

Net tangible assets report and performance update

October 2017

Net tangible assets per share			CBG Capital	
	Sep – 17	Oct - 17	ASX Code	CBC
NTA pre-tax	\$0.9676	\$0.9986	Listing date	19 December 2014
NTA post-tax*	\$0.9667	\$0.9876	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	44

Market commentary

The Australian equity market rose in October after a series of flat monthly returns. The S&P/ASX 200 Accumulation Index returned 4.0%. Global equity markets were positive and the relative strength in commodity markets (Oil rose 5.8%) combined with solid third quarter company reports contributed to the market rising in the month.

Australian economic data remained subdued in October. The Reserve Bank made no change to interest rates and an initial rise in Aust. Govt. 10 Year Bond yields was partially reversed with the bond rate finishing at 2.67%. Core inflation was weak despite a Headline CPI rate of +0.6% and Retail Sales were also weak overall at -0.6%. This data, together with household's high debt levels, is consistent with weaker consumer spending despite consumer confidence in the economic outlook (Westpac survey +3.6%). The A\$/US\$ exchange rate has weakened to \$0.766.

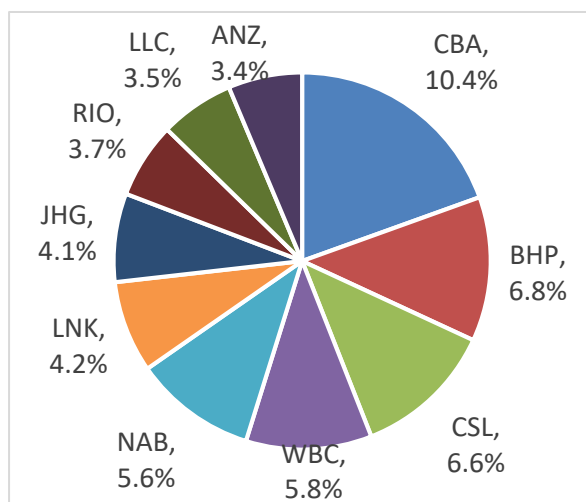
The major political event of the month was the 19th party Congress of the Communist Party of China with President Xi reiterating the vision of Chinese socialism. A continuation of structural reforms, remaining on the path to a successful and prosperous nation and people with an appropriate presence on the world stage by 2050. These sentiments remain broadly positive for Australia's trading relationship with China.

International equity markets rose, returns were: S&P500 +2.2%; German Dax +3.1%; FTSE 100 +1.6%; French CAC 40 +3.3%; Shanghai Composite +1.3%; Nikkei 225 +8.1%, NZX 50 +2.7%.

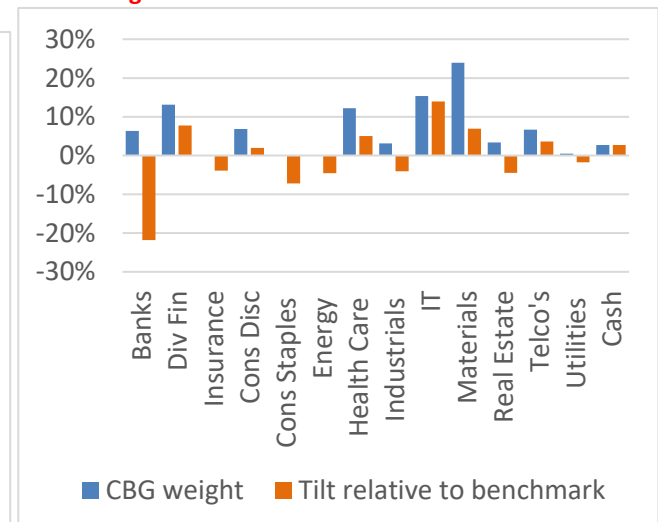
Across Australian industry sectors, Information Technology (+8.8%), Consumer Discretionary (+6.2%) and Utilities (+5.0%) outperformed, while REITs (+2.3%), Telecoms (+2.4%) and Banks (+2.8%) lagged. Notably all sectors rose in a broadly strong market.

Portfolio overview (as at 31st October 2017)

Top 10 holdings



Sector weights



Portfolio commentary

The strongest relative contributors within the portfolio in the month were IPH Limited (**IPH**), Link Administration (**LNK**), Macquarie Atlas (**MQA**) and Vocus Group (**VOC**). The biggest detractors were Lend Lease (**LLC**) and Technology One (**TNE**).

IPH (1.2% weight) rose (+28%) following the acquisition of NZ Intellectual property firm AJ Park - expected to enhance earnings in the short term.

LNK (4.2% weight) rose (+9.3%) following an AGM update on prospects for their UK acquisition and progress on realising synergies in Australian operations.

MQA (3.3% weight) rose (+9.8%) strongly as currencies moved in favour of higher earnings from the company's ownership of French and US roads.

VOC (0.9% weight) rose strongly (+20.5%) following an investor briefing from management on cost saving plans and business initiatives.

LLC (3.5% weight) declined (-9.5%) after the company warned of poor outcomes in its Australian Construction division. LLC has been a strong contributor this year.

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Boardroom

Share registry

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