

MONTHLY UPDATE

March 2021

Performance as at 31st March 2021

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.14	0.52	2.42	4.14	4.02	5.42
Catholic Values Trust	2.20	2.90	11.17	18.87	9.39	9.33

All returns are net of fees and yearly returns are annualised

Investment Market Review

Global equity markets, as measured by the MSCI World ex Australia Index (unhedged) closed the month with a positive return of 5.1% and the Australian share market, as measured by the S&P/ASX 100 Accumulation Index returned 2.5%. This was due to rising optimism about the outlook for global growth driven by the success of the vaccine rollout and President Biden's infrastructure plans.

March was a better month, as bond markets were more stable with 10-year yields falling to 1.79% helped by a combination of central bank action and price consolidation after bond markets became oversold. The volatility in fixed income over the recent months was due to growing concerns that the central banks could be forced to raise interest rates earlier than expected, particularly if headline inflation spikes higher and economic recovery continues.

Domestic Economy Update

The economic recovery in Australia is well underway and is stronger than had been expected, with unemployment rate falling from 5.8% in February to 5.6% in March and the number of people with a job has returned to the pre-pandemic level. In fact there are now 75,000 more Australians employed than before the late March pandemic shutdowns and they are working more hours. The unemployment rate is higher than it was a year ago due to more people looking for work, with the participation rate at record highs of 66.3%.

Australian house prices are rising at the fastest pace in 32 years, as Sydney and Melbourne property markets make a full recovery from the COVID slump. Home prices rose 2.8% in March, which was their fastest pace since 1988 with a further acceleration in housing credit growth. Surging house prices are becoming an increasing concern, as the RBA considers what measures they may take to remove some heat from the market and slow the lending boom.

In its April meeting the RBA left policy settings unchanged, including the targets of 10 bps for the cash rate and the yield on the 3-year Australian Government bond. The parameters of the Term Funding Facility and the government bond purchase program remained the same also, as it wants to see a much tighter jobs market and much stronger wages growth.

CCI Asset Management Update

Income Trust Distribution

We are pleased to announce the March quarterly distribution payment was made on 14th April 2021 and the distribution rate was 0.2334 CPU.

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

Global Update

There has been good progress made on the global vaccine rollout with numerous studies across several countries now confirming their efficacy in preventing infection, hospitalisation and death. Vaccine production is also continuing to ramp up and herd immunity in most developed countries should be reached later this year, particularly in the US. Despite the good news on vaccines, there are concerns in some countries about the Astra Zeneca vaccine for people under 50 and that it may cause extremely rare but potentially deadly blood clots.

The latest Coronavirus figures worldwide show that we have now exceeded 3million deaths, with over 140million confirmed cases. While Australia has recorded 910 deaths from around 30,000 confirmed cases, unfortunately other countries are experiencing second or third waves, with India recording more than 230,000 new cases per day as they enter a second wave.

We are starting to see considerable optimism around global growth on the back of community restrictions easing faster than expected, strong US economic data, progress in US vaccinations and President Biden's massive stimulus injection in the US particularly, the US\$3trillion focussed on infrastructure and investment.

While the massive stimulus plan and the brightening economic outlook were increasing concerns about inflation, the U.S. Federal Reserve indicated that they are willing to let inflation run a bit higher than normal and believes the forecasted higher inflation rates would merely be temporary.

Income Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees) [#]	0.19	0.68	2.91	4.79	4.67	6.07
Income Trust (Net of Fees) [#]	0.14	0.52	2.42	4.14	4.02	5.42
Benchmark	0.00	0.00	0.04	0.11	1.11	1.40
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					2.11	

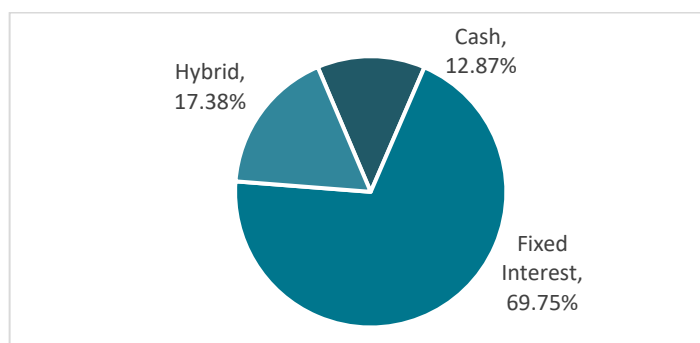
All yearly returns are annualised

[#]Benchmark is Bloomberg AusBond Bank Bill Index

Monthly Performance Commentary

The Income Trust produced a small positive return for March, returning 0.14% net of fees. Fixed interest contributed the most to the overall Trust return, followed by hybrids. Cash returns continued to be muted with interest rates likely to remain low for a while. The Fund has outperformed its investment objective over the past three years.

Asset Allocation

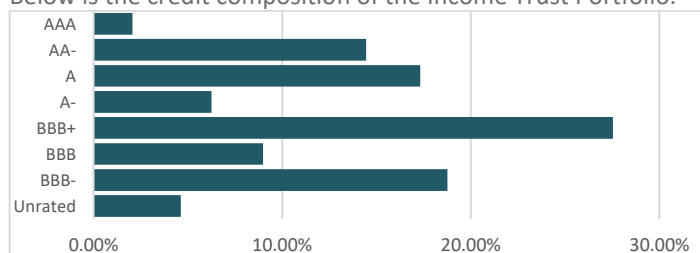


Top Contributors	Asset Class	Return %	Portfolio Contribution %
Bendigo & Adelaide Bank FRN	Fixed Interest	0.80	0.03
ANZ FRN	Fixed Interest	0.49	0.02
Canadian Imperial Banks FRN	Fixed Interest	0.38	0.02
Macquarie Group	Hybrid	0.88	0.01
CBA 10/09/2030 FRN	Fixed Interest	0.50	0.01

Top Detractors	Asset Class	Return %	Portfolio Contribution %
Qube Subordinated Notes	Fixed Interest	-0.67	-0.02
Toronto-Dominion Bank FRN	Fixed Interest	-0.31	-0.02
ANZ FRN	Fixed Interest	-0.13	-0.01

Portfolio Credit Rating Allocation

Below is the credit composition of the Income Trust Portfolio.



Unrated securities largely consist of unrated hybrid issues which do not have a ratings limit. Together these unrated securities represent 4.63% of the Income Trust Portfolio as at 31 March 2021. Credit ratings as classified by the higher of Standard & Poor's or similar rating from another agency.

Fixed Interest

The overweight allocation to floating rate notes contributed the most to returns even with credit spreads widening around 5 bps. We expect the income from these securities to increase to reflect the market's expectations of higher interest rates. Notable, top performers here included Bendigo and Adelaide Bank, ANZ and Canadian Imperial Bank Floating Rate Notes. QUB Subordinate Note and Toronto Floating Rate Note were the top detractors for the period.

Hybrid Securities

Hybrids returned a small positive return with median traded margins increasing marginally from the previous month. Macquarie BCN2 was the top contributor for the month, while ANZPF CAPNOTE 6 was the key detractor for the month.

Security	Issuer Margin
ANZ Bank Preference Shares	BBSW 90 Day + 3.40%
ANZ Capital Notes 6	BBSW 90 Day + 3.60%
ANZ Capital Notes 4	BBSW 90 Day + 4.70%
Bendigo & Adel Capital Notes	BBSW 90 Day + 3.80%
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 Group Cap Notes 5	BBSW 90 Day + 2.90%
Macquarie Group Cap BCN2	BBSW 90 Day + 3.60%
NAB Capital Notes 5	BBSW 90 Day + 3.50%
NAB Subordinated Notes 2	BBSW 90 Day + 2.20%
NAB Capital Notes 3	BBSW 90 Day + 4.00%
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 March 2020:	0.32
30 June 2020:	0.30
30 September 2020:	0.12
31 December 2020:	0.15
31 March 2021:	0.23

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	2.26	3.08	11.70	19.57	10.09	10.03
Catholic Values Trust (Net of Fees) [#]	2.20	2.90	11.17	18.87	9.39	9.33
Benchmark	2.25	3.17	10.99	18.96	8.72	8.80
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.63	4.79

[#]All yearly returns are annualised

*Benchmark is the composite of Strategic Asset Allocation returns

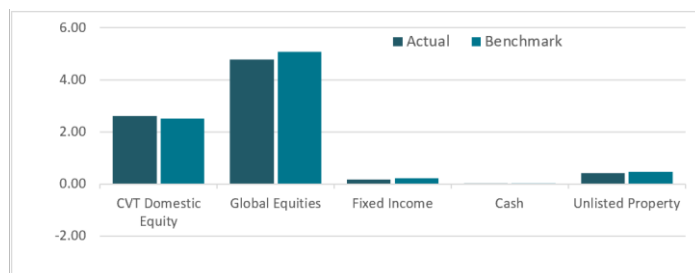
Monthly Performance Commentary

The Catholic Values Trust returned 2.2% net of fees for the month. While Fixed Interest and Cash were flat, Global Equities was the top contributor for the month returning +4.8% followed by Australian Equities returning 2.6%. The Trust continues to outperform over the 3 and 5 year objectives.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	34.4%	35.0%
Global Equity	25.6%	25.0%
Property	2.4%	5.0%
Fixed Interest	16.1%	25.0%
Cash	21.6%	10.0%

Asset Class Return

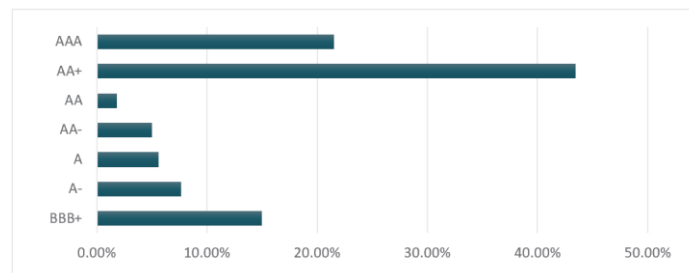


Fixed Interest

The Catholic Values Trust is currently 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.



Credit ratings as classified by Standard & Poor's.

Australian Equities

Australian equities (S&P/ASX100) performed strongly over the month, returning 2.5%. From the sector level, Financials was the leading performer followed by Consumer Discretionary. Major banks stocks continued to rally as the economic outlook improve and booming Australian property prices with an acceleration in housing credit growth. By contrast, Materials and Information Technology were key laggards.

Top Contributors	Return %	AU Contribution %
COMMONWEALTH BANK	5.6	0.2
ANZ LIMITED	7.7	0.1
NATIONAL AUST BANK	5.5	0.1
WESFARMERS LIMITED	7.0	0.1
TELSTRA CORP LTD	10.4	0.1

Top Detractors	Return %	AU Contribution %
BHP GROUP LTD	-4.3	-0.1
AFTERPAY TOUCH	-15.1	-0.1
RIO TINTO LTD	-7.6	-0.1
FORTECUE METALS GRP	-9.4	-0.1
A2 MILK CO LTD	-12.9	0.0

Global Equities

Manager: [Vanguard Ethically Conscious International Shares Index Fund](#)

In March, the Vanguard Ethically Conscious International Share Index Fund returned 4.8%, underperforming the MSCI World ex-Australia (\$A unhedged) index by 0.3%. Similar to domestic equities, from the sector level, Financials and Consumer Discretionary were top performers over the month. On the other hand, Energy and Utilities were the worst performers during March.

Fund Distribution History (cents per unit)

31 December 2019:	1.37
30 June 2020:	3.14
31 December 2020:	0.70

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

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