

Investment update

As at 30 June 2018



Snapshot

Pre-tax net tangible assets

\$1.35

Gross assets

\$192.4m

WAM Microcap Limited

ASX code	WMI
Date of listing	June 2017
Gross assets	\$192.4m
Market cap	\$199.7m
Share price	\$1.425
NTA before tax	\$1.35
Shares on issue	140,151,337
Annualised fully franked interim dividend (FY2018)	4.0c

Investment objectives

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

Wilson Asset Management investment & management team

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

Company overview

WAM Microcap Limited (ASX: WMI) is a listed investment company managed by Wilson Asset Management. Listed in June 2017, WAM Microcap provides investors with diversified exposure to a portfolio of undervalued growth companies with a market capitalisation of less than \$300 million at the time of acquisition.

Defending the current dividend imputation system

The Federal Opposition has proposed changes to the current dividend imputation system that would impact self-funded retirees, older workers and low income earners. Wilson Asset Management firmly opposes these changes and is calling on the Commonwealth Government and Federal Opposition to maintain the status quo. It is vital to encourage your family and friends to sign our petition to maintain the momentum. Sign the petition [here](#). We are currently consulting with shareholders and industry participants and we will submit the petition and policy paper that will explain the importance of maintaining the current dividend imputation system.

Market overview

The S&P/ASX Small Ordinaries Accumulation Index closed up 1.1% for the month, to end the financial year up 24.2%. Momentum in small resources stalled in June due to a decline in gold prices, with the S&P/ASX Small Resources Index closing flat for the month, doing little to impact the total return of the index for the year, which increased 49.0% in FY2018.

During the month the Australian Senate passed Prime Minister Malcolm Turnbull's \$144 billion package of income tax cuts. The income tax cuts are the broadest income tax reform package passed by Parliament and will affect all taxpayers earning more than \$19,000, carried over three stages and spread across seven years.

Net tangible asset (NTA) figures

NTA before tax	135.46c
NTA after tax and before tax on unrealised gains	133.16c
NTA after tax	128.40c

Performance

Performance at 30 June 2018	1 mth	6 mths	1 yr	Since inception (Jun-17)
WMI Investment Portfolio*	2.2%	3.1%	28.9%	31.2%
S&P/ASX Small Ordinaries Accumulation Index	1.1%	4.7%	24.2%	24.2%
Outperformance	+1.1%	-1.6%	+4.7%	+7.0%

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

Diversified portfolio

Investment type	May 2018		June 2018	
	\$m	%	\$m	%
Listed equities	143.2	76.1	157.0	81.6
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	45.1	23.9	35.4	18.4
Gross assets	188.3	100.0	192.4	100.0
Total shares on issue	140,151,337		140,151,337	

Top 20 holdings

Code	Company	Code	Company
ADH	Adairs Limited	IDX	Integral Diagnostics Limited
ANG	Austin Engineering Limited	NBL	Noni B Limited
AVG	Australian Vintage Limited	OVH	Onewue Holdings Limited
AXL	Aksesstoday Limited	PAC	Pacific Current Group Limited
BOL	Boom Logistics Limited	PSI	PSC Insurance Group Limited
CAB	Cabcharge Australia Limited	RKN	Reckon Limited
CDD	Cardno Limited	SFH	Specialty Fashion Group Limited
CGR	CML Group Limited	TOT	360 Capital Total Return Fund
EHL	Emeco Holdings Limited	VAH	Virgin Australia Holdings Limited
GDG	Generational Development Group Limited	VRS	Veris Limited

The top 20 holdings are presented in alphabetical order.

Fully franked dividends

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. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. On 27 April 2018, the Company paid a maiden fully franked interim dividend of 2.0 cents per share to shareholders.