

INVESTMENT UPDATE AND NTA STATEMENT

29 February 2020

PORTFOLIO UPDATE

The portfolio returned -1.79% for the month ended February 2020, compared with the benchmark MSCI All Country World (ex-Australia) Total Return Index return of -5.04%. The portfolio has outperformed its benchmark during the volatile conditions of the last 3-months. The longer-term performance of the portfolio also remains strong with returns exceeding that of the benchmark over 1-year, 2-years and since inception.

Global equity markets began the month strongly, shrugging off the potential impact of the outbreak of the Coronavirus in China. By month-end however, most global equity indices had declined by over 8% in local currency terms. The catalyst for the market sell off was the increasing number of reported cases of the virus outside of China and fears of the impact it may have on global economic growth and, in turn, corporate earnings. Bond and commodity markets were also impacted by this potentially lower economic growth outlook with the US 10-year Treasury yield reaching a record low yield of 1.15% and the oil price falling by 13.4%. The Australian dollar declined 2.6% during the month too, partially reducing the losses for unhedged portfolios such as the WCM Quality Global Growth strategy.

Investors' preference for high quality companies during times of market nervousness was a supportive factor for the WQG portfolio in February. Portfolio holdings recording a positive return during the month included media services group Netflix (+11.4%), eye care products manufacturer Alcon (+7.1%) and Chinese internet services provider Tencent (+6.9%). Healthcare firm Thermo Fisher Scientific (-10.8%), multinational contract foodservice provider Compass Group (-8.4%) and trading exchange technology group, Intercontinental Exchange (-7.2%) were amongst the holdings that weighed on performance during the month.

February's market decline provided plenty of headline making material for macroeconomic and market commentators. For the investment team at WCM however, it was and very much remains business as usual. The portfolio's relative outperformance in February was consistent with its long-term track record during similar prior periods of declining markets. As long-term investors with a minimum timeframe of 3-5 years, WCM do not allocate time or resources to analysing the potential short-term impact on company earnings of events such as the coronavirus. Instead, the team's focus will be on identifying attractive price levels to invest in new high quality (i.e. expanding moat) companies and/or to add to existing portfolio positions.

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.

PERFORMANCE ¹ (after management fees)	PORTFOLIO (%)	MSCI ACWI (ex-AU) (%)	VALUE ADDED (%) ³
1 Month	-1.79%	-5.04%	3.25%
3 Months	3.98%	-1.73%	5.71%
6 Months	4.88%	5.19%	-0.31%
1 Year	23.91%	14.38%	9.53%
2 Year	20.74%	11.89%	8.85%
Inception ² (annualised)	18.11%	12.36%	5.75%

Notes: 1. Portfolio return 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. 2. Inception date is 21 June 2017. 3. Value Add equals portfolio return minus benchmark return.

NET TANGIBLE ASSETS ¹ (PER SHARE)	29 FEB 2020	31 JAN 2020
NTA before tax	\$1.369	\$1.408
NTA after tax and before tax on unrealised gains	\$1.362	\$1.408
NTA after tax	\$1.283	\$1.310
Month end closing share price	\$1.135	\$1.230

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	29 February 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	\$239.9m
Shares on issue	174.01m
Management Fee	1.25% (ex-GST)
Performance Fee ¹	10% (ex-GST)

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.

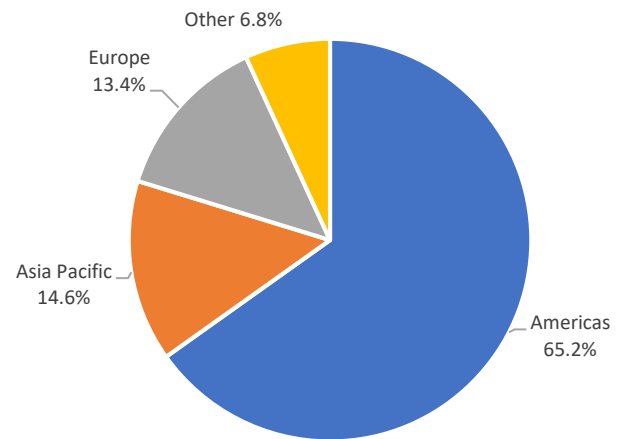
WCM also strongly believes that corporate culture is a key determinant of a firm’s ability to achieve a consistently growing moat. WCM has developed a proprietary approach to analysing corporate culture and has investment team members solely dedicated to this part of their process.

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\$69.7 billion of assets* on behalf of institutional and retail investors around the world including Australia.

REGIONAL MARKETS ALLOCATION



PAUL BLACK
CEO & Portfolio Manager
WCM Investment Management

TOP TEN PORTFOLIO HOLDINGS	WCM GLOBAL GROWTH (%)
Shopify Inc.	5.08
Visa Inc.	4.16
West Pharmaceutical Services	3.68
MercadoLibre	3.46
Taiwan Semiconductor Manufacturing Company	3.31
Tencent Holdings	3.26
HDFC Bank	3.08
Costco Wholesale Corp	3.05
First Republic Bank	3.04
Ecolab	2.97
Total	35.09

SECTOR BREAKDOWN	WCM GLOBAL GROWTH (%)
Information Technology	19.99
Health Care	18.99
Financials	13.68
Industrials	9.89
Consumer Discretionary	9.65
Materials	7.71
Consumer Staples	7.48
Communication Services	5.76
Not Classified	3.89
Real Estate	2.96
Total	100.00

WCM GLOBAL GROWTH LIMITED
ACN 617 281 268
Level 6, 10 Spring Street, Sydney NSW 2000

T: 1300 001 750
E: invest@contango.com.au
W: www.contango.com.au/global-growth

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