



# Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

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2020-37  
20-Sep-14

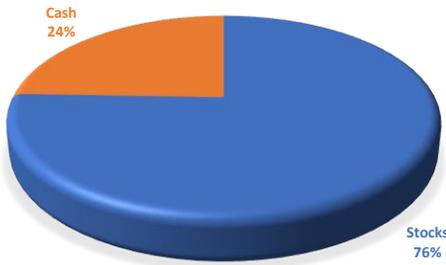
**Net Asset Value:** Php307,770,039.34  
**Asset category:** 95% Equities; 5% Cash  
**Horizon:** Long-term

Portfolio Returns	20-Sep-11	20-Sep-04
YTD	-25.20%	-25.63%
Rolling 1 Year	-30.37%	-29.31%
Rolling 2-Year	-14.22%	-14.95%

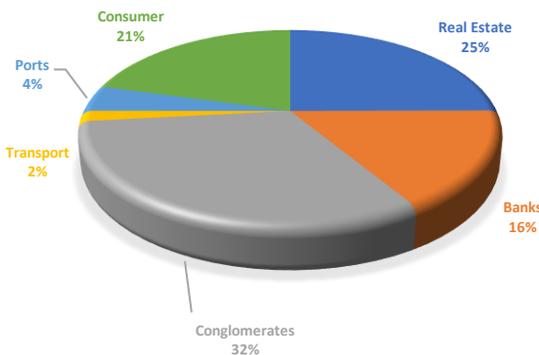
Benchmark Returns	20-Sep-11	20-Sep-04
YTD	-20.16%	-20.04%
Rolling 1-Year	-19.00%	-17.38%
Rolling 2-Year	-6.08%	-6.49%

PSEi	20-Sep-11	20-Sep-04
YTD	-23.64%	-24.71%
Rolling 1 Year	-24.74%	-24.05%
Rolling 2-Year	-11.36%	-12.96%

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

As a sign that the Philippine economy is rebounding, albeit ever so slowly, trade statistics show that the year-on-year (YOY) export and import growth numbers show 13.3% and 24.5% declines, respectively as of June 2020. These numbers reflect a slight improvement over the May 2020 export and import year-on-year growth numbers of 26.9% and 40.6% declines, respectively.

For July 2020, the Volume of Production Index (VoPI) and Value of Production Index (VaPI) declined by 11.9% and 14.8% YOY, respectively. These, numbers are also better than the VoPI and VaPI of -12.5% and -16.0% recorded in June 2020.

From a low of 2.1% YOY inflation rate in May 2020, rise in prices hit a YOY high of 2.7% in July 2020. Inflation decelerated in August 2020 to 2.4% YOY largely as a result of the re-imposition of MECQ in Metro Manila. With these encouraging numbers and the signing into law of Bayanihan 2, which provides more allocation for slowing the spread of CoVid-19, our "reading of the tea leaves" shows that economy recovery is on firmer ground even if it will take time to achieve full recuperation.

## A Word on the Portfolio

Last week the PSE index gained 3.16% to close at 5,967.96. Market optimism grew on improvements on the health front, with daily COVID-19 cases showing signs of easing. The government also echoed its commitment to procure a COVID-19 vaccine, with President Duterte saying that the Philippines will go for the cheapest vaccine when it is available.

This week, we expect the PSE Index may extend its rally after President Duterte signed into law the Bayanihan 2. The said law provides a P165.5 Billion COVID-19 response fund, with over P90 Billion allotted for economic recovery and over P50 Billion allotted for the healthcare industry. Meanwhile, further developments on the health front include the country's signing of five confidentiality data agreements (CDAs) with foreign companies that are working on a potential COVID-19 vaccine.

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	75.56%	95.00%	-33.55%	-21.26%	4.13%	-11.68%	2.39%	-5.16%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	24.44%	5.00%	0.60%	0.60%	0.12%	0.00%	0.00%	0.12%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>-25.20%</b>	<b>-20.16%</b>	<b>4.25%</b>	<b>-11.68%</b>	<b>2.39%</b>	<b>-5.04%</b>

## 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.

