

# December 2021 Investment Update

	Pre-tax NTA
<b>W   A   M</b> <i>Capital</i>	\$1.88
<b>W   A   M</b> <i>Leaders</i>	\$1.47
<b>W   A   M</b> <i>Global</i>	\$2.72
<b>W   A   M</b> <i>Microcap</i>	\$1.76
<b>W   A   M</b> <i>Alternative Assets</i>	\$1.22
<b>W   A   M</b> <i>Strategic Value</i>	\$1.30
<b>W   A   M</b> <i>Research</i>	\$1.22
<b>W   A   M</b> <i>Active</i>	\$0.99

Dear Fellow Shareholders,

December brings to a close a strong year for global equities and an extremely difficult year for the world community as we continue to coexist with the coronavirus pandemic. The strongest performing equities market in 2021 was Abu Dhabi's ADX General Index which rose 66.8%, in local terms. Global equities performed strongly, in local terms, with the US S&P 500 Index rising 26.9%, the UK FTSE 100 Index rising 14.3%, the MSCI World Index (AUD) up 29.3% and the S&P/ASX All Ordinaries Accumulation Index increasing 17.7% for the 2021 calendar year.

## WAM Capital merger with Westoz and Ozgrowth

WAM Capital Limited (WAM Capital) (ASX: WAM), Westoz Investment Company Limited (Westoz) (ASX: WIC) and Ozgrowth Limited (Ozgrowth) (ASX: OZG) [announced](#) that they have entered into Scheme Implementation Agreements to merge the three entities under separate transactions (Proposed Transactions). The Proposed Transactions are independent and not inter-conditional. The announcement was covered by the [Australian Financial Review](#).

The WAM Capital Board of Directors believe the merged entity under the Schemes will provide Westoz, Ozgrowth and WAM Capital shareholders with appealing benefits. We look forward to welcoming Westoz and Ozgrowth shareholders to the Wilson Asset Management family.

## In the Media

In the new season of the [Success and More Interesting Stuff podcast](#), I joined Matthew Kidman and discussed the early days of Wilson Asset Management and the key steps in building a funds management business.

Lead Portfolio Manager Oscar Oberg discussed the small-cap opportunities, and his outlook for companies exposed to the Australian economy on [Fear and Greed](#).

## WAM Capital Unconditional Takeover for PAF update | Increased Offer Consideration

On 11 January 2022, WAM Capital Limited (ASX: WAM) [announced](#) it has increased the Offer Consideration from 1 WAM Share for every 1.99 PAF Shares, to 1 WAM Share for every 1.95 PAF Shares. All PAF shareholders that have already accepted the WAM Offer will receive the increased Offer Consideration and will be issued additional new WAM Shares. The Offer will be extended until 7:00pm (Sydney time) 18 February 2022, unless otherwise extended.

On the basis of the improved Offer Consideration, PAF's largest shareholder, PM Capital Global Opportunities Fund Limited (ASX: PGF) has accepted the Offer, as has PM Capital Limited, Paul Moore and their associated entities. With the acceptances from PGF, PM Capital, Paul Moore and their associated entities, WAM's voting power in PAF has increased to 73.7%.

Thank you for your continued support over 2021 and please stay safe during 2022, the Year of the Tiger.



**Geoff Wilson AO**  
Chairman & Chief  
Investment Officer



# LIC snapshot



## W | A | M *Capital*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAM

Share price*	\$2.23
NTA before tax	\$1.88
Fully franked full year dividend	15.5cps
Profits reserve#	19.7cps

## W | A | M *Leaders*

Actively investing in the highest quality Australian companies

ASX: WLE

Share price*	\$1.50
NTA before tax	\$1.47
Annualised FY22 fully franked interim dividend guidance	8.0cps
Profits reserve#	32.6cps

## W | A | M *Global*

The world's most compelling undervalued growth companies

ASX: WGB

Share price*	\$2.47
WGBO option price*	\$0.036
NTA before tax	\$2.72
Fully franked full year dividend	10.0cps
Profits reserve#	39.0cps

## W | A | M *Microcap*

The most exciting undervalued growth opportunities in the Australian micro-cap market

ASX: WMI

Share price*	\$2.00
NTA before tax	\$1.76
Fully franked full year dividend <sup>†</sup>	12.0cps
Profits reserve#	52.0cps

## W | A | M *Alternative Assets*

Unique opportunities beyond traditional assets

ASX: WMA

Share price*	\$1.055
NTA before tax	\$1.22
Annualised FY22 interim dividend guidance	4.0cps
Commencement date	14 October 2020
Profits reserve#	14.6cps

## W | A | M *Strategic Value*

Discounted asset opportunities

ASX: WAR

Share price*	\$1.225
NTA before tax	\$1.30
Listing date	28 June 2021
Profits reserve#	4.6cps

## W | A | M *Research*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAX

Share price*	\$1.66
NTA before tax	\$1.22
Fully franked full year dividend	9.9cps
Profits reserve#	43.9cps

## W | A | M *Active*

Mispricing opportunities in the Australian market

ASX: WAA

Share price*	\$1.135
WAAOA option price*	\$0.04
NTA before tax	\$0.99
Fully franked full year dividend	6.0cps
Profits reserve#	7.8cps

\*As at 13 January 2022.

<sup>†</sup>Includes the fully franked special dividend of 4.0 cents per share (cps).

#The profits reserve figures are as at 31 December 2021 in cents per share (cps).

# W | A | M *Active*

Market mispricing opportunities in the Australian market.

The WAM Active investment portfolio decreased during the month. Nickel miner Mincor Resources NL (ASX: MCR) contributed to the investment portfolio while Australia's leading fixed broadband provider TPG Telecom (ASX: TPG) was a detractor.

Mincor Resources focuses on re-establishing sustainable, high-grade nickel production in the Kambalda district of Western Australia. In December, Mincor Resources provided an exploration update announcing that nickel had been extracted from two development headings at Kambalda, marking a key achievement in the company's nickel restart plans and supporting our investment thesis that there is significant undiscovered nickel sulphide at the company's Kambalda site. We invested in Mincor Resources due to its high quality management team, the projects which are key to BHP Group's (ASX: BHP) nickel strategy and the potential for nickel sulphide discoveries. We continue to hold Mincor Resources as we believe it will continue to grow its resources as it nears production in 2022.

TPG Telecom owns and operates mobile and fixed networks, and is home to some of the most well-known telecommunications brands including Vodafone, TPG and iiNet. In early December, founder David Teoh entered into an agreement to sell approximately 53.1 million TPG Telecom shares, causing a drop in the company's share price. The spread of the omicron variant also weighed on the company during the month as reduced numbers of international visitors led to declines in its consumer subscribers. We remain invested in the company and continue to be optimistic on TPG Telecom's margin accretive fixed wireless rollout strategy. We believe the base business is undervalued considering its growth profile over the next few years, and we continue to find its risk-reward profile appealing, particularly with the potential sale of its mobile tower business which may take place over the coming months.

## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
December 2021	99.35c <sup>^</sup>	102.13c	102.13c
November 2021	99.69c	102.27c	102.26c

<sup>^</sup>The NTA before tax is after the payment of \$87.9k (0.12 cents per share) in tax during the month.  
<sup>\*</sup>Includes 2.63 cents per share of income tax losses available to the Company in future periods.  
 The above December NTA figures are not adjusted for the 67,224,194 options on issue with an exercise price of \$1.10 per option.

## Market capitalisation (ASX: WAA)

\$82.1m<sup>#</sup>

## Gross assets

\$73.6m

## Listed equities

\$62.4m

## Investment portfolio performance (pa since inception Jan 2008)

11.8%<sup>^</sup>

Bloomberg AusBond Bank Bill Index (Cash): 2.9%

## Dividends paid since inception (per share)

80.7c

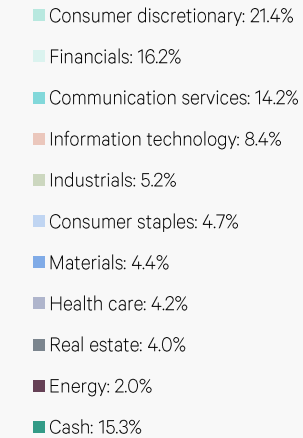
## Fully franked dividend yield

5.4%<sup>#</sup>

<sup>#</sup>Based on the 31 December 2021 share price of \$1.115 per share and the FY21 fully franked full year dividend of 6.0 cents per share. WAM Active has 73,658,389 shares on issue.

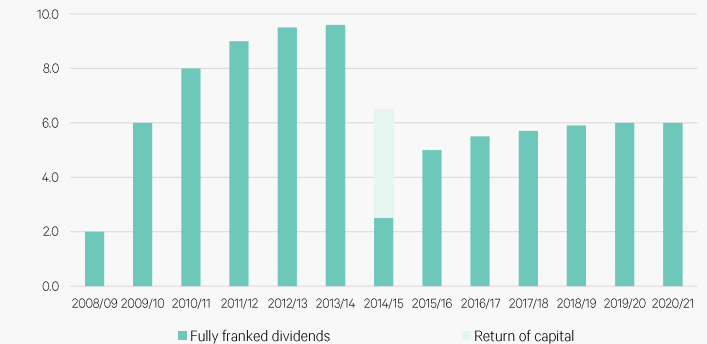
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Portfolio by sector



## History of fully franked dividends

Cents per share



## Top 20 holdings (in alphabetical order)

Life360	ARISTOCRAT	ALS	ARB 4x4 ACCESSORIES	Bapcor	Breville	CAPITOL HEALTH LIMITED	carsales.com ltd	CIMIC	ctm
360	ALL	ALQ	ARB	BAP	BRG	CAJ	CAR	CIM	CTD
KEYBRIDGE	MINCOR RESOURCES NL	PREMIER INVESTMENTS	Pinnacle	PEXA	QV Equities Ltd.	Steadfast "HE STRONG" "4 FOR 1" "RED"	SELECT HARVESTS	tpg TELECOM	TUAS Building Better Connections
KBC	MCR	PMV	PNI	PXA	QVE	SDF	SHV	TPG	TUA

# WAM Active Options

ASX: WAAOA

WAM Active Limited (ASX: WAA) announced a one-for-one Bonus Issue of Options in February 2021, to all shareholders of the Company, at no additional cost.

Exercise price per Option:

**\$1.10**

Expiry date:

**31 October 2022**

**View and  
download  
the factsheet**



Each WAM Active Option provides holders with the opportunity, but not the obligation, to purchase one additional WAM Active Share for \$1.10 per Option, without incurring any brokerage fees.

## Exercise your options

The Options can be exercised at any time until they expire on Monday 31 October 2022.

As at 31 December 2021, a total of 2,842,215 options have been exercised for a total consideration of \$3,126,435, with the remaining balance of outstanding options being 67,224,194.

## About WAM Active

WAM Active Limited (ASX: WAA) has an investment management agreement with Wilson Asset Management. Listed in January 2008, WAM Active provides investors with exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets. The Company's investment objectives are to deliver a regular income stream via fully franked dividends, provide a positive return with low volatility, after fees, over most periods of time, and to preserve capital.

**EXERCISE YOUR OPTIONS** >

# W | A | M Capital

The most compelling undervalued growth opportunities in the Australian market.

The WAM Capital investment portfolio increased during the month, with significant contributors to the investment portfolio performance including pathology services provider Australian Clinical Labs (ASX: ACL) and reproductive services provider Virtus Health (ASX: VRT).

Australian Clinical Labs is a leading provider of pathology services in Australia, with 86 accredited laboratories performing services for more than 8 million people annually. In December, Australian Clinical Labs upgraded its expectations for first half FY2022 net profit after tax (NPAT) to between \$116.3 million and \$128.0 million, up from \$86.3 million and \$94.9 million. Australian Clinical Labs has experienced strong demand for coronavirus testing, particularly during the Omicron variant outbreak, and recently completed its \$70 million acquisition of Medlab Pathology, doubling its market share to 20.4% in New South Wales. We believe Australian Clinical Labs is a high quality pathology business that can continue to grow organically through market share gains, due to its superior technology and processes. With a very strong balance sheet, we also see the potential for earnings accretive acquisitions in the future.

Virtus Health is the largest provider of assisted reproductive services in Australia, helping more than 5,000 people become parents each year. Virtus Health operates 43 fertility clinics globally as well as specialist day hospitals and the Virtus diagnostic and pathology services. In December, Virtus Health received an unsolicited, non-binding indication of interest from BGH Capital to acquire 100% of the shares of Virtus Health by way of a scheme of arrangement. The proposal attributes a cash value of \$7.10 per share, a premium to the share price before the announcement of the transaction, and followed BGH Capital's purchase of 8.5 million shares in Virtus Health, representing an almost 10% stake in the company. We invested in Virtus Health due to its compelling valuation and its growth being underappreciated by the market, particularly in its precision fertility and genetic testing opportunities. Following the strength in its share price after the announcement of the scheme, we exited our position in Virtus Health.

## Market capitalisation (ASX: WAM)

\$2,021.5m<sup>#</sup>

## Gross assets

\$1,711.8m

## Listed equities

\$1,423.1m

## Investment portfolio performance (pa since inception Aug 1999)

16.4%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 8.7%

## Dividends paid since inception (per share)

269.5c

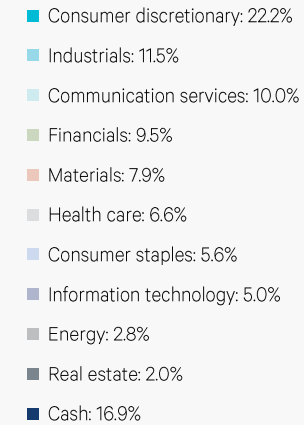
## Fully franked dividend yield

7.0%<sup>#</sup>

<sup>#</sup>Based on the 31 December 2021 share price of \$2.23 per share and the FY21 fully franked full year dividend of 15.5 cents per share. WAM Capital has 906,502,634 shares on issue. During the month, 3,953,441 shares were issued as part of the PAF takeover offer.

<sup>^</sup>Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant index which is before expenses, fees and taxes.

## Portfolio by sector



## History of fully franked dividends

Cents per share



## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
December 2021	188.33c <sup>^</sup>	196.02c	191.78c
November 2021	186.18c	193.89c	189.98c

<sup>^</sup>The NTA before tax is after the payment of \$3.4m (0.38 cents per share) in tax during the month.

\*Includes 1.17 cents per share of tax assets resulting from the acquisition of unlisted investment companies and 6.85 cents per share of income tax losses available to the Company in future periods.

## Top 20 holdings (in alphabetical order)

Life360	Australian Clinical Labs	ARDENT	ARISTOCRAT	ALS	ARB	Accent	BRICKWORKS	carsales.com ltd	Credit Corp Group
360	ACL	ALG	ALL	ALQ	ARB	AX1	BKW	CAR	CCP
Estia Health	EVENT	idp	iph	MGH	PREMIER	PEXA	Steadfast	tpg TELECOM	VIVA Energy
EHE	EVT	IEL	IPH	MGH	PMV	PXA	SDF	TPG	VEA

# W | A | M Leaders

Actively investing in the highest quality Australian companies.

The WAM Leaders investment portfolio increased during the month, outperforming the S&P/ASX 200 Accumulation Index. Significant contributors to the investment portfolio outperformance included biotechnology firm CSL (ASX: CSL) as well as several mining companies.

During the month, CSL announced the acquisition of Swiss based Vifor Pharma, a global leader in the treatment of iron deficiency, nephrology and cardio-renal therapies. CSL completed a \$6.3 billion capital raise to partly fund the \$16.4 billion deal, the largest equity raise to take place on the ASX. While the acquisition means a deviation from CSL's core competencies of plasma related products and vaccines, CSL stated the strategic rationale for the transaction is threefold. First, the revenue growth outlook is strong with several products due to launch over the coming years. Second, the acquisition augments CSL's current therapeutic categories by expanding its presence in chronic kidney disease. Third, it facilitates access to patient populations that will support future clinical trial execution. CSL's acquisition of Novartis' flu vaccine business in 2014 was contentious at the time but has proven extremely successful, growing Seqirus revenues from USD650 million in the first full year of integration to over USD1.7 billion five years later. We have confidence in management's ability to replicate this strategy for Vifor.

In December, iron ore prices reached four-month highs, benefiting Fortescue Metals Group (ASX: FMG), Rio Tinto (ASX: RIO) and BHP Group (ASX: BHP) as the People's Bank of China (PBOC) cut the one year lending rate to stimulate the economy. As noted in last month's investment update, we hold iron ore names as we believe the market sentiment has exceeded the reality of China's slowdown, and the PBOC rate cut is evidence of this dynamic.

We are also invested in copper and lithium exposures through our holdings in South32 (ASX: S32), IGO (ASX: IGO) and OZ Minerals (ASX: OZL). While global industry production rates for both commodities have increased over 2021, battery demand continues to outpace and push prices to record levels.

During the month, we increased the investment portfolio's gold exposure through our holdings in Newcrest Mining (ASX: NCM) and Evolution Mining (ASX: EVN). This was in response to weak share price performance in the previous month, as well as providing defence from potential higher market volatility into the New Year.

## Market capitalisation (ASX: WLE)

\$1,511.8m\*

## Gross assets

\$1,536.8m

## Listed equities

\$1,496.0m

## Investment portfolio performance (pa since inception May 2016)

15.4%<sup>^</sup>

S&P/ASX 200 Accumulation Index: 10.1%

## Dividends paid since inception (per share)

27.15c

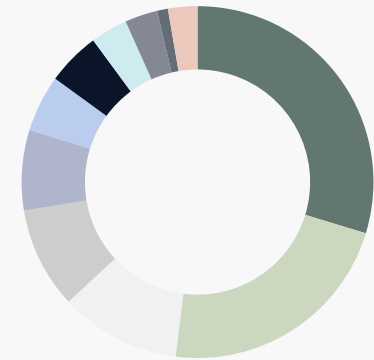
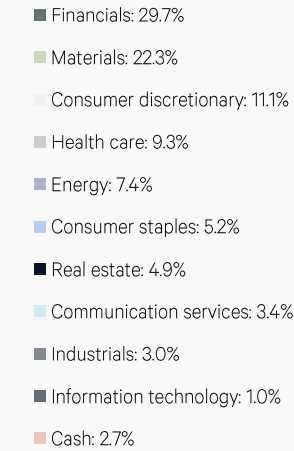
## Annualised fully franked interim dividend guidance yield

5.5%\*

\*Based on the 31 December 2021 share price of \$1465 per share and the annualised FY22 fully franked interim dividend guidance of 8.0 cents per share. WAM Leaders has 1,031,930,879 shares on issue.

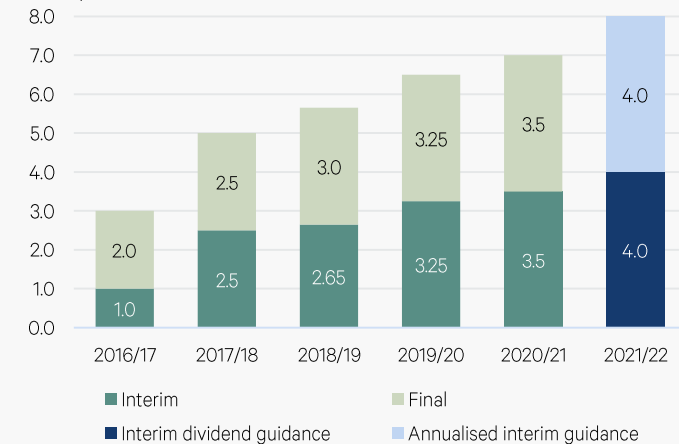
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Portfolio by sector



## History of fully franked dividends

Cents per share



## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
December 2021	147.04c	144.73c	142.34c
November 2021	142.63c	140.60c	139.41c

## Top 20 holdings (in alphabetical order)



# W | A | M Global

The world's most compelling undervalued growth companies.

The WAM Global investment portfolio increased during the month, outperforming the MSCI World Index (AUD). Significant contributors to the investment portfolio outperformance included consumer packaged food and beverage company Simply Good Foods (NASDAQ: SMPL) and North American plumbing, heating and building products distributor Ferguson (LON: FERG).

Simply Good Foods is a leading nutritional snacking company focused on the North American market. Through their key brands Atkins and Quest, the company is well positioned to benefit from growth in the nutritional snacking category over the coming years. The high quality management team performed well through the challenging operational environment created by the spread of coronavirus, and related supply chain disruptions. Successful product extensions, including into confections for both Atkins and Quest, have balanced out mobility impacts to other products in the portfolio, resulting in solid performance throughout the pandemic. Simply Good Foods' most recent quarterly result for the period ending November 2021 was strong. Organic revenue growth was up 23% compared to the prior year, earnings were 17% above consensus expectations and full year guidance was raised. Our outlook for Simply Good Foods is positive over the medium term, driven by earnings growth, as it continues to take market share in a structurally growing category.

Ferguson is the largest distributor of plumbing, heating, ventilation, air conditioning (HVAC) and industrial maintenance products to contractors in North America. Ferguson has been able to consistently gain market share in its industry over the past decade. The company has significant scale benefits compared to its competitors, which are often single store operators, allowing for better sourcing of products. Market share gains have accelerated during the coronavirus pandemic as securing supply has become more difficult. In its recent quarterly result for the period ending October 2021, Ferguson reported 25% organic revenue growth, 3% above consensus expectations, aided by a greater-than-historic degree of market share gains. Thanks to strong operational performance, Ferguson expanded its margins, growing its trading profit by 58%, which was 20% above consensus expectations. After the dual-listing of its shares in the US in 2021, Ferguson intends to move to a US primary listing in 2022, creating a positive catalyst given the discount Ferguson trades to similar high quality US distribution companies like Fastenal, Pool Corporation and Watsco.

## Market capitalisation (ASX: WGB)

\$840.1m\*

## Gross assets

\$954.0m

## Listed equities

\$922.8m

## Investment portfolio performance (pa since inception June 2018)

12.5%<sup>^</sup>

MSCI World Index (AUD): 14.9%

## Fully franked full year dividend

10.0c

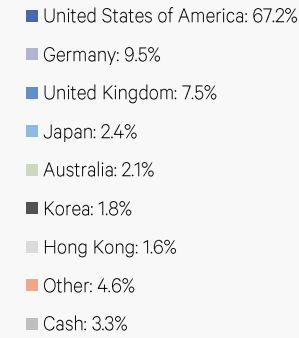
## Cash weighting

3.3%

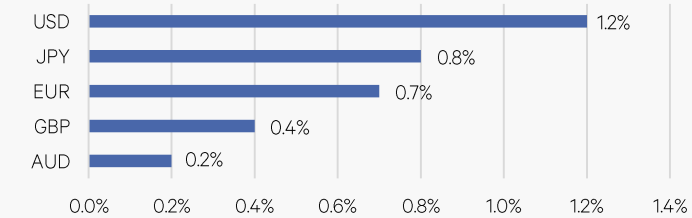
<sup>\*</sup>Based on the 31 December 2021 share price of \$2.40 per share and 350,045,889 shares on issue. During the month, 90,039 options were exercised and allotted under the Bonus Issue of Options. The options are trading under the ASX code WGB0 with an exercise price of \$2.54 per option and expire on 12 September 2022.

<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compares to the relevant index which is also before expenses, fees and taxes.

## Portfolio by geographical exposure

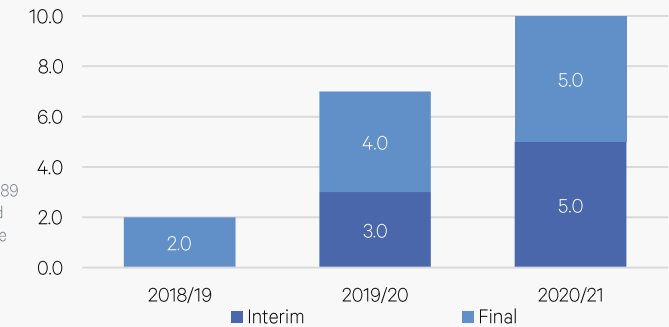


## Cash currency exposure

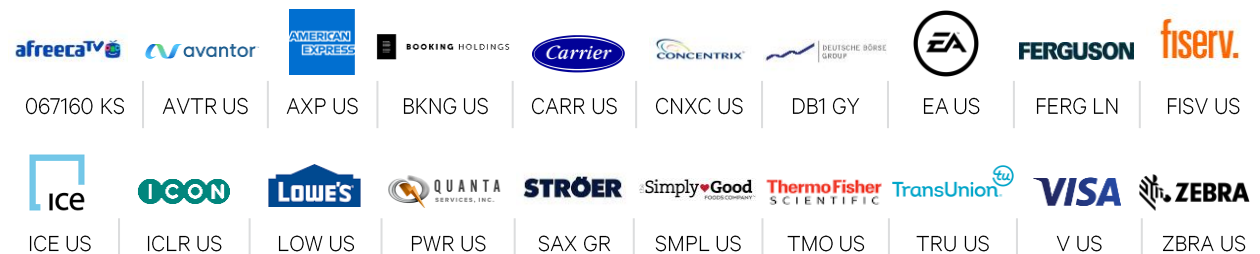


## History of fully franked dividends

Cents per share



## Top 20 holdings (in alphabetical order)



## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
December 2021	271.80c <sup>^</sup>	268.83c	264.32c
November 2021	264.07c	261.31c	258.61c

<sup>^</sup>The NTA before tax is after the payment of \$1.5m (0.43 cents per share) in tax during the month. The above December NTA figures are not adjusted for the 278,468,184 options on issue with an exercise price of \$2.54 per option.

# W | A | M *Microcap*

The most exciting undervalued growth opportunities in the Australian micro-cap market.

The WAM Microcap investment portfolio decreased during the month. Chemical supply chain management company DGL Group (ASX: DGL) was a contributor to the investment portfolio performance while leading manufacturer and supplier of industrial packaging products Pro-Pac Packaging (ASX: PPG) was a detractor.

DGL Group is a founder-led company offering specialty chemical formulation and manufacturing, warehousing and distribution, waste management and environmental solutions to over 3,100 customers across Australia and New Zealand. In December, the company held its first annual general meeting (AGM) where management confirmed that they were on track to exceed earnings expectations set out in its prospectus following its initial public offering in May 2021. Following its acquisition of AUSblue in October 2021, DGL Group has seen a surge in demand in the past month for diesel exhaust fluid AdBlue. The fluid removes nitrous oxides, which helps reduce harmful emissions and should provide a positive tailwind for earnings in the near term. We invested in DGL Group due to its strong barriers to entry, and its ability to pursue strategic and accretive acquisitions, both of which will underpin its growth profile over the years to come.

Pro-Pac Packaging was a detractor during December due to pressures from the omicron variant outbreak. The company supplies a wide range of packaging products and services into industries such as primary produce, food and food processing, agriculture and fast moving consumer goods. In its December trading update, the company highlighted labour shortages, inflationary pressures and ongoing global supply chain problems as issues impacting the business. We initially invested in Pro-Pac Packaging as we were attracted to its valuation and strategy to reinvigorate top line growth. We expect the impacts from coronavirus to eventually subside and remain holders of the company within the portfolio based on its attractive valuation.

## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
December 2021	176.25c	170.94c	163.85c
November 2021	175.97c	171.38c	163.47c

## Market capitalisation (ASX: WMI)

\$395.7m<sup>#</sup>

## Gross assets

\$373.7m

## Listed equities

\$322.8m

## Investment portfolio performance (pa since inception June 2017)

24.6%<sup>^</sup>

S&P/ASX Small Ordinaries Accumulation Index: 12.0%

## Dividends paid since inception (per share)

33.75c

## Fully franked full year dividend

8.0c

## Fully franked special dividend

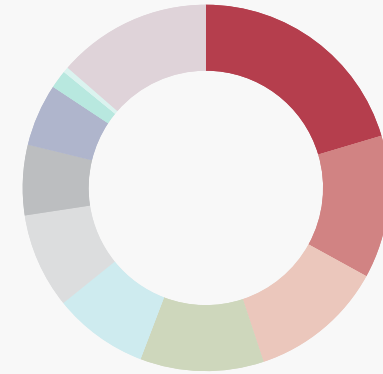
4.0c

<sup>#</sup>Based on the 31 December 2021 share price of \$1.90 per share. WAM Microcap has 208,288,344 shares on issue.

<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

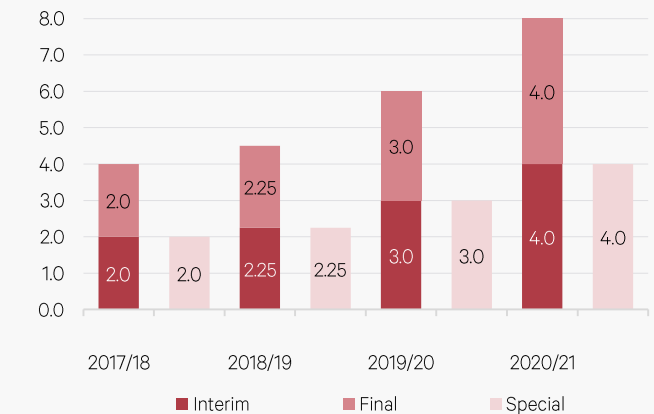
## Portfolio by sector

- Consumer discretionary: 20.4%
- Information technology: 12.6%
- Communication services: 11.9%
- Industrials: 10.9%
- Financials: 8.4%
- Materials: 8.4%
- Consumer staples: 6.2%
- Health care: 5.5%
- Real estate: 1.6%
- Energy: 0.5%
- Cash: 13.6%



## History of fully franked dividends

Cents per share



## Top 20 holdings (in alphabetical order)

Aussie Broadband	ARDENT LEISURE	ATOMOS	CAPITOL HEALTH LIMITED	DGL	enero	experian data	generation development group	Iris Energy	Janison.
ABB	ALG	AMS	CAJ	DGL	EGG	EXP	GDG	IREN US	JAN
VIA	McGrath	MyState Limited	PeopleIN	RIDLEY	SOVEREIGN CLOUD HOLDINGS LIMITED	swoop	symbio	thl	TUAS Retailer Sector Connectors
MAF	MEA	MYS	PPE	RIC	SOV	SWP	SYM	THL NZ	TUA



# W | A | M *Alternative Assets*

## Unique opportunities beyond traditional assets

The WAM Alternative Assets investment portfolio increased during the month, benefitting from the exits of the underlying investments in the QFS (Quality Food Services) Fund, Argyle Solar Fund and Cove Property Group 441 Ninth Avenue Trust.

QFS is a Brisbane based distributor of food and beverage products to schools, food service, quick service restaurants and independent retailers, distributing food service and gourmet products across south-east Queensland. WAM Alternative Assets' investment partner, Fortitude Investment Partners, a private equity firm specialising in growth capital investments in Australia and New Zealand, invested in QFS in 2017 and has successfully implemented its growth strategy by expanding the business' customer base and product offering, as well as making a number of follow on acquisitions. Fortitude Investment Partners ran a competitive sale process to select the buyer for QFS, Superior Food Services. The completion of the sale transaction occurred on 31 December 2021 at a premium to our carrying value. The first tranche of exit proceeds were received in January 2022 and the second tranche is expected in February 2022.

Global demand for renewable energy assets draws the attention of international investors to the Australian market, which is seen as well regulated, transparent and with a growing opportunity set. WAM Alternative Assets' investment partner, Argyle Capital, invested in Dunblane Solar via the Argyle Solar Fund in October 2017. The asset is located in Barcardine, Queensland. The facility was commissioned in February 2018 and continues to operate as expected with production near forecast levels. The Solar Farm has been cash flow positive since July 2018 and commenced capital returns to shareholders in December 2018. The asset operated as a standalone facility without a power purchase agreement which made it an attractive acquisition target for a larger portfolio of renewable energy assets. Argyle Capital successfully achieved an exit of the asset after considering several bids and WAM Alternative Assets received the exit proceeds from the sale during the month.

WAM Alternative Assets' investment in the 441 Ninth Avenue Trust was managed by our investment partner, Cove Property Group (CPG). The asset is a redeveloped 25-story trophy office tower in New York, Manhattan. CPG successfully implemented its repositioning strategy of the asset and opened the building to new tenants in 2019. The property reached 75% occupancy rate earlier in 2021 and CPG together with the co-owner of the asset, The Baupost Group, initiated a selling campaign on the basis of strengthening demand for office assets in Manhattan. 441 Ninth Avenue, otherwise known as Hudson Commons, is considered a high quality commercial asset developed in line with high environment, social and corporate governance (ESG) standards in an attractive location. The transaction was closed in December 2021.

## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
<b>December 2021</b>	121.87c	120.99c	117.83c
<b>November 2021</b>	119.50c	118.64c	116.01c

### Market capitalisation (ASX: WMA)

\$201.0m\*

### Share price

\$1.035

### Gross assets

\$236.3m

### Pre-tax net tangible assets

\$1.22

\*Based on 194,167,007 shares on issue.

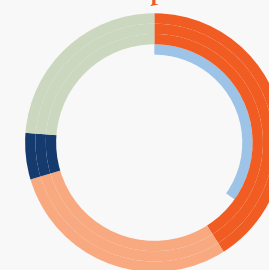
## About WAM Alternative Assets

WAM Alternative Assets provides retail investors with exposure to a portfolio of real assets, private equity, real estate and aims to expand into new asset classes such as private debt and infrastructure. The Company's investment objectives are to consistently deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits.

## Date of transition from BAF to WMA

14 October 2020

## Asset class exposure



Real assets: 41.0%\*  
Private equity: 29.4%  
Real estate: 5.8%  
Cash: 23.8%\*  
Water Rights: 34.8%

\*Real assets includes:

Water Rights: 34.8%

\*Total capital commitments are 15.9%.

Portfolio structure	Current value		+/- Prior month	
	\$m	%	\$m	%
Real assets	96.8	41.0	1.1	1.1
Private equity	69.5	29.4	1.2	1.8
Real estate <sup>†</sup>	13.8	5.8	(0.4)	(2.8)
Cash <sup>†</sup>	56.2	23.8	2.0	3.7
<b>Grand total</b>	<b>236.3</b>	<b>100.0</b>	<b>3.9</b>	<b>1.7</b>

\*Includes capital commitments to the Palisade Diversified Infrastructure Fund (\$15.0m); the Barwon Institutional Healthcare Property Fund (\$15.0m); the Adamantem Fund 2 (\$6.2m) and the Strategic Australian Agriculture Fund (\$1.3m).  
<sup>†</sup>During the month a \$0.3m return of capital was received from our investment in the 441 Ninth Avenue Trust.

## 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.

## 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

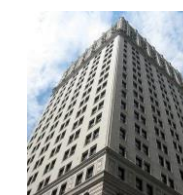


Owns and operates a portfolio of hotels in Australia



Food services distributor

### Real estate



2 Rector Street, Manhattan, New York

Revesby Industrial Income Fund, New South Wales

## New Investment Partners



Mid-market private equity fund manager



Specialist infrastructure fund manager



Boutique real estate fund manager

# W | A | M Strategic Value

Discounted asset opportunities.

The WAM Strategic Value investment portfolio increased during the month, with significant contributors including Antipodes Global Shares (ASX: AGX1), Westoz Investment Company (ASX: WIC) and Ozgrowth (ASX: OZG).

As highlighted in our November monthly investment update, the scheme of arrangement (Scheme) exchanging shares in Antipodes Global Investment Company Limited, formerly listed as ASX: APL, into new units in AGX1 (an active exchange traded fund) was implemented during December. The Scheme provided APL investors with increased liquidity as well as the choice to maintain an ongoing exposure to the investment manager's value-style global equity strategy. Through the Scheme, WAM Strategic Value was able to realise its investment in APL via AGX1 at its net tangible assets (NTA) value, less transaction costs.

Westoz Investment Company and Ozgrowth are listed investment companies (LICs) managed by Westoz Funds Management Pty Limited. The companies invest in small-to-medium cap ASX listed securities, generally connected to Western Australia, with an objective to generate positive returns over the medium-to-long term regardless of the movements of the broader share market. In December, Westoz, Ozgrowth and WAM Capital (ASX: WAM) announced Scheme Implementation Agreements to merge the three entities under separate transactions. Under the agreements, WAM Capital will acquire 100% of the shares in Westoz and Ozgrowth while Westoz and Ozgrowth shareholders will receive new WAM Capital shares as consideration for their respective shares. The proposed transactions offer Westoz and Ozgrowth shareholders the ability to exit their investments at a premium to the pre-tax NTAs of both entities, and a premium to the Westoz and Ozgrowth share prices. Following the announcement, Westoz and Ozgrowth saw an uplift in their respective share prices which were trading at significant discounts to their underlying net asset backings. We expect to realise further upside in our investment in the companies if the Scheme is approved by Westoz and Ozgrowth shareholders in March 2022.

## Market capitalisation (ASX: WAR)

\$223.2m\*

## Gross assets

\$235.5m^

## Share price

\$1.24

## Pre-tax net tangible assets

\$1.30

\*Based on 180,000,001 shares on issue.

^Gross assets exclude the \$1.89m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

## About WAM Strategic Value

WAM Strategic Value will take advantage of market mispricing opportunities, including securities trading at discounts to assets or net tangible assets, corporate transactions and dividend yield arbitrages. WAM Strategic Value aims to deliver strong risk-adjusted returns derived from a portfolio primarily composed of discounted asset opportunities selected using the proven market-driven investment process we have developed over more than two decades.

## Date of listing on the ASX

28 June 2021

## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
December 2021	130.11c	130.47c	129.07c
November 2021	128.72c	129.00c	128.04c

## Top holdings (in alphabetical order)

 AUI	 CIN	 EAI	 GDC	 LSF	 MGF	 NSC	 OZG
 PIA	 QVE	 SEC	 TEK	 VG1	 VG8	 WGB*	 WIC

\*WAM Strategic Value received WAM Global shares and options as scrip consideration for TGG shares held.

# W | A | M Research

The most compelling undervalued growth opportunities in the Australian market.

The WAM Research investment portfolio increased during the month, outperforming the S&P/ASX All Ordinaries Accumulation Index. Significant contributors to the investment portfolio outperformance included reproductive services provider Virtus Health (ASX: VRT) and construction services company Johns Lyng Group (ASX: JLG).

Virtus Health is the largest provider of assisted reproductive services in Australia, helping more than 5,000 people become parents each year. Virtus Health operates 43 fertility clinics globally as well as specialist day hospitals and the Virtus diagnostic and pathology services. In December, Virtus Health received an unsolicited, non-binding indication of interest from BGH Capital to acquire 100% of the shares of Virtus Health by way of a scheme of arrangement. The proposal attributes a cash value of \$7.10 per share, a premium to the share price before the announcement of the transaction, and followed BGH Capital's purchase of 8.5 million shares in Virtus Health, representing an almost 10% stake in the company. We invested in Virtus Health due to its compelling valuation and its growth being underappreciated by the market, particularly in its precision fertility and genetic testing opportunities. Following the strength in its share price after the announcement of the scheme, we exited our position in Virtus Health.

Johns Lyng Group provides building and restoration services across Australia for properties and contents damaged by insurable events, including impact, weather and fire events. Johns Lyng Group operates in all major metropolitan areas and in high risk regional areas, such as Far North Queensland. In December, the company announced the acceleration of its US growth strategy through the acquisition of Reconstruction Experts, a leading provider of insurance focused vendor managed repairs services, for USD144 million. The acquisition was highly strategic, accretive to the company's earnings per share and equated to 7.8 times earnings before interest, tax, depreciation and amortisation (EBITDA) for the 12 months to 30 June 2021. We invested in Johns Lyng Group based on our view that as the largest and most sophisticated provider of emergency building works, the company will continue to grow through market share gains and acquisitions. We continue to hold Johns Lyng Group as we believe that with this recent acquisition, the company has added another material growth pillar that will underpin longer term aspirations and earnings growth.

## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
December 2021	122.28c <sup>^</sup>	126.10c	121.69c
November 2021	119.61c	123.09c	119.21c

<sup>^</sup>The NTA before tax is after the payment of \$1.7m (0.87 cents per share) in tax during the month.

<sup>\*</sup>Includes 5.67 cents per share of income tax losses available to the Company in future periods.

## Market capitalisation

(ASX: WAX)

\$321.0m<sup>#</sup>

## Gross assets

\$243.3m

## Listed equities

\$218.1m

## Investment portfolio performance

(pa since change in investment strategy July 2010)

16.5%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 9.6%

## Dividends paid since inception

(per share)

124.0c

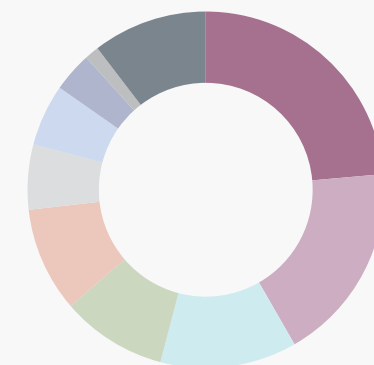
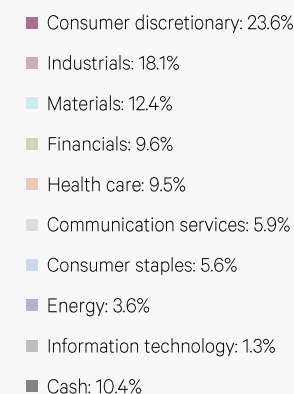
## Fully franked dividend yield

6.1%<sup>#</sup>

<sup>#</sup>Based on the 31 December 2021 share price of \$1.63 per share and the FY21 fully franked full year dividend of 9.9 cents per share. WAM Research has 196,927,852 shares on issue.

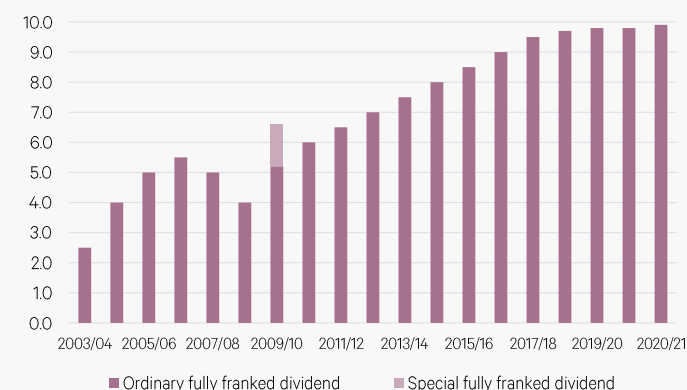
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Portfolio by sector



## History of fully franked dividends

Cents per share



## Top 20 holdings (in alphabetical order)

