



Will the Real Philippine Index Mutual Fund Please Stand Up?

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ABSTRACT

Monthly performance metrics were computed for the two oldest Philippine index mutual funds and their benchmark index, Philippine Stock Exchange Index (PSEi), from November 2011 to October 2021. Investors wanting to match the returns of the PSEi should put their money in ALFM Philippine Stock Index Fund rather than the Philequity PSE Index Fund, Inc as it better mirrors the PSEi. The same index funds were then compared to the monthly performance of the flagship actively-managed equity funds of their respective fund management companies. Based on R-squared and tracking error, results show that the ALFM Growth Fund is not much of a closet indexer.

Keyword: Equity mutual fund performance; Closet indexers; R-squared, Information Ratio; Passive Management

JEL classification: G11, G23, G51, G53

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