

February 2020 Investment Update

	Pre-tax NTA
W A M <i>Capital</i>	\$1.77
W A M <i>Leaders</i>	\$1.23
W A M <i>Global</i>	\$2.42
W A M <i>Microcap</i>	\$1.33
W A M <i>Research</i>	\$1.13
W A M <i>Active</i>	\$1.00

Dear Fellow Shareholders,

In the last week of February, global equity markets experienced major routs, shortly after record highs, as the coronavirus (COVID-19) spread. The MSCI World Index (AUD) and the S&P 500 Index, in local terms, closed down 4.9% and 8.2% in February, with the S&P/ASX All Ordinaries Accumulation Index closing down 8.1%.

As the effects of the virus filter from the directly affected (such as travel and retail companies) through to global supply chains, the economic dislocation will be significant. Although the final stage, “normalisation”, is inevitable, COVID-19 has caused a sharp adjustment to the recent euphoria as asset prices have fallen and volatility has returned. I recently wrote about COVID-19 in a column for the [Australian Financial Review](#) and discussed its impact with Chanticleer columnist [James Thomson](#).

In the record low interest rate environment, additional monetary stimulus is less effective and places the global economy under greater risk of further shocks. A breakdown between the major oil producing countries caused an oil shock on 9 March, the catalyst for further routs on global equity markets. On 11 March, the S&P ASX All Ordinaries Index and the Dow Jones Industrial Average Index entered bear markets as the World Health Organisation declared a COVID-19 pandemic. The longest bull market in equities has ended.

Across our listed investment companies, we have responded to the equity market volatility by increasing our cash levels and adopting defensive positions. WAM Capital, WAM Microcap, WAM Research and WAM Active’s cash levels are currently 33.8%*, 33.9%*, 35.6%* and 33.4%*, respectively. WAM Leaders and WAM Global, which invest in highly liquid large-cap and global companies, hold 12.4%* and 11.2%*, respectively, in cash. Our flexible mandates allow us to hold cash and invest when value emerges.

At times like these, it is worth remembering that long-term investors in the equity market are generally well rewarded for their patience over time. While incredibly painful, we find these periods create the best buying opportunities.

Wilson Asset Management Alternative Assets update

During the month, Blue Sky Alternatives Access Fund Limited (ASX: BAF) announced the agreement of key commercial terms to effect the transition of its management to Wilson Asset Management, terminating the existing management services agreement between BAF and BSAAF Management Pty Limited. The BAF Board said it “believes new management under Wilson Asset Management will provide BAF shareholders with the opportunity to gain access to a

portfolio of alternative assets within an attractive structure managed by an experienced and specialised investment manager.”

We are excited to engage with BAF shareholders and look forward to providing retail investors with exposure to exciting alternative asset opportunities. Alternatives, consisting of infrastructure, property, private equity, agriculture and other real assets, provide investors with material portfolio diversification, the need for which is highlighted in periods of significant equity market volatility.

May 2020 Shareholder Presentation update

Due to the spread of COVID-19, we have made the decision to conduct our May 2020 Shareholder Presentation in video form. The health and wellbeing of our shareholders and our team are our greatest priorities. This decision will ensure that if the situation escalates, we will not place our shareholders in potential danger, as our semi-annual Shareholder Presentations now cover eight cities where we meet more than 10,000 people. We will share more information in the coming weeks, in the meantime, please call us on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au if you have any questions.

Join our Investor Conference Call at 4.00pm today

Today, we will conduct our semi-annual Investor Conference Call from 4.00pm to 5.00pm Sydney time. We will discuss our six listed investment companies’ interim results and share our market insights during a panel session before opening to questions from our shareholders. Please find the details below:

Dial-in details: 1800 590 693
Participant passcode: 657437
[Join the webinar.](#)

Thanks for your support



Geoff Wilson AO
Chairman &
Chief Investment Officer



*As at Wednesday 11 March 2020.

W | A | M *Active*

Market mispricing opportunities in the Australian market.

Portfolio update

Holdings that reported positive results prior to the sell-down included education placement service provider IDP Education (ASX: IEL), dairy producer The a2 Milk Company (ASX: A2M), online furniture retailer Temple & Webster Group (ASX: TPW), computer software company Nitro Software (ASX: NTO), entertainment retailer JB Hi-Fi (ASX: JBH), and healthcare manufacturer, designer and marketer Fisher & Paykel Healthcare Corporation (ASX: FPH). Detractors to the investment portfolio performance during the month included internet provider Uniti Group (ASX: UWL), almond grower and processor Select Harvests (ASX: SHV) and civil and mining services company NRW Holdings (ASX: NWH).

During the month, we increased our cash weighting from 14.0% to 30.0% in response to the threat COVID-19 poses to the economy and the equity market, and we have also reduced our exposure to companies that offer less liquidity. WAM Active's current cash holding is 33.4%¹.

¹As at Wednesday 11 March 2020.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Feb 2020	99.65c*	102.43c	102.43c
Jan 2020	109.51c	108.66c	108.65c

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

Market capitalisation (ASX: WAA)

\$47.6m[#]

Gross assets

\$46.5m

Listed equities

\$32.6m

Investment portfolio performance (pa since inception Jan 2008)

11.6%[^]

Bloomberg AusBond Bank Bill Index (Cash): 3.3%

Dividends paid since inception (per share)

68.70c

Fully franked dividend yield

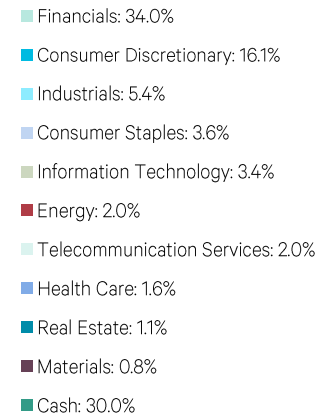
5.9%[#]

[#]Based on the 28 February 2020 share price of \$1.025 per share and the annualised FY20 fully franked interim dividend of 6.0 cents per share. WAM Active has 46,400,066 shares on issue. [^]Investment portfolio performance is before expenses, fees and taxes.

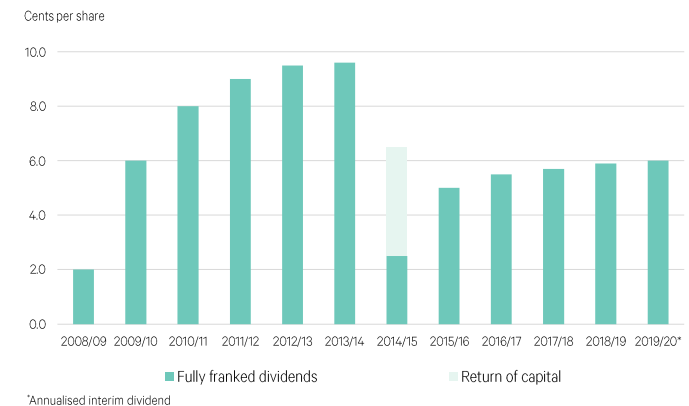
Top 20 holdings (in alphabetical order)

									
A2M	ALG	ALL	AUI	CIE	CKF	CTX	CWP	ECX	ENN
									
EQT	GMA	IEL	IPH	NWH	NWS	PIA	SDF	TGG	UWL

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 spread of COVID-19 induced a 'risk-off' sentiment across global financial markets and equities fell sharply late February. Despite the sell-off, the FY2020 interim earnings season was better than expected. Within the WAM Capital portfolio, approximately 95% of our holdings that reported either beat or met expectations. Holdings that reported positive results included education placement service provider IDP Education (ASX: IEL), electrical kitchen appliance developer Breville Group (ASX: BRG), dairy producer The a2 Milk Company (ASX: A2M), software solutions provider Infomedia (ASX: IFM), debt services company Credit Corp Group (ASX: CCP), telecommunications business Vocus Group (ASX: VOC) and mining services company Seven Group Holdings (ASX: SVW). Detractors to investment portfolio performance during the month included building focused companies Brickworks (ASX: BKW), CSR (ASX: CSR) and NRW Holdings (ASX: NWH).

During the month, we increased our cash weighting from 13.7% to 23.2% in response to the threat COVID-19 poses to the economy and the equity market. We have also reduced our exposure to companies that offer less liquidity. WAM Capital's current cash holding is 33.8%¹.

¹As at Wednesday 11 March 2020.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains**	NTA after tax**
Feb 2020	176.68c*	179.25c	182.64c
Jan 2020	193.01c	192.09c	193.53c

*The Feb 2020 NTA before tax is after the payment of \$4.1m (0.57 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)

\$1,514.7m[#]

Gross assets

\$1,284.8m

Listed equities

\$986.4m

Investment portfolio performance (pa since inception Aug 1999)

16.3%[^]

S&P/ASX All Ordinaries Accumulation Index: 8.3%

Dividends paid since inception (per share)

238.50c

Annualised fully franked interim dividend yield

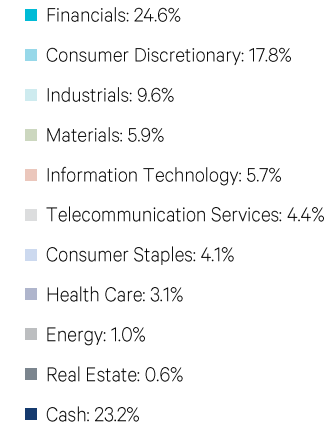
7.4%[#]

[#]Based on the 28 February 2020 share price of \$2.10 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.

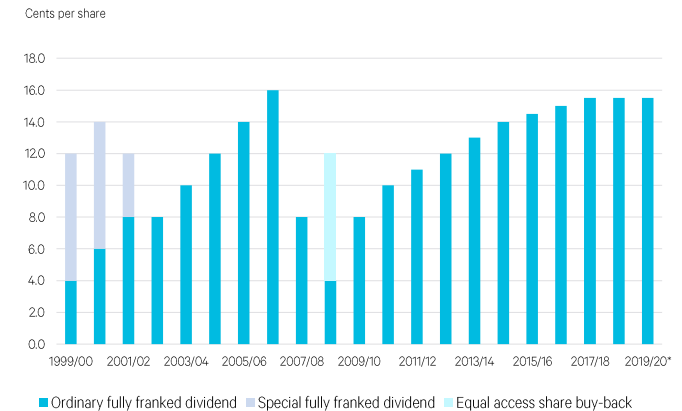
Top 20 holdings (in alphabetical order)

 AFG	 ALG	 ALL	 ASB	 AUI	 BKW	 BRG	 BWX	 CCP	 CDA
 CKF	 CSR	 JLG	 KMD	 PIA	 PPT	 PSI	 SDF	 SVW	 TGG

Portfolio by sector



History of fully franked dividends



^{*}Annualised interim dividend

W | A | M Leaders

Actively investing in the highest quality Australian companies.

Portfolio update

The broad sell-off in global equity markets due to the spread of COVID-19 in late February weighed heavily on the ASX 200. The WAM Leaders investment portfolio declined by slightly less than the benchmark during the month, adopting a defensive position and increasing cash holdings ahead of the market correction.

Holdings that reported solid earnings or market updates during the month included multinational mining, metals and petroleum company BHP Group (ASX: BHP), gold miner Saracen Mineral Holdings (ASX: SAR), supply-chain logistics company Brambles (ASX: BXB), biotechnology company CSL (ASX: CSL) and the major banks, in particular Commonwealth Bank of Australia (ASX: CBA). Detractors to the portfolio during the month included oil companies Oil Search (ASX: OSH), Woodside Petroleum (ASX: WPL) and Santos (ASX: STO), which were affected by the first decline in expected global oil demand since 2009.

We remain focused on protecting shareholder capital and delivering returns in all market conditions. We have taken advantage of the recent sell-off to significantly adjust the construction of the WAM Leaders portfolio, reducing small holdings and increasing our cash weighting. With above average levels of cash, currently 12.4%¹, the portfolio is well positioned to absorb future shocks and take advantage of the investment opportunities presented by the heightened market volatility and the change in global macro thematic.

¹As at Wednesday 11 March 2020.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Feb 2020	123.28c	121.31c	121.46c
Jan 2020	133.08c	131.50c	128.20c

Market capitalisation (ASX: WLE)

\$871.5m[#]

Gross assets

\$971.3m

Listed equities

\$853.2m

Investment portfolio performance (pa since inception May 2016)

11.3%[^]

S&P/ASX 200 Accumulation Index: 9.6%

Dividends paid since inception (per share)

13.65c

Annualised fully franked interim dividend yield

5.9%[#]

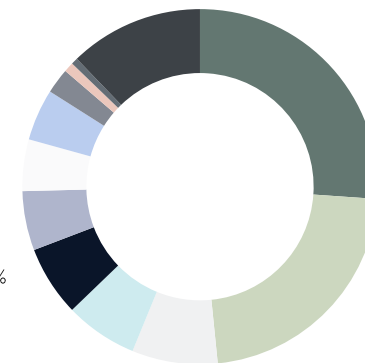
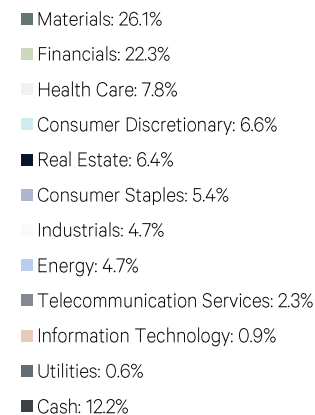
[#]Based on the 28 February 2020 share price of \$1.11 per share and the annualised FY20 fully franked interim dividend of 6.5 cents per share. WAM Leaders has 785,142,815 shares on issue.

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

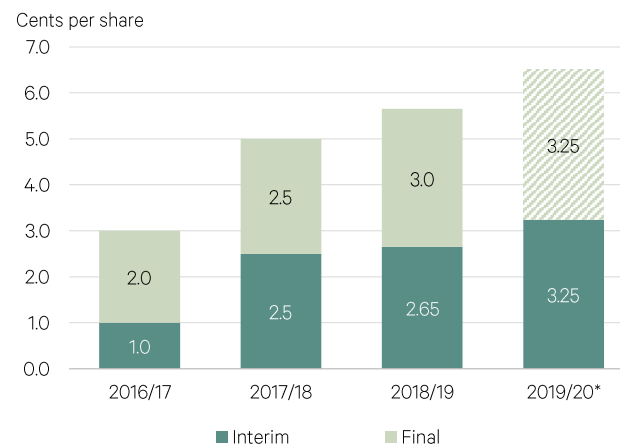
Top 20 holdings (in alphabetical order)



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

Global markets fell in late February as fears of an international COVID-19 outbreak grew. Two high-quality businesses suffered share price volatility during the month, global aerospace firm Airbus SE (EPA: AIR) and international play and entertainment company Hasbro (NYSE: HAS). Airbus' full year update during the month highlighted continued strength in the global commercial aircraft duopoly. Although airlines are experiencing a significant reduction in demand as a result of COVID-19, Airbus is relatively insulated from this demand shock given its extended backlog of orders. For example, its 'A320neo' family of products have orders for more than eight years of deliveries. Hasbro recently acquired Entertainment One, which owns a strong portfolio of family brands, such as Peppa Pig, and has a solid track record in content development and distribution. In February, HAS released solid fourth quarter results that exceeded earnings expectations. We believe additional high-margin digital gaming sales and monetisation opportunities from the combined brand portfolio will drive earnings growth and potentially see the stated synergy target of \$130 million exceeded.

Contributors to investment portfolio performance during the month included US credit bureau TransUnion (NYSE: TRU). TransUnion provides credit monitoring to millions of customers and thousands of businesses across the world. TransUnion has access to highly valuable customer information and is ahead of its two competitors in utilising data for the benefit of its customers. This leadership has driven strong operational performance, which saw the company report 10% organic growth in the fourth quarter and provide positive 2020 guidance during the month. We remain focused on the continued economic and financial impact of COVID-19. In response, we have adopted a more defensive portfolio position, reducing our cyclical holdings and increasing our exposure to companies with resilient earnings. We hold highly liquid positions and have increased our cash weighting, which is currently 11.2%¹.

¹As at Wednesday 11 March 2020.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Feb 2020	241.92c*	239.90c	236.16c
Jan 2020	257.19c	255.59c	246.69c

*The Feb 2020 NTA before tax figure is after the payment of \$418k (0.2 cents per share) in tax during the month.

Market capitalisation (ASX: WGB)

\$432.2m[#]

Gross assets

\$515.2m^{**}

Listed equities

\$461.3m

Investment portfolio performance (pa since inception June 2018)

8.4%[^]

MSCI World Index (AUD): 10.8%

Annualised fully franked interim dividend

6.0c

Cash weighting

10.5%

[#]Based on the 28 February 2020 share price of \$2.04 per share and 211,848,149 shares on issue.

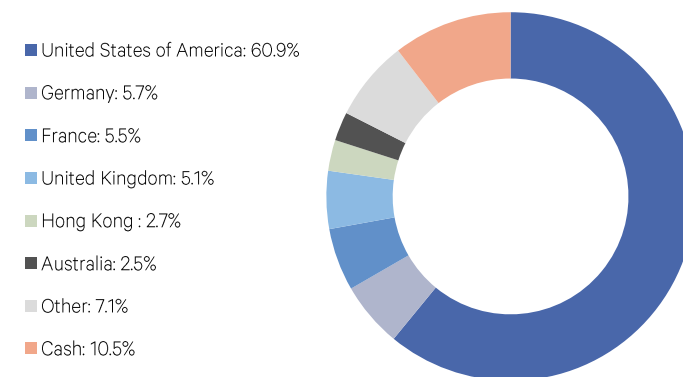
^{**}Gross assets exclude the \$2.6m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

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

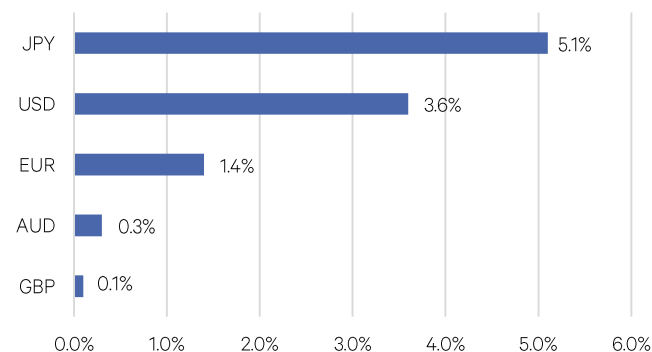
Top 20 holdings (in alphabetical order)

 神戸物産 KOBEBUSANCO.LTD	 AIRBUS	 AON	 AMERICAN EXPRESS	 CDW	 CME Group	 charles river	 DIAGEO	 SCOUT 24	 Hasbro
3038 JP	AIR FP	AON US	AXP US	CDW US	CME US	CRL US	DGE LN	G24 GR	HAS US
 HCA Healthcare	 IHS Markit	 L3HARRIS FAST FORWARD	 logitech	 Nomad Foods	 S&P Global	 ThermoFisher SCIENTIFIC	 UBISOFT	 ULTA BEAUTY	 United Technologies
HCA US	INFO US	LHX US	LOGN SW	NOMD US	SPGI US	TMO US	UBI FP	ULTA US	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

Micro-cap companies were impacted by the reduction in risk sentiment of investors driven by the spread of COVID-19, underperforming the overall market in February 2020.

Holdings that reported positive results prior to the market sell-down included software provider Infomedia (ASX: IFM), online furniture retailer Temple & Webster Group (ASX: TPW), retailer Shaver Shop Group (ASX: SSG), telecommunications company OptiComm (ASX: OPC), information technology services and solutions provider Data#3 (ASX: DTL) and computer software company Nitro Software (ASX: NTO). Detractors to investment portfolio performance included content creation technology company Atomos (ASX: AMS), information technology advisory, integration and managed services provider Cirrus Networks Holdings (ASX: CNW) and carbon fibre manufacturer Quickstep Holdings (ASX: QHL).

During the month, we increased our cash weighting from 15.7% to 27.4% in response to the threat COVID-19 poses to the economy and the overall equity market. We have also reduced our exposure to companies that offer less liquidity. WAM Microcap's current cash holding is 33.9%¹.

¹As at Wednesday 11 March 2020.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Feb 2020	133.13c	129.14c	129.70c
Jan 2020	148.09c	145.74c	140.10c

Market capitalisation (ASX: WMI)

\$190.9m[#]

Gross assets

\$192.3m

Listed equities

\$139.6m

Investment portfolio performance (pa since inception June 2017)

17.1%[^]

S&P/ASX Small Ordinaries Accumulation Index: 8.2%

Dividends paid since inception (per share)

12.75c

Annualised fully franked interim dividend

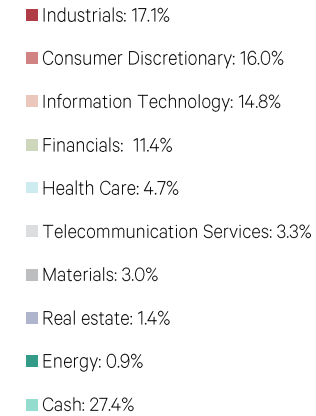
6.0c

[#]Based on the 28 February 2020 share price of \$1.35 per share and 141,434,234 shares on issue.
[^]Investment portfolio performance and index returns are before expenses, fees and taxes.

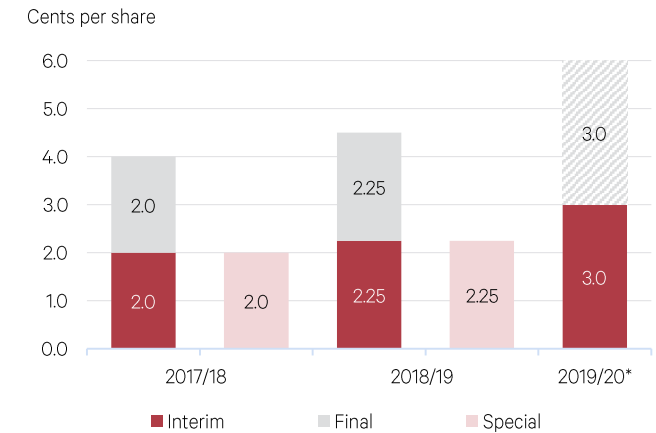
Top 20 holdings (in alphabetical order)

 AFG	 city chic	 citadel group	 enero	 eureka	 evolve	 generation	 HILLS	 INFOMEDIA	 JOHNS LYNG GROUP
AFG	CCX	CGL	EGG	EGH	EVO	GDG	HIL	IFM	JLG
 Lycopodium	 MADER	 Mitchell	 MYER	 OptiComm	 PEOPLE	 PACIFIC	 restmac	 SHAVER SHOP	 THINK
LYL	MAD	MSV	MYR	OPC	PPE	PSQ	RMC	SSG	TNK

Portfolio by sector



History of fully franked dividends



*Annualised interim dividend

W | A | M Research

The most exciting undervalued growth opportunities in the Australian market.

Portfolio update

Holdings that reported positive results prior to the sell-down included electrical kitchen appliance developer Breville Group (ASX: BRG), software solutions provider Infomedia (ASX: IFM), telecommunications business Vocus Group (ASX: VOC) and operating and mining services company Seven Group Holdings (ASX: SVW).

Detractors to the investment portfolio performance during the month included automotive services provider AMA Group (ASX: AMA), mortgage broker Australian Finance Group (ASX: AFG) and digital real-estate industry business Domain Holdings Australia (ASX: DHG).

In response to the threat COVID-19 poses to the economy and the equity market, we have reduced our exposure to companies that offer less liquidity. During the month, WAM Research's cash weighting increased to 17.5% and is currently 35.6%¹.

¹As at Wednesday 11 March 2020.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Feb 2020	113.33c	112.84c	114.08c
Jan 2020	121.47c	120.30c	119.70c

Market capitalisation (ASX: WAX)

\$269.9m[#]

Gross assets

\$220.1m

Listed equities

\$181.5m

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

15.4%[^]

S&P/ASX All Ordinaries Accumulation Index: 8.9%

Dividends paid since inception (per share)

104.30c

Fully franked dividend yield

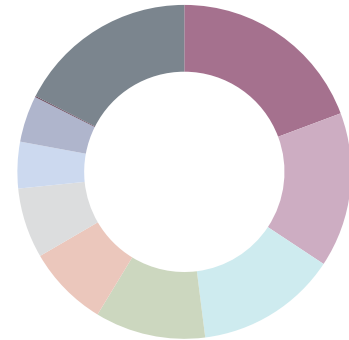
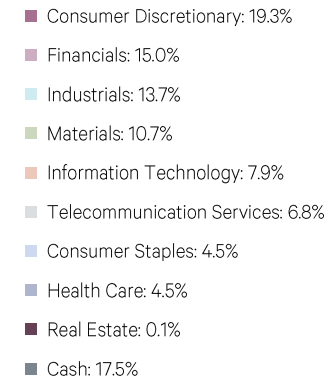
7.0%[#]

[#]Based on the 28 February 2020 share price of \$1.405 per share and the annualised FY20 fully franked interim dividend of 9.8 cents per share. WAM Research has 192,128,647 shares on issue. [^]Investment portfolio performance and index returns are before expenses, fees and taxes.

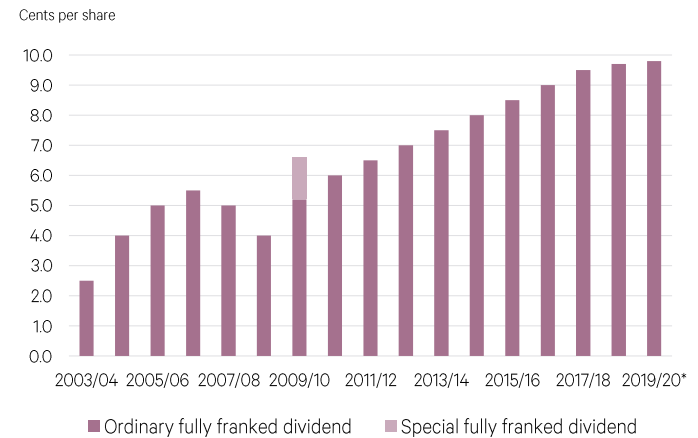
Top 20 holdings (in alphabetical order)

adairs	AFG	AUSTAL LIMITED	BRICKWORKS	Breville	BWX	Credit Corp Group	CODAN	CSR	INFOMEDIA
ADH	AFG	ASB	BKW	BRG	BWX	CCP	CDA	CSR	IFM
JOHNS LYNG GROUP	Kathmandu	MYER MY STORE	Perpetual	PSC INSURANCE GROUP	Sigma Healthcare	servicestream	SGH Industrial Services, Media Energy and Investments	TRG TELECOM	VOCUS GROUP
JLG	KMD	MYR	PPT	PSI	SIG	SSM	SVW	TPM	VOC

Portfolio by sector



History of fully franked dividends



*Annualised interim dividend