CBG ASSET MANAGEMENT

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THE AUSTRALIAN FUND MANAGER AWARDS

CBG Australian Equities Fund update – February 2018

Market commentary

The CBG Australian Equities Fund returned 0.7% in February, compared to a 0.4% rise in the S&P/ASX 200 Accumulation Index. Markets were volatile through the month as US bond rates reacted to stronger economic news. Australian equities were stronger than global markets as company half-year reports were generally positive and generated modest upgrades to analyst earnings expectations.

The MSCI World Index ended February down -4.1%. While markets commenced a recovery during the month, we expect further volatility as investors adjust to a rising interest rate regime, exacerbated by US political uncertainty.

Defensive sectors of the market continued the underperformance of the past few months, given their correlation with bonds. However, Retailing (-5.3%) was the weakest performer as consumers remain selective in spending and competition increases both on-line and offline. Poor Retail sector share price performance has been compounded by poorly managed franchise operations, notably Retail Food Group (RFG -53% since November). The Energy sector fell (-5.2%) as Oil Search (OSH -4.2%)and Santos (STO -3.1%) suffered from an earthquake in PNG and Woodside (WPL -11.5%) raised capital.

Health Care (+7.7%) was supported by a strong report from CSL (CSL +10.6%) and Consumer Staples (+0.9%) and Information Technology (+0.7%) were positive for the month.

Returns across international equity markets were: S&P500 (-3.9%); Shanghai Composite (-6.4%); Japan Nikkei (-4.5%); German Dax (-5.7%);FTSE (-4.0%); French CAC 40 (-2.9%) and NZ50 (-0.87%).

Performance and commentary (to 28th February 2018)

Unit price (exit): $1.5645	1 month %	6 months %	1 year %	3 years (pa) %	5 years (pa) %	Since inception (pa) %
CBG Australian Equities Fund	0.7	13.1	16.5	5.0	11.0	8.4
S&P/ASX200 Accumulation Index	0.4	7.5	10.1	5.1	8.0	6.1

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 Lovisa (**LOV**), Webjet (**WEB**) and Lendlease (**LLC**). The biggest detractors were IPH (**IPH**), Janus Henderson (**JHG**) and EML Payments (**EML**).

Lovisa (2.8% weight) returned +25%, following last month's positive trading update with a strong half year result. Expected store rollout in the US is particularly exciting investors.

Webjet (2.6% weight) returned +18% after posting a result which highlighted continued strength in Australian operations and progress in the company's global wholesale hotel booking businesses. WEB's deal with Thomas Cook is particularly promising, nearly tripling transaction volumes.

Lend Lease (2.5% weight) returned +14% after reporting a stronger than expected half year profit accompanied by smaller than expected provisions on engineering contracts and assisted by announcement of a share buyback.

IPH (1.2% weight) fell -33% after a weak half year profit. Investors are concerned that market and IPH revenue growth was weaker than expected. Further growth in Asian and Australian Intellectual Property markets and registrations (patents) seems likely despite recent fluctuations.

JHG (weight 4.3%) fell -10% on minor slowing in fund performances and flows but also due to an expected decline in funds under management following share market weakness. JHG continues to deliver synergies from the US/UK merger.

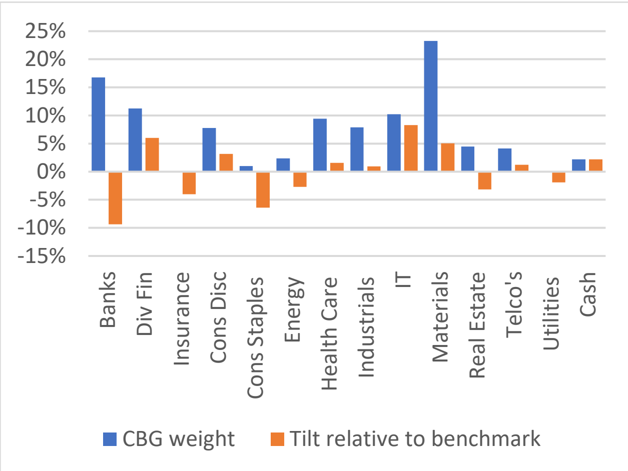
EML (0.7% weight) declined -27% after meeting half year result expectations, but downgrading full year guidance, partly due to weakness from a key US customer. The company's strategy remains on track.

Ronni Chalmers

Chief Investment Officer

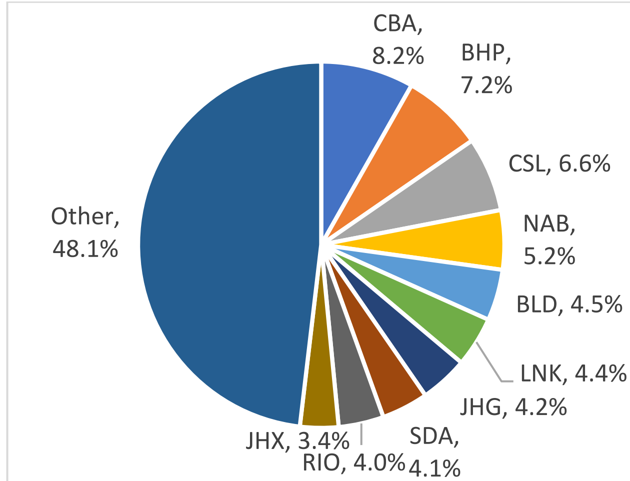
Portfolios statistics (as at 28th February 2018)

Sector allocations vs benchmark



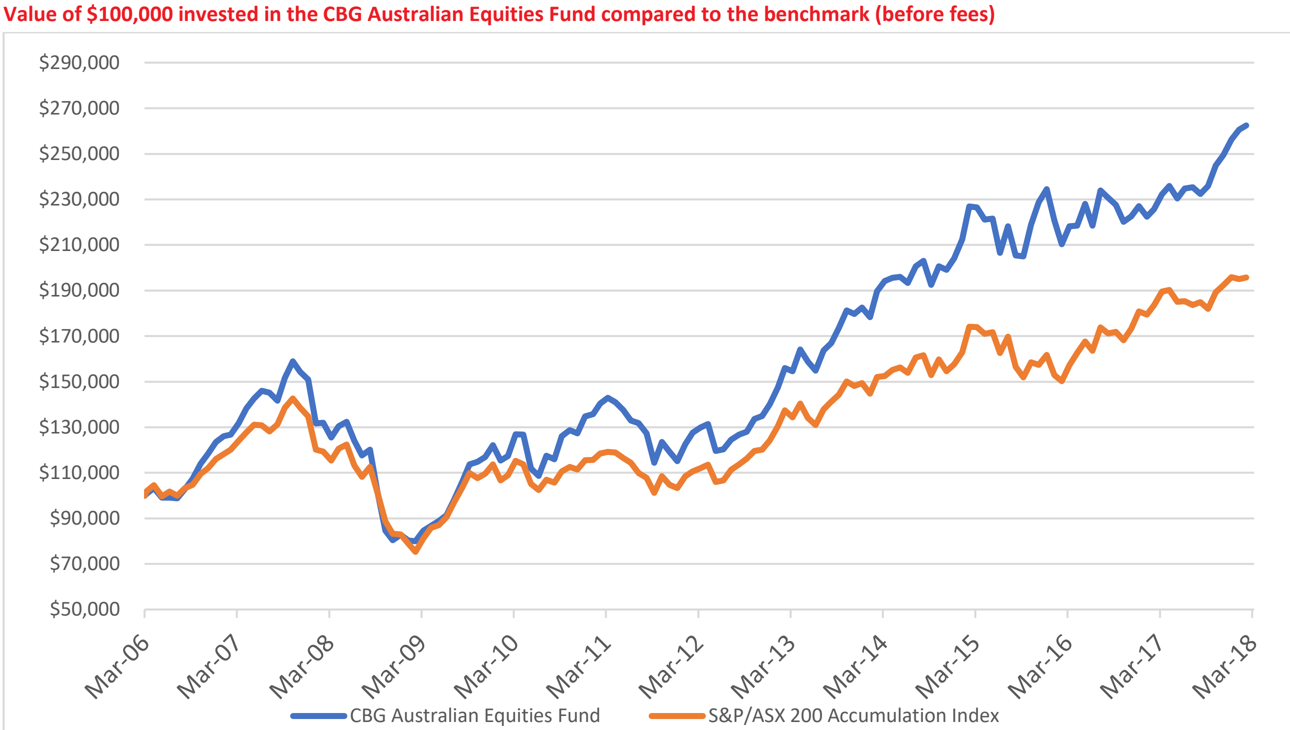
SOURCES: CBG, IRESS

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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