



Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE
2020-19
20-May-11

Net Asset Value: **Php294,241,346.57**

Asset category: **Equities**

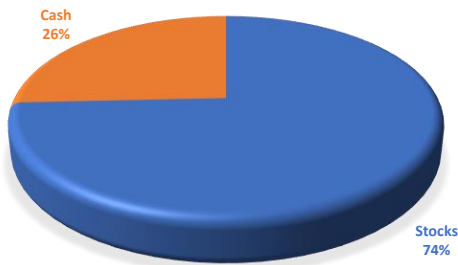
Horizon: **Long-term**

Portfolio Returns	20-May-08
YTD	-27.81%
Rolling 1 Year	-30.94%
Rolling 2-Year	-15.65%

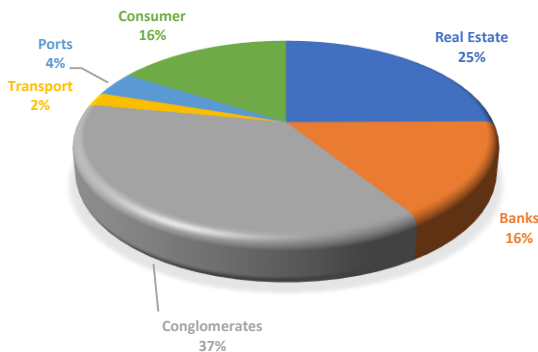
Benchmark Returns	20-May-08
YTD	-22.93%
Rolling 1-Year	-22.59%
Rolling 2-Year	-4.85%

PSEi Returns	20-May-08
YTD	-28.06%
Rolling 1 Year	-28.93%
Rolling 2-Year	-13.61%

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



A Word on the Market

Optimism grew last week as countries around the world started relaxing the restrictions they earlier imposed on their citizens because of CoVid-19. The re-opening measures were all gradual in nature. There were signs, however, that a second wave of CoVid-19 cases was being experienced, albeit mildly. Yet, that mild second wave was not enough to dampen the excitement of the bond, stock, and oil markets.

The reverse trend hit the PSE though as the PSEi posted a 1.38% week-on-week loss. In the Philippines, daily new cases of CoVid-19 seem to be on a sideways movement, toggling between 100 to 300, which had Metro Manila mayors favoring more of an extension of the ECQ for the NCR.

A Word on the Portfolio

As of May 8, 2020, the YTD underperformance of the Fund versus its benchmark and the PSEi was at 7.67 and 5.37 percentage points, respectively (with March 19, 2020 as the base date – the date when the CSCEIF underwent portfolio rebalancing). Just one week later, the underperformance has been reduced to 6.22% and 3.52 percentage points versus the Fund’s benchmark and the PSEi, respectively. The reduction in underperformance came even when the PSEi was on a slight retreat week-on-week.

CIMAC expects the Fund’s performance to keep on catching up with the CSCEIF’s benchmark as it increases the Fund’s exposure to faster recovering stocks.

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	74.27%	95.00%	-38.17%	-24.25%	5.03%	-13.23%	2.89%	-5.32%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	25.73%	5.00%	2.10%	2.10%	0.44%	0.00%	0.00%	0.44%
Total	100.00%	100.00%	-27.81%	-22.93%	5.46%	-13.23%	2.89%	-4.88%

	CSCEIF	Benchmark
Mean	-0.07%	-0.02%
Std. Dev.	1.31%	1.33%
Beta	0.80	
Corr. Coeff.	0.82	

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.

