

WCM GLOBAL GROWTH LIMITED (ASX:WQG)

INVESTMENT UPDATE AND NTA STATEMENT



30 June 2018

PORTFOLIO UPDATE

June was another month in which the WQG portfolio demonstrated its resilience in times of market uncertainty. The portfolio outperformed the broader market during the month with a return of 2.5% versus the 1.8% return of its benchmark MSCI All Country World Index (ex-Australia). The portfolio has also delivered returns in excess of the benchmark over the previous three, six months and 12 months.

Global equity markets were mostly lower in June with investors continuing to focus on the implications of a potential global trade war. Asian markets, in particular China, which is at the forefront of these trade tensions were amongst the weakest performers. The Shanghai market fell over 7% during the month and both the Hong Kong and Korean markets by close to 5%. The major US market indices and European bourses posted more modest declines for the month. Unhedged global equity portfolios such as WQG received a boost from the weaker Australian dollar during the month, providing an offset to these declining equity markets

Notwithstanding the impact macroeconomic events such as trade wars can have on short term returns our investment approach focuses on identifying companies with long term expanding competitive advantages (widening economic moats). Our investment team is cognisant of the macroeconomic environment but does not spend time trying to forecast it. Our focus on companies with widening economic moats leads us towards less the cyclical sectors of the markets such as healthcare and technology. The helps explain the resilience of the portfolio in times of economic uncertainty as was the case in the June.

Our best performing stocks during the month included healthcare holdings, Edward Life Sciences (+9%), Boston Scientific (+10%) and West Pharmaceutical Services and one of the relatively new additions to the portfolio, interactive entertainment company Activision Blizzard (+10%)

Those negatively impacting on returns included Japanese factory automation company, Keyence (-6%) and San Francisco headquartered bank and brokerage firm Charles Schwab (-6%).

| PERFORMANCE ¹ <i>(after management fees)</i> | WCM GLOBAL GROWTH (%) | MSCI ACWI (ex-Aust) (%) | VALUE ADD (%) |
|--|--------------------------------|-------------------------------|------------------|
| 1 Month | 2.5 | 1.8 | 0.7 |
| 3 Months | 7.1 | 4.6 | 2.5 |
| 6 Months | 9.8 | 5.5 | 4.3 |
| 12 months | 17.8 | 15.6 | 2.2 |
| Inception ² | 14.6 | 13.2 | 1.3 |

1. Performance is calculated before expenses and after investment management fees are paid. The company's operating bank account balance is excluded from the portfolio value

2. Inception date is the 21st June 2017

| NET TANGIBLE ASSETS ¹ (PER SHARE) | 29 JUNE | 31 MAY |
|--|----------------|----------------|
| NTA before tax | \$1.196 | \$1.167 |
| NTA after tax and before tax on unrealised gains | \$1.213 | \$1.183 |
| NTA after tax | \$1.167 | \$1.144 |
| Month end closing share price (WQG.ASX) | \$1.075 | \$1.020 |
| Month end closing option price (WQGO.ASX) | \$0.025 | \$0.011 |

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

KEY DETAILS

| | |
|------------------------|---|
| Report Date: | 29 June 2018 |
| ASX Code | WQG |
| 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: | \$108.48m |
| Shares on issue: | 90.97 million |
| Share Price: | \$1.075 |



PAUL BLACK of WCM Investment Management
PORTFOLIO MANAGER,
WCM GLOBAL GROWTH LTD

WCM GLOBAL GROWTH LIMITED (ASX:WQG)

WHO MANAGES THE PORTFOLIO?

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

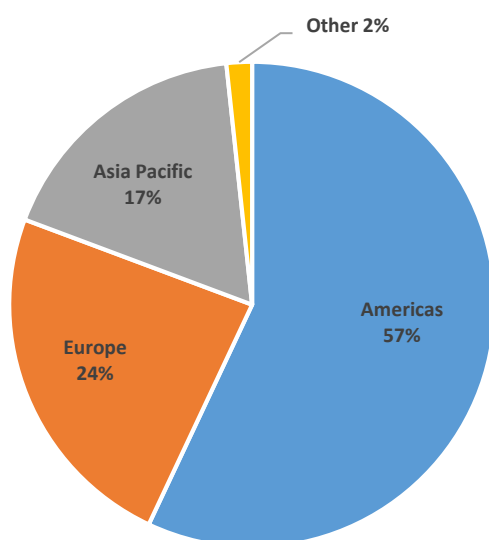
Founded in 1976, the business is 100% employee owned and manages over AUD35bn of assets on behalf of institutional and retail investors around the world including Australia.

HOW INVESTMENTS ARE CHOSEN FOR THIS PORTFOLIO

WCM's two key criteria for any company to be considered for inclusion in the 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.

REGIONAL BREAKDOWN (BY DOMICILE)



| STOCK | CONTANGO GLOBAL GROWTH (%) |
|---------------------------|----------------------------|
| Visa Inc | 3.9 |
| Costco Wholesale | 3.9 |
| HDFC Bank | 3.6 |
| The Cooper Companies | 3.4 |
| Keyence | 3.4 |
| Amphenol | 3.3 |
| Boston Scientific | 3.3 |
| Steris | 3.2 |
| Canadian National Railway | 3.1 |
| AIA Group | 3.0 |

| SECTOR BREAKDOWN | WCM GLOBAL GROWTH (%) |
|------------------------|-----------------------|
| Information Technology | 26.4 |
| Health Care | 22.1 |
| Financials | 13.4 |
| Consumer Discretionary | 10.5 |
| Industrials | 7.6 |
| Consumer Staples | 6.5 |
| Materials | 5.1 |
| Energy | 4.1 |
| Real Estate | 2.6 |

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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