CBG ASSET MANAGEMENT

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CBG Australian Equities Fund update – April 2018

Market commentary

The CBG Australian Equities Fund returned 3.0% in April, compared to a 3.9% rise in the S&P/ASX 200 Accumulation Index.

The strong performance from the market overall was marred by the revelations of the Banking Royal Commission. Strong commodity prices, particularly Aluminium +13.7%, assisted the fund's performance. The Banks sector managed a marginally positive return (+0.9%) despite the bad news as investors positioned for NAB, ANZ and WBC half year results reported in May and subsequent dividend payments. AMP (which the fund does not hold) did not benefit from this compensating factor and fell -19% as the Chairman, CEO and (subsequently) three directors resigned.

Energy (+10.8%) was the best performing sector as Oil prices rose +5.6% and local gas producers rallied following a bid for Santos (STO) at a 28% premium to the last sale price. The Materials sector rose (+7.6%) with most commodity prices stronger in the month.

Healthcare was up (+7.4%) due to strong price rises from CSL and Cochlear as the market gained confidence in benefits of previous investments.

Financials were the worst performing sector (+0.1%) largely due to AMP's decline. Telecoms rose (+2%) despite news of increasing competition in mobile phones but after poor share price performance in previous periods Telstra which the fund does not hold has declined 19% over twelve months). Utilities also bounced (+2.3%) after poor returns in recent months as bond prices undermined value.

European equity markets were stronger with Italy (+7%), France (+6.8%) and the UK (+6.4%) all rebounding. US and Chinese markets underperformed with the S&P500 up slightly (+0.3%) and Shanghai (-2.7%) as talk of trade issues continued. Korean stocks rose (+2.8%) and Japan was also stronger (+4.7%) as meetings between North and South Korea improved regional sentiment.

Unit price (exit): $1.5567	1 month (%)	6 months (%)	1 year (%pa)	3 years (%pa)	5 years (%pa)	Since inception* (%pa)
CBG Australian Equities Fund	3.0	7.3	11.3	5.9	9.9	8.3
S&P/ASX200 Accumulation Index	3.9	3.4	5.5	5.7	7.5	6.0

Please note that for comparability, performance figures are shown before fees. *Inception date 24 March 2006

The strongest relative contributors within the portfolio in the month were Speedcast (**SDA**), HUB24 (**HUB**) and Macquarie Atlas Roads (**MQA**). The biggest detractors were Boral (**BLD**), Eclipx (**ECX**) and Lovisa (**LOV**).

Speedcast (4.2% weight) returned 15.2% as the market gained confidence in the outlook for energy exploration. SDA is a major provider of communications services to remote users, particularly offshore drilling platforms.

HUB24 (2.7% weight) returned 10.4% following a strong quarter of funds flow onto their investment platform. HUB is a beneficiary of compliance and independence issues at the largest five financial institutions and is seeing strong funds flow as financial planners look for a way to remain independent while providing high service levels to clients.

Macquarie Atlas (1.5% weight) returned 13.3% after releasing details of management internalisation plans and strong traffic on its roads. This proposed transaction will reduce management costs and likely allow a higher dividend in future.

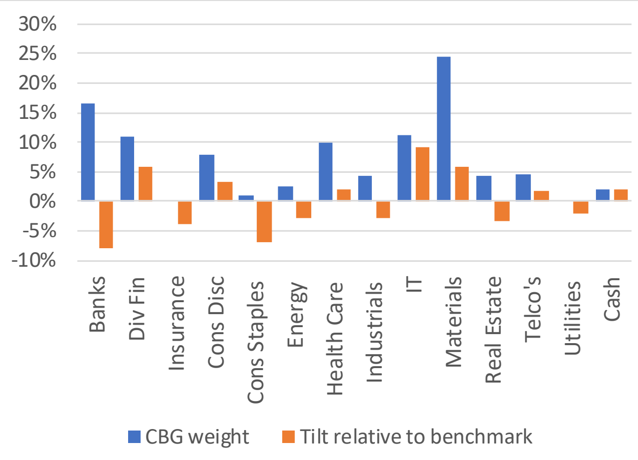
Boral (4.5% weight) fell 7.5% after announcing a change in the structure of FY18 profit – reduced operating earnings expectations (largely driven by weather) in the US and Australia offset by profits on asset sales. The market was also disappointed with an unexpected cost impact in the US fly-ash business.

Eclipx (1.8% weight) returned -9.2% continuing a weak performance as market faith in internal growth options has waned. The company reported interim earnings after month end which we believe substantiate the earnings expectations for the group.

Lovisa (3.3% weight) returned -2.3% after a strong performance in previous months. We remain positive about the possibilities of further store rollout in the UK, Spain and the USA.

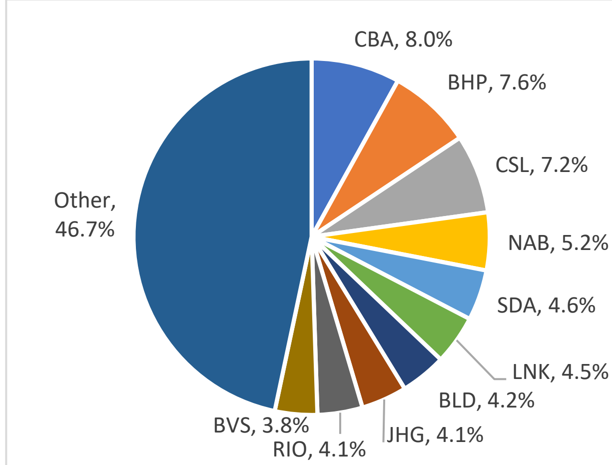
Portfolios statistics (as at 31 April 2018)

Sector allocations vs benchmark



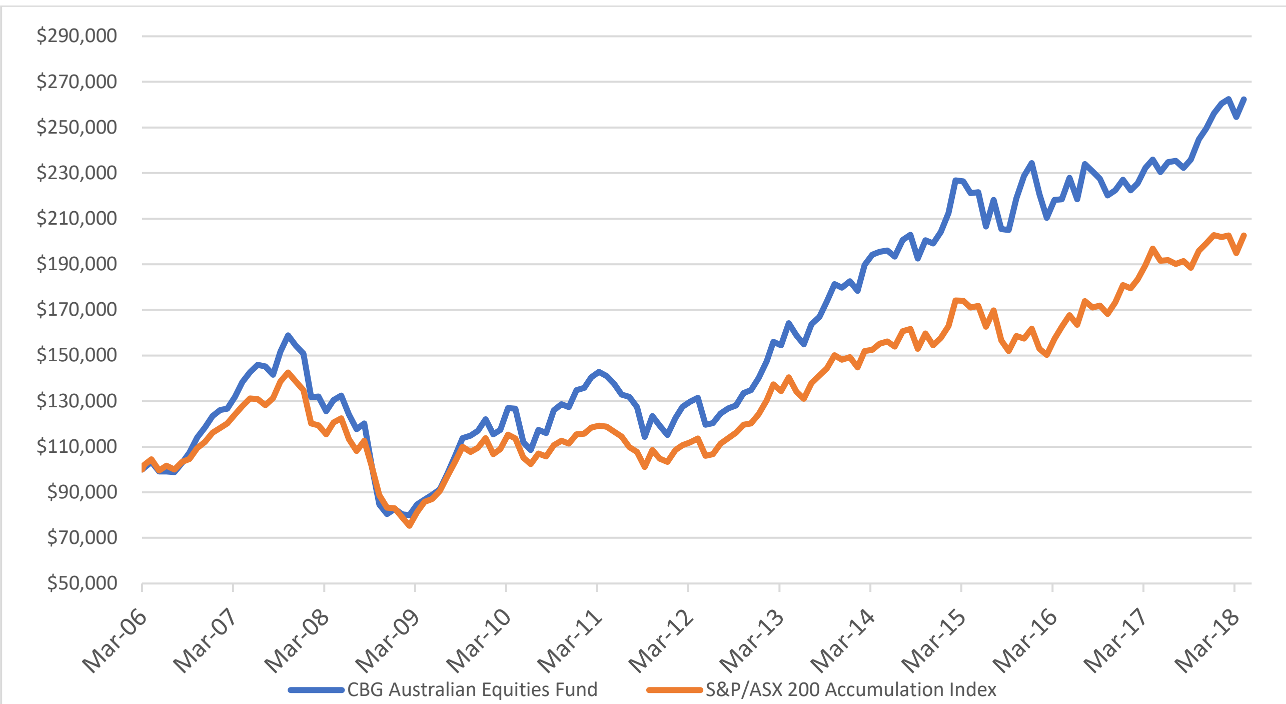
SOURCES: CBG, IRESS

Top 10 holdings at month end



SOURCE: CBG

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



SOURCE: CBG

Ronni Chalmers

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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