

CONTANGO GLOBAL GROWTH LTD. (ASX:CQG)

INVESTMENT UPDATE AND NTA STATEMENT

MARCH 2018 PERFORMANCE UPDATE

Volatility returned in March, with declines in major global equity markets around the world. The falls were triggered by a step up in US President Donald Trump's rhetoric about levying tariffs on a range of imported goods, particularly from China, and for proposing regulations on technology companies for unfair trading practices and breaches of user data.

The strategy was flat in March, but managed to outperform the MSCI benchmark by 0.7%. The strategy's outperformance was driven by its exposure to quality stocks in the consumer and healthcare sectors. Since inception the strategy has generated a solid return of 10.1%, despite significant market fluctuations. Returns were insulated by a moderately weaker Australian dollar. The AUD depreciated by 1.1% over the month, falling to USD 0.768 from USD 0.776 over the month. A fall in the AUD increases the portfolio's value.

The portfolio is built stock by stock and has our 38 highest conviction picks. Diversification is used to manage risk by investing the portfolio in 15 countries around the world, including high growth emerging market economies, and in nine global industries.

This month our top two performing stocks operate in very different industries of household products and hygiene services.

Reckitt Benckiser is a UK headquartered company that is a leading global consumer goods manufacturer of household cleaning, health care and personal care products. We chose this company as our stock story in our March mid-month update. The company touches peoples' lives every day through its globally recognised and trusted products: Harpic, Air Wick, Mortein, Dettol, Nurofen and Strepsils. The company is very good at generating and growing high rates of return thanks to the ownership of outstanding global brands. While the share price has struggled over the past 12 months, the stock regained over 5% in March. The company has delivered total shareholder returns of 110% over 10 years to December 2017.

Ecolab is uniquely positioned to provide hygiene and sanitation products and services to a range of markets including water treatment, hospitality, healthcare, energy, pest elimination and industrial. This diverse exposure has resulted in Ecolab generating persistent growth of 10% p.a. over ten years with limited reliance on any one market for sales. We expect this growth to continue. The company was founded in 1923 and is based in Minnesota, USA. The company serves the high growth global hygiene market and has expanded its operations into new markets including China, India and Brazil. Ecolab's moat is its strong history of re-investing in its business to develop new products and services to outpace competitors and grow earnings.

PORTFOLIO PERFORMANCE

PERFORMANCE (after fees)	CONTANGO GLOBAL GROWTH (%)	MSCI ACWI (ex-Aust) (%)	VALUE ADD (%)
1 Month	0.0	-0.7	0.7
3 Months	2.6	0.9	1.7
6 Months	7.0	7.2	-0.2
Since Jul 2017	10.1	10.6	-0.5

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

NET TANGIBLE ASSETS (NTA)

NET TANGIBLE ASSETS (PER SHARE)	29 MAR 2018	28 FEB 2018
NTA before tax	\$1.118	\$1.119
NTA after tax and before tax on unrealised gains	\$1.134	\$1.138
NTA after tax	\$1.110	\$1.114
Month end closing share price (CQG.ASX)	\$0.990	\$1.010
Month end closing option price (CQGO.ASX)	\$0.024	\$0.025

Source: Contango Funds Management, as of 29 March 2018

KEY DETAILS

Report Date:	29 March 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:	\$101.90m
Shares on issue:	90.98 million
Share Price:	\$0.99

This has driven the company's share price to record high levels. For 2017, the company posted revenues of USD 13.8 billion and record net income of USD 1.5 billion. Importantly, the company's high cash flows means it can self-finance its growth, without loading up on debt.

Companies that posted share price pullbacks over the month included Facebook (impacted by user data breaches) and MercadoLibre (South America's leading e-commerce company, impacted by the general sell off in technology companies).



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.

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TOP 10 STOCK HOLDINGS

STOCK	CONTANGO GLOBAL GROWTH (%)
Keyence	3.8
Techtronic Industries	3.6
Visa Inc	3.6
Costco Wholesale	3.6
HDFC Bank	3.5
The Cooper Companies	3.4
Amphenol	3.3
MercadoLibre	3.3
Taiwan Semiconductor	3.3
Canadian National Railway	2.8

Source: WCM Investment Management, as of 29 March 2018

REGIONAL MARKET ALLOCATIONS

DEVELOPED & EMERGING MARKETS ALLOCATION	CONTANGO GLOBAL GROWTH (%)
Developed Markets	83.2
Emerging Markets	12.7
Cash	4.1

Source: WCM Investment Management, as of 29 March 2018

ASSET COMPOSITION

ASSET COMPOSITION	29 MAR 2018		28 FEB 2018	
	\$m	%	\$m	%
Investment Type				
Listed shares	97.64	96.6	97.72	96.4
Liquidity	4.10	4.1	4.13	4.1
Tax asset (liability)	(0.71)	-0.7	(0.53)	-0.5
Net Assets After Tax	\$101.03	100.0%	\$101.32	100.0%
Ordinary Shares on Issue	90.985m		90.982m	
Options on issue	90.868m		90.871m	

Source: Contango Funds Management, as of 29 March 2018

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