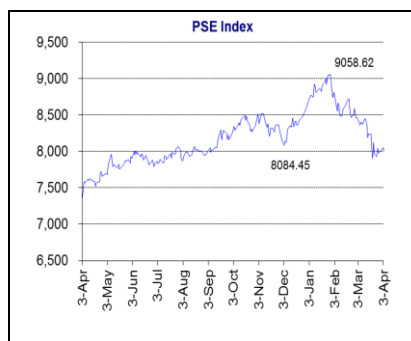


UITF Updates

For the week of May 8, 2018



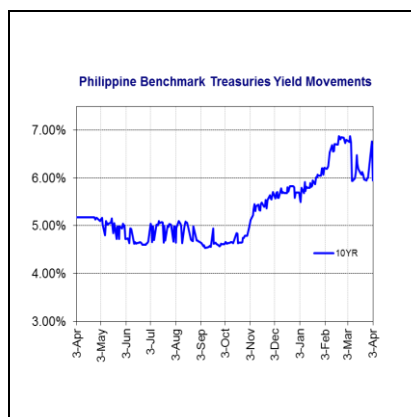
PESO STOCK MARKET

- The PSEi suffered a loss of 2.3% week-on-week, dragged by pressures from accelerating inflation, weakening USD-PHP, and anticipation of the BSP's monetary policy decision on May 10, which resulted in one 25 bp rate hike in the policy rate.
- Mixed results coming from 1Q18 earnings season
- The local index is seen testing the 7,400-7,500 support

PSE Index

Short-Term Outlook →

Long-Term Outlook ↗



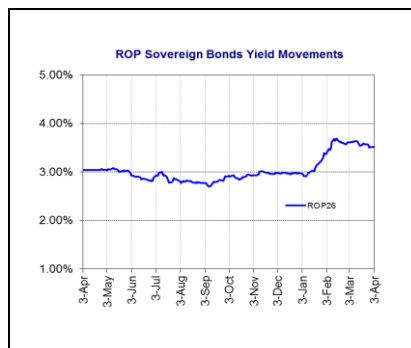
PESO BOND MARKET

- Mixed movement across the yield curve this week, as market participants await the BSP's policy rate decision on May 10, following the release of the April CPI inflation at 4.5% (2012 base), and the renewed weakness of the peso and surge in oil prices following President Trump's unilateral revocation of the Iran accord
- A decision to raise the policy rate may have the opposite effect – albeit fleeting – of lowering bond yields as uncertainty eases
- P10-B 3-year auction also showed higher rates, with an average of 4.70% and high of 4.75% for FXTN 3-23.

Interest Rates

Short-Term Outlook →

Long-Term Outlook ↗



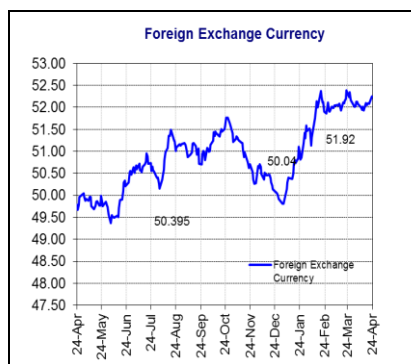
DOLLAR BOND MARKET

- Slight increase in dollar ROPs week-on-week, as the US Treasury trends the 3% territory
- Donald Trump's revocation of the 2015 Iran Nuclear Pact had a muted impact on financial markets, but caused a rally in oil prices with oil now trading above the \$70/barrel despite the supposed offsetting effect of shale oil
- Any relief rally in US Treasury bonds resulting from the flight to safe haven assets will likely be short-lived; the long-term trajectory of yields remains upward

Interest Rates

Short-Term Outlook →

Long-Term Outlook ↗



FOREIGN EXCHANGE (USD-PHP)

- Near term may see bullishness on the local unit if the BSP does undertake a May hike
- But more forthcoming US Fed rate hikes will likely cause USD-PHP to depreciate further in the latter half of the year

Exchange Rate

Short-Term Outlook ↘

Long-Term Outlook ↗

SELECTED INDICATORS

3.01% 10yr US Treasury Yield*	6.06% 10yr Peso GS Yield*	6.8% 1Q Phil. GDP Growth	4.5% April 2018 Inflation	51.93 USDPHP*
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*As of May 9, 2018

INVESTMENT QUARTERLY

INVESTMENT CONSIDERATIONS & RECOMMENDATIONS

<p>Accelerating GDP Growth China's GDP grew 6.9% in 2017, well above the government's target of 6.5% for the same period. Growth is expected to remain robust in 2018 as the country's largest growth driver shifts from fixed investments to personal consumption.</p>	<p>BDO China Equity Feeder Fund (CEFF) 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>+5.88% Year-to-date +30.70% Since Inception (10/29/2015)</p>
<p>Synchronized Global Growth The world's major developed markets and emerging economies have seen sustained synchronized uptrends in both economic growth and corporate earnings momentum.</p>	<p>BDO Global Equity Index Feeder Fund (GEIFF) This newly-launched 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>-2.39% Year-to-date (Target Fund) -3.21% Since Inception (2/28/2018)</p>
<p>Strengthening European Economic Backdrop Many indicators in Europe are pointing towards an economic rebound, with retail sales, purchasing managers' indices, and employment all on an uptrend.</p>	<p>BDO Europe Equity Feeder Fund (EEFF) This 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>-1.17% Year-to-date +0.42% Since Inception (7/26/2017)</p>
<p>Passage of the US Tax Reform Program Proposed tax reform measure in the United States include reduced taxes for corporations, small businesses, and individuals. An effective passage and implementation of this program will likely further stimulate economic activity and boost profits in the United States.</p>	<p>BDO US Equity Feeder Fund (USEFF) 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>-1.35% Year-to-date +19.75% Since Inception (04/18/2016)</p>
<p>Higher Purchasing Power from Tax Reform Measures Corporations have started to feel the effects of the recent reduction in personal income taxes. Most Filipino taxpayers are likely to allocate their higher disposable incomes to increased consumption spending and even investment, further contributing to the robust Philippine growth story.</p>	<p>BDO Equity Index Fund (EQIF) 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>-6.84% Year-to-date +5.95% Since Inception (7/10/2015)</p>

*return figures as of March 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>

UITF PERFORMANCE SUMMARY as of May 08, 2018

UITF	Short Name	NAV per unit	1-Week Change	1-Month Change	YTD Change	YoY Change	3-Year Change	5-Year Change	CAGR Since Inception*
PESO FUNDS									
BDO Peso Money Market Fund	PMMF	1,541.98	0.04%	0.15%	0.60%	1.41%	4.26%	6.73%	3.36%
BDO Short Term Fund	STF	101.31	0.05%	0.17%	0.76%	#N/A	#N/A	#N/A	1.94%
BDO GS Fund	GS	192.39	-0.17%	-0.21%	-0.16%	0.81%	2.94%	0.66%	5.16%
BDO Peso Bond Fund	PFIF	2,012.94	-0.11%	-0.05%	0.01%	1.15%	3.92%	3.56%	5.52%
BDO PERA Short Term Fund	PSTF	101.40	0.06%	0.16%	0.70%	#N/A	#N/A	#N/A	1.62%
BDO PERA Bond Index Fund	PBIF	100.46	-0.16%	-0.09%	0.03%	#N/A	#N/A	#N/A	0.53%
BDO Peso Balanced Fund	PBAL	3,330.96	-1.02%	-2.52%	-7.23%	-14.10%	-16.59%	-19.66%	8.44%
BDO Equity Fund	EQUITY	436.74	-2.37%	-4.24%	-10.81%	-5.09%	-5.83%	-0.31%	11.99%
BDO Sustainable Dividend Fund	SDF	103.91	-2.01%	-4.26%	-12.52%	-23.06%	-16.91%	#N/A	0.85%
BDO Focused Equity Fund	FEF	92.22	-2.01%	-4.11%	-12.03%	-21.13%	-19.88%	#N/A	-1.76%
BDO Equity Index Fund	EQIF	100.90	-2.94%	-4.21%	-11.27%	-5.22%	#N/A	#N/A	0.32%
BDO Pera Equity Index Fund	PEIF	110.94	-2.91%	-4.15%	-11.50%	-6.06%	#N/A	#N/A	7.73%
BDO ESG Equity Fund	ESGF	107.56	-2.29%	-3.40%	-9.87%	-4.24%	#N/A	#N/A	3.07%
FOREIGN CURRENCY DENOMINATED FUNDS									
BDO Dollar Money Market Fund	DMMF	140.25	0.03%	0.10%	0.41%	1.28%	3.90%	6.70%	2.63%
BDO Dollar Bond Fund	DBF	161.76	-0.03%	-0.12%	-1.67%	-0.78%	1.17%	4.20%	3.76%
BDO Medium Term Dollar Bond Fund	MTDBF	1.80	-0.13%	-0.54%	-2.74%	-1.88%	0.57%	3.90%	4.63%
BDO Developed Markets Property Index Feeder Fund	DMPPIFF	104.78	0.70%	1.70%	-2.91%	3.05%	9.57%	#N/A	1.56%
BDO China Equity Feeder Fund	CEFF	127.77	0.60%	-0.28%	3.51%	35.13%	#N/A	#N/A	10.19%
BDO Global Equity Select Feeder Fund	GESFF	107.92	0.33%	0.83%	-1.94%	7.40%	#N/A	#N/A	3.08%
BDO US Equity Feeder Fund	USEFF	121.18	-1.28%	0.03%	-0.16%	5.38%	#N/A	#N/A	9.80%
BDO Europe Equity Feeder Fund	EEFF	101.75	0.30%	0.91%	0.13%	#N/A	#N/A	#N/A	2.24%
BDO Japan Equity Index Feeder Fund	JEIF	108.32	-0.26%	3.34%	-2.01%	#N/A	#N/A	#N/A	12.74%
INSTITUTIONAL FUNDS									
BDO Institutional Cash Reserve Fund	ICRF	114.32	0.05%	0.21%	0.80%	1.94%	5.83%	9.29%	2.11%
BDO Merit Fund - Intermediate Term Portfolio	MFST	158.57	0.34%	0.07%	0.28%	1.59%	4.50%	7.66%	3.79%
BDO Merit Fund - Medium Term Portfolio	MFMT	148.64	0.41%	0.05%	-0.46%	0.46%	4.32%	7.56%	5.06%
BDO Institutional Equity Fund	IEF	4,898.23	-2.62%	-4.54%	-10.46%	-3.97%	-3.35%	3.00%	13.11%

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

UITF PORTFOLIO as of May 08, 2018

UITF	Short-term Placements	Government Securities	Corporate Securities	Weighted Average Duration	Weighted Average Yield	Equities
PESO FUNDS						
BDO Peso Money Market Fund	99.00%	0.00%	1.00%	0.70	1.72%	N/A
BDO Short Term Fund	89.00%	9.00%	2.00%	0.69	2.40%	N/A
BDO GS Fund	7.37%	92.63%	0.00%	2.56	2.58%	N/A
BDO Peso Bond Fund	7.57%	62.76%	29.67%	2.67	2.86%	N/A
BDO PERA Short Term Fund	67.07%	32.93%	0.00%	0.24	2.94%	N/A
BDO PERA Bond Index Fund	2.22%	97.78%	0.00%	2.51	3.81%	N/A
BDO Peso Balanced Fund	1.09%	42.74%	0.00%	N/A	N/A	56.17%
BDO Equity Fund	11.50%	0.00%	0.00%	N/A	N/A	88.50%
BDO Sustainable Dividend Fund	8.06%	0.00%	0.00%	N/A	N/A	91.94%
BDO Focused Equity Fund	10.48%	0.00%	0.00%	N/A	N/A	89.52%
BDO Equity Index Fund	0.30%	0.00%	0.00%	N/A	N/A	99.70%
BDO Pera Equity Index Fund	0.48%	0.00%	0.00%	N/A	N/A	99.52%
BDO ESG Equity Fund	3.46%	0.00%	0.00%	N/A	N/A	96.54%
FOREIGN CURRENCY DENOMINATED FUNDS						
BDO Dollar Money Market Fund	100.00%	0.00%	0.00%	0.00	1.30%	N/A
BDO Dollar Bond Fund	38.63%	47.28%	14.08%	1.65	1.95%	N/A
BDO Medium Term Dollar Bond Fund	31.94%	63.83%	4.23%	3.13	1.93%	N/A
BDO Developed Markets Property Index Feeder Fund	0.57%	N/A	N/A	N/A	N/A	99.43%
BDO China Equity Feeder Fund	1.01%	N/A	N/A	N/A	N/A	98.99%
BDO Global Equity Select Feeder Fund	0.86%	N/A	N/A	N/A	N/A	99.14%
BDO US Equity Feeder Fund	0.78%	N/A	N/A	N/A	N/A	99.22%
BDO Europe Equity Feeder Fund	0.85%	N/A	N/A	N/A	N/A	99.15%
BDO Japan Equity Index Feeder Fund	0.00%	N/A	N/A	N/A	N/A	100.00%
INSTITUTIONAL FUNDS						
BDO Institutional Cash Reserve Fund	100.00%	0.00%	0.00%	0.89	2.37%	N/A
BDO Merit Fund - Intermediate Term Portfolio	13.59%	70.65%	15.76%	2.31	3.55%	N/A
BDO Merit Fund - Medium Term Portfolio	14.33%	66.80%	18.87%	3.51	3.95%	N/A
BDO Institutional Equity Fund	2.18%	0.00%	0.00%	N/A	N/A	97.82%

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BDO Unibank, Inc. - Trust and Investments Group is supervised by the Bangko Sentral ng Pilipinas (BSP) with contact number (02) 708-7087 and email address consumeraffairs@bsp.gov.ph

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