

## Net tangible assets report and performance update

### February 2018

#### Net tangible assets per share

	Jan - 18	Feb - 18
NTA pre-tax	\$1.0354	\$1.0403 <sup>#</sup>
NTA post-tax*	\$1.0102	\$1.0141 <sup>#</sup>

<sup>#</sup> Cum 1.5cps fully franked dividend payable May 2018.  
\*Please note that the post-tax figures are theoretical, assuming 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	41

#### Market commentary

The CBG Capital portfolio returned 0.7% pre-tax before fees in February, compared to a +0.4% rise in the S&P/ASX 200 Accumulation Index. Markets were volatile through the month as US bond rates reacted to stronger economic news. Australian equities were stronger than global markets as company half-year reports were generally positive and generated modest upgrades to analyst earnings expectations.

The MSCI World Index ended February down -4.1%. While markets commenced a recovery during the month, we expect further volatility as investors adjust to a rising interest rate regime, exacerbated by US political uncertainty.

Defensive sectors of the market continued the underperformance of the past few months, given their correlation with bonds.

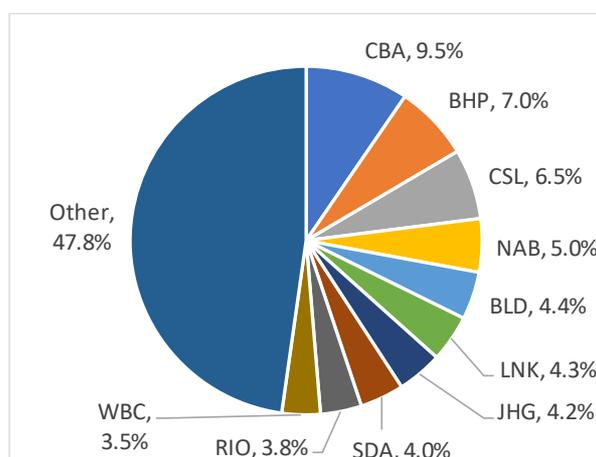
However Retailing (-5.3%) was the weakest performer as consumers remain selective in spending and competition increases both on-line and offline.

The Energy sector fell (-3.7%) as Oil Search (OSH -0.3%) and Woodside (WPL -11.5%) raised \$2.5b of capital.

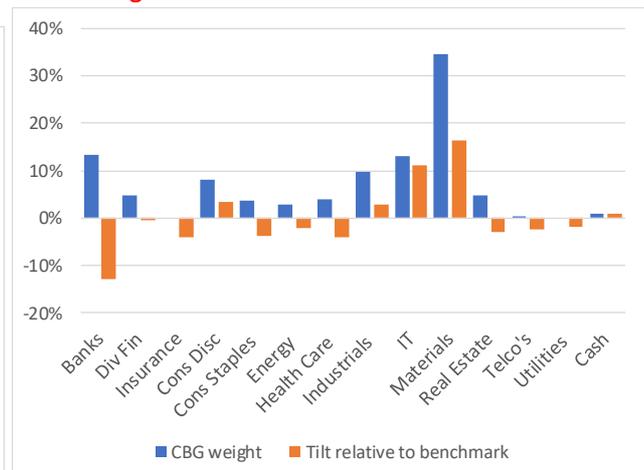
Health Care (+7.0%) was supported by a strong report from CSL (CSL +11.4%) and Consumer Staples (+2.2%) and Information Technology (+1.3%) were positive for the month.

Returns across international equity markets were: S&P500 (-3.9%); Shanghai Composite (-6.4%); Japan Nikkei (-4.5%); German Dax (-5.7%); FTSE (-4.0%); French CAC 40 (-2.9%) and NZ50 (-0.8%).

#### Top 10 holdings



#### Sector weights



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## Portfolio commentary

The strongest relative contributors within the portfolio in the month were Lovisa (**LOV**), Webjet (**WEB**) and Lendlease (**LLC**). The largest detractors were IPH (**IPH**), Janus Henderson (**JHG**) and EML Payments (**EML**).

Lovisa (3.2% weight) returned +25%, with a strong half year result following last month's positive trading update. Expected store rollout in the US is particularly exciting investors.

Webjet (2.9% weight) returned +18% after posting a result which highlighted continued strength in Australian operations and progress in the company's global wholesale hotel booking businesses. WEB's deal with Thomas Cook is particularly promising, nearly tripling transaction volumes.

Lend Lease (2.7% weight) returned +14% after reporting a stronger than expected half year profit accompanied by smaller than expected provisions on

engineering contracts and assisted by announcement of a share buyback.

IPH (0.8% weight) fell -33% following a half year profit report. Investors are concerned that market and IPH revenue growth was weaker than expected. Further growth in Asian and Australian Intellectual Property markets and registrations (patents) seems likely despite recent fluctuations.

JHG (weight 4.2%) fell -10% on minor slowing in fund performances and flows but also due to an expected decline in funds under management following share market weakness. JHG continues to deliver synergies from the US/UK merger.

EML (0.5% weight) declined -27% after meeting half year result expectations, but downgrading full year guidance, partly due to weakness from a key US customer. The company's strategy remains on track.

## CBG Capital Half Year Result

CBG Capital released its half year result during the month. Profit before tax rose from \$581,000 to \$1,571,000.

The pre-tax gross portfolio value rose +12% over the past six months as at 28 February 2018 and the company declared a 1.5cps fully franked dividend – an increase of 0.5cps.

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