
March 2019

Investment Update

W | A | M *Capital*

W | A | M *Leaders*

W | A | M *Global*

W | A | M *Research*

W | A | M *Active*

W | A | M *Microcap*

Dear Fellow Shareholders,

Macro-economic factors were again mixed during the month. Results from the March German purchasing managers' index (PMI) survey showed that manufacturers' expectations were at their worst level in six-and-a-half years.

On 22 March, the United States (US) 10-year Treasury bond yield fell below the three-month yield for the first time in over a decade. On average, the US yield curve inverts 14 months prior to the onset of a US recession. The inversion in March was driven in part by the flow of funds from German Bunds into US Treasuries, which may offset its predictive nature.

In positive news, China's PMI data recorded the largest monthly gain since 2012, providing some hope that China's stimulus program may bear fruit, to the benefit of the global economy.

WAM Global Lead Portfolio Manager Catriona Burns explored investment opportunities in China and Japan throughout March.

Catriona observed that the Chinese economy is likely to regain its momentum in the second half of the year when the Government's tax cuts and stimulus take effect. Sentiment on the ground has improved markedly since late last year.

In contrast, the Japanese business community was cautious in its outlook. The well-known demographic headwinds have been compounded by an uneasy dependence on China, given the export nature of the Japanese economy.

In a similar vein, WAM Leaders Lead Portfolio Manager Matthew Haupt's column in the [Australian Financial Review](#), highlighted the Australian economy's reliance on China to avoid a recession.

The MSCI World Index (AUD) increased 1.5% and the S&P/ASX All Ordinaries Accumulation Index rose by 0.7% during the month.

Investor conference call

Thank you to all who joined our investor conference call on 19 March. If you missed it, you can access the recording and presentation slides [here](#) and read the coverage in the [Australian Financial Review](#).

May 2019 Shareholder Presentations

We are looking forward to seeing you all at our semi-annual Shareholder Presentations. Feel free to bring guests who have an interest in hearing our views on the Australian and global equity markets, how we invest and how we make a difference for shareholders and the community.

You can register for the Shareholder Presentations [here](#).

Future Generation Investment Forum in Sydney

Eight of Australia's best fund managers will present their high conviction stock picks at the Future Generation Investment Forum on Thursday, 23 May 2019. In addition, Hamish Douglass, Chairman and Chief Investment Officer of Magellan will be interviewed by Australian Financial Review's Chanticleer columnist Tony Boyd.

Claim your free tickets to the Forum [now](#).

Our listed investment companies are trading ex-dividend

Yesterday, our listed investment companies (LICs) commenced trading ex-dividend, which means they are now priced without the recently announced interim dividends. A buyer of the stock on or after this date will not be entitled to the declared dividend.

The following LICs will pay out fully franked dividends on Friday, 26 April:

WAM Capital: 7.75 cents per share
WAM Leaders: 2.65 cents per share
WAM Research: 4.85 cents per share
WAM Active: 2.95 cents per share
WAM Microcap: 2.25 cents per share

Good luck investing,



Geoff Wilson AO

Chairman & Chief Investment Officer



W | A | M Capital

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

Portfolio update

The WAM Capital investment portfolio increased 0.4% in March.

Research-driven portion of the investment portfolio:

A key contributor to the portfolio performance included AMA Group (ASX: AMA). AMA specialises in the vehicle aftercare and accessories market, offering services in panel repair, workshop and performance products, vehicle protection devices and commercial vehicle accessories. Following an unsuccessful takeover bid for AMA in 2018, we invested into the business due to our belief that AMA's new management team would re-focus the business on organic growth and earnings accretive acquisitions to continue to boost market share in the highly fragmented panel-beating sector. The business posted a strong first-half result and with the recent storms in Sydney, we see a strong pipeline of work. AMA closed up 16.0% for the month.

Market-driven portion of the investment portfolio:

A contributor for the month was Australian financial technology company Afterpay Touch Group (ASX: APT), which closed up 13.6%. APT operates in Australia and New Zealand with a rapidly expanding business in the United States. The catalyst to invest in APT came from the strong momentum the business has in signing new clients in the United States, with a number of large retailers such as Steve Madden and Urban Outfitters publically endorsing APT in their recent results briefings.



Oscar Oberg
LLB BBus CFA
Lead Portfolio Manager



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Net tangible asset (NTA) figures

The below NTA figures are **before** the 7.75 cents per share fully franked interim dividend due to be paid on 26 April 2019. The shares traded ex-dividend on Wednesday, 10 April 2019. Since inception, WAM Capital has paid \$2.23 per share in fully franked dividends to shareholders.

NTA before tax	184.82c*
NTA after tax and before tax on unrealised gains	185.83c**
NTA after tax	188.04c**

*The NTA before tax is after the payment of \$5.3m (0.74 cents per share) in tax during the month.

**Includes 0.55 cents per share of tax assets resulting from the acquisition of unlisted investment companies.

Based on the 29 March 2019 share price of \$2.23 per share and the annualised FY2019 fully franked interim dividend of 15.5 cents per share.

Pre-tax net tangible assets

\$1.85

Gross assets

\$1,322.2m

Fully franked dividend yield*

7.0%

Performance (p.a. since August 1999)

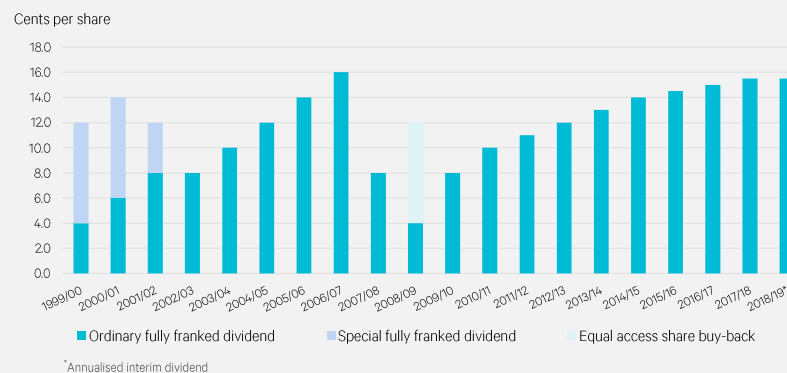
16.6%

Performance at 31 March 2019

	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %p.a. (Aug-99)
WAM Investment Portfolio	0.4%	-6.9%	-3.2%	0.7%	9.6%	11.6%	16.4%	16.6%
S&P/ASX All Ordinaries Accumulation Index	0.7%	1.1%	3.0%	11.2%	11.3%	7.5%	10.5%	8.3%
Outperformance	-0.3%	-8.0%	-6.2%	-10.5%	-1.7%	+4.1%	+5.9%	+8.3%

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

Fully franked dividends since inception



Top 20 holdings in alphabetical order

Afterpay Touch Group Limited	APT
ALS Corporation Limited	ALQ
Austal Limited	ASB
Bravura Solutions Limited	BVS
Cleanaway Waste Management Limited	CWY
Collins Foods Limited	CKF
Corporate Travel Management Limited	CTD
G8 Education Limited	GEM
InvoCare Limited	IVC
Macquarie Group Limited	MQG
Monadelphous Group Limited	MND
Myer Holdings Limited	MYR
Pengana International Equities Limited	PIA
PSC Insurance Group Limited	PSI
Seven Group Holdings Limited	SVW
Steadfast Group Limited	SDF
Templeton Global Growth Fund Limited	TGG
The a2 Milk Company Limited	A2M
Viva Energy Group Limited	VEA
Vocus Group Limited	VOC

Investment type	February 2019		March 2019	
	\$m	%	\$m	%
Listed equities	891.0	67.3	968.5	73.2
Short portfolio	(0.1)	(0.0)	(3.3)	(0.2)
Fixed interest & cash	432.5	32.7	357.0	27.0
Gross assets	\$1,323.4m	100.0	\$1,322.2m	100.0
Market capitalisation	\$1,584.2m		\$1,591.3m	
Total shares on issue	713,608,947		713,608,947	