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W | A | M Microcap

ABN 34 617 838 418

2023  
Annual Report

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**Wilson**  
Asset Management  
*Making a difference*



## WAM Microcap Limited

WAM Microcap Limited (WAM Microcap or the Company) is a listed investment company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

### WAM Microcap

#### Directors

Geoff Wilson AO (Chairman)  
Kate Thorley  
Jacqueline Sullivan  
Adrian Siew

#### Joint Company Secretaries

Jesse Hamilton  
Linda Kiriczenko

#### Investment Manager

MAM Pty Limited  
Level 26, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000  
(part of the Wilson Asset  
Management Group)

#### Country of Incorporation

Australia

#### Registered Office

Level 26, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

#### Contact Details

Postal Address: GPO Box 4658  
Sydney NSW 2001

**T** (02) 9247 6755

**F** (02) 9247 6855

**E** [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au)

**W** [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

### Share Registry

Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000

**T** 1300 420 372 (in Australia)

+61 2 8023 5472 (International)

**F** (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

### Australian Securities Exchange

WAM Microcap Limited  
Ordinary Shares (WMI)

### Auditor

Pitcher Partners

## Regional Shareholder Presentations

The Wilson Asset Management and Future Generation teams look forward to meeting with our shareholders across the country.

**Newcastle** Monday 9 October

**Toowoomba** Monday 30 October

**Gold Coast** Tuesday 31 October

**Noosa** Wednesday 1 November

**Launceston** Thursday 9 November



## Join our hybrid Annual General Meeting

**Wednesday, 25 October 2023**

Museum of Sydney (Warrane Theatre)  
Cnr Bridge St and Phillip St  
Sydney NSW 2000

Further details to be provided.

## FY2023 highlights

# +16.9%

investment portfolio performance

# +8.5%

investment portfolio outperformance of S&P/ASX Small Ordinaries Accumulation Index

# 10.5 cps

full year fully franked dividend

# 7.4%

fully franked dividend yield

### 30 June 2023 snapshot

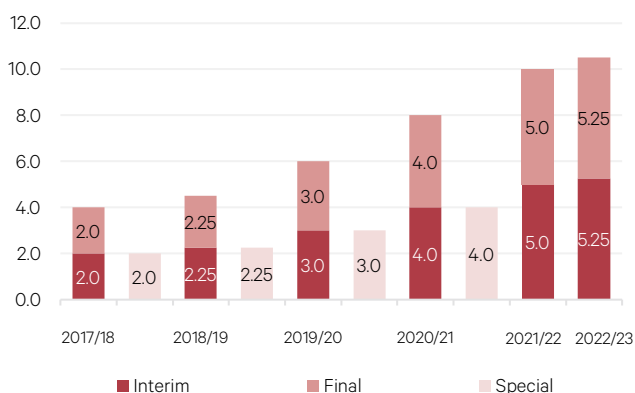
Listing date	June 2017
Gross assets	\$279.6m
Market capitalisation	\$297.5m
Shares on issue	210,979,923
Share price	\$1.41
Net tangible assets (pre-tax)	\$1.30
Net tangible assets (post-tax)	\$1.30
FY2023 fully franked dividends	10.5 cents
FY2023 fully franked dividend yield <sup>*</sup>	7.4%
FY2023 fully franked grossed-up dividend yield <sup>*</sup>	10.6%

<sup>\*</sup>Based on the 30 June 2023 share price of \$1.41 per share.

<sup>\*</sup>Grossed-up dividend yield includes the benefits of franking credits and is based on a tax rate of 30.0%.

### Fully franked dividends since inception

Cents per share



### FY2023 results

WAM Microcap reported an operating profit before tax of \$35.4 million for the year (FY2022: operating loss before tax of \$53.9 million) and an operating profit after tax of \$26.3 million (FY2022: operating loss after tax of \$36.1 million), as a result of the strong performance of the investment portfolio over the year.

WAM Microcap's investment portfolio increased 16.9% during the 12-month period to 30 June 2023, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 8.5%. This outperformance was achieved with an average cash weighting of 7.7%. Since inception, the investment portfolio has increased 15.0% per annum, while holding on average 16.3% in cash, outperforming the Index by 9.5% per annum.

The Board declared a full year fully franked dividend of 10.5 cents per share, with the final fully franked dividend being 5.25 cents per share. The full year fully franked dividend represents an increase of 5.0% increase on the previous year. WAM Microcap has paid 49.0 cents per share in fully franked dividends to shareholders since inception. As at 31 July 2023, the Company's profits reserve was 52.9 cents per share, before the payment of the final fully franked dividend of 5.25 cents per share.

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# Letter from the Chairman *Geoff Wilson AO*



## Dear Fellow Shareholders,

The WAM Microcap investment team have delivered strong performance through the rigorous application of our proven investment process identifying undervalued micro-cap companies that demonstrate earnings growth, management strength and a compelling valuation.

In the 12 months to 30 June 2023, the WAM Microcap investment portfolio increased 16.9%, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 8.5%, with an average cash weighting of 7.7%. Since inception in June 2017, the investment portfolio has increased 15.0% per annum, outperforming the Index by 9.5% per annum.

WAM Microcap reported an operating profit before tax of \$35.4 million (FY2022: operating loss before tax of \$53.9 million) and an operating profit after tax of \$26.3 million (FY2022: operating loss after tax of \$36.1 million).

The Board declared a full year fully franked dividend of 10.5 cents per share, with the final fully franked dividend being 5.25 cents per share, a 5.0% increase on the previous year. The final fully franked dividend has been achieved through the performance of the investment portfolio since inception, the profits reserve available and is consistent with the Company's investment objective of delivering investors a stream of fully franked dividends.

As at 31 July 2023, the Company had 52.9 cents per share available in its profits reserve, representing 5.0 years of annual dividend coverage before the payment of the final fully franked dividend of 5.25 cents per share, payable on 16 October 2023. Since inception in June 2017, WAM Microcap has paid 49.0 cents per share in fully franked dividends to shareholders.

As a fellow WAM Microcap shareholder, I would like to thank the WAM Microcap investment team and the broader Wilson Asset Management team. We greatly appreciate the trust, loyalty and support we have received from WAM Microcap shareholders.

**10.5 cps**

FY2023 full year  
fully franked  
dividend

**5.25 cps**

FY2023 final fully  
franked dividend

**7.4%**

fully franked  
dividend yield on  
the 30 June 2023  
share price

## Company performance

Over four decades of investing, I have found three key measures crucial to the evaluation of a listed investment company's (LIC) performance: investment portfolio performance, net tangible asset growth and total shareholder return.

### 1) Investment portfolio performance

Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. A key objective of WAM Microcap is to outperform the S&P/ASX Small Ordinaries Accumulation Index by growing the investment portfolio at a greater rate, which is called outperformance. The S&P/ASX Small Ordinaries Accumulation Index is also measured before expenses, fees and taxes.

Performance at 30 June 2023	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Jun-17)
WAM Microcap Investment Portfolio	16.9%	14.2%	12.3%	15.0%
S&P/ASX Small Ordinaries Accumulation Index	8.4%	5.2%	2.3%	5.5%
<b>Outperformance</b>	<b>+8.5%</b>	<b>+9.0%</b>	<b>+10.0%</b>	<b>+9.5%</b>

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

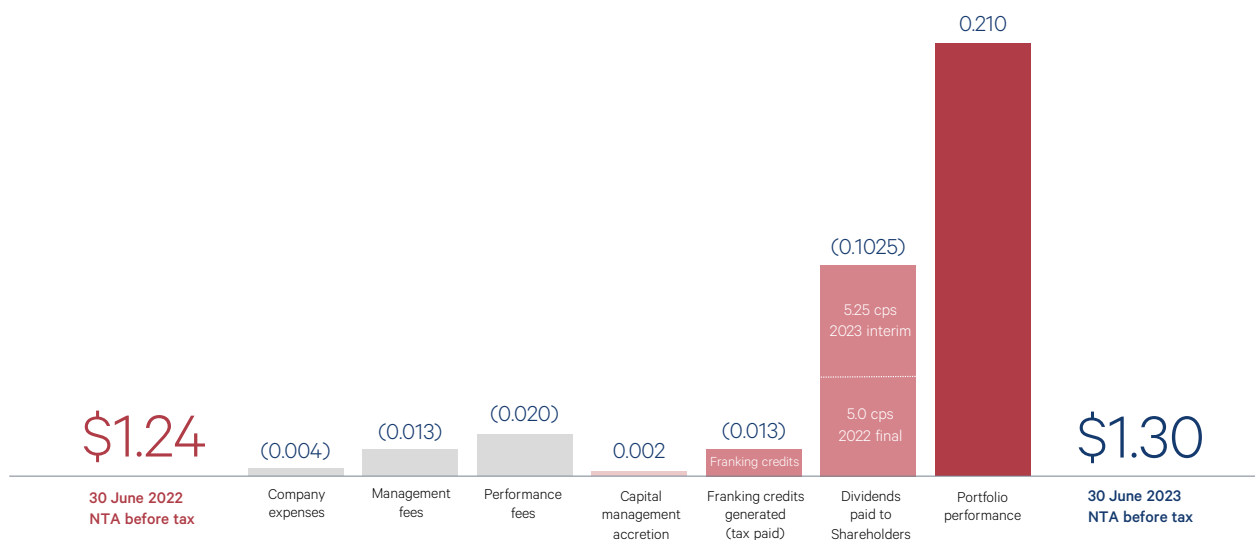
WAM Microcap's investment portfolio increased 16.9% in the year to 30 June 2023, while holding on average 7.7% of the investment portfolio in cash, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 8.5%. Since inception, WAM Microcap has achieved an investment portfolio return of 15.0% per annum, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 9.5% per annum.

### 2) Net tangible asset (NTA) growth

NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees). The NTA represents the realisable value of the Company and is provided to shareholders and announced to the ASX each month.

WAM Microcap's pre-tax NTA increased 13.1% in the 12 months to 30 June 2023, including the 10.25 cents per share of fully franked dividends paid to shareholders during the year. This increase is after the corporate tax paid of 1.3 cents per share or 1.1% of the Company's pre-tax NTA during the year. The corporate tax payments made throughout the period and the performance fee payable of 1.6% at the end of the year were the major items of difference between the investment portfolio performance increase of 16.9% and the NTA performance increase of 13.1%. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in the value of the assets during the year were management fees of 1.0% and other company related expenses of 0.3%, being offset by capital management accretion of 0.2%.

## WAM Microcap pre-tax NTA performance



### 3) Total shareholder return (TSR)

TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period, before the value of any franking credits distributed to shareholders through fully franked dividends.

The TSR for WAM Microcap was impacted by the significant decline in the share price premium to NTA, which fell from 30.7% as at 30 June 2022 to 8.3% as at 30 June 2023, partially offset by the investment portfolio performance of 16.9%. The TSR for WAM Microcap was -7.2% for the year to 30 June 2023. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

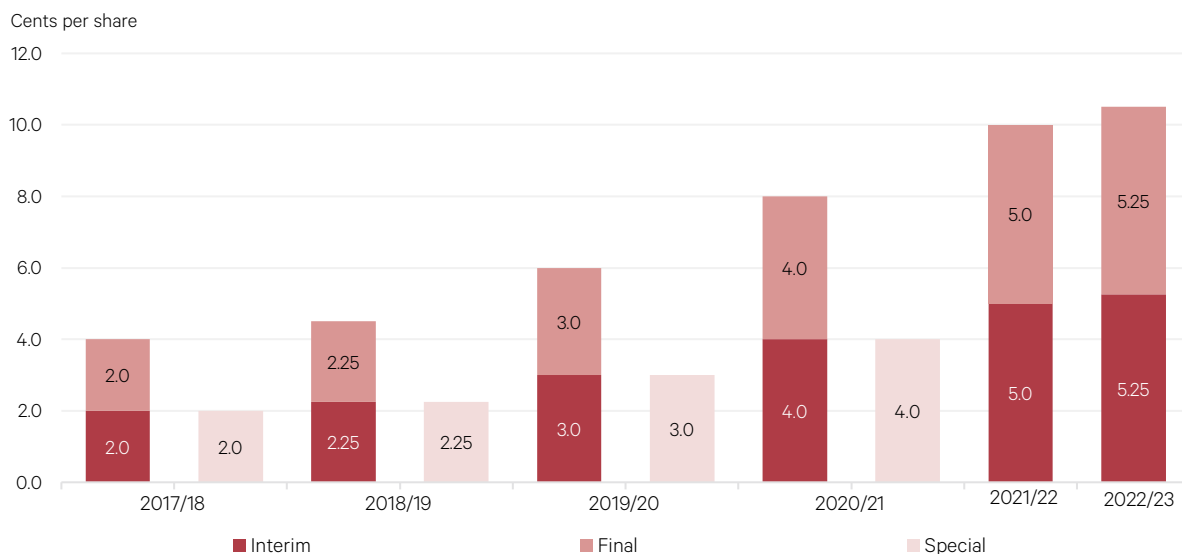
### Dividends

The Board declared a final fully franked dividend of 5.25 cents per share, bringing the full year fully franked dividend to 10.5 cents per share. Since inception, the Company has paid 49.0 cents per share in fully franked dividends to shareholders.

The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits, and it is within prudent business practices. As at 31 July 2023, the Company had 52.9 cents per share available in the profits reserve, before the payment of the final fully franked dividend of 5.25 cents per share.

Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders at a 2.5% discount for the final dividend.

## WAM Microcap fully franked dividends since inception



### Key dividend dates

Ex-dividend date	<b>3 October 2023</b>
Dividend record date (7:00pm Sydney time)	<b>4 October 2023</b>
Last election date for DRP	<b>6 October 2023</b>
Dividend payment date	<b>16 October 2023</b>

The Dividend Reinvestment Plan (DRP) is in operation and the recommended final fully franked dividend of 5.25 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be calculated as the volume weighted average market price (VWAP) of shares sold on the ASX over the four trading days commencing on the ex-dividend date for the relevant dividend. The DRP will operate with a 2.5% discount for the final dividend.

We encourage you to visit our website, subscribe to receive our updates and to call or email us with any questions or suggestions you have regarding WAM Microcap or Wilson Asset Management. Please contact myself or the team on (02) 9247 6755 or email us at [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au). Thank you for your continued support and keep safe.

**Geoff Wilson AO**  
Chairman



# Update from the Lead Portfolio Manager *Oscar Oberg CFA*



## Investment process

The WAM Microcap investment team is committed to using Wilson Asset Management's proven investment process, which has delivered solid returns for shareholders over the long term. The WAM Microcap investment process is focused on identifying and investing in undervalued growth companies in the Australian micro-cap market, with a market capitalisation less than \$300 million at the time of acquisition. The WAM Microcap team had over 4,000 company meetings with management during the year to help identify companies with these qualities, with the vast majority of investment opportunities within the small industrials sector.

## The year in review

The 2023 financial year was dominated by the largest interest rate hiking cycle in over 30 years and the increasing probability of a global recession. Despite macroeconomic headwinds, WAM Microcap outperformed the S&P/ASX Small Ordinaries Accumulation Index, with the team applying Wilson Asset Management's proven investment process, which has delivered consistent long-term returns across a range of investment cycles over the last 25 years.

For the 12 months to 30 June 2023, the WAM Microcap investment portfolio increased 16.9%, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 8.5%. We have witnessed the underperformance of micro-cap companies in comparison to the broader market since September 2021, as the uncertain macroeconomic environment saw a sell-off in micro-cap companies, with large-cap companies being favoured by investors. During this period, the WAM Microcap investment portfolio has outperformed the S&P/ASX Small Ordinaries Accumulation Index by 8.2%.

Contributors to the investment portfolio outperformance over the financial year included global tourism operator Tourism Holdings (ASX: THL) and offshore vessel operator MMA Offshore (ASX: MRM).

We invested in Tourism Holdings in April 2020 which was trading at a discount to its net tangible assets (NTA) value due to our belief that consumer budgets would be redirected from retail to tourism as borders reopened following the coronavirus pandemic. In the 2023 financial year, Tourism Holdings beat earnings expectations and acquired its largest competitor, Apollo Tourism & Leisure, with synergies to be delivered over the next three years. We remain positive on the outlook for the tourism sector and believe Tourism Holdings is well placed to make earnings accretive acquisitions.

We invested in MMA Offshore in January 2022 due to our favourable view on oil and gas markets and the likelihood that exploration and production drilling would increase faster than expected. The company was also trading at a discount to its NTA. Pleasingly, MMA Offshore upgraded earnings twice over the 2023 financial year and the net debt on its balance sheet reduced significantly. While oil and gas markets have been buoyant, a new market in offshore renewable projects has emerged which we believe will provide tailwinds for the company over the medium term.

## Lead Portfolio Manager update

Each year, we hold or invest in companies that detract from the investment portfolio performance, and during FY2023 this included infant formula company Bubs Australia (ASX: BUB) and media and advertising company Enero Group (ASX: EGG). Following positive announcements that Bubs Australia would be distributing its infant formula into the United States, the company delivered a surprising profit warning in October 2022 due to weaker sales in China. In February 2023, Enero Group missed analyst earnings expectations with recent acquisitions disappointing market expectations. Given the unexpected earnings decline, we chose to exit both companies.

## The year ahead

Heading into the 2024 financial year, the WAM Microcap investment team is positive on the outlook for small and micro-cap companies. We are particularly excited about the retail sector. The retail sector was one of the hardest hit over the last two years. While we acknowledge the tough macroeconomic conditions, we believe earnings estimates and share prices have already factored in this negativity. The Reject Shop (ASX: TRS) is well placed to beat earnings expectations over the next 12 months, with freight and logistics costs coming down extensively over the last few months. We note that The Reject Shop has zero debt and over \$80 million of cash on its balance sheet per its update in January, which compares to its current market capitalisation of \$180 million. Baby Bunting Group (ASX: BBN) has seen extensive earnings downgrades and management changes over the past 12 months. Despite having double the number of stores, the share price is lower than it was when it first listed in 2015. We see the potential for a new management team to conduct cost savings and reduce inventory levels that should contribute to a rerating of the share price over the medium term.

We see a very strong period ahead for micro-cap companies and continue to maintain a flexible cash position to ensure we can benefit from share price volatility and take advantage of valuation anomalies.

Thank you for your continued support.



Oscar Oberg CFA  
Lead Portfolio Manager

## WAM Microcap top 20 holdings

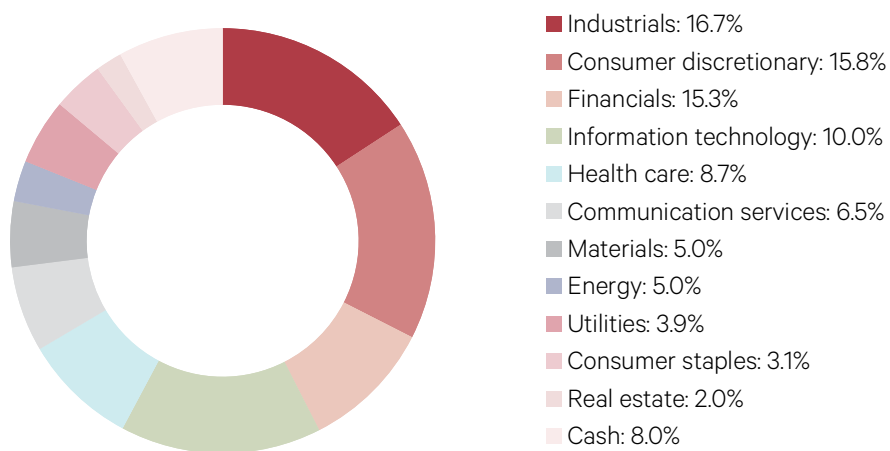
as at 30 June 2023

Code	Company name	Portfolio weightings
TUA	Tuas Limited	3.4%
EVO	Embark Early Education Limited	3.3%
CLG	Close the Loop Limited	3.2%
SMP	Smartpay Holdings Limited	3.2%
LGI	LGI Limited	3.1%
n/a	Xpansiv Limited	2.7%
MRM	MMA Offshore Limited	2.5%
NXD	NextEd Group Limited	2.5%
SGF	SG Fleet Group Limited	2.3%
RIC	Ridley Corporation Limited	2.1%
CAJ	Capitol Health Limited	2.1%
TPW	Temple & Webster Group Limited	2.0%
DUG	DUG Technology Limited	2.0%
TRS	The Reject Shop Limited	1.9%
IGL	IVE Group Limited	1.8%
EXP	Experience Co Limited	1.8%
SSM	Service Stream Limited	1.8%
COI	Comet Ridge Limited	1.8%
REG	Regis Healthcare Limited	1.7%
QAL	Qualitas Limited	1.7%

The fair values of individual investments held at the end of the reporting period are disclosed on pages 55 to 56.

## Diversified investment portfolio by sector

as at 30 June 2023



## About Wilson Asset Management

Wilson Asset Management is passionate about making a difference for shareholders and the community for more than 25 years. As an investment manager, Wilson Asset Management invests over \$5 billion on behalf of more than 130,000 retail investors.

Wilson Asset Management is proud to be the Investment Manager for WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA).

### Philanthropy

Geoff Wilson founded Future Generation Australia (ASX: FGX) in 2014 and Future Generation Global (ASX: FGG) in 2015. The Future Generation companies are Australia's first listed investment companies to provide both investment and social returns: the companies provide shareholders with exposure to leading Australian and global fund managers who deliver a stream of fully franked dividends and capital growth to investors. This group of leading fund managers manages more than \$1 billion in assets on a pro bono basis, waiving their performance and management fees. Their generosity allows the Future Generation companies to invest 1% of net tangible assets each year in not-for-profit organisations. Shareholders are able to decide which not-for-profits will receive the donation, whether it's supporting children and youth at risk (FGX) or investing in the promotion of wellbeing and preventing mental ill-health in young Australians (FGG). By 2030, Future Generation aims to have donated over \$100 million, with \$65.2 million donated since inception so far. The team at Wilson Asset Management continue to support both companies.

Wilson Asset Management is a member of the global philanthropic Pledge 1% movement, is a significant funder of many Australian charities and provides all team members with \$10,000 each year to donate to charities of their choice. During the year, Wilson Asset Management and Future Generation team members were proud to support over 90 charities across several cause areas such as cancer research, homelessness and mental health. All philanthropic investments are made by the Investment Manager.

We are honoured to provide continued support to Olympic athletes, through managing over \$8 million for the Australian Olympic Committee (AOC) on a pro bono basis. The AOC provides crucial financial and institutional support to Australian athletes to compete at an Olympic level. All fees are foregone by the Investment Manager.

We also support a number of organisations through sponsorships and partnerships across a range of initiatives including; the 2022 Wollongong UCI Road World Cycling Championship, The Australian Shareholder's Association, Sporting Chance Cancer Foundation, Women in Super and many more. All sponsorships and partnerships are made by the Investment Manager.

### Advocacy and Education

As part of our focus on making a difference to shareholders and the community, our advocacy work for fair and equitable treatment of retail shareholders continues to be a priority. We firmly believe all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market.

Together we have been publicly fighting for the preservation of Paul Keating's franking system since the Labor party first proposed changes in 2018, a proposal that was going to deny cash refunds of franking credits to certain investors. In September 2021, the Australian Government announced proposed legislation changes to the Australian franking system, this time limiting the ability of Australian companies to pay fully franked dividends to their shareholders. Of the two pieces of legislation proposed, the one that concerns us the most relates to the Government's plan to stop companies paying fully franked dividends that in Treasury's view are directly or indirectly funded by capital raisings. This legislation will stop small growth companies from raising capital and paying fully franked dividends and encourage large companies to focus on minimising

tax paid in Australia. The second piece of legislation regarding the off-market buy-backs will restrict a company's ability to equitably manage its capital.

Following a public consultation period and our extensive engagement with Federal MPs and Senators, a Senate Inquiry was held to take a deeper look into the details of the proposed changes. This has now taken place and the committee acknowledged Schedule 5 of the Bill: Franked distributions funded by capital raisings needs clarification, an important victory for us all including industry and taxation experts, lawyers and academics who agree that this legislation is flawed. Unfortunately, they did not grasp that Schedule 4 of the Bill: Off-market share buy-backs also has significant unintended consequences and needs redrafting.

The Australian franking system has been part of the reason Australia has seen more than three decades of economic stability and growth. It has encouraged Australian companies and shareholders to invest in Australia, employ Australians, pay tax in Australia and in turn create more local jobs and ownership of Australian companies by Australians. We will continue to engage with Federal members of parliament, raising awareness about the long term unintended consequences of the proposed legislation.

We also remain committed to education initiatives which advocate for change and progress in corporate Australia. We support the University of New South Wales' School of Mathematics and Statistics' Do The Maths program, which aims to inspire girls in high school to consider tertiary studies and careers in mathematics and statistics. We believe in the importance of gender diversity in the financial services industry, in particular funds management, which provides rewarding career paths. We regularly host Women's Investor Events which give likeminded women a platform to network and enhance financial literacy, while our Young Investor Events aim to inspire the next generation to begin their investment journey early.

### Shareholder engagement and communication

Shareholders are the owners of WAM Microcap; Wilson Asset Management's responsibility is to manage the Company on your behalf and be available to report to you on a regular basis. We encourage all shareholders to communicate with us and share their feedback. We have a variety of options to keep you informed, including:

- ✓ Email updates from our Lead Portfolio Managers
- ✓ Shareholder Presentations and events
- ✓ Investment team insights including 'Buy Hold Sell' videos
- ✓ Shareholder Q&A webinars
- ✓ Monthly net tangible asset reports and investment updates
- ✓ Roundtables with planners, advisers and their clients
- ✓ Social media engagement
- ✓ Investor education material
- ✓ Annual and interim results announcements

As always, please contact us by phone on (02) 9247 6755 or by email at [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au) if you ever have any questions or feedback.

## Objectives and investment process

### Investment objectives

The investment objectives of WAM Microcap are to:

- deliver investors a stream of fully franked dividends;
- provide capital growth over the medium-to-long term; and
- preserve capital of the Company.

### Investment process – the most exciting undervalued growth companies in the Australian micro-cap market

WAM Microcap provides investors with access to Wilson Asset Management’s two distinctive processes:

- a research-driven process focused on identifying undervalued growth companies; and
- a market-driven process that takes advantage of mispricing opportunities.

### Research-driven investing

This investment process involves diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this process, our investment team will only ever invest in a security once we can identify a catalyst or event that we expect will change the market’s valuation of the company.



### Market-driven investing

This investment process takes advantage of short-term mispricing opportunities in the Australian equity market. This part of the investment portfolio is actively traded, and as such, opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spin-offs and restructures), arbitrage opportunities, LIC discount arbitrages, short-selling and trading market themes and trends.

## Directors' Report to shareholders for the year ended 30 June 2023

The Directors present their report together with the financial report of WAM Microcap for the financial year ended 30 June 2023.

### Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth in the medium-to-long term and preserve capital. No change in this activity took place during the year or is likely to in the future.

### Operating and financial review

Investment operations over the year resulted in an operating profit before tax of \$35,361,425 (2022: operating loss before tax of \$53,878,280) and an operating profit after tax of \$26,321,283 (2022: operating loss after tax of \$36,095,190). The operating profit for FY2023 is a result of the strong performance of the investment portfolio over the year. The investment portfolio increased 16.9% during the 12-month period to 30 June 2023, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 8.5%. The average cash weighting of the investment portfolio during the period was 7.7%.

The operating profit for the year includes unrealised gains or losses arising from changes in the fair value of the investments held in the portfolio during the year. This movement in the fair value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. This treatment under the Accounting Standards can cause large variations in reported operating profits between periods.

The operating profit or loss for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

Further information on the three key listed investment company performance measures and the operating and financial review of the Company is contained in the Chairman's Letter.

### Financial position

The net asset value of the Company as at 30 June 2023 was \$275,816,303 (2022: \$268,208,723). Further information on the financial position of the Company is contained in the Chairman's Letter.

### Significant changes in state of affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2023.

## Dividends paid or recommended

Dividends paid or declared during the year are as follows:

	\$
Final fully franked FY2022 dividend of 5.0 cents per share paid on 17 October 2022	10,457,026
Interim fully franked FY2023 dividend of 5.25 cents per share paid on 24 April 2023	11,027,373

Since the end of the year, the Directors declared a final fully franked dividend of 5.25 cents per share to be paid on 16 October 2023.

The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investee companies and the payment of tax on profits.

## Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

- Geoff Wilson AO
- Kate Thorley
- Jacqueline Sullivan
- Adrian Siew

## Information on Directors

### Geoff Wilson AO (Chairman – non-independent)

#### Experience and expertise

Geoff Wilson has over 43 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, Future Generation Australia Limited and Future Generation Global Limited. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Geoff Wilson has been Chairman of the Company since March 2017.

#### Other current listed company directorships

Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Leaders Limited (appointed March 2016), WAM Global Limited (appointed February 2018) and WAM Strategic Value Limited (appointed March 2021). He is the founder and a Director of Future Generation Australia Limited (appointed July 2014) and Future Generation Global Limited (appointed May 2015) and a Director of WAM Alternative Assets Limited (appointed September 2020), Global Value Fund Limited (appointed April 2014) and Hearts and Minds Investments Limited (appointed September 2018).



### **Geoff Wilson AO (Chairman – non-independent) (cont'd)**

#### **Former listed company directorships in the last 3 years**

Geoff Wilson resigned as a director of 8IP Emerging Companies Limited in September 2020 and Australian Leaders Fund Limited in March 2021.

#### **Special responsibilities**

Chairman of the Board.

#### **Interests in shares of the Company**

Details of Geoff Wilson's interests in shares of the Company are included later in this report.

#### **Interests in contracts**

Details of Geoff Wilson's interests in contracts of the Company are included later in this report.

### **Kate Thorley (Director – non-independent)**

#### **Experience and expertise**

Kate Thorley has over 18 years' experience in the funds management industry and more than 24 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Global Limited, WAM Strategic Value Limited, Future Generation Australia Limited and Future Generation Global Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a Graduate member of the AICD (GAICD).

Kate Thorley has been a Director of the Company since March 2017.

#### **Other current listed company directorships**

Kate Thorley is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), Future Generation Australia Limited (appointed April 2015), WAM Leaders Limited (appointed March 2016), WAM Capital Limited (appointed August 2016), WAM Global Limited (appointed February 2018), Future Generation Global Limited (appointed March 2021) and WAM Strategic Value Limited (appointed March 2021).

#### **Former listed company directorships in the last 3 years**

Kate Thorley has not resigned as a director from any other listed companies within the last three years.

#### **Special responsibilities**

None.

#### **Interests in shares of the Company**

Details of Kate Thorley's interests in shares of the Company are included later in this report.

#### **Interests in contracts**

Kate Thorley has no interests in contracts of the Company.

### **Jacqueline Sullivan (Director – independent)**

#### **Experience and expertise**

Jacqueline Sullivan has over 34 years' funds management experience gained in a number of senior executive roles across the Australian and global AMP Capital businesses. In that time, Jacqueline led global distribution of AMP Capital with a focus on expansion into Asia, North America and Europe. As Head of Product, Jacqueline led the development of range of multi-manager products, listed funds, real assets and hedge funds. Jacqueline holds a Bachelor of Science, MBA, Graduate Diploma of Applied Finance and Investment and is a Graduate member of the AICD (GAICD).

Jacqueline Sullivan has been a Director of the Company since May 2017.

#### **Other current listed company directorships**

Jacqueline Sullivan is a director of Sandon Capital Limited (appointed December 2021) and Mercantile Investment Company Limited (appointed January 2022).

#### **Former listed company directorships in the last 3 years**

Jacqueline Sullivan has not resigned as a director from any other listed companies within the last three years.

#### **Special responsibilities**

None.

#### **Interests in shares of the Company**

Jacqueline Sullivan has no interest in shares of the Company.

#### **Interests in contracts**

Jacqueline Sullivan has no interests in contracts of the Company.

### **Adrian Siew (Director – non-independent)**

#### **Experience and expertise**

Adrian has 27 years' experience in the financial industry. He started his career with the Goldman Sachs European investment banking team in London before moving to Hong Kong and Singapore as part of their mergers and acquisitions and corporate finance advisory teams. He later spent 11 years with The Carlyle Group as a Director of their private equity buyout investment team in Sydney and Singapore. Adrian was the Lead Portfolio Manager responsible for the alternative asset strategy of Wilson Asset Management (International) Pty Limited, and is now a board director and investment committee member of WAM Alternative Assets Limited. He is also the Chief Executive Officer of Wilson Family Office.

Adrian Siew has been a Director of the Company since November 2020.

#### **Other current listed company directorships**

Adrian Siew is a Director of WAM Alternative Assets Limited (appointed September 2020).

#### **Former listed company directorships in the last 3 years**

Adrian Siew has not resigned as a director from any other listed companies within the last three years.

**Adrian Siew (Director – non-independent) (cont'd)**

**Special responsibilities**

None.

**Interests in shares of the Company**

Adrian Siew has no interest in shares of the Company.

**Interests in contracts**

Adrian Siew has no interests in contracts of the Company.

**Joint Company Secretaries**

The following persons held the position of Joint Company Secretary at the end of the financial year:

**Jesse Hamilton**

Jesse Hamilton is a Chartered Accountant with more than 15 years' experience working in advisory and assurance services, specialising in funds management. As the Chief Financial Officer, Jesse oversees all finance and accounting of Wilson Asset Management (International) Pty Limited. He is Company Secretary for WAM Alternative Assets Limited and WAM Strategic Value Limited, and Joint Company Secretary for WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited, in addition to Future Generation Australia Limited and Future Generation Global Limited. Prior to joining Wilson Asset Management, Jesse worked as Chief Financial Officer of an ASX listed company and also worked as an advisor specialising in assurance services, valuations, mergers and acquisitions, financial due diligence and capital raising activities for listed investment companies.

Jesse Hamilton was appointed Company Secretary of WAM Microcap in November 2020.

**Linda Kiriczenko**

Linda Kiriczenko has over 19 years' experience in financial accounting including more than 15 years in the funds management industry. As the Finance Manager of Wilson Asset Management (International) Pty Limited, Linda oversees finance and accounting and is also the Joint Company Secretary for six listed investment companies, WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited. Linda holds a Bachelor of Commerce and is a fully qualified CPA. She is a certified member of the Governance Institute of Australia.

Linda Kiriczenko was appointed Company Secretary of WAM Microcap in March 2017.

## Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Microcap.

### a) Remuneration of Directors

All Directors of WAM Microcap are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$80,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2023:

Director	Position	Short-term employee benefits	Post-employment benefits	Total
		Directors' Fees	Superannuation	
		\$	\$	\$
Geoff Wilson	Chairman	9,050	950	10,000
Kate Thorley	Director	9,050	950	10,000
Jacqueline Sullivan	Director	22,624	2,376	25,000
Adrian Siew	Director	22,624	2,376	25,000
		<b>63,348</b>	<b>6,652</b>	<b>70,000</b>

Directors receive a superannuation guarantee contribution required by the government, which was 10.5% of individuals' benefits for FY2023 (FY2022: 10%) and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

Directors' remuneration received for the year ended 30 June 2022:

Director	Position	Short-term employee benefits	Post-employment benefits	Total
		Directors' Fees	Superannuation	
		\$	\$	\$
Geoff Wilson	Chairman	9,091	909	10,000
Kate Thorley	Director	9,091	909	10,000
Jacqueline Sullivan	Director	22,727	2,273	25,000
Adrian Siew	Director	22,727	2,273	25,000
		<b>63,636</b>	<b>6,364</b>	<b>70,000</b>

**Remuneration Report (Audited) (cont'd)****a) Remuneration of Directors (cont'd)**

The following table reflects the Company's performance and Directors' remuneration over five years:

	2023	2022	2021	2020	2019
Operating profit/(loss) after tax (\$)	\$26,321,283	(\$36,095,190)	\$76,098,601	\$11,327,784	\$7,026,565
Dividends (cents per share)	10.5	10.0	12.0	9.0	6.75
Share price (\$ per share)	\$1.41	\$1.625	\$1.825	\$1.22	\$1.215
NTA after tax (\$ per share)	\$1.30	\$1.28	\$1.58	\$1.28	\$1.27
Total Directors' remuneration (\$)	\$70,000	\$70,000	\$59,897	\$45,710	\$55,000
Shareholder's equity (\$)	\$275,816,303	\$268,208,723	\$327,634,251	\$181,434,534	\$179,442,248

**b) Director related entities remuneration**

All transactions with related entities during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited (the Investment Manager or the Manager), part of the Wilson Asset Management Group. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Microcap. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$3,098,887 inclusive of GST (2022: \$3,812,772). As at 30 June 2023, the balance payable to the Manager was \$256,020 inclusive of GST (2022: \$238,999).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of:

- where the level of the S&P/ASX Small Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the S&P/ASX Small Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period. For the year ended 30 June 2023, a performance fee of \$4,100,477 inclusive of GST was payable to the Manager (2022: nil).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Microcap to provide accounting and company secretarial services on commercial terms. For the year ended 30 June 2023, the fee for accounting services amounted to \$46,200 inclusive of GST (2022: \$46,200) and the fee for company secretarial services amounted to \$16,500 inclusive of GST (2022: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

These amounts are in addition to the above Directors' remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

## Remuneration Report (Audited) (cont'd)

### c) Remuneration of executives

There are no executives that are paid by the Company. MAM Pty Limited, the Investment Manager of the Company, provides the day-to-day management of the Company and is remunerated for these services as outlined above.

### d) Equity instruments disclosures of Directors and related parties

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2022	Acquisitions	Disposals	Balance at 30 June 2023
Geoff Wilson	1,061,755	61,754	(61,754)	1,061,755
Kate Thorley	245,398	882	-	246,280
Jacqueline Sullivan	-	-	-	-
Adrian Siew	-	-	-	-
	<b>1,307,153</b>	<b>62,636</b>	<b>(61,754)</b>	<b>1,308,035</b>

There have been no changes in shareholdings disclosed above between 30 June 2023 and the date of the report.

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

- End of Remuneration Report -

### Directors' meetings

Director	No. eligible to attend	Attended
Geoff Wilson	4	3
Kate Thorley	4	4
Jacqueline Sullivan	4	4
Adrian Siew	4	3

### Audit and Risk Committee

The Company has not established an Audit and Risk Committee due to the Company's size, Board composition and the nature of the Company's operations. As such, the Company's Board of Directors fulfil the role of the Audit and Risk Committee.

### **After balance date events**

Since the end of the year, the Directors declared a final fully franked dividend of 5.25 cents per share to be paid on 16 October 2023.

No other matters or circumstances have arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

### **Future developments**

The Company will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

### **Environmental regulation**

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

### **Indemnification and insurance of Officers or Auditors**

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

### **Proceedings on behalf of the Company**

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

### Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation and other services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

### Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

### Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2023 is provided on the Company's website at [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au).

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 25 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors.



**Geoff Wilson AO**  
**Chairman**

Dated this 25<sup>th</sup> day of August 2023



**Pitcher Partners Sydney Partnership**

Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2000

Postal Address  
GPO Box 1615  
Sydney NSW 2001

**p.** +61 2 9221 2099  
**e.** [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

**Auditor's Independence Declaration  
To the Directors of WAM Microcap Limited  
ABN 34 617 838 418**

In relation to the independent audit of WAM Microcap Limited for the year ended 30 June 2023, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



**C I Chandran**  
Partner

**Pitcher Partners**  
Sydney

25 August 2023

## Statement of comprehensive income for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Net realised and unrealised gains/(losses) on financial investments		35,295,585	(55,974,597)
Other revenue from operating activities	2	7,933,725	6,849,806
Management fees		(2,887,599)	(3,552,810)
Performance fees		(3,820,899)	-
Directors fees		(70,000)	(70,000)
Brokerage expense on share purchases		(509,406)	(599,146)
Custody fees		(22,576)	(28,400)
ASX listing and CHESS fees		(117,579)	(110,565)
Share registry fees		(92,685)	(89,085)
Disbursements, mailing and printing		(50,954)	(45,328)
ASIC industry funding levy		(12,076)	(10,819)
Other expenses from ordinary activities		(284,111)	(247,336)
<b>Profit/(loss) before income tax</b>		<b>35,361,425</b>	<b>(53,878,280)</b>
Income tax (expense)/benefit	3(a)	(9,040,142)	17,783,090
<b>Profit/(loss) after income tax attributable to members of the Company</b>		<b>26,321,283</b>	<b>(36,095,190)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>26,321,283</b>	<b>(36,095,190)</b>
<b>Basic and diluted earnings/(loss) per share</b>	14	<b>12.53 cents</b>	<b>(17.34 cents)</b>

The accompanying notes form part of these financial statements.

## Statement of financial position as at 30 June 2023

	Note	2023 \$	2022 \$
<b>Current assets</b>			
Cash and cash equivalents	12	22,165,075	36,533,404
Trade and other receivables	6	3,891,209	1,250,768
Financial assets	7	257,143,735	225,525,195
<b>Total current assets</b>		<b>283,200,019</b>	<b>263,309,367</b>
<b>Non-current assets</b>			
Deferred tax assets	3(b)	4,792,312	9,742,195
<b>Total non-current assets</b>		<b>4,792,312</b>	<b>9,742,195</b>
<b>Total assets</b>		<b>287,992,331</b>	<b>273,051,562</b>
<b>Current liabilities</b>			
Trade and other payables	8	8,085,769	2,912,195
Current tax liabilities	3(c)	4,090,259	1,930,644
<b>Total current liabilities</b>		<b>12,176,028</b>	<b>4,842,839</b>
<b>Total liabilities</b>		<b>12,176,028</b>	<b>4,842,839</b>
<b>Net assets</b>		<b>275,816,303</b>	<b>268,208,723</b>
<b>Equity</b>			
Issued capital	9	251,692,861	248,922,165
Profits reserve	10	105,198,034	97,958,631
Accumulated losses	11	(81,074,592)	(78,672,073)
<b>Total equity</b>		<b>275,816,303</b>	<b>268,208,723</b>

The accompanying notes form part of these financial statements.

## Statement of changes in equity for the year ended 30 June 2023

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
<b>Balance at 1 July 2021</b>		<b>245,258,258</b>	<b>(13,786,478)</b>	<b>96,162,471</b>	<b>327,634,251</b>
Loss for the year		-	(36,095,190)	-	(36,095,190)
Transfer to profits reserve		-	(28,790,405)	28,790,405	-
Other comprehensive income for the year		-	-	-	-
<b>Transactions with owners:</b>					
Shares issued via dividend reinvestment plan	9(b)	3,663,907	-	-	3,663,907
Dividends paid	4(a)	-	-	(26,994,245)	(26,994,245)
<b>Balance at 30 June 2022</b>		<b>248,922,165</b>	<b>(78,672,073)</b>	<b>97,958,631</b>	<b>268,208,723</b>
Profit for the year		-	26,321,283	-	26,321,283
Transfer to profits reserve		-	(28,723,802)	28,723,802	-
Other comprehensive income for the year		-	-	-	-
<b>Transaction with owners:</b>					
Shares issued via dividend reinvestment plan	9(b)	2,770,696	-	-	2,770,696
Dividends paid	4(a)	-	-	(21,484,399)	(21,484,399)
<b>Balance at 30 June 2023</b>		<b>251,692,861</b>	<b>(81,074,592)</b>	<b>105,198,034</b>	<b>275,816,303</b>

The accompanying notes form part of these financial statements.

## Statement of cash flows for the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		444,199,515	578,649,857
Payments for purchase of investments		(442,553,692)	(542,627,803)
Australian dividends received		7,073,536	6,034,912
Foreign dividends received		393,661	-
Interest and other investment income received		1,179,511	405,804
Management fee (GST inclusive)		(3,081,866)	(3,903,401)
Performance fee (GST inclusive)		-	(8,416,931)
Brokerage expense on share purchases (GST inclusive)		(544,770)	(641,909)
Payments for administration expenses (GST inclusive)		(647,253)	(538,012)
Income tax paid		(1,930,644)	(13,823,247)
GST on brokerage expense on share sales		(38,835)	(49,950)
Net GST received from ATO		296,211	960,337
<b>Net cash provided by operating activities</b>	<b>13</b>	<b>4,345,374</b>	<b>16,049,657</b>
<b>Cash flows from financing activities</b>			
Dividends paid – net of reinvestment		(18,713,703)	(23,330,338)
<b>Net cash used in financing activities</b>		<b>(18,713,703)</b>	<b>(23,330,338)</b>
<b>Net decrease in cash and cash equivalents held</b>		<b>(14,368,329)</b>	<b>(7,280,681)</b>
Cash and cash equivalents at beginning of the year		36,533,404	43,814,085
<b>Cash and cash equivalents at the end of the year</b>	<b>12</b>	<b>22,165,075</b>	<b>36,533,404</b>
<b>Non-cash transactions:</b>			
Shares issued via dividend reinvestment plan	<b>9(b)</b>	2,770,696	3,663,907

The accompanying notes form part of these financial statements.

# Notes to the financial statements for the year ended 30 June 2023

## 1. Significant accounting policies

### Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

WAM Microcap is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 25 August 2023 by the Board of Directors.

WAM Microcap is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the Company's financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Significant accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, with the exception of certain financial assets and liabilities, which have been measured at fair value. All amounts are presented in Australian dollars.

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Financial Report have been rounded to the nearest dollar, unless otherwise indicated.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. There was no material impact to the financial statements.

### a) Financial assets and financial liabilities

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of comprehensive income immediately.

## 1. Significant accounting policies (cont'd)

### a) Financial assets and financial liabilities (cont'd)

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all listed or unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

#### Classification and subsequent measurement

The Company classifies its financial instruments into the following categories:

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

#### (ii) Financial liabilities at fair value through profit or loss

Financial liabilities such as borrowed stock are classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of comprehensive income.

### b) Income tax

The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

## 1. Significant accounting policies (cont'd)

### b) Income tax (cont'd)

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within six months or less.

### d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

### e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment. Refer to Note 1(g) for further detail.

### f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at amortised cost.

### g) Impairment of assets

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition (this has replaced the incurred loss model). All the trade receivables of the Company share the same credit risk characteristics. Indicators that there is no reasonable expectation of recovery include, amongst others, the Standard & Poor's credit risk rating of a debtor, and a failure to make contractual payments for a period of greater than 30 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the Statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 30 June 2023, there are no expected credit losses recognised (2022: nil).



## 1. Significant accounting policies (cont'd)

### h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis (inclusive of GST), except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### j) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

### k) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### l) Dividends

Dividends are recognised when declared during the financial year.

### m) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2023. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation.

### n) New standards and interpretations not yet adopted

There are no new standards or interpretations not yet adopted that would have a material impact for the Company this financial period.

## 2. Other revenue

	2023 \$	2022 \$
Australian sourced dividends	7,073,536	5,966,280
Interest and other income	466,528	883,526
Foreign sourced dividends	393,661	-
	<b>7,933,725</b>	<b>6,849,806</b>

## 3. Income tax

### a) Income tax expense/(benefit)

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense/(benefit) as follows:

	2023 \$	2022 \$
Prima facie tax on profit/(loss) before income tax at 30% (2022: 30%)	10,608,427	(16,163,484)
Imputation credit gross up	659,691	694,118
Franking credit offset	(2,198,971)	(2,313,724)
Foreign income tax gross up	12,431	-
Foreign income tax offset	(41,436)	-
	<b>9,040,142</b>	<b>(17,783,090)</b>
Effective tax rate	25.6%	(33.0%)

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year. The increase in the effective tax rate from the comparative year is reflective of the lower proportion of franked dividend income received in comparison to the net profit before tax for the period in comparison to the prior period.

<b>Total income tax expense/(benefit) results in a:</b>	2023 \$	2022 \$
Current tax liability	4,090,259	6,797,528
Deferred tax liability	-	(14,881,705)
Deferred tax asset	4,949,883	(9,698,913)
	<b>9,040,142</b>	<b>(17,783,090)</b>

**3. Income tax (cont'd)****b) Deferred tax assets**

	2023 \$	2022 \$
Accruals	12,292	11,335
Capitalised share issue costs	16,955	25,433
Fair value adjustments	4,763,065	9,705,427
	<b>4,792,312</b>	<b>9,742,195</b>

**Movement in deferred tax assets**

Balance at the beginning of the year	9,742,195	43,282
(Charged)/credited to the Statement of comprehensive income	(4,949,883)	9,698,913
At reporting date	<b>4,792,312</b>	<b>9,742,195</b>

**c) Current tax liabilities**

	2023 \$	2022 \$
Balance at the beginning of the year	1,930,644	8,956,363
Current year income tax on operating profit	4,090,259	6,797,528
Income tax paid	(1,930,644)	(13,823,247)
At reporting date	<b>4,090,259</b>	<b>1,930,644</b>

**d) Deferred tax liabilities**

	2023 \$	2022 \$
Fair value adjustments	-	-
	-	-

**Movement in deferred tax liabilities**

Balance at the beginning of the year	-	14,881,705
Credited to the Statement of comprehensive income	-	(14,881,705)
At reporting date	-	-

## 4. Dividends

### a) Ordinary dividends paid during the year

	2023 \$	2022 \$
Final dividend FY2022: 5.0 cents per share fully franked at 30% tax rate, paid 17 October 2022 (Final dividend FY2021: 4.0 cents per share fully franked)	10,457,026	8,289,914
Special dividend FY2022: nil (Special dividend FY2021: 4.0 cents per share fully franked)	-	8,289,914
Interim dividend FY2023: 5.25 cents per share fully franked at 30% tax rate, paid 24 April 2023 (Interim dividend FY2022: 5.0 cents per share fully franked)	11,027,373	10,414,417
	<b>21,484,399</b>	<b>26,994,245</b>

### b) Dividends not recognised at year end

	2023 \$	2022 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 5.25 cents per share final fully franked dividend (2022: 5.0 cents per share final fully franked dividend) which have not been recognised as a liability at the end of the financial year:	<b>11,076,446</b>	<b>10,457,026</b>

### c) Dividend franking account

	2023 \$	2022 \$
Balance of franking account at year end	10,170,709	15,248,700
Adjusted for franking credits arising from: - Estimated income tax payable	4,090,259	1,930,644
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(4,747,048)	(4,481,583)
	<b>9,513,920</b>	<b>12,697,761</b>

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax on profits.

The balance of the franking account does not include the tax to be paid on unrealised investment gains at the end of the reporting period. As at 30 June 2023, the deferred tax in relation to fair value movements on the investment portfolio is in a debit balance of \$4,763,065 and this amount has been presented as a deferred tax asset (2022: debit balance of \$9,705,427 presented as a deferred tax asset).

## 5. Auditor's remuneration

	2023 \$	2022 \$
Remuneration of the auditor for:		
Auditing and reviewing the financial report	53,337	47,914
Other services provided by a related practice of the auditor:		
Taxation services	9,185	8,415
	<b>62,522</b>	<b>56,329</b>

The Company's Board of Directors oversees the relationship with the Company's external auditor. The Board reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

## 6. Trade and other receivables

	2023 \$	2022 \$
Outstanding settlements	3,537,534	1,176,967
GST receivable	353,675	73,801
	<b>3,891,209</b>	<b>1,250,768</b>

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Investment income receivable relates to interest, dividend and trust distributions receivable at the end of the reporting period.

## 7. Financial assets

	2023 \$	2022 \$
Listed investments at fair value	243,339,732	212,461,400
Unlisted investments at fair value	13,804,003	13,063,795
	<b>257,143,735</b>	<b>225,525,195</b>

The fair values of individual investments held at the end of the reporting period are disclosed on pages 55 to 56 of the Annual Report. The unlisted investments at the end of the financial year relate to unlisted investments and unlisted convertible notes.

**8. Trade and other payables**

	2023 \$	2022 \$
Performance fee payable	4,100,477	-
Outstanding settlements	3,551,890	2,509,562
Management fee payable	256,020	238,999
Sundry payables	177,382	163,634
	<b>8,085,769</b>	<b>2,912,195</b>

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

**9. Issued capital****a) Paid-up capital**

	2023 \$	2022 \$
210,979,923 ordinary shares fully paid (2022: 209,140,522)	<b>251,692,861</b>	<b>248,922,165</b>

**b) Movement in issued capital**

	2023 \$	2022 \$
Balance at the beginning of the year 209,140,522 ordinary shares fully paid (2022: 207,247,850)	248,922,165	245,258,258
904,517 ordinary shares issued on 17 October 2022 under a dividend reinvestment plan	1,346,615	-
934,884 ordinary shares issued on 24 April 2023 under a dividend reinvestment plan	1,424,081	-
1,040,494 ordinary shares issued on 22 October 2021 under a dividend reinvestment plan	-	2,085,864
852,178 ordinary shares issued on 14 April 2022 under a dividend reinvestment plan	-	1,578,043
At reporting date	<b>251,692,861</b>	<b>248,922,165</b>

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, with all substantive resolutions conducted by a poll. In the event of winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

## 9. Issued capital (cont'd)

### c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, the Board is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, option issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

## 10. Profits reserve

	2023 \$	2022 \$
Profits reserve	<b>105,198,034</b>	<b>97,958,631</b>

The profits reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments.

	2023 \$	2022 \$
<b>Movement in profits reserve</b>		
Balance at the beginning of the year	97,958,631	96,162,471
Transfer of profits during the year	28,723,802	28,790,405
Final and special dividends paid (refer to Note 4(a))	(10,457,026)	(16,579,828)
Interim dividend paid (refer to Note 4(a))	(11,027,373)	(10,414,417)
At reporting date	<b>105,198,034</b>	<b>97,958,631</b>

## 11. Accumulated losses

	2023 \$	2022 \$
Balance at the beginning of the year	(78,672,073)	(13,786,478)
Profit/(loss) for the year attributable to members of the Company	26,321,283	(36,095,190)
Transfer to profits reserve	(28,723,802)	(28,790,405)
At reporting date	<b>(81,074,592)</b>	<b>(78,672,073)</b>

## 12. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2023 \$	2022 \$
Cash at bank	22,165,075	36,533,404
	<b>22,165,075</b>	<b>36,533,404</b>

The weighted average interest rate for cash as at 30 June 2023 is 4.26% (2022: 1.01%). There were no term deposits held at 30 June 2023 (2022: nil).

## 13. Cash flow information

	2023 \$	2022 \$
<b>Reconciliation of profit/(loss) after tax to cash flow from operations:</b>		
Profit/(loss) after income tax	26,321,283	(36,095,190)
Fair value (gains)/losses and movements in financial assets	(32,936,779)	91,518,928
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in receivables	(279,874)	662,143
Decrease/(increase) in deferred tax assets	4,949,883	(9,698,913)
Increase/(decrease) in payables	4,131,246	(8,429,887)
Increase/(decrease) in current tax liabilities	2,159,615	(7,025,719)
Decrease in deferred tax liabilities	-	(14,881,705)
Net cash provided by operating activities	<b>4,345,374</b>	<b>16,049,657</b>

## 14. Earnings per share

	2023 Cents per share	2022 Cents per share
Basic and diluted earnings/(loss) per share	12.53	(17.34)

	2023 \$	2022 \$
Profit/(loss) after income tax used in the calculation of basic and diluted earnings per share	26,321,283	(36,095,190)



**14. Earnings per share (cont'd)**

	2023 No.	2022 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	209,986,485	208,216,665

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

**15. Financial risk management**

The Company's financial instruments consist of listed and unlisted investments, trade receivables, trade payables and borrowed stock. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk, consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks during the year.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis, the investment team meet weekly to monitor and manage the below risks as appropriate.

**a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging with them.

The maximum exposure to credit risk on financial assets, excluding investments of the Company which have been recognised in the Statement of financial position, is the carrying amount net of any expected credit losses of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk on an ongoing basis.

Credit risk is not considered to be a major risk to the Company as the majority of cash and term deposits held by the Company or in its portfolios are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short-term rating of A-1+ and long-term rating of AA-. The Company also holds cash with its custodian that has a Standard and Poor's short-term rating of A-1 and long-term rating of A+. The majority of all maturities for cash and term deposits are within three months, there were no term deposits held at 30 June 2023.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

## 15. Financial risk management (cont'd)

### b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Manager.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received, or other capital management initiatives that may be implemented by the Board from time to time.

The Manager monitors the Company's cash flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Furthermore, the assets of the Company are largely in the form of tradable securities which, where liquidity is available, can be sold on market when and if required.

The table below reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2023	>1 month \$	<1 month \$	Total \$
<b>Liabilities</b>			
Trade and other payables	-	8,085,769	8,085,769
<b>Total</b>	<b>-</b>	<b>8,085,769</b>	<b>8,085,769</b>

30 June 2022	>1 month \$	<1 month \$	Total \$
<b>Liabilities</b>			
Trade and other payables	-	2,912,195	2,912,195
<b>Total</b>	<b>-</b>	<b>2,912,195</b>	<b>2,912,195</b>

### c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free, as the market price of these securities can fluctuate.

**15. Financial risk management (cont'd)****c) Market risk (cont'd)****(i) Interest rate risk**

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as it did not hold any term deposits at the end of the period. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

30 June 2023	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Cash and cash equivalents	4.26%	22,165,075	-	22,165,075
Trade and other receivables		-	3,891,209	3,891,209
Financial assets		-	257,143,735	257,143,735
<b>Total</b>		<b>22,165,075</b>	<b>261,034,944</b>	<b>283,200,019</b>
<b>Liabilities</b>				
Trade and other payables		-	8,085,769	8,085,769
<b>Total</b>		<b>-</b>	<b>8,085,769</b>	<b>8,085,769</b>
<hr/>				
30 June 2022	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Cash and cash equivalents	1.01%	36,533,404	-	36,533,404
Trade and other receivables		-	1,250,768	1,250,768
Financial assets		-	225,525,195	225,525,195
<b>Total</b>		<b>36,533,404</b>	<b>226,775,963</b>	<b>263,309,367</b>
<b>Liabilities</b>				
Trade and other payables		-	2,912,195	2,912,195
<b>Total</b>		<b>-</b>	<b>2,912,195</b>	<b>2,912,195</b>

## 15. Financial risk management (cont'd)

### c) Market risk (cont'd)

#### (ii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect net investment income. Due to the short-term nature of receivables and payables, the carrying amounts of these financial assets and financial liabilities approximate their fair values.

The Investment Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The risks and relative weightings of the individual securities and market sectors are reviewed daily in order to manage risk. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's industry sector weighting of gross assets as at 30 June 2023 is as below:

Industry sector	2023 %	2022 %
Industrials	16.7	16.2
Consumer discretionary	15.8	12.3
Financials	15.3	13.0
Information technology	10.0	7.1
Health care	8.7	8.7
Communication services	6.5	9.0
Materials	5.0	7.7
Energy	5.0	5.3
Utilities	3.9	-
Consumer staples	3.1	6.4
Real estate	2.0	0.8
<b>Total</b>	<b>92.0</b>	<b>86.5</b>

There were no securities representing over 5 per cent of the gross assets of the Company as at 30 June 2023 (2022: nil).

#### Sensitivity analysis

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to other price risk. This analysis demonstrates the effect on current year net assets after tax as a result of a reasonably possible change in the risk variable. The sensitivity assumes all other variables to remain constant.

**15. Financial risk management (cont'd)****c) Market risk (cont'd)****(ii) Other price risk (cont'd)**

Investments represent 92.0% (2022: 86.5%) of gross assets at year end. At reporting date, if the fair value of each of the investments within the portfolio changed by 5.0%, the impact on the Company's profit or loss after tax would have been an increase/decrease by \$9,000,031 (2022: \$7,893,382). This would result in the 30 June 2023 net asset backing after tax moving by 4.3 cents per share (2022: 3.8 cents per share).

**d) Financial instruments measured at fair value**

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

**Level 1:** Quoted prices in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

**Level 3:** Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

Included in Level 2 of the hierarchy are WAM Microcap's investments in placements, initial public offerings, unlisted investments and convertible notes with various maturity dates after 30 June 2023. The fair value of the investments in the convertible notes and initial public offerings have been recognised by assessing the movement in observable inputs such as the price of the most recent arm's length transaction or at cost. Valuation techniques such as comparisons to similar investments for which market observable prices are available, the net asset backing per share, at cost or the last sale price have been used to determine fair value for the unlisted investments.

During the year, two placements settled and were transferred from Level 2 to Level 1 (2022: one initial public offering was transferred from Level 2 to Level 1 following listing on the NASDAQ stock exchange and four initial public offerings were transferred from Level 2 to Level 1 following settlement).

30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	243,339,732	13,804,003	-	257,143,735
<b>Total</b>	<b>243,339,732</b>	<b>13,804,003</b>	<b>-</b>	<b>257,143,735</b>

**15. Financial risk management (cont'd)****d) Financial instruments measured at fair value (cont'd)**

30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	212,461,400	13,063,795	-	225,525,195
<b>Total</b>	<b>212,461,400</b>	<b>13,063,795</b>	<b>-</b>	<b>225,525,195</b>

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

**16. Investment transactions**

The total number of contract notes that were issued for transactions in securities during the financial year was 4,090 (2022: 4,033). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$1,127,423 (2022: \$1,404,807).

**17. Segment reporting**

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable operating segments.

**18. Capital commitments**

There were no capital commitments for the Company as at 30 June 2023 (2022: nil).

**19. Contingent liabilities**

There were no contingent liabilities for the Company as at 30 June 2023 (2022: nil).

**20. Key management personnel compensation**

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Geoff Wilson AO                      Chairman
- Kate Thorley                            Director
- Jacqueline Sullivan                    Director
- Adrian Siew                              Director

**20. Key management personnel compensation (cont'd)****a) Remuneration**

There are no executives that are paid by the Company.

Information regarding individual Directors' remuneration is provided in the Remuneration Report of the Directors' Report on pages 20 to 22, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

	Short-term employee benefits	Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2023		63,348	6,652	<b>70,000</b>
Total Directors remuneration paid by the Company for the year ended 30 June 2022		63,636	6,364	<b>70,000</b>

**b) Share holdings**

The number of ordinary shares held in the Company during the financial year by each key management personnel of the Company and their related parties are set out below:

Ordinary shares held Directors	Balance at 30 June 2022	Acquisitions	Disposals	Balance at 30 June 2023
Geoff Wilson	1,061,755	61,754	(61,754)	1,061,755
Kate Thorley	245,398	882	-	246,280
Jacqueline Sullivan	-	-	-	-
Adrian Siew	-	-	-	-
	<b>1,307,153</b>	<b>62,636</b>	<b>(61,754)</b>	<b>1,308,035</b>

At 30 June 2022, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2021	Acquisitions	Disposals	Balance at 30 June 2022
Geoff Wilson	1,061,755	-	-	1,061,755
Kate Thorley	244,586	812	-	245,398
Jacqueline Sullivan	-	-	-	-
Adrian Siew	-	-	-	-
	<b>1,306,341</b>	<b>812</b>	<b>-</b>	<b>1,307,153</b>

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

## 21. Related party transactions

All transactions with related parties during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited, part of the Wilson Asset Management Group. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Microcap. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$3,098,887 inclusive of GST (2022: \$3,812,772). As at 30 June 2023, the balance payable to the Manager was \$256,020 inclusive of GST (2022: \$238,999).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of:

- where the level of the S&P/ASX Small Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the S&P/ASX Small Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period. For the year ended 30 June 2023, a performance fee of \$4,100,477 inclusive of GST was payable to the Manager (2022: nil).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Microcap to provide accounting and company secretarial services on commercial terms. For the year ended 30 June 2023, the fee for accounting services amounted to \$46,200 inclusive of GST (2022: \$46,200) and the fee for company secretarial services amounted to \$16,500 inclusive of GST (2022: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

## 22. Events subsequent to reporting date

Since the end of the year, the Directors declared a final fully franked dividend of 5.25 cents per share to be paid on 16 October 2023.

No other matters or circumstances have arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.



## Directors' Declaration

The Directors of WAM Microcap Limited declare that:

- 1) The financial statements as set out in pages 26 to 48 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 20 to 22, are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the financial position of the Company as at 30 June 2023 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and
- 2) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Manager, MAM Pty Limited declaring that:
  - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
  - b) the Company's financial statements and notes for the financial year comply with the Accounting Standards; and
  - c) the Company's financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



**Geoff Wilson AO**  
**Chairman**

Dated this 25<sup>th</sup> day of August 2023

**Pitcher Partners Sydney Partnership**

Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2000

Postal Address  
GPO Box 1615  
Sydney NSW 2001

p. +61 2 9221 2099  
e. [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

**Independent Auditor's Report  
To the Members of WAM Microcap Limited  
ABN 34 617 838 418**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of WAM Microcap Limited ("the Company"), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of WAM Microcap Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<b>Existence and Valuation of Financial Assets</b>	
<b>Refer to Note 7: Financial Assets</b>	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets and the completeness of the Company's financial liabilities as they represent the most significant driver of the Company's Net Tangible Assets and Profit.</p> <p>The Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as either "Level 1" (i.e. where the valuation is based on quoted prices in active markets) or "Level 2" (i.e. where key inputs to valuation are based on other observable inputs).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and evaluating the design and implementation of the investment management processes and controls;</li> <li>▪ Reviewing and evaluating the independent auditor's report on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodian;</li> <li>▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the auditor's report relate to;</li> <li>▪ Obtaining confirmation of the investment holdings directly from the Custodian;</li> <li>▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent observable pricing sources and inputs;</li> <li>▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<b>Accuracy of Management and Performance Fees</b>	
<b>Refer to Note 8: Trade and other payables and Note 21: Related party transactions</b>	
<p>We focused our audit effort on the accuracy of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments and key inputs. Adjustments include company dividends, tax payments, capital raisings, capital reductions and other relevant expenses. Key inputs include the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and evaluating the design and implementation of the processes and controls for calculating the management and performance fees;</li> <li>▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes;</li> <li>▪ Testing of adjustments such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees;</li> <li>▪ Testing of key inputs including the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with our understanding of the Investment Management Agreement; and</li> <li>▪ Assessing the adequacy of disclosures made in the financial statements.</li> </ul>

**Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

*Auditor's Responsibilities for the Audit of the Financial Report (Continued)*

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 20 to 22 of the Directors' Report for the year ended 30 June 2023. In our opinion, the Remuneration Report of WAM Microcap Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**C I Chandran**  
Partner

25 August 2023



**Pitcher Partners**  
Sydney

## Investments at fair value as at 30 June 2023

Company Name	Code	Fair Value \$	% of Gross Assets
<b>Industrials</b>			
Close the Loop Limited	CLG	8,995,962	3.2%
SG Fleet Group Limited	SGF	6,463,529	2.3%
Service Stream Limited	SSM	4,983,017	1.8%
SRG Global Limited	SRG	4,617,132	1.7%
Camplify Holdings Limited	CHL	3,875,915	1.4%
Austin Engineering Limited	ANG	3,326,997	1.2%
Lindsay Australia Limited	LAU	2,783,973	1.0%
IPD Group Limited	IPG	2,778,122	1.0%
Synertec Corporation Limited	SOP	2,701,931	1.0%
Ashley Services Group Limited	ASH	2,470,796	0.9%
Lycopodium Limited	LYL	1,687,891	0.6%
GenusPlus Group Limited	GNP	1,450,092	0.4%
AMA Group Limited	AMA	538,581	0.2%
Entyr Limited	ETR	43,183	0.0%
		<b>46,717,121</b>	<b>16.7%</b>

**Consumer Discretionary**

Embark Early Education Limited	EVO	9,143,395	3.3%
NextEd Group Limited	NXD	6,977,234	2.5%
Temple & Webster Group Limited	TPW	5,644,559	2.0%
The Reject Shop Limited	TRS	5,243,170	1.9%
Experience Co Limited	EXP	5,072,635	1.8%
Retail Food Group Limited	RFG	4,093,068	1.5%
Cettire Limited	CTT	2,407,818	0.9%
Myer Holdings Limited	MYR	1,960,729	0.7%
Supply Network Limited	SNL	1,689,349	0.6%
Baby Bunting Group Limited	BBN	1,323,219	0.4%
City Chic Collective Limited	CCX	299,213	0.1%
Beacon Lighting Group Limited	BLX	235,087	0.1%
Adairs Limited	ADH	64,554	0.0%
Shine Justice Limited	SHJ	45,100	0.0%
Brosa Design Pty Limited*	n/a	-	0.0%
		<b>44,199,130</b>	<b>15.8%</b>

**Financials**

Smartpay Holdings Limited	SMP	8,911,149	3.2%
Xpansiv Limited*	n/a	7,541,442	2.7%
Regal Partners Limited	RPL	4,298,557	1.5%
Tyro Payments Limited	TYR	4,165,457	1.5%
MA Financial Group Limited	MAF	3,923,182	1.4%
NZX Limited	NZX NZ	3,449,668	1.2%

Company Name	Code	Fair Value \$	% of Gross Assets
<b>Financials (cont'd)</b>			
Generation Development Group Limited	GDG	3,285,670	1.3%
MyState Limited	MYS	2,706,803	1.0%
ClearView Wealth Limited	CVW	2,136,782	0.8%
Aura Venture Growth Fund I*	n/a	1,500,000	0.5%
Superhero Holdings Pty Limited*	n/a	639,434	0.2%
Limepay Pty Limited*	n/a	100,000	0.0%
		<b>42,658,144</b>	<b>15.3%</b>

**Information Technology**

DUG Technology Limited	DUG	5,638,790	2.0%
Atturra Limited	ATA	4,104,043	1.5%
Praemium Limited	PPS	3,940,970	1.4%
RPMGlobal Holdings Limited	RUL	3,127,873	1.1%
Gentrack Group Limited	GTK	2,815,661	1.0%
Serko Limited	SKO	2,034,705	0.7%
Packform Pty Limited*	n/a	1,749,860	0.6%
Adacel Technologies Limited	ADA	1,643,727	0.6%
Infomedia Limited	IFM	1,422,056	0.5%
Sovereign Cloud Holdings Limited	SOV	796,757	0.3%
Packform Pty Limited*	n/a	730,086	0.3%
		<b>28,004,528</b>	<b>10.0%</b>

**Health Care**

Capitol Health Limited	CAJ	5,788,887	2.1%
Regis Healthcare Limited	REG	4,808,584	1.7%
Aroa Biosurgery Limited	ARX	4,124,985	1.5%
Healthia Limited	HLA	3,874,662	1.4%
Vitura Health Limited	VIT	2,301,552	0.8%
Apiam Animal Health Limited	AHX	1,800,791	0.6%
Alcidion Group Limited	ALC	975,483	0.3%
Beamtree Holdings Limited	BMT	775,500	0.3%
		<b>24,450,444</b>	<b>8.7%</b>

**Communication Services**

Tuas Limited	TUA	9,601,094	3.4%
IVE Group Limited	IGL	5,088,992	1.8%
SKY Network Television Limited	SKT NZ	3,396,031	1.3%
hipages Group Holdings Limited	HPG	76,695	0.0%
		<b>18,162,812</b>	<b>6.5%</b>

Investments at fair value as at 30 June 2023

Company Name	Code	Fair Value \$	% of Gross Assets
<b>Materials</b>			
Develop Global Limited	DVP	4,015,309	1.4%
Wagners Holding Company Limited	WGN	3,340,686	1.2%
Burgundy Diamond Mines Limited	BDM	2,483,603	0.9%
Pantoro Limited	PNR	1,921,780	0.8%
Norcliffe Mining Services Limited*	n/a	1,500,000	0.5%
Azure Minerals Limited	AZS	355,564	0.1%
Pact Group Holdings Limited	PGH	330,000	0.1%
		<b>13,946,942</b>	<b>5.0%</b>
<b>Energy</b>			
MMA Offshore Limited	MRM	7,027,489	2.5%
Comet Ridge Limited	COI	4,825,841	1.8%
Matrix Composites & Engineering Limited	MCE	2,051,559	0.7%
		<b>13,904,889</b>	<b>5.0%</b>
<b>Utilities</b>			
LGI Limited	LGI	8,703,814	3.1%
Genex Power Limited	GNX	2,100,000	0.8%
		<b>10,803,814</b>	<b>3.9%</b>

Company Name	Code	Fair Value \$	% of Gross Assets
<b>Consumer Staples</b>			
Ridley Corporation Limited	RIC	5,998,110	2.1%
Australian Vintage Limited	AVG	2,111,177	0.8%
Lynch Group Holdings Limited	LGL	652,500	0.2%
		<b>8,761,787</b>	<b>3.1%</b>
<b>Real Estate</b>			
Qualitas Limited	QAL	4,699,255	1.7%
Cedar Woods Properties Limited	CWP	834,869	0.3%
		<b>5,534,124</b>	<b>2.0%</b>
<b>Total long portfolio</b>		<b>257,143,735</b>	<b>92.0%</b>
<b>Total cash and cash equivalents, income receivable and net outstanding settlements</b>		<b>22,504,394</b>	<b>8.0%</b>
<b>Gross assets</b>		<b>279,648,129</b>	

\*Unlisted investment.

^Unlisted convertible note.

The total number of stocks held at the end of the financial year was 81.



## ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

### Shareholdings

**Substantial shareholders (as at 31 July 2023)** - there are currently no substantial shareholders.

**On-market buy back (as at 31 July 2023)** - there is no current on-market buy back.

### Distribution of shareholders (as at 31 July 2023)

Category	Number of shareholders	Percentage of issued capital held
1 – 1,000	961	0.3%
1,001 – 5,000	2,234	3.1%
5,001 – 10,000	1,618	5.9%
10,001 – 100,000	4,152	59.5%
100,001 and over	233	31.2%
	<b>9,198</b>	<b>100.0%</b>

The number of shareholders holding held in less than a marketable parcel is 409.

### Twenty largest shareholders – Ordinary shares (as at 31 July 2023)

Name	Number of ordinary shares held	% of issued capital held
BNP Paribas Noms Pty Limited	4,745,474	2.2%
Sysha Pty Limited	4,000,000	1.9%
HSBC Custody Nominees (Australia) Limited	3,092,278	1.5%
BNP Paribas Nominees Pty Limited	2,864,010	1.4%
Navigator Australia Limited	2,313,870	1.1%
Intech Solutions Pty Limited	1,300,000	0.6%
J P Morgan Nominees Australia Pty Limited	1,192,057	0.6%
Netwealth Investments Limited	1,138,541	0.5%
Entities associated with Mr Geoff Wilson	1,061,755	0.5%
Citicorp Nominees Pty Limited	1,057,991	0.5%
Brixton Capital Pty Limited	1,051,065	0.5%
888 Corporation Pty Limited	1,000,000	0.5%
Australian Investors Pty Limited	800,135	0.4%
Fay Fuller Foundation Pty Limited	726,710	0.3%
Gold Tiger Equities Pty Limited	700,000	0.3%
Barefoot Super Pty Limited	649,796	0.3%
James & Diana Ramsay Foundation Pty Limited	550,985	0.3%
The Art Gallery Board	498,078	0.2%
Donjon Holdings Pty Limited	487,321	0.2%
Eastcote Pty Limited	471,754	0.2%
	<b>29,701,820</b>	<b>14.0%</b>

### Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the ASX Limited.



## **Wilson** Asset Management

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Level 26, Governor Phillip Tower  
1 Farrer Place, Sydney NSW 2000  
+ 61 2 9247 6755  
info@wilsonassetmanagement.com.au  
[wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

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