

## KEY ECONOMIC DEVELOPMENTS

### Philippines

**Recent Developments:** August CPI came out at 3.3%, lower than 3.6% consensus expectations on lower food and transportation prices, setting the stage for another cut in October. Philippine unemployment rate rose to 4.7% from 3.1% in June, though underemployment improved at 12.1% from 15.9% last year. Overseas Foreign Worker (OFW) remittances up by 3.1% YoY in July, a 7-month high. The BSP is eyeing a substantial reduction in the banks' reserve requirement ratio (RRR). Lower RRR for universal and commercial banks will inject more liquidity into the financial system and support economic activity.

**Fixed Income:** On month-on-month basis, PHP GS yields declined across the curve with the 1Y, 5Y, and 10Y yields declining 50, 47, and 33bps, respectively. PHP GS yields for 1Y, 5Y, 10Y closed the month of September at 5.51%, 5.57%, and 5.74%, respectively.

**Equities:** The Philippine Stock Exchange Index (PSEi) broke through the 7,000 level, settling at 7,272 by end of September, roughly 5.4% MoM, as investor optimism was buoyed by the start of the BSP and Fed rate cut cycle. Top gainers for the month were conglomerates JGS and GTCAP, while other consumer stocks such as URC and PGOLD also gained on lower inflation outlook. Trading volume improved to USD133m on average, while foreign interest improved, with total net foreign buying of USD346m, the highest level since Dec 2021.

### Global

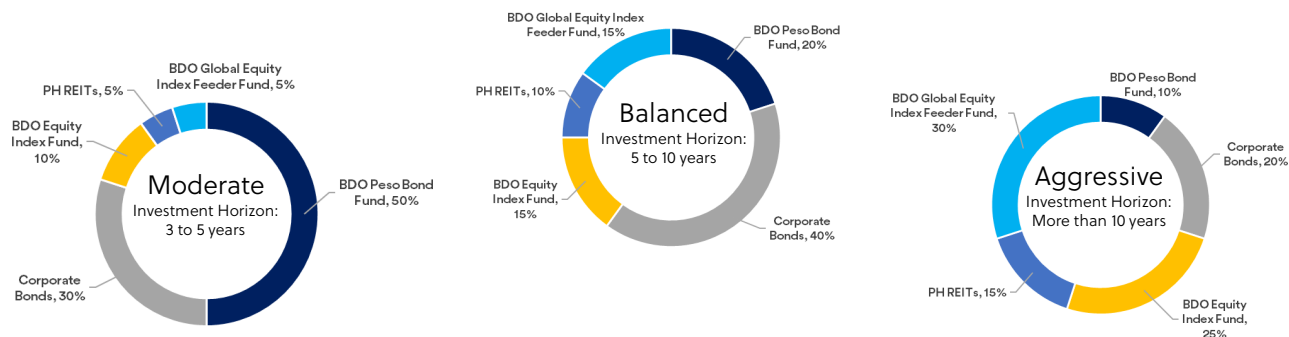
**Recent Developments:** The US FOMC kicked off their monetary easing cycle with a 50bp rate cut, lowering their policy rate to 5.50%. This larger rate cut comes despite majority of surveyed economists expecting only a 25bp cut on September 18, as opposed to Fed Fund Futures implying a 50bp cut. This follows August headline inflation slowing down to +0.2% MoM and PCE inflation at +0.1% MoM. Real GDP growth in the US was unchanged at 3.0% annualized in 2Q, nearly double the modest 1.6% in 3Q24. China introduced a broad stimulus package to revive its slowing economy. The Bank of Japan (BOJ) remained on hold at 0.25% citing that there is no need to rush rate hike. Eurozone inflation falls to 3-year low of 2.2% in August, backing its second rate cut this year, while maintaining its inflation forecast of 2.5% this year.

**Fixed Income:** On a month-on-month basis, US Treasury yields were down across the curve by as much as 39bps on the shorter end. US Treasury's 1Y, 5Y, and 10Y tenors ended the month at 4.02%, 3.56%, and 3.78%, respectively.

**Equities:** S&P 500 rose by 114.1pts or 2.0% MoM to close August at 5,762.5 level. Global markets rallied following the Fed's outsized 50bp rate cut, with the Dow Jones and S&P recording recent highs. Macro data released towards the end of the month indicate a soft landing for the US economy.

## 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.



Build your own personalized investment portfolio with BDO UITFs. Start investing in bond funds, equity funds, and global feeder funds for as low as P10,000 or USD500. You can open an account and invest via BDO Invest Online or through your BDO branch of account.

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

# Portfolios and Perspectives

As of September 30, 2024



## KEEP A PORTION IN CASH

Fund Name	YoY Returns	Past 3 Years Returns	Why Invest?
BDO Peso Money Market Fund	4.50%	8.95%	The BDO Peso Money Market Fund invests in a portfolio of 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	4.30%	7.70%	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	92 days	17 Jan 25	5.875%	4.60%	4.50%	4.30%	n/a
PHP*	BDO	203 days	08 May 25	5.625%	4.40%	4.30%	4.10%	n/a
USD**	BDO HK	181 days	16 Apr 25	4.47%	n/a	n/a	n/a	4.22%
USD**	BDO SG	365 days	17 Oct 25	4.10%	n/a	n/a	n/a	3.85%

\*other bank TD special rate = 6.075% gross 49days; minimum of P10M 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	15 Oct 25	4.18%	NA	NA	5.4750%	94.7800
PHP*	FXTN 07-65	3.82 yrs	12 Aug 28	4.31%	3.7500%	2	5.5250%	93.9600
USD**	US Tbills 3Mos.	0.24 yrs	16 Jan 25	4.24%	NA	NA	4.4500%	98.8875
USD***	ROP 28 3.0 2/1/28	3.28 yrs	1 Feb 28	3.91%	3.00%	2	4.1926%	96.3790

\*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)

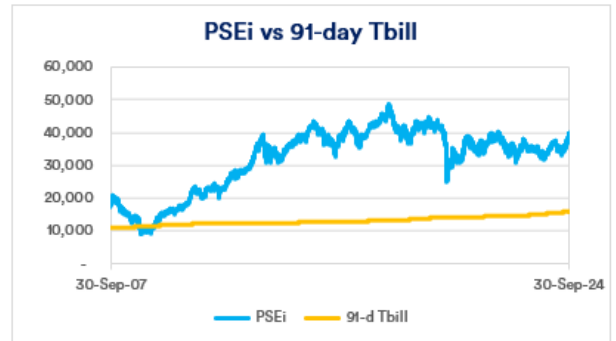
\*\*\*subject to minimum aggregate order of USD 200K face amount

## UPCOMING FIXED INCOME ISSUANCES

Issuer	Currency	Coupon Freq	Gross Coupon Rate (indicative)	Net Coupon Rate (indicative)	Tenor	Issue Date (indicative)	Maturity Date (indicative)
Ayala Land Inc. (ALI)* Sustainability Linked Bonds	PHP	4	6.0368% - 6.5368%	4.5794% - 4.9794%	10 yrs	13 Nov 2024	13 Nov 2034

\* Ideal for investors with at least Balanced risk profile. Minimum investment amount of Php 1M, increments of Php 10k. Deadline of reservation: Oct 22, 2024 (11:45am cut-off)

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	17.61%	4.60%	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	16.56%	4.60%	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	12.41%	4.60%	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	26.13%	28.71%	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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