

KEY ECONOMIC DEVELOPMENTS

Philippines

**Recent Developments:** BSP continues its easing cycle, cutting policy rates by 25bps to 6.0%, as headline inflation in September decelerates to 1.9% YoY, vs. 3.3% in August, and lower than consensus estimates. We saw the Peso depreciate back to above 57 level, while T-bills rose after several Fed member's statements supporting more gradual easing, right before the BSP's monetary board meeting. The International Monetary Fund (IMF) maintains their PH GDP growth outlook of 5.8% this year and 6.1% in 2025, as rating agency Moody's sees 'moderate' risk from consumer lending sector in the country.

**Fixed Income:** On month-on-month basis, PHP GS yields rose across the curve with the 1Y, 5Y, and 10Y yields up 9.6, 19.0, and 13.9 bps, respectively. PHP GS yields for 1Y, 5Y, 10Y closed the month of October at 5.60%, 5.76%, and 5.88%, respectively.

**Equities:** The Philippine Stock Exchange Index (PSEi) hit a high of 7,554.68, before settling at 7,142.96 by end of October, -1.8% MoM, as investor optimism on the start of the BSP and Fed rate cut cycle, turned to caution ahead of the US Presidential elections. Top gainers for the month were MER, CNPF, and MONDE, while stocks such as JGS, WLCON, and ALI were laggards. Turnover in October eased to USD96.6m/day on average, while foreign flows were mixed leading to net inflows for the year of +USD60.3m.

Global

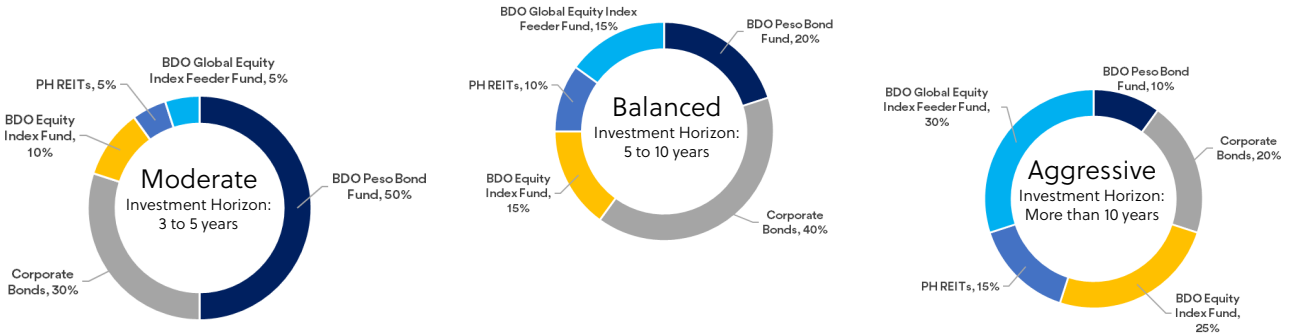
**Recent Developments:** The IMF lowers global growth forecast for 2025 to 3.2%, previously at 3.3%, warning of accelerating risks ranging from wars to protectionism. We also saw rate cuts in the Eurozone and China, with the European Central Bank (ECB) cutting rates for the second time in a row, down to 3.25%, while the People's Bank of China (PBOC) cuts lending rates by 25bps following preliminary GDP estimates of 4.6% YoY in 3Q24. US inflation increased 2.4% YoY in September, topping expectations amidst broad declines in energy and gasoline prices, while shelter and food prices drove 75% of the monthly increase. US retail sales increased 0.4% YoY in September, as lower gasoline prices gave consumers more money to spend at restaurants and bars.

**Fixed Income:** On a month-on-month basis, US Treasury yields rose across the curve by as much as 60bps on the belly. US Treasury's 1Y, 5Y, and 10Y tenors ended the month at 4.27%, 4.16%, and 4.29%, respectively.

**Equities:** The S&P 500 declined by 57pts or -1.0% MoM to close August at 5,705.5 level. Global markets were choppy amidst 3Q24 earnings reporting season, and ahead of to the US Presidential elections in early November, as investor recalibrate their positions.

CONSTRUCTING AN INVESTMENT PORTFOLIO

BDO Trust provides you with different types of investments to help you build a diversified investment portfolio. You can diversify through different asset classes, geographies and currencies. These portfolio models are designed to fit your risk profile and investment horizon with the objective of achieving your financial goals. Bonds provide a steady stream of income while equities provide opportunities to grow your capital.



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\* These portfolio models express long term views of BDO Trust and Investments Group.

KEEP A PORTION IN CASH

Fund Name	YoY Returns	Past 3 Years Returns	Why Invest?
BDO Peso Money Market Fund	4.54%	9.34%	The BDO Peso Money Market Fund invests in a portfolio of BSP issued securities, time deposits and short term bonds, allowing you to keep your funds in a highly liquid and low volatility UITF as you wait for better investment opportunities. This Fund is an ideal investment alternative especially during periods of market volatility.
BDO Dollar Money Market Fund	4.17%	7.91%	The BDO Dollar Money Market Fund complements your US Dollar savings with better returns derived from short term dollar denominated fixed income securities.

Build a diversified investment portfolio through BDO Invest, an investment management account (IMA), starting at PHP 1 Million or USD 25,000. Every security that is available under BDO Invest has passed the stringent review and evaluation process of BDO Trust so you are ensured that you will be invested in high-quality instruments.

You may invest in bonds, which will allow you to preserve your capital and generate income through regular coupon payments. Bonds provide more stable returns compared to stocks, reducing the overall volatility and risks of your portfolio. For your short term investment needs, you may also consider investing in time deposits to take advantage of prevailing high interest rates. Bonds and time deposits are also available in different tenors and currencies, allowing you to fine tune your portfolio depending on your needs.

INVEST IN TDs AND BONDS
For updated rates and offers, visit the BDO branch nearest you.

Time Deposits

Currency	Bank	Term	Maturity Date	Gross Rate	Net Rate to Client (Net of Tax and Trust Fees)			
					Minimum Placement/Aggregate			
					Php 50 Mn	Php 10 Mn	Php 3 Mn	\$ 25K
PHP*	BDO	77 days	06 Feb 25	5.875%	4.60%	4.50%	4.30%	n/a
PHP*	BDO	181 days	21 May 25	5.500%	4.30%	4.20%	4.00%	n/a
USD**	BDO HK	180 days	20 May 25	4.200%	n/a	n/a	n/a	3.95%
USD**	BDO SG	365 days	21 Nov 25	3.800%	n/a	n/a	n/a	3.55%

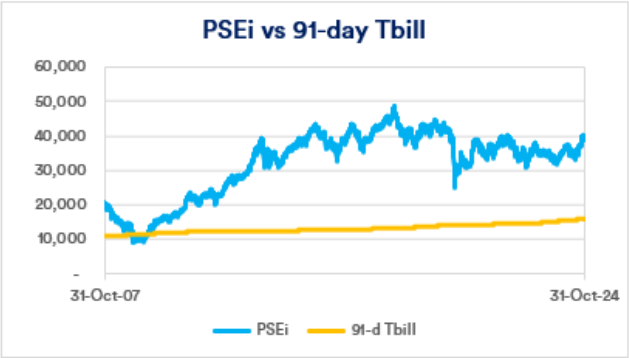
\*other bank TD special rate = 6.05% gross 63days, minimum of P10M per certificate; 6.125% gross 62days, minimum of P20M per certificate
\*\*BDO SG/HK TD bookings cannot be pre-terminated

Bonds

Currency	Bond Issuance	Term to Maturity	Maturity Date	Net Effective Yield to Maturity	Coupon Rate	Coupon Frequency	Gross Yield	Gross Price
PHP*	TBILLS	0.99 yrs	19 Nov 25	4.50%	NA	NA	5.7500%	94.5300
PHP*	FXTN 07-64	3.42 yrs	22 Apr 28	4.55%	3.6250%	2	5.8150%	93.3000
USD**	US Tbills 3Mos.	0.25 yrs	20 Feb 25	4.12%	NA	NA	4.3300%	98.9175
USD***	ROP 28 3.0 2/1/28	3.18 yrs	1 Feb 28	4.36%	3.00%	2	4.6373%	95.1900

\*subject to minimum of PhP1.1M face value per certificate; For TBILLS new accounts - minimum of PhP5M face value, increments of P10k
\*\*subject to minimum face amount of USD 100K, increments of USD 1K (for new and existing accounts)
\*\*\*subject to minimum aggregate order of USD 200K face amount

Historically, stocks or equities have provided better long term returns compared to bonds or deposits. Having equities in your investment portfolio can help you maximize your income, build your savings and combat inflation. However, equity prices tend to rise and fall over time. As such, it is ideal to have a long-term perspective to smooth out these fluctuations over time.



## FUND HIGHLIGHT OF THE MONTH

Fund Name	Past 3 Years Fund Return	Past 3 Years Benchmark Return	Why Invest?
BDO Dividend Fund	13.55%	1.25%	The BDO Dividend Fund invests in companies that have a history of high-quality dividend payouts. The Fund grows from regular dividend income and price appreciation from its stock holdings. The Fund has outperformed the PSEi since its inception in 2013.

## LOOK INTO EQUITIES

Fund Name	Past 3 Years Fund Return	Past 3 Years Benchmark Return	Why Invest?
BDO Focused Equity Fund	11.94%	1.25%	The Fund invests in a concentrated portfolio of stocks that are selected based on their operational performance, valuation, and market sentiment that have high growth prospects over the long term. The Fund has outperformed the PSEi over the past 5 years.
BDO ESG Equity Fund	9.60%	1.25%	The BDO ESG Equity Fund invests in listed companies exhibiting good environmental, social and governance (ESG) practices. The increasing emphasis on sustainable investing, coupled with the recent market correction, present good opportunities to enter the market. The Fund has outperformed the PSEi since its inception in 2015.

## DIVERSIFY INTO GLOBAL FEEDER FUNDS

Fund Name	Past 3 Years Fund Return	Past 3 Years Benchmark Return	Why Invest?
BDO Global Equity Index Feeder Fund	20.59%	23.09%	Gives access to the world's largest and most well-known corporations such as Apple and Microsoft by investing in a target fund that tracks the MSCI World Index. The Fund does not have exposure to Russian stocks.

## CONTACT US

If you want to know more about creating your investment portfolio or other available investment outlets, email us at [BDOInvest@bdo.com.ph](mailto:BDOInvest@bdo.com.ph) and we shall contact you within the next three working days.

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