee, entrepreneur, or freelancer—with the world as your marketplace.

Global insurance. Insurance premiums in the Philippines are notoriously expensive, no thanks to taxes and high commissions. Despite the growing awareness for financial literacy, the industry's push towards expensive insurance products has not helped expand coverage in our population, which is a pathetic 1.69% insurance penetration.

Promoting investment-linked insurance products helps position insurance from something boring or even taboo to something more exciting and aspirational. But they don't provide adequate coverage at a reasonable price. If you think of them as investment products, then they're fine. But as protection products, you have to cough up a lot if you really want to be sufficiently covered.

While global providers are not allowed to sell in the Philippines, there's no stopping you from buying from them. You can easily get a policy online and fly to their Singapore or Hong Kong office to sign documents. The cost of travel is easily so much lower than the difference in premiums for the same insurance coverage. And you only have to do this once.

I let my yearly renewable term insurance with a local provider lapse after getting a 20-year fixed-premium term insurance for six times the coverage from an international provider many times bigger and more stable.

I'm not saying you should ditch your local insurance agents. Go buy your VULs from them as part of your investment portfolio (consider the insurance protection portion as icing, not the cake). But if you want to get the coverage you really need (your cake) at a fraction of the cost, go global.

Global investments. As a dutiful editor-in-chief of this personal finance magazine, I have touted the tenets of safe and sound investing—stay in the market, do cost averaging, stick to index funds, think long term. And I am not dropping them.

At your core portfolio, you really should keep to the fundamentals. But it's also time you should start thinking global. There is more to investing than the Philippine stock exchange. Yes, continue to invest in local equities through funds and individual stocks.

But to be truly diversified, invest also in other markets worldwide. There is so much more out there than what we have (easily one of smallest stock exchanges in the world). Trade or invest in other assets like ETFs, commodities, forex, and even cryptocurrencies.

As always, invest for the long run and always manage your risks. There are global investment platforms that let you start off with a very reasonable capital to start with. You can trade on your own, or automatically copy of the trades of successful, vetted traders in their platforms. It's amazing how much you can earn from doing this and diversifying your portfolio this way, compared to just sticking to local equities.

Open your mind to the possibilities and opportunities that the world has to offer. The world really is your oyster.

On a final note, given that we're living in a digital world, we don't have to be constrained with the limitations of a print publication. Starting with this issue, MoneySense will be purely in a digital magazine format, with occasional limited copy print editions. We can reach more readers worldwide and you our readers can have the option of using any device to consume each issue. One thing that will never change: our practical and useful content that will help Filipinos spend, save, and invest their money. MS

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Do You Have the Genes of a Scam Victim?

By SALVE DUPLITO, RFP®

Making money is not easy for most people, nor a joyful activity, if you look at "Monday blues" posts on social media. So why is it that people seem to relish giving away their hard-earned money to scammers? Sometimes I wonder whether most people realize that they willingly, happily, and even cheerfully give away their money, most of the time.

From my own research, Filipinos have lost more than P60 billion to financial scams. I painstakingly looked at the biggest scams from the oldest newspaper I could find, and tallied the published amounts lost to victims. And guess what, this was prior to the pandemic.

Can you guess just how much scammy transactions have grown during the pandemic? Bangko Sentral Governor Benjamin Diokno said that suspicious transactions rose 57% from January to August 2020 as we shifted from using cash to electronic money transactions to avoid getting infected by coronavirus. Suspicious transactions related to electronic banking transactions rose 1,680% for inward fund transfers! I truly do not understand why we are so trusting with our one-time-passwords or other private information. And here's the clincher: for outward fund transfers, the number is 5,158%. Unbelievable.

To be fair, hackers and other dark elements of society are getting even more sophisticated, so we cannot blame consumers completely. Even for the trained eye, spotting a phishing or skimming operation is tough. Fraudsters learned how to use better grammar, websites and landing pages that looked exactly like the official bank pages, and masked their URL, so that it really feels like you are using your bank's website. Skimming and phishing put in danger P2.7 billion, according to the Anti-Money Laundering Council which Mr. Diokno heads. What I cannot forgive are suspicious transactions related to online sexual exploitation of children and other nefarious deeds. Die, scammers, die!

There were also COVID-19 donation scams, online shopping swindling involving Bitcoin, unsubstantiated deposits or fund transfer for products and services, receipts of large deposits, and small-value and fast-moving funds to multiple account holders with immediate cash-outs but with no underlying justification, according to a Bloomberg article.

Those of you who might be reading this, and have been victimized, should analyze why you fell for it and learn how to avoid losing more money in the future. Now, if you have so far managed to remain uninfected by the scam virus, how would you like to know if you are vulnerable?

Take this test to find out whether you have the genetic code of a scam victim. Rate yourself from 1-10 in relation to these eight attitudes and behaviors and find out afterwards how vulnerable you are to scams.

❶ You have just attended a Zoom event and the organizers said they will send you a feedback form. You received an email a few moments after the end of the event. How likely are you to click on the link provided to fill up the feedback form? Answer may be from 0 to 10.

❷ Your high school friends have created a Facebook group and one of your secret teenage crushes sent you a private message of a video. Are you the type who will giggle and click? Answer may be from 0 to 10.

❸ The bank where your salary is credited to texted you that it is providing free COVID insurance to its preferred clients. Yay, free stuff! Will you click immediately? Answer may be from 0 to 10.

❹ The telco company sent a representative to your condominium saying you have been chosen to get a free 5G SIM card because of your good payment record. They just need to get your old SIM to complete the swap. Are you giving them your old one? Answer may be from 0 to 10.

❺ A very good friend called you saying she just made 87% return trading Bitcoins in the Internet. You have some extra

money and think it is cool that she is sharing with you her opportunities. She said she guarantees you will make money too. Do you enroll in the system? Answer may be from 0 to 10.

❻ There's a new slimming product in the market and this very rich guy just recently introduced to you is the owner of the company that sells it. He says there's a 50% discount just for today to join so that you can get instant, guaranteed, high returns. Will you send the check immediately and promise to read up on the company profile tomorrow? Answer may be from 0 to 10.

❼ It's almost Christmas and you see an Instagram post about a donation drive for those who have been hit by Ulysses, infected by COVID, and forced to live on lugaw every day. GCash is key! Send P5,000? Answer may be from 0 to 10.

❽ While scrolling on Facebook, you see the perfect plant pots you have been looking for in Facebook marketplace! Funny, you were just talking about it with your friend from outer space. Buy immediately! Someone else might grab it. Yes or no, from zero to 10?

Answers:

0-20 - Your finances are locked tight from scammers!

20-40 - You can teach being scam free in the University of Hard Knocks

40-60 - You need to learn some restraint, that money is for the future you!

60-80 - I will send you some fluffy handcuffs that you need to put on when tempted to reply to scammy messages. It says bad words when you try to force it open!

How did you do? These are true stories, by the way. So, toughen up. The Internet is full of bad people. So is the real world. You don't have to hide as if there are zombies out for your blood, but you don't have to happily hand over your savings too.

Scams have evolved through the years since the Dutch tulip bubble of 1637 and the crash of South Sea Company, which caused Sir Isaac Newton to say the famous quote: "I can calculate the motion of heavenly bodies, but not the madness of people." After more than 25 years writing about scams, interviewing victims and the occasional perpetrator, I can truly say there are a lot of mad people. Don't be one of them. MS

If you wish to get daily financial tips from Salve, follow her official IG, Facebook, and YouTube accounts @SalveSays. Send private questions through those pages and mention that you are a reader of MoneySense.

Best Investment Newsletters, Blogs, Podcasts & YouTube Channels to Follow

By EXCEL V. DYQUIANGCO

When looking to invest, one of the best pieces of advice a guru may suggest is to learn from the experts and watch videos online. Interestingly these days, with the onslaught of this COVID pandemic, there has been a plethora of learning tools online to help you get started in your investment and savings journey. All you need is to follow them and like their pages.

But which ones are the best newsletters, blogs, podcasts, and YouTube channels to follow this 2021? Here are some of our picks.

Chink Positive. Chink Positive is not new to the online world. In fact, this YouTube Channel has amassed a total of a whopping 1.22 million subscribers since its inception. Not a surprise since this is hosted by world-renowned author and motivational speaker Chinkee Tan who makes money management investing so easy. His videos are short, crisp, easy to digest, but filled with learning—and teaches you practical tips and pointers on how to save, spend, and invest. His YouTube channel says it all: "My vision is for every Filipino an IPONARYO. My mission is to help you to become wealthy and debt-free."

Look up his YouTube Channel at www.youtube.com/c/chinkpositive.

Driven Today with David Angway. A brainchild of personal finance coach and author David Angway, Driven Today with David Angway lets you in on the secrets of successful businessmen and CEOs to help you grow your career and manage your finances. Both a blog and a podcast, Driven Today with David Angway helps individuals, particularly the Generation Y and Z, achieve their long-term financial goals by teaching them not only about investment but risk management, estate and retirement planning, and asset allocation.

Driven Today with David Angway is available on the Apple iTunes. Check out its website at driventodaypodcast.wordpress.com.

Salve Says. Salve Says started as a segment of ANC's On the Money but has recently brought its viewership online through its YouTube channel. Hosted by one of the most respected financial journalists in the country, Salve Duplito or more popularly known as "Our Beshie ng Bayan", Salve Says is a no-nonsense approach to investing and money management where Salve interviews experts in the industry. Among its popular episodes include "Making Money in Stocks for Not-So Dummies" and "investing for Dummies" featuring Edward Lee.

Check out Salve Says at www.youtube.com/channel/UCYaTLDX2jNxNNterqHQbwzA.

Wealth Arki. A financial planning and wealth management firm aligned with international best practices, Wealth Arki serves individuals, families, and OFWs. Both its blog and its YouTube channel are dedicated to sharing Money Insights and Advice for Filipinos so that they can achieve financial freedom and make their dreams and aspirations a reality. Its channel hosted by two of the country's world-renowned personal finance coaches and wealth managers, Rienzie Biolena and Fritz Villafuerte may be industry leaders in their own rights but when together, make up for deeper connections and insights on investing and the like. Some topics they talk about for those who want to invest: equity funds, UITF, forex, among others.

Check out its website and blog at www.wealtharki.com/, and its YouTube channel at www.youtube.com/channel/UCdKGxOZudDuuIxQWz9ljAPw.

The Real Pro. When it comes to investing in real estate and properties, check out The Real Pro, a personal blog by author Richard Carvajal, the President and Chief Executive Officer of the Philippine Global Estate Management Services and Realty Corporation or PHILGEMS Realty Corporation, and the author of "The Millennionaire: Becoming The Next Millennial Millionaire". Among some of the great and simple reads include "All About REITs—Understanding Real Estate Investment Trusts" and "Real Estate 101: Investing in Condotels".

Check out his website at realproexpert.com.

Tsupitero.com. A financial technology company that helps investors find the Philippines' best stocks, Tsupitero.com provides fast automated data and a premium stock market newsletter. Other features include blogs and articles about the stock market and some fundamental and technical news. The website is run by Founder and Chief Strategist Miko Sayo and President and Chief Executive Officer Vincent Hermosura.

Check out tsupitero.com.

Investagrams. If you are looking to invest in the stock market but don't know how to start, check out Investagrams which offers advice not only about the stock market, but gives the latest news and features in the investment and financial industry. Some of the features of this site include videos on the basics of the stock market, factors on knowing what can impact your stock portfolio, and tips on finding the best investment. There is also a segment called Investalearn where you can attend classes about personal finance, and study modules on the technical and fundamental of stocks.

To register, click www.investagrams.com.

Smart Pinoy Investor. Another website and YouTube channel that can help you invest in the Philippine stock market is Smart Pinoy Investor. Started by Romer Tawid, or better known by his nickname Omeng Tawid, Smart Pinoy Investor covers the latest in local—and even international—stock trading news. One of its most recent posts - How to Invest in US stocks from the Philippines (with small capital)—has already achieved more than six thousand views. MS

Check out Smart Pinoy Investor at www.smartpinoyinvestor.com or its YouTube channel at www.youtube.com/c/OmengTawid/ which already has more than 64,000 subscribers.

Cost Averaging vs. Lump-Sum Investing

By JOSEFINO R. GOMEZ, RFP®

Peso cost averaging is the practice of investing a consistent peso amount in the same investment over a period of time. For example, you might be interested in buying Jollibee (JFC) stock or an index fund but don't want to risk putting your money all at once. An example of this is an investor who allocates P10,000 monthly to invest in the stock market. Regardless of the price per share in a particular month, the investor will put P10,000 in the specific stock or fund that he has chosen. He will do it on a regular basis, such as monthly.

Lump sum, also known as single or one-time, investing is usually placed by investors who have a larger amount of money to invest. When investing in common stocks, this would be a riskier strategy but can have greater returns.

These two methods can be applied in buying shares of stocks, Real Estate Investment Trusts (REITs), index funds, mutual funds, and Unit Investment Trust Funds (UITFs).

So, which is better, Peso Cost Averaging (PCA) or Lump Sum Investing? It depends on the investment instrument and the investor.

Peso Cost Averaging (PCA). Below are some advantages of using PCA:

- You can start with a smaller capital.
- It creates the habit of investing for starting investors.
- It also allows automatic investing. You can easily set up an auto debit account, where every month a certain amount of cash in your savings will be invested in a chosen fund or investment. This allows for automation of good habits and enables you to capture the average long-term gains of a stock or a fund.
- It is well-suited for beginning long-term investors. Investing in the market requires knowing about many factors such as earnings, news, fundamentals, sentiment, and technicals. Thus, you could easily lose money if you're not experienced. PCA allows you to buy shares at a more reasonable price and reduces investment timing error.
- If you are an investor who gets a regular paycheck such as an employee, then PCA might be just for you. Since an employee's income is usually fixed and given monthly or bi-monthly PCA allows employees to start investing right away by matching the monthly inflows and the regular monthly investments.
- PCA is also suitable for investors who are more risk averse, as it allows lower fluctuations on the cost of the investment.
- It disciplines you to invest regularly and allows the buildup of your retirement fund.
- It allows for a more mechanical and less emotional approach to investing.
- It does not require lots of thinking but requires a disciplined approach of investing.
- It is very appropriate for investing in an index fund that has built-in diversification.

Now for the disadvantages:

- PCA investing reduces the chance of getting outsized returns.
- You could also lose a huge amount albeit slowly by investing in the wrong stock. A stock that goes into a multiyear downtrend and never goes up due to a failing business would create losses. You could end up as a loser averaging and compounding your losses each month.
- Hence, picking the right stock to invest in is critical in applying PCA. Buying below the intrinsic value of a stock is also very important.
- You also need to get diversified when you invest using PCA. Doing PCA in a single stock would be risky. In case of limited funds, you can always buy an index fund.
- It is a long-term strategy. You must stick to it through thick and thin by staying the course. You need to be patient. Sometimes a stock does not go up for years. Even an index fund can go nowhere for a few years before going up. So, you could end up showing unrealized investing losses for years.

- Despite a high market, you will still be buying and following the investment plan. Consistency is key to get good results. A few months of PCA investing or even a few years will not assure a profitable portfolio.

Lump Sum Investing. How about investing a lump sum? Here are the advantages:

- Lump sum investing could produce immediate larger impact results.
- It is very advantageous in a bull, uptrend, or advancing market.
- One can produce bigger returns.
- It is suitable for more experienced and less risk averse investors.

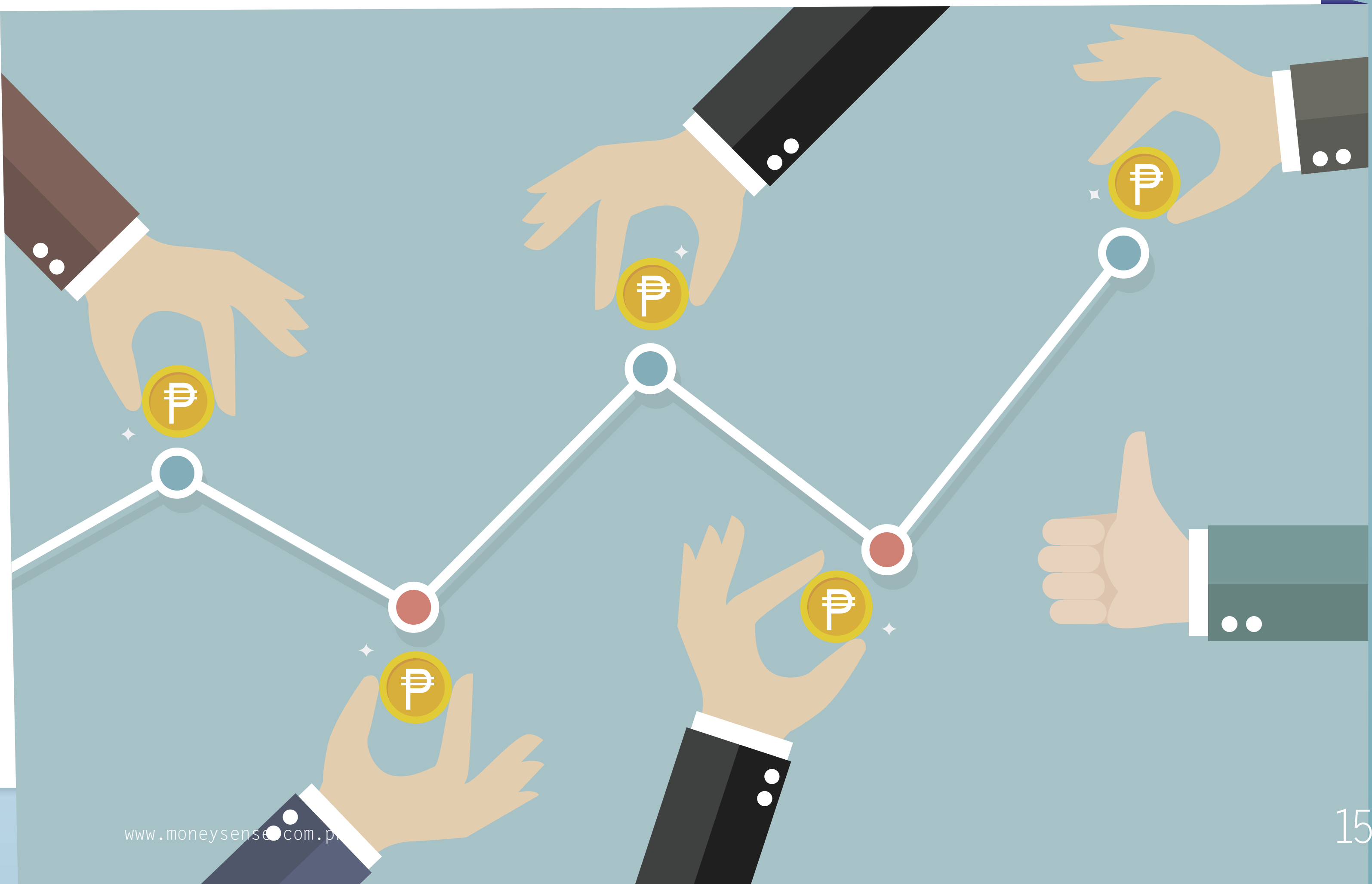
Some disadvantages:

- A sudden crash and a bear market can produce sudden huge losses.
- It can be psychologically nerve wracking watching a huge amount of investment fluctuating.
- It could produce higher price and gain or loss fluctuations.
- Some first-time investors might not be able to take the volatility and could result in withdrawing their investments at the wrong time.
- Getting in at the right time could produce great returns. However, getting in at the wrong time could lead to losses and anxiety.
- It requires more monitoring as once you enter, there are only two things you can usually do: sell or hold.

After discussing all the pros and cons of each strategy, we can conclude that your style depends on which you think will suit you more. If you believe it's not about timing the market but it's about time in the market, then PCA is for you. If you have a knack for entering and exiting the market, then lump sum investing would be more suitable for you.

Time and money are two big factors in making investment gains. Either PCA or lump sum investing can produce gains, it just depends on the amount you invest, the types of funds you invest in and the time you plan to maintain the investment. This would also depend on your investment objectives and risk profile.

You can also do a little of both. You can start putting a lump sum just to begin your investment and then add a fixed amount or a percentage amount of your income regularly. You can also put a fixed amount or fixed percentage of your income regularly and in extreme cases like market crashes you can put more, such as a lump sum amount that you won't be needing in a long time. In this manner, you can always be in the market and at the same time take advantage of any opportunity that comes along. MS



Q&A *with a* Female Trader

By DAVID ISAIAH ANGWAY, RFP®

We talked to Carissa Patag, currently the head of retail sales of Wealth Security, about investing and trading. She has more than a decade of experience and expertise in financial planning.

Q: How do you spot opportunities for trading stocks?

A: I always study and research continuously. Even if you are not professionals, you don't have to be experts, but at least you have to know the basics of what you're getting into. And that involves looking at the basics, learning the terminology of the industry, of the asset class that you want to get into. Don't compare your criteria to other people because they have a different situation.

Q: Do you always follow stock recommendations by analysts?

A: It depends on the credibility and integrity of the research group I'm following because you must check the research team's track record. Sometimes, some research analysts would say that you know they predicted this. But then you look at the track record, and you see that it's just for a year. When you go backwards 10 years ago or five years ago, you'll notice that all their recommendations were not accurate. It is crucial for me that before I follow stock analysts or commentators, I will check with their research group if they have long-standing credibility and integrity.

Q: Do you follow stock market tips from other traders, and why do you follow them?

A: I genuinely do not follow traders primarily because we have different styles of trading. In a sense, I also managed funds, I don't only trade for clients. Thus, I have to get skills in tailoring my investments or the funds' investments because I feel ownership regarding my funds. I think that's important for fund managers. You have ownership and accountability in managing funds. So, you do your best in making your clients earn.

I don't really listen to traders or I don't want to get swayed by others. There are also other traders who do hype and dump. There are a lot of people currently watching or reading the free content on the Internet. And there are now a lot of pseudo financial advisors, but they are not in the financial industry and hype themselves as experts and many people listen to them. They use these platforms to hype a stock and tell their followers to buy this and sell these particular stocks. And because of herd mentality, without using their better judgement or doing proper research, they follow them blindly. That's where the problem lies. The hyper now dumps the shares in the market, so now the people who bought it when he was hyping it will be caught up holding the bag, and then the price will go down.

Q: As part of WealthSec, how do you handle the pressure and stress in trading?

A: I'm reticent, and I don't talk much. I only answer a call when a client rings. As I mentioned earlier, I do manage funds for discretionary accounts.

I don't want to be swayed by others. It's human nature that when you talk to someone, and that person is convincing, you get swayed even if you have a strategy already in mind, right, even if you did your proper research.

That's why I don't talk to a lot of people. I monitor tabs, market depth, volume, and inevitable fluctuations. That's very important because when you check that, you will be able to glance at the support and resistance, so you don't need to check other tabs or charts.

It's easier for me to manage the stress and easy for me to execute our strategy. If you look into chess

masters, I follow them. They are quiet, but they already have a way to attack in mind; you should already have a process on how to win.

Remember, we are not gambling; we are doing our best to make money for our clients.

Q: That's why planning is critical, or else your clients will call and be mad at you, so how do you handle hostile clients, if any?
A: In the past 10 years that I've been in the industry, there's no such thing as that, to the point that the situation escalated.

But we do have a basic rule: we call it client-broker dynamics, which means we need to trust each other because that's very important. I need to know my client, to make sure I can give excellent recommendation such as 5-10% yield per year. If I see the client, I can also create a way for them to make more money according to their goals and risk profile. Although the client has an aggressive profile, I can share the advantage of possible high yield stocks, but there's also a risk of losing money. Understanding the client can help me prevent further misunderstanding or hostile actions in the future.

Q: You have a great way of following fundamental steps, and I love the idea of being honest all the time, so how do you handle a client who tends to blame you for your recommendations if they lose money?
A: Well, I've never experienced those things because my clients and I have an agreement about the possible recommendations, that if they make money, I make money. We are transparent all the time, and I think we could prevent clients from blaming us. So obviously, they know that I'm acting for their benefit. Because when I give a recommendation, I always present facts and data; that's why it's not based on my opinion. It's done through our proper research.

Q: What is your favorite stock market chart indicator?
A: I usually use RSI because It tells me what's moving too fast or too soon, so generally, I used it when I see a certain RSI going into stock going down 25 and below, then it signals to me that this stock is oversold. Bt If I see an RSI 75 and above, then I know this stock is going too fast or too soon, or it could be overbought already, but then again, these are just guides for me or some people, even for our newbies out there, or those who are doing online can see the charts there.

This should only be a guide for you. Again, make sure that you are well informed when buying, holding, selling, or trading. So, you have all of these things in your mind, but you should also balance it with the news.

For example, you just heard that our agricultural data is going down, now you know that this particular stock may go up.

This is not reflected in the charts yet, so you need to balance all this information also. Make sure to read all the time because we are already globally connected.

Q: Do you use stock market charts or fundamentals only? Or both?
A: I use a combination because the fundamentals will guide you on what to buy and sell, and technicals will advise you on when to buy or sell. I need to use both to match the details of my client's investment objective, plus making sure it is aligned with their time horizon because if you are a day trader, you might not use fundamentals. It depends on your parameters. And your risk profile. Some people, if you're investing for a year or more, you might not need fundamentals anymore. That's just for me. Other traders or brokers might be using one or heavy on the additional analysis, so it depends.

Q: Do you invest your own money with what you are doing right now?
A: Yes, but I'm not actively trading it. I want to walk the talk, but I also need to help other people since I got plenty of clients.

Q: What are your biggest lessons from trading so far in your experience as a trader?
A: Let me start with the biggest one: letting my emotions cloud my judgment. If you want to succeed in stock market investing, you must be in control of your feelings. It's human nature to get swayed, especially when everyone is panicking, and things are out of your control. Am I going to sell at a bottom price without sound financial information? Shall I sell 40% down? I think that's one of the biggest mistakes. To quote Warren Buffet, "We attempt to be fearful when others are greedy and greedy only when others are fearful."

You also need to know how to play the market, but you need to declare and plan how to win. It's not going to be an accident if you will succeed. You must be deliberately thinking about it.

Research all the time to make sure your assumptions will be either justified or corrected; that's why recalibration will help you bounce back immediately. Ask yourself this: if I will sell it at rock bottom prices, will I be losing money, or is it better to retain it here or shift it to another company? Which one will give me better chances of earning?

Lastly, keep your presence of mind, be calm when you are investing.

Last March 2020, the majority of the markets closed, and we entered into a technical recession, there is a lot of panic selling, and we hit our market threshold for going down. It means many people are already in the panic stage. Instead of me doing the same thing, I could hold most of it, but now, most of my clients already earned it. MS

REITs—Are They Worth the Investment?

BY RICHARD THADDEUS CARVAJAL, RFP®

Want to invest in real estate but don't have a huge amount of cash to start with? Then the option of investing in a REIT (Real Estate Investment Trust) is definitely worth considering. But what exactly do we mean by REIT, and what are the pros and cons of such an investment?

What are REITs? A REIT is legally defined as a "stock corporation established in accordance with the Corporation Code of the Philippines and the rules and regulations promulgated by the Commission principally for the purpose of owning income-generating real estate assets."

So a REIT is a publicly listed company that earns through periodic cash inflows such as from property rentals. As such, it affords even the average real estate investors the chance to acquire and earn dividends from shares of large portfolios without having to raise huge startup capital.

There are three types of REITS: Equity, Mortgage, and Hybrid. An Equity REIT manages a wider group of portfolios which can include commercial, retail, hospitality, or even a mixture of these, and investors earn through rentals, dividend payouts, and capital gains. A Mortgage REIT on the other hand generally comes from the residential and commercial sector, where investors earn from the interest earned out of a mortgaged property. This form of the REIT has potentially high returns, although it also involves higher risk. The third type is the Hybrid REIT, and as the name suggests, it is a combination of both the Equity and Mortgage REIT.

The REIT was first established in the Philippines under Republic Act 9856, which is also known as the REIT Law of 2009. It was created with the intention of promoting the development of the country's capital market, and at the same time democratize wealth by providing the general public more opportunities to invest in the real estate industry.

The fact that REITs are relatively hassle-free compared to traditional real estate investments has spiked further interest in an increasing number of investors these days. After all, aspiring investors would no longer need millions of pesos for property acquisition, and they would no longer have to deal

with other costs such as mortgage, repairs, maintenance, tax payments, and tenant management. All they have to do now is just wait for their dividend pay-outs and just leave the management of the portfolio to the professionals.

But just like any other investment, the REIT has its own set of advantages and disadvantages. Here are some things that you need to consider before deciding to invest:

Cons of REIT Investments

❶ **REITs lack diversification.** Investing in a particular REIT means choosing just one property type for your money. For example, if you have already invested in a REIT consisting of residential properties and you want to have shares of commercial properties as well, you will need to invest in yet another REIT.

❷ **REITs are not for short-term investments.** If you're planning to invest in a REIT, you have to be prepared to wait it out. Records show that ASEAN REITs yield just 5.5% annually on average, indicating that the advantage of this form of investment lies in its long-term growth and sustainability. And it's also a good thing to be patient, especially since the stakes are especially greater and could mean substantial loss if not done right.

❸ **Dividend payouts are not tax-exempt.** Sure, you won't have to worry about making tax payments on the trust fund level. By law, REITs are granted tax exemptions. The dividend you'll receive, however, is not tax-exempt. So expect deductions from your payouts each time as they're considered by the government as taxable income.

Pros of REIT Investments

❶ **Higher dividend payouts.** Although dividend payouts from REITs are, as mentioned earlier, not tax-exempt, that doesn't mean you'll be left with a meager amount for your cut of the pie. Think about it. We're talking about a set of properties that are worth millions of pesos. Even if you don't own the entire set, just imagine how much income all these properties in a REIT can generate each year.

Let's say a specific REIT earned P30 million for a specific year. Since by law, the REIT is obligated to distribute 90% of its taxable income to its shareholders, that means there's P27 million for distribution. Now, if you are a public shareholder, which means you are part of the mandated 30%, that comprise the total shareholder population, you get a share of the roughly P8.1 million worth of taxable income allotted for the public shareholders. So depending on how much shares you own in a REIT, you can expect to receive a substantial dividend regularly.

❷ **Income security due to long-term leases.** Commercial and residential properties that belong to REITs are generally placed under long-term leases. The leasing terms for each property can go from 3 to 5 years, with some even going as long as 10 years. The longer the lease term, the better for REIT investors since it guarantees a steady stream of dividends from rental income for as long as the lease is in effect. Plus, vacancy rates in commercial properties are very low, even with the pandemic ongoing.

❸ **Asset liquidity.** Another advantage of investing in REITs is the fact that you can easily exit the market anytime you want. Unlike traditional real estate investments that usually take considerable time to sell, REIT investments are very easy to sell or trade. Think of it as playing in the stock market, only this time, you're investing in the real estate industry as well. So if you like the liquidity afforded by the stock market as well as the high income and security afforded by real estate, then you might want to invest in a REIT.

This article is just an overview of the risks and opportunities that come with a REIT investment. While REITs are generally profitable, it always pays to be careful and learn as much as you could about the factors involved before making any decisions.

Breaking the Glass Ceiling

By NANNETT OBERES as told to EXCEL V. DYQUIANGCO

After being frustrated by getting our orders late from one online seller, I, along with a team of women composed of our president Felomena Roma, Dorothea Cura, Pauline Tuasan, Jennifer Escarpe, and myself established Consegnia Logistics in 2019. This is where we saw an opportunity to invest in a logistics company that caters specifically to e-commerce merchants. Raised from the Italian word "consegnia", which means "to deliver", Consegnia Logistics started operating in January 2019.

To best describe our business, Consegnia Logistics is an emerging last-mile delivery and pickup service provider, infused with technology, and built from the passion and commitment of its founders. Our mission is to bridge the gap in the last-mile delivery and pickup service industry. We are committed to providing fast and reliable service to our customers and partners and also aim to provide additional livelihood and bring smiles to the community through great service. In addition, Consegnia is a tech-driven logistics provider, capitalizing on our operations platform. Our clients can make pickup and delivery booking online, they can track the movement of their shipment real-time, and for our big merchants, our system platform is highly integrable to their system through Application Programming Interface or API.

Although our company is made up of all women running a logistics company, we don't feel intimidated. In fact, most

MY MONEY LESSONS

Launching a Successful Business

In starting a business, Nanenett Oberes and her team gave some sound advice.

Believe in your ideas. Compliment your ideas with research, experience, and hard work.

Create an ecosystem. Gone are the days that service providers compete with each other for a piece of the pie. Creating interdependencies with your partners in the industry is a healthier alternative.

Give back. Compensate your human assets well. Involve yourself in community service and development.

of us came from different industries—technology, finance, and operations (logistics). Fusing our core strengths becomes second nature.

Getting our hands dirty. When we started in January last year, we didn't expect that there would be clients rights away. In fact, we were only eyeing two clients at that time, but through word of mouth in the logistics industry, our name became familiar with e-commerce merchants through referrals, and next thing we knew, we were handling deliveries 10 times more than what our capacity was designed for. The challenge came in the form of more delivery personnel, and the physical facility to handle such volume. We immediately partnered with a couple of manpower agencies to cater to our manpower requirement and expanded our facility to handle 50% more volume from our current one.

Thus, in our first few weeks in the industry, we lived by this adage: "If you want to succeed, get your hands dirty". As I've said, we were not expecting the surge of clients and the volume of shipment on our initial operations. We were literally involved in all aspects of running the operations—to the point that we owners were also doing deliveries.

When the pandemic broke, Consegnia was on a standstill, literally. Everything stopped. Good thing that after a couple of months, the IATF was able to issue guidelines on dealing with the pandemic, and soon after that, they were able to issue a moratorium that logistics companies are exempted from the travel restrictions, particularly those who were transporting essential goods. Our clients were also anxious about going back and recouping their business. But a couple of them were shipping essential items (food, and healthcare products). They called us and eventually, we were again doing deliveries.

One of our most unforgettable moments in this business was when one of our staff who was involved heavily in operations got the coronavirus. When we learned about his condition, everyone became anxious again as we were operating with a lean team, and not everyone can report for work at the same time. We were able to isolate him immediately, and he got well eventually.

Pandemic and resiliency. Instability struck really hard on the first onset of the pandemic. We resumed operations on very limited resources alongside the threat of the virus and strict quarantine guidelines. However, resilience is within us. Through teamwork, dedication, and optimism, we knew the business would bounce back and somehow, slowly, we ended 2020 stronger. I can say, "Nothing beats hard work and due diligence." Every day we report for work, with fresh ideas in hand, plus we know the e-commerce landscape in terms of logistics.

This year, we will be pushing our operations to do nationwide delivery, setting footprints on key areas that we've identified that have a constant shipment volume heatmap. MS

My Forex Journey

By DAN SARTE as told to EXCEL V. DYQUIANGCO

In 2018, I decided to invest in forex, which was introduced to me by a friend. At first, I was scared since forex is a high-risk investment. As the Assistant Vice President under Corporate and Investment Banking with JP Morgan Chase for 10 years before, I had somehow ample training both locally and abroad about investments, but I had no experience in trading with forex. That's primarily because in the Philippines, we are not exposed to this kind of investment since there is no regulatory body.

To understand more about forex trading, I enrolled in a formal forex training led by a forex trader expert who was the world champion of forex technical analysis in the financial expo held in Dubai last 2015. I also read books, watched videos, and attended online seminars.

As a start, I did not trade my own fund but rather I only invested in a managed fund being handled by a trader. My forex broker and fund manager were both offshore, and I chose a broker who was a highly regulated broker to ensure that my money was safe.

I invested in forex for the following reasons: forex is recession-proof, which means that even if the market is up or down, we make money. The return is also higher than the prevailing interest rate of the managed paper investments in the country. I could earn from 12% to 50% annually depending on the type of forex account I invested with. Unlike stocks where the gain is just a paper gain unless you withdraw your funds, forex profit is realized monthly. This means I can also withdraw all the profits. Since profit is realized on a monthly basis, the profit is compounded monthly if you do not withdraw any. In addition, the holding period is short—from six months to a maximum of three years.

Growing with forex. I like investing in forex because the potential gain is high and the holding period is short which helps me in my short term goals.

We have three accounts in forex: the regular accounts where you can earn 12 to 15% annually, the semi-VIP account where you can earn 24 to 36%, and the VIP account where you earn between 40 to 50% annually. Forex is never guaranteed, and these are just the actual performance from the past. For the past three years that I have invested in forex, our accounts never turned negative (NET of income minus losses) in a single month. This was thanks to our fund manager whose risk management is very high. The main goal indeed is capital protection.

Given all of these scenarios, when the pandemic hit, my forex funds showed me that this investment is indeed recession-proof. Even during the pandemic, our forex accounts still earned between 12 to 40% annually. Perhaps the only challenge I had to face during this pandemic was since my forex investment is offshore, banks were closed, and I had no way to wire transfer my money to my broker.

Forex lessons. Forex is high risk; however, as long as you consider the following points, then I think it is still safe to invest in forex.

Among some of the lessons I have learned while investing in forex, you have to understand the concept of forex before investing, as well as its risk and regulations. Understand your risk appetite and goals. Forex is a high-risk investment, so if you are a very conservative investor, then do not invest in forex.

Choose a broker that is highly regulated by a governing body. And choose a fund manager who has a vast experience in forex trading. I usually choose someone who has experience in a big corporate investment bank. These traders who have experienced in big banks know risk management very well.

I know some people who achieve more even in a period of one month. However, the higher the income goal, the higher the risk. I know that forex is high risk, so my number one goal is capital protection, which means that my capital is intact. To achieve capital protection, your income goal should be conservative. If you are a very aggressive investor—which means that you can afford to gamble your money—then I think it is okay to aim for a higher income in forex. MS

Get Started in Forex

Want to invest in forex? Dan Sarte has these tips.

Understand the concept of forex. Attend seminars and training, read books, and find a mentor who can guide you in understanding the concept of forex.

Choose the right broker and fund manager. They need to have a vast experience in forex, and that they know their risk management.

Understand your appetite. Just because you have extra money doesn't mean that you go on investing in forex immediately. Remember that this is a high-risk investment so it could be for you—or not.

Hospitality in the Time of Pandemic

By JENG BAWALAN as told to EXCEL V. DYQUIANGCO

Tagaytay is and has always been one of the top of mind go-to places near the Metro. This puts us in good stead when it comes to running an Airbnb business because the location is accessible, commercialized, and marketable. So, when we saw that my brother and sister-in-law, James and Danna Bawalan, in 2015 converted their house into a boutique hotel and the sales were really good, we thought of doing the same with our residential house in Tagaytay. This idea paved the way to RLoft's business operations.

Our property investment, RLoft Suites Tagaytay was originally coined from the first letters of our parents' names Rodel and Lina, but we advertise it as "RLoft"—meaning "Our Loft". I describe our place as a mix of modern architecture with a soothing vibe of nature in its interior. Designed to cater to big families and groups of friends, RLoft provides spacious two-storey loft-type rooms, complete with living room, dining area, kitchen, bathroom, bedroom, and balcony. There is also a secured parking space and an open barbecue deck free of charge for the guests. The location is easily accessible and is just a few minutes away from Tagaytay's famous attractions and restaurants.

When it came to preparing to launch our business, it was challenging. From a limited budget to the design that we wanted in the building, we needed to find the right people to deliver both. We also had to make it more accessible to people by creating a road map on the Waze app. Hiring and training staff to be able to give quality service was also a challenge but over time, we were able to exceed the standards of service that we aim to provide.

Given that there is an already existing chain of established B&B businesses in Tagaytay, it was not easy to get customers in the beginning. We had to tap both digital and on-ground marketing by being easily noticeable on social media and by tapping public transportation to refer their customers to RLoft on a commission basis system. This was our strategy in the beginning and by being consistent in advertising our property, we reached a huge following on social media and our referrals are now from our previous guests. With this, our goal has transitioned from just getting customers to now making it fully booked for the whole month.

The pandemic. During the first few months of the lockdown due to the pandemic, all hotels and other B&B accommodations had to stop operating. RLoft Suites was not an exemption to this. We had to pause and wait until the lockdown was lifted before we could resume operations.

Not being able to operate for several months was really a challenge for the hospitality industry. But like many other businesses, we had to comply for everyone's safety. During

the seven-month hiatus, we had to think of strategies on how to get back on track as soon as the restrictions were lifted. We planned several promotions and had to lower our rates with the mindset of "liit kita, bilis benta". During the lockdown and quarantine measures, we also learned to maximize our resources to maximize our earning capacity. The operations stopped for a few months during the pandemic, but we had to adapt as soon as we were back in business. We had to think of strategies on how to bounce back from adversity.

True enough, as soon as we started operating again, we implemented these strategies. The result: there is not a day that we are not fully booked. The business is even better and more booming now than it used to be. And of course, considering strict health protocols in compliance with the IATF guidelines, we had to be 10 times stricter when it comes to disinfecting the place. The lofts should not only look and smell clean but also feels clean.

The Future of RLoft. Because of the overwhelming and positive feedback and non-stop referrals from previous guests, we received an email that RLoft has reached 75,000 searches on Google Maps. We have also received the Top Host badge from Agoda in 2019 and we've been rated 5 out 5 on Facebook since then. We are also always fully booked and that in itself is the greatest achievement for us in this business.

The family is looking into making RLoft not just a simple Tagaytay getaway place but a one-stop family destination. We will be expanding this year with new units and amenities to cater to more travelers and to offer new activities. MS

MY MONEY LESSONS

Getting into the Hospitality Industry

According to Jeng Bawalan, her brother James has always been in the business since the beginning and he has always put his heart into it. His advice for those who want to get into the hospitality business:

Do your research. Study the current market and location of the property that you will invest in.

Match the design with your market. Renovate the property according to the needs of your market.

Invest in people. If you take care of your people, your people will take care of your business.


Bloomberg
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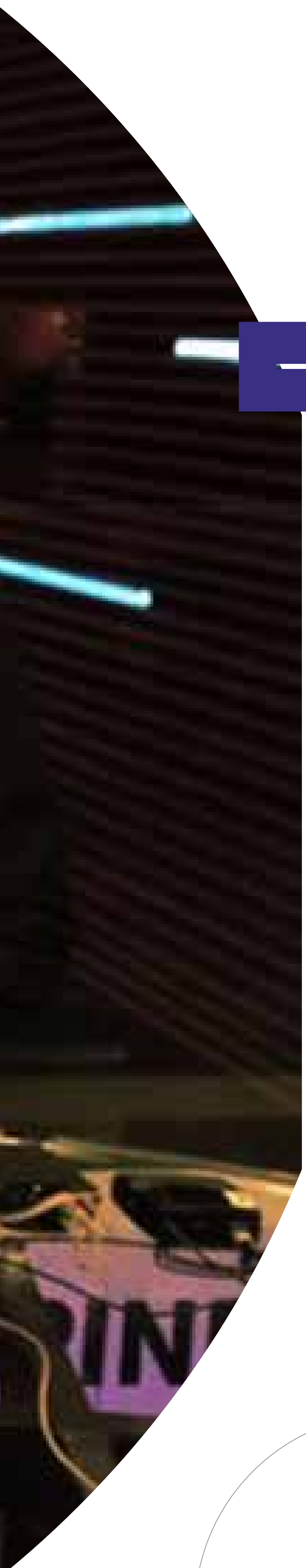

THE TRADER'S EDGE

Ron Acoba's bullish growth as a stock trader and entrepreneur

By EXCEL V. DYQUIANGCO

Ron Acoba is not your typical stock market guru. He doesn't have books to sell, a YouTube channel to promote, a newspaper column to post his opinions on, or a Facebook Group with tens of thousands of followers.

What he has is a verifiable track record and a lot of credibility. He is the go-to subject matter expert frequently interviewed on Bloomberg TV Philippines. He is well-versed in macroeconomics, finance, and investment banking. His investment newsletter allows subscribers to see and copy his actual trades. And the company he founded, Trading Edge Consultancy, where he serves as EVP-Chief Investment Strategist, is a third-party research provider for banks and brokerage firms in the Philippines.

Not only is he a holder of the Chartered Market Technician (CMT) designation from the CMT Association (formerly known as the Market Technicians Association or MTA) in New York but he also holds a Certified Financial Technician (CFTe) and a Master of Financial Technical Analysis (MFTA) designation—the only one in the Philippines—from the International Federation of Technical Analysts (IFTA).

If you think Ron's childhood back story is filled with tales of reading stock charts and investing at an early age, you'd be wrong. As a young boy, he didn't have any view on money and investments. As he says, "Nothing."

Buy low, sell high

But in his mid-high school days, the seeds of trading were planted. The stock market, as in any kind of market, is basically buying and selling. Ron remembers he was in his sophomore or junior year when he began a business of buying and selling antique wood and the wheels of a carabao cart.

"One time I went with my grandmother to Isabela province—which was 12 hours away via car—to visit my grandmother's brother who was a priest assigned in Isabela," he says. "Since the place was a barrio—rough roads, *kariton ng kalabaw, bahay-kubo*—I noticed that there were *kariton* wheels lying around. I asked the right-hand man of the priest what they did with the wheels. He told me that they were just used as firewood."


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-1.83%
-1.84%
-2.17%
SERVICES -2.86%
MINING & OIL -2.88%
PROPERTY -2.98%

This sparked an idea in his head. After gathering at least three pieces of wheels back home, he asked for seed money of P20,000 from his mom to go back to Isabela. This time, he went alone, talked with the right-hand man of his grandfather-priest, went around the place, and bought one truck of wheels. He did this a couple of times.

"I bought one wheel for just P150, cleaned it, and sold it for as little as P3,000 because that was the average cost of the wheels being sold at the malls that time," he says.

Simultaneous with buying and selling wheels, he was also buying and selling antique wood from the railroad track somewhere around Quezon province to Bicol.

"At that time, the PNR replaced this wood and just discarded it and set it aside," he says. "I learned that they were being sold in the garden shops for P1,000, and I bought these for P100 or P150. Since I didn't have a garden shop, what I did was I consigned my inventory to these garden shops, and I sold these to them from anywhere between P500 to P700."

He spent weekends and holidays working on this business—for two years. The problem, however, with the business was that it was a low-volume business because it is not every day that people are looking for these items. "The business was okay in terms of margin, but it was not fast-moving," he explains.

Still, this experience introduced him to the simple idea of buying low and selling high and taught him how to spot and grab opportunities.

An introduction to the stock market

Ron became aware of the stock market around his college years when he took up Economics at the Ateneo de Manila University. But he never gave it more than just a passing thought.

"At the *tambayan* where I and my college buddies often hang around, there were some stock trading competitions that I saw in passing. Not necessarily that I wanted to join these competitions but more on just seeing them," he says. "Investing for me at that time was more about being related to the classes that I have."

After college, Ron worked as Financial Services Officer (FSO) at a bank, a glorified name for a salesperson as he shares, at China Trust Bank, where he worked selling cash management products such as payroll systems and time deposits. “At that time, the ‘investment’ product of the bank was only time deposits—no market-related yet, no funds, and no UITF,” he notes. “The interest rate of time deposits then was at 10%.”

Sometime during his stint, there was a big market break where all stocks dropped. One of their executives showed him that if he wanted to get more clients, he could show them the performance of equity funds which were down 30% or 40%. “So, it was a no-brainer—all we needed to do was to show them the interest rate of the time deposits and the stocks,” he says.

However, eventually, the stocks rebounded while time deposit rates went down. This piqued Ron’s curiosity in the stock market. At the same time, one of his good friends in college started retail speculative trading early in his career. “This made me start to look into it, study, and then search about it,” he says.

“That time,” he recalls, “there were no online platforms yet, but I attended some seminars conducted by COL Financial, which was still starting then. They were giving out sandwiches and drinks, or snacks, back then because only a few people were attending.”

When his dad noticed his interest in stocks, he gave Ron some Petron shares worth P500,000 to grow. “The first thing I did was to sell majority of it,” he says. “The reason was that Petron moved so slowly, and I was a kid. I wanted to earn. Plus, in my mind, if the stocks were cheap, the upside was bigger. So, I made a list of stocks and identified those that were selling for P1 or for a few cents. That was where I put money into.”

In addition, Ron also kept on listening to his college friend who was telling him about speculative stocks. It was very risky but he took the bet. “Obviously instead of earning 50% more, my income divided into two,” he says. “So, I didn’t grow the P500,000—and that amount almost became nil. Of course, I felt bad to the point that I didn’t tell my dad.” His father eventually found out, though, years later, when Ron was already earning millions.

Going all in

That early setback in stock trading didn’t deter Ron, however. Instead, he decided to invest in his market education and pursue a career in this field. He went all in and never looked back.

After China Trust, he took his MBA at the University of the Philippines and then worked as a forex analyst and trader for BabyPips.com, LLC where he performed daily global macroeconomic and technical analysis and commentaries on the forex market. He also did inter-market analysis on the financial markets, investigated different broker platforms, back tested several mechanical trading systems, and traded currencies online on behalf of the company.

Ron then worked as an equity fund manager and chief equity dealer for BPI Asset Management and Trust Group where he personally managed US$500 million in discretionary funds. As head equity dealer, he traded stocks on a daily basis based on technical trends and latest market developments. He rebalanced all of these based on their tactical asset allocation and model portfolio.


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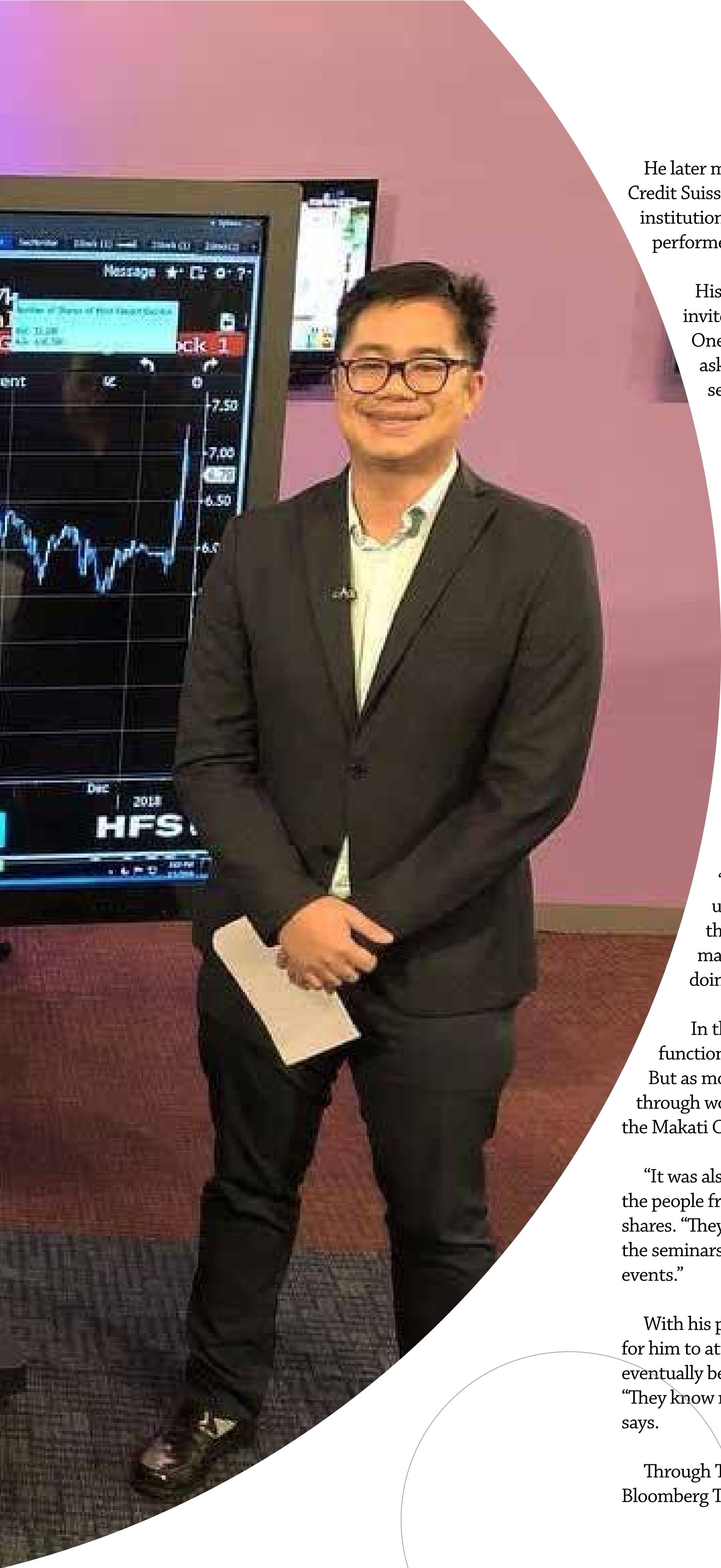


He later moved on as an equity dealer and forex trader for Credit Suisse Philippines, where he traded equities for the bank's institutional clients and proprietary desk, traded FX, and performed daily stock market commentaries.

His stints in these financial institutions led him to being invited as a speaker in various seminars and conferences. One time Ron's then girlfriend (his wife now) Charlene asked him if he was interested in doing stock market seminars himself by establishing his own company.

After a year with Credit Suisse, Ron decided to go off on his own and set up Trading Edge Consultancy on May 2012.

Taking on a new risk

Becoming an entrepreneur was a risky move for Ron, but it was consistent with his profile. "I consider myself a risk taker because I jumped out of the corporate world without a safety net to make it on my own," he shares.

While he had already saved a million pesos stored in his trading account, he did not use any of it for his startup capital. He put up only P10,000 to get started.

"The first thing I did was to hold seminars—Stock Market 101, the fundamentals of the stock market, the technical, and the basics," he explains. "So, in a way we competed with the companies that used to invite me for seminars. But the most unique thing about our company was that I was the one making the decisions in investing and trading, and I was doing it on behalf of the banks—local and foreign."

In the first few weeks, they held their seminars at the function rooms of coffee shops attended by only five people. But as months passed when 30 to 50 people began showing up through word-of-mouth, they moved to bigger venues such as the Makati Olympia Hotel.

"It was also fortunate for me because at that time, I knew the people from the PSE's Market Education Department," Ron shares. "They referred me to people who would want to attend the seminars. And then I got to promote when I spoke at their events."

With his past work with BPI and Credit Suisse, it was easy for him to attract corporate clients for third-party research. This eventually became the main revenue resource of Trading Edge. "They know me, so it was easy for me to knock on their doors," he says.

Through Trading Edge, he also became a resource person for Bloomberg TV Philippines' In the Loop and ANC's Market Edge.

Presently, Trading Edge doesn't conduct seminars anymore because a lot of their time is devoted to serving their corporate clients and managing their proprietary trading account. But from time to time, Ron still gets invited to speak at seminars and conferences.

Lessons for Traders

Looking back at what he had achieved all these years, Ron says that one of the critical lessons he has learned was that his trading decision-making process shouldn't be swayed or influenced by external forces—what he heard from friends, colleagues, and social media. It was a hard and painful lesson for him when he lost P1.5 million in a day and couldn't sleep.

"I knew I should know better but then again, I was all ears, which was a big mistake on my part," he says. "They will influence you to buy, but the outside would never bring you to profits. So, my advice is that it is better to trade alone. You see, no one can claim they have mentored me."

After that incident, Ron started to observe his mistakes, and decided to shut down the outside world. Interestingly, although he is a constant guest at ANC and Bloomberg, he admits that he never followed or liked their Facebook pages because their posts might appear on his feed.

As a technician and trader, Ron doesn't adhere to what many personal finance gurus teach about waiting for decades to grow your investment portfolio. "I actually don't have any problems with investing for the future or investing so that 20 years down the road, you'd have something to look forward to and enjoy," he clarifies. "However, my problem with that is we have so many key milestones in our lives that are capital-intensive that don't necessarily have to wait for 20 or 30 years."

Ron says that getting married, for instance, requires an ample amount of money. These days, without the pandemic, a million is already a modest amount. "And then you'd have to look for a place to stay—either you buy your own condo or your own house—and both are not cheap. And then what about your children and their education?" he says. "All of these cost a few million bucks."

Because working in a corporate world makes it very difficult to achieve these things in the time that you would want to, he explains, "investments help in fast-tracking the things that you want to achieve soon, not only in the time frame of 20 or 30 years."

Naturally, Ron practices what he preaches. He is already reaping the rewards from his trading portfolio in the Philippines and the US as well as his consultancy work—financing his lifestyle and owning a few properties around Metro Manila. And as a new father, he knows he can provide a good life for his family now, not decades down the road.

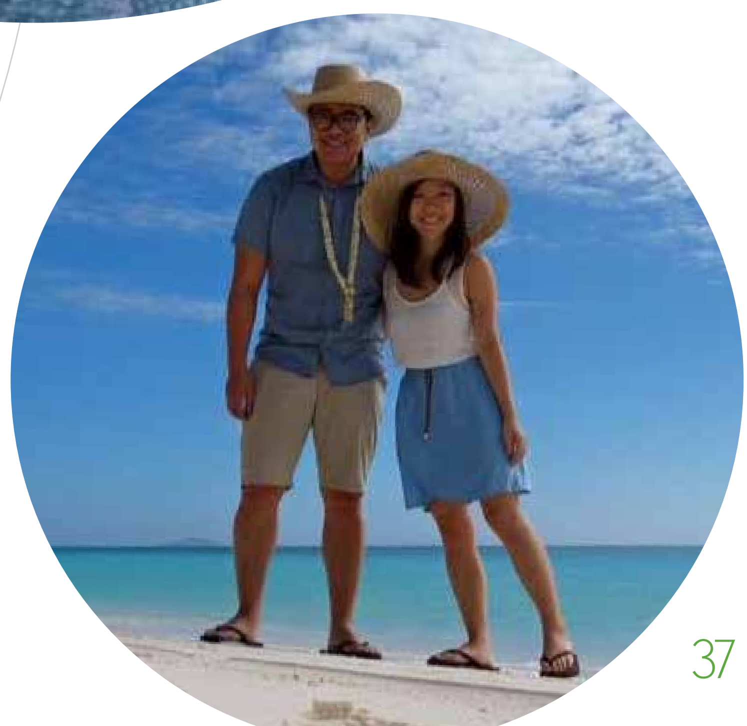
As for his future plans, Ron shares, "Our target is to grow our Philippine and US accounts and divert some of our profits to more properties because that's where we are lacking. In the next two to three years, we also plan to buy a beach house and maybe a boat. My wife has also started her e-commerce business. All of these are funded by our trading portfolio."

Ron has certainly gone a long way from selling *kariton* wheels and railroad track wood, and from suffering huge losses from the stock market, but he has never forgotten those early lessons.

For the next generation of traders, his advice is to study and to read, and to buy books. "I have more than 1,000 books in finance, investments, and business, biographies of tycoons in many countries, and I am looking to buy 500 more, and several of these cost $1000."

He adds, "I consider one of my best investments that I made are my books. I did not have a mentor nor a role model both in finance and in business in general. But what I lacked, I found in my books. I know what I know today and have what I have today because of what I read in books. The returns of buying one is so exponential that I buy a lot, even the old ones, the hard-to-find, and the out-of-print ones."

And instead of listening to or reading stock tips on online forums and Facebook groups, use the time honing your skills and developing your strategy. Ron says, "Because if you are still looking at Facebook while trading, you are still not a millionaire."



Investing in 2021: Where to Put Your Money Now

By RIENZIE BIOLENA, RFP®

The year 2020 has been unprecedented. It is the year that will be remembered as when the worst pandemic in living memory hit us. People were locked down, economies closed, borders shut, and the world came to a standstill. Who would have thought that a small virus can put the whole world to a stop? Jobs vanished, businesses shut down, and worse, lives were lost. Markets tanked, reeling already-jittery from the US-China trade war, and stock markets plummet and free fall within minutes.

Terms such as "new normal," and "work-from-home" are now bywords, as society adapts to the changes that upended our economy and society—the way we work, and basically the way we live.

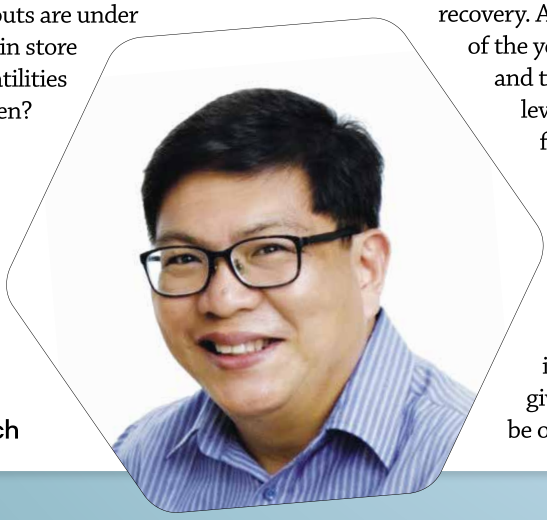
As the virus rages on, people remain fearful, anxious, hungry, depressed, and desperate. Even with government restrictions in place, only a vaccine is seen as a filament of hope.

Pharmaceutical companies and governments had been aggressive to develop one, and rollouts are under way. But questions remain: what is in store for 2021? Will we see the same volatilities as with 2020? Where do I invest then?

Here are industry experts that share their most valuable opinions to guide us on our investing goals in 2021.

GENERAL OUTLOOK ON THE PHILIPPINE ECONOMY

Dr. Alvin Ang
Economist, Ateneo Eagle Watch



The recovery of any economy now, whether global or local, would hinge on these three major factors: vaccine availability, efficacy, and rollout. As vaccines are already available, it is now a matter of efficacy and rollout by governments, with economies dependent on these last two factors. These last two would spell if economies would be on the road to recovery or recession.

The developed countries already have procured vaccines and are already rolling it out. Although the speed of its distribution has been rather slow in some, this has greatly lifted investor sentiment and as a result, global markets as well. These, of course, affect our local economy as well as risk-on sentiment may push foreign investors to start considering the Philippines again in their radar.

We will see the new Biden Administration as inward-looking for the meantime as it contends with their country's own local COVID-19 response and repairing of its economy. We do not see any departure then from Trump's policy, most especially on China; thus, a status quo.

On the local front, the debt levels remain manageable, even with the government borrowings for COVID-19 response. Vaccines have already bee procured by the government and would be available by the second quarter of this year, bringing more impetus to our own economic recovery. We might see a negative GDP by the first quarter of the year, bottoming to the second quarter, but from there, recovery. A moderate recovery in the first half of the year will give us a 4.3% GDP for 2021, and the local stock market may hit 8,000 levels within the year. How it would finish, though, is another matter altogether.

Though the BSP has been aggressively slashing policy rates, banks are still hesitant to lend—they have yet to have confidence in the capacity of borrowers to pay, given that the economy has still yet to be opened fully.

One thing is for sure, though—we think that the worst is over but our recovery will ultimately depend on the efficacy and rollout of the vaccines.

LOCAL EQUITIES MARKET

Ms. Cristina Ulang
Head of Research, First Metro Investment Corporation

2021 will see a strong growth for the Philippine equities market.

From its bottom in March 2020, the PSEi has recovered 57% by the end of 2020, in spite of net foreign selling. Thus, the local bourse has made its way up amid lack of foreign participation. In terms of global stock market performance, it has been one of the laggards at -8.6% for the full year 2020 but has provided one of the biggest recoveries in the fourth quarter, going up by 22.4%. This is against the backdrop of strong emerging markets and Asian markets performance versus those of developed markets.

With foreign participation at historic lows—and the index still rising at that—we are of the mind that 2021 will see a better performance as compared to 2020.

For one, the Philippine stock market remains competitive with its ASEAN-5 Peers, with high Market Cap/GDP of 82.7%. Valuation-wise, its low long-term makes it cheap and attractive—projected at 20x in 2021 and 15x in 2022. Corporate earnings are also expected to bounce with growth acceleration, from a -36% EPS growth of 2020 to 24% in 2021 and 28% in 2022. With interest rates at lows and inflation, investors are operating at a negative yield territory; thus, we see a resurgence in the hunt for greater returns that the equities market provides.

The CBOE Volatility Index, or the VIX, in particular, has been trending lower; thus, investors' risk appetite is rising. Moreover, the current weak dollar is positive for emerging market equities, including the Philippines. With the low participation rate of foreign hot money and this, we cannot but see the local bourse lifted for the year 2021.

We believe that we have seen the worst and we will not go back again to the volatilities and downside that we have experienced in 2020.

Some of the domestic factors that will drive this are the vaccine rollout, re-acceleration of GDP growth via the reopening of the economy, infrastructure spending, the government's fiscal stimulus, recovery of corporate earnings, monetary policy support, low interest rates, a benign inflation within BSP's target range, and market reform initiatives such as CREATE, FIST, and GUIDE.

External drivers of the local market would be the return of foreign funds to Asian Emerging markets, risk-on sentiment due to vaccine rollouts and possibilities of reopening of economies, record fiscal stimulus by major economies ($1.5Tn in China, $1Tn in US, and $980Bn in Europe, low to negative interest rates, and low inflation.

Risks, however, still abound, and we have to look out for the following that may provide the downside: a mutating virus that can result to a possible second wave and renewed mobility restrictions, vaccination delay, government spending bottlenecks, uptick in inflation that is higher than expected and earlier than the first half of 2021, interest rates rising more than expected and earlier in the predicted cycle, a deeper recession in the global economy, and a strengthening dollar.

By the end of 2021, we see 15% full-year growth, ending at 7,800 to 8,100 levels, with a P/E of 18x to 19x.

For investors eyeing direct stocks, selectivity is critical. They should consider a strong balance sheet that weathers profitability uncertainties, earnings growth, valuation (one that is below market and sector average), as well as dividend payouts. Investors should also look into various themes such as ESG (Environmental, Social, and Governance) Investing, as global investors go back to emerging markets, as well as reopening plays as vaccines are rolled out and mobilities are further eased.

Sectors preferences would be Cyclicals and Value stocks (MBT, RLC, SMPH, SM), Consumer Discretionary (GTCAP, Wilcon), ESG (ACEN, AC), Yield Plays (AREIT, MER, PLDT, GLO, AP), Infrastructure stocks (MPI, DMC, EAGLE), and Essentials (Pgold, URC, CNPF).

What to watch out for: Sectoral picks mentioned and companies with strong financials

LOCAL FIXED INCOME & OVERSEAS MARKET

Michael Gerard Enriquez
Chief Investments Officer, Sunlife of Canada Philippines, Inc.

The Philippine government has slashed policy rates for the year 2020 to support the local economy to adapt to the COVID-19 pandemic and support recovery. With that, interest rates are already at all-time lows.

Thus, for 2021, rates would hover around these levels. There might be some pressure for rates though to move higher towards the latter part of the year but we think that the rates would still be around current levels. The last quarter of 2020 saw inflation spike due to a typhoon, but for 2021, inflation will be within the forecasted band of the BSP. Therefore, inflation would not pose a significant risk for the fixed income market.

The availability and deployment of the vaccine will largely set the tone for the Philippines' recovery—if the pace is good, then they may halt on interest rate cuts. Nonetheless, the BSP sees that the Philippine economy is on the right road to recovery, and it still has the necessary tools to boost the economy as the need arises. Even with the government borrowings to respond to the COVID-19 crisis, ratings agencies such as Fitch still maintained their outlook for the Philippines as stable.

We should be aware of the risks to the fixed income market, though, like the number of COVID-19 cases and the possible lockdowns as a result. This can make the fixed income market experience volatilities but, should the BSP act to further decrease interest rates, then it will provide a better upside to bonds and bond funds.

Given these, 2021 may not see the same performance that bonds and bond funds that 2020 has given. It would be a good proposition to go for balanced funds as we see 2021 as an equities year, given the low base of 2020 and the availability of vaccines in the Philippines. The fixed income portion of the balanced fund will provide a stable base for the investment while the equities portion, the upside that we see.

All investors, however, can benefit from having a fixed income investment in their portfolio: peso money market funds as a parking facility or alternative to time deposits and bond funds for their short- to medium-term goals. The Sunlife Prosperity Money Market Fund, for example, has given 2.49% net as of December 29, 2020, beating time deposits by a wide mile.

Apart from the local market, investors can also benefit from investing overseas. This is to manage their country risk and diversify with the strength of some of the biggest and best markets in the world. The US's S&P 500 gave 16+% and its tech-heavy Nasdaq gave 43.6% for 2020, beating the local PSEI's -8.64%. It makes sense thus to diversify not just among different Philippine investments, but across geographies as well.

Sunlife's World Voyager Fund, for instance, gave 21.03% as of December 29, 2020. This fund gives investors the advantage of investing in global markets directly. Our dollar-denominated Prosperity Dollar Advantage Fund and Dollar Wellspring Fund gave 15.18% and 6.3% respectively as of December 29, 2020, riding on a portfolio of global fixed income and equity securities. Again, these returns have greatly outperformed the local stock market index, which gave a negative return of -8.64% for 2020. Investing with mutual funds also makes it more affordable. Our money market fund, for instance, has a minimum of P100 only, while our dollar-denominated funds start at just USD 1,000.

Given these, an investor now has a wider array of options—investing not just locally, but globally as well, leveraging on different markets to provide returns that will enhance any investor's portfolio. For 2021, we see global markets recover and thus, investors should also take advantage of funds that give exposure to the global and overseas markets.

What to watch out for: money market funds, balanced funds, funds with overseas exposures

REAL ESTATE MARKET

Colliers International Philippines
Cushman and Wakefield Philippines

As with all major markets, the real estate market has also been upended by the COVID-19 pandemic. This has been apparent in all of its residential, office, retail, industrial and hospitality sub-segments with figures significantly dropping for 2020. The expected economic recovery for 2021, vaccine availability and rollout, and the ensuing consumer confidence, however, will help uplift their prospects. Emerging trends such as co-working, a more robust e-commerce, and a dispersed work environment will provide the headwinds against the backdrop of government infrastructure projects and "the new normal."

For Colliers International Philippines (Colliers), higher infrastructure spending will help demand in the property sector and would greatly affect developers' expansion strategies. From 2021 to 2022, infrastructure projects such as the Clark Airport Modernization, BGC-Ortigas Link Bridge, MRT-3 Rehabilitation, MRT-7, MRT-LRT Common Station, LRT-1 Cavite Extension, LRT-2 East Extension, and the Cavite-Laguna Expressway (CALAX) would have been completed. With these, Colliers see the provinces of Cavite, Laguna, Batangas, Bulacan, Pampanga, and business districts within Metro Manila to greatly benefit.

Residential Sub-segment. Subdued income among OFWs, retails consumers and expats have also affected the demand for residential units in general, especially.

Thus for 2021, Cushman and Wakefield Philippines sees a short-term price correction in the mid-end residential segment. Moreover, supply and demand will be less, due to the prevailing work-from-home set up, as well as with businesses venturing into adjacent CBD areas. The completion of government infrastructure projects will support the development of new areas as well as access to and from business districts. Low inflation, low interest rates, and rebound of OFW remittances will be supportive of the residential sub-segment for 2021.

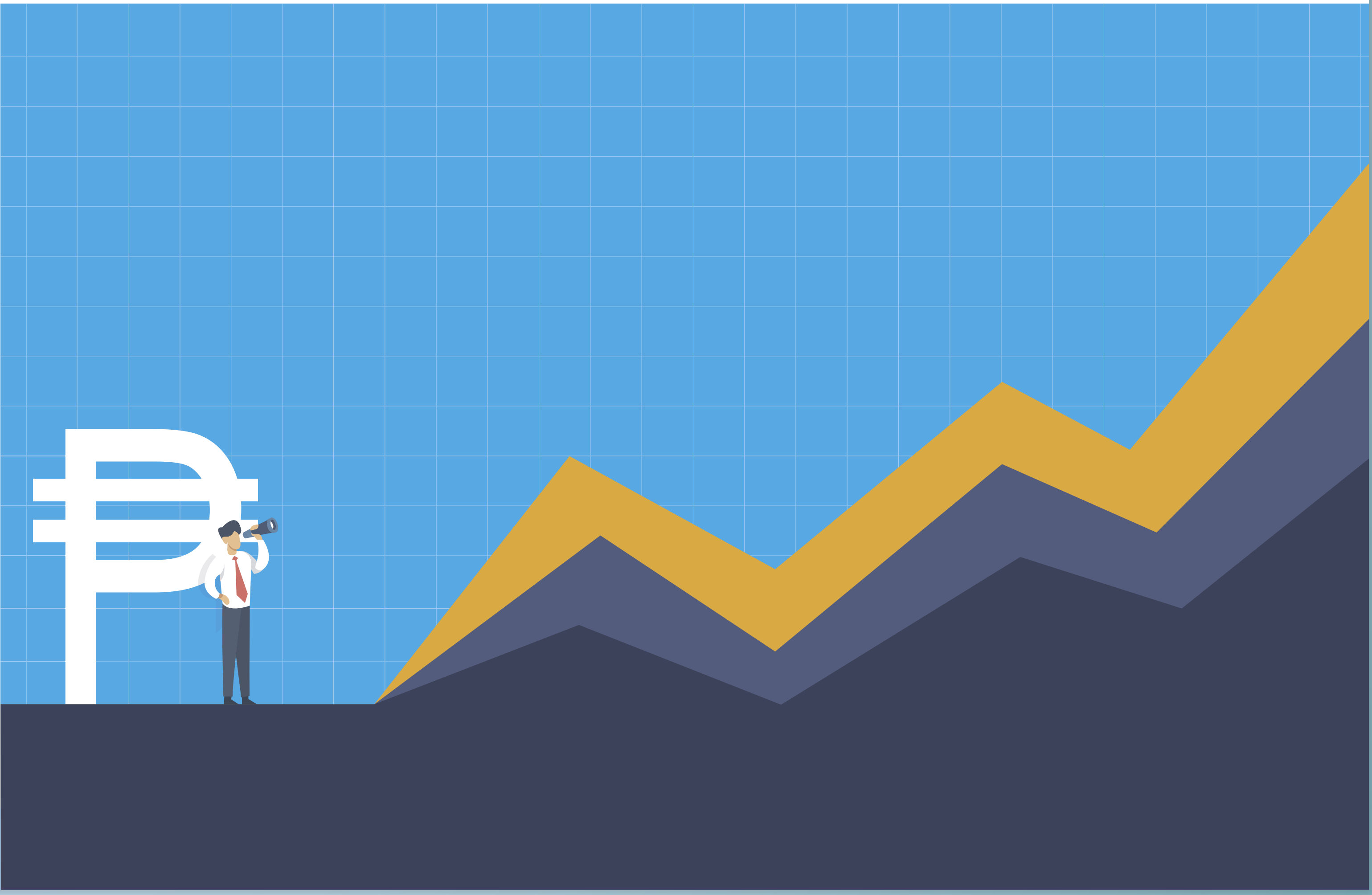
Colliers project an increase of 21% in new units for 2021, with 76% of said supply to come from the Bay area, with the remaining from Fort Bonifacio, Alabang, Ortigas Center, and Makati CBD. Rents will start recovering in the second half of 2021. It is notable that almost half of the mid-income projects sold as of September 2020 came from Parañaque, Pasig, and Alabang-Las Piñas. Upscale luxury projects, on the other hand, were concentrated in Parañaque, Bay area, Ortigas Center and its fringes, and the C5 Pasig corridor. There is also steady demand for horizontal residential projects in key areas outside of Metro Manila such as Cavite, Laguna, Batangas, and Pampanga, highlighting consumer demand for spacious living areas. The pandemic also highlighted the importance of living in an integrated community with immediate access to essential goods and services.

What to watch out for: Mid- and luxury projects, integrated townships; Bay area, Fort Bonifacio, Alabang, Ortigas Center, Makati CBD, Paranaque, Ortigas Center and fringes, and C5 Pasig corridor.

Office Sub-segment. The departure of POGOS and rationalization of BPOs heavily weighed on the office sub-segment for 2020. In fact, Colliers has projected office vacancy in Metro Manila to reach as much as 11.6% in 2021 versus 4.3% in 2019. As the pandemic still cast an overhang in the economy, the supply of new office spaces would be affected, on the back of a relented labor environment. For 2021, Colliers see new supply to rise by 64% and a net take up of 213%, with rents trudging at 2%.

As the workplace adapts to the new normal, Cushman see an "ecosystem of workplace" as the office evolves to a more flexible arrangement. Thus, the office sub-segment will see the rise of co-working spaces using "hub and spoke" models. These flexible workspaces, as Colliers forecasts, would be found outside CBDs and more into suburban locations.

What to watch out for: Co-working spaces and suburban projects, businesses with wellness offerings



Retail Sub-segment. The Retail Sub-segment is heavily dependent upon consumer behavior and demand. This is very apparent with 3Q 2020 Data from the Philippine Statistics Authority: Real Household Spending was down by 9.3%.

With the gradual opening of the economy, Colliers see delivery of retail space at 304.7k sqm., with vacancy rates at 13%, on the back of rebound in consumer confidence and purchasing power. Malls lined up for completion until 2023 are Mitsukoshi Mall, SM City Grand Central, Gateway Mall 2, One Ayala Retail, Parqal Mall, Greenhills Center, and SM Mall of Asia expansion.

E-commerce also has been graining traction with traditional retailers launching their own apps: Ayala with Ayala Malls Neighborhood Assistant, Megaworld with Pick.A.Roo, and Robinsons with RingRob, RPersonal Shoppper and RDelivery Services. Merrymart is also pioneering an online-only store, and tie-ups are also gaining more ground like H&M and Zalora.

Malls may see more conversion of vacant spaces into co-working spaces, fulfillment centers and mini warehouses for e-commerce sellers as they adapt to the new normal, but the essentials will stay.

The retail sub-segment rely mainly on movement and income of people—their clients—the rollout of vaccine and efficacy would be very critical and will dictate their profitability, business models, and ultimately, their future.

What to watch out for: Co-working spaces, upcoming mall projects.

> "If there is one thing about the COVID-19 pandemic, it has accelerated the e-commerce industry. With that, the demand for warehouses, storage facilities, and fulfillment centers has risen as well."

Industrial. If there is one thing about the COVID-19 pandemic, it has accelerated the e-commerce industry. With that, the demand for warehouses, storage facilities, and fulfillment centers has risen as well. For instance, the Philippine's largest end-to-end logistics firm is seeing at least 20% growth for 2020, owing to this fact.

Retail businesses are now becoming "omnichannel"—having a physical brick-and-mortar store and an online presence as customer touchpoints. Thus, warehouses will see more demand on the back of logistics and manufacturing investments, as per Colliers.

Increased demand from the health sector, pharmaceuticals, food and other essentials will help prop up the industrial sub-segment for 2021, on top of the rise of e-commerce.

What to watch out for: Metro Manila warehouses in Valenzuela, QC, Pasig, Pasay, Marikina, Muntinlupa, Manila; Cavite, Laguna, Batangas, Pampanga areas.

Hospitality (Hotel) Sub-segment. With the anemic tourist arrival, Cushman and Wakefield see bleak prospects for the hotel industry in the short- to medium-term. Until vaccines have been rolled out and travel restrictions lifted, then hotel business would remain flat.

Even with the completion of 2,100 rooms in 2021, Colliers is forecasting occupancy rates at below 50%. A dispersed work environment, however, may see the integration of hotel, office, and retail as they adapt to the new normal. MS

What to watch out for: Ease of travel restrictions and vaccine rollout, tie-ups of co-working spaces and hotels

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Supercharge Your Income:
How to Make 2021 Your Best Year Yet

By EDMUND LAO, RFP®

The year 2020 has been a rough year for the Philippines. In January, we had the Taal Volcano eruption and at the same time the COVID-19 pandemic was just about to start. When the WHO declared a pandemic, our country was not spared from the spread of the virus. By the middle of March, the government implemented the longest lockdown in the world. A lot of businesses and employees were financially affected. And then we got hit by super typhoons in the latter part of 2020.

But now that the vaccine for the coronavirus is already available, people have begun to be optimistic for the future. Last year may have been terrible, but 2021 can just be our comeback year.

With careful planning and a positive outlook, this year can be the best financial year yet. Here are some ways to do that.

❶ **Live healthier.** After a rough 2020, it is still a fact that health is our greatest wealth. So, this year, it is imperative to give more attention to activities that will keep you healthy. It could be a healthier diet, giving more time for sleep, or sticking to a regular exercise regimen. And never forget mental health. Give time to de-stress, relax, and do things that make you happy. Pick up a hobby, a new pastime, or maybe try meditating.

❷ **Invest in yourself.** The late tech genius Steve Jobs said, "Stay hungry. Stay foolish." Life is all about continuous improvement. To do this, you should always keep an open mind and stay curious.

Investing in yourself is like investing financially. Indeed, the best time to start was yesterday, but the second-best time to start is right now. The best part is that investing in yourself does not have to cost money like before. Some just cost a little bit of time by accessing blogs like those for finances, fitness, baking, vlogging, or any skill that you are interested to learn. You can also take a paid online class to acquire a higher level of skill that can help make you more marketable. Books can also be a source of learning new knowledge and skills about saving, budgeting, and investing. Keep learning and strive for higher ideals!

❸ **Start a budget.** Budgeting is the root system of your financial tree. Just like a tree, the deeper the root, the stronger it will be. A good budgeting system focuses on helping build a budget that is right for you. It's not copying someone else's plan that they have for their life. It's creating your own and executing that. The last thing you want to do is budget the same exact way others say you should.

Create your own budget that is easy and natural for you to stick with. Here are five simple steps.

- **Go back to basics.** List down income and expenses and see how much cash flow is available right now. Try to eliminate or minimize unwanted expenses. Doing that can help increase your income. Money saved is money earned.

- **Learn the three steps.** The three steps that every budget needs are automating savings, tracking the expenses, and having an emergency fund.

- **Identify your values.** This is where you must identify what you value in life and implement those values into your budget.

- **Choose budgeting principles that make sense.** Give every peso a responsibility. If a particular budgeting principle doesn't work, don't use it and try another.

- **Set up a frequency budget.** Within the system, you can break the budget down into smaller, paycheck-sized frequency budgets so that you know exactly where the money for your bills will come from.

❹ Get rid of high-interest debt. Having multiple debts, especially at high interest rates, can be like death to an individual when the bills come in. It is best to consolidate them in a low-interest loan. Debt consolidation is a means of moving most of the debt to one place, so that you can experience the convenience and savings of having only one interest rate, one minimum payment, and one repayment term. Credit consolidation will also remove the headache of managing different payments, and it can also eliminate the cost of debt and even get you out of debt faster.

❺ Invest your money. A lot of people tend to shy away from investing because of fear or lack of knowledge. For this reason, people tend to doubt legitimate long-term instruments and fall prey to short-term get-rich-quick schemes that are really scams.

The best way to invest is to focus on the long term by investing a regular amount consistently, preferably in very low-cost index funds. There is no need to worry about complications and about timing the market. Index funds follow a specific index as a whole rather than individual stocks. The index is simply a group of stocks and currently we have the index like the PSEI or MSCI. Index funds have consistently beaten out actively managed funds and they are the closest thing to "set it and forget it" as one can get in the stock market.

History has proven that the stock market is always on the rise if you look at it from a long-term perspective. In fact, over the past 20 years, the PSE index has averaged a yearly return of 8%. That means that if you invested money in an index fund that followed the PSE in the year 2000 and just left it there, the amount of money you would have today would be as if you were getting an 8% return every year on your investment. That 8% yearly return even takes into account the stock market plunge after the 9/11 attack, the global financial crisis in 2008, and even the COVID-19 Pandemic this year. The market definitely goes up and down but it's nothing to fear. As long as you keep your money in the market and think long term, you will recover what you lost and then gain on your other investments. Remember that buying into an index fund when the market is low is like buying stocks on sale.

❻ Start saving for a big goal. You may think it is too early to start thinking about goals. The best start is to make a list and write down financial goals. If the goal is income-driven, it is best to lay out your 2021 budget and expenses in an Excel spreadsheet that can be tweaked and adjusted.

If you really want to start the new year off right, you can take your first steps to accomplishing something big with your money. This can be anything from saving up a down payment for your first home or finally starting a retirement fund.

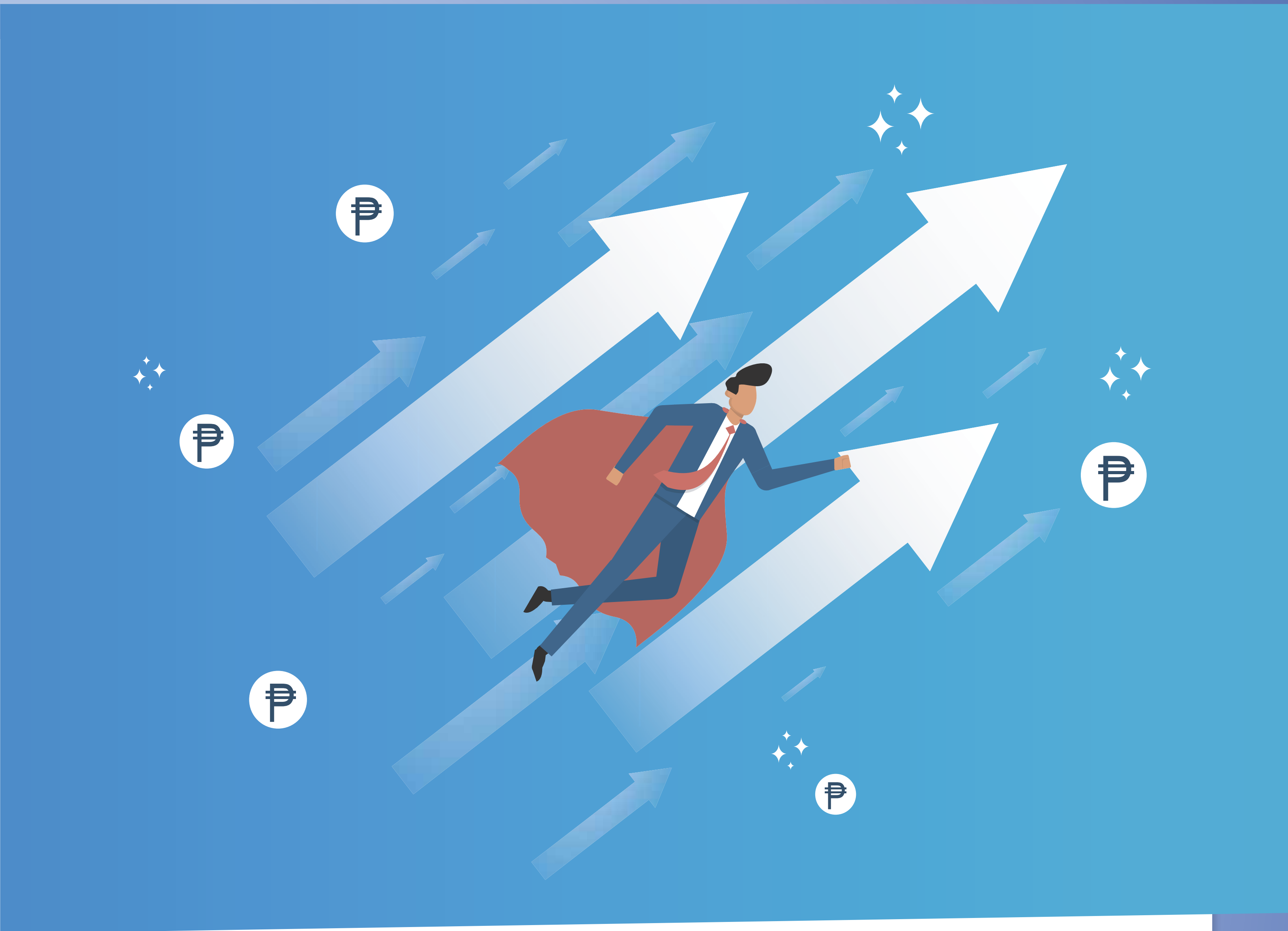
Whatever your goal is, you must make sure you know exactly what you are saving for and the specific future amount needed. As an example, if you want to hit a target by the end of 2021, all you need to do is divide the total amount by 12, and that will tell you how much you need to set aside each month. Setting goals is the best thing you can do to realize your dreams. It may be difficult to reach but it will encourage you to put more effort to reach it. You don't need to worry that you cannot attain it 100%, but this will guarantee that you are sure to come close to it as compared to having no goal at all.

❼ Increase your income. If you currently have only one stream of income, it's worth the effort to diversifying or expanding your income to give you more financial security and reach your financial goals faster. There are four ways to do this. These are:

• **Get promoted at work.** You can set up a meeting with your boss and discuss what specific skills or abilities that are needed to be developed to become a top candidate for any higher position that will be open. Then take action to develop the skills needed to become a top candidate for the role aspired for. Take a little action every day to learn the skills and abilities needed to gain the role. You can even see if your boss will help create a development plan with a specific time of when you would like to get promoted. After that, the only thing left to do is to apply for the open position. The skills and abilities learned for that new role will make you a great candidate for it.

• **Get a raise at work in your current position.** Many of the same advice for landing a promotion can work well to get a raise in your current position too. The number one thing you can do is to become a top performer. Just start and strive now to go above and beyond. Aim to go the extra mile. Focus on what can be done for your employer, rather than what the employer can do for you. This is also what your boss will be focusing on and expecting as well. Show your boss what you have already accomplished for the company. A good idea is to start tracking the results of things you've done to contribute to the company. Regularly schedule a meeting with your boss to discuss what is needed to be done and the time frame to do it. Then, become a top performer in the company and it will pay off for you eventually.

• **Search for a new job.** One of the best ways and sometimes the only way to increase your salary is to have a new job. Have someone trustworthy like a friend from



another company, preferably in the Human Resource Department, to review your resume to give it the best possible shine. During an interview, keep in mind it is not about you as the applicant, but it is about what you can contribute to the company where you are applying. Research the company well and what the position requires. Have solid examples from past jobs that shows that you can succeed in the role you're applying for. A good idea is to role play a fake interview with a friend to practice answering interview questions off the Internet. Keep in mind that the interview is your first impression, so it is best to make it an extraordinary one.

• Start a business. A sideline business is not everything. This is not a great long-term solution because it is essentially working two jobs, with more priority for the main job than the sideline, even if it's doing something you love. However, it is a great way to earn some extra income, especially if it becomes full-time someday. It is good to start a business as a sideline in order to test the market. To start, examine the skills you may have outside of work. If you ares a musician, you can make music and sell it. You can even teach others your craft. The same can be said of many skills. If people find it valuable, they will be willing to pay to learn it. When people start paying for what they value, that is when you can have a business, even if it is just a small one. Another idea is to put into use your college education especially if your full-time job is not aligned to your field of study. Always examine hobbies and skills that can be monetized via a service or product to sell. It does not have to be much to bring in a little bit of extra money.

❽ Develop good financial habits. The best way to ensure that you meet your financial goals in 2021 is to set up good habits that will make success happen.

• Commit to "no-spend" days. One of the best things that you can do is commit to one or two "no-spend" days per week. These are days when you don't spend any money on wants. You can make coffee at home, you don't order take-out, and don't make any online purchases or visit any stores.

• Check your finances. Another great thing that you can do is set aside one or two hours each month to review your finances. This is a great habit to do before the start of another month. Set some time to review your spending, pay any outstanding bills, and check up on the performance of your investment portfolio. Make it a habit to go over everything and make sure there are no costly mistakes.

• Minimize risks. Risk is everywhere and every risk such as calamity, fire, accident, or death means cash flowing out of your pocket. The only way to minimize risk is by getting adequate insurance for life, health, and properties. When the risk becomes real, the insurance company will be the one to shoulder the expenses associated with it. For individuals without insurance, now is the best time to plan for it. Time is of the essence. The worst thing you would not want to happen is to buy insurance at the time of need. Being covered when the need arises prevents your family's money from being drained.

"Chasing money is not the way to go. **Money** is a means, **not an end.** Some people spend their **whole life trying** to be rich as their goal. **Money** is just a means of getting you to your **other goals** (ends)."

⑨ Find and focus on your WHY. Everything starts with the why. If you know your WHY, then the HOW will be very easy. Before embarking on something, you should always ask why you want to accomplish what you want to accomplish. Why do you want to be in a good spot financially?

Chasing money is not the way to go. Money is a means, not an end. Some people spend their whole life trying to be rich as their goal. Money is just a means of getting you to your other goals (ends). Chasing money can turn you into something you are not and it can prevent you from starting toward your goals until you "have enough money." The question is what is the level of enough?

Instead, the focus should be why you NEED more money. In the future, you will enjoy blessing your family with the money you currently have. Being financially independent enables you to buy your freedom. When you are trapped in unnecessary debt or in the rat race, it can put you in undesirable situations. You do not want to worry about what comes your way so that you can have the freedom to do what you want with your time.

How about you? What is your WHY?

⑩ Automate EVERYTHING. In the world of technology, automation is such a huge thing in personal finance. You can automate your bill payments, your income, your investments, and your savings. You can automate your bill payments through the bank. This helps a lot in never missing a payment.

One of the best ways to start saving and investing more is to automate deposits into your investment accounts. In reality, if you never see your money in the savings account, you are more much likely not to spend it. Then when the time comes and you pull up your saving and investing accounts, you will see some real growth and be encouraged more to save and invest.

The best thing automation does is to make managing money nice and easy, making you more likely to stick to a budget. This will effectively cut out the time paying bills manually, running to the bank, and trying to get the money from the bank. Time saved is money saved.

Rather than ask where did the time go, make time to plan ahead. Use the tips above and start now to get a head start this year. The best part is that none of these depend on how 2020 went. The worst may be over. This year can be a great one and it all depends if you have the will to make it great.

Do not be left behind. Get to preparing and planning for your best year yet! Here's to an amazing 2021! MS

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Take Control of Your Financial Future: Savings and Protection Action Steps

By GENESIS KELLY S. LONTOC, RFP®

Personal finance guru Dave Ramsey describes financial independence as the status of having enough income to pay for your living expenses for the rest of your life without having to be employed or having to be dependent on others. It is being able to control finances and not the other way around. Just like with any goal, you will need strategies and tactics to achieve financial independence. In 2020, the COVID-19 pandemic proved to be a game-changer. Planning for the future should therefore take into account the changing landscape.

The pandemic has ushered everyone into a world characterized by volatility, uncertainty, complexity, and ambiguity. The term "New Normal" has been used to describe the possible response of society given the aftermath of the pandemic. The international agency AFP gives a glimpse of what to expect: mass gatherings and travel will be restricted, distancing at work and school will be observed, people will regularly wear masks and gloves, hygiene will be prioritized, and connectivity will be key.

In the post-pandemic world, we can expect a heightened sense of health. We can also expect a heightened sense of wealth. As the world evolves, so should all of us. Individuals and businesses will have to adapt well to the changing conditions and circumstances. What actions do you need to do to secure a better future?

Set your goals. According to Stephen Covey, you need to begin with the end in mind. That means you need to have goals. Your goals will define how you will live your life. Your goals must be written. Busy schedules and multiple activities can lead you to lose sight and forget what your goals are. Top of sight will be top of mind. Your goals have to be specific, measurable, ambitious, realistic, and time bound. They have to be clear and simple to understand. And you should always check on your progress. The pandemic should not make you lose focus of achieving your goals.

Maximize your cash flow. One goal that you should pursue is to have a sustainable net cash flow. This means being able to maximize the difference between money that goes into the household or business and money that goes out. In order to achieve a sustainable net cash flow, there are two strategies that you can employ. First, focus your efforts on achieving sustainable cash inflows. Second, focus on achieving optimized cash outflows. Doing both simultaneously is recommended.

To be able to earn more, you need to know where you are good at and what resources you have at your disposal. Talents plus tools will determine the type of trade you should pursue. Each individual or company has a distinct value addition in the world. To sustain earnings, you need to sharpen the saw. That means developing your functional skills and leadership skills given changing work conditions. New skills will allow you to grow professionally and gain more income. Skills that boost your money management skills are vital.

Make savings a habit. While earning is imperative as a starting point, what you do with what you earn is important too. The first step toward financial freedom is to begin creating wealth through saving. It is therefore important to devote a certain proportion of earnings to saving. A Peso saved is a Peso earned. Building an emergency fund will give you ready cash inflow in case the need arises. This has never been proven as critical as during this pandemic, when many people lost their source of income. The fund can be equivalent to around six months to one year of the average monthly lifestyle expenses. Place your fund in liquid instruments to have quick access to it.

Get insured. The post-pandemic world highlights that uncertainty will be the thing that is certain. Relying on savings alone for adverse fortuitous events may lead to dire financial consequences. Therefore, you need to get an umbrella before it rains. Insurance is an effective tool in risk management so that cash inflows can be protected. You need to protect yourself through life insurance and health insurance. For many, the house will be both the home and the office. Protecting your house through non-life insurance is needed.

Start investing. What can make people and businesses rich in the future? In reality, actions like earning, saving. and getting insurance are not enough. This is because prices tend to increase over time. Real wealth means money growth has to exceed price growth so that purchasing power is enhanced. A great tool that can beat inflation is investing. You save to beat temptation and you invest to beat inflation. Investing can be based on what the individual or business considers as the purpose or vision, goal, time horizon, and risk profile.

There are many investing options available in the Philippines. Some popular options include treasury bills, bonds, money market instruments, pooled funds like mutual funds, UITFs, stocks, real estate, agriculture, and business. One basis for choosing which stock to invest in can be the reputation of the company. Another basis of choosing can be the track record. Past performance will show how resilient an option is. Current performance based on both financial strength and business intangibles shows how relevant an option is.

The goal is supposed to be fixed but the strategies and tactics must be flexible. Keeping score of how current strategies perform is crucial in attaining the goal. Individuals may want to review for example what types of work and investments they can embark on that are aligned with the new environment. Businesses may want to review the type of product or service offerings they have. Repivoting strategies may be essential in ensuring that businesses stay alive and also address changing consumer dynamics.

Live within your means. Optimizing cash outflows is another important strategy. You have to learn to live within your means. You need to spend only what you can afford or run the risk of having cumbersome money problems. The cash inflow levels must dictate the limits on spending. Listing and reviewing your expenses allow you to eventually categorize expenses between needs and wants, and ultimately determine your priorities. In the post-pandemic world, your needs will probably be related to health, food, hygiene, utilities, and connectivity.

Once you identify your priorities, you can create a budget. This is a strategic tool that lets you allocate your money based on identified priorities. Budgets can be tracked daily, monthly, and yearly. A budget model can be the "20-50-30 budget". Once cash inflows are obtained, 20% can be immediately allocated to saving and investing, 50% for necessities, and the remaining 30% for wants. Adopting an Envelope Budget System can be useful since visual tools will make allocation more tangible and easier to monitor.

Optimizing cash outflows will spur people and businesses to be more intentional or strategic. Having an itinerary saves time and saves cost. Using a shopping list helps identify the right products and quantities. Good forecasting for business will aid in helping avoid missed selling opportunities and excess stock. Diligent scouting for the best deals will make individuals and businesses get the right mix of product, price, place, and promotion. Using an eco-bag helps manage purchases and also helps preserve the environment.

You need to do a thorough review of your lifestyle to cope with the changing world. Not all activities may still be an integral part of schedules given the new world. For individuals and businesses, liquidity will be important in such a way that current inflows and assets must meet current outflows and liabilities. High discrepancy between the two will be costly. Negotiation for favorable loan terms and favorable business terms will be necessary.

Achieving financial independence has become more challenging with the advent of COVID-19 and the New Normal. The pandemic has highlighted the importance of being prepared financially. The basics remain the same: Set goals. Develop strategies and plans. Take action steps.

Any plan is only as good as its execution. Therefore, resilience is key. Conduct periodic monitoring of your action steps to determine what needs to be continued, what needs to be stopped, and what needs to be started. MS

Recession and Crisis-Proof Stocks to Buy

By JESI BONDOC, RFP®

The year 2020 will be remembered for one thing: COVID-19 and the havoc it has unleashed globally. Locally, we saw our economy put on halt due to the lockdown, businesses folded, and massive job losses ensued. The Philippine stock market wasn't spared as it saw the worst nosedive in 12 years landing the 4,000 territory at one point.

Fast forward to today, the market made a strong push to recover even ending the year at the 7,100 level. Although we are seeing signs of market rebound propelled by the existence of vaccines, the road to economic recovery is still quite challenging as more publicly listed companies are still on the red and the expectation of continued dismal earnings could retest once more the resilience of the market.

Despite the COVID-19 uncertainties affecting the market, there are a few companies that belong to industries that are more likely do reasonably well during an economic downturn. Often, these industries received lesser negative impact, if any at all, during a crisis as their consumer's buying habits stay about the same regardless of the price movement of their goods and services.

If you're planning to explore these industries and add them to your portfolio, here are some stocks worth checking:

CENTURY PACIFIC FOOD TUNA, INC.

PSE Stock Code: CNPF
Sector: Industrial/Consumer
Current Stock Price: 17.90

Century Pacific Food, Inc. is one of the largest branded food companies in the Philippines. It is primarily engaged in the manufacturing, marketing, and distribution of processed marine, meat, milk, and coconut products.

Recognizable brands under CNPF include Century Tuna, 555, Blue Bay, Fresca, Lucky Seven, Argentina, Swift, Shanghai, Wow, Angel, Birch Tree, Kaffe de Oro, and Home Pride.

CNPF belong to the consumer staples - goods that consumers must buy regardless of economic conditions. Crisis like the COVID-19 brought a demand surge for canned food products as households take stocks of easy to prepare meals and the government having canned food as one of their regulars in their food packages for their relief drives.

CNPF's net income in 3Q20 grew 15% y/y to P1.0Bil. Sales growth in 3Q20 also sustained its mark with the branded business growing by 16%, which is still beyond its historical average of 10-15%.

Last October 2020, CNPF also launched its UnMeat line, a vegan plant-based brand that is projected to take a larger market demand in the future as more consumers are embracing healthier food options.

CNPF is in line with its 20% earnings growth for 2020 and expects to revert its usual earnings increase of between 10-15% for 2021.

Current earning per share TTM (EPS) is P1.08, a 10% increase equates to P1.19 for this year. With its price-to-earnings ratio of 17x, the minimum price target of the stock should be in the area of P20.23, a 13% discount to its current price.

MANILA ELECTRIC COMPANY

PSE Stock Code: MER
Sector: Industrial/Energy, Power
Current Stock Price: 297

Meralco is a 117-year old service company and the largest private sector electric distribution utility company in the Philippines covering 36 cities and 75 municipalities.

Utility companies such as Meralco are less affected in the presence of a crisis. People need electricity regardless of whether the economy shrinks or grows. In fact, it is one of the last bills that you and I would like to default on even when our cashflows are suffering.

MER's first three quarters sales in 2020 was down 7% brought by weaker demand in the commercial segment as most companies implemented work-from-home arrangements with their employees. However, to date, MER sees its sales recovering as mobility reports showing a steady revert to offices.

MER's 2020 cash dividend based on current price is at 5.08% while currently it is trading below its historical P/E average, making its valuation attractive.

MER could potentially provide capital appreciation plus attractive dividend yield given our low interest environment at the moment.

PLDT, INC.
PSE Stock Code: TEL
Sector: Services/Telecommunications
Current Stock Price: 1,350

PLDT is the Philippines' largest telco company. Through its principal business groups—from fixed line to wireless—PLDT offers a wide range of telecommunications and digital services across the Philippines' most extensive fiber optic backbone, and fixed line and cellular networks.

The recent COVID-19 crisis magnified the importance of technology and communication services in our lives. As demand for these services surge, revenues of TEL outperformed estimates in 2020. More than ever, people need to be connected in the digital space and here is where TEL proved its dominant presence.

TEL's 3Q20 core income is up by 14.4% y-o-y to P7.1Bil from P6.2Bil during the same period last year. The surge in mobile date usage and their home broadband services contributed to the increase in revenue.

PLDT also reported service revenues of P126.6 billion for the first nine months of 2020, up 9% versus the same period in 2019. Sustained demand for data and broadband led total service revenues across its three major revenue streams—consumer wireless, enterprise, and home broadband—to an all-time high.

TEL's current dividend payout policy is 60% of prior year's core income and plans to maintain that same policy.

TEL's continued growth story in its mobile data segment plus its dominant presence in the home broadband business makes it attractive to investors and at its current price of 1,350, TEL is trading at a discount of around 21% relative to its potential price.

Final Word. Not all stocks are created equal. Some losses spark during a crisis and some thrive in the same economic backdrop. The same idea applies to investors—some panic during a crisis and some see the silver lining tucked beneath the crisis. The best ways in staying in the investment arena even during a downturn are sound financial planning, due diligence, and consistent learning. These will help you temper your emotions and stay focused in your investment plan. MS

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Real Estate During the Pandemic: Which Sectors Should You Invest In?

By RICHARD THADDEUS CARVAJAL, RFP®

As you well know, the real estate industry has been hit hard by the COVID-19 outbreak. In just a matter of months, businesses that have been doing well have suffered tragic losses, and that has affected the various sectors that comprise the real estate industry. As an investor, you're probably wondering what that means for you.

The good news is, despite the pandemic outbreak, real estate is still as profitable as ever. But you will have to be careful where you invest, and it pays to be observant and to think ahead of the current trend. So in this article, let's look at how some of the real estate sectors are doing to help you evaluate what you should do to grow your investments. We will also talk about the major factors that you should consider before making property investments.

Residential Properties. Most of the projects launched during the pandemic are in the mid-income segment, with unit prices ranging from P3.2 million to P6 million. Residential units that are more adaptable to the Work From Home (WFH) setup and are located in an integrated community where health protocols are observed are more likely to be in demand within the next few months or even years. This could be the best time to purchase residential properties for investment purposes, especially since developers of residential properties are currently extending affordable payment terms because of the health crisis and mortgage rates are at an all-time low.

Commercial Properties. With the current restrictions in place due to the pandemic and with most businesses already under a WFH setup, the demand for traditional commercial properties has also shifted. The fear of viral outbreaks has also affected consumer preferences. For example, certain aspects of commercial properties such as the amount of enclosed space in an office building and the square footage per person may become more of a deciding factor in the months or even years to come.

Consumer behavior has also been largely affected by the pandemic, with an increasing number of individuals staying away from malls and shopping centers and choosing to buy online instead. While the trend towards e-commerce has been going up in the past few years, the pandemic has sped up the transition—a change that can have a lasting impact on the market demand for physical stores.

Logistics and Warehousing. If there is one sector in the real estate industry that remains stable despite the pandemic, it would be the logistics and warehousing sector. Prior to the COVID-19 outbreak, this sector was already projected to grow at a rate of 8.2% to 8.8% within the years 2018 to 2024. The projected value of the sector is also around P970 billion to P1 trillion by the year 2023, partly because of the government's efforts to improve infrastructure quality under the "Build-Build-Build" program.

Although the current pandemic has somehow stunted that projected growth, the sector continues to grow. In fact, companies under the logistics and warehousing sector have become one of the major players in the economy considering the social protocols implemented in view of the pandemic. And with the continued rise of e-commerce and the increasing number of businesses going online, the demand for industrial spaces such as warehouses has also gone up.

> "Although the current pandemic has somehow stunted that projected growth, the sector continues to grow."

Hospitality Properties. The hospitality industry has also taken a hard blow from the COVID-19 outbreak. Because of the travel restrictions in many parts of the world, the demand for short-term leases and hospitality properties has gone down. Many of the consumers who used to travel for business have had to resort to alternatives such as video conferencing, which meant fewer hotel bookings.

And since video conferencing is becoming a popular alternative these days, the trend may well likely continue even after the pandemic. Consumers who travel for leisure may most likely limit their future travels to local destinations as well, further impacting the profitability of properties in the hospitality industry.

Factors to Consider Before Investing. While it is crucial that you keep track of current market trends, we all know that the mantra when it comes to real estate is "location, location, location." And for good reason, particularly now when people are more concerned about health safety in the communities they decide to live in. So before making any property investment, make sure to consider the location first.

The second factor that you should consider is the projected cash flow from the property that you are considering. One of the rules that seasoned real estate investors go by is the 1% rule, which states that the base monthly rental income of your property should be 1% of the total acquisition cost of the property, including repair expenses. If you don't think you can charge that specific amount of monthly rent for the property, then you might want to reconsider your options.

Also, it is very important that you consider the real estate market you are planning to invest in, so make sure that you do due diligence before proceeding with a purchase. Keep track of the overall home prices and home sales in your chosen market, as well as of foreclosures and flipping activities in the area. Take note of new construction activities as well. Keep in mind that real estate prices may fluctuate, so knowing and understanding the current trends will help you make informed choices regarding your investments.

Conclusion. The full impact of the COVID-19 pandemic on the real estate market, and on the global economy as a whole, remains to be seen. However, it is safe to assume that some of the trends that have begun due to behavioral changes caused by the outbreak may continue even after the pandemic. Investors who decide to purchase industrial properties may find that such a move will pay off the most in the near future. But just like any other investment, it is important to make informed decisions and thus avoid costly mistakes. MS

How to Have the Best WFH Setup

By FITZ GERARD VILLAFUERTE, RFP®

Working from home is nothing new. Online freelancers have been doing it for years. But for those who are used to working in an office, this pandemic has made it necessary for them to adapt and learn how to be productive at home, to accomplish work without the efficiencies that a corporate environment provides.

Even as this public health crisis recedes, it's less likely that we'll go back to how it was before. Especially that companies and workers have now discovered and experienced the benefits of running a work-from-home setup.

For businesses, this could mean less office space requirements in the future. They could move to a smaller space with lower rent; or repurpose the utility of some work areas. Meanwhile, for employees, it may now be possible to request to have variable work arrangements. They can save hours from commuting, which can then help minimize their expenses and allow them to save money.

As I've seen from friends, many created makeshift home offices, which isn't optimal if their work-from-home setup continues for the long-term. Several friends also struggled with being productive at home. With the television and the bed just a few steps away, the temptation to procrastinate is stronger than when they're working in the office.

So, what can you do to make yourself productive and efficient while working from home? Here are several tips that online freelancers swear by.

Set up a dedicated space. It's important to have a physical separation of your work and home life. This means designating a specific area or corner at home where you'll set up your home office. Don't work in your bed or at the dining table. Working in the patio or the living room can be tempting, but avoid these as well.

Having a separate room, which you'll set up as an office is ideal. But simply putting a desk in a corner and making it look like a cubicle will also work. Additionally, you can put up dividers such as small shelves or plants around the space to physically mark the territory as your home office.

Make your workspace ergonomic. Comfort is important, as well as having proper posture when working. Use a desk and a chair with standard heights so they complement each other even if they come from different sets. However, if you have the budget, investing in a good office chair with adjustable height, armrests, and lumbar support should be your priority.

It's also essential to maintain proper monitor height. Look straight ahead while sitting upright; your eyes should be 25% to 30% below the top of your monitor screen. This will keep your shoulders level and you won't need to hunch your back when working. If you're using a laptop, then it will be necessary to buy an external keyboard and mouse so you can raise your screen to the proper height through a laptop stand.

Moreover, work-from-home means a lot of online meetings. So, make sure that your workspace has good lighting. Invest in a led lamp or ring light if necessary. Not only will it make you look good in those Zoom meetings, but you'll also see well when you're writing or reading paper documents.

> "It's important to have a physical separation of your work and home life. This means designating a specific area or corner at home where you'll set up your home office."

Lastly, be conscious of your cords and power outlets. Secure the cables to make sure nobody will accidentally snag or trip on them, especially if you're using extension outlets. If you have children or pets at home, then keep those cords securely out of sight.

Create a work routine. One advantage of working from home is that no boss is breathing down your neck. However, this shouldn't make you complacent about your working hours. It's important to set a daily work routine, which should include meal breaks and quick rests.

For instance, in my case during the lockdown, I would normally start work at 10:00 AM and then have a 30-minute lunch break at noon. I continue work from 12:30 PM until 3:00 PM and then I take a 30-minute break. Finally, I wrap-up everything and plan for the next day between 3:30 PM to 5:00 PM.

In addition to the work routine, I've also created a before and after work ritual, which allows me to transition into and out of the busy work mindset. In the morning, I have my daily mindfulness practice to help me become more focused for the day, and then a brisk walk or some physical activity at five in the afternoon.

In the evening, I avoid doing any more work and just spend it with my family, or talking to friends online, watching Netflix, or any other relaxing and enjoyable activities. I discovered that it's good for our mental health to have a clear time boundary between professional and personal affairs when you're working from home.

Get everyone on board with your schedule. Most of us are not alone at home. And we need to get our family and/or housemates on board with our work schedule. You don't want loud music to suddenly play in the background while you're doing a work presentation, or be asked to run an errand while you're busy typing a report.

Give everyone at home a copy of your work schedule and diplomatically ask for their cooperation. If necessary, discuss among yourselves and align your daily routines to avoid conflicts. For instance, I put up a "Quiet Please" sign whenever I have an online meeting to inform everyone to keep the noise down; and then I listen to music on my headphones at other times to allow them to be as noisy as they can without distracting me while I'm working.

Dress for the job. Finally, working from home doesn't mean working in your pajamas. From experience, I have better productivity when I take a shower and dress up as if I'm going to the office. I have friends who even put on makeup even if they don't have any online meetings. Doing such rituals will help set your mindset about work.

Final Thoughts. We all work differently, so above all else, figure out the work-from-home setup that works best for you. Use these five tips as your starting point, but don't be afraid to adjust and customize accordingly until you discover the best arrangement that will help you become productive and efficient at home.