

# Five Investment Ideas to turn challenging times into investment opportunities



## 1 Invest for the long term

Put this as your top “reminder to self.” Investing for the long-term means defining a particular goal for your investments, be it for graduate studies, a child’s education, or retirement. It allows you to:

- Save more and develop good financial discipline
- Earn through the increase in value or prices of investment assets over time
- Weather downturns in the market
- Maximize earnings from your investment
- Have a more secure future

## 2 Keep a portion in cash

There will always be unforeseen events during your investment journey. The lockdown is an example where we have seen funds drained from those who were forced to stop working. This is what emergency funds are for.

As a rule of thumb, a good emergency fund is equivalent to 6 months’ worth of expenses. Having an emergency reserve of cash ensures financial stability, instills financial discipline and keeps your stress level down.

Money market funds are a great place to hold them because they are low risk but still provide some income. BDO Trust and Investments Group makes available peso and dollar-denominated money market funds. Some of these funds can be redeemed and allow you to withdraw the money on the same day.

### **3 Invest in bonds**

Government or private corporations may borrow money by issuing bonds. It usually pays regular interest either quarterly or semi-annually. Some bonds are as short as one year or as long as 10 years or even longer and may also be in different currencies.

For corporate bonds, you take the risk of the company issuing the bond. Look for bonds that have been subjected to credit evaluation and made part of the recommended list of BDO Trust and Investments Group.

### **4 Consider equities**

Large local companies that you may be familiar with are mostly listed and traded in the Philippine Stock Exchange (PSE). When you buy equities, you become a part owner of these companies. The growth of these companies may translate to better stock prices resulting to capital gains.

The current low levels of equities provide a very good opportunity for investors to add them to their portfolio. This is turning a negative into a positive!

Equities still provide the best enhanced returns over time. The BDO equity funds have ranked in the top quartile against competitors in terms of return performance in 2019.

### **5 Consider investing in US Dollar assets**

A resilient and diversified portfolio should invest in US Dollar denominated investment funds that invest in stocks traded in the US, Europe and China. Global and emerging market investment funds even allow you to invest in several countries at the same time.

Investing in other countries outside of the Philippines allows you to take advantage of growth opportunities globally while diversifying your risks. This lets your investments potentially grow more. While in lockdown, you may want to read more on the various BDO Global Feeder Funds.

Keep in mind these five investment ideas throughout your investment journey. Remember that well-diversified portfolios — those that have different investments in cash, bonds, equities, and US Dollar investments — will always deliver a smoother ride during periods of volatilities. Trust in the value of a long-term plan.