

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

INVESTMENT UPDATE

31 January 2020

PORTFOLIO UPDATE

The portfolio returned 5.79% for the month of January, compared with the benchmark MSCI All Country World (ex-Australia) Total Return Index return of 3.73%. The portfolio has outperformed over 1 and 3-months. The long-term performance of the portfolio also remains strong, with returns exceeding that of the benchmark over 1-year and since inception.

Global equity markets started 2020 on a positive note with the benchmark US equity S&P 500 index posting six record highs. By month end however markets were marginally lower, though the weaker Australian dollar boosted returns for unhedged portfolios such as the WCM Quality Global Growth strategy.

The market's early gains were halted by a combination of the rapid spread of the coronavirus in China and the significant increase in tensions between Iran and the U.S. So called 'safe haven' assets were the beneficiaries of this risk off sentiment with the yield on US 10-year government bonds declining 40 basis points to 1.5%.

Sector performance during the month was heavily influenced by this nervous macro backdrop. The Energy and Material sectors were weaker while the more defensive areas of the market including Health Care and Utilities outperformed. The larger capitalisation US stocks also recorded a positive month.

The outperformance of quality and growth factors provided a positive tailwind for the portfolio in January. Within the portfolio the best performing stocks for the month included; ecommerce specialists Shopify and MercadoLibre, US data analytics and risk assessment group Verisk and fast food company McDonalds. Swedish Industrial company Atlas Copco, Indian private bank HDFC Bank and life science tools manufacturer Illumina were amongst the holdings that underperformed during the month.

The uncertain macro and geopolitical environments continue to present challenges for many market participants. While always cognisant of shorter-term cyclical trends, WCM's investment team does not allocate time or resources to analysing them.

The Quality Global Growth portfolio is constructed via a bottom up company research-based approach. The focus is on finding companies the investment team believes have a growing competitive advantage (expanding economic moat) and a corporate culture aligned to this moat trajectory.

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.

PERFORMANCE ¹ (after management fees)	WCMQ (%)	MSCI ACWI (ex-AU) (%)	VALUE ADDED (%) ³
1 Month	5.79%	3.73%	2.06%
3 Months	9.85%	8.03%	1.82%
6 Months	8.82%	10.72%	-1.90%
12 months	34.59%	26.73%	7.86%
Inception ²	18.86%	12.79%	6.07%

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	31 January 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	\$6.4011
Unit price	\$6.50
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.

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?

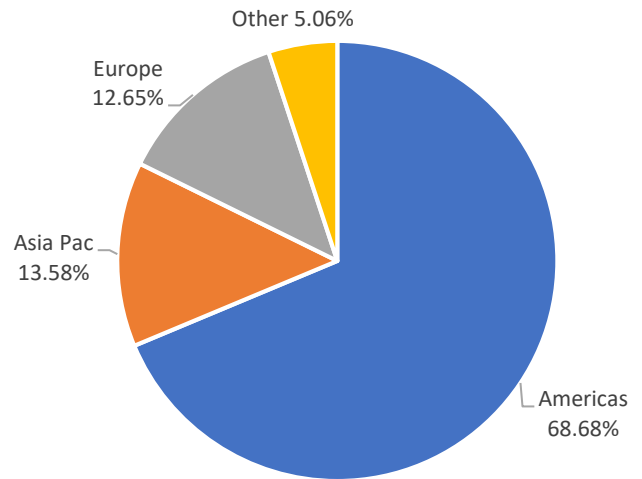
WCM is a California based asset management firm specialising in active global and emerging market equities.

Founded in 1976, the business is majority employee owned and manages over A\$63 billion of assets* on behalf of institutional and retail investors around the world including Australia.



PAUL BLACK
CEO & Portfolio Manager
WCM Investment Management

REGIONAL MARKETS ALLOCATION



TOP TEN PORTFOLIO HOLDINGS	WCM QUALITY GLOBAL GROWTH FUND (%)
Shopify Inc.	5.74
Visa Inc.	4.30
West Pharmaceutical Services	3.50
Mecadolibre	3.42
Costco Wholesale Corp	3.13
First Republic Bank	3.07
Taiwan Semiconductor Manufacturing Company Ltd	3.04
Ecolab	2.95
HDFC Bank	2.95
Chubb	2.87
Total	

SECTOR BREAKDOWN	WCM QUALITY GLOBAL GROWTH FUND (%)
Information Technology	20.15
Health Care	18.85
Financials	13.45
Consumer Discretionary	9.77
Industrials	9.70
Materials	7.61
Consumer Staples	7.53
Not Classified	5.07
Communication Services	5.04
Real Estate	2.83

Responsible Entity SWITZER ASSET MANAGEMENT LIMITED
AFSL 312 247 ABN 26 123 611 978
 Level 6, 10 Spring Street, Sydney NSW 2000
 T: 1300 052 054
 E: invest@switzer.com.au
 W: www.switzerassetmanagement.com.au/investments/wcmq

DISCLAIMER. Switzer Asset Management Limited (“Switzer”) (ABN 26 123 611 978 and Australian Financial Services Licence Number 312247) is the Responsible Entity of the Fund. Switzer has prepared this Fact Sheet for information purposes only. It does not contain investment recommendations nor provide investment advice. Neither Switzer, Contango Asset Management Limited, their related bodies corporate, entities, directors or officers guarantees the performance of, or the timing or amount of repayment of capital or income invested in the Fund or that the Fund will achieve its investment objectives. Past performance is not necessarily indicative of future performance. It is recommended that investors seek professional investment and/or financial or other relevant and/or applicable advice to assist investors determine the individual tolerance to risk and the investors need to attain a particular return on your investment. In no way should the investor rely on the information contained in this Fact Sheet. We strongly encourage you to obtain independent professional, financial, investment, or legal advice and to read the Funds Product Disclosure Statement (“PDS”) before making a decision to invest in the Fund. Applications for an investment can only be made by way of completing the application form accompanying a current Product Disclosure Statement which can be obtained by contacting on the Switzer or via the website www.switzerassetmanagement.com.au. * WCM AUM data at 30 September 2019.