



Purpose-driven Investing

A Weekly Newsletter for CLIMBS Mutual Fund

ISSUE
2021-07
21-Feb-15

Net Asset Value: Php359,993,920.76

Asset category: 95% Equities; 5% Cash

Horizon: Long-term

Portfolio Returns	21-Feb-11	21-Feb-05
YTD	-3.51%	-2.83%
Rolling 1 Year	-7.56%	-4.84%
Rolling 2-Year	-9.94%	-9.79%

Benchmark Returns	21-Feb-11	21-Feb-05
YTD	-1.77%	-1.27%
Rolling 1-Year	-0.11%	1.32%
Rolling 2-Year	-3.02%	-2.75%

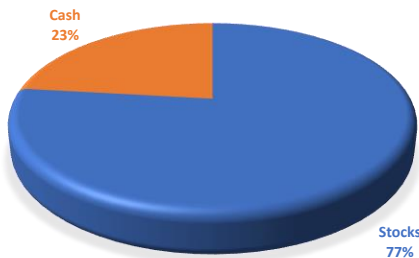
PSEi	21-Feb-11	21-Feb-05
YTD	-2.08%	-1.69%
Rolling 1 Year	-5.92%	-2.87%
Rolling 2-Year	-6.98%	-6.73%

A Word on the Market

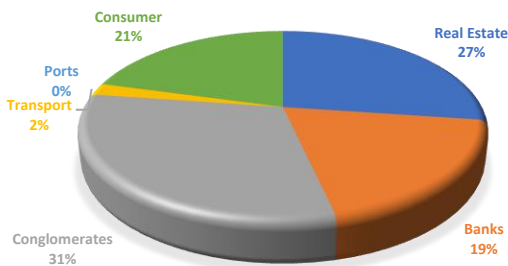
The January inflation jumps to a 2-year high of 4.2% exceeding the BSP forecast of 3.3% to 4.1%. Inflation continued to accelerate, led by higher prices of food and non-alcoholic beverages which is an index heavyweight. Factors that pushed up inflation are the African Swine Fever (ASF), weather-related disturbances, and higher global oil prices which are supply-side issues. Higher inflation could push up longer-term bond rates. However, the BSP will most likely maintain its loose monetary policy as it believes that the increase in inflation is only temporary.

Meanwhile, the initial batch of COVID-19 vaccines from the global vaccine sharing scheme COVAX is expected to arrive in the country by mid-February as the government plans to launch its vaccination drive next week. The initial shipment from the global procurement pool would be 117,000 doses of the Pfizer-BioNTech vaccine, which would require subzero temperatures for storage. These would be kept in the Department of Health (DOH) warehouse before being distributed to COVID-19 referral hospitals.

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



A Word on the Portfolio

Last week, the PSE index plummeted by 0.40% and closed at 6991.01 as profit-taking ensued amidst a cautious investor sentiment. The wait for the Bangko Sentral ng Pilipinas (BSP) policy decision released on Thursday likely contributed to the volatile market activity. The previous newsletter last Jan 25, 2021, stated that the market would hit at 7,030 to 7,190 a possible formation of head and shoulder, which is a bearish pattern. Last Friday it completed to create the right shoulder, we will wait and see what will the market reacts.

This week we expect the market to trade sideways as investors are cautious because of lack of clarity to the market in contrary to the latest development in the economy. The BSP paused interest rate cuts last week, also, the downward trend in COVID-19 cases in the Philippines, as well as the possible reopening of cinemas and other public spaces, should help lift sentiment further.

2021 Performance Attribution Analysis

	Allocation		Returns		Attribution to			Total (h)
	Portfolio (a)	Benchmark (b)	Portfolio (c)	Benchmark (d)	Allocation (e) (a-b)*(d-benchmark return)	Selection (f) (c-d)*b	Interaction (g) (a-b)*(c-d)	
Equities	76.83%	95.00%	-4.68%	-1.88%	0.02%	-2.66%	0.51%	-2.13%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	23.17%	5.00%	0.40%	0.40%	0.39%	0.00%	0.00%	0.39%
Total	100.00%	100.00%	-3.51%	-1.77%	0.41%	-2.66%	0.51%	-1.74%

	CSCEIF	Benchmark
Mean	-0.11%	-0.05%
Std. Dev.	1.33%	1.24%
Beta	1.04	
Corr. Coeff.	0.97	

Definition of Terms

Investment return	That one rate of return that would grow the value of an investment from one of its past prices to its current price level. This return is also known as the compound annual growth rate (CAGR) or effective return.
YTD	Year-to-date return or the return measured by comparing the current price to the price at the beginning of the corresponding calendar year
Rolling 1-year return	The return measured by comparing the current price to the price exactly one calendar year ago.
Rolling 3-year return	The return measured by comparing the current price to the price exactly three calendar years ago.
Rolling 5-year return	The return measured by comparing the current price to the price exactly five calendar years ago.
Performance attribution analysis	Attribution analysis is a method for evaluating the performance of a portfolio or fund manager. The method focuses on three factors: the manager's investment style, their specific stock picks, and the market timing of those decisions. It attempts to provide a quantitative analysis of the aspects of a fund manager's investment selections and philosophy that lead to that fund's performance.
Mean return	Average return
Standard deviation	Standard deviation is a statistical measurement in finance that, when applied to the annual rate of return of an investment, sheds light on the historical volatility of that investment. The greater the standard deviation of securities, the greater the variance between each price and the mean, and the greater the risk with that investment.
Beta	<p>The beta calculation is used to help investors understand whether a stock moves in the same direction as the rest of the market, and how volatile or risky it is compared to the market. For beta to provide any insight, the "market" used as a benchmark should be related to the stock.</p> <p>A stock with a historical beta of 1.5 to the PSEi means that historically, when the PSEi would move up by 1%, the stock would move up by 1.5 x 1% or 1.5%. Conversely, when the PSEi would move down by 1%, the stock would move down by 1.5 x 1% of -1.5%. A high beta means a return higher than the benchmark but also at a higher risk.</p>
Correlation coefficient	A number of 0.70 to just under 1.0 or -0.70 to just larger than -1.0 means that the correlation of a stock to the benchmark is significant and that the stock's beta is meaningful. Any other number would mean a weak correlation and a meaningless beta.
MSCI World Index	A broad global equity index that represents large and mid-cap equity performance across all 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.
MSCI ACWI Index	The MSCI ACWI Index, MSCI's flagship global equity index, is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets. As of December 2019, it covers more than 3,000 constituents across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market. The index is built using MSCI's Global Investable Market Index (GIMI) methodology, which is designed to take into account variations reflecting conditions across regions, market cap sizes, sectors, style segments and combinations.
MSCI Emerging Markets Index	Captures large and mid-cap representation across 26 Emerging Markets (EM) countries. With 1,403 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
MSCI EM ASEAN Index	Captures large and mid-cap representation across 4 Emerging Markets countries. With 130 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.