



CBG Australian Equities Fund update – July 2018

Market commentary

The CBG Australian Equities Fund returned 3.4% gross in July, compared to a 1.4% rise in the S&P/ASX 200 Accumulation Index. Over the twelve months ending July, the Fund returned 21.4% gross, compared to the Index return of 14.6%.

Domestic economic data was largely positive in the month. Retail sales were slightly ahead of expectations, up 2.6% on the same month last year. Employment rose a stronger than expected 51k, up 2.8% for the year, with the unemployment rate steady at 5.4%. Inflation was also below expectations, with the headline at 2.1% but underlying only 1.8%, providing no pressure for a near term interest rate hike. On the downside, dwelling prices fell, with national prices now down 0.8% on a year rolling basis.

Across the Australian market industry sectors, Telecommunications (+7.9%), Industrials (+3.5%) and Banks (+2.7%) outperformed, while Information Technology (-1.2%), Consumer Staples (-0.5%) and Mining (-0.4%) lagged.

Returns in international markets were: S&P 500 (+3.6%), German Dax (+4.1%), FTSE 100 (+1.5%), Shanghai Composite (+1.0%), Japan's Nikkei 225 (+1.1%) and New Zealand's NZX 50 (-0.2%).

Unit price (exit): \$1.3760	1 month (%)	6 months (%)	1 year (%pa)	3 years (%pa)	5 years (%pa)	Since inception* (%pa)
CBG Australian Equities Fund	3.4	9.6	21.4	9.4	11.8	8.9
S&P/ASX200 Accumulation Index	1.4	6.2	14.6	8.0	9.2	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**), NoniB (**NBL**) and Livetiles (**LVT**). The largest detractors were James Hardie (**JHX**) and Lovisa (**LOV**).

Afterpay (5.9% weight) returned +51.7% as confidence builds around early success in the much larger US market. When customers transact with Afterpay, they are referred to the Afterpay website, so tracking website analytics provides useful insights into how the business is performing. Total monthly traffic is up 66% since February and APT's largest US client, Urban Outfitters, is already the largest referring site in APT's total network.

NoniB (2.4% weight) returned +18.4% after issuing a strong trading update, including like-for-like sales growth of 4.5%. Investors also focused on the potential of the recent acquisition of a portfolio of brands from Specialty Fashion Group.

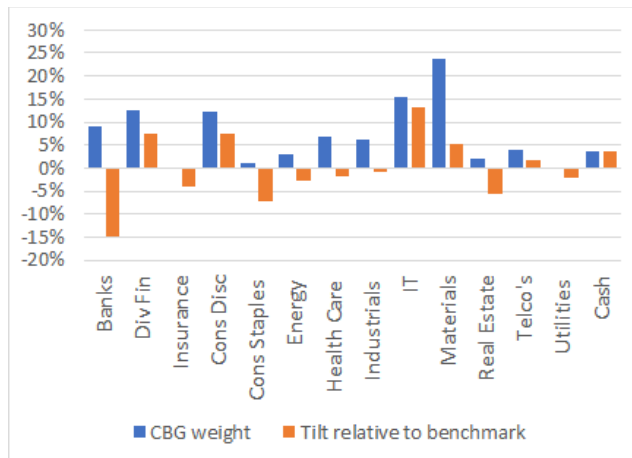
Livetiles (1.5% weight) rose +34.4% after reporting that annualised recurring revenue had reached \$15 million in June, up 275% on a year previously. Management highlighted the success of co-marketing with Microsoft in North America.

James Hardie (3.6% weight) declined -5.2% on concerns that a trade war could impact consumer sentiment and weigh on the US housing market after a slower month for housing starts in June.

Lovisa (3.4% weight) declined -4.1% following a strong run in recent months, including +20% in May. Lovisa has an active store rollout underway in the UK and has trial stores open in Barcelona, Paris and Los Angeles that could support strong growth for many years.

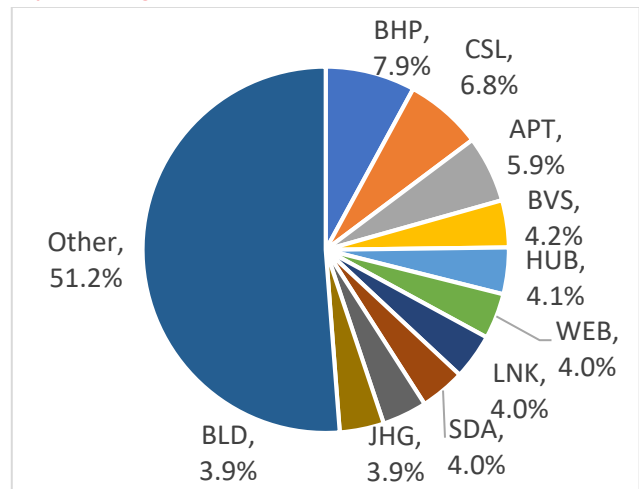
Portfolios statistics (as at 31 July 2018)

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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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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