

# MONTHLY UPDATE

## October 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.

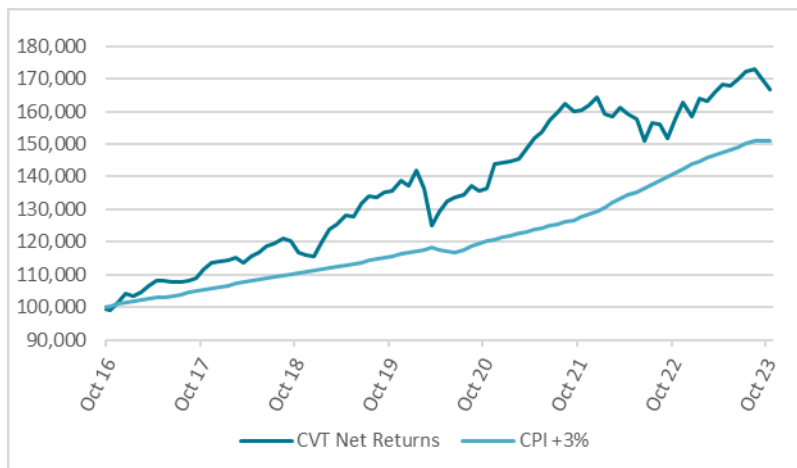
#### Performance

|   | Month | Quarter | FYTD  | 1 Year | 3 Years | 5 Years | 7 Years |
|---|-------|---------|-------|--------|---------|---------|---------|
| Catholic Values Trust<br>(Gross of Fees) <sup>^</sup> | -1.72 | -3.13   | -1.63 | 6.50   | 7.55    | 8.05    | 8.39    |
| Catholic Values Trust<br>(Net of Fees) <sup>^</sup>   | -1.78 | -3.30   | -1.86 | 5.80   | 6.85    | 7.35    | 7.69    |
| Objective <sup>^</sup>                                | 0.64  | 1.94    | 2.59  | 8.14   | 8.24    | 6.62    | 6.11    |

<sup>^</sup> 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 -1.78% net of fees for the month of October. The Fund has outperformed its objective over a rolling 7-year period.

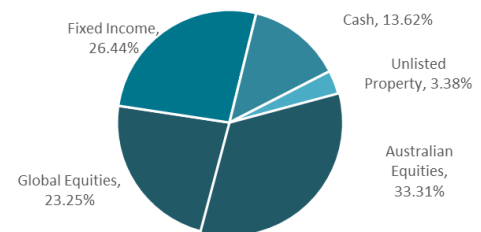
#### Key Detractors

- ◆ **Australian Equities** returned -3.66% in October. Hotter than expected inflation, higher bond yields, and escalating tensions in the Middle East weighed on local market sentiment. The interest rate sensitive sectors of Real Estate and Information Technology were the biggest laggards.
- ◆ **Global equities** returned -0.99% in October. Moves in global markets were largely driven by another month of rising bond yields on the back of strong economic data in the US. The war in the middle east also weighed on sentiment. The AUD depreciated 1.52% against the USD over the month, offsetting part of the negative return.
- ◆ **Fixed Income** returned -1.29% in October as higher rates negatively impacted the market value of fixed rate bonds in the portfolio.
- ◆ **Property** returned -0.89% in October largely due to negative net valuation movements during the prior quarter.

#### Portfolio Statistics

|   |             |
|---|-------------|
| Funds Under Management  | 126 Million |
| Performance Return Since Inception net of fees<br>(Jan 31, 2002) <sup>^</sup> | 6.63%       |
| Distribution Frequency  | Half Yearly |

#### Asset Allocation



#### Market Highlights

◆ **Australian equities** (S&P/ASX100) finished the month 3.60% lower. The RBA kept the cash rate on hold at 4.10%. The quarterly inflation report showed headline CPI rose 5.4% yoy in September, which was hotter than expected and driven by higher petrol prices and rents. The unemployment held fell to 3.6% in September, largely due to more unemployed people leaving the jobs market.

◆ **Global equities** (MSCI World ex-Australia \$A Unhedged) finished the month 0.98% lower. Markets contended with bond yields surging higher and further escalations in the Middle Eastern conflict. US economic growth was stronger than expected with GDP expanding 4.9% yoy in Q3, supported by strong consumer demand. US headline inflation rose 3.7% yoy in September, which was hotter than expected. More jobs were added than expected in September and the unemployment rate remained steady at 3.8%.

◆ **Fixed Income**, as measured by the Bloomberg AusBond Composite 3-5 Yr Index finished the month 1.09% lower. Yields moved higher with the 10-year Australian government bond rising 43bps and 3-year rising 32bps, as markets continued to price in expectations for global rates to remain higher for longer and geopolitical uncertainty.

# 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.

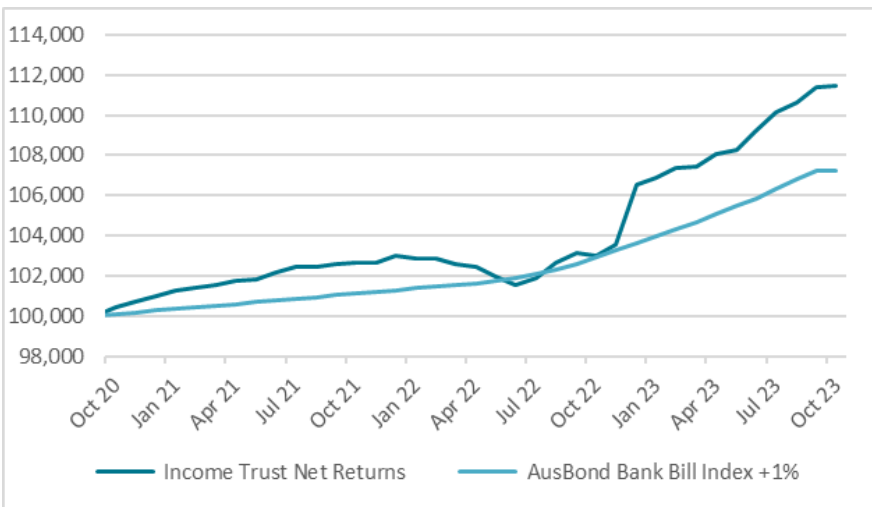
## Performance

|   | Month | Quarter | FYTD | 1 Year | 3 Years     |
|---|-------|---------|------|--------|-------------|
| Income Trust (Gross of Fees) <sup>^</sup> | 0.14  | 1.40    | 2.28 | 8.92   | 4.20        |
| Income Trust (Net of Fees) <sup>^</sup>   | 0.09  | 1.24    | 2.06 | 8.27   | 3.55        |
| Objective <sup>^</sup>                    | 0.42  | 1.29    | 1.75 | 4.61   | <b>2.46</b> |

<sup>^</sup> 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 0.09% net of fees for the month of October. The Fund has outperformed its objective over a rolling 3-year period.

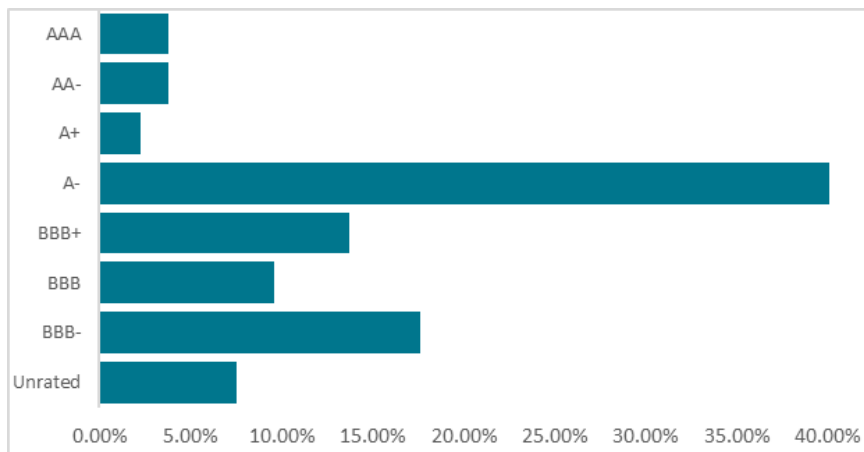
### Key Contributors

- ◆ **Fixed Interest** returned 0.39%, largely from accrued interests.

### Key Detractors

- ◆ **Hybrids** returned -0.79% from as hybrid spreads widened and there were no interest payments received in the month.

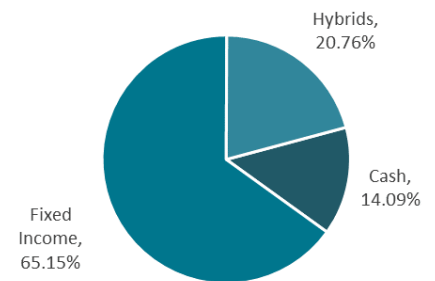
## Credit Rating Allocation



## Portfolio Statistics

|   |            |
|---|------------|
| Funds Under Management  | 36 Million |
| Performance Return Since Inception net of fees (July 31, 2004) <sup>^</sup> | 4.01%      |
| Distribution Frequency  | Quarterly  |
| Yield to Maturity   | 5.63%      |
| Average Credit Rating   | A-         |

## Asset Allocation



## Market Highlights

- ◆ **Fixed Income:** Floating Rate credit finished the month 0.37% higher. Australian floating rate note spreads widened by 2bps over the month. New issues from CBA were met with strong demand during the month.
- ◆ **Cash:** The Reserve Bank of Australia (RBA) kept the cash rate on hold for a fourth month at 4.10% in October. The RBA had considered raising rates again before deciding to hold. Minutes from the latest meeting revealed that the board had a "low tolerance for a slower return of inflation to target than currently expected". The three-month bank bill yield rose 21bps, finishing the month at 4.35%
- ◆ **Hybrids** fell in October as the average major bank hybrid margin widened by 38bps, following overall negative risk sentiment.

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