

WCM GLOBAL GROWTH LIMITED (ASX:WQG)

INVESTMENT UPDATE AND NTA STATEMENT



28 February 2019

PORTFOLIO UPDATE

The portfolio outperformed the broader market by 2.29% during the month with a return of 7.50% after fees versus the 5.21% return of its benchmark MSCI All Country World (ex-Australia) Index. The NTA per share before tax was \$1.30 as at 28 February 2019.

The portfolio has delivered strong returns in excess of the benchmark over the previous three, six and twelve months as well as since inception. Over this period, WQG has delivered monthly NTA per share gains 14 times against 6 declines. Two of these monthly declines occurred in the last quarter of 2018 amidst the broad global equities market retreat.

February was another positive month for global equity markets. The 5.21% rise in the benchmark index came from a combination of rising markets and a weaker Australian dollar. The WCM Quality Global Growth portfolio is unhedged so benefits during times of Australian dollar weakness.

Increased optimism regarding the likely outcome of US and China trade talks and expectations of 'lower for longer' global interest rates remain the key drivers of these positive stock returns. Markets were further encouraged by a solid fourth quarter corporate reporting season in the US where over 50% of companies exceeded consensus expectations.

In terms of regions, developed markets outperformed emerging throughout February. At an individual country level China was particularly strong, buoyed by hopes of renewed monetary stimulus. The best performing sectors during the month included industrials and technology. The portfolio is typically overweight in the technology, healthcare and consumer sectors.

Many market participants rely on market timing (increasing the allocation to cash) to minimise drawdowns during times of market volatility. However, while market sentiment has swung from extreme pessimism in the fourth quarter of last year to extreme optimism thus far this year, the portfolio has remained close to fully invested. Despite this, the relative performance of the portfolio was positive during both the fall and subsequent rise in markets.

How was this possible without some component of market timing? The portfolio comprises a concentrated number of high-quality growth companies across developed and emerging markets. For this portfolio a quality company is defined as one with a rising competitive advantage ("expanding economic moat"). WCM Investment Management's unique investment process is designed to identify such companies. It is these companies which benefit most when markets are in 'risk off' mode and there is a general 'flight to quality'. This helps explain the strong relative performance of the WCM's Quality Global Growth strategy during times of market weakness, despite retaining a close to fully invested position.

PERFORMANCE ¹ (after management fees)	PORT-FOLIO (%)	MSCI ACWI (ex-Aus) (%)	VALUE ADD (%) ⁴	NTA ³ (%)
1 Month	7.50%	5.21%	2.29%	7.15%
3 Months	7.63%	5.88%	1.75%	6.98%
6 Months	2.90%	-1.52%	4.42%	2.12%
12 months	17.65%	9.46%	8.19%	16.44%
Inception ² (annualised)	14.83%	11.19%	3.64%	13.00%

¹Performance is calculated before expenses and after investment management and performance fees are paid. The company's operating bank account balance is excluded from the portfolio value. ²Inception date is the 21st June 2017. ³The movement in pre-tax NTA which takes into account all expenses and fees paid. ⁴Value Add equals portfolio return before expense and after investment management fees minus benchmark return.

NET TANGIBLE ASSETS ¹ (PER SHARE)	28 FEB 2019	31 JAN 2019
NTA before tax	\$1.303	\$1.216
NTA after tax and before tax on unrealised gains	\$1.307	\$1.224
NTA after tax	\$1.245	\$1.184
Month end closing share price	\$1.050	\$1.035
Month end closing option price (WQGO.ASX)	\$0.006	\$0.005

¹NTA is calculated after all fees, expenses and incorporates all company assets including the company's operating bank account

KEY DETAILS

Report Date: 28 February 2019

ASX Code: WQG

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: \$117.19m

Shares on issue: 89.46 million

Options on issue: 90.87 million

Options strike price: \$1.10

Option expiry date: 24 June 2019

WCM GLOBAL GROWTH LIMITED (ASX:WQG)

HOW INVESTMENTS ARE CHOSEN FOR THIS PORTFOLIO

WCM's two key criteria for any company to be considered for inclusion in the WCM Quality Global Growth Strategy are 1) a rising competitive advantage (or expanding economic moat) and 2) 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.

WHO MANAGES THE PORTFOLIO?

WCM is a California based asset management firm specialising in active global and emerging market equities.

Founded in 1976, the business is 100% employee owned and manages over AUD 42 billion of assets on behalf of institutional and retail investors around the world including Australia.



PAUL BLACK
CEO & Portfolio Manager
WCM Investment Management

WCM GLOBAL GROWTH LIMITED

ACN 617 281 268

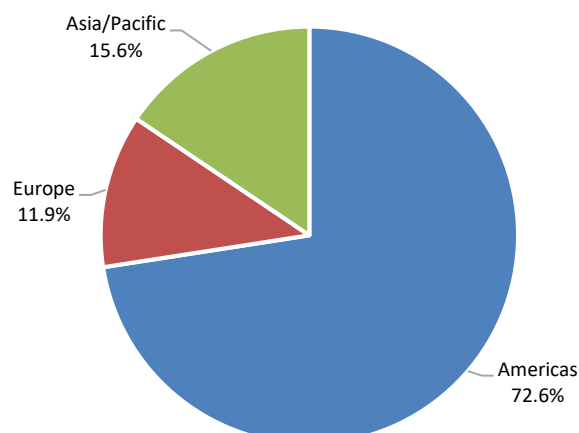
Level 6, 10 Spring Street, Sydney NSW 2000

T: +61 2 9048 7888

E: invest@contango.com.au

W: www.contango.com.au/global-growth

REGIONAL MARKETS ALLOCATION



STOCK	WCM GLOBAL GROWTH (%)
Visa Inc.	3.87
MercadoLibre	3.76
The Cooper Companies	3.68
Boston Scientific	3.67
Costco Wholesale Corp	3.67
First Republic Bank	3.59
Shopify Inc	3.48
Steris	3.39
Keyence Corp	3.29
AIA Group	3.24

SECTOR BREAKDOWN	WCM GLOBAL GROWTH (%)
Health Care	23.08
Information Technology	19.24
Financials	13.92
Industrials	9.46
Materials	7.91
Consumer Discretionary	7.73
Communication Services	7.24
Consumer Staples	6.77
Real Estate	2.79
Energy	1.23
Cash	0.64

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 WQG. Neither WQG, CIM nor their respective related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested within WQG 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. WQG 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