

# W | A | M Global

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

## Portfolio update

Following the worst December since the Great Depression, global equities rebounded in January with the MSCI World Index (AUD) increasing by 4.1%. Energy, consumer discretionary and real estate sectors drove the gains, while healthcare, consumer staples and utilities rose only slightly.

All major equity markets rallied in local terms during January: the US S&P 500 Index by 7.9%, the Euro Stoxx 50 Index by 5.3%, the UK FTSE 100 Index by 3.6%, Japan's TOPIX by 4.9% and China's CSI 300 Index by 6.3%. Australia's S&P/ASX All Ordinaries Accumulation Index rose by 4.0% and the Australian dollar strengthened by 3.2% against the US dollar.

Global equity markets were buoyed by a significant change in the direction of the US Federal Reserve's monetary policy. Recent commentary from the Fed indicates a pivot from the previously articulated "autopilot" program of reducing the balance sheet and increasing interest rates. This change in approach has provided equity markets with relief.

The US-China trade war continues to weigh on global markets. Meetings between Chinese and US officials have not yet led to a resolution and while the 90-day trade war truce ends on 1 March 2019, President Trump has indicated this may be extended if a "deal" is in development. It is likely the two nations will eventually reach an agreement but we expect continued volatility until this takes place.

The US reporting season commenced in late January and results have been mixed to date. We expect company outlook statements to reflect the slowing global economy and continued geopolitical tensions.

During the month we utilised our high cash levels to invest in several companies that met our rigorous ratings process but were previously trading on valuations beyond our appetite.

Contributors to the investment portfolio performance during the month included aviation, defence and building technology company United Technologies Corp (NYSE: UTX), information technology (IT) solutions provider CDW Corporation (NASDAQ: CDW) and media producer and distributor Entertainment One (LSE: ETO). During the month UTX announced its 2018 full-year results, reporting above guidance sales and earnings per share figures and its best organic sales in over a decade. In January, CDW reported its quarterly results with earnings climbing 34% over the prior period as they benefitted from strong corporate IT spending. As owner of the Peppa Pig franchise, ETO has recently released its Peppa Pig movie in China, well timed for the *Year of the Pig* in the growing Chinese market.

We are continuing to deploy capital into existing and new positions where we see valuation upside with compelling fundamentals. The investment portfolio's cash weighting is currently 19.6%.



**Catriona Burns**  
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Lead Portfolio Manager

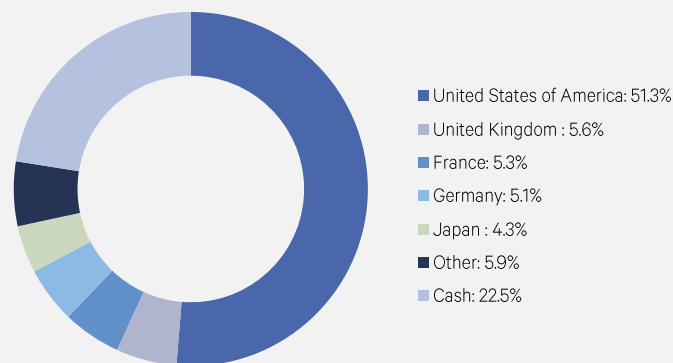
Pre-tax net  
tangible assets

\$2.02

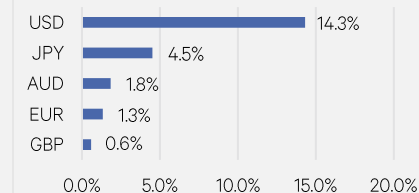
Gross assets

\$422.6m

## Portfolio composition by geographical exposure



## Cash currency exposure (22.5%)



## Top 20 holdings in alphabetical order

Alphabet Inc	GOOG US	USA
American Express Company	AXP US	USA
Bandai Namco Holdings Inc	7832 JP	JPN
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
SS&C Technologies Holdings Inc	SSNC US	USA
Thermo Fisher Scientific Inc	TMO US	USA
United Technologies Corp	UTX US	USA
Vivendi SA	VIV FP	FRA
Waste Management Inc	WM US	USA

Investment type	December 2018		January 2019	
	\$m	%	\$m	%
Listed equities	290.5	70.1	327.5	77.5
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	124.1	29.9	95.1	22.5
<b>Gross assets*</b>	<b>\$414.6m</b>	<b>100.0</b>	<b>\$422.6m</b>	<b>100.0</b>
Market capitalisation	\$410.5m		\$412.6m <sup>†</sup>	
Total shares on issue	211,607,623		211,607,623	

\*Gross assets exclude the \$6.0m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

## Net tangible asset (NTA) figures

<b>NTA before tax</b>	<b>202.00c</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>208.34c</b>
<b>NTA after tax</b>	<b>207.41c</b>

<sup>†</sup>Based on the 31 January 2019 share price of \$1.95 per share.