

# MONTHLY UPDATE

## July 2022



### CATHOLIC VALUES TRUST

#### 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.

#### Performance

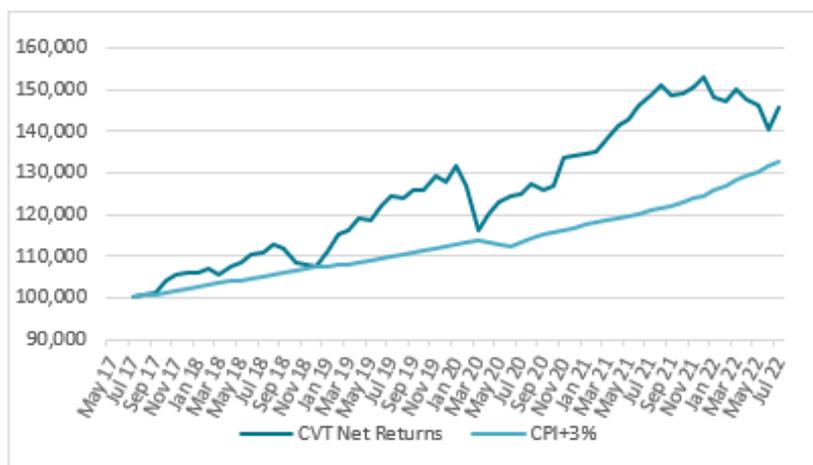
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) <sup>^</sup>	3.72	-1.37	3.72	-1.25	6.05	8.49
Catholic Values Trust (Net of Fees) <sup>^</sup>	3.66	-1.55	3.66	-1.95	5.35	7.79
Objective* <sup>^</sup>	0.84	2.52	0.84	9.50	<b>6.32</b>	<b>5.72</b>

<sup>^</sup> Month, quarter and FYTD are holding period returns. 1 year, 3 year, 5-year & since inception returns are annualised.

\*Objective is to outperform CPI + 3% p.a. rolling 3 & 5 years (net of fees)

#### Rolling 5-year Fund Performance vs Objective

\$100K invested over rolling 5 years



Catholic Values Trust returned 3.66% net of fees for the month of July. The Fund has underperformed its objective over the rolling 3-year period but outperformed its rolling 5-year period.

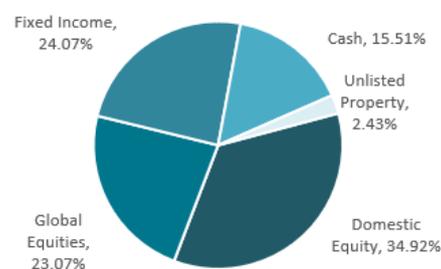
#### Key Contributors

- ◆ Signs of peaking inflation and better-than-expected earnings in the US helped to lift the **Global Equities** market in July, returning 5.6%.
- ◆ **Australian Equities** returned 5.4% over July. Easing recession fears and better-than-expected inflation data meant growth and interest rate sensitive stocks outperformed, with Information Technology and Real Estate up 15% and 12% respectively.
- ◆ In July, **Fixed Income** returned 1.73%, driven by a fall in bond yields with markets reassessing the terminal cash rate downwards. Credit spreads also narrowed over the month.

#### Portfolio Statistics

Funds Under Management	\$184 Million
Performance Return Since Inception net of fees (Jan 31, 2002) <sup>^</sup>	6.72%
Distribution Frequency	Half Yearly

#### Asset Allocation



#### Market Highlights

- ◆ **Australian equities** (S&P/ASX100) returned 5.3% in July, after better-than-expected inflation data for the June quarter supported market sentiment. Financials was the key contributor as the largest weighting in the index on the back of improving non-performing loans. Materials was the only detractor as mining companies came under pressure with commodity prices falling on the back of renewed fears of a Chinese economic slowdown due to an increase in COVID-19 cases and the ongoing property development crisis.
- ◆ **Global equities** (MSCI World ex-Australia \$A Unhedged) gained 6.4% over the month of July supported by markets gradually pricing in interest rate cuts from the US Federal Reserve (Fed) in 2023 despite new record high US inflation print at 9.1% y/y and weaker global economic data. Further, the rally was driven by a better-than-expected earnings reporting season. However, a 1.2% rise in AUD vs USD offset some of the gains in the asset class.
- ◆ **Fixed Income**, as measured by the Bloomberg AusBond Composite 3-5 Yr Index rose by 2.4% over July. Australian bond yields fell by around 46 to 60bps across the curve. Risk appetite waned with markets winding back RBA's tightening expectations and robust corporate earnings eased concerns about a sharp slowdown in economic growth.

# INCOME TRUST

## 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.

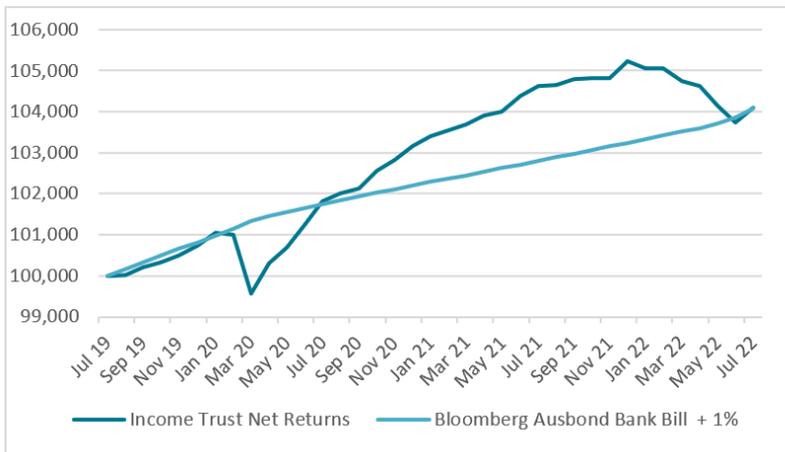
## Performance

	Month	Quarter	FYTD	1 Year	3 Years
Income Trust (Gross of Fees) <sup>^</sup>	0.41	-0.34	0.41	0.15	2.00
Income Trust (Net of Fees) <sup>^</sup>	0.35	-0.50	0.35	-0.50	1.35
Objective* <sup>^</sup>	0.20	0.45	0.20	1.23	<b>1.34</b>

<sup>^</sup> Month, quarter and FYTD are holding period returns. 1 year, 3 year, 5-year & since inception returns are annualised.  
\*Objective is to outperform AusBond Bank Bill + 1.0% p.a. rolling 3 years (net of fees)

## Rolling 3-Year Fund Performance vs Objective

\$100K invested over rolling 3 years

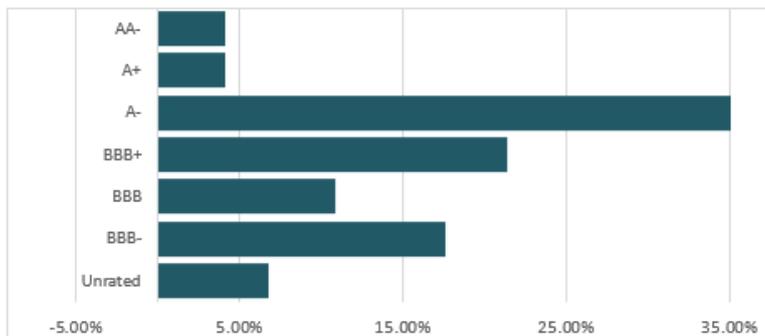


The Income Trust returned 0.35% net of fees for the month of July. The Fund has outperformed its objective over a rolling 3-year period by 0.01%.

## Key Contributors

- Hybrids was the key contributor, producing 1.44% over the month of July. Trading margins of most hybrid securities within the portfolio tightened by around 45bps.
- Cash returned 0.1%, driven by rising cash rates as the short-term money market continued to reflect the shift to a larger tightening cycle.
- Fixed Income returned a marginal 0.02% over the month. Despite a solid yield of 3.81%, sub-ordinated debt detracted from performance with credit spreads widening, driven by new supply.

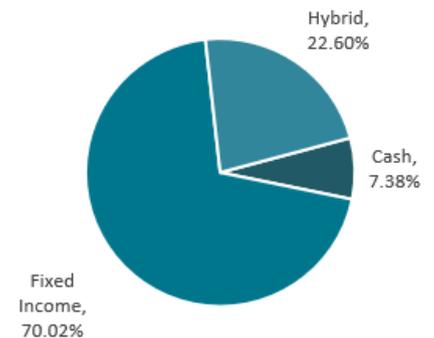
## Credit Rating Allocation



## Portfolio Statistics

Funds Under Management	\$41.5 Million
Performance Return Since Inception net of fees (July 31, 2004) <sup>^</sup>	3.75%
Distribution Frequency	Quarterly
Yield to Maturity	4.70%
Average Credit Rating	BBB+

## Asset Allocation



## Market Highlights

- Fixed Income:** Floating Rate credit markets closed slightly stronger over the month, returning 0.24%. This is partly due to investors' optimism that the pace of Central Bank's monetary tightening is set to slow down. Australian floating rate note spreads tightened by 2.4bps, supported by the rally in bond yields.
- Cash:** The Reserve Bank of Australia (RBA) continued with aggressive front-end loaded monetary tightening, raising the official cash rate by 50bps to 1.35%. Short-term money market yields continued to rise, reflecting the shift by central banks to a more aggressive tightening cycle. The three-month bank bill yield ended the month 31bps higher at 2.12%.
- Hybrids** had a solid month, as spreads compressed sharply by 33bps over July after a period of new supply which contributed to weakness over June.

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