

MONTHLY UPDATE

July 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) [^] | 1.55 | 2.57 | 1.55 | 10.73 | 9.34 | 8.31 | 8.71 |
| Catholic Values Trust (Net of Fees) [^] | 1.49 | 2.40 | 1.49 | 10.03 | 8.64 | 7.61 | 8.01 |
| Objective [^] | 0.98 | 2.96 | 0.98 | 10.62 | 8.89 | 6.83 | 6.29 |

[^] 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 1.49% net of fees for the month of July. The Fund has outperformed its objective over a rolling 7-year period.

Key Contributors

- ◆ **Global equities** returned 1.29% in July. Risk sentiment was supported by the soft-landing narrative; where inflation is easing, central banks are near the end of rate hike cycles, and economic data is showing resilience. The AUD appreciated against the USD, which detracted from returns.
- ◆ **Australian Equities** returned 2.88% in July. The energy sector was the best performer on rising oil prices, amid production cuts from OPEC and Russia. The healthcare sector lagged, largely due to weakening investor sentiment for CSL and an earnings downgrade for Ansell.
- ◆ **Fixed Income** returned 0.71% in July from a combination of capital returns due to falling shorter term yields and accrued interests.

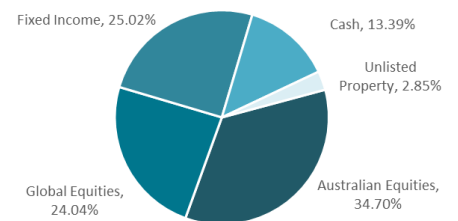
Key Detractors

- ◆ **Unlisted Property** returned -1.59% over July. Assets within the QIC core plus fund were externally valued at 30 June and saw negative movements due to softening valuation metrics. Income returns from distributions offset some of the negative capital movement.

Portfolio Statistics

| | |
|--|-------------|
| Funds Under Management | 153 Million |
| Performance Return Since Inception net of fees (Jan 31, 2002) [^] | 6.88% |
| Distribution Frequency | Half Yearly |

Asset Allocation



Market Highlights

- ◆ **Australian equities** (S&P/ASX100) finished the month 2.81% higher. The RBA kept the cash rate on hold at 4.10%. The quarterly inflation report showed headline CPI rose 6% yoy in June, which was less than expected. Price pressures for consumer goods have eased, however services inflation (rents, restaurants & holidays) remain elevated. The labour market remains tight with more jobs added than expected and the unemployment rate fell to 3.5%. Retail sales fell 0.8% mom in June, as consumers wound back spending on household goods.
- ◆ **Global equities** (MSCI World ex-Australia \$A Unhedged) finished the month 2.09% higher. Strong data from the US supported hopes of a soft landing and lower probability of recession. Inflation eased further to 3% yoy in June. The jobs market showed signs of cooling but remains tight with employment at 3.6%. There was an upwards revision in US GDP growth in Q1. US earnings season was positive, with most company reports beating estimates.
- ◆ **Fixed Income**, as measured by the Bloomberg AusBond Composite 3-5 Yr Index finished the month 0.83% higher. The curve steepened, with the 10-year Australian government bond rising 4bps and 3-year falling 15bps. The moves reflected an improving economic outlook.

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.

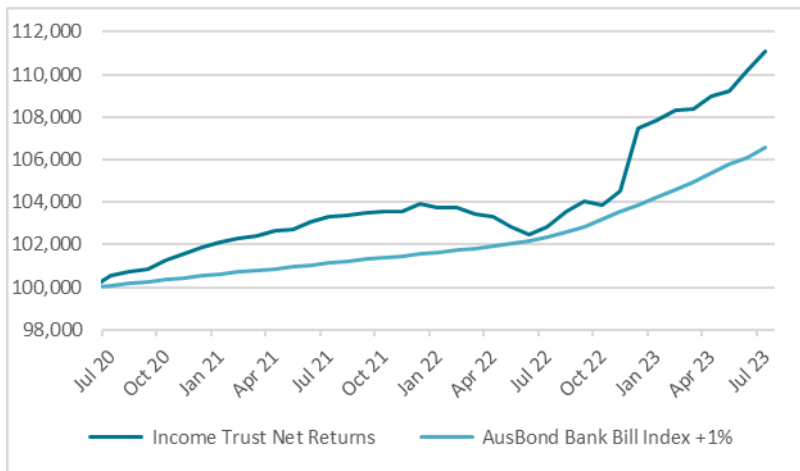
Performance

| | Month | Quarter | FYTD | 1 Year | 3 Years |
|---|-------|---------|------|--------|---------|
| Income Trust (Gross of Fees) [^] | 0.87 | 2.09 | 0.87 | 8.70 | 4.03 |
| Income Trust (Net of Fees) [^] | 0.81 | 1.93 | 0.81 | 8.05 | 3.38 |
| Objective [^] | 0.46 | 1.16 | 4.30 | 4.09 | 2.11 |

[^] 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

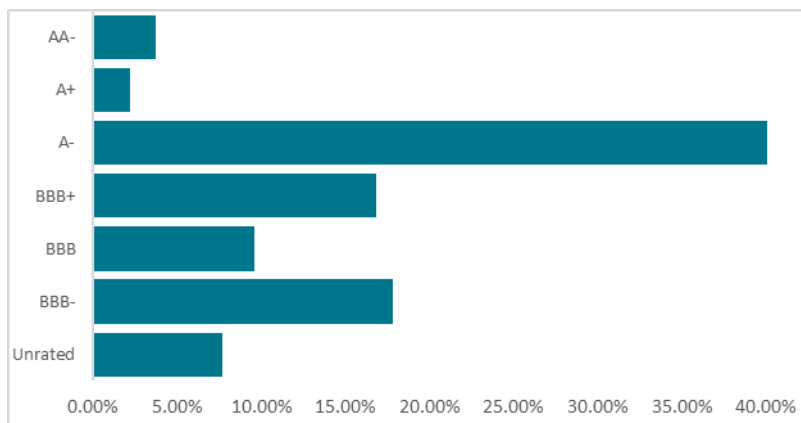


The Income Trust returned 0.81% net of fees for the month of July. The Fund has outperformed its objective over a rolling 3-year period.

Key Contributors

- ◆ **Fixed Interest** returned 0.64%, from a combination of tightening credit spreads and accrued interests.
- ◆ **Hybrids** returned 1.53% from tightening hybrid spreads. AN3PI was the largest contributor.

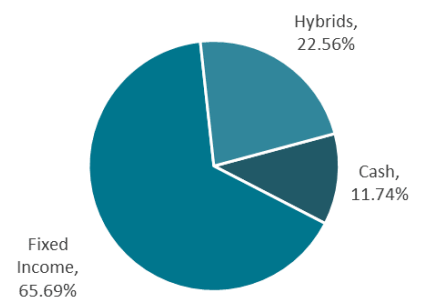
Credit Rating Allocation



Portfolio Statistics

| | |
|---|------------|
| Funds Under Management | 30 Million |
| Performance Return Since Inception net of fees (July 31, 2004) [^] | 3.98% |
| Distribution Frequency | Quarterly |
| Yield to Maturity | 5.69% |
| Average Credit Rating | A- |

Asset Allocation



Market Highlights

- ◆ **Fixed Income:** Floating Rate credit finished the month 0.46% higher. Australian floating rate note spreads tightened by 2bps over the month. Bank primary issuance was subdued ahead of earnings season. Suncorp issued a covered bond programme, which was met with strong demand.
- ◆ **Cash:** The Reserve Bank of Australia (RBA) kept the cash rate on hold at 4.10% in July. The decision was a close call and members noted that lags in monetary policy meant the full effects of previous tightening had yet to be observed. The RBA signalled they will continue to be highly data dependent at future decisions. The three-month bank bill yield fell 9bps, finishing the month at 4.26%
- ◆ **Hybrids** rose in July as the average major bank hybrid narrowed by 46bps. The moves followed risk on sentiment in the local equities market.

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