



# Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE  
2020-49  
20-Dec-07

Net Asset Value: Php

Asset category: 95% Equities; 5% Cash

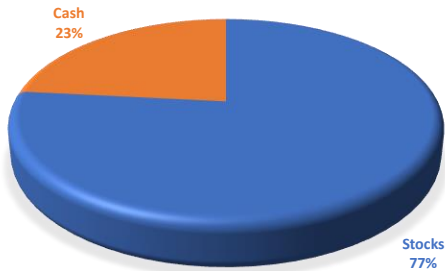
Horizon: Long-term

Portfolio Returns	20-Dec-04	20-Nov-27
YTD		-13.66%
Rolling 1 Year		-12.46%
Rolling 2-Year		-6.88%

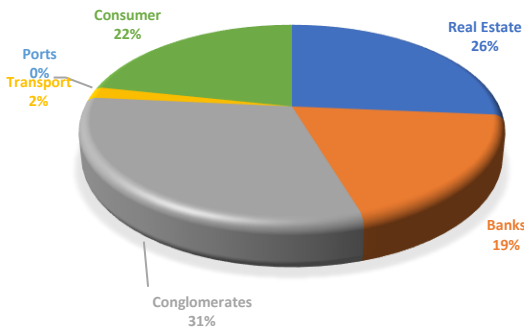
Benchmark Returns	20-Dec-04	20-Nov-27
YTD	-5.78%	-10.23%
Rolling 1-Year	-4.44%	-7.23%
Rolling 2-Year	0.34%	-0.80%

PSEi	20-Dec-04	20-Nov-27
YTD	-8.71%	-13.10%
Rolling 1 Year	-9.17%	-11.89%
Rolling 2-Year	-2.68%	-4.19%

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

Contrary to expectations, the PSEi TRI recovered lost ground and rallied more than 600 basis points (i.e. 6 percentage points) to close the week at 2,740.40 despite a correction of 0.83% last Friday. The value turnover was also on the high side, averaging Php9 billion for the four-day trading week.

The rally can be attributed only to the increase in global investors' appetite for risk, particularly in emerging markets. But it cannot also be discounted that the positivity rate for CoVid-19 in the Philippines has gone down to below 5% for most of last week.

According to World Health Organization (WHO) guidelines, the spread of the infection in a region that is testing "adequately" is considered to be under control if the positivity rate stays at 5% or below for two consecutive weeks. And while the Philippines has yet to establish even a week of positivity rate at or below 5%, it appears that the trend is headed in that direction.

## A Word on the Portfolio

Last week, The PSE index increased by 5.05% and to close at 7,134.56. Bullish sentiment was because of the following: 1. COVID-19 vaccine developments and procurement plan driving hope for a quicker economic recovery; 2. Manufacturing activity picking up in major Asian markets. Most of the climb's mutual fund holdings are increasing its market value due to the bullishness of the market.

This week, we expect the market will have a correction since the price movement of the top 30 blue chips stocks is already at an overbought area with not enough earnings to back it up. CIMAC's strategy is to sell those companies that have the worst valuations with high debt to equity compared to their earnings.

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.