

# July 2022 Investment Update

Pre-tax  
NTA

W | A | M *Capital* \$1.51

W | A | M *Leaders* \$1.43

W | A | M *Global* \$2.17

W | A | M *Microcap* \$1.37

W | A | M *Alternative Assets* \$1.24

W | A | M *Strategic Value* \$1.17

W | A | M *Research* \$0.99

W | A | M *Active* \$0.77

Dear Fellow Shareholders,

Global equities rebounded in July, despite heightened inflationary concerns and continued interest rate rises by central banks. The S&P/ASX All Ordinaries Accumulation Index was up 6.3%, while the MSCI World Index (AUD) increased 6.4% for the month.

We recently announced the WAM Leaders (ASX: WLE) [FY2022 full year results](#) and [Annual Report](#), with the Board of Directors declaring a fully franked full year dividend of 8.0 cents per share, a 14.3% increase on the previous year. We will be announcing the results for our other seven listed investment companies (LICs) in the coming weeks.

### WAM Leaders announces record outperformance of 16.2% in FY2022

The WAM Leaders investment portfolio delivered record investment portfolio outperformance during the financial year to 30 June 2022, outperforming the S&P/ASX 200 Accumulation Index by 16.2%. The investment portfolio increased 9.7%\* while the Index fell 6.5% over the year, and being on average 96.4% invested in equities.

I invite you to join Lead Portfolio Manager Matthew Haupt, Portfolio Manager John Ayoub and Equity Analyst Anna Milne for the [WAM Leaders FY2022 Results Q&A Webinar](#) on Thursday 8 September at 4:00pm (Sydney time).

### Wollongong 2022: UCI Road World Championships

Wilson Asset Management is proud to be the Main Partner of Wollongong 2022: UCI Road World Championships, an Olympic-scale celebration of cycling in New South Wales. The event is expected to attract a global audience of more than 300 million and will bring together 1,000 of the world's best cyclists across 11 disciplines to compete over eight days from 18 September.

More than 1,500 volunteers are being recruited for the volunteer program and we would like to extend the invitation to our shareholders and supporters who would like to be involved as volunteers of the event. Join me and the Wilson Asset Management team to support one of the world's top sporting events being held in our backyard. [Sign up](#) to volunteer for key roles including course marshals, drivers and welcome hosts.

### Watch the latest Buy Hold Sell Analyst Forum

Access our [Buy, Hold, Sell Analyst Forum](#) which was filmed during the month to hear from the team on some of the Australian and global companies the team are investing in right now within the retail, travel, resources, consumer discretionary sectors and more.

### In the media

Small-to-mid cap Senior Equity Analyst Sam Koch discussed Megaport's (ASX: MP1) full year results in an article for [Livewire](#), outlining the key highlights from the announcement and his outlook for the business.

Matthew Haupt featured in [The Australian](#) and the [Australian Financial Review](#) explaining how the WAM Leaders investment portfolio was positioned for a rising interest rate environment at the end of the last calendar year, and the investment opportunities his team is watching in the months ahead. Matthew also spoke on CommSec's [Executive Series](#) about how the investment portfolio is adjusted to the current market environment, the sectors he is positive on, and some of the equity market risk factors that keeps him awake at night.

WAM Capital (ASX: WAM), WAM Microcap (ASX: WMI), WAM Research (ASX: WAX) and WAM Active (ASX: WAA) Lead Portfolio Manager Oscar Oberg shared his view on what he believes are Premier Investments' (ASX: PMV) biggest attractions, including expansion and acquisitions in [The Sydney Morning Herald](#). Oscar also [commented](#) on why he is positive on the Australian retail sector and why he is focusing on companies which weren't beneficiaries of the coronavirus lockdowns.

WAM Alternative Assets (ASX: WMA) Portfolio Manager Dania Zinurova was featured in a [Livewire Q&A](#) where she discussed the benefits of having alternative assets in an investment portfolio and the low correlation they have to equity markets.

In an interview with [The Weekend Australian](#), I spoke about the benefits of investing in an actively managed fund and why I am cautious on the overall outlook for stocks. I also spoke to [Livewire](#) to discuss the key lessons from past economic crises.

I joined Future Generation's recent Investor Q&A webinar, along with Future Generation CEO Caroline Gurney and Cooper Investors' Peter Cooper to discuss the outlook for the equity market amid interest rate rises and the need for investors to adopt a long-term investment horizon. The webinar was covered in [The Australian](#). You can listen to a recording and read a transcript of the webinar [here](#).

Thank you for your continued support.



Geoff Wilson AO  
Chairman

\*Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.



# LIC snapshot



## W | A | M *Capital*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAM

|   |         |
|---|---------|
| Share price*                              | \$1.84  |
| NTA before tax                            | \$1.51  |
| Annualised fully franked interim dividend | 15.5cps |
| Profits reserve#                          | 16.0cps |

## W | A | M *Leaders*

Actively investing in the highest quality Australian companies

ASX: WLE

|                                  |         |
|----------------------------------|---------|
| Share price*                     | \$1.58  |
| NTA before tax                   | \$1.43  |
| Fully franked full year dividend | 8.0cps  |
| Profits reserve#                 | 40.9cps |

## W | A | M *Global*

The world's most compelling undervalued growth companies

ASX: WGB

|   |         |
|---|---------|
| Share price*                              | \$2.07  |
| WGBO option price*                        | \$0.001 |
| NTA before tax                            | \$2.17  |
| Annualised fully franked interim dividend | 11.0cps |
| Profits reserve#                          | 40.5cps |

## W | A | M *Microcap*

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

ASX: WMI

|   |         |
|---|---------|
| Share price*                              | \$1.73  |
| NTA before tax                            | \$1.37  |
| Annualised fully franked interim dividend | 10.0cps |
| Profits reserve#                          | 56.1ps  |

## W | A | M *Alternative Assets*

Unique opportunities beyond traditional assets

ASX: WMA

|   |                 |
|---|-----------------|
| Share price*                              | \$1.10          |
| NTA before tax                            | \$1.24          |
| Annualised fully franked interim dividend | 4.0cps          |
| Commencement date                         | 14 October 2020 |
| Profits reserve#                          | 17.4cps         |

## W | A | M *Strategic Value*

Discounted asset opportunities

ASX: WAR

|  |              |
|--|--------------|
| Share price*                             | \$1.055      |
| NTA before tax                           | \$1.17       |
| Inaugural fully franked interim dividend | 1.0cps       |
| Listing date                             | 28 June 2021 |
| Profits reserve#                         | 8.7cps       |

## W | A | M *Research*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAX

|   |         |
|---|---------|
| Share price*                              | \$1.505 |
| NTA before tax                            | \$0.99  |
| Annualised fully franked interim dividend | 10.0cps |
| Profits reserve#                          | 43.8cps |

## W | A | M *Active*

Mispricing opportunities in the Australian market

ASX: WAA

|   |         |
|---|---------|
| Share price*                              | \$0.90  |
| WAAOA option price*                       | \$0.001 |
| NTA before tax                            | \$0.77  |
| Annualised fully franked interim dividend | 6.0cps  |
| Profits reserve#                          | 8.2cps  |

\*As at 11 August 2022.

#The profits reserve figures are as at 31 July 2022 in cents per share (cps).

# W | A | M *Active*

Market mispricing opportunities in the Australian market.

The WAM Active (ASX: WAA) investment portfolio increased during the month with significant contributors to the investment portfolio performance including financial services provider AMP (ASX: AMP) and gold ore mining company Capricorn Metals (ASX: CMM).

AMP is a provider of superannuation and investment products, financial advice and banking products in Australia and New Zealand. AMP's share price appreciated during the month, despite the company having lost the management rights to the AMP Capital Wholesale Office Fund. While the fund's change of management rights was a negative outcome for AMP, the result was expected by the market. We believe the company is undervalued and trading at an attractive discount to its net tangible assets and has the capacity to return a significant amount of capital to shareholders following its divestment program. We remain positive on the outlook for AMP and believe it is currently mispriced in the market after undergoing the sale of its funds management business, Collimate Capital.

Capricorn Metals is an Australian based gold producer in Western Australia. The company reported strong June quarter results, delivering record production from its Karlawinda gold project, completing an outstanding first full year of operations at the site. This saw Capricorn Metals achieve the upper end of its FY2022 earnings guidance with total gold production of 118,432 ounces. Capricorn Metals announced further results from its Mount Gibson project in July after expanding the drilling program from 81,000m to 105,000m, highlighting the quality and growth potential of the resource at the site. These were excellent results given the sector is facing a challenging environment due to cost increases and labour shortages. Capricorn Metals continues to deliver strong operational performance, is in an excellent position to create balance sheet flexibility and we are positive on the outlook and growth opportunities for the company in the upcoming year.

## Market capitalisation (ASX: WAA)

\$60.8m<sup>#</sup>

## Gross assets

\$57.3m

## Listed equities

\$54.9m

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

9.8%<sup>^</sup>

Bloomberg AusBond Bank Bill Index (Cash): 2.8%

## Dividends paid since inception (per share)

83.7c

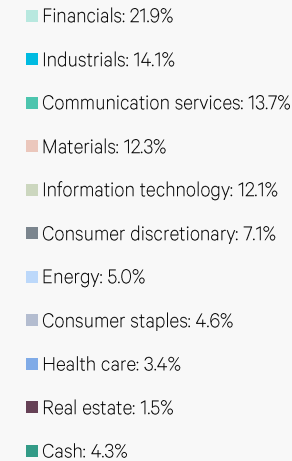
## Annualised fully franked interim dividend yield

7.3%<sup>#</sup>

<sup>#</sup>Based on the 29 July 2022 share price of \$0.82 per share and the annualised FY22 fully franked interim dividend of 6.0 cents per share. WAM Active has 74,177,980 shares on issue.

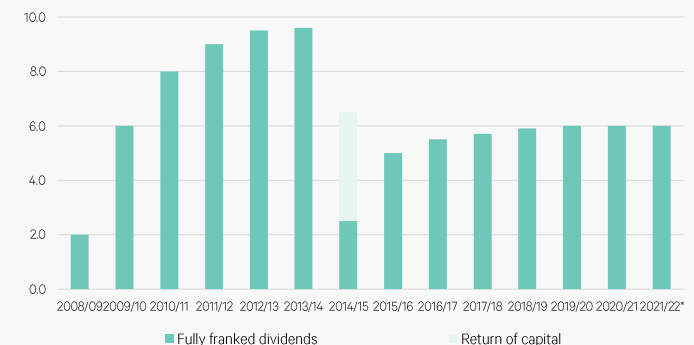
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

Cents per share



\*Annualised interim dividend.

## Net Tangible Assets (NTA) per share

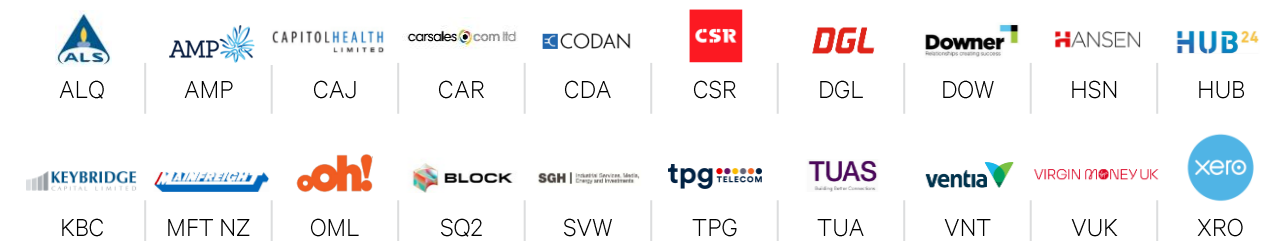
|           | NTA before tax      | NTA after tax and before tax on unrealised gains* | NTA after tax* |
|-----------|---------------------|---|----------------|
| July 2022 | 76.73c <sup>^</sup> | 84.40c  | 85.73c         |
| June 2022 | 72.24c              | 82.39c  | 82.37c         |

<sup>^</sup>The July 2022 NTA before tax is after net income tax payable of \$236.5k (0.32 cents per share).

\*Includes 10.14 cents per share of income tax losses available to the Company in future periods.

The above July NTA figures are not adjusted for the 67,068,824 options on issue with an exercise price of \$1.10 per option.

## Top 20 holdings (in alphabetical order)



# W | A | M Capital

The most compelling undervalued growth opportunities in the Australian market.

The WAM Capital (ASX: WAM) investment portfolio increased during the month, outperforming the S&P/ASX All Ordinaries Accumulation Index. Significant contributors to the investment portfolio outperformance included department store chain Myer Holdings (ASX: MYR) and financial services provider AMP (ASX: AMP).

Myer surprised the market in July with a trading update, announcing full year earnings guidance ahead of expectations. Total sales are now expected to increase between 12.3% and 12.7% on FY2021, with full year profits expected to double. All categories across Myer's 58 department stores achieved sales growth, in spite of the market's expectations of shrinking consumer confidence. Myer's turnaround plan, which seeks to drive profitability through refurbishing and re-sizing stores, coupled with improving service standards, is gaining momentum, reinforcing our positive outlook on the company.

AMP is a provider of superannuation and investment products, financial advice and banking products in Australia and New Zealand. AMP's share price appreciated during the month, despite the company having lost the management rights to the AMP Capital Wholesale Office Fund. While the fund's change of management rights was a negative outcome for AMP, the result was expected by the market. We believe the company is undervalued and trading at an attractive discount to its net tangible assets and has the capacity to return a significant amount of capital to shareholders following its divestment program. We remain positive on the outlook for AMP and believe it is currently mispriced in the market after undergoing the sale of its funds management business, Collimate Capital.

## Market capitalisation (ASX: WAM)

\$2,007.0m<sup>#</sup>

## Gross assets

\$1,654.4m

## Listed equities

\$1,453.5m

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

15.1%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 8.2%

## Dividends paid since inception (per share)

277.25c

## Annualised fully franked interim dividend yield

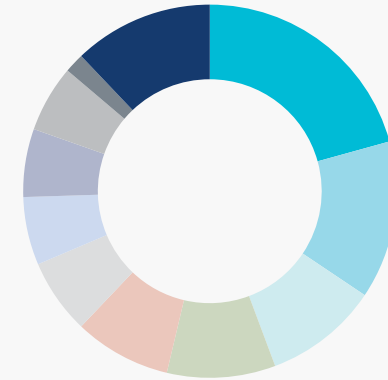
8.4%<sup>#</sup>

<sup>#</sup>Based on the 29 July 2022 share price of \$1.845 per share and the annualised FY22 fully franked interim dividend of 15.5 cents per share. WAM Capital has 1,087,795,156 shares on issue.

<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.

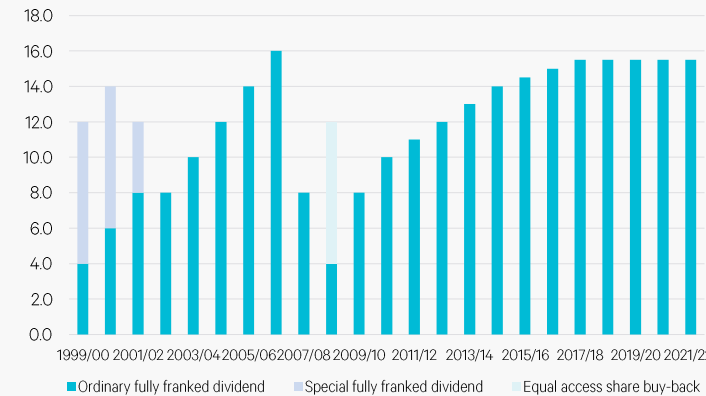
## Diversified investment portfolio by sector

- Industrials: 20.7%
- Consumer Discretionary: 13.7%
- Communication Services: 9.9%
- Financials: 9.4%
- Materials: 8.4%
- Information Technology: 6.5%
- Energy: 5.9%
- Consumer Staples: 5.9%
- Health Care: 5.8%
- Real estate: 1.7%
- Cash: 12.1%



## History of fully franked dividends

Cents per share



<sup>\*</sup>Annualised interim dividend.

## Net Tangible Assets (NTA) per share

|           | NTA before tax       | NTA after tax and before tax on unrealised gains <sup>*</sup> | NTA after tax <sup>*</sup> |
|-----------|----------------------|---|----------------------------|
| July 2022 | 150.71c <sup>^</sup> | 163.04c   | 163.93c                    |
| June 2022 | 140.85c              | 151.97c   | 156.66c                    |

<sup>\*</sup>The July 2022 NTA before tax is after the provision for tax of \$6.4m (0.59 cents per share) for the 2022 financial year. <sup>^</sup>Includes 1.51 cents per share of tax assets resulting from the acquisition of investment companies and 15.62 cents per share of income tax losses available to the Company in future periods.

## Top 20 holdings (in alphabetical order)

|      |              |       |                |  |        |            |        |                |        |      |
|------|--------------|-------|----------------|--|--------|------------|--------|----------------|--------|------|
| AMP  | APM          | CODAN | Estia Health   | EVENT  | HANSEN | idp        | iph    | KELSIAN        | Lovisa |      |
| AMP  | APM          | CDA   | EHE            | EVT  | HSN    | IEL        | IPH    | KLS            | LOV    |      |
| MAAS | NRW Holdings | oh!   | SG Fleet Group | SGH   Industrial Services, Mtds, Energy and Treatments | TUAS   | VIRGIN OIL | NEY UK | Webjet Limited | Worley | xero |
| MGH  | NWH          | OML   | SGF            | SVW  | TUA    | VUK        | WEB    | WOR            | XRO    |      |

# W | A | M Leaders

Actively investing in the highest quality Australian companies.

The WAM Leaders (ASX: WLE) investment portfolio increased during the month. Significant contributors to the investment portfolio performance included National Australia Bank (ASX: NAB) and Commonwealth Bank of Australia (ASX: CBA).

The pace and magnitude of the Reserve Bank of Australia's cash rate increases over the last few months has resulted in a wide range of forecasts for both house prices and credit growth, which has sent sentiment in the banking sector to extremes. The banks significantly underperformed the market in June, as positivity around rising interest rates flipped to concerns for the Australian housing market and overall economic growth. We viewed this weakness as exaggerated and tactically went overweight in the banking sector, with the banks then outperforming the market in July.

We remain positive on the outlook for banks. Australia and New Zealand Banking Group (ASX: ANZ) provided the first glimpse into third quarter trends, demonstrating improving lending growth, strong underlying net interest margin trends and robust cost control. We expect the other major banks will report similar, if not better, outcomes. While concerns for the housing market are valid, we do not view bad debts as being a significant issue for the banks. Household balance sheets and loan-to-value ratio profiles are strong given the house price appreciation we have seen in recent years. Credit growth will be further impacted and the market is already forecasting this will reach its lowest level in more than 40 years in late 2023. Net interest margins across all the banks should improve as earlier and larger interest rate hikes and favourable deposit pricing are only partly offset by mortgage competition.

Our preference among the banks in this environment remains National Australia Bank. The company continues to deliver above system growth, is overweight business banking which continues to perform strongly and has a capable management team. Commonwealth Bank of Australia is our next preferred name given its sector leading position, largest deposit base and capital management optionality following the divestment of non-core assets.

## Market capitalisation (ASX: WLE)

\$1,592.4m\*

## Gross assets

\$1,558.0m

## Listed equities

\$1,459.6m

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

14.7%<sup>^</sup>

S&P/ASX 200 Accumulation Index: 8.3%

## Dividends paid since inception (per share)

31.15c

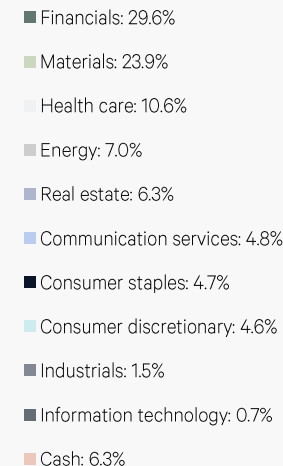
## Fully franked dividend yield

5.2%\*

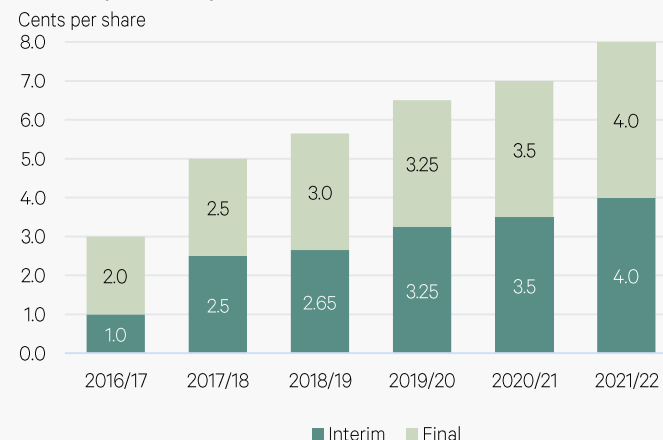
\*Based on the 29 July 2022 share price of \$1.54 per share and the FY22 fully franked full year dividend of 8.0 cents per share. WAM Leaders has 1,034,044,884 shares on issue.

<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.

## Diversified investment portfolio by sector



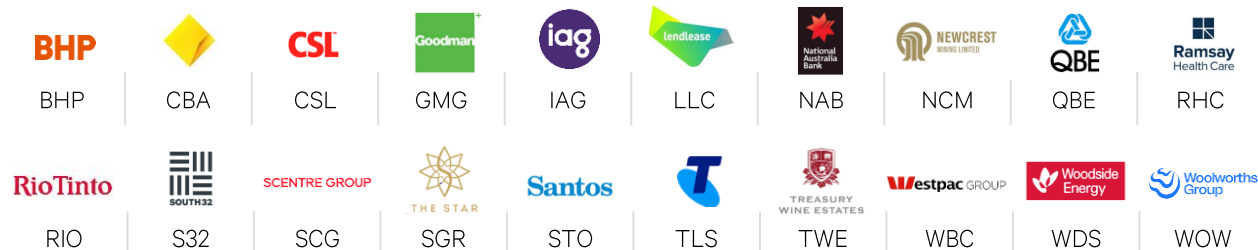
## History of fully franked dividends



## Net Tangible Assets (NTA) per share

|           | NTA before tax       | NTA after tax and before tax on unrealised gains | NTA after tax |
|-----------|----------------------|--|---------------|
| July 2022 | 142.83c <sup>^</sup> | 142.98c  | 141.92c       |
| June 2022 | 139.24c              | 136.30c  | 137.33c       |

## Top 20 holdings (in alphabetical order)



<sup>^</sup>The July 2022 NTA before tax is after the provision for tax of \$30.7m (2.97 cents per share) for the 2022 financial year.



# W | A | M Global

The world's most compelling undervalued growth companies.

The WAM Global (ASX: WGB) investment portfolio increased during the month, with significant contributors including HCA Healthcare (NYSE: HCA) and Thermo Fisher (NYSE: TMO).

HCA Healthcare is a leading provider of healthcare services. The company operates 182 hospitals and over 2,300 sites of care across 20 states in the US and the UK. In July, HCA Healthcare delivered a positive second quarter earnings result that exceeded market expectations driven by healthy demand trends in non-coronavirus managed care admissions. Same facility revenue grew 4% year-on-year, coronavirus admissions declined and volumes across various service categories continue to move back above pre-pandemic levels. In addition, the management team showcased significant progress in managing operating costs in a challenging labour market. Labour metrics improved during the quarter with recruitment up, turnover down and contract labour expenses lowered, with June 2022 levels 22% below April 2022. We remain positive on HCA Healthcare, with revenues expected to continue to track higher given demographic tailwinds and support received from the US' Affordable Care Act, as well as the possibility of above-average payer rate increases given inflationary pressures. The company has a high quality management team that we believe can continue to drive operational improvements to support margins looking forward. HCA Healthcare's valuation remains compelling and we believe the Company is on track to achieve its full year 2022 guidance.

Thermo Fisher is a global leader in serving science. The company manufactures and distributes analytical instruments, scientific equipment, consumables and other laboratory supplies to its key end markets in pharmaceutical and biotech, diagnostics and healthcare, academic and government, and industrial and applied research. At its second quarter earnings result in July, revenues grew by 18% to USD10.97 billion, with core organic revenue growth of 13%. The company delivered a sizeable earnings beat with exceptional execution in China leading to more than 20% growth in the region despite the lockdowns during the period. Thermo Fisher raised its full year 2022 outlook highlighting broad based core business momentum and slightly higher coronavirus testing revenues. We are positive on the long-term outlook for Thermo Fisher. With its leading global market positions, significant investment in expanding their innovative portfolio and scale, and consistent management execution, the business is poised to continue to deliver sustainable growth and shareholder returns.

## Market capitalisation (ASX: WGB)

\$688.1m\*

## Gross assets

\$764.5m

## Listed equities

\$709.5m

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

5.8%<sup>^</sup>

MSCI World Index (AUD): 9.7%

## Dividends paid since inception (per share)

24.5c

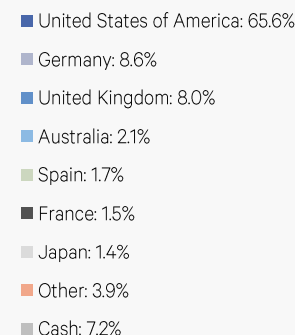
## Annualised fully franked interim dividend

11.0c

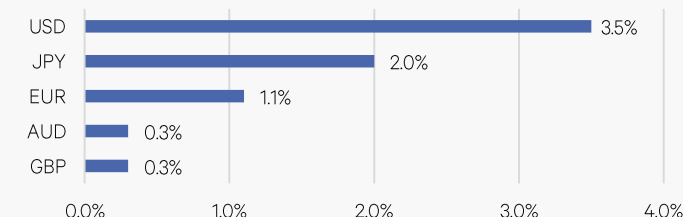
\*Based on the 29 July 2022 share price of \$1.96 per share and 351,058,562 shares on issue.

<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 geographical exposure

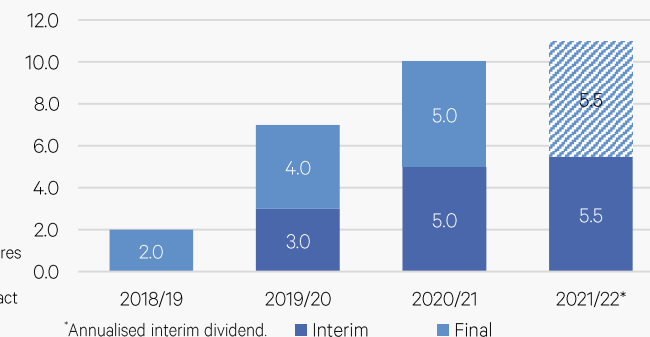


## Cash currency exposure



## History of fully franked dividends

Cents per share



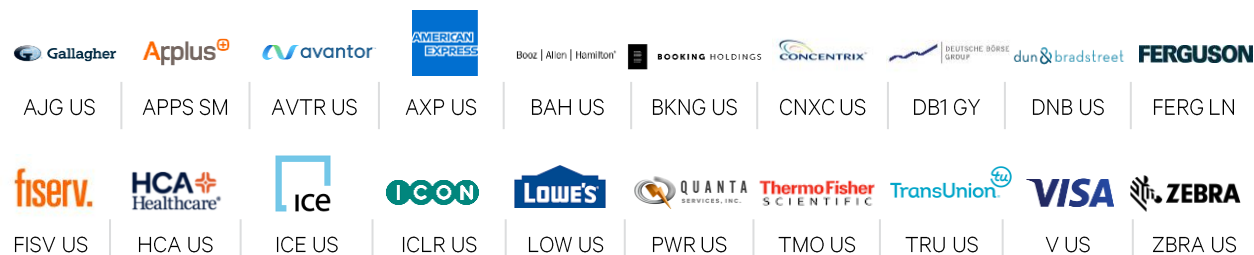
## Net Tangible Assets (NTA) per share

|           | NTA before tax       | NTA after tax and before tax on unrealised gains | NTA after tax |
|-----------|----------------------|--|---------------|
| July 2022 | 216.95c <sup>^</sup> | 217.06c  | 224.82c       |
| June 2022 | 207.05c              | 211.48c  | 217.72c       |

<sup>^</sup>The July 2022 NTA before tax is after net income tax payable of \$0.9m (0.25 cents per share).

The above July NTA figures are not adjusted for the 278,453,160 options on issue which are trading under the ASX code WGB0 with an exercise price of \$2.54 per option and expire on 12 September 2022.

## Top 20 holdings (in alphabetical order)



# W | A | M *Microcap*

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

The WAM Microcap (ASX: WMI) investment portfolio increased during the month, with significant contributors to the investment portfolio performance including laser and beauty provider SILK Laser Australia (ASX: SLA) and fragrance products retailer dusk Group (ASX: DSK).

SILK Laser is one of Australia's largest specialist clinic networks, offering a range of non-surgical aesthetic products and services. The company's share price rebounded in July after being sold off towards the end of FY2022 amid concerns of a looming recession and a tightening in consumer spending. During the month, the company also strategically acquired Victoria-based Unique Laser clinics, expanding SILK Laser's East Coast presence. Our investment thesis is based on growth in the overall non-surgical aesthetic market, supporting the consolidation and rollout of a greater number of clinics around Australia. We are positive on the outlook for the business as we see significant clinic rollout and consolidation opportunities for the company across Australia and New Zealand.

dusk Group is an Australian specialty retailer of home fragrance products, offering a range of premium quality products at competitive prices. During the month, dusk Group announced a trading update and guidance for FY2022 which was ahead of market expectations. dusk Group's vertical retail model and long-term supply partnerships have allowed it to maintain well-balanced inventory levels to meet consumer demand. We believe that dusk Group is an undervalued growth company with a niche offering and a large store rollout opportunity into new regions such as New Zealand and the United Kingdom.

## Market capitalisation (ASX: WMI)

\$326.3m<sup>#</sup>

## Gross assets

\$288.3m

## Listed equities

\$263.1m

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

16.7%<sup>^</sup>

S&P/ASX Small Ordinaries Accumulation Index: 7.1%

## Dividends paid since inception (per share)

38.75c

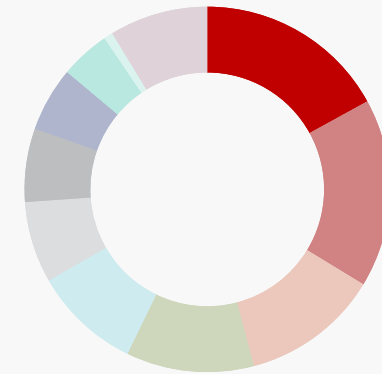
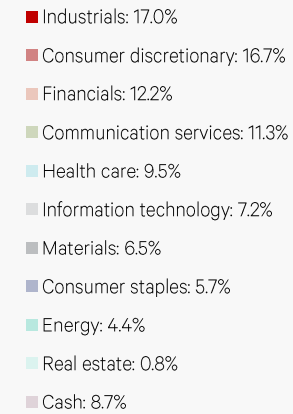
## Annualised fully franked interim dividend

10.0c

<sup>#</sup>Based on the 29 July 2022 share price of \$156 per share. WAM Microcap has 209,140,522 shares on issue.

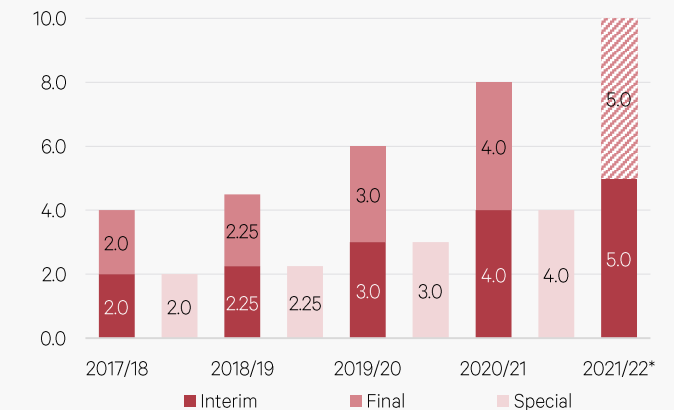
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

Cents per share



\*Annualised interim dividend.

## Net Tangible Assets (NTA) per share

|           | NTA before tax       | NTA after tax and before tax on unrealised gains | NTA after tax |
|-----------|----------------------|--|---------------|
| July 2022 | 136.54c <sup>^</sup> | 136.09c  | 137.24c       |
| June 2022 | 124.29c              | 123.39c  | 128.03c       |

<sup>^</sup>The July 2022 NTA before tax is after the provision for tax of \$1.9m (0.92 cents per share) for the 2022 financial year.

## Top 20 holdings (in alphabetical order)

|     |     |     |     |     |     |     |     |        |     |
|-----|-----|-----|-----|-----|-----|-----|-----|--------|-----|
| AFG | AHX | ALG | ANG | BUB | CLG | DGL | DSK | EGG    | EXP |
| GDG | HLA | MRM | MYS | NGI | PFP | PPE | SLH | THL NZ | TUA |

# W | A | M *Alternative Assets*

*Unique opportunities beyond traditional assets*

The WAM Alternative Assets (ASX: WMA) investment portfolio increased during the month, driven by the performance of its real assets investments. In July, WAM Alternative Assets exited its investment in esVolta, a leading energy storage company focused on development, construction, and operations of large-scale projects in North America. Since its foundation in December 2017, esVolta has been building a portfolio of projects to serve major utility customers through developing new and acquiring existing projects. At the time of exit, esVolta had a portfolio of four fully operational projects, two projects under construction and four projects in the development pipeline.

The business is well positioned to continue its growth due to the focus on energy transition in the US markets, which is supported by the current government. WMA's investment partners, RBP Partners (a New York based private investment firm) and Auctus Investment Group, initiated the exit process in late 2021 and after running a competitive bid process they announced a binding transaction in April 2022. The exit was finalised once esVolta achieved US Federal Energy Regulatory Commission approval for the sale of the business to Generate Capital, a sustainable infrastructure investment and operating platform in the US. WMA has received the first tranche of capital distribution from the exit in July 2022, which was in excess of its initial capital invested, with the second tranche planned to be received by the end of CY2022. The exit agreement includes some potential earnouts and holdbacks over time which are subject to various conditions and/or approvals from regulatory bodies.

## Net Tangible Assets (NTA) per share

|           | NTA before tax       | NTA after tax and before tax on unrealised gains | NTA after tax |
|-----------|----------------------|--|---------------|
| July 2022 | 123.93c <sup>^</sup> | 123.86c  | 120.63c       |
| June 2022 | 125.19c              | 123.51c  | 120.29c       |

<sup>^</sup>The July 2022 NTA before tax is after the provision for tax of \$3.3m (1.72 cents per share) for the 2022 financial year.

Market capitalisation (ASX: WMA)

\$212.0m\*

Share price

\$1.09

Gross assets

\$244.2m

Annualised fully franked interim dividend

4.0c

\*Based on the 29 July 2022 share price of \$1.09 per share and 194,507,975 shares on issue.

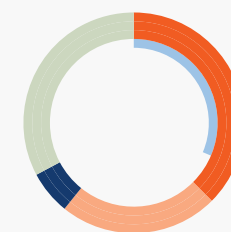
## About WAM Alternative Assets

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: 37.5%\*  
Private equity: 23.3%  
Real estate: 6.4%  
Cash: 32.8%\*  
\*Total capital commitments are 23.5%.  
\*Real assets includes:  
Water Rights: 31.4%

| Portfolio structure         | Current value |              | +/- Prior month |            |
|-----------------------------|---------------|--------------|-----------------|------------|
|                             | \$m           | %            | \$m             | %          |
| Real assets <sup>*</sup>    | 91.7          | 37.5         | (9.0)           | (8.9)      |
| Private equity <sup>*</sup> | 56.8          | 23.3         | (5.8)           | (9.3)      |
| Real estate                 | 15.6          | 6.4          | 2.3             | 17.3       |
| Cash <sup>*</sup>           | 80.1          | 32.8         | 13.3            | 19.9       |
| <b>Grand total</b>          | <b>244.2</b>  | <b>100.0</b> | <b>0.8</b>      | <b>0.3</b> |

<sup>\*</sup>Includes undrawn capital commitments to the Palisade Diversified Infrastructure Fund (\$20.0m); the Barwon Institutional Healthcare Property Fund (\$12.4m); the Allegro Fund IV (\$9.8m); the CEN (ISL) Partnership Fund (\$8.0m); the Adamantem Capital Fund II (\$5.8m) and the Strategic Australian Agriculture Fund (\$1.3m). During the month, WMA deployed \$2.6m of our undrawn capital commitment to the Barwon Institutional Healthcare Property Fund and \$4.8k of our undrawn capital commitment to the Allegro Fund IV. During the month, \$10.0m of redemption proceeds were received from our investment in the Argyle Water Fund and \$5.5m of initial exit proceeds were received from our investment in the Energy Storage Fund.

## 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



Shopper is the fastest growing offline media business in Australia



Owns and operates a portfolio of hotel assets in Australia

### 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



Independent Australian property investment manager



Turnaround, special situations and transformation private equity fund manager



# W | A | M Strategic Value

Discounted asset opportunities.

The WAM Strategic Value (ASX: WAR) investment portfolio increased during the month, with significant contributors to the investment portfolio including Global Data Centre Group (ASX: GDC) and our exposure to listed investment companies (LICs) invested in global equities.

Global Data Centre Group owns and operates a diversified portfolio of investments in data centres globally. During the month, the company announced its estimated June fair value net asset value (NAV) of \$183.5 million, a 22% increase from the estimated December 2021 NAV, based on the fair value assessment of its underlying assets. The increase in NAV reflected the company's ability to secure quality investments at good entry prices as well as the underlying strength and growth in the global data centre market. While the company's share price rallied 22.9% following the June NAV announcement, Global Data Centre Group continues to trade at a 33.1% share price discount to its underlying NAV based on the 31 July 2022 share price. The investment in Global Data Centre Group continues to fit within WAM Strategic Value's investment strategy of investing in a broad range of mispricing opportunities and we remain positive on Global Data Centre Group's prospects of not only growing its asset base, but also narrowing the current share price discount to NAV.

During July, LICs focused on and invested in international companies provided positive returns for investors, reversing recent declines seen across the sector. The MSCI World Index (AUD) increased 6.4% during the month, with a number of LICs exposed to global equities seeing strong share price performance in excess of the market returns and their underlying net tangible asset (NTA) performance, resulting in a reduction in the average share price discount to NTA. WAM Strategic Value's investments in Pengana International Equities (ASX: PIA), WAM Global (ASX: WGB) and MFF Capital Investments (ASX: MFF) all provided double digit share price returns during the month. MFF Capital Investments' share price increased 14.9% for the month, in excess of its underlying NTA performance of 10.2% in July, resulting in a 3.5% reduction in its share price discount to NTA. MFF Capital Investments continues to trade at an approximate 16% discount to NTA, providing investors with a compelling discount capture opportunity.

## Net Tangible Assets (NTA) per share

|           | NTA before tax       | NTA after tax and before tax on unrealised gains | NTA after tax |
|-----------|----------------------|--|---------------|
| July 2022 | 117.06c <sup>^</sup> | 117.35c  | 120.90c       |
| June 2022 | 110.95c              | 110.12c  | 115.82c       |

<sup>^</sup>The July 2022 NTA before tax is after the provision for tax of \$2.1m (1.15 cents per share) for the 2022 financial year.

Market capitalisation (ASX: WAR)

\$188.2m\*

Inaugural fully franked interim dividend

1.0cps

\*Based on the 29 July 2022 share price of \$1.045 per share and 180,125,761 shares on issue.

<sup>^</sup>Gross assets exclude the \$1.32m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

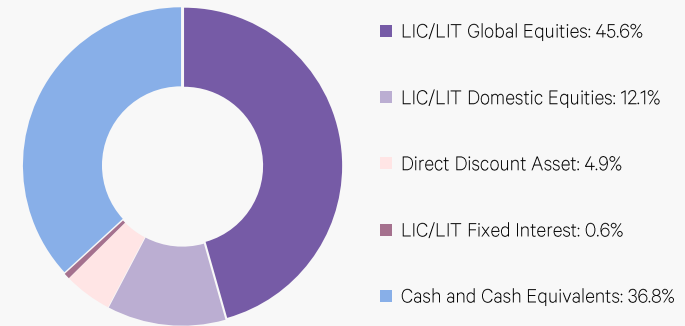
Gross assets

\$212.0m<sup>^</sup>

Pre-tax net tangible assets

\$1.17

Diversified investment portfolio by listed investment company/trust (LIC/LIT) sector



July 2022 look-through pre-tax NTA

\$1.29

## Look-through NTA before tax

The Australian Accounting standards require the Company's pre-tax NTA to be calculated based on the market price (or share price) of the underlying investment portfolio. The Company's look-through pre-tax NTA is an estimation of the Company's pre-tax NTA calculated using the estimated or most recently available pre-tax NTA of the underlying investment portfolio as at the end of the month. The look-through pre-tax NTA of the Company is indicative only and provides an estimate for investors of the value of the underlying investment portfolio, assuming the share price discount to NTA of the underlying discounted asset opportunities are closed.

## 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

## Top holdings (in alphabetical order)

|  |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |  |
| AMP  | CIN   | EAI   | GDC   | LSF   | MFF   | MGF   | NSC   |
|  |  |  |  |  |  |  |  |
| PE1  | PIA   | QVE   | SEC   | TEK   | VG1   | VG8   | WGB*  |

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

The WAM Research (ASX: WAX) investment portfolio increased during the month, outperforming the S&P/ASX All Ordinaries Accumulation Index. Significant contributors to the investment portfolio outperformance included integrated building services company Johns Lyng Group (ASX: JLG) and department store chain Myer Holdings (ASX: MYR).

Johns Lyng Group is an integrated building service group delivering building and restoration services across Australia and the US for properties and contents damaged by insurable events. In June, the company upgraded its revenue and earnings guidance for FY2022, driven by increased demand for the group's core business-as-usual services, and an increase in catastrophe activity during FY2022, primarily in flood affected regions such as northern New South Wales and south-east Queensland. Forecast revenue was upgraded by \$64.6 million to \$867.0 million, and expected earnings before interest, taxes, depreciation and amortisation (EBITDA) was upgraded by \$4.3 million to \$83.0 million. We remain positive on the business and see a very strong outlook for double digit earnings growth over the next few years.

Myer surprised the market in July with a trading update, announcing full year earnings guidance ahead of expectations. Total sales are now expected to increase between 12.3% and 12.7% on FY2021, with full year profits expected to double. All categories across Myer's 58 department stores achieved sales growth, in spite of the market's expectations of shrinking consumer confidence. Myer's turnaround plan, which seeks to drive profitability through refurbishing and re-sizing stores, coupled with improving service standards, is gaining momentum, reinforcing our positive outlook on the company.

## Net Tangible Assets (NTA) per share

|           | NTA before tax      | NTA after tax and before tax on unrealised gains* | NTA after tax* |
|-----------|---------------------|---|----------------|
| July 2022 | 98.94c <sup>^</sup> | 105.78c   | 105.28c        |
| June 2022 | 92.92c              | 98.26c  | 100.25c        |

<sup>^</sup>The July 2022 NTA before tax is after the provision for tax of \$2.3m (1.18 cents per share) for the 2022 financial year.  
<sup>\*</sup>Includes 5.64 cents per share of income tax losses available to the Company in future periods.

## Market capitalisation (ASX: WAX)

\$267.4m<sup>#</sup>

## Gross assets

\$199.5m

## Listed equities

\$166.1m

## Investment portfolio performance (pa since change in investment strategy July 2010)

14.2%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 8.6%

## Dividends paid since inception (per share)

129.0c

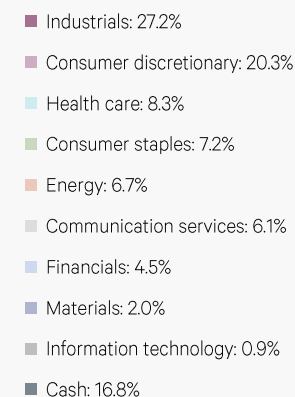
## Annualised fully franked interim dividend yield

7.4%<sup>#</sup>

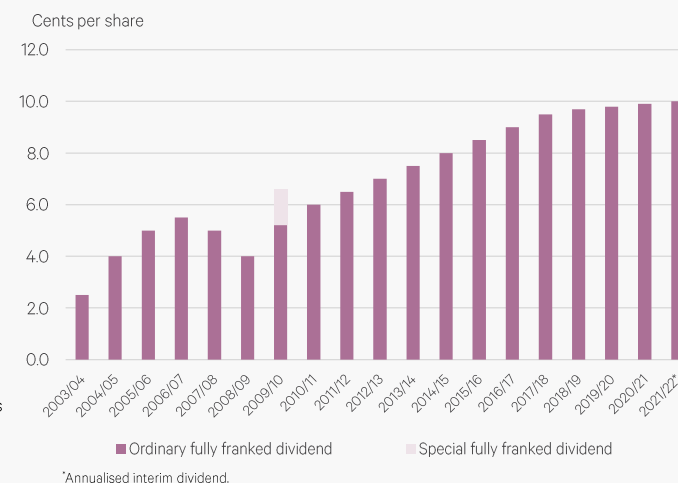
<sup>#</sup>Based on the 29 July 2022 share price of \$1.35 per share and the annualised FY22 fully franked interim dividend of 10.0 cents per share. WAM Research has 198,038,747 shares on issue.

<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.

## Diversified investment portfolio by sector



## History of fully franked dividends



## Top 20 holdings (in alphabetical order)

