

BDO Private Bank

Managing Wealth

Experience
is the new

LUXURY



- CELEBRATING 20 YEARS OF PRIVATE BANKING -

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A LETTER FROM THE PRESIDENT



From a very young age, I believe we've all been taught that life is a big cycle. There are no blooms in summer without the rains after all—and both are essential in growing and learning.

One might think that lessons like these grow fraught once you get older, but each year that passes proves how indelibly relevant this simple message is. As BDO Private Bank celebrates its twentieth anniversary, our years of

service are proof of this truth. After an economic winter, we experienced a scorching revenge spending season last year. This brings us to where we are now, with a more tempered outlook on our economy this 2023.

Throughout our twenty years, the Bank has been determined to adapt and grow with the shifting financial landscape, staying ahead of the curve with cutting edge practices. Driven by a culture of trust and integrity, BDO Private Bank is set up not only to take care of families but to serve entire generations of Filipinos.

Here at BDO Private Bank, we work closely with our clients to deliver exemplary service. As a domestic-grounded financial institution that is the Private Bank of choice for Filipinos, we understand the intricacies of doing business in the country and the needs of our clients at its core. Behind world-class wealth management and investment solutions is a desire to guide families and businesses towards a secure future.

BDO Private Bank strives to enable our clients to celebrate the highs of life at its fullest and provide security amid the lows that may come. Our team of wealth advisors and relationship managers help clients navigate this dynamic landscape of triumphs and trials, while safeguarding the principles that many of this country's companies are built on.

We have weathered long rains and dry seasons in recent years, but now is the time to look forward and navigate our financial landscape with more confidence. In this issue of BDO Private Bank Managing Wealth, we make up for lost time with stories that fit a more optimistic season.

When you flip through adventures in Palawan and regions all over the world, we hope to inspire wonder among all of our clients who have been with us all these years. Thank you for putting your trust in us these past twenty years. Enjoy reading!

Albert S. Yeo
President, BDO Private Bank

BDO Private Bank strives to enable our clients to celebrate the highs of life at its fullest and provide security amid the lows that may come.

The Art of GIVING

— Irish Catilogo and Patricia Villoria —

FOUNDED BY LAURENCE LIEN AND
STANLEY TAN, THE ASIA PHILANTHROPY CIRCLE
TRANSFORMS PRIVATE INITIATIVES INTO THE PUBLIC
GOOD BY ADDRESSING SYSTEMIC CHALLENGES
THROUGH COLLABORATIVE PHILANTHROPY.

THERE IS A CLASSIC STORY about the anthropologist Margaret Mead who once said that the first sign of civilization is a healed femur, a long bone that connects the hip to the knee.

“Helping someone through difficulty is where civilization starts,” she’s often quoted to say. While the world can be harsh and unforgiving, healing is a marker of human kindness. Whatever doubts there might be in the veracity of this story, the essence of the anecdote is clear: Humanity is at its best when we are in the service of others.

In the modern day, this culture of giving comes in many forms. Some are in medical service, some teach the younger generations—and for some, they give best in the field of philanthropy.

MAKING A COLLECTIVE IMPACT

Founded in 2015, philanthropists Laurence Lien and Stanley Tan created the Asia Philanthropy Circle (APC), a membership platform with the primary objective of fostering change for the public good by addressing systemic challenges through peer exchanges and collaborative projects. Headquartered in Singapore, it is a registered charity with members from 13 markets across the Asia-Pacific region.

The two co-founders created APC because they felt the need to learn to support philanthropists in the region better. At a glance, this practice may seem easy to do but there have been struggles along the way when trying to make a meaningful impact in the region. This is where APC hopes to come in. “Many were reinventing the wheel and making the same mistakes, and there was no place for philanthropists to come together to share their experiences and aspirations,” Lien says.



After all, it is better to start with the familiar. Lien advises to reflect on your and your family's personal history to identify what issues you hope to address.

Lien believed that philanthropists needed a respected, forward-thinking, and innovative central body to continuously harness their collective intelligence and efforts for catalytic action in Asia. APC enables Asian philanthropists to grow the impact of their philanthropy through exchange, coordination, and collaboration with the APC's community of progressive givers.

One of the projects closest to Lien along with other members was the building of the Assisted Living Facility (ALF) based in Singapore. The ALF Pilot is a purpose-built facility for seniors with growing physical limitations and medical needs who want to live their lives in a home-like environment. It seeks to set the benchmark higher for senior assisted living in Singapore by demonstrating a community-centric model of residential care for seniors who need help with their day-to-day way of life yet want to live independently and purposefully.

Despite the efforts and willingness to materialize the concept, Lien said that the project was paused due to the coronavirus pandemic that struck late 2019. "I am still confident that we will succeed. But it does show that collaboration is not easy, and that we must be very patient if we want to create change," Lien says.

CHARTERING YOUR JOURNEY

The burgeoning wealth in the region, the emergence of local philanthropic institutions, the growing awareness of heightening socio-economic issues, and the public attraction for sustainable developments signal a positive forecast in the philanthropic sector.

As more and more people become interested in venturing out into the world of philanthropy, Lien wants people to

preface their entry with the understanding that the best use of philanthropic resources is to be more strategic and collaborative. He believes that the sector is still highly fragmented as there are a large number of foundations and groups who operate their programs independently from others. "We need to join up efforts more to tackle issues at the scale necessary. Philanthropy can be more focused on long-term, sustained impact," Lien says.

"For APC especially, because of our core belief in the power of collaborative philanthropy and social innovation, we look for opportunities where collaboration amongst our members and with other ecosystem actors are possible," he notes. "In other words, we connect those whose vision and values align because this often unlocks systemic change that is beyond the ability of any one individual or organization can make."

In his engagements with interested philanthropists in the country, he has outlined a number of tips when starting out in the field. The first step of the process is to hone your focus when giving. In choosing a particular societal issue to tackle, he asks: "What do you feel is most needed in your community?"

After all, it is better to start with the familiar. Lien advises to reflect on your and your family's personal history to identify what issues you hope to address. Afterwards, you can assess the skills and experience that you wield that can better inform your decision-making. Appraise who else will take part in this venture: Will your family be affected by major giving decisions? Is it a family-wide undertaking or should each member have the opportunity to find out their own giving style?

The next matter to assess is the manner of giving. Perhaps you'd like to support an individual programme or an organization, consider if you'd like to give anonymously or publicly. There are also organizations that make use of proven philanthropy models while others are more experimental in approach, ones that strive for immediate results or long-term impact in the future.

Lien recommends volunteering and trying a more hands-on involvement on the ground first before giving to donor-advised funds and private trusts. "It is often through encountering and empathizing that our generous spirit gets unleashed," he adds.

While philanthropy may be diverse, he suggests to give it a try and to keep an open mind. Lien says all of this with experience. From his personal philanthropy journey, he wants to impart these takeaways to newcomers to philanthropy: the first is that philanthropy is



You should build an eco-system, not an ego-system. When your hard work all comes together at the end, you will find deep satisfaction in having built a better society.

Laurence Lien,
Co-Founder and
CEO of the Asia
Philanthropy Circle.

complicated—more so than investing. The second is that in your own personal journey, you should build an eco-system, not an ego-system. And lastly, when your hard work all comes together at the end, you will find deep satisfaction in having built a better society.

The philanthropic landscape is expected to continuously change as more modern, budding philanthropists come into the fore. Lien expects the next generation to be more global in outlook and more involved in the effectiveness and impact of programs in the community. Through the efforts of organizations like the APC, this space can have less false starts and more meaningful impact in the future.

Thriving through SUSTAINABILITY

— Shelby Parlade —

IN SUSTAINABLE FINANCING, BDO UNIBANK MOBILIZES CAPITAL IN LINE WITH THE ESG PRINCIPLES.

THE TRADITIONAL APPROACH to business is driven by the profitability of investment opportunities. Nowadays, stakeholders look at how a company effectively manages its environmental and social impact and manifests good governance practices, in addition to business performance.

Sustainable finance is an urgent concern in the global financial market. Investors increasingly gravitate toward assets that have a positive social impact and companies that have adopted an Environmental, Social, and Governance (ESG) framework that addresses the impact of climate change and social inequity in their business.

In the face of global sustainability challenges—from the widening gap in poverty and inequality to the rising environmental degradation and worsening climate change—ESG issues were first defined in the 2006 United Nations’ Principles for Responsible Investment report “Who Cares Wins.” And for the first time, the global financial industry was strongly urged and later mandated to incorporate the ESG risks assessment and opportunities.

Locally, in 2020, the Bangko Sentral ng Pilipinas issued Circular No. 1085, on transitioning to a Sustainable Finance Framework, which requires banks to embed sustainability principles in their corporate governance framework, risk management systems, and strategic



objectives. Sustainable financing brings about financial products and services that integrate ESG criteria into business decisions in support of economic growth while providing lasting benefits for both clients and society as well as reducing pressures on the environment.

The term “ESG” has only entered global prominence in the past two decades, but the question behind its principles is far older: How do we meet our current needs for resources without compromising the ability of future generations to meet their own?

THE NEW BREED OF CORPORATE STEWARDSHIP

BDO has long recognized the critical role financial institutions play in the country’s pursuit of sustainable and resilient growth. Since 2010, BDO has been

a pioneer in sustainable finance and has achieved a robust portfolio of green and social impact projects.

The Bank defines eligibility criteria in six green areas and two social areas. The green eligible categories are: renewable energy; green buildings; clean transportation; resource efficiency; pollution prevention and control; environmentally sustainable management of living natural resources and land use; and, sustainable water and wastewater management. The eligible categories under the social areas are employment generation and food security.

FUELLING THE FUTURE

But what does having the financial backing of BDO look like in practice? To assist in the country’s transition to a low-carbon economy, BDO established its own Sustainable Energy Finance Program as far back as 2010 in part of a joint

loan program by the International Finance Corporation (IFC).

In 2021, BDO financed a mix of 54 renewable energy projects amounting to PHP548 billion, accounting for 2,230 megawatts of total installed capacity nationwide. Apart from wind, solar, geothermal, and hydro, BDO has invested in biomass as an energy source. Biomass offers clean energy opportunities for the Philippines, where there is an abundant supply of renewable organic material from agricultural crops and forest residues, animal and municipal solid waste, and aquatic biomass. Biomass is then converted to renewable liquid and gaseous fuels as an alternative to fossil fuels.

Surallah Power Generation, Inc. is among BDO’s clients engaged in renewable energy power generation through its biomass-fired power plant in South Cotabato. As Surallah started out as a producer of veterinary products and animal feeds, they recognized the need for a reliable banking partner to provide financing as they ventured into the power plant business.

“BDO is very supportive of our endeavor. The Bank provides technical advice on how to efficiently and effectively manage and operate the power plant. Our credit facilities, lease lines, and term loans are readily available and tailor-fit to our corporate requirements,” said Atty. Rio Balaba, spokesperson of Surallah.

BDO leads in biomass energy financing, having funded the first biomass power plant in the country in 2013. With 15 biomass projects in its portfolio, biomass power plants funded by the Bank have generated employment for 170,915 farmers nationwide in 2021. The projects also resulted in the avoidance of greenhouse gas emissions of 487,250 metric tonnes by converting 1,583,082 tonnes of agricultural waste to raw material fuel.

Surallah benefits various stakeholders as farmers’ cooperatives and millers earn extra income by selling their agricultural



waste, such as rice and corn husks, as raw material for the power plant. Moreover, residents and entrepreneurs have access to more affordable electricity. With its successful partnership with BDO, Surallah is set to construct its second biomass-fired power plant in Palawan.

SUSTAINABILITY BONDS

Over the years, BDO has played a catalyst role in pioneering new financial instruments for sustainable energy finance.

In 2017, BDO issued US\$150 million in green bonds to expand the financing of private sector investments for climate-smart projects in the areas of renewable energy, green buildings, and energy-efficient equipment in the Philippines. The IFC was the sole investor of the issuance, marking its first green bond investment in a financial institution in East Asia and the Pacific.

Last 2022, BDO Unibank raised PHP52.7 billion for its first ASEAN Sustainability Bond. The offering was oversubscribed by over tenfold the original offer on the backs of retail and institutional investors—making it the largest bond offering in the country.

Reinforcing the Bank's commitment to sustainable finance, BDO issued its maiden blue bond amounting to US\$100 million in 2022 from financing from the IFC. This marks a milestone for the Bank, being the first private sector issuance in Southeast Asia of a blue bond using the IFC Blue Finance Guidelines, a bond-specific framework and metrics to monitor the use of proceeds and to report on relevant impact. This issuance will fund projects that preserve clean water resources and wastewater management that will help prevent marine pollution while supporting the country's climate goals.

At present, severe and extreme water scarcity exists in parts of Luzon, even more so in the Greater Metro Manila Region. Available supply cannot keep up with rapid urbanization and the growing population. The blue bond-financed projects assist in providing solutions to a systemic issue that ensure the availability of water for future generations.

"We welcome IFC's timely support for BDO's maiden blue bond issuance, which reinforces our commitment to sustainable finance and allows us to provide more support to critical areas such as water conservation, wastewater treatment, plastic recycling, sustainable tourism, fisheries, and sustainable seafood processing," said Teresita Sy-Coson, Chairperson of BDO Unibank, Inc.

BDO bonds adhere to the International Capital Market Association (ICM's) Green Bond Principle and IFC's Blue Finance Guidelines. As part of BDO's PHP365 billion bond program, BDO green and blue bonds qualify for the ASEAN sustainability bond framework.

BDO ESG EQUITY FUND

Amid health and economic crises, financial institutions and markets have pressed on unwavering to perform their valuable roles in the economy. The sustainable ways in which BDO does business is best seen in their financial products that remain competitive and relevant for their clientele.

In support of driving socio-economic development nationwide, BDO created the BDO ESG Equity Fund in 2015: the country's first ESG-themed UITF that promotes local companies supportive of societal and sustainability goals. The BDO ESG Equity Fund subscribes to the IFC's criteria which measures the sustainability and ethical impact of an investment—an advantage of the Bank's partnership with the IFC of two decades.

In the past five years since it was launched, the BDO ESG Equity Fund's Net Asset Value (NAV) increased by 223%, amounting to PHP179.12 million. The fund recorded a 5.89% return to investors in 2020, outperforming the Philippine Stock Exchange index (PSEi) by more than 5% and proving its resiliency.

Since its inception, the fund has posted a 1.44% Compound Annual Growth Rate (CAGR) and has the potential to grow in size and in impact as more and more investors are beginning to see the value in socially responsible investing. Investing in the fund allows one's investment to cover several companies, making a compounded positive contribution to society.

Schools, foundations, religious and non-profit organizations, and other clients seeking a long-term investment that aligns with their values need not look further than BDO. The Bank's sustainable financing upholds environmental, social and governance principles that investors can identify with as their own.



A Taste *for* TRAVEL

— JJ Yulo —

CULINARY TOURISM is something I've always been keen on. 15 years ago, when my stint in culinary school was done, I had to think of ways to put my foot in the door of the food world. New York City, whose dynamic scene I had immersed myself in, showed me that people were really becoming more and more interested in the details behind the food—what's in it, how it's prepared, who made it, where the ingredients come from, and how it came about—and sure enough, through the years, a whole culture of eating has evolved dramatically. Seizing that moment, I've been taking people around to eat with me and have been chronicling where I eat for whoever will care to read it. Here are some of my favorite places from recent years:

HELM *Philippines*

Helm is the brainchild of one of Manila's most creative chefs, Josh Boutwood. In a landscape filled with safer bets, his establishments throughout the city are always deliciously *out there*. Helm is no exception. It is his space to exercise his culinary vision, crafting outstanding menus with fun themes while pushing the limits of what can be done locally. Helm's new home in Ayala Triangle Gardens is one of Manila's more transporting spaces: Dark, contemporary, and cozy, dining here feels like sitting in some heralded restaurant in Hong Kong or Tokyo. The middle section of the room fuses the boundaries of theater

and cuisine by offering a full view of the dinner preparation. Outside are more tables on the deck, perfect for a few pre-dinner cocktails, with a sunset view that is truly breathtaking. But as always with Chef Josh, it is the food that does the talking. A multi-course tasting brings the diner up close with the Chef's sensibilities: everything from a nod to fish and chips, an always-present egg dish, a silky potato espuma with Comte and pecorino, to the most amazing Australian beef with an intense mushroom paste and sunchoke purée. Suffice to say, a goofy grin is guaranteed.



DE LOIN HOTPOT *Taiwan*

In a city like Taipei where hotpot is ubiquitous, De Loin moves in the same pond yet on a slightly different tangent. Delang, the mother restaurant of De Loin, is known as a purveyor of French cuisine, so it seems natural that De Loin has put a premium French accent on hotpot in a very traditional way, using consommé. They use a “diamond drip” method: a time-consuming way of extraction that produces one of the cleanest, clearest chicken broths you can imagine. It is rich in collagen, big on flavor, devoid of impurities, and best of all, low calorie. To cook in this heavenly stock is a wide selection of premium proteins, from Wagyu beef to Iberico pork to Japanese scallops to Canadian lobster (one branch even has an adjoining meat shop) as well as the freshest of vegetables from the market.



The Taiwanese also take their rice very seriously and De Loin uses an irresistible grain called Wufeng Fragrant rice. Their secret weapon, however, is their signature sauce made up of vegetables and fruit and seasoned with their own soy sauce, it is quite the condiment that enhances the experience. For aficionados, De Loin Hotpot is clearly on another level.

WAKU GHIN
Singapore

Waku Ghin, by famed Australia-based Japanese Chef Tetsuya Wakuda, sits inside the landmark Marina Bay Sands in Singapore among restaurants bearing the names of some of the most famous chefs in the world. While in good company, a meal here is special but it's made even more so when you sit at the Chef's Table. Its beautiful design will draw you in with the juxtaposition of modern and traditional. At the teppan table, watch their seasoned chefs make seemingly simple but technique-driven dishes using ingredients from all around the world (this is Singapore, after all): things like poached and seared abalone like you've never had before, fat Japanese oysters and caviar, and Japanese Wagyu just to make things that much over the top. When you've been put in a blissful state of satiation, you'll be pampered with a view of the city over dessert.

THE SEVENTH SON
Hong Kong

Located inside the Wharney Hotel in Hong Kong's Wanchai district, The Seventh Son is a Cantonese restaurant with pedigree. The head chef here is the youngest son of the man behind the venerated Fook Lam Moon, a classic restaurant frequented by movers and shakers of the world—and those who know their food. Chef Chui Wai Kwan makes sure that the bar is set high here and it shows in the dishes that are seemingly common but will make your taste buds sing like never before. Start off with century eggs and home-pickled ginger before eating your way through the expanse of the menu: For first timers especially, go for dishes like their crispy chicken, fresh crab served two ways, abalone, and whole suckling pig. Suckling pig of this quality isn't easy to come by, with the meat almost sweet, and skin so crispy you can hear it at every bite. You'll need to order this in advance, as with their roast crispy duck in Hong Kong style, and while it may seem a commitment, it is entirely worth it.

KIKUNOI
Japan

The Kyoto-born Kikunoi is one of Japan's most celebrated practitioners of the art of kaiseki. Kaiseki—a traditional meal of the season's best ingredients prepared within certain boundaries that push the chef's creativity—is as much a symbol of Japan as sumo, cranes, and cherry blossoms. The Akasaka location of the restaurant is a bit mysterious and hard to find but once you enter its cobble-stoned and bamboo-strewn path, it feels like you've discovered a whole new world. Tranquil and serene, it is a space that will enfold you in its warmth, allowing you to slip away from the hustle and bustle of the city and enjoy the exquisite flavors of the kaiseki. Snag a seat at the counter and watch the chefs do their thing, engaging all your senses. The first thing that catches your attention is their precision knifework. Watch them expertly slice your sashimi course to extract the most amount of flavor. Grilled fish is actually kept alive right in front of you and cooked just moments after being fished out. Even the humble bowl of rice is treated with reverence. It is a mesmerizing and delicious experience, making it a must-visit destination whenever you can find time to visit the Land of The Rising Sun.

RESTAURANT ELKANO
Spain

The first thing that will hit you is the drive there. Located in Getaria, a town in the Basque region of Spain, Restaurant Elkano is considered to be one of the finest restaurants in Spain. The view of the ocean is mesmerizing, signifying you are in for a meal filled with the ocean's bounty. To eat here is to eat like the fishermen of the area, who eat rather well. Grilling is the language they speak here: The simpler the better. Stand outside the restaurant and watch their crew in action at the grills. It would be folly to let yourself drift off course in the menu. The pro tip here is the dish that made them famous, grilled Rodaballo, or turbot. Found in the waters nearby, it is a meaty, succulent, and juicy fish. You feast on the flesh and suck on the thick, gelatinous bones served with a simple "sauce" of its emulsified juices and olive oil. There isn't anything quite like it, and people who love their food make a pilgrimage here just to eat it.

CLOCKWISE: Wind down the body and mind with Six Senses Ibiza's expert-led wellness retreats. The generous accommodation of the Cave Suites is designed for a seamless flow from the indoors to outdoors, a space to reconnect with the self and the regenerative energy of the sea. At the oceanfront bar at The Beach Caves, explore the unique flavors of the island with their curated selection of agave-distilled spirits, tequila, and mezcal.



Worlds of WELLNESS

— Ann Gabrielle Domingo —

RESPIRE IN OUR FAST-PACED SOCIETY
CAN BE HARD TO FIND. THESE
WELLNESS CENTERS ACROSS THE
WORLD PUT YOUR RELAXATION FIRST.

IN A POST-PANDEMIC WORLD, travel is no longer just about grand sights, overflowing delicacies, or opulent luxury. Vacations have taken on a new meaning for tourists with busy work lives and hectic schedules. Precedence Research reported the global wellness tourism market was valued at US\$850.55 billion last 2021 and is poised to grow at a compound annual growth rate of 7.7% from 2022 until 2030.

Though the emerging popularity of wellness tourism might only be seen as a passing fad, this shift in travel reflects a larger-scale need that many of us yearn to fulfill: a chance to slow down and recuperate amid rising levels of stress and anxiety.

But what is wellness tourism anyway? Think of it as a tourism retreat for wellness activities such as yoga and meditation retreats, agricultural tourism, and spiritual activities. Popular trends also include outdoor holistic healing, personalized nutrition, and urban wellness. Many of us sought comfort in our mindfulness practices during the past few years to manage stress; now, several tourist sites are here to elevate these practices into immersive healing experiences.

SIX SENSES IBIZA *Ibiza, Spain*

Since the 1950s, Ibiza's 'live-and-let-live' attitude has long attracted free-spirited artists, musicians, and mystics. Yet at the northern tip of the island sits the Six Senses Ibiza, a wellness resort overlooking the Xarraca Bay that operates on an even more mellowed frequency. The Mediterranean resort is renowned for a host of offerings designed to improve one's physical, mental, and spiritual well-being.

If you have trouble getting quality shut-eye, a sleep doctor can assess your sleep hygiene. Their fitness program is every runner's retreat heaven—an in-house podiatrist can examine your feet and provide treatment for increasing mobility or simulate altitude training to delay lactic acid and fatigue. But the resort's most coveted enclave is the RoseBar: a longevity clinic that believes getting older isn't a journey of depletion but of renewal. Six Senses doctors and health experts build you a tailor-made program of vitamin and mineral-rich IV infusions; cryotherapy (exposure to sub-zero temperatures) to stimulate collagen production, muscle recovery, and your metabolic rate; and even intermittent hypoxia training, wherein you consume a combination of oxygen and oxygen-reduced air, for longevity and athletic performance. By combining advanced science, spirituality treatment, and biohacking therapies, Six Senses Ibiza can bring out the youngest possible you.

sixsenses.com/en/resorts/ibiza

Left to Right: Private Lounge pool in Banwa Private Island. Flower bath in Sen Wellness Sanctuary. Taghazout Villa is Surf Maroc's beach-chic guesthouse with a laid-back social vibe, a home away from home for you to do yoga, surf, and play.



SEN WELLNESS SANCTUARY
Rekawa Beach, Sri Lanka

The Sanctuary was founded by Sri Lankan brothers Sam and Sudheera Kankanamge in 2014 following the success of Sen Wellness Clinic in London. Besides offering wellness modalities grounded in ancient traditions, the resort itself is circular in design to promote open and flowing spaces, thus enhancing vitality not only through bodily wellness but also through harmony with the environment. In total, the sanctuary can attend to 16 clients in eight circular eco-houses.

Sen Wellness offers yoga, detox, meditation, and even long COVID retreats—but their Ayurveda (which literally translates to “The Science of Life”) Retreat is their primary service as it has been historically practiced in Sri Lanka for 5,000 years. Their mastery makes the sanctuary stand out among all the retreat centers in the world. Often called the “Mother of All

Healing,” this ancient healing modality champions not only the lack of disease as the hallmark of health but also vitality and rejuvenation.

senwellnesssanctuary.com

BANWA PRIVATE ISLAND
Palawan, Philippines

Boasting lush virginal forestries and rich ecological heritage, Palawan is not classified as the Philippines’ Ecotourism Capital for nothing. Located within this paradise is the Banwa Private Island—a resort that offers tranquility through exclusivity and a close connection to nature. Part of the island’s appeal is its utter privacy, which allows the resort staff to serve guests more attentively. The private island was named after the Tagbanwa people, the aboriginal community of Palawan that also provides the resort with its wellness philosophy. Tagbanwa is derived from the term “banua,” which has

been said to either mean countryside or kinship ties that “unite a people living in a particular area.”

To take advantage of Banwa Private Island’s paradisiacal backdrop, guests can take a hike, play water sports, and even stargaze with family and friends while sightseeing the view that Palawan has to offer. The hiking service is the most immersive activity one can take in order to truly appreciate Palawan’s lush vistas and boost one’s muscular and respiratory health. Guests can also avail of a game of tennis or golf while enjoying a change of scenery away from the busyness of urban life.

banwaprivateisland.com

SURF MAROC
Taghazout, Morocco

Those who crave an exhilarating fitness experience and a dip into a laid-back lifestyle can find both in Surf

Maroc. Established in 2003, the surf company can be found in Taghazout, dubbed by many as the “the surfers’ paradise” for its world-class waves. Whether you’re a beginner, expert, or simply looking for a more bohemian touch to your vacations, Surf Maroc has it all for you as they provide surf coaching, guiding, and retreats. The surf camp also offers premium amenities such as an infinity pool, spa, or hammam bath—all of which are perfect for unwinding after a day full of surfing or group trips to different parts of Taghazout.

What makes this destination stand out the most is the inclusion of yoga—thus combining the tranquility of the discipline with the thrills of surfing. After riding the surf swells of Morocco’s Atlantic Coast, guests can come back to a session of yoga usually hosted on the rooftop amid the breathtaking view of the sunrise.

surfmaroc.com

Travel's

new

FRONTIER

— Shelby Parlade —

FROM OTHERWORLDLY GLAMPING TO LUXURY HOTELIERS ON YACHTS, THESE ARE THE TRAVEL OUTFITTERS AND TOUR OPERATORS REVOLUTIONIZING THE WAYS WE VACATION IN 2023.

IN RECENT YEARS, THE VALUE IN TRAVELING HAS SHIFTED from conventional luxuries, like private islands and planes, to memorable experiences. From giants to new players in the field, travel outfitters across the globe are reinventing themselves to create unmatched getaways.

Such trends include hoteliers like Four Seasons and Aman Resorts venturing into superyachts in the near future. At the lead is the Evrima taking the esteemed Ritz-Carlton hospitality to uncharted waters. Meanwhile out in the Jordan desert, Sun City Camp has taken glamping to new levels with its glass domes. Technology and smart hotels may offer the latest indulgences, but there still remains a clamor for the wilderness that has led to decorated camps popping up in far-remote settings.

Across the globe, people took to athletic pursuits during the pandemic—broaching the world of golf and running, among others. Many have continued this even on their days off, reflecting in a spike in the active travel industry and a buzz for luxury cycling tours DuVine.

Even spending hours in front of our screens has worked its way to supercharging the trend of set-jetting. The worldwide audience of streaming platforms is turning filming locations into travel destinations overnight. Travel company Black Tomato has pushed the immersive experience of cinematic worlds further with storified travels: Think stunt-driving down the River Thames in the same speedboat used by MI6 Agent Pierce Brosnan.

A FIVE-STAR HOTEL EXPERIENCE AT SEA

The Ritz-Carlton, USA

Luxury hoteliers are taking to the water and at the helm is the Evrima, the first ship from the Ritz-Carlton Yacht Collection that debuted last year. The 190-meter yacht accommodates 149 suites—decked out with



In 2024 and 2025, the Ritz-Carlton is set to expand its fleet of superyachts with the Ilma and Luminara.

king beds and double-vanity marble bathrooms—as well as one of the highest staff ratios at sea. Instead of buffets and casinos, the iconic hospitality brand sets the tone with its six elevated to fine-dining venues, including a seven-course restaurant by Michelin-starred chef Sven Elverfeld. As part of the über luxe experience, guests enjoy access to the onboard Ritz-Carlton spa, water sports in the yacht’s marina, and in their lounges, jazz performances and expert-led discussions with complimentary Davidoff cigars and single-malt Macallan.

The Ritz-Carlton has carved its mark with ports of call across the Mediterranean, Caribbean, and Central and South America; the yacht’s intimate size allows unique access to sought-after destinations. Throughout the voyages, guests have the freedom to customize shore excursions. Each suite has a personal concierge that works with local guides selected for their insider knowledge to create singular experiences: whether it’s truffle hunting through a rainforest or a museum tour with its curator.

ritzcarltonyachtcollection.com/yachts/evrima

MARTIAN GLAMPING AT THE DUNES

Sun City Camp, Jordan

The wind-swept mountains that jut out of the burnt orange sand dunes of Jordan’s largest desert make for an otherworldly landscape. And at the heart of its wilderness are glass spaceship-like domes: It completes an eerie scene as if one has landed on Mars.

In 2017, the Sun City Camp took inspiration from the 2015 film “The Martian” to place futuristic tents in Wadi Rum. Custom made in Germany, the glass walls of the domes seamlessly blend into the desert while providing a panoramic view of the Red Planet-like terrain during the day and of the blazing starry sky at night. Guests at the camp can also take part in Arabian horseback and camel riding, buggy adventures, hot air ballooning, and rock climbing: All activities are operated by Bedouins, local nomads who live in the desert.

suncitycamp.com

EXPLORING BY BIKE

DuVine, USA

Vacations move a beat slower when you cycle, allowing you to explore cultures and places at the perfect pace. DuVine is a Boston-based luxury bike-travel outfitter that pairs boutique hotels and cultural discoveries with rarely-seen cycling routes throughout the U.S., Europe, Latin America, and Africa. Their tours are designed for all riders: from newcomers to avid cyclists, from top-of-the-line road bikes to e-bikes.

DuVine’s bespoke itineraries have a culinary bent to them, like foraging for ingredients at the Italian Alps and exclusive tastings in the

Clockwise: DuVine bike tour in Mallorca, Spain. The glass domes of the Sun City Camp include a personal terrace and a panoramic view of the Wadi Rum dunes. 007 fans can immerse themselves in the world of “Spectre” at the gourmet restaurant ice Q in the Ötztal Alps in Austria.

vineyards of Côtes du Rhône with world-class sommeliers. Keeping active on vacation eases any guilt from indulging in gelato breaks and delicacies with a well-earned appetite.

If you have a craving for more than cycling, DuVine’s +Adventure Tours offer a multi-sport experience. In Costa Rica, you can raft your way through the rainforest gorges of the Sarapiquí River or snorkel with Galápagos green turtles in Ecuador.

duvine.com

FROM REEL TO REAL

Black Tomato, United Kingdom

The monastery turned five-star resort San Domenico Palace of The White Lotus and the Norwegian fjords of Succession are only some of the latest set-jetting destinations—but none are as immersive as the tours curated by Black Tomato.

In collaboration with EON Productions, the producers of the 007 franchise, the London and New York-based company has rebuilt the fourth wall—allowing people to be the hero in the stories they love. In their James Bond-themed tours, the itinerary includes a sail on a vintage yacht to the Casino de Monte-Carlo, featured in “GoldenEye”.

If you’d like a journey to find yourself, you can opt for Black Tomato’s Get Lost service: Guests will undergo a crash course in survival before being dropped off in the wilderness that they must then make their way out of. Caches of necessities are strategically deposited en route while an expedition operations team will trail your journey.

blacktomato.com





In these photos: Visitors can drop by Kalye Artisano to shop clothes, accessories, and trinkets, then walk over to the Lio Beach shore to relax. Paloma Urquijo-Zobel, Creative Director of Kalye Artisano, with artists Nuno Finez (left) and Pagasa Donato (right) of Kaingud Crafts. The two artists are musicians of Kawangis ng Tribu as well.

a coffee bar and moto-kitchen, a sustainable sari-sari store, a row of shops for local artisan products, and many more establishments that capture the cultural essence of the region.

LAYING THE FOUNDATIONS

The initial plans for Kalye Artisano began in 2015, when she and her mother, Bea Zobel, dreamt of creating an artistic village that would be home to a whole community of artists. It is a physical embodiment of the advocacy that was instilled within her and her other family members. Through the experiences the hub offers, tourists and visitors passing by are able to bring home not just a souvenir but a meaningful community experience as well.

The first phase of the development was to work with artists from the greater Palawan area and offer them a space to relocate and set up shop in Kalye Artisano. Beyond a retail space, Kalye Artisano was to be a platform for the artists to gain visibility and traction. It was Paloma's hope for the artists to be commissioned by local businesses to create furniture or other items that would help inject local craft into the fast-growing businesses in El Nido. We see this coming into fruition today with artists like Nuno Finez who was hired to design and help build Dryft Camp, a glamping destination in the Darocotan Island, and Frances Mendoza

who was hired by multiple businesses in town to paint murals and yarn bomb spaces. Successes like these continue to infuse local identity and flavor in El Nido beyond the physical space of Kalye Artisano.

They also began to listen to the needs and wants of the locals and learned that they, too, wanted to become part of Kalye Artisano. This began attracting other artisanal businesses, such as the Living Library, an educational zero-waste store; Ka Likha, which sells decor and functional art from recycled bits of junk and vintage pieces; and Manggad, a shop that sells local treasures sourced from all over the Philippines.

the CRAFTAWAYS

HOW DO VISIONS OF A DREAM VILLAGE TURN INTO REALITY? IN PALAWAN, KALYE ARTISANO IS THE IDYLIC ARTISAN PARADISE THAT IT IS TODAY THANKS TO A COMMUNITY DRIVEN BY A LOVE FOR THE ENVIRONMENT

— Patricia Villoria —

Photography by Denise Carla Magbuhat

Nestled in the heart of the stunning Lio Beach in El Nido is Kalye Artisano, an eco-sustainable tourism development and a hub for local arts and culture. The estate is an abundance of nature that blends seamlessly into the warmth of the artistic community that has carved out a home in this little paradise.

This is what a perfect day at Kalye Artisano would look like: It starts off early with a cup of coffee at the garden bar by Islas Makinas, followed by a yoga class or a nature interpretation walk around the estate to ground you. For lunch, you can choose from the array of restaurants on Lio beach, then return to Kalye Artisano in the afternoon to catch a live band, a talk, or a workshop.

There is always something going on in Kalye Artisano, says Paloma Urquijo-Zobel. As the Creative Director and Community Ideator, she has seen this artisan hub grow into the dream village that it is today. Between its Cogon and Rattan buildings, there is

THE NEWEST TENANT

The dream community of Kalye Artisano was not built in a day. It is continuously sustained by the team of artisans, shop owners, and workers that share the same advocacy for the environment. And in the same vein, it is passed on to the Palawan youth through the newest addition to the hub's lineup of establishments.

Over at the Rattan Building, you can hear the playful greetings of children as they run through the garden. The learning space for the students at the Earth School is not confined to the usual four walls, it can be found up a grand set of stairs that open into a beautiful sunlit atrium decorated with huge woven jellyfish-like installations above.

Something about this unconventional classroom inspires a sense of childlike awe in anyone who sees it—and for David Esteban and Dona Tumacder-Esteban, the husband and wife tandem who co-founded the Earth School together, that unbridled wonder is exactly what they hope to teach the kids enrolled at their school.

The Earth School is still in its first year. It found its home

At first, Islas Makinas was Sly's response to the situation during the pandemic. And now, the kitchen team of Islas Makinas does double duty most days acting as the school canteen of the Earth School while also churning out food for their daily customers.

Community plays a big part in Kalye Artisano. Sly says that the term "dream village," as a whole, is an apt term for the space and the people in it. "We are definitely big dreamers and slowly working our way towards them," he says. David says the same thing. To him, this village isn't something one or two people can dream into existence and just make happen. "The nature of our clients is a community. It was the community that met this dream, this vision," he reiterates.

At times, this network of artisans, educators, and business owners in the space feels like its own ecosystem: Sustaining each other while doing what they do best—and the island's rolling cast of visitors are always welcome to join in and witness. Community events like their weekly Thirsty Thursday get-togethers fill the space with live music and flowing drinks that people can enjoy. In addition, there are also community markets, workshops, and other special events which bring the greater community together.

"Nature is at the foundation of our curriculum. What we're trying to do is to connect with nature by immersing ourselves in it and realizing that we, too, are nature."

in Kalye Artisano in August of 2022 because of El Nido's rich biodiversity and community of permaculture farmers, which was a key element to their approach to learning. "Nature is at the foundation of our curriculum. What we're trying to do is to connect with nature by immersing ourselves in it and realizing that we, too, are nature," Dona says.

AN ARTISAN ECOSYSTEM

This advocacy for nature and sustainability is shared by other business owners at the hub, including Silvester Samonte, or Sly for short. He co-founded the Lost Island Center for Kape (LICK), a specialty coffee roastery in El Nido, after successful ventures such as The Curator in Manila and El Union in La Union. Inside the Kalye Artisano grounds, he has opened Islas Makinas, a café with a little custom motorbike area outside. The café welcomes customers in a garden bar with motorcycles in its periphery. Surrounding it is a hodgepodge of colorful furniture spilling over into small tables, benches, and chairs further into the halls of the Rattan Building.

While all the businesses that thrive in the hub seem vastly different in what they can offer, they are all tied together by a singular love for the country and the environment. Today, Kalye Artisano is still evolving to meet the needs of the local community especially with the arrival of its newest tenants. By shifting the focus to cater to the needs of the local community first, all the environmental and tourism success has followed Kalye Artisano's trail. Opening soon are the Bamboo and Bahay Artisano buildings that will continue to offer guests a unique sense of place on the island through the arts.

Paloma says that a lot of the credit for the hub's resiliency goes to the local community that calls Kalye Artisano their home. "All I can keep doing is nurturing that community and supporting everyone as much as I can. I'm willing to keep adapting to cater to their needs and I believe that is what will help me sustain it," she continues. Surely, the space will continue to grow organically, fulfilling the needs of the community as the landscape in El Nido evolves.

Left to right: One of Earth School's high school students painting the Alamat ng Dugong. Sly Samonte fixes a cup of coffee and recommends the Sunshine Black coffee drink that their patrons keep coming back for. A row of bikes sit near the garden bar of Islas Makinas. Penny Nepomuceno, who is currently teaching Grades 4 and 5.





FAMILY MATTERS & BUSINESS AFFAIRS

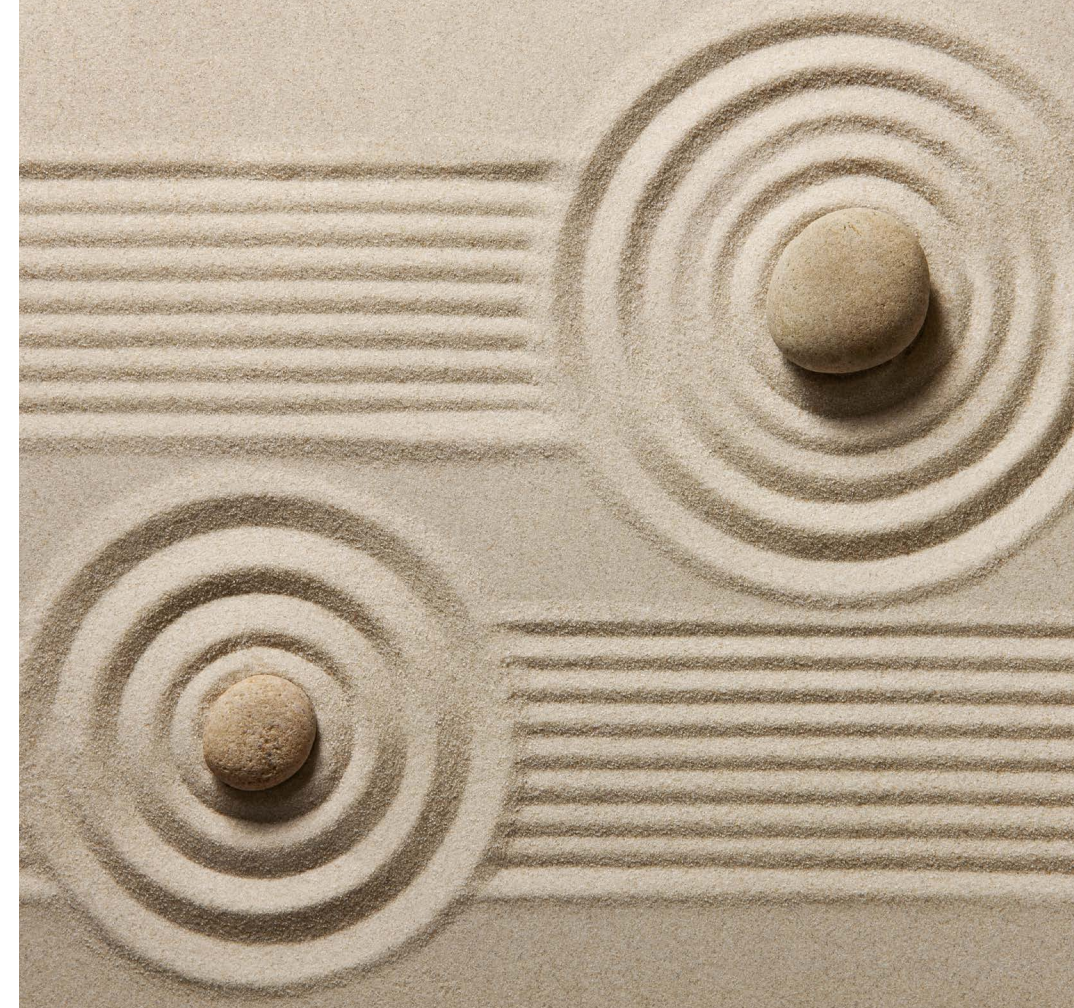
THE IDEA OF LIVING IN HARMONY DESERVES MORE RECOGNITION. BEFORE FAMILIES CAN DECIDE WHAT'S FOR DINNER, OR WHO WILL RUN THE BUSINESS, EVERYONE SHOULD FIRST BE ON THE SAME PAGE.

— *Billy Caluag* —

WHAT IS THE TRUE FIRST STEP in succession planning? Perhaps it is first running a peaceful household. For families with businesses, there is an empirical need to keep the peace at home and in the office. Your loved ones at home are coworkers in the office; this loosens the filter between family matters and business affairs. For a family business to thrive, there needs to be a commitment to harmony at home. With that loose filter, harmony then reinforces the business and its operations.

Harmony is a circumstance that is not usually celebrated by families. It is not a culmination or a milestone but rather a standard of coexisting. It is a daily promise to be at peace with oneself and one another. As each family member brings their unique style to the dinner table (and subsequently, the board room), their differences are mutually acknowledged and embraced by all other members. However, most families struggle to actualize getting to a harmonious state, let alone a family with a business to run. Ricky Mercado, a seasoned family business consultant and Director of the Ateneo Family Business Development Center (AFBDC), actually spends an ample amount of his time reviewing and revitalizing as well as fortifying the home lives of his clients.

Each parent, sibling, and child has their own path towards reaching harmony. Diverging



roads are where conflicts arise. For family heads and business founders, harmony is met by staying the course they set. According to Mercado, founders treat their business like their own children, hence they know how to raise, nurture, and guide it. For younger generations and perhaps those lined up to inherit the business, harmony is adopting modern technology and techniques. These opposing outlooks of operating a business alienate two generations, thereby complicating the business. To reunite in agreement, they must connect their roads through a bridge of understanding and respect. That bridge cannot be made by one party—everyone has to take part in building it.

Typically, the founders of the business are set in their ways. Given the success they achieved for the business and their family, the older generations find security in what they have proven to work. Bringing in something—or someone—new would mean risking the stability of business operations and in effect, the family's quality of life. To the heads of the family, that includes younger, new leadership. Successors on the other hand are expected to bring in refined techniques and modern technologies to the business to

ensure its resilience and sustainability. While new can be scary, to them, it is exciting, fun, and promising.

Almost immediately, succession plans are met with conflict from generations with opposing principles. This stresses the importance of starting in a place of harmony. Half the battle is won when there is equal respect among family members.

MAKING DECISIONS AS A FAMILY

Having all family members on the same page is an obvious practice to uphold, but what is often overlooked is the culture that is built from it. Making unanimous decisions is not a simple agreement, but an in-depth analysis of each member's opinion, worry, and desire. This habit progressively builds trust while fostering familiarity with one another.

For a parent who is on their way to retirement, unanimous decisions help them understand the intricacies of the person taking over their business. It is imperative that for a smooth succession, the outgoing family member trusts their successors completely. Which can

Almost immediately, succession plans are met with conflict from generations with opposing principles. This stresses the importance of starting in a place of harmony



be difficult, after having built the foundations of their business for a fraction of their lives.

Retirement is often an emotionally troubling part of life. Planning out how one should live out the remainder of their life, especially after having spent most of it working, can take years to do. While the choices within retirement are up to the senior member, a unanimous decision from all members of the family can be a powerful symbol of support. A united agreement also acknowledges how far the family and business have come along. It essentially secures a promise to the legacy and integrity of the family, which were set by the seniors.

Succession and retirement plans are not made overnight. Unanimous decisions can start with small and simple things around the house or the business. For larger families, of course, it will take time to gather everyone around and have them share their thoughts but it is part of the commitment to harmony. As the habit develops, it will eventually become a natural occurrence both at home and in the office. This formalizes into social conventions that keep order within the family.

FAMILY COUNCIL

When it comes to major decision-making, families need the proper setting. Having a family council ensures the proper representation of all participating family members or clans. This council operates in the gray area between family and business, making it the proper avenue to segregate issues that belong at home or in the place of business.

Oftentimes, those issues overlap as occurrences at home can affect operations in the company—and vice versa. The family council provides a safe space to discuss business affairs as family members and create action plans. The phrase, “Do not talk about business at the table,” villainizes shop talk, making it awkward to discuss among family. Home and office spaces should not be policed but rather encourage friendly, non-contentious conversation.

However, major decisions should not be made by the water dispenser (whether it’s in the home kitchen or office pantry). Family council and board meetings remain the most optimal spaces for decision-making. The guiding principle for family councils is best described by the Mercado as: “Respecting the old ways but also now embracing change, what we teach family members is leveling the playing field. We actually up our level of objectivity through time and we lessen our subjectivity. And the result of that is we can say whatever needs to be said, without any family member feeling that he or she is being attacked.”

When it comes to succession planning, the family council can discuss the more human concerns of leaving and taking over the business. Apprehensions towards retirement, ideas for new leadership, and suggestions for

each other can be freely shared towards a harmonious succession. Family councils can settle how family members are supported at home and what measures of aid are to be discussed in business meetings at the office.

THE FAMILY CONSTITUTION

In and out of the family council, and during the lulls between unanimous decisions, what consistently keeps a family in order are the values they share. As a unit, their values are what define who they are to stakeholders, employees, and potential partners in the business.

However, this does not mean each member should be a carbon copy of the seemingly most respectable individual. Every family member deserves to have their individuality celebrated. When each person’s contributions are properly

respected, their ideas may bring a fresh perspective to the business. While each family member has varying views on how to run a business and a household, they are often governed by the same values. These values are typically cemented by family constitutions.

A family constitution is vital for succession planning, as it lays out the unanimous decisions for the turnover of the business—tailored to the comfort of all family members. The values of their constitution should be catered to their integrity and grit. It should be able to give each member the freedom to work towards the goal, using their own strengths. Therefore, there is no bible for family constitutions; each family business would have its own unique one.

Mercado, who also teaches Family Business Management at the John Gokongwei School of Management, continues, “The preamble and the values [of the constitution] really tell us a lot about what this family basically will be through generations and as it started with the founders.”

Ideally, family businesses stand through multiple generations and eras. In turn, the family constitution should also stand with the business throughout time. While it is a personal document, it serves as a guidepost for employees to set realistic expectations. For stakeholders and potential partners, it serves as a lasting introduction to their business partners and a safeguard of their values and objectives.

There is no one way to run a business, raise a family, and plan for succession. Thankfully, consultants, advisors, and managers from family business firms and BDO Private Bank have the faculty to devise succession plans and draw up constitutions based on the needs of each family business. Peace at home is just as important as efficiency in the workplace. Succession planning is a long, segmented, and vulnerable conversation. But when done right and harmoniously, a family is assured to come together and succeed for generations to come.



THE GREAT DIVIDEND

BDO PRIVATE BANK'S **RICHARD GRAU** AND **JOSE NOEL MENDOZA** ADVISES ON INCOME-GENERATING ASSETS AND INVESTMENT OPPORTUNITIES IN THE PHILIPPINE FINANCIAL MARKET.

Interest rates have risen significantly over the last twelve months as central banks have removed the ultra-low policy rates they used to boost economies during the pandemic. Because of this, income investors don't have to look far to earn a decent return. However, maximizing your returns in this rising rate environment involves examining your immediate needs, tolerance for risk (asset price movement), and time horizon. Once these have been identified, there are a number of investment options that can be structured to generate either accrual income or a combination of accrual income and capital appreciation.

INTEREST WANES AND WAXES

Interest rates will normally move up and down over time as a tool that policymakers use to slow down or boost economies. We are currently enjoying higher-than-normal rates because central banks are using it to slow economies and fight inflation. The higher rates are, the more expensive money is to borrow—which slows economic activity, causing demand for goods and services to fall. This in turn leads to lower inflation. Given that inflation seems to be slowing in much of the world, it is possible that central banks will lower rates to a more normal level in the future. The lower rates would cause bonds with longer maturities to appreciate in price but would leave cash investors with diminished return potential. Thus, it makes sense to start looking at bonds with longer maturities over a few years.

ALL IN GOOD TIME

Most of the returns you will make in the markets will come over the long term. If the money isn't needed immediately, then investing for longer does have benefits. For bonds with longer maturities, the investment options are government bonds, corporate bonds, preferred shares, perpetual bonds, asset swaps, and bond funds. Typically, bonds with longer maturities yield more than shorter ones. Supply is also much more plentiful as companies generally issue paper with a few years to maturity.

Local investment grade government and corporate bond issuance have been yielding in the 4.86% to 5.18% net of the 20% withholding tax with maturity ranging from two to six years. You can also buy preferred shares which are usually mistaken by most investors as bonds. Preferred shares do generate accrual income via dividends but unlike bonds where interest income is paid on a regular basis, dividends are only declared when the earnings of a company are enough to sustain such dividends.

Bond funds, are pooled funds from different investors and are mandated to invest in a number of fixed-income securities (such as government bonds, corporate bonds, and mortgage-backed securities) with longer maturities. Nonetheless, these longer-term products are much more attractive than cash. Longer bonds also have the potential to appreciate should rates fall in the future as bond prices move inversely with interest rates.

Bonds with 1Y-7Y maturity	Indicative Yield, net of tax; IRR	Maturity/Duration
PH bonds, BVAL	4.80%	1Y to 7Y
Corporate bonds	4.86% to 5.18%	2Y to 6Y
Preferred shares	5.72% to 6.46%	Call 5, 10
Asset Swaps	4.9% to 6.00%	2.96Y to 5Y
Bond Funds (Peso-denominated)	4.25% to 6.25%	3Y to 5Y
Bond Funds (USD-denominated)	6.40% to 8.00%	3Y to 5Y

SOURCE: BDOPB-INVESTMENT STRATEGY AND RESEARCH, APRIL 14, 2023

IN UNCERTAINTY, STICK TO QUALITY

Yield is back in the bond market which is good news for income investors. But given the economic uncertainties we face going forward, now is not a good time to reach for extra yield by buying lower-quality bonds. Take the Russia-Ukraine war which continues to add to the uncertainty with its tremendous impact on the global food and energy supply. There is also a real danger that central banks may overshoot in trying to fight inflation and slow economies too much. This would cause default rates to soar on lower-rated companies. Investment-grade bonds are the place to be at this point in the economic cycle, with income-paying stocks for the long term.

REITS ON THE RISE

Bonds and money market instruments have always been the primary way for investors to earn income. But lately, we have seen the rise of other forms of income-producing securities. Real Estate Investment Trusts (REITs), for example, are a growing market in the Philippines. REITs are stocks of companies that hold income-producing real estate or infrastructure assets that pass on the income to investors.



RICHARD R. GRAU
SENIOR VICE PRESIDENT,
HEAD INVESTMENT/PRODUCT GROUP

Most of the returns you will make in the markets will come over the long term. If the money isn't needed immediately, then investing for longer does have benefits.

The first REIT was done by Ayala (AREIT) and yielded 6.3% net of taxes. Other types of REITs have followed since, such as Citicore REIT (CREIT) which was the country's first real investment trust engaged in the ownership of infrastructure projects and renewable energy real estate. In the past two years, local REIT offerings have reached more than PHP150 billion. In the pipeline is an offering from SM Prime Holdings looking to raise at least US\$1 billion in the second half of this year.

The international REIT market is very developed and mature and offers many opportunities for income seekers. High-dividend stocks are also another option. Companies in this category tend to be the stronger, more stable names, making it perfect for the current environment. Unlike bonds, REITs and high-dividend stocks offer the chance for price appreciation over the long term in addition to the income you are paid. These income options would make sense for investors with a longer time horizon.

REITS	Dividend Yield	Maturity Period
Local: AREIT, FILRT, RLCR, CREIT	6.30% to 7.20%	None
Global REIT Funds (USD)	7.00% to 9.00%	None
High Dividend Stock Funds (USD)	6.83% to 7.90%	None

SOURCE: BDOPB-INVESTMENT STRATEGY AND RESEARCH, APRIL 14, 2023

CASHING IN

Cash serves an important role in an investor's portfolio. For one, people should normally keep a certain amount of money for emergencies. An old rule of thumb is to have about six months of expenses in near-liquid form. This is in case you lose your job, business or have a medical emergency. People also hold cash earmarked for a large purchase, such as a car or property, occurring in the near future. For this purpose, one would use treasury bills, money market funds, or maybe even a short-term asset swap.

Treasury bills are perceived to be the safest given the guarantee of the country's indebtedness. Bank deposits are equally stable; however, investors are then exposed to the credit standing of the specific bank issuing the deposits, although this is partially insured by the Philippine Deposit Insurance Corp for a maximum of PHP500,000.



Money market funds, similar to Bond funds, are also pooled funds from investors but are typically invested in deposits, treasury bills, and asset swaps with a maturity of less than a year. Most money market funds do not provide income or dividends. Instead, an investor gains over time through the appreciation of the net asset value per share of the fund. Money market funds have better liquidity than bank deposits, treasury bills, or swaps but could subject an investor to mark-to-market gains or losses depending on the interest rate trend. Nonetheless, most money market funds will appreciate over the long term given the minimal volatility of this asset class.

An asset swap typically combines a fixed-rate credit risk bond with a fixed floating interest rate swap, transforming the bond into a synthetic floating rate note (FRN). In essence, an investor invests in Peso which is then swapped and invested with U.S. treasury bills as underlying security. The investor gets a fixed interest rate plus a spread until the maturity of the swap. The benefit of this is now you can earn around 2.4% to as high as 4.80% when investing in these cash investment options.



JOSE NOEL MENDOZA
SENIOR VICE PRESIDENT,
INVESTMENT RESEARCH
AND STRATEGY GROUP

It may be tempting to keep all your money in cash. But over long periods of time, cash does poorly against inflation.

Liquidity Investment Options (Peso) - Less 1Y maturity	Indicative Yield, net of tax; IRR	Maturity Period
Time Deposit Products	4.40% to 4.64%	30 days to 365 days
Money Market Funds	2.40% to 3.70%	1Y - annualized
PH Government Securities	3.51% to 4.55%	28 days to 338 days
U.S. Treasury Securities - Asset Swaps	4.75% to 4.80%	175 days

SOURCE: BDOPB-INVESTMENT STRATEGY AND RESEARCH, APRIL 14, 2023

It may be tempting to keep all your money in cash. It is easily accessible and very low risk. But over long periods of time, cash does poorly against inflation. Over time you'll find that the money you have saved can purchase much less goods. Beating inflation should be a minimum goal for every investor.



THE VALUE OF SAFETY

PROTECT YOUR VALUABLES
WITH THE BDO PRIVATE BANK
SAFE DEPOSIT BOXES.

While it comes in many forms, safety feels like the peace of mind to go about your day, knowing you're in dependable care. It is a confidence to plan for the future. For BDO Private Bank clients, safety comes in the shape of a deposit box tucked behind its exclusive lounges—secured beyond what means you may have available at home.

Last year, BDO Private Bank launched the safe deposit box for the safekeeping of your most valuable items and documents, such as securities, contracts, jewelry, family photos, and gold. Individual clients with a total relationship balance of >PHP100M with BDO Private Bank can avail of the new product and take comfort that what you worked hard for is under protection.

For ease of access and privacy, the safe deposit boxes are found under the high-caliber security in BDO Private Bank lounges located in Greenhills, Quezon City, Makati, and soon in Davao. Each holder is assigned a Primary Custodian for added discretion and can choose between two sizes to accommodate their needs. Akin to the sizes of the BDO Unibank boxes, the BDO Private Bank safe deposit box comes in a size of five inches high, ten inches wide, and 23 inches deep for a cost of PHP6,000 a year to rent as well as in a size of double the height of ten inches for PHP8,000.

Banking is a result of trade and commerce which, in turn, has amassed wealth that requires holding. Given the responsibilities of banks and the relationships they've built with their clients, it was a natural progression for

Given the responsibilities of banks and the relationships they've built with their clients, it was a natural progression for these financial institutions to become trusted safe-keepers.

these financial institutions to become trusted safe-keepers. The origin of safe deposit boxes can be traced back to 1865 when Francis Jenks opened safe deposit boxes in New York's financial district, vaulted and outfitted with armed security, according to a New York Times article. This simple development is now the source of exclusive security that many banking clients depend on.

Over 150 years have passed but the intent of the safe deposit box remains the same for most people: to safeguard valuables from theft and disaster. For the Bank's tenured and high net-worth account holders who bank differently than most, the appeal of the boxes also comes in the form of holding cash or highly liquid equivalents. Examples of cash equivalents are money market mutual funds, certificates of deposit, commercial paper, and Treasury bills. This is to establish an insurance for their portfolio to offset market downturns or losing to a possible recession. At its core, the BDO Private Bank safe deposit boxes are a valuable addition to the Bank's lineup of products and services that protect and preserve the wealth of their account holders.

AWARDS AND RECOGNITION

THROUGHOUT ITS TWENTY YEAR HISTORY, BDO PRIVATE BANK HAS BEEN RECOGNIZED FOR ITS PERFORMANCE BY DISTINGUISHED INTERNATIONAL PUBLICATIONS.

<p>BEST PRIVATE WEALTH MANAGEMENT BANK IN THE PHILIPPINES</p> <p>(15 consecutive years: 2008–2022) Alpha Southeast Asia 16th Annual Best Financial Institution Awards 2022</p>	<p>BEST PRIVATE BANK IN THE PHILIPPINES</p> <p>(13 consecutive years: 2008–2020) FinanceAsia Country Awards</p>	<p>BEST PRIVATE BANK IN THE PHILIPPINES</p> <p>(13 consecutive years: 2010–2022) The Asset Triple A Private Capital Awards for Private Banks, Wealth & Investment Bank Advisers, Solutions and Index Providers 2022</p>
<p>BEST DOMESTIC PRIVATE BANK IN THE PHILIPPINES</p> <p>(2019, 2020) Asiamoney Private Banking Awards</p>	<p>BEST PRIVATE BANK IN THE PHILIPPINES</p> <p>(8 consecutive years: 2015–2022) Global Finance Best Private Banks 2022</p>	<p>BEST PRIVATE BANK IN THE PHILIPPINES</p> <p>(5 consecutive years: 2015–2019) Asian Private Banker Awards for Distinction</p>
<p>BEST FOR HNW IN THE PHILIPPINES</p> <p>(2020) Asiamoney Private Banking Awards</p>	<p>WEALTH MANAGEMENT PLATFORM OF THE YEAR, PHILIPPINES</p> <p>(2020–2022) Asian Banking & Finance Retail Banking Awards 2022</p>	<p>BEST PRIVATE BANK IN THE PHILIPPINES FOR ASSET MANAGEMENT</p> <p>(5 consecutive years: 2015–2019) Euromoney Private Banking & Wealth Management Survey</p>
<p>TOP INVESTMENT HOUSE – PRIVATE BANK</p> <p>(2019) The Asset Triple A Benchmark Research Awards</p>	<p>BEST PHILIPPINE PRIVATE BANK</p> <p>(2019) Wealth Briefing Asia Greater China Awards for Banking Excellence</p>	<p>BEST PRIVATE BANKING SERVICES OVERALL – PHILIPPINES</p> <p>(2011, 2013, 2014, 2016, 2017) Euromoney Private Banking & Wealth Management Survey</p>
<p>BEST WEALTH MANAGER, PHILIPPINES</p> <p>(2017) The Asset Triple A Private Banking, Wealth Management, Investment and ETF Awards</p>	<p>BEST PRIVATE BANK IN THE PHILIPPINES</p> <p>(2016) International Finance Magazine 30</p>	<p>BEST LOCAL PRIVATE BANKS – PHILIPPINES</p> <p>(2009, 2010, 2012) Euromoney Private Banking & Wealth Management Survey</p>
	<p>BEST DIGITAL PRIVATE BANK IN THE PHILIPPINES</p> <p>(2022) Asiamoney Private Banking Awards</p>	

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To set an appointment or for assistance with any inquiries or concerns, please call the BDO Private Bank Customer Assistance Management Hotline at **+63 (2) 8588-9800** or **BDOPrivateBank-CustomerService@pb.bdo.com.ph**

