

INVESTMENT QUARTERLY

INVESTMENT CONSIDERATIONS & RECOMMENDATIONS

<p>US Fiscal Stimulus</p> <p>The US is expected to experience a boost in personal and corporate spending due to lower tax rates, and in potential investment from the repatriation of US corporate earnings. These are likely to significantly offset concerns over potential slowdown in trade resulting from the US-instigated trade war.</p>	<p>BDO US Equity Feeder Fund (USEFF)</p> <p>This dollar-denominated fund taps into a target fund invested in stocks listed in the US Stock Exchange. Investors who would like to take advantage of the current US growth momentum and a strengthening US dollar may choose this fund. Escalations of a possible trade war between the US and China may bear down on investor sentiment over the long-term, however.</p>	<p>+9.47% Year-to-date</p> <p>+32.87% Since Inception (04/18/2016)</p>
<p>Flows from Emerging Markets to Developed Markets</p> <p>Recent macroeconomic concerns in select countries such as Argentina and Turkey have created a general global aversion for emerging markets altogether. This has caused foreign investors to move funds to Developed Markets as they are perceived to be relatively safer.</p>	<p>BDO Global Equity Index Feeder Fund (GEIFF)</p> <p>This dollar-denominated fund gives investors access to the world's 23 developed markets by investing in a target fund that tracks the MSCI World Index. The target fund's composition includes investments in some of the largest and most well-known corporations in the world such as Apple, Inc. and Microsoft Corporation. Investors who would like to spread their exposure to offshore markets and take advantage of the global growth story may participate in this UITF.</p>	<p>+4.70% Year-to-date (Target Fund)</p> <p>+2.73% Since Inception (2/28/2018)</p>
<p>Hitting Hurdle Rates</p> <p>As interest rates continue to rise, yields on fixed income securities are beginning to be significantly more attractive. Yields are likely to continue to rise given strong inflation concerns coupled with a race for market liquidity between various issuers as the government offers more GS to the bond market. Gradual accumulation of 3-7 year bonds would be favorable, especially to investors who are looking to reinvest the principal in the medium-term.</p>	<p>Corporate Bond Issuances</p> <p>Philippine corporations issue fixed-rate bonds to raise capital for funding their own expansion plans or for refinancing purposes. These bonds generally have fixed dates for payments of both periodic interest and principal. Corporate bonds also provide higher yields than government bonds of the same maturity profile, as the former is considered riskier than government securities by the market. Investors with specific target yield objectives may find that select corporate bonds may satisfy their required rates of return.</p>	<p>6.657% 3Yr Corp. Bond Yield (Secondary Market)</p> <p>7.503% 7Yr Corp. Bond Yield (Secondary Market)</p>
<p>Overall Strong Macroeconomic Backdrop</p> <p>Strong GDP figures, stimulus from the Build Build Build program, and stable corporate earnings continue to contribute toward a stronger long-term equity market performance as it awaits the reflow of foreign investment funds. Current market conditions provide favorable entry opportunities for gradual accumulation.</p>	<p>BDO Equity Index Fund (EQIF)</p> <p>This fund's portfolio consists of the same component companies of the Philippine Stock Exchange Composite Index and their weightings, thus mirroring the returns of the local market index. This fund is ideal for investors who may want to invest in a proxy fund for the Philippine stock market that does not feature the attendant risks of trying to outperform it.</p>	<p>-15.01% Year-to-date</p> <p>-3.34% Since Inception (7/10/2015)</p>

*return figures and yields as of September 28, 2018. All return figures reckoned in the funds' respective currencies.

How to Invest:

THROUGH BDO ONLINE*	THROUGH A BDO BRANCH
<p>Step 1. Log on to your BDO Invest Online account Step 2. Complete client suitability form Step 3. Choose a fund and start investing!</p>	<p>Step 1. Visit any BDO branch. Step 2. Speak to certified UITF marketing personnel Step 3. Choose a fund and start investing!</p>