

MONTHLY UPDATE

July 2017

Performance as at 31st July 2017

	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust	0.37	1.12	0.37	4.44	5.23	7.55
Catholic Values Trust	-0.08	-0.43	-0.08	6.61	4.71	8.95

All returns are net of fees and yearly returns are annualised

Investment Market Review

It was a slow start to the new financial year for equity markets across the globe, as the Australian share market, as measured by the S&P/ASX 200 Accumulation Index, declined -0.01% for the month of July, while global shares, as measured by the MSCI World ex Australia Index (unhedged), finished the month on a low, returning -1.67% for the month.

Domestic Economy

Australia's unemployment rate fell to 5.6% in July, as nearly 28,000 jobs were created. The participation rate rose slightly to 65.1, a 18-month high, meaning more people were in, or looking for work. From the 27,900 jobs added to the economy last month, 48,200 were part-time jobs, while there was a fall of 20,300 full-time jobs. Although unemployment has declined, this has not fed through to higher wages yet, as they grew by just 1.6%, below the rate of inflation at 1.9%.

The Reserve Bank of Australia (RBA) maintained interest rates steady at a record low of 1.5% at its 1 August meeting. Rates have now been on hold since the RBA last cut rates by 0.25% in August last year, and with little change in the RBA's outlook, it would appear that rates will remain unchanged in the short term.

The Australian dollar has continued to remain resilient, after increasing from \$0.7689 against the US dollar at the start of the month, to finish at a high of \$0.8003.

U.S. Update

U.S. unemployment fell by 0.1% to 4.3% in July, back to the 16-year low that was recorded in May, as the participation rate edged up to 62.9%. There were 209,000 jobs added to the economy in July, with food and beverage services the biggest contributor with 53,000 new jobs, followed by professional and business services adding 49,000, and healthcare adding 39,000 new positions. Employment in other major industries, including mining, construction, transportation and manufacturing all saw little change.

Meanwhile, the Federal Reserve's Open Market Committee (FOMC) decided to leave interest rates on hold at its July meeting. After three rate hikes since December, the FOMC's decision to hold was largely off the back of inflation dropping below the 2.0% inflation target.

CCI Asset Management Update

Distributions

We are pleased to announce that the June Quarter/Bi-Yearly distributions were paid and the distribution statements were sent on the 7th August 2017.

Catholic Values Trust 6.197cpu
Income Trust 0.821cpu

Taxation statements were sent on the 16th August 2017.

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

China Update

China's strong economic growth slowed in July, as lending costs rose and the property market cooled. Industrial output, investment, retail sales and trade all grew less than expected in July. Industrial production increased 6.4% year-on-year in July, below the 7.6% rise in June and the weakest reading since March as manufacturing growth slowed. Retail sales rose 10.4% from a year ago, but was lower than an expected 10.8% rise, as sales growth was weaker across cars, food and clothing. Fixed asset investment also missed forecasts of an 8.6% increase, to record a 8.3% rise, while property investment slowed to 7.9%, down from 8.5% a month earlier.

Eurozone Update

The European Central Bank (ECB) decided to keep interest rates unchanged at its 20 July meeting and made no changes to its bond-buying program.

Unemployment in the Eurozone fell to its lowest level in eight years in June, while inflation picked up to its fastest pace since 2013. Unemployment fell to 9.1% in June, down from 9.2% in May and from over 10% in June 2016. Germany continued to lead the way with the lowest rate of unemployment of 3.8%, while Greece's labour market continues to battle through its eight-year long depression, with its unemployment rate of 21.7% still the highest in the Eurozone.

Income Trust

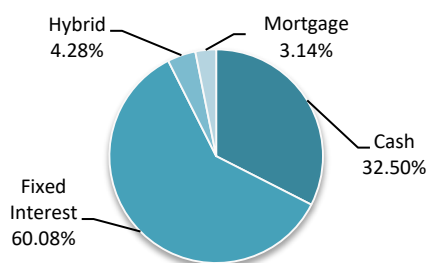
	Month	Quarter	FYTD	1 Year	3 Years	5 Years
Income Trust (Gross of Fees)#	0.42	1.28	0.42	5.09	5.88	8.20
Income Trust (Net of Fees)#	0.37	1.12	0.37	4.44	5.23	7.55
Benchmark	0.15	0.44	0.15	1.79	2.19	2.49
Objective: AusBond Bank Bill + 1.0%p.a. rolling 3yrs					3.19	

#All yearly returns are annualised

Monthly Performance Commentary

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

Asset Allocation

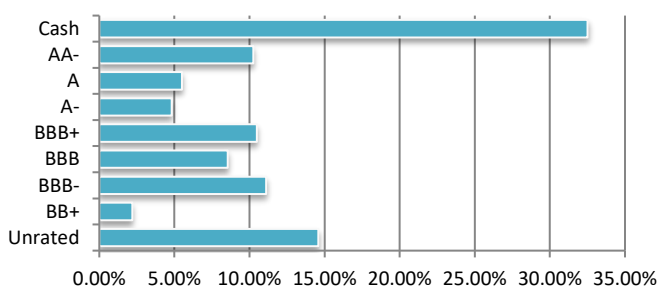


Top Contributors	Asset Class	Return %	Portfolio Contribution %
National Income Securities	Fixed Interest	3.255	0.160
CBA FRN	Fixed Interest	0.571	0.032
NAB FRN	Fixed Interest	0.558	0.031
AMP Limited FRN	Fixed Interest	0.453	0.025
Westpac Banking Corp FRN	Fixed Interest	0.421	0.023

Top Detractors	Asset Class	Return %	Portfolio Contribution %
APA Sub. Note	Fixed Interest	-0.389	-0.021
Caltex Sub. Note	Fixed Interest	-0.385	-0.008
NAB Capital Notes	Hybrid	-0.293	-0.002

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, APT Pipelines Ltd, Suncorp Group Ltd, Seven Group Holdings Ltd, CBA and NAB Hybrid securities. Together these unrated securities represent 11.45% of the Income Trust Portfolio as at 31 July 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 July and was the main contributor to the overall performance of the portfolio. At the security level, National Income Securities reversed last month's underperformance to be the top contributor this month, with CBA, NAB and AMP Floating Rate Notes also adding value to the portfolio. At the other end of the scale APA Subordinated Note was the top detractor to performance, followed by Caltex Subordinated Note.

Hybrid Securities

Hybrid Securities also outperformed the index this month, with Seven Group Holdings Convertible Preference Shares the top contributor, followed by CBA Perls IX and Suncorp Capital Notes, while NAB Capital Notes was the sole 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) [#]	-0.02	-0.26	-0.02	7.31	5.41	9.65
Catholic Values Trust (Net of Fees) [#]	-0.08	-0.43	-0.08	6.61	4.71	8.95
Benchmark	-0.28	-1.09	-0.28	6.21	6.67	10.01
Objective: CPI + 3%p.a. rolling 3 & 5 yrs					4.61	4.98

[#]All yearly returns are annualised

Monthly Performance Commentary

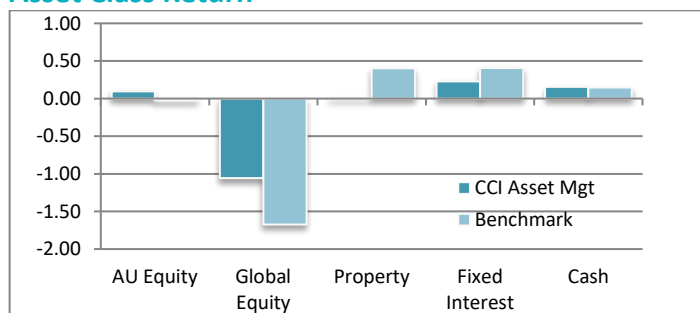
The Catholic Values Trust has continued to exceed its objective of outperforming CPI by 3% p.a. over rolling 3 and 5 year periods, and although the Trust delivered a negative return for the month, it outperformed the benchmark for July.

At the asset class level, Australian Equities outperformed the benchmark and delivered a positive return. Global Equities also outperformed the benchmark, however delivered a negative return. Fixed Interest underperformed with a positive return, while Property was flat and underperformed.

Asset Allocation

	CCI Asset Management	Benchmark Allocation
AU Equity	32.93%	35.00%
Global Equity	22.23%	25.00%
Property	3.27%	5.00%
Fixed Interest	20.59%	25.00%
Cash	20.98%	10.00%

Asset Class Return

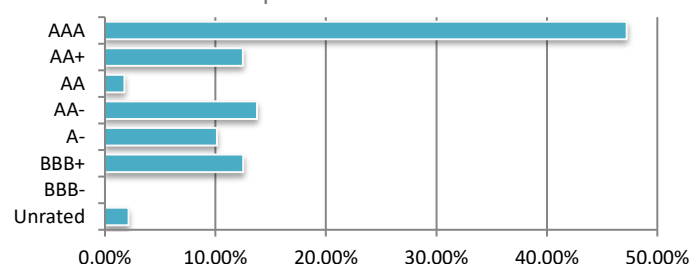


Fixed Interest

The Catholic Values Trust is underweight in Fixed Interest, and continues to maintain the majority of its exposure to semi-government securities. Fixed Interest underperformed 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

With the recent change to a passive investment strategy, Australian Equities now follow the ASX 100 Accumulation Index. At the sector level, Health Care and Financials were the top contributors for the 2nd month in a row, while Consumer Staples and Energy were the main detractors. At the stock level, BHP was the top contributor off the back of a rally in iron ore prices and a rise in oil, followed by Aeon Metals and Westpac. CSL, Telstra and Qantas were the top detractors, with CSL the largest drag on the benchmark index, as investors took some profits following its rise in recent months.

Franking Credit Income

#FYTD: 0.0000%

Top Contributors	Return %	AU Contribution %
BHP Billiton Ltd	11.08	0.75
Aeon Metals Ltd	29.03	0.36
Westpac Banking Corporation	4.24	0.24
South32 Ltd	8.46	0.22
Carsales.com Ltd	7.37	0.15

Top Detractors	Return %	AU Contribution %
CSL Ltd	-8.72	-0.43
Telstra Corporation Ltd	-4.65	-0.18
Qantas Airways Ltd	-7.03	-0.11
Fisher & Paykel Healthcare Corp Ltd	-4.94	-0.10
Sonic Healthcare Ltd	-7.95	-0.10

Global Equities

Manager: AMP RIL International Share Fund

The Fund generated a negative return in July but outperformed its benchmark. Global equity markets generally performed strongly, however the strong Australian dollar more than offset this. Within the developed markets, Lazard performed in line with its benchmark, while Investec outperformed over the month. Lazard's performance suffered from its overweight position in health care and underweight position in energy and materials. Investec's outperformance was supported by its holding in US semi-conductor firm Lam Research which performed strongly in the lead up to its earnings announcement.

Emerging markets continued to outperform the developed markets, as China delivered second quarter economic growth ahead of expectations. Both emerging market managers, Investec and Colonial, made positive returns, however 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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