

# MONTHLY UPDATE

## MAY 2021



### CATHOLIC VALUES TRUST

#### Performance

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust ( <i>Gross of Fees</i> )^	1.33	5.92	15.66	16.90	10.37	9.82
Catholic Values Trust ( <i>Net of Fees</i> )^	1.27	5.74	15.02	16.20	<b>9.67</b>	<b>9.12</b>
Objective*	0.45	1.34	6.22	5.81	<b>4.60</b>	<b>4.76</b>

^All yearly returns are annualised

\*Objective is CPI + 3% p.a. rolling 3 & 5 years

#### Investment Objective

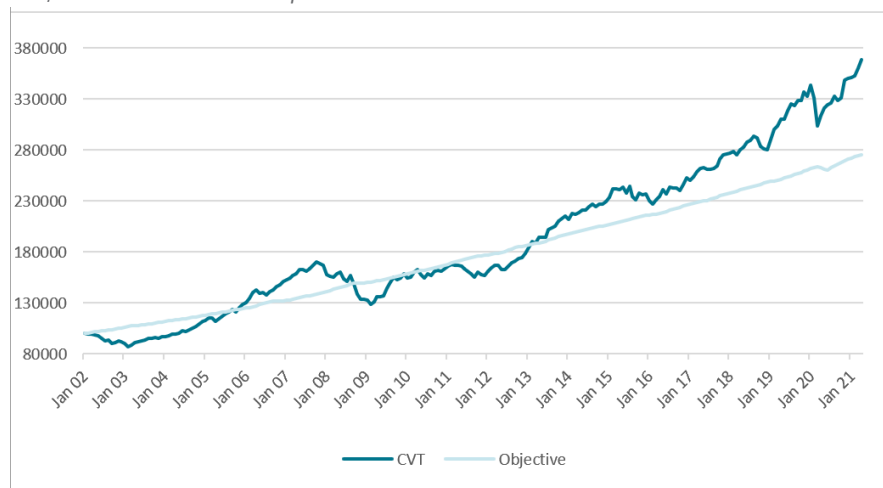
To provide a return (after fees and expenses) that exceeds CPI by 3% p.a. measured over rolling 3-year and 5-year periods, and invest in accordance with the Catholic Values Investment Policy.

#### Fund Performance

Catholic Values Trust returned a positive return of 1.27% net of fees for the month of May. The Fund has outperformed its objective over rolling 3-year and 5-year periods.

#### Performance Chart

\$100K invested since inception



#### Largest Contributors

- ◆ Australian equities - the market was led higher by gains in Financials and Healthcare.
- ◆ Global Equities – was largely driven by good economic data. This was offset by concerns that upside data surprises may result in persistent inflation.
- ◆ Fixed income had a slight positive return with bond yields largely unchanged over the month.
- ◆

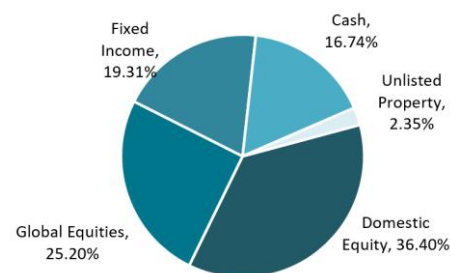
#### Largest Detractors

- ◆ Property was the key detractor due to lagged valuations. However, there was a +0.7% uplift in asset valuations over Q1 2021 which will be accounted for in June.
- ◆ Cash produced almost nil return over the month due to the low cash rate of 0.1%.

#### Portfolio Statistics

Funds Under Management	\$173 million
Performance Return Since Inception net of fees ( <i>Jan 31, 2002</i> )^	7.04% p.a.
Distribution Frequency	Half Yearly

#### Asset Allocation



#### Market Highlights

- ◆ Australian equities (S&P/ASX100) performed strongly over May, returning 2.60% on the back of better than expected economic data and the RBA's ongoing commitment to keep policy rates unchanged.
- ◆ Global Equities as measured by the MSCI World ex-Australia \$A unhedged rose 1.2% driven by sector rotation out of growth stocks into value stocks on the back of expectations for stronger growth and inflation. An additional headwind to return was the modest appreciation of AUD against USD.
- ◆ While US inflation surged higher than expected in May (5% year-on-year rise in headline inflation), it appears to be temporary and should not push the Federal Reserve to tighten policy rates over the short term.
- ◆ Both the US Federal Reserve and RBA are committed not to raise rates until employment and inflation outcomes are achieved.

# INCOME TRUST

## Performance

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees) <sup>^</sup>	0.15	0.60	3.32	3.94	4.55	5.98
Income Trust (Net of Fees) <sup>^</sup>	0.09	0.44	2.73	3.29	<b>3.90</b>	5.33
Objective*	0.09	0.26	0.97	1.06	<b>2.00</b>	2.32

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

\*Objective is AusBond Bank Bill + 1.0% (net of fees) p.a. rolling 3 years

## Investment Objective

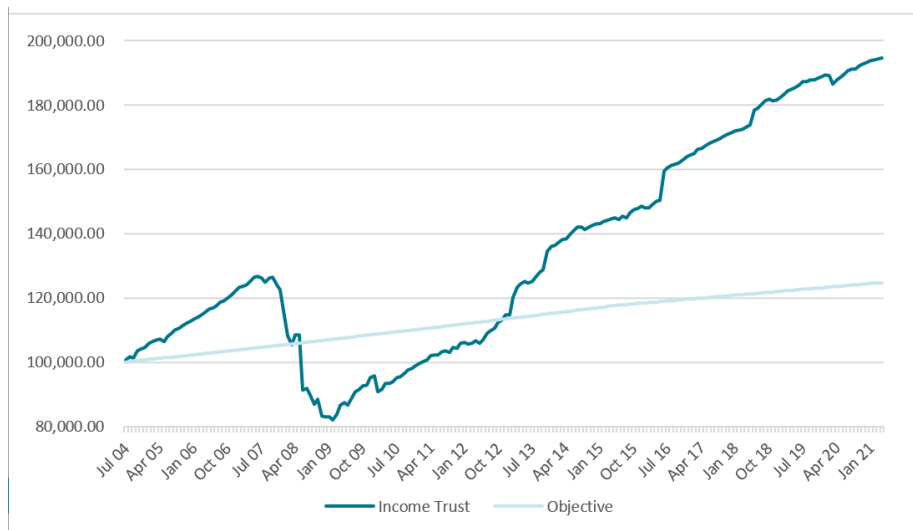
To provide investors with a quarterly income distribution and potential for capital growth by outperforming the Bloomberg AusBond Bank Bill Index by 1.0% p.a. (net of fees) over rolling 3-year periods.

## Fund Performance

The Income Trust returned a positive return of 0.09% net of fees for the month of May. The Fund has outperformed its objective over a rolling 3-year period.

## Performance Chart

\$100K invested since inception



## Portfolio Review

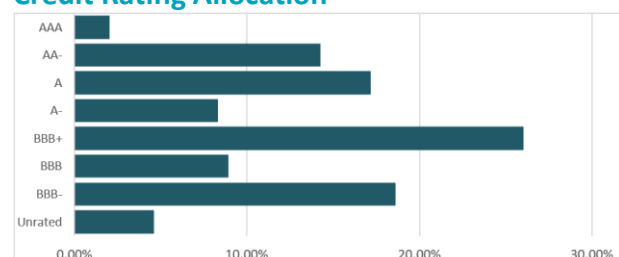
### Key Contributors

- ◆ Fixed Income (sub-ordinate notes in particular), contributed the most to returns, as bank and corporate credit spreads tightened by around 70 bps over the month. Going forward, we expect the income of these securities to increase to reflect the market's expectations of higher interest rates.

### Key Detractors

- ◆ Hybrids was the key detractor over May with median traded margins slightly increasing by 10bps from the previous month.
- ◆ Cash produced almost nil return over the month due to the ultra-low cash rate of just 0.1%.

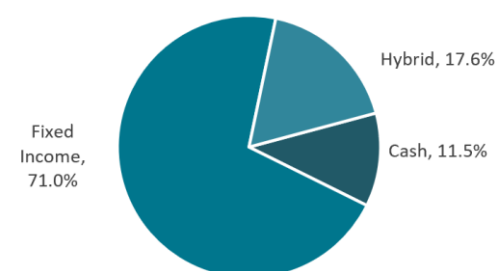
## Credit Rating Allocation



## Portfolio Statistics

Funds Under Management	\$57.1 million
Performance Return Since Inception net of fees (Dec 31, 2000) <sup>^</sup>	4.02% p.a.
Distribution Frequency	Quarterly
Yield to Maturity	1.49%
Average Credit Rating	BBB+

## Asset Allocation



## Market Highlights

- ◆ Australian longer-dated bond yields fell slightly over the month of May by 3.5bps at 1.71%, despite strong economic data and rising inflation fears.
- ◆ There was a slight tightening of credit spreads during the month adding to the returns of credit exposures.
- ◆ BBSW rates drifted lower in May with BBSW3m down 0.4bps to 0.036%.
- ◆ There was a slight widening of trading margins of higher yielding sectors like bank hybrids on the back of reduced average trading volume.

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