

WCM GLOBAL GROWTH LIMITED (ASX: WQG)

ASX Announcement

2023 Annual General Meeting

Wednesday, 15 November 2023 | 10:00AM

Chair's Address – Ms Valentina Stojanovska Cal

The Company reported a net operating profit after tax for Financial Year 2023 of \$37,184,000 compared with a net operating loss after tax of \$48,065,000 for the year ending 30 June 2022. The increase in after-tax profit for the year is primarily attributed to an increase in the value of the Company's investment portfolio during a period of improved market conditions, especially in the second half of the financial year.

For the financial year 2023, the pre-tax net tangible asset value per share of the Company increased from \$1.32 as at 30 June 2022 to \$1.47 as at 30 June 2023. The higher NTA was after the payment of a 3.00 cents per share final dividend, 100% franked, for the financial year ended 30 June 2022 on 30 September 2022, a 3.25 cents per share interim dividend, 100% franked, paid on 31 March 2023 and a 1.64 cents per share interim dividend, 100% franked, paid on 30 June 2023, which was the first quarterly dividend payment paid under the enhanced progressive dividend policy announced in February 2023.

Calendar year 2022 was challenging for global markets as investors attempted to navigate a flurry of concurrent economic hurdles, including soaring inflation and rising investment rates around the world. However, after these challenging market conditions in 2022, the investment portfolio delivered strong investment returns in second half of the financial year.

Overall, the portfolio, which is managed by the Company's portfolio manager, WCM Investment Management, delivered a return of 23.25% in the 2023 financial year compared with the benchmark, the MSCI All-Country World Index (ex-Australia) return of 21.51%. For the 6 months to 30 June 2023, the portfolio delivered 18.73% versus the benchmark which delivered 17.06%, highlighting the more buoyant investment markets in 2023.

Whilst markets continue to be volatile in the short term, it is pleasing to see the portfolio has delivered returns in excess of the Benchmark over one and three months, one and five years, and since inception to 30 June 2023.

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'.

The Board was also pleased to declare a final dividend in respect of the 2023 financial year for the quarter ended 30 June 2023 of 1.66 cents per share, fully franked at a 30% tax rate. The final dividend was paid on 29 September 2023, with a record date of 15 September 2023.

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The Board is delighted with the development of the Company's dividend policy, further enhanced by the introduction of progressive quarterly dividend payments in February 2023. Following the declaration of the most recent quarterly dividend for the quarter ended 30 June 2023, the Board reaffirms its intention to pay the following quarterly dividends, fully franked at a 30% tax rate:

- 1.68 cents per share for the quarter ending 30 September 2023, to be paid in December 2023;
- 1.72 cents per share for the quarter ending 31 December 2023, to be paid in March 2024;
- 1.74 cents per share for the quarter ending 31 March 2024, to be paid in June 2024; and
- 1.76 cents per share for the quarter ending 30 June 2024, to be paid in September 2024.

The Company continued to have strong participation in the Dividend Reinvestment Plan. The Company's DRP has been in operation for all dividends paid since the DRP'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.

A continued priority for the Board and the Company's Investment Manager over the reporting period was further refining its shareholder engagement strategy, aimed at growing the Company and addressing the discount relative to NTA. Some of these initiatives have included:

- Continued promotion of the Company's DRP that is now available to shareholders four times per year in line with the announcements of future quarterly dividends.
- An on-market share buyback which commenced on 9 September 2022 and continues as an accretive measure for shareholders and to protect the Company during this period of heightened market volatility.
- Commitment to ongoing distribution and marketing activities for financial advisers and investors on the benefits of WQG.
- Ongoing communications to shareholders on a weekly/monthly basis.

The Company continues to focus on finding new opportunities to add value for shareholders on a regular basis, and with continued good performance and less market volatility, are focused on closing the discount to NTA in the short-to-medium term.

Despite a challenging first six months of the 2023 financial year, it was pleasing to see a strong rebound in the second half of the financial year. The long-term performance of the Company's investment portfolio remains strong. Since inception in June 2017 to 30 June 2023, the WQG portfolio has returned 13.07% per annum after all fees compared with the benchmark MSCI All Country World Ex-Australia Index return of 11.35%. This is consistent with the longer-term performance of the WCM Quality Global Growth Strategy Composite, on which WQG's portfolio is based, which has returned 12.96% per annum since inception in 2008.

While markets remain volatile in the short term, 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 volatility in the short term for continued future success.

Valentina Stojanovska Cal
Chair

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