



Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE
2020-29
20-Jul-20

Net Asset Value: **Php 312,550,079.37**

Asset category: **Equities (Aggressive)**

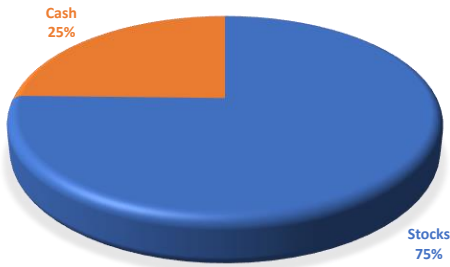
Horizon: **Long-term**

Portfolio Returns	20-Jul-17
YTD	-23.68%
Rolling 1 Year	-30.56%
Rolling 2-Year	-11.99%

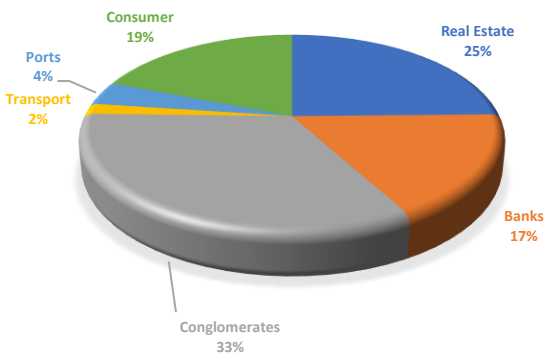
Benchmark Returns	20-Jul-17
YTD	-17.99%
Rolling 1-Year	-20.74%
Rolling 2-Year	-2.65%

20-May-15	20-Jul-17
YTD	-22.09%
Rolling 1 Year	-26.32%
Rolling 2-Year	-9.10%

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.05%	-0.01%
Std. Dev.	1.35%	1.35%
Beta	0.82	
Corr. Coeff	0.81	

A Word on the Market

The PSEi was again the outlier last week as it added another 1.8% week-on-week decline in addition to the 2.8% it posted the previous week.

Foremost in the minds of investors are still the unabated rise in CoVid-19 cases in the Philippines in stark contrast to the experience of other Asian countries and the perceived on attack by the National Government on big business, most of which are listed companies.

On the Covid-19 front, the University of the Philippines is now projecting total cases and deaths to reach 85,000 and 2,000, respectively by end of July 2020. With the rise in cases, the death toll, a lagging metric, is surely to rise as well and has, in fact posted 58 deaths just last July 19, 2020, eclipsing the previous high of 39 deaths posted last March 30, 2020.

As to the attack on big business, investors are once again fearing that with the non-renewal of the ABS-CBN franchise, water concessions may be next in the crosshair of Government action.

A Word on the Portfolio

There is now a possibility that the PSEi may drop below the 6,000 level in the coming weeks if the rise in cases of CoVid-19 does not exhibit a reversal in trend. Mayors of Metro Manila, where 75% of CoVid-19 cases can be found, did promise stricter but localized lock down measures. These measures follow ramped up testing and contact tracing.

At best, PSEi should tread sideways in the coming week with the pervading negative atmosphere. It is during these times that doing nothing in terms of actual buying and selling is doing something.

CIMAC will use the opportunity to thoroughly review a company's earnings growth prospects, its stock price volatility, and the interplay of that stock with others before including or adding more of the company's stock to the CSCEIF portfolio.

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	75.38%	95.00%	-31.70%	-18.98%	3.73%	-12.08%	2.50%	-5.86%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	24.62%	5.00%	0.90%	0.90%	0.18%	0.00%	0.00%	0.18%
Total	100.00%	100.00%	-23.68%	-17.99%	3.90%	-12.08%	2.50%	-5.69%

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.
MSCI World Index	A broad global equity index that represents large and mid-cap equity performance across all 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.
MSCI ACWI Index	The MSCI ACWI Index, MSCI's flagship global equity index, is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets. As of December 2019, it covers more than 3,000 constituents across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market. The index is built using MSCI's Global Investable Market Index (GIMI) methodology, which is designed to take into account variations reflecting conditions across regions, market cap sizes, sectors, style segments and combinations.
MSCI Emerging Markets Index	Captures large and mid-cap representation across 26 Emerging Markets (EM) countries. With 1,403 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
MSCI EM ASEAN Index	Captures large and mid-cap representation across 4 Emerging Markets countries. With 130 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

