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RP college team tops Asia Pacific, proves why EDC is a ‘buy’

IN A country where only a few people have stock market investments, Filipinos appear to make for good equities analysts.

On Saturday night, the University of the Philippines (UP) topped 15 schools in the Asia-Pacific region in a contest in which participants analyzed whether a certain company is a good investment or not using the standards of the Chartered Financial Analyst (CFA) Institute, a global association of investment professionals.

The team from UP, composed of fifth year business administration students Raymund Siegfried O. Li, Pamela Y. Li, Jose Mari P. Punzalan, Rachele Denise G. Sison, and Choerlen Bianca K. Solema, will fly to Hong Kong on April 17 to compete with representatives from the Americas, New York and Europe, and Middle East and Africa.

A team from Ateneo de Manila University, meanwhile, made it to the finals of the Asia-Pacific round of the Investment Research Challenge last year. The results were ironic given that the Philippine Stock Exchange reported two years ago that less than half of 1% of Filipinos invest in equities.

During a presentation, the UP team recommended that investors buy shares of Lopez-led geothermal firm Energy Development Corp. (EDC) citing the huge “upside” for the company given the Philippines’ power supply problems, the enactment of legislation supporting renewable energy, and the lack of competition.

Judges quizzed the group on why it thought the market was undervaluing the EDC, the firm’s dividend and corporate governance record, and the effect on the company’s profitability of other energy sources emerging as cheaper alternatives, among others.

The Philippine team, however, has a tough act to follow as the representatives from Asia Pacific have gone on to win the global competition for the past two years.

“No pressure,” Ashvin Vibhakar, managing director of CFA Institute Asia Pacific, quipped at the awarding of the winners.

Interestingly, only Mr. Li, who serves as team captain, has tried investing in the stock market. The other four learned about the bulls and the bears when they participated in the Philippine leg of the competition in September.

“If I had not joined the contest, I would not have thought about investing in the stock market,” Ms. Sison told reporters.

“It looked so complicated if you are not familiar with it ... you have to know about it so your investments will win,” Ms. Li added.

All of the team’s members were, however, not in a rush to recommend their friends and families to buy equities, but said people should at least learn about it.

“I think it should be taught in college. If you take it in high school, it might be premature ... you might not be familiar with how it works so you just keep on investing. It just might end up as a gamble,” Mr. Li said.

April Lee-Tan, president of CFA Society of the Philippines, said one of the competition’s goals is precisely to raise awareness about the opportunities in the local stock market.

“The Investment Research Challenge is one means [of raising awareness in the stock market] because we are starting at a grassroots level when they are still young,” she told reporters before the start of the competition.

“The mindset of a typical Filipino investor is that investing in stocks is gambling. But with education we want them to become aware what investment in stocks is all about, why it’s not gambling and how to go about that in a proper fashion,” she said.

Bangko Sentral Deputy Governor Nestor A. Espenilla, Jr. said the project supported monetary authorities’ advocacy of financial literacy.

The UP team competed with the Hong Kong Baptist University, National Taiwan University, Thammasat University of Thailand, SP Jain University of Mumbai, and Fundan University of Shanghai in the finals.

-- **Don Gil K. Carreon**