

Net tangible assets report and performance update

April 2017

Net tangible assets per share			CBG Capital	
	Mar -17	Apr-17*	ASX Code	CBC
NTA pre-tax	\$0.9825	\$0.9952	Listing date	19 December 2014
NTA post-tax**	\$0.9733	\$0.9819	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	42

Market commentary

In April, the S&P/ASX 200 Accumulation Index rose 1.0%. The market saw positives in the initial French presidential election result and Trump's US tax reform proposals.

Industrials performed well led by Brambles (BXB) and Transurban (TCL) which both delivered reassuring trading updates while interest rate sensitive stocks were generally well supported by a rally in 10-year bonds. Companies with offshore revenues generally performed well despite concerns over various political risks during the month (eg North Korea, Syria, French elections).

Conversely, Materials underperformed as commodity prices fell sharply with iron ore down 17% for the month and oil down 2%. Reflecting exposure to commodity prices, the AUD declined 2% against the USD in the month to finish at 74.8c.

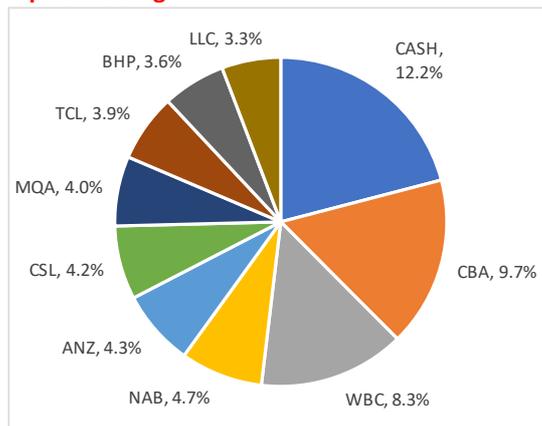
Telcos underperformed significantly in the month as TPG Telecom (TPM) was successful in acquiring a spectrum licence allowing development of a fourth mobile network in Australia. Given TPG's expected lower pricing, the market took this as a sign of diminishing profitability in the mobile market and consequently sold down Vocus (VOC, -20.9%), TPM (-12.8%), Telstra (TLS, -9.4%) and Amaysim (AYS, -6.3%).

In the Australian equity market the strongest sectors were Industrials (+4.4%), IT (+3.9%), Health Care (+3.2%), Utilities (+3.1%), REITs (+2.6%), Financials (+1.9%) and Consumer Discretionary (+1.3%), while Telecommunications (-10%), Consumer Staples (-2.6%), Energy (-0.6%) and Materials (-0.2%) lagged the market.

Across the globe, the S&P500 gained +1.0%, the German Dax was +1.0%, Shanghai Composite -2.1%, FTSE -1.3%, NZX50G +2.5% and the Nikkei 225 +1.5%.

Portfolio overview (as at 30th April 2017)

Top 10 holdings



Sector weights



Portfolio commentary

The NTA pre-tax increased by 1.3% during the month of April 2017. The company will pay a 1.0c cps fully-franked dividend on 25 May.

The strongest relative contributors to the portfolio in the month, where the portfolio is overweight relative to the benchmark, were Speedcast International (**SDA**), Henderson Group (**HGG**), and Macquarie Atlas Roads (**MQA**). The biggest detractors were overweight positions in Automotive Holdings Group (**AHG**) and Vocus Group (**VOC**).

Within the portfolio, Speedcast International (**SDA**, 2.7% weight) provided the strongest contribution, returning 9.2% as the company hosted an investor day confirming that it was comfortable with market forecasts for FY17 EBITDA and the market grew more comfortable in the growth outlook for SDA's key verticals.

Automotive Holdings Group (**AHG**, 1.9% weight) was the largest detractor declining 9.5% in the month on concerns over the outlook for new car sales. New car sales data released in the month highlighted a 2% decline on the pcp (-0.3% month-on-month).

Of note, DUET Group (**DUE**, 1.2% weight) returned 8.2% as FIRB approved the takeover by the CKI-led consortium by way of Scheme of Arrangement. DUE was then suspended from the ASX list on 1 May 2017. CBG first bought into DUE at A\$2.08 in June 2012 and the initial investment returned approximately 87% (13% CAGR) over that holding period.

Ronni Chalmers



Chief Investment Officer

Contact

Ronni Chalmers

Chief Investment Officer

rchalmers@cbgam.com.au

Boardroom

Share registry

1300 737 760

Disclaimer: The content of this report has been prepared without taking into account any individual's objectives, financial situation or needs. Before making any decision in regards to the securities mentioned in this report, you should consider your own objectives, financial situation and needs. You should also obtain and consider the prospectus for the company, which is available at www.cbcapital.com.au