

MONTHLY UPDATE

November 2019

Performance as at 30th November 2019

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.15	0.33	0.82	3.17	4.21	5.03
Catholic Values Trust	2.42	3.71	5.11	18.50	10.33	7.66

All returns are net of fees and yearly returns are annualised

Investment Market Review

Equity markets across the globe enjoyed a strong November period, with the Australian share market, as measured by the S&P/ASX 100 Accumulation Index, increasing 3.38% for the month, while global shares, as measured by the MSCI World ex Australia Index (unhedged), also produced a strong return of 4.74% for November. As a result we saw both the Income Trust and Catholic Values Trust deliver solid performance in November, expanding 0.15% and 2.42% respectively, net of fees.

Domestic Economy Update

Australia's employment posted its strongest monthly gain in over a year, with 39,900 new jobs added in November. The majority of the gains were in part-time employment, with 35,700 new positions and just 4,200 new full-time roles. This saw the unemployment rate fall back to 5.2% from 5.3% in October. The proportion of people in work or looking for it (participation rate) remained steady near its record high of 66%.

The Reserve Bank of Australia (RBA) held interest rates steady at 0.75% at its last meeting of the year in early December. The RBA has halved the cash rate since June as it seeks to drive down the unemployment rate and lift wages. RBA governor Philip Lowe said the economy had reached a "gentle turning point", maintaining the bank's belief that growth would pick up to about 3 per cent by 2021, with household spending remaining the biggest risk.

House prices in most Australian cities are surging, with average prices nationally posting their first annual growth in 19 months. National property prices lifted by the most in 16 years in November, with Sydney leading the way and increasing by 2.7%. Hobart jumped 2.3%, Melbourne rose by 2.2% and Canberra recorded a 1.6% increase. Brisbane, Adelaide and Perth all saw modest gains, while values in Darwin fell 1.2%. Clearance rates continue to increase and across capital cities are almost double from the same time last year.

Merry Christmas

The CCI Asset Management Team would like to wish everyone a Merry Christmas and Happy New Year. May you have a safe and happy festive season and we look forward to continuing to work together in 2020.

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

Global Economy Update

On the back of a strong U.S. jobs market in November, where 266,000 new positions were created, the US unemployment rate fell to 3.5% for the month, down from 3.6% in October. This was the best jobs growth since January and well clear of the November 2018 total of 196,000 new roles. There was strong employment in motor vehicles and parts of 41,300 jobs, Health Care added 45,000 new roles and Leisure & Hospitality increased by 45,000 new jobs. We also saw the labour force participation rate fall 0.1% to 63.2%.

The U.S. and China have announced a preliminary trade agreement. The phase one deal will see billions of dollars in tariffs removed or delayed and comes just days before a fresh wave of U.S. tariffs on Chinese imports was due to take effect. U.S. President Trump also said that they will work on phase two immediately, rather than waiting until after the 2020 election.

The UK went to its third general election since 2015, with Conservative Party Leader Boris Johnson looking to increase his parliamentary majority and end months of deadlock over the UK's exit from the European Union. The result saw Boris Johnson's Conservative Party easily secure the required number of seats to govern with a majority (364 seats to 203 seats) and resulted in Labour leader Jeremy Corbyn announcing that he would step down. Prime Minister Johnson has confirmed that getting Brexit done is his priority.

Income Trust

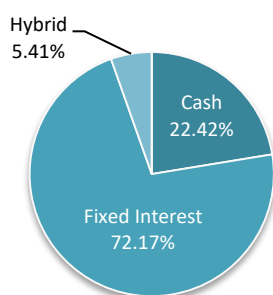
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees) [#]	0.20	0.49	1.04	3.82	4.86	5.68
Income Trust (Net of Fees) [#]	0.15	0.33	0.82	3.17	4.21	5.03
Benchmark	0.08	0.25	0.45	1.58	1.75	1.95
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					2.75	

[#]All yearly returns are annualised

Monthly Performance Commentary

The Income Trust continued to produce a positive yield throughout November, registering a return of 0.15% net of fees. Fixed Interest was the top performing asset class in absolute terms, with Hybrids and Cash providing a small positive contribution. The fund outperformed the benchmark for the month net of fees and continues to outperform over all other rolling periods.

Asset Allocation



Fixed Interest

Fixed Interest performed well during November, providing a positive contribution of 0.13%. Due to its large asset allocation of 72.17%, the positive performance of this asset class had a large impact on the portfolio return. Qube Subordinated Notes reversed last month's underperformance, to be the top contributor for the month, followed by Standard Chartered Bank Floating Rate Note and CBA Floating Rate Note. The top detractor was Bendigo and Adelaide Bank Floating Rate Note.

Hybrid Securities

Hybrid Securities were basically flat this month, contributing only 0.01%. Since there is only a slight exposure to Hybrids of 5.41%, this had minor influence on the overall portfolio movement. The sole detractor was Westpac Capital Notes 3, while CBA Perls IX Capital Notes was the top contributor, although added little to the portfolio.

Hybrid Portfolio

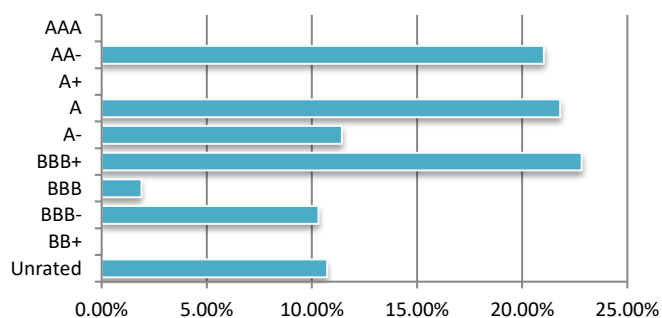
Top Contributors	Asset Class	Return %	Portfolio Contribution %
QUB Subordinated Notes	Fixed Interest	0.786	0.024
Standard Chartered Bank FRN	Fixed Interest	0.538	0.016
CBA FRN	Fixed Interest	0.207	0.014
Toronto-Dominion Bank FRN	Fixed Interest	0.211	0.011
AMP Bank Ltd FRN	Fixed Interest	0.147	0.007

Top Detractors	Asset Class	Return %	Portfolio Contribution %
Bendigo & Adelaide Bank	Fixed Interest	-0.648	-0.020
Westpac Capital Notes 6	Hybrids	-0.220	-0.001

Security	Issuer Margin
ANZ Bank Preference Shares	BBSW 90 Day + 3.40%
ANZ Capital Notes 6	BBSW 90 Day + 3.40%
CBA Perls VII Capital Notes	BBSW 90 Day + 2.80%
CBA Perls XII Capital Notes	BBSW 90 Day + 3.00%
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 Group Capital Notes	BBSW 90 Day + 3.70%
Westpac Capital Notes 3	BBSW 90 Day + 4.00%

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 3.11% of the Income Trust Portfolio as at 30 November 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

Fund Distribution History (cents per unit)

30 September 2018:	0.54
31 December 2018:	0.55
31 March 2019:	0.49
30 June 2019:	0.69
30 September 2019:	0.38

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	2.48	3.89	5.34	19.20	11.03	8.36
Catholic Values Trust (Net of Fees) [#]	2.42	3.71	5.11	18.50	10.33	7.66
Benchmark	2.57	3.71	5.06	17.60	10.29	8.70
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.79	4.68

[#]All yearly returns are annualised

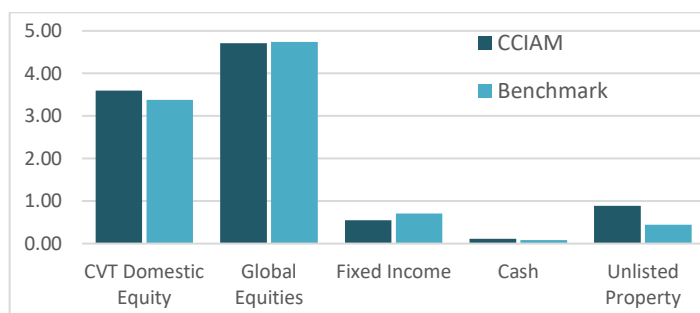
Monthly Performance Commentary

The Catholic Values Trust performed very strongly in November, increasing by 2.42% net of fees and continued the strong performance in 2019, expanding by 18.50% net of fees over the 1 year period. This has largely been contributed by growth in equities, domestically and globally, as equity valuations continue to climb, aided by increasing optimism regarding the ongoing trade war. The fund is performing well above its Objective of CPI + 3% per annum over the rolling 3 and 5 year periods.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	33.14%	35.00%
Global Equity	25.61%	25.00%
Property	3.00%	5.00%
Fixed Interest	18.72%	25.00%
Cash	19.53%	10.00%

Asset Class Return

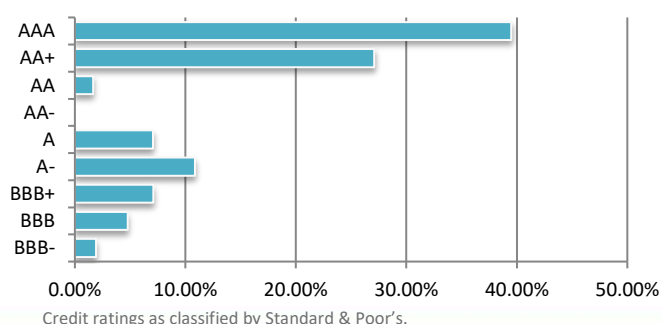


Fixed Interest

The Catholic Values Trust is underweight in Fixed Interest, and continues to maintain the majority of its exposure to semi-government securities, which contracted during the month as a result of a rise in fixed interest yields.

Fixed Interest Credit Rating Allocation

Below is the credit composition of the Fixed Interest asset class.



Australian Equities

Australian Equities rebounded in November, with Materials and Health Care leading the way. At the security level CSL Limited, the global leader in blood plasma products and second biggest producer of influenza vaccines, continues to grow, returning over 10% for the month and now trading at over \$280 dollars per share to be the top contributor for the month. Other contributors were BHP, Telstra, CBA and Woolworths. Financials was the top detracting sector, so it was not surprise to see three of the big 4 banks (Westpac, NAB and ANZ) as the top detractors. Westpac led the downfall after AUSTRAC revealed they were facing charges relating to money laundering and counter-terrorism finance laws, publicly accused of 23 million breaches in total.

Top Contributors	Return %	AU Contribution %
CSL Limited	10.72	0.247
BHP Group Limited	6.34	0.137
Telstra Corporation	10.60	0.089
CBA	2.74	0.075
Woolworths Limited	6.54	0.065

Top Detractors	Return %	AU Contribution %
Westpac Banking Corporation	-9.37	-0.180
NAB Limited	-5.64	-0.091
ANZ Limited	-3.32	-0.052
APA Group	-5.57	-0.016
Medibank	-3.55	-0.006

Global Equities

Manager: Vanguard Ethically Conscious International Shares Index Fund

The Vanguard Ethically Conscious International Share Index Fund performed strongly in November and was the largest contributing asset class of the Catholic Values Trust in absolute terms. The fund returned 4.71% net of fees, following an improvement in the global economic outlook after rate cuts across all developed economies occurred in order to stimulate aggregate demand. The top contributors included Apple, Microsoft and Walt Disney, while Home Depot and Cisco Systems were amongst the top detractors for the period.

Fund Distribution History (cents per unit)

30 June 2018:	9.01
31 December 2018:	2.93
30 June 2019:	6.26

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

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