

## Chairman's update

Michael Cottier



- 38.9% total shareholder return for the half to December 2020
- \$209.9m of gross assets
- 23.0% reduction in the share price discount to NTA

The Company marked a major milestone during the period, joining the Wilson Asset Management family of listed investment companies (LICs) in October 2020 and being renamed WAM Alternative Assets.

The positive management transition to Wilson Asset Management was reflected in the significant decrease in the share price discount to net tangible assets (NTA). As at 31 December 2020, the share price discount to NTA was 10.7%, a 23.0% reduction from the 30 June 2020 discount of 33.7%. Together with the 3.0 cents per share final dividend paid to shareholders during the period, total shareholder return for the Company during the six months to 31 December 2020 was 38.9%. The Board of Directors resolved to cancel the on-market share buy-back program as a result of the narrowing of the share price discount to NTA.

The Board of Directors is pleased that the investment portfolio increased 3.6% since the appointment of Wilson Asset Management and 3.7% in the six months to December 2020.

The Board of Directors is pleased to deliver a fully franked interim dividend of 1.0 cent per share that will be paid on Friday 30 April 2021. The record date is Thursday 8 April 2021 and the shares will trade ex dividend on

Wednesday 7 April 2021. The Dividend Reinvestment Plan (DRP) will be in operation for the interim dividend and shareholders can elect to participate in the DRP up until Friday 9 April 2021.

The performance of WAM Alternative Assets has been driven by positive revaluations in the current period, with improved performance from the private equity portfolio as the underlying businesses adapted to an environment with coronavirus restrictions.

We continue to see significant opportunities within alternative assets and are excited about existing and new investment partnerships. During the period, we witnessed a significant increase in the valuation of our investment in the Better Medical Fund, a group of mixed billing family medical clinics around Australia. In December 2020 the underlying manager, Fortitude Investment Partners, moved to exit the Better Medical business. The sale transaction has now completed and we have received the proceeds.

We look forward to delivering on our commitments, providing retail investors with exposure to a high-quality portfolio of alternative assets and returning the share price to a premium to NTA.

## Portfolio update

Dania Zinurova



### Two new investment partners

Palisade Investment Partners



Specialist infrastructure fund manager

Barwon Property Funds Management



Boutique real estate fund manager

Traditionally, retail investors have been underweight alternative assets due to large minimum investment sizes, the complexity of the assets, market inefficiency or lack of access. We are pleased to offer retail investors the opportunity to invest in alternative asset strategies with a diversified portfolio of private equity, real assets and real estate exposure in a listed investment company structure.

Alternative assets have very specific investment characteristics that define them from other asset classes, such as inflation hedge, strong income return, capital appreciation, and strong diversification benefits. We see significant opportunities for investors to gain exposure to this crucial and compelling investment class.

Investors in alternative assets have long-term exposure to illiquid assets, and therefore the consideration of macroeconomic factors and societal trends is a key driver of success. Our investment strategy seeks to identify these megatrends that possess strong tailwinds,

leveraging structural shifts in society, such as the digitalisation of the economy.

As societies and economies embrace digitalisation at growing rates, demand for digital infrastructure has increased, representing an exciting opportunity. A number of investments in our private equity portfolio are poised to benefit from a rapidly digitalising society and economy, including a leading e-commerce enabler in Southeast Asia, which acts as the critical technology platform layer for brands to participate in digital commerce in the region. Southeast Asia remains the world's fastest growing internet market, driven by first-time consumers coming online primarily via mobile devices.

We continue to see significant opportunities within alternative assets that meets our rigorous investment process. We are currently exploring new opportunities in private debt, infrastructure and some real estate sectors.

## Top holdings

### Real Assets



#### Water Fund

Pioneer and leading non-irrigator water investor in Australia.

#### Strategic Australian Agriculture Fund

Investing across Australian water entitlements, Australian farmland and associated businesses and Australian agricultural infrastructure.

### Private Equity



A manufacturer of premium condiments, desserts and beverages.



A provider of outsourced e-commerce solutions in South-East Asia.



Shopping centre advertising campaigns.



A leading developer of utility-scale battery energy storage projects in the US.



Owns and operates a portfolio of hotel in Australia.

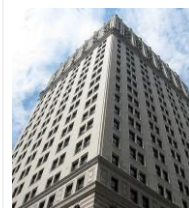


An Australian online wine retailer



Food services distributor.

### Real Estate



2 Rector Street, Manhattan, New York



441 Ninth Avenue, Manhattan, New York

Darra industrial, income Fund, Queensland

Revesby Industrial Income Fund, New South Wales

## The compelling megatrend of an ageing population

Globally, we are witnessing a rapidly aging population putting pressure on public spending, health care costs and the ability of the health system to serve people needing care.

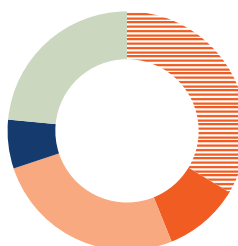
Data published by the Australian Bureau of statistics (ABS) shows 14% of the population, or 3.3 million people, were aged sixty-five years and over in 2013. By 2053, based on ABS' medium-level growth assumptions, this will increase to 21% of the population.

Healthcare real estate has attractive fundamentals, with strong demographic and economic tailwinds and demand outpacing the supply of assets. WAM Alternative Assets recently welcomed a new investment partner, Barwon Property Funds Management, and is in the process of finalising commitments the Barwon Institutional Healthcare Property Fund (BIHPF).

Barwon is a boutique fund manager, and in 2016, was one of the first fund managers in Australia to launch a dedicated healthcare real estate strategy for institutional investors. The real estate team has strong access to deal flow through, deep relationships in the market and expertise in healthcare property. From the real estate perspective, this sector differentiates itself by long lease contracts (often over 10 years), fixed or regular rental valuation increases and the potential for further capital appreciation. BIHPF is a growing portfolio of 16 high quality healthcare property assets with quality tenants, such as Health Care, Healthscope and Calvary. Our investment in BIHPF allows us access to property assets within healthcare that are valuable to healthcare service providers, who are continuing to improve and expand their services.

## Asset Class Exposure

as at 31 December 2020



- Real assets 43.9%\*
- Private equity 26.0%
- Real estate 6.6%
- Cash 23.5%

\*Total water entitlements exposure is 33.6%.

### Real Assets

A diversified portfolio combining agricultural assets and investments in perpetual water entitlements which can be sold or leased to irrigators to generate income.

### Private Equity

A diversified portfolio of unlisted companies with long-term and accelerated growth potential.

### Real Estate

A portfolio of domestic and international industrial and office assets.

## Portfolio Structure

	December 2020		June 2020	
	\$m	%	\$m	%
Real asset	92.2	43.9	90.0	42.0
Private equity	54.6	26.0	52.1	24.3
Real estate	13.8	6.6	14.4	6.7
Cash <sup>1</sup>	49.3	23.5	57.8	27.0
<b>Grand total</b>	<b>209.9</b>	<b>100.0</b>	<b>214.3</b>	<b>100.0</b>

<sup>1</sup>Includes a \$1.3 million (June 2020: \$1.9 million) capital commitment to the Strategic Australian Agriculture Fund.