



Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE
2020-23
20-Jun-08

Net Asset Value: **Php318,514,894.53**

Asset category: **Equities (Aggressive)**

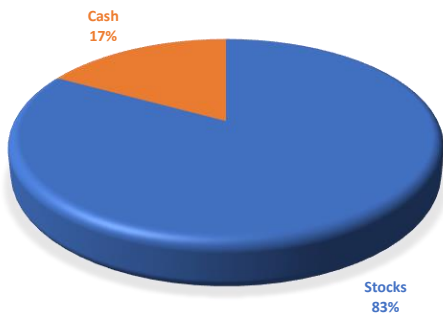
Horizon: **Long-term**

Portfolio Returns	20-Jun-05
YTD	-21.97%
Rolling 1 Year	-25.78%
Rolling 2-Year	-12.23%

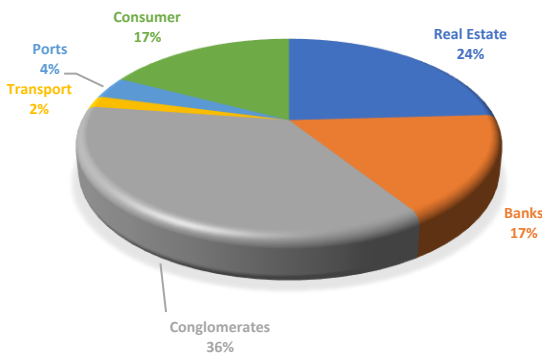
Benchmark Returns	20-Jun-05
YTD	-12.23%
Rolling 1-Year	-12.97%
Rolling 2-Year	0.07%

20-May-15	20-Jun-05
YTD	-17.28%
Rolling 1 Year	-18.63%
Rolling 2-Year	-7.64%

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.05%	0.00%
Std. Dev.	1.34%	1.34%
Beta	0.82	
Corr. Coeff.	0.82	

A Word on the Market

Despite a minor correction last Friday, sentiment was overwhelmingly positive last week at the PSE. The PSEi continued its strong ascent, ending with a 10.7% week-on-week gain, on the back of expectations that the US economy and the rest of the world are getting closer to full opening and coupled with the nearing release for the SARS coronavirus II vaccine (early 2021). Such optimism was also fueled by the surprise addition of 2.5 million jobs in the US in May 2020.

While the hurdles to the full reopening of the Philippine economy remain more challenging than those of the US, to say the least, momentum buying on riskier assets seems to be the name of the game in global investing. This theme has been a boon to emerging markets in general and Philippine stocks in particular.

A Word on the Portfolio

The rise in momentum for buying into emerging markets will continue to buoy the Philippine stock market even if prices are detached from the reality of the expected poor economic numbers for 2020. But that is precisely it; investors have already discounted 2020 and are now looking at 2021 where economic projections are much rosier.

The bet is that while economic devastation will be as bad as in the Asian Financial Crisis of 1997, the rebound in stock prices will be V-shaped like in the Global Financial Crisis of 2007, with one factor expected to blow the lid on the recovery, the development of the vaccine for SARS coronavirus II. No less than the Director of the National Institute of Allergy and Infectious Diseases, Dr. Anthony Fauci expects the vaccine by early 2021.

As far as the CSCEIF portfolio is concerned, CIMAC is looking to increase equity exposure while it also mimics the portfolio weightings of the benchmark index.

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	83.01%	95.00%	-26.80%	-12.96%	1.55%	-13.14%	1.66%	-9.93%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	16.99%	5.00%	1.60%	1.60%	0.19%	0.00%	0.00%	0.19%
Total	100.00%	100.00%	-21.97%	-12.23%	1.75%	-13.14%	1.66%	-9.74%

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.