



Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

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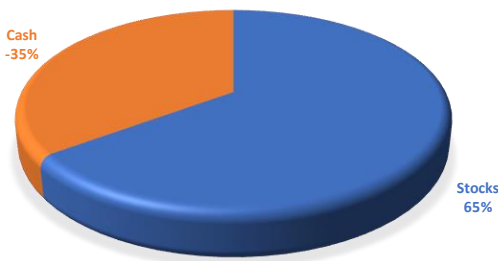
Net Asset Value: Php305,855,738.11
Asset category: 95% Equities; 5% Cash
Horizon: Long-term

Portfolio Returns	20-Aug-28	20-Aug-20
YTD	-25.63%	-24.40%
Rolling 1 Year	-29.31%	-29.29%
Rolling 2-Year	-14.95%	-13.77%

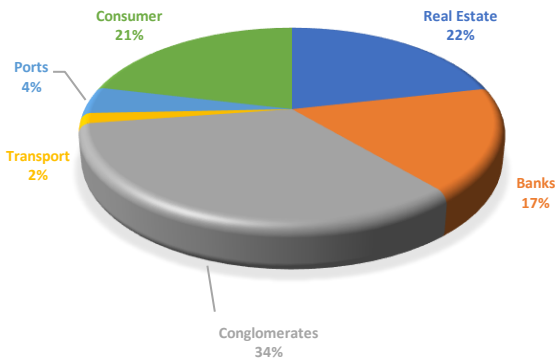
Benchmark Returns	20-Aug-28	20-Aug-20
YTD	-20.04%	-18.82%
Rolling 1-Year	-17.38%	-18.02%
Rolling 2-Year	-6.49%	-4.51%

PSEi	20-Aug-28	20-Aug-20
YTD	-24.71%	-23.16%
Rolling 1 Year	-24.05%	-24.35%
Rolling 2-Year	-12.96%	-11.01%

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.05%	-0.01%
Std. Dev.	1.34%	1.34%
Beta	0.82	
Corr. Coeff	0.82	

A Word on the Market

The PSEi moved slightly downwards last week on the back of continued foreign selling in the absence of direction setting developments. While it was already expected, the government's year-to-date budget deficit, which was higher than that for the entire 2019 further dampened sentiment. That is why the increase in foreign currency borrowings of the country to help fight the pandemic was more of a negative in that it was seen as adding another weight to the country's debt servicing moving forward.

Adding to the already murky prospects are the posturing by China and the US in the South China Sea while the US is distracted by its coming presidential elections, race tensions and battle with the pandemic.

Given all of these, the PSEi will probably continue with its sideways to slightly negative track for the coming week.

A Word on the Portfolio

CIMAC is just waiting for prices to hit their short-term support levels once more before loading up the CSCEIF portfolio towards the target allocation of 95% overall.

In terms of sectors, the focus will still be the pandemic proof consumer and banking sectors. There will also be significant allocations to the real estate sector as CIMAC's expects interest rates to remain low enough to spur renewed property buying and renting once the vaccine for SARS CoV-II is developed and distributed. And because of their huge exposure to the just mentioned sectors, conglomerates have likewise been thrown into the mix. Rounding out the sectors is the ports sector, which has likewise been resilient during the pandemic.

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	217.77%	95.00%	-11.34%	-21.14%	-25.95%	9.31%	12.03%	-4.61%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	-117.77%	5.00%	0.80%	0.80%	-0.98%	0.00%	0.00%	-0.98%
Total	100.00%	100.00%	-25.63%	-20.04%	-26.93%	9.31%	12.03%	-5.59%

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.