

# CONTANGO GLOBAL GROWTH LIMITED (ASX:CQG)

## INVESTMENT UPDATE AND NTA STATEMENT

### MONTHLY PORTFOLIO UPDATE

The portfolio returned -2.2% for December 2017, modestly below the benchmark index by 0.6%. For the 3 and 6 month periods, the portfolio is up a solid 5.2% and 7.3% respectively. All returns are reported after fund management fees.

The portfolio underperformed the benchmark because our investment management approach of finding the best long term growing businesses with strong cash flows, low debt and corporate cultures that support and sustain their economic moat, was not rewarded by markets this month. Low quality stocks with low growth prospects outperformed.

The portfolio's negative return for the month was due to the upswing of the AUD by 3.2% against the USD. The AUD rose to USD 0.781 from USD 0.757. An upswing of the AUD detracts from the portfolio's value and a fall boosts value.

The portfolio is well diversified being invested in 15 countries around the world and in 9 industries. The largest single country exposure is the USA with a holding of 50.5% and 45.3% is spread across Europe, Canada, Asia and South America.

The portfolio maintains significant investments in the growing industry sectors of technology 23.9%, healthcare 17.0% and consumer discretionary 13.9%. The portfolio has nil allocations to low growth sectors of telecom services and utilities.

Two top performing stocks in the portfolio's technology and consumer sectors were MercadoLibre and Techtronic Industries.

MercadoLibre was the strongest performer at 14.4%. It is the largest e-commerce platform in Latin America with over 100 million active users. It is an internet based platform that offers user friendly trading services to match buyers and sellers, while collecting commissions on transactions completed on its platforms across 13 countries, including Brazil, Argentina, Columbia, Chile, Venezuela and Mexico. It also sells classifieds space for real estate and motor vehicles, and allows small and medium size businesses to establish virtual stores within its platform. The company reported strong subscriber numbers and it is well positioned to dominate the rapid growth of the e-commerce industry in Latin America.

### PERFORMANCE

PERFORMANCE (after fees)	CONTANGO GLOBAL GROWTH (%)	MSCI ACWI (ex-Aust) (%)	VALUE ADD (%)
1 Month	-2.2	-1.6	-0.6
3 Months	5.2	6.3	-1.1
Since Jul 2017	7.3	9.6	-2.3

Source: Bloomberg, Contango Funds Management, as of 31 December 2017

### NET TANGIBLE ASSETS

NET TANGIBLE ASSETS (PER SHARE)	31 DEC 2017	30 NOV 2017
<b>NTA before tax</b>	<b>\$1.093</b>	<b>\$1.118</b>
NTA after tax and before tax on unrealised gains	\$1.113	\$1.138
<b>NTA after tax</b>	<b>\$1.095</b>	<b>\$1.112</b>
Month end closing share price (CQG.ASX)	\$1.030	\$1.030
Month end closing option price (CQGO.ASX)	\$0.034	\$0.024

### KEY DETAILS

Report Date:	31 December 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:	\$99.61m
Shares on issue:	90.98 million
Share Price:	\$1.03

Techtronic Industries returned 12.7%. The company is a global leader in the design, manufacture and sale of home improvement products. Its main businesses are power tools, outdoor power equipment, and floor-care appliances. It has well-established and fast-growing brands such as Ryobi, AEG and Hoover. Headquartered in Hong Kong, the business maintains manufacturing and research facilities in Asia, Europe and North America and employs more than 20,000 people. The company has a proven track record in introducing new products and consistently gaining market share from its competitors. The company reported that it expects to double sales to USD 10.0 billion over the next 5 years.

Companies that posted share price pullbacks over December after strong moves earlier in the year are in the portfolio's healthcare and bank holdings. These included The Cooper Companies (manufactures contact lenses and provides specialist products for women's healthcare), Boston Scientific (manufacturer of specialist medical devices used to identify and treat serious medical conditions), and First Republic Bank (American financial institution).

31 December 2017



PAUL R BLACK  
PORTFOLIO MANAGER  
CONTANGO GLOBAL GROWTH LTD

## WHO MANAGES THE PORTFOLIO?

WCM is a specialist and independent global equities funds manager, based in Laguna Beach, California. As a company that is owned and managed entirely by active employees, all staff have a stake in the firm's success. The portfolio's investment strategy is to have a high conviction, actively managed, long only global equities portfolio invested in listed securities of developed (ex-Australia) and emerging markets. Through its wholly owned subsidiary Contango International Management Pty Limited, Contango Asset Management is the appointed manager of the portfolio, in a supervisory capacity.

## CONTANGO GLOBAL GROWTH LIMITED

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**DISCLAIMER:** Past performance is not a predictor of future returns. 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. © 2018 Contango Asset Management Limited

## TOP 10 STOCK HOLDINGS

STOCK	CONTANGO GLOBAL GROWTH (%)
Techtronic Industries	4.1
HDFC Bank	3.6
Costco Wholesale	3.5
Keyence Corporation	3.5
Visa Inc.	3.4
Amphenol Corp	3.4
The Cooper Companies	3.2
Canadian National Railways	3.2
Taiwan Semiconductor Company	3.1
IQVIA Holdings	3.1

Source: WCM Investment Management, as of 31 December 2017

## REGIONAL MARKET ALLOCATIONS

DEVELOPED & EMERGING MARKETS ALLOCATION	CONTANGO GLOBAL GROWTH (%)
Developed Markets	83.4
Emerging Markets	12.4
Cash	4.2

Source: WCM Investment Management, as of 31 December 2017

## ASSET COMPOSITION

ASSET COMPOSITION	31 DEC 2017		30 NOV 2017	
	\$m	%	\$m	%
Investment Type				
Listed shares	95.36	95.7	98.42	97.3
Liquidity	4.08	4.1	3.26	3.2
Tax asset (liability)	0.19	0.2	(0.48)	(0.5)
<b>Net Assets After Tax</b>	<b>\$99.63</b>	<b>100.0%</b>	<b>\$101.20</b>	<b>100.0%</b>
Ordinary Shares on Issue	90.982m		90.982m	
Options on issue	90.871m		90.871m	