

# MONTHLY UPDATE

## May 2023

### CATHOLIC VALUES TRUST

#### Investment Objective

To provide a return (after fees and expenses) that exceeds CPI by 3% p.a. measured over a rolling 7-year period, and invest in accordance with the Catholic Values Policy.

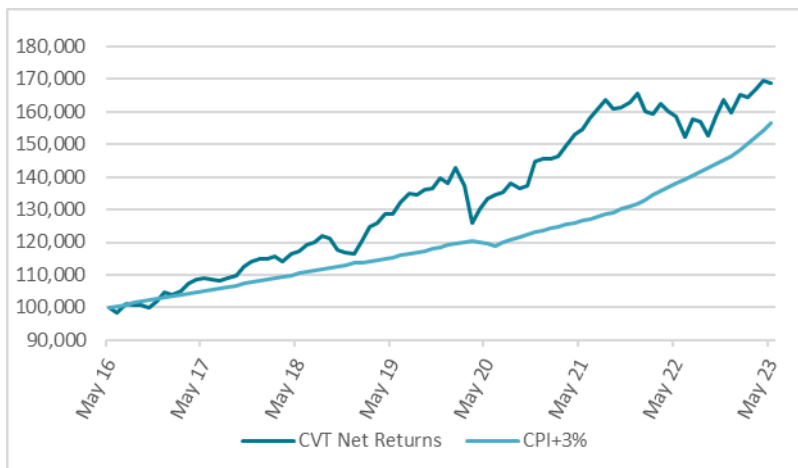
#### Performance

	Month	Quarter	FYTD	1 Year	3 Years	5 Years	7 Years
Catholic Values Trust (Gross of Fees) <sup>^</sup>	-0.22	2.99	11.70	7.25	8.94	8.26	8.47
Catholic Values Trust (Net of Fees) <sup>^</sup>	-0.28	2.81	11.06	6.55	8.24	7.56	7.77
Objective <sup>^</sup>	1.33	4.01	12.19	13.09	9.23	7.10	6.50

<sup>^</sup> Month, quarter and FYTD are holding period returns. 1 year, 3 year, 5-year, 7 year & since inception returns are annualised.

#### Rolling 7-year Fund Performance vs Objective

\$100K invested over rolling 7 years



Catholic Values Trust returned -0.28% net of fees for the month of May. The Fund has outperformed its objective over a rolling 7-year period.

#### Key Contributors

- ◆ **Global equities** returned 2.52% in May. Risk sentiment was largely supported by technology companies that benefited from optimism around the future of Artificial Intelligence. The USD strengthened against the AUD, contributing to the strong return.

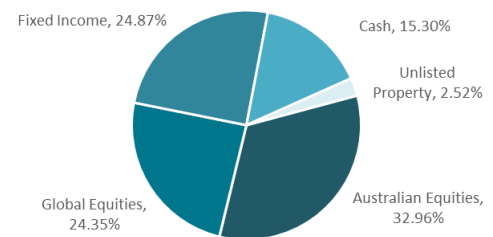
#### Key Detractors

- ◆ **Australian Equities** returned -2.20% in May. The local technology sector was the strongest performer benefiting from global enthusiasm around Artificial Intelligence. Consumer Discretionary and Staples lagged, as more data suggests higher rates and cost of living pressures are having an impact on consumer spending.
- ◆ **Fixed Income** returned -0.61% in May, accrued interests offset some of the capital losses from rising yields.
- ◆ **Unlisted Property** returned -0.46% over May.

#### Portfolio Statistics

Funds Under Management	177 Million
Performance Return Since Inception net of fees (Jan 31, 2002) <sup>^</sup>	6.80%
Distribution Frequency	Half Yearly

#### Asset Allocation



#### Market Highlights

- ◆ **Australian equities:** (S&P/ASX100) finished the month 2.26% lower. The RBA surprised markets with a 25bps rate hike. Inflation for April came in higher than expected at 6.8% yoy. The labour market showed signs of softening, with unemployment rising to 3.7%. An uptick in annual wage growth and rising house prices puts pressure on the RBA to continue raising rates.

- ◆ **Global equities:** (MSCI World ex-Australia \$A Unhedged) finished the month 1.18% higher. Concerns around the outcome of the US debt ceiling and a hawkish Fed were offset by enthusiasm around the future of Artificial Intelligence.

- ◆ **Fixed Income:** As measured by the Bloomberg AusBond Composite 3-5 Yr Index finished the month 0.83% lower. Bond yields rose sharply over month with the 10-year Australian government bond rising 27bps and 3-year rising 37bps. The moves reflected more hawkish RBA sentiment following the 25bps rate hike in May.

# 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% p.a. (net of fees) over rolling 3-year periods.

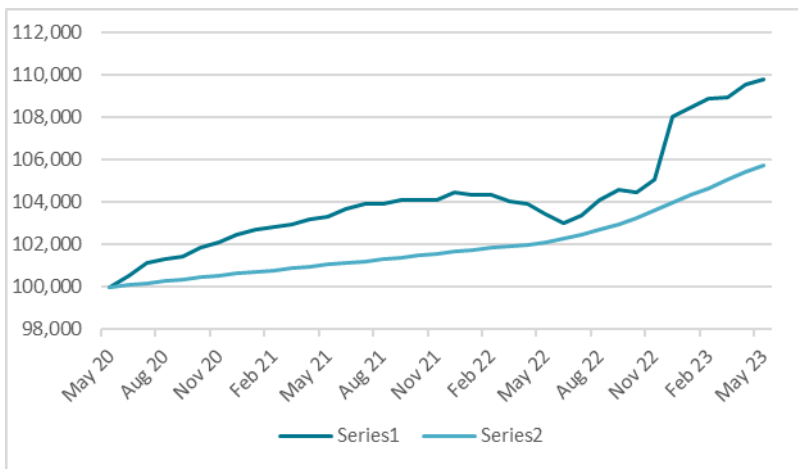
## Performance

	Month	Quarter	FYTD	1 Year	3 Years
Income Trust (Gross of Fees)^	0.25	0.98	7.18	6.81	3.82
Income Trust (Net of Fees)^	0.19	0.81	6.58	6.16	3.17
Objective^	0.29	1.13	3.50	3.63	<b>1.91</b>

^ Month, quarter and FYTD are holding period returns. 1 year & 3 year returns are annualised.

## Rolling 3-Year Fund Performance vs Objective

\$100K invested over rolling 3 years



The Income Trust returned 0.19% net of fees for the month of May. The Fund has outperformed its objective over a rolling 3-year period.

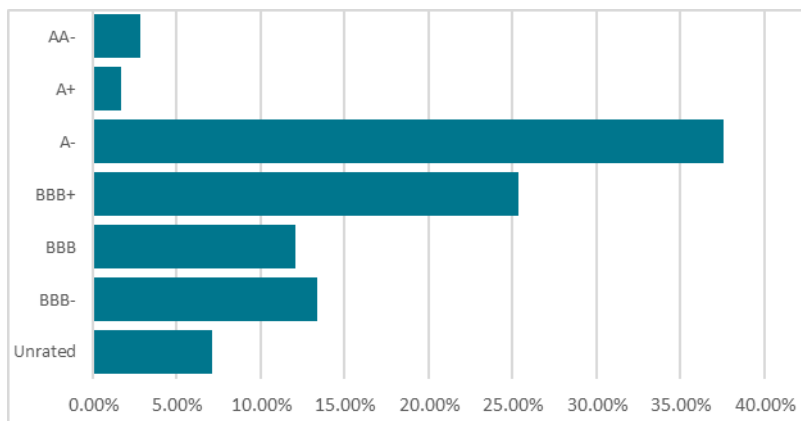
### Key Contributors

- Fixed Interest returned 1.08%, largely from accrued interests.

### Key Detractors

- Hybrids returned -0.25%. Accrued interests offset much of the capital loss. MQGPE was the largest detractor.

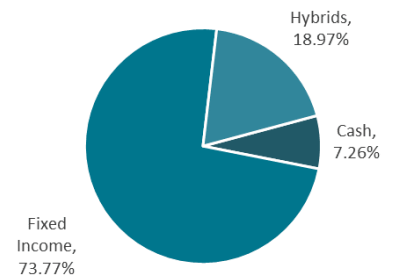
## Credit Rating Allocation



## Portfolio Statistics

Funds Under Management	38 Million
Performance Return Since Inception net of fees (July 31, 2004)^	3.92%
Distribution Frequency	Quarterly
Yield to Maturity	5.40%
Average Credit Rating	BBB+

## Asset Allocation



## Market Highlights

- Fixed Income:** Floating Rate credit finished the month 0.46 higher. Australian floating rate note spreads finished the month 2bps wider. This had a modest deduction to the return received from accrued interests. Calm returned to credit markets after the regional US banking crisis concerns in the previous month.
- Cash:** The Reserve Bank of Australia (RBA) raised rates by 25bps in May, taking the cash rate to 4.1%. The three-month bank bill yield rose 30bps, finishing the month at 3.98%
- Hybrids:** fell in May as the average major bank hybrid widened by 62bps. The moves followed risk off sentiment in the local equities market.

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