

# WCM Quality Global Growth Fund (Quoted Managed Fund) (ASX:WCMQ)

## INVESTMENT UPDATE



30 June 2019

### PORTFOLIO UPDATE

We are pleased to report that the portfolio outperformed the broader market during the month of June 2019. WCMQ's portfolio returned 6.6%, outperforming the 5.4% return of the benchmark MSCI All Country World (ex-Australia) Gross Total Return Index by 1.1%.

The portfolio has delivered returns in excess of the benchmark over the previous one, three and six months as well as since its inception.

Global equity markets had a strong first half in 2019 with the benchmark up 17.1% year to date. This performance is particularly remarkable given the pessimistic mood which pervaded markets towards the end of 2018.

Much of the turnaround in markets since can be attributed to the pivot by the Federal Reserve regarding the outlook for interest rates. While expectations at the beginning of the year were for multiple rate increases, by spring, Federal Reserve chairman Jerome Powell was indicating the next move in rates may be lower.

To date, investors have focused more on the positive impact of lower interest rates than the potentially negative implications for corporate earnings resulting from slowing economic growth.

The strong performance of markets in June was broad-based with all major regions and industry sectors posting positive returns.

The best performing stocks in the portfolio for the month included DNA sequencing firm Illumina, the world's leading oil services group Schlumberger and Swedish industrial tools and equipment manufacturer Atlas Copco. US bank and stockbroking firm Charles Schwab and communications infrastructure provider Crown Castle were the only two holdings to record a negative return in June.

With the WCM Quality Global Growth strategy continuing its track record of strong outperformance relative to its benchmark, existing and prospective investors are right to be asking: 'how sustainable are these strong returns likely to be going forward?'

This is the same question investors have regularly asked since the inception of WCM's Quality Global Growth strategy in March 2008. The answer remains the same too. While no guarantees can be provided in terms of future market or portfolios returns, WCM remains committed to its unique and proven investment process which has delivered outstanding returns since inception. This process is based on identifying companies with expanding economic moats and corporate cultures supportive of their moat trajectory.

PERFORMANCE <sup>1</sup> <i>(after management fees)</i>	WCMQ (%)	MSCI ACWI (ex-Aus) (%)	VALUE ADD (%) <sup>3</sup>
1 Month	6.55%	5.42%	1.13%
3 Months	9.15%	5.00%	4.15%
6 Months	26.18%	17.06%	9.12%
12 months	-	-	-
Inception <sup>2</sup>	15.64%	4.81%	10.83%

1. Performance is portfolio performance calculated after expenses and investment management and performance fees.

2. Inception date is 31 August 2018

3. Value Add equals portfolio return minus benchmark return

### KEY DETAILS

<b>Report Date:</b>	<b>30 June 2019</b>
Fund Name	WCM Quality Global Growth Fund (Quoted Managed Fund)
ASX Code	WCMQ
Listed on ASX:	3 September 2018
Fund Manager:	WCM Investment Management
Responsible Entity:	Switzer Asset Management Limited
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)
Net asset value per unit:	\$5.7362
Unit price:	\$5.4722

# WCM QUALITY GLOBAL GROWTH (ASX:WCMQ)

## 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.

Their research therefore is 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\$49 billion of assets\*\* on behalf of institutional and retail investors around the world including Australia.

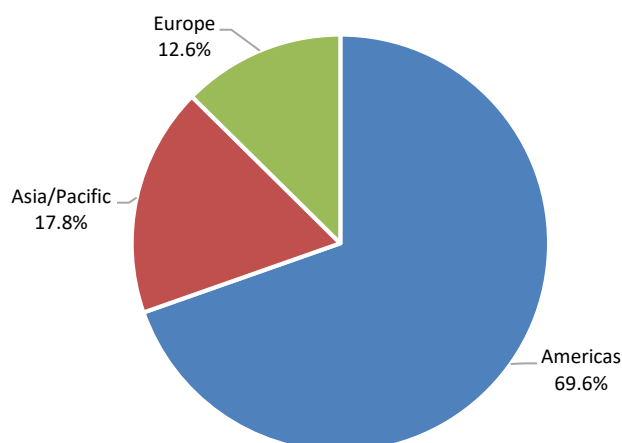


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## REGIONAL MARKETS ALLOCATION



COMPANY	WCM GLOBAL GROWTH (%)
SHOPIFY INC - CLASS A	4.88
VISA INC-CLASS A SHARES	3.97
COSTCO WHOLESALE CORP	3.88
STERIS PLC	3.67
HDFC BANK LTD-ADR	3.54
BOSTON SCIENTIFIC CORP	3.47
MERCADOLIBRE INC	3.33
VERISK ANALYTICS INC	3.17
ECOLAB INC	3.15
KEYENCE CORP	2.97

SECTOR BREAKDOWN	WCM GLOBAL GROWTH (%)
Health Care	24.39
Information Technology	19.13
Financials	12.71
Industrials	9.13
Materials	7.50
Consumer Discretionary	6.96
Consumer Staples	6.72
Communication Services	5.28
Real Estate	2.60
Energy	0.94
Cash	4.64

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\*\* WCM AUM data at 31 March 2019.