

# Wilson Asset Management

May 2019

Shareholder Presentation



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METRO STATIONS

STOP  
THE  
RETIREMENT  
TAX

STOP  
THE STEALTH TAX ON  
SUPERANNUATION

keep your  
HANDS OFF  
SAVINGS!

keep your  
HANDS OFF  
our SAVINGS!

DONT TAX US  
TWICE

DONT TAX US  
TWICE

DONT TAX US  
TWICE

Franking  
update

[wilsonassetmanagement.com.au/petition](http://wilsonassetmanagement.com.au/petition) 

Uncertain  
times





LICs  
premium  
& discounts

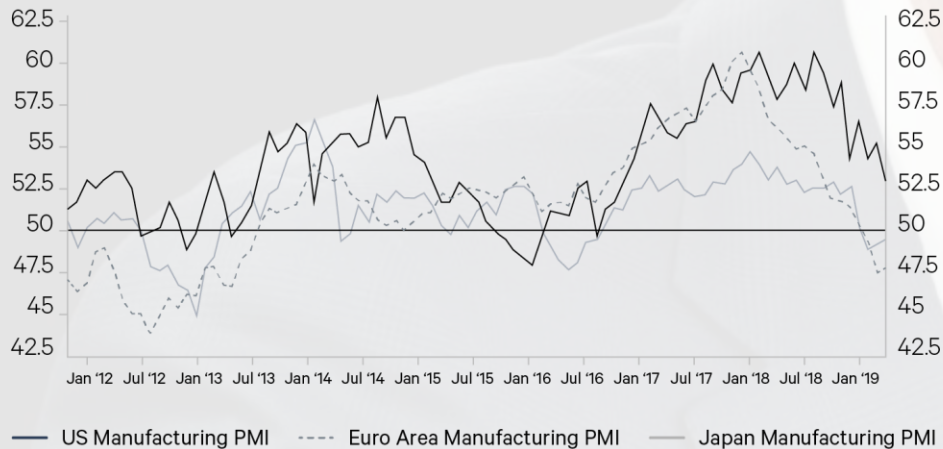
# Catriona Burns

Lead Portfolio Manager

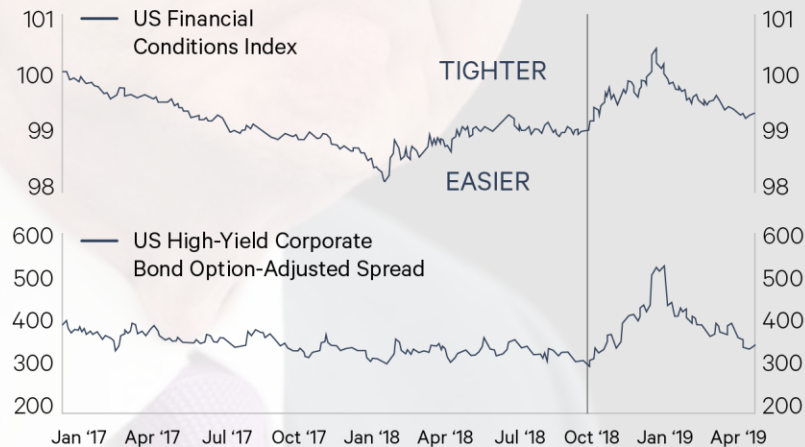
# The Fed's pause for thought



## Global growth slowdown in 2018

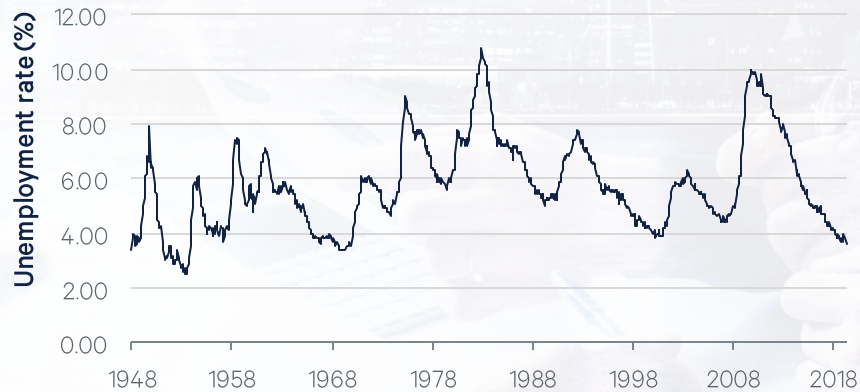


## Financial conditions tightened

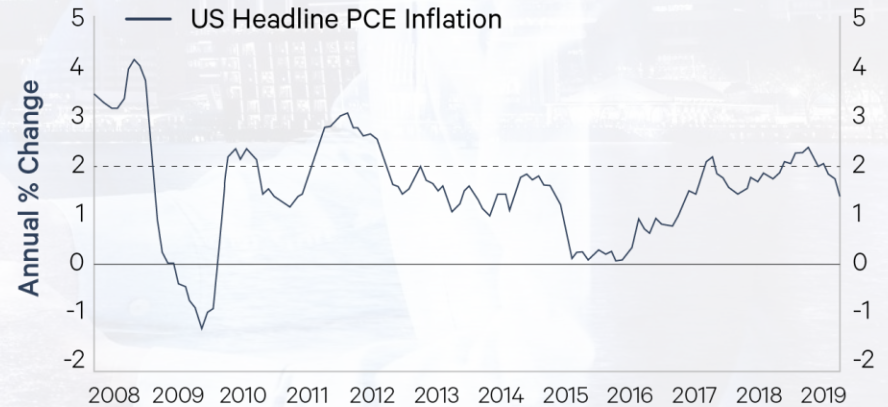


# What's ahead for the Fed

## US unemployment rate at 48 year lows



## US inflation sanguine for now





# End of the bull market?

## Inverted yield curves, 1968-2018

<u>Inversion date</u>	<u>Recession lead</u>
Dec 1968	12 months
Jun 1973	5 months
Nov 1978	14 months
Oct 1980	9 months
Mar 1989	16 months
Sep 1998	False signal
Jul 2000	8 months
Jul 2006	17 months
<b>Average</b>	<b>11.6 months</b>

## Yield curve inversions, recessions & the term premium

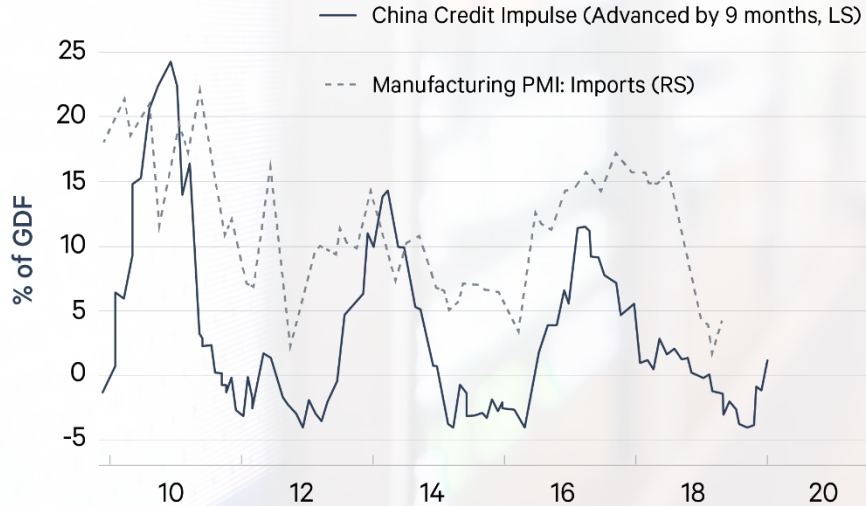


Can China save  
the world economy?

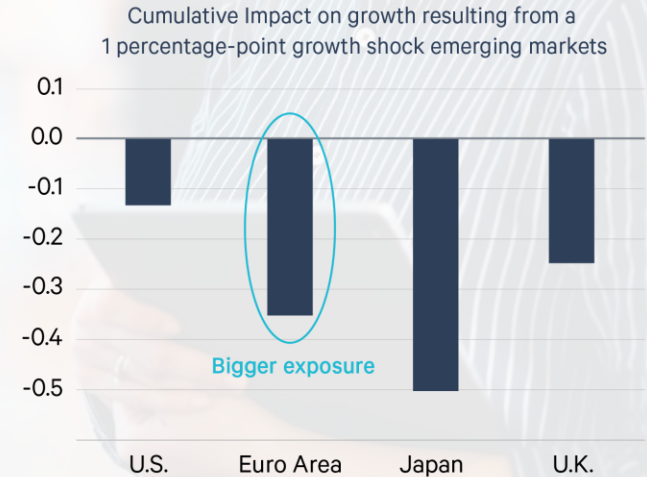


# China stimulus vs trade war

After stimulus, Chinese credit growth is rebounding...



...boding well for exporters to China,  
unless we have an escalation to the trade war





# Matthew Haupt

Lead Portfolio Manager

# The key drivers of equity markets

...and how they look now

**01** Liquidity cycle

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**02** Business cycle

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**03** Political cycle

➔ Highly accommodative

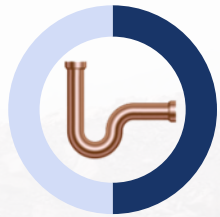
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➔ China the driver

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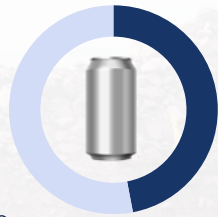
➔ Unstable

# The significance of China to Australia



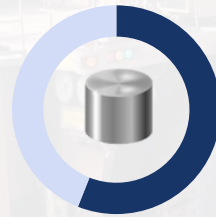
Copper  
**50%**

Australia – 5<sup>th</sup>  
in global exports



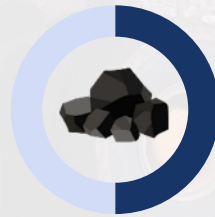
Aluminium  
**47%**

Australia – 6<sup>th</sup>  
in global exports



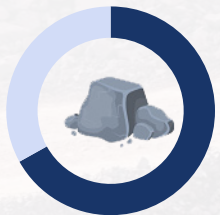
Nickel  
**56%**

Australia – 5<sup>th</sup>  
in global exports



Coal  
**50%**

Australia – 4<sup>th</sup>  
in global exports



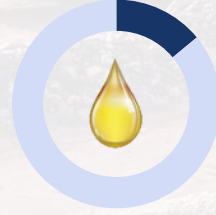
Seaborne  
iron ore  
**67%**

Australia – 1<sup>st</sup>  
in global exports



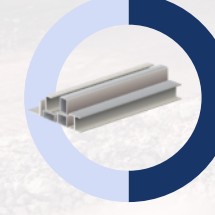
Gold  
**27%**

Australia – 2<sup>nd</sup>  
in global exports



Liquefied  
natural gas  
**14%**

Australia – 2<sup>nd</sup>  
in global exports



Steel  
**50%**

# Positioning for global growth

## INVESTMENT LANDSCAPE

- 1 China continues to stimulate global growth
- 2 Global PMIs increase
- 3 Equities outperform
- 4 Cyclical outperform defensives
- 5 Global yield curve steepens
- 6 Risk currencies up, defensive currencies down
- 7 Inflation pick-up
- 8 Credit spreads and volatility narrow



# Portfolio positioning



Emerging markets



Global cyclicals



Commodities



Financials

## HOLDINGS

RioTinto

BHP

OZ MINERALS

WESTERN AREAS LTD



QBE

amcor



SOUTH32

ILUKA



FMG

woodside

Computershare



**Fortescue**  
The New Force in Iron Ore

ASX: FMG



# And if we are wrong

## INVESTMENT LANDSCAPE

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- 1 Global growth stalls
- 2 Global PMIs fall
- 3 Equities underperform
- 4 Defensive outperform cyclicals
- 5 Global yield curve remains flat
- 6 Risk currencies down, defensive currencies up
- 7 Low inflation persists
- 8 Credit spreads and volatility widen

# Portfolio positioning



Developed markets



Gold and  
yield sensitive  
assets



Long duration  
assets



Consumer staples,  
telcos and health

## HOLDINGS





**Evolution**  
MINING

ASX: EVN



# W | A | M Leaders

# Top active holdings



THE STAR  
ENTERTAINMENT  
GROUP



NORTHERN STAR  
RESOURCES LIMITED



atlasArteria



St Barbara



ILUKA



Saracen



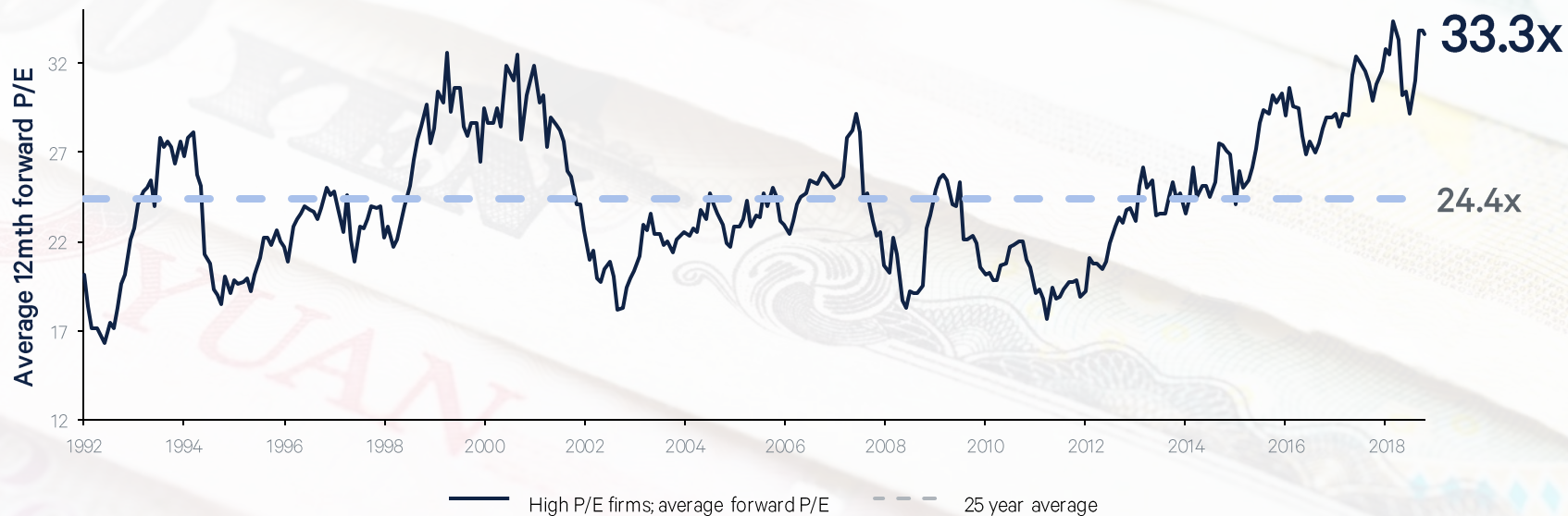
Tabcorp



# Oscar Oberg

Lead Portfolio Manager

# Get me out of Australia?





W | A | M *Capital*

W | A | M *Research*

W | A | M *Microcap*

Top research-  
driven holdings



**MYER**



**VOCUS  
GROUP**



**InvoCare**  
Innovation Vocation Care



**INFO MEDIA**  
Global leaders in parts and service software

city chic

JOHNS LYNG  GROUP



**QANTM**  
INTELLECTUAL PROPERTY



**THINK**  
Childcare Limited

**Spicers** 

**vita** 

**N O N I B**

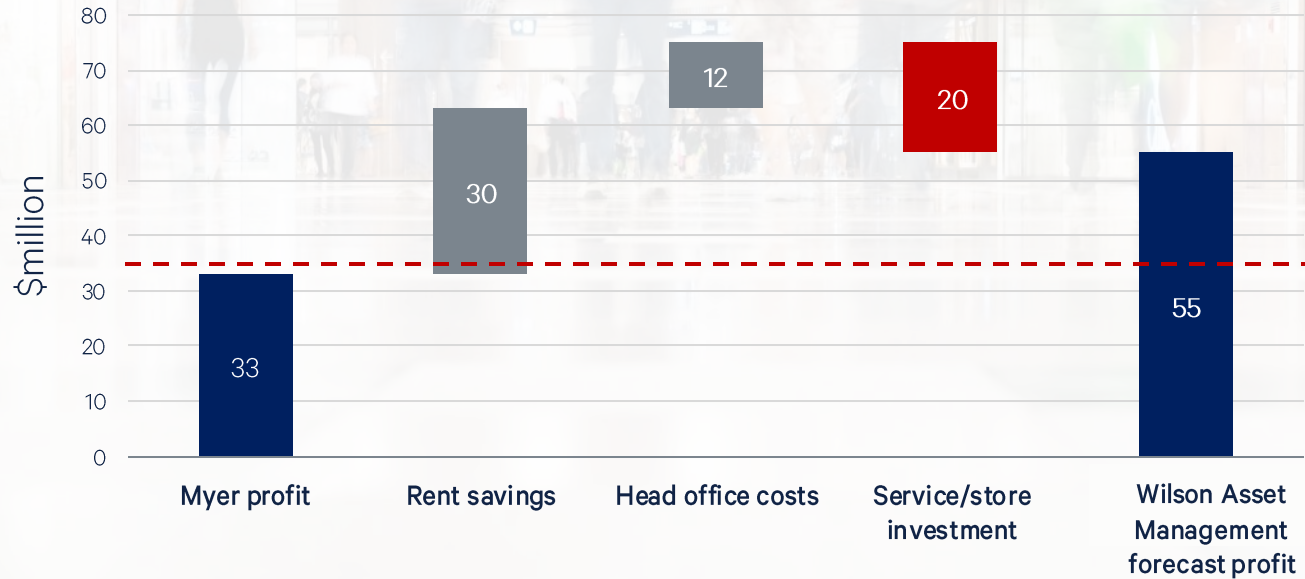
**Data#3**



Global leaders in parts and service software



# MYER

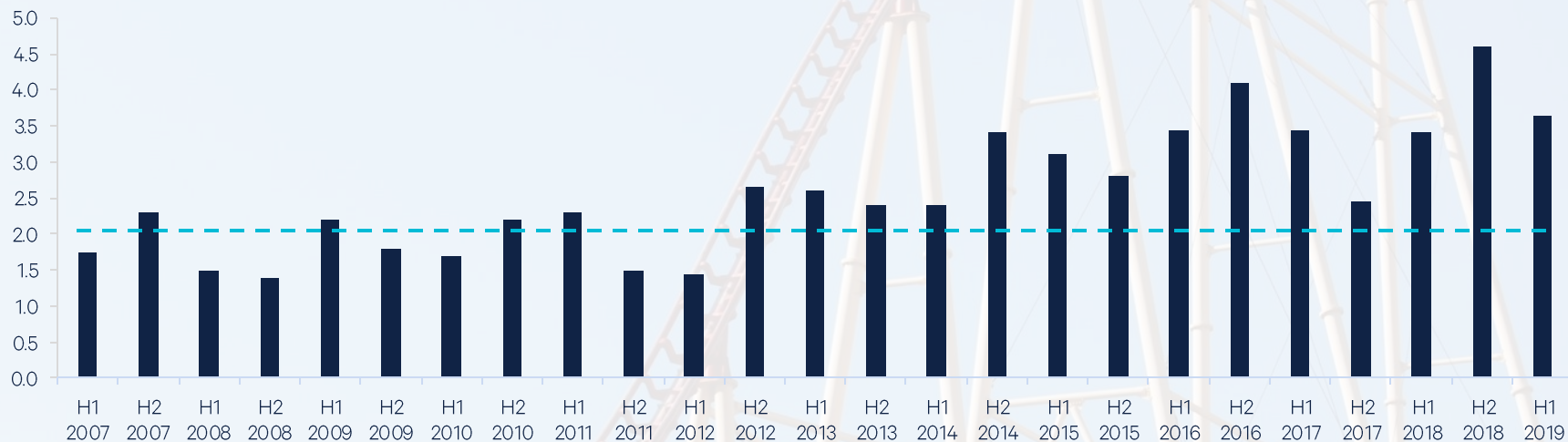


**Forecast analyst  
profit = \$35m**

# Martin Hickson

Lead Portfolio Manager

# Volatility



■ Share price move on day of result / average daily share price move

# Top market-driven holdings

W | A | M *Capital*

W | A | M *Microcap*

W | A | M *Active*



**SGH**



**MMS**

**Altium.**



**360 Capital**  
TOTAL RETURN FUND



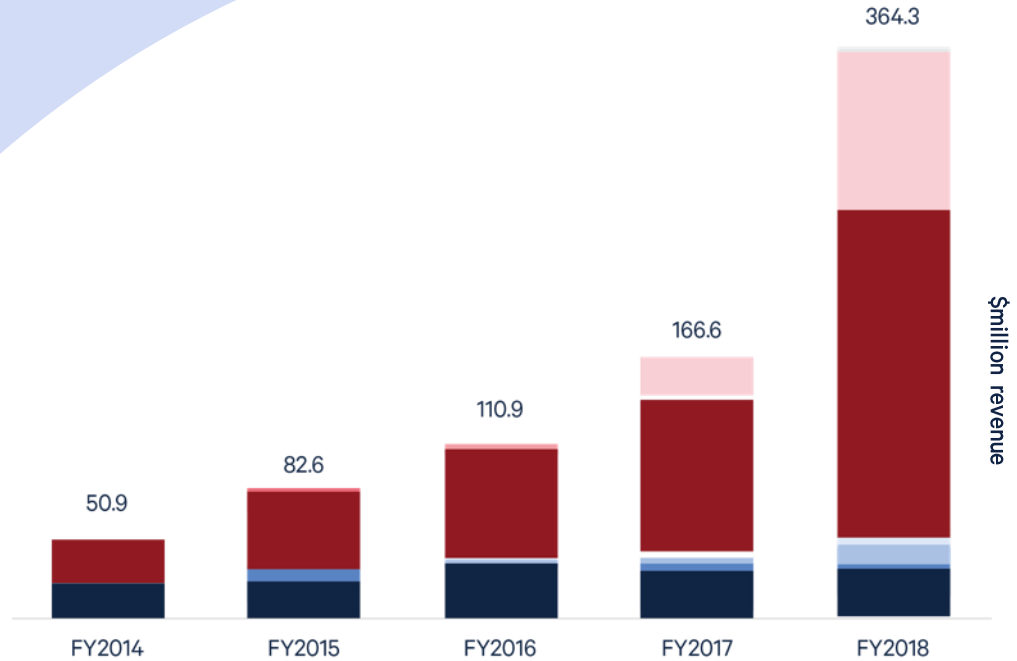
bübs

**Ruralco**  
FINANCE





ASX: APX



Language Resources  
Content Relevance





ASX: PWH



Motorsports

**61%**



Original equipment  
manufacturers

**8%**



Automotive aftermarket

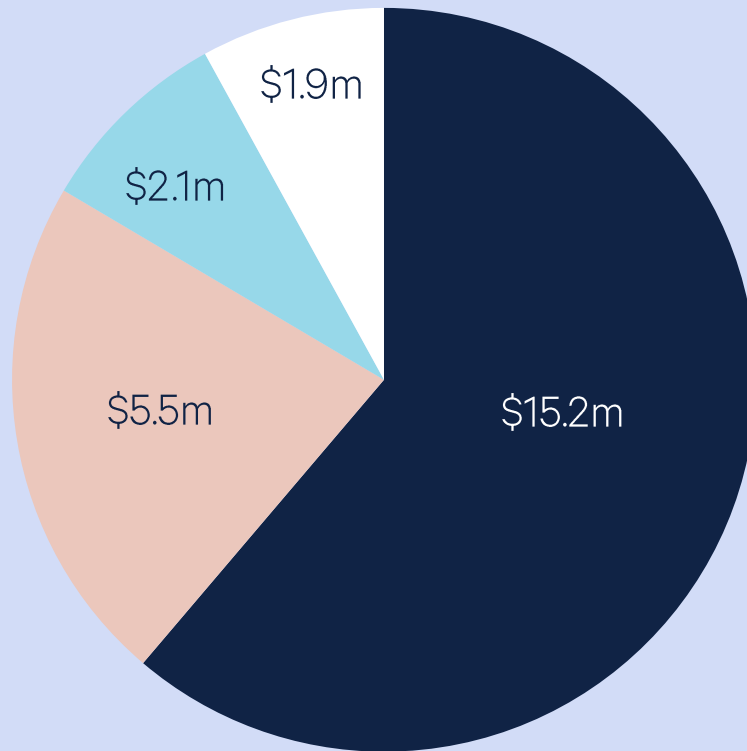
**22%**



Emerging technologies  
& other

**9%**

## Hi FY18 Category Sales





# Kate Thorley

Chief Executive Officer

# Making a difference

Investing more than

**\$3 billion**

on behalf of more than **80,000** investors  
across six listed investment companies

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**Proven investment approach** that  
has delivered solid returns for over

**20 years**

---

**12 investment professionals**  
with combined investment  
experience of more than  
**160 years**



Committed to **philanthropic**  
and **advocacy initiatives**

**PLEDGE**  
**1%**

---

Creator and lead supporter of:



**FUTURE GENERATION**  
INVESTMENT COMPANY



**FUTURE GENERATION**  
GLOBAL INVESTMENT COMPANY





Each team member  
is given

**\$10,000**

per year to donate as  
they see fit to any  
one or multiple  
charities

W | A | M *Academy*

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than 45,000  
weekly readers

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**W** Wilson  
Asset Management

OVER 20 YEARS Making a  
difference

Q&A

Get in touch  
[info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au)  
(02) 9247 6755

