

WCM Global Long Short Limited

Annual General Meeting Chairman's Address

Friday 28 January 2022 | 10:00 AM

Chairman's Address

The Company's net operating profit before tax for FY2021 was \$7.0m compared with the prior period loss of \$16.1m. The increase in profit for the year can mainly be attributed to an increase in the value of the Company's investment portfolio. The portfolio delivered a return of 9.7% after fees for the financial year, compared with a return of -16.3% for the previous financial year.

During FY2021, the pre-tax NTA per share of the Company increased from 74.0 cents at 30 June 2020 to 77.5 cents at 30 June 2021.

New Investment Strategy

As shareholders are aware, WCM Long Short Limited listed in 2015 as Contango Income Generator Limited, with the objective of providing a sustainable income stream of dividends and capital growth over time by investing in a portfolio of ASX-listed mid-capitalisation companies. However, due to a number of changes in the market environment, the Board, led by the Independent Directors, concluded that the Company's original strategy was not sustainable.

After a search which encompassed discussions with a number of alternate investment managers and potential strategies, the Board proposed a change to a global long short strategy managed by WCM Investment Management called the WCM Quality Global Growth Long Short Equity Strategy (hereafter referred to as the **Strategy**).

The Company held an Extraordinary General Meeting (**EGM**) in September 2020 where the Company's shareholders approved a resolution to adopt the new Strategy for the Company's investment portfolio. The Board was delighted with the strong support and high level of engagement from shareholders when approving the new Strategy.

The Board believes the new Strategy is appropriate for the Company's investment portfolio and provides numerous benefits including:

1. access to a top-performing institutional manager with an outstanding long-term track record;
2. portfolio diversification - unlike long-only strategies, a long-short investment strategy buys stocks that are expected to outperform the market, while taking short positions in stocks that are expected to underperform. The current share market environment has certainly highlighted the advantages of this investment approach;
3. the potential to grow the Company's NTA and generate distributable profits overtime; and
4. increasing the relevance of the Company in the marketplace under the WCM brand.

Selective Buy-back

In September 2020, WAM Capital Limited (**WAM**) announced an off-market takeover bid for the Company. Following discussions between the Company and WAM, the Board entered into a binding term sheet with WAM and its investment manager in relation to a selective buy-back of WAM's 69.6% holding of ordinary shares in the Company following the close of WAM's takeover offer for the Company in November 2020.

Between 1 October 2020 and 30 June 2021, the Company's portfolio was heavily weighted in cash pending the implementation of the selective buy-back.

WCM Global Long Short Limited

ABN 160 959 991

Level 6, 10 Spring Street Sydney
NSW 2000

T 1300 001 750

W contango.com.au

E invest@contango.com.au

The Board was pleased that shareholders approved the selective buy-back resolution at the Company's EGM in July 2021 with 80.99% of votes cast in favour of the resolution. The completion of the buy-back enabled the Company to focus solely on and invest fully in the new Strategy, providing shareholders with maximum exposure to the potential benefits of the Strategy.

Since the full implementation of the Strategy on 1 July 2021, WLS's portfolio has generated a return of 10.4%, exceeding the Benchmark by 1.2% to 31 December 2021. This is a pleasing result, and the improved portfolio performance has been achieved notwithstanding the impact of the market rotation towards value stocks over the past year.

Change of Company Name to WCM Global Long Short Limited

Shareholders also approved a special resolution at the EGM to change the name of the Company to WCM Global Long Short Limited, with 99.04% of votes cast in favour of the resolution. The name change aligns WCM with the Company's new investment strategy, increasing its relevance in the marketplace under the WCM brand, and introduces a new strategy to the WCM product suite in the Australian market.

Proposed Restructure to Address Share Price Discount to NTA

A key focus for the Board has been on improving the performance of the Company's portfolio and addressing the Company's share price discount to NTA per share. It is pleasing to note that the performance of the investment portfolio has improved since the full implementation of the Strategy. However, the Board understands that the share price discount to NTA remains a material concern for the Company's shareholders and, to this end, it established an independent board committee (**IBC**) to consider and review potential strategies to address this matter.

On 24 January 2022, the Company announced that the IBC was in the process of negotiating the terms of a proposed restructure that it believes will address the share price discount.

If the proposed restructure is implemented, investors will continue to have access to the Strategy. Importantly, however, a new trust structure will allow investors to enter and exit the fund at values much closer to the underlying NTA of the investment portfolio.

Shareholders are not required to take any action at this time. Full details of the proposed restructure will be provided in a Scheme booklet which the Company expects to be distributed by April 2022. For more information about the restructure, including an indicative timetable, please refer to the Company's ASX announcement on 24 January 2022, or contact the Company directly.

Outlook

The Board looks forward to a positive year ahead with the new investment strategy now fully implemented and the proposed restructure to address the share price discount to NTA. I would like to take this opportunity to thank independent director Andrew Meakin who has worked tirelessly on the restructure initiative and our loyal shareholders for their patience and support over the past financial year.

Sincerely,



Mark Kerr
Chairman

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