

## Net tangible assets report and performance update

June 2017

### Net tangible assets per share

	May -17*	Jun - 17
NTA pre-tax	\$0.9626	\$0.9735
NTA post-tax**	\$0.9576	\$0.9688

\*Ex a 1.0cps dividend paid on 25 May (ex-date 16 May)

\*\*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	25.0 million
Benchmark	S&P/ASX 200 Accumulation Index
Number of stocks held	39

### Market commentary

The Australian equity market was flat in June, returning only +0.2%. Strengthening economic data in Europe and the USA suggests that the period of easy global monetary policy is ending. This will likely manifest as less bond buying by the European Central Bank net selling by US Federal Reserve. In turn, this means bond prices may decline (and interest rates rise).

These developments are encouraging, but also mean a reassessment of equity market valuations. We expect moderate rate rises in the US, while Australian lending rates may rise but remain historically low.

CBG moved to reduce exposure to interest rate sensitive securities during the month, recognising the strong return these holdings have delivered and where

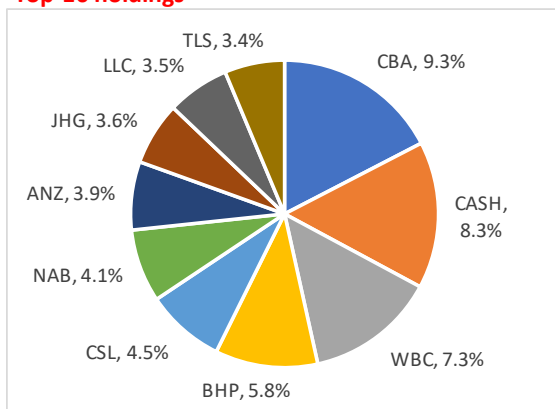
share prices are now close to full valuations. We have retained positions in companies such as Transurban (TCL) which offer strong growth.

International equity markets were quite mixed in June, reflecting bond market uncertainty. The S&P500 fell -0.6%, the FTSE100 was down -1.5%, the German Dax declined -3.2%, and the Nikkei 225 dropped -0.5%. However, the NZX50 rose 0.8% and the Shanghai composite rose 1.1%.

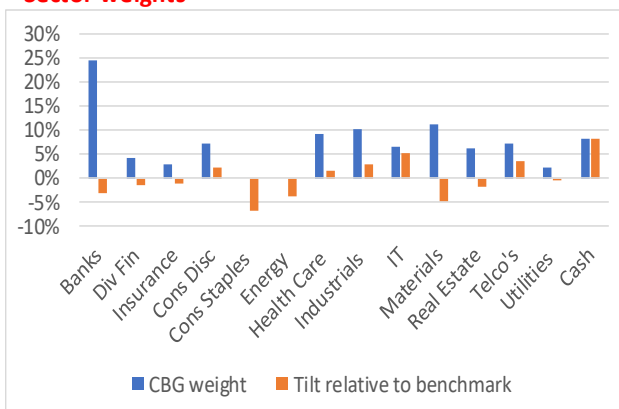
Across Australian industry sectors, Materials (+2.7%), Banks (+2.0%) and Insurance (+1.6%) were stronger. Interest rate sensitive sectors were the underperformers with REITs down -3.4%, Utilities -2.1% and Consumer Discretionary companies -1.5% for the month.

### Portfolio overview (as at 30 June 2017)

#### Top 10 holdings



#### Sector weights



## Portfolio commentary

The pre-tax NTA return for the portfolio in the month of June was +1.1%.

The strongest relative contributors within the portfolio in the month were Automotive Holdings Group (**AHG**), Vocus Group (**VOC**) and Janus Henderson Group (**JHG**). The biggest detractors were AirXpanders Inc. (**AXP**), Macquarie Atlas Roads (**MQA**) and Brambles Ltd. (**BXB**). This was largely a reversal of last month's positions.

Automotive Holdings Group (**AHG**, 2.8% weight) returned +14.0%. The share price recovered after last month's sell-off, following a reduction in FY2017 net profit guidance. The portfolio position was increased at \$3.06 in early June, with the shares offering a strong dividend yield and further cost-out and growth opportunities in the coming year.

Vocus Group (**VOC**, 1.1% weight) returned +19.5% in June. The company received a non-binding takeover proposal in early June, which has seen the stock price improve. The board of VOC has announced that they will allow non-exclusive due-diligence on the business. We expect further developments in the next few months.

Janus Henderson Group (**JHG**, 3.6% weight) returned 4.8%, building on a strong share price rise in May as the merger between Janus Capital and Henderson Group was completed.

AirXpanders Inc (**AXP**, 0.4% weight) fell -19.4% in June on no news. We await updated sales figures from the company this month. The share price has risen +15.5% in July to date.

Macquarie Atlas Roads (**MQA**, 2.8% weight) declined -4.1% in June, reversing some of last month's benefit from a reduction in the Australian Government 10-year bond yield. As noted above bond yields rose in June.

Brambles (**BXB**, 2.2% weight) declined -6.2% in June on concerns regarding the outlook for fast-moving consumer goods volumes (FMCG) in the USA and increased competition. We retain our long term positive view.

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