



Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE
2020-15
20-Apr-13

Net Asset Value: **Php279,719,204.53**

Asset category: **Equities**

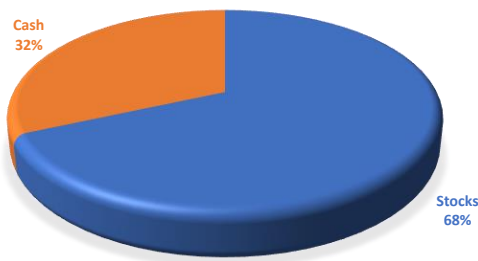
Horizon: **Long-term**

Portfolio Returns	20-Apr-08
YTD	-30.97%
Rolling 1 Year	-34.02%
Rolling 2-Year	-18.95%

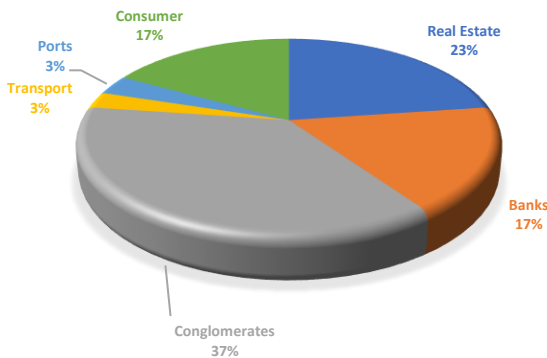
Benchmark Returns	20-Apr-08
YTD	-25.09%
Rolling 1-Year	-24.09%
Rolling 2-Year	-8.89%

PSEi Returns	20-Apr-08
YTD	-29.49%
Rolling 1 Year	-30.01%
Rolling 2-Year	-16.72%

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.08%	-0.02%
Std. Dev.	1.27%	1.30%
Beta	0.78	
Corr. Coeff.	0.80	

A Word on the Market

The shortened workweek was no hindrance for the PSE to recover as optimism spread across the globe on hopes that the peak of CoVid-19 infections was nearing, and that “curve” is beginning to flatten in some cities and countries. Added to this was the effort of OPEC to agree to a cut in production to stem the drop in prices due to a slump in demand compounded by an increase in production by Saudi Arabia.

Week-on-week, despite the correction on Wednesday, the PSEi posted a 3% gain. The decision to extend the ECQ in Luzon to April 30, 2020 practically had no impact and was even cheered by many as the responsible thing to do.

With global markets ending on an upbeat note last Thursday, there should be enough catch up buying at the PSE to push the PSEi up for the first few days of the coming week.

A Word on the Portfolio

CIMAC continues to be cautious in loading up on equities to the allowed maximum of 95% of the CSCEIF’s net assets as there is still the risk that prices will slide back towards their floor levels.

CIMAC believes that any corporate earnings right now are tentative at best and that the full impact of CoVid-19 has yet to be factored in. Estimates on GDP growth for 2020 have also been fluid with numbers ranging from negative to the low positive. There is likewise the risk of a second wave of virus attack should economies re-open too soon. That is why people are keeping a watchful eye on China and the US.

One thing is sure though; the capital markets around the globe will take at least two quarters to recover before staging a sustainable rally.

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)	
Equities	68.34%	95.00%	-46.30%	-26.52%	7.07%	-18.79%	5.27%	-6.45%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	31.66%	5.00%	2.10%	2.10%	0.56%	0.00%	0.00%	0.56%
Total	100.00%	100.00%	-30.97%	-25.09%	7.63%	-18.79%	5.27%	-5.89%

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.