

Prospects for Equity Growth

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Stock Market Performance

Market is steadily recovering after an unprecedented crash



2021 Consensus Index Forecasts

Market analysts expect optimism onto the years ahead



- PSEi rallied to 7,000 levels due to easing of quarantine measures, Pres.-elect Biden winning US elections, and positive results of vaccine trials
- Market is looking expensive, but investors are already looking at 2021 or even 2022 earnings



- Benign inflation expectation to increase purchasing power but spending still limited to essentials
- Oil prices to recover as the global economy reopens
- Corporate earnings seen to grow by 2% next year
- **PSEi forecast in 2021: 7,050**



- Availability of vaccines for mass inoculation could happen by H2 2021, which would enable the lifting of all restrictions and allow the economy to take off
- 37% earnings growth in 2021; aggregate earnings will not recover to 2019 levels until around 2022
- **PSEi forecast in 2021: 7,040**



- U-shaped economic recovery for the Philippine economy
- Foreign selling to inhibit upward momentum
- Higher 2021 profits and lower interest rates will make valuations more attractive
- **PSEi forecast in 2021: 7,000**



Outlook published from September to November

Sources: Security Bank; Philstocks; Wealth Securities; Manila Bulletin

Progress in vaccine development prove encouraging

Candidates	Vaccine Results Announcement	Efficacy Rate	Temperature Req't for Storage (in Celsius)
Pfizer	Nov. 10	95%	-70 degrees
Moderna	Nov. 16	94.5%	-20 degrees
AstraZeneca	Nov. 23	90%	2 to 8 degrees

When will substantial vaccinations be accomplished?

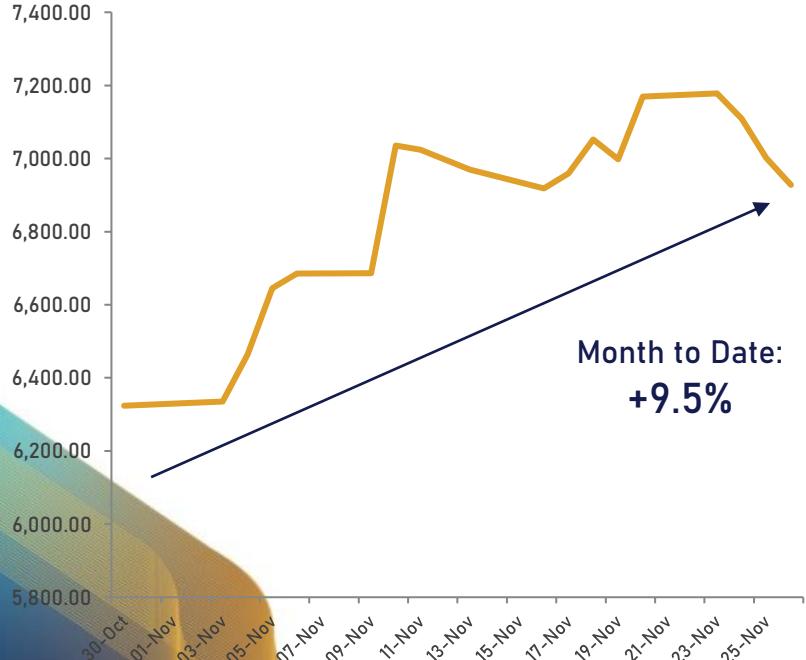


Sources: Company press releases; news articles

Investor confidence gradually returning

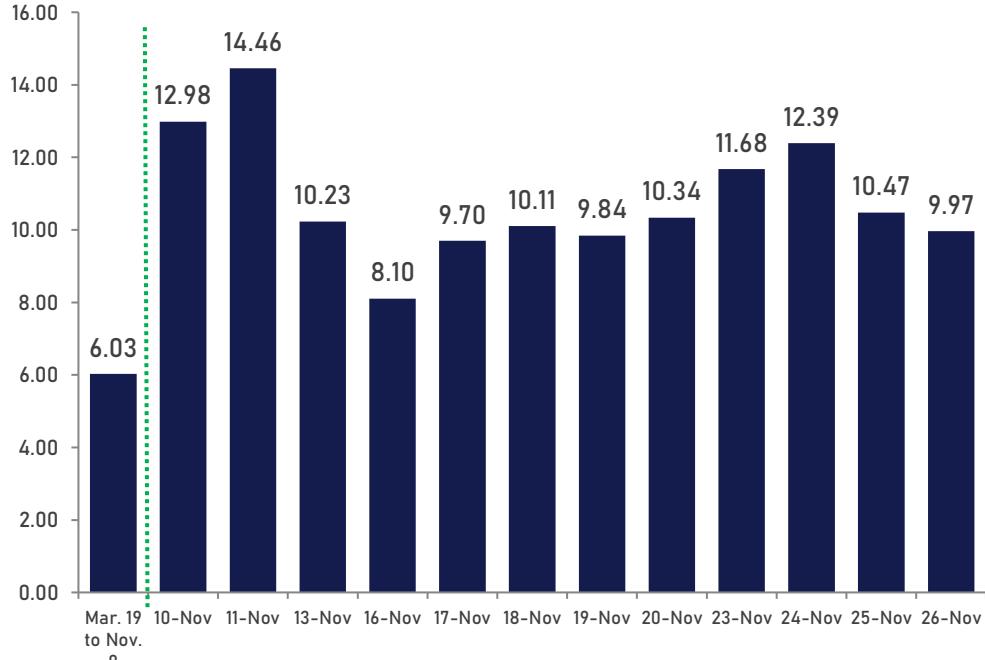
Unexpected early discovery of vaccines gave the market a shot in the arm

PSEi Performance



Source: PSE Data

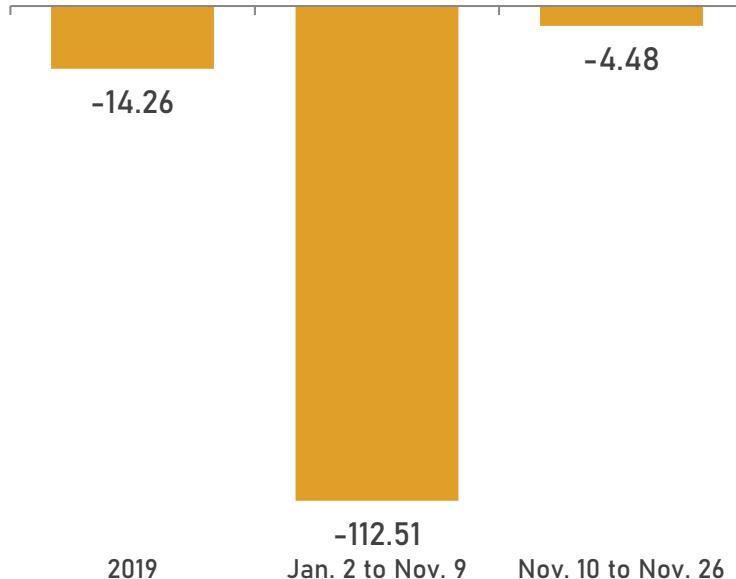
Value Turnover (in PhP bn)



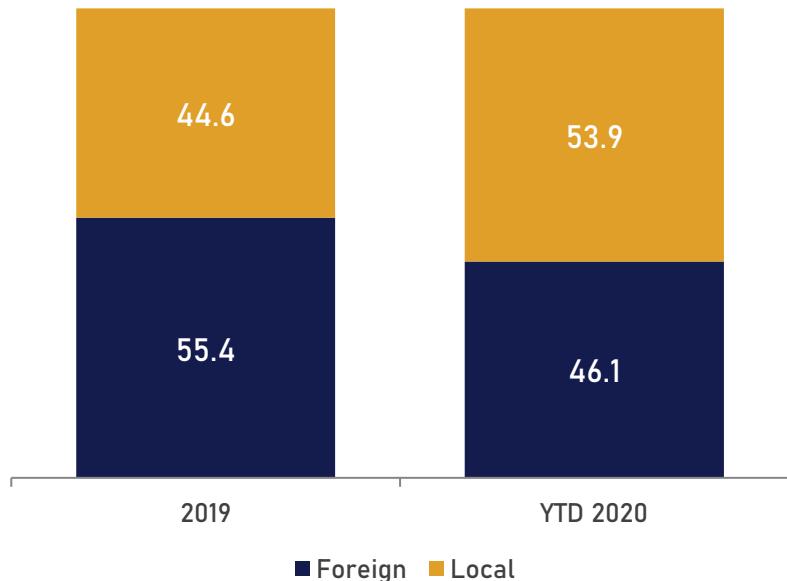
Investor confidence gradually returning

Local investors became active than their foreign counterparts

Net Foreign Transactions (in PhP bn)



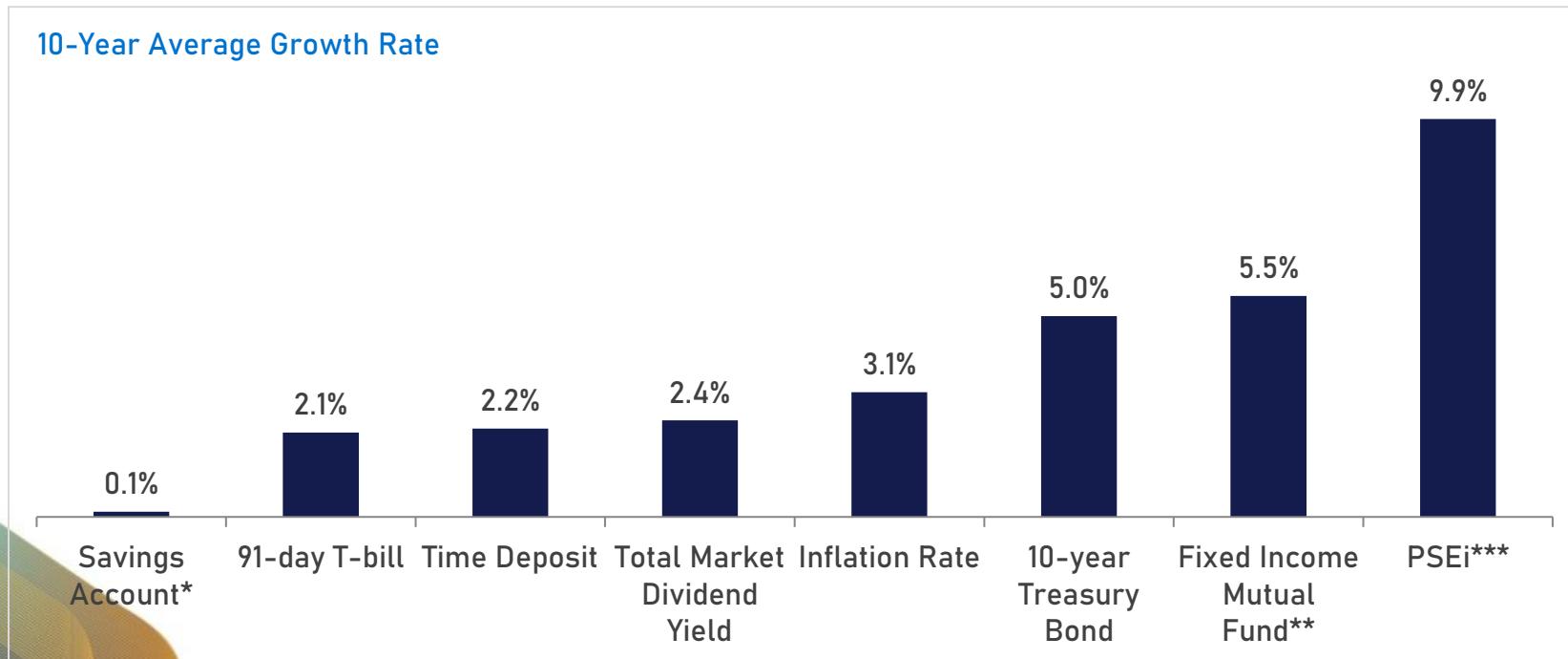
Foreign vs. Local Activity Ratio (in %)



Source: PSE Data as of 26 November 2020

Equities historically provide higher returns

The stock market has a proven track record of outperforming other instruments



*From various banks; still subject to 20% withholding tax

**First Metro Save & Learn Fixed Income Fund

*** Compound annual growth rate from 2009-2019

Source: Philippine Stock Exchange, Philippine Statistics Authority, Bureau of Treasury, Bangko Sentral ng Pilipinas

Listing pipeline remains robust despite the pandemic

Fundraising pipeline can still grow as economy recovers and business conditions improve

UNDER
REVIEW



Megawide Construction Corp.
Php4.36 billion (FOO)



Italpinas Dev't Corp.
up to Php650 million (FOO)



AC Energy Philippines
up to Php5.38 billion (SRO)



8990 Holdings Inc.
up to Php5 billion (FOO)



up to US\$250 million convertible preferred shares rights offering (SRO)



DDMP REIT, Inc.
up to Php14 billion (IPO)



RLC Office REIT
Target: H1 2021



Ortigas Land
Ortigas & Company
expressed interest in
REIT or IPO



Megaworld Corporation
expressed interest in REIT

PSE

IN THE NEWS

Development of more financial products and services

SHORT SELLING

Approval of GMSLA (BIR)

Approval of offshore collateral (SEC)

Approval of PDTC's application as
Securities Lending Agent (SEC)

Target launch: H1 2021

REGULATIONS FOR ALGO TRADING

Enable algorithmic trading in a
regulated environment

Target launch: H1 2022



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NEW SECTOR CLASSIFICATION

Align structure with international
benchmarks

Increase sector indices from six to eight*

Target launch: H1 2021

NEW INDICES

Develop mid-cap and high dividend index

Entice creation of new ETFs and other
index-linked funds

Target launch: H2 2021

*The Services index will be reorganized into (1) Consumer; (2) Energy and Utilities;
and (3) Technology, Media & Telecoms.

Prospects for Equity Growth



The worst is over, according to the Bangko Sentral ng Pilipinas.



Philippine economy is poised for a strong recovery in 2021.



PSEi may hit 8,300 in 2021 and 8,900 in the following year.*

*Metrobank Trust estimates released on Nov. 25

Thank you.



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