

Net tangible assets report and performance update

May 2018

Net tangible assets per share

| | Apr - 18 | May - 18 [#] |
|---------------|----------|-----------------------|
| NTA pre-tax | \$1.0279 | \$1.0366 |
| NTA post-tax* | \$1.0107 | \$1.0130 |

*Please note that the post-tax figures are theoretical, assuming all holdings in the portfolio are sold and then tax paid on the gains that would arise on this disposal.

[#] Ex 1.5 cps dividend paid in May 2018.

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 | 32 |

Market commentary

The CBG Capital portfolio returned +2.3% after fees pre-tax in May, compared to a +1.1% rise in the S&P/ASX 200 Accumulation Index.

Global equity markets posted positive returns, despite intra-month volatility due to political events. Two anti-establishment political parties in Italy attempted to form a coalition government, but were blocked by the Italian President, who rejected the appointment of a Eurosceptic Finance Minister. Investors were relieved on the forming of an interim government, headed by former IMF official Carlo Cottarelli.

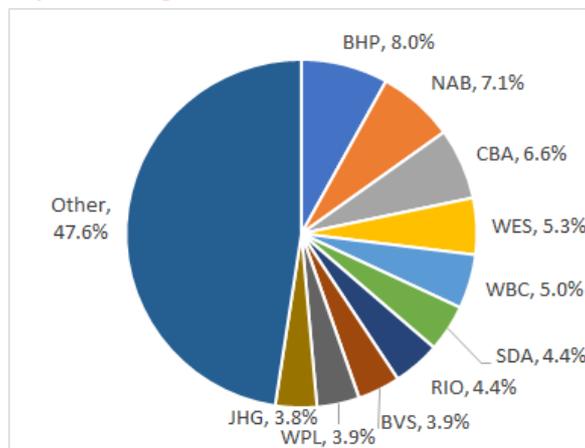
In the Australian market, Healthcare (+5.6%), Diversified Financials (+5.1%) and Consumer Discretionary (+5.1%) were the best performing sectors. Telecommunications (-10.2%), Insurance (-1.4%) and Banks (-1.0%) underperformed.

Across international markets, returns were: S&P 500 +2.2%; Shanghai Composite +0.4%; Nikkei 225 -1.2%; German Dax -0.1%; FTSE 100 +2.2%; French CAC 40 -2.2% and NZX 50 +2.6%.

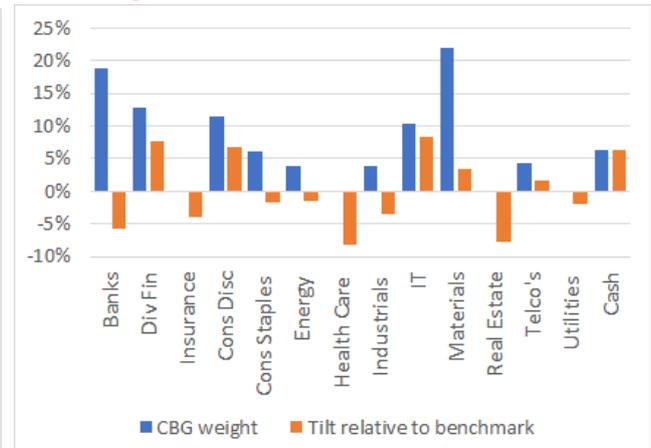
The iron ore price fell 2% in the month to \$65/tonne, while the Brent crude price rose 4% on supply concerns following the US withdrawal from the Iran nuclear deal. Nickel was the stand out base metal, rising 11% in the month.

Performance and commentary (to 31 May 2018)

Top 10 holdings at month end



Sector weights



Portfolio commentary

The strongest relative contributors within the portfolio in the month were HUB24 (**HUB**), Lovisa (**LOV**) and Afterpay (**APT**). The biggest detractors were Link Administration (**LNK**), Boral (**BLD**) and National Australia Bank (**NAB**).

HUB24 (3.5% weight) returned 24.3% as news related to the Royal Commission continues to support a strong long-term outlook for inflows to HUB's independent platform.

Lovisa (3.6% weight) returned 20.4% following an investor day at the company's Melbourne head office, which CBG attended. Presentations by key management highlighted the company's strong business model and the potential to accelerate the store rollout across a number of geographies.

Afterpay (2.3% weight) returned 30.6% on increasing confidence in the prospects for its business in the US. The company commenced trading in the US during the month, with initial retail partners including Urban Outfitters, which has online sales of over US\$1bn.

Link Administration (3.5% weight) returned -17.4% following a Federal Budget proposal to transfer inactive super accounts below \$6,000 to the ATO. This would have a negative revenue impact on Link, estimated at \$55m.

Boral (3.5% weight) returned -8.9% after a negative trading update in late April, highlighting weather impacts and costs associated with sourcing new supplies of fly ash in the US. Boral held an investor day in Brisbane during the month, which CBG attended. The CEO cited better recent weather and evidence of operational improvements in the US, but no quick fix for higher fly ash costs.

National Australia Bank (7.1% weight) returned -4.1% on the prospect of increased regulatory and compliance costs post the Royal Commission and an expectation of continued slowing in housing credit growth.

Ronni Chalmers



Chief Investment Officer

Contact

Ronni Chalmers
Chief Investment Officer
rchalmers@clime.com.au

Boardroom
Share registry
 1300 737 760

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