



CBG Australian Equities Fund update – December 2017

Market commentary

The Australian equity market rose in December, supported by synchronised global economic growth, with the S&P/ASX 200 Accumulation Index returning +1.8% and +11.8% for the year.

Despite a mixed result for the month of December global equity markets were positive, with many recording new record highs. The US NASDAQ Index (dominated by technology stocks) rose +28.2% in 2017, with a small rise in December. The broader S&P500 Index was up +19.4% for the year.

European markets showed the progress of economic recovery with the FTSE100 rising +7.6% (held back by BREXIT), Germany (DAX Index) up 12.5% and France (CAC40) up +9.3%. Asian markets were stronger with Korea (KOSPI) rising 21.8% and Japan (Nikkei 225) up +19.1%. Shanghai declined in December and rose only 6.6% in 2017 as the prospect of slowing Chinese GDP growth caused a reassessment of the outlook.

Commodity prices remained supportive of the Australian market with Iron Ore rising +8% to **\$70** in December and Oil prices remained strong with the spot price (WTI) up 4.7% to US\$60/bbl. Metal prices were also strong with the LME Metals index up +7.6%.

The portfolio's exposure to resources has increased through 2017 and we retain positions in large, attractive, high free cashflow businesses and small, developing opportunities. We are emphasising a balanced exposure to resources growth opportunities, supported by a firm outlook for the global economy.

Across Australian industry sectors, Energy (+6.4%), Materials (+6.2%) and Telecommunications (+5.5%) were strongest, while Consumer Durables & Apparel (-4.6%), Utilities (-4.5%) and Automotive Retail (-3.2%) were weaker. Expectations that US, Global and eventually Australian interest rates will gradually rise have undermined yield sensitive sectors.

Performance and commentary (to 31st December 2017)

Unit price (exit): \$1.5318 (ex distribution)	1 month %	6 months %	1 year %	3 years (pa) %	5 years (pa) %	Since inception (pa) %
CBG Australian Equities Fund	2.7	9.2	13.0	7.9	12.9	8.3
S&P/ASX200 Accumulation Index	1.8	8.4	11.8	8.6	10.2	6.2

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 Livetiles (**LVT**), Afterpay Touch (**APT**) and Lovisa (**LOV**). The biggest detractors were Regis Healthcare (**REG**), Link (**LNK**) and Vocus (**VOC**).

LVT (0.7% weight) returned 57% following an announcement that Microsoft will support and market LVT's latest AI/Machine Learning interface products.

APT (1.6% weight) returned 19% as the number of Australian Retailers offering the short-term loan product increased and Christmas trading seemed positive.

LOV (1.9% weight) returned 15.5% as the market speculated about a possible entry to the US and likely better trading in the Christmas period.

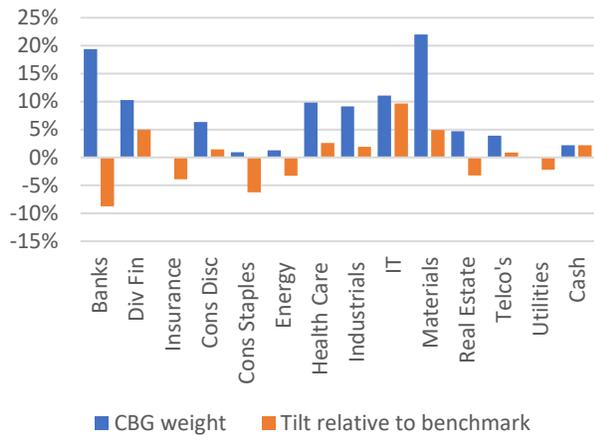
REG (1.2% weight) returned -6.9% as speculation around the impact of Federal government health care policy continued to drag on the share price.

LNK (4.5% weight) returned -0.8% after a strong price rise in previous months.

VOC (0.5% weight) returned -3.5% following a rise on takeover speculation in previous months.

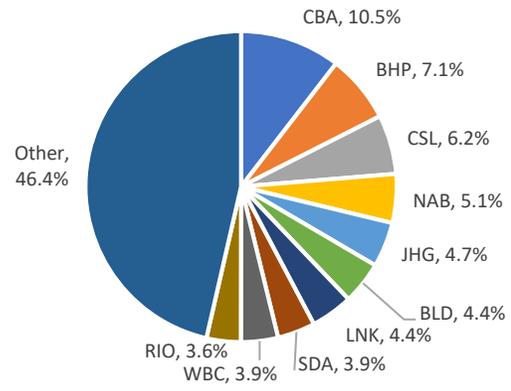
Portfolios statistics (as at 31st December 2017)

Sector allocations vs benchmark



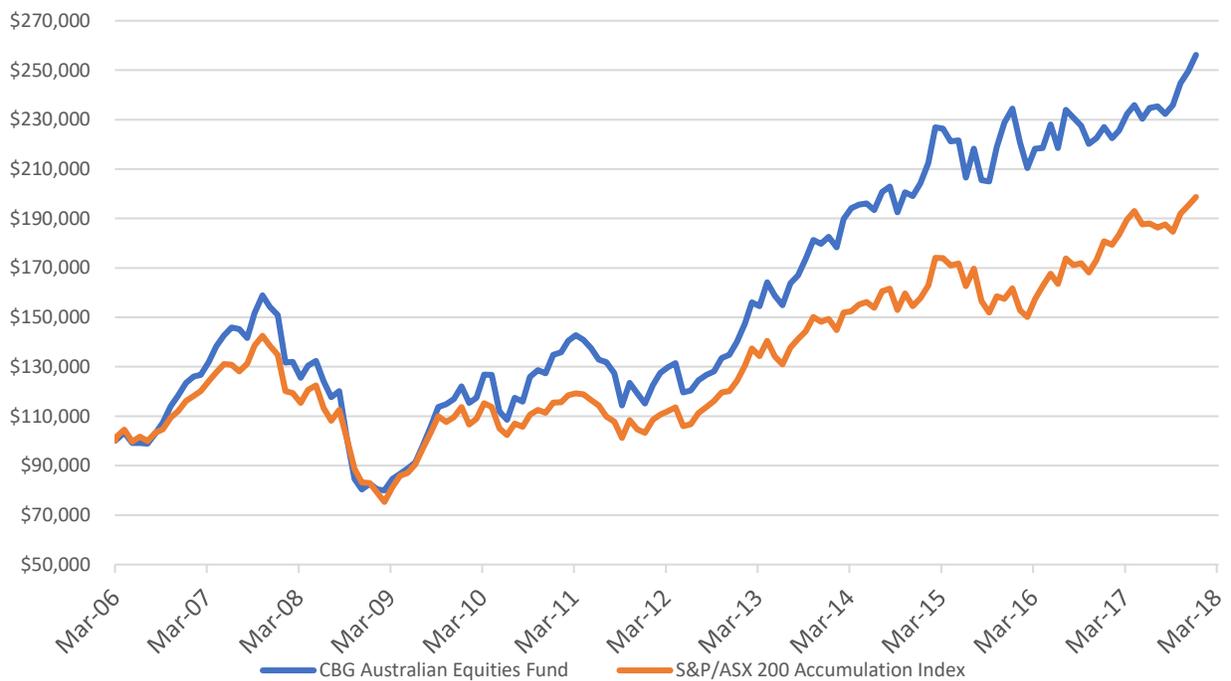
SOURCES: CBG, IRESS

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.

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