

## Chairman's update

Geoff Wilson AO



- **185.7% increase in operating profit before tax**
- **3.0c inaugural fully franked interim dividend, a 50% increase**
- **28.2% investment portfolio performance in CY2019**

WAM Global achieved a 185.7% increase in operating profit before tax to \$38.8 million and a 186.3% increase in operating profit after tax to \$27.2 million in its FY2020 half year results\*. The operating profit is reflective of the sound investment portfolio performance and the growth in assets over the period.

The Board of Directors is pleased to declare an inaugural fully franked interim dividend of 3.0 cents per share, representing a 50% increase on the FY2019 inaugural fully franked final dividend. The fully franked dividend has been achieved through the performance of the investment portfolio since inception and the profits reserve available and is consistent with the Company's investment objective of delivering investors a stream of fully franked dividends.

Driven by accommodative monetary policies, global equity markets rallied as corporate earnings stagnated during the period. The MSCI World Index (AUD) rose 9.0% and the MSCI World SMID (Small/Mid) Cap Index increased 8.1% in AUD terms.

Against this background, the WAM Global team demonstrated excellent stock selection and delivered solid risk-adjusted returns. WAM Global increased 8.8% with an average cash level of 8.3% during the period and ended the 2019 calendar year up 28.2%.

WAM Global has grown its assets from the \$465.5 million raised following its initial public offering in May 2018 to \$523.1 million after the payment of the FY2019 fully franked final dividend of 2.0 cents per share in October 2019.

WAM Global shares are currently trading at an attractive discount to net tangible assets (NTA) of 11.3%\*\* which is in the process of narrowing as the Company continues to deliver a track record of performance, increasing fully franked dividends and the share register tightens. The Company's profits reserve is currently 19.6 cents per share and forms part of the NTA.

We look forward to providing an update at our Investor Conference Call on Thursday, 12 March 2020 at 4.00pm – 5.00pm (Sydney time) and seeing you at our Shareholder Presentations in May 2020.

\*The HY2020 profit figures are unaudited. Audited half year results will be announced to the market in February 2020.

\*\*Based on the 29 January 2020 share price of \$2.18 per share.

## Inaugural fully franked interim dividend

The Board declared an inaugural fully franked interim dividend of 3.0 cents per share, representing a 50% increase on the FY2019 inaugural fully franked final dividend.

### Key dividend dates

Ex-dividend date	15 April 2020
Record date	16 April 2020
Last election date for DRP	20 April 2020
Payment date	28 April 2020

The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices.

## Performance

as at 31 December 2019

	Fin YTD	1 yr	Since inception %pa (Jun-18)
WGB Investment Portfolio	8.8%	28.2%	10.2%
MSCI World Index (AUD)	9.0%	27.9%	12.6%
<b>Outperformance</b>	<b>-0.2%</b>	<b>+0.3%</b>	<b>-2.4%</b>
MSCI World SMID (Small/Mid) Cap Index in AUD terms	8.1%	27.0%	7.5%
<b>Outperformance</b>	<b>+0.7%</b>	<b>+1.2%</b>	<b>+2.7%</b>

Investment performance and Index returns are before expenses, fees and taxes.

## Lead Portfolio Manager's update

Catriona Burns

We remained focused on company fundamentals during the period as accommodative central banks ensured the trajectory of global markets continued upward despite fluctuations in sentiment arising from the US-China trade war, Hong Kong protests, Brexit and other geopolitical tensions.

Core holdings that significantly contributed to the portfolio performance during the period included: UK-listed content business Entertainment One (ETO LN), which increased 40.3%; Japanese discount supermarket chain Kobe Bussan (3038 JP), which increased 43.4%; European entertainment and ticketing company CTS Eventim AG & Co (EVD GR), which increased 37.2%; US-listed IT service provider CDW Corporation (CDW US), which increased 28.6%; major US healthcare provider HCA Healthcare (HCA US), which increased 9.2%; and Japanese video game developer and intellectual property giant Bandai Namco Holdings (7832 JP), which increased 26.8%.

Entertainment One was acquired by US listed toy and entertainment company Hasbro Inc during the period. Entertainment One delivered a 54.6% share price return on our initial investment\*. Detractors for the period included GreenSky Inc (GSKY US), Ubisoft Entertainment (UBI FP) and Ulta Beauty (ULTA US).

We were active in our on-the-ground research and portfolio management in the six months to December 2019. We conducted almost 300 meetings with management teams and market participants. We adjusted our cash levels continually, holding 8.3% on average during the period.

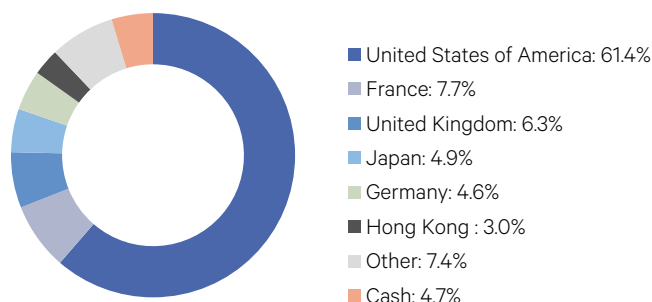
We believe conditions for global equity markets will remain positive in 2020. Despite this short-term optimism, we are conscious that central bank intervention has inflated asset prices and valuations are elevated in certain segments of the market.

We are focused on preserving shareholder capital and delivering risk-adjusted returns from a diversified portfolio comprising the world's most compelling undervalued growth companies.

\*Share price growth of companies are provided in local terms.

## Portfolio composition by geographical exposure

as at 31 December 2019



## Top 20 holdings with portfolio weightings

as at 31 December 2019

Code	Company	Country	%
HCA US	HCA Healthcare Inc	USA	3.5%
TMO US	Thermo Fisher Scientific Inc	USA	3.0%
AXP US	American Express Company	USA	3.0%
AIR FP	Airbus SE	FRA	2.9%
LOGN SW	Logitech International SA	SUI	2.9%
UTX US	United Technologies Corporation	USA	2.8%
AON US	Aon PLC	USA	2.8%
MC FP	LVMH Moet Hennessy Louis Vuitton SE	FRA	2.6%
CDW US	CDW Corporation	USA	2.4%
LHX US	L3Harris Technologies Inc	USA	2.4%
ULTA US	Ulta Beauty Inc	USA	2.2%
HAS US	Hasbro Inc	USA	2.2%
DGE LN	Diageo PLC	UK	2.2%
CME US	CME Group Inc	USA	2.2%
CRL US	Charles River Laboratories International Inc	USA	2.2%
INFO US	IHS Markit Limited	USA	2.2%
NOMD US	Nomad Foods Limited	USA	2.2%
SPGI US	S&P Global Inc	USA	2.2%
3038 JP	Kobe Bussan Co Limited	JPN	2.1%
UBI FP	Ubisoft Entertainment SA	FRA	2.1%

## Cash currency exposure

as at 31 December 2019 (4.7%)

