

# Investment update

As at 31 October 2016



wilsonassetmanagement.com.au  
ABN 34 086 587 395

## Snapshot

Pre-tax net tangible assets

197.56c

Fully franked  
dividend yield

**6.4%**

Gross assets

\$1,216.7m

Performance  
(p.a. since August 1999)

**18.2%**

## WAM Capital Limited

ASX code	WAM
Date of listing	Aug 1999
Gross assets	\$1,216.7m
Market cap	\$1,361.7m
Share price	\$2.27
NTA before tax	\$1.98
Shares on issue	599,888,029
Fully franked dividend (FY2016)	14.5c
Fully franked dividend yield	6.4%

## Investment objectives

- Deliver shareholders a rising stream of fully franked dividends
- Provide capital growth
- Preserve capital

## Wilson Asset Management investment & management team

Geoff Wilson	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Martin Hickson	Senior Equity Analyst & Dealer
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	Equity Analyst

## Company overview

WAM Capital Limited (ASX: WAM) is a listed investment company managed by Wilson Asset Management. Listed in August 1999, WAM Capital provides investors with exposure to an actively managed diversified portfolio of undervalued growth companies, which are generally small-to-medium sized industrial companies listed on the Australian Securities Exchange. WAM Capital also provides exposure to relative value arbitrages and market mispricing opportunities.

## Shareholder Presentations

Adelaide	16 November
Perth	17 November
Canberra	21 November
Sydney (AGM)	23 November
Brisbane	24 November
Melbourne	25 November

For more information and to RSVP, visit [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

Our national Shareholder Presentations begin on 16 November in Adelaide. To RSVP, visit [wilsonassetmanagement.com.au/RSVP](http://wilsonassetmanagement.com.au/RSVP)

## Market overview

The S&P/ASX All Ordinaries Accumulation Index closed down 2.2% for the month. Australian September labour data released was disappointing, with total employment falling by 10,000 and the full-time job figures falling by 53,000 – the biggest drop since April 2011. Better than expected September quarter consumer price inflation (CPI) data reduced the chance of further interest rate cuts and put downward pressure on local equities. In the US, oil climbed above US\$50 a barrel for the first time since June this year as declines in US crude inventories lifted hopes the global glut may clear. More recently, the surprise US presidential election result has led to market volatility globally. With a high degree of uncertainty regarding if and how election policies are implemented, we expect continued market volatility in the short and medium term.

## Stock news

Merger and acquisition activity continued in October for three of the portfolio's holdings. Mining services company Bradken Limited (ASX: BKN) announced it had entered into an implementation agreement with Japanese construction company Hitachi Construction Machinery Company Limited. Hitachi agreed to make an all cash off-market takeover for Bradken of \$3.25 per share. Furniture retailer Fantastic Holdings Limited (ASX: FAN) announced it had received a \$3.50 per share bid from Steinhoff Asia Pacific, the owner of Snooze and Freedom furniture, and commercial printing company PMP Limited (ASX: PMP) announced it will merge with privately owned print and digital services provider IPMG Group.

## Net tangible asset (NTA) figures

The following NTA figures are after the 7.25 cents per share fully franked final dividend paid on 28 October 2016.

NTA before tax	197.56c
NTA after tax and before tax on unrealised gains	197.01c*
NTA after tax	193.40c*

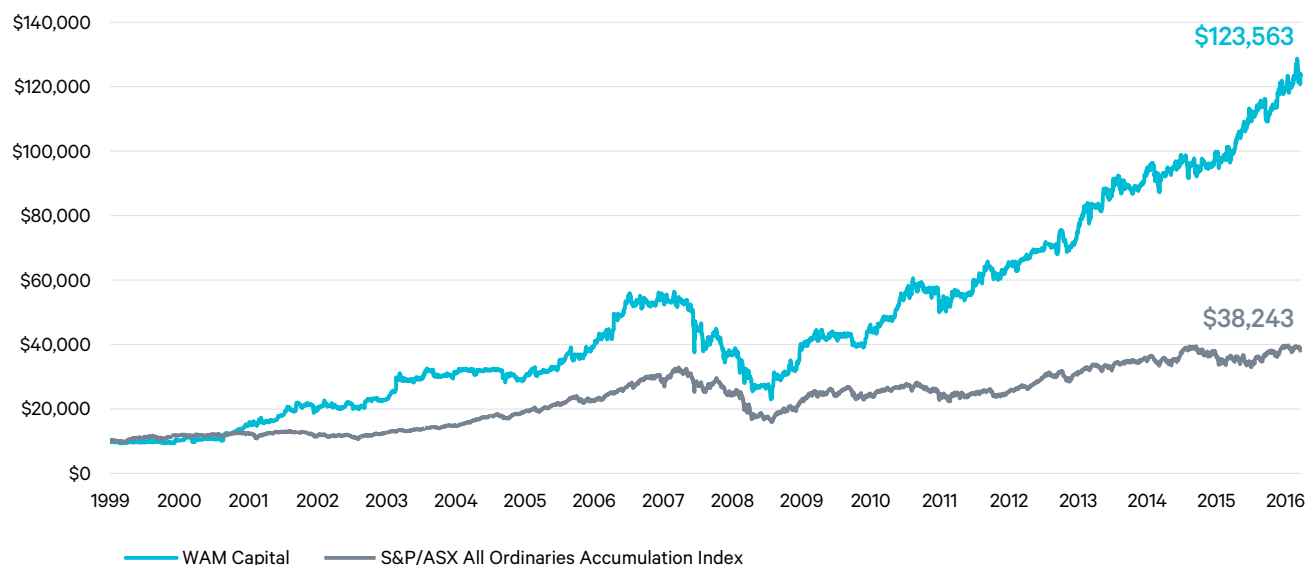
## Performance

Performance at 31 October 2016	1 Mth	Fin YTD	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	-2.1%	9.2%	15.6%	21.4%	16.0%	18.3%	13.1%	18.2%
S&P/ASX All Ordinaries Accumulation Index	-2.2%	3.0%	3.8%	6.6%	4.3%	9.0%	4.5%	7.9%
<b>Outperformance</b>	<b>+0.1%</b>	<b>+6.2%</b>	<b>+11.8%</b>	<b>+14.8%</b>	<b>+11.7%</b>	<b>+9.3%</b>	<b>+8.6%</b>	<b>+10.3%</b>

\*Investment performance and Index returns are before expenses, fees and taxes.

## Growth of \$10,000 since inception

### WAM Capital versus the Index



## Diversified portfolio

Investment Type	September 2016		October 2016	
	\$m	%	\$m	%
Listed equities	885.4	70.3	755.6	62.1
Short portfolio	(6.8)	(0.5)	(14.6)	(1.2)
Fixed interest & cash	380.5	30.2	475.7	39.1
<b>Gross assets</b>	<b>1,259.1m</b>	<b>100.0</b>	<b>1,216.7m*</b>	<b>100.0</b>
<b>Total shares on issue</b>	587,174,458		599,888,029**	

\* This figure is after payment of the 7.25 cents per share (\$34.2m) fully franked final dividend and \$20.3m raised via the DRP Shortfall Placement during the month.

\*\* During the month, 3.7m shares were issued from the Dividend Reinvestment Plan (DRP) for the final dividend and 9.0m shares were issued via the DRP Shortfall Placement.

## Top 20 holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
HHV	Hunter Hall Global Value Limited	34,664,888	2.8%
ECX	Eclixp Group Limited	22,335,964	1.8%
NCK	Nick Scali Limited	21,729,938	1.8%
AAD	Ardent Leisure Group	20,125,220	1.7%
CYA	Century Australia Investments Limited	19,452,916	1.6%
ALQ	ALS Limited	18,972,574	1.6%
HLO	Helloworld Limited	17,955,542	1.5%
SXL	Southern Cross Media Group Limited	17,849,824	1.5%
ALL	Aristocrat Leisure Limited	17,214,993	1.4%
CL1	Class Limited	17,158,607	1.4%
SAI	SAI Global Limited	16,292,788	1.3%
AFY	Afterpay Holdings Limited	14,698,118	1.2%
RFG	Retail Food Group Limited	14,564,443	1.2%
ONE	Oneview Healthcare PLC	14,287,699	1.2%
DOW	Downer EDI Limited	14,104,082	1.2%
SLC	Superloop Limited	14,092,082	1.2%
RCG	RCG Corporation Limited	13,942,408	1.1%
BKN	Bradken Limited	13,741,405	1.1%
CCP	Credit Corp Group Limited	13,700,218	1.1%
CWY	Cleanaway Waste Management Limited	13,272,609	1.1%

## Capital management

On 28 October 2016, the Company paid a fully franked final dividend of 7.25 cents per share. This brings the full year fully franked dividend to 14.5 cents per share for FY16.

During the month, the Company successfully raised \$20.3 million (9.0 million ordinary shares) through a significantly oversubscribed placement to professional and sophisticated investors\*. The Placement was facilitated in response to investor demand. The Placement was made at the Dividend Reinvestment Plan (DRP) price of \$2.2603, a 12.2% premium to the Company's 30 September 2016 ex-dividend pre-tax NTA of \$2.0145 per share.

\*These terms are defined in the Corporations Act as individuals with net assets greater than \$2.5 million, or those who earn gross income of \$250,000, or a Superannuation Fund with net assets of at least \$10 million.

### Fully franked dividends since inception

