



# Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE  
2020-36  
20-Sep-07

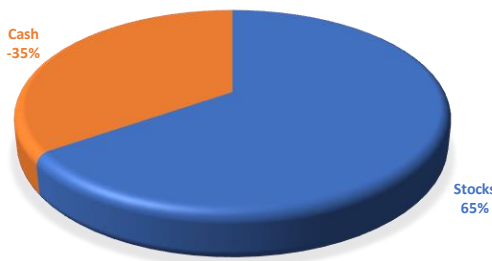
Net Asset Value: Php302,070,489.07  
Asset category: 95% Equities; 5% Cash  
Horizon: Long-term

Portfolio Returns	20-Sep-04	20-Aug-28
YTD	-25.63%	-25.63%
Rolling 1 Year	-29.31%	-29.31%
Rolling 2-Year	-14.95%	-14.95%

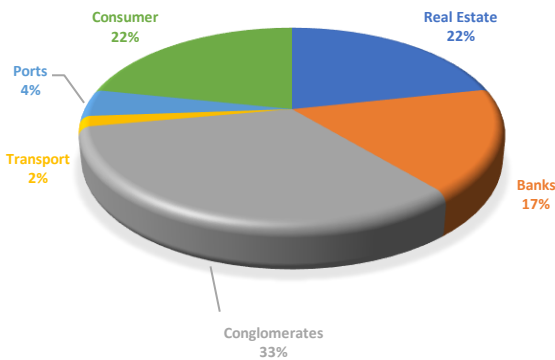
Benchmark Returns	20-Sep-04	20-Aug-28
YTD	-20.04%	-20.04%
Rolling 1-Year	-17.38%	-17.38%
Rolling 2-Year	-6.49%	-6.49%

PSEi	20-Sep-04	20-Aug-28
YTD	-24.71%	-24.71%
Rolling 1 Year	-24.05%	-24.05%
Rolling 2-Year	-12.96%	-12.96%

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.05%	-0.02%
Std. Dev.	1.34%	1.34%
Beta	0.82	
Corr. Coeff	0.82	

## A Word on the Market

The trend in the Philippine stock market has been pointing south since early June 2020 after a 42% run up from the bottom during the pandemic. The slump was broken in early August when the PSEi made a brief two-week rally. Since then, especially with the MECQ re-imposition in Metro Manila, the market has trended downwards once more.

But there is reason to believe that at least a near term bottom will form as the number of daily CoVid-19 cases in the country has fallen below 3,000. In addition, OCTA Research Fellow and University of the Philippines Professor Dr. Guido David said that the Philippines had already flattened the curve. Earlier OCTA said that such curve would be flattened in September 2020. This development should help spur more economic activity and provide optimism to investors in the coming weeks.

## A Word on the Portfolio

The PSE Index extended its decline last week to close at 5,785.09 as heavy net foreign selling persisted due to a lack of positive catalyst after the general community quarantine (GCQ). One of those foreign sellers was the BlackRock - iShares MSCI Philippines ETF unloaded total shares of 789,630 valued 8.3 million some of the blue-chip companies. Losses were cut in the end part of the week due to improving economic data after the unemployment rate in July 2020 reduced to 10% from previous data of 17.7% in April 2020.

The market also stabilized in the end part of the week after the credit rating company, Moody's investors' service, acknowledged the Philippines' Baa2 rating despite lowering its 2020 GDP forecast from -4.5% to -7.0%. This week we expect the market to rebound after a group of researchers said that the country has flattened the curve.

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	213.06%	95.00%	-12.05%	-22.63%	-26.72%	10.05%	12.50%	-4.17%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	-113.06%	5.00%	0.80%	0.80%	-0.94%	0.00%	0.00%	-0.94%
Total	100.00%	100.00%	-26.57%	-21.46%	-27.66%	10.05%	12.50%	-5.11%

## 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.