



CBG Australian Equities Fund update – October 2017

Market commentary

The Australian equity market rose in October after a series of flat monthly returns. The S&P/ASX 200 Accumulation Index returned 4.0%. Global equity markets were positive, and the relative strength in commodity markets (Oil rose 5.8%) combined with solid third quarter company reports contributed to the market rising in the month.

Australian economic data remained subdued in October. The Reserve Bank made no change to interest rates and an initial rise in Aust. Govt. 10 Year bonds was partially reversed with the bond rate finishing at 2.67%. Core inflation was weak despite a headline CPI rate of +0.6% and Retail Sales were also weak overall at -0.6%. This data, together with household's high debt levels, is consistent with weaker consumer spending despite consumer confidence in the economic outlook (Westpac survey +3.6%). The A\$/US\$ exchange rate has weakened to \$0.766.

The major political event of the month was the 19th party Congress of the Communist Party of China with President Xi reiterating the vision of Chinese socialism. A continuation of structural reforms, remaining on the path to a successful and prosperous nation and people with an appropriate presence on the world stage by 2050. These sentiments remain broadly positive for Australia's trading relationship with China.

International equity markets rose, returns were: S&P500 +2.2%; German Dax +3.1%; FTSE 100 +1.6%; French CAC 40 +3.3%; Shanghai Composite +1.3%; Nikkei 225 +8.1%, NZX 50 +2.7%.

Across Australian industry sectors, Information Technology (+8.8%), Consumer Discretionary (+6.2%) and Utilities (+5.0%) outperformed, while REITs (+2.3%), Telecoms (+2.4%) and Banks (+2.8%) lagged. Notably all sectors rose in a broadly strong market.

Performance and commentary (to 31st October 2017)

Unit price (exit): \$1.4912	1 month %	6 months %	1 year %	3 years (pa) %	5 years (pa) %	Since inception (pa) %
CBG Australian Equities Fund	3.8	3.8	11.2	6.9	12.9	8.0
S&P/ASX200 Accumulation Index	4.0	2.0	16.1	6.9	10.3	5.9

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 Link Administration (**LNK**), Macquarie Atlas (**MQA**) and Vocus Group (**VOC**). The biggest detractors were Lend Lease (**LLC**), Lynas Corp. (**LYC**) and Technology One (**TNE**).

LNK (4.0% weight) rose (+9.3%) following an AGM update on prospects for their UK acquisition and progress on realising synergies in Australian operations.

MQA (3.3% weight) rose (+9.8%) strongly as currencies moved in favour of higher earnings from the company's ownership of French and US roads.

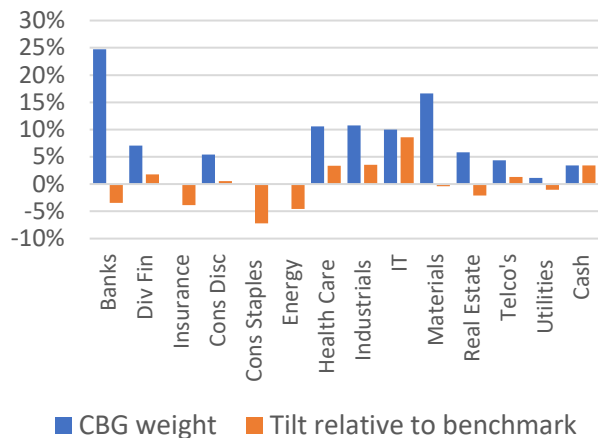
VOC (1% weight) rose strongly (+20.5%) following an investor briefing from management on cost saving plans and business initiatives.

LLC (4.6% weight) declined (-9.5%) after the company warned of poor outcomes in its Australian Construction division. LLC has been a strong contributor this year.

LYC (0.3%) retreated (-7%) as debt holders converted bonds and reduced their holdings in the company. We feel the company has turned the corner and will report strong cash-flows this year.

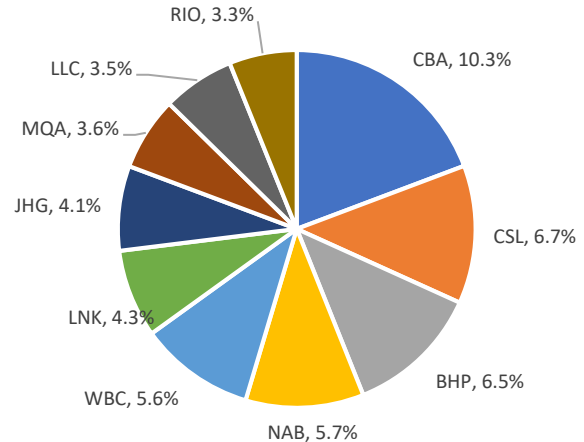
Portfolios statistics (as at 31st October 2017)

Sector allocations vs benchmark



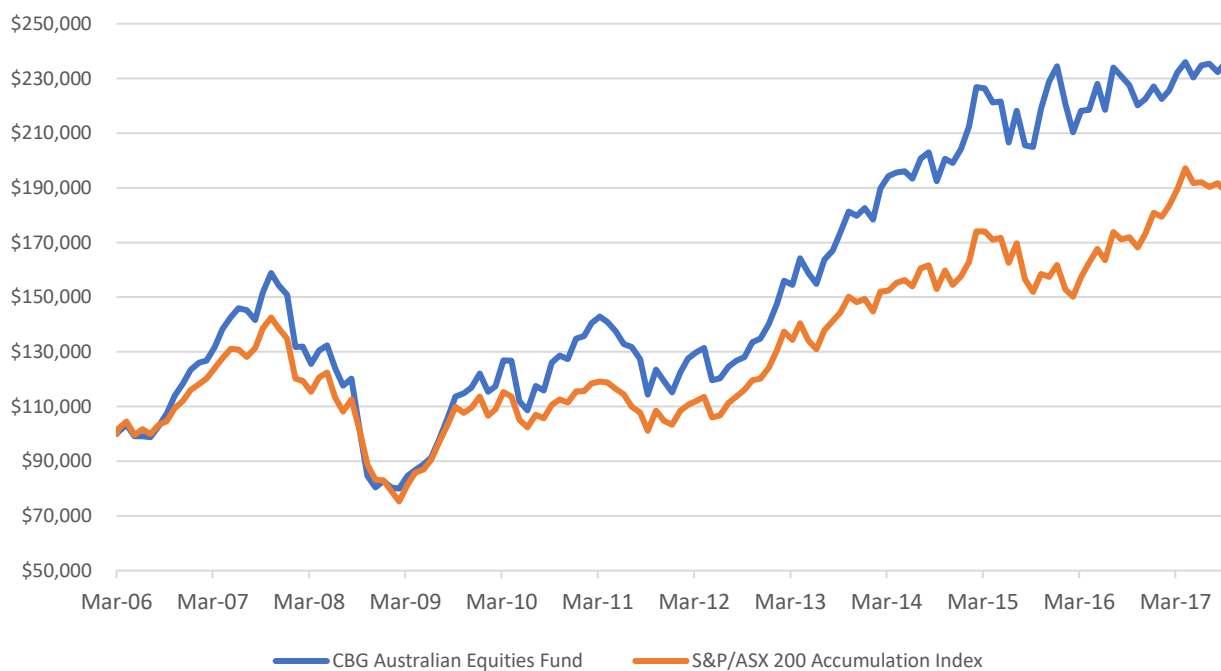
SOURCES: CBG, IRESS

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