Net tangible assets report and performance update

April 2018

Net tangible assets per share			CBG Capital	
	Mar - 18	Apr – 18	ASX Code	CBC
NTA pre-tax	$1.0057#	$1.0279#	Listing date	19 December 2014
NTA post-tax*	$0.9957#	$1.0107#	Shares on issue	25.1 million
			Benchmark	S&P/ASX 200 Accumulation Index
			Number of stocks held	39

*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.
#Cum 1.5cps fully franked dividend payable in May 2018.

Market commentary

The CBG Capital portfolio returned +2.2% after-fees pre-tax in April, compared to a +3.9% rise in the S&P/ASX 200 Accumulation Index.

The strong performance from the market overall was marred by the revelations of the Banking Royal Commission. Strong commodity prices, particularly Aluminium +13.7%, assisted the Company's performance. The Banks sector managed a marginally positive return (+0.9%) despite the bad news as investors positioned for NAB, ANZ and WBC half year results reported in May and subsequent dividend payments. AMP (which the Company does not hold) did not benefit from this compensating factor and fell -19% as the Chairman, CEO and (subsequently) three directors resigned.

Energy (+10.8%) was the best performing sector as Oil prices rose +5.6% and local gas producers rallied following a bid for Santos (STO) at a 28% premium to the last sale price. The Materials sector rose (+7.6%) with most commodity prices stronger in the month.

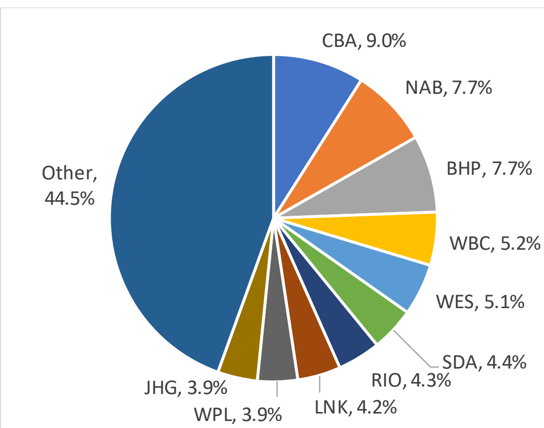
Healthcare was up (+7.4%) due to strong price rises from CSL and Cochlear as the market gained confidence in benefits of previous investments.

Financials were the worst performing sector (+0.1%) largely due to AMP's decline. Telecoms rose (+2%) despite news of increasing competition in mobile phones but after poor share price performance in previous periods Telstra which the Company does not hold has declined -24.6% over twelve months). Utilities also bounced (+2.3%) after poor returns in recent months as bond prices undermined value.

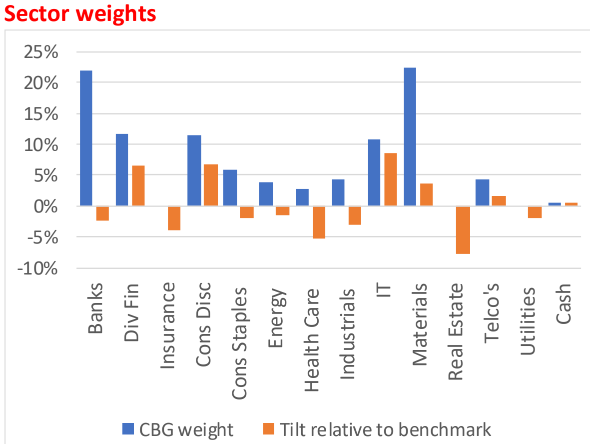
European equity markets were stronger with Italy (+7%), France (+6.8%) and the UK (+6.4%) all rebounding. US and Chinese markets underperformed with the S&P500 up slightly (+0.3%) and Shanghai (-2.7%) as talk of trade issues continued. Korean stocks rose (+2.8%) and Japan was also stronger (+4.7%) as meetings between North and South Korea improved regional sentiment.

Performance and commentary (to 30 April 2018)

Top 10 holdings at month end



Sector weights



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Portfolio commentary

The strongest relative contributors within the portfolio in the month were BHP (**BHP**), Speedcast (**SDA**) and Rio Tinto (**RIO**). The biggest detractors were Boral (**BLD**), Eclipx (**ECX**) and Credit Corp (**CCP**).

BHP (7.7% weight) returned +9.7% as following a quarterly production report highlighted volumes are broadly on track and commodity prices stayed above analyst's forecasts.

Speedcast (4.4% weight) returned +15.2% as the market gained confidence in the outlook for energy exploration. SDA is a major provider of communications services to remote users, particularly offshore drilling platforms.

Rio-Tinto (4.3% weight) returned +9.8% and like BHP delivered quarterly production largely as expected – plus commodity prices rose further during April. RIO also confirmed several asset sales.

Boral (3.9% weight) fell -7.5% after announcing a change in the structure of FY18 profit – reduced operating earnings expectations (largely driven by weather) in the US and Australia offset by profits on asset sales. The market was also disappointed with an unexpected cost impact in the US fly-ash business.

Eclipx (2.2% weight) down -9.2%, continued its price decline while the market grapples with the nature of the underlying business and recent acquisitions. We continue to feel the company is undervalued in this environment.

Credit Corp (2.2% weight) was -6.9% weaker as concerns regarding the price paid for Australian Debt ledgers dominated market thinking. The company continues to expand successfully in the US.

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