CCI Investment Management
UPDATE
JULY 2009 Edition 17

Investment Market Review

The Australian market has risen four (4) consecutive months (March 2009 – June 2009) a total of 27.3% from its low on 6 March 2009. However the share market ended a volatile financial year down 24.2%, its worst performance since 1982. Just one sector of the market (information technology) recorded a positive return for the financial year. The global credit crisis and falling commodity prices (such as oil and copper) contributed to losses in all other sectors such as industrials, materials, energy and financials.

Most global share markets also recorded double digit losses for the year with the notable exceptions being the emerging markets of China and India which carved out small gains.

The Reserve Bank of Australia aggressively eased monetary policy by cutting rates from 7.25% in September to 3% in April and our Federal Government released a massive fiscal stimulus.

There is growing belief that the world economy is slowly recovering and many investors are hopeful that the worst is behind us. History has shown that share markets recover and move forward however the road ahead is likely to be bumpy and volatile.

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All asset classes (with the exception of diversified fixed interest) recorded negative returns for the year ended 30 June 2009.

The CCIIM Australian equities and Catholic Values Australian equities achieved a negative return for the year in line with their benchmark but have generated solid positive returns for the five (5) years ended 30 June 2009 and since inception.

The CCIIM Catholic Values Trust continues to be our best performed pre structured trust with an annualised return to investors of 6%pa over the past five years which has exceeded its benchmark.

Distributions

CCIIM has finalised the year end distributions. All trusts (except for the Income Trust) had a 30 June 2009 distribution but you will notice that the distribution levels are significantly lower than seen in previous years.

A large component of previous year's distributions has been realised capital gains on the underlying investments bought and sold by our fund managers but given the overall fall of 24% in the share market in 2008/2009 this is not as significant. Another reason for the lower distribution levels will be the general decline in earnings (and therefore dividends paid to investors) from the underlying investments held by our fund managers.

CCIIM Income Trust

Investors are aware that we hold some collateralised Debt obligations (CDOs) that as a result of the Lehman Brothers filing for bankruptcy have been quarantined by the security trustee. We can advise that High Court of England and Wales has handed a judgement effectively confirming that we (the investors) have priority in relation to the collateral held by the security trustee. The judgement did not contain an order to release the collateral to investors and the proceedings have been adjourned to at least October 2009.

Whilst we have not yet received the collateral this is a positive development and confirms our belief that the security trustee should release the collateral for the benefit of investors.

We undertake to keep you informed of material developments as they occur.

CCIIM Investment Option Returns to 30 June 2009*

Investment Pool	3 Months	1 Year	3 Years	5 Years	Since Inception (cumulative)
Australian Equities	12.94%	-23.04%	-6.36%	6.10%	66.04%
Overseas Equities	9.17%	-24.17%	-10.80%	-2.03%	6.26%
Australian Equities – CVT	11.01%	-21.14%	-2.77%	7.84%	74.27%
Diversified Property	1.97%	-24.25%	-6.39%	0.38%	15.51%
Diversified Fixed Interest	-0.31%	7.75%	5.68%	5.70%	41.21%

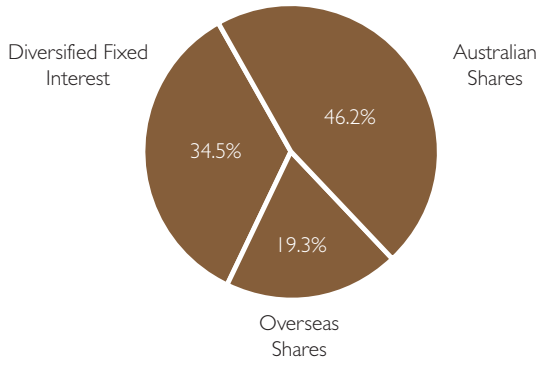
* All returns are net of management fees and yearly returns are annualised.

CCIIM Catholic Values Trust#

Since inception (1/2/2002), the CCIIM Catholic Values Trust has yielded a cumulative return of 37.31%.

CCIIM Catholic Values Trust Returns to 30th June 2009*

	1 Month	3 Months	1 Year	3 Years	5 Years
Actual	0.89%	4.42%	-10.38%	-0.66%	6.00%
Benchmark	1.53%	5.54%	-9.61%	-1.31%	4.97%
Value Added	-0.64%	-1.12%	-0.77%	0.65%	1.03%

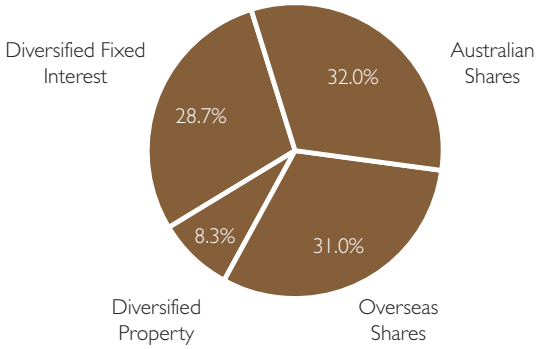


CCIIM Balanced Trust#

Since inception (1/9/2000), the CCIIM Balanced Trust has yielded a cumulative return of 31.79%.

CCIIM Balanced Trust Returns to 30th June 2009*

	1 Month	3 Months	1 Year	3 Years	5 Years
Actual	0.59%	5.85%	-14.28%	-3.82%	3.45%
Benchmark	0.81%	6.86%	-13.22%	-2.43%	4.09%
Value Added	-0.22%	-1.01%	-1.06%	-1.39%	-0.64%

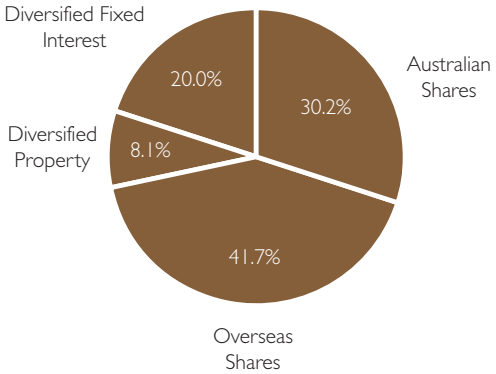


CCIIM Growth Trust#

Since inception (1/9/2000), the CCIIM Growth Trust has yielded a cumulative return of 17.11%.

CCIIM Growth Trust Returns to 30th June 2009*

	1 Month	3 Months	1 Year	3 Years	5 Years
Actual	0.63%	7.55%	-18.85%	-6.39%	2.02%
Benchmark	0.66%	8.49%	-17.58%	-4.88%	2.86%
Value Added	-0.03%	-0.94%	-1.27%	-1.51%	-0.84%



*All returns are net of management fees and yearly returns are annualised.
#Asset Allocations as at 30 June 2009.

Update Newsletter

If you do not wish to receive any information, including the Update Newsletter from CCIIM, please tick the box where indicated and return to CCIIM either at GPO Box 180 Melbourne 3001 or Fax on 03 9934 3460.

☐ No, I do not wish to receive any further information from CCIIM.

Name: _____

Organisation: _____

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