

## October 2023 Investment Update

	Pre-tax NTA (cum-dividend)	Pre-tax NTA
W   A   M Capital	\$1.35	\$1.28
W   A   M Leaders	\$1.29	\$1.24
W   A   M Global	\$2.20	\$2.14
W   A   M Microcap	\$1.22	\$1.16
W   A   M Alternative Assets	\$1.20	\$1.18
W   A   M Strategic Value	\$1.16	\$1.14
W   A   M Research	\$0.88	\$0.83
W   A   M Active	\$0.72	\$0.69

### Wilson Asset Management Leaders Fund Presentations and recording

Thank you to all who joined Portfolio Managers Matthew Haupt and John Ayoub, and Chairman and Chief Investment Officer Geoff Wilson AO as they discussed the market outlook, the stocks we are buying and the details of our new unlisted fund, [Wilson Asset Management Leaders Fund](#) at our recent presentations.

You can make an investment in the Fund at [www.boardroomlimited.com.au/wamunlisted](http://www.boardroomlimited.com.au/wamunlisted).

In case you missed it, you can listen to the recording of the presentation [here](#).

Read [Livewire Markets' coverage](#) of the presentations to learn more about Matthew and John's views on the market and their outlook, as well as the key lessons Geoff has learnt from investing through over 40 years of market cycles.

### Response to Treasury Laws Amendment Bill 2023

In October, we made a [submission](#) to convey our strong objection to the draft Treasury Laws Amendment (Better Targeted Superannuation Concessions) Bill 2023. We oppose this proposed legislation due to the taxing of unrealised gains and the lack of indexation for the "large superannuation balance threshold" of \$3 million. Taxing unrealised gains places an unfair burden on Australian superannuants and could result in significant cash flow issues for those holding illiquid assets. The absence of indexation disregards the changing economic landscape and will disproportionately affect younger generations of Australians. We believe these proposed changes may have severe unintended consequences, and we are urging a thorough re-evaluation of their impact.

### Media update

Matthew featured on [Commsec](#) to discuss the potential for interest rate cuts, the performance of the consumer discretionary and financial sectors, as well as the impact of the Middle East conflict on financial markets. Senior Investment Analyst Anna Milne shared two high quality stock picks that are trading at historical lows in the [Australian Financial Review](#).

Speaking with [The West Australian](#), Geoff commented on his outlook for the Australian economy, noting that for investors, the key to decent returns was "time in the market (rather) than timing of the market".

WAM Alternative Assets (ASX: WMA) Portfolio Manager Dania Zinurova discussed the complementary benefits of alternative assets in a diversified investment portfolio, and where she is currently looking for opportunities on [Ausbiz](#).

### Future Generation Summit recording

Future Generation recently held the Future Generation Summit where leaders in investment, philanthropy and the community discussed strategic charitable giving, the future of Australia's economy, artificial intelligence and geopolitics. If you missed it, you can watch the recording of the event and read the Sydney Morning Herald and The Age coverage [here](#). Wilson Asset Management is the creator and lead supporter of the Future Generation companies.

### Subscribe to our regular investment insights

Join our community of more than 85,000 weekly readers and subscribe to our regular investment insights and market updates [here](#).



# LIC snapshot

## W|A|M Capital

The most compelling undervalued growth opportunities in the Australian market

### ASX: WAM

Share price*	\$1.49
NTA before tax	\$1.28
Full year fully franked dividend	15.5cps
Profits reserve#	6.5cps

## W|A|M Leaders

Actively investing in the highest quality Australian companies

### ASX: WLE

Share price*	\$1.38
NTA before tax	\$1.24
Full year fully franked dividend	9.0cps
Profits reserve#	31.5cps

## W|A|M Global

The world's most compelling undervalued growth companies

### ASX: WGB

Share price*	\$1.845
NTA before tax	\$2.14
Full year fully franked dividend	11.5cps
Profits reserve#	47.4cps

## W|A|M Microcap

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

### ASX: WMI

Share price*	\$1.39
NTA before tax	\$1.16
Full year fully franked dividend	10.5cps
Profits reserve#	47.4cps

## W|A|M Alternative Assets

Unique opportunities beyond traditional assets

### ASX: WMA

Share price*	\$1.015
NTA before tax	\$1.18
Full year fully franked dividend	5.0cps
Profits reserve#	16.0cps

## W|A|M Strategic Value

Discounted asset opportunities

### ASX: WAR

Share price*	\$1.015
NTA before tax	\$1.14
Annualised interim fully franked dividend guidance**	4.0cps
Profits reserve#	9.4cps

## W|A|M Research

The most compelling undervalued growth opportunities in the Australian market

### ASX: WAX

Share price*	\$0.99
NTA before tax	\$0.83
Full year dividend	10.0cps
Profits reserve#	34.6cps

## W|A|M Active

Mispricing opportunities in the Australian market

### ASX: WAA

Share price*	\$0.715
NTA before tax	\$0.69
Full year fully franked dividend	6.0cps
Profits reserve#	7.1cps

\*As at 13 November 2023.

#The profits reserve figures are as at 31 October 2023 in cents per share (cps).

\*\*Subject to no material adverse changes in market conditions or to the investment portfolio.

# W | A | M Active

The WAM Active (ASX: WAA) investment portfolio decreased during the month. Global diversified media and information services company News Corporation (ASX: NWS) was a contributor to the investment portfolio performance, while leading provider of vehicle parts, accessories, equipment, service and solutions Bapcor (ASX: BAP) was a detractor.

Headquartered in New York, News Corporation is comprised of businesses across a range of media verticals. In October, activist hedge fund and News Corporation investor, Starboard Value, declared that the company should seek a USD7 billion spin-off of its online property businesses to help increase its market value. The announcement by Starboard Value highlighted the latent and intrinsic value of News Corporation, lifting its share price higher for the month, and is consistent with our view that the business is undervalued. We continue to believe the outlook for the company's media assets is positive and look forward to News Corporation's first-quarter update in November, where we see the potential for earnings upgrades.

Bapcor sells and distributes vehicle parts, accessories, automotive equipment, service and solutions. During the month, the company provided a weaker-than-expected trading update, causing a drop in its share price for the month. Bapcor noted that macroeconomic headwinds will continue to impact the growth profile of its trade, wholesale and retail markets in the short term. Further, cost inflation including increasing payroll taxes and higher interest costs has resulted in lower-than-expected year-to-date pro-forma net profit after tax. Revenue growth has also slowed since its FY2023 results to a low, single-digit figure in the year to date, due to the market headwinds. We continue to believe Bapcor is a high-quality business that is undervalued by the market.

## Market capitalisation (ASX: WAA)

\$51.4m<sup>#</sup>

## Gross assets

\$52.6m

## Listed equities

\$45.4m

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

9.5%<sup>^</sup>

Bloomberg AusBond Bank Bill Index (Cash): 2.8%

## Dividends paid since inception (per share)

92.7c

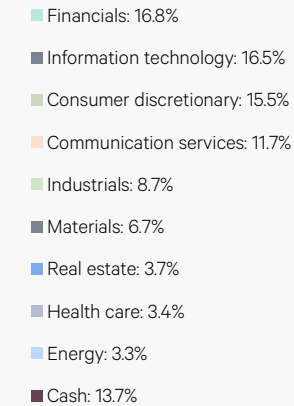
## Fully franked dividend yield

8.8%<sup>#</sup>

<sup>#</sup>Based on the 31 October 2023 share price of \$0.68 per share and the FY23 full year fully franked dividend of 6.0 cents per share. WAM Active has 75,534,881 shares on issue. During the month, 466,578 shares were issued under the Dividend Reinvestment Plan for the final dividend.

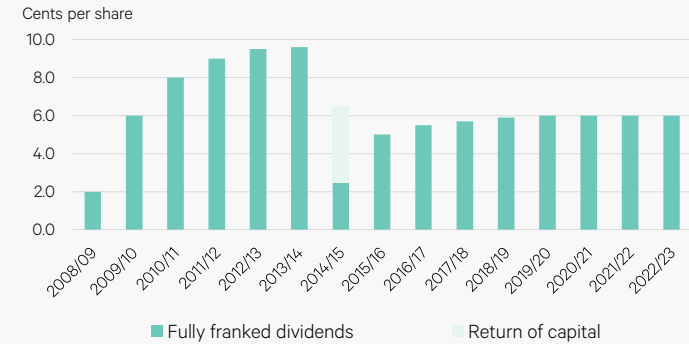
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant indexes which are also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## Fully franked dividends since inception

The Board declared a final fully franked dividend of 3.0 cents per share that was paid on 16 October 2023. The Company's ability to continue paying fully franked dividends is dependent on generating additional profits reserves and franking credits. The ability to generate franking credits is reliant on the receipt of franked dividends from investee companies and the payment of tax on profits.



## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the final fully franked dividend of 3.0 cents per share that was paid on 16 October 2023. The shares traded ex-dividend on 3 October 2023.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
October 2023	71.67c	68.67c	78.68c	80.25c
September 2023	75.71c	75.71c	84.97c	86.14c

\*Includes 9.94 cents per share of income tax losses available to the Company in future periods.

## Top 20 holdings (in alphabetical order)

Life360 360	Bapcor BAP	BELLEVUE GOLD BGL	BORAL BLD	CFL CKF	HUB24 HUB	Ingenia INA	KEYBRIDGE KBC	Megaport MP1	MMA OFFSHORE MRM
nickscali NCK	News Corp NWS	NEXTDC NXT	oh! OML	RYMAN RYM NZ	SiteMinder SDR	smartpay SMP	SGH SVW	tpg TELECOM TPG	Worley WOR

# W | A | M Capital

The WAM Capital (ASX: WAM) investment portfolio decreased during the month. Global diversified media and information services company News Corporation (ASX: NWS) was a contributor to the investment portfolio performance, while payment solutions and business banking products business Tyro Payments (ASX: TYR) was a detractor.

Headquartered in New York, News Corporation is comprised of businesses across a range of media verticals. In October, activist hedge fund and News Corporation investor, Starboard Value, declared that the company should seek a USD7 billion spin-off of its online property businesses to help increase its market value. The announcement by Starboard Value highlighted the latent and intrinsic value of News Corporation, lifting its share price higher for the month, and is consistent with our view that the business is undervalued. We continue to believe the outlook for the company's media assets is positive and look forward to News Corporation's first-quarter update in November, where we see the potential for earnings upgrades.

Tyro Payments provides payment solutions as well as complementary business banking products. During the month, the company hosted an investor day highlighting the company's executive management team and the growth outlook for the business. Despite confirming a positive outlook for the business in the 2024 financial year, the investor day disappointed the market given an absence of information around the impact of competition in the space. As we saw with a number of companies over October, shares were sold off at a number of investor days as investors took advantage of increased liquidity. We were pleased with the outlook that Tyro Payments presented and have taken advantage of the recent sell-off in the company to increase our holding within the investment portfolio.

## Market capitalisation (ASX: WAM)

\$1,621.8m<sup>#</sup>

## Gross assets

\$1,433.8m

## Listed equities

\$1,260.6m

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

14.5%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 7.9%

## Dividends paid since inception (per share)

300.5c

## Fully franked dividend yield

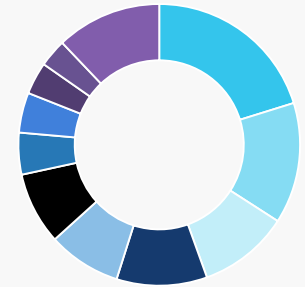
10.6%<sup>#</sup>

<sup>#</sup>Based on the 31 October 2023 share price of \$1465 per share and the FY23 full year fully franked dividend of 15.5 cents per share. WAM Capital has 1,107,014,423 shares on issue. During the month, 6,410,650 shares were issued under the Dividend Reinvestment Plan for the final dividend.

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

## Diversified investment portfolio by sector

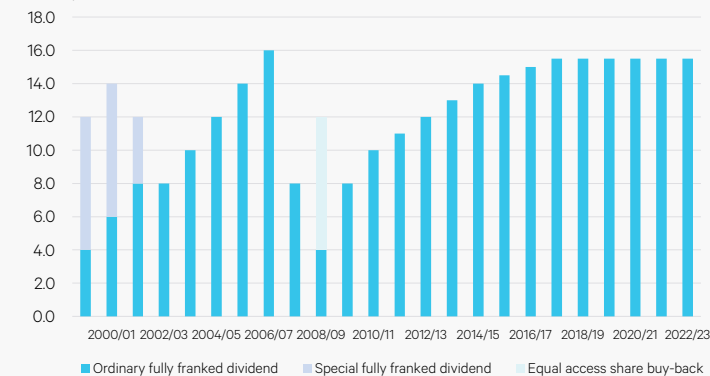
- Consumer discretionary: 20.2%
- Industrials: 13.9%
- Information technology: 10.4%
- Financials: 10.4%
- Communication services: 8.4%
- Health care: 8.3%
- Real estate: 4.8%
- Energy: 4.6%
- Materials: 3.7%
- Consumer staples: 3.2%
- Cash: 12.1%



## Fully franked dividends since inception

The Board declared a final fully franked dividend of 7.75 cents per share that was paid on 31 October 2023. The Company's ability to continue paying fully franked dividends at the current level is dependent on generating additional profits reserves, through positive investment portfolio performance in FY2024, and franking credits. The ability to generate additional franking credits is reliant on the receipt of franked dividends from investee companies and the payment of tax on profits.

Cents per share



## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the final fully franked dividend of 7.75 cents per share that was paid on 31 October 2023. The shares traded ex-dividend on 17 October 2023.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
October 2023	135.44c	127.69c	144.31c	146.31c
September 2023	143.08c	143.08c	159.57c	159.51c

\*Includes 1.64 cents per share of tax assets resulting from the acquisition of investment companies and 15.30 cents per share of income tax losses available to the Company in future periods.

## Top 20 holdings (in alphabetical order)

Life360	BORAL	CFL	08 Education™	GUD	HM Capital	JUMBO	LIGHT & WONDER	MAAS	NEXT DC
360	BLD	CKF	GEM	GUD	HMC	JIN	LNW	MGH	NXT
oh!	SG Fleet Group	SELECT HARVESTS	Sigma Healthcare	SGH	technologyone	tpg TELECOM	TUAS	VIVA Energy Australia	Worley
OML	SGF	SHV	SIG	SVW	TNE	TPG	TUA	VEA	WOR

# W | A | M Leaders

The WAM Leaders (ASX: WLE) investment portfolio decreased during the month. Stronger economic data led to the US Federal Reserve maintaining its hawkish stance and economic growth expectations, fuelling the 'higher for longer' narrative. Geopolitical risks and their implications for energy prices also added to the market sentiment in October. The US 10-year Treasury yield reached a new high during the month, putting downward pressure on the S&P/ASX 200 Accumulation Index alongside global markets. A contributor to the investment portfolio during the month was Rio Tinto (ASX: RIO) while Dexus (ASX: DXS) was a detractor.

Rio Tinto is a diversified mining company with global operations. The company has a portfolio consisting of iron ore, copper and aluminium, with China being the largest export market for the company. The Chinese economy started showing signs of recovery supported by the Chinese government announcing monetary stimulus measures for property and construction sectors during the month, which helped fuel steel demand. Rio Tinto also reported its quarterly earnings during the month, where shipments across commodities showed strength on steady demand from China and its ramped up production. Rio Tinto remains a core holding of the WAM Leaders investment portfolio, as we see continued improvement in sentiment towards China as a key catalyst. Valuations are attractive with the implied price of iron ore at the current share price indicating a significant discount to the current spot price and mid-cycle commodity price.

Dexus is an Australasian fully integrated real asset group. Market sentiment towards the broader real estate investment trust (REIT) sector has been subdued of late, driven by record high long dated bond yields. Office assets faced particular headwinds due to concerns of a structural decline in office attendance post-coronavirus. Dexus provided its quarterly update during the month, where it reaffirmed full-year guidance as operations remained as expected despite the challenging environment, while the company remains proactive on divestments and developments. It also announced a departure of the long serving Chief Executive Officer Darren Steinberg after 11 years. Dexus' recent investor day emphasised a focus on recycling of lower quality office assets into high quality development projects, expanding its funds management and industrial businesses to further diversify its exposures. We remain positive on the outlook of Dexus as we see it trading at a significant discount to its asset backing, despite the demand for quality assets remaining strong. Office supply is not expected to increase in a meaningful way in Sydney in the medium term, which will likely lead to reduced incentives, effective rental growth and increased retention, which we believe Dexus will benefit from as demand for quality remains resilient. We also see value in the company's strong balance sheet, with gearing well below its target range, and its profitable and high growth funds management business currently unappreciated by the market.

## Market capitalisation (ASX: WLE)

\$1,719.9m\*

## Gross assets

\$1,593.0m

## Listed equities

\$1,535.7m

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

12.0%<sup>^</sup>

S&P/ASX 200 Accumulation Index: 7.4%

## Dividends paid since inception (per share)

44.15c

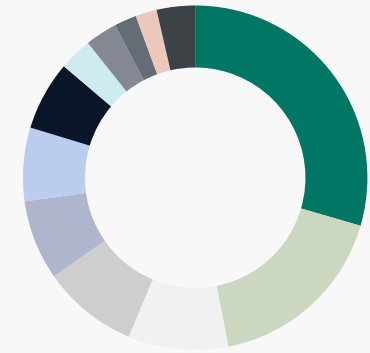
## Fully franked dividend yield

6.6%\*

\*Based on the 31 October 2023 share price of \$1.365 per share and the FY23 full year fully franked dividend of 9.0 cents per share. WAM Leaders has 1,260,001,474 shares on issue. During the month, 2,670,350 shares were issued under the Dividend Reinvestment Plan for the final dividend.  
^Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant index which is before expenses, fees and taxes.

## Diversified investment portfolio by sector

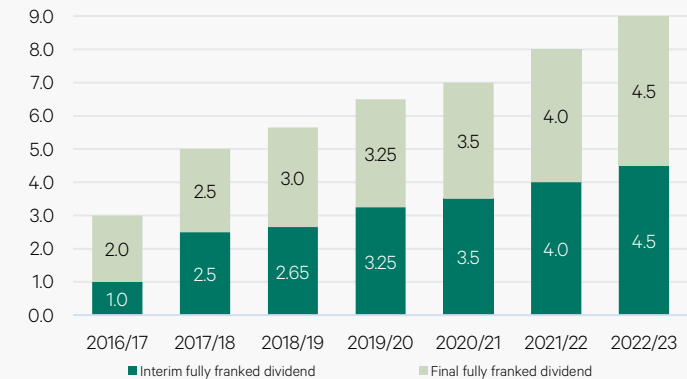
- Materials: 29.5%
- Financials: 17.4%
- Health care: 9.4%
- Real estate: 9.0%
- Consumer discretionary: 7.5%
- Consumer staples: 6.9%
- Energy: 6.5%
- Industrials: 3.1%
- Utilities: 3.0%
- Communication services: 2.1%
- Information Technology: 2.0%
- Cash: 3.6%



## Fully franked dividends since inception

The Board declared a final fully franked dividend of 4.5 cents per share that was paid on 31 October 2023.

Cents per share

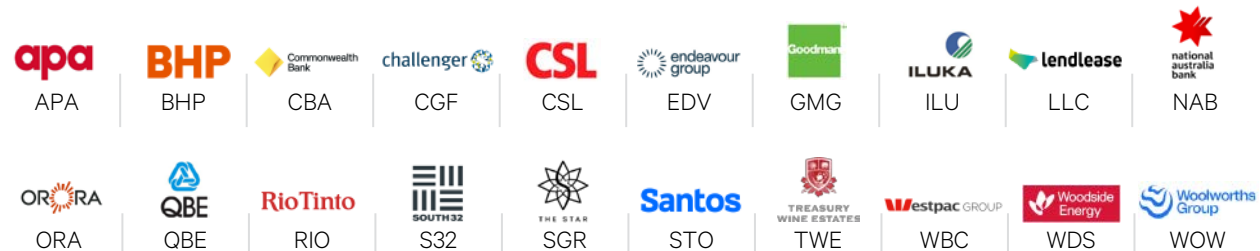


## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the final fully franked dividend of 4.5 cents per share that was paid on 31 October 2023. The shares traded ex-dividend on 17 October 2023.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
October 2023	128.56c	124.06c	124.78c	128.45c
September 2023	135.14c	135.14c	135.22c	137.53c

## Top 20 holdings (in alphabetical order)



# W | A | M Global

The WAM Global (ASX: WGB) investment portfolio decreased during the month as financial conditions continued to tighten in global markets. In particular, the US 10-year Treasury note rose from 4.6% at the start of October to end the month at 4.9%. Tighter financial conditions weighed on equity markets, with the MSCI World Index (AUD) falling 1.0% during the month. Third-quarter reporting season began in October and so far, results have supported our view that companies would face a more challenging operating environment, driven primarily by sustained higher interest rates and less broad-based demand. Enterprise application software company SAP (ETR: SAP) was a contributor to the investment portfolio while industrial technology company Teledyne (NYSE: TDY) was a detractor.

SAP is the global leader in enterprise application software. The company's products are highly mission critical to its customers' operations. SAP is successfully transitioning away from its traditional license revenues toward recurring cloud-based revenues, driving improved profitability and significant growth opportunities such as the strengthened ability to cross sell its product suite beyond its core enterprise resource planning software, i.e. its business technology platform and customer relationship applications. This was evident at SAP's third-quarter earnings, which was above market expectations. Notably, its cloud business accelerated to 23% year-on-year growth and cloud gross profit margins expanded 290 basis points year-on-year to 73.7%. SAP confirmed its FY2023 guidance and highlighted its current cloud backlog grew 25% year-on-year, providing a high degree of earnings visibility for the foreseeable future. SAP has a strong balance sheet, is returning capital to shareholders through buybacks and we expect the company to deliver steady double-digit operating profit growth beyond its stated 2025 targets.

Teledyne provides sensors and electronics for a range of end markets including aerospace, defence, marine, industrial, scientific and healthcare. By focusing on sensors and electronics, Teledyne is able to generate among the highest margins in its respective end markets whilst providing mission critical products and solutions to customers. Management are experienced capital allocators, having built their product portfolio over time through value-accretive bolt-on acquisitions of companies in digital imaging, instrumentation and electronics. Management are also disciplined operators, as evidenced by their recent third-quarter result. In the quarter, Teledyne grew earnings per share by 11% over the prior year's comparable quarter, exceeding estimates, and raised expectations for full-year earnings. Teledyne's share price was impacted during the month by concerns that slowing economic growth would reduce demand for their products. However, Teledyne has a strong track record of operating well through these environments. With Teledyne trading at attractive valuation levels, we are constructive on the company's ability to grow earnings and deliver strong returns going forward.

## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the final fully franked dividend of 5.75 cents per share that was paid on 27 October 2023. The shares traded ex-dividend on 12 October 2023.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
October 2023	220.14c	214.39c	214.79c	220.29c
September 2023	224.07c	224.07c	225.08c	228.82c

\*Includes 0.29 cents per share of tax assets resulting from the acquisition of investment companies.

## Market capitalisation (ASX: WGB)

\$644.9m\*

## Gross assets

\$765.3m

## Listed equities

\$736.9m

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

6.5%<sup>^</sup>

MSCI World Index (AUD): 9.9%

## Dividends paid since inception (per share)

41.5c

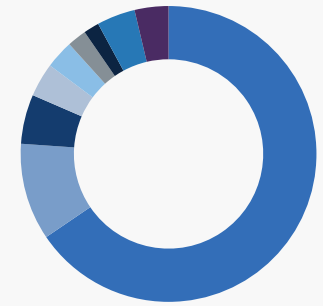
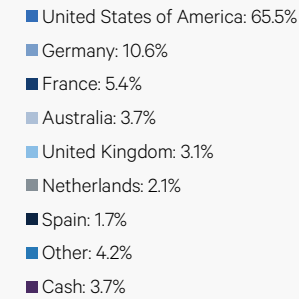
## Fully franked dividend yield

6.3%\*

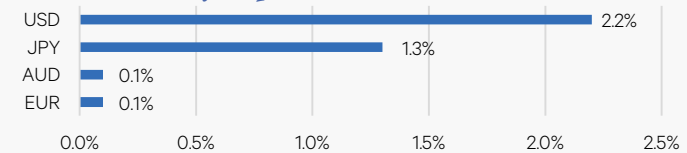
\*Based on the 31 October 2023 share price of \$182 per share and the FY23 full year fully franked dividend of 11.5 cents per share. WAM Global has 354,337,283 shares on issue. During the month, 1,040,065 shares were issued under the Dividend Reinvestment Plan for the final dividend.

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

## Portfolio by geographical exposure

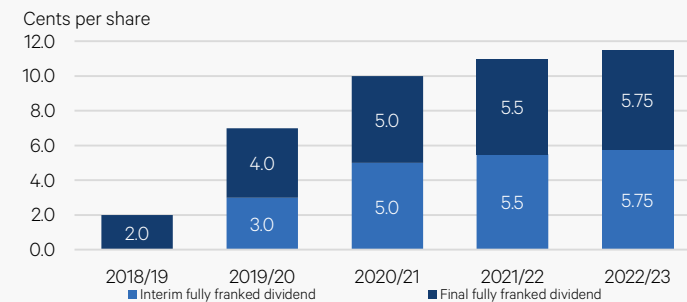


## Cash currency exposure



## Fully franked dividends since inception

The Board declared a final fully franked dividend of 5.75 cents per share paid on 27 October 2023. The Company's ability to continue paying fully franked dividends is dependent on generating additional franking credits through the payment of tax on profits in FY2024. Currently, the franking account balance of the Company is able to fully frank the final dividend and partially frank the interim dividend assuming it's 5.75 cents per share. If no additional franking is generated through the performance of the investment portfolio and the payment of tax on profits, the Company will only be able to partially frank future dividends or pay unfranked dividends in FY2024 and beyond.



## Top 20 holdings (in alphabetical order)



# W | A | M Microcap

The WAM Microcap (ASX: WMI) investment portfolio decreased during the month. Telecommunications provider Symbio Holdings (ASX: SYM) was a contributor to the investment portfolio performance, while education services provider NextEd Group (ASX: NXD) was a detractor.

Symbio Holdings is an Australian telecommunications provider that delivers cloud and software-based technology, such as communications-platform-as-a-service (CPaaS). During the month, the company received a binding offer from Aussie Broadband (ASX: ABB), worth up to \$262 million, to acquire 100% of Symbio Holdings shares. The binding offer represents consideration of between \$2.21 and \$2.26 in cash and 0.192 Aussie Broadband shares for each Symbio share. According to Aussie Broadband's announcement, under the binding offer, Symbio may also be able to pay a fully franked dividend prior to the scheme implementation of up to \$0.35 per ordinary share, and franking credits of up to \$0.15 per share. Following the announcement of the takeover and share price performance, we chose to exit our position in Symbio.

NextEd Group is one of Australia's leading providers of tertiary education services to international and domestic students. During the month, the company announced a trading update on international student lead indicators and FY2024 revenue guidance. Positively, the company reported that it expects English language student study durations to return to pre-temporary activity visa (subclass 408) levels, which would lead to a significant increase in tuition revenues for FY2024. The temporary activity visa was established during the height of the coronavirus pandemic in 2020 which allowed onshore non-residents unlimited working rights for 12 months without study to fill labour shortages and support international students who were unable to leave Australia. Ultimately, this negatively impacted NextEd Group as those on the temporary visa were not participating in colleges or vocational course offerings. After an earnings downgrade in September 2023, the company welcomed the government's announcement that the temporary visa would be revoked, and also stated that it had successfully retained its post-coronavirus market share gains in the international student sector with English language student numbers stabilising. Despite this news, the company reported that while the negative effects of the temporary visa extension are expected to normalise by the end of March 2024, quantifying the exact impact remains challenging, resulting in downward pressure on its share price. We remain positive on NextEd Group and have increased our holding as we believe the current impacts from the visa are temporary.

## Market capitalisation (ASX: WMI)

\$286.4m\*

## Gross assets

\$251.6m

## Listed equities

\$224.6m

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

13.3%<sup>^</sup>

S&P/ASX Small Ordinaries Accumulation Index: 4.0%

## Dividends paid since inception (per share)

54.25c

## Fully franked dividend yield

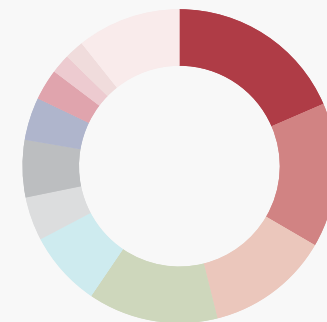
7.8%\*

\*Based on the 31 October 2023 share price of \$1.35 per share and the FY23 full year fully franked dividend of 10.5 cents per share. WAM Microcap has 212,161,553 shares on issue. During the month, 1,181,630 shares were issued under the Dividend Reinvestment Plan for the final dividend.

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

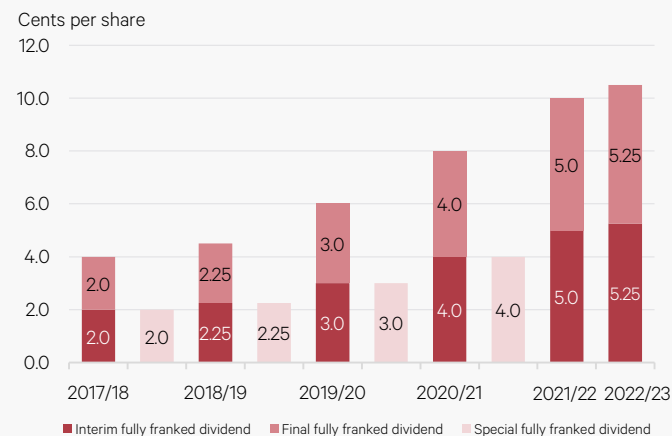
## Diversified investment portfolio by sector

- Consumer discretionary: 18.5%
- Financials: 14.9%
- Information technology: 13.4%
- Industrials: 12.7%
- Health care: 7.8%
- Materials: 5.9%
- Communication services: 4.5%
- Utilities: 4.4%
- Energy: 3.2%
- Real estate: 2.0%
- Consumer staples: 2.0%
- Cash: 10.7%



## Fully franked dividends since inception

The Board declared a final fully franked dividend of 5.25 cents per share that was paid on 16 October 2023.



## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the final fully franked dividend of 5.25 cents per share that was paid on 16 October 2023. The shares traded ex-dividend on 3 October 2023.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on after tax unrealised gains	NTA
October 2023	121.57c	116.32c	117.65c	120.92c
September 2023	128.44c	128.44c	129.03c	130.91c

## Top 20 holdings (in alphabetical order)



# W | A | M Alternative Assets

The WAM Alternative Assets (ASX: WMA) investment portfolio decreased during the month, primarily driven by the underlying performance of its real assets investments.

The WAM Alternative Assets investment portfolio's exposure to water entitlements is managed by its investment partner, Argyle Capital. The Argyle Water Fund consists of a portfolio of Australian water entitlements, which are the perpetual legal rights to water usage for irrigation purposes. During the month, the carrying value of the Argyle Water Fund declined slightly due to a decrease in water entitlement values. We expect water entitlement values to increase over the coming months as forecasted hot, dry weather conditions may push valuations up.

In an uncertain economic environment, ensuring an investment portfolio is diversified and strategically resilient has never been more crucial. As a result, institutional and individual investors alike are increasingly looking towards alternative assets, which constitute a variety of unlisted asset classes with different characteristics beyond public equities, fixed income and cash.

Assets such as infrastructure, which often have long-term contracted revenues, provide investors with a predictable and resilient income stream. Income returns from these investments are typically linked to inflation, enabling them to protect against, and often benefit from, rising prices. Given infrastructure encompasses businesses and services that are necessary for the efficient functioning of economies, they typically represent inelastic demand and are therefore defensive across economic cycles. To gain exposure to infrastructure, WAM Alternative Assets invested with its investment partner, Palisade Investment Partners. Palisade generates solid risk-adjusted returns by investing in mid-market infrastructure and infrastructure adjacent assets in a sustainable manner. Sensitivity analysis conducted by Palisade Investment Partners across their portfolio has demonstrated that for a 1% rise in inflation, there is a corresponding 1% increase in the value of the portfolio.

One of the infrastructure assets WAM Alternative Assets has exposure to is the Sunshine Coast Airport, which is one of Australia's largest regional airports and the gateway to the popular tourist destinations of the Sunshine Coast and Noosa regions. Regional airports such as the Sunshine Coast Airport play a vital role in terms of economic and social cohesion, stimulating tourism and employment, as well as facilitating access to essential transportation services. In addition, they can help to reduce congestion at major hub airports. These essential services and assets exhibit high levels of resilience during periods of economic stress, which is why infrastructure provides strong diversification benefits within an investment portfolio and offers the opportunity for attractive risk-adjusted, income-driven returns.

## Market capitalisation (ASX: WMA)

\$199.4m\*

## Gross assets

\$234.2m

## Investment portfolio performance

(pa since appointment of Wilson Asset Management as Investment Manager October 2020)

10.5%<sup>^</sup>

## Profits reserve (per share)

16.0c

## Full year fully franked dividend (per share)

5.0c

\*Based on the 31 October 2023 share price of \$1.02 per share. WAM Alternative Assets has 195,526,251 shares on issue. During the month, 316,788 shares were issued under the Dividend Reinvestment Plan for the final dividend.

<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes.

## Asset Classes

### Real assets

Agricultural assets and investments in perpetual water entitlements which can be sold or leased to irrigators to generate income.

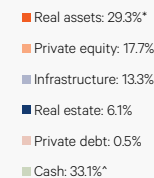
### Private equity

Unlisted companies with long-term and accelerated growth potential.

### Real estate

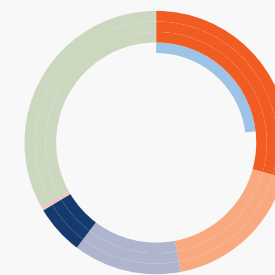
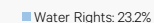
Industrial and healthcare assets.

## Asset class exposure



\*Total capital commitments are 20.4%.

\*Real assets includes:



Portfolio structure	Current value		+/- Prior month	
	\$m	%	\$m	%
Real assets	68.6	29.3	(1.6)	(2.3)
Private equity	41.5	17.7	0.7	1.7
Infrastructure	31.2	13.3	-	-
Real estate	14.2	6.1	-	-
Private debt	1.1	0.5	-	-
Cash <sup>^</sup>	77.6	33.1	(4.1)	(5.0)
<b>Grand total</b>	<b>234.2</b>	<b>100.0</b>	<b>(5.0)</b>	<b>(2.1)</b>

<sup>^</sup>Includes undrawn capital commitments to the Crescent Capital Partners VII Fund (\$15.0m); the Intermediate Capital Group Australian Senior Loan Fund (\$8.9m); the Allegro Fund IV (\$7.2m); the CEN (I&L) Partnership Fund (\$6.5m); the Adamantem Capital Fund II (\$4.9m); the Barwon Institutional Healthcare Property Fund (\$4.0m) and the Strategic Australian Agriculture Fund (\$1.3m). During the month, \$589k was drawn down to the Allegro Fund IV and \$131k of capital was returned, resulting in our capital commitment to the Allegro Fund IV decreasing by \$458k.

### Infrastructure

Mid-market infrastructure assets across a range of essential services and facilities including air and sea transport, renewable energy and utilities.

### Private debt

Senior secured loans to established Australian and New Zealand-based businesses.

## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the final fully franked dividend of 2.5 cents per share that was paid on 20 October 2023. The shares traded ex-dividend on 5 October 2023.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
October 2023	120.41c	117.91c	117.94c	117.18c
September 2023	120.65c	120.65c	120.79c	119.84c

## Top holdings

### Real assets



#### Water Fund

Pioneer and leading non-irrigator water investor in Australia

#### Strategic Australian Agriculture Fund

Investing across Australian water entitlements, farmland and associated businesses and agricultural infrastructure

### Private equity



A provider of outsourced e-commerce solutions in South-East Asia



A manufacturer of premium condiments, desserts and beverages

### Infrastructure



Palisade's Diversified Infrastructure Fund

Palisade's Renewable Energy Fund

### Private Debt



Australian Senior Loan Fund

### Real estate



Barwon Institutional Healthcare Property Fund



Centennial CEN (I&L) Partnership Fund

## New Investment Partners



Mid-market private equity buy-out strategy



Australian senior secured loan strategy



Last-mile logistics real estate strategy



Australian healthcare real estate strategy



Mid-market infrastructure strategy



Mid-market private equity strategy with a focus on healthcare



Turnaround, special situations and transformation private equity strategy



# W | A | M Strategic Value

The WAM Strategic Value (ASX: WAR) investment portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index by 1.9% during the month, while domestic and global equity markets continued to decline. A number of discounted assets within the WAM Strategic Value investment portfolio provided absolute positive performance as the investment portfolio demonstrated its defensive characteristics during volatile markets with underlying valuation support softening share price declines.

Magellan Global Fund (ASX: MGF) was a contributor to the investment portfolio performance as its share price increased 5.2%, resulting in a narrowing of the share price discount to net asset value (NAV). During the month, the Magellan Global Fund NAV increased 1.9%, while the MSCI World NTR Index (AUD) fell 1.0%. As highlighted during our [April-23 investment update](#), “we believe that the investment manager would be inclined to consolidate the two share classes, providing Magellan Global Fund investors with the ability to exit their investment at close to NAV in the future”. The investment manager has since announced it is considering a conversion of the closed class units into open class units in order to address the share price discount to NAV.

Thorney Technologies (ASX: TEK) was a detractor to the investment portfolio during the month as the underlying investment portfolio of the company decreased 9.9% against the S&P/ASX Small Ordinaries Accumulation Index which fell 5.5%. The company's share price decreased 21.2% during the month, leading to the share price discount to pre-tax net tangible assets (NTA) widening significantly from 33.5% at the end of September to 41.7% by the end of October 2023. Thorney Technologies continued its buy-back program in October, which has seen the company buy-back 2.4% of its outstanding shares on issue in the financial year to date. The company's focus remains on generating absolute returns for shareholders over the medium-to-long term by investing in both listed and unlisted technology companies. While we acknowledge the impact of short-term market conditions and underperformance of small-cap companies in the broader equity markets, Thorney Technologies' performance has been disappointing. However the current share price discount to NTA highlights the scale of the opportunity available to investors.

## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the final fully franked dividend of 2.0 cents per share that was paid on 30 October 2023. The shares traded ex-dividend on 3 October 2023.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
October 2023	116.03c	114.03c	114.16c	118.82c
September 2023	118.39c	118.39c	118.56c	122.30c

Market capitalisation (ASX: WAR)

\$180.1m\*

Full year fully franked dividend

3.5cps

Gross assets

\$206.1m^

Annualised interim fully franked dividend guidance

4.0cps\*\*

\*Based on the 31 October 2023 share price of \$1.00 per share and 180,125,761 shares on issue.

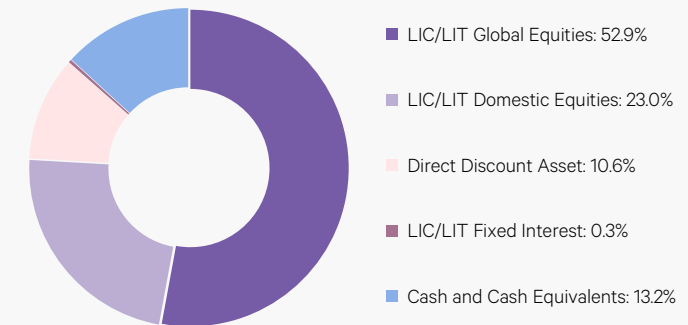
^Gross assets exclude the \$155k offer costs receivable balance associated with the Initial Public Offering (repayable by the Investment Manager).

\*\*Subject to no material adverse changes in market conditions or to the investment portfolio.

## About WAM Strategic Value

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

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



October 2023 look-through pre-tax NTA

\$1.33

## Look-through NTA before tax

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

## Top 20 holdings (in alphabetical order)

AMP	CD2	CD3	CIN	GDC	LRK	MGF	NGE	NSC	PAI
PIA	PMC	QVE	RG8	SB2	SEC	TEK	URF	VG1	WGB*

\*WAM Strategic Value received WAM Global shares as scrip consideration for Templeton Global Growth Fund shares previously held. Wilson Asset Management has foregone management fees on the portion of the investment portfolio held in WAM Global shares.

# W | A | M Research

The WAM Research (ASX: WAX) investment portfolio decreased during the month. Transport service provider and tourism operator Kelsian Group (ASX: KLS) was a contributor to the investment portfolio performance, while payment solutions and business banking products business Tyro Payments (ASX: TYR) was a detractor.

Kelsian Group is Australia's largest land and marine transport service provider and tourism operator, with established operations in Australia, the US, the UK, Singapore and the Channel Islands. In October, Kelsian Group held an annual general meeting where the company provided an update, noting a positive outlook for the business. Its Perth rail replacement project is set to begin in November 2023 and the company expects growth from its recent acquisition of US-based motorcoach business, All Aboard America! Holdings. We remain positive about Kelsian Group's contract tender pipeline in both domestic and international markets, and believe its government-backed service contracts can offset inflationary impacts.

Tyro Payments provides payment solutions as well as complementary business banking products. During the month, the company hosted an investor day highlighting the company's executive management team and the growth outlook for the business. Despite confirming a positive outlook for the business in the 2024 financial year, the investor day disappointed the market given an absence of information around the impact of competition in the space. As we saw with a number of companies over October, shares were sold off at a number of investor days as investors took advantage of increased liquidity. We were pleased with the outlook that Tyro Payments presented and have taken advantage of the recent sell-off in the company to increase our holding within the investment portfolio.

## Market capitalisation (ASX: WAX)

\$205.6m<sup>#</sup>

## Gross assets

\$169.8m

## Listed equities

\$151.8m

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

12.8%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 8.0%

## Dividends paid since inception (per share)

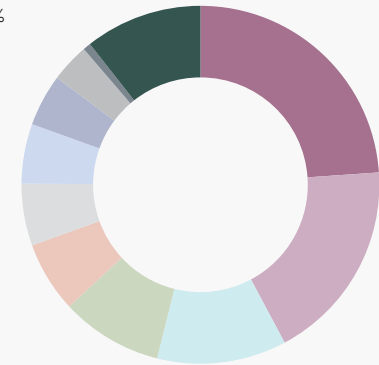
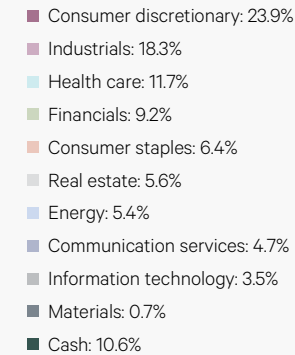
144.0c

## Full year dividend yield

9.9%<sup>#</sup>

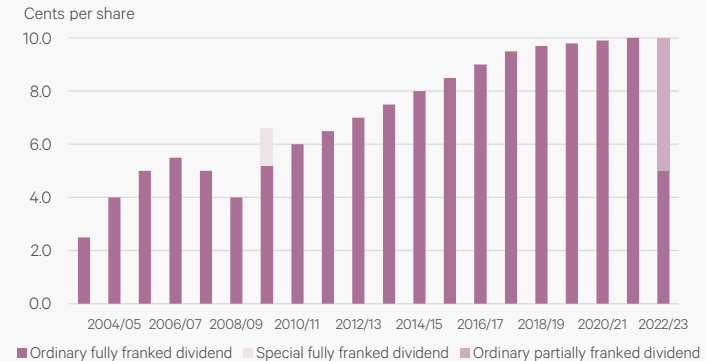
<sup>#</sup>Based on the 31 October 2023 share price of \$1.015 per share and the FY23 full year dividend of 10.0 cents per share, with the final dividend being 5.0 cents per share, partially franked at 60%. WAM Research has 202,532,134 shares on issue. During the month, 1,646,994 shares were issued under the Dividend Reinvestment Plan for the final dividend. <sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## Dividends since inception

The Board declared a final dividend of 5.0 cents per share, partially franked at 60%, the maximum extent possible with the franking account balance at year end. The Company's ability to continue paying franked dividends in FY2024 is dependent on the future franked dividends received from investee companies held within the WAM Research investment portfolio, and future tax paid on realised profits generated by the investment portfolio. In FY2024, it is anticipated that the franked dividends received from investee companies in the investment portfolio will generate franking to fully frank approximately 2.0 cents per share in a dividend for shareholders and any additional franking would need to be generated through the payment of tax on profits.



## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the final dividend of 5.0 cents per share, partially franked at 60%, that was paid on 16 October 2023. The shares traded ex-dividend on 3 October 2023.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
October 2023	87.78c	82.78c	89.63c	91.43c
September 2023	93.09c	93.09c	99.07c	100.12c

\*Includes 5.51 cents per share of income tax losses available to the Company in future periods.

## Top 20 holdings (in alphabetical order)

