Purpose-driven **Investing**

A Weekly Newsletter for the CSCEIF

ISSUE
2020-16
20-Apr-20

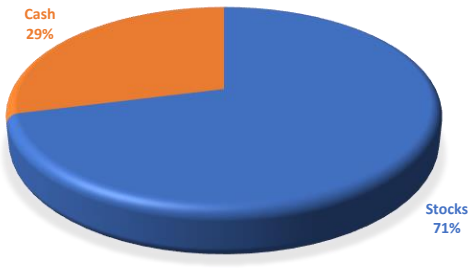
Net Asset Value: **Php297,925,125.25**
Asset category: **Equities**
Horizon: **Long-term**

Portfolio Returns	20-Apr-17
YTD	-26.85%
Rolling 1 Year	-29.64%
Rolling 2-Year	-16.32%

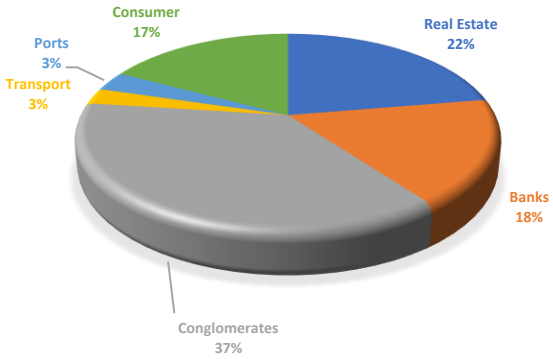
Benchmark Returns	20-Apr-17
YTD	-21.25%
Rolling 1-Year	-19.97%
Rolling 2-Year	-5.86%

PSEi Returns	20-Apr-17
YTD	-25.91%
Rolling 1 Year	-26.02%
8Rolling 2-Year	-14.23%

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.07%	-0.02%
Std. Dev.	1.31%	1.33%
Beta	0.80	
Corr. Coeff.	0.81	

A Word on the Market

The PSEi rallied by over 5% in the past week, cementing a bull run since its lows last March 19, 2020 (i.e. by definition, a bull run is one where the current level is 20% higher than the immediate previous low). From that date, the PSEi is up by over 25%.

Every bit of positive macro-level news is being used by investors and traders alike to buy into stocks, even news on the possibility and not even a probability that a vaccine may be developed by the fall of 2020. At this point, people in the stock market are just too weary of negative news and are itching for any (likely) positive developments they can latch on.

Domestically, there is still a raging debate on whether to extend the enhanced community quarantine (ECQ) over Luzon or not. But it seems that the local stock market is more influenced by global events for now.

A Word on the Portfolio

CIMAC's rebalancing strategy for the CSCEIF seems to be paying off.

For the trading days covered by the period April 8 to 17, 2020, the CSCEIF's portfolio has outperformed the PSEi and the Fund's Benchmark by a cumulative of 2.6 and 2.3 percentage points, respectively.

With the CSCEIF still not invested up to its allowed 95% equity exposure, there remains a larger chance to outperform the two above-mentioned indexes. As written in the newsletter last week, CIMAC still sees opportunity in buying at better levels as the weakness in the economy has yet to be translated in stock prices. Investors and traders are still focused on macro developments, hence the dichotomy between listed companies' traded values and their expected poor earnings for the rest of 2020.

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	71.03%	95.00%	-38.66%	-22.48%	5.39%	-15.37%	3.88%	-6.10%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	28.97%	5.00%	2.10%	2.10%	0.50%	0.00%	0.00%	0.50%
Total	100.00%	100.00%	-26.85%	-21.25%	5.89%	-15.37%	3.88%	-5.60%

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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.