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Wilson Asset Management

WAM Capital, WAM Microcap, WAM Research, WAM Active Interim Results Webinar

Oscar Oberg: Good afternoon everyone and thank you for dialling into today's call. On the call you have myself Lead Portfolio Manager Oscar Oberg, to my right you have Portfolio Manager Tobias Yao, then you have Senior Equity Analyst Sam Koch and Shaun Weick and Equity Analyst and Dealer Cooper Rogers and Will Thompson. Given Tobias and I spoke at length just over a month ago we thought we would change it up a little bit today. Sam and Shaun will give an overview of the reporting season and then how we are positioned into 2023 before the team will then talk about our four highest conviction buy ideas into 2023. Following that, we will have an extended question and answers session and we are happy to go as long as you need it to go for and that will be run by our Senior Corporate Affairs Advisor Camilla Cox.

Now before I hand it over to Sam, I would like you to turn to Slide 3 which is the most important slide in the pack. Essentially this is a summary of the dividends across the four funds that we keep paying on an interim basis compared to the profits reserve which in other words is the profit that we have built up to continue paying these dividends. Now if we look at WAM Capital (ASX: WAM), you will see that our interim dividend is at 7.75 cents a share and this compares to the profit that has built up which 14.7 cents per share. Now what this means is that from that 14.7, we can fund the next dividend which will be in April of 7.75 and approximately 90% of the October 2023 dividend. Now as a reminder, we can only add to that 14.7 cents a share or the profit if the market is up and our portfolio is generating profit, positive performance. In the case of February, the market was down and our performance was in line with the market, so we haven't been able to add to our profits reserve in the month of February. It is very important as investors that you continue to monitor the market and our net tangible asset updates which are released at the middle of every month over the next few months to make sure that the market goes up and that our performance is in line with the market so that we can keep generating profit that adds to that profits reserve and then can give you more confidence around our dividends from October 2023 onwards.

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With that in mind and I am sure there will be a number of questions asked like there was back at the end of January when Tobias and I did the call, but I will pass it over to Sam who will talk about reporting season.

Sam Koch: Thanks Oscar. Reporting season was actually one of the weakest on record with more companies missing expectations than beating them. We had our fair share of winners and losers as usual for the period. From a sector perspective, the key trends that we identified were deteriorating housing environment, you saw that in Domain's (ASX: DHG) and REA's (ASX: REA) results recently and that obviously flowed through into consumer weakness in the household goods retailing sector with companies like Adairs (ASX: ADH), JB Hi-Fi (ASX: JBH), Harvey Norman (ASX: HVN), Temple & Webster (ASX: TPW) posting weak results which was evidence of weak results in the consumer. On the flip side, you are seeing other companies actually post pretty resilient results and resilient outlook statements. Companies like Eagers Automotive (ASX: APE), McMillan Shakespeare (ASX: MMS) and Smart Group (ASX: SIQ) actually outperformed. And then obviously in a very uncertain environment the market is looking for confidence in the short term, so as companies like Steadfast (ASX: SDF) and AUB (ASX: AUB), Eagers Automotive and Corporate Travel (ASX: CTD) they can provide confidence in the short-to-medium term outlook that actually outperform. As the results rolled through, there was a really interesting consistent thread irrespective of the sector. We saw revenue upgrades and earnings margin downgrades as inflation continues to wreak havoc on the corporate cost basis of Australia. With import cost inflation moderating to a degree, we actually saw that playout however wage inflation continues to run hot. When revenues actually lessen in the current environment and import cost inflation and cost of inflation as a whole is actually a given, the market is laser focused on how healthy corporate Australian balance sheets were and so you saw people focused in on cashflow conversation and increases in net debt were punished. We are keeping a really close eye out for any signs that inflationary pressures are easing which will reduce the upward pressure on interest rates and reduce the downward pressure on the economy, so in light of that I will pass to Shaun just to give us an overview of how we are positioned going forward.

Shaun Weick: Thanks Sammy. In terms of our overarching portfolio position looking forward, we believe that a peak in inflation and therefore interest rates is now within eyesight which should provide a more positive backdrop for companies within the small-cap industrial sector to outperform albeit we don't expect that path to be linear which has been the case throughout January and February to

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date. A key thing we did see throughout the reporting season was those companies that had seen their share prices perform well leading in, and were well owned by investors, required very strong earning results in the order for the share prices to continue to rally. We have been selectively reducing our exposure to those companies in the months leading into reporting season whilst aiming to positions that we believe should outperform the market or investors to look to have more exposure to small caps which is consistent with what we have seen in previous market cycles. The small industrials underperformed the S&P/ASX All Ordinaries Accumulation Index by 22% in calendar year 22 as investors focused on maintaining higher liquidity and lower risk within their portfolios. Hence we believe there is quite a lot priced in with valuations in small cap industrials near 10 year lows and looking very compelling to us. We remain confident in our process and optimistic on the outlook for our portfolio of companies. Balance sheets are healthy with the majority of our portfolio in a net trust position meaning they hold more cash and or property on their balance sheets than debt.

In terms of some key themes within the portfolio, we remain positive on the outlook for companies exposed to the tourism and leisure sector such as Webjet (ASX: WEB), Flight Centre, Event Hospitality (ASX: EVT) and Tourism Holdings (ASX: THL). The reopening of the Chinese economy should also benefit these companies along with others such as IDP Education (ASX: IEL) and A2 Milk (ASX: A2M). We could also leverage this theme through mining services with contractors such as NRW Holdings (ASX: NWH), Perenti (ASX: PRN) and oil and gas services provider Mermaid Marine (ASX: MRM) which we expect to benefit from strength in resources. We have also been selectively building positions in companies exposed to the domestic economy which appear oversold and outlooks could ultimately prove what we think will be less bad. This includes companies exposed to the housing sector such as Lifestyle Communities (ASX: LIC), Boral (ASX: BLD), Johns Lyng Group (ASX: JLG) and Qualitas (ASX: QAL) to name a few. As a broader overarching statement there is a good balance of value in growth exposed stocks within the portfolio and there is also the underlying focus on earnings resilience. We were tracing valuations in companies that we have previously screened out as too expensive with higher quality names such as Pro Medicus (ASX: PME), REA Group (ASX: REA) and Fisher & Paykel Healthcare (ASX: FPH) which we expect to benefit as the peak in rates is reached.

In terms of some higher conviction ideas within the portfolio at the moment we thought we would all put one forward, so I will kick things off. The stock that I am pitching is Qualitas the stock code is QAL. It is one of Australia's leading alternative real estate investment managers. The company has $5.8

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billion in funds under management. It has been generating very strong inflows from to date from global institutional investors which we believe will continue given the rising up of tighter exposure to private credit and the commercial real estate sector. Qualitas is a beneficiary of higher interest rates along with the ongoing retreat of the major banks from this underserved market which has seen the opportunity set continue to broaden and has more than outpaced in committed funds within the business which underpins a strong backdrop with deployment going forward. As such we think the business is well positioned to upgrade earnings expectations in the future. We in WAM Strategic Value (ASX: WAR) actually also own shares in Qualitas as a listed investment trust which has the stock code QRI which currently trades at a 5% discount to NTA and has been closing more recently and offers investors a very attractive 10% yield. I will now hand it over to Sam who will put forward his idea.

Sam Koch: Thanks Shaun. My next high commissioned pick is IPD Group, the ticker is IPD. It is an Australian electrical wholesaling business where the founders still own over 25%. We think IPD can actually outperform industry growth rates at 5 to 10% per annum through their exclusive partnerships with suppliers, through their greater exposure to high growth areas like data centres that we see the very customer centric business model. The cherry on top is that they have a small but growing presence in the electric vehicle thematic which we expect inquiry wise to actually double and triple over the next 2 to 3 years. It is trading on just sort of 14 times price to earnings multiple with 15 cent earnings growth outlook forecast. $21 million dollars of net cash on the balance sheet, we think the catalyst to see the stock re-rate from here is earnings upgrades and further industry consolidation. I will hand over to Will to provide his stock pick.

Will Thompson: Mine is IVE Group (ASX: IGL) which is a carbon abatement company. Carbon abatement is essentially, you have a landfill from your local council and they can remove the gas which is actually methane gas which is thirty times worse for the environment. Where they actually make money is they make that gas into energy and supply the local energy market, but they also earn ACCUs which are Australian Carbon Credit Units. We have seen those carbon credit units go from $30 to €100 in Europe. We have seen them go from $30 to $70 in the US and we have seen some strong price movement this year after their review which gave the Australian market a bit of guidance and confidence going forward. Great management, great board and it is one we really like in the market fund, I will now pass to Cooper.

Cooper Rogers: As Shaun mentioned earlier, the recovering tourism industry is a thing that we like to play. Experience Co, the ticker is EXP, is a tourism operator that runs a number of tours and activities across the East Coast of Australia and in New Zealand. For example, it runs boats out of Cairns for experiences on the Great Barrier Reef, Luxury Wilderness, Glamping style activities, it has a tree top adventure park business, but the business that we focus on is the Sky Dive business and it is returning to strength after COVID had decimated its earnings. So through FY2022 it was really only the Weekend Warrior that kept this business afloat, it really missed out on the midweek Sky Diving jumps. We are seeing international arrivals in Australia come back and that will in turn fill up those midweek spots. The fixed cost nature of that Sky Diving business means that it is currently just break even, it is sitting at about 50% of pre-COVID demand. When that increases, because of the fixed cost nature you will see a lot of that incremental revenue drop straight through to the bottom line, we will be looking for upgrades in that area for Experience Co so it is one we will keep a close eye on.

Camilla Cox: Thanks guys. Oscar we are going to start questions off with you. There is a lot coming through, so this first one is from Stewart and actually a few others who have asked, can you please explain why the WAM Capital share price has dropped recently?

Oscar Oberg: Yes sure thanks for the questions. Tobias, Geoff and I talked about this in the call in January, so this is a recap. Basically what happened when the Russian-Ukrainian war occurred around January and February last year, that was a large event really for the whole market. What we saw was a strong dislocation between those companies that benefited from the war and those companies that didn't benefit from the war. Unfortunately the process of Wilson Asset Management over the last 20 years has been that we focus on industrial companies rather than resources companies. We have seen coal, oil, iron ore do very well over this period. Shareholders who might have holdings with BHP (ASX: BHP), Woodside (ASX: WDS), Commonwealth Bank (ASX: CBA) in their portfolio have done very, very well, so in that period we underperformed quite extensively in March and effectively that is the main reason why we have underperformed over the last twelve months.

The reason why I am giving you that context is because if you have a look at the WAM Capital share price in that March quarter, our cohort of stocks, the small cap stocks went down and our portfolio went down yet that share price didn't move. At one point in April it was trading at a 30% premium to its net tangible assets. Now when the sell-off really hit harder in the June quarter, we were actually in

line with the market. That was okay because everything got sold off and then the WAM Capital share price caught up and around June, that premium had shrunk to around a 15% to 20% premium. Now over that 6 month period because our portfolio performance was negative, it was down with the market. It meant that there was a 6 month period where we weren't generating profit to add to our profits reserve and we kept paying dividends so that profits reserve that we showed you in Slide 3, that differential between the dividend, the interim dividend of 7.75 and the profit began to close. Now thankfully over this last financial year we have been able to generate around 13 to 14% of positive performance, so we have been able to add to that profits reserve. But as I talked about previously, we really only have around 11 months of visibility and so to put that altogether, why has the share price fallen? Well the main reason largely is because of that 11 months visibility I am talking to you about the dividend, if we have a period where the market falls extensively for the next 6 months it will put that October and the April 2023 dividend at risk and then secondly small-cap companies have underperformed large-cap companies. I think Shaun mentioned just before, that underperformance is over 20% over the last 12 months and that is one of the reasons why we have underperformed the broader market, so they are the real factors at play there and that is probably the reasons why we sit today where the share price is and I still think it is worth noting the share price is still at a premium, it is still at a 10 to 15% premium to its net tangible assets. As Geoff has always said, he likes buying things at a discount, the share price is still at a premium. It is very, very important for the listeners to be watching our net tangible asset announcements every month. Watch what the market is doing and then you can make your own decision from there as to whether you know the stability of those dividends can be maintained.

Camilla Cox: Thanks Oscar you covered off a few of our questions there. If we can focus on WAM Research (ASX: WAX) for a minute, this one is from Mark, he said, is WAM Research's current share price premium to NTA which was 27.5% for January close a cause for concern as you mentioned WAM Capital share price decline was due to its large premium to NTA?

Oscar Oberg: It is not cause for concern. It is a good problem to have and WAM Research has a very strong profits reserve and ability to pay dividends, relative to WAM Capital. The issue we do have in WAM Research is we are a little short of franking. Now that can change quite quickly if we have a positive market and we generate unrealised gains in the portfolio, but generally as I will come back to my last statement, a 27% premium to its net tangible assets is extremely high, extremely, extremely

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high, so at some point we could see WAM Research at NTA or even a discount, so I think it is just worthwhile just reminding investors of that because yeah high premiums can easily become discounts at some point.

Camilla Cox: Thanks Oscar. You just mentioned the franking balance there for WAM Research. We have a question, is this going to impact the next dividend?

Oscar Oberg: Look potentially. Our ability to pay franking is the unrealised gains that we make in the portfolio and the tax that we pay on those unrealised gains and also the franking we receive from dividends from the companies that we own. So again, it just depends on the market. If the market is positive into the end of the financial year and the start of the next financial year, then we should be okay. But as it stands today, we have enough franking for the next dividend but for the dividend after that we are a little low but that can change very quickly and I think broadly Camilla, it is worthwhile noting, we were saying the same things right now that we were saying in the middle of 2020 with a number of the funds and we saw a huge uplift in the market from that point in time. There is a tough market, it is a very tough market right now for small-cap companies, but it can change very quickly. Certainly we are doing very bullish around our portfolio. It is worthwhile putting that into context I think.

Camilla Cox: Thanks Oscar. Tobias I actually have a question for you now from Sue. She has asked, when do you think a rotation towards small-to-mid cap sector will come into full swing?

Tobias Yao: Thanks Sue. To put it into context, Oscar mentioned this earlier, last year in 2022 small-cap companies underperformed large-cap companies by over 20%. That is not new we have seen this before and obviously around global financial crisis that was the perfect set up for a few years of outperformance by small-cap companies versus their larger peers. You know we believe that we are getting closer to that point. if you look at a lot of the data last year it has been one direction. Now we are seeing a mixed signal so once the market gets comfort around what peak interest rate looks like, then there will be more risk appetite to come down the spectrum to invest in small-cap companies and so we do believe we are getting closer to that point versus when we did the call last time round.

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Oscar Oberg: Yeah I think as well maybe just put some context around it. Yesterday, all the positive data out on China so of course the iron ore companies had a very strong day, so that is BHP, Rio Tinto (ASX: RIO), Fortescue (ASX: FMG) and that is broadly around 20% of the Australian market and we don't own a share in any of those companies and so basically we underperformed the market yesterday by around 0.8, 0.9%. That shows you the sort of headwind that we have had, now at some point that will reverse and be very, very beneficial for us and I think we said this in the last call, in 2010 to 2016 which was a great period for WAM Capital that you can all remember, small-cap companies outperformed large-cap companies by around 5% a year. The actual reverse of that has happened. It has actually been around negative to 3 to 4% since 2016 to date. So we do think we are actually very close to the bottom and we do think this will rotate in the small cap's favour very soon.

Camilla Cox: Thanks both. Shaun we will go over to you, this one is from Nat who noticed on a previous call that you were positive on the tourism sector. Is that still the case?

Shaun Weick: Yeah thanks Nat for the question. Yeah absolutely. I mean our overarching view on the tourism and leisure sector is it will continue to benefit from the shifting span from goods to services as people get out and about. At the moment China is a great example of that. It has been effectively blocked up for 3 years and you can see that massive reacceleration both inbound and outbound travels. So I have mentioned before companies such as Webjet, Flight Centre, Event Hospitality, Tourism Holdings, Experience Co, these are all names that we really like so yeah we still remain very positive on the tourism travel sector.

Camilla Cox: Thanks Shaun. Oscar this one is from Sally who is wondering if the recent acquisition of Westoz and Ozgrowth contributed to the WAM Capital share price drop at all?

Oscar Oberg: Thanks Sally. I would say it probably did however the shares were too high at that point relative to what was happening in the market. So for those on the call that can remember, we did the takeover of Westoz and Ozgrowth and it was announced to the market I think around December 2021. It took about 3 or 4 months to close and I think we got the fund in sort of mid-April. Now we have had a previous takeover of Amaysim where basically those that weren't long-term holders of Wilson Asset Management when we took over Amaysim we saw some selling and then the share price quickly rebounded back to where it was. Now what happened with Euroz and Westoz, we had that same

dynamic. There was some selling, but then the market came off and that just exacerbated the selling. So definitely would have contributed to that, but I still think we would be in the same spot with the share price anyway. We are still at a 10 to 15% premium to its net tangible assets. The premium was 30%, it shouldn't have been there, small-cap companies have underperformed large-cap companies, so you know the share price today is probably a fair reflection of what we have seen over the last year. But just a reminder on that transaction; it was very beneficial to our net tangible assets and was accretive I think by around 3.3% and actually added $52 million dollars to our net tangible assets, so it was a good deal, just in terms of the timing of those that weren't long-term shareholders of WAM Capital probably it wasn't the best.

Camilla Cox: Thanks Oscar. Tobias next one is for you. Are you positioning for any takeover opportunities at the moment?

Tobias Yao: Yeah sure so we typically don't invest in companies where you know a takeover is a catalyst. Obviously our investment process is to buy undervalued growth companies with more organic catalyst that can rerate the share price, however if we look at our portfolio we think healthcare is still an interesting space. There is a lot of interest from private equity funds or strategic investors to invest in that space, so a couple of companies I have noted down are Estia Health (ASX: EHE) and Capitol Health (ASX: CAJ). One is an aged care facility and one is a radiology network. These companies are trading at very cheap valuation or very attractive valuation, there is scale advantage for someone to come in and acquire these businesses and benefit from the economies of scale and so these companies we believe are likely takeover targets in the future.

Camilla Cox: Thanks Tobias. Cooper I have a question for you from Elizabeth. She has asked, what are some of the mining services companies that you think are a fair value?

Cooper Rogers: Thanks for joining us Elizabeth. We have actually been holding a few mining services stocks. To name a few, Austin Engineering (ASX: ANG), Monadelphous (ASX: MND), Perenti (ASX: PRN), NRW Holdings (ASX: NWH), I suppose that is what I can think of off the top of my head. With a lot of these companies we think are either undervalued or fair valued as you mentioned Elizabeth and with all of them keeping margins and those improving margins and earnings over the next half, so yeah they are just some to name a few.

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Shaun Weick: I think to add to Cooper's point the valuation on these stocks relative to pre-COVID at the moment are on average around 20 to 30% lower and we argue almost across the board, stocks like Perenti and NRW the actual underlying quality of the businesses improved significantly, so yeah I mean with the reopening of China and the positive leverage through resources and commodities and the prices that the buyers are putting, and also what we think is a very tight labour market here domestically, we think the balance of power is actually increasingly moving back towards the contract versus the miners themselves, so I will just add that as well.

Camilla Cox: Thanks Shaun, thanks Cooper. Sam we will go back to you to the earnings season again and this one is from Peter. He saw that Myer (ASX: MYR) posted positive results during the season. What are your thoughts on the retail sector moving forward?

Sam Koch: Thanks Camilla. Thanks Peter. Myer posted some really strong results. We are incredibly pleased of how that is going and obviously John King is doing a cracking jobs there running the business. From our perspective I think performance from here in the retail sector will be really interesting. I think it diverges depending on how positive the exposure of that retailer is and also the people that are actually running the business and you are starting to see that now as I mentioned in household goods, retailers are doing it a little bit tough at the moment. And you are seeing companies exposed to the parallel area like Universal Store (AX: UNI) which is a company that we own in different strategies of the portfolios that are really outperforming. It really comes down to operators that are driving these businesses to their full potential, it also comes down to exposure and Universal is an example for instance, their core demographic doesn't have a mortgage and so when you think about the interest rate rises that are coming through the economy, they aren't as exposed now so they continue to expand, they continue to want to go out for live events and the company is seeing that benefit which again benefits us as well so I guess in as far as the retail is concerned, we will take the risks those stock figures are coping.

Camilla Cox: Thank you Sam. Shaun this one is from Dan. China opening up is beneficial for iron ore and coal but what about other sectors of the market?

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Shaun Weick: Thanks Dan. The key ones that we see providing that reach to the China reopening theme is obviously the tourism and travel space. We have mentioned a few names there before the likes of Webjet, Flight Centre, Event Hospitality and Tourism Holdings. We like companies like IDP Education which will benefit from the return of Chinese students to Australian shores. Historically over 25% of their volume into Australia have been Chinese student. That is probably tracking at less than 10%. We think there is really good upside through that theme and then the final leverage point there would really be around commodity prices which we mentioned before and we like the mining services space for that reason, so yeah we are playing that theme and we do like it.

Camilla Cox: Thanks Shaun. Tobias this one is from Rick. He asks, do you see any opportunities within the technology sector?

Tobias Yao: Thanks Rick, yeah 100% we have invested in a few tech names recently. One that is of pretty high conviction is a company called Pro Medicus (ASX: PME). I think it is one of the highest quality tech businesses on the ASX. It has over 50% profit margins and it is growing at 30%. It has a very strong morale step; never lost a customer in the 20 years they have run the business. It is founder lead. The two founders own over 50% of the business, so that is one that we quite like but yeah overall we are definitely finding more and more opportunities in the tech space.

Camilla Cox: Thanks Tobias. This one is from Peter. I think a few of the Analysts can answer this one. Were there any surprises in the earnings season. Maybe Sam we will start with you?

Sam Koch: Yeah thanks Camilla, thanks Peter. Earnings season always has surprises but the biggest surprise for me was the couple of companies that posted some tough first half FY2023 results for the last 6 months, they have provided some confidence in their outlook statements that really got the market excited. Two companies in particular that I can think of there is Corporate Travel (ASX: CTD) and Credit Corp (ASX: CCP). Again, they had conviction in the next 6 to 12 months within their respective businesses and that conviction and irrespective of their weak result the stock actually outperformed, so that was one surprising thing from my perspective.

Shaun Weick: Expanding on Sam's point, overall it was a tough reporting season. The ratio of downgrades to upgrades in earnings was the highest in 25 years, so yeah clearly not an easy

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environment but we found on average the upside surprises were really those stocks that we perceived as under-owned or not well owned by investors, so for example that would be DUG Holdings (ASX: GUD). This is trading on a single digit theme, made a large acquisition out of private equity, it has underperformed, we think that business has turned a corner, it is cheap, at the end markets are defensive and we think the earnings look strong and the balance sheet should progressively de-gear as that comes through.

Oscar Oberg: Now I am assuming the question on surprises is negative surprises, so in terms of negative surprises we did have our fair share there is no doubt about it, but I think going into it we knew it was going to be a very tough reporting season. There was going to be a lot of companies that guided to a second half wait, so there was only really one company where we really reduced our holdings significantly which was Enero (ASX: EGG). The remainder of the companies that we own we actually bought quite substantially when their share prices fell, so as Shaun and Sam said it was a very weak reporting season but that is normal and we were expecting that and the pleasing thing there was the small-cap industrial index actually outperformed the broader market in the months, so that is actually a very good sign that perhaps we are getting closer to the bottom.

Camilla Cox: Thanks guys. Tobias we will go to you now, this one is from Graham. Have you seen a slowdown in IPOs in capital raisings and how do you see IPOs trending in 2023?

Tobias Yao: Excluding companies in the mining space it has been pretty slow. More recently we have participated in a couple of capital raisings. Flight Centre is probably the most notable one recently, it has done really well for us, we actually done the research on the business prior to the raise and even more recently we are seeing a couple in the small-cap space Retail Food Group (ASX: RFG) and Matrix Composites (ASX: MCE), so we have started to participate in these names. From an IPO perspective, we believe it will continue to be relatively slow, but from a capital raising perspective we think that more and more opportunities will come to the market.

Camilla Cox: Thanks Tobias. Oscar, James has asked for views on AMP (ASX: AMP)?

Oscar Oberg: We still like the company. We were a little bit disappointed for the result. We sold a lot into it, so did WAM Strategic Value which was a good move when we started selling about $1.30, $1.35,

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but don't get me wrong it still hurt us over that period. It was a very messy result. There is still a lot of one-off items and impairments going through the numbers and it is difficult to note where certain divisions are, so we are not surprised that it fell. I think it was one of the best performing stocks in the ASX last year but where it is now we are now back at a 20% or over 20% discount to net tangible assets, the business is buying back around 25 to 30% of its shares on issue on over the next 2 or 3 years, a very strong balance sheet, we think the CEO Alexus George is doing a very good job and we do think there is more asset sales to come, so yeah we still like the company, but our holding has been reduced, it is about a third to a half of what it was a few months ago.

Camilla Cox: Okay thanks Oscar. Shaun you might be able to answer this one. It is also from James who asks what part of General Development Group, ticker GDG, are you most attracted to?

Shaun Weick: Thanks James. Management, Management, Management would be the answer to that one. Businesses brand run by Grant Hackett, obviously the former Australian Olympian, we think he is extremely high quality, very motivated and driven to deliver strong outcomes to the shareholders. I would say from an operational level, the Lonsec business has been absolutely flying, it has proved to be a very good acquisition which was obviously lead by management and by Grant and then I guess from here so we continue to see a really strong outlook for Lonsec and we think its market has stabilised and some of the recent retirement policy changes, that is actually very positive for the investment bonds business too, so yeah we think the outlook for GDG looks really good.

Camilla Cox: Thanks Shaun. Oscar this one is from Karen who has asked why isn't the WAM Microcap (ASX: WMI) dividend higher considering the profits reserve is so high?

Oscar Oberg: Thanks Karen, great question. Look obviously it is a Board decision and we have increased our dividend from 5 cents to 5.25 cents and yes you are right the profits reserve is really high, it is one of the highest out of the four funds that we certainly manage. I think it is worth pointing out that in the last 5 years we have run WAM Microcap, 4 of those 5 years we have given special dividends when our performance has been very strong. Clearly in the last financial year while we outperformed we were down quite significantly, so the Board took a prudent approach not to give a special dividend and the same goes with increasing the dividend. It is a very uncertain market right now and I guess the last thing we want to do as a house is have a situation like we sort of do with

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WAM Capital. We want to gradually increase your dividends over a longer term. The last thing we want to do is increase your dividend and then the market falls for an extended period of time, microcap companies will be worse than the broader market because they are highly risky and at some point in the future we might have to pull or reduce your dividend, so I can see the reason for your question definitely, but I think our view is we want to be in this for the long term and we want to keep increasing those dividends every year.

Camilla Cox: Great, thanks Oscar. Tobias, another one from James. What are some characteristics of Wilson Asset Management that differentiate us from our competitors?

Tobias Yao: It is a great question, thanks James. I think firstly it is our investment process. When Geoff founded the business over 25 years ago, that investment process has been tested over various cycles, so this is investing in undervalued growth companies with catalysts that can re-rate the share price. One thing that is pretty unique to us is also our active and research strategies where how it comes together. We do a lot of meetings, probably a thousand meetings as a team over the year so that forms part of the ability for us to identify opportunities relatively early on the active side and also on the research side. Now with WAM Microcap these are companies that in the future could be larger companies in the S&P/ASX 200 Accumulation Index. Sometimes the microcap ideas also flow into WAM Capital which helps us with idea generation. And finally the LIC structure. Having this permanent core capital is a huge competitive advantage during periods of uncertainty. We don't have the pressures of money flowing out from capital outflows so we can make longer term decisions and ensure that we stick to our investment process.

Oscar Oberg: Don't get me wrong there is plenty of times when it doesn't but I think a good example of our process working at its best and just to give you a flavour of why we think this is a competitive advantage. Mermaid Marine sits in WAM Capital and WAM Microcap. It has been our best stock over the last 12 months by probably a long way. Mermaid Marine was a small-cap company, I think its market capitalisation might have been $5 or $600 million dollars at the peak at the oil boom back in 2012. It had a very bad acquisition, all prices fell, capital expenditure fell in oil and gas, demand for their services fell and the business was essentially broke and was hardly alive, let's call it for about 5 or 6 years. It raised money twice. Now we kept seeing Mermaid Marine over the last decade probably once or twice a year. We knew the management team that had come in to try and fix it. It was probably

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around this time last year having seen them very regularly, you could sense a change in the management, you could sense that things were getting better and clearly oil prices had gone up a lot, you have the Russia/Ukraine conflict and there just simply hasn't been any investment in that sector for a long, long time, so we bought the stock and we bought it around 40 cents. I think the shares today are about $1.15, $1.20 and we aggressively bought the stock, we went to over 10% of the company in around May or June of last year and across WAM Capital and WAM Microcap, so that is a big bet in both portfolios and it has paid off. But we wouldn't have gotten that then, we wouldn't have been able to buy shares in Mermaid if we hadn't done all those meetings in all those years where no one was interested in the stock. So for me definitely, I think that is our competitive advantage. We do see a lot of companies we have good market feel across the market.

Camilla Cox: Thanks Tobias, thanks Oscar. Oscar this one is from David. He says, can I assume that the profits reserve represents realised profits and not "book profits" on unrealised investments?

Oscar Oberg: In both of them the vast majority is actually unrealised profits. It is unrealised profits and realised profits. The problem is if it was just realised profits we would have to sell everything to be able to generate the profit and then also to pay you a dividend. So without those unrealised gains and prepaying tax effectively over the course of those unrealised gains we would have to sell a huge chunk of the portfolio just to keep funding the dividend, so the answer is a big portion of it is unrealised gains and then a part of it is also realised gains and that is how we generate the ability to pay dividends.

Camilla Cox: Okay thanks Oscar. Cooper we will go to you now. James again has noticed that in the January 23 NTA update Austin Engineering was a significant part of the WAM Microcap portfolio. Can you speak more about why you are excited about this stock and what potential it has?

Cooper Rogers: Yeah sure James thanks for all the questions as well. Shaun touched on some factors earlier on the mining services sector. Austin Engineering is a company that does truck tray bodies and buckets for the mining sector. We are really bullish in this stock, basically it has had trouble in its Australian division, it has had labour issues and supply issues, but the demand has never wavered, its order book is actually up 40%, they just haven't been able to service that demand. We believe Austin has made the necessary changes to address that issue and hopefully we will see this improve in the

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next half and then going through into FY2024 as well. We really think the margins will improve and you will see this uptick once they start actually addressing that order book. Another reason we are really bullish is management. David Singleton runs this company; we have followed him for a long time and he was Managing Director of Austin Boats before Austin Engineering and we followed him through that company and then in Austin we believe he is doing a fantastic job and we will see an uplift in the shares as he addresses that Australian problem.

Shaun Weick: Just to expand on that we think there is earnings upside but the other is really around acquisitions. The balance sheet is in great shape and we think they can continue to expand the investment market globally after undertaking M&A.

Camilla Cox: Thanks guys. Oscar we will go to you, this one is from Philip. He said following the Westoz and Ozgrowth takeover were there any duplications in the WAM Capital investment portfolio?

Oscar Oberg: Thanks Philip. There were some very minimal duplications. We had some mining services companies, so the guys just talked about Austin Engineering. We had a waiting in WAM Microcap and it was doing very well at the time, so we took on Euroz. Euroz had a very large holding in Austin Engineering. I think we ended up with about 7 or 8% of the company, so it has done very well for us. NRW, we didn't own any shares at that point in time, but we were actually looking to buy it. That was really the crossover and Philip you will probably remember that portfolio was largely resources orientated and as I said earlier we focus on industrial companies so basically anything that is not resources and so effectively we did liquidate quite a substantial amount in that portfolio and the last stock that we did liquidate just before Christmas was a company called Alcorp. So there is really not much of that portfolio left. There might be 15% of that portfolio left in our portfolio in WAM Capital, so it is probably about 4 or 5% of WAM Capital as it stands today, but those stocks were very positive on, so if the context of the question is has it been a headwind, the answer is no.

Camilla Cox: Thanks Oscar. Peter has asked you, he says I understand the profits reserve can grow when you make profits on your investments. Can you also grow the reserve from franking received from those underlying investments?

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Oscar Oberg: That is correct. If you think about WAM Leaders the vast majority of the companies that they own that the guys own in WAM Leaders pays fully franked dividends. Now for us in WAM Capital, we have companies that are generating effectively unrealised gains which is effectively profit that we get taxed on and that gives us the ability for us to give franking, because we are in small companies or really small companies a lot of them might not pay dividends or might not even frank their dividends, so it means that I would say the franking is generally lower. The franking that we generate in a period is probably lower than the dividends that we have the ability to pay. So we do have to find it in other ways. If you see a potential acquisition like Amaysim or the Euroz acquisitions where we can buy something at a discount which we can see a return doing that but it has the added benefit of franking we can pass that onto the shareholders.

Camilla Cox: Thanks Oscar. Tobias and Oscar, Chris has asked for your two high conviction stock picks?

Oscar Oberg: I will go first if you want. So Mermaid Marine was still a very positive one. I think I said that back in January and it has had a good run, but we have sold some over the last weeks because it has gone so well, that doesn't mean we are negative on it, we are still very positive.

I reckon this one is going to double this year; it is called Evolve Education (ASX: EVO). It is a childcare company, very simple, it is quite small, we went substantial at around 10% of the company. Back in late 2020, it was a dog, it hadn't done well for us at all, it was sitting at 50 cents a share, I think our average price might be $1.00 a share or so, but it is run by Chris Scott who is the ex-CEO and Founder of G8 Education (ASX: GEM) which is an ASX company over a billion dollar market cap. So he knows how to make money. Knows the sector very well. They have sold their New Zealand operations. Business is net cash and looking to their acquisition so it is a very simple story, very similar to G8 in the early days. Why do we like Childcare right now? There are a number of reasons. Firstly, it is very hard to develop a childcare centre right now. Building costs are very high and banks are not willing to lend. Secondly and most importantly, you probably have the most favourable conditions around funding that the sector has ever seen with Labor's new policy coming into fruition in July. So we think the demand for childcare is going to really increase and this will benefit the operators, so we see a good environment for acquisitions, good environment for organic growth. This business is trading I

think on a price to earnings multiple of around 5 to 6 times, once it deploys all its money we think it could easily double over the next 12 months.

Tobias Yao: And one from me. This company is reporting in about I think 2 weeks' time…

Oscar Oberg: No pressure.

Tobias Yao: …no pressure, the company is Tuas Limited, TUA is the ticker. It is the challenger mobile operator in Singapore run by or founded by the Founder of TPG Telecom (ASX: TPG). It is a family lead business. We believe they are taking a lot of share from the incumbents as the same blueprint as TPG Telecom back in the days when they won share from Telstra over a decade. We believe they have real and sustainable cost advantages in Singapore which gives them the opportunity to price under the market in terms of the value of their plans. As an example, with their $10 per month mobile plan it has 100 gigabytes of data attached to it versus their peers who can probably only offer up to 15 to 20 gigs of data and we think that is a substantial advantage for them. We believe they can continue to win market share in Singapore and over time roll out other products, so that is something that we really like on a 3 to 5 year timeframe.

Camilla Cox: Thanks both. Oscar this one is from Anthony who has asked, why does Wilson Asset Management not advertise their investment portfolio performance after fees?

Oscar Oberg: Thanks Anthony. We always get the question and what Geoff would say is effectively we want a like for like comparison to the benchmark. All portfolio managers and if you want to have an ETF there is a fee involved, so we want a like-for-like comparison, but we do disclose it, so it is on our website and also we publish it in our annual reports twice a year.

Camilla Cox: Thanks Oscar. We have another one from Philip also for you. Considering the macroeconomic factors such as the Russian invasion of Ukraine, supply chain issues and more, he has ask why a move to the more defensive strategy including substantial cash holdings was not undertaken for both WAM Capital and WAM Microcap?

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Oscar Oberg: That is a great question Philip. It is a tough one because when we did this call last it would have been July and if you reflect on that year, the financial year of 2022, what was the mistake? It was probably that we underestimated how much of an impact the Russian/Ukraine war would have on sentiment and then at the same time was more inflation. I think Russian/Ukraine war was a left field event. I don't think anyone knew or thought it was going to happen. Inflation was there at that point in time and I think our view was that it was cyclical and clearly it was taking a long time for it to come down and that was probably something that we underestimated. Now we have stayed true the whole time and we didn't go to cash. We went to cash in COVID, that was the right move. We chose not to go to cash and there was plenty of times through April, May and June where we caught up and we said should we go to cash? And we didn't. Now looking where the market has gone this year, that was a great move. If we went to 40 or 50% cash like we have in the past, the portfolio would have been plus 13, 14% pretty close to the all ordinaries index this year, so it probably would have been oh God a quarter of that. So look it is a hard one to call. In hindsight I would have loved to have gone to a bit more cash in January and February and deployed it through the May and June weakness, but as we sit here today I still think it was the right move not to go to cash and we have just got to be prepared for when that tide turns, when large caps start underperforming and small caps start outperforming we want to do very well in that period. Geoff will always say that it is not about what you lose in the downturns, it is what you gain in the upturn and as I said before WAM Capital's best years were from 2010 to 2016 when small caps underperformed large caps and we think that is coming, so we want to be in the market for that.

Tobias Yao: Yeah I think just to add to what Oscar was saying during that period we were rotating the portfolio to the higher quality names as well and I think the equilibrium cash levels has probably changed versus say 10 years ago where the fund is a lot larger now, we have a lot more larger companies with more liquid companies in the portfolio so the makeup of the portfolio is very different now versus back in the day.

Oscar Oberg: I would say with that as well. We did this at the back end of 2018, when you go to cash you are generally selling your most liquid companies to get to that cash level which means that what you are left with are the most illiquid companies like the really small companies and that can really catch you if the markets start turning the other way because the smaller companies don't move. It takes them 6 months to move with the broader market because they are risky. So yeah look it is a

tough one to call. Oh look do we regret it? I personally I think it was the right move at where we sit today not to go to cash.

Camilla Cox: Thanks guys. Will this is a question from Chris. He says, do you have any strong views on lithium stocks?

Will Thompson: We really like the companies that are generating cash and we own Pilbara (ASX: PLS) in WAM Capital. We think that is really important and I think that is the last one on the call that we sort of weren't looking at as much because of the stretched valuations and exposure to those earning cashflows when there was a bit more risk around where demand was coming from this year. We have noticed valuations have come back a bit, so we have been adding positions in the micro fund. We own Global Lithium which is GL1 and Lithium Power which is LPI just because we think that as people get more confidence throughout this year and can see that demand is stronger, and I think that is the biggest question within the market, we all know how much supply there is and the market whips around on a golden report on lithium out of China and then suddenly last week it was whipping around again on the factor that it has been shut down and it is very spiffy at the moment. The extra dollars of valuations are coming down that there will be a point where you have the up strengths of buyers that need to come down and look at these companies and we will look at buying them as well.

Shaun Weick: The point I think I would like to add there is the way that we approach caps is exactly the way we approach our portfolio which is always to use our process around identifying catalysts and high quality undervalued companies, so as an overarching statement that is how we approach that second market too.

Camilla Cox: Cool, thanks guys. Shaun we will actually stay with you. Ian has asked if you believe that retailer City Chic Collective (ASX: CCX) has bottomed?

Shaun Weick: Tough one. I would say as an overarching statement we are always followers of Brett Blundy and we view him as the smart money, he is a lot better retailer than I am, so he is obviously taken a significant stake in the business more recently which certainly hyped our interest. I think in the near term, the outlook is pretty challenging. I think the balance sheet risks have fallen for investors, but we are up against pretty tough short-term fundamentals, obviously with recession, elevated

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inventory but management focus is really around reducing that inventory balance and prioritising that over growth which I think will see them obviously get back towards that net cap position, but if you are willing to take a medium-term view on this business, we think it can get back to 10 to 30% in normalised environments. By that 25 I mean the business on 5 or 6 times fair at the moment, so it does scream as really good value but I do think you just need to take a longer term view on this one at the moment.

Camilla Cox: Thanks Shaun. Sam we will go to you. Nick Scali (ASX: NCK) has been a favourite previously. Do you have any exposure at the moment?

Sam Koch: It has been a favourite in the past. Our view is that it has obviously an incredibly pragmatic management team and manage the business well with an excellent track record of value creation. Just in the short term though we are a little bit cautious from the outlook perspective. What sent the share pricing falling in February was the fact that written orders in January and the early start of February had actually deteriorated significantly versus expectations out there in the market, so we want to see that play out a little bit further and see how they trade through this period given the deteriorating housing environment. Obviously we think their acquisition of Plush was a great move. There are a lot of initiatives there that again self-help initiatives that can really drive earnings growth over the short-to-medium term, but at the same time they did acquire a business and double down on household goods probably at the wrong point in the cycle as well, so again one that we are keeping a very close eye on but not in the portfolio at the moment.

Camilla Cox: Thanks Sam. Will this is a question from John. What are your thoughts on Hanson, ticker HSN?

Will Thompson: Yeah I really like Hanson. It is interesting if you look at the top management on the ASX - Andrew Hanson would be there. What is one of the safest stocks on the ASX I probably Hanson. 30% margins which have been constant for nearly 20 years. Unfortunately people won't pay more for a company that is growing that has 3% margins growing at revenues at 4 or 5 times a year and in a high growth company as opposed to Andrew's very safe company. Which means that their valuation is at a high and I think the key focus for Hanson is making sure that they can get in that position and make some amazing acquisitions inventory. But as we see now in the rising interest rate environment,

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the multiples of the businesses that they have been looking at are coming down, so I reckon they are going to start making some acquisitions probably in the second half and the CFO Graham has just moved over to the UK and I imagine that has to look at acquisitions and once the market starts seeing signs that they are looking at buying something I think that stock will increase

Camilla Cox: Thanks Will. Shaun we will go to you. Question from Joseph. Do you believe Harvey Norman (ASX: HVN) is worth holding over the long term period?

Shaun Weick: Yeah good question Joseph. A positive result out recently, their Australian franchise being material beneficiaries of COVID, so I guess moving through the second half of FY2023 and into FY2024 we do think sales growth and margins will moderate back towards historical levels and those pre COVID levels which in effect we have seen negative earnings momentum for the business. I guess the positive though is that the property portfolio, the freehold investment portfolio is worth about $2.75 per share, so over the medium term we do think it looks like good value here but in the short term we think the negative earnings momentum will probably cap the share price.

Camilla Cox: Thanks Shaun. Oscar a question from Peter. What is the catalyst for staying invested in Keybridge Capital (ASX: KBC)?

Oscar Oberg: That is probably one for Geoff I think Peter. I think from memory that was more of an activist position that we took years ago, a long, long time ago, I think it has been in the portfolio before my time, no at least 8 or 9 years I think, so that is probably more of a question for Geoff. It is just in WAM Active (ASX: WAA).

Camilla Cox: Thanks Oscar. We will go back to the Analysts. We will go to Sam. Does WAM Research or WAM Microcap hold Magellan Financial Group (ASX: MFG)?

Sam Koch: Thanks Camilla. No we currently don't own Magellan within the portfolio within WAM Research or WAM Microcap. It is one that we are monitoring closely. Obviously it has fallen from grace. Obviously with a lot of management changes and the fact that they have lost a lot of funds recently, but it is one that we are monitoring. There is value there as you've probably seen in the press that

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Geoff has eluded to, just in terms of their stake within various businesses including Barrenjoey including some of the unlisted businesses that they hold and so we are monitoring it.

Shaun Weick: I guess what makes this one look pretty interesting too is you effectively have a $1 billion EB that has $250 million of cash and in theory a $400 million Barrenjoey stake so you exclude that out, the actual underlying business is trading on 7, 8 times PE, so yeah it is definitely an interesting real discount to NTA play there if you like which is right up Geoff's alley.

Camilla Cox: Thanks guys, we will stay with you. Does anyone have any thoughts on MAAS Group (ASX: MGH) and Mad Paws Holdings (ASX: MPA)?

Oscar Oberg: I can do MAAS. Let me do MAAS Group and one of the other guys can do Mad Paws. Just on MAAS, look it has been a very frustrating holding for us over the last 12 to 18 months. We always love founder lead businesses, but sometimes founders can do things that probably don't sit right with the market and certainly MAAS is that. Unfortunately MAAS Group decided to make acquisition or too many acquisitions and it has continued to do that over the last 12 months and it is paying the price for it now. So look we have reduced our holding in MAAS Group. We still own the company. The assets on the balance sheet is worth well north of where the share price currently sits today. It has been impacted by weather, so earnings are artificially depressed but what we would like to see the company do going forward is focus getting on organic growth, stop the client businesses, generate some positive cashflow and reduce debt which we are hoping that the management is going to do that.

Cooper Rogers: I suppose I will have a go at Mad Paws. It is not one that where we look at really, its market cap is about $40 million dollars and unfortunately that doesn't really fit within our WAM Microcap strategy and it is too illiquid for us to own, but in general the strategy around I suppose discretionary spend on people's pets has been an increasing one and especially pre COVID and we haven't seen that trend change outside of COVID, but again not one that we are going to probably own.

Camilla Cox: Thanks Cooper, thanks Oscar. Oscar a question from Mindy. Given the drop in the share price, are you saying it is a good time to buy in?

Oscar Oberg: I will tell you a funny story about that Mindy. I told a broker when our result came out on the ASX. I was like can you buy me some shares in WAM Capital and then the next day I didn't hear anything from the broker and I called the broker up and he forgot. It was like, Jesus! Anyway I definitely bought the next day and I think most of the team did as well, so yeah because since I have been at WAM Capital (it is my seventh year), it has never traded close to net tangible assets like it did prior to us releasing the result and having that conference call. So generally I would say across all the funds, speaking for myself and I know the other guys are very similar, where our wealth is effectively or the shares that we own the most of let's call it are in the funds that are either trading close to a net tangible assets or at a discount to net tangible assets and for me personally WAM Microcap I have a lot of holding in but also WAM Leaders and WAM Global would be my largest holdings really personally, so look is it a good time to buy? We think it is a very good time to be buying small caps certainly, we are very bullish in the small-cap market and if it turns out that we were right and WAM Capital should do very well, however just remember we are still trading at a 10 to 15% premium to our net tangible assets. It is still very high. Yes the share price has reduced but it has gone from a 30% premium to its net tangible assets to a 10 to 15% premium to net tangible assets. As Geoff will always say he would like to buy a dollar of assets at 80 cents, so just be mindful of that. We are positive on small-cap companies and that is why we are fully invested.

Camilla Cox: Thanks Oscar. This is a question from Mark, I always butcher this pronunciation do you have any current thoughts on Centaurus Metals (ASX: CTM)?

Will Thompson: No you've got it that is it Centaurus. Darren and Roger who we really like the CEO and Chief Exploration Officer, I think they are great operators and they have done an amazing job on this asset over in Brazil. We own this in WAM Capital and one thing that they needed to do is get out of their agreement with Bar Lay and that has been a difficult thing to negotiate because Bar Lay spoke about their wanting to move into the future facing metals which is copper and nickel and the rest of them and this is a really good nickel project and if they can get out of that there is massive valuation upside to this company and we reduced our position a little bit just because we think there is a little bit of risk there, but if they can do it, it is going to be massive so yeah we still like it.

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Camilla Cox: Thanks Will. Oscar this one is from Stephen. He says do you think WAM Capital has been adversely impacted because you are losing focus by allocating resources to look at acquisitions rather than looking after the investment portfolios?

Oscar Oberg: Thanks Stephen, no definitely not. We don't look at the acquisitions. The team that is presenting today, the six of us we don't look at them at all. That is largely Geoff and Martyn McCathie who is in our Operations team at the time that we did those acquisitions and also Jesse Hamilton our Chief Financial Officer, so no the answer is absolutely no, we do zero on that. We are fully focused on the investment portfolios and always have been. Speaking for Geoff, that is exactly what he would say. He is more about the growth of the business, obviously he keeps in tune to what we are doing in the portfolio and everything like that, but the stock picking, the seeing companies, that is all six of us.

Camilla Cox: Thanks Oscar. Tobias question from Phil. This sounds like something from Top Gun. Have you review Mach7 Technologies (ASX: M7T) which is in the healthcare sector?

Tobias Yao: Thanks Phil. We have had Mach7 in the WAM Microcap fund I think a while ago. We don't own Mach7 currently. I think one of the lessons we have had over the last period has been if you had a choice between a higher quality company with a better technology or better mode and a lower quality company even though the lower quality company is cheaper, I think the better investment has always been with the higher quality company, so Mach7 is not something we looked at recently. It doesn't have the same earnings margins and the recurring nature of that business is not the same as Pro Medicus which is something I have talked about earlier, so Mach7 is not something on our radar right now.

Camilla Cox: Thanks Tobias. Oscar you did touch on this before but if we can revisit. This one is from Cynthia. Can WAM Capital and WAM Research continue to pay their current dividends into the future?

Oscar Oberg: The answer is yes, so to rehash... WAM Research definitely has plenty in the profits reserve so they are fine for at least the next 3 or 4 years. Camilla you might be able to get me what the dividend coverage is there, but for WAM Capital we can pay the next dividend in April that 7.75 cents, but we have 14.7 cents in the profits reserve, so we have 7 cents a share after we pay the April

dividend. So for us to improve on that 7, we need the market to go up, we need our performance to go up, that will build the profits reserve and if that occurs like it did in 2021, then we will add a whole heap to the profits reserve and at least for the foreseeable future we do have coverage of our dividends. So Cynthia it is very important to monitor the market. If the market falls 10% from here over the next 4 months and say we have done a good job and the market has fallen 10 and we have found 8 right, I will be happy as a portfolio manager as we have outperformed the market, but you as an investor won't be happy because we are down 8% so we are not adding to the profits reserve, so when we get to this call in July of this year and suddenly we only have 7 cents in the profits reserve and that is it, when we last paid 7.75 in April, suddenly there is risk on that October dividend. So you have to keep monitoring the market, monitor our net tangible asset announcements that come on the ASX every mid-month.

Camilla Cox: Great, thanks Oscar. Question for both yourself and Tobias. Is Lendlease (ASX: LLC) in your investment process and is there a price you would consider buying it?

Oscar Oberg: There is always a price Camilla, that is for sure. I am just looking at my phone. WAM Leaders (ASX: WLE) actually own Lendlease, they have a reasonable position. I think it is in their top 20 holdings. The stock has been a perennial underperformer over the years. But there is sort of speculative takeover room, there are some activist investors to break it up. Matt and John obviously aren't on the call but I think it is that activism and potentially breaking up the company that they are interested in. We don't currently own it within WAM Capital. Would we own it at a later date? Yeah we would absolutely if there was catalyst there and it was looking cheap and we thought the share price would go up 100%, but I don't think we have owned Lendlease since I have been at Wilson Asset Management for the last 7 years. I don't think we have owned it. You never rule out a company, but from our perspective we don't own it at the moment.

Camilla Cox: Thanks Oscar. Cooper a question from Stephen. Is there any appetite to take a position in uranium producers in the near term?

Cooper Rogers: In the near term? Good question. We do dabble in and out of uranium stocks from time to time, it is part of a bucket we like to call new energy or if we believe there is a bit of an energy crisis that is happening in the world so we do keep an eye on it as an alternative source of energy.

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Unfortunately I think there is some government regulations in most of the Western world that prohibit it becoming a major fuel source. Because of that we don't really have a long-term view on uranium. We have been trading in and out of it depending on what the uranium price is doing and when we do that we will pay things like primary producers that is in production so you can actually capitalise on that change in the price. In terms of the long-term view, not really too sure, as this relies on a lot of government regulation, but again energy crisis have been a continuum to play out and it is something that we consistently look at.

Camilla Cox: Thanks Cooper. Does anyone across the team have any thoughts on Liontown (AX: LTR)?

Cooper Rogers: Yeah Liontown we talked on lithium and lithium suppliers earlier today. It is very tough to get these explorers and I suppose developers up and actually producing lithium. Liontown came out with a study that surprised the market on its cap ex requirements. It was much higher than the market was expecting. We see that having a few developers as well. We like Liontown, it is a quality asset, WA from jurisdictions so we are happy to own it, we just don't think there are many assets like this out there in the world, so it is one that we will continue to look at. We don't own it currently sorry I should say but it is one we will look to own if it gets closer to production.

Shaun Weick: I would say at the moment as an overarching statement, we are focused on assets in production given the owner risks around construction cost blow outs and getting wind up because of high inflation and tight labour market.

Camilla Cox: Thanks Shaun, thanks Cooper. Tobias we will go to you. Do you have any thoughts on Nine Entertainment (ASX: NEC)?

Tobias Yao: Yes thank you. Nine is a great company however our concerns around TV which has benefited during COVID with people having to stay at home. The way we play media is through oOh!media (ASX: OML) which is an outdoor advertising business. The recovery has been very strong. We believe they are actually winning share of linear TV, so we think that trend will continue. From the TV's perspective because the broadcaster video on demand is an exciting area that is offsetting some

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of the clients in linear TV, so not something we are looking at right now as we are pretty fully invested in oOh!media.

Camilla Cox: Thanks Tobias. That actually brings to the end of the Q&A. Oscar I will pass to you for any closing remarks.

Oscar Oberg: Thanks everyone for dialling in. Really appreciate it and also thank you for your support. If you ever have any questions, very happy to have a chat. We have the Corporate Affairs team, they will always get back to you, but personally if you need to call us we are only a phone call away. It is a very volatile market right now, it is probably the most volatile we have ever seen. It is probably the toughest market we have ever experienced and I think it is harder than COVID to be fair. In terms of how we are thinking broadly, it does feel like the interest rate rises is mixed but we do think that is coming to an end and when that does occur, I think that will be very positive and you will see it swing back to small-cap companies from large-cap companies. Really appreciate the support and thanks again for your time today.