



## CBG Australian Equities Fund update – February 2017

### Market commentary

The February reporting season delivered more upside than downside surprises, which supported a positive performance for the local market, broadly in line with global equities. The S&P/ASX 200 Accumulation Index returned 2.3% for the month.

The median stock is currently expected to deliver +4% EPS growth in the 2017 financial year. Large cap stocks are on track to outperform small caps, in a reversal of last year's trend, with cap-weighted EPS growth forecast at +6% ex-resources. Including resources, market EPS growth of +19% is expected, given the strong rally in key commodity prices. (Market forecasts based on UBS Research).

This has been one of the better reporting seasons in recent years, although we note that businesses are not yet broadly reporting strong top line growth. If global macro-economic conditions continue the improvement seen over the past 12 months, this should begin to be reflected in future reporting periods.

Across the Australian market, the strongest sectors were Consumer Staples (+6.2%), Banks (+4.6%) and Property (+4.1%), while Materials (-3.2%), Industrials (-4.7%) and Energy (-2.1%) lagged the market.

Across the globe, the S&P500 gained +3.7%, the German Dax was +2.7%, Shanghai Composite +2.6%, FTSE +2.3%, French CAC40 +2.2%, NZX50G +1.7% and the Nikkei 225 +0.4%.

### Performance and commentary (to 28 February 2017)

Unit price (ex): \$1.42	1 month	1 year	3 years (pa)	5 years (pa)	Since inception* (pa)
	%	%	%	%	%
CBG Australian Equities Fund	1.34	6.15	3.81	9.92	5.88
S&P/ASX200 Accumulation Index	2.25	22.13	6.46	10.64	5.71

\*Inception date 27 March 2006

The strongest relative contributors to the portfolio in the month were BHP Billiton (**BHP**), in which the fund is underweight, Telstra (**TLS**), which the fund does not hold, Class (**CL1**) and Lend Lease (**LLC**). The biggest detractors were Eureka (**EGH**), Sealink (**SLK**), Wesfarmers (**WES**), which the fund does not hold, and Macquarie Atlas Roads (**MQA**).

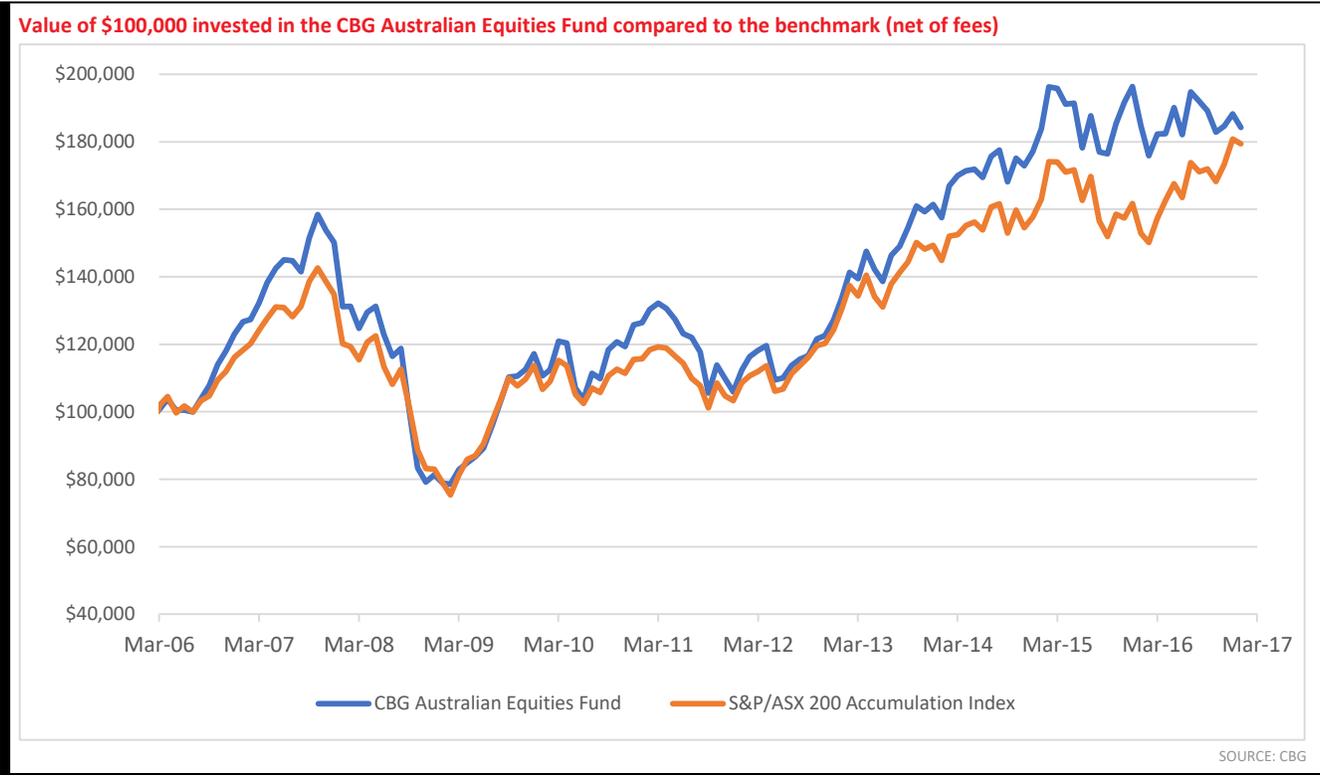
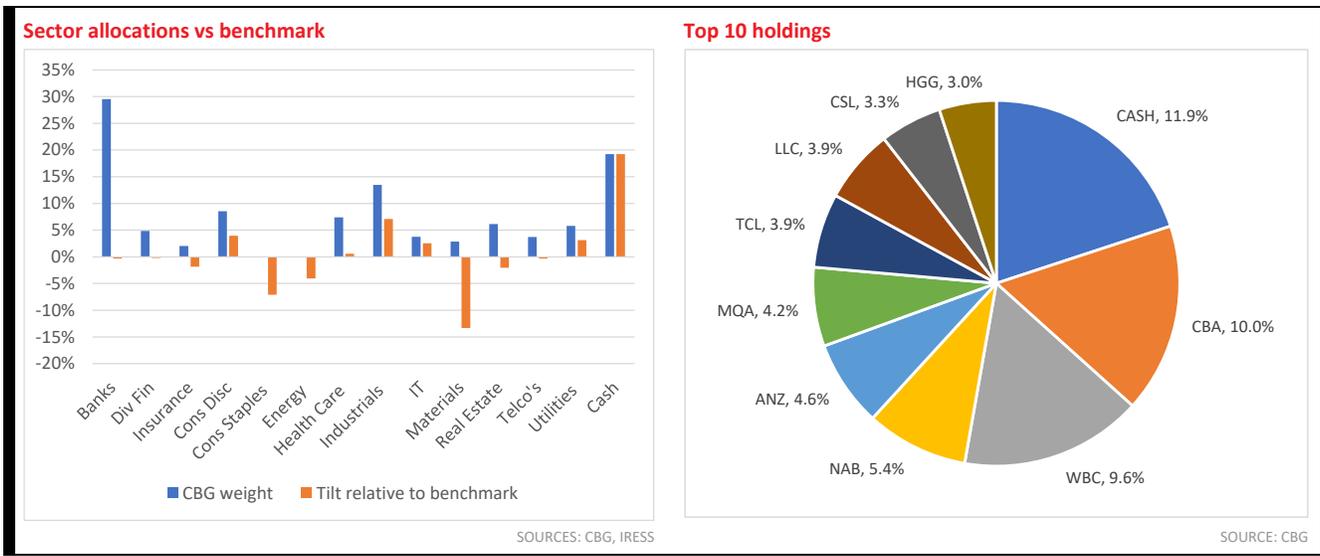
Within the portfolio, Class (**CL1**, 1.3% weight) provided the strongest contribution, returning 16.2% as management guided to an acceleration in the move to cloud based SMSF administration.

Lend Lease (**LLC**, 3.9% weight) returned 8.1% after reporting 12% EPS growth for the half year and pointing to continuing growth momentum.

Eureka (**EGH**, 1.5% weight) detracted from performance, returning -36.8% as the company reported earnings well below management guidance provided at the AGM in November 2016. The fund has reduced its position given a number of issues with recent acquisitions for the new CEO to address.

Sealink (**SLK**, 1.3% weight) has been a strong performer in the portfolio, but returned -10.9% in the month after the first half result missed expectations due to a declining contribution from operations in relation to Gladstone LNG construction. Pleasingly, the stock has recovered by 5.9% in March to date.

# Portfolios statistics (as at 28 February 2017)



**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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