

KEY ECONOMIC DEVELOPMENTS

Philippines

Recent Developments: BSP's off-cycle rate hike of 25bps to 6.50% was the highlight of the month, coming off September's 6.1% inflation print. Furthermore, BSP also cited that they are expecting 2024 inflation to be at 4.7%, above their target range of 2-4%. In which case, they noted that it will remain above the said range until the end of 1H24. As such, expressing the need to keep policy rates tightened. Consequently, October inflation came in at a surprise once more, but this time clocking in at a slower pace of 4.9% (vs. street expectations of 5.6%). This was brought about by the slower pace of growth for the prices of food and non-alcoholic beverages (7% vs. 9.7% in Sept.) As such, the favorable surprise and may translate to higher chances of a pause by the BSP in their next meeting.

Fixed Income: Local bond yields rose MoM as the trending inflation remains to be the key driver for tighter monetary policy. Moreover, this was justified by the off-cycle rate hike made by the BSP before the end of the month which pushed rates to 6.50%.

Equities: MoM, the PSEi fell 5.5% and ending the month below the 6k level at 5,973.78. The biggest drag for the index was SCC, as it reported disappointing 3Q results given lower coal prices and volumes. Nonetheless, it was the BSP's off-cycle rate hike and modest corporate earnings growth that weighed down on the market's performance.

Global

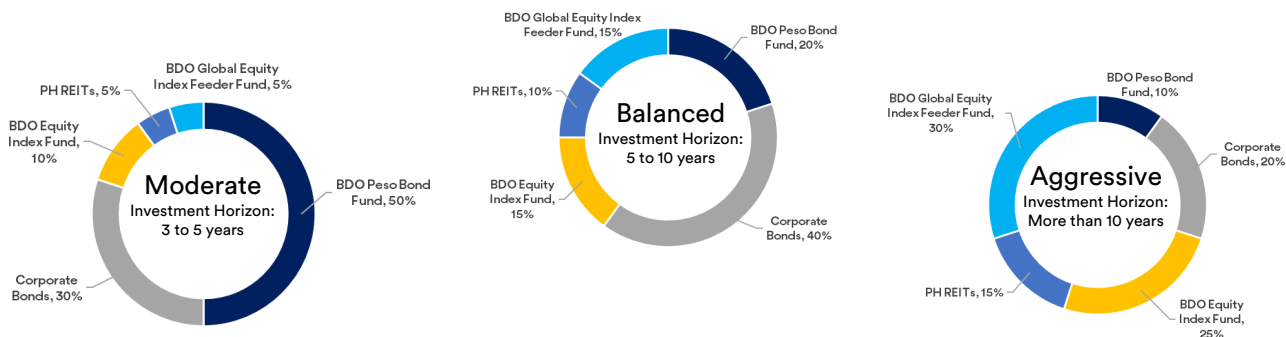
Recent Developments: US Consumer Price Index (CPI) held steady for the month of September as it rose 3.7% YoY (unchanged vs. August) and 0.4% on a monthly basis. This was slightly faster than the expected 3.6% by consensus. According to the data released by the Bureau of Labor Statistics, gas and rents kept prices high which added pressure to consumers. Meanwhile, US labor market started to show signs of cooling down after September's outsized figures. Total payroll growth slowed to 150K from 297K, while average hourly rate slowed to 4.1% and 0.2% on a YoY and MoM basis. Market expectations that the Fed will hold rates steady at its December meeting stood at 90.4%, higher than the 70% range from few weeks back after the release of the lackluster US labor data.

Fixed Income: US bond yields flirted near the 5% level during mid-October after increasing expectations that the Fed will once more hike interest rates to control inflation. Nonetheless, chances of another hike was watered down after the slowdown in the labor market. Thus resulting to correction in yields.

Equities: Wall Street was in for a tough October as all 3 US indices posted their third consecutive month of decline, entering correction territory. Most sectors, including energy, airlines, media, homebuilders, chemicals, semiconductors, machineries, and banks underperformed. Furthermore, global shares were shaken by the attack of the Hamas militia on Israel, as uncertainties on global crude prices surfaced.

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	YTD Returns	YoY Returns	Why Invest?
BDO Peso Money Market Fund	3.16%	3.65%	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	2.68%	3.01%	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 5 Mn	\$ 25K
PHP*	BDO	98 days	20 Feb 24	5.75%	4.50%	4.40%	4.20%	n/a
PHP*	BDO	189 days	21 May 24	5.75%	4.50%	4.40%	4.20%	n/a
USD**	BDO HK	182 days	14 May 24	4.47%	n/a	n/a	n/a	4.22%
USD**	BDO SG	366 days	14 Nov 24	4.55%	n/a	n/a	n/a	4.30%

*other bank TD special rate = 6.10% gross 64 days; 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	175 days	08 May 24	4.78%	NA	NA	6.1950%	97.08
PHP*	RTB 05-13	1.74 yrs	12 Aug 25	4.80%	2.625%	4	6.125%	94.26
USD**	US Tbills 6Mos.	0.50 yrs	16 May 24	5.05%	NA	NA	5.1750%	97.3838
USD***	ROP28 3.0 2/1/28	4.21 yrs	1 Feb 28	4.91%	3.00%	2	5.1181%	92.0670

*subject to minimum of PhP1.1M face value per certificate; minimum face amount of PhP5M, increments of PhP 10K (for TBILLS new accounts)

**subject to minimum face amount of 100K USD, increments of 1K USD (for new and existing accounts)

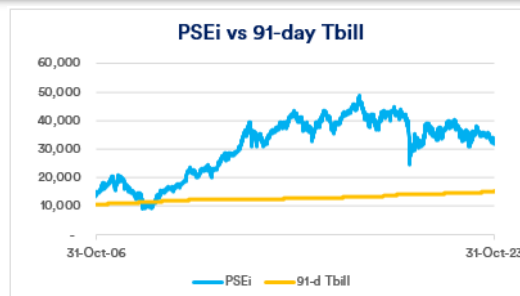
***subject to minimum aggregate order of 200K USD face amount

UPCOMING FIXED INCOME ISSUANCES

Issuer	Currency	Coupon Freq	Gross Coupon Rate (indicative)	Net Coupon Rate (indicative)	Tenor	Issue Date (indicative)	Maturity Date (indicative)
Union Bank of the Philippines (UBP) Fixed Rate Bonds	PHP	4	6.6337% - 6.7837% 6.6445% - 6.8945%	5.0569% - 5.1769% 5.0656% - 5.2656%	1.5 yrs 3 yrs	05 Dec 2023	05 June 2025 05 Dec 2026

- Ideal for investors with at least Conservative risk profile
- Minimum investment amount of PhP 1M, increments of PhP 50K
- Deadline of reservation: November 16, 2023 (11:45 AM)

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	5.59%	-5.54%	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 over the past 5 years.

LOOK INTO EQUITIES

Fund Name	Past 3 Years Fund Return	Past 3 Years Benchmark Return	Why Invest?
BDO ESG Equity Fund	3.74%	-5.54%	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.
BDO Focused Equity Fund	3.60%	-5.54%	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.

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	21.69%	24.07%	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 and we shall contact you within the next three working days.

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