

MONTHLY UPDATE

March 2017

Performance as at 31st March 2017

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.78	1.36	3.69	10.76	5.77	7.92
Catholic Values Trust	1.90	2.11	8.82	11.50	5.54	8.69

All returns are net of fees and yearly returns are annualised

Investment Market Review

Both domestic and global equity markets continued the positive theme into March, with the Australian share market, as measured by the S&P/ASX 200 Accumulation Index, returning a strong 3.32% for the month, and global shares as measured by the MSCI World ex Australia Index (unhedged), finishing up 1.82% for the month.

Domestic Economy

The Reserve Bank of Australia left the official cash rate on hold at its historic low of 1.5% in its April meeting. This was the seventh consecutive month that rates have remained stable, with the Board saying that holding its stance will assist with sustainable growth in the economy and help achieve the inflation target over time.

Australia's unemployment remained steady at 5.9% in March, although total employment bounced back strongly with the creation of 60,900 jobs, after a fall in February. Full-time employment spiked by 74,500 jobs, reversing much of the weakness from 2016, while part-time employment fell by 13,600 jobs. The participation rate increased by 0.2pts to 64.8%, meaning a greater proportion of the population was in work or looking for it, and was the reason why the unemployment rate remained unchanged despite strong jobs growth.

Australia's trade surplus widened by 138% to AUD 3.57 billion in February, well above the January surplus of AUD 1.53 billion. This was the second-largest surplus on record and exceeded market expectations of AUD 1.8 billion, as exports rose by 1% and imports fell by 5%.

U.S. Update

The U.S. Federal Reserve raised interest rates for the second time in three months in its March meeting. Interest rates increased by 0.25% to a range of 0.75% to 1.00%, and is a signal of steady economic growth, strong job gains and confidence that inflation is rising to the central bank's target.

The U.S. economy added 98,000 jobs in March, below expectations of 180,000, though the unemployment rate fell to a 10-year low of 4.5%, as the number of unemployed declined by 326,000. Retail jobs fell by 30,000 and construction was up just 6,000 after a gain of 59,000 in February.

CCI Asset Management Updates

Income Trust Distribution

We are pleased to announce the March quarterly distribution payment was made on 12th April 2017 and the distribution rate was 0.553992 CPU.

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

China Update

Exports in China rose 16.1% annually in March, following a 1.3% dip in February, to record the fastest growth in over two years. Imports also rose a healthy 20.2% annually in March, a result of strong demand for raw materials and higher commodity prices. This saw China record a trade surplus of USD 23.9 billion in March, up from a trade deficit of USD 9.1 billion in February.

China's economy grew 6.9% in the first quarter from a year ago, supported by a government infrastructure spending spree and a strong housing market. The first-quarter growth was the fastest since the third quarter of 2015.

Eurozone Update

The unemployment rate in the Eurozone fell to 9.5% in February, the lowest unemployment rate since May 2009, as the number of unemployed persons fell by 140,000. Eight economies in the region recorded lower unemployment rates, including Ireland and Spain, while unemployment rose in Lithuania and was unchanged in the remaining countries. Greece continues to have the highest unemployment rate (23.1%), while Germany (3.9%), registered the lowest unemployment rate in February.

British Prime Minister, Theresa May, called a snap general election for June 8, in a bid to gain support prior to negotiating Britain's exit from the European Union. Ms May had previously ruled out an early election, but has since decided "it is necessary to secure the strong and stable leadership the country needs to see us through Brexit and beyond". The election was not originally scheduled for a further three years, until May 2020.

Income Trust

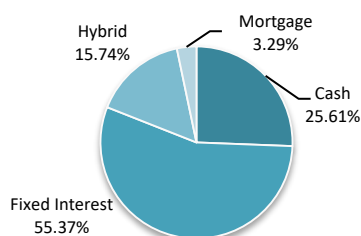
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees)#	0.84	1.52	4.18	11.41	6.42	8.57
Income Trust (Net of Fees)#	0.78	1.36	3.69	10.76	5.77	7.92
Benchmark	0.15	0.44	1.37	1.94	2.29	2.64
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					3.29	

#All yearly returns are annualised

Monthly Performance Commentary

The Income Trust continues to exceed its objective and delivered a positive return of 0.78% for March. All asset classes outperformed, with Hybrids the strongest performing for the month. National Income Securities was the top contributor, followed by West Links Floating Rate Notes, while APA Subordinated Notes was the top detractor to performance for the month.

Asset Allocation

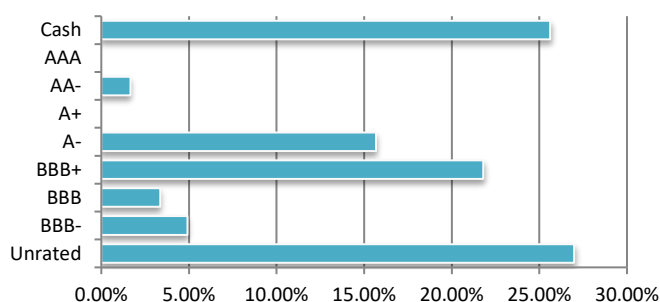


Top Contributors	Asset Class	Return %	Portfolio Contribution %
National Income Securities	Fixed Interest	4.596	0.154
West Links FRN	Fixed Interest	2.996	0.101
CBA FRN	Fixed Interest	0.823	0.098
Bendigo & Adel Bank FRN	Fixed Interest	2.261	0.077
Genworth Financial	Fixed Interest	4.349	0.074
Mortgage FRN			

Top Detractors	Asset Class	Return %	Portfolio Contribution %
APA Sub. Note	Fixed Interest	-0.494	-0.030
NAB Sub. Note	Fixed Interest	-0.219	-0.011
Seven Group Holdings CPS	Hybrid	-0.600	-0.003
Suncorp CPS 3	Hybrid	-0.100	-0.001

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, APT Pipelines Ltd, Suncorp Group Ltd, Seven Group Holdings Ltd, CBA and NAB Hybrid securities. Together these unrated securities represent 23.69% of the Income Trust Portfolio as at 31 March 2017. 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 March and in absolute terms, was the main contributor to the overall performance of the portfolio. At the security level, National Income Securities was the top contributor, followed by West Links Floating Rate Notes and CBA Floating Rate Notes. APA Subordinated Notes reversed last month's position as top contributor, to be the top detractor this month, followed by NAB Subordinated Notes.

Hybrid Securities

Hybrid Securities outperformed the index this month and in relative terms was the main contributor to the overall performance of the portfolio. A new security to the portfolio, NAB Subordinated Notes 2, was the top contributor, followed by NAB Convertible Preference Shares, with Seven Group Holdings Convertible Preference Shares the top detractor.

Following recent maturities within Fixed Interest, the portfolio is currently being re-balanced and Hybrids will revert back to an underweight position.

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 Convertible Preference Share	BBSW 90 Day + 3.20%
NAB Subordinated Notes 2	BBSW 90 Day + 2.20%
Seven Group Holdings Ltd Convertible Preference Share	BBSW 180 Day + 4.75%
Suncorp Group Subordinated Notes 3	BBSW 90 Day + 3.40%
Westpac Capital Notes 3	BBSW 90 Day + 4.00%

Franking Credit Income

#FYTD: 0.0277%

Fund Distribution History (cents per unit)

31 March 2016:	0.58
30 June 2016:	0.86
30 September 2016:	0.54
31 December 2016:	0.47
31 March 2017:	0.55

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	1.96	2.28	9.34	12.20	6.24	9.39
Catholic Values Trust (Net of Fees) [#]	1.90	2.11	8.82	11.50	5.54	8.69
Benchmark	1.92	2.60	9.24	12.88	7.87	9.91
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.62	5.06

[#]All yearly returns are annualised

Monthly Performance Commentary

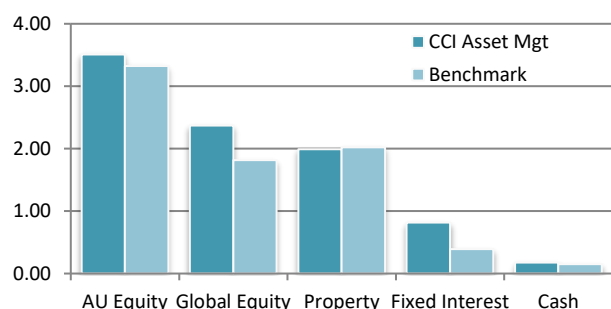
The Catholic Values Trust has continued to exceed its objective of outperforming CPI by 3% p.a. over rolling 3 and 5 year periods, and delivered a positive return for the month, though marginally underperformed the benchmark for February.

Australian Equities outperformed the benchmark and was the top contributor to performance, while Global Equities and Fixed Interest also outperformed. Property and cash performed broadly in line with the benchmark.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	34.51%	40.00%
Global Equity	20.09%	20.00%
Property	3.06%	5.00%
Fixed Interest	19.16%	25.00%
Cash	23.18%	10.00%

Asset Class Return

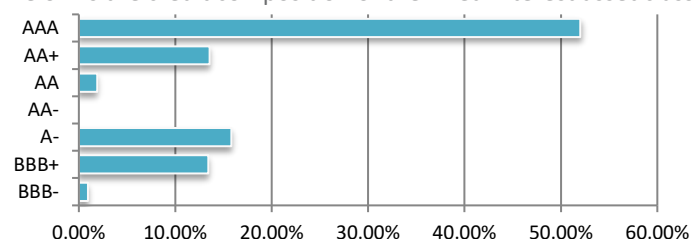


Fixed Interest

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 outperformed the ASX 200 Accumulation Index for the month of March. At the sector level, Financials were the top contributor, followed by Industrials, while Materials were the main detractor. At the stock level, Financials again led the way, with CBA, Westpac & NAB the top contributors, along with South32 and CSL. The top detractors were all miners, including Aeon Metals, BHP, RIO and Western Areas as this sector of the market sold off with commodity prices continuing their recent retreat.

Franking Credit Income

#FYTD: 0.4452%

Top Contributors	Return %	AU Contribution %
Commonwealth Bank of Australia	4.36	0.44
Westpac Banking Corporation	4.04	0.32
National Australia Bank Ltd	4.22	0.28
South32 Ltd	12.79	0.27
CSL Ltd	7.05	0.27

Top Detractors	Return %	AU Contribution %
Aeon Metals Ltd	-15.91	-0.27
BHP Billiton Ltd	-0.88	-0.09
Rio Tinto Ltd	-2.52	-0.06
Western Areas Ltd	-2.53	-0.02
Northern Star Resources Ltd	-2.11	-0.02

Global Equities

Manager: AMP RIL International Share Fund

The Fund produced a positive return in March and outperformed the benchmark. Within the developed market managers, Lazard outperformed whilst Investec performed in line. At the stock level, Lazard's portfolio has benefitted by holding U.S. home supplier Lowe's, which has continued to rally on the back of the housing recovery. Lazard continue to see value in Lowe's given the company's earnings forecast and the favourable economic outlook. Investec saw European financial stocks contribute positively to performance, as markets rallied in the Netherlands and France due to changing political situations. BNP Paribas and ING Group were the main beneficiaries at a stock level.

Within the emerging market exposure, both Investec and Colonial First State produced positive returns, though Investec underperformed the benchmark, while Colonial First State outperformed.

Fund Distribution History (cents per unit)

31 December 2015:	1.37
30 June 2016:	2.34
31 December 2016:	1.82

Asset Allocation Changes (effective 1st April 2017)

Following a recent review of the Strategic Asset Allocation (SAA) of the Catholic Values Trust, the CCI Asset Management Board have approved the below changes to the SAA, effective 1st April 2017.

Asset Class	Pre April 2017		Post April 2017	
	SAA	Range (%)	SAA	Range (%)
Australian Equity	40%	(35 – 45)	35%	(30 – 40)
Global Equity	20%	(15 – 25)	25%	(20 – 30)
Property	5%	(0 – 10)	5%	(0 – 10)
Fixed Interest	25%	(0 – 35)	25%	(0 – 35)
Cash	10%	(0 – 35)	10%	(0 – 35)

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

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