

Net tangible assets report and performance update

August 2017

Net tangible assets per share			CBG Capital	
	Jul -17	Aug - 17	ASX Code	CBC
NTA pre-tax	\$0.9738	\$0.9578	Listing date	19 December 2014
NTA post-tax**	\$0.9686	\$0.9577	Shares on issue	25.0 million
**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.			Benchmark	S&P/ASX 200 Accumulation Index
			Number of stocks held	39

Market commentary

The Australian equity market declined slightly in August, returning -0.1% before dividends. The accumulation index including dividends rose +0.7%. August was dominated by the company result reporting season which saw wide variance in operating performance relative to expectations.

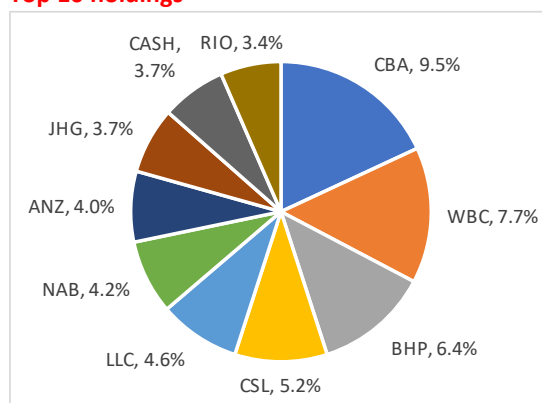
Around 30% of reported results beat expectations, slightly more than those under forecasts at about 28%. Overall market earnings expectations fell (not unusual) however management also generally signalled higher capital expenditure and overall a decline in dividend payout ratios (heavily influenced by the cut in expected FY18 dividend from 28cps to 22cps at Telstra).

International equity markets were again mixed in August. The S&P500 was flat, adding +0.1% - hindered by politics and potential confrontation with North Korea. The FTSE 100 returned +0.8% but European markets were weaker; the French CAC40 eased -0.2% and the German DAX fell -0.5%. The Shanghai Composite was strong rising +2.7% after a strong July; the Nikkei 225 was down -1.4% and the NZ50 gained +1.6%.

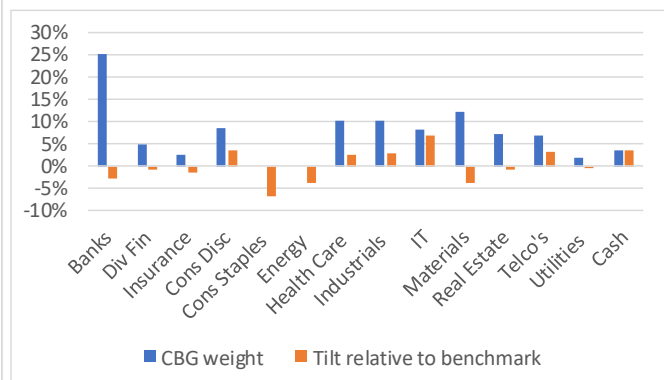
Across Australian industry sectors, Staples (+5.3%), Materials (+4.4%) and Utilities (+3.2%) were strongest. Telecoms underperformed (-7.3%) following Telstra's capital review and disappointing results from Vocus and TPG. Insurance (-4.0%) and Banks (-2.5%) also underperformed.

Portfolio overview (as at 31 August 2017)

Top 10 holdings



Sector weights



Portfolio commentary

The strongest relative contributors within the portfolio in the month were Janus Henderson Group (**JHG**), NRW Holdings (**NWH**) and Speedcast International (**SDA**). The biggest detractors were Automotive Holdings Group (**AHG**), Vocus Group (**VOC**), and iSelect Ltd (**ISU**).

Janus Henderson (4.0% weight) rose +4.9% following a strong result and positive outlook comments regarding merger benefits. The outlook for JHG remains positive, with synergies from the Janus merger worth 20% of group earnings and Henderson's retail funds returning to positive flows of +\$1bn in the June quarter.

NRW Holdings (weight 0.2%) was a positive contributor after a value adding acquisition and well-subscribed capital raising (CBG participated). We sold our position following the deal after a share price rise of +63% in August.

Speedcast (weight 2.8%) shares rebounded after a positive result and market conviction regarding the outlook for the company's major customer sectors in remote communications services to energy, government and shipping. The share price rose +5.5%.

Automotive Holdings Group (1.1% weight) returned -16% after a +14% rise in July. This capped the share price recovery from weaker car sales in May. Management were more cautious in their comments regarding the outlook for FY18, however the share price has risen 6% in September at the time of writing.

Vocus Group (0.8% weight) announced that potential buyers from two private equity funds had pulled out of a proposed acquisition which saw the share price fall -34%.

iSelect (weight +0.7%) reported a weaker than expected result with a slower FY18 also expected causing a share price decline of -19%.

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 regard 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