



CBG Australian Equities Fund update – September 2017

Market commentary

The Australian equity market finished flat in September, with the S&P/ASX 200 Accumulation Index returning 0.0%. Global equity markets were largely positive, but a 20% fall in the iron ore price and weakness in the telecommunications sector were a drag on the local market overall.

Australian economic data generally surprised to the upside in the month, with Q2 GDP growth lifting to 0.8% quarter on quarter, after a soft 0.3% in the 1Q. Housing activity, jobs growth and business confidence were all strong, while retail sales were below expectations. Housing activity continues to prove resilient, with a moderate reduction in building approvals to date being entirely driven by the apartments sector.

Key international events in the month including the Federal Reserve announcing it would begin to reduce the US\$4.5 trillion balance sheet it has built up since the GFC i.e. the commencement of Quantitative Tightening. U.S. President Trump also announced a proposed framework for corporate tax cuts and, in Europe, German Chancellor Angela Merkel's CDU-CSU alliance won another term in government.

Across international equity markets, returns were: S&P500 +1.9%; German Dax +6.4%; FTSE 100 -0.8%; French CAC 40 +4.8%; Shanghai Composite -0.4%; Nikkei 225 +3.6%, NZX 50 +1.4%.

Across Australian industry sectors, Healthcare (+2.2%), Banks (+1.4%) and Energy (+1.2%) outperformed, while Telecoms (-4.6%), Staples (-1.9%) and Materials (-1.5%) lagged.

Performance and commentary (to 30 September 2017)

Unit price (exit): \$1.44	1 month %	6 months %	1 year %	3 years (pa) %	5 years (pa) %	Since inception (pa) %
CBG Australian Equities Fund	1.5	1.6	3.7	7.0	13.0	7.7
S&P/ASX200 Accumulation Index	0.0	-0.9	9.2	7.1	10.1	5.6

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 Lend Lease (**LLC**), Speedcast (**SDA**) and HUB 24 (**HUB**). The biggest detractors were Ramsay Healthcare (**RHC**) and Netcomm Wireless (**NTC**).

Lend Lease (4.9% weight) returned 10.3% after the company provided updates on both its Americas division and major Asian developments, highlighting the medium and long-term growth potential for offshore segments.

Speedcast (3.3% weight), a provider of satellite based telecommunications, returned 10.0% on expectations that offshore oil and gas rig counts have stabilised and following media speculation of a takeover approach.

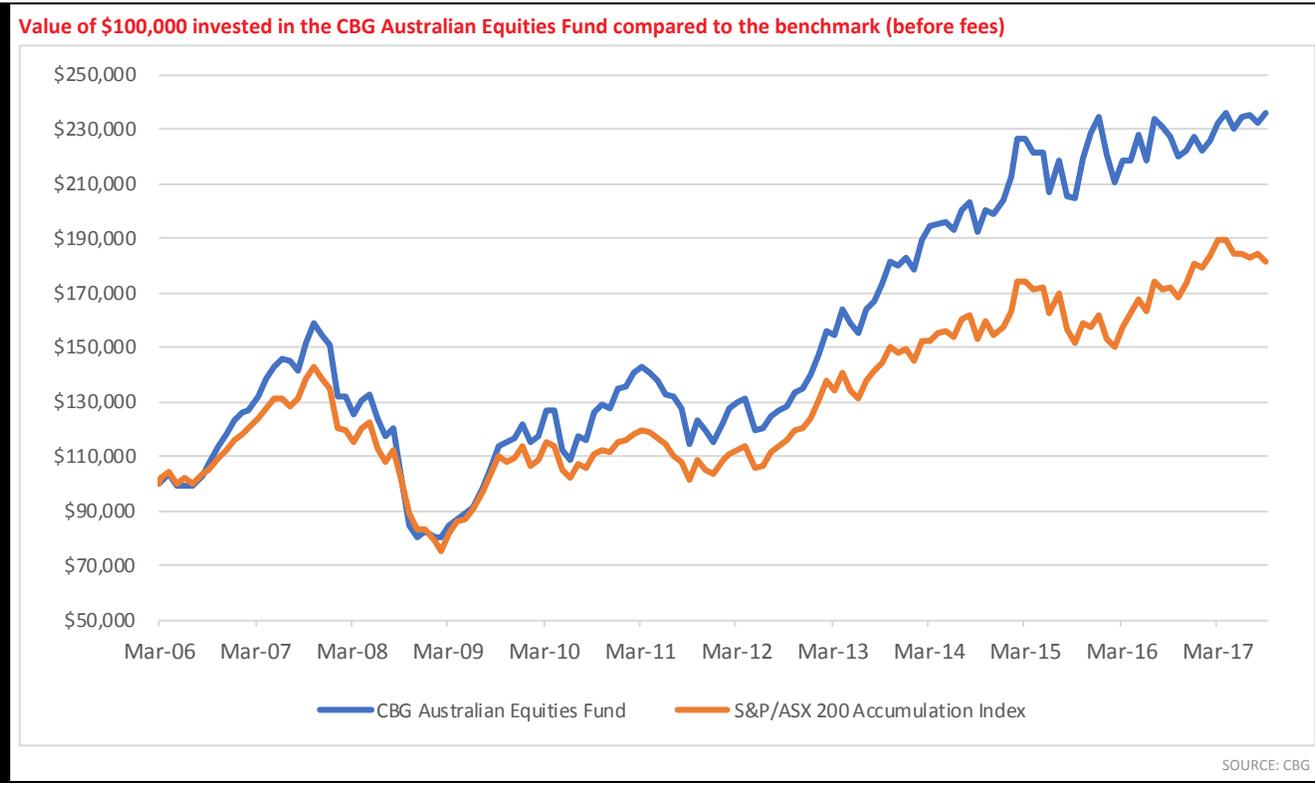
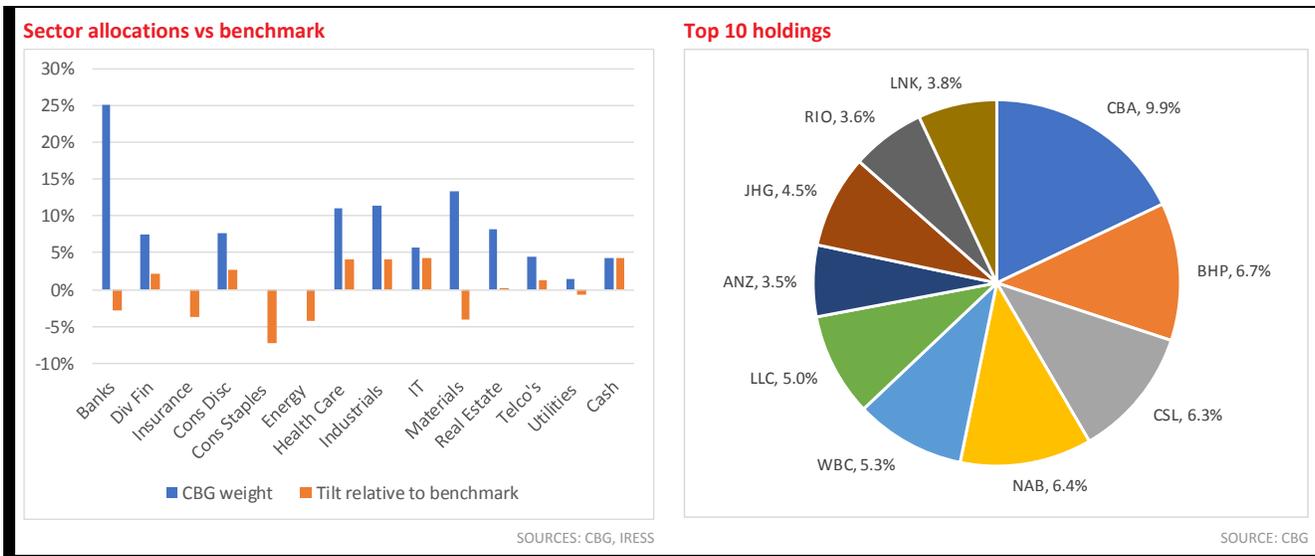
HUB 24 (1.6% weight) an investment management platform provider, returned 19.9% following a strong result in August, which highlighted the significant long-term growth potential of the business. HUB currently has approximately a 0.8% market share of

platform funds under administration in Australia, but is winning over 10% of industry inflows. HUB's platform ranked equal first for planner satisfaction in the most recent Investment Trends survey, together with Netwealth.

Ramsay Healthcare (2.8% weight) detracted from performance, returning -7.7% after the company's guidance for FY18 NPAT growth of 8-10% fell short of market expectations and on concerns of a modest earnings impact from anticipated cuts to the prostheses pricing list. The portfolio position was reduced in October, given our expectation that some headwinds will persist in the medium term.

Netcomm Wireless (0.5% weight) returned -20.9% on reducing confidence in the timing and quantum of earnings from recent major contract wins.

Portfolios statistics (as at 30 September 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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