

## INVESTMENT UPDATE AND NTA STATEMENT

30 September 2020

## PORTFOLIO UPDATE

The portfolio delivered a return of 1.54% during the month, outperforming the benchmark MSCI All Country World (ex-Australia) Index return of -0.16%. The portfolio has delivered returns in excess of the benchmark over the previous three, six and 12 month periods, as well as over three years and since inception.

September was the first negative month for global equity markets since the COVID-19 pandemic driven decline in March. Commentators pointed to signs of a resurgence in COVID-19 cases in Europe, the potential for a disputed outcome in the forthcoming US Presidential election, and a breakdown in negotiations for additional fiscal stimulus in the US as reasons for the market pullback. Another likely contributing factor was investor profit taking post the exceptional rebound in markets from the March lows. On a more positive note, the global economy showed continued signs of a China-led recovery from its pandemic-induced slowdown. The positive economic news from China contributed to the outperformance of emerging market equities relative to developed markets during the month. At a sector level it was a mix of growth (e.g. technology) and value (e.g. financials and energy) sectors which lead the market lower. The more 'risk-off' investor sentiment was also evident in currency markets with the USD ending its five-month losing streak.

It was a relatively 'quiet' month for the portfolio with few significant stock price movements in a positive or negative direction. Fluid handling systems firm Graco, contact lens manufacturer The Cooper Companies and Swedish industrial company Atlas Copco were positive contributors to the portfolio's outperformance. Portfolio holdings that weighed on relative performance included athletic apparel retailer lululemon athletica, medical devices firm Boston Scientific and global payments group Visa Inc.

The hugely volatile markets experienced thus far in 2020 has provided a big test for actively managed portfolios. Many investors have been left whipsawed by the sharp fall in markets in the first quarter of the year and the equally dramatic rebound that followed. A disciplined investment process is key to navigating this volatility. The consistently strong performance of the WCM Quality Global Growth strategy is testament to the strength of WCM's process and its long-term focus. The first quarter decline presented opportunities to add new, positive moat trajectory holdings that were previously trading at valuations considered too excessive. WCM's 'buy and manage' discipline has also been evident in the past couple of months with the exposure to names such as Shopify being reduced following exceptional strong performance.

PERFORMANCE <sup>1</sup>	PORTFOLIO	MSCI ACWI (ex-AU)	VALUE ADDED <sup>3</sup>
1 Month	1.54%	-0.16%	1.70%
3 Months	6.08%	4.11%	1.97%
6 Months	20.86%	9.93%	10.93%
1 Year	21.71%	4.82%	16.89%
3 Year (PA)	19.97%	6.99%	12.98%
Inception <sup>2</sup> (PA)	21.71%	11.08%	10.63%

Notes: 1. Portfolio return is calculated before expenses and after investment management and performance fees are paid. 2. Inception date is 21 June 2017. 3. Value Add equals portfolio return minus benchmark return.

NET TANGIBLE ASSETS <sup>1</sup> (PER SHARE)	30 SEPT 2020	31 AUG 2020
NTA before tax	\$1.519	\$1.522
NTA after tax and before tax on unrealised gains	\$1.505	\$1.515
NTA after tax	\$1.379	\$1.387
Month end closing share price	\$1.330	\$1.310

Notes: 1. NTA is calculated after all fees and expenses and incorporates all company assets including WQG's operating bank account.

KEY DETAILS	
Report Date	30 September 2020
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	\$267.61m
Shares on issue	174.86m
Management Fee	1.25% (ex-GST)
Performance Fee <sup>1</sup>	10% (ex-GST)
Hedging	Unhedged

Notes: 1. Performance Fee is 10% (ex-GST) of the Portfolio's outperformance relative to the benchmark plus Management Fee and subject to high water mark. Maximum fee is capped at 0.75% of the closing market value of the Portfolio in each financial year.

### 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.

Its research is therefore 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 majority employee owned and manages over A\$85.6 billion of assets\* on behalf of institutional and retail investors around the world including Australia.



**PAUL BLACK**  
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#### WCM GLOBAL GROWTH LIMITED

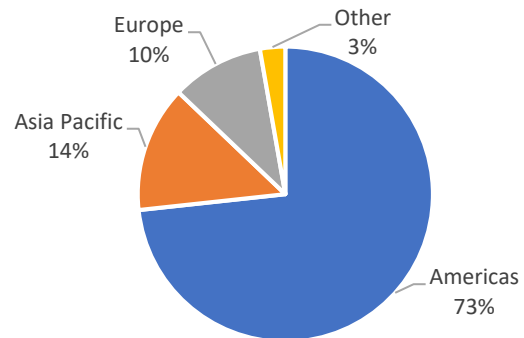
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### REGIONAL MARKETS ALLOCATION



TOP TEN PORTFOLIO HOLDINGS	WCM GLOBAL GROWTH (%)
MercadoLibre	4.68
Shopify	4.34
West Pharmaceuticals	4.10
Stryker Corp.	4.02
Taiwan Semiconductor	3.84
Visa Inc.	3.69
Tencent Holdings	3.26
Sherwin-Williams	3.05
Amphenol Corp.	3.03
Thermo Fisher Scientific	2.88
<b>Total</b>	<b>36.89</b>

SECTOR BREAKDOWN	WCM GLOBAL GROWTH (%)
Information Technology	26.59
Health Care	22.31
Industrials	11.50
Financials	10.60
Consumer Discretionary	8.50
Consumer Staples	6.24
Materials	5.60
Communication Services	3.26
Cash	2.76
Real Estate	2.64
<b>Total</b>	<b>100.00</b>

**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 Ltd (CIM) ACN 617 319 123 Corporate Authorised Representative (CAR No. 1254169) of Switzer Asset Management Limited (AFSL No. 312 247) 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. \*WCM AUM data in AUD at 30 June 2020.