



Purpose-driven Investing

A Weekly Newsletter for the CSCEIF

ISSUE
2020-22
20-Jun-01

Net Asset Value: **Php295,898,054.60**

Asset category: **Equities (Aggressive)**

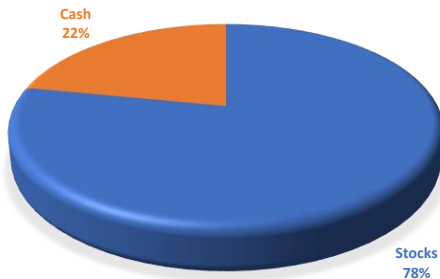
Horizon: **Long-term**

Portfolio Returns	20-May-29
YTD	-27.50%
Rolling 1 Year	-29.77%
Rolling 2-Year	-15.54%

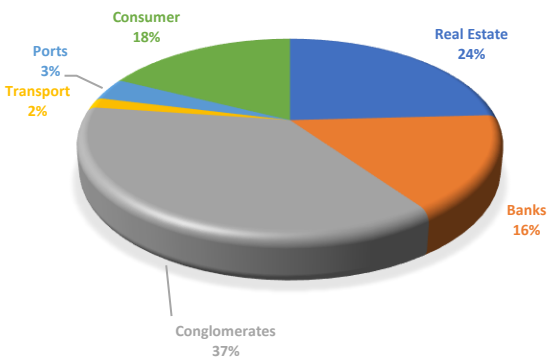
Benchmark Returns	20-May-29
YTD	-19.57%
Rolling 1-Year	-18.19%
Rolling 2-Year	-4.40%

20-May-15	20-May-29
YTD	-25.29%
Rolling 1 Year	-24.77%
Rolling 2-Year	-12.60%

PORTFOLIO WEIGHTS BY ASSET CLASS



PORTFOLIO WEIGHTS BY SECTOR



	CSCEIF	Benchmark
Mean	-0.06%	-0.01%
Std. Dev.	1.31%	1.33%
Beta	0.80	
Corr. Coeff.	0.82	

A Word on the Market

In a surprise move, the PSEi advanced by 4.8% last Friday after inching up slowly from the previous Friday's close. Buying value by foreigners last Friday was also a staggering Php16 billion with selling also high at Php15 billion, leaving a net foreign buying level of under Php1 billion.

The rally last Friday could be because optimistic investors are looking for undervalued markets in which to position. The same pattern of buying can be seen with other Southeast Asian markets, which were actually shunned by investors prior to Covid-19 hitting the globe. And as all strategy themes go, the buying pattern may persist for some time as investors will need to balance filling their buy orders while avoiding pushing up prices unnecessarily.

A Word on the Portfolio

Foreign buying is a good sign for the Philippine stock market. While negative fundamental news still pervade, investors have always been forward-looking. Getting in early at an attractive level is the name of the game.

In this regard, CIMAC will look into its rebalancing strategy to see how to take advantage of the expected buying spree, focusing on the proverbial "diamond in the rough" stocks that have yet to be examined by investors. Again, the focus of CIMAC for the Fund is to overweight issues that have the better potential for faster recovery but not without considering downside risks that can be mitigated through ample diversification.

But what is clear is that foreign buying has confirmed that the bottom has long been reached.

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	78.10%	95.00%	-35.80%	-20.72%	3.50%	-14.33%	2.55%	-8.28%
Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	21.90%	5.00%	2.10%	2.10%	0.35%	0.00%	0.00%	0.35%
Total	100.00%	100.00%	-27.50%	-19.57%	3.86%	-14.33%	2.55%	-7.92%

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.