



Purpose-driven Investing

A Weekly Newsletter for CLIMBS Mutual Fund

ISSUE
2021-45
21-Nov-22

Net Asset Value: Php 352,477,932.23

Asset category: 95% Equities; 5% Cash

Horizon: Long-term

Portfolio Returns	21-Nov-19	21-Nov-12
YTD	-6.03%	-5.90%
Rolling 1-Year	-3.80%	6.47%
Rolling 3-Year	-4.73%	-4.63%

Benchmark Returns	21-Nov-19	21-Nov-12
YTD	14.13%	14.56%
Rolling 1-Year	16.40%	29.33%
Rolling 3-Year	6.71%	7.18%

PSEi	21-Nov-19	21-Nov-12
YTD	1.97%	2.82%
Rolling 1-Year	3.24%	15.87%
Rolling 3-Year	0.05%	0.58%

A Word on the Market

Data from the Department of Finance showed that the government's budget deficit went up to 8.3% of the country's gross domestic product (GDP) as of the end of September. Higher than the 6.9% of GDP a year ago, but still below the Development Budget Coordination Committee's 9.3% projection this year. The deficit widened as the government's expenditure-to-GDP ratio went up to 24.6% in the nine-period, compared with the 23.6% in the same period last year.

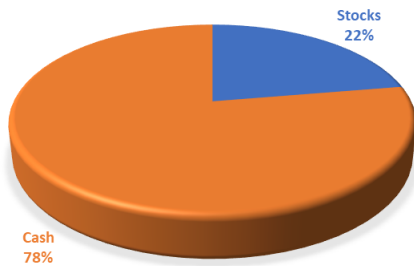
The Monetary Board decided to maintain the interest rate on the BSP's overnight reverse repurchase facility at 2.0%. Average inflation is seen to slightly exceed the upper end of the target band of 2-4% in 2021 at 4.3%. Meanwhile, inflation is projected to settle close to the midpoint of the target range in 2022 and 2023 at 3.3 and 3.2%, respectively. The recent rise in global crude oil prices, the stronger recovery in domestic economic activity, and the slight depreciation of the peso were mostly offset by the lower-than-expected inflation outturns in recent months.

A Word on the Portfolio

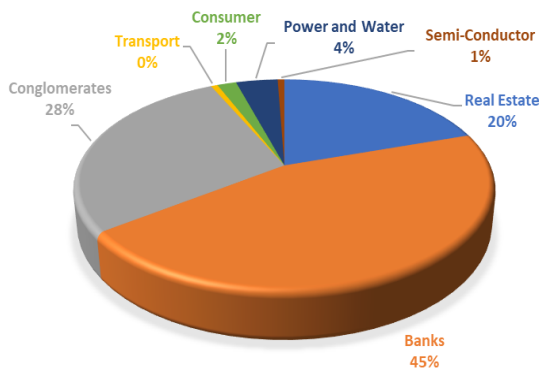
Last week, the PSE index dropped by 1.39% week-on-week to close at 7,280.57 as the block sale of 420 million shares by CNVERG's shareholder Coherent Cloud Investment B.V. weighed on the index. Moreover, foreign investors continued to align their portfolios to the recent MSCI rebalancing announcement. Better-than-expected cash remittances in Sept 2021 at 5.2%, steady policy settings at 2%, and the continued low count of daily COVID-19 cases nonetheless helped pare some losses.

This week, we expect sentiment to remain optimistic as the country's COVID-19 positivity rate has dropped below 3% for the first time on Nov 21, 2021, at 2.8%. Nonetheless, we expect some major holidays and an upcoming index rebalancing effectivity timing to more significantly impact share price movements this week. Trades relating to the MSCI semi-annual rebalancing announcement, effective on Dec 01, 2021, could be frontloaded ahead of the shortened trading week in the U.S. markets, in light of the Thanksgiving celebration on Nov 25, 2021, and a likely long weekend for Philippine markets amid a possible three-day national vaccination drive on Nov 29 to Dec 01, 2021.

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



Net Asset Value Per Share (NAVPS): P 0.756