

# Investment update

As at 28 February 2017



wilsonassetmanagement.com.au  
ABN 34 086 587 395

## Snapshot

Pre-tax net tangible assets

**\$1.98**

Fully franked  
dividend yield

**6.0%**

Gross assets

**\$1,189.6m**

Performance  
(p.a. since August 1999)

**17.8%**

## WAM Capital Limited

ASX code	WAM
Date of listing	Aug 1999
Gross assets	\$1,189.6m
Market cap	\$1,487.7m
Share price	\$2.48
NTA before tax	\$1.98
Shares on issue	599,888,029
Annualised fully franked interim dividend (FY2017)	15.0c
Fully franked dividend yield	6.0%

## 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	Head of Trading
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	Senior 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.

## Key dividend dates

Ex date	13 April 2017
Record date	18 April 2017
Last election date for DRP	20 April 2017
Payment date	28 April 2017

## Market overview

The S&P/ASX All Ordinaries Accumulation Index closed up 2.1% for the month. Company reporting season was the most positive for many years with a return to earnings growth, particularly in the resources sector. Overall, domestic economic conditions are improving, the housing market remains strong and the short-term outlook for the sharemarket is positive. However, our positive market outlook is tempered by the potential for further volatility caused by geopolitical risks over the calendar year.

## Stock news

During the month, furniture retailer Nick Scali Limited (ASX: NCK) announced its half year results, reporting a net profit after tax (NPAT) of \$20.5 million, a 45% increase on the prior corresponding period. This is well ahead of the upgraded guidance of 30-35% growth provided in November. The Company said the result was driven by a 15.5% increase in sales revenue to \$118.4 million. We believe Nick Scali will continue to win market share through successful new store launches.

## Net tangible asset (NTA) figures

NTA before tax	197.85c*
NTA after tax and before tax on unrealised gains	196.25c
NTA after tax	194.26c

\*The before tax figure is after the payment of \$4.0m (0.67 cents per share) in tax during the month.

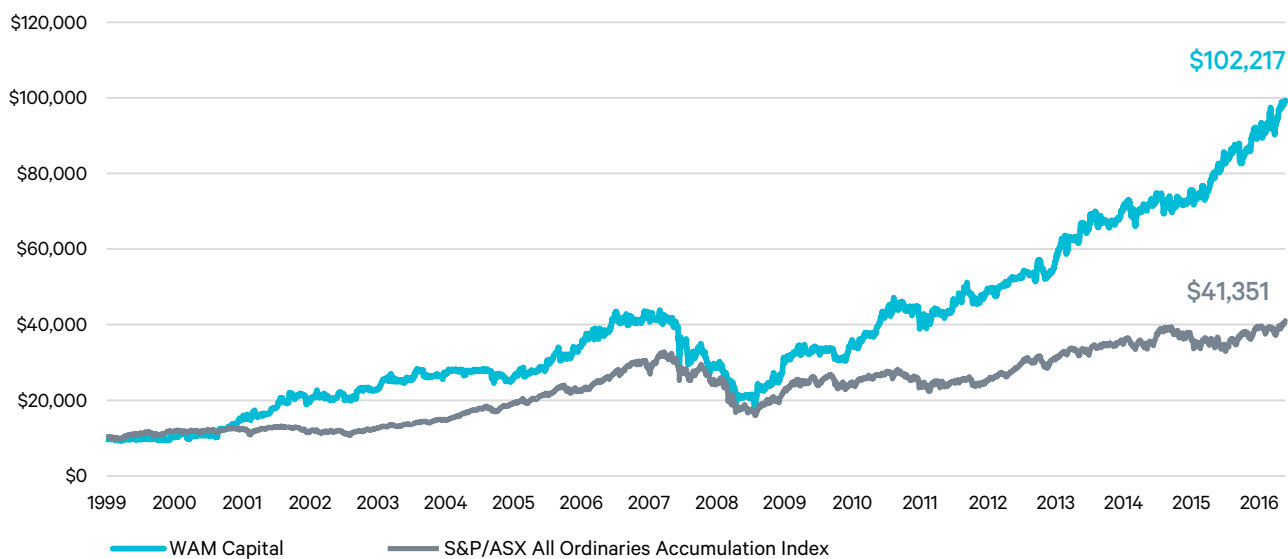
## Performance

Performance at	1	6	Fin	1	3 Yrs	5 Yrs	10 Yrs	Since
28 February 2017	Mth	Mths	YTD	Yr	%pa	%pa	%pa	Inception %pa (Aug-99)
WAM Investment Portfolio*	-0.6%	-0.1%	9.3%	20.2%	15.5%	17.5%	11.6%	17.8%
S&P/ASX All Ordinaries Accumulation Index	2.1%	6.2%	11.4%	21.3%	6.5%	10.2%	4.3%	8.2%
<b>Outperformance</b>	<b>-2.7%</b>	<b>-6.3%</b>	<b>-2.1%</b>	<b>-1.1%</b>	<b>+9.0%</b>	<b>+7.3%</b>	<b>+7.3%</b>	<b>+9.6%</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	January 2017		February 2017	
	\$m	%	\$m	%
Listed equities	654.3	54.4	726.8	61.1
Short portfolio	(6.6)	(0.5)	(5.2)	(0.4)
Fixed interest & cash	554.1	46.1	468.0	39.3
<b>Gross assets</b>	<b>1,201.8m</b>	<b>100.0</b>	<b>1,189.6m*</b>	<b>100.0</b>
Total shares on issue	599,888,029		599,888,029	

\*This figure is after \$4.0m (0.67 cents per share) paid in tax during the month.

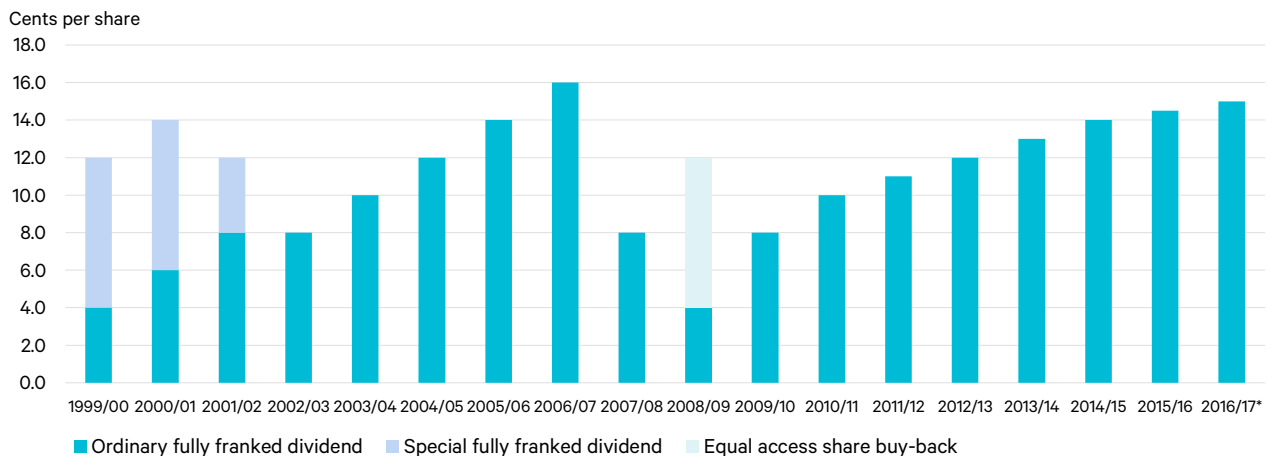
## Top 20 holdings

Code	Company	Code	Company
HHV	Hunter Hall Global Value Limited	AFY	Afterpay Holdings Limited
NCK	Nick Scali Limited	RCG	RCG Corporation Limited
CYA	Century Australia Investments Limited	SUL	Super Retail Group Limited
CVO	Cover-More Group Limited	HLO	Helloworld Limited
AUB	AUB Group Limited	SXL	Southern Cross Media Group Limited
CGF	Challenger Limited	ALL	Aristocrat Leisure Limited
AHG	Automotive Group Holdings Limited	CL1	Class Limited
ECX	Eclix Group Limited	LLC	Lend Lease Group
TGG	Templeton Global Growth Fund Limited	NUF	Nufarm Limited
SLC	Superloop Limited	HGG	Henderson Group PLC

## Fully franked dividends

On 8 February 2017, the Board announced a fully franked interim dividend of 7.5 cents per share, an increase on last year's fully franked 7.25 cents per share interim dividend. The interim dividend will be paid on 28 April 2017 and will trade ex on 13 April 2017. The dividend reinvestment plan (DRP) is available to shareholders for the interim dividend. The dividend reinvestment plan will operate at a 2.5% discount. The last election date for the DRP will be 20 April 2017.

### Fully franked dividends since inception



\*Annualised Interim Dividend

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. Dividends are usually paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.