



# Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE  
2020-40  
20-Oct-05

**Net Asset Value:** Php310,095,848.55  
**Asset category:** 95% Equities; 5% Cash  
**Horizon:** Long-term

Portfolio Returns	20-Oct-02	20-Sep-25
YTD	-24.71%	-26.33%
Rolling 1 Year	-27.51%	-30.52%
Rolling 2-Year	-12.14%	-14.05%

Benchmark Returns	20-Oct-02	20-Sep-25
YTD	-19.56%	-21.65%
Rolling 1-Year	-17.18%	-20.98%
Rolling 2-Year	-4.15%	-5.94%

PSEi	20-Oct-02	20-Sep-25
YTD	-23.23%	-25.29%
Rolling 1 Year	-22.49%	-26.06%
Rolling 2-Year	-8.86%	-10.76%

## A Word on the Market

There was again a lack of positive global news last week. In fact, foreigners in the Philippine stock market were still on a net selling position. In addition, just after the local market closed, news that the US President contracted CoVid-19 broke and initially sent futures for US stock indexes tumbling.

Yet, the PSEi managed to quietly move up by around 2 percentage points across the board. The National Government's drive to reopen more of the economy while ensuring that there will be adequate health measures in place somehow led to the upward trek of the PSEi.

There is anecdotal evidence that indeed the Philippine economy is beginning to reopen as sales of major online sellers began to weaken after the downgrading of the lockdown in Metro Manila to GCQ from MECQ. Nevertheless, economic activity is still far from pre-pandemic levels.

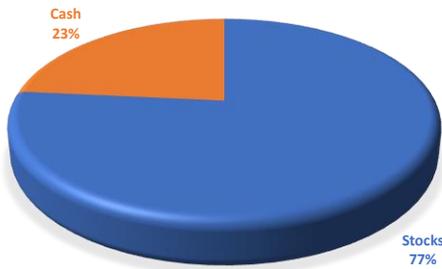
Global markets have since normalized after news of the US President's catching CoVid-19 broke. And with not much direction coming from global markets, it is reasonable to conclude that barring unforeseen circumstances, the PSEi will again quietly move its way back up in the coming week.

## A Word on the Portfolio

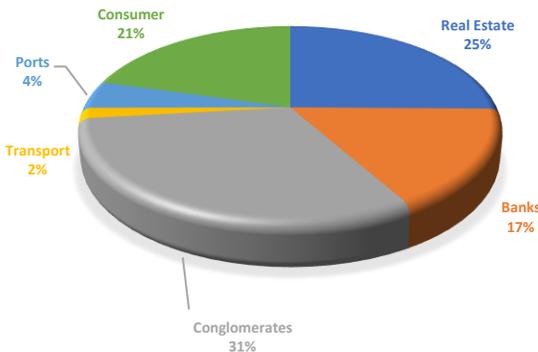
Last week, the PSE Index increased to close at 5,999.40 in signs of the further reopening of the economy, with the Department of Trade and Industry (DTI) issuing guidelines to operate at full capacity in areas under general community quarantine. The market goes higher as I forecasted last week that the market continues to trade sideways with a slight upward momentum, which we expect to hit the previous resistance level at 6,027 but nearly hit at 6,000.

This week, we expect the market remains to trade sideways with a downward momentum as investors' quiet risk-off sentiment, reported US President Trump tested positive for COVID-19 last Friday evening and upcoming US Presidential Election on Nov 3, 2020.

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.05%	-0.01%
Std. Dev.	1.32%	1.33%
Beta	0.81	
Corr. Coeff	0.82	

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	76.51%	95.00%	-32.49%	-20.63%	3.81%	-11.27%	2.19%	-5.26%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	23.49%	5.00%	0.60%	0.60%	0.11%	0.00%	0.00%	0.11%
Total	100.00%	100.00%	-24.71%	-19.56%	3.93%	-11.27%	2.19%	-5.15%

## 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.