



Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE
2020-45
20-Nov-09

Net Asset Value: Php343,610,012.28
Asset category: 95% Equities; 5% Cash
Horizon: Long-term

Portfolio Returns	20-Nov-06	20-Oct-30
YTD	-16.53%	-20.95%
Rolling 1 Year	-21.75%	-25.27%
Rolling 2-Year	-7.35%	-9.19%

Benchmark Returns	20-Nov-06	20-Oct-30
YTD	-11.09%	-15.49%
Rolling 1-Year	-13.25%	-15.31%
Rolling 2-Year	0.06%	-1.60%

PSEi	20-Nov-06	20-Oct-30
YTD	-14.45%	-19.08%
Rolling 1 Year	-18.63%	--20.86%
Rolling 2-Year	-3.73%	-5.68%

A Word on the Market

With the likely win of Joseph R. Biden, Jr. in the US presidential election and the expectation that Washington will not be in so much of a gridlock, markets rallied for most of last week. What is left is for the current US President to concede the election.

With the US elections now out of the way, focus will shift back to CoVid-19, which was hitting new highs last week in the US and Europe in terms of daily new cases. In fact, cases have also begun to rise, albeit more moderately in the other parts of the world, including the Philippines. This rise is largely due to the colder weather in Northern hemisphere countries and the desire of many countries to restart their respective economies. In the Philippines alone, the positivity rate has gone back up to 9.4% on November 8, 2020 from a low of 6.0% just last November 2, 2020.

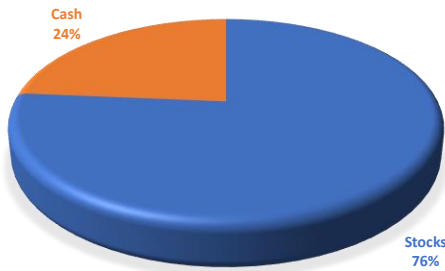
Nevertheless, a sense of relief, now that the US presidential elections are over and the looming release of the Philippines' 3Q GDP, which could show some further signs of the economic recovery, will augur well for the stock market.

A Word on the Portfolio

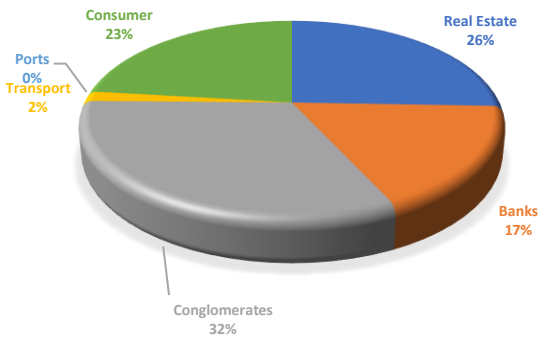
Last week, The PSE index jumped by 5.72% and to close at 6,685.69, investors positive sentiment with the expectation of third-quarter earnings recovery. Added a lower number of new COVID-19 cases cushion investor's fears and encourages further hopes of reopening of the economy. It also boosted the positive sentiment in the US election; lead in election polls in the latter part of the week by Democratic candidate Joe Biden.

This week, we expect a temporary market sell-off since the market rallied last October 19 to November 6, 2020, it increased by 12.89%. Most investors are very cautious because even though the market is up but currently already over-bought. Moreover, investors will look at the 3Q20 earnings results and the Philippines' third-quarter GDP for signs of recovery.

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.03%	0.00%
Std. Dev.	1.32%	1.33%
Beta	0.82	
Corr. Coeff.	0.82	

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	76.33%	95.00%	-21.85%	-11.70%	0.11%	-9.64%	1.89%	-7.63%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	23.67%	5.00%	0.60%	0.60%	2.18%	0.00%	0.00%	2.18%
Total	100.00%	100.00%	-16.53%	-11.09%	2.30%	-9.64%	1.89%	-5.45%

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.