

# MONTHLY UPDATE

## June 2022



### CATHOLIC VALUES TRUST

#### Investment Objective

To provide a return (after fees and expenses) that exceeds CPI by 3% p.a. measured over rolling 3-year and 5-year periods, and invest in accordance with the Catholic Values Policy.

#### Performance

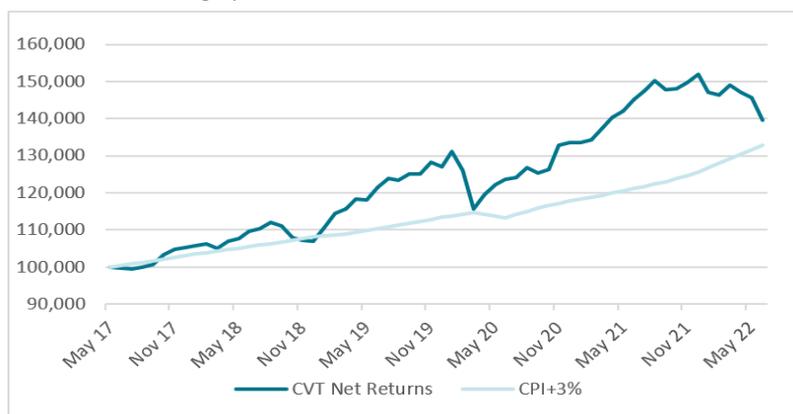
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) <sup>^</sup>	-4.01	-6.18	-3.12	-3.12	5.44	7.69
Catholic Values Trust (Net of Fees) <sup>^</sup>	-4.07	-6.36	-3.82	-3.82	4.74	6.99
Objective* <sup>^</sup>	0.96	2.89	9.53	9.53	<b>6.30</b>	<b>5.71</b>

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

\*Objective is to outperform CPI + 3% p.a. rolling 3 & 5 years (net of fees)

#### Rolling 5-year Fund Performance vs Objective

\$100K invested over rolling 5 years



Catholic Values Trust returned -4% net of fees for the month of June. The Fund has underperformed its objective over the rolling 3-year period but outperformed its rolling 5-year period. The fund has underperformed over the financial year, driven by the high inflation rate resulting in losses for both equities and fixed income whilst creating a spike in the objective return.

#### Key Contributors

- ◆ In June, Unlisted Property returned 0.37% driven by upward asset revaluation in the QIC Core Plus Fund.

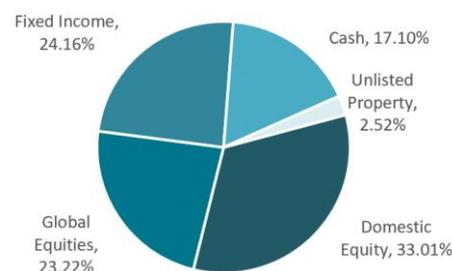
#### Key Detractors

- ◆ Australian Equities was the key detractor, returning -8.7% over June. This was led by losses particularly in the Financial and Material sectors.
- ◆ Global Equities returned -3.4% over the month. The main driver for poor performance was due to recession concerns which weighed heavily on the market but a 3.8% fall in AUD against the USD partially mitigated some of the losses in the asset class.

#### Portfolio Statistics

Funds Under Management	\$177 million
Performance Return Since Inception net of fees (Jan 31, 2002) <sup>^</sup>	6.56% p.a.
Distribution Frequency	Half Yearly

#### Asset Allocation



#### Market Highlights

- ◆ **Australian Equities** (S&P/ASX100) returned -8.4% over June driven by global recession fears. The market faced broad-based selling, led by Financials followed by Materials. Since the Reserve Bank of Australia's decision to lift rates by 0.50% at their June meeting, the Financials sector was heavily impacted due to concerns around higher bad debts and a weakening residential real estate market. Concerns over China's tight COVID zero policy's potential impact on demand led to lower prices in the commodities market.
- ◆ **Global Equities** (MSCI World ex-Australia \$A Unhedged) fell 4.6% over June. The first few weeks of the month was dominated by global recession fears. Towards the end of the month, Global Equity markets rebounded as bond yields fell with signs of slowing economic growth. A recent pullback in commodity prices which reduced the US Federal Reserve (FED) rate hike expectations also contributed to the rally.
- ◆ **Fixed Income:** Government bond yields rose up to 31bps over the month. The rise in bond yields was driven by the Fed's aggressive rate hikes and hawkish forward guidance to combat inflation. Bond yields subsequently fell over the second half of the month on fears of an economic slowdown which led investors to seek safe-haven assets. The Australian bond market, as measured by the Bloomberg AusBond Composite 3-5 Year Index fell by 1% over June.

# 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 1.0% p.a. (net of fees) over rolling 3-year periods.

## Performance

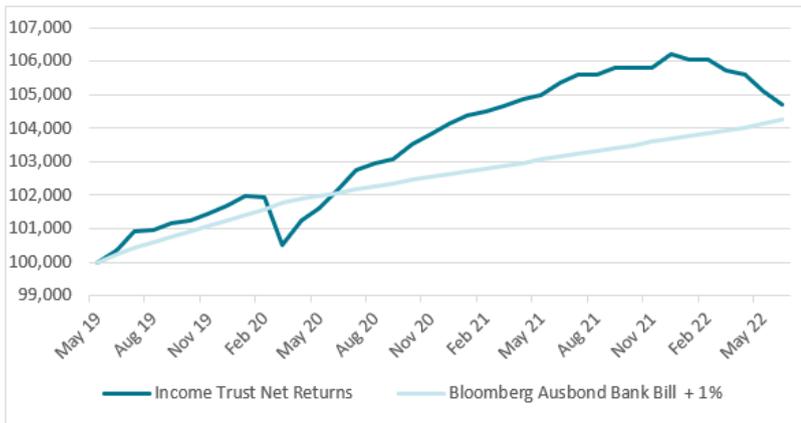
	Month	Quarter	FYTD	1 Year	3 Years
Income Trust (Gross of Fees) <sup>^</sup>	-0.33	-0.79	0.04	0.04	2.08
Income Trust (Net of Fees) <sup>^</sup>	-0.38	-0.96	-0.61	-0.61	1.43
Objective* <sup>^</sup>	0.13	0.31	1.09	1.09	<b>1.33</b>

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

\*Objective is to outperform AusBond Bank Bill + 1.0% p.a. rolling 3 years (net of fees)

## Rolling 3-Year Fund Performance vs Objective

\$100K invested over rolling 3 years



The Income Trust returned -0.38% net of fees for the month of June. The Fund has outperformed its objective over a rolling 3-year period. The fund has underperformed financial year to date due to widening credit spreads, which has moved in line with other risk assets that has negatively impacted bond valuations.

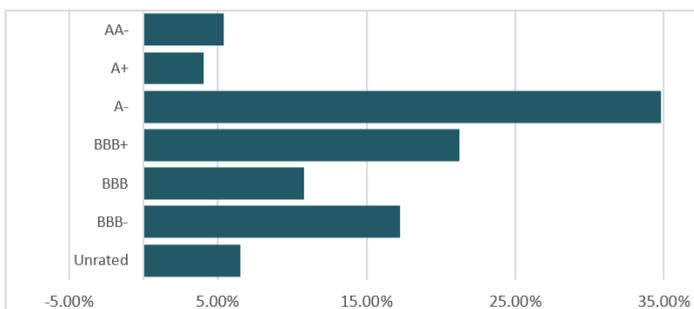
### Key Contributors

- Over the month of June, cash was the only positive contributor to return that has been assisted by rising policy rates.

### Key Detractors

- Hybrids was the key detractor, producing a negative return of -1.1% over the month driven by credit spreads widening.
- Fixed Income detracted marginally by -0.18% after recovering some of the losses from the heavy bank issuance in May.

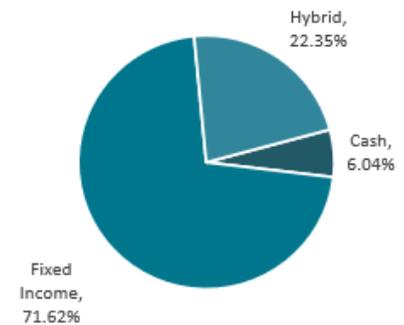
## Credit Rating Allocation



## Portfolio Statistics

Funds Under Management	\$41 million
Performance Return Since Inception net of fees (July 31, 2004) <sup>^</sup>	3.75% p.a.
Distribution Frequency	Quarterly
Yield to Maturity	5.22%
Average Credit Rating	A-

## Asset Allocation



## Market Highlights

- Fixed Income:** Elevated risk of recession driven by central banks' aggressive rate hikes to contain inflation have been particularly evident in subordinated debt spreads. Spreads for Tier 2 banks widened by 13 bps over the month of June.
- Cash:** In early June, the Reserve Bank of Australia (RBA) lifted the cash rate by a larger than expected 0.5% to 0.85%. Short-term money market yields continued to rise, reflecting the shift by central banks to a more aggressive tightening cycle. The three-month bank bill yield ended the month 64bps higher at 1.81%.
- The **Hybrid** market ended the month negative with credit spreads widening around 50bps. Recent supply from NAB and Westpac also contributed to the weakness over the month.

## How to Contact Us

Telephone 1300 655 220

Facsimile 03 9934 3464

Mail CCI Asset Management  
GPO Box 180 Melbourne 3001

Website [www.cciassetmanagement.org.au](http://www.cciassetmanagement.org.au)

David Smith  
*National Business Development Manager*

Email [info@cciassetmanagement.org.au](mailto:info@cciassetmanagement.org.au)

Telephone 03 9934 3077

Mobile 0408 663 288