

MONTHLY UPDATE

November 2016

Performance as at 30th November 2016

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.37	0.84	1.78	9.59	6.04	7.86
Catholic Values Trust	2.10	1.35	3.75	3.82	4.52	8.84

All returns are net of fees and yearly returns are annualised

Investment Market Review

Domestic and global equity markets responded positively to the election of Donald Trump as the 45th U.S. President, with the Australian share market, as measured by the S&P/ASX 200 Accumulation Index, returning 2.99% for the month of November, and global shares as measured by the MSCI World ex Australia Index (unhedged), rebounding to finish the month up 4.50%.

Domestic Economy

The Reserve Bank of Australia (RBA), decided to leave interest rates steady at 1.50% at its December meeting. Similar to its previous month's view, the RBA felt that having lowered rates earlier in the year, the current level of rates would support sustainable growth in the economy and lift inflation to its medium term target over time.

Australia's unemployment rate rose to 5.7% in November, up from 5.6% in October and to its highest level since August. The economy added 39,100 jobs while the number of unemployed increased by 17,000, with the participation rate up 0.2% to 64.6%. Full-time employment was stronger than part-time for the second straight month and added 39,300 positions, as part-time employment decreased by 200 roles.

U.S. Update

Following the U.S. presidential election and Donald Trump's victory, global markets quickly focused on the impact. With Trump's pro-growth attitude and pledge to stimulate the economy and lower taxes, most markets reacted positively, especially the U.S., with the Dow Jones up 5.41% and the S&P 500 up 3.42% for the month.

The U.S. unemployment rate fell to 4.6% in November from 4.9% in October as the economy added 178,000 jobs. Unemployment is now at its lowest rate since August 2007, as the number of unemployed declined by 387,000, while the participation rate decreased by 0.1% to 62.7%. November was the 74th consecutive month that America added jobs, with health care, construction and business services leading the way with solid jobs gains for the month. Wage growth also signalled that the economy is continuing to move in the right direction, as it grew 2.5% in November compared to a year ago, although slower than the 2.8% growth recorded in October.

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 2017.

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

China Update

China's manufacturing Purchasing Managers' Index (PMI) rose to 51.7% in November from 51.2% in October, which was the highest reading since July 2014. Within the reading employment prospects climbed to a three year high, while production and new orders jumped to a 28-month high.

Exports rose 0.1% annually in November, following a 7.3% decline in October. This was the first positive reading since March 2016, with exports benefiting from the weakening yuan, which has lost more than 6.0% since the start of the year. Meanwhile, imports expanded at the fastest pace in over two years in November, rising 6.7% annually.

Eurozone Update

The European Central Bank (ECB) decided to extend its quantitative easing (QE) program by nine months at its December meeting, although at a reduced rate of monthly asset purchases. The program will continue at a monthly pace of USD 60 billion, down from the current level of USD 80 billion.

Unemployment in the Eurozone continued to improve and fell to 9.8% in October, down from 9.9% in September and its lowest level since July 2009. Greece continued to have the highest unemployment rate (23.4%), with Germany the lowest (4.1%).

Meanwhile industrial production fell 0.1% in October, as production fell in non-durable consumer goods and intermediate goods. This was offset by growth in energy production and durable consumer goods.

Income Trust

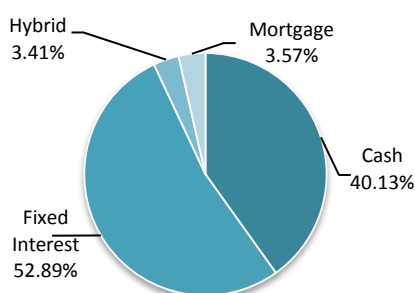
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees) [#]	0.42	1.00	2.05	10.24	6.69	8.51
Income Trust (Net of Fees) [#]	0.37	0.84	1.78	9.59	6.04	7.86
Benchmark	0.14	0.43	0.78	2.12	2.39	2.83
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					3.39	

[#]All yearly returns are annualised

Monthly Performance Commentary

The Income Trust continues to exceed its objective and delivered a positive return of 0.37% for November. All asset classes outperformed, with Hybrids and Fixed Interest/Mortgages leading the way. National Income Securities was the top contributor for the second straight month, followed by APA Subordinated Notes, while Westpac Subordinated Notes (WBCHA) was the sole detractor to performance for the month.

Asset Allocation

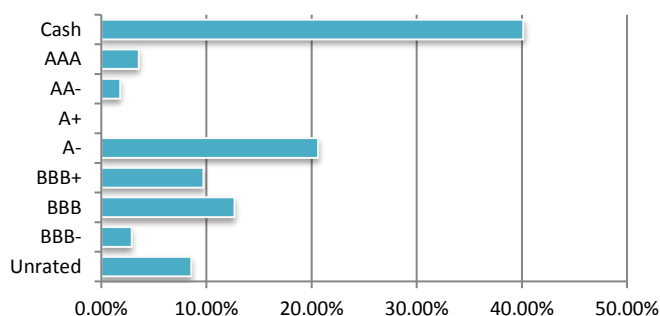


Top Contributors	Asset Class	Return %	Portfolio Contribution %
National Income Securities	Fixed Interest	3.003	0.096
APA Sub. Note	Fixed Interest	0.650	0.039
Westpac Sub. Note (WBCHA)	Fixed Interest	0.647	0.034
Colonial Sub. Note	Fixed Interest	0.546	0.033
Woolworths Unsec Sub. FRN	Fixed Interest	0.461	0.025

Top Detractors	Asset Class	Return %	Portfolio Contribution %
Westpac Sub. Note (WBCHB)	Fixed Interest	-0.223	-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 Origin Energy and Woolworths fixed interest securities and also Suncorp Group Ltd, Seven Group Holdings Ltd, NAB and CBA Hybrid securities. Together these unrated securities represent 8.56% of the Income Trust Portfolio as at 30 November 2016. 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. At the security level, it was a similar story to last month, with National Income Securities and APA Subordinated Notes the top two contributors, while Westpac Subordinated Notes (WBCHA), Colonial Subordinated Notes and Woolworths Floating Rate Notes all made positive contributions for the month. Westpac Subordinated Notes (WBCHB) was the sole detractor for the period.

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. Seven Group Holdings Convertible Preference Shares, ANZ Convertible Preference Shares and CBA Perls VII were the top contributors for the month, while there were no detractors from performance this month.

The portfolio currently maintains an underweight position to Hybrids, while maintaining an overweight position to Fixed Interest and Cash.

Hybrid Portfolio

Security	Issuer Margin
ANZ Step Up Preference Share	UBS 90 Day + 3.10%
CBA Perls VII Capital Note	UBS 90 Day + 2.80%
NAB Convertible Preference Share	UBS 90 Day + 3.20%
Seven Group Holdings Ltd Convertible Preference Share	UBS 180 Day + 4.75%
Suncorp Group Subordinated Notes 3	UBS 90 Day + 3.40%
Westpac Capital Notes 3	UBS 90 Day + 4.00%

Franking Credit Income

[#]FYTD: 0.0179%

Fund Distribution History (cents per unit)

30 September 2015:	0.63
31 December 2015:	0.56
31 March 2016:	0.58
30 June 2016:	0.86
30 September 2016:	0.54

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	2.16	1.53	4.04	4.52	5.22	9.54
Catholic Values Trust (Net of Fees) [#]	2.10	1.35	3.75	3.82	4.52	8.84
Benchmark	1.98	0.77	3.64	6.18	6.78	10.01
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.69	4.95

[#]All yearly returns are annualised

Monthly Performance Commentary

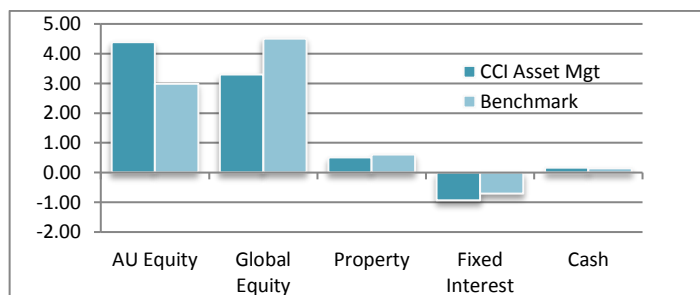
Following the surprise result in the U.S. Presidential Election, most markets returned to positive territory. The Catholic Values Trust benefitted from this and delivered a positive return for November and outperformed the benchmark.

Within the asset classes, Australian Equities led the way and outperformed the benchmark, while Global Equities and Property also delivered positive returns, although underperformed the benchmark. These returns help offset the underperformance within Fixed Interest.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	37.08%	40.00%
Global Equity	22.59%	20.00%
Property	3.21%	5.00%
Fixed Interest	20.33%	25.00%
Cash	16.80%	10.00%

Asset Class Return

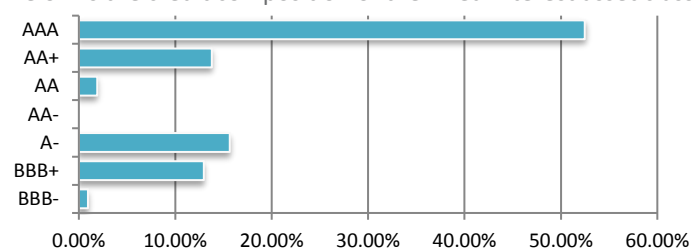


Fixed Interest

The Catholic Values Trust is underweight in Fixed Interest, and continues to maintain the majority of its exposure to semi-government securities. These securities 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 November and was the main contributor to the overall performance of the portfolio. At the sector level, Materials and Financials both outperformed the market, while Consumer Discretionary and Telecommunications were detractors. At the stock level, CBA, BT Investment Management, Westpac and BHP were the top contributors, while the top detractors were Mantra Group and Vocus Communications, with the latter declining off the back of a trading update ahead of its annual general meeting.

Franking Credit Income

[#]FYTD: 0.2690%

Top Contributors	Return %	AU Contribution %
Commonwealth Bank of Australia	7.13	0.62
BT Investment Management Ltd	19.49	0.58
Westpac Banking Corporation	7.08	0.51
BHP Billiton Ltd	5.77	0.49
National Australia Bank Ltd	8.95	0.48

Top Detractors	Return %	AU Contribution %
Mantra Group Ltd	-5.71	-0.10
Vocus Communications Limited	-26.99	-0.08
Woolworths Ltd	-3.23	-0.08
CSL Ltd	-2.72	-0.08
Fisher & Paykel Healthcare Corp Ltd	-5.44	-0.07

Global Equities

Manager: AMP RIL International Share Fund

The Fund was up strongly in November, though underperformed the benchmark for the month. The Fund's emerging market holdings detracted from the return, while within the developed markets, Lazard outperformed the index and Investec underperformed. Lazard's outperformance was partially due to an underweight in Real Estate and strong contributions from Health Care, Information Technology and Consumer Discretionary holdings, while Investec's slight underperformance was mainly due to Telecommunications and Utilities. At a stock level, Lazard's holdings in Actelion surged 37% over the month on the back of a potential bid from Johnson & Johnson.

Emerging markets detracted from the overall return, as many have a high dependence on foreign funding and traded lower after Trump's election.

Fund Distribution History (cents per unit)

30 June 2015:	8.26
31 December 2015:	1.37
30 June 2016:	2.34

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

1300 655 220

www.cciassetmanagement.org.au

David Smith
Client Relationship Manager

03 9934 3077

david.smith@cciassetmanagement.org.au

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