



Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

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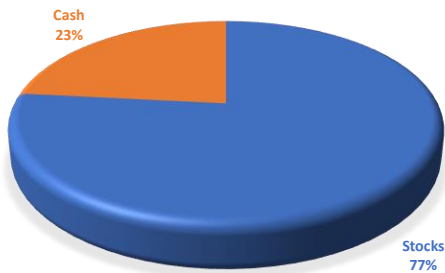
Net Asset Value: Php356,716,197.20
Asset category: 95% Equities; 5% Cash
Horizon: Long-term

Portfolio Returns	20-Nov-27	20-Nov-20
YTD	-13.66%	-11.19%
Rolling 1 Year	-12.46%	-12.95%
Rolling 2-Year	-6.88%	-4.51%

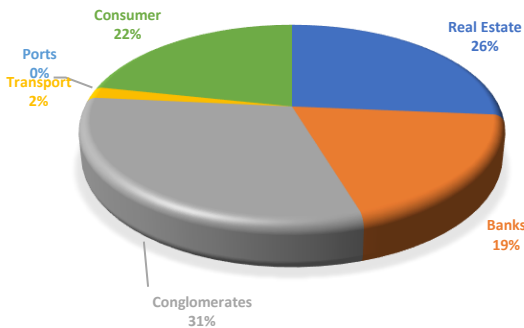
Benchmark Returns	20-Nov-27	20-Nov-20
YTD	-10.23%	-4.84%
Rolling 1-Year	-7.23%	-3.60%
Rolling 2-Year	-0.80%	3.03%

PSEi	20-Nov-27	20-Nov-20
YTD	-13.10%	-8.26%
Rolling 1 Year	-11.89%	-9.38%
Rolling 2-Year	-4.19%	-0.69%

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.03%	0.00%
Std. Dev.	1.32%	1.34%
Beta	0.82	
Corr. Coeff.	0.83	

A Word on the Market

The market's reaction to the SARS coronavirus II vaccine developed by AstraZeneca was more muted than the one for Moderna's vaccine even if the former's vaccine could be stored more easily. And with not much by way of earthshaking news, traders simply opted to take profits last week.

This profit-taking was likely spurred by movement of "hot" money in the local stock market. In fact, BSP-registered foreign portfolio investments for October 2020 alone yielded net inflows of USD439 million after seven consecutive months of net outflows from March 2020. Gross inflows of USD1.4 billion eclipsed the USD913 million gross outflows for the October 2020 with 79% of investments registered going to PSE-listed securities (i.e. mainly in information technology firms, banks, holding firms, property companies and food, beverage, and tobacco firms). The remaining 21% went to investments in PHP government securities.

Profit-taking brought the year-to-date return of PSEi TRI down by 6.38 percentage points.

A Word on the Portfolio

Last week, the PSE index had a correction of -6.95% from 7,263.71 to 6,791.46, weighted down by MSCI rebalancing changes implemented at Friday's close and healthy profit-taking. Investors' sentiment was further diminished by the following factors 1) the expectation of the Asian Development Bank (ADB) for PH unemployment figures to remain high until mid-2021 and 2) the World Bank's forecast that the country's recovery will lag vis-à-vis other countries.

This week, we expect that the investors' sentiment will remain bullish, as the country continues to gain traction on its COVID-19 response. The recent signing of a supply agreement to AstraZeneca for the COVID-19 vaccine will jumpstart the country's plan to achieve herd immunity by vaccinating 75%-80% of the population. The approval of the CREATE bill before year-end will ease the burden of businesses as they recuperate from the health crisis.

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	76.63%	95.00%	-17.98%	-10.80%	0.10%	-6.82%	1.32%	-5.40%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	23.37%	5.00%	0.50%	0.50%	1.97%	0.00%	0.00%	1.97%
Total	100.00%	100.00%	-13.66%	-10.23%	2.08%	-6.82%	1.32%	-3.43%

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.