

INVESTMENT UPDATE AND NTA STATEMENT

31 July 2021

PORTFOLIO UPDATE

The portfolio delivered a return of 5.42% during the month, outperforming the MSCI All Country World ex-Australia Index (the **Benchmark**) return of 2.86%. The portfolio has delivered returns in excess of the benchmark over one month, three months, two years, three years and since inception.

July was another positive month for global equity markets. The key tailwinds for markets remain accommodative global monetary and fiscal policy, rising vaccination rates and the continued lifting of lockdown restrictions. Longer term interest rates declined further during the month with the US ten-year treasury yields back to levels last seen in February. While declining yields can be a signal of slowing economic growth, markets are currently attributing the decline more to technical, rather than fundamental factors. Growth stocks were a beneficiary of these lower yields, with value sectors such as Financials and Energy lagging. At a regional level emerging markets struggled, held back by the impact of tighter regulation on Chinese technology and private tutoring businesses. The Australian dollar was marginally lower in July, a positive for unhedged portfolios.

The overweight exposure to the growth sectors such as Technology and Healthcare benefited the portfolio in July. At an individual stock level however, some of the larger contributors to performance came from a broad range of sectors including Consumer Discretionary, Financials and Materials. Geographically, portfolio holdings exposed to concerns of increased Chinese regulation were amongst the larger detractors from performance.

Evolution AB, a Sweden-based firm, is an online casino supplier focused on the 'live' vertical. Tailwinds are strong, driven by better technology (broadband, lower latency, better streaming technology, and improved cameras and mobile). In addition, regulatory changes towards increased legalisation of iGaming have increased the company's addressable market. Evolution AB's moat comes from complex execution, IP, switching costs, and regulatory barriers. That moat is growing as they leverage these strengths to a growing audience.

Rising concern about the impact of increased regulatory risk in the Chinese technology and private learning sectors has become a major topic of debate among market participants. Some investors are now describing China as below investment grade given the rising levels of regulation and government scrutiny. Others are taking a more sanguine view, accepting that regulatory risk has always been a factor to consider when investing in this economy. A structured investment process is key to avoiding the potential risks associated with these two very different responses, namely, a) reacting in a knee-jerk manner or b) complacency.

WCM's process is anchored on the analysis of moat trajectory. The question WCM will ask is how this news impacts on its prior view on the future direction of the moats (i.e., the competitive

PERFORMANCE ¹	PORTFOLIO	MSCI ACWI (ex-AU)	VALUE ADDED ²
1 Month	5.42%	2.86%	2.56%
3 Months	12.17%	8.97%	3.20%
6 Months	17.82%	18.59%	-0.77%
1 Year	28.87%	30.17%	-1.30%
2 Year (p.a.)	24.46%	16.40%	8.06%
3 Year (p.a.)	24.67%	14.86%	9.81%
Inception ³ (p.a.)	21.98%	14.80%	7.18%

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. Value added equals portfolio return minus benchmark return. 3. Inception date is 21 June 2017.

NET TANGIBLE ASSETS ¹ (PER SHARE)	31 JUL 2021	30 JUN 2021
NTA before tax	1.880	1.791
NTA after tax and before tax on unrealised gains	1.842	1.755
NTA after tax	1.636	1.573
Month end closing share price	1.610	1.635
Month end closing option price	0.135	0.160

Notes: 1. NTA is calculated after all fees and expenses and incorporates all company assets including WQG's operating bank account. NTA per share is based on WQG's issued capital of 176,339,842 shares as at 31 July 2021. Assuming the exercise of all WQG's August 2022 Options, the Company's fully diluted issued capital would be 234,102,572 shares and the adjusted NTA per share before and after tax would be \$1.787 and \$1.602 respectively.

KEY DETAILS	
Report Date	31 July 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	\$332.21m
Shares on issue	176.34m
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.

advantage) of the companies in which it is invested in. This analysis, not emotion or complacency will determine any portfolio activity.

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 its process.

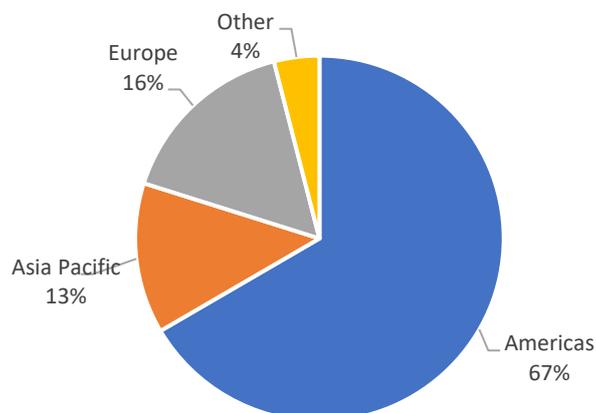
WHO MANAGES THE PORTFOLIO?

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\$130.6 billion of assets (as at 30 June 2021) on behalf of institutional and retail investors around the world including Australia.



PAUL BLACK
CEO & Portfolio Manager
WCM Investment Management

REGIONAL MARKETS ALLOCATION



TOP 10 PORTFOLIO HOLDINGS	WCM GLOBAL GROWTH (%)
Stryker Corporation	4.93
Shopify	4.85
West Pharmaceutical Services	4.64
Sherwin-Williams	3.93
LVMH (Moet Hennessy Louis Vuitton)	3.76
Thermo Fisher Scientific	3.58
MercadoLibre	3.54
First Republic Bank	3.36
Visa	3.31
Nike	3.15
Total	39.05

Notes: The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.

SECTOR BREAKDOWN	WCM GLOBAL GROWTH (%)
Information Technology	27.18
Health Care	19.49
Consumer Discretionary	18.00
Financials	10.18
Industrials	9.78
Consumer Staples	6.06
Materials	3.93
Communication Services	1.40
Cash	3.98
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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