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The Manager
ASX Market Announcements
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By e-Lodgement

INVESTMENT MANAGER'S MONTHLY PORTFOLIO UPDATE AS AT 31 AUGUST 2017

Contango Global Growth Limited (the **Company** or **CQG**) (ASX: CQG) wishes to provide its shareholders with an update in respect of the Company's portfolio. Shareholders are referred to the Investment Manager's Monthly Portfolio Update as at 31 August 2017 from Richard Dalidowicz, Senior Investment Consultant at Contango Asset Management Limited that is provided with this announcement.

Yours faithfully

Valentina Stojanovska
Chairman

CONTANGO GLOBAL GROWTH LIMITED (ASX:CQG)

MONTHLY PORTFOLIO UPDATE

MARKETS UPDATE

Economic growth in the major developed regions has converged above the 2% level; the first period of solid synchronised growth in many years. Meanwhile, inflation remains quiescent, negating the need for prompt central bank action. However, while the broader economic environment provides a positive backdrop for markets, geopolitical risk seems to be on the rise. The escalation in tensions over North Korea and its nuclear testing program following US President Trump's threat to rain "fire and fury like the world has never seen" on North Korea has served to add to anxiety.

Global equity markets were largely unchanged in August, with concerns over the escalation of tensions on the Korean peninsula offsetting the ongoing improvement in growth and earnings. Despite the imposition of further UN sanctions, the North Korean regime has continued its missile-testing program. Gold has been one of the beneficiaries of the ratcheting up of threats from both North Korea and the US while the USD has continued to soften. Global bond yields moved slightly lower on the back of surprisingly low inflation and partly because of the move towards safe havens.

Global growth has picked up to levels that represent the upper end of the range that has been in place since 2012. PMI readings point to solid growth momentum, supporting EPS growth, while low inflation has kept central banks at bay and bond yields lower than anticipated. This combination has supported further gains in equity markets this year although most would agree that valuations are stretched in absolute terms.

Despite continuing political turmoil in the first half of 2017, global equity markets produced generally positive returns, as they have on average over the past 15 years despite the global financial crisis and many other economic, geopolitical, and financial disruptions. Entering the second half of 2017, cash is still paying close to nothing, bonds continue to trade at historically low yields and positive global economic momentum and reasonable global stock valuations suggest that this is still a time to be invested in equities.

The table to the right shows the returns of various global equity markets. Most markets posted low but positive returns in August but much stronger returns over 12 months to August 2017.

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 reported in Australian dollars and unhedged - that returned 0.9%, by 1.1%.

GLOBAL INDICES	1 MTH	3 MTHS	12 MTHS
Dow Jones Industrial	0.3%	4.5%	19.3%
S&P 500	0.1%	2.5%	13.9%
NASDAQ Index	1.3%	3.7%	23.3%
Euro Stoxx 50 Price Index	-0.8%	-3.7%	13.2%
FTSE 100	0.8%	-1.2%	9.6%
German Aktien Index (DAX)	-0.5%	-4.4%	13.8%
France CAC40	-0.2%	-3.7%	14.6%
Nikkei 225 Index	-1.4%	0.0%	16.3%
Hang Seng Index	2.4%	9.0%	21.7%
Shanghai Composite Index	2.7%	7.8%	8.9%
India BSE 200 Index	-1.1%	4.1%	15.0%
MSCI ACWI (US\$)	0.2%	3.2%	14.8%
MSCI ACWI Investible Market Ex Aust (AU\$)	0.8%	-3.3%	9.0%
MSCI ACWI Ex Aust (AU\$)	0.9%	-3.3%	9.0%
MSCI ACWI Ex Aust (US\$)	0.2%	3.1%	14.9%
ASX 300	0.7%	1.0%	9.5%

Source: Bloomberg, as of 31 August 2017

REGIONAL ALLOCATIONS

REGIONAL ALLOCATIONS	CONTANGO GLOBAL GROWTH (%)
Americas	62.9
Europe	20.0
Asia/Pacific	15.8
Cash	1.3

Source: WCM Investment Management, as of 31 August 2017

The portfolio's outperformance for August was driven by good stock selection in a range of companies that operate in diverse sectors of the global economy. The portfolio is invested in 14 countries, of which 11 are developed markets (including USA, United Kingdom, Japan) and three are emerging markets of China, India and Argentina. Overall, the portfolio is invested 50.9% in the USA and the balance in the rest of the world. The portfolio's USA investments are not simply a bet on the USA economy because most of the companies are multi-national companies that generate significant amounts of their revenues from outside the USA. The portfolio is invested in high quality, leading global businesses regardless of which stock market they happen to be listed on.

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

Short term fluctuations in the AUD relative to foreign currencies will have positive and negative impacts on the portfolio's value. A fall in the AUD benefits the portfolio's value but a rise detracts from value. Contango Global Growth Limited is intended to be a long-term investment to be judged over periods of at least five years. Over the long term, in our experience, gains and losses from currency movements have typically offset each other. This is what we believe will continue to be the case in the future.

The portfolio has substantial 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** (HK code: 669) +16.0%. 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** (TYO code: 6861) +12.7%. Develops and manufactures industrial automation and inspection equipment. Key products include laser markers, 3D printers and sensors. Based in Osaka, Japan.
- **Novozymes** (DC code: NZYMB) +10.4%. Engages in the research and development of biotechnology solutions of industrial enzymes and microorganisms. Based in Copenhagen, Denmark.

PERFORMANCE

PERFORMANCE	CONTANGO GLOBAL GROWTH (%)	MSCI ACWI (ex-Aust) %	Value Add %
1 Month	2.0	0.9	1.1
Since 1 Jul 2017	-0.3	-0.4	0.1

Source: WCM Investment Management, as of 31 August 2017

MARKETS ALLOCATIONS

DEVELOPED & EMERGING MARKETS ALLOCATION	CONTANGO GLOBAL GROWTH (%)
Developed Markets	83.6
Emerging Markets	15.1
Cash	1.3

Source: WCM Investment Management, as of 31 August 2017

SECTOR ALLOCATIONS

SECTOR	CONTANGO GLOBAL GROWTH (%)
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	1.3

Source: WCM Investment Management, as of 31 August 2017

PORTFOLIO CHARACTERISTICS

PORTFOLIO CHARACTERISTICS	CONTANGO GLOBAL GROWTH
P/E (trailing)	32.9
P/E (forward)	27.4
Dividend Yield %	1.0
EPS Growth (LT) %	16.8
Return on Equity %	19.4
Wt. Ave. Market Cap (AUD bill.)	114.5

Source: WCM Investment Management, as of 31 August 2017

- **Ferrari** (NYSE code: RACE) +8.8%. Manufactures luxury Ferrari sports cars and operates a Formula 1 racing team. Based in Maranello, Italy.
- **Crown Castle** (NYSE code: CCI) +7.8%. Operates a real estate investment trust to provide infrastructure for broadcasting, mobile telephony and wireless broadband. Operates in the United States. Based in Houston, Texas.

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

- **Under Armour** (NYSE code: UA) -16.6%. A global company which engages in developing, marketing and distributing branded performance apparel, footwear and accessories for men, women and youth. Headquartered in Baltimore, Maryland.
- **Ctrip.com** (NASDAQ code: CTRP) -13.9. Engages in the provision of internet travel related services including airline tickets and hotel accommodation. Based in Shanghai, China.
- **Core Laboratories** (AMS code: CLB) -12.3%. 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. Based in Amsterdam, Netherlands.
- **MercadoLibre** (NASDAQ code: MELI) -10.4%. Operates an online platform to facilitate e-commerce transactions. Based in Buenos Aires, Argentina. Operates throughout South America.
- **Verisk Analytics** (NASDAQ code: VRSK) -7.1%. 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. Based in Jersey City, New Jersey.

PORTFOLIO OUTLOOK

The Investment Adviser, WCM Investment Management (WCM), continues to focus their efforts on finding specific investment opportunities based on rigorous fundamental, company-by-company research. They favour growth-oriented companies that are leaders in their respective industries and generate substantial free cash flow.

Investments in the information technology, healthcare and consumer sectors command a relatively large part of the portfolio, particularly e-commerce companies that benefit from a rise in the growing popularity of home internet shopping and mobile devices, medical technology companies that improve the well-being of millions of people, as well as those companies that are positioned to gain from the increase in affluent consumers in emerging market economies of China and India.

Examples of companies held in the portfolio that reflect these sector themes include:

Amazon (NASDAQ code: AMZN). An American multi-national e-commerce company that is the world's largest online retailer. It started as an online bookstore, but has diversified into selling a range of consumer goods including video games, electronics, clothing

TOP 10 HOLDINGS

STOCK	CONTANGO GLOBAL GROWTH (%)
Cooper Company	3.9
HDFC Bank Ltd	3.7
Techtronic industries Co Ltd	3.4
Keyence Corp	3.4
Amphenol Corp	3.3
Canadian Railway Co	3.3
Visa Inc-class a share	3.3
Reckitt Benckiser Group Plc	3.2
Quintiles Transnational Holdings	3.2
Tencent Holdings Ltd	3.2

Source: WCM Investment Management, as of 31 August 2017

COUNTRY ALLOCATIONS

COUNTRY	CONTANGO GLOBAL GROWTH (%)
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

Source: WCM Investment Management, as of 31 August 2017

apparel, furniture, toys and jewelry. The company is a major provider of cloud computing services, called Amazon Web Services.

- **Essilor International** (CAC code: EI). This French company is a world leader in the provision of eye care health and sight improvement. It designs, manufactures and markets advanced eye care testing equipment and instruments, prescription lenses and sunglasses. More than 1 billion people worldwide wear Essilor lenses. The company's leading global brands include Transitions Lenses, Eyezen and Osse.
- **Ferrari** (NYSE code: RACE). An Italian based high-end builder of cars unique in terms of performance, technology and driving pleasure. Ferrari derives a significant amount of sales from the rise in wealth of the emerging markets consumer, from China.

BENEFITS FROM INVESTING IN CONTANGO GLOBAL GROWTH

- **Specialist Management.** Provides access to the investment philosophy and process of **WCM**, a specialist active manager of global equities with a successful long term track record of generating total returns above the benchmark index.
- **Growing Businesses.** **WCM's** investment philosophy requires global companies to maintain durable and growing competitive advantages, or growing economic moats, high returns on invested capital, superior growth prospects and low debt.
- **Invest in Global Companies.** Opportunity to gain diversified exposure to leading global companies, outside of the limited opportunity afforded on the Australian equities market. The portfolio's exposures to the high growth sectors of technology, healthcare and consumer, complements the Australian equity market's exposures to resources and financials.
- **High Conviction Approach.** Disciplined research of the global listed company universe to assess the relative attractiveness of each sector, coupled with rigorous bottom up analysis of individual companies. The final portfolio of 20 to 30 stocks comprises **WCM's** best stock ideas. The portfolio is not diluted with inferior stock holdings.
- **Active Strategy.** The strategy offers a value added total return approach to investing in global equities, an asset class that has historically been characterised by strong investment returns.
- **Seasoned Investment Team.** **WCM** employs a dedicated, stable and experienced investment team to provide research coverage of global listed companies.

WHO MANAGES THE PORTFOLIO?

Contango Global Growth Limited (ASX:CQG) has appointed **Contango International Management Pty Limited** as manager of the portfolio. The manager has appointed **WCM** as adviser to provide portfolio investment and management services. The role of the manager is to supervise the adviser.

KEY DETAILS	
Report Date:	31 August 2017
ASX Code (Shares / Options):	CQG / CQGO
Listed on ASX:	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:	90.98 million
NTA (Pre-tax):	\$1.018
NTA (Post-tax):	\$1.043
Share Price:	\$1.065

Contango International Management Pty Limited is a wholly owned subsidiary of **Contango Asset Management Limited**, an ASX listed funds management company (**ASX:CGA**). **CGA** is a dedicated active funds manager, covering the entire spectrum of Australian equities of large, mid, small and micro capitalisation companies. **CGA** has a large and experienced investment team led by George Boubouras (Managing Director & Chief Investment Officer).

WCM is an established and independent funds manager of globally listed companies. The firm is based in Laguna Beach, California and is 100% owned by active employees. **WCM's has more than 40** team members, 26 of whom are equity owners, including all portfolio managers responsible for managing the **CQG** portfolio. This ensures alignment of interests between investors and **WCM**. **WCM's** Investment Strategy Group is responsible for construction of the final portfolio of 20 to 40 globally listed companies.

HOW DOES WCM MANAGE THE CQG PORTFOLIO?

WCM's investment strategy is to have a high conviction, actively managed, long only global equities portfolio invested in listed securities of developed markets (ex-Australia) and emerging markets companies. The portfolio construction process is based on rigorous bottom-up company analysis to identify quality global growth businesses with high returns on invested capital, superior growth prospects and low debt. It also requires the company to maintain a durable and growing competitive advantage, or growing economic moat. The focus on quality companies helps to protect capital in weak markets. The final portfolio is diversified across individual stocks (20 to 40), sectors (including information technology, consumer sectors of staples and discretionary, healthcare, financials and industrials) and countries, both developed (including USA, UK, Europe, Japan) and emerging (including China, India, Brazil).

31 August 2017



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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.

DISCLAIMER:

This update has been prepared for information purposes only related to the underlying investment portfolio. The NTA figures provided in this document are unaudited and approximate. This document does not contain investment recommendations nor provide investment advice. Investors in LICs should understand the distinction between Investment Portfolio Performance, NTA Performance and Share Price return. Contango International Management Pty Limited (CIM) ACN 617 319 123 AFSL No. 237119 is the investment manager of CQG. Neither CQG, CIM nor their respective related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested within CQG or any associated product. You are strongly encouraged to obtain detailed professional advice and to read any relevant offer document in full before making any investment decision. CQG may not be suitable for your investment needs. This is not an offer to invest in any security or financial product.