



CBG Australian Equities Fund update – June 2018

Market commentary

The CBG Australian Equities Fund returned 2.7% gross in June, compared to a 3.3% rise in the S&P/ASX 200 Accumulation Index. Over the twelve months ending June, the Fund returned 17.7% gross, compared to the Index return of 13.0%.

Markets had a mixed month - dominated by talks between North Korea and the US at the beginning of the month and by preparations for a Trade War between the US and the rest of the world – although nominally focused on China. Commodity prices also fluctuated with these events, however energy markets (Coal, Oil and Gas) were generally stronger. OPEC and Russia made no moves to increase production, sustaining an oil price between US\$70 and \$80 / bbl. Healthy levels for producer margins.

In the Australian market, the Energy sector was consequently the best performer (+10.3%), followed by Information Technology (+6.4%) and Staples (+6.4%) Telecommunications (-5.1%) was again the worst performing sector following Telstra's disappointing guidance at their investor day. REITs (-0.1%) and Health Care (+2.2%) were also weaker than the overall market.

Australia was one of the stronger international markets with Japan's Nikkei Index up (+1.3%) and the US NASDAQ also just positive (+0.6%) but other major markets weaker due to the implications of increased trade barriers. Shanghai continued to decline (-6.4%) due to tighter credit in China, Germany was down (DAX, -3.7%) as was Korea (KOSPI, -3.4%) despite the bi-lateral talks with North Korea.

Unit price (exit): \$1.6378	1 month (%)	6 months (%)	1 year (%pa)	3 years (%pa)	5 years (%pa)	Since inception* (%pa)
CBG Australian Equities Fund	2.7	7.8	17.7	10.2	12.3	8.6
S&P/ASX200 Accumulation Index	3.3	4.3	13.0	9.0	10.0	6.3

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 Afterpay (**APT**), Webjet (**WEB**) and New Century Zinc (**NCZ**). The biggest detractors were Janus Henderson (**JHG**), Eclix (**ECX**) and Hub24 (**HUB**).

Afterpay (4.1% weight) returned +19.6% after last months' 30% rise as confidence in the prospects for its business in the US continues to grow.

Webjet (4.3% weight) returned +7.8% following positive outlook reports from market analysts. Strong domestic and international tourism is expected to benefit WEB's consumer travel and business to business hotel operations.

New Century Resources (2.7% weight) rose +13.4% following a regular monthly report confirming the production plan for the re-opened Century zinc mine in Queensland is on track. NCZ intends to mine the waste deposit left by the original mine.

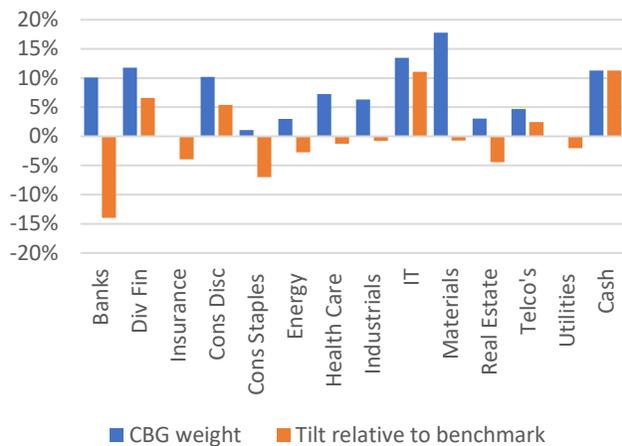
Janus Henderson (4.0% weight) was flat, lagging the market as analysts reviewed the expected value of funds under management in weaker equity markets.

Eclix Group (2.2% weight) declined -5.5% continuing a period of under-performance by finance related stocks amid fears, in part, generated by the Banking Royal Commission. We remain of the view that ECX is well managed and expect to see evidence of that at the full year result in November.

HUB24 (3.5% weight) declined -16.2% following an extremely strong performance last month. The company released a trading update which demonstrated that the core operations are on track but that a minor part of the business was under-performing.

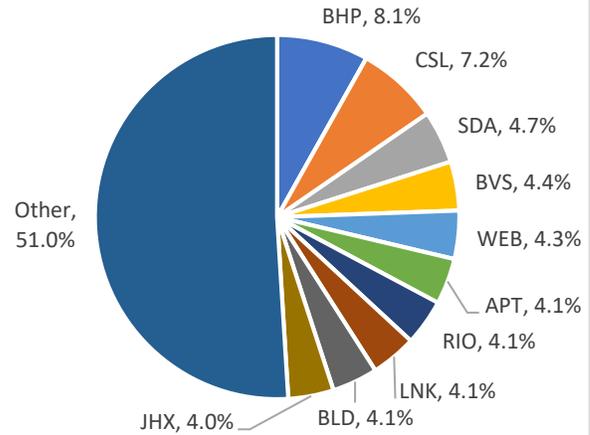
Portfolios statistics (as at 30th June 2018)

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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