

MONTHLY UPDATE

August 2023

CATHOLIC VALUES TRUST

Investment Objective

To provide a return (after fees and expenses) that exceeds CPI by 3% p.a. measured over a rolling 7-year period, and invest in accordance with the Catholic Values Policy.

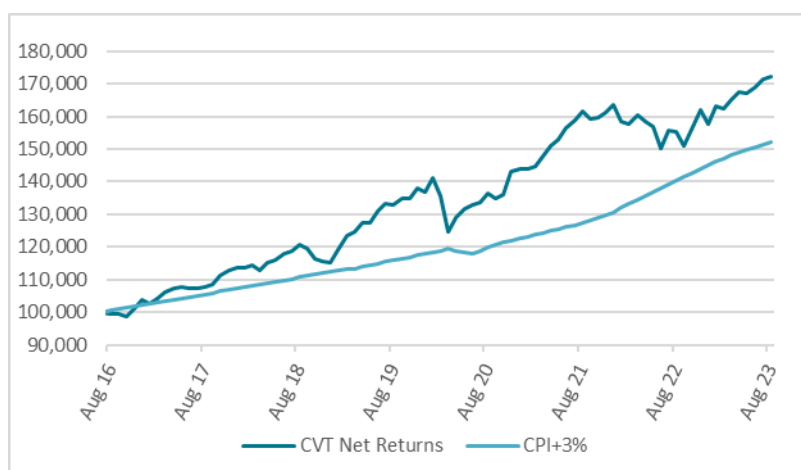
Performance

	Month	Quarter	FYTD	1 Year	3 Years	5 Years	7 Years
Catholic Values Trust (Gross of Fees) [^]	0.53	3.34	2.09	11.63	8.80	8.10	8.86
Catholic Values Trust (Net of Fees) [^]	0.48	3.17	1.97	10.93	8.10	7.40	8.16
Objective [^]	0.52	1.57	1.05	8.34	8.16	6.47	6.02

[^] Month, quarter and FYTD are holding period returns. 1 year, 3 year, 5-year, 7 year & since inception returns are annualised.

Rolling 7-year Fund Performance vs Objective

\$100K invested over rolling 7 years



Catholic Values Trust returned 0.48% net of fees for the month of August. The Fund has outperformed its objective over a rolling 7-year period.

Key Contributors

- ◆ **Global equities** returned 1.49% in August. Moves in global markets were negative and sentiment was driven by higher US bond yields and weak economic data from China and Europe. The positive return was largely attributable to the AUD depreciating 3.5% against the USD, driven by interest rate differentials and concerns around the Chinese economy.
- ◆ **Fixed Income** returned 0.80% in August from a combination of capital returns due to lower yields and accrued interests.

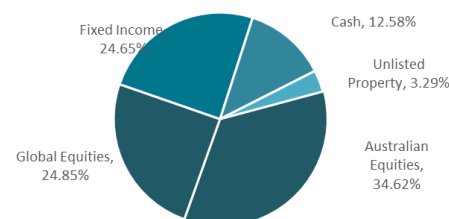
Key Detractors

- ◆ **Australian Equities** returned -0.47% in August. Local sentiment was driven by global market moves and company results. The consumer discretionary sector was the best performer on the back of positive earnings results by Wesfarmers and Dominos. The materials sector lagged from mixed results by mining companies.
- ◆ **Unlisted Property** returned -0.82% over August.

Portfolio Statistics

Funds Under Management	132 Million
Performance Return Since Inception net of fees (Jan 31, 2002) [^]	6.87%
Distribution Frequency	Half Yearly

Asset Allocation



Market Highlights

- ◆ **Australian equities** (S&P/ASX100) finished the month 0.44% lower. The RBA kept the cash rate on hold at 4.10%. The monthly inflation report showed headline CPI rose 4.9% yoy in July, which was less than expected. The labour market softened slightly with the unemployment rate rising to 3.6% and a surprising decline in the number of people working. Retail sales decline by 0.5% in the second quarter, indicating a slowdown in consumer spending.
- ◆ **Global equities** (MSCI World ex-Australia \$A Unhedged) finished the month 1.6% higher. Market sentiment was negative, and the positive return was largely due to a fall in the AUD. US inflation eased to 3.2% yoy in July, which was less than expected. The jobs market remains tight but shows signs of softening with the unemployment rate ticking up to 3.8% in August. Ratings agency Fitch downgraded the US government's credit rating from AAA to AA+.
- ◆ **Fixed Income**, as measured by the Bloomberg AusBond Composite 3-5 Yr Index finished the month 0.83% higher. The curve steepened, with the 10-year Australian government bond falling 3bps and 3-year falling 12bps, as markets priced out further rate hikes from the RBA.

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

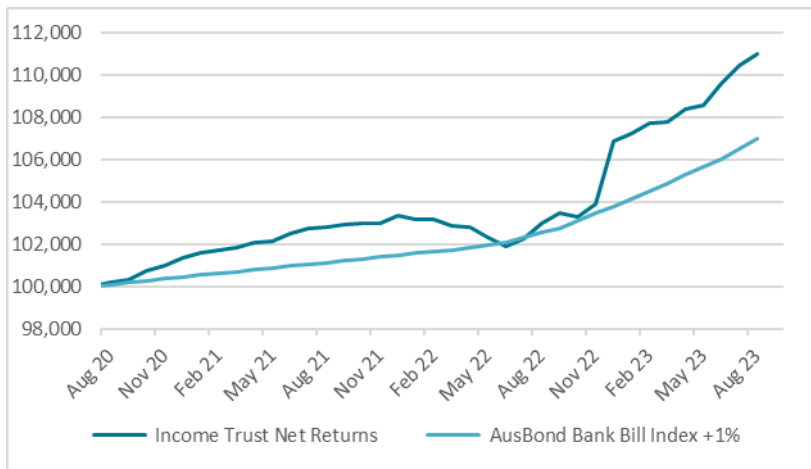
Performance

	Month	Quarter	FYTD	1 Year	3 Years
Income Trust (Gross of Fees) [^]	0.50	2.35	1.37	8.43	4.11
Income Trust (Net of Fees) [^]	0.44	2.18	1.26	7.78	3.46
Objective [^]	0.45	1.23	0.91	4.32	2.24

[^] Month, quarter and FYTD are holding period returns. 1 year & 3 year returns are annualised.

Rolling 3-Year Fund Performance vs Objective

\$100K invested over rolling 3 years



The Income Trust returned 0.44% net of fees for the month of August. The Fund has outperformed its objective over a rolling 3-year period.

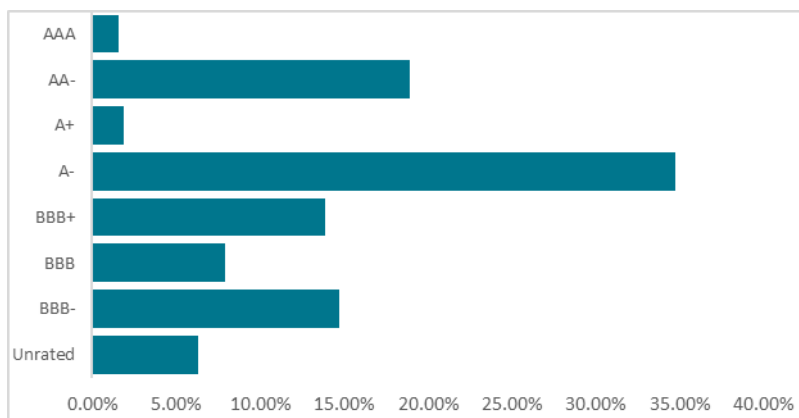
Key Contributors

- ◆ **Fixed Interest** returned 0.61%, largely from accrued interests.

Key Detractors

- ◆ **Hybrids** returned -0.24% from widening hybrid spreads. AN3PI was the largest detractor.

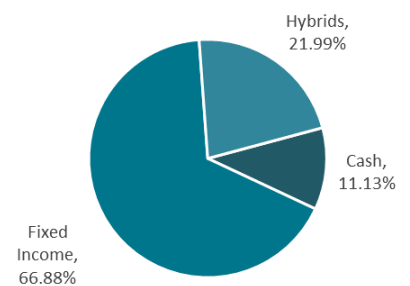
Credit Rating Allocation



Portfolio Statistics

Funds Under Management	35 Million
Performance Return Since Inception net of fees (July 31, 2004) [^]	3.99%
Distribution Frequency	Quarterly
Yield to Maturity	5.15%
Average Credit Rating	A-

Asset Allocation



Market Highlights

◆ **Fixed Income:** Floating Rate credit finished the month 0.46% higher. Australian floating rate note spreads tightened by 1bps over the month. Bank primary issuance was active after reporting season. New issues from CBA and ANZ were met with strong demand.

◆ **Cash:** The Reserve Bank of Australia (RBA) kept the cash rate on hold for second month at 4.10% in August. The RBA cited that some further tightening may still be required and will continue to assess incoming economic data. They also highlighted concerns relating to uncertainty around household consumption and China's economic outlook. The three-month bank bill yield fell 13bps, finishing the month at 4.13%

◆ **Hybrids** dropped in August as the average major bank hybrid margin widened by 44bps. The moves followed risk off sentiment in the local equities market.

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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

William Manuel
Head of Asset Management

Email info@cciassetmanagement.org.au

Telephone 03 9934 3073

Mobile 0409 275 751