

Investment update

As at 31 May 2018



Snapshot

Pre-tax net tangible assets

\$1.33

Gross assets

\$188.3m

WAM Microcap Limited

ASX code	WMI
Date of listing	June 2017
Gross assets	\$188.3m
Market cap	\$196.2m
Share price	\$1.40
NTA before tax	\$1.33
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
Cooper Rogers	Assistant 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

In May, the S&P/ASX Small Ordinaries Accumulation Index rose 3.7%, once again driven by the resources sector. The S&P/ASX Small Resources Index has increased 49.1% in the financial year to date compared to the Small Ordinaries Accumulation Index which is up 22.9%. The Australian Bureau of Statistics released its March quarter gross domestic product figures, reporting 1% growth in the first quarter, with strong mining numbers, rising 2.9% due to increases in coal, iron ore and LNG production.

Net tangible asset (NTA) figures

NTA before tax	132.97c
NTA after tax and before tax on unrealised gains	130.69c
NTA after tax	126.63c

Performance

Performance at 31 May 2018	1 mth	6 mths	Fin YTD	Since inception (Jun-17)
WMI Investment Portfolio*	3.9%	4.3%	26.1%	28.4%
S&P/ASX Small Ordinaries Accumulation Index	3.7%	6.9%	22.9%	22.9%
Outperformance	+0.2%	-2.6%	+3.2%	+5.5%

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

Diversified portfolio

Investment type	April 2018		May 2018	
	\$m	%	\$m	%
Listed equities	147.4	81.3	143.2	76.1
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	34.0	18.7	45.1	23.9
Gross assets	181.4	100.0	188.3	100.0
Total shares on issue	140,151,337		140,151,337	

Top 20 holdings

Code	Company	Code	Company
ADH	Adairs Limited	NBL	Noni B Limited
ANG	Austin Engineering Limited	OVH	Onevue Holdings Limited
AVG	Australian Vintage Limited	PAC	Pacific Current Group Limited
AXL	Aksesstoday 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	SRG	SRG Limited
EHL	Emeco Holdings Limited	TOT	360 Capital Total Return Fund
GDG	Generational Development Group Limited	VAH	Virgin Australia Holdings Limited
IDX	Integral Diagnostics 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.