



# MONTHLY UPDATE

November 2020

## Performance as at 30<sup>th</sup> November 2020

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.27	0.81	1.57	2.33	4.09	5.45
Catholic Values Trust	5.29	4.92	7.56	3.57	8.23	8.13

All returns are net of fees and yearly returns are annualised

### Investment Market Review

November was a very strong month for equity markets across the globe. The Australian share market, as measured by the S&P/ASX 100 Accumulation Index, continued on from October's lead and returned a positive 10.22% for November, while global shares, as measured by the MSCI World ex Australia Index (unhedged), rebounded from October's decline, to record 7.43% for the month.

### Domestic Economy Update

Australia's unemployment rate decreased from 7.0% in October to 6.8% November, while the participation rate rose by a further 0.3% to the record high of 66.1%. There were 90,000 new jobs created in November as employers put on more people in both full-time (84,200) and part-time roles (5,800). Unemployment is now at its lowest level since April, after peaking at 7.5% in July. Not unexpected, Victoria was responsible for the majority of new employment as the easing of restrictions allowed businesses to reopen and take on staff. New South Wales, Western Australia and Tasmania also created new jobs for the month.

The Reserve Bank of Australia (RBA) kept the official interest rate unchanged at the all-time low of 0.10% at its most recent meeting on 1 December. The RBA also confirmed that the three-year bond rate target would remain unchanged at 0.10% and that the bond buying program would continue as previously outlined.

The Australian dollar (AUD) has climbed to its highest level in more than two years, helped by surging iron ore prices. Having climbed close to 8% since the beginning of the year, the AUD smashed through 0.75cents against the U.S. dollar at the beginning of December, helped by record high iron prices. Iron ore prices have climbed as demand from China rises and storms hit Australia's west coast, with the price going above the 1,000 yuan (\$152.95 AUD) per ton mark for the first time in history.

Positive news with regards to COVID-19, with the number of new cases dropping Australia wide. Let's hope this continues.

### Merry Christmas

The CCI Asset Management Team would like to wish everyone a Merry Christmas and Happy New Year. May you have a safe and happy festive season and we look forward to continuing to work together in 2021.

If you have any feedback or suggestions for the Monthly Update, please email [david.smith@cciassetmanagement.org.au](mailto:david.smith@cciassetmanagement.org.au)

### Global Update

While Australia's COVID-19 numbers are declining and we seem to be on top of it for the moment, the same cannot be said worldwide. Even with the positive news about vaccines, the death toll worldwide has reached over 1.62million, up from 1.31million deaths last month and confirmed cases have risen from 54.1 million to 72.8 million in the last month. The United States has recorded over 301,000 deaths from 16.6 million confirmed cases, while Brazil has recorded over 181,000 deaths from 6.92 million confirmed cases. The coronavirus continues to spread through India and has claimed 143,000 lives from 9.9 million recorded cases.

The U.S. labour market added 245,000 jobs in November, well below market expectations as rising coronavirus cases coincided with a considerable slowdown in hiring. The U.S. reported more than 4 million new coronavirus case in November, which is higher than the total number of cases all year by any country in the world except India and Brazil. The unemployment rate decreased from 6.9% in October to 6.7% in November, while the participation rate (those people currently employed or looking for work) fell slightly from 61.7% in October to 61.5% in November.

The eurozone unemployment rate jumped from 11.7% in October to 11.8% in November, with the number of people out of work now approaching 19 million. With its bank's bad debts rising and its property market in free fall, Spain recorded the highest unemployment rate of all European countries at 26.6%, even higher than bailed-out Greece.

# Income Trust

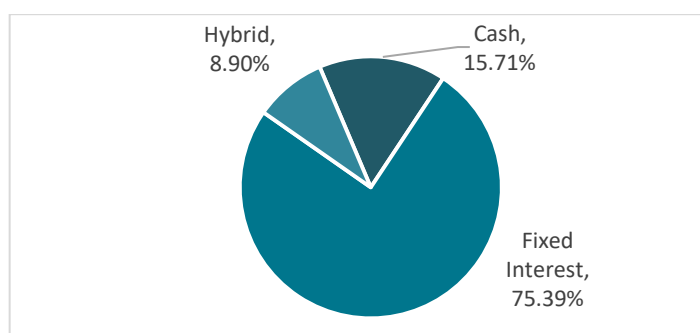
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees) <sup>#</sup>	0.32	0.97	1.84	2.98	4.74	6.10
Income Trust (Net of Fees) <sup>#</sup>	0.27	0.81	1.57	2.33	4.09	5.45
Benchmark	0.01	0.02	0.04	0.44	1.31	1.56
<b>Objective:</b> AusBond Bank Bill + 1.0%p.a. rolling 3yrs					2.31	

<sup>#</sup>All yearly returns are annualised

## Monthly Performance Commentary

The Income Trust maintained its positive trend and registered 0.27% net of fees for the month of November. All asset classes outperformed for the month, with Fixed Interest the top performing asset class in absolute terms, followed by Cash and Hybrids. The Trust continues to outperform over all periods, including the 3 Year objective.

## Asset Allocation

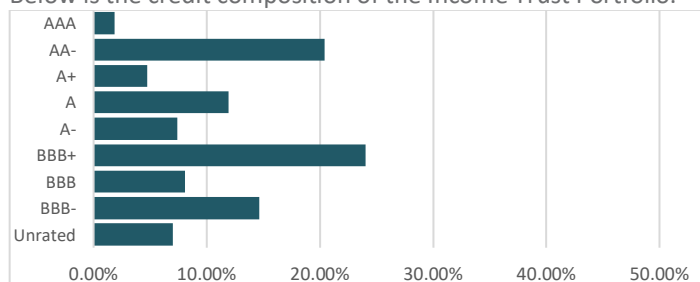


Top Contributors	Asset Class	Return %	Portfolio Contribution %
Standard Chartered Bank FRN	Fixed Interest	1.454	0.044
West Links FRN	Fixed Interest	1.335	0.042
Toronto-Dominion Bank FRN	Fixed Interest	0.694	0.037
Bank of Queensland FRN	Fixed Interest	0.559	0.022
ANZ Bank FRN	Fixed Interest	0.261	0.016

Top Detractors	Asset Class	Return %	Portfolio Contribution %
Qube Subordinated Notes	Fixed Interest	-0.647	-0.021
Bendigo & Adelaide Bank FRN	Fixed Interest	-0.464	-0.012
Suncorp Group Capital Notes	Hybrid	-0.419	-0.003
ANZ Capital Notes 6	Hybrid	-0.187	-0.001
Westpac Capital Notes	Hybrid	-0.122	-0.001

## 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. Together these unrated securities represent 6.97% of the Income Trust Portfolio as at 30 November 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 delivered a positive return in November and as a result of its large asset allocation of 75.39%, the outperformance of this asset class had a large impact on the portfolio return and ensured it was the top contributor. Standard Chartered Bank Floating Rate Notes was the top contributor for the month, followed by West Links Floating Rate Notes, Toronto-Dominion Bank Floating Rate Notes and Bank of Queensland Floating Rate Notes. Qube Subordinated Notes and Bendigo & Adelaide Bank Floating Rate Notes were the top detractors for the period.

## Hybrid Securities

Hybrid Securities were relatively flat for the second straight month. CBA Perls VII Capital Notes, CBA Perls IX Capital Notes and Macquarie Capital Notes were the top contributors, while Suncorp Group Capital Notes, ANZ Capital Notes 6, Westpac Capital Notes and Westpac Capital Notes 3 were the top detractors for the period.

## 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%
Macquarie Capital Notes	BBSW 90 Day + 4.70%
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)

30 September 2019:	0.38
31 December 2019:	0.32
31 March 2020:	0.32
30 June 2020:	0.30
30 September 2020:	0.12

# Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) <sup>#</sup>	5.35	5.09	7.85	4.27	8.93	8.83
Catholic Values Trust (Net of Fees) <sup>#</sup>	5.29	4.92	7.56	3.57	8.23	8.13
Benchmark	5.42	4.84	7.26	2.58	7.27	7.88
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.63	4.64

<sup>#</sup>All yearly returns are annualised

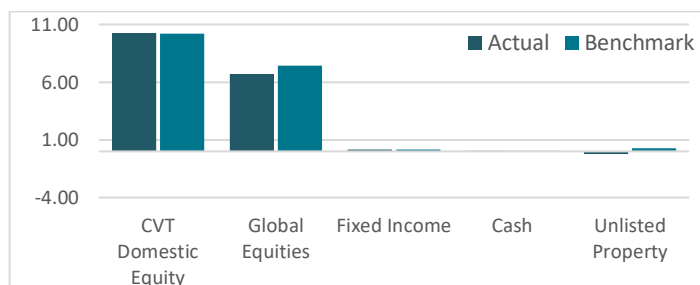
## Monthly Performance Commentary

The Catholic Values Trust benefitted from a strong bounce in equities to deliver a positive return in November, climbing by 5.29% net of fees for the month. While Fixed Interest, Property and cash were all flat, Australian Equities was the top contributor as it added over 10% for the month, followed by Global Equities, which contributed over 6% for the month of November.

## Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	36.31%	35.00%
Global Equity	25.27%	25.00%
Property	2.48%	5.00%
Fixed Interest	18.06%	25.00%
Cash	17.88%	10.00%

## Asset Class Return

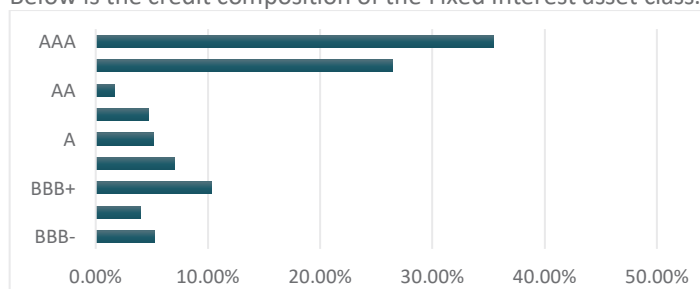


## Fixed Interest

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

November was a fantastic month for Australian Equities and returned 10.27% for the month. Financials led the way and was the best performing sector for the month, followed by Materials. The Big 4 Banks all made the top contributors list, with CBA the top contributor for the second straight month, followed by NAB, ANZ and Westpac. All the banks benefitted from a rise in house prices. The other top contributor was BHP Group, which surged over 10% for the month off the back of a spike in the iron ore price. Newcrest Mining was the top detractor for the period after the largest gold miner on the ASX dropped over 7% for the month, following the price of gold down, while Saracen Mineral Holdings was in the same boat.

Top Contributors	Return %	AU Contribution %
CBA	14.56	0.408
NAB	25.54	0.358
BHP Group	12.69	0.286
ANZ	23.49	0.283
Westpac Banking Corporation	15.05	0.218

Top Detractors	Return %	AU Contribution %
Newcrest Mining Limited	-7.901	-0.043
Northern Star Resources	-15.08	-0.039
Woolworths Limited	-3.09	-0.033
Saracen Mineral Holdings	-6.48	-0.025
Evolution Mining	-10.28	-0.022

## Global Equities

Manager: Vanguard Ethically Conscious International Shares Index Fund

The Vanguard Ethically Conscious International Share Index Fund bounced in November and returned over 6%. The top five contributors were Tesla, Apple, JPMorgan Chase, Walt Disney and Samsung, with Tesla surging close to 40% for the month with the news that the company would be included in the S&P 500 Index. Walt Disney gained over 22% in November after news of effective COVID-19 vaccines, with investors hoping for a light at the end of the tunnel for the company which has suffered from COVID-19 both in its theme park business and movie business. On the down-side we saw Nestle, Thermo Fishers Scientific, Danaher Corp and Procter & Gamble all retreat and be the top detractors for the month.

## Fund Distribution History (cents per unit)

30 June 2019:	6.26
31 December 2019:	1.37
30 June 2020:	3.14

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

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