

MONTHLY UPDATE

April 2017

Performance as at 30th April 2017

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.09	1.19	3.78	10.27	5.72	7.78
Catholic Values Trust	1.33	4.42	10.27	11.13	5.73	8.92

All returns are net of fees and yearly returns are annualised

Investment Market Review

April was another solid month for both domestic and global equity markets, with the Australian share market, as measured by the S&P/ASX 200 Accumulation Index, returning a positive 1.03% for the month, and global shares as measured by the MSCI World ex Australia Index (unhedged), finishing up 3.58% for the month.

Domestic Economy

Australia's unemployment rate dropped to 5.7% in April, down from 5.9% in March, as more than 37,000 jobs were created. After a spike in full-time employment last month, April's job creation reverted back to the recent trend, with full-time employment falling by 11,600 jobs and 49,000 part-time jobs created. Two-thirds of the jobs growth over the past year has come from part-time work.

Inflation landed within the 2.0% - 3.0% target band of the Reserve Bank for the first time in three years, as it jumped from 1.5% in the last quarter of 2016, to 2.1% in the first quarter of 2017. Although inflation was within the preferred band, the RBA left interest rates on hold at its May meeting and reiterated its stance that this policy will assist sustainable growth in the economy.

Australia's trade surplus narrowed by 15% to AUD 3.11 billion in March, after a big spike in February. This was below market expectations of AUD 3.4 billion, as a rise in exports by 2% was offset by a 5% rise in imports.

U.S. Update

The Federal Reserve's Open Market Committee (FOMC) left the Federal Funds rate target at a range of between 0.75% and 1.00% at its third monetary policy meeting of the year, after noting that economic activity was weaker than expected in the first quarter.

Meanwhile, there was strong employment growth in the U.S. labour market in April, as 211,000 jobs were added to the economy. This was a solid rebound from March, when only 98,000 were added, and saw the unemployment rate fall to 4.4%, the lowest reading since May 2007. The private sector continued to lead the way, adding the majority of the jobs. Within this, leisure and hospitality added 55,000 jobs, 37,000 jobs were added in health care and social assistance, while 19,000 jobs were created in financial activities.

CCI Asset Management Update

End of Financial Year

With the end of the financial year approaching, it is an ideal time to ensure that all your client information is up to date. Have your bank details changed, do you have a new email address or is there a change of authorised signatories?

Let us know of any change by completing the Change of Details Form via the below address:

www.cciassetmanagement.org.au/forms.htm

If you have any feedback or suggestions for the Monthly Update, please email me at

david.smith@cciassetmanagement.org.au

China Update

China's electricity consumption, an important indicator of economic activity, increased significantly in April. Power use rose 6% year on year to 484.7 billion kilowatt-hours in April. Electricity use in the service sector rose 8.9% in the first four months, while the industrial and agricultural sectors rose by 6.9% and 6.7% respectively. These rates reflect positive changes in China's economic structure, as power use in the services sector grew faster than the industrial sector. Further positive data was recorded in retail sales and real estate. Retail sales grew 10.7% year on year in April, while investment in real estate development expanded by 9.3% from January to April.

Eurozone Update

The 2017 French presidential election was held on 23 April, however as no candidate won a majority in the first round, a second round between the top two candidates was held on 7 May. Emmanuel Macron of En Marche! was elected France's youngest head of state since Napoleon, after beating his far-Right rival Marine Le Pen by a decisive margin.

Inflation in the Eurozone came in at 1.9% in April, above March's 1.5% and was the second highest reading since January 2013. On the back of robust domestic demand and higher energy prices, inflation has returned to the European Central Bank's (ECB) target of close to, but below 2.0%. Despite higher inflation, the ECB maintained interest rates on hold at its April meeting.

Income Trust

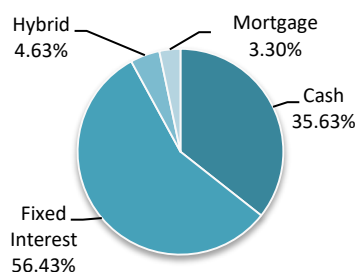
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees) [#]	0.14	1.36	4.32	10.92	6.37	8.43
Income Trust (Net of Fees) [#]	0.09	1.19	3.78	10.27	5.72	7.78
Benchmark	0.15	0.43	1.52	1.88	2.27	2.60
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					3.27	

[#]All yearly returns are annualised

Monthly Performance Commentary

The Income Trust continues to exceed its objective and delivered a positive return for April. All asset classes produced positive returns, with Hybrids the strongest performing for the month. CBA Perls IX was the top contributor, followed by CBA Floating Rate Notes, while National Income Securities was the top detractor to performance for the month.

Asset Allocation

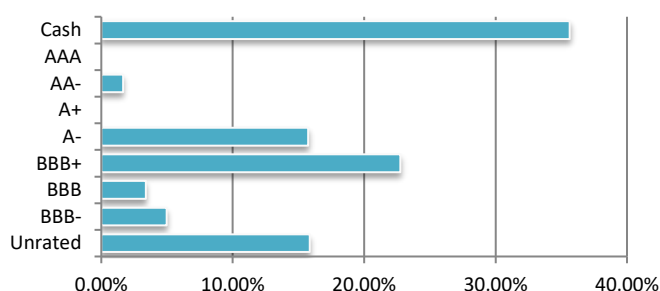


Top Contributors	Asset Class	Return %	Portfolio Contribution %
CBA Perls IX	Hybrid	1.596	0.074
CBA FRN	Fixed Interest	0.604	0.071
Bendigo & Adel Bank FRN	Fixed Interest	0.649	0.022
Rabobank FRN	Fixed Interest	0.420	0.012
CBA Perls VII	Hybrid	1.779	0.011

Top Detractors	Asset Class	Return %	Portfolio Contribution %
National Income Securities	Fixed Interest	-0.798	-0.039
Qube Holdings Sub Note	Fixed Interest	-0.755	-0.026
Genworth Financial Mortgage FRN	Fixed Interest	-0.743	-0.013
NAB Sub. Note 2	Hybrid	0.372	-0.011
NAB CPS	Hybrid	-1.195	-0.007

Portfolio Credit Rating Allocation

Below is the credit composition of the Income Trust Portfolio.



Unrated securities largely consist of unrated retail issues including Qube Holdings Ltd, APT Pipelines Ltd, Suncorp Group Ltd, Seven Group Holdings Ltd, CBA and NAB Hybrid securities. Together these unrated securities represent 12.55% of the Income Trust Portfolio as at 30 April 2017. 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 performed in line with the index for the month of April and in absolute terms, was the main contributor to the overall performance of the portfolio. At the security level, CBA Floating Rate Notes was the top contributor, followed by Bendigo and Adelaide Bank Floating Rate Notes and Rabobank Floating Rate Notes. National Income Securities reversed last month's position as top contributor, to be the top detractor this month, followed by Qube Holdings Subordinated Notes.

Hybrid Securities

Hybrid Securities strongly outperformed the index this month and in relative terms was the main contributor to the overall performance of the portfolio. CBA Perls IX was the top contributor, followed by CBA Perls VII, while NAB Subordinated Notes 2 and NAB Convertible Preference Shares were the top detractors.

Following recent maturities within Fixed Interest, Cash is currently overweight while a rebalance takes place.

Hybrid Portfolio

Security	Issuer Margin
CBA Perls VII Capital Notes	BBSW 90 Day + 2.80%
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%
Seven Group Holdings Ltd Convertible Preference Share	BBSW 180 Day + 4.75%
Suncorp Group Capital Notes	BBSW 90 Day + 4.10%
Westpac Capital Notes 3	BBSW 90 Day + 4.00%

Franking Credit Income

[#]FYTD: 0.0277%

Fund Distribution History (cents per unit)

31 March 2016:	0.58
30 June 2016:	0.86
30 September 2016:	0.54
31 December 2016:	0.47
31 March 2017:	0.55

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	1.39	4.59	10.85	11.83	6.43	9.62
Catholic Values Trust (Net of Fees) [#]	1.33	4.42	10.27	11.13	5.73	8.92
Benchmark	1.32	4.56	10.68	12.04	7.93	10.06
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.59	5.03

[#]All yearly returns are annualised

Monthly Performance Commentary

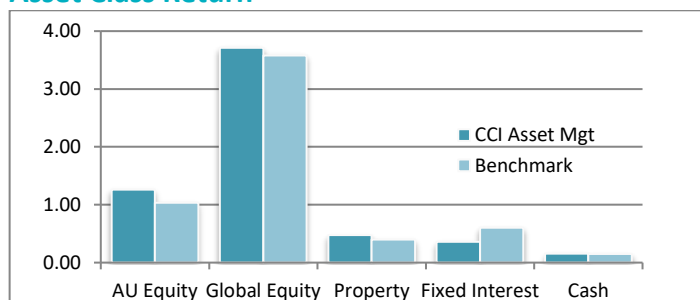
The Catholic Values Trust has continued to exceed its objective of outperforming CPI by 3% p.a. over rolling 3 and 5 year periods, and delivered a positive return for the month, marginally outperforming the benchmark for April.

Global Equities, Australian Equities and Property all outperformed the benchmark, with Global Equities the top contributor to performance. Cash performed in line with the benchmark, while Fixed Interest underperformed.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	31.06%	35.00%
Global Equity	20.50%	25.00%
Property	3.07%	5.00%
Fixed Interest	18.85%	25.00%
Cash	26.52%	10.00%

Asset Class Return

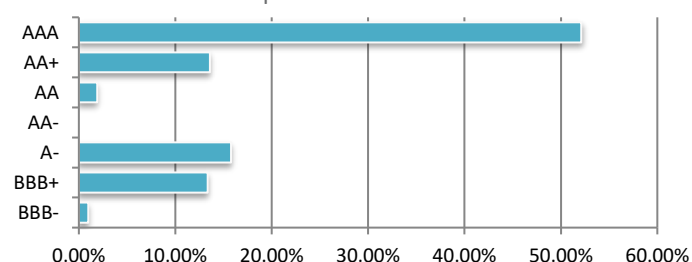


Fixed Interest

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

Australian Equities outperformed the ASX 200 Accumulation Index for the month of April. At the sector level, Financials were the top contributor, followed by Industrials, while Telecommunication Services were the main detractor. At the stock level, CSL was the top contributor following a strong half year result, while Brambles and Qantas also added value. The top detractors were Telstra, Wesfarmers and Aeon Metals, with Telstra declining on the news that fellow telco, TPG Telecom is set to enter the mobile sector.

Franking Credit Income

[#]FYTD: 0.4468%

Top Contributors	Return %	AU Contribution %
CSL Ltd	5.76	0.25
Brambles Ltd	10.59	0.18
Qantas Airways Ltd	9.00	0.17
BT Investment Management Ltd	19.40	0.17
James Hardie Industries	10.21	0.16

Top Detractors	Return %	AU Contribution %
Telstra Corporation Ltd	-9.44	-0.35
Wesfarmers Ltd	-4.59	-0.18
Aeon Metals Ltd	-8.11	-0.12
BHP Billiton Ltd	-1.33	-0.09
Select Harvests Ltd	-7.48	-0.06

Global Equities

Manager: AMP RIL International Share Fund

The Fund generated a strong return in April and outperformed the benchmark. This was driven by strong stock selection and a slight overweight to the emerging markets, which outperformed the developed markets for the month. Within the developed markets, both Lazard and Investec outperformed, with Lazard's portfolio benefiting from holdings in UK based CVS Group and Lloyd Bank, as both reported strong results. Investec performed strongly, driven by their holdings in LAM Research, a semiconductor equipment manufacturer which is benefiting from demand in the memory market and progress in the development of 3D technology.

Within the emerging market exposure, both Investec and Colonial First State produced positive returns, with Investec slightly outperforming the benchmark, while Colonial First State slightly underperformed.

Fund Distribution History (cents per unit)

31 December 2015:	1.37
30 June 2016:	2.34
31 December 2016:	1.82

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

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