



# Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE  
2020-50  
20-Dec-14

Net Asset Value: Php378,154,255.16

Asset category: 95% Equities; 5% Cash

Horizon: Long-term

Portfolio Returns	20-Dec-11	20-Dec-04
YTD	-8.64%	-9.36%
Rolling 1 Year	-8.02%	-10.39%
Rolling 2-Year	-3.61%	-4.78%

Benchmark Returns	20-Dec-11	20-Dec-04
YTD	-4.32%	-5.78%
Rolling 1-Year	-1.66%	-4.44%
Rolling 2-Year	2.44%	0.34%

PSEi	20-Dec-11	20-Dec-04
YTD	-7.28%	-8.71%
Rolling 1 Year	-6.33%	-9.17%
Rolling 2-Year	-0.70%	-2.68%

## A Word on the Market

Despite having just four days of trading last week, the PSEi managed to produce a 1.6% weekly gain on the back of approvals in the UK and US of emergency use for the SARS coronavirus II vaccine.

Both investors and traders are not saying that the worst has passed. In fact, the past week was filled with headlines of downward revisions in the 2020 GDP forecast for the Philippines while companies continue to struggle, their operations being a far cry from their pre-pandemic levels. In fact, experts are saying that the vaccines will probably hit the Philippines between the second to third quarters of 2021 and that vaccination will only be in full swing towards the end of next year.

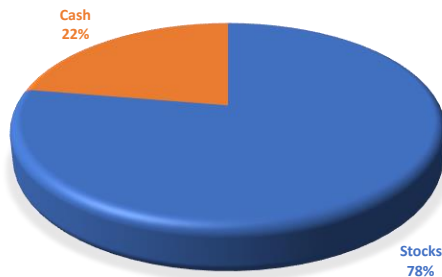
However, it is the forward-looking nature of investors and traders that is fueling equity positioning now while prices are still below pre-CoVid-19 levels. The view is that the looming health and eventual economic recovery will more than boost valuations to justify current price levels.

## A Word on the Portfolio

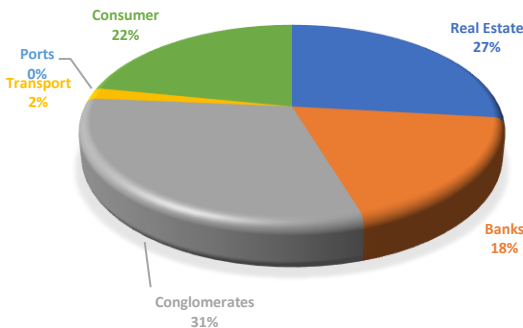
Last week, the PSE index surged by 1.56% and to close at 7,246.16, its highest close since Feb-2020. This comes after Congress approved the 2021 national budget on Wednesday, with the bicam committee increasing the budget for vaccine procurement at P70 Billion. Meanwhile, investors brushed off lower growth outlook from ADB, Fitch Ratings, and Nomura released within the week. CIMAC portfolio also performs better last week it decreases the loss to -6.10% from -7.47% last December 4, 2020. The main drivers of the portfolio are BDO, Jollibee, Megaworld, Robinson Land, SM, and SM Prime Holdings.

This week, we expect the market to sustain last week's bullish sentiment as investors digest the U.S. FDA approval of the Pfizer vaccine for emergency use, as well as the positive developments in the country's vaccination program. Meanwhile, the market is on the watch for the BSP and U.S. Fed policy decisions on Wednesday, as well as the succeeding readings of the bill proposing the extension of the validity of the Bayanihan 2 Act until June 2021 and of the 2020 national budget until the end-2021, before the Congress takes recess on 19 December 2020.

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.02%	0.01%
Std. Dev.	1.32%	1.34%
Beta	0.81	
Corr. Coeff.	0.83	

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	77.64%	95.00%	-11.27%	-4.57%	0.04%	-6.36%	1.16%	-5.15%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	22.36%	5.00%	0.50%	0.50%	0.84%	0.00%	0.00%	0.84%
Total	100.00%	100.00%	-8.64%	-4.32%	0.88%	-6.36%	1.16%	-4.32%

## 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.