



Purpose-driven Investing

A Weekly Newsletter for CLIMBS Mutual Fund

ISSUE
2021-19
21-May-17

Net Asset Value: Php 330,717,493.16

Asset category: 95% Equities; 5% Cash

Horizon: Long-term

Portfolio Returns	21-May-07	21-May-07
YTD	-11.80%	-11.29%
Rolling 1-Year	8.39%	9.82%
Rolling 3-Year	-8.12%	-7.72%

Benchmark Returns	21-May-07	21-May-07
YTD	-8.72%	-8.77%
Rolling 1-Year	12.31%	12.22%
Rolling 3-Year	0.13%	0.77%

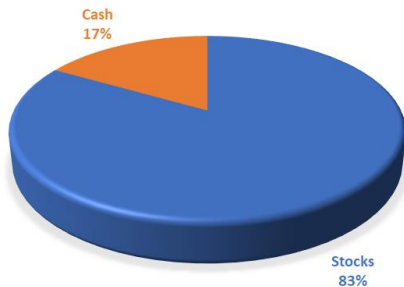
PSEi	21-May-07	21-May-07
YTD	-12.19%	-12.34%
Rolling 1-Year	10.61%	10.35%
Rolling 3-Year	-6.09%	-6.05%

A Word on the Market

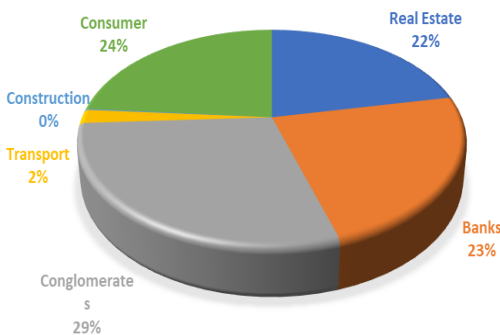
First-quarter 2021 GDP fell by -4.2%; Although the drop was slower than the -8.3% decline registered in the fourth quarter of 2020. The disappointing GDP number was largely due to the abrupt drop in the capital formation of -18.3% and the continuous weakness in consumption expenditure of -4.8%. Although government spending increased by 16.1% and exports of goods improved by 2.4%, this was not enough to offset the decline in capital formation and consumption expenditure. Breaking down GDP according to industries, all industries contracted. The agriculture, fishery, and forestry industry contracted by -1.2%, largely due to the -23.2% decline in livestock.

Meanwhile, the latest rating agency slashed their projected GDP growth forecast in the Philippines. Moody's Analytics previous growth forecast was 6.3% to 5% while Fitch cut it by 5.3% from 5.8%, they explained that they expect the pandemic to have a lasting effect as it would continue to disrupt economic activity at least through the first half of 2022.

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



A Word on the Portfolio

Last week, the PSE index ended flat and close at 6,269.36, as bargain hunting and the announcement of the National Capital Region shift to General Community Quarantine (GCQ) were able to offset losses in the earlier part of the week. The latter was attributable to selling pressures from the worse-than-expected 1Q21 GDP figures and the announced down weight for the Philippines in the MSCI EM Index following MSCI's May 2021 Semi-Annual Index Review exercise.

This week, we expect the market to trade sideways with a downward bias. Despite NCR Plus' downgrade to GCQ, heightened restrictions will likely keep economic activity at a subdued level. In addition, investors may remain on the sidelines as they wait for clarity into the market.