

MONTHLY UPDATE

October 2021



CATHOLIC VALUES TRUST

Performance

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [^]	0.28	0.52	2.28	18.06	11.81	10.77
Catholic Values Trust (Net of Fees) [^]	0.22	0.34	2.04	17.36	11.11	10.07
Objective* [^]	0.50	1.50	2.00	5.98	4.81	4.83

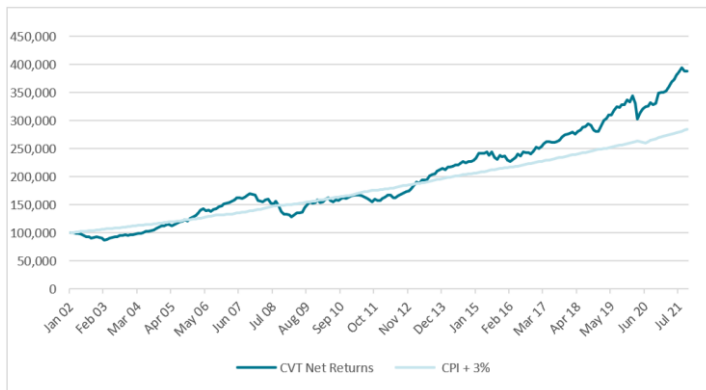
[^] Month, quarter and FYTD are holding period returns
1 year, 3 year, 5-year & since inception returns are annualised.
*Objective is CPI + 3% p.a. rolling 3 & 5 years

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.

Fund Performance

\$100K invested since inception



Catholic Values Trust returned 0.22% net of fees for the month of October. The Fund has outperformed its objective over the rolling 3-year and 5-year periods.

Key Contributors

- ◆ In October, Property returned 5.76% driven by upward asset revaluation in the QIC Core Plus Fund, reflecting the continued strength of the industrial sector within the Fund.
- ◆ Global equities returned 1.7%, largely driven by strong earnings from the September quarter reporting season amid concerns on higher inflation and supply chain issues.
- ◆ Australian equities outperformed the ASX100 benchmark (+0.33% vs -0.03%) on the back of the exclusion of stocks as per the Catholic Value Policy and franking credit benefits accrued from the recent CBA buyback.

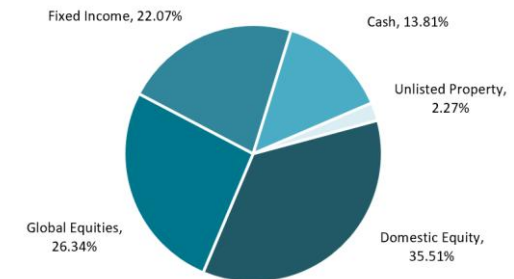
Key Detractors

Fixed Income returned -2.2% in October due to bond yields rising by as much as 0.90% on the back of concerns over rising inflation.

Portfolio Statistics

Funds Under Management	\$195 million
Performance Return Since Inception net of fees (Jan 31, 2002) [^]	7.11% p.a.
Distribution Frequency	Half Yearly

Asset Allocation



Market Highlights

- ◆ Australian equities (S&P/ASX100) returned -0.03% in October. The market was well supported for most of the month, with gains wiped out in the last two days of trading due to inflation concerns.
- ◆ Global Equities (MSCI World ex-Australia \$A Unhedged) outperformed Australian equities, returning 1.7% underpinned by strong earnings and easing of fears around China's property sector. Some of these gains were offset by a 4% fall in USD against the AUD.
- ◆ Fixed Income's underperformance was driven by three-year bond yields ending the month 0.91% higher at 1.22%. This reflected markets pricing in a cash rate hike by mid-next year compared to the RBA's communication to lift rates in 2024.
- ◆ The RBA left the official cash rate unchanged at 0.10% and has discontinued the target of 10 bps for the April 2024 Australian Government bond.

INCOME TRUST

Performance

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees) [^]	0.07	0.35	0.64	2.86	3.27	4.55
Income Trust (Net of Fees) [^]	0.02	0.18	0.42	2.21	2.62	3.90
Objective* [^]	0.08	0.25	0.34	1.02	1.73	2.16

[^] Month, quarter and FYTD are holding period returns

1 year, 3 year, 5-year & since inception returns are annualised

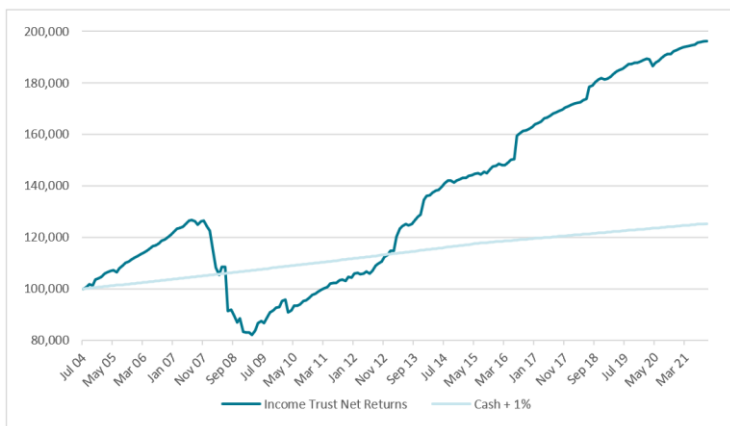
*Objective is AusBond Bank Bill + 1.0% (net of fees) p.a. rolling 3 years

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.

Fund Performance

\$100K invested since inception



The Income Trust returned a marginal positive return of 0.02% net of fees for the month of October. The Fund has outperformed its objective over a rolling 3-year period.

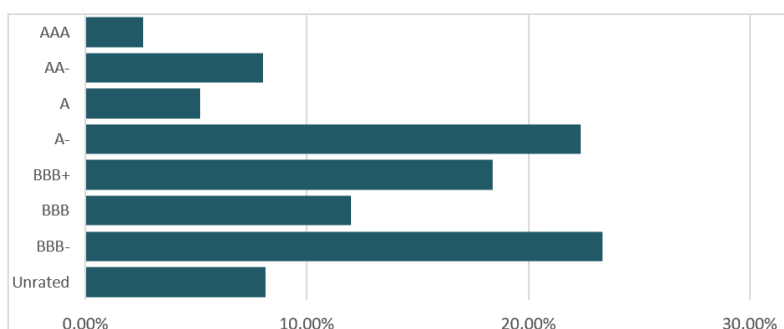
Key Contributors

- Hybrids - the compression of trading margins contributed around 45bps to the overall Trust return.
- Cash produced almost nil return over the month due to the low official policy rate.

Key Detractors

- Floating rate credit was the key detractor, producing a negative return of -0.16% over the month driven by credit spreads widening, pressured by rising bond yields.

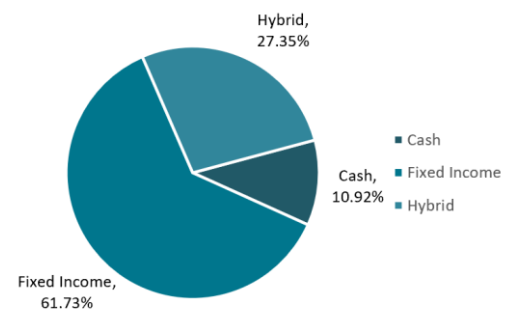
Credit Rating Allocation



Portfolio Statistics

Funds Under Management	\$44 million
Performance Return Since Inception net of fees (Dec 31, 2000) [^]	3.96% p.a.
Distribution Frequency	Quarterly
Yield to Maturity	2.29%
Average Credit Rating	A-

Asset Allocation



Market Highlights

- More persistent inflation concerns drove bond yields higher which flowed through to the credit market. October also saw a bearish trend in financial credit spreads which was highlighted by a primary issue by Bank of Queensland five-year senior note at BBSW+80bps. Floating rate credit spreads closed 5 bps wider over the month.
- Short term money market rates rose during the month, as markets priced in a much more aggressive RBA rate hike following strong inflation in the September quarter. As a result, three-month bank bills ended the month 5 bps higher at 0.07%.
- The hybrids market strengthened in October with spreads narrowing by around 24bps 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

David Smith
National Business Development Manager

Email info@cciassetmanagement.org.au

Telephone 03 9934 3077

Mobile 0408 663 288