

KEY ECONOMIC DEVELOPMENTS

Philippines

Recent Developments: Earlier in the month, market sentiment was boosted by optimism about the better-than-expected inflation for February, raising the outlook that the central bank could resume lowering interest rates by April. Inflation slowed to 2.1% in Feb 2025, well below consensus estimate (2.6%) and BSP's 2.2-3.0% range. This is much lower than Jan 2025 inflation print at 2.9%, and Feb 2024 at 3.4%. Core inflation, which excludes food and energy items, also cooled to 2.4% (Jan 2025: +2.6%). Market participants will closely watch the BSP's upcoming policy meeting on April 10, with expectations growing for a rate cut as Finance Secretary and Monetary Board member Ralph G. Recto signaled up to 75bps of easing this year. Meanwhile, the Balance of Payments (BoP) was recorded at a USD3.1b surplus in Feb 2025, reversing January's USD4.1bn deficit and marking its first positive balance in five months.

Fixed Income: Philippine government bond yields exhibited relative stability amidst the backdrop of global market volatility. The yield curve slightly steepened given dovish tone of the Bangko Sentral ng Pilipinas (BSP). The 2-year bond yield declined by 7.5 basis points to 5.745% by end of the month, reflecting expectations of easing short-term interest rates. The 10-year bond yield increased by nearly 7 basis points to 6.192%, by end of March. Meanwhile, bond supply concerns continued to weigh on sentiment.

Equities: In March 2025, the Philippine Stock Exchange Index (PSEi) managed to post marginal gains despite the volatility reflecting both global economic uncertainties and domestic factors. The PSEi gained by 183 points to close the month at 6,180.72 level or higher by 3.05%. Earlier in the month, sentiment was boosted by the better-than-expected inflation for February. The PSEi tracked Wall Street's optimism after the US Federal Reserve reaffirmed its stance on two rate cuts in 2025, keeping rates steady despite inflationary concerns. However, market enthusiasm was tempered by trade war uncertainties. The FTSE rebalancing also influenced trading activity.

Global

Recent Developments: In March, news about tariffs dominated headlines and was one of the primary drivers of market movements. President Trump's 25% tariffs on imports from Canada and Mexico took effect, and 2 days after, its effectivity was postponed for a month, while the 25% on steel and aluminum imports to the US was implemented. Meanwhile, China which was charged with 10% tariffs on all import goods in February, retaliated with additional 15% tariffs on wide-array of U.S. farm products exported to China. The market is also bracing for President Trump's reciprocal tariffs announcement, targeting all countries, on April 2.

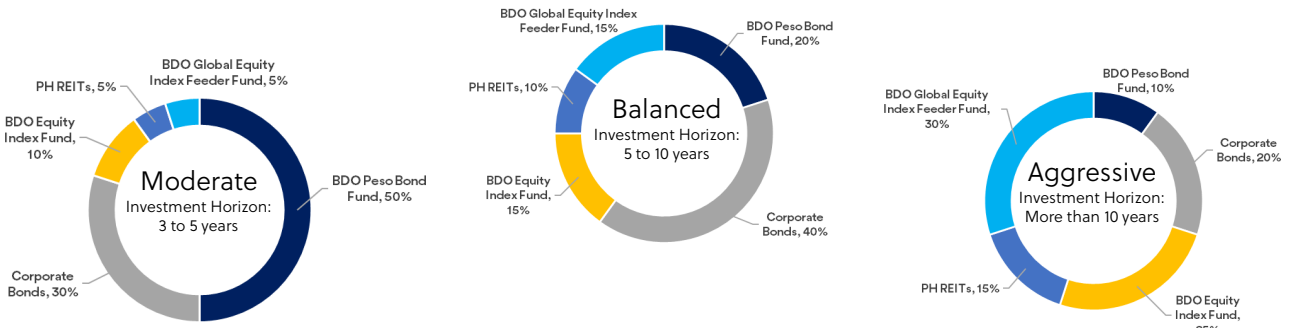
In the US, the Federal Reserve (Fed) kept interest rates steady at 4.25 - 4.50% range for a second straight meeting, as market expected. The Fed noted that "uncertainty around the economic outlook has increased" and cut its 2025 US GDP forecast from 2.1% to 1.7% and raised its 2025 inflation forecast from 2.5% to 2.8%. In Europe, the European Central Bank (ECB), as expected, reduced its interest rate by 0.25% to 2.50%, as inflation nears the ECB's 2% target and growth remains weak.

Fixed Income: Amid the global developments, particularly on U.S. tariffs and the Fed's policy rate decision to maintain interest rates at 4.25% - 4.50% range, U.S. Treasuries experienced relatively stable yields in March, rising by just 2 bps to 4.39%. Asian local bonds gained in March, driven by gains in most local markets and by the favorable foreign exchange movements in most markets relative to the U.S. dollar. Emerging markets experienced mixed returns, shaped by volatility and tariff uncertainty. High yield indices faced challenges, corporate high yield bond return was relatively unchanged and corporate investment grade bonds inched higher.

Equities: Equity markets declined in March amid rising economic concerns and escalating geopolitical tensions. U.S. equities ended March in a negative territory with the Nasdaq-100 index returned -7.6% and S&P 500 posted -5.7%, biggest monthly percentage drops for both indexes since December 2022, driven by fears of trade war that could hurt economic growth and spur inflation. The Magnificent Seven, comprised of mega cap technology names which led equity market performance in 2023 and 2024, was an outsized drag on U.S. equity markets. The Euro Stoxx 600 fell 4.2% in March, its first monthly decline this year, as investors braced for the unveiling of Trump's reciprocal tariffs alongside 25% import levies on automobiles.

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.

KEEP A PORTION IN CASH

Fund Name	YoY Returns	Past 3 Years Returns	Why Invest?
BDO Peso Money Market Fund	4.59%	11.06%	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	4.09%	9.50%	The BDO Dollar Money Market Fund is a low risk investment that 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	91 days	16 Jul 25	5.500%	4.30%	4.20%	4.00%	n/a
PHP	BDO	180 days	13 Oct 25	5.375%	4.20%	4.10%	3.90%	n/a
USD*	BDO HK	91 days	16 Jul 25	4.175%	n/a	n/a	n/a	3.925%
USD*	BDO SG	183 days	16 Oct 25	4.175%	n/a	n/a	n/a	3.925%

*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	0.98 yrs	16 Apr 26	4.25%	NA	NA	5.5000%	94.7900
PHP*	FXTN 07-64	3.00 yrs	22 Apr 28	4.35%	3.6250%	2	5.6250%	94.5400
USD**	US Tbills 3Mos.	0.23 yrs	17 Jul 25	3.87%	NA	NA	4.0850%	99.0128
USD***	ROP 29 3.75 1/14/29	3.73 yrs	14 Jan 29	4.20%	3.75%	2	4.5213%	97.3740

*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)

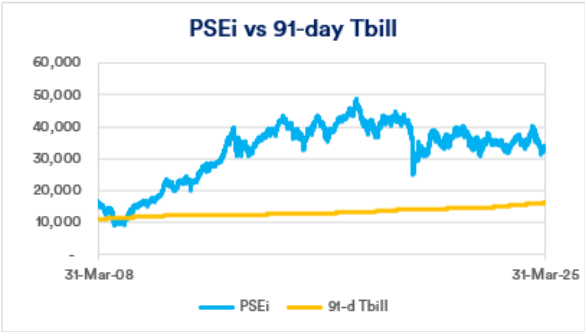
***subject to minimum aggregate order of USD 200K face amount

UPCOMING FIXED INCOME ISSUANCES

Issuer	Currency	Coupon Freq	Gross Coupon Rate (indicative)	Net Coupon Rate (indicative)	Tenor	Issue Date (indicative)	Maturity Date (indicative)
Fixed Rate Treasury Notes (FXTN) due 2035 / FXTN 10-73	PHP	2	6.375%	5.00%	10 yrs	28 Apr 2025	28 Apr 2035

**Ideal for investors with at least Conservative risk profile
Minimum investment amount of PhP 1M, increments of PhP 100K
Deadline of reservation: April 23, 2025 (1:00pm 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	6.68%	-4.55%	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 its benchmark 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	-5.02%	-14.20%	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	-2.53%	-14.20%	The BDO ESG Equity Fund invests in listed companies exhibiting good environmental, social and governance (ESG) practices to address the increasing demand on sustainable investing. 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	20.54%	22.95%	The Fund gives access to the world's largest and most well-known corporations such as Apple, Nvidia and Microsoft by investing in a target fund that tracks the MSCI World Index.

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 and we shall contact you within the next three working days.

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