

Net tangible assets report and performance update

February 2017

Net tangible assets per share			CBG Capital	
	Jan-17	Feb-17*	ASX Code	CBC
NTA pre-tax	\$0.9446	\$0.9560	Listing date	19 December 2014
NTA post-tax**	\$0.9484	\$0.9565	Shares on issue	25.0 million
*Cum a 1.0cps dividend to be paid on 25 May (ex-date 16 May)			Benchmark	S&P/ASX 200 Accumulation Index
**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.			Number of stocks held	46

Market commentary

The February reporting season delivered more upside than downside surprises, which supported a positive performance for the local market, broadly in line with global equities. The S&P/ASX 200 Accumulation Index returned 2.3% for the month.

The median stock is currently expected to deliver +4% EPS growth in the 2017 financial year. Large cap stocks are on track to outperform small caps, in a reversal of last year's trend, with cap-weighted EPS growth forecast at +6% ex-resources. Including resources, market EPS growth of +19% is expected, given the strong rally in key commodity prices. (Market forecasts based on UBS Research).

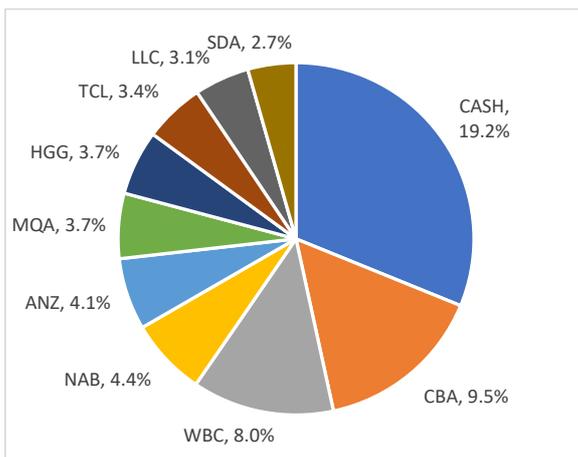
This was one of the better reporting seasons in recent years, although we note that businesses are not yet broadly reporting strong top line growth. If global macro-economic conditions continue the improvement seen over the past 12 months, this should begin to be reflected in future reporting periods.

Across the Australian market, the strongest sectors were Consumer Staples (+6.2%), Banks (+4.6%) and Property (+4.1%), while Materials (-3.2%), Industrials (-4.7%) and Energy (-2.1%) lagged the market.

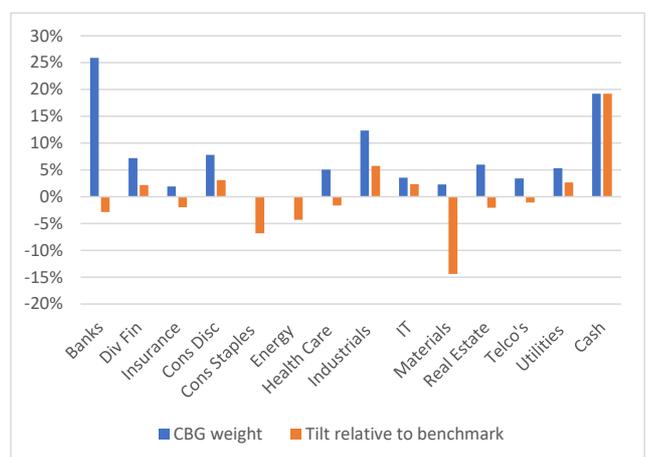
Across the globe, the S&P500 gained +3.7%, the German Dax was +2.7%, Shanghai Composite +2.6%, FTSE +2.3%, French CAC40 +2.2%, NZX50G +1.7% and the Nikkei 225 +0.4%.

Portfolio overview (as at 28 February 2017)

Top 10 holdings



Sector weights



Portfolio commentary

The NTA pre-tax increased by 1.2% during the month of February 2017. The company declared a 1.0c cps fully-franked dividend to be paid on 25 May.

The strongest contributors to portfolio performance relative to the benchmark in the month were BHP Billiton (**BHP**), in which the portfolio is underweight, Telstra (**TLS**), which the portfolio does not hold, Class (**CL1**) and Lend Lease (**LLC**). The biggest detractors were Eureka (**EGH**), Sealink (**SLK**), Wesfarmers (**WES**), which the portfolio does not hold, and Macquarie Atlas Roads (**MQA**).

Within the portfolio, Class (**CL1**, 1.3% weight) provided the strongest contribution, returning 16.2% as management guided to an acceleration in the move to cloud based SMSF administration.

Lend Lease (**LLC**, 3.3% weight) returned 8.1% after reporting 12% EPS growth for the half year and pointing to continuing growth momentum.

Eureka (**EGH**, 1.4% weight) detracted from performance, returning -36.8% as the company reported earnings well below management guidance provided at the AGM in November 2016. The portfolio position has been reduced given a number of issues with recent acquisitions for the new CEO to address.

Sealink (**SLK**, 1.3% weight) has been a strong performer in the portfolio, but returned -10.9% in the month after the first half result missed expectations due to a declining contribution from operations in relation to Gladstone LNG construction. Pleasingly, the stock has recovered by 5.9% in March to date.

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