CBG ASSET MANAGEMENT

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CBG Australian Equities Fund update – March 2018

Market commentary

The CBG Australian Equities Fund returned -3.0% in March, compared to a -3.8% fall in the S&P/ASX 200 Accumulation Index.

The key driver of markets in March was the back and forth between the US and China on trade tariffs. The stated goal of the US is to secure greater access to Chinese markets and better protections for intellectual property. The risk is that intransigence on both sides leads to an increase in protectionist policies which dampens economic growth. A positive outcome has become more likely following President Xi's address to Bao Forum for Asia on 11th April.

March is a low period for company earnings data following February reporting season, while the CBG investment team has been meeting with portfolio companies to discuss recent results. US quarterly earnings releases will ramp up in April, which will be an important driver for global markets.

Real estate (+0.1%) and Transport (-1.4%) were the best performing sectors in March on a flight to safety, with bonds also rallying.

Banks (-6.3%) and Telecommunications (-6.1%) were the worst performing sectors. The Banks have been in the headlines on an almost daily basis as the Royal Commission proceeds. The extent of failings laid out to date suggests that the banks will need to incur additional costs to improve processes. Responsible lending practices have been a key focus, with banks being overly reliant on simplistic benchmarks to estimate living expenses.

Returns across international equity markets were: S&P500 (-2.7%); Shanghai Composite (-2.8%); Japan's Nikkei 225 (-2.8%); German Dax (-2.7%); FTSE (-2.4%); French CAC 40 (-2.9%) and NZ50 (-0.7%).

Performance and commentary (to 31 March 2018)

Unit price (exit): $1.523	1 month %	6 months %	1 year %	3 years (pa) %	5 years (pa) %	Since inception (pa) %
CBG Australian Equities Fund	-3.0	8.1	9.7	4.0	10.5	8.1
S&P/ASX200 Accumulation Index	-3.8	3.5	2.5	3.8	7.7	5.7

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 Bravura (**BVS**), Lovisa (**LOV**), and Lynas (**LYC**). The biggest detractors were Afterpay (**APT**), Janus Henderson (**JHG**) and Webjet (**WEB**).

Bravura (3.6% weight) returned 26.3% following the sell-down of the remaining Ironbridge holding. This provided improved liquidity and removed a perceived overhang on the stock. A positive feature of management commentary post the recent result is that demand for additional work from existing clients has exceeded expectations, while the pipeline of potential new clients remains strong.

Lovisa (3.7% weight) returned 10.4% as investors continue to be attracted to the significant potential for store roll-out in new geographies. Lovisa has an active roll-out in the UK and is currently trialling stores in Barcelona, Los Angeles and Paris. The trial stores are anecdotally reported to be consistently full of customers. In April, Lovisa announced a change of management, with CEO Steve Doyle leaving while

founder and MD Shane Fallsheer will continue to lead the company. This was accompanied by a positive trading update for the March quarter.

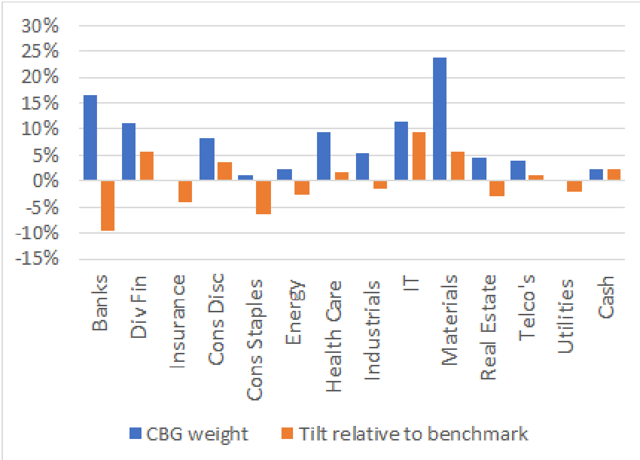
Lynas (1.7% weight) returned 15.5% after reporting a strong first half result. Pricing achieved in the half year exceeded expectations and the spot market price for NdPr also gained during March.

Afterpay (2.1% weight) returned -10.9% following negative commentary from some broker sales desks. A key criticism has been on the late fees which Afterpay charges. Management notes that even the highest 1% of late fee payers are charged less than what many lenders charge.

Webjet (3.5% weight) returned -6.4% in the context of a negative month for the broad market and following a +18% return in February.

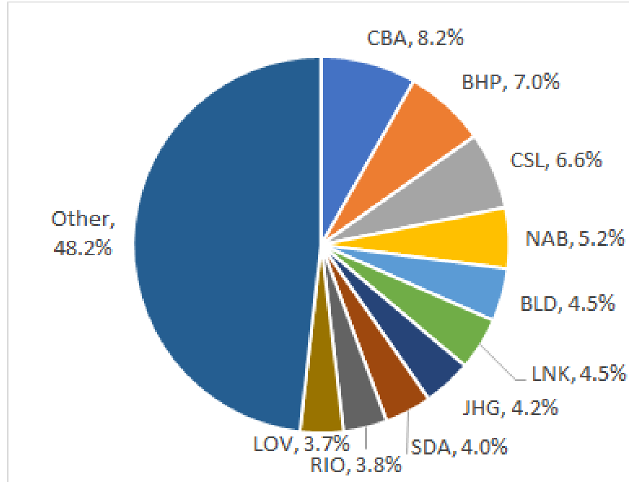
Portfolios statistics (as at 31 March 2018)

Sector allocations vs benchmark



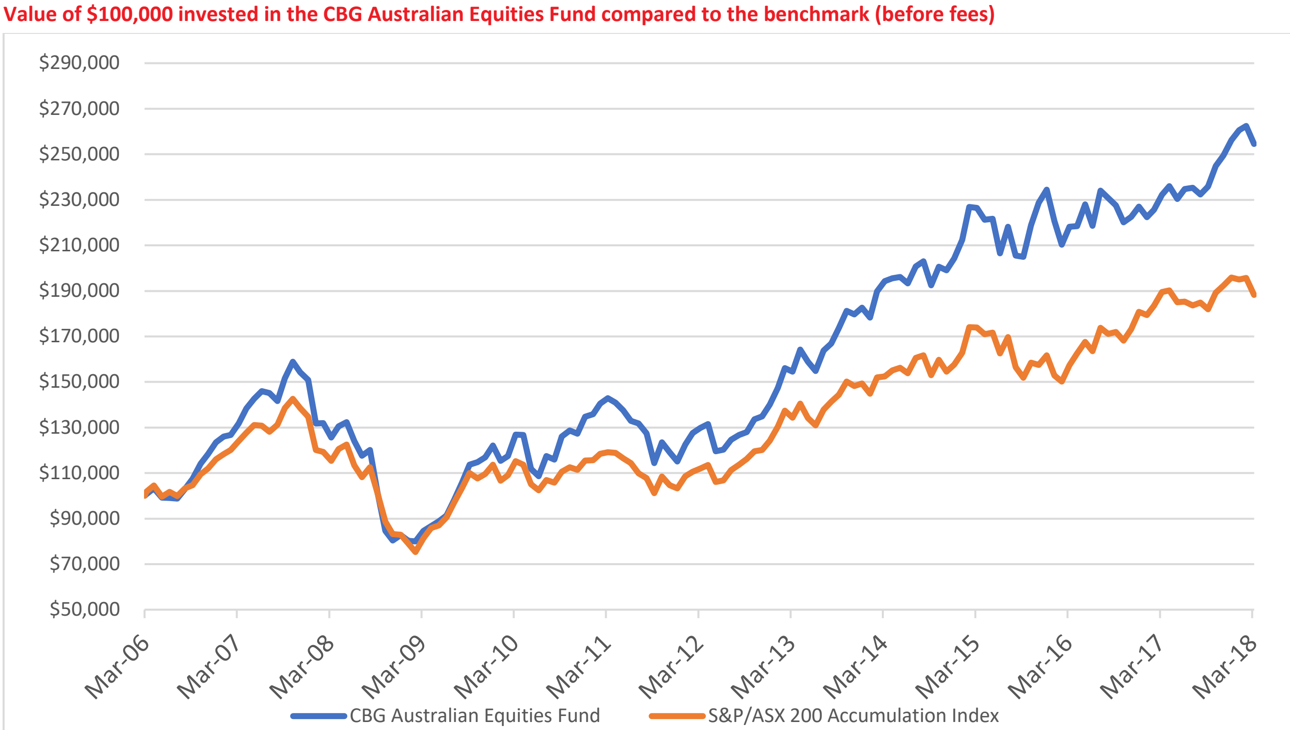
SOURCES: CBG, IRESS

Top 10 holdings



SOURCE: CBG

Value of $100,000 invested in the CBG Australian Equities Fund compared to the benchmark (before fees)



SOURCE: CBG

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Chief Investment Officer

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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