



CBG Australian Equities Fund update – August 2017

Market commentary

The Australian equity market declined slightly in August, returning -0.1% before dividends. The accumulation index including dividends rose +0.7%. August was dominated by the company result reporting season which saw wide variance in operating performance relative to expectations.

Around 30% of reported results beat expectations, slightly more than those under forecasts at about 28%. Overall market earnings expectations fell (not unusual) however management also generally signalled higher capital expenditure and overall a decline in dividend payout ratios (heavily influenced by the cut in expected FY18 dividend from 28cps to 22cps at Telstra).

International equity markets were again mixed in August. The S&P500 was flat, adding +0.1% - hindered by politics and potential confrontation with North Korea. The FTSE 100 returned +0.8% but European markets were weaker; the French CAC40 eased -0.2% and the German DAX fell -0.5%. The Shanghai Composite was strong rising +2.7% after a strong July; the Nikkei 225 was down -1.4% and the NZ50 gained +1.6%.

Across Australian industry sectors, Staples (+5.3%), Materials (+4.4%) and Utilities (+3.2%) were strongest. Telecoms underperformed (-7.3%) following Telstra's capital review and disappointing results from Vocus and TPG. Insurance (-4.0%) and Banks (-2.5%) also underperformed.

Performance and commentary (to 31 August 2017)

Unit price (exit): \$1.403	1 month	6 months	1 year	3 years	5 years	Since inception
	%	%	%	(pa)	(pa)	(pa)
				%	%	%
CBG Australian Equities Fund	-1.3	3.0	0.7	4.6	12.9	7.6
S&P/ASX200 Accumulation Index	0.7	2.4	9.8	5.1	10.6	5.7

Please note that for comparability, performance figures are shown before fees.
Inception date 27 March 2006

The strongest relative contributors within the portfolio in the month were Janus Henderson Group (**JHG**), NRW Holdings (**NWH**) and Speedcast International (**SDA**). The biggest detractors were Automotive Holdings Group (**AHG**), Vocus Group (**VOC**), and iSelect Ltd (**ISU**).

Janus Henderson (4.2% weight) rose +4.9% following a strong result and positive outlook comments regarding merger benefits. The outlook for JHG remains positive, with synergies from the Janus merger worth 20% of group earnings and Henderson's retail funds returning to positive flows of +\$1bn in the June quarter.

NRW Holdings (weight 0.2%) was a positive contributor after a value adding acquisition and well-subscribed capital raising (CBG participated). We sold our position following the deal after a share price rise of +63% in August.

Speedcast (weight 2.8%) shares rebounded after a positive result and market conviction regarding the

outlook for the company's major customer sectors in remote communications services to energy, government and shipping. The share price rose +5.5%.

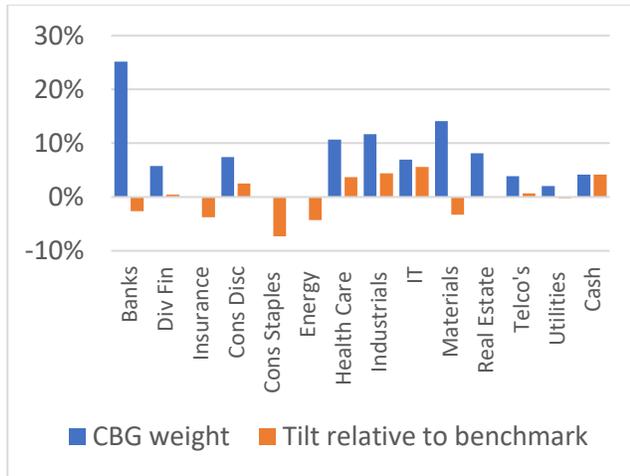
Automotive Holdings Group (**AHG**, 2.7% weight) returned -16% after a +14% rise in July. This capped the share price recovery from weaker car sales in May. Management were more cautious in their comments regarding the outlook for FY18, however the share price has risen 6% in September at the time of writing.

Vocus Group (1.0% weight) announced that potential buyers from two private equity funds had pulled out of a proposed acquisition which saw the share price fall -34%.

iSelect (weight +0.9%) reported a weaker than expected result with a slower FY18 also expected causing a share price decline of -19%.

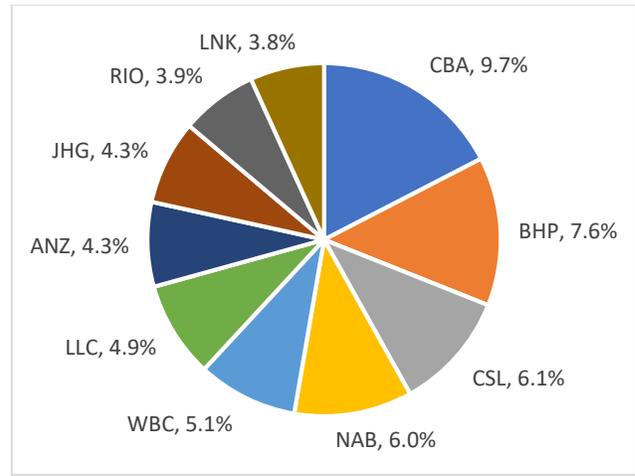
Portfolios statistics (as at 31 August 2017)

Sector allocations vs benchmark



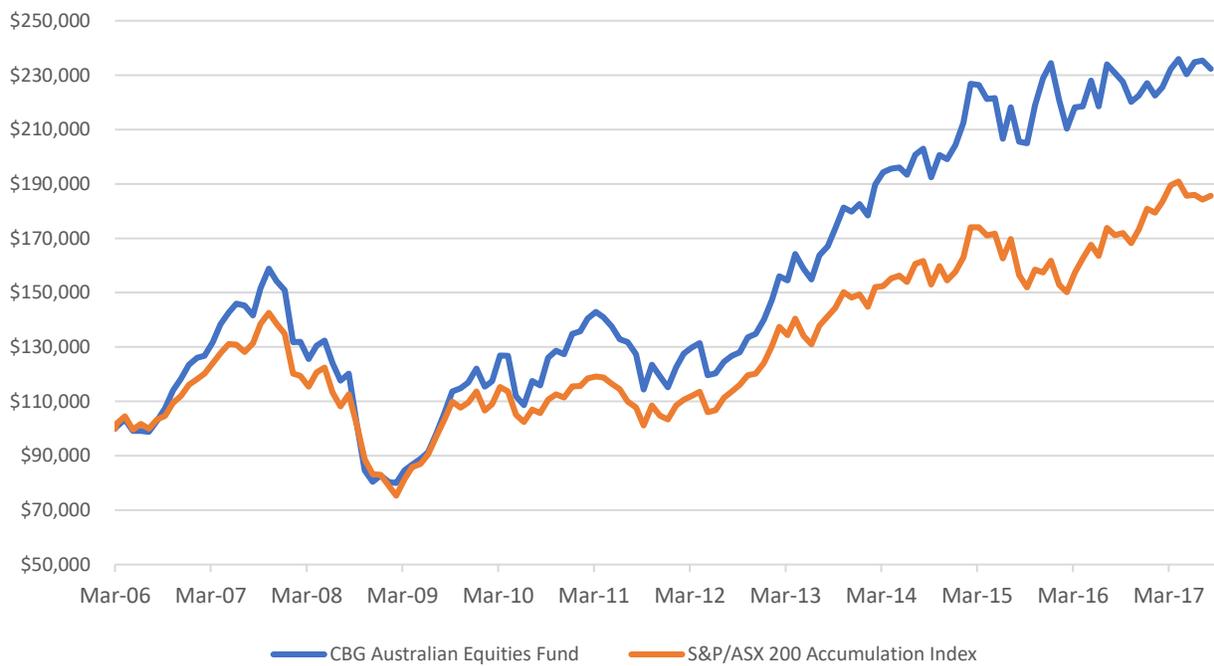
SOURCES: CBG, IRESS

Top 10 holdings



SOURCE: CBG

Value of \$100,000 invested in the CBG Australian Equities Fund compared to the benchmark (before 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.

Responsible Entity Equity Trustees ABN 46 004 031 298 AFSL 240975

Investment Manager CBG Asset Management Limited ABN 12 098 327 809 AFSL 246790

Level 3, 8-10 Loftus St Sydney NSW 2000

Tel: 61 2 8599 1160 Web: www.cbgam.com.au Email: enquiries@cbgam.com.au