

W | A | M Global

Focus: small to mid-cap international companies
(ASX: WGB)

Portfolio update

December saw global markets come under significant pressure, ending the 2018 year with the weakest quarter since March 2009, the height of the Global Financial Crisis. Between 1 and 24 December, the MSCI World Index was down 8.8% in AUD terms before a late rally left the market down 4.2% for the month. The S&P Global Mid Small Cap Index was impacted heavily, falling 5.1% in AUD terms.

The US S&P 500 Index fell by 9.2% and Japan's TOPIX declined by 10.4% in local terms, while Europe's EuroStoxx50 decreased by 5.4% and the UK's FTSE 100 Index fell by 3.6%. The Chinese CSI 300 Index fell by 5.1% in CNY terms and Australia's ASX All Ordinaries Accumulation Index decreased 0.4% for the month. All MSCI sectors were detractors except utilities in AUD terms. Energy was the hardest hit sector as the price of oil continued its decline (down from a high of US\$86 in October to US\$54).

A number of significant factors moved US markets in December. The trade truce between US and China, reached at the end of November between Presidents Trump and Xi, failed to comfort market participants. The US Fed raised interest rates during the month as expected. Political uncertainty also strained the markets when a partial government shutdown occurred after an agreement could not be reached on border security issues.

The European Central Bank brought its quantitative easing program to an end and kept rates on hold in December while Brexit negotiations remain unresolved. France saw major disruptions from the Yellow Vest protest movement, who are fighting for reductions in cost of living pressures with an anti-establishment sentiment. The movement has continued to grow, disrupting the French economy with acts of rioting and blockading roads and fuel depots.

The China Manufacturing Purchasing Managers Index (PMI) fell to 49.4 in December indicating a weakening Chinese economy. Apple's (NASDAQ: AAPL) downgrade to earnings expectations early in January referenced a decline in Chinese demand and rising trade tensions between the US and China.

Overall markets continue to be volatile globally and economic data is mixed. We hold a high cash weighting in the portfolio in order to mitigate downside risk and to take advantage of opportunities where they present value.



Catriona Burns
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Lead Portfolio Manager

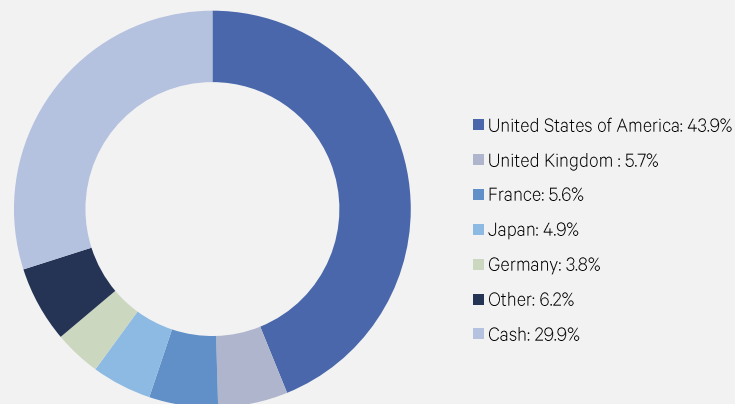
Pre-tax net
tangible assets

\$1.98

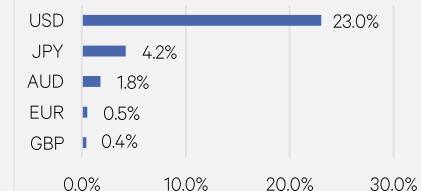
Gross assets

\$414.6m

Portfolio composition by geographical exposure



Cash currency exposure (29.9%)



Top 20 holdings in alphabetical order

American Express Company	AXP US	USA
Bandai Namco Holdings Inc	7832 JP	JPN
Becton Dickinson and Company	BDX US	USA
CDW Corporation	CDW US	USA
CME Group Inc	CME US	USA
Danone SA	BN FP	FRA
Deutsche Boerse AG	DB1 GY	GER
Diageo PLC	DGE LN	UK
Entertainment One Limited	ETO LN	UK
HCA Healthcare Inc	HCA US	USA
Huntington Ingalls Industries Inc	HII US	USA
Logitech International SA	LOGN SW	SUI
Markel Corporation	MKL US	USA
Norfolk Southern Corporation	NSC US	USA
Reckitt Benckiser Group Plc	RB LN	UK
Scout24 AG	G24 GR	GER
SS&C Technologies Holdings Inc	SSNC US	USA
Thermo Fisher Scientific Inc	TMO US	USA
Vivendi SA	VIV FP	FRA
Waste Management Inc	WM US	USA

Investment type	November 2018		December 2018	
	\$m	%	\$m	%
Listed equities	304.2	70.6	290.5	70.1
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	126.6	29.4	124.1	29.9
Gross assets*	\$430.80m	100.0	\$414.6m	100.0
Market capitalisation	\$438.0m		\$410.5m [†]	
Total shares on issue	211,607,623		211,607,623	

*Gross assets exclude the \$6.3m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

Net tangible asset (NTA) figures

NTA before tax	198.38c
NTA after tax and before tax on unrealised gains	206.57c
NTA after tax	204.87c