

Net tangible assets report and performance update

December 2017

Net tangible assets per share

	Nov - 17*	Dec - 17
NTA pre-tax	\$1.0006	\$1.0240
NTA post-tax**	\$0.9863	\$1.0028

* Ex the 1.55c per share dividend which was paid on 16 November.

**Please note that the post-tax figures are theoretical, assuming that all holdings in the portfolio are sold and then tax paid on the gains that would arise on this disposal.

CBG Capital

ASX Code	CBC
Listing date	19 December 2014
Shares on issue	25.1 million
Benchmark	S&P/ASX 200 Accumulation Index
Number of stocks held	44

Market commentary

The CBG Capital portfolio returned 2.3% pre-tax in December.

The Australian equity market rose in December, supported by synchronised global economic growth, with the S&P/ASX 200 Accumulation Index returning +1.8% and +11.8% for the year.

Despite a mixed result for the month of December global equity markets were positive, with many recording new record highs. The US NASDAQ Index (dominated by technology stocks) rose +28.2% in 2017, with a small rise in December. The broader S&P500 Index was up +19.4% for the year.

European markets showed the progress of economic recovery with the FTSE100 rising +7.6% (held back by BREXIT), Germany (DAX Index) up 12.5% and France (CAC40) up +9.3%. Asian markets were stronger with Korea (KOSPI) rising 21.8% and Japan (Nikkei 225) up +19.1%. Shanghai declined in December and rose only 6.6% in 2017 as the prospect of slowing Chinese GDP growth caused a reassessment of the outlook.

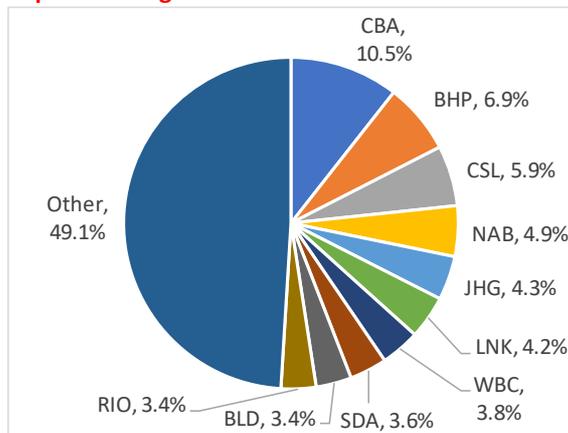
Commodity prices remained supportive of the Australian market with Iron Ore rising +8% to US\$74/t in December and Oil prices remained strong with the spot price (WTI) up 4.7% to US\$60/bbl. Metal prices were also strong with the LME Metals index up +7.6%.

The portfolio's exposure to resources has increased through 2017 and we retain positions in large, attractive, high free cashflow businesses and small, developing opportunities. We are emphasising a balanced exposure to resources growth opportunities, supported by a firm outlook for the global economy.

Across Australian industry sectors, Energy (+6.4%), Materials (+6.2%) and Telecommunications (+5.5%) were strongest, while Consumer Durables & Apparel (-4.6%), Utilities (-4.5%) and Automotive Retail (-3.2%) were weaker. Expectations that US, Global and eventually Australian interest rates will gradually rise have undermined yield sensitive sectors.

Portfolio overview (as at 31st December 2017)

Top 10 holdings



Sector weights



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Portfolio commentary

The strongest relative contributors within the portfolio in the month were Livetiles (**LVT**), Afterpay Touch (**APT**) and Lovisa (**LOV**). The biggest detractors were Regis Healthcare (**REG**), Link (**LNK**) and Vocus (**VOC**).

LVT (0.7% weight) returned 57% following an announcement that Microsoft will support and market LVT's latest AI/Machine Learning interface products.

APT (1.6% weight) returned 19% as the number of Australian Retailers offering the short-term loan product increased and Christmas trading seemed positive.

LOV (1.9% weight) returned 15.5% as the market speculated about a possible entry to the US and likely better trading in the Christmas period.

REG (1.2% weight) returned -6.9% as speculation around the impact of Federal government health care policy continued to drag on the share price.

LNK (4.2% weight) returned -0.8% after a strong price rise in previous months.

VOC (0.5% weight) returned -3.5% following a rise on takeover speculation in previous months.

Ronni Chalmers



Chief Investment Officer

Contact

Ronni Chalmers

Chief Investment Officer

rchalmers@cbgam.com.au

Boardroom

Share registry

1300 737 760

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