

INVESTMENT UPDATE AND NTA STATEMENT

30 April 2020

PORTFOLIO UPDATE

The portfolio gained 6.03% during the month, outperforming the benchmark MSCI All Country World (ex-Australia) Index return of 3.53%. The portfolio has delivered returns significantly in excess of the benchmark over the previous one, three, six and 12 month periods, as well as over two years and since inception.

Global markets rebounded sharply in April with all major markets higher, led by the US. The S&P 500 recorded its biggest increase since January 1987. These returns were achieved against a backdrop of pending economic conditions that many market commentators are now comparing with the Great Depression. The primary driver of the recovery in equity markets from their March lows was the massive liquidity injection from central banks and the unprecedented levels of fiscal stimulus from global governments. Investors were also heartened by signs that stringent lockdown restrictions are slowing the spread of the COVID-19 virus. At a regional level, developed markets outperformed emerging, large capitalisation indices bettered small, and growth and quality factors eclipsed value. The Australian dollar rallied strongly during the month dampening the gains for unhedged portfolios like the WCM Quality Global Growth strategy.

The best performing stocks in the portfolio came from a range of sectors. Recording share price gains in excess of 20% were Canadian ecommerce platform group Shopify, water hygiene and energy technology firm Ecolab, US private bank First Republic Bank, and pharmaceutical packaging provider West Pharmaceutical Services. Recent additions to the portfolio, life science specialist Thermo Fisher Scientific, animal healthcare company IDEXX Laboratories and credit score business Fair Isaac Corporation each made a positive contribution to relative performance during the month. Only two portfolio holdings – fluid systems manufacturer Graco and insurance provider Chubb – posted negative returns in April.

The fear of a long-lasting health crisis and the inevitable resulting global economic crisis has many investors asking: where to next from an investment perspective? Countless hours of media coverage and Wall Street analysis is being spent speculating on when a vaccine might be discovered, how long the lockdowns may last, and whether or not there will be a second wave. The research team at WCM Investment Management (WCM) does not lay claim to having any unique skills to help answer these questions. Their focus during this period of heightened uncertainty has been on capitalising on the attractive entry levels the market volatility has presented for new long-term opportunities. Each of these positions, including those mentioned above, meet the WCM criteria of an expanding economic moat and corporate culture aligned to this moat trajectory.

PERFORMANCE ¹ (after management fees)	PORTFOLIO (%)	MSCI ACWI (ex-AU) (%)	VALUE ADDED (%) ³
1 Month	6.03%	3.53%	2.50%
3 Months	-1.17%	-9.26%	8.09%
6 Months	9.03%	-1.97%	11.00%
1 Year	15.36%	3.53%	11.83%
2 Year	19.60%	8.22%	11.38%
Inception ² (annualised)	17.22%	9.84%	7.38%

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)	30 APR 2020	31 MAR 2020
NTA before tax	\$1.365	\$1.287
NTA after tax and before tax on unrealised gains	\$1.361	\$1.277
NTA after tax	\$1.277	\$1.218
Month end closing share price	\$1.180	\$1.010

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 April 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	\$237.43m
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.

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?

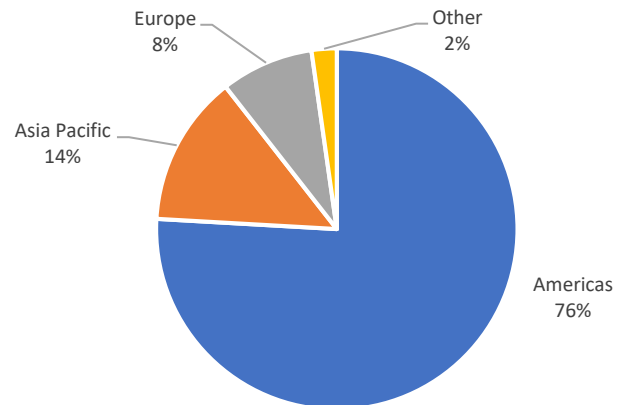
WCM is a California based asset management firm specialising in active global and emerging market equities.

Founded in 1976, the business is majority employee owned and manages over A\$71.6 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 (%)
Shopify	6.67
Stryker Corp	4.44
West Pharmaceuticals	4.40
Visa Inc	4.07
Tencent Holdings	3.28
Crown Castle International	3.12
MercadoLibre	3.11
Taiwan Semiconductor Manufacturing Company	3.11
Ecolab	3.05
First Republic Bank	3.00
Total	38.25

SECTOR BREAKDOWN	WCM GLOBAL GROWTH (%)
Information Technology	23.58
Health Care	23.54
Financials	14.16
Industrials	10.92
Consumer Discretionary	7.58
Consumer Staples	6.56
Materials	5.02
Communication Services	3.28
Real Estate	3.12
Not Classified	2.24
Total	100.00

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