



Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE
2021-12
21-Mar-22

Net Asset Value: Php339,192,079.03
Asset category: 95% Equities; 5% Cash
Horizon: Long-term

Portfolio Returns	21-Mar-19	21-Mar-12
YTD	-9.29%	-6.81%
Rolling 1 Year	16.56%	4.14%
Rolling 3-Year	-9.13%	-8.62%

Benchmark Returns	21-Mar-19	21-Mar-12
YTD	-8.61%	-4.83%
Rolling 1-Year	23.93%	11.01%
Rolling 3-Year	-2.08%	-1.27%

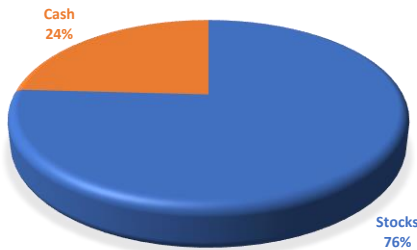
PSEi	21-Mar-19	21-Mar-12
YTD	-9.85%	-5.76%
Rolling 1 Year	20.63%	5.91%
Rolling 3-Year	-7.90%	-7.03%

A Word on the Market

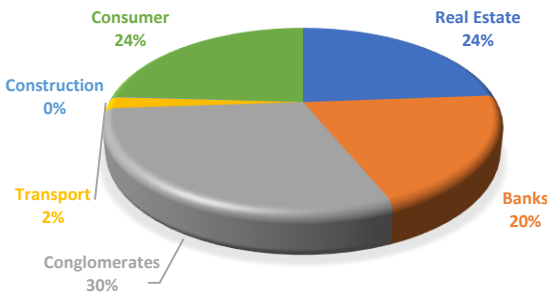
The COVID-19 infection may hit a daily record of 11,000 by the end of March according to the OCTA Research Group, which cited a spike in cases in the Metro Manila region. Last week it was reported at least 5,000 new COVID-19 cases daily, much higher compared to last year because of mutation different variants with a reproduction rate of 2.03. This means a person who is infected with the virus may infect two or more people. The spike started in the cities of Pasay, Malabon, and Navotas and has now spread to other cities in the capital region due to increased mobility and failure to comply with minimum health standards.

The DTI issued a circular, seeking to tighten restrictions on activities recently reopened or expanded in areas under GCQ due to rising COVID-19 cases. The DTI wants temporary closure for the next two weeks of the following businesses: driving schools, cinemas, gaming arcades, museums, and cultural centers, and limited social events in establishments accredited by the Department of Tourism. Meanwhile, restaurants, cafés, and establishments that offer personal care services should reduce their capacity back to 50%.

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.18%	-0.16%
Std. Dev.	1.18%	1.18%
Beta	0.95	
Corr. Coeff.	0.95	

A Word on the Portfolio

Last week, the PSE index dropped by 4.35% week-on-week to close at 6,436.10 level as COVID-19 cases continued to rise, reaching as high as 7,103 daily cases on Friday. The surgical lockdowns, the closure of non-essential businesses, and resumed mobility restrictions weighed heavily on investors' sentiment last week.

This week, we expect the market will continue its downtrend as more COVID-19 cases are being recorded, reaching another record daily case confirmation of 7,999 on Saturday. The previous newsletter last Feb 25, 2021, stated that the market is forming a head and shoulder pattern, which is already broke the neckline level of 6,600 and we anticipate that would continue to dive at 6,000 area.

2021 Performance Attribution Analysis

	Allocation		Returns		Attribution to			Total
	Portfolio (a)	Benchmark (b)	Portfolio (c)	Benchmark (d)	Allocation (e)	Selection (f)	Interaction (g)	
					(a-b)*(d-benchmark return)	(c-d)*b	(a-b)*(c-d)	
Equities	75.87%	95.00%	-12.37%	-9.08%	0.09%	-3.12%	0.63%	-2.40%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	24.13%	5.00%	0.40%	0.40%	1.72%	0.00%	0.00%	1.72%
Total	100.00%	100.00%	-9.29%	-8.61%	1.81%	-3.12%	0.63%	-0.68%

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.