

W | A | M Global

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

Portfolio update

The MSCI World Index (AUD) increased 1.5% in March, whilst the S&P Global Mid Small Index in AUD terms fell 0.2%.

The best performing global sectors were information technology, consumer staples and real estate while industrials and financials lagged. Most major equity markets rallied in local terms: the US S&P 500 Index by 1.8%, the Euro Stoxx 50 Index by 1.6%, the UK FTSE 100 Index by 2.9%, China's CSI 300 Index by 5.5% and Australia's S&P/ASX All Ordinaries Accumulation Index by 0.7%. Japan's TOPIX fell by 1.0% during the month.

Contributors to the investment portfolio performance during the month included Bandai Namco (TYO: 7832), Thermo Fisher Scientific (NYSE: TMO) and Worldpay (NYSE: WP).

Bandai Namco specialises in gaming, entertainment and toy manufacturing. As the owner of a large catalogue of intellectual property content, has future revenue opportunities through the growth of the Mobile and Chinese gaming industries. Although Bandai Namco operates within a hit-driven industry, where games can fall in and out of popularity in a short period of time, the business has a conservative management team, who have a track record of delivering consistent earnings growth over time.

TMO is a US-listed global medical technology business focused on producing analytical instruments, accelerating life sciences research, improving patient diagnostics and increasing laboratory productivity. During the month, TMO announced the acquisition of privately held Brammer Bio for \$1.7 billion in cash. The acquisition will expand TMO's contract development and manufacturing organisation capabilities and add to its already strong position in the gene and cell therapy manufacturing market. TMO estimates this market is worth approximately \$1.0 billion (c. 60% outsourced) and growing at 25% annually.

WP is a global leader in e-commerce and payments. On 18 March, they announced they were entering into a definitive merger agreement with Fidelity National Information Services (NYSE: FIS), who are a global leader in financial services technology. The combination enhances FIS' acquiring and payments offerings and increases WP's distribution footprint, speeding up entry into new geographies.

Brexit negotiations dominated global news headlines during March without resolution and trade war negotiations between China and the US continued in the background. We met with over 80 companies in Japan and China during the month and there is no doubt that trade wars have significantly impacted both economies. The uncertainty has hindered corporate boards and management teams in their strategic decision-making with regards to hiring, expansion and capital investment. In both countries, businesses involved in automotive supply chain, the semiconductor industry and electronics components saw a significant decrease in demand since the second half of last year.

With a trade war resolution appearing closer and China having announced significant stimulatory measures, sentiment has risen and is likely to translate into a more significant resumption in demand as the year continues. China released its March purchasing managers' index (PMI) survey, exceeding expectations to record the greatest monthly gain since 2012, supporting this thesis.



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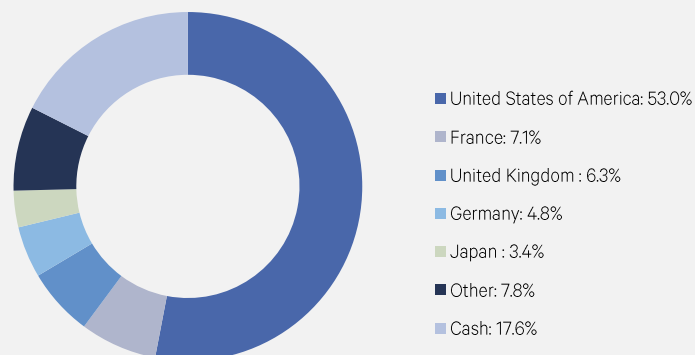
Pre-tax net
tangible assets

\$2.17

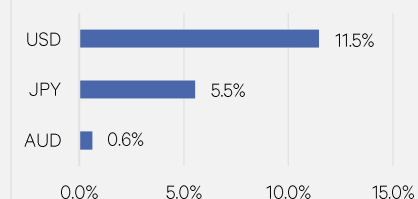
Gross assets

\$454.2m

Portfolio composition by geographical exposure



Cash currency exposure (17.6%)



Top 20 holdings in alphabetical order

| | | |
|---------------------------------|---------|-----|
| Alphabet Inc | GOOG US | USA |
| American Express Company | AXP US | USA |
| Bandai Namco Holdings Inc | 7832 JP | JPN |
| Booking Holdings Inc | BKNG 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 |
| Harris Corporation | HRS US | USA |
| HCA Healthcare Inc | HCA US | USA |
| Logitech International SA | LOGN SW | SUI |
| 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 Corporation | UTX US | USA |
| Vivendi SA | VIV FP | FRA |
| Waste Management Inc | WM US | USA |

| Investment type | February 2019 | | March 2019 | |
|-----------------------|-----------------|--------------|-----------------------|--------------|
| | \$m | % | \$m | % |
| Listed equities | 363.2 | 81.5 | 374.5 | 82.4 |
| Short portfolio | 0.0 | 0.0 | 0.0 | 0.0 |
| Fixed interest & cash | 82.5 | 18.5 | 79.7 | 17.6 |
| Gross assets* | \$445.7m | 100.0 | \$454.2m | 100.0 |
| Market capitalisation | \$404.2m | | \$410.5m [^] | |
| Total shares on issue | 211,607,623 | | 211,607,623 | |

*Gross assets exclude the \$5.5m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

Net tangible asset (NTA) figures

| | |
|---|----------------|
| NTA before tax | 216.66c |
| NTA after tax and before tax on unrealised gains | 222.72c |
| NTA after tax | 217.66c |