

MONTHLY UPDATE

January 2018

Performance as at 31st January 2018

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.30	0.85	2.04	4.04	5.65	6.85
Catholic Values Trust	0.13	2.05	5.76	10.04	5.40	8.08

All returns are net of fees and yearly returns are annualised

Investment Market Review

Returns were mixed between domestic and global equity markets in January, with the Australian share market, as measured by the S&P/ASX 200 Accumulation Index, taking a breath after its recent strong rally and returning -0.45% for the month, while global shares, as measured by the MSCI World ex Australia Index (unhedged), reversed last month's performance and returned 1.75% for the month.

Domestic Economy

Australia's economy added 16,000 new jobs in January, the 16th straight month of rises and longest streak of gains on record. The unemployment rate in January decreased from 5.6% at the end of 2017 to 5.5%, while those looking for work (participation rate), decreased to 65.6%. The participation rate for females in the workforce rose to a record high of 60.5%. Of the 16,000 new positions, there was a big switch with full-time positions falling by 49,800 compared to a gain of 65,900 part-time positions over the month.

Following the February monetary policy meeting, the Reserve Bank of Australia (RBA) kept interest rates on hold at its record low of 1.50%, the same position it has held since August 2016. The RBA's decision was off the back of recent data that showed inflation had remained subdued in the final quarter of last year and was still slightly under the RBA's 2-3% target range.

U.S. Update

The U.S. economy added a further 200,000 jobs in January, as the unemployment rate remained at a 17 year low of 4.1%. It was the 88th straight month in which employers hired more people than they fired, the longest on record. The service industries continued on from a strong December and added a further 139,000 jobs, while the retail sector rebounded in January, adding 15,400 employees after cutting 25,600 jobs in December. Construction added 36,000 positions and the manufacturing sector added 15,000 jobs.

On top of the jobs growth in January, wages grew at their fastest pace in eight years. Wages were up 2.9% compared with a year earlier and up from December's 2.5% increase. Although the Federal Reserve would like to see wages grow at 3% or faster, this was seen as a positive for workers, with the recent minimum wages increases across 18 states seen to have driven the wages development.

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

david.smith@cciassetmanagement.org.au

China Update

Exports rose 11.1% annually in January, slightly above December's increase and also what market analysts had expected. Meanwhile, imports expanded by 36.9% over the period, the strongest expansion since March 2017. The surge in imports is partially attributed to the differing holidays for the Lunar New Year, with this year's occurring in mid-February, compared to end-January in 2017.

Eurozone Update

Unemployment in the Eurozone remained at its lowest level for nine years, as the jobless rate came in at 8.7% for December, unchanged from November. The number of unemployed fell by 165,000. At a country level, there are wide variations in the unemployment rate, with Germany and Malta recording the lowest levels (3.6%), while Greece (20.7%) and Spain (16.4%) have the highest unemployment rates.

Economic sentiment in the Eurozone fell slightly from its 17 year high in January. The economic sentiment index fell from 116.0 points in December to 114.7 points in January. Despite the fall, sentiment in the Eurozone remains at one of its highest levels in nearly two decades, as an economic recovery continues.

Income Trust

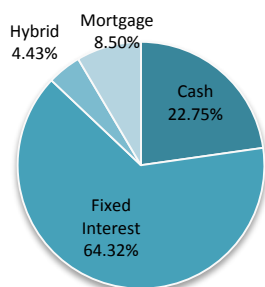
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees)#	0.36	1.02	2.42	4.69	6.30	7.50
Income Trust (Net of Fees)#	0.30	0.85	2.04	4.04	5.65	6.85
Benchmark	0.16	0.43	1.01	1.75	2.02	2.32
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3 yrs					3.02	

#All yearly returns are annualised

Monthly Performance Commentary

The Income Trust continued to exceed its objective and delivered a positive return for January. All asset classes produced positive returns, with Fixed Interest the strongest performing for the month. National Income Securities was the top contributor, followed by CBA Floating Rate Notes and AMP Floating Rate Notes, while Suncorp Capital Notes was the sole detractor for the month.

Asset Allocation

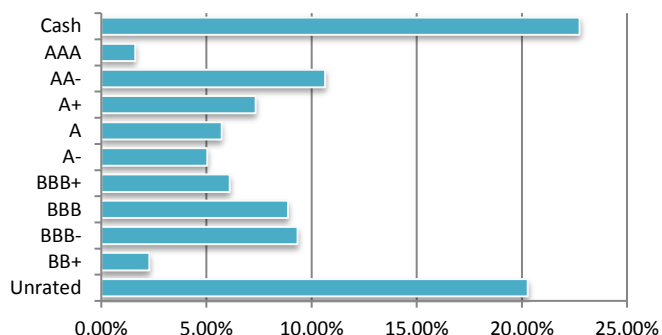


Top Contributors	Asset Class	Return %	Portfolio Contribution %
National Income Securities	Fixed Interest	1.462	0.074
CBA FRN	Fixed Interest	0.516	0.030
AMP Limited FRN	Fixed Interest	0.423	0.024
UBS AG Australia	Fixed Interest	0.304	0.022
Bendigo & Adel. Bank FRN	Fixed Interest	0.641	0.022

Top Detractors	Asset Class	Return %	Portfolio Contribution %
Suncorp Capital Notes	Hybrid	-0.568	-0.003

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 11.77% of the Income Trust Portfolio as at 31 January 2018. 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 January and in absolute terms, was the main contributor to the overall performance of the portfolio. At the security level, Fixed Interest accounted for the top five contributors: National Income Securities, CBA Floating Rate Notes, AMP Floating Rate Notes, UBS Floating Rate Notes and Bendigo & Adelaide Bank Floating Rates Notes, while there were no detractors for the month.

Hybrid Securities

Hybrid Securities also outperformed the index this month and added value to the portfolio. Seven Group Holdings Convertible Preference Shares and CBA Perls IX were the top contributors, while Suncorp Capital Notes was the sole detractor for the month.

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)

31 December 2016:	0.47
31 March 2017:	0.55
30 June 2017:	0.82
30 September 2017:	0.24
31 December 2017:	0.51

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	0.19	2.22	6.17	10.74	6.10	8.78
Catholic Values Trust (Net of Fees) [#]	0.13	2.05	5.76	10.04	5.40	8.08
Benchmark	0.36	2.03	5.82	9.75	6.78	9.14
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.74	4.92

[#]All yearly returns are annualised

Monthly Performance Commentary

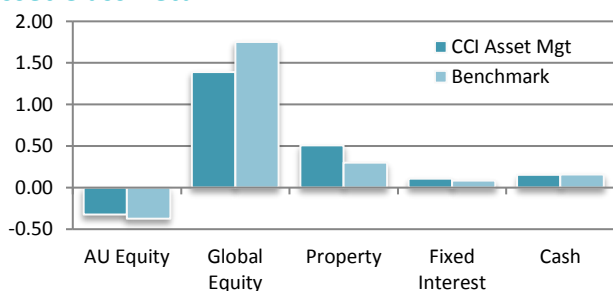
The Catholic Values Trust continued to exceed its objective of outperforming CPI by 3% p.a. over rolling 3 and 5 year periods, and delivered another positive return of 0.13% (net of fees) for the month of January.

At the asset class level, Global Equities was the top performer for the month, although underperformed the benchmark. Property and Fixed Interest both delivered positive returns and outperformed the benchmark, while Australian Equities delivered a negative return but outperformed the benchmark.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	31.19%	35.00%
Global Equity	24.64%	25.00%
Property	3.01%	5.00%
Fixed Interest	19.24%	25.00%
Cash	21.92%	10.00%

Asset Class Return

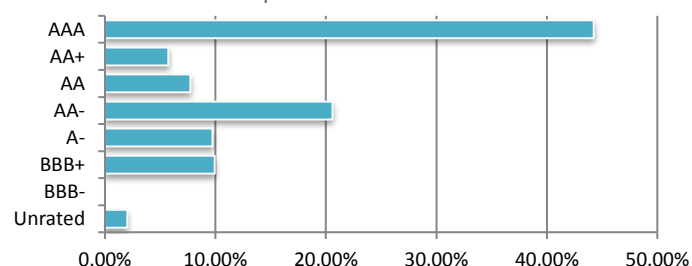


Fixed Interest

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 outperformed the benchmark, although the sector produced a negative return for January. Consumer Discretionary was the stand-out sector, followed by Health Care and Materials, while Utilities and Real Estate were the main detractors. At the stock level, CSL was the top contributor as it rallied in the lead up to reporting season and delivered another set of impressive numbers. Miners BHP and South32 continued their recent rally and were among the top contributors, while Macquarie Group and ResMed rounded out the top five contributors. The banks were the tops detractors for the month with CBA, Westpac and NAB leading the way, with Amcor and Transurban also detracting for the month.

Franking Credit Income

[#]FYTD: 0.2406%

Top Contributors	Return %	AU Contribution %
CSL Ltd	3.62	0.16
BHP Billiton Ltd	2.13	0.13
South32 Ltd	9.46	0.12
Macquarie Group Ltd	3.51	0.08
ResMed Inc	13.47	0.06

Top Detractors	Return %	AU Contribution %
Commonwealth Bank of Australia	-1.83	-0.18
Westpac Banking Corporation	-1.24	-0.09
National Australia Bank Ltd	-1.49	-0.08
Amcor Ltd	-5.58	-0.07
Transurban Group	-2.84	-0.05

Global Equities

Manager: Perpetual Investments

The fund rose by 1.39% over the month, however underperformed the benchmark. As with Australian Equities, Consumer Discretionary was the top contributor to performance, followed by Financials and Industrials, while the top detractors were Consumer Staples and Health Care. At the security level Vipshop (Chinese online discount retailer) was the top contributor, followed by SMC (Japanese manufacturer) and Yy Inc (Chinese social platform), while Shire PLC (UK biopharmaceutical company) and Dell Technologies were the top detractors. The largest holdings within the fund were Spanish pizza restaurant chain Telepizza, US exchange operator Nasdaq Inc and food and beverage company Mondelez International.

Fund Distribution History (cents per unit)

31 December 2016:	1.82
30 June 2017:	6.19
31 December 2017:	1.42

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

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