



INVESTING



Session Objectives

1. Understand the basic concepts in investing
2. Learn the types of investment instruments available in the Philippines
3. Understand the risks and factors to consider before investing



What is investing?

Investing is the process of buying assets that increase in value over time, with a goal of generating income or selling for a profit.

Source: www.investopedia.com



Saving vs. Investing



Be liquid



Meet specific goals



Earn returns



Build wealth



Why invest?



2000



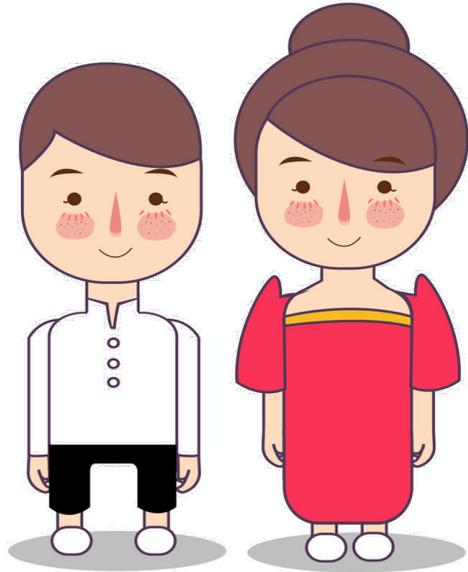
2010



2020



Did you know?



75%
do not invest

Source: BSP Financial Inclusion Survey (2019)



Chatbox Activity

Why are you not able to invest?

- a. I don't have money to invest
- b. Investments are expensive
- c. I am not aware of any investment
- d. I don't think I need it



“

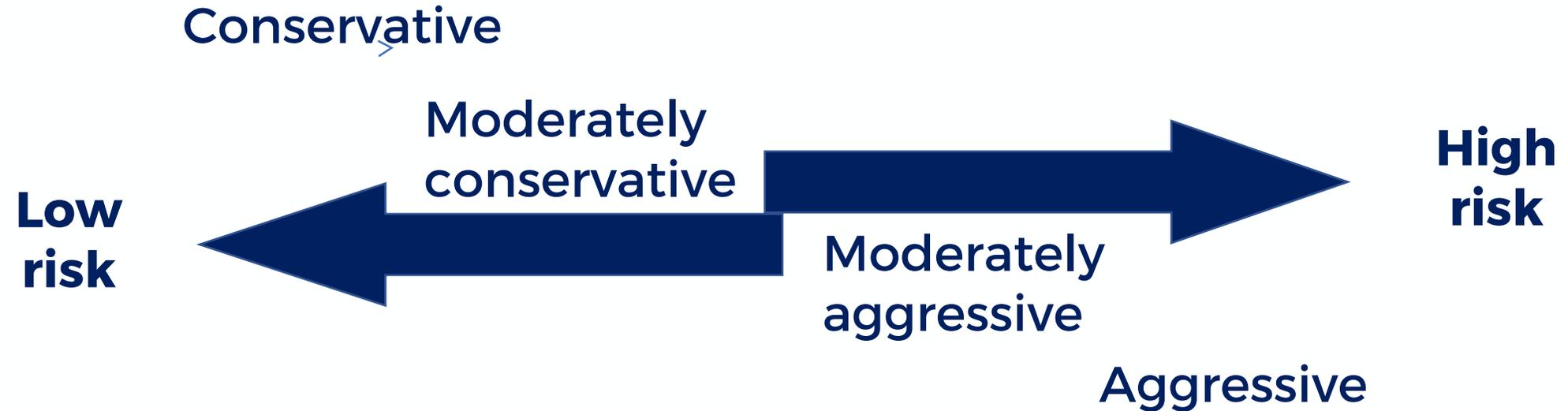
Your most powerful wealth-building tool is your income.

—Dave Ramsey



Before you invest...

Know your risk profile



Know your risk appetite

	Low Return	High Return
Low Risk	Fixed income Investments	Beware of scams!
High Risk	Why invest in these?	Variable Income Investments



Investment Options



Business



Non-Financial Assets



Financial Instruments



By type of income generated

Fixed-Income

Provides regular or fixed interest payments

- **Treasury Bills**
- **Treasury Bonds**
- **Corporate Bonds**

Variable-Income

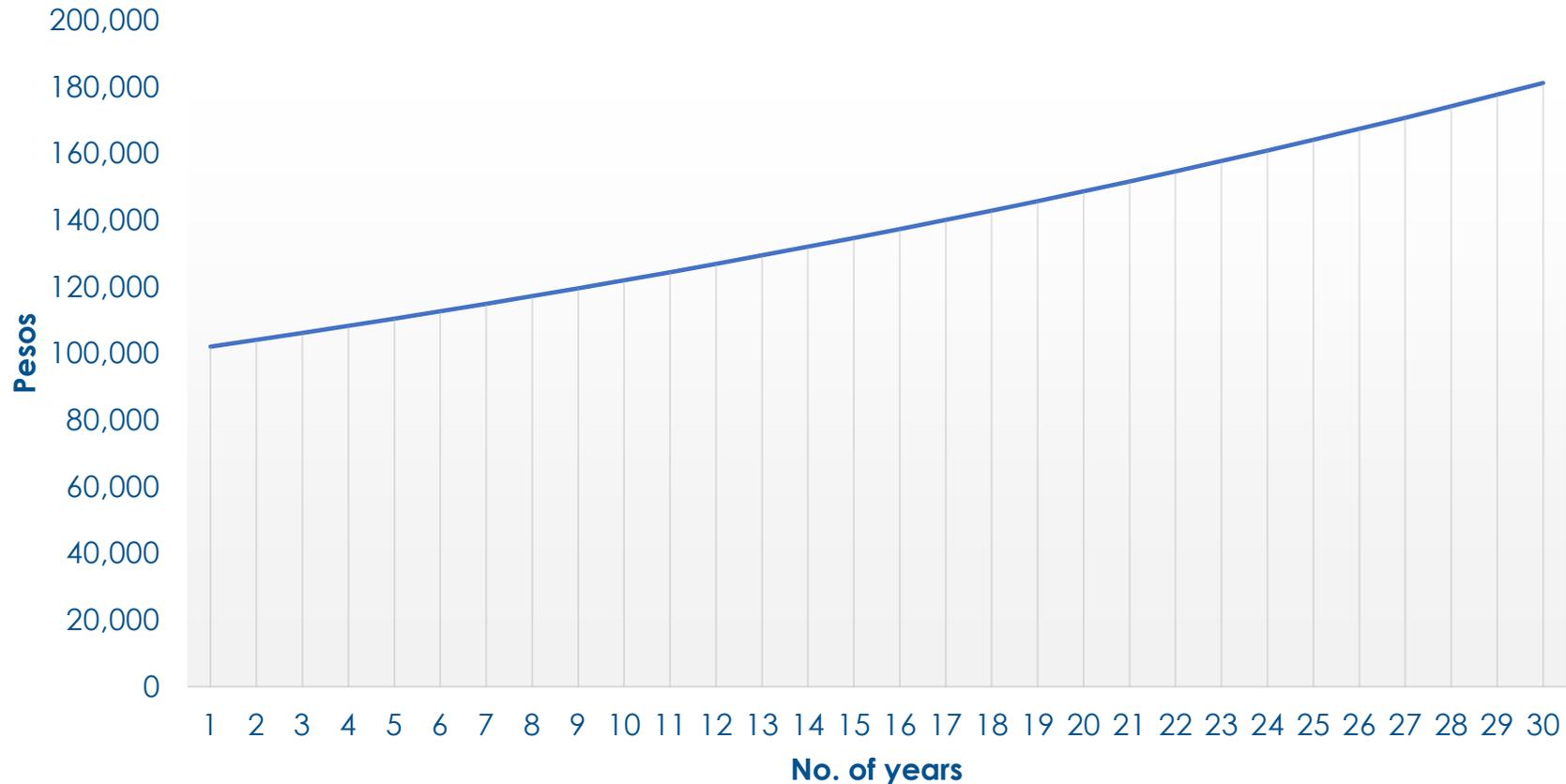
Potential returns vary and are not guaranteed

- **UITFs**
- **Mutual Funds**
- **Stocks**



Fixed-Income Instrument: T-Bonds

T-Bonds, 2% per year

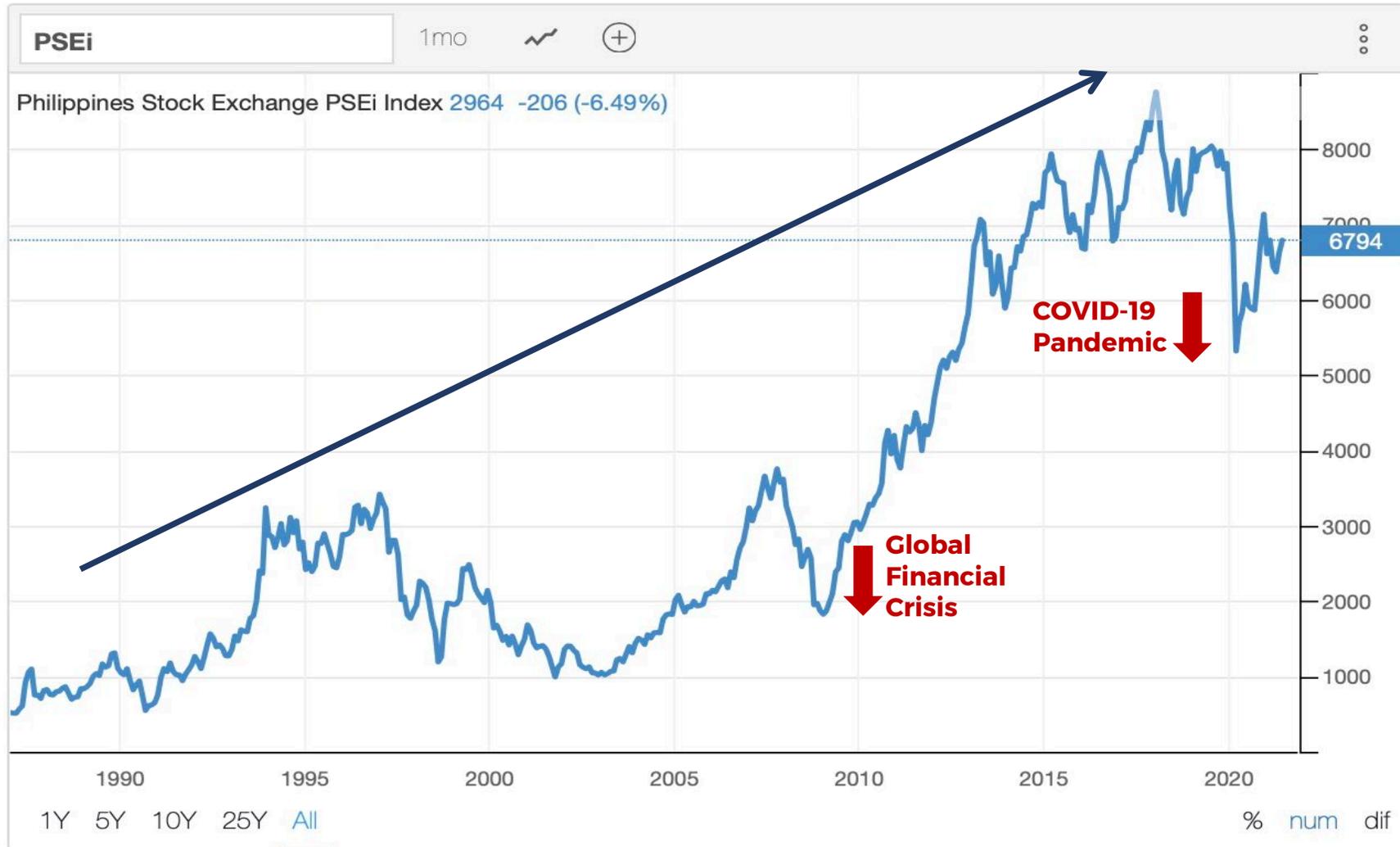


Return on investment is not too high.

But you will not experience any loss either.



Variable-Income Instrument: Stocks



You may experience gains and losses over time.

But if you invest long enough, overall, your money still gains.



As of March 19, 2020
12:50:00 PM

MARKET CLOSED

Index	Value	Chg	%Chg
PSEi	4,623.42	-711.95	-13.34▼
All Shares	2,881.58	-390.21	-11.93▼
Financials	1,090.95	-198.24	-15.38▼
Industrial	5,975.43	-919.47	-13.34▼
Holding Firms	4,435.78	-669.38	-13.11▼
Services	1,026.68	-134.79	-11.61▼
Mining and Oil	3,720.87	-802.60	-17.74▼
Property	2,408.60	-344.45	-12.51▼

Indices

PSEi 6,941.62 24.13 0.35%

All Shares 4,201.15 9.79 0.23%

Financials
1,482.71 -5.37 -0.36%

Industrial
9,522.10 150.67 1.61%

Holding Firms
6,984.39 49.07 0.71%

Property
3,404.84 1.63 0.05%

Services
1,556.58 -3.88 -0.25%

Mining & Oil
9,510.95 110.87 1.18%



Chatbox Activity

I have investments in:

- a. Treasury Bills/ Treasury Bonds
- b. Unit Investment Trust Funds (UITFs)
- c. Mutual Funds
- d. Corporate Bonds
- e. Stocks
- f. None of the above



Investment Instruments

- Treasury Bills
- Treasury Bonds

Government Securities



- Unit Investment Trust Funds
- Mutual Funds

Pooled Funds



- Corporate Bonds
- Stocks

Equity, Debt Security



Government Securities

T-Bill

- **Short-term maturity** (<1 year)
- Debt of PH Government
- Sold by Government Securities Eligible Dealers (GSED)
- Buy at discounted rate from face value

T-Bond

- **Long-term maturity** (>1 year)
- Debt of PH Government
- Sold by GSEDs
- Yield seen in coupon rate
- Redeem quarterly



Example: PH Government's Progreso Bonds

Retail Treasury Bonds (RTBs)

Low risk, fixed-term investments issued by the Philippine Government to help you invest in a better future.

Offer period: July 16, 2020 to August 7, 2020

Overview

Retail Treasury Bonds (RTBs) are medium to long-term investments issued by the Philippine government. They form part of the Government's program to make securities available to small investors.

Whether you're an individual or a corporation, RTBs allow you to invest and grow your money with very low risk of losing. It's considered a fixed income security, which means that you earn a fixed interest rate based on the principal market given on a quarterly basis.

This is for investors looking for:

- A low-risk investment
- An accessible investment
- A higher-yielding investment

For more information about Retail Treasury Bonds, visit the [Bureau of the Treasury's](#) website.

Source: www.securitybank.com

Terms of Offering

Issuer	Philippine Government through the Bureau of the Treasury (BTr)
Issue	Retail Treasury Bonds Tranche 24 ("RTB 24" or "Progreso Bonds") with Bond Exchange
Issue Date	August 12, 2020
Issue & Redemption Price	At par (or 100%)
Gross Rate	2.625% (subject to 20% final withholding tax except for tax-exempt institutions)
Interest Payments	Quarterly
Minimum Investment	Minimum of P5,000.00 and in integral multiples of P5,000.00



Pooled Funds

UITF

- Invested in a **mix of financial instruments**
- Sold by BSP-authorized banks
- Buy “units” of the UITF
- Net Asset Value per Unit (NAVPU) changes daily
- Earn if NAVPU appreciates

MF

- Invested in a **mix of financial instruments**
- Sold by SEC-licensed and authorized investment companies
- Buy “shares” of the MF
- Net Asset Value per Share (NAVPS) changes daily
- Earn if NAVPS appreciates



Example: Equity Index Funds



=

1 unit/share



1 unit/share



1 unit/share



1 unit/share



1 unit/share



1 unit/share



1 unit/share



1 unit/share



1 unit/share



Debt and Equity Securities

Corp. Bonds

- Debt of private companies
- Sold by underwriters (banks)
- Maturity, interest rate, and other features depend on bond product design

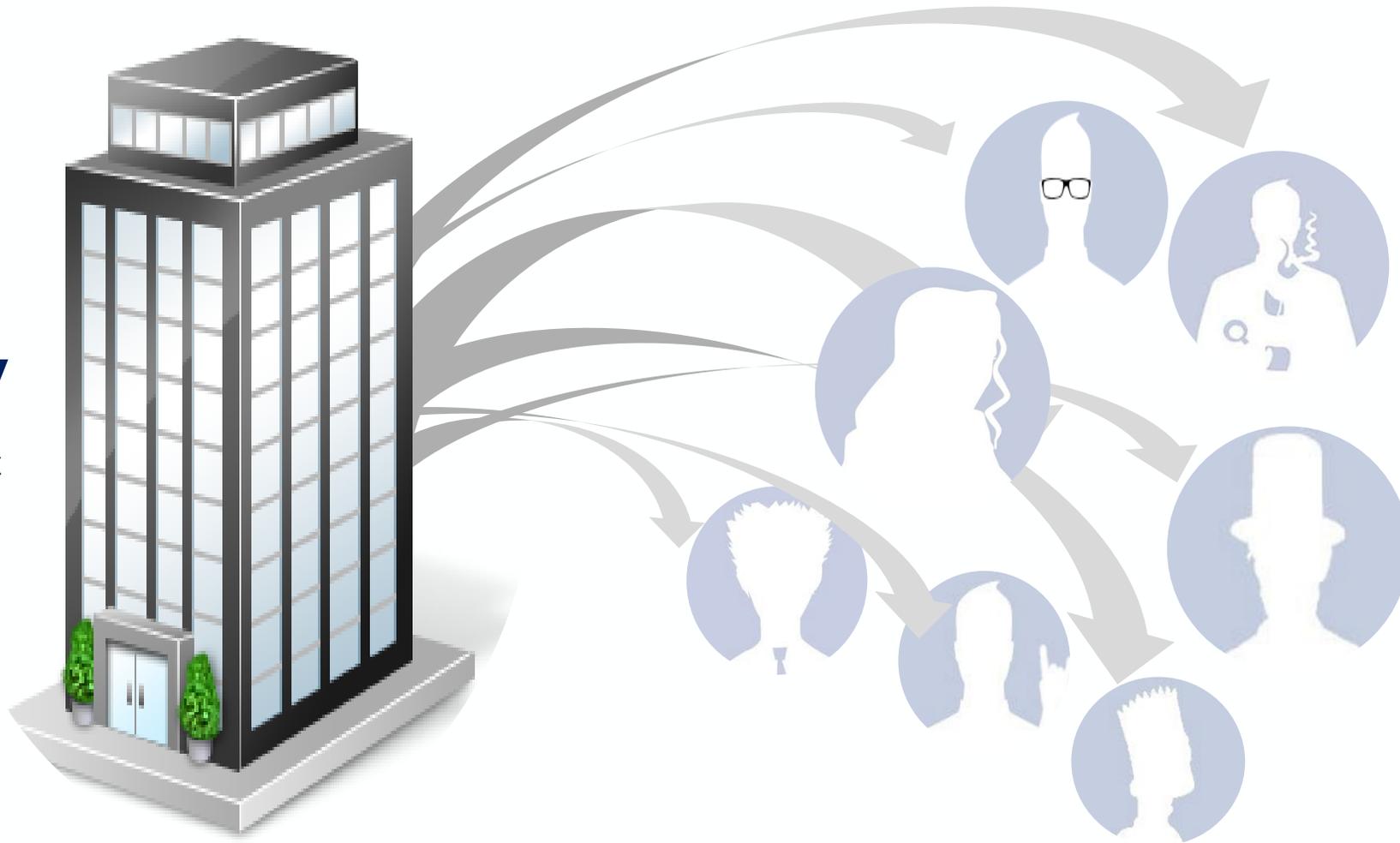
Stocks

- Shares of ownership in a company
- Buy & sell through PSE-accredited stockbrokers
- Earn when you buy low & sell high, or when company declares dividend



Primary Market: Initial Public Offering (IPO)

Company
(Initial Public Offering)



Investors



Secondary Market: Stock Market

Investors



Investors



Let's play a game!

Do you know these companies?



Let's play a game!



- Fixed basket of 30 securities

- Biggest and most traded companies

- “Blue Chips”

Visit:
www.pse.com.ph



Proxies and Secretary's Certificates on or before June 22, 2021, Tuesday at 5:00 p.m. to the Office of the Corporate Secretary at 8/F PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City.

[Open Ticker](#)

Indices

PSEI	6,769.84	26.50	-0.39%
All Shares	4,102.97	-5.62	-0.14%

Financials

1,445.25 **-8.60** **-0.59%**

Industrial

9,121.27 **29.60** **0.33%**

Holding Firms

6,815.49 **-38.94** **-0.57%**

Property

3,335.95 **-16.06** **-0.48%**

Services

1,529.32 **1.74** **0.11%**

Mining & Oil

9,598.88 **142.37** **1.51%**

[More Info](#)

Market Open

As of June 07, 2021 | 10:55:38 AM

Most Active	Advances	Declines		
Stock	Value	Price	Change	%Change
ALI	97,763,835.00	36.35	-0.05	-0.14%
MEG	78,530,870.00	3.15	-0.06	-1.87%
ACEN	75,342,744.00	7.75	-0.03	-0.39%
BDO	65,627,639.00	106.30	-0.70	-0.65%
ICT	49,918,431.00	147.40	-0.60	-0.41%
JFC	37,509,910.00	196.00	2.00	1.03%
AP	33,915,845.00	23.35	0.55	2.41%
DITO	30,142,944.00	10.02	0.12	1.21%
BPI	27,491,216.00	85.40	-0.45	-0.52%
MONDE	26,965,968.00	13.42	0.02	0.15%

Market data published in the PSE website is delayed by 15 minutes. The information displayed is for market education only and not intended for trading purposes.

[More Info](#)

PSEI Total Return

Value	Change	% Change
2,645.59	1.74	0.07%

● As of June 04, 2021 (updated-end-of-day)

[More Info](#)

Exchange Traded Fund

Stock	Last Price	iNav
FMETF	102.70	102.61

● As of June 07, 2021 | 10:55:38 AM

[More Info](#)

● As of June 14, 2021 (updated-end-of-day)

[More Info](#)

● As of June 15, 2021 | 11:45:31 AM

[More Info](#)



How to invest in the stock market

1. Open an online trading account with a PSE-accredited broker

- More than 25 online brokers to choose from
- List of brokers (a.k.a. Trading Participants) is available at the PSE website, www.pse.com.ph.
- Visit chosen broker's website to download Customer Account Information Form (CAIF) and follow the steps on how to open an account.

2. Fund your online trading account

- Via bills payment/ bank deposit

3. Start buying stocks

- Via broker's online trading platform



Investment vs. Insurance

Product	Investment	Insurance	Pre-need
Purpose	To grow your money for long-term goals	To ease the burden of beneficiaries in case of contingent events (e.g., death, accidents, sickness, natural disasters)	To provide for future needs such as education fund, pension fund, memorial service
	For yourself and family	For yourself and family	For defined future needs
Providers	Banks, Investment Houses, Brokers	Insurance Companies, Mutual Benefit Associations, Cooperative Insurance Societies	
Regulators	Securities and Exchange Commission, Bangko Sentral ng Pilipinas	Insurance Commission	



Risks in Investing

Market Risk

Investments may decline in value because of economic developments or other events that affect the entire market.

Liquidity Risk

You might not be able to sell your investment at a fair price and get your money out when you want to.

Concentration Risk

You may lose money for putting all your eggs in one basket (i.e., not diversifying)

Source: www.getsmarteraboutmoney.ca



Risks in Investing

Credit Risk

The government or company that issued the bond may run into financial difficulties and won't be able to pay the interest or repay the principal at maturity.

Mortality Risk

The insurance company may suffer financially because too many of their policyholders die before their expected lifespans.

Sources:

www.getsmarteraboutmoney.ca

www.insuranceopedia.com



Personal Equity & Retirement Account (PERA)

- Tax-free earnings from investment
- 5% income tax credit
- Not subject to estate tax in case of death
- Choice of investment product is up to you (gov't securities, pooled funds, bonds, stocks)
- Visit the BSP website www.bsp.gov.ph or <https://tinyurl.com/PERAfaq>



Accredited Investments for PERA

- **UITFs**
- **Mutual Funds**
- **Government Securities**
- **Insurance Pension Product**
- **Stocks**
- **Pre-need Pension Plan**
- **Annuity Contract**
- **Any other category of investment product which the regulatory authority may allow**



Investing Tips

- 1 Investigate before you invest.**
Study and fully understand your chosen investment.
- 2 Invest only an amount you can afford to lose.**
Investment returns are not guaranteed.
- 3 Always remember the risk-return principle.**
The higher the return, the higher the risk.
The lower the risk, the lower the return.



Investing Tips

4 Invest over the medium to long term.
Develop a long term investment strategy.

5 Diversify your investments.
Invest in instruments with varied risk profiles. Develop a “sleep well” portfolio.





“An investment in knowledge always pays the best interest.” – Benjamin Franklin

“I love quotes... but in the end, knowledge has to be converted to action or it’s worthless.” – Tony Robbins



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