

## Net tangible assets report and performance update

December 2017

### Net tangible assets per share

|                | Nov - 17* | Dec - 17 |
|----------------|-----------|----------|
| NTA pre-tax    | \$1.0006  | \$1.0240 |
| NTA post-tax** | \$0.9863  | \$1.0028 |

\* Ex the 1.55c per share dividend which was paid on 16 November.

\*\*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.

### 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 | 44                             |

### Market commentary

The CBG Capital portfolio returned 2.3% pre-tax in December.

The Australian equity market rose in December, supported by synchronised global economic growth, with the S&P/ASX 200 Accumulation Index returning +1.8% and +11.8% for the year.

Despite a mixed result for the month of December global equity markets were positive, with many recording new record highs. The US NASDAQ Index (dominated by technology stocks) rose +28.2% in 2017, with a small rise in December. The broader S&P500 Index was up +19.4% for the year.

European markets showed the progress of economic recovery with the FTSE100 rising +7.6% (held back by BREXIT), Germany (DAX Index) up 12.5% and France (CAC40) up +9.3%. Asian markets were stronger with Korea (KOSPI) rising 21.8% and Japan (Nikkei 225) up +19.1%. Shanghai declined in December and rose only 6.6% in 2017 as the prospect of slowing Chinese GDP growth caused a reassessment of the outlook.

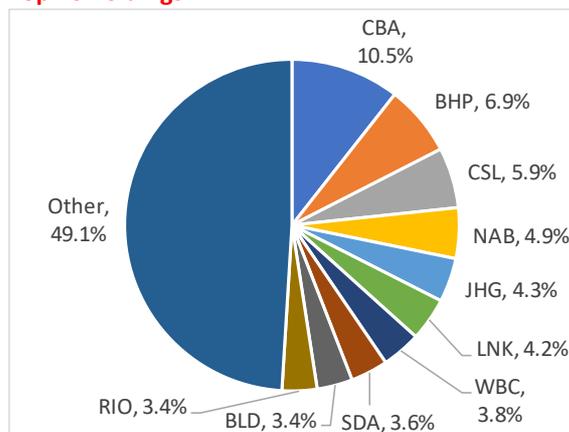
Commodity prices remained supportive of the Australian market with Iron Ore rising +8% to US\$74/t in December and Oil prices remained strong with the spot price (WTI) up 4.7% to US\$60/bbl. Metal prices were also strong with the LME Metals index up +7.6%.

The portfolio's exposure to resources has increased through 2017 and we retain positions in large, attractive, high free cashflow businesses and small, developing opportunities. We are emphasising a balanced exposure to resources growth opportunities, supported by a firm outlook for the global economy.

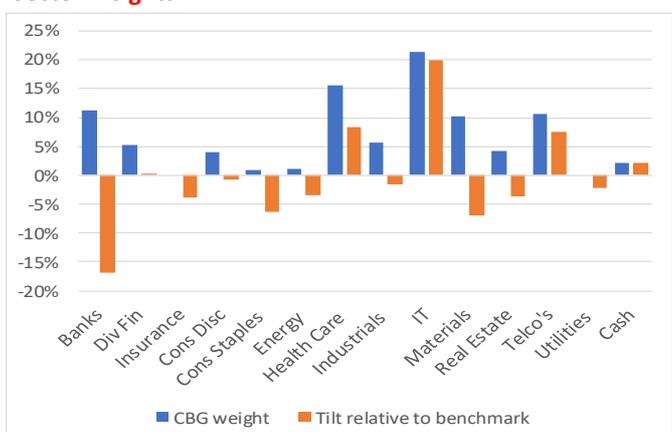
Across Australian industry sectors, Energy (+6.4%), Materials (+6.2%) and Telecommunications (+5.5%) were strongest, while Consumer Durables & Apparel (-4.6%), Utilities (-4.5%) and Automotive Retail (-3.2%) were weaker. Expectations that US, Global and eventually Australian interest rates will gradually rise have undermined yield sensitive sectors.

### Portfolio overview (as at 31<sup>st</sup> December 2017)

#### Top 10 holdings



#### Sector weights



## Portfolio commentary

The strongest relative contributors within the portfolio in the month were Livetiles (**LVT**), Afterpay Touch (**APT**) and Lovisa (**LOV**). The biggest detractors were Regis Healthcare (**REG**), Link (**LNK**) and Vocus (**VOC**).

**LVT** (0.7% weight) returned 57% following an announcement that Microsoft will support and market LVT's latest AI/Machine Learning interface products.

**APT** (1.6% weight) returned 19% as the number of Australian Retailers offering the short-term loan product increased and Christmas trading seemed positive.

**LOV** (1.9% weight) returned 15.5% as the market speculated about a possible entry to the US and likely better trading in the Christmas period.

**REG** (1.2% weight) returned -6.9% as speculation around the impact of Federal government health care policy continued to drag on the share price.

**LNK** (4.2% weight) returned -0.8% after a strong price rise in previous months.

**VOC** (0.5% weight) returned -3.5% following a rise on takeover speculation in previous months.

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