

# Investment Insights: Navigating the Times

Filipinos nowadays tend to rely on a technological marvel called Waze in order to reach a destination. Traversing the busy and congested roads of Metro Manila has now become more bearable with options on how to outsmart traffic. In a similar way, the constantly evolving market conditions would leave investors not knowing what to do without guidance as to what to expect, where to go and put their money in. Worry no more. Let BDO Trust and Investments Group (BDO Trust) be your “waze” in navigating the world of investments.



## What to expect in 2017

The election of Donald Trump as the 45th US President has renewed optimism on the US economy. This allows the US Federal Reserve (Fed) to raise interest rates within the year. As US interest rates go up, the US Dollar is expected to strengthen against other currencies. However, it remains to be seen whether Trump can in fact turn his promises into reality. Disappointment on his ability to implement his policies may cause investors to sell their stock investments. Nonetheless, with the current election jitters in Europe, investors may temporarily shift to safer investments such as the US Dollar and US Treasuries.

In the local market, with no election being held this year, the economy is projected to grow slower at 6.3% from previous year's 6.8%. However, there may be a surprise if the Duterte government can immediately implement a sound tax reform program and roll-out the planned major infrastructure projects. With the higher interest rates in the US, the USD-PHP exchange rate is seen to hit PhP51.50 by year-end.

## Where to put your money

Ador A. Abrogena, Executive Vice President and Head of BDO Trust, says, “The challenge for this year is navigating through the changes that arose from last year's global and domestic developments”. He believes BDO Trust is well prepared to address these with a complete range of professionally-managed money market, bond, balanced and equity unit investment trust funds (UITFs) available in both peso and US dollars.

BDO Trust's Senior Vice President and Chief Investment Officer, Frederico “Fritz” R.D. Ocampo, gives the following advice on how to navigate through these times:

- Diversify into USD assets by investing in the BDO Dollar Money Market Fund for the novice investors. For the more experienced investors, the BDO US Equity Feeder Fund provides diversification via exposure in US companies that are expected to benefit from Trump's pro-growth policies.
- Clients who prefer peso assets can directly invest in medium term corporate bonds with good track record, strong cash flows and sound business practices in order to benefit from the rising interest rates.
- Invest in equities to enhance peso returns. For novice investors, invest in the BDO Equity Index Fund in order to have a feel of the market as this fund is invested in the companies included in the Philippine Stock Exchange Index (PSEi). For the more experienced investors, the BDO Sustainable Dividend Fund is recommended as it is invested in companies with sustained earnings and dividends yielding higher than the current 1.6% dividend yield of the PSEi. For the most experienced investors, the BDO Focused Equity Fund can provide exposure to a concentrated portfolio of companies that have the strongest long-term growth and biggest price appreciation potential.

As market conditions have evolved, BDO Trust strives to give informed, prudent and effective investment options for their clients. BDO finds ways to navigate the constantly changing investment landscape of the times.

For more information on the products and services of BDO Trust, please visit [www.bdo.com/trust](http://www.bdo.com/trust).