CBG CAPITAL

13 May 2016

CBG Capital Limited Net Tangible Assets (NTA) per share report and performance update for April 2016

Please find below CBG Capital Limited's monthly NTA per share report as at 30 April 2016, together with a performance update.

Ronni Chalmers

Chief Investment Officer

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Net tangible assets report and performance update

April 2016

Net tangible assets per share

	Mar-16	Apr-16
NTA pre-tax	$0.9773	$0.9798
NTA post-tax*	$0.9732	$0.9731

*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.

Portfolio performance (after fees)

	NTA pre-tax %	**Benchmark %**	**Excess %**
1 month	0.3	3.4	-3.1
6 months	-1.7	2.6	-4.3
1 year	-4.3	-4.9	+0.6
Since inception	1.5	4.7	-3.2

CBG Capital

ASX Code	CBC
Option Code	CBCO
Listing date	19 December 2014
Shares on issue	24.6 million
Options on issue	24.2 million
Exercise price	$1.00
Options expiry	30 September 2016
Benchmark	S&P/ASX 200 Accumulation Index
Number of stocks held	46

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Boardroom
Share registry
1300 737 760

CBG Capital returned +0.3% in April, compared with the S&P/ASX200 Accumulation Index return of +3.4%.

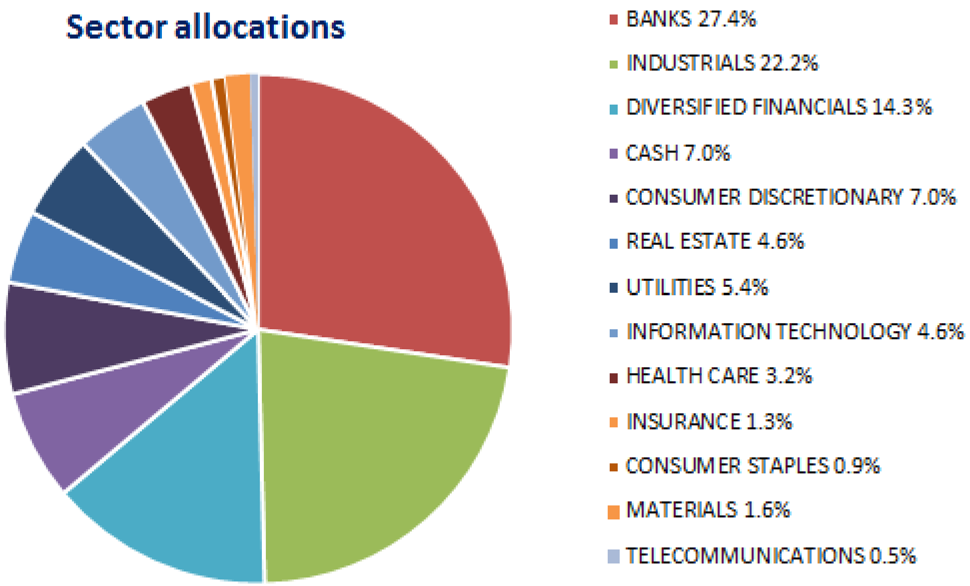
For the financial year to date, the portfolio returned 2.5%, outperforming the index return of 0.0%.

April was generally a positive month for global equities markets, with the MSCI World Index rising by 1.5%. Strong gains in commodity prices were a feature, with the iron ore price up 23%, oil up 21% and the gold price up 4%. The month saw ASX index heavy weights Fortescue Metals Group, BHP Billiton, and Rio Tinto all see stock price increases in excess of 20%.

Also noteworthy was the US Federal Reserve maintaining its dovish stance on monetary policy, with expectations for a resumption in rate hikes appearing to be pushed into the back end of 2016.

Across the Australian market, stronger performing sectors included Materials (+14.2%), Energy (+7.7%), Health Care (+3.3%), REITs (+2.8%), while weaker performers were Financials ex REITs (+1.4%), Utilities (-0.4%) and Consumer Discretionary (-1.4%).

Top 10 holdings as at 30 April 2016		
ASX Code	Name	Weight
CBA	COMMONWEALTH BANK OF AUSTRALIA	10.3%
WBC	WESTPAC BANKING CORPORATION	7.7%
N/A	CASH	7.0%
TCL	TRANSURBAN GROUP	5.5%
MQA	MACQUARIE ATLAS ROADS GROUP	5.3%
ANZ	ANZ BANKING GROUP LIMITED	5.0%
HGG	HENDERSON GROUP	4.2%
NAB	NATIONAL AUSTRALIA BANK LIMITED	3.9%
AIA	AUCKLAND INTERNATIONAL AIRPORT LTD	3.4%
MFG	MAGELLAN FINANCIAL GROUP	3.4%



Portfolio commentary

Sealink Travel Group (SLK, 1.6% weight) rose 8.1% for the month. The stock continues to be re-rated by investors given its strong earnings momentum and exposure to domestic travel. The company held an investor day in mid-March which highlighted a number of organic growth drivers for earnings. In addition, recent acquisitions of Transit Systems Marine and Captain Cook Cruises WA have further diversified the group's earnings.

Aconex (ACX, 2.3% weight) increased 6.2% in the month. In early April, ACX announced an enterprise agreement with US based Fluor Corporation, a global engineering and construction firm. The three year agreement will see Fluor implement ACX's software across its business units and new products globally. The announcement is another positive indicator that ACX's software continues to gain traction in the global construction industry.

Millenium Group (MIL, 0.9% weight) fell 22.2% in the month. The main near term issue impacting sentiment for the stock is the soft first half result, with some doubt over the company achieving its FY16 prospectus forecasts. Despite this, the stock now trades on a PE multiple of ~10x and has a solid pipeline for new revenue going into FY17.

Lendlease Group (LLC, 2.7% weight) fell 8.8% in the month. The stock price declined on concerns around settlement of apartment pre-sales as Australian banks tightened lending criteria for offshore borrowers, in some cases ceasing lending for applicants reliant on offshore income. To date, LLC has continued to report defaults on settlement of less than 1% which is below the long term average of 3%.

Monthly market commentary

Global equities markets generally rose during April, boosted by massive outperformance from Mining stocks and to a lesser extent Energy stocks, as commodity prices surged. The Bank of Japan's surprise decision not to extend its current monetary policy easing stance surprised markets, which resulted in the Nikkei being sold off (-0.6% for the month) in line with the appreciating Yen.

Unsurprisingly, the resource heavy ASX performed well, with the ASX 200 increasing by 3.4% in the month. Materials increased 14.3%, whilst Energy was up 7.5%. This saw the Australian equity market finish April near 8 month highs.

Oil rose strongly (+21% for the month) to its highest level since November 2015. This was despite the fact that mid-April, the much anticipated meeting of oil producers in Doha ended with no agreement to limit supplies. The main driver of the strength in commodity prices appeared to be supportive Chinese economic data and US dollar weakness.

Iron ore and steel continued to rally sharply despite efforts by Chinese authorities (increasing transaction fees on iron ore and steel rebar futures) to curb speculation.

The Australian dollar rallied for most of the month (hitting US$0.78 for the first time since June 2015), but overall finished lower after a weak Australian CPI figure was reported late in the month.

Headline CPI for 1Q of 2016 grew at negative 0.2% quarter on quarter (consensus +0.2%), the first negative print since 4Q of 2008. More importantly, underlying inflation measures were also well below expectations.

In Australia, employment grew by a stronger than expected 26,000 (month on month), versus consensus expectations of 17,000, and the unemployment rate fell to 5.7% (consensus 5.9%). This was the lowest unemployment rate since September 2013. The contrasting economic data for Australia paints a conflicting picture of the domestic economy, with a key concern of the RBA continuing to be the strength of the Australian dollar.

The portfolio remains underweight the Materials and Energy sectors, which negatively impacted the portfolio's relative performance in recent months, despite being a positive contributor to returns over the last few years. Generally speaking our view is that stocks in these sectors have uncertain earnings growth prospects, particularly on a 3-5 year time frame, with an unhealthy reliance on Chinese heavy construction and infrastructure spend. Currently, the portfolio has a preference for stocks in other sectors, which have more predictable and higher quality earnings streams.

Overall, the ASX continues to trade on valuations in line with historical averages, with the FY17 PE of the market ex resources, LPT's and Banks being 16.7x. Monetary policy globally continues to be very accommodative, which should result in an improvement in earnings growth (although to date monetary policy has not had the expected impact). The investment team remains focused on identifying companies that meet our criteria in terms of business quality, earnings growth and valuation.

Ronni Chalmers

Chief Investment Officer