

# W | A | M *Active*

Focus: market mispricing within the Australian equity market (ASX: WAA)

## Portfolio update

The WAM Active investment portfolio increased 3.6% in February as core holdings reported solid results during a volatile reporting season. Following the additional deployment of capital in March, the investment portfolio's cash weighting is currently 22.2%.

Contributors to the portfolio performance included Appen (ASX: APX) and IDP Education (ASX: IEL). We first invested in technology company APX due to continued demand from its large customers, a belief that a weaker AUD would lead to earning upgrades and that the outperformance of its Leapforce acquisition would drive increased profitability. The company delivered its full year results in February, exceeding expectations with revenue of \$364 million and underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of \$71 million, up 119% and 153% respectively, on the prior corresponding period. APX closed up 46.7% for the month. This week APX announced a \$300 million capital raising to fund its US\$175 million acquisition of US rival Figure Eight Technologies.

IEL specialises in English language education services for international audiences. Over the past few years IEL has invested in a new digital platform to introduce computer-delivered IELTS tests. We invested in the company after taking the view that its investment into digitising IELTS would drive test volumes and deliver positive margins. During the month, IEL delivered its half year result for FY2019. The company announced earnings above analyst expectations, with EBITDA increasing 33% on the prior half. IEL closed up 31.3% for the month.



**Martin Hickson**  
BBus BComp M App Fin  
Lead Portfolio Manager

## Net tangible asset (NTA) figures

<b>NTA before tax</b>	<b>103.50c</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>104.99c</b>
<b>NTA after tax</b>	<b>104.95c</b>

Based on the 28 February 2019 share price of \$1.045 per share and the annualised FY2019 fully franked interim dividend of 59 cents per share.

Pre-tax net tangible assets

**\$1.04**

Gross assets

**\$47.8m**

Fully franked dividend yield<sup>a</sup>

**5.6%**

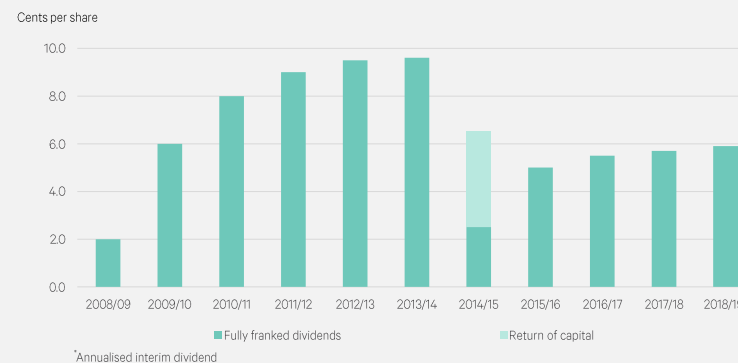
Performance (p.a. since January 2008)

**12.1%**

Performance at 28 February 2019	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %p.a. (Jan-08)
WAA Investment Portfolio	3.6%	-4.3%	-0.4%	0.6%	11.7%	10.2%	14.9%	12.1%
S&P/ASX All Ordinaries Accumulation Index	6.1%	-0.7%	2.3%	6.6%	12.7%	7.4%	11.3%	4.2%
<b>Outperformance</b>	<b>-2.5%</b>	<b>-3.6%</b>	<b>-2.7%</b>	<b>-6.0%</b>	<b>-1.0%</b>	<b>+2.8%</b>	<b>+3.6%</b>	<b>+7.9%</b>
UBS Bank Bill Index (Cash)	0.2%	1.0%	1.4%	2.0%	1.9%	2.1%	3.0%	3.5%
<b>Outperformance</b>	<b>3.4%</b>	<b>-5.3%</b>	<b>-1.8%</b>	<b>-1.4%</b>	<b>+9.8%</b>	<b>+8.1%</b>	<b>+11.9%</b>	<b>+8.6%</b>

Investment performance and Index returns are before expenses, fees and taxes.

## Fully franked dividends since inception



## Top 20 holdings in alphabetical order

Afterpay Touch Group Limited	APT
Altium Limited	ALU
Appen Limited	APX
CIMIC Group Limited	CIM
Collins Foods Limited	CKF
Commonwealth Bank of Australia	CBA
CSL Limited	CSL
Domino's Pizza Enterprises Limited	DMP
IRESS Limited	IRE
Macquarie Group Limited	MQG
Macquarie Media Limited	MRN
Mineral Resources Limited	MIN
Pengana International Equities Limited	PIA
Reliance Worldwide Corporation Limited	RWC
Seven Group Holdings Limited	SVW
Steadfast Group Limited	SDF
Templeton Global Growth Fund Limited	TGG
The Star Entertainment Group Limited	SGR
Westoz Investment Company Limited	WIC
WorleyParsons Limited	WOR

Investment type	January 2019		February 2019	
	\$m	%	\$m	%
Listed equities	30.8	66.6	32.3	67.7
Short portfolio	(0.2)	(0.4)	(0.0)	(0.0)
Fixed interest & cash	15.6	33.8	15.5	32.3
<b>Gross assets</b>	<b>\$46.2m</b>	<b>100.0</b>	<b>\$47.8m</b>	<b>100.0</b>
Market capitalisation	\$46.0m		\$48.0m	
Total shares on issue	45,969,433		45,969,433	