

MONTHLY UPDATE

February 2019

Performance as at 28th February 2019

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.50	0.99	2.23	5.56	6.63	5.31
Catholic Values Trust	3.38	6.61	4.16	7.31	9.27	6.17

All returns are net of fees and yearly returns are annualised

Investment Market Review

The positive start to the new calendar year continued for equity markets across the globe, with the Australian share market, as measured by the S&P/ASX 100 Accumulation Index, returning 5.91% for the month, while global shares, as measured by the MSCI World ex Australia Index (unhedged), carried on from a strong January and returned 5.56% for February.

Domestic Economy

Australian's unemployment remained at 5.0% in January, even though 39,100 new jobs were created for the month. There was a surge in full-time work, with a strong 65,400 positions added, while part-time work fell by 26,300 jobs. The number of unemployed increased by 6,600 to 673,500 in January, while people looking for full-time work rose by 2,700 to 461,600 and those looking for part-time work rose by 3,900 to 211,900.

The RBA left interest rates unchanged at an all-time low of 1.5% at its last meeting in early March, with moderate inflation, some weakening in economic activity and tighter credit conditions underpinning the RBA's decision.

Australian property values fell \$133.1 billion in the December quarter, with capital city home prices down an average of 2.4% across the nation. Figures from the Bureau of Statistics show Sydney and Melbourne continued to lead the falls, with 3.7% and 2.4% falls respectively. Smaller quarterly falls were recorded in Brisbane, Perth, Darwin and Canberra, while Adelaide and Hobart were the only two capital cities where prices rose in the last three months of last year.

U.S. Update

The U.S. unemployment rate fell to 3.8% in February, down from 4.0% in January and was largely due to the effects of the government shutdown resolution. Following a blockbuster 311,000 new jobs created in January, employers added just 20,000 jobs in February, the smallest gain in nearly a year and a half. Weakness occurred across certain sectors, with the industrial sector losing 32,000 jobs, while mining also retracted and manufacturing positions stalled. On the upside, professional and business services continued to post solid gains and added 42,000 new positions. In a positive sign for the economy the average hourly earnings increased by 3.4% year over year, the strongest gain in over 10 years.

CCI Asset Management Updates

Looking to make a new or additional investment?

For further information on investing with CCI Asset Management, please contact our Business Development Manager, David Smith on (03) 9934 3077.

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

China Update

China's top leadership expects a challenging year ahead, with the annual gathering of the National People's Congress highlighting a slowdown in domestic growth and the trade dispute with the United States taking their toll. The GDP growth target for 2019 was lowered to between 6.0% and 6.5%, from around 6.5% growth in 2018.

Industrial production increased 5.3% year-on-year in January-February, down from 5.7% recorded in December and to its weakest result since 2009. This was a result of a slowdown in mining and the electricity, gas and water sector.

Eurozone Update

With just days to go until Britain is due to leave the European Union (Brexit), Theresa May's government is in constitutional chaos after the prime minister was blocked from asking MPs to vote on her Brexit deal for a third time because it was fundamentally unchanged. Meanwhile European Union officials are considering offering a new date for a delayed Brexit to resolve the crisis.

The Eurozone economy is now in its sixth year of uninterrupted growth, however growth has slowed down compared to 2017. Among the large Eurozone countries, Spain has delivered the strongest performance, followed by France. The German economy grew slightly in the fourth quarter after it contracted in the third, while Italy entered a technical recession after two successive quarters of economic contraction.

Income Trust

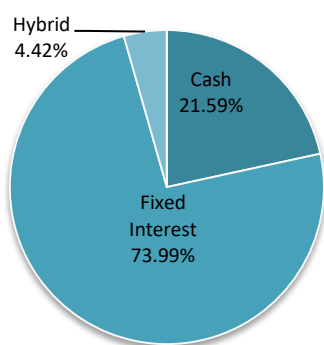
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees)#	0.55	1.15	2.67	6.21	7.28	5.96
Income Trust (Net of Fees)#	0.50	0.99	2.23	5.56	6.63	5.31
Benchmark	0.17	0.51	1.35	1.99	1.90	2.14
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					2.90	

#All yearly returns are annualised

Monthly Performance Commentary

The Income Trust continued to exceed its objective and delivered a positive return for February, with Fixed Interest the top contributing asset class and Hybrids detracting from performance. National Income Securities was the top contributing security for the month, while ANZ Capital Notes 1 was the top detractor for the period.

Asset Allocation

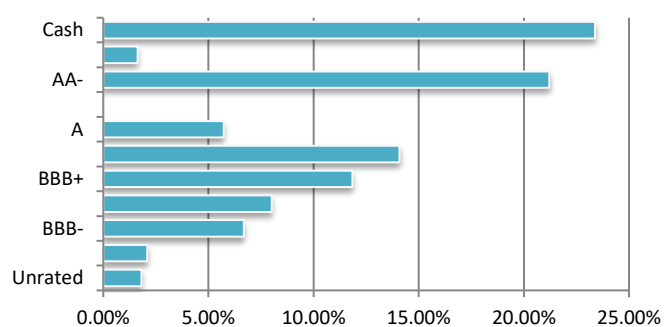


Top Contributors	Asset Class	Return %	Portfolio Contribution %
National Income Securities	Fixed Interest	4.745	0.260
Westpac FRN	Fixed Interest	0.639	0.031
CBA FRN	Fixed Interest	0.501	0.028
Westpac FRN	Fixed Interest	1.717	0.028
NAB FRN	Fixed Interest	0.666	0.027

Top Detractors	Asset Class	Return %	Portfolio Contribution %
ANZ Capital Notes 1	Hybrids	-2.899	-0.015
Westpac Capital Notes 3	Hybrids	-1.233	-0.010
CBA Perls IX Capital Notes	Hybrids	-1.070	-0.009
CBA Perls VII Capital Notes	Hybrids	-0.814	-0.005
NAB Subordinated Notes 2	Hybrids	-0.774	-0.004

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 1.82% of the Income Trust Portfolio as at 28 February 2019.

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 February and was the main contributor to the overall performance of the portfolio in absolute terms. At the security level National Income Securities was the top contributor, followed by Westpac FRN, CBA Floating Rate Note and NAB Floating Rate Note. On the down side, CUA Floating Rate Note was the sole detractor for the month.

Hybrid Securities

Hybrid Securities underperformed the index for the month of February and detracted from performance. Reversing last month's performance ANZ Capital Notes 1 was the top detractor for the month followed by Westpac Capital Notes 3, CBA Perls IX and CBA Perls VII and NAB Subordinated Notes 2. All securities detracted from performance for the period.

Hybrid Portfolio

Security	Issuer Margin
ANZ Capital Notes 1	BBSW 90 Day + 3.40%
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%
Suncorp Group Capital Notes	BBSW 90 Day + 4.10%
Westpac Capital Notes 3	BBSW 90 Day + 4.00%

Franking Credit Income

#FYTD: 0.03%

Fund Distribution History (cents per unit)

31 December 2017:	0.51
31 March 2018:	0.51
30 June 2018:	2.34
30 September 2018:	0.54
31 December 2018:	0.55

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	3.44	6.79	4.62	8.01	9.97	6.87
Catholic Values Trust (Net of Fees) [#]	3.38	6.61	4.16	7.31	9.27	6.17
Benchmark	3.65	5.57	3.76	7.23	9.46	7.36
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.88	4.71

[#]All yearly returns are annualised

Monthly Performance Commentary

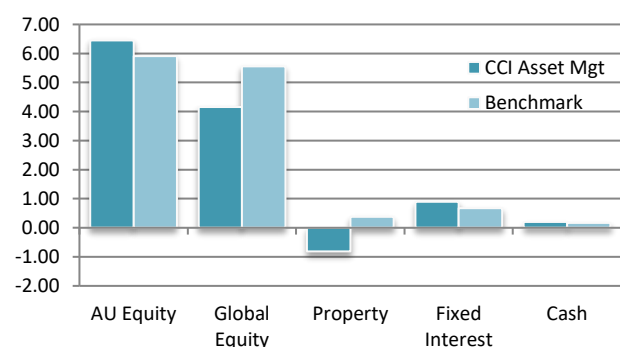
Following a strong performance in January the Catholic Values Trust carried the positive momentum into February to deliver 3.38% (net of fees) for the month, as it continued to exceed its objective of outperforming CPI by 3% p.a. over rolling 3 and 5 year periods.

Australian Equities within the portfolio were the standout asset class, and spiked by over 6% for the month on the back of strong gains within the Financials and along with Global Equities contributed most to the portfolio's outperformance. Fixed Interest also outperformed, while Property underperformed and cash was in-line.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	34.30%	35.00%
Global Equity	27.08%	25.00%
Property	3.21%	5.00%
Fixed Interest	18.38%	25.00%
Cash	17.04%	10.00%

Asset Class Return

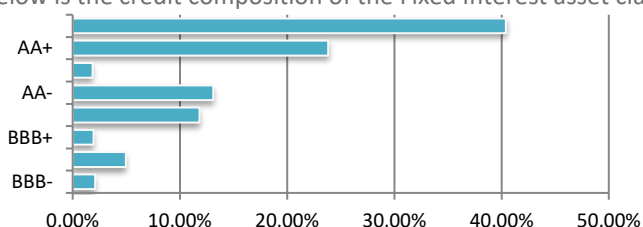


Fixed Interest

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 delivered a strong return for the month, with Financials and Materials leading the way and all sectors adding value. At the security level, the big banks were back in favour following the findings of the Royal Commission, with CBA, ANZ and Westpac the top three contributors. BHP share price continued to climb and was assisted with the company paying a better than expected dividend, while Wesfarmers also spiked following its half year results and the announcement of a special dividend. Detractors for the month included Coles Group, Cochlear and Stockland.

Franking Credit Income

#FYTD: 0.87%

Top Contributors	Return %	AU Contribution %
CBA	10.023	0.291
ANZ	11.866	0.207
Westpac Banking Corp	9.817	0.200
BHP	6.891	0.170
Wesfarmers	9.816	0.103

Top Detractors	Return %	AU Contribution %
Coles Group Limited	-9.432	-0.033
Cochlear Limited	-11.850	-0.032
Stockland	-7.407	-0.017
Evolution Mining Limited	-8.742	-0.014
CSL Limited	-0.491	-0.013

Global Equities

Manager: Perpetual Investments

The fund continued on from last month and delivered over 4% for February. Consumer Staples and Financials were the top contributing sectors, followed by Information Technology and Telecommunications. At the security level Telecommunication company SoftBank Group Corp was the top contributor, with the stock rallying over 20% after announcing its intention to undertake a buyback and also strong earnings for the December quarter. Frozen foods producer Nomad Foods climbed over 12% for the month on the back of solid December quarter sales, while media and telecommunications provider Vivendi rallied on a positive full-year earnings result. On the down side were saw entertainment systems developer Nintendo detract from performance after the release of its December quarter results, while fast food franchiser Domino's also detracted from performance after results disappointed the market.

Fund Distribution History (cents per unit)

31 December 2017:	1.42
30 June 2018:	9.01
31 December 2018:	2.93

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

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