



CBG Australian Equities Fund update – April 2017

Market commentary

In April, the S&P/ASX 200 Accumulation Index rose 1.0%. While drifting lower earlier in the month, the market saw positives in the initial French presidential election result and Trump's US tax reform proposals to finish the month solidly.

Industrials performed well led by Brambles (BXB) and Transurban (TCL) which both delivered reassuring trading updates while interest rate sensitive stocks were generally well supported by a rally in 10-year bonds. Companies with offshore revenues generally performed well despite concerns over various political risks during the month (eg North Korea, Syria, French elections).

Conversely, Materials underperformed as commodity prices fell sharply with iron ore down 17% for the month and oil down 2%. Reflecting exposure to commodity prices, the AUD declined 2% against the USD in the month to finish at 74.8c.

Telcos underperformed significantly in the month as TPG Telecom (TPM) was successful in acquiring a spectrum licence allowing development of a fourth mobile network in Australia. Given TPG's expected lower pricing, the market took this as a sign of diminishing profitability in the mobile market and consequently sold down Vocus (VOC, -20.9%), TPM (-12.8%), Telstra (TLS, -9.4%) and Amaysim (AYS, -6.3%).

In the Australian equity market the strongest sectors were Industrials (+4.4%), IT (+3.9%), Health Care (+3.2%), Utilities (+3.1%), REITs (+2.6%), Financials (+1.9%) and Consumer Discretionary (+1.3%), while Telecommunications (-10%), Consumer Staples (-2.6%), Energy (-0.6%) and Materials (-0.2%) lagged the market.

Across the globe, the S&P500 gained +1.0%, the German Dax was +1.0%, Shanghai Composite -2.1%, FTSE -1.3%, NZX50G +2.5% and the Nikkei 225 +1.5%.

Performance and commentary (to 30th April 2017)

Unit price (exit): \$1.47	1 month %	1 year %	3 years (pa) %	5 years (pa) %	Since inception* (pa) %
CBG Australian Equities Fund	1.51	6.89	4.39	10.27	6.20
S&P/ASX200 Accumulation Index	1.03	17.77	7.28	11.03	6.03

*Inception date 27 March 2006

The strongest relative contributors to the portfolio in the month, where the fund is overweight relative to the benchmark, were Speedcast International (SDA), Henderson Group (HGG), and Macquarie Atlas Roads (MQA). The biggest detractors were overweight positions in Automotive Holdings Group (AHG) and Vocus Group (VOC).

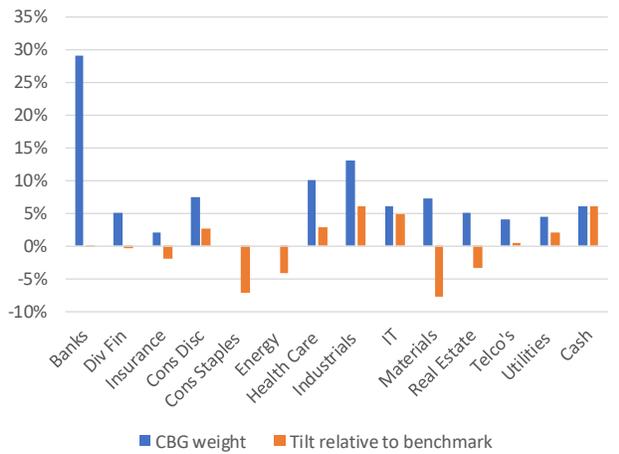
Within the portfolio, Speedcast International (SDA, 2.9% weight) provided the strongest contribution, returning 9.2% as the company hosted an investor day confirming that it was comfortable with market forecasts for FY17 EBITDA and the market grew more comfortable in the growth outlook for SDA's key verticals.

Automotive Holdings Group (AHG, 2.4% weight) was the largest detractor declining 9.5% in the month on concerns over the outlook for new car sales. New car sales data released in the month highlighted a 2% decline on the pcp (-0.3% month-on-month).

Of note, DUET Group (DUE, 1.1% weight) returned 8.2% as FIRB approved the takeover by the CKI-led consortium by way of Scheme of Arrangement. DUE was then suspended from the ASX list on 1 May 2017. CBG first bought into DUE at A\$2.08 in June 2012 and the initial investment returned approximately 87% (13% CAGR) over that holding period.

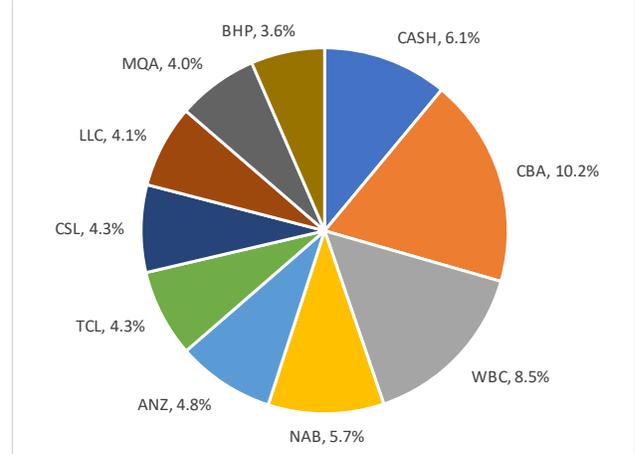
Portfolios statistics (as at 30th April 2017)

Sector allocations vs benchmark



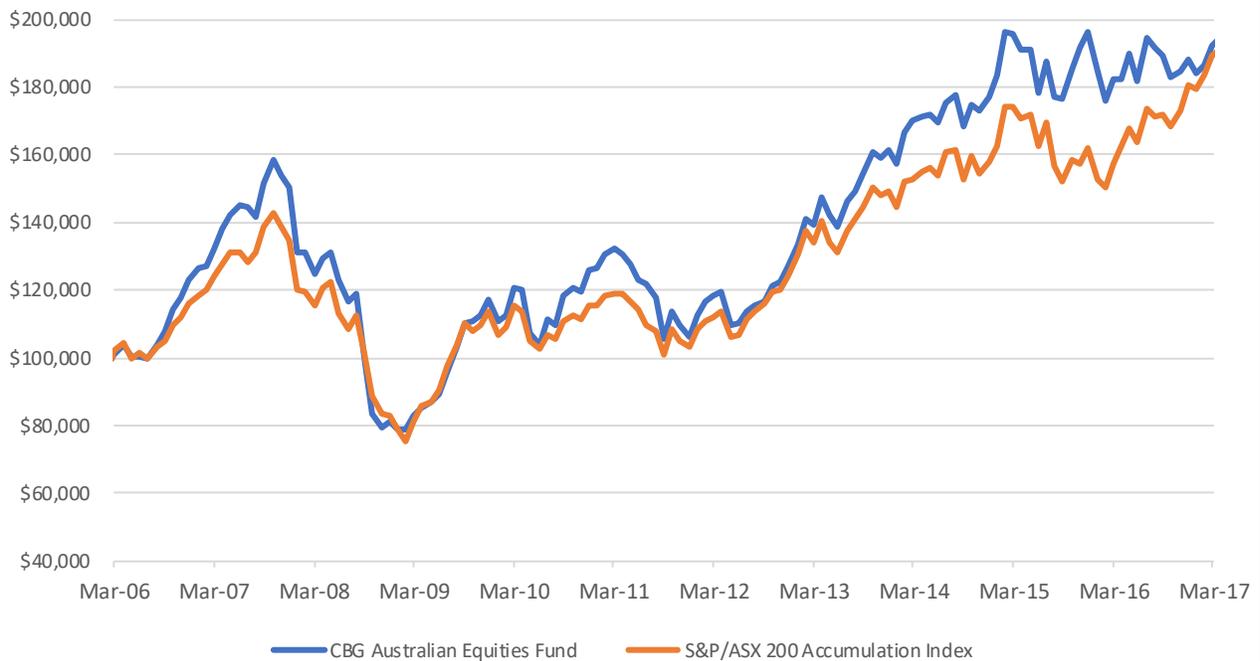
SOURCES: CBG, IRESS

Top 10 holdings



SOURCE: CBG

Value of \$100,000 invested in the CBG Australian Equities Fund compared to the benchmark (net of fees)



SOURCE: CBG

Disclaimer: Past performance is no guarantee of future performance. Performance shown is net of fees, but before taxes. The content of this fact sheet has been prepared without taking into account any individual's objectives, financial situation or needs. Because of that, before acting you should consider the appropriateness of what is included here, having regard for your own objectives, financial situation and needs. Before making any decision about whether or not to acquire or continue to hold a financial product mentioned in this fact sheet, you should obtain and consider the latest disclosure document for the product. You should also obtain advice from your qualified Financial Adviser.

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