



# Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE  
2020-33  
20-Aug-17

Net Asset Value: **Php315,535,481.65**

Asset category: **Equities (Aggressive)**

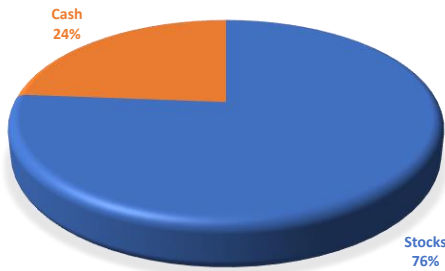
Horizon: **Long-term**

Portfolio Returns	20-Aug-14
YTD	-23.12%
Rolling 1 Year	-26.72%
Rolling 2-Year	-13.14%

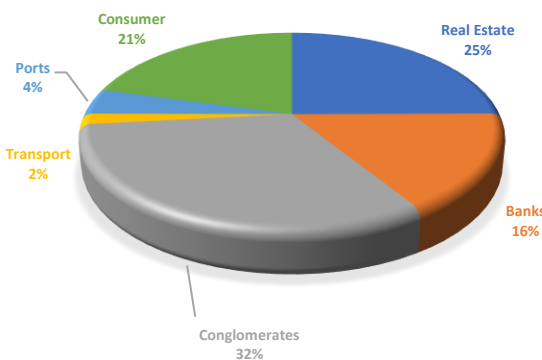
Benchmark Returns	20-Aug-14
YTD	-18.18%
Rolling 1-Year	-16.40%
Rolling 2-Year	-4.34%

20-May-15	20-Aug-14
YTD	-22.24%
Rolling 1 Year	-22.67%
Rolling 2-Year	-10.79%

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	0.82	

## A Word on the Market

The PSEi lifted itself from the doom and gloom of two weeks ago to close last week up by almost 4% (on a week-on-week basis). The rally was, however, more technical in nature given the oversold levels of weeks past. Moreover, there were no major developments that would support the rally even as CoVid cases continue to rise in the country and major listed companies continued to report declines in profit and even losses. That Metro Manila will return to GCQ has long been expected.

In fact, over the weekend, the Philippine Genome Center (PGC) confirmed the presence of D614G or the “G” variant, the globally dominant form of SARS-CoV-2, in a small sample of positive cases from Quezon City. The PGC said that the G variant can increase the viral rate of transmission. In the meantime, most economists expect the Bangko Sentral ng Pilipinas to keep rates for its overnight reverse repurchase, lending and deposit facilities unchanged in its Monetary Board meeting in the coming week.

## A Word on the Portfolio

There is now an emerging school of thought that the shape of the global economic recovery will not follow any letter of the alphabet like “L”, “U”, “V” or “W”. Instead, global growth may follow the square root sign in 2020 to 2021 where an initial recovery will be “V”, akin to an economic recovery after a natural disaster, but will plateau after that as nations grapple with worsening fiscal positions.

That school of thought also says that the penchant to keep interest rates low will send global investors on the prowl for better yields and returns. This should be good for emerging markets, which can extend their run after their economies rebound in 2021. In particular, the local stock market, which is the second worst performing among Asia Pac markets for unjustifiable reasons on a one-year basis as of August 14, 2020, appears to be a bargain. This is probably why there was a return of net foreign buying in the last two days of last week.

2020 Performance Attribution Analysis

	Allocation		Returns		Attribution to			Total
	Portfolio (a)	Benchmark (b)	Portfolio (c)	Benchmark (d)	Allocation (e)	Selection (f)	Interaction (g)	
					(a-b)*(d-benchmark return)	(c-d)*b	(a-b)*(c-d)	
Equities	76.23%	95.00%	-30.58%	-19.18%	3.60%	-10.83%	2.14%	-5.09%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	23.77%	5.00%	0.80%	0.80%	0.15%	0.00%	0.00%	0.15%
Total	100.00%	100.00%	-23.12%	-18.18%	3.75%	-10.83%	2.14%	-4.94%

## 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.