

January 2020 Investment Update

	Pre-tax NTA
W A M <i>Capital</i>	\$1.93
W A M <i>Leaders</i>	\$1.33
W A M <i>Global</i>	\$2.57
W A M <i>Microcap</i>	\$1.48
W A M <i>Research</i>	\$1.21
W A M <i>Active</i>	\$1.09

Dear Fellow Shareholders,

Global markets started the year strongly, rallying to all time highs before the coronavirus in China sparked a global health emergency. Domestically, the S&P/ASX All Ordinaries Accumulation Index increased 4.7% during the month, with continued growth in the housing market, retail trade and strong jobs data.

During the month, geopolitical tensions eased with the signing of the phase one US-China trade deal and a material de-escalation of the crisis in Iran. Economic data signalled global improvement and central banks held their accommodative positions. Fears of the economic impact of coronavirus overshadowed positive economic data across Asian economies. Global markets fell in local terms, the UK FTSE 100 Index by 3.6%, the Euro Stoxx 50 Index by 2.6%, China's CSI 300 Index by 2.3%, Japan's TOPIX Index by 2.1% and the US S&P 500 Index by 0.1%.

Interim results announcements

We were pleased to begin announcing solid interim FY2020 results, commencing with four of our six listed investment companies.

WAM Global (ASX: WGB) announced a 185.7% increase in operating profit before tax to \$38.8 million and a 186.3% increase in operating profit after tax to \$27.2 million, with an inaugural fully franked interim dividend of 3.0 cents per share, a 50% increase on the FY19 inaugural fully franked final dividend. The investment portfolio increased 8.8% during the period. [The Australian](#) discussed the WAM Global results on 30 January. The Company's profits reserve is currently 27.1 cents per share and forms part of the net tangible assets (NTA).

WAM Leaders (ASX: WLE) announced a 185.8% increase in operating profit before tax to \$56.2 million and a 201.9% increase in operating profit after tax to \$43.3 million, with a fully franked interim dividend of 3.25 cents per share, a 22.6% increase on the prior corresponding period. The investment portfolio increased 6.6% during the period, outperforming the S&P/ASX 200 Accumulation Index by 3.5%. [The Australian](#) discussed the WAM Leaders results on 31 January. The Company's profits reserve is currently 18.9 cents per share and forms part of the NTA.

WAM Microcap (ASX: WMI) announced a 311.9% increase in operating profit before tax to \$27.3 million and a 333.1% increase in operating profit after tax to \$19.7 million, with a fully franked interim dividend of 3.0 cents per share, a 33.3% increase on the prior corresponding period.

The investment portfolio increased 18.5% during the period, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 14.6%. The Company's profits reserve is currently 31.8 cents per share and forms part of the NTA.

WAM Capital (ASX: WAM) announced a 168.4% increase in operating profit before tax to \$95.6 million and a 176.9% increase in operating profit after tax to \$70.4 million, with a fully franked interim dividend of 7.75 cents per share, currently representing an annualised fully franked dividend yield of 6.7%*. [The Australian Financial Review](#) covered the WAM Capital results on 10 February. The Company's profits reserve is currently 13.9 cents per share and forms part of the NTA.

The interim and annual financial reports for [WGB](#), [WLE](#), [WMI](#) and [WAM](#) contain the three measures of performance that we believe are essential in assessing a listed investment company (LIC): investment portfolio performance; the growth in NTA and fully franked dividends, together with total shareholder return. We encourage you to read this information for each LIC.

Noosa Shareholder Event and Investor Conference Call

I am looking forward to meeting with shareholders at The J Noosa on 28 February with Future Generation CEO Louise Walsh. If you are in Noosa, please [register](#) to attend and feel free to bring a guest. If you cannot make it to our Noosa event, we look forward to seeing you at our Shareholder Presentations in May. Our Investor Conference Call will take place on Thursday, 12 March at 4.00pm. We will be providing an update on our listed investment companies and our outlook for the coming months.

Good luck investing,



Geoff Wilson AO
Chairman &
Chief Investment Officer

*Based on the 13 February share price of \$2.33 per share.



W | A | M *Active*

Market mispricing opportunities in the Australian market.

Portfolio update

Contributors to the portfolio performance included Australian space and defence technology company Electro Optic Systems Holdings (ASX: EOS) and corporate bookmaker PointsBet (ASX: PBH). EOS designs and manufactures remotely controlled weapon systems for the defence and space sector and provides space debris and satellite management solutions. The company announced in January an agreement to acquire Audacy Corporation, a US-based space communications company. The acquisition allows EOS to enter the US regulated microwave communications sector. Shares in EOS closed up 41.9% for the month.

PBH operates a scalable cloud-based wagering platform in Australia and the US. The company announced in January that its US expansion will continue, with agreements in Michigan and Kansas following recent legislation that has allowed both sports betting and online gaming. In Michigan, PBH will work in partnership with a gambling facility operator to offer online and mobile sports wagering and online gaming casino services. In Kansas, PBH will partner with Kansas Crossing Casino to provide retail and online sports wagering. We believe PBH has the first mover advantage on the online sports betting market in the US, allowing the company to increase its market share quickly. Shares in PBH closed up 16.5% for the month.

Net Tangible Assets (NTA) per share

	NTA before tax (after Feb 2020 tax paid)	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Jan 2020	108.61c*	109.51c	108.66c	108.65c
Dec 2019		106.80c	106.75c	106.75c

*The above NTA before tax figure is after the provision of \$416k (0.9 cents per share) in tax payable in February 2020.

Market capitalisation (ASX: WAA)

\$50.3m[#]

Gross assets

\$52.2m

Listed equities

\$45.2m

Investment portfolio performance (pa since inception Jan 2008)

12.6%[^]

Dividends paid since inception (per share)

68.70c

Fully franked dividend yield

5.4%[#]

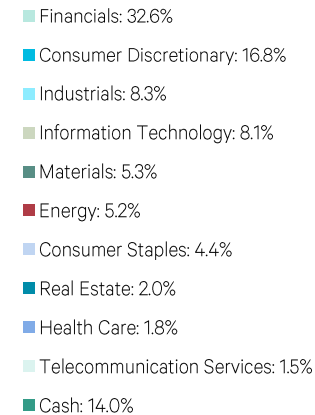
[#]Based on the 31 January 2020 share price of \$1.085 per share and the FY19 fully franked full year dividend of 5.9 cents per share. WAM Active has 46,400,066 shares on issue.

[^]Investment portfolio performance is before expenses, fees and taxes.

Top 20 holdings (in alphabetical order)

									
A2M	ALG	ALL	AMC	APT	APX	AUI	CKF	CTX	ENN
									
EQT	GMA	IEL	MND	NWH	PIA	SDF	TGG	TYR	WOR

Portfolio by sector



History of fully franked dividends



W | A | M Capital

The most exciting undervalued growth opportunities in the Australian market.

Portfolio update

The Australian equity market hit record highs in January with better than expected jobs data and rising retail trade, despite the impact of bushfires and concerns about coronavirus.

Research-driven portion of the investment portfolio:

A contributor to the portfolio in January was Australian debt buyer and collector Credit Corp Group (ASX: CCP). CCP is Australia's largest purchaser of outstanding debt ledgers, operating in the domestic Australia, New Zealand and US markets. The company released its half year results in January, reporting a 15% increase in net profit after tax to \$38.6 million and 13% growth in its consumer loan book to \$230 million. All business segments achieved strong profit growth and the US debt buying unit is on track for full year profit growth of between 45% to 65% for FY20. Shares in CCP closed up 14.9% for the month.

Market-driven portion of the investment portfolio:

A contributor to the portfolio in January was Australian space and defence technology company Electro Optic Systems Holdings (ASX: EOS). EOS designs and manufactures remotely controlled weapon systems for the defence and space sector and provides space debris and satellite management solutions. The company announced in January an agreement to acquire Audacy Corporation, a US-based space communications company. The acquisition allows EOS to enter the US regulated microwave communications sector. Shares in EOS closed up 41.9% for the month.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains**	NTA after tax**
Jan 2020	193.01c*	192.09c	193.53c
Dec 2019	187.10c	187.75c	189.23c

*The Jan 2020 NTA before tax is after the payment of \$1.6m (0.22 cents per share) in tax during the month.

**Includes 0.83 cents per share of tax assets resulting from the acquisition of unlisted investment companies.

Market capitalisation (ASX: WAM)

\$1,630.1m[#]

Gross assets

\$1,404.7m

Listed equities

\$1,216.5m

Investment portfolio performance (pa since inception Aug 1999)

16.8%[^]

S&P/ASX All Ordinaries Accumulation Index: 8.8%

Dividends paid since inception (per share)

238.50c

Annualised fully franked interim dividend yield

6.9%[#]

[#]Based on the 31 January 2020 share price of \$2.26 per share and the annualised FY20 fully franked interim dividend of 15.5 cents per share. WAM Capital has 721,264,927 shares on issue.

[^]Investment portfolio performance and index returns are before expenses, fees and taxes.

Top 20 holdings (in alphabetical order)

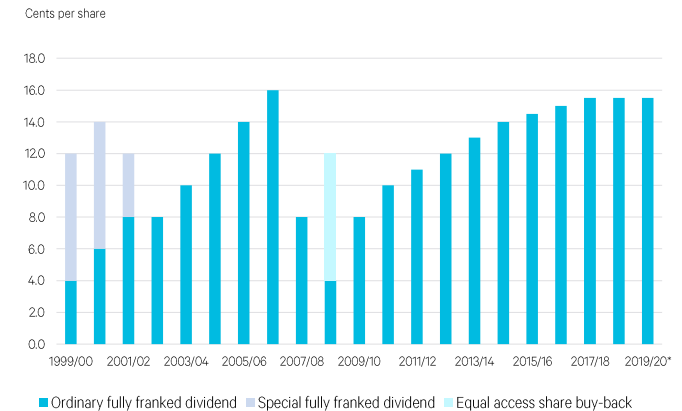
 A2M	 AFG	 ALG	 AMC	 ASB	 AUI	 BKW	 BRG	 BWX	 CKF
 CSR	 CTX	 GMA	 JLG	 MND	 PIA	 PSI	 SSM	 SVW	 TGG

Portfolio by sector

- Financials: 23.9%
- Consumer Discretionary: 18.4%
- Industrials: 13.6%
- Materials: 8.8%
- Information Technology: 7.7%
- Consumer Staples: 4.0%
- Telecommunication Services: 3.5%
- Health Care: 2.8%
- Energy: 2.6%
- Real Estate: 1.0%
- Cash: 13.7%



History of fully franked dividends



*Annualised interim dividend

W | A | M Leaders

Actively investing in the highest quality Australian companies.

Portfolio update

During January, banks performed well as Australian economic data remained strong and expectations of interest rate cuts declined as a result. The housing market strengthened, driving mortgage growth across the banking sector. We made a tactical trade into banks as we expect the sector to outperform in the short-term if rates remain on hold. The Reserve Bank of Australia may be required to cut rates if the spread and impact of the coronavirus increases dramatically and we are monitoring the situation closely. Banks contributed to the portfolio performance for the month with shares in Commonwealth Bank of Australia (ASX: CBA) closing up 6.7%, Westpac Banking Corporation (ASX: WBC) up 3.7%, Australia and New Zealand Banking Group (ASX: ANZ) up 4.5% and National Australia Bank (ASX: NAB) up 5.0%.

Biotechnology company CSL (ASX: CSL) also contributed to the portfolio during the month. CSL is Australia's second largest listed company and a global leader in biotherapies and influenza vaccines. We continue to be invested in CSL as it is well placed to take advantage of the growth in their end markets. CSL has benefitted from a tight market with robust revenue growth in auto-immune, infectious and idiopathic treatments, as well the increasing awareness for vaccines during the flu season in the northern hemisphere. The company reported strong results in February. Shares in CSL closed up 13.2% for the month.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and unrealised gains	NTA after tax
Jan 2020	133.08c	131.50c	128.20c
Dec 2019	128.19c	127.35c	124.77c

Market capitalisation (ASX: WLE)

\$1,008.9m[#]

Gross assets

\$1,048.1m

Listed equities

\$963.3m

Investment portfolio performance (pa since inception May 2016)

13.6%[^]

S&P/ASX 200 Accumulation Index: 11.9%

Dividends paid since inception (per share)

13.65c

Annualised fully franked interim dividend yield

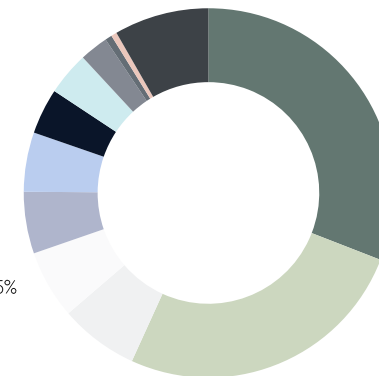
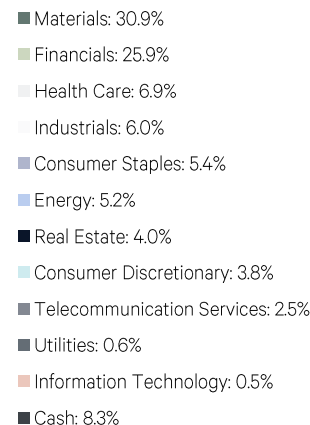
5.1%[#]

[#]Based on the 31 January 2020 share price of \$1.285 per share and the annualised FY20 fully franked interim dividend of 6.5 cents per share. WAM Leaders has 785,142,815 shares on issue. [^]Investment portfolio performance and index returns are before expenses, fees and taxes.

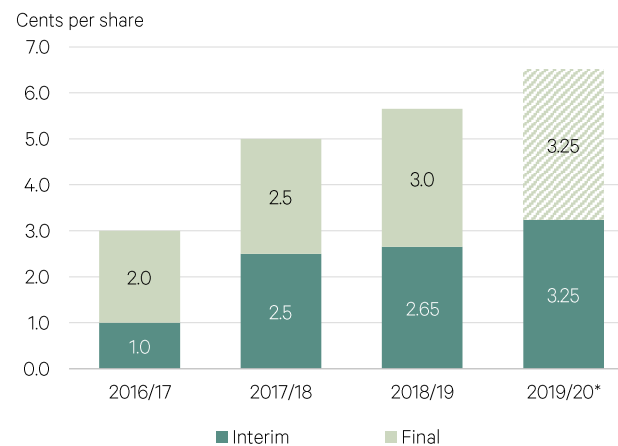
Top 20 holdings (in alphabetical order)

									
ALL	AMC	ANZ	BHP	BXB	CBA	CSL	FMG	GMG	IPL
									
MQG	NAB	ORA	OZL	QBE	RIO	TLS	WBC	WOW	WPL

Portfolio by sector



History of fully franked dividends



*Annualised interim dividend

W | A | M Global

The world's most compelling undervalued growth companies.

Portfolio update

The phase one US-China trade deal signed in January increased investor optimism and markets began the calendar year strongly as a result. Volatility picked up at the end of the month as investors reacted to the coronavirus outbreak with short-term selling.

Contributors to the portfolio performance included global professional services firm AON (NYSE: AON) and financial services company American Express (NYSE: AXP). Founded in 1979 and headquartered in London, AON is a leading global insurance broker, consultant for retirement and employee options, and data analytics partner for firms to manage risk. During the month, the company reported quarterly earnings that exceeded expectations, with 7% growth in organic revenue and 12% growth in operating income over the December 2019 quarter as a result of the successful implementation of the AON United strategy. AON also raised guidance for expected annualised restructuring savings. The company continues to see accelerating organic growth, driven by higher retention and new business wins. Shares in AON closed up 6.0% for the month in local terms.

AXP is a globally integrated payments company headquartered in New York. AXP issues credit and charge cards, and provides merchant processing, card network services, expense management and travel-related services worldwide. AXP released fourth quarter results in January which showed ongoing positive momentum, with revenue up 9% from the previous year. The company reported better than expected revenue growth guidance for 2020 of 8% to 10% and EPS of \$8.85-\$9.25 (~10% growth at the midpoint). The company employed income tax and other tax related benefits over the quarter to fund incremental business growth initiatives and to improve operating efficiencies and we expect steady growth going forward. AXP is benefitting from ongoing consumer strength and increasing business confidence. AXP's license to operate a network in China has been accepted and AXP is waiting final approval to hopefully launch the network in 2020. Shares in AXP closed up 4.7% for the month in local terms.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Jan 2020	257.19c	255.59c	246.69c
Dec 2019	245.86c	244.82c	238.76c

Market capitalisation (ASX: WGB)

\$476.7m[#]

Gross assets

\$547.4m^{*}

Listed equities

\$494.7m

Investment portfolio performance (pa since inception June 2018)

12.7%[^]

MSCI World Index (AUD): 14.8%

Annualised fully franked interim dividend

6.0c

Cash weighting

9.6%

[#]Based on the 31 January 2020 share price of \$2.25 per share and 211,848,149 shares on issue.

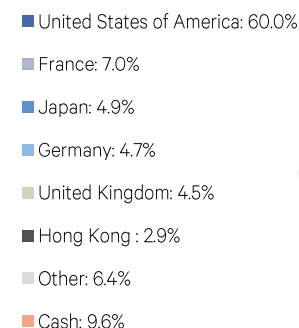
^{*}Gross assets exclude the \$2.9m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

[^]Investment portfolio performance and index returns are before expenses, fees and taxes.

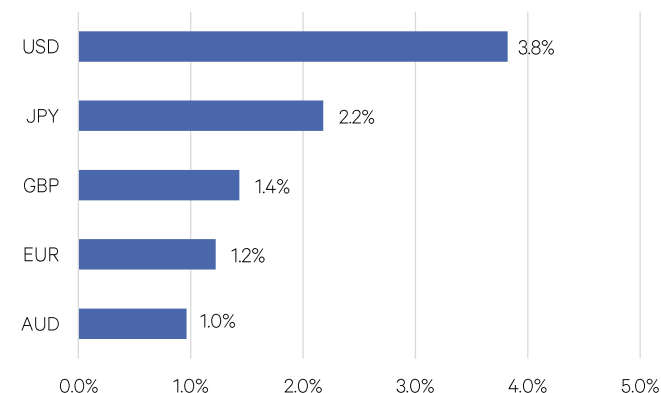
Top 20 holdings (in alphabetical order)

 神戸物産 3038 JP	 AIRBUS AIR FP	 AON AON US	 AMERICAN EXPRESS AXP US	 CDW CDW US	 CME Group CME US	 charles river CRL US	 DIAGEO DGE LN	 Hasbro HAS US	 HCA Healthcare HCA US
 IHS Markit INFO US	 L3HARRIS FAST FORWARD LHX US	 logitech LOGN SW	 LVMH MC FP	 Nomad Foods NOMD US	 S&P Global SPGI US	 ThermoFisher SCIENTIFIC TMO US	 UBISOFT UBI FP	 ULTA BEAUTY ULTA US	 United Technologies UTX US

Portfolio by geographical exposure



Cash currency exposure



W | A | M *Microcap*

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

Portfolio update

Significant contributors to the portfolio performance included online marketplace builder Frontier Digital Ventures (ASX: FDV) and investment solutions provider Generation Development Group (ASX: GDG).

Headquartered in Kuala Lumpur, FDV focuses on developing online classifieds businesses in underdeveloped or emerging countries, with investments in 12 market-leading operating businesses. We have been shareholders in FDV since the August 2016 IPO and have been attracted to the company's strong management team and growth profile. The company announced a 75% increase in full year FY19 revenue to \$72.5 million in January, up from a 57% increase in FY18. The company has significant funding flexibility and expects portfolio-wide profitability in FY20. Shares in FDV closed up 38.7% in January.

GDG provides the financial services industry with administration services and management of life insurance and investment products. The company announced in January that its funds under management (FUM) at 31 December 2019 was \$1,227.4 million, an increase of \$305.0 million, or 33.1% over the previous 12 months. Sales inflows increased 43.1% over the same period and we see a strong pipeline for growth over the medium term. Shares in GDG closed up 17.8% for the month.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Jan 2020	148.09c	145.74c	140.10c
Dec 2019	143.14c	141.21c	136.64c

Market capitalisation (ASX: WMI)

\$207.9m[#]

Gross assets

\$215.7m

Listed equities

\$181.8m

Investment portfolio performance (pa since inception June 2017)

22.8%[^]

S&P/ASX Small Ordinaries Accumulation Index: 12.2%

Dividends paid since inception (per share)

12.75c

Annualised fully franked interim dividend

6.0c

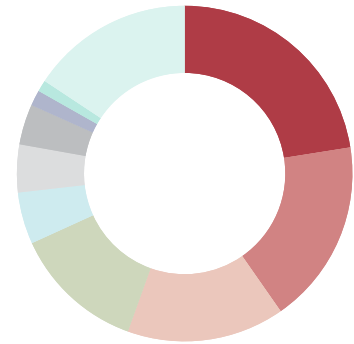
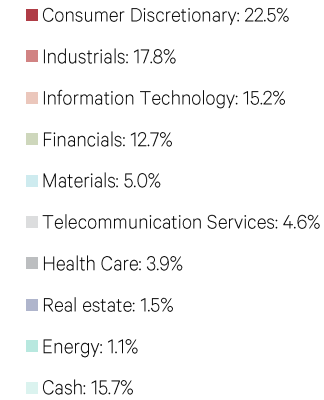
[#]Based on the 31 January 2020 share price of \$1.47 per share and 141,434,234 shares on issue.

[^]Investment portfolio performance and index returns are before expenses, fees and taxes.

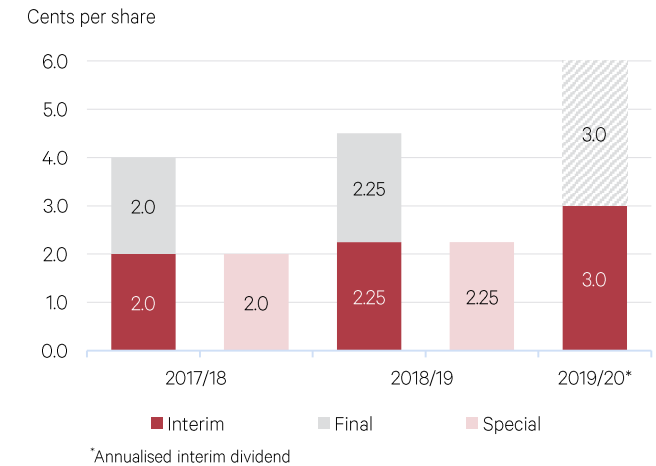
Top 20 holdings (in alphabetical order)

AFG	autosports group [®]	bsa [™]	city chic	Class	enero	eureka [™]	evolve [™]	HILLS.	INFO MEDIA [™]
AFG	ASG	BSA	CCX	CL1	EGG	EGH	EVO	HIL	IFM
JOHNS LYNG GROUP	Mitchell	MYER MY STORE	OptiComm	PACIFIC SMILES GROUP	quickstep	resimac	TEMPLE & WEBSTER	WAGNERS	wisr
JLG	MSV	MYR	OPC	PSQ	QHL	RMC	TPW	WGN	WZR

Portfolio by sector



History of fully franked dividends



Portfolio update

Contributors to the portfolio performance in January included Australian debt buyer and collector Credit Corp Group (ASX: CCP) and information and technology services provider Data#3 (ASX: DTL). CCP is Australia's largest purchaser of outstanding debt ledgers, operating in the domestic Australia, New Zealand and US markets. The company released its half year results in January, reporting a 15% increase in net profit after tax to \$38.6 million and 13% growth in its consumer loan book to \$230 million. All business segments achieved strong profit growth and the US debt buying unit is on track for full year profit growth of between 45% to 65% for FY20. Shares in CCP closed up 14.9% for the month.

DTL is a leading Australian IT services and solutions provider with facilities across 12 locations in Australia and Fiji. The company announced this month that consolidated net profit before tax for the first half of FY20 is expected to be at the top end of guidance at \$12.5 million. We first invested in DTL due to its exposure to recurring cloud services and the prospect for further success in securing contracts. Shares in DTL closed up 22.9% for the month.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and unrealised gains	NTA after tax
Jan 2020	121.47c	120.30c	119.70c
Dec 2019	117.88c	117.61c	117.20c

Market capitalisation (ASX: WAX)

\$280.5m[#]

Gross assets

\$235.1m

Listed equities

\$199.8m

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

16.4%[^]

S&P/ASX All Ordinaries Accumulation Index: 9.9%

Dividends paid since inception (per share)

104.30c

Fully franked dividend yield

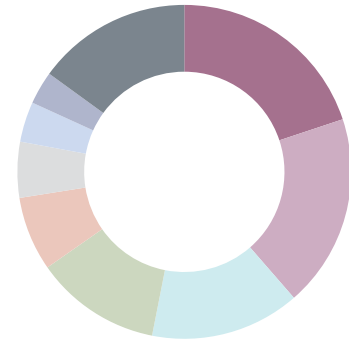
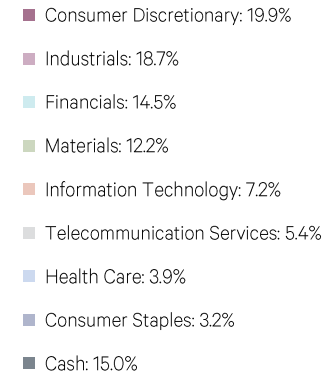
6.6%[#]

[#]Based on the 31 January 2020 share price of \$1.46 per share and the FY19 fully franked full year dividend of 9.7 cents per share. WAM Research has 192,128,647 shares on issue.
[^]Investment portfolio performance and index returns are before expenses, fees and taxes.

Top 20 holdings (in alphabetical order)

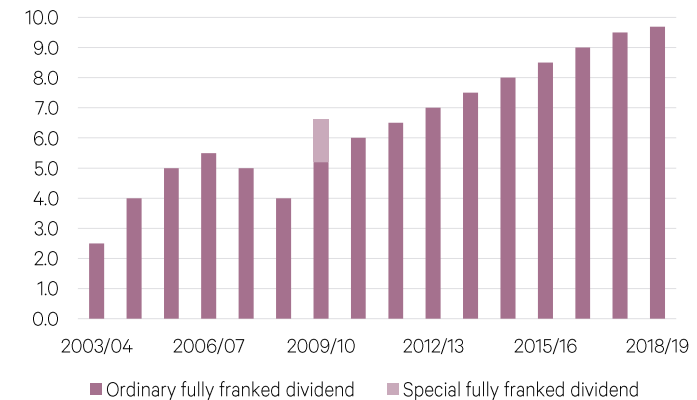
AFG	AUSTAL	BRICKWORKS	Breville	BWX	Credit Corp Group	city chic	CODAN	CSR	Domain
AFG	ASB	BKW	BRG	BWX	CCP	CCX	CDA	CSR	DHG
INFOMEDIA	IMDEX	JOHNS LYNG GROUP	Kathmandu	MYER	Perpetual	PSC INSURANCE GROUP	Sigma Healthcare	servicestream	SGH
IFM	IMD	JLG	KMD	MYR	PPT	PSI	SIG	SSM	SVW

Portfolio by sector



History of fully franked dividends

Cents per share



Top 20 holdings (in alphabetical order)

AFG	AUSTAL	BRICKWORKS	Breville	BWX	Credit Corp Group	city chic	CODAN	CSR	Domain
AFG	ASB	BKW	BRG	BWX	CCP	CCX	CDA	CSR	DHG
INFOMEDIA	IMDEX	JOHNS LYNG GROUP	Kathmandu	MYER	Perpetual	PSC INSURANCE GROUP	Sigma Healthcare	servicestream	SGH
IFM	IMD	JLG	KMD	MYR	PPT	PSI	SIG	SSM	SVW