



Outing the Closet Indexers in the Philippine Mutual Fund Universe

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ABSTRACT

The performance of 8 actively-managed equity mutual funds in the Philippines was examined in relation to their benchmark index, the Philippine Stock Exchange Index (PSEi). Performance metrics were computed from the monthly returns of these funds and the PSEi from February 2014 to February 2020. This study found that all 8 equity mutual funds have R-squareds ranging from 85.72% to as high as 98.43%, making them closet indexers. Further, the information ratios of these funds reveal that they grossly underperformed the PSEi as most of them recorded negative information ratios. Aside from that, the performance of the same equity funds was compared to the performance of the Philequity PSE Index Fund. It was found that all equity funds are closet index funds. In terms of information ratio, all 8 underperformed the said index fund. Results from this study show that investors are just wasting their money on actively-managed equity funds.

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JEL classification: G11, G23, G51, G53

1. Introduction

An online article that appeared on the website of CNBC on February 17, 2017 titled “Active managers named and shamed as ‘closet indexers’” told the story of Better Finance group, an influential investor advocacy group, singling out 165 actively-managed funds (hereafter active funds) in Europe for closely mirroring their benchmark indexes while charging high fees for the period 2009-2014.

As an academic with 1 of the best universities in the Philippines, the author thinks he has the moral obligation to educate the investing public. He does this is by conducting simple, easy to understand and practical finance-related research so that the public can make informed and intelligent investing decisions.

This study was carried out with investors in active funds in mind. These investors put their hard-earned money in these active funds with the hopes of earning above average returns. In return, they pay various fees to these active funds. This study examines if these active funds have kept their promise of delivering above average returns. Otherwise, these investors are better off putting their money in the Philippine Stock Exchange Index (hereafter PSEi) and pay lower fees.

Although this study takes the active funds and their fund managers to task, all is not lost. This study should serve as a wake-up call to the active fund industry in the Philippines.

2. Review of Related Literature

Tan (2015) analyzed the weekly performance of 10 equity funds in South Africa for the period January 9, 2009 to October 31, 2014. It should be noted that this period coincided with Quantitative Easing (QE). The analysis involved 2 dimensions. The 1st dimension called for the examination of the risk-adjusted performance of the funds. In this context, the sharpe ratio, treynor ratio and jensen’s alpha were calculated. The 2nd dimension involved the examination of the market-timing skills of the fund managers. For this purpose, the treynor & mazuy and henriksson & merton methods were used.

The risk-free rate of return was the yield on the South African 91-Day T-bills while the market portfolio was the weekly return of the Johannesburg Stock Exchange (JSE) price index. Disappointingly, it was found that the equity funds failed to beat their benchmark on a risk-adjusted basis and lacked market timing skills as evidenced by the poor results from the risk-adjusted metrics and the treynor & mazuy and henriksson & merton methods.

Tan (2015) also writes that this type of analysis of mutual funds --examination and analysis of mutual fund performance-- has been a popular research topic in financial research. Some of those researches are as follows:

In “The Risk-adjusted Performance of Equity and Balanced funds in the Philippines”, Almonte (2013) analyzed the performance of 8 equity mutual funds and 6 balanced mutual funds from January 2010 to December 2012. The equity funds and balanced funds were separately ranked based on the sharpe ratio, treynor ratio, and information ratio. It is interesting that the analysis of the balanced funds involved 4 sub analyses, to wit, the default 50/50 equity/ fixed-income combination, 60/40 combination, 70/30 combination, and 80/20 combination. The overall rank was derived by summing up the rank of each fund under each of the 3 measures. Overall, First Metro Save and Learn Equity Fund, Inc. was ranked 1st within the equity fund universe. While Philam Strategic Growth Fund, Inc came last. With the balanced fund category, First Metro Save and Learn Balanced Fund, Inc came out on top across the 4 sub-analyses.

Based on monthly returns from January 1, 2011 to December 31, 2016, Valeroso (2017) analyzed the performance of 9 Philippine equity mutual funds. Among the 9 equity funds covered, 2 were index funds, namely Philequity PSE Index Fund and ALFM Philippine Stock Index Fund, designed to track the PSEi. The other 7 were active funds, namely Philam Strategic Growth Fund, Inc., ATRAM

Philippine Equity Opportunity Fund, Inc., Philequity Fund, Inc., Sun Life Prosperity Philippine Equity Fund, Inc., First Metro Save and Learn Equity Fund, Inc., ALFM Growth Fund, Inc., and United Fund, Inc. It should be pointed out that 6 equity funds were not included in the analysis as they did not have the requisite 5-year history at the time.

The 9 funds were ranked based on their average monthly return. ALFM Philippine Stock Index Fund came out on top while United Fund, Inc. came out dead last. On an annualized basis, Philequity PSE Index Fund and United Fund, Inc placed first and last, respectively.

The same funds were also ranked based on 2 popular measures of volatility, to wit, standard deviation and beta coefficient. Based on the measure, ALFM Growth Fund, Inc has the highest standard deviation. On the other hand, Philequity PSE Index Fund has the lowest standard deviation. However, the ranking flips if it's based on the beta coefficient. ALFM Growth Fund, Inc. is now considered the least volatile while Philequity PSE Index Fund the most volatile. It's interesting to note that the 9 funds had an average beta coefficient of 1.01, which is not bad at all, explains Valeroso (2017).

It then proceeded to compute the tracking error of the 2 index funds. Surprisingly, the average annualized tracking error of the 2 came out to be 2.66%. This meant that the index funds in question are not closely mirroring the PSEi.

Finally, the funds were ranked based on 4 risk-adjusted performance measures. The risk-adjusted measures used were the sharpe ratio, treynors ratio, jensen's alpha and information ratio. To calculate these measures, the yield on the 91-day treasury bill was used as the proxy for the risk-free rate of return and the PSEi was used as the proxy for the market portfolio. Just like Almonte (2013), the overall ranking was derived by summing up the rank of each fund under each of the 4 measures.

Surprisingly, the 2 index funds came out on a top of the overall rankings. This implies that the actively funds were not able to beat their benchmark on a risk-adjusted basis.

Furthermore, the breakdown of the rankings reveals that the index funds finished in the top 3 in 3 of the 4 measures. Of particular interest to the researcher is how the funds stacked up in terms of the information ratio. ALFM Philippine Stock Index Fund placed 1st while Philequity PSE Index Fund placed 2nd. This was followed by Philequity Fund, First Metro Save and Learn Equity Fund, Inc, and ATRAM Philippine Equity Opportunity Fund, Inc to round out the top 5.

3. Methodology & Results

Per the Philippine Investment Funds Association (PIFA), the country's trade association of mutual funds, there were 23 equity funds in the Philippines as of March 2020. This list includes USD-denominated equity funds, exchange Traded Funds, and index funds. This list was further whittled down either because some of them were launched after February 2014 or their stated benchmark was not the PSEi. Thus, this study only covered 8 of those, which are listed in Table 1.

Table 1

#	Fund Name
1	Philam Strategic Growth Fund, Inc.
2	ATRAM Philippine Equity Opportunity Fund, Inc.
3	Philequity Fund, Inc.
4	Sun Life Prosperity Philippine Equity Fund, Inc.
5	First Metro Save and Learn Equity Fund, Inc.
6	ALFM Growth Fund, Inc.
7	Philequity Dividend Yield Fund, Inc.
8	United Fund, Inc.

The monthly returns of these funds were computed from their month-end Net Asset Value Per Share (NAVPS). The same procedure was applied to compute for the monthly return of the PSEi. The R-squared of each of the 8 funds were then calculated. Also known as the coefficient of determination, R-squared is a statistic that tells investors how strong the relationship between the performance of a fund and a benchmark index. In other words, it measures what percentage of the fund’s performance can be explained by the performance of its benchmark index. (Morningstar, 2015). A higher R-squared is desirable for index funds while a lower figure is desirable for active funds.

Table 2 shows the R-squared of these 8 active funds.

Table 2

Fund Name	R-Squared
Philam Strategic Growth Fund, Inc.	98.43%
ATRAM Philippine Equity Opportunity Fund, Inc.	85.72%
Philequity Fund, Inc.	96.66%
Sun Life Prosperity Philippine Equity Fund, Inc.	97.55%
First Metro Save and Learn Equity Fund, Inc.	88.22%
ALFM Growth Fund, Inc.	96.40%
Philequity Dividend Yield Fund, Inc.	95.69%
United Fund, Inc.	92.44%

Based on tables 2 and 3, it is clear that all 8 funds are closet indexers. Among the 8, ATRAM Philippine Equity Opportunity Fund has the lowest R-squared at 85.72% while Philam Strategic Growth Fund has the highest R-squared at 98.43%.

Table 3

R-squared	1%-40%	40%-70%	70%-100%
Interpretation	Low correlation between the portfolio's returns and the benchmark's returns	Average correlation between the portfolio's returns and the benchmark's returns	High correlation between the portfolio's returns and the benchmark's returns

The 8 were then ranked based on their R-squared from highest to lowest as shown in Table 4.

Table 4

Fund Name	R-Squared	Rank
Philam Strategic Growth Fund, Inc.	98.43%	1
ATRAM Philippine Equity Opportunity Fund, Inc.	85.72%	8
Philequity Fund, Inc.	96.66%	3
Sun Life Prosperity Philippine Equity Fund, Inc.	97.55%	2
First Metro Save and Learn Equity Fund, Inc.	88.22%	7
ALFM Growth Fund, Inc.	96.40%	4
Philequity Dividend Yield Fund, Inc.	95.69%	5
United Fund, Inc.	92.44%	6

In a June 2017 CNBC interview, University of Notre Dame finance professor Martijn Cremers provides 2 reasons why fund managers of active funds do closet indexing. Its either they do not want to underperform their benchmark index big time and be fired from their jobs or their funds have gotten so big that the stocks they own have a big overlap with the index.

Another metric that is used to check if an active fund is a closet indexer is the tracking error. Rey Santodomingo, managing director of investment strategy at Parametric Portfolio Associates LLC, describes it as “wobble” in the return of funds vis-à-vis the benchmark return. It is a summary static that

tells fund managers how close their fund's performance is to their benchmark index.

(Santodomingo, 2018). A high tracking error is desirable for active funds while a low tracking error is preferable for index funds. Mathematically, it is the standard deviation of the active return of a fund. Active return is just the return of a fund in excess of the return of its benchmark index.

Amihud and Goyenko (2015) write that taken together the higher the R-squared of an active fund, the less of its variability can be attributed to its tracking error and the more can be attributed to the index the fund is mirroring.

The 8 were ranked based on their tracking error from lowest to highest in Table 5. Interestingly, the ranking based on R-squared is almost the same as their ranking based on their tracking error.

Table 5

Fund Name	Tracking error	Annualized Tracking Error	Rank
Philam Strategic Growth Fund, Inc.	0.579%	2.0056%	1
ATRAM Philippine Equity Opportunity Fund, Inc.	1.407%	4.8746%	8
Philequity Fund, Inc.	0.71614%	2.4808%	4
Sun Life Prosperity Philippine Equity Fund, Inc.	0.584%	2.0216%	2
First Metro Save and Learn Equity Fund, Inc.	1.231%	4.2638%	7
ALFM Growth Fund, Inc.	0.71566%	2.4791%	3
Philequity Dividend Yield Fund, Inc.	0.828%	2.8688%	5
United Fund, Inc.	0.979%	3.3926%	6

Then, the information ratios (hereafter IR) of each of the 8 funds were computed. It is considered by many in the investment industry as the best measure of risk-adjusted performance. (Chan Pao, 2017). The ratio measures the active return for every unit of risk taken and is calculated by dividing the active return by the tracking error (Kidd, 2011 as cited in Chan Pao, 2017). A higher figure is preferred as it means an investment manager is efficient in taking risks to generate that active return, and that investment manager is more consistent in outperforming the benchmark index. Kidd (2011) writes that the professional money management industry considers a ratio of 0.2 or 0.3 superior. (Kidd as cited in Chan Pao, 2017)

There are a number of ways of computing for the IR. This study follows the method detailed and employed by David Harper of Bionic Turtle, a provider of review materials for the Financial Risk Management (FRM) certification exam. The average monthly active return was calculated by subtracting the monthly return of the benchmark index from the monthly return of the fund and averaging them. Then, this was divided by the standard deviation of the average monthly active return. The annualized IR was also computed as can be seen in Table 6.

Table 6

Fund Name	Average monthly active return	Tracking error	Information Ratio	Annualized monthly active returns	Annualized Tracking Error	Annualized Information Ratio
Philam Strategic Growth Fund, Inc.	-0.17%	0.58%	-0.29	-2.02%	2.01%	-1.009
ATRAM Philippine Equity Opportunity Fund, Inc.	-0.40%	1.41%	-0.28	-4.80%	4.87%	-0.985
Philequity Fund, Inc.	-0.01%	0.72%	-0.02	-0.14%	2.48%	-0.057
Sun Life Prosperity Philippine Equity Fund, Inc.	-0.11%	0.58%	-0.18	-1.27%	2.02%	-0.627
First Metro Save and Learn Equity Fund, Inc.	-0.19%	1.23%	-0.16	-2.29%	4.26%	-0.537
ALFM Growth Fund, Inc.	-0.18%	0.72%	-0.26	-2.21%	2.48%	-0.892
Philequity Dividend Yield Fund, Inc.	0.04%	0.83%	0.05	0.49%	2.87%	0.17
United Fund, Inc.	0.01%	0.98%	0.01	0.14%	3.39%	0.04

Based on the results, it is frustratingly clear that all 8 funds underperformed their benchmark on a risk-adjusted basis as their annualized information ratio range from -1.009 to 0.17.

It is impossible to invest directly in an index, writes the US Securities and Exchange Commission (SEC) in an investor bulletin dated August 2018 and updated on September 2019. Thus, the 8 funds were compared to one of the oldest index funds tracking the PSEi, the Philequity PSE Index Fund. It was launched in 1999 by Philequity Management, Inc. (hereafter PEMI).

However, it is necessary to ensure that the said index fund closely tracks the PSEi. Thus, its R-squared and tracking error were computed. It was found that the index fund has an R-squared of 99.65% and a tracking error of 0.7614%, making it a very good proxy for the PSEi in this analysis.

The R-squared and tracking error of the 8 funds were then calculated.

It is clear from Table 7 that all 8 funds are closet indexers. Among the 8, ATRAM Philippine Equity Opportunity Fund has the lowest R-squared at 85.58% while Philam Strategic Growth Fund has the highest R-squared at 98.24%.

They were then ranked on how close their performance is to the index fund. Be it based on R-squared or tracking error, there was almost no change in their rankings.

Table 7

Fund Name	R-Squared	Rank	Tracking Error	Rank
Philam Strategic Growth Fund, Inc.	98.24%	1	1.90%	2
ATRAM Philippine Equity Opportunity Fund, Inc.	85.58%	8	4.88%	8
Philequity Fund, Inc.	96.80%	3	2.31%	3
Sun Life Prosperity Philippine Equity Fund, Inc.	97.80%	2	1.83%	1
First Metro Save and Learn Equity Fund, Inc.	87.32%	7	4.31%	7
ALFM Growth Fund, Inc.	96.47%	4	2.35%	4
Philequity Dividend Yield Fund, Inc.	95.83%	5	2.69%	5
United Fund, Inc.	92.08%	6	3.43%	6

Just like in the 1st analysis, the IR of each of the 8 funds was calculated. It is clear that none of the 8 outperformed the index fund on a risk-adjusted basis as can be painfully seen in Table 8.

Table 8

Fund Name	Average monthly active return	Tracking error	Information Ratio	Annualized monthly active returns	Annualized Tracking Error	Annualized Information Ratio
Philam Strategic Growth Fund, Inc.	-0.18%	0.55%	-0.32	-2.11%	1.90%	-1.109
ATRAM Philippine Equity Opportunity Fund, Inc.	-0.41%	1.41%	-0.29	-4.89%	4.88%	-1.001
Philequity Fund, Inc.	-0.02%	0.67%	-0.03	-0.23%	2.31%	-0.0993
Sun Life Prosperity Philippine Equity Fund, Inc.	-0.11%	0.53%	-0.21	-1.36%	1.83%	-0.7394
First Metro Save and Learn Equity Fund, Inc.	-0.20%	1.24%	-0.16	-2.38%	4.31%	-0.5521
ALFM Growth Fund, Inc.	-0.19%	0.68%	-0.28	-2.30%	2.35%	-0.9801
Philequity Dividend Yield Fund, Inc.	0.03%	0.78%	0.04	0.40%	2.69%	0.1478
United Fund, Inc.	0.00%	0.99%	0.003942	0.05%	3.43%	0.0137

Aside from charging less fees, that index fund generated an annualized IR of 0.1166. This figure is higher than the IR of most of the 8 funds. This is very disappointing.

4. Conclusion

To summarize, 8 actively-managed equity funds in the Philippines were scrutinized to determine how close or how far their performance follow that of the PSEi and the Philequity PSE Index Fund. In both instances, it was found that those 8 funds very closely followed the performance of the said benchmark index and the said index fund, making them closet indexers. Aside from that, it was found that those 8 funds underperformed on a risk-adjusted basis, making them unable to justify the fees that they are charging their investors.

The results from this study echo the advice of legendary stock investor Warren Buffett has been giving to the average investor for many years now. That they are better off investing in an index fund rather than investing in an active funds or hedge fund for 2 chief reasons: most active funds underperform their benchmark and yet charge high fees. (Loudenback, 2019).

To quote Buffett: *“By periodically investing in an index fund ... the know-nothing investor can actually outperform most investment professionals. Paradoxically, when ‘dumb’ money acknowledges its limitations, it ceases to be dumb.”*

To illustrate his point, Buffett made a USD 1 Million bet in 2008 with hedge fund manager Ted Seides that an index fund tracking the S&P 500 will outperform a fund of (hedge) funds hand-picked by Seides himself over the course of 10 years. For the period in question, the index fund returned 7.1% compounded annually while the fund of funds returned 2.2% compounded annually. It is clear that Buffett had won the wager. (Martin, 2018)

Moreover, the results of this study corroborate the findings of Tan (2015), albeit for a different

market and using a different risk-adjusted performance metric, that equity funds failed to beat their benchmark on a risk-adjusted basis.

Future research evaluating fund performance can incorporate fund characteristics such as fund size, fund size growth, expense ratio, portfolio turnover, net asset value, and age of the fund, just like what Babbar and Sehgal (2018) did and the Portfolio Drag Index (PDI) just like what Howard (2016) did.

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Appendix A. Monthly returns of PSEi and the active equity funds (March 31,2014- February 28,2020)

Date	PSEi Monthly Return	Philam Strategic Growth Fund, Inc.	ATRAM Philippine Equity Opportunity Fund, Inc.	Philequity Fund, Inc.	Sun Life Prosperity Philippine Equity Fund, Inc.
3/31/2014	0.0579%	0.6569%	0.1973%	0.5769%	0.9112%
4/30/2014	4.3430%	3.4091%	4.5204%	5.0669%	3.1146%
5/30/2014	-0.8983%	-0.5072%	-1.5264%	-0.2903%	-0.9330%
6/30/2014	2.9583%	1.9477%	1.8631%	3.3752%	1.5679%
7/31/2014	0.2997%	0.0115%	0.6389%	0.7495%	-0.4610%
8/29/2014	2.7105%	1.9198%	1.4151%	3.1241%	2.9612%
9/30/2014	3.2929%	2.6513%	3.6342%	4.2411%	3.8262%
10/31/2014	-0.9246%	-1.0360%	1.0029%	-0.8829%	-0.6840%
11/28/2014	1.0900%	0.7354%	0.0479%	1.7100%	1.4362%
12/29/2014	-0.8748%	-1.0850%	0.5476%	-0.3940%	-1.2153%
1/30/2015	6.3527%	6.0135%	1.9447%	3.4309%	4.8429%
2/27/2015	0.5287%	0.2408%	-0.2404%	0.2709%	-0.0117%
3/31/2015	2.7155%	1.4256%	-0.8702%	1.5759%	2.7741%
4/30/2015	-2.8420%	-2.3889%	-1.6724%	-3.0715%	-3.1465%
5/29/2015	-1.7416%	-1.9832%	-3.0811%	-2.3777%	-1.8588%
6/30/2015	-0.2105%	-0.8897%	-3.3586%	-0.2824%	-0.4490%
7/31/2015	-0.1917%	-0.8651%	3.2676%	-0.1055%	-0.3695%
8/28/2015	-5.9760%	-5.1008%	-8.6879%	-5.7641%	-5.3651%
9/30/2015	-2.8854%	-2.9395%	-4.5746%	-3.0476%	-2.6438%
10/30/2015	3.4854%	3.3892%	6.1492%	3.1517%	3.0789%
11/27/2015	-2.9042%	-2.8602%	-4.6415%	-2.9048%	-3.2886%
12/29/2015	0.3610%	-0.1816%	-1.9615%	-0.0388%	0.2412%
1/29/2016	-3.8040%	-3.8355%	-4.6063%	-4.5484%	-4.8543%
2/29/2016	-0.2479%	0.2734%	1.9682%	0.1625%	0.0605%
3/31/2016	8.8631%	7.7502%	10.2138%	7.7320%	8.3681%
4/29/2016	-1.4184%	-1.3168%	-0.9982%	-1.0308%	-1.2118%
5/31/2016	3.3846%	3.0196%	3.5896%	2.8169%	3.2642%
6/30/2016	5.3320%	4.4959%	4.4062%	4.4775%	4.8161%
7/29/2016	2.1403%	2.3375%	4.3084%	2.3057%	1.9489%
8/31/2016	-2.2069%	-2.3734%	-0.5646%	-1.4974%	-2.1186%
9/30/2016	-2.0243%	-2.1496%	-1.8046%	-1.1888%	-1.5515%
10/28/2016	-2.9481%	-3.1917%	-3.0878%	-2.9338%	-2.6957%
11/29/2016	-8.4216%	-7.3774%	-7.7904%	-6.8293%	-7.7457%
12/29/2016	0.8765%	0.1859%	0.8933%	0.0633%	0.7124%
1/31/2017	5.6869%	4.9663%	4.7335%	4.2606%	4.7196%
2/28/2017	-0.2430%	-0.8025%	-0.7884%	-0.0040%	-0.8004%
3/31/2017	1.3814%	0.4721%	1.3294%	1.3918%	0.8146%
4/27/2017	4.7771%	4.4178%	3.8397%	3.9724%	4.5473%
5/31/2017	2.2988%	1.6486%	1.9474%	2.6006%	2.5015%
6/30/2017	0.0771%	-0.6061%	0.1258%	0.0463%	-0.1213%

Date	PSEi Monthly Return	Philam Strategic Growth Fund, Inc.	ATRAM Philippine Equity Opportunity Fund, Inc.	Philequity Fund, Inc.	Sun Life Prosperity Philippine Equity Fund, Inc.
7/31/2017	2.2298%	2.3618%	1.5937%	2.2582%	2.5434%
8/31/2017	-0.7418%	-0.1498%	-0.5863%	-0.6726%	-0.4970%
9/29/2017	2.6746%	2.9815%	1.6079%	2.8936%	2.7938%
10/30/2017	2.3720%	1.2834%	1.8069%	2.1862%	1.7756%
11/29/2017	-1.3297%	-1.2186%	-1.0756%	-0.5954%	-0.7318%
12/29/2017	3.6878%	3.2799%	3.3992%	2.9550%	2.9463%
1/31/2018	2.4022%	1.7518%	1.5109%	1.7021%	1.9888%
2/28/2018	-3.2944%	-2.9223%	-2.6251%	-2.4216%	-3.0524%
3/28/2018	-5.8459%	-5.4254%	-5.2729%	-4.8719%	-5.4380%
4/30/2018	-2.0123%	-1.7916%	-1.3114%	-2.0631%	-1.8142%
5/31/2018	-4.1191%	-3.3725%	-3.4280%	-3.5612%	-3.0890%
6/29/2018	-4.0481%	-3.5382%	-4.6037%	-3.7347%	-3.8525%
7/31/2018	6.6492%	4.9575%	5.6314%	5.1420%	5.9056%
8/31/2018	2.3946%	1.7644%	1.3195%	3.8118%	3.3183%
9/28/2018	-7.3690%	-6.9035%	-7.9667%	-6.7314%	-7.1698%
10/31/2018	-1.8762%	-1.7285%	-1.8460%	-1.4818%	-1.5427%
11/29/2018	3.1870%	3.5869%	2.1506%	2.5027%	3.3226%
12/28/2018	1.3324%	1.0659%	1.0876%	1.0184%	0.2692%
1/31/2019	7.2523%	6.2133%	6.1634%	6.1550%	6.0965%
2/28/2019	-3.7713%	-2.6680%	-2.6542%	-2.8562%	-2.3240%
3/29/2019	2.7959%	2.5721%	2.1292%	2.8693%	3.0924%
4/30/2019	0.4013%	0.1300%	0.5000%	0.1809%	0.3920%
5/31/2019	0.2175%	0.0366%	-0.1956%	0.5191%	0.0896%
6/28/2019	0.3725%	0.4572%	-0.2105%	0.2297%	0.3144%
7/31/2019	0.5761%	0.8992%	0.6717%	0.4768%	1.1849%
8/30/2019	-0.8220%	-1.2899%	-2.6736%	-1.1918%	-2.0232%
9/30/2019	-2.5138%	-2.5496%	-2.8485%	-2.6675%	-2.6072%
10/31/2019	2.5459%	2.0480%	-0.0662%	2.4034%	2.2056%
11/29/2019	-2.9855%	-2.5785%	-4.5705%	-2.9225%	-2.8279%
12/27/2019	0.9859%	0.5301%	-1.7256%	0.5823%	0.4294%
1/31/2020	-7.8624%	-7.2678%	-10.4319%	-7.4555%	-8.3749%
2/28/2020	-5.7338%	-5.1298%	-6.6033%	-5.4106%	-5.9052%

Appendix B. Monthly Returns of the active equity funds (March 31,2014- February 28,2020)

Date	First Metro Save and Learn Equity Fund, Inc.	ALFM Growth Fund, Inc.	Philequity Dividend Yield Fund, Inc.	United Fund, Inc.	Philequity PSE Index Fund, Inc
3/31/2014	-0.3844%	0.3961%	0.4378%	0.2945%	0.9864%
4/30/2014	4.5098%	4.6416%	5.3952%	5.3750%	4.2234%
5/30/2014	-1.3382%	0.0241%	1.1396%	-1.0834%	-0.5266%
6/30/2014	2.0181%	1.2310%	3.6075%	1.8867%	2.7031%
7/31/2014	-1.1725%	-0.3565%	1.5787%	-1.5876%	0.3320%
8/29/2014	0.1033%	0.4770%	4.2566%	1.7522%	2.7364%
9/30/2014	4.8192%	4.4942%	3.5031%	3.8598%	3.0640%
10/31/2014	-1.3496%	-1.0184%	-0.7601%	-2.6409%	-0.9725%
11/28/2014	2.0576%	1.4917%	1.7173%	0.5124%	0.9239%
12/29/2014	0.9655%	-1.5339%	-0.3805%	-1.3646%	-0.9319%
1/30/2015	4.6144%	5.1594%	4.8138%	6.9731%	5.7291%
2/27/2015	-0.0051%	1.8526%	0.3188%	-0.0116%	0.4105%
3/31/2015	2.2913%	2.7015%	1.8767%	2.4914%	2.7403%
4/30/2015	-2.5032%	-2.5017%	-3.2608%	-2.2812%	-2.8195%
5/29/2015	-2.1221%	-3.0441%	-2.1345%	-0.0520%	-1.7220%
6/30/2015	-0.8539%	-0.8319%	0.1569%	-1.0667%	-0.2831%
7/31/2015	0.5564%	-0.5159%	-0.1645%	0.1140%	-0.2579%
8/28/2015	-6.0657%	-4.7942%	-5.1236%	-5.4518%	-5.2690%
9/30/2015	-1.0074%	-3.3506%	-2.7208%	-2.7133%	-2.8857%
10/30/2015	4.8781%	3.1059%	2.7969%	5.7969%	3.1283%
11/27/2015	-3.3520%	-2.9337%	-2.7291%	-5.5392%	-2.8708%
12/29/2015	-1.3069%	-0.2998%	-0.3146%	-0.0254%	0.2653%
1/29/2016	-6.6495%	-3.7385%	-4.2729%	-4.8207%	-3.7504%
2/29/2016	1.5707%	-0.1055%	0.2049%	-1.2045%	-0.2907%
3/31/2016	5.1129%	7.5008%	7.4420%	8.6694%	8.8893%
4/29/2016	-0.1996%	-1.2383%	-0.8937%	-1.5197%	-1.4052%
5/31/2016	1.8303%	3.0290%	2.9559%	4.0141%	3.2884%
6/30/2016	1.4570%	4.4041%	4.3390%	4.8331%	4.9998%
7/29/2016	2.5496%	1.7539%	2.2309%	3.2038%	1.8694%
8/31/2016	-1.8804%	-2.1492%	-1.2546%	-2.7089%	-2.0027%
9/30/2016	-1.5390%	-1.2338%	-1.1319%	-1.0405%	-1.5692%
10/28/2016	-3.0610%	-2.8861%	-3.0685%	-3.9059%	-3.0146%
11/29/2016	-6.3767%	-7.6911%	-6.3555%	-7.2078%	-8.5082%
12/29/2016	0.5946%	0.8059%	-0.2574%	1.0747%	0.8549%
1/31/2017	4.6123%	4.9300%	4.4645%	6.5378%	5.5738%
2/28/2017	-0.2845%	-0.3452%	0.2553%	-2.4601%	-0.2300%
3/31/2017	-0.2130%	1.2623%	0.9199%	0.2364%	1.8526%
4/27/2017	3.7829%	4.8329%	3.7357%	4.9766%	4.6502%
5/31/2017	1.9791%	2.2844%	1.8986%	3.6501%	2.4400%
6/30/2017	2.3384%	0.2017%	-0.1771%	-0.5218%	-0.1132%
7/31/2017	2.4694%	1.5921%	2.2368%	2.7861%	2.1502%

Date	First Metro Save and Learn Equity Fund, Inc.	ALFM Growth Fund, Inc.	Philequity Dividend Yield Fund, Inc.	United Fund, Inc.	Philequity PSE Index Fund, Inc
8/31/2017	-1.4167%	-0.8826%	-0.3772%	-0.1394%	-0.5606%
9/29/2017	2.5591%	2.6896%	2.7187%	3.2590%	2.6692%
10/30/2017	2.3120%	1.8582%	1.8505%	2.0878%	2.2755%
11/29/2017	-0.1143%	-1.5950%	-1.0496%	-0.5696%	-1.3962%
12/29/2017	2.6636%	3.5453%	2.7286%	2.6776%	3.6668%
1/31/2018	0.8149%	1.2345%	1.0753%	1.2274%	2.2418%
2/28/2018	-4.0978%	-3.2003%	-2.9167%	-2.7992%	-3.2924%
3/28/2018	-4.4105%	-5.1679%	-4.6299%	-3.7290%	-5.5487%
4/30/2018	-1.8427%	-2.0220%	-1.8034%	-1.2711%	-1.9230%
5/31/2018	-2.3888%	-3.7417%	-3.1073%	-1.8923%	-4.0388%
6/29/2018	-5.0072%	-3.7626%	-3.3669%	-3.2693%	-3.9982%
7/31/2018	6.9043%	5.5553%	4.9491%	5.5141%	6.5458%
8/31/2018	2.1842%	1.7620%	3.5802%	2.4052%	2.4602%
9/28/2018	-6.8579%	-6.9146%	-6.2505%	-7.2463%	-7.3488%
10/31/2018	-2.8196%	-1.6377%	-1.3643%	-1.8320%	-1.9907%
11/29/2018	4.0172%	2.0843%	2.3300%	3.2183%	3.1773%
12/28/2018	1.3457%	1.5746%	0.8931%	0.7716%	1.2620%
1/31/2019	5.5122%	6.1888%	5.5343%	5.8797%	7.1792%
2/28/2019	-2.8836%	-3.5730%	-3.1888%	-2.5040%	-3.6370%
3/29/2019	1.9011%	2.6678%	2.6694%	3.0139%	3.0577%
4/30/2019	0.2198%	-0.3017%	0.3421%	1.0693%	0.6404%
5/31/2019	0.0381%	0.1097%	0.9319%	0.1622%	0.3916%
6/28/2019	-0.1903%	0.8653%	0.4504%	-0.1035%	0.3825%
7/31/2019	0.2578%	0.4308%	0.4558%	0.5579%	0.5100%
8/30/2019	-0.8728%	-2.7416%	-1.4580%	-1.2179%	-0.7416%
9/30/2019	-2.4368%	-3.8698%	-2.8233%	-1.9390%	-2.5859%
10/31/2019	1.6832%	2.2501%	2.3305%	1.7864%	2.4296%
11/29/2019	-2.8208%	-2.3294%	-2.6342%	-2.5723%	-2.8900%
12/27/2019	0.9815%	0.6272%	0.3353%	0.4950%	0.9411%
1/31/2020	-7.0512%	-7.0626%	-7.3510%	-7.1675%	-7.9487%
2/28/2020	-5.3716%	-5.5062%	-5.2168%	-4.8878%	-5.7837%