

# INVESTMENT QUARTERLY

## THE VALUE OF DIVERSIFYING

Many potential investors find themselves hesitant to invest their money due to the inherent risks and uncertainties, preferring the relative security and predictability of time deposits. What may get overlooked though is that due to the low returns, time deposits actually lose value due to inflation. Moreover, through diversification, risk can be mitigated and returns can be increased and protected at the same time. Diversifying investments means creating a portfolio of various bonds, stocks, fund portfolios, and even currencies that each react in different ways, balancing each other out. A dip in value of one can be offset by the growth in value of another. Availing of several of BDO's UITF products is a sure way to diversify savings and risk.

## INVESTMENT CONSIDERATIONS & RECOMMENDATIONS

<p><b>Boost in Spending Power from Lower Personal Taxes</b></p> <p>By reducing personal tax rates for the majority of Filipino taxpayers, more money will become available for personal consumption and even investment, resulting in higher revenues and thus profits for local corporations listed in the stock market.</p>	<p style="text-align: center;"><b>BDO Equity Index Fund (EQIF)</b></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 style="text-align: center;"><b>+24.54%</b> Year-to-date</p> <p style="text-align: center;"><b>+13.72%</b> Since Inception (7/10/2015)</p>
<p><b>Improving European Business Conditions</b></p> <p>Europe is regaining stability with easing political risk, rising business &amp; consumer sentiment, and improving labor market conditions.</p>	<p style="text-align: center;"><b>BDO Europe Equity Feeder Fund (EEFF)</b></p> <p>This newly-launched dollar-denominated fund taps into a target fund invested in stocks of companies domiciled in or exercising the predominant part of their economic activity in Europe. Investors who would like to take advantage of the nascent European growth momentum and the turnaround of political risks may invest in this fund.</p>	<p style="text-align: center;"><b>+1.62%</b> Since Inception (7/26/2017)</p>
<p><b>Inclusion of China A-shares in the MSCI EM Index</b></p> <p>The inclusion of many large-cap Chinese corporates in MSCI's Emerging Markets Index beginning in 2018 is expected to boost foreign flows from funds tracking the index, and push Chinese share prices higher.</p>	<p style="text-align: center;"><b>BDO China Equity Feeder Fund (CEFF)</b></p> <p>This dollar-denominated fund invests in a target fund composed of stocks of companies listed in or whose primary business activity is in China. This fund is ideal for investors who would like to take advantage of China's economic revival with its improved growth outlook and potential to attract foreign funds.</p>	<p style="text-align: center;"><b>+41.41%</b> Year-to-date</p> <p style="text-align: center;"><b>+23.44%</b> Since Inception (10/29/2015)</p>
<p><b>Passage of the US Tax Reform Program</b></p> <p>One of the highlights of the US tax reform program is the lowered corporate income tax rates. The successful implementation of this program will likely attract more funds into the United States.</p>	<p style="text-align: center;"><b>BDO US Equity Feeder Fund (USEFF)</b></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.</p>	<p style="text-align: center;"><b>+12.04%</b> Year-to-date</p> <p style="text-align: center;"><b>+21.38%</b> Since Inception (04/18/2016)</p>

\*return figures as of December 29, 2017

### How to Invest:

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

**UITF PERFORMANCE SUMMARY as of December 29, 2017**

UITF	Short Name	Net Asset Value per unit	Year-to-Date Change	Quarter-on-Quarter Change	CAGR Since Inception*
<b>PESO FUNDS</b>					
BDO Peso Money Market Fund	PMMF	1,532.75	1.29%	0.33%	3.41%
BDO Short Term Fund	STF	100.54	0.54%	0.41%	1.71%
BDO GS Fund	GS	192.69	1.29%	-0.49%	5.32%
BDO Peso Bond Fund	PFIF	2,012.64	1.45%	-0.24%	5.68%
BDO PERA Short Term Fund	PSTF	100.70	0.70%	0.29%	1.39%
BDO PERA Bond Index Fund	PBIF	100.43	0.43%	-0.47%	0.85%
BDO Peso Balanced Fund	PBAL	3,590.60	0.04%	-2.36%	9.22%
BDO Equity Fund	EQUITY	489.67	20.14%	2.78%	13.37%
BDO Sustainable Dividend Fund	SDF	118.79	4.90%	-6.49%	4.19%
BDO Focused Equity Fund	FEF	104.83	3.75%	-6.03%	1.13%
BDO Equity Index Fund	EQIF	113.72	24.54%	4.42%	5.34%
BDO Pera Equity Index Fund	PEIF	125.35	21.40%	3.67%	24.37%
BDO ESG Equity Fund	ESGF	119.34	17.74%	2.97%	9.01%
<b>DOLLAR FUNDS</b>					
BDO Dollar Money Market Fund	DMMF	139.68	1.30%	0.34%	2.67%
BDO Dollar Bond Fund	DBF	164.51	1.73%	0.10%	4.01%
BDO Medium Term Dollar Bond Fund	MTDBF	1.85	2.21%	-0.15%	4.99%
BDO Developed Markets Property Index Feeder Fund	DMPPIFF	107.93	11.53%	3.64%	2.90%
BDO China Equity Feeder Fund	CEFF	123.44	41.41%	10.59%	10.21%
BDO Global Equity Select Feeder Fund	GESFF	110.05	19.37%	2.59%	4.54%
BDO US Equity Feeder Fund	USEFF	121.38	12.04%	4.05%	12.09%
BDO Europe Equity Feeder Fund	EEFF	101.62	1.62%	-0.74%	3.85%
BDO Japan Equity Index Feeder Fund	JEIF	110.54	10.54%	7.72%	38.40%
<b>INSTITUTIONAL FUNDS</b>					
BDO Institutional Cash Reserve Fund	ICRF	113.42	1.80%	0.45%	2.10%
BDO Merit Fund - Intermediate Term Portfolio	MFST	158.13	1.60%	-0.10%	3.88%
BDO Merit Fund - Medium Term Portfolio	MFMT	149.32	1.52%	-0.57%	5.37%
BDO Institutional Equity Fund	IEF	5,470.52	22.18%	3.59%	14.51%

\*Compounded Annual Growth Rate (CAGR) since inception allows for UITF comparison regardless of inception dates.

**UITF PORTFOLIO as of December 29, 2017**

UITF	Short Name	Short-term Placements	Government Securities	Corporate Securities	Equities
<b>PESO FUNDS</b>					
BDO Peso Money Market Fund	PMMF	100.00%	0.00%	0.00%	N/A
BDO Short Term Fund	STF	87.43%	12.57%	0.00%	N/A
BDO GS Fund	GS	4.14%	95.86%	0.00%	N/A
BDO Peso Bond Fund	PFIF	4.07%	68.17%	27.75%	N/A
BDO PERA Short Term Fund	PSTF	70.78%	29.22%	0.00%	N/A
BDO PERA Bond Index Fund	PBIF	2.88%	97.12%	0.00%	
BDO Peso Balanced Fund	PBAL	1.17%	40.09%	0.00%	58.74%
BDO Equity Fund	EQUITY	0.93%	0.00%	0.00%	99.07%
BDO Sustainable Dividend Fund	SDF	0.55%	0.00%	0.00%	99.45%
BDO Focused Equity Fund	FEF	2.36%	0.00%	0.00%	97.64%
BDO Equity Index Fund	EQIF	0.15%	0.00%	0.00%	99.85%
BDO Pera Equity Index Fund	PEIF	0.69%	0.00%	0.00%	99.31%
BDO ESG Equity Fund	ESGF	4.06%	0.00%	0.00%	95.94%
<b>DOLLAR FUNDS</b>					
BDO Dollar Money Market Fund	DMMF	100.00%	0.00%	0.00%	N/A
BDO Dollar Bond Fund	DBF	35.60%	50.77%	13.63%	N/A
BDO Medium Term Dollar Bond Fund	MTDBF	19.52%	75.47%	5.00%	N/A
BDO Developed Markets Property Index Feeder Fund	DMPPIFF	2.28%	N/A	N/A	97.72%
BDO China Equity Feeder Fund	CEFF	4.98%	N/A	N/A	95.02%
BDO Global Equity Select Feeder Fund	GESFF	5.95%	N/A	N/A	94.05%
BDO US Equity Feeder Fund	USEFF	1.48%	N/A	N/A	98.52%
BDO Europe Equity Feeder Fund	EEFF	1.96%	N/A	N/A	98.04%
BDO Japan Equity Index Feeder Fund	JEIF	0.00%	N/A	N/A	100.00%
<b>INSTITUTIONAL FUNDS</b>					
BDO Institutional Cash Reserve Fund	ICRF	100.00%	0.00%	0.00%	N/A
BDO Merit Fund - Intermediate Term Portfolio	MFST	15.04%	69.55%	15.41%	N/A
BDO Merit Fund - Medium Term Portfolio	MFMT	5.48%	75.88%	18.64%	N/A
BDO Institutional Equity Fund	IEF	0.49%	0.00%	0.00%	99.51%

DISCLAIMER: The views expressed in this Update by BDO-Trust are strictly for information purposes only. The BDO UITFs are not deposit accounts but trust products and are not guaranteed nor insured by BDO, its affiliates or subsidiaries. Investment or participation in the BDO UITFs are subject to risk and possible losses of principal. The value of the investments can go up or down and, upon redemption, may be worth more or worth less than the original amount invested. BDO-Trust is not liable for such losses which are for the sole account of the participant/trustor. Participations in the BDO UITFs do not guarantee a rate of return and are not insured by the Philippine Deposit Insurance Corporation (PDIC). Thus it is important that the investor always considers if these Funds are aligned with his financial goals, investment horizon and risk appetite. The UITFs are charged for custodianship fees, financial services providers' fees, and third-party audit fees whose sum total does not exceed 0.10% of the fund volumes. For more information, kindly call the undersigned members of the BDO Trust Research and Investments Group.

BANCO DE ORO TRUST AND INVESTMENTS GROUP	Anthony E. C. De Dios Paolo Miguel Tabuena	<a href="mailto:dedios.anthony@bdo.com.ph">dedios.anthony@bdo.com.ph</a> <a href="mailto:tabuena.paolo@bdo.com.ph">tabuena.paolo@bdo.com.ph</a>	840-7000 Ext.33136 840-7000 Ext.33237
--	---	--	--

BDO Unibank, Inc.-Trust and Investments Group is regulated by the Bangko Sentral ng Pilipinas (BSP). For any inquiries and complaints relating to our services and products you may 1) call our phonebanking hotline: 631-8000; 2) send an email to [trust.complaints@bdo.com.ph](mailto:trust.complaints@bdo.com.ph); or 3) visit/call/ email your assigned Trust Marketing Officer or the Branch Manager/Marketing Officer of your servicing branch. You may also file your complaints at BSP Financial Consumer Protection Department at (632) 708-7087 or [consumeraffairs@bsp.gov.ph](mailto:consumeraffairs@bsp.gov.ph). To know your rights under BSP Circular No. 857 (Regulations on Financial Consumer Protection), Please access a copy at the BSP website ([www.bsp.gov.ph](http://www.bsp.gov.ph)).