Purpose-driven **Investing**

A Weekly Newsletter for the CSCEIF

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20-Mar-16

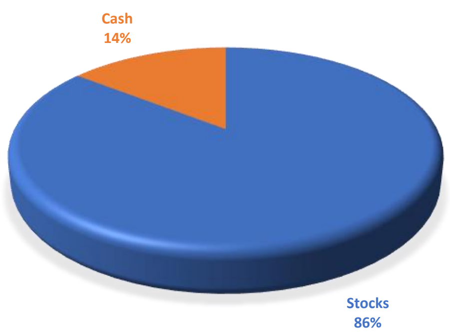
Net Asset Value: **Php301,424,842.41**
Asset category: **Equities**
Horizon: **Long-term**

Portfolio Returns	20-Mar-13
YTD	-25.93%
Rolling 1 Year	-27.93%

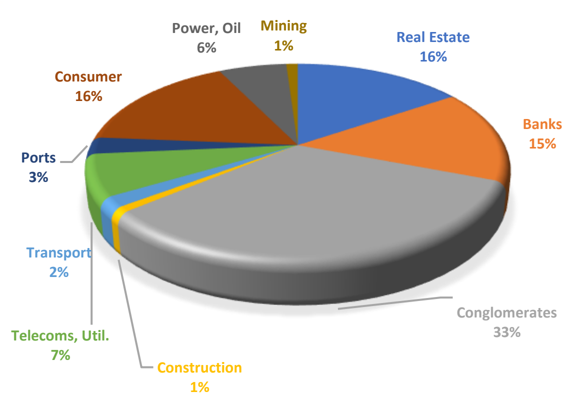
Benchmark Returns	20-Mar-13
YTD	-24.59%
Rolling 1 Year	-22.11%

PSEi Returns	20-Mar-13
YTD	-25.86%
Rolling 1 Year	-25.22%

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.07%	-0.03%
Std. Dev.	1.12%	1.08%
Beta	0.78	
Corr. Coeff.	0.75	

A Word on the Market

It was mayhem at the global markets last week as the epicenter of CoVid-19 shifted to Europe, compelling the World Health Organization to finally declare the virus attack as a pandemic. Stock markets around the world, the Philippines included, entered into bear territory where prices dropped by at least 20% from their most recent highs. At the New York Stock Exchange (NYSE), circuit breakers were triggered, temporarily halting trading. When the market index at the NYSE drops by 7% in one session, trading is halted. If after trading resumption, the index drops by another 3%, trading is again halted. When the index drops by another 5%, trading is suspended for the day. While the extent of the economic impact is still difficult to precisely quantify, the global economy is indeed slowing down and while many countries are at the cusp of a recession.

For the Philippines, Metro Manila, the center of economic activity for the country, has been placed on community quarantine, forcing many to work from home and businesses to temporarily shutter. Initially to be hit hard is the transportation industry where all domestic land, air and sea travel in and out of the metropolis is suspended.

A Word on the Portfolio

The effective one-month lockdown of Metro Manila only shows the resolve of the Philippine government in dealing with CoVid-19. However, such lockdown will come at a steep price.

Economic growth will be curtailed, making the target of hitting 6% GDP growth more of wishful thinking. Then again, the sooner CoVid-19 dies out, the better for everyone.

The recovery of the economy will be slow. With investors always being forward looking, the recovery of the stock market will be sooner but nonetheless marked by bouts of mild correction, especially when global sentiment will still be weighed down by the late action of other countries like the UK and US in imposing strict measures for battling with Co-Vid-19.

The ideal portfolio action is still to wait and see. Selling down in the hope of buying back at much lower prices is simply too risky.

2020 Performance Attribution Analysis

	Allocation		Returns		Attribution to			Total
	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)	(h)
Equities	85.56%	95.00%	-30.66%	-25.99%	2.45%	-4.43%	0.44%	-1.54%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	14.44%	5.00%	2.10%	2.10%	0.20%	0.00%	0.00%	0.20%
Total	100.00%	100.00%	-25.93%	-24.59%	2.65%	-4.43%	0.44%	-1.34%

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	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. 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.
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.