

## CONTANGO GLOBAL GROWTH (CQG)

### MONTHLY NTA STATEMENT

31 AUGUST 2017

Contango Global Growth Limited's investment objective is to seek quality growth businesses with high returns on invested capital, superior growth prospects and low or no debt. The portfolio's benchmark is the MSCI All Country World Index ex-Australia with gross dividends reinvested reported in Australian dollars and unhedged. The portfolio targets capital growth over dividends.

The Company's investment strategy is to have an actively managed long only global equities portfolio invested in listed securities of developed and emerging markets, with the exclusion of investments in Australian securities.

The investment strategy will take a high conviction, active approach. The portfolio will be concentrated across 20 – 40 high quality global growth companies. The portfolio will be further diversified across global sub-sectors and countries, both developed market and emerging market, based upon the rigorous bottom-up analysis undertaken by the Adviser. Up to 7% of the portfolio value may be held in cash or cash equivalents from time to time.

#### KEY DETAILS

|                        |   |
|------------------------|---|
| Report Date:           | 31 August 2017  |
| ASX Code:              | CQG / CQGO  |
| Listed Date:           | 23 June 2017  |
| Fund Manager:          | Contango International Management Pty Limited   |
| Investment Adviser:    | WCM Investment Management   |
| Benchmark:             | MSCI All Country World Index ex-Australia with gross dividends reinvested reported in Australian dollars and unhedged |
| Number of stocks:      | 20 – 40   |
| Maximum cash position: | 7%  |
| Stock universe:        | Global (ex-Australia)   |
| Portfolio size:        | \$92.54 million   |
| Shares on issue:       | 90,981,878  |
| Share Price:           | \$1.065   |

#### ASSET COMPOSITION

| ASSET COMPOSITION           | 31 JULY 2017   |               | 31 AUGUST 2017 |               |
|-----------------------------|----------------|---------------|----------------|---------------|
|                             | \$m            | %             | \$m            | %             |
| Investment Type             |                |               |                |               |
| Listed shares               | 88.76          | 94.7          | 91.33          | 92.0          |
| Liquidity                   | 2.20           | 2.4           | 1.28           | 6.0           |
| Tax asset (liability)       | 2.72           | 2.9           | 2.24           | 2.0           |
| <b>Net Assets After Tax</b> | <b>\$93.68</b> | <b>100.0%</b> | <b>\$94.85</b> | <b>100.0%</b> |
| Ordinary Shares on Issue    | 90.936m        |               | 90.982m        |               |
| Options on issue            | 90.916m        |               | 90.871m        |               |

#### NET TANGIBLE ASSETS

| NET TANGIBLE ASSETS                               | 31 JULY 2017   | 31 AUGUST 2017 |
|---|----------------|----------------|
| <b>NTA of investments before tax</b>              | <b>\$1.000</b> | <b>\$1.018</b> |
| NTA of investments before tax on unrealised gains | \$1.024        | \$1.036        |
| <b>NTA after tax</b>                              | <b>\$1.030</b> | <b>\$1.043</b> |
| Month-end closing share price (CQG.ASX)           | \$1.115        | \$1.065        |
| Month-end closing option price (CQGO.ASX)         | \$0.055        | \$0.042        |

#### Contango Global Growth Limited

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## MONTHLY PORTFOLIO UPDATE

The Contango Global Growth portfolio returned 2.0% for the month of August 2017, outperforming the benchmark index the MSCI All Country World Index ex-Australia that returned 0.9% by 1.1%, reported in Australian dollars and unhedged.

The portfolio's outperformance for August was driven by good stock selection in a range of stocks and its exposure to emerging market equities. Over the month emerging markets outperformed developed markets by a significant amount. Emerging market equities are attractively priced relative to developed markets. The portfolio's exposure to companies listed in developed markets was 83.6% and 15.2% to emerging markets and the balance of 1.3% invested in cash.

Currency movements had minimal impact on the portfolio's return in August. The Australian dollar was relatively steady against the USD, closing the month lower at USD 0.795 from USD 0.80 at the start of the month.

Major global equity markets have generated strong double digit returns of USA 15.5%, Germany 12.3%, France 18.8%, UK 13.9%, Japan 21.0% and China 35.9% outpacing the Australian equities market's return of 9.8% for the year.

The portfolio continues to have significant investments in growing industry sectors of technology 26.7%, consumer discretionary 16.6%, healthcare 15.8% and nil allocations to low growth sectors of utilities and telecoms. Companies held in these growing sectors have strong qualities of wide and growing competitive economic advantages supported by high returns on invested capital, superior growth prospects and low or no debt. These qualities help to protect the company from competition and maintain pricing power in their products, assisting them to continue to generate growing profits across a variety of market conditions. Companies held in the final portfolio feature strong long term track records of generating profits for shareholders and stable management teams that provide sound cultures to support the business.

The top 5 best stock contributors to performance for the month of August on an absolute basis were:

- **Techtronic Industries** (+16.0%), which engages in the manufacture of various electrical power tools under well-known brands of AEG, Homelite, Ryobi and Hoover. Headquartered in Hong Kong.
- **Keyence Corporation** (+12.7%), which develops and manufactures industrial automation and inspection equipment. Key products include laser markers, 3D printers and sensors. Based in Osaka, Japan.

- **Novozymes** (+10.4%), engages in the research and development of biotechnology solutions of industrial enzymes and microorganisms. Based in Copenhagen, Denmark.
- **Ferrari** (+8.8%), which manufactures luxury Ferrari sports cars and operates a Formula 1 racing team. Based in Maranello, Italy.
- **Crown Castle** (+7.8%), which operates as real estate investment trust to provide infrastructure for broadcasting, mobile telephony and wireless broadband. It operates in the United States and is based in Houston, Texas.

The bottom 5 stock detractors to performance for the month of August on an absolute basis were:

- **Under Armour** (-16.6%), a global company which engages in developing, marketing and distributing branded performance apparel, footwear and accessories for men, women and youth. The company is headquartered in Baltimore, Maryland.
- **Ctrip.com** (-13.9%), which engages in the provision on internet travel related services including airline tickets and hotel accommodation. The company is based in Shanghai, China.
- **Core Laboratories** (-12.3%), is one of the world's largest service providers of rock core and fluid analysis in the petroleum industry. It provides analytical services to characterise the properties of crude oil. The company is based in Amsterdam, Netherlands.
- **MercadoLibre** (-10.4%), which operates an online platform to facilitate e-commerce transactions. The company is based in Buenos Aires, Argentina and operates through-out South America.
- **Verisk Analytics** (-7.1%), is a risk assessment firm, serving customers worldwide in insurance and natural resources. It provides predictive analytics and decision support solutions in fraud prevention, actuarial science, insurance coverages, catastrophe and weather risk. The company is based in Jersey City, New Jersey.

## PERFORMANCE\*

| Performance       | Contango Global Growth Limited % | MSCI ACWI (ex-Australia) % | Value Add % |
|-------------------|----------------------------------|----------------------------|-------------|
| 1 Month           | 2.0                              | 0.9                        | 1.1         |
| Since 1 July 2017 | -0.3                             | -0.4                       | 0.1         |

## MARKETS ALLOCATIONS

| Developed & Emerging Markets Allocations | Contango Global Growth Limited % |
|--|----------------------------------|
| Developed Markets                        | 83.6                             |
| Emerging Markets                         | 15.2                             |
| Cash                                     | 1.3                              |

## REGIONAL ALLOCATIONS

| Developed & Emerging Markets Allocations | Contango Global Growth Limited% |
|--|---------------------------------|
| Americas                                 | 62.9                            |
| Europe                                   | 20.0                            |
| Asia/Pacific                             | 15.8                            |
| Cash                                     | 1.3                             |

## TOP 10 HOLDINGS

| STOCK                        | Weight (%) |
|------------------------------|------------|
| COOPER COS INC/THE           | 3.9        |
| HDFC BANK LTD-ADR            | 3.7        |
| TECHTRONIC INDUSTRIES CO LTD | 3.4        |
| KEYENCE CORP                 | 3.4        |
| AMPHENOL CORP-CL A           | 3.3        |
| CANADIAN NATL RAILWAY CO     | 3.3        |
| VISA INC-CLASS A SHARES      | 3.3        |
| RECKITT BENCKISER GROUP PLC  | 3.2        |
| QUINTILES IMS HOLDINGS INC   | 3.2        |
| TENCENT HOLDINGS LTD         | 3.2        |

## COUNTRY ALLOCATIONS

| Country        | Contango Global Growth Limited % |
|----------------|----------------------------------|
| USA            | 50.9                             |
| United Kingdom | 6.1                              |
| China          | 5.9                              |
| Denmark        | 5.1                              |
| Switzerland    | 4.7                              |
| India          | 3.7                              |
| Hong Kong      | 3.4                              |
| Japan          | 3.4                              |
| Canada         | 3.3                              |
| Taiwan         | 3.1                              |
| Argentina      | 2.6                              |
| Sweden         | 2.5                              |
| Italy          | 2.4                              |
| France         | 1.7                              |
| Cash           | 1.3                              |

## SECTOR ALLOCATIONS

| Sector                 | Weight (%) |
|------------------------|------------|
| Technology             | 26.7       |
| Consumer Discretionary | 16.6       |
| HealthCare             | 15.8       |
| Financials             | 10.0       |
| Consumer Staples       | 9.0        |
| Industrials            | 8.2        |
| Materials              | 5.6        |
| Energy                 | 3.8        |
| Real Estate            | 3.0        |
| Telecom Services       | 0.0        |
| Utilities              | 0.0        |
| Cash                   | 1.2        |

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### DISCLAIMER:

\* Gross performance does not reflect the impact from fees, taxes and charges. Past performance is not a predictor of future returns.

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