

MONTHLY UPDATE

February 2020

Performance as at 29th February 2020

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	-0.09	0.33	1.16	2.50	3.95	4.92
Catholic Values Trust	-3.85	-1.72	3.30	9.24	8.63	5.94

All returns are net of fees and yearly returns are annualised

Investment Market Review

Coronavirus disease 2019 (Covid-19) is an infectious disease caused by severe acute respiratory syndrome and has taken over 6,300 lives worldwide, including 5 deaths within Australia from 298 confirmed cases to date, and unfortunately continuing to rise.

While Covid-19 started in December 2019, financial markets did not react immediately and it wasn't until the last week in February that global share markets reacted and crashed to their worst week since the 2008 financial crisis. The Australian share market, as measured by the S&P/ASX 100 Accumulation Index, dropped -7.65% for the month, while global shares, as measured by the MSCI World ex Australia Index (unhedged), also dropped and returned -4.88% in February.

Domestic Economy Update

Covid-19 is casting its shadow over global markets and Australia is no exception. The Reserve Bank of Australia (RBA) cut the cash rate from 0.75% to 0.50% at its March meeting, an all-time low, with Governor Philip Lowe saying that the "coronavirus has clouded the near-term outlook for the global economy" and as a result Australia's growth will weaken in the short-term. The RBA also signalled further monetary easing could take place to reduce unemployment and bring inflation within the target range.

The outbreak of Covid-19 has weighed on the Australian dollar, falling from 66 cents against the U.S. dollar, to 64.5 cents in February (with further to fall in March) and has also impacted heavily on the education and travel sectors. Very few areas of the economy will be spared (aside from the toilet paper industry) as the nation continues to shut down and further directions are dispersed daily.

Australia's employment began the year by rising from 5.1% to 5.3% in January, as more people were looking for work (not directly related to Covid-19). Even as the jobless rate rose, employment increased by 13,500 positions, as full-time jobs reversed December trend and created 46,200 new positions, offsetting the loss of 32,700 part-time workers.

CCI Asset Management Updates

Need to update any details?

Have you moved, changed bank details or had a change of personnel? If any of these changes or others have occurred, then you may need to update your account details with CCI Asset Management.

Let us know of any change by completing the Change of Details Form via the below address:

www.cciassetmanagement.org.au/forms

Feedback

If you have any feedback or suggestions for the Monthly Update, please email

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Global Economy Update

Covid-19 has been declared a global pandemic. Originating from the Chinese city of Wuhan in Hubei province. With over 80,000 confirmed cases and more than 3,200 deaths, China was hit first and hardest. Surprisingly Italy has reported the second most deaths from Covid-19, with over 27,000 confirmed cases and over 2,100 deaths. Iran, Spain, France and the United States have all experienced high deaths tolls.

The economic impact of Covid-19 can be seen through three channels: Direct impact on production, supply chain and market disruption and financial impact on companies and financial markets. The financial stress for many companies due to these disruptions, not only impacts the company and its workers, but also the equity markets as we have seen with global markets recording record losses. America has seen the Dow Jones return -10.07% for February and the S&P 500 record -8.41% for the month. London's FTSE lost 9.68% and in Germany the DAX retreated 8.41%, while in Japan the Nikkei fell 8.89%. Surprisingly China's Hang Seng and Shanghai only fell by 0.69% and 3.23% respectively, but recorded larger losses in January.

Income Trust

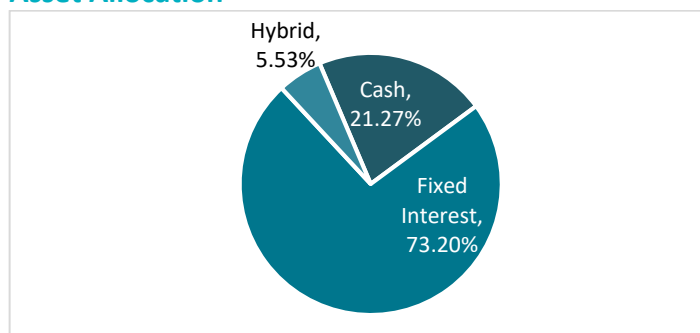
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees) [#]	-0.04	0.50	1.37	3.15	4.60	5.57
Income Trust (Net of Fees) [#]	-0.09	0.33	1.16	2.50	3.95	4.92
Benchmark	0.08	0.23	0.68	1.30	1.68	1.85
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					2.68	

[#]All yearly returns are annualised

Monthly Performance Commentary

The Income Trust produced a negative return for February, registering -0.09% net of fees. All asset classes marginally underperformed for the month, however the Trust continues to outperform over all other rolling periods. Cash and Fixed Interest were relatively flat, while Hybrids was the top detractor for the month.

Asset Allocation

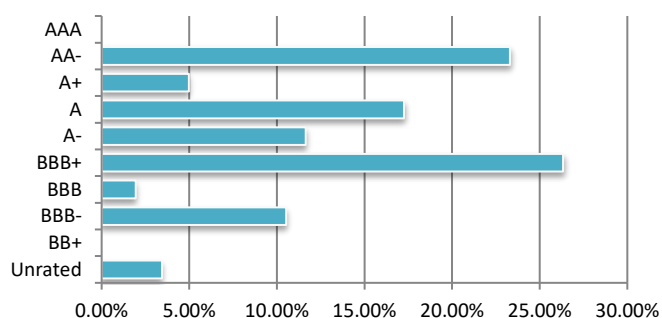


Top Contributors	Asset Class	Return %	Portfolio Contribution %
Bank of Queensland FRN	Fixed Interest	0.356	0.013
AMP Bank FRN	Fixed Interest	0.218	0.011
Macquarie Bank FRN	Fixed Interest	0.126	0.005
CBA FRN	Fixed Interest	0.094	0.005
Bank of Queensland FRN	Fixed Interest	0.146	0.004

Top Detractors	Asset Class	Return %	Portfolio Contribution %
Bendigo & Adelaide Bank	Fixed Interest	-0.766	-0.024
CBA Perls XII Capital Notes	Hybrids	-2.259	-0.017
Qube Subordinated Notes	Fixed Interest	-0.460	-0.015
West Links FRN	Fixed Interest	-0.374	-0.012
WBC Capital Notes 3	Hybrids	-2.532	-0.011

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 and Westpac Hybrid securities. Together these unrated securities represent 3.14% of the Income Trust Portfolio as at 29 February 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

Fixed Interest

Fixed Interest was flat during February. Due to its large asset allocation of 73.20%, the neutral performance of this asset class had a large impact on the portfolio return. Bank of Queensland Floating Rate Note was the top contributor for the month, while other contributors were AMP Floating Rate Note and Macquarie Bank Floating Rate Note. Bendigo and Adelaide Bank Floating Rate Note was the top detractor for the month, followed by Qube Subordinated Note and West Links Floating Rate Notes.

Hybrid Securities

Hybrid Securities delivered a negative return this month and underperformed the benchmark. In light of the underperformance, the small exposure to Hybrids of 5.53% was a positive this month. There were no contributors for the month, while the top detractors were CBA Perls XII Capital Notes and Westpac Capital Notes 3.

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%
NAB Capital Notes	BBSW 90 Day + 3.50%
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%

Fund Distribution History (cents per unit)

31 December 2018:	0.55
31 March 2019:	0.49
30 June 2019:	0.69
30 September 2019:	0.38
31 December 2019:	0.32

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	-3.79	-1.55	3.53	9.94	9.33	6.64
Catholic Values Trust (Net of Fees) [#]	-3.85	-1.72	3.30	9.24	8.63	5.94
Benchmark	-3.78	-1.84	3.13	9.34	8.38	6.58
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.90	4.81

[#]All yearly returns are annualised

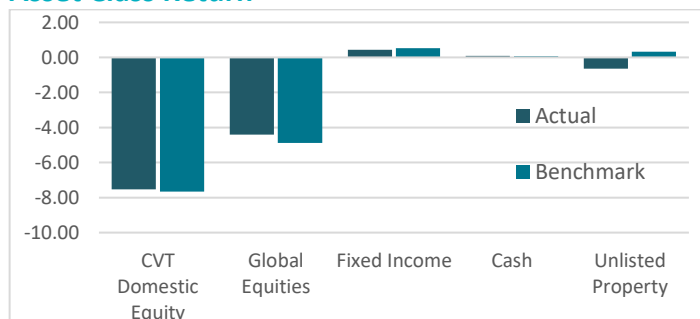
Monthly Performance Commentary

The Catholic Values Trust was not spared from the Covid-19 fallout and gave back all of January's gains to finish February down -3.85% net of fees. Fixed Interest, Property and Cash were relatively stable, while Australian Equities was the top detractor, followed by Global Equities. The fund continues to perform well above its Objective of CPI + 3% per annum over the rolling 3 and 5 year periods.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	34.04%	35.00%
Global Equity	25.45%	25.00%
Property	3.18%	5.00%
Fixed Interest	19.94%	25.00%
Cash	17.39%	10.00%

Asset Class Return

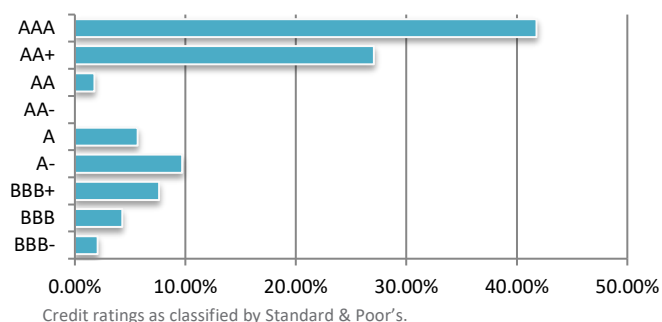


Fixed Interest

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.



Australian Equities

While marginally outperforming the benchmark, Australian Equities posted a negative return in February, with Goods and Services the only positive sector. At the security level A2 Milk Company was the top contributor after announcing a strong profit, while Domino's Pizza was also in the top five. On the downside BHP was the top detractor, followed by Woodside Petroleum, Westpac and Rio Tinto. BHP shares fell by close to 15% for the month as Covid-19 panic set in, while Woodside dropped by over 17% for the month after announcing a 73.96% slump in net profit for 2019.

Top Contributors	Return %	AU Contribution %
A2 Milk Company	6.24	0.013
Evolution Mining Ltd	11.37	0.012
Northern Star Resources	6.79	0.012
Cleanaway Waste Management	11.30	0.010
Domino's Pizza Enterprise	2.75	0.002

Top Detractors	Return %	AU Contribution %
BHP Group Limited	-14.73	-0.35
Woodside Petroleum Limited	-17.60	-0.12
Westpac Banking Corporation	-5.92	-0.11
Rio Tinto Limited	-11.65	-0.09
Woolworths Limited	-7.28	-0.09

Global Equities

Manager: Vanguard Ethically Conscious International Shares Index Fund

The Vanguard Ethically Conscious International Share Index Fund was also impacted by Covid-19 and produced a negative return for February. The fund returned -4.40% net of fees, to give back most of January's gains. The top contributors included Nvidia Corporation (American technology company), Netflix (American media-services provider) and Softbank Group (Japanese conglomerate), while Apple, JPMorgan, Walt Disney and Bank of America were amongst the top detractors for the period. Apple fell 11.7% for the month as it began to shut stores throughout China due to the contagious nature of the virus, while Walt Disney fell 14.9% in February as Covid-19 continued to spread and saw the closure of the company's Shanghai and Hong Kong amusement parks.

Fund Distribution History (cents per unit)

31 December 2018:	2.93
30 June 2019:	6.26
31 December 2019:	1.37

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

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