

WCM QUALITY GLOBAL GROWTH FUND (QUOTED MANAGED FUND) (ASX:WCMQ)

INVESTMENT UPDATE

30 April 2020

PORTFOLIO UPDATE

The portfolio gained 6.21% during the month, outperforming the benchmark MSCI All Country World (ex-Australia) Index return of 3.53%. The portfolio has delivered returns significantly in excess of the benchmark over the previous one, three, six and 12 month periods, as well as over two years and since inception.

Global markets rebounded sharply in April with all major markets higher, led by the US. The S&P 500 recorded its biggest increase since January 1987. These returns were achieved against a backdrop of pending economic conditions that many market commentators are now comparing with the Great Depression. The primary driver of the recovery in equity markets from their March lows was the massive liquidity injection from central banks and the unprecedented levels of fiscal stimulus from global governments. Investors were also heartened by signs that stringent lockdown restrictions are slowing the spread of the COVID-19 virus. At a regional level, developed markets outperformed emerging, large capitalisation indices bettered small, and growth and quality factors eclipsed value. The Australian dollar rallied strongly during the month dampening the gains for unhedged portfolios like the WCM Quality Global Growth strategy.

The best performing stocks in the portfolio came from a range of sectors. Recording share price gains in excess of 20% were Canadian ecommerce platform group Shopify, water hygiene and energy technology firm Ecolab, US private bank First Republic Bank, and pharmaceutical packaging provider West Pharmaceutical Services. Recent additions to the portfolio, life science specialist Thermo Fisher Scientific, animal healthcare company IDEXX Laboratories and credit score business Fair Isaac Corporation each made a positive contribution to relative performance during the month. Only two portfolio holdings – fluid systems manufacturer Graco and insurance provider Chubb – posted negative returns in April.

The fear of a long-lasting health crisis and the inevitable resulting global economic crisis has many investors asking: where to next from an investment perspective? Countless hours of media coverage and Wall Street analysis is being spent speculating on when a vaccine might be discovered, how long the lockdowns may last, and whether or not there will be a second wave. The research team at WCM Investment Management (WCM) does not lay claim to having any unique skills to help answer these questions. Their focus during this period of heightened uncertainty has been on capitalising on the attractive entry levels the market volatility has presented for new long-term opportunities. Each of these positions, including those mentioned above, meet the WCM criteria of an expanding economic moat and corporate culture aligned to this moat trajectory.

PERFORMANCE ¹ (after management fees)	WCMQ (%)	MSCI ACWI (ex-AU) (%)	VALUE ADDED (%) ³
1 Month	6.21%	3.53%	2.68%
3 Months	-1.86%	-9.26%	7.40%
6 Months	7.81%	-1.97%	9.78%
12 months	14.01%	3.53%	10.48%
Inception ²	14.56%	4.52%	10.04%

Notes: 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	30 April 2020
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	\$6.3158
Unit price	\$6.42
Management Fee ¹	1.25%
Administration Fee ¹	0.10%
Performance Fee ^{1, 2}	10%

Notes: 1. Fees are inclusive of GST and less RITC. 2. Performance Fee is 10% of the Portfolio's outperformance relative to the benchmark plus Management Fee and subject to high water mark and capped at 0.375% of the value of the Portfolio in each calculation period.

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\$71.6 billion of assets* on behalf of institutional and retail investors around the world including Australia.



PAUL BLACK
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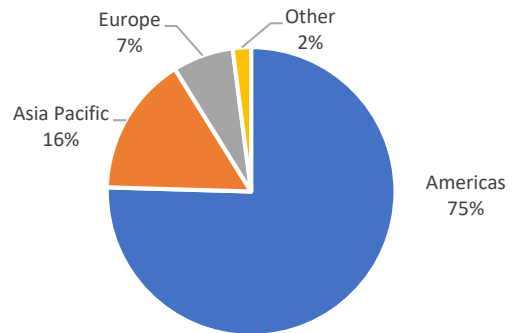
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REGIONAL MARKETS ALLOCATION



TOP TEN PORTFOLIO HOLDINGS	WCM QUALITY GLOBAL GROWTH FUND (%)
Shopify	6.68
West Pharmaceutical Services	4.54
Stryker Corp	4.35
Visa Inc	4.12
Tencent Holdings	3.35
Taiwan Semiconductor Manufacturing Company Ltd	3.20
MercadoLibre	3.19
Crown Castle	3.18
Ecolab	3.00
First Republic	2.98
Total	38.58

SECTOR BREAKDOWN	WCM QUALITY GLOBAL GROWTH FUND (%)
Health Care	23.47
Information Technology	23.17
Financials	14.03
Industrials	11.18
Consumer Discretionary	7.93
Consumer Staples	6.62
Materials	5.03
Communication Services	3.35
Real Estate	3.18
Not Classified	2.05
Total	100.00

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