



# Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE  
2020-20  
20-May-18

Net Asset Value: **Php291,126,892.26**

Asset category: **Equities**

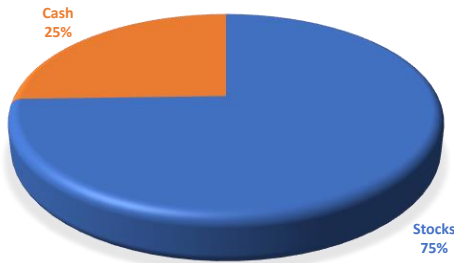
Horizon: **Long-term**

Portfolio Returns	20-May-15
YTD	-28.60%
Rolling 1 Year	-30.01%
Rolling 2-Year	-17.07%

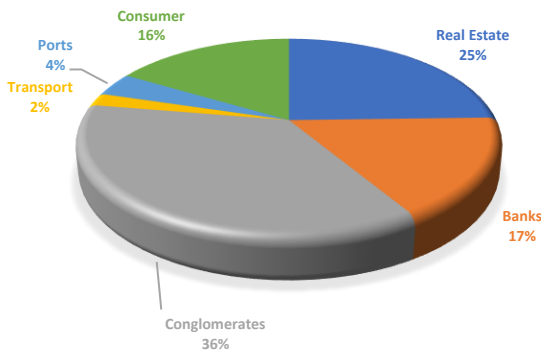
Benchmark Returns	20-May-15
YTD	-23.65%
Rolling 1-Year	-20.91%
Rolling 2-Year	-7.18%

20-May-15	20-May-15
YTD	-29.09%
Rolling 1 Year	-27.52%
Rolling 2-Year	-15.45%

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.	0.82	

## A Word on the Market

The market seemed to feel underwhelmed by the downgrading of the lockdown for Metro Manila to MECQ from ECQ. In part, MECQ would still place a lot of restrictions on businesses reopening and people moving about. But MECQ also seemed to be the bitter pill to take.

There was weakness in the US markets, which of late had become the single bellwether of trends for other markets around the globe. Investors watched with bated breath to see the results of the experiment to reopen States in the US. But while the DJIA retreated by 2.7% last week, the PSEi declined by only 1.4%.

## A Word on the Portfolio

With March 19, 2020 as the base date – the date when the CSCEIF underwent portfolio rebalancing, the Fund's underperformance relative to benchmark and the PSEi dropped from a high of 9.74 and 8.39 percentage points, respectively to just 6.36 and 3.08 percentage points as of May 15, 2020.

While CIMAC is confident that the Fund's performance will eventually catch up with its benchmark and overtake that of the PSEi over the long-run, there is still much uncertainty in the immediate term as countries, including the Philippines, start to reopen their economies. Signs will be clearer after 14 days, the incubation period before CoVid-19 manifests itself.

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	74.54%	95.00%	-39.09%	-25.00%	5.12%	-13.38%	2.88%	-5.38%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	25.46%	5.00%	2.10%	2.10%	0.43%	0.00%	0.00%	0.43%
Total	100.00%	100.00%	-28.60%	-23.65%	5.54%	-13.38%	2.88%	-4.96%

## 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.