

MONTHLY UPDATE

November 2017

Performance as at 30th November 2017

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.24	0.81	1.42	4.19	5.58	7.01
Catholic Values Trust	1.39	4.78	5.07	11.29	6.23	9.10

All returns are net of fees and yearly returns are annualised

Investment Market Review

It was another positive month for both domestic and global equity markets, with the Australian share market, as measured by the S&P/ASX 200 Accumulation Index, returning 1.64% for the month, while global shares, as measured by the MSCI World ex Australia Index (unhedged), also performed strongly to return 3.23% for the month.

Domestic Economy

Australia's unemployment rate remained steady in November, at a four and half year low of 5.4%. 61,000 new jobs were created, however the participation rate jumped to 65.5%, meaning the number of people in work, or looking for work increased and held the unemployment rate steady. Full-time employment rose by 41,900 new jobs for the month, while part-time employment increased by 19,100. Over the past year, more than 300,000 extra full-time jobs were created.

The Reserve Bank of Australia (RBA) maintained interest rates steady at a record low of 1.5% at its final meeting of the year, the 16th straight month of no change and has many analysts expecting the first rate rise to be still almost a year away. The RBA's governor statement pointed to the current low level of interest rates continuing, despite an increasingly upbeat view of the growth prospects for both the Australian and global economies.

U.S. Update

The U.S. economy added a further 228,000 jobs in November and the unemployment rate remained at a 17 year low of 4.1%. It was the 86th straight month of gains, the longest on record. Job growth was particularly strong in goods-related sectors and the service sector, with education and healthcare (+54,000 jobs), professional services (+46,000), manufacturing (+31,000) and construction (+24,000) having the largest increases for the month.

The U.S. Federal Reserve raised interest rates by 0.25% at their latest meeting. This is the third U.S. rate hike this year and now sees the Federal Funds Rate at between 1.25% and 1.50%. Chair Janet Yellen, who is stepping down from her position in February, said that "the committee expects the labour market to remain strong, with sustained job creation, ample opportunities for workers and rising wages.

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 2018.

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

China Update

Exports expanded 12.3% annually in November, as demand for Chinese goods remained strong, particularly with the launch of the new iPhones. Meanwhile, imports rose 17.7% annually in November and shows that domestic demand is also in good shape. Industrial production also expanded over the period by 6.1%.

Retail sales grew 10.2% year-on-year and above the 10.0% rise in October. This was a result of stronger sales for oil and oil-related products, clothes and household appliances.

Eurozone Update

Economic sentiment in the Eurozone increased in November, recording the best result in over 17 years, according to the European Commission. The economic sentiment index increased from October's 114.1 to 114.6, with strong rises in Belgium, France and Malta, while amongst the major players Italy and Spain recorded higher sentiment levels and Germany's sentiment slightly retracted from a strong October reading.

The unemployment rate in the Eurozone declined to 8.8% in October 2017, down from 8.9% in September and 9.8% in October 2016, to its lowest rate since January 2009. The number of unemployed persons was 14.344 million, down 88,000 from September and by 1.473 million from October 2016. The lowest unemployment rates were recorded in the Czech Republic (2.7%), Malta (3.5%) and Germany (3.6%), whilst the highest levels were in Greece (20.6%) and Spain (16.7%).

Income Trust

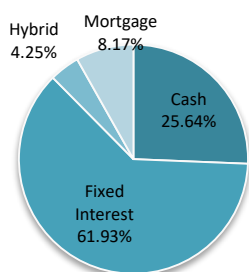
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees)#	0.30	0.97	1.69	4.84	6.23	7.66
Income Trust (Net of Fees)#	0.24	0.81	1.42	4.19	5.58	7.01
Benchmark	0.13	0.42	0.71	1.75	2.08	2.37
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					3.08	

#All yearly returns are annualised

Monthly Performance Commentary

The Income Trust continued to exceed its objective and delivered a positive return for November. All asset classes produced positive returns, with Hybrid Securities the strongest performing for the month. National Income Securities was the top contributor for the second straight month, followed by West Links Floating Rate Notes, while NAB Capital Notes was the sole detractor for the month.

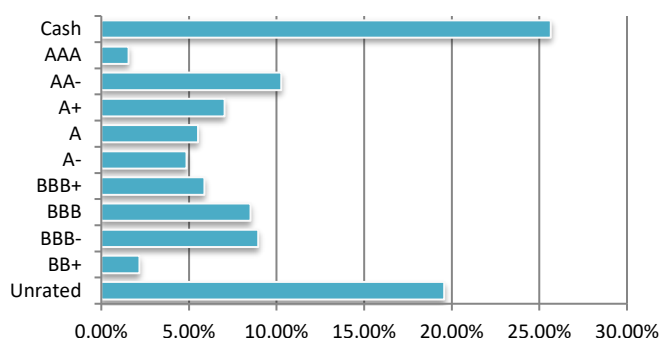
Asset Allocation



Top Contributors	Asset Class	Return %	Portfolio Contribution %
National Income Securities	Fixed Interest	0.644	0.031
West Links FRN	Fixed Interest	0.692	0.022
Mortgage	Mortgage	0.579	0.018
CBA FRN	Fixed Interest	0.301	0.017
Bendigo & Adel. Bank FRN	Fixed Interest	0.529	0.017
Top Detractors	Asset Class	Return %	Portfolio Contribution %
NAB Capital Notes	Hybrid	-0.603	-0.004

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, APA Group, Suncorp Group Ltd, Seven Group Holdings Ltd, CBA and NAB Hybrid securities. Together these unrated securities represent 11.39% of the Income Trust Portfolio as at 30 November 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 outperformed the index for the month of November and in absolute terms, was the main contributor to the overall performance of the portfolio. At the security level, all securities added value to the portfolio with the top five contributors National Income Securities, West Links Floating Rate Notes, CBA Floating Rate Notes, Bendigo & Adelaide Bank Floating Rate Notes and UBS Floating Rate Notes.

Hybrid Securities

Hybrid Securities also outperformed the index this month and in relative terms was the main contributor to performance. Seven Group Holdings Convertible Preference Share and CBA Perls IX were the top contributors, while NAB Capital Notes was the sole detractor for the month.

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

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: 0.0054%

Fund Distribution History (cents per unit)

30 September 2016:	0.54
31 December 2016:	0.47
31 March 2017:	0.55
30 June 2017:	0.82
30 September 2017:	0.24

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	1.44	4.96	5.37	11.99	6.93	9.80
Catholic Values Trust (Net of Fees) [#]	1.39	4.78	5.07	11.29	6.23	9.10
Benchmark	1.47	5.08	5.24	11.48	8.04	10.08
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.64	4.88

[#]All yearly returns are annualised

Monthly Performance Commentary

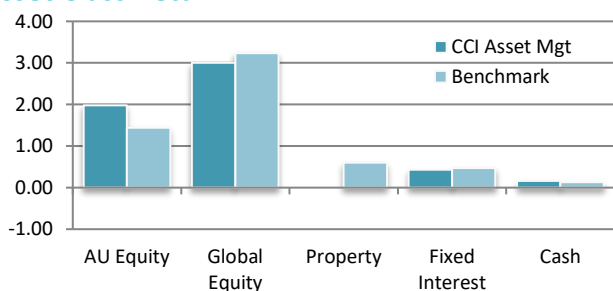
The Catholic Values Trust has continued to exceed its objective of outperforming CPI by 3% p.a. over rolling 3 and 5 year periods, and delivered another strong return of 1.39% (after fees) for the month of November.

At the asset class level, Global Equities had another very strong month, returning just over 3% for the month, although marginally below the benchmark. Australian Equities also had a positive month and outperformed the benchmark, while Property and Fixed Interest underperformed the benchmark.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	30.73%	35.00%
Global Equity	25.19%	25.00%
Property	3.06%	5.00%
Fixed Interest	20.34%	25.00%
Cash	20.69%	10.00%

Asset Class Return

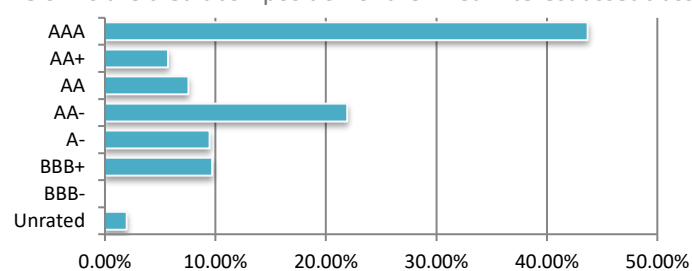


Fixed Interest

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

Australian Equities produced a positive return for November, with Utilities the top performing sector, while Materials was the top contributor and Telecommunications was the main detractor versus benchmark. At the stock level, the Financials were mixed, with CBA the top contributor, while NAB and ANZ were within the top detractors. BHP, Wesfarmers and CSL also added value for the month, while other top detractors for the month included Orica, Telstra and Qantas, with Orica falling after the release of its full-year results and Telstra fell after NBN Co announced delays for millions of broadband customers.

Franking Credit Income

#FYTD: 0.2396%

Top Contributors	Return %	AU Contribution %
Commonwealth Bank of Australia	2.32	0.21
BHP Billiton Ltd	2.86	0.18
Wesfarmers Ltd	5.07	0.17
CSL Ltd	3.17	0.14
Aeon Metals Ltd	36.17	0.14

Top Detractors	Return %	AU Contribution %
National Australia Bank Ltd	-5.21	-0.31
Orica Ltd	-17.26	-0.10
Telstra Corporation Ltd	-3.11	-0.09
ANZ Ltd	-1.20	-0.07
Qantas Airways Ltd	-7.80	-0.06

Global Equities

Manager: AMP RIL International Share Fund

The Fund generated another strong return, although slightly underperformed its benchmark in November. Within the developed markets, Lazard's global equities portfolio was the best performing manager, outperforming the benchmark, with stock selection the main contributor. Financials and Consumer Discretionary sector holdings led the way. Investec also delivered a strong return in absolute terms, although slightly underperformed the benchmark. A slight correction in Information Technology stocks such as Samsung Electronics, impacted the performance, while Industrials added value, led by Deere & Co after earnings surprised on the up side.

Within the emerging markets, Investec was the top performer, with Chinese market leaders Tencent and Netease delivering strong performances.

Fund Distribution History (cents per unit)

30 June 2016:	2.34
31 December 2016:	1.82
30 June 2017:	6.19

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

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