

MONTHLY UPDATE

March 2019

Performance as at 31st March 2019

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.51	1.34	2.75	5.98	6.58	5.28
Catholic Values Trust	0.94	7.67	5.14	9.59	9.04	6.45

All returns are net of fees and yearly returns are annualised

Investment Market Review

The positive start to the new calendar year continued for equity markets across the globe, with the Australian share market, as measured by the S&P/ASX 100 Accumulation Index, returning 0.84% for the month, while global shares, as measured by the MSCI World ex Australia Index (unhedged), carried on from a strong February and returned 1.49% for March.

Domestic Economy

Australian's unemployment rate dropped below 5.0% for the first time in eight years in February, with a rate of 4.9%. The decrease in unemployment was largely driven by fewer people looking for work, with the participation rate falling to 65.5%, down 0.1% from January. The number of new jobs created slowed, with only 4,600 new positions for the month. This was a result of 11,900 new part-time roles created, but a decline 7,300 full-time positions.

The RBA left interest rates unchanged at an all-time low of 1.5% at its last meeting in early April, with moderate inflation, some weakening in economic activity and tighter credit conditions underpinning the RBA's decision – similar to March.

Australia will head to the polls on May 18 to decide which party will form the next federal government, after Prime Minister Scott Morrison called the federal election on April 11.

U.S. Update

After a lackluster performance in February, the U.S. job market bounced back in March. With just 20,000 new jobs created in February, there were concerns the employment market may be slowing, however March created 196,000 new jobs to allay these fears and the unemployment rate remained steady at 3.8%. Health care led the way with 49,000 new jobs, followed by professional and technical services adding 34,000 and food and drink establishments contributing 27,000 positions. Construction rose by 16,000 jobs, however manufacturing lost jobs for the first time since 2017, as 6,000 positions were cut.

There are positive signs in relation to the U.S. – China trade war, with senior U.S. and Chinese officials scheduling two more rounds of face to face trade talks in an effort to reach a deal that President Trump and his Chinese counterpart Xi Jinping could possibly sign by late May.

CCI Asset Management Update

Income Trust Distribution

We are pleased to announce the March quarterly distribution payment was made on 4th April 2019 and the distribution rate was 0.493856 CPU.

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

China Update

Exports in China expanded 14.2% more than March last year, which contrasted the 20.8% drop in February. Meanwhile imports declined 7.6% in annual terms in March, following a 5.2% drop recorded in February. As a result of the sharp decline in imports, the trade balance swung from a USD 5.8 billion deficit in March 2018 to a USD 32.6 billion surplus in March 2019.

The manufacturing purchasing managers index (PMI) rose from 49.2% in February to 50.5% in March, which was the first expansion in four months. Expansion is seen as above the 50% threshold in the manufacturing sector.

Eurozone Update

The Eurozone labour market remained broadly unchanged in February, with the number of unemployed people decreased by 77,000 and the unemployment rate unchanged at 7.8%. Greece continues to have the highest unemployment rate at 18.0%, followed by Spain (13.9) and Italy (10.7%), while at the other end Germany has the lowest level at 3.1%, followed by the Netherlands (3.4%).

With the Brexit deadline been and gone, the European Union (EU) and the United Kingdom (UK) have agreed to a new timeline, with 31 October the new date. Part of the conditions that come with the new deal, mean the UK have to participate in European parliamentary elections in May, or leave the EU on June 1 without a deal. The one positive in the deal is the flexibility for the UK to leave early, should the deal be ratified by the MPs.

Income Trust

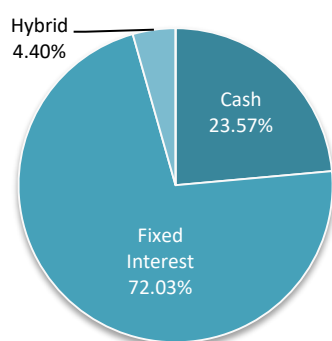
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees) [#]	0.56	1.50	3.24	6.63	7.23	5.93
Income Trust (Net of Fees) [#]	0.51	1.34	2.75	5.98	6.58	5.28
Benchmark	0.17	0.52	1.52	2.01	1.89	2.12
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					2.89	

[#]All yearly returns are annualised

Monthly Performance Commentary

The Income Trust continued to exceed its objective and delivered a positive return for March, with Fixed Interest the top contributing asset class, followed by Hybrid securities. National Income Securities was the top contributing security for the second straight month, while there were no detractors for the period.

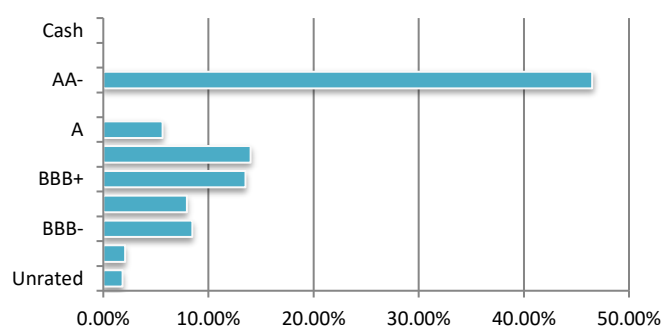
Asset Allocation



Top Contributors	Asset Class	Return %	Portfolio Contribution %
National Income Securities	Fixed Interest	2.639	0.151
NAB FRN	Fixed Interest	1.605	0.066
Qube Subordinated Note	Fixed Interest	1.657	0.058
CBA FRN	Fixed Interest	0.419	0.024
Westpac Banking Corp FRN	Fixed Interest	0.478	0.024

Portfolio Credit Rating Allocation

Below is the credit composition of the Income Trust Portfolio.



Unrated securities largely consist of unrated retail issues including Suncorp Group Ltd and Westpac Hybrid securities. Together these unrated securities represent 1.82% of the Income Trust Portfolio as at 31 March 2019.

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 was the main contributor to the overall performance of the portfolio in absolute terms. At the security level National Income Securities was once again the top contributor, followed by NAB FRN, Qube Subordinated Note, CBA Floating Rate Note and Westpac Floating Rate Note. A further positive for the portfolio was that there were no detractors for the month.

Hybrid Securities

Hybrid Securities also outperformed the index for the month of March and added to performance. In a reversal from last month, there were no detractors and all securities contributed to performance for the period, with ANZ Capital Notes 1 leading the way, followed by Westpac Capital Notes 3, CBA Perls IX Capital Notes, CBA Perls VII Capital Notes and NAB Subordinated Notes 2.

Hybrid Portfolio

Security	Issuer Margin
ANZ Capital Notes 1	BBSW 90 Day + 3.40%
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%
Suncorp Group Capital Notes	BBSW 90 Day + 4.10%
Westpac Capital Notes 3	BBSW 90 Day + 4.00%

Franking Credit Income

[#]FYTD: 0.03%

Fund Distribution History (cents per unit)

31 March 2018:	0.51
30 June 2018:	2.34
30 September 2018:	0.54
31 December 2018:	0.55
31 March 2019:	0.49

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	1.00	7.85	5.66	10.29	9.74	7.15
Catholic Values Trust (Net of Fees) [#]	0.94	7.67	5.14	9.59	9.04	6.45
Benchmark	0.99	7.31	4.79	9.75	9.20	7.69
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.96	4.71

[#]All yearly returns are annualised

Monthly Performance Commentary

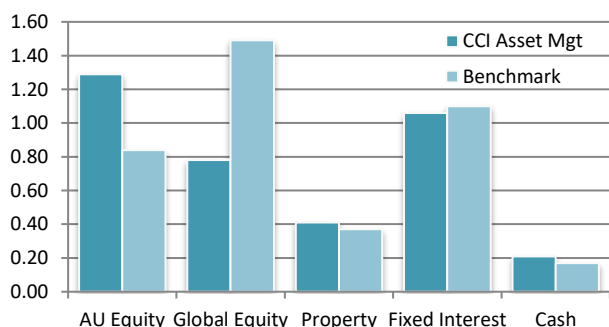
The solid start to the calendar year continued for the Catholic Values Trust, as it delivered 0.94% (net of fees) for the month of March, resulting in 7.67% (net of fees) for the first quarter, as it continued to exceed its objective of outperforming CPI by 3% p.a. over rolling 3 and 5 year periods.

Australian Equities continued to be the best performing asset class, with strong gains within Materials and Real Estate. Fixed Interest delivered a solid return, although marginally underperformed the benchmark, while Global Equities made a positive contribution, it also underperformed the benchmark.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	33.92%	35.00%
Global Equity	27.05%	25.00%
Property	3.17%	5.00%
Fixed Interest	18.31%	25.00%
Cash	17.56%	10.00%

Asset Class Return

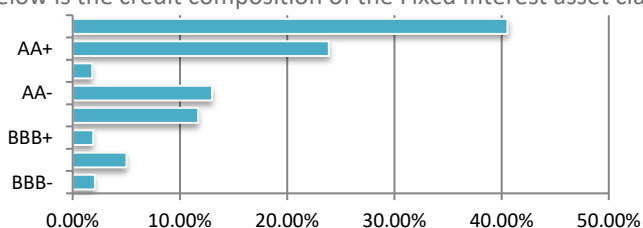


Fixed Interest

The Catholic Values Trust is underweight in Fixed Interest, and continues to maintain the majority of its exposure to semi-government securities. Fixed Interest marginally underperformed 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 had another solid month, with Materials, Real Estate and Consumer Staples leading the way, while Financials detracted from performance. At the security level, it was the big Miners (BHP, Rio and Fortescue Metals) that benefitted from the continued rise in the iron ore price, with Woolworths and Telstra rounding out the top five contributors. On the downside, the big banks (CBA, ANZ and Westpac) reversed last month's position to be the top three detractors in March, followed by Woodside and AMP Limited.

Franking Credit Income

[#]FYTD: 0.87%

Top Contributors	Return %	AU Contribution %
BHP	6.440	0.161
Rio Tinto Limited	17.672	0.139
Woolworths Group Ltd	6.034	0.053
Telstra Corp Ltd	6.070	0.052
Fortescue Metals Group	17.326	0.044

Top Detractors	Return %	AU Contribution %
CBA	-4.476	-0.134
ANZ	-7.036	-0.132
Westpac Banking Corporation	-3.858	-0.082
Woodside Petroleum Ltd	-4.497	-0.036
AMP Limited	-11.017	-0.019

Global Equities

Manager: Perpetual Investments

The fund rose 13.52% for the quarter and outperformed the benchmark by 2.05%. Since inception (December 2017), the fund has returned 10.28% and outperformed the benchmark by 2.47%. Communications and Consumer Staples were the top contributing sectors for March, while Financials and Consumer Discretionary were the top detractors for the month. At the security level, Chip-design software manufacturer Synopsys was the top contributor adding 13.4% after the release of its LightTools software version 8.7. Chinese social media platform YY Inc. rallied 19.2% on the December quarter financial results, while entertainment systems developer Nintendo added 5.9% after reports that they intend to launch two new versions of their gaming console Switch. Top detractors for the month included banking services provider ING Groep (-8.4%), fast food chain operator Telepizza Group SA (-1.6%) and Chinese automotive website company Bitauto (-18.5%).

Fund Distribution History (cents per unit)

31 December 2017:	1.42
30 June 2018:	9.01
31 December 2018:	2.93

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

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