

WCM QUALITY GLOBAL GROWTH (ASX:WCMQ) INVESTMENT UPDATE



31 March 2019

PORTFOLIO UPDATE

The portfolio outperformed the broader market during the month with a return of 3.71% versus the 1.36% return of its benchmark, the MSCI All Country World Index (ex-Australia) USD Gross Total Return Index. The portfolio has delivered returns in excess of the benchmark over the previous one, three and six months as well as since inception.

Whilst the WCM Quality Global Growth strategy has only been available to Australian investors since June 2017, the strategy has existed in the US since March 2008. Since its inception in the US, the strategy has achieved a 100% win rate of outperformance in down quarters.

Q1 2019 was the best quarter for global equity markets in over a decade. This was particularly remarkable given the preceding three months was the worst quarter on record since the global financial crisis of 2008. The primary catalyst for this turnaround in markets was the more cautionary stance the US Federal Reserve announced regarding the likely future path of interest rates. This, plus various stimulatory measures introduced by China, have eased investors' concerns that the recent slowdown in global economic growth may turn into a full-blown recession.

The largest contributors to returns in March included Indian private bank HDFC Bank, US global warehouse firm Costco, Canadian ecommerce group Shopify and UK food services company Compass Group. US banking and stockbroking firm Charles Schwab and French ophthalmic group Essilor were two holdings that weighed on performance during the month.

Investor sentiment continues to wax and wane with the uncertainty surrounding global macroeconomic and geopolitical issues such as Brexit, the US and China trade talks and the outlook for interest rates. No global equity portfolio is immune to the impact these factors can have on the direction of markets or the performance of individual sectors. However, the portfolio does not include any holdings that have been purchased on the basis of a short-term view on a particular macro event or ones whose long-term performance is primarily dependent on the economic and or interest rate cycle. This explains the portfolio's structural underweight to sectors such as basic materials and financials.

WCM's investment horizon is a long term one. As such the two recent quarters in which markets fell sharply and subsequently rebounded are perfect for their 'buy and manage approach'. When sentiment overshoots on the downside it presents opportunities to add to favourite positions and on the flipside – when it goes too far the other way – to reduce positions that have overshot on the upside.

PERFORMANCE ¹ <i>(after management fees)</i>	WCMQ (%)	MSCI ACWI (ex-Aus) (%)	VALUE ADD (%) ³
1 Month	3.71%	1.36%	2.35%
3 Months	15.31%	11.49%	3.82%
6 Months	4.83%	-0.03%	4.86%
12 months	-	-	-
Inception ² (annualised)	5.66%	-0.18%	5.84%

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

Report Date:	31 March 2019
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:	\$5.2578
Unit price:	\$5.28

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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 100% employee owned and manages over AUD 42 billion of assets on behalf of institutional and retail investors around the world including Australia.



PAUL BLACK
CEO & Portfolio Manager
WCM Investment Management

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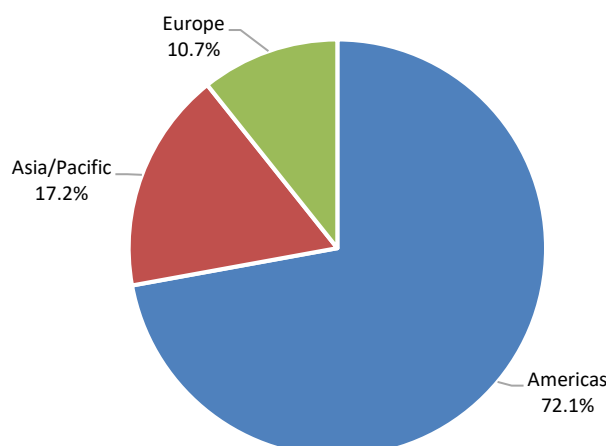
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REGIONAL MARKETS ALLOCATION



COMPANY	WCM GLOBAL GROWTH (%)
MercadoLibre	4.04
Visa Inc	3.92
Costco	3.90
Shopify	3.68
The Cooper Companies	3.68
Steris PLC	3.46
HDFC Bank	3.46
Boston Scientific	3.40
First Republic Bank	3.23
Tencent Holdings	3.21

SECTOR BREAKDOWN	WCM GLOBAL GROWTH (%)
Health Care	22.58
Information Technology	18.65
Financials	13.34
Industrials	9.32
Communication Services	7.75
Consumer Discretionary	7.73
Materials	7.56
Consumer Staples	6.93
Real Estate	2.80
Energy	1.13
Cash	2.20

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