

W | A | M *Active*

# 2020 Annual Report

For the year ended 30 June 2020

**W** Wilson  
Asset Management

OVER **20** Making a  
YEARS difference

ABN 49 126 420 719

## WAM Active Limited

WAM Active Limited (WAM Active or the Company) is a Listed Investment Company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

### Directors

Geoff Wilson AO (Chairman)  
Emma Rugge-Price  
Karina Kwan  
Kate Thorley

### Company Secretary

Linda Kiriczenko

### Investment Manager

MAM Pty Limited  
Level 26, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000  
(part of the Wilson Asset Management Group)

### Auditor

Pitcher Partners

### Country of Incorporation

Australia

### Registered Office

Level 26, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

### Contact Details

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Sydney NSW 2001  
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E: [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au)  
W: [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

### Share Registry

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000  
T: 1300 420 372 (in Australia)  
+ 61 2 8023 5472 (International)  
F: (02) 9279 0664

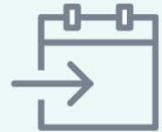
For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

### Australian Securities Exchange

WAM Active Limited  
Ordinary Shares (WAA)

## Shareholder Presentations

November 2020



Due to the coronavirus, our Annual General Meeting and Shareholder Presentation will be hosted online at [WAM Vault](http://WAM Vault).

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



W|A|M Vault

## Key highlights FY2020

# 6.0c

Fully franked full year dividend

# 6.7%

Fully franked dividend yield\*

# 3.9 times

Portfolio turnover

### Snapshot as at 30 June 2020

Listing date	January 2008
Gross assets	\$43.5m
Market capitalisation	\$42.0m
Share price	\$0.90
Shares on issue	46,620,288
Net tangible assets (pre-tax)	\$0.93
Net tangible assets (post-tax)	\$0.97
Fully franked dividends FY2020	6.0 cents
Fully franked FY2020 dividend yield*	6.7%

### FY2020 results

WAM Active reported an operating loss before tax of \$1.4 million for the year (FY2019: operating profit before tax of \$0.4 million) and an operating loss after tax of \$0.8 million (FY2019: operating profit after tax of \$0.7 million), mainly due to the decline in the investment portfolio over the period. The after tax figure was boosted by a \$0.6 million income tax benefit, primarily delivered through franking credits received on franked dividend income from investee companies and the tax benefit on the operating loss for the period.

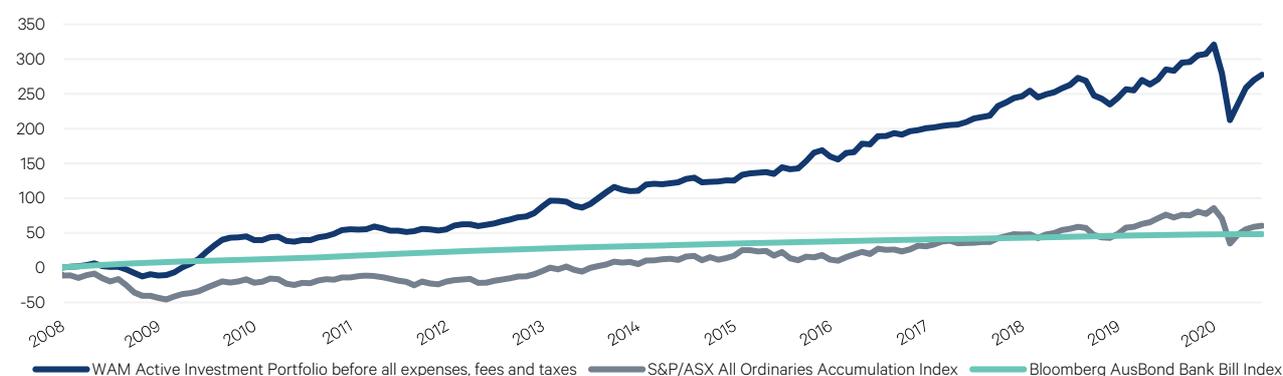
We remained focused on taking the least risk possible to protect shareholders' capital during a highly volatile period for the Australian equity market. The S&P/ASX All Ordinaries Accumulation Index fell 7.2% in the 12 months to 30 June 2020 while the investment portfolio declined by 0.3%. The investment portfolio has returned 11.0% per annum since inception, which has been delivered with less volatility than the market, as measured by its standard deviation. The highly active investment process saw the equity component of the investment portfolio turnover 3.9 times during the year, with 216 individual companies traded.

The Board declared a fully franked final dividend of 3.0 cents per share, bringing the fully franked full year dividend to 6.0 cents per share. Since inception, WAM Active has paid 71.7 cents per share in fully franked dividends to shareholders.

\*Based on the 30 June 2020 share price of \$0.90 per share.

## WAM Active's investment portfolio has returned 11.0% p.a. over 12½ years outperforming the market by 7.2% p.a.

Index re-based



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## Chairman's letter

Dear Fellow Shareholders,

I would like to thank you for your continued support during a challenging 2020 financial year and I would like to welcome all our new shareholders. I hope you are safe and well as we live through the dramatic changes brought about by the coronavirus pandemic. For the first time in 22 years, we were unable to meet with you in person at our Shareholder Presentations in May 2020. We have enjoyed our daily email and telephone correspondence, regular Investor Q&A Calls and providing you with a virtual alternative in WAM Vault, and hope to see you again as soon as it is safe to do so.

Since listing in 2008, we have provided shareholders with exposure to active trading strategies aimed at delivering risk-adjusted returns over the long term. WAM Active has achieved an investment portfolio return of 11.0% per annum since inception in 2008, with less volatility than the market as measured by its standard deviation. We remained focused on taking the least risk possible to protect shareholders' capital during a highly volatile period for the Australian equity market. The S&P/ASX All Ordinaries Accumulation Index fell 7.2% in the 12 months to 30 June 2020 while the investment portfolio declined by 0.3%. We were highly active during the period, with the equity component of the investment portfolio turning over 3.9 times during the year, with 216 individual companies traded. Over the 12 months we adjusted our cash levels continuously, averaging 20.2% throughout the period. During the year, we participated in 48 initial public offerings and capital raisings open only to institutional investors.

In 2020, the Company reported an operating loss before tax of \$1.4 million (2019: operating profit before tax of \$0.4 million) and an operating loss after tax of \$0.8 million (2019: operating profit after tax of \$0.7 million), mainly due to the decline in the investment portfolio over the period. The after tax figure was boosted by a \$0.6 million income tax benefit, primarily delivered through franking credits received on franked dividend income from investee companies and the tax benefit on the operating loss for the period. The fully franked full year dividend for the 2020 year was 6.0 cents per share, representing a 6.7% yield on the 30 June 2020 share price. Since inception, WAM Active has paid 71.7 cents per share in fully franked dividends to shareholders. As at 31 July 2020, the Company's profits reserve was 7.1 cents per share, before the payment of the fully franked final dividend of 3.0 cents per share.

### Company performance

The performance of a listed investment company is best evaluated by three key measures: investment portfolio performance; net tangible asset (NTA) growth; and total shareholder return (TSR). Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. A key objective of WAM Active is long-term absolute investment portfolio performance in all market cycles with low volatility. NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees) and is essentially the realisable value of the Company. The NTA is announced to shareholders on the ASX each month. TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period. Importantly, TSR does not include the value of franking credits distributed to shareholders by way of fully franked dividends.

## 1. Investment portfolio performance

Performance at 30 June 2020	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Jan-08)
WAM Active Investment Portfolio	-0.3%	6.1%	9.5%	10.4%	11.0%
Bloomberg AusBond Bank Bill Index (cash)	0.8%	1.5%	1.7%	2.7%	3.2%
<b>Outperformance</b>	<b>-1.1%</b>	<b>+4.6%</b>	<b>+7.8%</b>	<b>+7.7%</b>	<b>+7.8%</b>
S&P/ASX All Ordinaries Accumulation Index	-7.2%	5.4%	6.2%	7.8%	3.8%
<b>Outperformance</b>	<b>+6.9%</b>	<b>+0.7%</b>	<b>+3.3%</b>	<b>+2.6%</b>	<b>+7.2%</b>

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

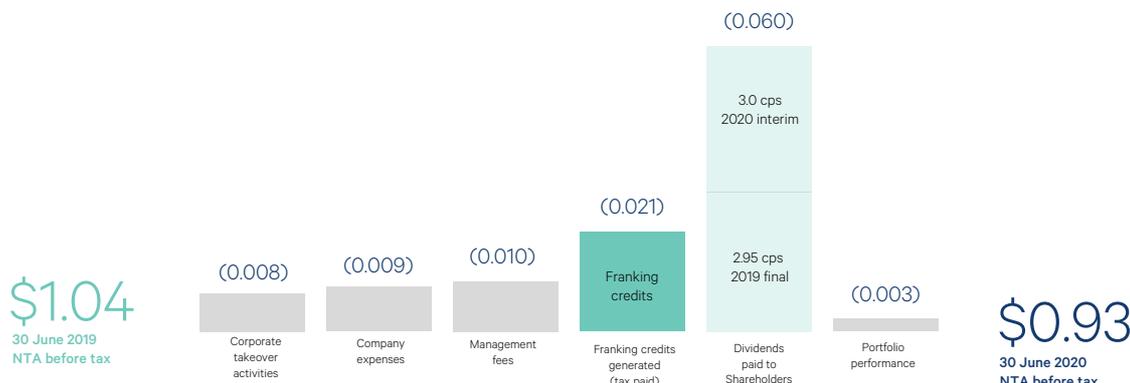
Set out below is the performance of WAM Active since listing on a financial year basis. The performance data excludes all expenses, fees and taxes and is used as a guide to show how the Company's investment portfolio has performed, compared to the S&P/ASX All Ordinaries Accumulation Index which is also before expenses, fees and taxes.

Financial Year	WAM Active Investment Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2007/2008	2.2%	-15.2%	<b>+17.4%</b>
2008/2009	9.6%	-22.1%	<b>+31.7%</b>
2009/2010	22.7%	13.8%	<b>+8.9%</b>
2010/2011	11.5%	12.2%	<b>-0.7%</b>
2011/2012	5.5%	-7.0%	<b>+12.5%</b>
2012/2013	15.4%	20.7%	<b>-5.3%</b>
2013/2014	19.4%	17.6%	<b>+1.8%</b>
2014/2015	5.5%	5.7%	<b>-0.2%</b>
2015/2016	18.0%	2.0%	<b>+16.0%</b>
2016/2017	11.6%	13.1%	<b>-1.5%</b>
2017/2018	15.7%	13.7%	<b>+2.0%</b>
2018/2019	3.6%	11.0%	<b>-7.4%</b>
2019/2020	-0.3%	-7.2%	<b>+6.9%</b>

## 2. NTA growth

WAM Active's NTA before tax decreased 4.8% for the 12 months to 30 June 2020, adjusted for the 5.95 cents per share of fully franked dividends paid to shareholders during the year. This decrease is after corporate tax paid of 2.1 cents per share or 2.0% during the year. Corporate tax payments made throughout the year were the major items of difference between the investment portfolio decrease of 0.3% and the NTA performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in value of the assets during the year were management fees of 1.0%, other company related expenses of 0.8% and legal and professional fees associated with corporate takeover activities of 0.7%.

## WAM Active NTA before tax performance



### 3. Total shareholder return

This measure shows the tangible return to shareholders, being the change in the share price together with dividends, assuming the dividends are reinvested during the period. The TSR for WAM Active for the year to 30 June 2020 was impacted by the investment portfolio performance of -0.3% during a highly volatile period for equity markets, in addition to the decline in the share price discount to NTA. As at 30 June 2020, the share price discount to NTA was 2.9% (2019: discount of 4.1%), with TSR of -4.1% for the year. The S&P/ASX All Ordinaries Accumulation Index fell 7.2% for the period. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

### Growth of a \$10,000 investment since inception



Notes:

1. The above graph reflects the period from inception in January 2008 to 30 June 2020.
2. WAM Active's performance is calculated using the closing daily share price in Australian dollars and assumes all dividends are reinvested.
3. The S&P/ASX All Ordinaries Accumulation Index and the Bloomberg AusBond Bank Bill Index have been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the WAM Active portfolio.

## Equity market overview and investment portfolio performance

The 2020 financial year was one of continued challenges. The WAM Active investment portfolio performed strongly in the first half of the financial year and turned over 3.9 times in the 12-month period to 30 June 2020. The 2019 September quarter was marked by weaker-than-expected economic growth, rising unemployment and sluggish wage growth, leading the Reserve Bank of Australia to cut the official interest rate for the third time in 2019 to a low of 0.75%. The search for yield led to a mispricing of assets and low rates pushed investors up the risk curve into less liquid securities throughout the December quarter and into the new year. In the 2019 calendar year, the S&P/ASX All Ordinaries Accumulation Index recorded the greatest annual performance since the period of the global financial crisis, while company valuations expanded significantly despite little-to-no-earnings growth in the lead up to the coronavirus pandemic.

As the coronavirus spread in February 2020, we took advantage of the heightened market volatility to exit low liquidity positions that had performed strongly over the prior 12-24 months, as well as indebted and cyclical companies. The improvement in the portfolio's liquidity allowed us to reduce our equity exposure promptly and with minimal impact. After peaking with approximately 44% cash on 13 March 2020, we deployed our cash selectively into companies which we believed would emerge from the coronavirus in a much stronger position, capitalising on mispricing opportunities presented by the market volatility.

The investment portfolio increased 18.4% in the June quarter while holding on average 17% cash. The portfolio benefitted from a number of capital raisings undertaken during the quarter. Since the onset of the coronavirus we participated in 14 capital raisings, with an average gain of 19.5% on each company. Companies that raised capital included Webjet (ASX: WEB), NEXTDC (ASX: NXT), Megaport (ASX: MP1), Ramsay Health Care (ASX: RHC) and Ingenia Communities (ASX: INA). The technology sector continued its strong performance coming through the coronavirus period unscathed with minimal customer churn and increased adoption of their services.

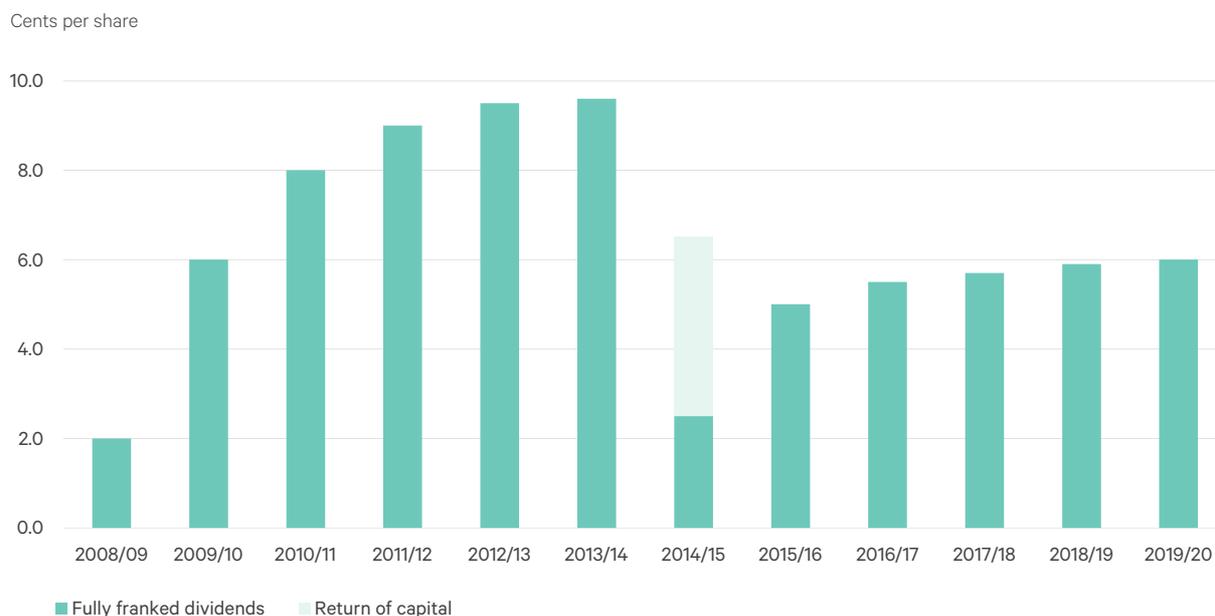
The greatest individual contributors to the investment portfolio performance during the period included Temple & Webster Group (ASX: TPW); EML Payments (ASX: EML); Fisher & Paykel Healthcare Corporation (ASX: FPH); Afterpay (ASX: APT); Carsales.com (ASX: CAR); The a2 Milk Company (ASX: A2M); Tyro Payments (ASX: TYR); oOh!Media (ASX: OML); Megaport (ASX: MP1); and Kogan.com (ASX: KGN). Detractors included Ardent Leisure Group (ASX: ALG); Aristocrat Leisure (ASX: ALL); Elanor Investors Group (ASX: ENN); Cedar Woods Properties (ASX: CWP); and Australian United Investment Company (ASX: AUI).

## Dividends

The Board declared a fully franked final dividend of 3.0 cents per share, bringing the fully franked full year dividend to 6.0 cents per share. Since inception, the Company has paid 71.7 cents per share in fully franked dividends to shareholders.

The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits, and it is within prudent business practices. As at 31 July 2020, the Company had 7.1 cents per share available in its profits reserve, before the payment of the fully franked final dividend of 3.0 cents per share. The Company's ability to generate franking credits is dependent on the receipt of franked dividends from investments and the payment of tax on profits. The dividend reinvestment plan is available to shareholders for both the interim and final dividend. The dividend reinvestment plan will operate without a discount for the final dividend.

## WAM Active dividends and return of capital since inception



### Company outlook

WAM Active enters the 2021 financial year with a conservative balance sheet, no debt and a flexible and proven investment process with the patience and expertise of an experienced investment team. The preservation of shareholder capital is a key focus of our investment process. The Company will continue to seek opportunities irrespective of market conditions and we remain well positioned to capitalise on these as they emerge.

### Keybridge Capital update

On 28 April 2020, WAM Active announced its bidder's statement in relation to the unconditional off-market takeover bid to acquire all of the fully paid ordinary shares in listed investment company Keybridge Capital Limited (ASX: KBC) at an all cash bid price of 6.9 cents per share (Offer). On 6 July 2020, WAM Active announced its replacement bidder's statement in relation to the Offer. The bidder's statement was dispatched, and the Offer opened, on 21 July 2020.

This unconditional Offer follows WAM Active's previous offer for KBC that the Takeovers Panel found to have closed on 3 March 2020 subject to defeating conditions. The unconditional all cash Offer of 6.9 cents per share provides KBC shareholders the opportunity to receive all cash for their KBC shares on the same terms as the previous offer. KBC shareholders who accept the unconditional all cash Offer will be paid within seven (7) days of accepting. The Offer is on the same terms, and at the same price, as WAM Active's 3 January 2020 bid was intended to be at the time the Takeovers Panel determined the Offer had closed subject to defeating conditions.

See the Proceedings on behalf of the Company section on page 21 of the Directors' Report regarding the Court proceedings commenced by KBC since the end of the period.

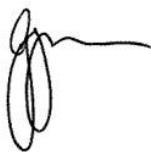
### Shareholder engagement and communication

Shareholders are the owners of WAM Active. Our responsibility is to manage the Company on their behalf and be available to report to them on a regular basis. We encourage all shareholders to meet with us and utilise our proactive approach to keeping them informed. We do this regularly in many ways, including:

- Updates from our Lead Portfolio Managers;
- Investment team insights at WAM Vault: [wilsonassetmanagement.com.au/vault](https://wilsonassetmanagement.com.au/vault);
- Roundtables with our shareholders and planners, advisers and their clients;
- NTA reports and investment updates;
- Shareholder Q&A calls;
- Presentations and lunches across Australia; and
- Annual and interim results announcements.

WAM Active shareholders are encouraged to use the subscription feature on the Wilson Asset Management website to receive notifications of announcements, investor updates and other important information. We aim to provide valuable and insightful information and welcome all feedback on how we can improve our communication and engagement. Please contact myself or our Head of Corporate Affairs, James McNamara, on (02) 9247 6755 or email us at [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au) with any questions or feedback.

Thank you for your continued support.



**Geoff Wilson AO**  
Chairman

## Investing with Wilson Asset Management

Wilson Asset Management has a strong track record of delivering risk-adjusted returns for shareholders and making a difference for investors and the community for more than 20 years. Established in 1997 by Geoff Wilson AO, Wilson Asset Management is responsible for investing more than \$3 billion in Australian and international companies on behalf of 85,000 retail investors across six LICs:

- WAM Capital (ASX: WAM) – the most compelling undervalued growth companies in the Australian market;
- WAM Leaders (ASX: WLE) – actively investing in the highest quality Australian companies;
- WAM Global (ASX: WGB) – the world’s most compelling undervalued growth companies;
- WAM Microcap (ASX: WMI) – the most exciting undervalued growth companies in the Australian micro-cap market;
- WAM Research (ASX: WAX) – the most compelling undervalued growth companies in the Australian market; and
- WAM Active (ASX: WAA) – market mispricing opportunities in the Australian market.

Wilson Asset Management created and is the lead supporter of the first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Wilson Asset Management advocates and acts for retail investors, is a member of the global philanthropic Pledge 1% movement and provides all team members with \$10,000 each year to donate to charities of their choice. This philanthropic investment is made by the Investment Manager.

WAM Active has an investment management agreement with Wilson Asset Management, providing shareholders with the following benefits:

**Risk-adjusted returns.** Wilson Asset Management is focused on delivering strong returns while taking the least risk possible to protect shareholders’ capital.

**Diversification.** LICs managed by Wilson Asset Management hold small positions in many companies, providing shareholders with access to highly diversified portfolios.

**Experience.** Wilson Asset Management’s investment team is comprised of 13 professionals with a total focus on protecting and growing shareholder capital and is informed by more than 170 years’ of combined equity market experience.

**Market access.** Wilson Asset Management’s investment team hold more than 2,500 company meetings each year, that coupled with their extensive network in the market, provides insight, intelligence and opportunities.

**Transparency.** Wilson Asset Management values shareholder engagement and its LICs adhere to strict corporate governance requirements.

**Shareholder advocacy.** Wilson Asset Management regularly and actively engages in public debate on behalf of self-managed superannuation funds and retail investors.

**A positive impact.** Wilson Asset Management is passionate about making a difference to the broader community.

## Objectives and investment process

### Investment objectives

The investment objectives of WAM Active are to:

- deliver investors a regular income stream in the form of fully franked dividends;
- provide investors with a positive return with low volatility, after fees, over most periods of time; and
- preserve capital in both the short term and long term.

### Investment process – focus on market mispricing opportunities within the Australian market

WAM Active provides investors with access to Wilson Asset Management’s market-driven process, focused on identifying market mispricing opportunities in the Australian equity market. The investment portfolio is actively traded, and as such, opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangements, corporate spin offs and restructures), arbitrage opportunities, LIC discount arbitrages, short selling and trading market themes and trends. We also participate in investment opportunities that provide the Company with a yield that is better than our return on cash.



## Directors' Report to shareholders for the year ended 30 June 2020

The Directors present their report together with the financial report of WAM Active for the financial year ended 30 June 2020.

### Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a regular income stream of fully franked dividends, provide a positive return with low volatility and preserve capital. No change in this activity took place during the year or is likely to in the future.

### Operating and financial review

Investment operations over the year resulted in an operating loss before tax of \$1,399,487 (2019: operating profit before tax of \$392,660) and an operating loss after tax of \$767,421 (2019: operating profit after tax of \$673,133). The after tax figure was boosted by a \$632,066 income tax benefit, primarily delivered through franking credits received on franked dividend income from investee companies and the tax benefit on the operating loss for the period. The operating loss for 2020 is reflective of the decline in the investment portfolio over the period. The investment portfolio declined 0.3% whilst holding on average 20.2% in cash, while the S&P/ASX All Ordinaries Accumulation Index fell 7.2% during a period of heightened volatility for equity markets.

The operating loss for the period includes unrealised gains or losses arising from changes in the fair value of the investments held in the portfolio during the period. This movement in the fair value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. Because of this treatment under the Accounting Standards, this can cause large variations in reported operating profits between periods.

The operating profit for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

Further information on the three key listed investment company performance measures and the operating and financial review of the Company is contained in the Chairman's Letter.

### Financial position

The net asset value of the Company as at 30 June 2020 was \$45,227,618 (2019: \$48,342,728). Further information on the financial position of the Company is contained in the Chairman's Letter.

### Significant changes in state of affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2020.

## Dividends paid or declared

Dividends paid or declared during the year are as follows:

	\$
Fully franked FY2019 final dividend of 2.95 cents per share paid on 18 October 2019	1,363,140
Fully franked FY2020 interim dividend of 3.0 cents per share paid on 28 April 2020	1,392,002

Since the end of the year, the Directors declared a fully franked final dividend of 3.0 cents per share to be paid on 30 October 2020.

## Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

- Geoff Wilson AO
- Emma Rugge-Price
- Karina Kwan
- Kate Thorley

## Information on Directors

### Geoff Wilson AO (Chairman – non-independent)

#### Experience and expertise

Geoff Wilson has over 40 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997. Geoff created Australia's first listed investment companies to deliver both investment and social returns, Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Geoff has been Chairman of the Company since July 2007.

#### Other current directorships

Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Investment Company Limited (appointed July 2014) and Future Generation Global Investment Company Limited (appointed May 2015) and a Director of Australian Leaders Fund Limited (appointed October 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Pty Limited (appointed September 2014), 8IP Emerging Companies Limited (appointed April 2018), Incubator Capital Limited (appointed February 2000), Hearts and Minds Investments Limited (appointed September 2018), Wealth Defender Equities Pty Limited (appointed October 2018), Wollongong 2022 Limited (appointed March 2019), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is the founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

### **Geoff Wilson AO (Chairman – non-independent) (cont'd)**

#### Former directorships in the last 3 years

Geoff Wilson resigned as a director of Clime Capital Limited in March 2018.

#### Special responsibilities

Chairman of the Board.

#### Interests in shares of the Company

Details of Geoff Wilson's interests in shares of the Company are included later in this report.

#### Interests in contracts

Details of Geoff Wilson's interests in contracts of the Company are included later in this report.

### **Emma Rugge-Price (Director – independent)**

#### Experience and expertise

Emma Rugge-Price has had a global career in technology marketing, having worked for both multi-national and start-up organisations in Hong Kong, London and Silicon Valley. Returning to Australia, she joined GE (and GE Capital), where she led local and global brand programs, marketing and communications for over 13 years. Emma has deep expertise in building brands and reputations through creative campaigns and strategic thought leadership. She is a Graduate member of the AICD (GAICD).

Emma Rugge-Price has been a Director of the Company since March 2018.

#### Other current directorships

Emma Rugge-Price is a Director of Great Walks of Australia (appointed February 2020).

#### Former directorships in the last 3 years

Emma Rugge-Price has not resigned as a Director from any listed companies within the last three years.

#### Special responsibilities

Member of the Audit and Risk Committee.

#### Interests in shares of the Company

Emma Rugge-Price has no interests in shares of the Company.

#### Interests in contracts

Emma Rugge-Price has no interests in contracts of the Company.

### **Karina Kwan (Director – independent)**

#### Experience and expertise

Karina Kwan is highly experienced in the financial services industry with exceptional experience in management, finance, risk management, corporate governance and strategy. Karina has led an accomplished executive career, most recently as General Manager of Group Support Services Finance at the Commonwealth Bank of Australia and prior to that as the Chief Financial Officer of Citigroup for Australia and New Zealand. Karina holds a Bachelor of Economics, is a CPA Australia Fellow and a member of the Australian Institute of Company Directors. Karina also serves on the Board of Advice for The University of Sydney Business School.

Karina Kwan has been a Director of the Company since July 2018.

### **Karina Kwan (Director – independent) (cont'd)**

#### Other current directorships

Karina Kwan is a Director of Kyckr Limited (appointed November 2018), Nulis Nominees (Australia) Limited (appointed December 2019) and Newcastle Permanent Building Society Limited (appointed March 2020).

#### Former directorships in the last 3 years

Karina Kwan has not resigned as a Director from any listed companies within the last three years.

#### Special responsibilities

Chair of the Audit and Risk Committee.

#### Interests in shares of the Company

Karina Kwan has no interests in shares of the Company.

#### Interests in contracts

Karina Kwan has no interests in contracts of the Company.

### **Kate Thorley (Director – non-independent)**

#### Experience and expertise

Kate Thorley has over 15 years' experience in the funds management industry and more than 21 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Capital Limited, WAM Leaders Limited, WAM Research Limited, WAM Microcap Limited, WAM Global Limited and Future Generation Investment Company Limited. Kate is the Joint Company Secretary of Future Generation Global Investment Company Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a Graduate member of the AICD (GAICD).

Kate Thorley has been a Director of the Company since July 2014.

#### Other current directorships

Kate Thorley is a Director of WAM Research Limited (appointed August 2014), Future Generation Investment Company Limited (appointed April 2015), WAM Leaders Limited (appointed March 2016), WAM Capital Limited (appointed August 2016), WAM Microcap Limited (appointed March 2017) and WAM Global Limited (appointed February 2018).

#### Former directorships in the last 3 years

Kate Thorley has not resigned as a Director from any listed companies within the last three years.

#### Special responsibilities

Member of the Audit and Risk Committee.

#### Interests in shares of the Company

Details of Kate Thorley's interests in shares of the Company are included later in this report.

#### Interests in contracts

Kate Thorley has no interests in contracts of the Company.

## Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

### Linda Kiriczenko

Linda Kiriczenko has over 16 years' experience in financial accounting including more than 12 years in the funds management industry. As the Finance Manager of Wilson Asset Management (International) Pty Limited, Linda oversees finance and accounting and is also Company Secretary for six listed investment companies, WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Microcap Limited, WAM Global Limited and WAM Leaders Limited. Linda holds a Bachelor of Commerce and is a fully qualified CPA. She is a certified member of the Governance Institute of Australia.

Linda was appointed Company Secretary of WAM Active Limited in February 2016.

## Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Active.

### a) Remuneration of Directors

All Directors of WAM Active are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$110,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2020:

Director	Position	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,132	868	10,000
Emma Ruge-Price	Director	27,397	2,603	30,000
Karina Kwan	Director	27,397	2,603	30,000
Kate Thorley	Director	9,132	868	10,000
		<b>73,058</b>	<b>6,942</b>	<b>80,000</b>

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individuals benefits for FY2020 and do not receive any retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

**Remuneration Report (Audited) (cont'd)****a) Remuneration of Directors (cont'd)**

Directors' remuneration received for the year ended 30 June 2019:

Director	Position	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,132	868	10,000
Emma Rugge-Price	Director	27,397	2,603	30,000
Karina Kwan	Director	27,397	2,603	30,000
Kate Thorley	Director	9,132	868	10,000
		<b>73,058</b>	<b>6,942</b>	<b>80,000</b>

The following table reflects the Company's performance and Directors' remuneration over five years:

	2020	2019	2018	2017	2016
Operating (loss)/profit after tax (\$)	(767,421)	673,133	3,415,830	2,065,860	3,139,348
Dividends (cents per share)	6.0	5.9	5.7	5.5	5.0
NTA after tax (cents per share)	96.86	104.46	108.32	105.02	103.94
Total Directors' remuneration (\$)	80,000	80,000	90,082	90,000	90,000
Shareholders' equity (\$)	45,227,618	48,342,728	45,101,455	40,818,742	36,555,727

As outlined above, Directors' fees are not directly linked to the Company's performance.

**b) Director related entities remuneration**

All transactions with related entities during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited (the Investment Manager or the Manager), part of the Wilson Asset Management Group. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Active. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager, and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$516,955 inclusive of GST (2019: \$524,966). As at 30 June 2020, the balance payable to the Manager was \$39,825 inclusive of GST (2019: \$44,265).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the increase in the gross value of the portfolio above the high-water mark.

## Remuneration Report (Audited) (cont'd)

### b) Director related entities remuneration (cont'd)

The high-water mark is the greater of:

- the highest gross value of the portfolio as at the last day of the last performance period for which a performance fee was last paid or payable; and
- the gross proceeds raised from the issue of shares pursuant to the original prospectus.

If the gross value of the portfolio falls below a previous high-water mark then no further performance fees can be accrued or paid until the loss has been fully recovered. As at 30 June 2020, there was no performance fee payable to the Manager (2019: \$134,109).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Active to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2020, the fee for accounting services amounted to \$46,200 inclusive of GST (2019: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2019: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

These amounts are in addition to the above Director's remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company of the Director or with a firm of which he/she is a member or with a Company in which he/she has substantial financial interest.

### c) Remuneration of executives

There are no executives that are paid by the Company. MAM Pty Limited, the Investment Manager of the Company, provides the day to day management of the Company and is remunerated as outlined above.

### d) Equity instruments disclosures of Directors and related parties

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2019	Acquisitions	Disposed	Balance at 30 June 2020	Balance at the date of this report
Geoff Wilson	1,113,892	126,411	-	1,240,303	1,240,303
Emma Rugge-Price	-	-	-	-	-
Karina Kwan	-	-	-	-	-
Kate Thorley	62,953	3,856	-	66,809	66,809
	<b>1,176,845</b>	<b>130,267</b>	-	<b>1,307,112</b>	<b>1,307,112</b>

Directors and director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

**- End of Remuneration Report -**

## Directors' meetings

Director	No. eligible to attend	Attended
Geoff Wilson	7	7
Emma Rugge-Price	7	7
Karina Kwan	7	6
Kate Thorley	7	7

## Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2020 Corporate Governance Statement.

Audit and Risk Committee member	No. eligible to attend	Attended
Karina Kwan	4	4
Emma Rugge-Price	4	4
Kate Thorley	4	4

## After balance date events

Since the end of the year, the Directors declared a fully franked final dividend of 3.0 cents per share to be paid on 30 October 2020.

Please refer to an update in relation to Keybridge Capital Limited (KBC) and the Company's unconditional offer to acquire all of the ordinary fully paid shares in KBC on page 9 of the Chairman's Letter.

No other matters or circumstances have arisen since the end of the financial year, other than already disclosed, which significantly affects or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## Future developments

The Company will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

## Environmental Regulation

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

### Indemnification and insurance of officers or Auditors

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

### Proceedings on behalf of the Company

On 2 June 2020, KBC announced that it had instituted proceedings in the Supreme Court of NSW against the Company. The proceedings in the Supreme Court of NSW relate to 16,057,929 ordinary shares in KBC that were accepted into WAM Active's bid dated 3 January 2020, and whose acceptance was processed by WAM Active (i.e. paid for by and transferred to WAM Active) prior to the Takeovers Panel finding that WAM Active's bid had closed on 3 March 2020 subject to defeating conditions (Processed Shares). WAM Active has been named as a defendant in these proceedings.

WAM Active is opposing the orders sought by KBC in these proceedings. By interlocutory process filed in the proceedings commenced by KBC on 16 July 2020, WAM Active is seeking its own orders and declarations to the effect that WAM Active's bid dated 3 January 2020:

- did not close subject to defeating conditions;
- that the processing of acceptances of the Processed Shares did not breach section 650G of the Corporations Act; and
- that the transfer of the Processed Shares was valid and effective such that the Processed Shares were validly registered in WAM Active's name.

WAM Active intends to seek cost orders against KBC in relation to the proceedings.

The Company was not a party to any other proceedings during or since the end of the period.

### Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation and other services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

### Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

### Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2020 is provided on the Company's website at [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au).

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 23 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors.



**Geoff Wilson AO**  
**Chairman**

Dated in Sydney this 27<sup>th</sup> day of August 2020

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**Auditor's Independence Declaration  
To the Directors of WAM Active Limited  
ABN 49 126 420 719**

In relation to the independent audit of WAM Active Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



**S M Whiddett**  
Partner

**Pitcher Partners**  
Sydney

27 August 2020

## Statement of comprehensive income for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Net realised and unrealised losses on financial investments		(939,214)	(213,307)
Other revenue from operating activities	2	1,029,546	1,811,054
Management fees		(481,708)	(489,173)
Performance fees		-	(124,965)
Directors fees		(80,000)	(80,000)
Brokerage expense on share purchases		(230,968)	(213,402)
Expenses paid on borrowed stock		(9,900)	(6,387)
Custody fees		(4,137)	(4,399)
ASX listing and chess fees		(52,243)	(52,778)
Share registry fees		(35,068)	(33,042)
ASIC industry funding levy		(5,888)	(10,363)
Legal and professional fees		(395,306)	(7,160)
Other expenses from ordinary activities		(194,601)	(183,418)
<b>(Loss)/profit before income tax</b>		<b>(1,399,487)</b>	<b>392,660</b>
Income tax benefit	3(a)	632,066	280,473
<b>(Loss)/profit after income tax attributable to members of the Company</b>		<b>(767,421)</b>	<b>673,133</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(767,421)</b>	<b>673,133</b>
<b>Basic and diluted (loss)/earnings per share</b>	15	<b>(1.65 cents)</b>	<b>1.49 cents</b>

The accompanying notes form part of these financial statements.

## Statement of financial position as at 30 June 2020

	Note	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	13	7,495,336	12,145,370
Trade and other receivables	6	1,042,349	1,879,613
Financial assets	7	36,650,348	36,350,037
Current tax assets	3(c)	727,711	-
<b>Total current assets</b>		<b>45,915,744</b>	<b>50,375,020</b>
<b>Non-current assets</b>			
Deferred tax assets	3(b)	1,952,684	573,086
<b>Total non-current assets</b>		<b>1,952,684</b>	<b>573,086</b>
<b>Total assets</b>		<b>47,868,428</b>	<b>50,948,106</b>
<b>Current liabilities</b>			
Financial liabilities	8	66,533	741,903
Trade and other payables	9	1,816,513	1,622,751
Current tax liabilities	3(c)	-	230,492
<b>Total current liabilities</b>		<b>1,883,046</b>	<b>2,595,146</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	3(d)	757,764	10,232
<b>Total non-current liabilities</b>		<b>757,764</b>	<b>10,232</b>
<b>Total liabilities</b>		<b>2,640,810</b>	<b>2,605,378</b>
<b>Net assets</b>		<b>45,227,618</b>	<b>48,342,728</b>
<b>Equity</b>			
Issued capital	10	48,188,359	47,780,906
Profits reserve	11	2,744,070	2,181,123
Accumulated losses	12	(5,704,811)	(1,619,301)
<b>Total equity</b>		<b>45,227,618</b>	<b>48,342,728</b>

The accompanying notes form part of these financial statements.

## Statement of changes in equity for the year ended 30 June 2020

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
<b>Balance at 1 July 2018</b>		<b>42,553,037</b>	<b>(1,317,759)</b>	<b>3,866,177</b>	<b>45,101,455</b>
Profit for the year		-	673,133	-	673,133
Transfer to profits reserve		-	(974,675)	974,675	-
Other comprehensive income for the year		-	-	-	-
<b>Transactions with owners:</b>					
Shares issued via dividend reinvestment plan	10(b)	478,508	-	-	478,508
Shares issued via exercise of options	10(b)	4,749,361	-	-	4,749,361
Dividends paid	4(a)	-	-	(2,659,729)	(2,659,729)
<b>Balance at 30 June 2019</b>		<b>47,780,906</b>	<b>(1,619,301)</b>	<b>2,181,123</b>	<b>48,342,728</b>
Loss for the year		-	(767,421)	-	(767,421)
Transfer to profits reserve		-	(3,318,089)	3,318,089	-
Other comprehensive income for the year		-	-	-	-
<b>Transactions with owners:</b>					
Shares issued via dividend reinvestment plan	10(b)	407,453	-	-	407,453
Dividends paid	4(a)	-	-	(2,755,142)	(2,755,142)
<b>Balance at 30 June 2020</b>		<b>48,188,359</b>	<b>(5,704,811)</b>	<b>2,744,070</b>	<b>45,227,618</b>

The accompanying notes form part of these financial statements.

## Statement of cash flows for the year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		186,438,519	158,783,396
Payments for purchase of investments		(187,220,801)	(162,358,969)
Dividends received		720,913	1,251,965
Interest received		94,941	253,690
Other investment income received		249,753	351,952
Management fee (GST inclusive)		(521,395)	(523,875)
Performance fee (GST inclusive)		(134,109)	(1,255,324)
Brokerage expense on share purchases (GST inclusive)		(247,381)	(228,719)
Payments for administration expenses (GST inclusive)		(788,502)	(381,174)
Income tax paid		(958,203)	(732,729)
GST on brokerage expense on share sales		(16,209)	(14,336)
Net GST received from the ATO		80,129	156,877
<b>Net cash used in operating activities</b>	<b>14</b>	<b>(2,302,345)</b>	<b>(4,697,246)</b>
<b>Cash flows from financing activities</b>			
Dividends paid – net of reinvestment		(2,347,689)	(2,181,221)
Shares issued via exercise of options		-	4,749,361
<b>Net cash (used in)/provided by financing activities</b>		<b>(2,347,689)</b>	<b>2,568,140</b>
<b>Net decrease in cash and cash equivalents held</b>		<b>(4,650,034)</b>	<b>(2,129,106)</b>
Cash and cash equivalents at beginning of financial year		12,145,370	14,274,476
<b>Cash and cash equivalents at end of financial year</b>	<b>13</b>	<b>7,495,336</b>	<b>12,145,370</b>
<b>Non-cash transactions:</b>			
Shares issued via dividend reinvestment plan		407,453	478,508

The accompanying notes form part of these financial statements.

# Notes to the financial statements for the year ended 30 June 2020

## 1. Significant accounting policies

### Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

WAM Active is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 27 August 2020 by the Board of Directors.

WAM Active is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs except for financial assets and certain other financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

### a) Financial instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of comprehensive income immediately.

## 1. Significant accounting policies (cont'd)

### a) Financial instruments (cont'd)

#### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all listed or unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

The Company classifies its financial instruments into the following categories:

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

#### (ii) Financial liabilities at fair value through profit or loss

Financial liabilities such as borrowed stock is classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party, whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of comprehensive income.

### b) Income tax

The charge of current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

## 1. Significant accounting policies (cont'd)

### b) Income tax (cont'd)

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within six months or less.

### d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

### e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment. Refer to Note 1(g) for further detail.

### f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at their amortised cost.

### g) Impairment of assets

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition (this has replaced the incurred loss model). All the trade receivables of the Company share the same credit risk characteristics. Indicators that there is no reasonable expectation of recovery include, amongst others, the Standard & Poor's credit risk rating of a debtor, and a failure to make contractual payments for a period of greater than 30 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the Statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 30 June 2020 there are no expected credit losses recognised (2019: nil).

## 1. Significant accounting policies (cont'd)

### h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis (inclusive of GST), except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### j) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

In accordance with AASB 112 Income Taxes, deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be used. The assumptions about future taxable profits require the use of judgment. Future taxable profits are determined based on the historical performance of the Company and the ability of the Company to generate positive performance even when market conditions are uncertain. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2020. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation.

### k) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

### l) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### m) Dividends

Dividends are recognised when declared during the financial year.

### n) New standards and interpretations not yet adopted

There are no new standards or interpretations applicable that would have a material impact for the Company.

## 2. Other revenue

	2020 \$	2019 \$
Australian sourced dividends	683,904	1,297,437
Trust distributions	241,638	260,780
Interest	85,382	249,182
Foreign sourced dividends	11,078	-
Underwriting fees	7,544	3,655
	<b>1,029,546</b>	<b>1,811,054</b>

## 3. Taxation

### a) Income tax benefit

The prima facie tax on (loss)/profit before income tax is reconciled to the income tax benefit as follows:

	2020 \$	2019 \$
Prima facie tax on (loss)/profit before income tax at 30% (2019: 30%)	(419,846)	117,798
Imputation credit gross up	92,436	166,786
Imputation credit offset	(308,120)	(555,955)
Foreign income tax gross up	516	-
Foreign income tax offset	(1,720)	-
Other non-assessable items*	4,668	(9,102)
	<b>(632,066)</b>	<b>(280,473)</b>
Effective tax rate	(45.2%)	(71.4%)

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year, in addition to the tax benefit on the Company's loss for the period at the corporate tax rate of 30%. The decrease in the effective tax rate from the comparative year is reflective of the lower proportion of franked dividend income received in comparison to the operating result for the period.

\*Other non-assessable items primarily relate to timing differences on dividends received.

	2020 \$	2019 \$
<b>Total income tax benefit results in a:</b>		
Current tax liability	(1,939,410)	236,086
Deferred tax liability	747,532	10,232
Deferred tax asset	559,812	(526,791)
	<b>(632,066)</b>	<b>(280,473)</b>

### 3. Taxation (cont'd)

#### b) Deferred tax assets

	2020 \$	2019 \$
Provisions	9,075	10,313
Capitalised share issue costs	4,199	8,398
Tax losses	1,939,410	-
Fair value adjustments	-	554,375
	<b>1,952,684</b>	<b>573,086</b>
<b>Movement in deferred tax assets</b>		
Balance at the beginning of the year	573,086	46,295
(Charged)/credited to the statement of comprehensive income	(559,812)	526,791
Tax losses transferred from current tax liabilities	1,939,410	-
At reporting date	<b>1,952,684</b>	<b>573,086</b>

The Directors consider it probable that future taxable profits will be available against which the \$1,939,410 of income tax losses can be recovered and therefore, the deferred tax asset recognised will be able to be utilised against future income tax payable.

#### c) Current tax (assets)/liabilities

	2020 \$	2019 \$
Balance at the beginning of the year	230,492	724,654
Current year income tax on operating (loss)/profit	(1,939,410)	236,086
Transfer tax losses to deferred tax asset	1,939,410	-
Net income tax paid	(958,203)	(732,729)
Under provision in prior year	-	2,481
At reporting date	<b>(727,711)</b>	<b>230,492</b>

#### d) Deferred tax liabilities

	2020 \$	2019 \$
Fair value adjustments	756,335	5,693
Income provisions	1,429	4,539
	<b>757,764</b>	<b>10,232</b>

### 3. Taxation (cont'd)

#### d) Deferred tax liabilities (cont'd)

	2020 \$	2019 \$
<b>Movement in deferred tax liabilities</b>		
Balance at the beginning of the year	10,232	-
Charged to the statement of comprehensive income	747,532	10,232
At reporting date	<b>757,764</b>	<b>10,232</b>

### 4. Dividends

#### a) Ordinary dividends paid during the year

	2020 \$	2019 \$
Final dividend FY2019: 2.95 cents per share fully franked at 30% tax rate, paid 18 October 2019 (Final dividend FY2018: 2.85 cents per share fully franked)	1,363,140	1,303,630
Interim dividend FY2020: 3.0 cents per share fully franked at 30% tax rate, paid 28 April 2020 (Interim dividend FY2019: 2.95 cents per share fully franked)	1,392,002	1,356,099
	<b>2,755,142</b>	<b>2,659,729</b>

#### b) Dividends not recognised at year end

	2020 \$	2019 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 3.0 cents per share fully franked final dividend (2019: 2.95 cents per share fully franked) which has not been recognised as a liability at the end of the financial year:	<b>1,398,609</b>	<b>1,363,140</b>

#### c) Dividend franking account

	2020 \$	2019 \$
Balance of franking account at year end	526,122	440,573
Adjusted for franking credits arising from: - Estimated income tax (refundable)/payable	(727,711)	230,492
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(599,404)	(584,202)
	<b>(800,993)</b>	<b>86,863</b>

The Company's ability to continue to pay franked dividends is dependent on generating additional profits reserves and franking credits. The ability to generate franking credits is reliant on the receipt of franked dividends from investments and the payment of tax on profits.

#### 4. Dividends (cont'd)

##### c) Dividend franking account (cont'd)

The balance of the franking account does not include tax on unrealised investment gains at the end of the reporting period. As at 30 June 2020, the deferred tax in relation to fair value movements on the investment portfolio is in a credit balance of \$756,335 and this amount has been presented as a deferred tax liability (2019: debit balance of \$554,375 presented as a deferred tax asset).

#### 5. Auditor's remuneration

	2020 \$	2019 \$
<b>Remuneration of the auditor of the Company for:</b>		
Auditing or reviewing the financial report	45,377	44,227
<b>Other services provided by a related practice of the auditor:</b>		
Taxation services	8,250	8,250
	<b>53,627</b>	<b>52,477</b>

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditor. The Audit and Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

#### 6. Trade and other receivables

	2020 \$	2019 \$
Outstanding settlements	996,554	1,791,101
Investment income receivable	27,195	63,256
GST receivable	18,600	25,256
	<b>1,042,349</b>	<b>1,879,613</b>

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require the settlement within two days from the date of a transaction. Investment income receivable relates to interest, dividend and trust distributions receivable at the end of the reporting period.

#### 7. Financial assets

	2020 \$	2019 \$
Listed investments at fair value	36,497,018	36,226,263
Unlisted investments at fair value	153,330	123,774
	<b>36,650,348</b>	<b>36,350,037</b>

The fair values of individual investments held at the end of the reporting period are disclosed on page 55 of the Annual Report.

## 8. Financial liabilities

	2020 \$	2019 \$
Borrowed stock	<b>66,533</b>	<b>741,903</b>

Borrowed stock is carried at fair value. The Company provides cash collateral backing of 105% of the fair value of the borrowed stock to the stock lender. The level of borrowed stock plus other borrowings cannot exceed 50% of the gross value of the Portfolio of the Company as outlined in the Management Agreement.

## 9. Trade and other payables

	2020 \$	2019 \$
Outstanding settlements	1,657,120	1,319,054
Sundry payables	119,568	125,323
Management fee payable	39,825	44,265
Performance fee payable	-	134,109
	<b>1,816,513</b>	<b>1,622,751</b>

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

## 10. Issued capital

### a) Paid-up capital

	2020 \$	2019 \$
46,620,288 ordinary shares fully paid (2019: 46,208,095)	<b>48,188,359</b>	<b>47,780,906</b>

### b) Ordinary shares

	2020 \$	2019 \$
Balance at the beginning of the year	47,780,906	42,553,037
191,971 ordinary shares issued on 18 October 2019 under a dividend reinvestment plan	208,100	-
220,222 ordinary shares issued on 28 April 2020 under a dividend reinvestment plan	199,353	-
228,036 ordinary shares issued on 26 October 2018 under a dividend reinvestment plan	-	244,442
238,662 ordinary shares issued on 26 April 2019 under a dividend reinvestment plan	-	234,066
4,166,107 ordinary shares issued from the exercise of options at \$1.14	-	4,749,361
At reporting date	<b>48,188,359</b>	<b>47,780,906</b>

## 10. Issued capital (cont'd)

### b) Ordinary shares (cont'd)

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings; otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

### c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, management is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, option issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

## 11. Profits reserve

	2020 \$	2019 \$
Profits reserve	<b>2,744,070</b>	<b>2,181,123</b>

The profits reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments.

	2020 \$	2019 \$
<b>Movement in profits reserve</b>		
Balance at the beginning of the year	2,181,123	3,866,177
Transfer of profits during the year	3,318,089	974,675
Final dividend paid (refer to note 4(a))	(1,363,140)	(1,303,630)
Interim dividend paid (refer to note 4(a))	(1,392,002)	(1,356,099)
At reporting date	<b>2,744,070</b>	<b>2,181,123</b>

## 12. Accumulated losses

	2020 \$	2019 \$
Balance at the beginning of the year	(1,619,301)	(1,317,759)
Transfer to profits reserve	(3,318,089)	(974,675)
(Loss)/profit for the year attributable to members of the Company	(767,421)	673,133
At reporting date	<b>(5,704,811)</b>	<b>(1,619,301)</b>

## 13. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2020 \$	2019 \$
Cash at bank	7,420,877	8,618,362
Cash collateral for borrowed stock	74,459	779,692
Term deposits	-	2,747,316
	<b>7,495,336</b>	<b>12,145,370</b>

The weighted average interest rate for cash as at 30 June 2020 is 0.41% (2019: cash and term deposits 1.23%). There were no term deposits held at 30 June 2020. Term deposits held in the prior year had an average maturity of 83 days from the end of the period, and were invested with major Australian banks and their 100% owned banking subsidiaries that had Standard & Poor's A-1+ rating.

## 14. Cash flow information

	2020 \$	2019 \$
<b>Reconciliation of operating (loss)/profit after income tax:</b>		
(Loss)/profit after income tax	(767,421)	673,133
Fair value (losses)/gains and movements in financial assets	156,932	(3,362,266)
<b>Changes in assets and liabilities:</b>		
Decrease in receivables	42,717	123,943
Increase in current tax assets	(727,711)	-
Increase in deferred tax assets	(1,379,598)	(526,791)
Decrease in payables	(144,304)	(1,118,853)
Decrease in current tax liabilities	(230,492)	(496,644)
Increase in deferred tax liabilities	747,532	10,232
Net cash used in operating activities	<b>(2,302,345)</b>	<b>(4,697,246)</b>

## 15. Earnings per share

	2020 Cents per share	2019 Cents per share
Basic and diluted (loss)/earnings per share	(1.65)	1.49

	2020 \$	2019 \$
(Loss)/profit after income tax used in the calculation of basic and diluted (loss)/earnings per share	(767,421)	673,133

	2020 No.	2019 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted (loss)/earnings per share	46,388,834	45,120,777

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

## 16. Financial risk management

The Company's financial instruments consist of listed and unlisted investments, trade receivables, trade payables and borrowed stock. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk, consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks during the year. The Company does not have any material exposure to economic, environmental and social sustainability risks, other than disclosed in this note.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis, the investment team meet twice weekly basis to monitor and manage the below risks as appropriate.

### a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging with them.

The maximum exposure to credit risk on financial assets, excluding investments, of the Company which have been recognised on the Statement of financial position, is the carrying amount net of any expected credit losses of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk on an ongoing basis.

## 16. Financial risk management (cont'd)

### a) Credit risk (cont'd)

Credit risk is not considered to be a major risk to the Company as the majority of cash and term deposits held by the Company or in its portfolios are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short-term rating of A-1+ and long-term rating of AA-. The majority of all maturities for cash and term deposits held by the Company are within three months.

None of the assets exposed to credit risk are overdue or considered to be impaired.

### b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed respectively by the Manager and the Board.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received and the exercise of options or other capital management initiatives that may be implemented by the Board from time to time.

The Manager monitors the Company's cash flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Furthermore, the assets of the Company are largely in the form of tradeable securities which, where liquidity is available, can be sold on market when, and if required.

The following table reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2020	>1 month \$	<1 month \$	Total \$
<b>Liabilities</b>			
Financial liabilities	-	66,533	66,533
Trade and other payables	-	1,816,513	1,816,513
<b>Total</b>	-	<b>1,883,046</b>	<b>1,883,046</b>

## 16. Financial risk management (cont'd)

### b) Liquidity risk (cont'd)

30 June 2019	>1 month \$	<1 month \$	Total \$
<b>Liabilities</b>			
Financial liabilities	-	741,903	741,903
Trade and other payables	-	1,622,751	1,622,751
<b>Total</b>	-	<b>2,364,654</b>	<b>2,364,654</b>

### c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests in securities which are not risk free, as the market price of these securities can fluctuate.

#### (i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as it did not hold any term deposits at the end of period. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

30 June 2020	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Cash and cash equivalents	0.41%	7,495,336	-	7,495,336
Trade and other receivables		-	1,042,349	1,042,349
Financial assets		-	36,650,348	36,650,348
<b>Total</b>		<b>7,495,336</b>	<b>37,692,697</b>	<b>45,188,033</b>
<b>Liabilities</b>				
Financial liabilities		-	66,533	66,533
Trade and other payables		-	1,816,513	1,816,513
<b>Total</b>		-	<b>1,883,046</b>	<b>1,883,046</b>

## 16. Financial risk management (cont'd)

### c) Market risk (cont'd)

#### (i) Interest rate risk (cont'd)

30 June 2019	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Cash and cash equivalents	1.23%	12,145,370	-	12,145,370
Trade and other receivables		-	1,879,613	1,879,613
Financial assets		-	36,350,037	36,350,037
<b>Total</b>		<b>12,145,370</b>	<b>38,229,650</b>	<b>50,375,020</b>
<b>Liabilities</b>				
Financial liabilities		-	741,903	741,903
Trade and other payables		-	1,622,751	1,622,751
<b>Total</b>		<b>-</b>	<b>2,364,654</b>	<b>2,364,654</b>

#### (ii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect net investment income. Due to the short-term nature of receivables and payables, the carrying amounts of these financial assets and financial liabilities approximate their fair values.

The Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The risks and relative weightings of the individual securities and market sectors are reviewed daily in order to manage risk. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

## 16. Financial risk management (cont'd)

### c) Market risk (cont'd)

#### (ii) Other price risk (cont'd)

The Company's industry sector weighting of gross assets as at 30 June 2020 is as below:

Industry sector	2020 %	2019 %
Financials	27.0	22.7
Consumer discretionary	14.8	14.4
Information technology	11.7	11.1
Health care	8.7	6.4
Consumer staples	7.0	1.4
Industrials	4.5	9.3
Materials	4.4	4.3
Real estate	3.9	3.0
Communication services	1.9	0.4
Energy	0.5	2.2
<b>Total</b>	<b>84.4</b>	<b>75.2</b>

Securities representing over 5 per cent of the gross assets of the Company as at 30 June 2020 are set out below:

Company name	2020 %
Australian United Investment Company Limited	6.5

There were no securities representing over 5 per cent of the gross assets of the Company as at 30 June 2019.

#### Sensitivity analysis

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to market risk. This analysis demonstrates the effect on current year net assets after tax as a result of a reasonably possible change in the risk variable. The sensitivity assumes all other variables to remain constant.

Investments represent 84.4% (2019: 75.2%) of gross assets at year end. A 5% movement in the fair value of each of the investments within the portfolio would result in a 2.8% (2019: 2.6%) movement in the net assets after tax. This would result in the 30 June 2020 net asset backing after tax moving by 2.8 cents per share (2019: 2.7 cents per share).

## 16. Financial risk management (cont'd)

### d) Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

**Level 1:** Quoted prices in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

**Level 3:** Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

Included within Level 2 of the hierarchy are unlisted investments which have been valued using valuation techniques such as comparisons to similar investments for which market observable prices are available, the net asset backing per share or the last sale price to determine fair value.

During the reporting period, one investment was transferred from Level 1 to Level 2 as a result of the investment becoming delisted during the year (2019: two investments were de-listed from the ASX and subsequently transferred to Level 2).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2020				
Financial assets	36,497,018	153,330	-	36,650,348
Financial liabilities	(66,533)	-	-	(66,533)
<b>Total</b>	<b>36,430,485</b>	<b>153,330</b>	<b>-</b>	<b>36,583,815</b>
30 June 2019				
Financial assets	36,226,263	123,774	-	36,350,037
Financial liabilities	(733,407)	(8,496)	-	(741,903)
<b>Total</b>	<b>35,492,856</b>	<b>115,278</b>	<b>-</b>	<b>35,608,134</b>

## 17. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 5,188 (2019: 4,970). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$456,885 (2019: \$412,548).

## 18. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable operating segments.

## 19. Capital commitments

On 28 April 2020, WAM Active announced its bidder's statement in relation to the unconditional off-market takeover bid to acquire all of the fully paid ordinary shares in listed investment company Keybridge Capital Limited (ASX: KBC) at an all cash bid price of 6.9 cents per share (Offer). On 6 July 2020, WAM Active announced its replacement bidder's statement in relation to the Offer. The bidder's statement was dispatched, and the Offer opened, on 21 July 2020.

At the Offer price, the maximum total consideration for all KBC shares on issue at the date of the replacement bidders statement (other than the KBC shares WAM Active and its associates have a relevant interest and that are not the subject of reversal rights ordered by the Takeovers Panel), would be approximately \$10.5 million.

In respect of former KBC shareholders that exercise their reversal right and accept into this Offer, the consideration already paid by WAM Active for their KBC shares will be deemed to satisfy WAM Active's payment obligations under this Offer. This reduces the maximum possible cash required by WAM Active to fully fund the Offer to approximately \$9.4 million.

The Offer also extended to KBC Shares issued on conversion of Convertible Redeemable Promissory Notes (CRPNs) before the end of the Offer period. On 4 August 2020, KBC advised that 513,800 CRPNs were converted into 7,457,165 KBC shares. The total amount WAM Active would be required to pay for these newly issued KBC Shares would be approximately \$0.5 million, increasing the total maximum cash required by WAM Active to fully fund the Offer to approximately \$9.9 million.

Since the end of the period, WAM Active has so far, processed and paid for acceptances totalling 41,971,724 shares, reducing the total maximum cash required by WAM Active to fully fund the Offer (excluding the amounts already funded) to approximately \$7.0 million.

There are no further capital commitments for the Company as at 30 June 2020 (2019: nil).

## 20. Contingent liabilities

There are no contingent liabilities for the Company as at 30 June 2020 (2019: nil).

As detailed on page 21, on June 2020, Keybridge Capital Limited (KBC) announced that it had instituted proceedings in the Supreme Court of NSW against the Company. The proceedings in the Supreme Court of NSW relate to 16,057,929 ordinary shares in KBC that were accepted into WAM Active's bid dated 3 January 2020, and whose acceptance was processed by WAM Active (i.e. paid for by and transferred to WAM Active) prior to the Takeovers Panel finding that WAM Active's bid had closed on 3 March 2020 subject to defeating conditions (Processed Shares). WAM Active has been named as a defendant in these proceedings.

## 20. Contingent liabilities (cont'd)

WAM Active is opposing the orders sought by KBC in these proceedings. By interlocutory process filed in the proceedings commenced by KBC on 16 July 2020, WAM Active is seeking its own orders and declarations to the effect that WAM Active's bid dated 3 January 2020:

- did not close subject to defeating conditions;
- that the processing of acceptances of the Processed Shares did not breach section 650G of the Corporations Act; and
- that the transfer of the Processed Shares was valid and effective such that the Processed Shares were validly registered in WAM Active's name.

WAM Active intends to seek cost orders against KBC in relation to the proceedings.

## 21. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Geoff Wilson AO                      Chairman
- Emma Rugge-Price                      Director
- Karina Kwan                              Director
- Kate Thorley                              Director

### a) Remuneration

There are no executives that are paid by the Company. Individual Directors' remuneration disclosures are provided in the Remuneration Report of the Directors' Report on page 17, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2020	73,058	6,942	<b>80,000</b>
Total Directors remuneration paid by the Company for the year ended 30 June 2019	73,058	6,942	<b>80,000</b>

## 21. Key management personnel compensation (cont'd)

### b) Share and option holdings

At 30 June 2020, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2019	Acquisitions	Disposed	Balance at 30 June 2020
Geoff Wilson	1,113,892	126,411	-	1,240,303
Emma Ruge-Price	-	-	-	-
Karina Kwan	-	-	-	-
Kate Thorley	62,953	3,856	-	66,809
	<b>1,176,845</b>	<b>130,267</b>	-	<b>1,307,112</b>

At 30 June 2019, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2018	Acquisitions	Disposed	Balance at 30 June 2019
Geoff Wilson	1,113,892	-	-	1,113,892
Emma Ruge-Price	-	-	-	-
Karina Kwan	-	-	-	-
Kate Thorley	52,913	10,040	-	62,953
	<b>1,166,805</b>	<b>10,040</b>	-	<b>1,176,845</b>

Options held Directors (expired 17 September 2018)	Balance at 30 June 2018	Acquisitions	Options lapsed/ exercised/disposed	Balance at 30 June 2019
Geoff Wilson	1,113,892	-	1,113,892	-
Emma Ruge-Price	-	-	-	-
Karina Kwan	-	-	-	-
Kate Thorley	37,634	-	37,634	-
	<b>1,151,526</b>	-	<b>1,151,526</b>	-

## 22. Related party transactions

All transactions with related parties during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Active, part of the Wilson Asset Management Group. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager, and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$516,955 inclusive of GST (2019: \$524,966). At 30 June 2020, the balance payable to the Manager was \$39,825 inclusive of GST (2019: \$44,265).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the increase in the gross value of the portfolio above the high-water mark.

## 22. Related party transactions (cont'd)

The high-water mark is the greater of:

- the highest gross value of the portfolio as at the last day of the last performance period for which a performance fee was last paid or payable; and
- the gross proceeds raised from the issue of shares pursuant to the original prospectus.

If the gross value of the portfolio falls below a previous high-water mark then no further performance fees can be accrued or paid until the loss has been fully recovered. At 30 June 2020, there was no performance fee payable to the Manager (2019: \$134,109).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Active to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2020, the fee for accounting services amounted to \$46,200 inclusive of GST (2019: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2019: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company of the Director or with a firm of which he/she is a member or with a Company in which he/she has substantial financial interest.

## 23. Events subsequent to reporting date

Since the end of the year, the Directors declared a fully franked final dividend of 3.0 cents per share to be paid on 30 October 2020.

Please refer to an update in relation to Keybridge Capital Limited (KBC) and the Company's unconditional offer to acquire all of the ordinary fully paid shares in KBC on page 9 of the Chairman's Letter.

No other matters or circumstances have arisen since the end of the financial year, other than already disclosed, which significantly affects or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## Directors' Declaration

The Directors of WAM Active Limited declare that:

- 1) The financial report as set out in pages 24 to 48 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 17 to 19, are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the financial position of the Company as at 30 June 2020 and of its performance, as represented by the results of the operations and the cashflows, for the year ended on that date; and
- 2) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Manager, MAM Pty Limited declaring that:
  - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
  - b) the Company's financial statements and notes for the financial year comply with the Accounting Standards; and
  - c) the Company's financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



**Geoff Wilson AO**  
**Chairman**

Dated in Sydney this 27<sup>th</sup> day of August 2020

**Independent Auditor's Report  
To the Members of WAM Active Limited  
ABN 49 126 420 719**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of WAM Active Limited ("the Company"), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of WAM Active Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<p><b><i>Existence and Valuation of Financial Assets and Completeness of Financial Liabilities</i></b>  <b><i>Refer to Note 7: Financial Assets and Note 8: Financial Liabilities</i></b></p>	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets and the completeness of the Company's financial liabilities as they represent the most significant driver of the Company's Net Tangible Assets and Profit.</p> <p>The majority of the Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as either "Level 1" (i.e. where the valuation is based on quoted prices in active markets) or "Level 2" (i.e. where key inputs to valuation are based on other observable inputs).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and evaluating the investment management processes and controls;</li> <li>▪ Reviewing and evaluating the independent audit reports on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians;</li> <li>▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the audit reports relate to and where necessary obtaining bridging letters;</li> <li>▪ Obtaining confirmations of the investment holdings directly from the Custodians;</li> <li>▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent pricing sources;</li> <li>▪ Evaluating the accounting treatment of revaluations of financial assets and financial liabilities for current/deferred tax and unrealised gains or losses; and</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><b>Accuracy and Existence of Management and Performance Fees</b>  <b>Refer to Note 9: Trade and other payables and Note 22: Related party transactions</b></p>	
<p>We focused our audit effort on the accuracy and existence of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments and key inputs. Adjustments include company dividends, tax payments, capital raisings, capital reductions and other relevant expenses. Key inputs include the value of the portfolio and application of the correct fee percentage in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and evaluating the processes and controls for calculating the management and performance fees;</li> <li>▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes;</li> <li>▪ Testing of adjustments such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees;</li> <li>▪ Testing of key inputs including the value of the portfolio and application of the correct fee percentage in accordance with our understanding of the Investment Management Agreement; and</li> <li>▪ Assessing the adequacy of disclosures made in the financial statements.</li> </ul>

*Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 17 to 19 of the Directors' Report for the year ended 30 June 2020. In our opinion, the Remuneration Report of WAM Active Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**S M Whiddett**  
Partner



**Pitcher Partners**  
Sydney

27 August 2020

## Investments at fair value as at 30 June 2020

Company Name	Code	Fair Value \$	% of Gross Assets
<b>Financials</b>			
Australian United Investment Company Limited	AUI	2,837,384	6.5%
Pengana International Equities Limited	PIA	1,872,495	4.3%
Templeton Global Growth Fund Limited	TGG	1,725,531	4.0%
Keybridge Capital Limited	KBC	1,300,270	3.0%
Steadfast Group Limited	SDF	1,041,234	2.4%
Contango Income Generator Limited	CIE	618,517	1.4%
Westoz Investment Company Limited	WIC	593,774	1.4%
Concentrated Leaders Fund Limited	CLF	546,040	1.3%
NAOS Small Cap Opportunities Company Limited	NSC	312,541	0.7%
Ellerston Global Investments Limited	EGI	246,463	0.6%
Janus Henderson Group PLC	JHG	208,608	0.5%
Keybridge Capital Limited CPRN <sup>1</sup>	n/a	108,996	0.2%
Spheria Emerging Companies Limited	SEC	83,819	0.2%
HHY Fund	HHY	77,032	0.2%
Ozgrowth Limited	OZG	63,697	0.1%
Ironbark Capital Limited	IBC	42,128	0.1%
Ask Funding Limited <sup>1</sup>	n/a	36,099	0.1%
8IP Emerging Companies Limited	8EC	8,594	0.0%
DMX Corporation Limited <sup>1</sup>	n/a	8,235	0.0%
		<b>11,731,457</b>	<b>27.0%</b>
<b>Consumer discretionary</b>			
Collins Foods Limited	CKF	2,115,798	4.9%
The Star Entertainment Group Limited	SGR	1,406,379	3.3%
Temple & Webster Group Limited	TPW	1,048,482	2.4%
Webjet Limited	WEB	496,635	1.1%
Retail Food Group Limited	RFG	475,285	1.1%
Kathmandu Holdings Limited	KMD	403,196	0.9%
Redbubble Limited	RBL	334,637	0.8%
Lovisa Holdings Limited	LOV	73,923	0.2%
PointsBet Holdings Limited	PBH	59,016	0.1%
		<b>6,413,351</b>	<b>14.8%</b>
<b>Information technology</b>			
NEXTDC Limited	NXT	1,074,005	2.5%
Appen Limited	APX	1,055,556	2.4%
Pushpay Holdings Limited	PPH	1,037,454	2.4%
Bravura Solutions Limited	BVS	677,457	1.6%
Megaport Limited	MP1	630,914	1.4%
Afterpay Limited	APT	480,357	1.1%
Nearmap Limited	NEA	121,581	0.3%
		<b>5,077,324</b>	<b>11.7%</b>
<b>Health care</b>			
Healius Limited	HLS	1,284,989	2.9%

Company Name	Code	Fair Value \$	% of Gross Assets
Fisher & Paykel Healthcare Corporation Limited	FPH	1,201,024	2.8%
Ramsay Health Care Limited	RHC	1,085,074	2.5%
Nanosonics Limited	NAN	216,214	0.5%
		<b>3,787,301</b>	<b>8.7%</b>
<b>Consumer staples</b>			
The a2 Milk Company Limited	A2M	1,936,516	4.5%
Blackmores Limited	BKL	850,357	2.0%
Graincorp Limited	GNC	225,681	0.5%
		<b>3,012,554</b>	<b>7.0%</b>
<b>Industrials</b>			
Downer EDI Limited	DOW	1,721,327	4.0%
IPH Limited	IPH	147,536	0.3%
Air New Zealand Limited	AIZ	44,496	0.1%
NRW Holdings Limited	NWH	25,336	0.1%
		<b>1,938,695</b>	<b>4.5%</b>
<b>Materials</b>			
Mineral Resources Limited	MIN	1,198,264	2.7%
West African Resources Limited	WAF	221,620	0.5%
Western Areas Limited	WSA	213,410	0.5%
Brickworks Limited	BKW	209,700	0.5%
CSR Limited	CSR	83,775	0.2%
		<b>1,926,769</b>	<b>4.4%</b>
<b>Real estate</b>			
Ingenia Communities Group	INA	1,701,355	3.9%
		<b>1,701,355</b>	<b>3.9%</b>
<b>Communication services</b>			
Opticomm Limited	OPC	438,728	1.0%
Uniti Group Limited	UWL	314,416	0.7%
Seek Limited	SEK	85,918	0.2%
		<b>839,062</b>	<b>1.9%</b>
<b>Energy</b>			
Ampol Limited	ALD	222,480	0.5%
		<b>222,480</b>	<b>0.5%</b>
<b>Total long portfolio</b>		<b>36,650,348</b>	<b>84.4%</b>
<b>Total cash, income receivable and net outstanding settlements</b>		<b>6,880,565</b>	<b>15.8%</b>
<b>Total short portfolio</b>		<b>(66,533)</b>	<b>(0.2%)</b>
<b>Gross assets</b>		<b>43,464,380</b>	

<sup>1</sup>Unlisted investments.

The total number of stocks held at the end of the financial year was 59.

## ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

### Shareholdings

**Substantial shareholders (at 31 July 2020)** - there are currently no substantial shareholders.

**On-market buy back (at 31 July 2020)** - there is no current on-market buy back.

### Distribution of shareholders (as at 31 July 2020)

Category	Number of shareholders	Percentage of issued capital held
1 – 1,000	195	0.2%
1,001 – 5,000	459	3.0%
5,001 – 10,000	371	6.5%
10,001 – 100,000	886	60.1%
100,001 and over	68	30.2%
	<b>1,979</b>	<b>100.0%</b>

The number of shareholdings held in less than marketable parcels is 79.

### Twenty largest shareholders – Ordinary shares (as at 31 July 2020)

Name	Number of ordinary shares held	% of issued capital held
Entities associated with Mr Geoff Wilson	1,240,303	2.7%
HSBC Custody Nominees (Australia) Limited	849,393	1.8%
Mr PM & Mrs VM Antaw	720,890	1.5%
Edington Pty Limited	461,000	1.0%
I & R Simpson Super Pty Limited	432,606	0.9%
Netwealth Investments Limited	404,900	0.9%
Mrs S Meats	371,014	0.8%
Vohra Holdings Pty Limited	350,000	0.8%
Mr D McBain	320,800	0.7%
Mr R Miller	280,000	0.6%
Mrs EC Robertson	260,000	0.6%
Bevels Investments & Services Pty Limited	250,000	0.5%
Frank Sauer & Sons Holdings Pty Limited	244,794	0.5%
Trans Pacific Investments Pty Limited	241,597	0.5%
Micva Pty Limited	232,000	0.5%
Lake Milang Pty Limited	229,035	0.5%
Mr GL & Mrs J Herring	219,039	0.5%
Betty Amsden Nominees Pty Limited	215,234	0.5%
Mr KA & Mrs BM Tunks	200,250	0.4%
Uplands Holdings Pty Limited	200,000	0.4%
Distad Pty Limited	200,000	0.4%
	<b>7,922,855</b>	<b>17.0%</b>

### Stock Exchange Listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

# Wilson

## Asset Management

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