

# MONTHLY UPDATE

## December 2023

### CATHOLIC VALUES TRUST

#### Investment Objective

To provide a return (after fees and expenses) that exceeds CPI by 3% p.a. measured over a rolling 7-year period, and invest in accordance with the Catholic Values Policy.

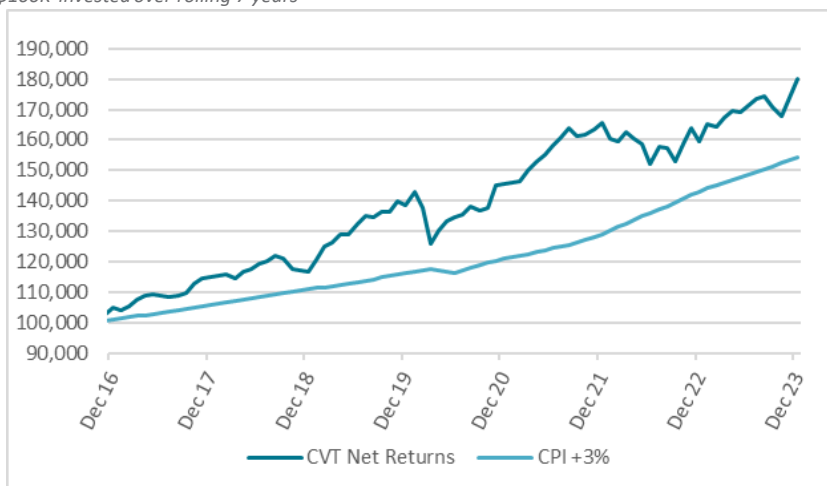
#### Performance

	Month	Quarter	FYTD	1 Year	3 Years	5 Years	7 Years
Catholic Values Trust (Gross of Fees) <sup>^</sup>	3.63	5.55	5.63	13.50	8.07	9.79	8.72
Catholic Values Trust (Net of Fees) <sup>^</sup>	3.57	5.37	5.28	12.80	7.37	9.09	8.02
Objective <sup>^</sup>	0.64	1.94	3.90	7.68	8.32	6.71	6.18

<sup>^</sup> Month, quarter and FYTD are holding period returns. 1 year, 3 year, 5-year, 7 year & since inception returns are annualised.

#### Rolling 7-year Fund Performance vs Objective

\$100K invested over rolling 7 years



Catholic Values Trust returned 3.57% net of fees for the month of December. The Fund has outperformed its objective over a rolling 7-year period.

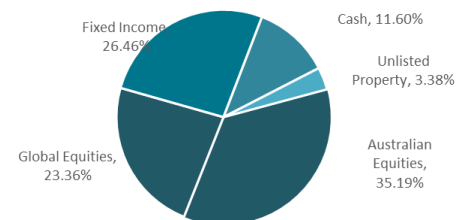
#### Key Contributors

- ◆ **Australian Equities** returned 7.41% in December. Local market sentiment was supported by softer inflation data and expectations for central banks to begin rate cuts next year. The interest rate sensitive sectors of Real Estate and Information Technology were the best performers supported by lower bond yields. The materials sector benefited from rising iron ore prices as China is expected to provide further support to their ailing property sector.
- ◆ **Global equities** returned 2.10% in December. Moves in global markets were largely driven by positive inflation data and lower bond yields. The AUD appreciated 3.13% against the USD over the month on narrowing expected policy rate differentials, which detracted from the unhedged return.
- ◆ **Fixed Income** returned 2.04% in December as the market value of fixed rate bonds in the portfolio benefited from lower bond yields.
- ◆ **Property** returned 0.35% in December.

#### Portfolio Statistics

Funds Under Management	126 Million
Performance Return Since Inception net of fees (Jan 31, 2002) <sup>^</sup>	6.92%
Distribution Frequency	Half Yearly

#### Asset Allocation



#### Market Highlights

- ◆ **Australian equities** (S&P/ASX100) finished the month 7.07% higher. The RBA kept the cash rate on hold at 4.35% in December, deciding to allow more time to access incoming data and balance the risks of inflation and slowing economic growth. GDP growth slowed to 0.2% in the September quarter, as household spending felt the impacts of higher rates and cost of living pressures. The jobs market showed signs of cooling with the unemployment rate ticking up to an 18-month high of 3.9% and a slowdown in the growth of hours worked.
- ◆ **Global equities** (MSCI World ex-Australia \$A Unhedged) finished the month 1.83% higher. Markets rallied into the end of the year after The Fed signalled that they were at the end of their rate hiking cycle and expected to cut rates in 2024.
- ◆ **Fixed Income**, as measured by the Bloomberg AusBond Composite 3-5 Yr Index finished the month 2.08% higher. Yields moved lower with the 10-year Australian government bond falling 40bps and 3-year falling 45bps, as markets priced in expectations for central banks to begin cutting rates in 2024 on the back of a dovish Fed meeting.

# INCOME TRUST

## 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% p.a. (net of fees) over rolling 3-year periods.

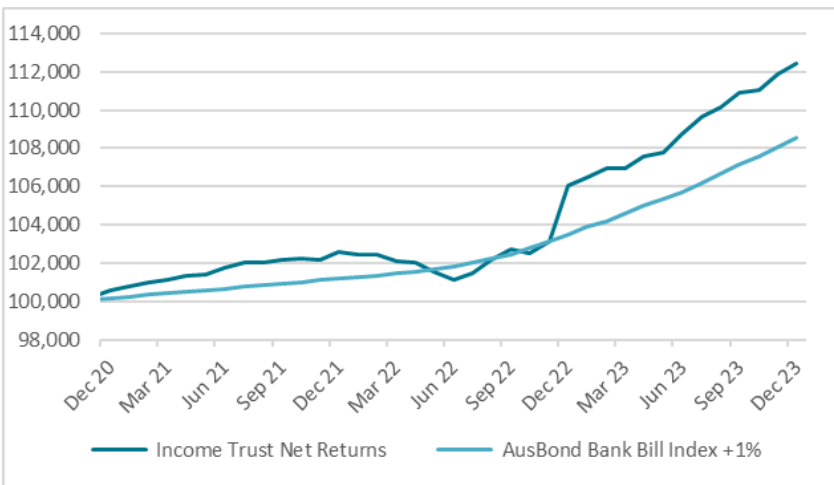
## Performance

	Month	Quarter	FYTD	1 Year	3 Years
Income Trust (Gross of Fees) <sup>^</sup>	0.55	1.50	3.66	6.62	4.43
Income Trust (Net of Fees) <sup>^</sup>	0.50	1.34	3.34	5.97	3.78
Objective <sup>^</sup>	0.45	1.31	2.65	4.83	2.70

<sup>^</sup> Month, quarter and FYTD are holding period returns. 1 year & 3 year returns are annualised.

## Rolling 3-Year Fund Performance vs Objective

\$100K invested over rolling 3 years

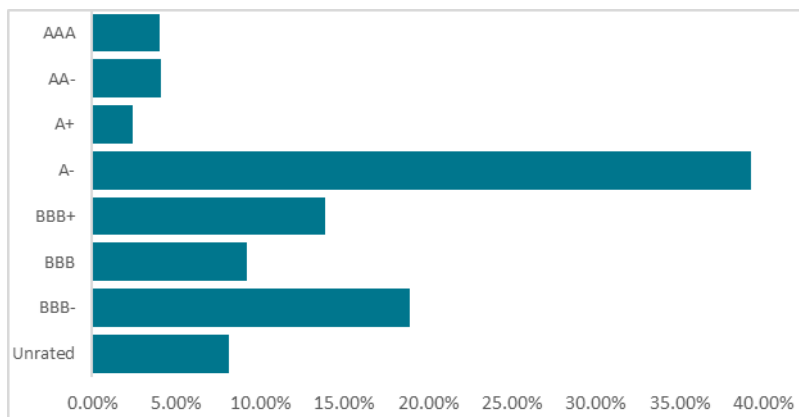


The Income Trust returned 0.50% net of fees for the month of December. The Fund has outperformed its objective over a rolling 3-year period.

## Key Contributors

- ◆ **Fixed Interest** returned 0.58%, from a combination of narrowing credit spreads and accrued interests.
- ◆ **Hybrids** returned 0.39%, accrued interest offset the negative market value movements from widening spreads.

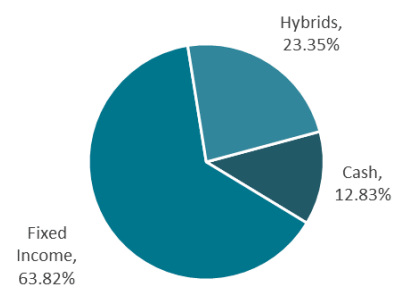
## Credit Rating Allocation



## Portfolio Statistics

Funds Under Management	28 Million
Performance Return Since Inception net of fees (July 31, 2004) <sup>^</sup>	4.03%
Distribution Frequency	Quarterly
Yield to Maturity	5.38%
Average Credit Rating	A-

## Asset Allocation



## Market Highlights

- ◆ **Fixed Income:** Floating Rate credit finished the month 0.51% higher. Australian floating rate note spreads narrowed by 3bps over the month. It was a quiet month for primary issuance.
- ◆ **Cash:** The Reserve Bank of Australia (RBA) kept the cash rate on hold at 4.35% in December as expected. The board weighed up risks that inflation would remain above target for a longer period due to strong domestic demand. However, decided to hold on the basis that they could see that tighter policy was having an impact on household consumption and there are risks that demand could slow more faster than anticipated. The three-month bank bill yield fell 1bps, finishing the month at 4.36%.
- ◆ **Hybrids (Major Banks)** gained 0.49% overall during December. Strong income returns mitigated against average major bank hybrid margins widening by 19bps.

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