

MONTHLY UPDATE

March 2020

Performance as at 31st March 2020

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	-1.45	-1.32	-0.31	0.50	3.17	4.58
Catholic Values Trust	-8.87	-9.52	-5.87	-1.38	4.66	3.94

All returns are net of fees and yearly returns are annualised

Investment Market Review

The month of March brought unprecedented volatility to global equity markets, as investors were hits on two fronts – rapidly diminishing wealth and fear for their health and safety. Covid-19 had caused the markets to crash at a greater rate than the GFC in 2007 and the 1987 Black Monday crash. The Australian share market, as measured by the S&P/ASX 100 Accumulation Index, was not immune and dropped -20.65% for the month, while global shares, as measured by the MSCI World ex Australia Index (unhedged), also dropped and returned -8.32% in March.

Domestic Economy Update

The Reserve Bank of Australia (RBA) cut interest rates to a record low of 0.25% at an emergency meeting in mid-March. On top of this further measures were announced to help prevent a coronavirus-driven recession. The RBA declared to buy Australian government bonds as part of its first ever quantitative easing program and provide a three-year funding facility to provide cheap loans for Australian banks.

The Government has also announced that over \$320 billion is to be injected into the economy through financial assistance via projects like JobSeeker and more recently JobKeeper, along with the Coronavirus Supplement and Instant Asset Write-off. Despite these measures and as a sign of the times, the business confidence index recorded its worst result in history, as it fell to -65.6 points in March, down from -2.4 points in February. The fall was recorded across all sectors.

Australia's employment surprised on the upside and rose by 5,900 in March, well ahead of the expected 40,000 job reduction that analysts had expected. The expansion was driven by part-time employment, which increased by 6,400 positions and offset the slight decrease in full-time employment. The March figures were also recorded before the stricter lockdown policy to contain the spread of Covid-19 came into play from the Government. This also saw unemployment increase less than expected, as it went from 5.1% in February to 5.2% in March.

CCI Asset Management Update

Income Trust Distribution

We are pleased to announce the March quarterly distribution payment was made on 14th April 2020 and the distribution rate was 0.3260 CPU.

If you have any feedback or suggestions for the Monthly Update, please email david.smith@cciassetmanagement.org.au

Global Update

While Australia has recorded 71 deaths from 6,625 confirmed cases, unfortunately there has been close to 170,000 deaths worldwide. The United States has recorded over 42,000 deaths with New York accounting for close to a third of that number. Other countries hit hard have been Italy, Spain, Germany and the UK, while China, where the virus began, has recorded 4,632 deaths.

As many countries enforce differing lockdown policies, unemployment is seen to be increasing across the globe. The U.S. unemployment rate jumped from 3.5% in February to 4.4% in March, the highest figure since August 2017 as 701,000 jobs were lost. This could be the tip of the iceberg, with suggestions that unemployment in Britain and the U.S. could pass levels not seen since the 1930s Great Depression, at 20% to 30% of the workforce.

Equity markets across the globe continue to feel the impact of Covid-19, with negative double digit returns commonplace. America saw the Dow Jones return -13.74% for March and the S&P 500 record -12.51% for the month. London's FTSE lost -13.81% and in Germany the DAX retreated -16.44%, while in Japan the Nikkei fell -10.53%. China's Hang Seng and Shanghai fell by -9.67% and -4.51% respectively.

Income Trust

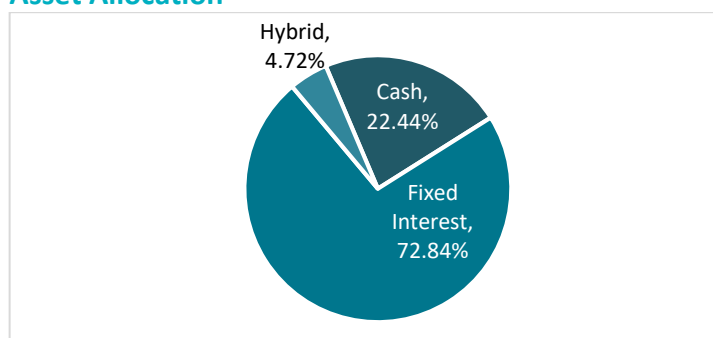
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees)#	-1.40	-1.16	-0.10	1.15	3.82	5.23
Income Trust (Net of Fees)#	-1.45	-1.32	-0.31	0.50	3.17	4.58
Benchmark	0.10	0.26	0.78	1.23	1.66	1.83
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					2.66	

#All yearly returns are annualised

Monthly Performance Commentary

The Income Trust produced a negative return for March, registering -1.45% net of fees, as very few securities were spared from the fallout of Covid-19. All asset classes underperformed for the month, however the Trust continues to outperform the investment objective. Fixed Interest underperformed and was the top detractor for the month, followed by Hybrids, while Cash was the top contributor for the month.

Asset Allocation

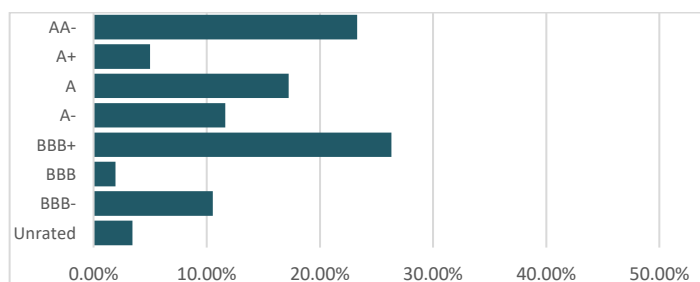


Top Contributors	Asset Class	Return %	Portfolio Contribution %
NAB Capital Notes	Hybrid Security	0.790	0.005
Genworth Financial	Fixed Interest	0.088	0.001
Goldman Sachs	Fixed Interest	0.016	0.000

Top Detractors	Asset Class	Return %	Portfolio Contribution %
Toronto-Dominion Bank	Fixed Interest	-2.822	-0.149
ANZ FRN	Fixed Interest	-2.054	-0.121
Standard Chartered Bank	Fixed Interest	-2.897	-0.088
CBA Perls XII Capital Notes	Hybrids	-9.861	-0.068
Bank of Queensland FRN	Fixed Interest	-1.664	-0.062

Portfolio Credit Rating Allocation

Below is the credit composition of the Income Trust Portfolio.



Unrated securities largely consist of unrated retail issues including Suncorp Group Ltd and Westpac Hybrid securities. Together these unrated securities represent 3.44% of the Income Trust Portfolio as at 31 March 2020.

These securities have not been issued a credit rating by any rating agency in accordance with ASIC regulation regarding credit ratings on retail issues.

Credit ratings as classified by Standard & Poor's

Fixed Interest

Fixed Interest declined during March and as a result of its large asset allocation of 72.84%, the underperformance of this asset class had a large impact on the portfolio return and ensured it was the top detractor. Only two securities were in positive territory, with Genworth Financial and Goldman Sachs the top contributors for the month. At the other end of the scales Toronto-Dominion Bank Floating Rate Note and ANZ Floating Rate Note were the top detractors. Standard Chartered Bank and Bank of Queensland Floating Rate Notes also detracted from performance.

Hybrid Securities

Hybrid Securities delivered a negative return this month and underperformed the benchmark. NAB Capital Notes was the sole contributor for the month, while the top detractors were CBA Perls XII Capital Notes, Suncorp Capital Notes and NAB Subordinated Notes 3.

Hybrid Portfolio

Security	Issuer Margin
ANZ Bank Preference Shares	BBSW 90 Day + 3.40%
ANZ Capital Notes 6	BBSW 90 Day + 3.40%
CBA Perls VII Capital Notes	BBSW 90 Day + 2.80%
CBA Perls XII Capital Notes	BBSW 90 Day + 3.00%
CBA Perls IX Capital Notes	BBSW 90 Day + 3.90%
NAB Capital Notes	BBSW 90 Day + 3.50%
NAB Subordinated Notes 2	BBSW 90 Day + 2.20%
Suncorp Group Capital Notes	BBSW 90 Day + 4.10%
Westpac Group Capital Notes	BBSW 90 Day + 3.70%
Westpac Capital Notes 3	BBSW 90 Day + 4.00%

Fund Distribution History (cents per unit)

31 March 2019:	0.49
30 June 2019:	0.69
30 September 2019:	0.38
31 December 2019:	0.32
31 March 2020:	0.32

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	-8.81	-9.35	-5.63	-0.68	5.36	4.64
Catholic Values Trust (Net of Fees) [#]	-8.87	-9.52	-5.87	-1.38	4.66	3.94
Benchmark	-3.78	-9.70	-6.25	-1.58	4.33	4.49
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.93	4.81

[#]All yearly returns are annualised

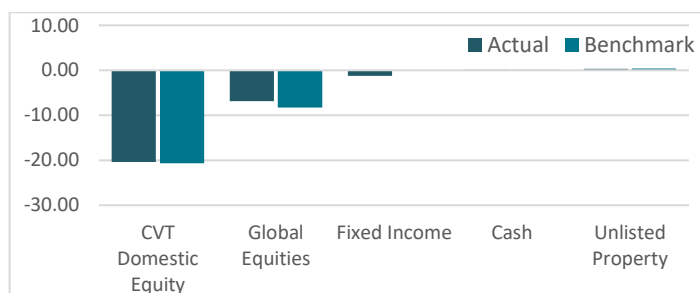
Monthly Performance Commentary

The Catholic Values Trust continued on from February's lead and fell -8.87% net of fees in March. Australian Equities was again the top detractor, followed by Global Equities. Fixed Interest was relatively flat, while Property was the sole shining light and was the top contributor. The portfolio is currently underweight Australia Equities which was a positive for the month, while the overweight to cash was also a positive and allows for buying opportunities should the volatility in the market subside.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	29.16%	35.00%
Global Equity	25.72%	25.00%
Property	3.47%	5.00%
Fixed Interest	20.96%	25.00%
Cash	20.69%	10.00%

Asset Class Return

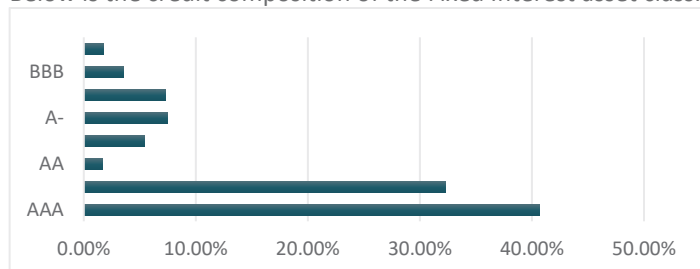


Fixed Interest

The Catholic Values Trust is underweight in Fixed Interest, and continues to maintain the majority of its exposure to semi-government securities. Fixed Interest underperformed the benchmark for the month.

Fixed Interest Credit Rating Allocation

Below is the credit composition of the Fixed Interest asset class.



Credit ratings as classified by Standard & Poor's.

Australian Equities

There were very few positives in Australian Equities as the asset class dropped just over 20% for the month. At the security level the negatives outweighed the positives, with the Big Four Banks all seeing their share price fall by 24% or more for the month. Macquarie Group joined CBA, Westpac, NAB and ANZ to round out the top five detractors, as investors saw future bad debts increase and lower profits resulting from the RBA's decision to cut rates to 0.25%, as good reasons to exit. On the bright side Fortescue Metals was the top contributor, followed by Rio Tinto, as both benefitted from a strong iron ore price. Coles, AXS and A2 Milk were also contributors, with Coles benefitting from panic buying in its supermarkets.

Top Contributors	Return %	AU Contribution %
Fortescue Metals Grp	10.952	0.041
Rio Tinot Ltd	2.380	0.025
Coles Group Ltd	6.685	0.023
ASX Limited	6.305	0.023
A2 Milk Company Ltd	7.652	0.021

Top Detractors	Return %	AU Contribution %
Commonwealth Bank	-24.407	-0.732
Westpac Banking Corporation	-30.203	-0.517
National Australia Bank Limited	-33.546	-0.514
ANZ Limited	-31.696	-0.481
Macquarie Group Ltd	-36.401	-0.342

Global Equities

Manager: Vanguard Ethically Conscious International Shares Index Fund

The Vanguard Ethically Conscious International Share Index Fund was also impacted by Covid-19 and produced a negative return of -6.88% net of fees for March. The top contributors included Amazon (American conglomerate technology company), Microsoft (American technology company) and Nestle (Swiss food and drink processor), while JPMorgan, Bank of America and CitiGroup were amongst the top detractors for the period. Similar to Australian banks, the large U.S. banks of JPMorgan, Bank of America and CitiGroup all saw their share price fall by over 18% for the month due to the knock-effects of Covid-19. Amazon was one of few companies to benefit, as online shopping spiked due to the lockdown policy's implemented across the globe.

Fund Distribution History (cents per unit)

31 December 2018:	2.93
30 June 2019:	6.26
31 December 2019:	1.37

For any queries in relation to this CCI Asset Management Monthly Update please contact

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