

WCM GLOBAL GROWTH LIMITED (ASX: WQG)

ASX Announcement

2022 Annual General Meeting

Wednesday, 16 November 2022 | 1:00PM

Chair's Address – Ms Valentina Stojanovska Cal

Results and Performance

The Company is reporting a net operating loss after tax for FY2022 of \$48,065,000 (**FY21**: net operating profit after tax of \$48,409,000). The decrease in after-tax profit for the period is primarily attributed to a decrease in the value of the Company's investment portfolio during a period of very difficult market conditions.

For FY2022, the pre-tax net tangible asset (NTA) value per share of the Company decreased from \$1.79 as at 30 June 2021 to \$1.32 as at 30 June 2022. The lower NTA was after the payment of a 2.50 cents per share dividend (fully franked) on 30 September 2021 and a 2.75 cents per share dividend (fully franked) paid on 14 April 2022.

Investment performance

The portfolio has been challenged since 1 January 2022 as global markets attempt to navigate a flurry of concurrent economic hurdles, including soaring inflation and rising interest rates around the world. The first six months of the 2022 calendar year was the worst opening-half for developed-market equities in over 50 years.

The portfolio, which is managed by the Company's portfolio manager, WCM Investment Management, LLC (**WCM**), delivered a return of -20.8% for the period. On the back of more buoyant investment markets, the portfolio returned 9.38% for the month ended 31 July 2022, materially outperforming its benchmark, the MSCI All-Country World ex-Australia Index, by 3.36%, which delivered 6.02%.

Whilst markets were mixed in both August and September 2022, the Portfolio outperformed the benchmark by 1.40% in September. The WQG portfolio returned 3.62% over the quarter up to 30 September 2022 outperforming the benchmark by 3.33%.

In October 2022, the Company delivered a return of 6.66%. This takes the current financial year's performance to 10.53% versus the Benchmark return of 6.94%, an outperformance of 3.59%.

The portfolio has now subsequently delivered returns in excess of the Benchmark over one, three and six months, three years, five years, and inception.

The sharp decline in growth stocks in the second half of FY2022 has been a significant challenge for global investors, however, the Company's portfolio is designed to deliver returns over the long term from exposure to quality companies with expanding competitive advantages supported by aligned corporate cultures.

The strong investment performance since inception is a direct reflection of both the quality and expertise of WCM and its unique investment strategy. WCM believes the direction of a company's economic 'moat' is of more importance than its absolute width or size, and corporate culture is the biggest influence on a company's ability to grow its competitive advantage or 'moat'.

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Increased fully franked final dividend and progressive dividend policy

The Board is pleased to declare a final dividend in respect of FY2022 of 3.00 cents per share, fully franked at the 30% tax rate. This represents an increase of 20% over last year's fully franked final dividend of 2.5 cents per share. The final dividend will be paid on 30 September 2022, with a record date of 16 September 2022.

The Board is delighted with the development of the Company's dividend policy, enhanced by the introduction of progressive dividend payments. The new progressive dividend policy commenced with the increased fully franked final dividend of 2.5 cents per share in respect of FY2021, paid on 30 September 2021, followed by an increased fully franked interim dividend of 2.75 cents per share in respect of FY2022, paid on 14 April 2022.

The Board's present intention is to increase further the Company's dividends, with the interim dividend for FY2023 expected to increase to 3.25 cents per share fully franked¹.

The Company continued to have strong participation in the DRP, with 22% of shareholders participating in the FY2021 interim dividend. The Company's DRP has been in operation for all dividends paid since the Plan's implementation in September 2020. Shares issued under the DRP are issued at an attractive 3% discount to the volume weighted average price in accordance with the Rules of the DRP.

Improving Shareholder Value

A continued priority for the Board and the Company's Investment Manager over the reporting period was further refining its shareholder engagement strategy, targeted at the direct and financial adviser market. The deployment of this strategy included:

- live-streamed events targeting self-managed superannuation fund trustees and self-directed investors through channels such as the Switzer Financial Group;
- regular shareholder webinars;
- twice monthly email communication;
- ongoing targeting of adviser and broker channels;
- weekly NTA reporting; and
- a targeted, multi-channel and multi-platform advertising campaign including mainstream media, to increase investor awareness of the WCM brand in Australia.

The engagement activity undertaken in May, June and July 2022 coincided with a 13.4% increase in the share price. Recently, improvement in the portfolio performance combined with continued market uncertainty has meant that the discount has remained. Further marketing activity is planned to further reduce the discount to NTA on an ongoing basis.

Outlook

Despite this challenging short-term context, the long-term performance of the Company's investment portfolio remains strong. Since inception in June 2017, the WQG portfolio has returned 12.49% per annum after all fees, compared with the benchmark MSCI All Country World Ex-Australia Index return of 10.19% to 31 October 2022. This is consistent with the longer-term performance of the WCM Quality

¹ Dividends are subject to the Company having sufficient profit reserves and franking credits, and meeting corporate, legal and regulatory conditions.

Global Growth Strategy Composite, on which WQG's portfolio is based, which has returned 13.07% per annum since inception in 2008.

The increased FY2022 final dividend and the progressive dividend policy outlined previously will also add further shareholder value in FY2023.

While the outlook for financial markets may be uncertain, more than a decade of outperformance by WCM demonstrates that the Company's investment approach is robust. The Board is confident that the Company is well positioned to navigate short term volatility for continued future success.

Valentina Stojanovska Cal
Chair

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