

Annual General Meeting Chairman's Address

23 November 2021

Introduction and welcome

Good afternoon and welcome to the 23rd WAM Capital Limited Annual General Meeting (AGM). We are focused on the health and wellbeing of our shareholders, therefore this meeting is being held virtually to protect you all from the risk of the current coronavirus pandemic. We recognise the limitations of holding AGMs in this format, and we look forward to seeing everyone again in person as soon as it is safe to do so.

I would like to begin by acknowledging the Traditional Owners of the land on which I am speaking to you from today, the Gubbi Gubbi people and pay my respects to Elders past and present. As we are unable to meet together, I also acknowledge the traditional custodians of the lands from which our shareholders and fellow directors are currently viewing and listening to today's AGM.

Wunya Ngulum. Welcome to all our shareholders – thank you for joining us and for your continued support of WAM Capital.

I am Geoff Wilson, Chairman of the Board of Directors. I am joined today by my fellow Board members, Kate Thorley, Dr Philippa Ryan, Lindsay Mann, James Chirnside and Matthew Pancino. Scott Whiddett, a representative from WAM Capital's auditor, Pitcher Partners, will be available to address any questions relating to the Company's financial statements.

FY2021 in review

Financial results

WAM Capital reported a record operating profit before tax of \$343.3 million (FY2020: operating loss before tax of \$47.2 million) and a record operating profit after tax of \$266.6 million (FY2020: operating loss after tax of \$26.7 million), reflective of the strong performance of the investment portfolio over the year.

The WAM Capital investment portfolio increased 37.5% in FY2021, outperforming the S&P/ASX All Ordinaries Accumulation Index and the S&P/ASX Small Ordinaries Accumulation Index by 7.3% and 4.3% respectively. This investment portfolio performance was achieved with an average cash weighting of 9.9% over the year. WAM Capital's pre-tax NTA increased 29.5% in the 12 months to 30 June 2021, including the 15.5 cents per share of fully franked dividends paid to shareholders during the year.

Takeover offers

CLF Concentrated Leaders Fund Limited (ASX: CLF)	Contango Income Generator Limited (ASX: CIE)	amaysim Australia Limited (ASX: AYS)
% OF SHARES ACQUIRED	% OF SHARES ACQUIRED	% OF SHARES ACQUIRED
100.0%	69.7%	79.8%
ANNUALISED RETURN ON INVESTMENT	ANNUALISED RETURN ON INVESTMENT	ANNUALISED RETURN ON INVESTMENT
48.1%	49.7%	19.9%

During the year, the Company successfully completed takeover offers for Concentrated Leaders Fund Limited (ASX: CLF), Contango Income Generator Limited (ASX: CIE) and amaysim Australia Limited (ASX: AYS). As a result of the CLF, CIE and AYS takeover offers, 145.1 million new WAM Capital shares were issued during the year. The shares were issued at a premium to the Company's pre-tax NTA to the benefit of all shareholders. The issue of new shares was accretive to the Company's pre-tax NTA by approximately 1.7% and generated over \$23.2 million in value for our shareholders as a result.

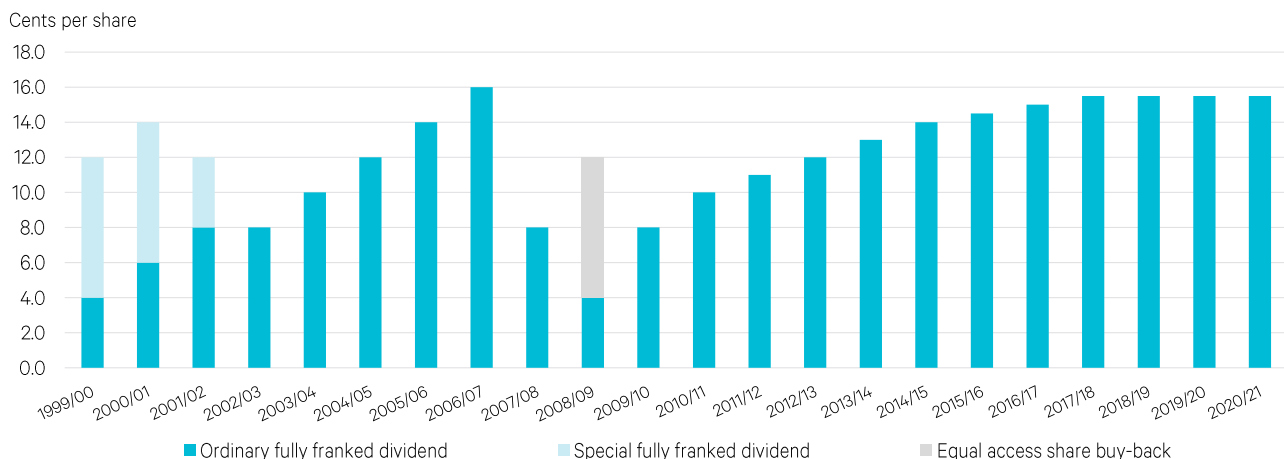
Total shareholder return and share price premium to NTA

Total shareholder return measures the value shareholders gain from share price growth and dividends paid over the period, before the value of any franking credits distributed to shareholders through fully franked dividends. The strong investment portfolio outperformance drove a growth in assets which, combined with the fully franked dividends paid during the period and the slight increase in the share price premium to NTA, resulted in a 28.9% total shareholder return during the 12-month period to 30 June 2021. As at 30 June 2021, the share price premium to NTA was 15.7% (FY2020: 14.5%).

On 22 November 2021, the share price premium to NTA was 18.2%. Throughout its 23-year history, the Company's share price has traded at both premiums and discounts to its NTA.

Fully franked dividends since inception

The Board declared a fully franked full year dividend of 15.5 cents per share, which represented a 7.1% dividend yield on the 30 June 2021 share price of \$2.19 per share. Since inception, the Company has paid 269.5 cents per share in fully franked dividends to shareholders. As at 31 October 2021, the Company had 19.9 cents per share available in its profits reserve, after the payment of the fully franked final dividend of 7.75 cents per share on 29 October 2021.



Making a difference

Wilson Asset Management, WAM Capital's Investment Manager, is passionate about making a positive difference to our shareholders and the community. In the 2021 financial year, the team continued to make a difference through various philanthropic initiatives, advocacy and shareholder engagement.

Advocacy

Our advocacy work on behalf of retail investors in the Australian equity market is a priority. We **firmly believe** all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market. On 11 December 2020, we lodged a submission to the Senate Select Committee, in an effort to level the playing field and stop retail investors being locked out of discounted capital raisings, which are only open to wholesale or "sophisticated" investors.

We also participated in the public debate and formal consultation on permanently removing the requirement for AGMs to be conducted in person. We are firmly opposed to this change as it undermines AGM transparency and board accountability, primarily impacting retail shareholders. I would like to thank all shareholders for their support in advocating for retail shareholders' rights and for your emails, letters and phone calls sharing your personal experiences.

Shareholders are the owners of the company, and every director is accountable to its shareholders. We remain passionate about the rights of retail shareholders and the ability to ask questions without being censored. The new AGM provisions allow companies to permanently hold AGMs virtually if the constitution allows. While Federal Treasurer Josh Frydenberg has extended the relief on companies holding virtual AGMs until next March, we still believe the hybrid model for AGMs, ensuring the requirement for AGMs to be conducted in person and virtually is by far the most equitable outcome. We look forward to holding our AGMs in person as soon as it is safe to do so.

At Wilson Asset Management, we firmly believe all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market. In a recent **Australian Financial Review** article, I discussed the limitations of the sophisticated investor test. The Australian Financial Review also highlighted our case for a **financial literacy test** to replace the sophisticated investor test.

Shareholder engagement

Shareholders are the owners of WAM Capital; Wilson Asset Management's responsibility is to manage the Company on your behalf and be available to report to you on a regular basis. This year, we were once again unable to take to the road and meet with all our shareholders across the country and we have missed catching up with you all, over a cup of tea, at our Shareholder Presentations. We have enjoyed our regular email and telephone correspondence, regular Investor Q&A webinars and providing you with a virtual alternative in WAM Vault. Our fourth instalment will be released on 25 November 2021. We encourage you to visit wilsonassetmanagement.com.au/vault to watch, read and listen to the engaging and insightful conversations of our team.

Please visit our website, subscribe to receive our regular updates and call or email us with any questions or suggestions you have regarding WAM Capital or Wilson Asset Management. Our calendar of engagement includes initiatives such as presentations, investment insights, portfolio and market updates, regular webinars with the investment team and shareholder advocacy.

FY2022 update and outlook

Company update

WAM Capital has achieved a solid start to FY2022. Through our continued focus on undervalued growth companies with a catalyst, the investment portfolio has outperformed the S&P/ASX All Ordinaries Accumulation Index by 3.0%, increasing 5.2% in the financial year to 31 October 2021. As at 31 October 2021, the Company had 19.9 cents per share available in its profits reserve, after the payment of its FY2021 fully franked final dividend of 7.75 cents per share on 29 October 2021. We are pleased to be able to maintain the fully franked dividend for WAM Capital during a time when companies have reduced dividends.

During the month of October 2021, WAM Capital's takeover bid for PM Capital Asian Opportunities Fund Limited (ASX: PAF) (Offer) opened following the despatch of its bidder's statement. Under the Offer, accepting PAF shareholders will receive 1 WAM Capital share for every 1.99 PAF shares they own. In early November 2021, WAM Capital announced that its takeover Offer is now unconditional, meaning the Offer is free from all of its defeating conditions, and have begun processing all valid acceptances received under the Offer. The scrip consideration issued under the Offer allows WAM Capital Shareholders to benefit from the issuance of shares at a premium to the underlying net tangible assets (NTA), which is accretive to WAM Capital's pre-tax NTA. We look forward to growing WAM Capital to the benefit of all shareholders.

In October 2021, WAM Capital also purchased an unlisted investment company which had net assets of \$36.3 million. The purchase consideration for the acquisition was payable in scrip with 16,678,217 new WAM Capital shares being

issued. WAM Capital shareholders benefit from the issuance of new shares at a premium to the underlying net tangible assets (NTA) which is accretive to WAM Capital's pre-tax NTA. On a pre-tax NTA basis, the consideration paid by WAM Capital for the acquisition was approximately \$32.9 million, representing a return on investment of approximately 10% on the transaction. A secondary outcome of the transaction was the contribution of approximately \$3.9 million in franking credits, which equates to a fully franked dividend of 1.0 cents per share for WAM Capital shareholders. The unlisted company also funded the costs of the transaction and our legal fees, as an additional benefit. The WAM Capital Board looks forward to engaging in these transactions that present similar characteristics and benefits to all shareholders.

Outlook

Equity markets continued their upward trajectory during the 2021 financial year driven by record low interest rates and an anticipated rebound in economic growth. Investors oscillated between favouring lockdown beneficiaries or companies that would benefit from the reopening of the economy. Australian small-and-mid cap companies experienced an environment which reflected both a crisis and a recovery. The macroeconomic environment, especially central banks' monetary policy, was in sharp focus for markets and we expect this to continue. We adjusted the portfolio to take advantage of these conditions, rotating towards cyclical names benefitting from strong levels of consumer sentiment coming out of lockdown restrictions including tourism, traditional media, financials, and construction.

In FY2022, we have positioned the portfolio into companies that can generate strong top line organic growth irrespective of the economic outlook. We are positive on the medium-term economic and earnings outlooks, despite the headwinds of new coronavirus variants. Our long-standing methodology of investing in undervalued growth companies with a clear catalyst for a share price re-rating, remains the central tenet of our process. WAM Capital's gross assets were \$1,723.3 million at 31 October 2021 and the Company currently has 43,319 shareholders. The investment portfolio was comprised of 110 equity positions as at 31 October 2021.

For more information

Further information on WAM Capital can be found in the [FY2021 annual report](#) and [website](#), including more details on the three key listed investment company performance measures, Lead Portfolio Manager update from Oscar Oberg and the Investment Manager Update from Wilson Asset Management Chief Executive Officer and WAM Capital Director Kate Thorley.

Thank you

Thank you for your support in what has been a challenging period. Pleasingly, WAM Capital has again delivered sound investment portfolio performance and solid total shareholder returns during the year. I would like to thank all shareholders who have entrusted us with their capital. I would also like to thank the Wilson Asset Management team, who have worked tirelessly to the benefit of our shareholders, as well as my fellow Board members, whose guidance and expertise make an invaluable contribution.