



Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE
2020-30
20-Jul-27

Net Asset Value: **Php310,149,303.77**

Asset category: **Equities (Aggressive)**

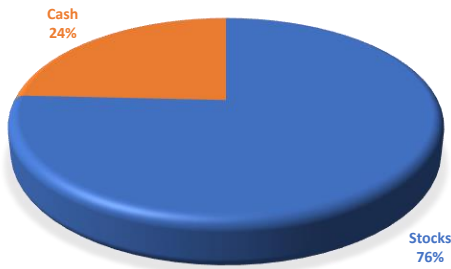
Horizon: **Long-term**

Portfolio Returns	20-Jul-24
YTD	-24.32%
Rolling 1 Year	-31.30%
Rolling 2-Year	-12.59%

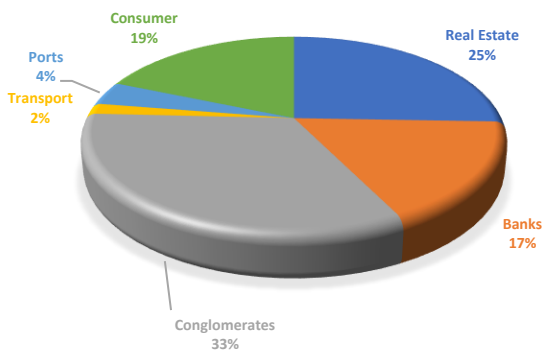
Benchmark Returns	20-Jul-24
YTD	-19.05%
Rolling 1-Year	-21.37%
Rolling 2-Year	-3.29%

20-May-15	20-Jul-24
YTD	-23.19%
Rolling 1 Year	-27.25%
Rolling 2-Year	-9.79%

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 managed to recover from an intraday fall below the 6,000 level last week. But the recovery was feeble at best. On a week-on-week basis, the PSEi was still down by 1.4% and ended last week teetering on the 6,000 level (i.e. the index closed at 6,003.26). There was net foreign selling of around Php1.7 billion for the week but on muted trade value turnover.

While other issues face local investors, foremost on their minds last week was CoViD-19. Among 23 Asian countries analyzed by the Personal Finance Advisers Philippines Corporation (PFA), based on data collated by www.worldometers.info as of July 26, 2020, the Philippines ranks as follows: #6 in total cases and deaths, #3 in active cases and critical cases, #5 in cases per million population, #4 in deaths per million population, and #10 in tests per million population.

Among 19 Asian countries analyzed by PFA based on data from Bloomberg, the Philippines has the second worst stock market performance on a one month basis ending July 24, 2020 of around 4% (second only to Vietnam) and the worst performance on a one year basis of around 27% as of the same date.

A Word on the Portfolio

The fact that the Philippines surpassed the 80,000 mark in terms of total number of CoViD-19 cases will add to the negative perception as to the country's ability to contain the virus and stage a quick economic recovery. And while epidemiologists are cautiously optimistic that a vaccine will be available as early as the first quarter of 2021, its distribution may take a while and may be fraught with geopolitical powerplay by those countries who are able to develop the vaccine.

In this regard, the PSEi is expected to have a downward bias in the coming week, perhaps with an immediate strong support at 5,500 with the next strong support at 4,800. Should the 4,800 level be reached, it would wipe away all the gains made since the PSEi bottomed out after the global pandemic hit. This is why CIMAC has remained cautious with any additional exposure for the CSCEIF.

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	75.75%	95.00%	-32.40%	-20.10%	3.87%	-11.68%	2.37%	-5.45%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	24.25%	5.00%	0.90%	0.90%	0.17%	0.00%	0.00%	0.17%
Total	100.00%	100.00%	-24.32%	-19.05%	4.04%	-11.68%	2.37%	-5.27%

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.

