

W | A | M Research

Focus: small to mid-cap Australian companies
(ASX: WAX)

Portfolio update

The WAM Research investment portfolio increased 4.0% in February as core holdings reported solid results during a volatile reporting season. During February, we deployed cash in 22 new companies, reducing the investment portfolio's cash level from 51.3% in January to 32.9% at the end of the month.

Contributors to the portfolio performance included The a2 Milk Company (ASX: A2M) and Austal (ASX: ASB). We invested in A2M backing the company's decision to accelerate its marketing spend and drive stronger than expected top line growth. A2M announced its half year results during the month, reporting revenue of \$613 million and earnings before interest, tax, depreciation and amortisation of \$218 million, up 41% and 53% respectively, on the prior corresponding period. A2M closed up 14.0% for the month.

Austal is an Australian shipbuilding company and defence prime contractor that specialises in the design, construction and support of defence and commercial vessels. We invested in ASB due to the recovery in the commercial ferry market and expansion of ASB's Philippines shipyard indicating strong future growth for the business. ASB released its half year results during the month, outlining a record order book of \$5 billion securing work to 2025 and revenue of \$852 million, up 54% and 31% compared to the same period last year. ASB closed up 11.0% for the month.



Oscar Oberg
LLB BBus CFA
Lead Portfolio Manager

Net tangible asset (NTA) figures

NTA before tax	114.56c[†]
NTA after tax and before tax on unrealised gains	115.74c
NTA after tax	114.80c

[†]The NTA before tax is after the payment of \$12m (0.62 cents per share) in tax during the month.

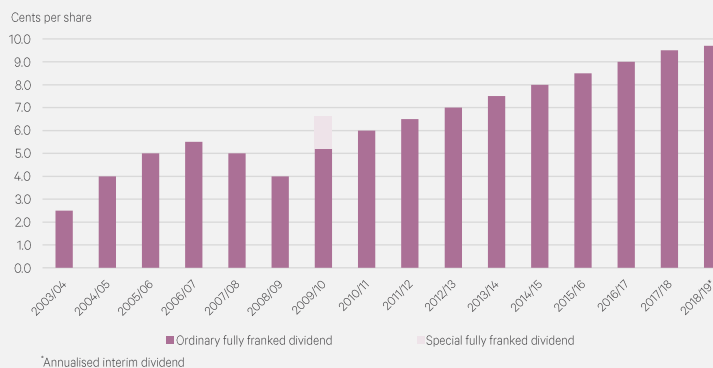
[†]Based on the 28 February 2019 share price of \$1.40 per share and the annualised FY2019 fully franked interim dividend of 9.7 cents per share.

Pre-tax net tangible assets	Gross assets	Fully franked dividend yield [†]	Performance (p.a. since July 2010)
\$1.15	\$217.8m	6.9%	15.8%

Performance at 28 February 2019	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since change in investment strategy %p.a. (Jul-10)
WAX Investment Portfolio	4.0%	-8.9%	-5.6%	-2.4%	10.2%	13.3%	16.8%	15.8%
S&P/ASX All Ordinaries Accumulation Index	6.1%	-0.7%	2.3%	6.6%	12.7%	7.4%	9.8%	8.9%
Outperformance	-2.1%	-8.2%	-7.9%	-9.0%	-2.5%	+5.9%	+7.0%	+6.9%

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

Fully franked dividends since inception



Top 20 holdings in alphabetical order

Accent Group Limited	AX1
ALS Limited	ALQ
AMA Group Limited	AMA
Aristocrat Leisure Limited	ALL
Austal Limited	ASB
Bravura Solutions Limited	BVS
City Chic Collective Limited	CCX
Cleanaway Waste Management Limited	CWY
Codan Limited	CDA
Credit Corp Group Limited	CCP
Elders Limited	ELD
G8 Education Limited	GEM
Infomedia Limited	IFM
Monadelphous Group Limited	MND
Myer Holdings Limited	MYR
Noni B Limited	NBL
PSC Insurance Group Limited	PSI
The a2 Milk Company Limited	A2M
Viva Energy Group Limited	VEA
Vocus Group Limited	VOC

Investment type	January 2019		February 2019	
	\$m	%	\$m	%
Listed equities	102.5	48.7	146.2	67.1
Fixed interest & cash	108.1	51.3	71.6	32.9
Gross assets	\$210.6m	100.0	\$217.8m	100.0
Market capitalisation	\$263.5m		\$265.4m	
Total shares on issue	189,561,267		189,561,267	