

MONTHLY UPDATE

April 2018

Performance as at 30th April 2018

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.27	0.48	2.53	3.30	5.50	5.33
Catholic Values Trust	1.79	1.10	6.92	6.54	4.69	7.21

All returns are net of fees and yearly returns are annualised

Investment Market Review

Equity markets across the globe rebounded in April, as apprehension over an impending trade war between the U.S. and China began to subside. The Australian share market, as measured by the S&P/ASX 200 Accumulation Index, gained 3.91% for the month, while global shares, as measured by the MSCI World ex Australia Index (unhedged), finished the month in positive territory and returned 2.75% for the month.

Domestic Economy

Australia's unemployment rate edged up from 5.5% in March, to 5.6% in April despite another 22,600 new jobs created. The increase in the unemployment rate was driven by more people looking for work, with the participation rate rising to a record 65.6%. There was a rise in full-time positions, with 32,700 new full-time jobs created over the month, offsetting the loss of 10,100 part-time employment roles.

The government presented its budget for fiscal year 2018/2019 in early May, with the highlight a cut in income tax rates for low and middle income earners that will take effect on 1 July. The government has also forecast a slight budget surplus for next year despite the tax cuts. Others to benefit from the budget include older Australians who will be able to earn more money without impacting their pension, and the mental health care and services sector, which received an increase of \$338 million in funding to focus on suicide prevention.

U.S. Update

The U.S. Federal Reserve maintained its target range for the Federal Funds Rate at between 1.50% and 1.75% at their latest meeting in May. While rates remained steady, there is growing expectation of a further rate increase at the June meeting.

The U.S. economy added 164,000 jobs in April, which saw the unemployment rate drop from 4.1% in March to 3.9% in April, the lowest level since December 2000. While the jobs growth contributed to the lower rate, the participation rate fell from 62.9% to 62.8% as less people looked for work. Employment grew across a range of sectors, as professional and business services added 54,000 new jobs, manufacturing employment contributed an additional 24,000 jobs and construction added 17,000 new roles. Education and healthcare maintained their recent strong hiring record and added a further 31,000 jobs.

CCI Asset Management Update

End of Financial Year

With the end of the financial year approaching, it's an ideal time to ensure that all your client information is up to date. Have your bank details changed, do you have a new email address or is there a change of authorised signatories?

Let us know of any change by completing the Change of Details Form via the below address:

www.cciassetmanagement.org.au/forms.htm

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

China Update

Retail sales in China grew 9.4% year-on-year in April, down from the 10.1% recorded in March and the weakest growth in four months. Sales in catering grew at the weakest pace in over three years, while sales also slowed in household appliances, clothing, footwear and accessories.

Fixed asset investment in China, which tracks investment in or capital expenditures on assets such as buildings, plant equipment, machinery, etc, expanded 7.0% annually in the first four months of the year, the softest growth since December 1999. Investment in the real estate sector eased from its three-year high and indicates the housing market cycle may be over its peak.

Eurozone Update

Employment conditions remained steady across the Eurozone for March, as the number of unemployed fell by 83,000 and the unemployment rate stayed at 8.5% - the lowest rate since December 2008. Greece continues to have the highest unemployment rate in the Eurozone at 20.6%, followed by Spain (16.1%) and Italy (11.0%), while at the other end of the spectrum, Germany (3.4%) and Malta (3.3%) have the lowest unemployment rates.

Income Trust

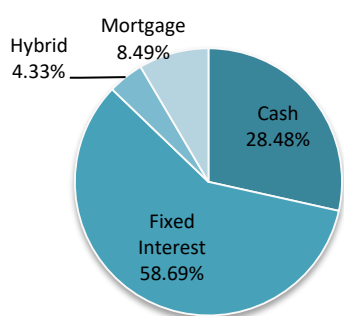
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees)#	0.32	0.64	3.07	3.95	6.15	5.98
Income Trust (Net of Fees)#	0.27	0.48	2.53	3.30	5.50	5.33
Benchmark	0.16	0.44	1.45	1.75	1.96	2.26
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					2.96	

#All yearly returns are annualised

Monthly Performance Commentary

The Income Trust continued to exceed its objective and delivered a positive return for April. At the asset class level Hybrids were the strongest performing for the month, followed by Fixed Interest/Mortgages. National Income Securities was the top contributor for the second straight month, followed by Qube Holdings Subordinated Note, while AMP Limited Floating Rate was the sole detractor for the month.

Asset Allocation

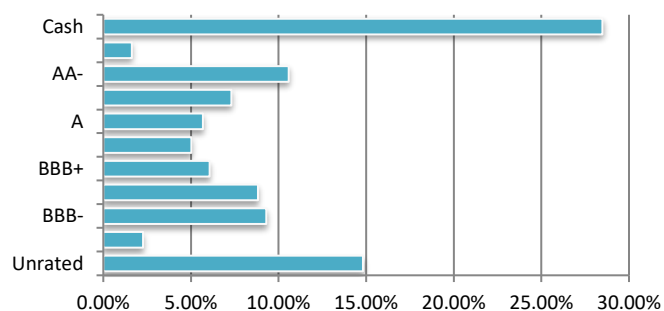


Top Contributors	Asset Class	Return %	Portfolio Contribution %
National Income Securities	Fixed Interest	1.250	0.064
Qube Holdings Sub Note	Fixed Interest	1.048	0.036
NAB FRN	Fixed Interest	0.420	0.024
Mortgage	Mortgage	0.579	0.019
Mortgage	Mortgage	0.625	0.018

Top Detractors	Asset Class	Return %	Portfolio Contribution %
AMP Limited FRN	Fixed Interest	-0.057	-0.003

Portfolio Credit Rating Allocation

Below is the credit composition of the Income Trust Portfolio.



Unrated securities largely consist of unrated retail issues including Qube Holdings Ltd, Suncorp Group Ltd, Seven Group Holdings Ltd, CBA and NAB Hybrid securities. Together these unrated securities represent 6.34% of the Income Trust Portfolio as at 30 April 2018. 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 April 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 for the third month this year, with Qube Holdings Subordinated Note and NAB Floating Rate Note also making positive contributions for the month. AMP Floating Rate Note was impacted by the negative press the company suffered at the Royal Commission and was the sole detractor for the month.

Hybrid Securities

Hybrid Securities outperformed the index this month, with all securities contributing to performance. Suncorp Capital Notes led the way, followed by Seven Group Holdings Convertible Preference Shares, Westpac Capital Notes 3 and CBA Perls IX Capital Notes. Hybrids were the best performing asset class of the portfolio.

Hybrid Portfolio

Security	Issuer Margin
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%
Seven Group Holdings Ltd Convertible Preference Share	BBSW 180 Day + 4.75%
Suncorp Group Capital Notes	BBSW 90 Day + 4.10%
Westpac Capital Notes 3	BBSW 90 Day + 4.00%

Franking Credit Income

#FYTD: 0.0054%

Fund Distribution History (cents per unit)

31 March 2017:	0.55
30 June 2017:	0.82
30 September 2017:	0.24
31 December 2017:	0.51
31 March 2018:	0.51

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	1.84	1.27	7.50	7.24	5.39	7.91
Catholic Values Trust (Net of Fees) [#]	1.79	1.10	6.92	6.54	4.69	7.21
Benchmark	2.09	0.92	6.79	5.93	5.92	8.28
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.75	4.92

[#]All yearly returns are annualised

Monthly Performance Commentary

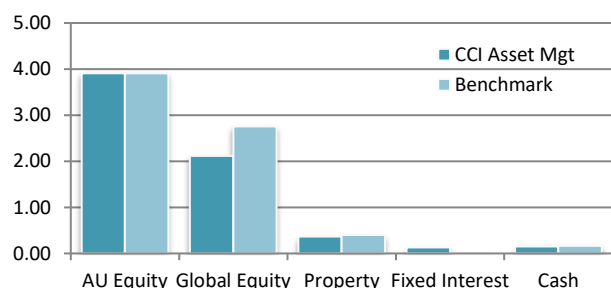
Equity markets across the globe recouped last month's losses and helped the Catholic Values Trust deliver a solid 1.79% for the month, although underperforming the benchmark for April.

All asset classes delivered positive returns, however only Fixed Interest outperformed the benchmark for the month. Australian Equities and the benchmark gained close to 4%, with cash also in line with benchmark. Property marginally underperformed, while Global Equities delivered a positive return of over 2%.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	31.84%	35.00%
Global Equity	24.85%	25.00%
Property	2.98%	5.00%
Fixed Interest	19.90%	25.00%
Cash	20.44%	10.00%

Asset Class Return

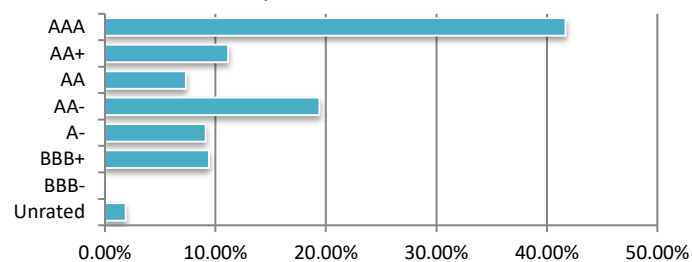


Fixed Interest

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 rebounded from the negative return delivered in March, as investor sentiment returned to a positive outlook. Energy, Health Care, Materials and Consumer Staples were the strongest sectors, while Consumer Discretionary was the sole detractor. At the stock level, resource companies rallied on stronger commodity prices with BHP, Rio Tinto, Woodside and South32 all benefitting and amongst the top contributors. The Royal Commission into misconduct in banking, superannuation and financial services continued, and this time AMP came under fire. After confessing to lying to ASIC and charging clients for services they didn't deliver, the share price continued to fall and was the top detractor for the month.

Franking Credit Income

[#]FYTD: 0.3828%

Top Contributors	Return %	AU Contribution %
BHP Billiton Ltd	9.71	0.63
CSL Limited	9.58	0.48
Rio Tinto Ltd	9.85	0.22
Woodside Petroleum	10.19	0.20
South32Ltd	15.53	0.19

Top Detractors	Return %	AU Contribution %
AMP Limited	-19.04	-0.21
CBA	-0.68	-0.06
Boral Limited	-7.53	-0.05
Amcor Ltd	-3.11	-0.04
Challenger Ltd	-6.41	-0.03

Global Equities

Manager: Perpetual Investments

The fund generated a positive return, although underperformed the benchmark for the month, while continuing to outperform the benchmark since inception. At security level, U.S. based oil and gas company Occidental Petroleum Corporation was the top contributor on the back of rising oil prices. Oil has continued to rise as trade tensions and disruption in the Middle East plays out and has seen Chinese oil producer CNOOC also contribute to the portfolio. Food and beverage producer Mondelez International was the top detractor, as the stock sold-off following concerns that online giants and low-cost rivals will begin to impact earnings. The portfolio remains invested in quality businesses with strong balance sheets and also retains a cash buffer to buy as opportunities arise.

Fund Distribution History (cents per unit)

31 December 2016:	1.82
30 June 2017:	6.19
31 December 2017:	1.42

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

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