

INVESTMENT UPDATE AND NTA STATEMENT

31 January 2021

PORTFOLIO UPDATE

The portfolio delivered a return of -1.11% during the month, below the benchmark MSCI All Country World (ex-Australia) Index return of 0.22%. The portfolio has delivered returns in excess of the benchmark over the previous six and 12-month periods, as well as over three years and since inception.

Global equity markets began the year strongly, building on their solid finish to 2020. The Democrats' victory in the Senate race in Georgia was taken as a positive sign in terms of the increased probability of further larger fiscal stimulus in the US. By month end however these early gains were largely eroded as concerns about the supply of COVID-19 vaccines in Europe and fears over the emergence of new strains of the virus weighed on markets.

The sharp rally in several heavily shorted US stocks added to market volatility in the latter part of the month. This short squeeze on several hedge funds was co-ordinated by a group of retail investors executing trades via low-cost trading platforms. As the price of these stocks soared, the exposed hedge funds were forced to close their short positions. The better performing pockets of the market in January included small companies and emerging markets. At a sector level, energy and healthcare were among the better performers while consumer staples lagged. The Australian dollar was marginally lower by month end.

Chinese internet services group Tencent reached a record high in January and was the largest contributor to the portfolio's monthly return. The other leading contributors included Taiwan Semiconductor and US scientific instrument and software firm Thermo Fisher Scientific. The three largest detractors from returns were: data analytics specialists Verisk; Visa Inc.; and Fair Isaac Corporation.

The short selling controversy referenced above has captured a lot of media attention. Many commentators cried foul as they believed the aggressive buying of fundamentally challenged companies and forced selling of stronger ones to finance this activity threatened the concept of fair price discovery. While the media is likely to continue to focus on this 'battle' between retail investors and professionally managed hedge funds, it should not concern investors in long term focused portfolios such as the WCM Quality Global Growth Strategy. This portfolio is invested in companies the WCM investment team believes have growing competitive advantages (expanding economic moats) over the long term, i.e. 5 years and beyond. While the WCM Quality Global Growth Strategy will not be immune to short term retail investor and hedge-fund-induced market volatility, its longer-term performance will be driven by the strength of the underlying companies in the portfolio.

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);

PERFORMANCE ¹	PORTFOLIO	MSCI ACWI (ex-AU)	VALUE ADDED ³
1 Month	-1.11%	0.22%	-1.33%
3 Months	5.98%	7.45%	-1.47%
6 Months	9.38%	9.77%	-0.39%
1 Year	20.50%	3.19%	17.31%
3 Year (p.a.)	21.27%	10.45%	10.82%
Inception ² (p.a.)	19.79%	11.60%	8.19%

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 JAN 2021	31 DEC 2020
NTA before tax	\$1.636	\$1.654
NTA after tax and before tax on unrealised gains	\$1.618	\$1.631
NTA after tax	\$1.461	\$1.470
Month end closing share price	\$1.515	\$1.590

Notes: 1. NTA is calculated after all fees and expenses and incorporates all company assets including WQG's operating bank account.

TOP CONTRIBUTORS⁺

STOCK	RETURN	AV. WEIGHT	CONTRIBUTION
Tencent Holdings	21.51	3.42	0.64
Taiwan Semiconductor	12.07	4.75	0.51
Thermo Fisher Scientific	10.04	2.60	0.25

BIGGEST DETRACTORS⁺

STOCK	RETURN	AV. WEIGHT	CONTRIBUTION
Verisk Analytics Inc.	-11.11	1.91	-0.23
Visa Inc.	-11.15	3.10	-0.36
Fair Isaac Corp.	-11.43	2.04	-0.25

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.



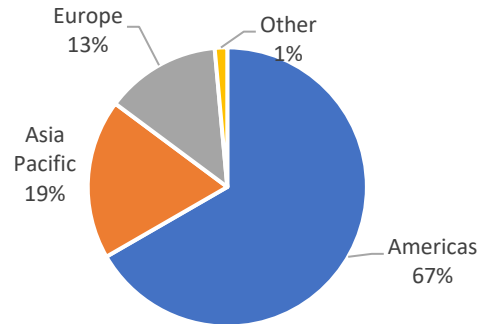
PAUL BLACK
CEO & Portfolio Manager
WCM Investment Management

KEY DETAILS

Report Date	31 January 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	\$286.04m
Shares on issue	174.90m
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.

REGIONAL MARKETS ALLOCATION



TOP TEN PORTFOLIO HOLDINGS+

WCM GLOBAL GROWTH (%)

MercadoLibre	6.52
Taiwan Semiconductor	4.87
Shopify	4.07
West Pharmaceuticals	3.91
Tencent Holdings	3.79
Stryker Corp.	3.55
LVMH (Moët Hennessy Louis Vuitton)	3.23
Amphenol Corp.	3.05
Visa Inc.	2.97
First Republic Bank	2.95
Total	38.91

SECTOR BREAKDOWN

WCM GLOBAL GROWTH (%)

Information Technology	27.05
Health Care	19.20
Consumer Discretionary	15.22
Financials	11.46
Industrials	10.55
Consumer Staples	6.35
Materials	4.93
Communication Services	3.79
Cash	1.44
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/funds/wqg

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