

MONTHLY UPDATE

August 2017

Performance as at 31st August 2017

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.24	0.91	0.61	4.22	5.35	7.48
Catholic Values Trust	0.36	-0.18	0.28	7.64	4.49	8.66

All returns are net of fees and yearly returns are annualised

Investment Market Review

August was a positive month for equity markets across the globe, with the Australian share market, as measured by the S&P/ASX 200 Accumulation Index, increasing 0.71% for the month of August, while global shares, as measured by the MSCI World ex Australia Index (unhedged), also finished on a high, returning 0.81% for the month.

Domestic Economy

Australia's unemployment rate remained steady at 5.6% in August, with more than 54,000 jobs created. 40,100 full-time positions were added to the economy, while 14,100 part-time jobs were created for the month. The unemployment rate remained steady amongst the strong jobs growth as the participation rate (those in work or looking for work) increased to 65.3% in August from 65.1% in July. That is the highest participation rate in almost five years.

The level of job creation was more than three times higher than what most economists expected and saw the Australian dollar push back above \$0.80 US cents. For the month of August, the dollar remained solid after beginning the month at \$0.8003 against the US dollar and finishing at \$0.7947.

The Reserve Bank of Australia (RBA) maintained interest rates steady at a record low of 1.5% at its 5 September meeting. Minutes from the meeting show that the RBA expect the economy to pick up gradually over the coming year, with the outlook for non-mining investment to improve and inflation to rise as the economy strengthens.

U.S. Update

The U.S. unemployment rate increased by 0.1% to 4.4% in August, up from a 16- year low. There were 156,000 jobs added to the economy in August (below expectations), with manufacturing the stand out sector adding 36,000 new jobs, followed by healthcare which added 20,200 new positions and auto plants which created 13,700 jobs.

Meanwhile, consumer prices finally picked up in August and marked the largest increase since January. Inflation rose from 1.7% in July to 1.9% in August, a seven month high, with the increase predominately driven by higher energy prices. The effects on prices from Hurricanes Harvey and Irma will be reflected in September's report.

CCI Asset Management Update

Looking to make a new or additional investment?

For further information on investing with CCI Asset Management, please contact our Business Development Manager, David Smith on (03) 9934 3077.

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

China Update

China reported mixed economic data for August, with a stronger than expected import growth, while exports showed signs of softening. Imports grew by 13.3% from a year earlier and beat expectations of 10.0% growth, suggesting domestic demand may be more resilient than expected. Meanwhile export growth slowed to 5.5% from a year ago, however global demand still appears solid.

Other areas of the economy showed signs of a slowdown, with retail sales growing 10.1% year-on-year, down from 10.4% in July, and house prices slowing to a seven month low in August. Retail sales were weaker across food and beverages, oil and household appliances, while house prices in the largest 70 cities rose by 0.2% in August, down from 0.4% July and the lowest rate since February.

Eurozone Update

The European Commission (EC) reported that economic sentiment in the Eurozone rose in August, recording the best result in more than a decade. The economic sentiment index increased from 111.2 to 111.9, with higher sentiment in the manufacturing and services sectors.

Strong economic momentum in the Eurozone, along with high uncertainty in the U.S. saw the euro increase to its strongest value against the U.S. dollar (USD) in over two years. The euro traded at 1.20 USD per EUR which was a 1.8% gain from the previous month and a 6.0% gain from the same time last year.

Income Trust

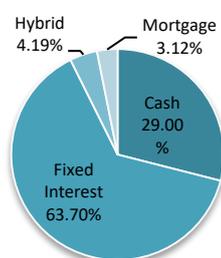
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees)#	0.30	1.07	0.72	4.87	6.00	8.13
Income Trust (Net of Fees)#	0.24	0.91	0.61	4.22	5.35	7.48
Benchmark	0.14	0.43	0.29	1.76	2.16	2.46
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					3.16	

#All yearly returns are annualised

Monthly Performance Commentary

The Income Trust continues to exceed its objective and delivered a positive return for August. All asset classes produced positive returns, with Fixed Interest the strongest performing for the month. CBA Floating Rate Note was the top contributor, followed by Bendigo & Adelaide Bank Floating Rate Note, while National Income Securities was the top detractor for the month.

Asset Allocation

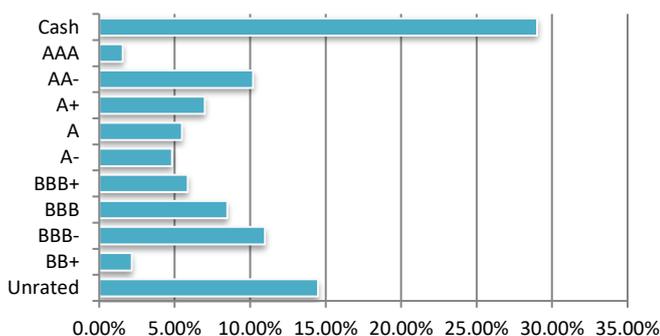


Top Contributors	Asset Class	Return %	Portfolio Contribution %
CBA FRN	Fixed Interest	0.793	0.044
Bendigo & Adelaide Bank FRN	Fixed Interest	1.155	0.038
West Links FRN	Fixed Interest	1.030	0.033
APA Sub. Note	Fixed Interest	0.537	0.028
AMP Limited FRN	Fixed Interest	0.437	0.024

Top Detractors	Asset Class	Return %	Portfolio Contribution %
National Income Securities	Fixed Interest	-0.812	-0.040
Qube Holdings Sub Note	Fixed Interest	-0.186	-0.006
CBA Perls IX	Hybrid	-0.632	-0.005
Westpac Capital Notes 3	Hybrid	-0.020	0.000

Portfolio Credit Rating Allocation

Below is the credit composition of the Income Trust Portfolio.



Unrated securities largely consist of unrated retail issues including Qube Holdings Ltd, APA Group, Suncorp Group Ltd, Seven Group Holdings Ltd, CBA and NAB Hybrid securities. Together these unrated securities represent 11.37% of the Income Trust Portfolio as at 31 August 2017. 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 August and was the main contributor to the overall performance of the portfolio. At the security level, National Income Securities continued its recent fluctuations as it reversed last month's outperformance to be the top detractor this month. Qube Holdings Subordinated Notes was the only other detractor, while on the positive side CBA, Bendigo & Adelaide and West Links Floating Rate Notes all added value to the portfolio.

Hybrid Securities

Hybrid Securities also outperformed the index this month, with NAB Capital Notes the top contributor, followed by NAB Subordinated Notes 2 and Seven Group Holdings Convertible Preference Share, while CBA Perls IX was the top detractor for the month.

Following recent maturities within Fixed Interest, Cash is currently overweight while a rebalance takes place as opportunities present.

Hybrid Portfolio

Security	Issuer Margin
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%
Seven Group Holdings Ltd Convertible Preference Share	BBSW 180 Day + 4.75%
Suncorp Group Capital Notes	BBSW 90 Day + 4.10%
Westpac Capital Notes 3	BBSW 90 Day + 4.00%

Franking Credit Income

#FYTD: 0.0000%

Fund Distribution History (cents per unit)

30 June 2016:	0.86
30 September 2016:	0.54
31 December 2016:	0.47
31 March 2017:	0.55
30 June 2017:	0.82

Catholic Values Trust

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Catholic Values Trust (Gross of Fees) [#]	0.42	0.00	0.39	8.34	5.19	9.36
Catholic Values Trust (Net of Fees) [#]	0.36	-0.18	0.28	7.64	4.49	8.66
Benchmark	0.43	-0.36	0.15	6.90	6.53	9.67
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.42	4.81

[#]All yearly returns are annualised

Monthly Performance Commentary

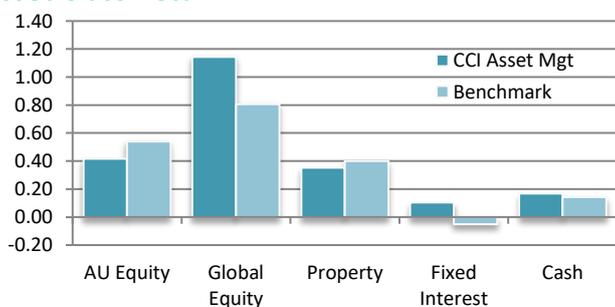
The Catholic Values Trust has continued to exceed its objective of outperforming CPI by 3% p.a. over rolling 3 and 5 year periods, and delivered a positive return of 0.36% for the month of August.

At the asset class level, Global Equities was the best performed, delivering a positive return and outperforming the benchmark. Fixed Interest and Cash also outperformed the benchmark, while Australian Equities and Property underperformed, with Australian Equities impacted by the transition to a passive strategy.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	32.34%	35.00%
Global Equity	22.39%	25.00%
Property	3.27%	5.00%
Fixed Interest	20.11%	25.00%
Cash	21.89%	10.00%

Asset Class Return

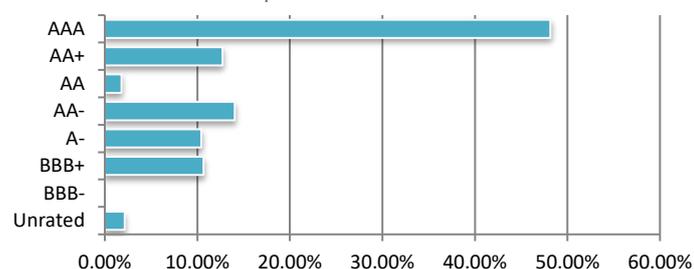


Fixed Interest

The Catholic Values Trust is underweight in Fixed Interest, and continues to maintain the majority of its exposure to semi-government securities. Fixed Interest outperformed 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 produced a positive return for August, with Energy the top contributor, while Telecommunication Services was the main detractor. At the stock level, BHP continued its recent rally and was the top contributor, followed by Wesfarmers which benefitted from strong returns from its Bunnings and Kmart businesses, while Newcrest Mining and Treasury Wines Estate were also strong contributors. At the other end of the scale detractors included CBA, Telstra and Westpac, with CBA declining despite the bank reporting a record \$9.93 billion profit for the financial year. CBA shares slumped after Anti-Money Laundering regulator AUSTRAC accused it of breaching the money laundering act.

Franking Credit Income

[#]FYTD: 0.1004%

Top Contributors	Return %	AU Contribution %
BHP Billiton Ltd	5.92	0.35
Wesfarmers Ltd	6.11	0.20
Newcrest Mining Ltd	13.12	0.14
Treasury Wine Estate Ltd	20.18	0.13
Rio Tinto Ltd	6.24	0.12

Top Detractors	Return %	AU Contribution %
Commonwealth Bank of Australia	-5.75	-0.57
Aeon Metals Ltd	-20.00	-0.31
Telstra Corporation Ltd	-4.98	-0.17
Westpac Banking Corporation	-1.73	-0.14
QBE Insurance Ltd	-9.86	-0.11

Global Equities

Manager: AMP RIL International Share Fund

The Fund generated a positive return in August and outperformed its benchmark. The Fund's developed market managers, Lazard and Investec, outperformed their benchmark, while the emerging market managers delivered mixed results. Lazard added the most value, with the Health Care and Energy sectors performing well, while Investec continued to benefit from holding South Korean chemicals company LG Chem, as it turned around the firm's electric vehicle battery business and delivered a strong performance in its petrochemical division.

The Fund's overweight allocation in emerging markets added value to the portfolio. Investec performed well with their China holdings, particularly internet names Alibaba, Tencent and Autohome after delivering strong results. Colonial First State's emerging markets portfolio underperformed the benchmark.

Fund Distribution History (cents per unit)

30 June 2016:	2.34
31 December 2016:	1.82
30 June 2017:	6.19

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

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