

INVESTMENT UPDATE AND NTA STATEMENT

31 March 2021

PORTFOLIO UPDATE

The portfolio delivered a return of 0.60% during the month, below the benchmark MSCI All Country World Index (ex-Australia) return of 4.18%. The portfolio has delivered returns in excess of the benchmark over the previous 12-month period, as well as over three years and since inception.

Investor optimism on the outlook for the global economy continued to push equity markets and bond yields higher in March. This optimism was driven by the ongoing successful COVID-19 vaccine rollouts in the US and the UK and the passage of the \$1.9 trillion US stimulus bill. Consensus estimates of US economic growth in the current year have recently risen to 7%. While such strong economic growth comes with the risk of higher inflation, the US Federal Reserve has indicated it does not expect to increase interest rates before 2024.

Sector leadership during the month came from a mix of industrial stocks likely to benefit from the cyclical upswing and also more defensive sectors such as consumer staples and utilities. Information technology stocks were weaker, finishing the quarter as the second worst performing sector. Emerging markets and smaller companies, two of the stronger performing parts of the market in recent months, gave up some of their relative gains in March. At a factor level, value continued to outperform growth. For the quarter, value posted a gain of close to 10% versus a flat return for growth. The Australian dollar was weaker in March, a positive for unhedged portfolios.

Consistent with the broader market weakness in higher multiple growth stocks, the portfolio's e-commerce and technology related names were the biggest drag on portfolio performance during March. Conversely, relative outperformance came from a number of the portfolio's more economically sensitive (cyclical growth) industrial and consumer discretionary holdings. Canadian National Railway is an example of a cyclical growth holding in the portfolio. It is the most profitable and efficiently run North American railway and the near impossibility of a competitor starting a new network provides it with a strong and durable moat.

Rising bond yields were one of the dominant market features in the March quarter. The 10-year US Treasury yield reached 1.75%, up from 0.9% at the beginning of the year. Rising bond yields tend to have a positive correlation with the economically sensitive value sectors of the equity market, including financials and energy. The strong performance of energy and financials, two underweight sectors in the portfolio, provided a headwind to relative returns in the first quarter. However, while this may continue as a headwind in the short term, the WCM team will not be straying from their proven investment process. This process is based on finding high-quality (expanding economic moat) companies with corporate cultures aligned to this positive moat trajectory. It is difficult to find financial and energy companies which meet this criteria and as such the portfolio is likely to remain underweight these sectors.

PERFORMANCE ¹	PORTFOLIO	MSCI ACWI (ex-AU)	VALUE ADDED ³
1 Month	0.60%	4.18%	-3.58%
3 Months	-0.77%	5.76%	-6.53%
6 Months	7.34%	13.01%	-5.67%
1 Year	29.74%	24.23%	5.51%
3 Year (p.a.)	21.53%	13.06%	8.47%
Inception ² (p.a.)	18.97%	12.67%	6.30%

Notes: 1. Portfolio return is calculated before expenses and after investment management and performance fees are paid. Performance includes the reinvestment of dividends and income. 2. Inception date is 21 June 2017. 3. Value added equals portfolio return minus benchmark return.

NET TANGIBLE ASSETS ¹ (PER SHARE)	31 MAR 2021	28 FEB 2021
NTA before tax	1.615	\$1.637
NTA after tax and before tax on unrealised gains	1.588	\$1.618
NTA after tax	1.448	\$1.462
Month end closing share price	1.550	\$1.580

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	31 March 2021
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	\$282.40m
Shares on issue	175.60m
Management Fee	1.25% (ex-GST)
Performance Fee ¹	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?

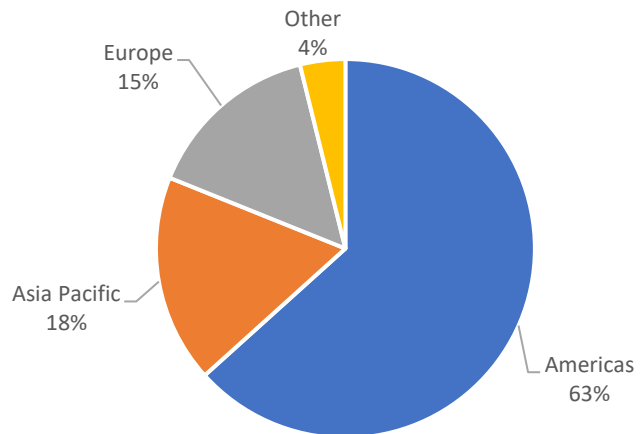
WCM is a California based asset management firm specialising in active global and emerging market equities.

Founded in 1976, the business is majority employee owned and manages over A\$106.7 billion of assets* on behalf of institutional and retail investors around the world including Australia.



PAUL BLACK
CEO & Portfolio Manager
WCM Investment Management

REGIONAL MARKETS ALLOCATION



TOP TEN PORTFOLIO HOLDINGS**	WCM GLOBAL GROWTH (%)
Taiwan Semiconductor	4.83
Shopify	4.18
Stryker Corp.	4.00
MercadoLibre	3.78
West Pharmaceutical Services	3.75
LVMH (Moet Hennessy Louis Vuitton)	3.63
Tencent Holdings	3.45
Visa Inc.	3.32
First Republic Bank	3.31
Amphenol Corp.	3.29
Total	37.54

SECTOR BREAKDOWN	WCM GLOBAL GROWTH (%)
Information Technology	26.14
Consumer Discretionary	16.57
Health Care	16.34
Industrials	11.61
Financials	10.53
Consumer Staples	6.33
Materials	5.16
Cash	3.87
Communication Services	3.45
Total	100.00

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