

CONTANGO GLOBAL GROWTH LTD. (ASX:CQG)

INVESTMENT UPDATE AND NTA STATEMENT

APRIL 2018 PERFORMANCE UPDATE

Global equity markets posted a positive return in April with European markets (including the UK) leading the way. At a sector level oil and gas, boosted by the rising oil price, was amongst the best performers.

While the portfolio lagged the market marginally during the month, both absolute and relative returns remain positive for the preceding three and six months.

At an individual stock level, the stronger contributors included Core Laboratories (+15.6%), Tractor Supply Company (+9.8%) and Amazon (+10.1%). Those negatively impacting on returns included Taiwan Semiconductor (-10.6%) and Edwards Lifesciences (-7.1%).

PORTFOLIO NEWS

This month we feature two recent additions to the portfolio.

France-based **Pernod Ricard (EPA: RI)** is the second largest alcohol/spirits company in the world by sales. Its spirits portfolio is skewed toward premium categories and includes top selling brands such as Martell (cognac), Jameson (Irish whiskey), Chivas Regal (blended Scotch), and The Glenlivet (single malt Scotch). Brand equity forms the basis of its moat, and it's enhanced by structural barriers to entry (more than half of Pernod's business is in spirits that need to be aged), regional requirements (e.g., Scotch must come from Scotland), and tremendous distribution.

We see a positive moat trajectory driven by a cultural turnaround in the US that will enable market share gains. Pernod offers better growth prospects and better value than most traditional Fast Moving Consumer Growth (FMCG) companies.

Michigan-based **Stryker (NYSE: SYK)** is a diversified medical technology company. They offer innovative orthopaedics, surgical, neurotechnology and spine products and services that help improve patient and hospital outcomes.

Its moat stems from sticky customer relationships, regulatory barriers, brand strength, IP, and economies of scale. We see a positive moat trajectory most notably driven by Stryker's leading position in robotic orthopedic surgery (Mako). Stryker's share price gained over 7% on the month of April.



PAUL R. BLACK
PORTFOLIO MANAGER
CONTANGO GLOBAL GROWTH LTD

PORTFOLIO PERFORMANCE

PERFORMANCE (after fees)	CONTANGO GLOBAL GROWTH (%)	MSCI ACWI (ex-Aust) (%)	VALUE ADD (%)
1 Month	2.65	2.81	-0.16
3 Months	2.58	1.22	1.36
6 Months	6.72	5.50	1.22
Since Jul 2017	13.97	13.75	0.22

Source: Bloomberg, Contango Funds Management, as of 30 April 2018

NET TANGIBLE ASSETS (NTA)

NET TANGIBLE ASSETS (PER SHARE)	30 APR 2018	29 MAR 2018
NTA before tax	\$1.146	\$1.118
NTA after tax and before tax on unrealised gains	\$1.163	\$1.134
NTA after tax	\$1.130	\$1.110
Month end closing share price (CQG.ASX)	\$0.990	\$0.990
Month end closing option price (CQGO.ASX)	\$0.015	\$0.024

Source: Contango Funds Management, as of 30 April 2018

KEY DETAILS

Report Date:	30 April 2018
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:	\$104.51m
Shares on issue:	90.98 million
Share Price:	\$0.99

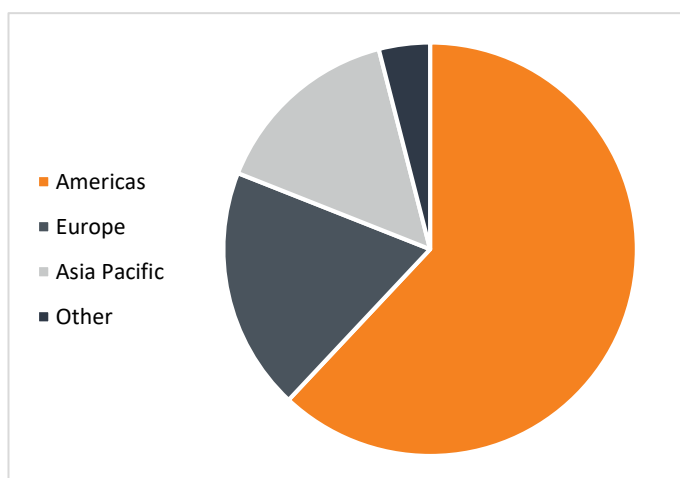
WHO MANAGES THE PORTFOLIO?

Founded in 1976, WCM Investment Management (WCM) is a Laguna Beach, California, based specialist active global and emerging markets asset management firm. The firm is 100% employee owned and manages over AUD30bn of assets on behalf of institutional and retail investors around the world including Australia.

HOW INVESTMENTS ARE CHOSEN FOR THIS PORTFOLIO

WCM's two key criteria for any company to be considered for inclusion in the portfolio are i) a rising competitive advantage (or expanding economic moat) and ii) a corporate culture that supports the expansion of this moat. WCM believes the direction of a company's economic moat is of more importance than its absolute width or size. Their research therefore is focused on identifying those companies with a positive moat trajectory as measured by a rising return on invested capital (ROIC) as opposed to those with a large but static or declining moat. WCM also strongly believes that corporate culture is a key determinant of a firm's ability to achieve a consistently growing moat. WCM has developed a proprietary approach to analysing corporate culture and has investment team members solely dedicated to this part of their process.

REGIONAL BREAKDOWN (BY DOMICILE)



Source: Contango Funds Management, as of 30 April 2018

TOP 10 STOCK HOLDINGS

STOCK	CONTANGO GLOBAL GROWTH (%)
Visa Inc	3.8
Keyence Corp	3.7
Costco Wholesale	3.7
HDFC Bank	3.4
The Cooper Companies	3.3
Amphenol	3.2
MercadoLibre	3.1
Canadian National Railway	2.9
Boston Scientific	2.9
Ecolab	2.9

Source: WCM Investment Management, as of 30 April 2018

SECTOR BREAKDOWN

SECTOR	WEIGHT %
Information Technology	26.1
Health Care	20.3
Consumer Discretionary	12.9
Financials	10.5
Consumer Staples	8.6
Industrials	8.1
Energy	4.1
Materials	2.9
Real Estate	2.5

Source: WCM Investment Management, as of 30 April 2018

CONTANGO GLOBAL GROWTH LIMITED

ACN 617 281 268

Level 6, 10 Spring Street, Sydney NSW 2000

T: +61 2 9048 7888

W: contango.com.au

E: invest@contango.com.au

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