

MONTHLY UPDATE

September 2020

Performance as at 30th September 2020

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.12	0.88	0.88	1.91	4.09	5.47
Catholic Values Trust	-1.09	1.40	1.40	0.12	7.54	7.34

All returns are net of fees and yearly returns are annualised

Investment Market Review

After recent positive months on equity markets across the globe, September saw volatility return and performance retract. The Australian share market, as measured by the S&P/ASX 100 Accumulation Index, was not spared and returned -3.70% for August, while global shares, as measured by the MSCI World ex Australia Index (unhedged), returned -0.31% for the month. This was reflected in the Catholic Values Trust, which posted a negative return.

Domestic Economy Update

After a surprise fall in unemployment from 7.5% to 6.8% in August, Australia's unemployment rate increased slightly to 6.9% in September, with 29,500 more people out of work. Of the 29,500 job losses, 20,100 were full-time employment and 9,400 were part-time jobs, while the participation rate decreased by 0.1% to 64.8%. State by State Queensland (7.7%) had the highest unemployment rate, followed by Tasmania (7.6%), New South Wales (7.2%) and South Australia (7.1%). Surprisingly Victoria (6.7%) was not high on this list, however this is due government support – JobSeeker and JobKeeper.

The federal budget projected that unemployment will reach 7.25% in 2020-21 and delivered more than \$30bn of tax concessions to business and \$18bn of income tax cuts to households in a bid to aid recovery. Following the submission of the budget to parliament in early October, the consumer sentiment index jumped from 93.8 in September to 105.0 in October, the highest reading since July 2018.

With the number of coronavirus cases decreasing across Victoria, the COVID-19 restrictions were slightly eased from October 19. Those in Metropolitan Melbourne had the 5km travel bubble expanded to 25km and the two-hour time limit on leaving home scrapped, however many restrictions still apply. While slowed, unfortunately the death toll has still increased, with Australia now recording 905 deaths, up from 824 last month. Victoria has recorded the majority of these, with 817 deaths and 20,319 confirmed cases. On a positive note, the number of cases in the last week has fallen to single digits.

CCI Asset Management Update

Looking to make a new or additional investment?

For further information on investing with CCI Asset Management, please contact our National Business Development Manager, David Smith on (03) 9934 3077.

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

Global Update

While Australia continues to battle with COVID-19 and is hopefully winning the fight against the second wave, the same cannot be said worldwide. The death toll worldwide has reached over 1.12million, up from 937,000 deaths last month, while confirmed cases has risen from 29.7million to 40.3 million over the last month. The United States has now recorded over 220,000 deaths from 8.19million confirmed cases, while Brazil has recorded over 154,000 deaths from 4.68million confirmed cases. The coronavirus continues to spread through India and has claimed 115,000 lives from 7.55million recorded cases.

With no vaccine still available, Europe is now up against the second wave of coronavirus with the World Health Organisation reporting a "very concerning" 44% rise in European cases over one week. Tough new restrictions are now in place with Paris under a night-time curfew for at least a month, England has banned household gatherings in many areas and Italy has closed many bars and suspended sporting events.

The potential severity of a second wave may have impacted equity markets across the globe in September, as we saw negative returns commonplace. America saw the Dow Jones return -2.28% for September and the S&P 500 down -3.92%. London's FTSE lost -1.63% and in Germany the DAX retreated -1.43%, while China's Hang Seng and Shanghai fell by -6.82% and -5.23% respectively.

Income Trust

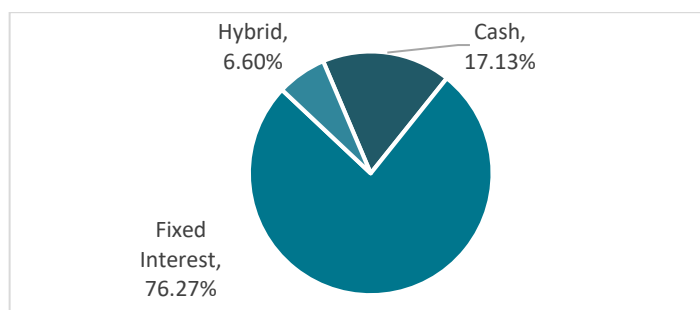
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees) [#]	0.18	1.04	1.04	2.56	4.74	6.12
Income Trust (Net of Fees) [#]	0.12	0.88	0.88	1.91	4.09	5.47
Benchmark	0.01	0.03	0.03	0.58	1.40	1.63
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					2.40	

[#]All yearly returns are annualised

Monthly Performance Commentary

The Income Trust maintained its positive trend and registered 0.12% net of fees for the month of September. All asset classes outperformed for the month, with Fixed Interest the top performing asset class in absolute terms, followed by Hybrids, and Cash. The Trust continues to outperform over all periods, including the 3 Year objective.

Asset Allocation



Fixed Interest

Fixed Interest delivered a positive return in September and as a result of its large asset allocation of 76.27%, the outperformance of this asset class had a large impact on the portfolio return and ensured it was the top contributor. Qube Holdings Floating Rate Note was the top contributor for the second straight month, followed by Bendigo and Adelaide Bank Floating Rate Note, West Links Floating Rate Note and Canadian Imperial Bank Floating Rate Note. Detractors for the period included CBA Floating Rate Note, Standard Chartered Bank Floating Rate Note and Toronto-Dominion Bank Floating Rate Note.

Hybrid Securities

Hybrid Securities also delivered a positive return for the period and outperformed the benchmark. CBA Perls IX Capital Notes was the top contributor for the month, followed by CBA Perls VII Capital Notes and CBA Perls XII Capital Notes, while there were no detractors for the period.

Top Contributors	Asset Class	Return %	Portfolio Contribution %
QUB Subordinated Notes	Fixed Interest	1.194	0.037
Bendigo & Adelaide Bank FRN	Fixed Interest	0.829	0.025
West Links FRN	Fixed Interest	0.673	0.021
Canadian Imperial Bank FRN	Fixed Interest	0.360	0.017
CBA Perls IX Capital Notes	Hybrids	1.096	0.008

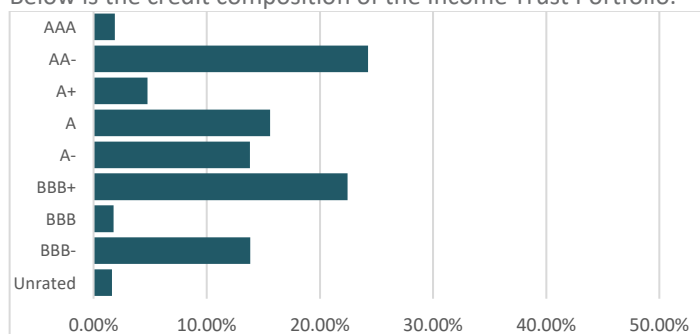
Top Detractors	Asset Class	Return %	Portfolio Contribution %
CBA FRN	Fixed Interest	-0.619	-0.028
Standard Chartered Bank FRN	Fixed Interest	-0.282	-0.009
Toronto-Dominion Bank FRN	Fixed Interest	-0.113	-0.006
UBS FRN	Fixed Interest	-0.354	-0.005
NAB FRN	Fixed Interest	-0.308	-0.003

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 2	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%

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 1.62% of the Income Trust Portfolio as at 30 September 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

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) [#]	-1.03	1.58	1.58	0.82	8.24	8.04
Catholic Values Trust (Net of Fees) [#]	-1.09	1.40	1.40	0.12	7.54	7.34
Benchmark	-1.25	1.04	1.04	-0.90	6.58	7.11
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					3.25	3.77

[#]All yearly returns are annualised

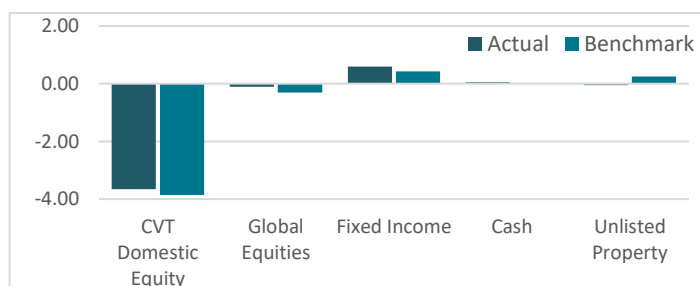
Monthly Performance Commentary

The Catholic Values Trust delivered a negative return in September, falling by 1.09% net of fees for the month. Returns were mixed across the asset classes, with Fixed Income the top contributor, while Australia Equities was the top detractor. Global Equities, Property and Cash were all relatively flat for the period.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	34.73%	35.00%
Global Equity	25.74%	25.00%
Property	2.66%	5.00%
Fixed Interest	19.93%	25.00%
Cash	16.93%	10.00%

Asset Class Return

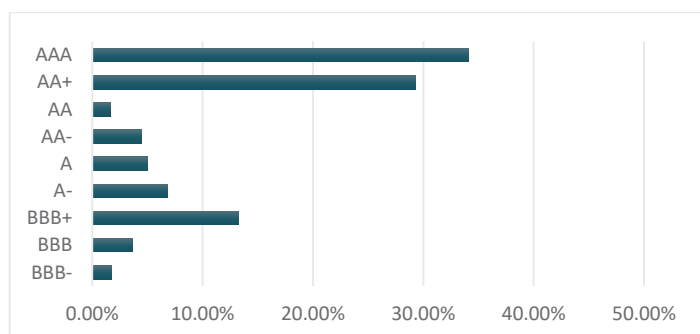


Fixed Interest

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

Australian Equities took a breath following its recent strong performance and produced a negative return for September, although outperformed the benchmark due to the Catholic Values screening of the portfolio. Health Care was the best performing sector for the month, while Financials were the top detractor. Two of the top contributors this month (Transurban and Sydney Airport) are two companies that had suffered most at the hands of COVID-19, with toll-road operator Transurban losing revenue as our roads became empty and Sydney Airport declining as travel became a distant memory. Each company added close to 5% for the month, as hopes of less restrictions were expressed. Two of the largest companies on the Australian Stock Exchange – CBA and BHP, were the top two detractors for September, with CBA still suffering from the effects of the coronavirus as borrowers struggle to repay loans.

Top Contributors	Return %	AU Contribution %
Transurban Group	4.824	0.041
CSL Ltd	0.806	0.026
James Hardie Industries	7.456	0.025
Sydney Airport	5.533	0.022
National Income Securities	3.008	0.021

Top Detractors	Return %	AU Contribution %
CBA	-6.802	-0.184
BHP Group Limited	-3.320	-0.085
Wesfarmers Limited	-6.620	-0.079
Woolworths Limited	-7.091	-0.078
QBE Insurance Limited	-18.790	-0.068

Global Equities

Manager: Vanguard Ethically Conscious International Shares Index Fund

The Vanguard Ethically Conscious International Share Index Fund was relatively flat for September. After an incredibly strong year to date, some of the big Tech stocks pulled back in September, with Apple, Amazon, Microsoft, Facebook and Tesla all retracting for the period. On the positive side Samsung Electronics was the top contributor as it's share price added 12.87% for the month following the release of its latest foldable smartphone, while Nike climbed over 15% for the month after reporting that digital sales increased over 82% for the year and marketing expenses were down due to the cancelation of many live sporting events due to COVID-19.

Fund Distribution History (cents per unit)

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

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

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