



CBG Australian Equities Fund update – November 2017

Market commentary

The Australian equity market rose in November, building on the gains reported the previous month, with the S&P/ASX 200 Accumulation Index returning 1.6%.

During the month, the ASX 200 Index passed through 6000 for the first time since February 2008, just short of 10 years ago. Since that time, the S&P/ASX 200 Accumulation Index has in fact returned 4.6% per annum from dividends, while the aggregate value of these companies (as represented by the price index) has only now returned to the 2008 level.

Global equity markets were positive overall, although the US drove much of the gains, supported by improving prospects of a corporate tax cut and a better than expected reporting season.

Australian economic data was mixed, with strength in construction work, capex intentions and building approvals, but weakness in retail sales and wages growth. The soft retail environment was highlighted by Specialty Fashion Group announcing the closure of 300 stores and Orotan Group entering administration.

Commodity prices were also mixed, with a 17% rise in the iron ore price to US\$68 and a 5% gain in the WTIS oil price to US\$57, while base metal prices were weaker, including a 1% fall in copper, 5% reduction in nickel and 4% decline in zinc.

In line with the above themes, the portfolio has been increasingly positioned to gain exposure to offshore earners, infrastructure investment and unique business models that are not reliant on domestic macroeconomic conditions.

International equity market returns in November were: S&P500 +2.8%; German Dax -1.6%; FTSE 100 -2.2%; French CAC 40 -2.4%; Shanghai Composite -2.2%; Nikkei 225 +3.2%, NZX 50 +0.5%.

Across Australian industry sectors, Insurance (+5.3%), Property (+5.3%) and Information Technology (+4.5%) led gains, while Telecommunications (-1.6%), Banks (-1.4%) and Consumer Discretionary (+0.9%) lagged.

Performance and commentary (to 30 November 2017)

Unit price (exit): \$1.5242	1 month %	6 months %	1 year %	3 years (pa) %	5 years (pa) %	Since inception (pa) %
CBG Australian Equities Fund	2.0	8.4	12.3	7.9	13.1	8.1
S&P/ASX200 Accumulation Index	1.6	6.6	14.6	8.7	10.6	6.0

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 Speedcast (**SDA**), JanusHenderson (**JHG**) and HUB24 (**HUB**). The biggest detractors were Webjet (**WEB**), iSelect (**ISU**) and Bravura (**BVS**).

SDA (3.8% weight) returned 24.5% following contract wins and commentary from management that energy segment revenues have stabilised, supported by the 21% rally in the oil price over the past 3 months.

JHG (4.4% weight) returned 8.6% as global equity markets rose 2% and major currencies appreciated by 1-3% against the Australian dollar.

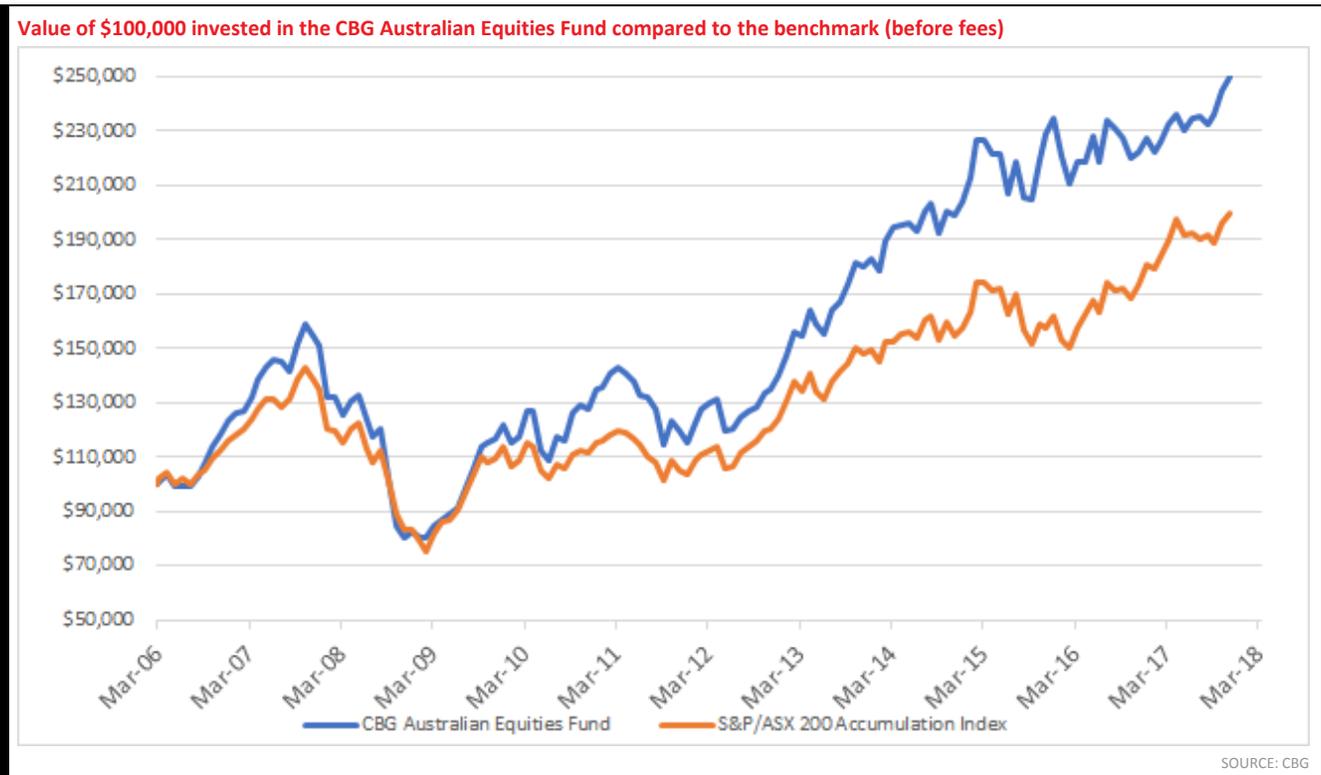
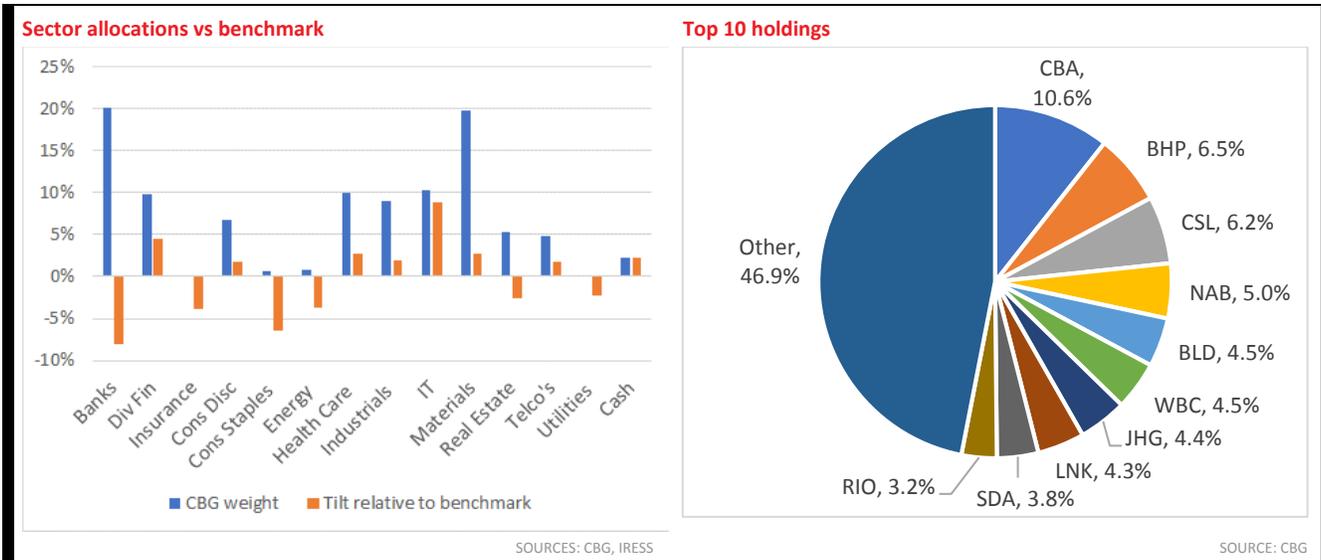
HUB (2.3% weight) returned 11.0% after reporting \$205m of inflows for the month of October, up 88% on the monthly average for the same quarter last year.

WEB (1.8% weight) returned -18.1% after an earnings update which included additional costs in several areas. Despite this, the business remains on track to achieve 27% EPS growth this financial year and we continue to see value in the position.

ISU (position exited during the month) returned -23.2% after guiding to additional marketing costs and a challenging insurance environment at the AGM.

BVS (1.9% weight) returned -5.5%, although the company announced a 3rd contract win in South Africa and confirmed guidance for mid-teens earnings per share growth this financial year.

Portfolios statistics (as at 30 November 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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