

# April 2022 Investment Update

|                                     | Pre-tax NTA<br>(cum-dividend) | Pre-tax<br>NTA |
|-------------------------------------|-------------------------------|----------------|
| W   A   M <i>Capital</i>            | -                             | \$1.76         |
| W   A   M <i>Leaders</i>            | \$1.57                        | \$1.53         |
| W   A   M <i>Global</i>             | -                             | \$2.29         |
| W   A   M <i>Microcap</i>           | \$1.56                        | \$1.51         |
| W   A   M <i>Alternative Assets</i> | \$1.27                        | \$1.25         |
| W   A   M <i>Strategic Value</i>    | \$1.23                        | \$1.22         |
| W   A   M <i>Research</i>           | \$1.12                        | \$1.07         |
| W   A   M <i>Active</i>             | -                             | \$0.91         |

Dear Fellow Shareholders,

Inflation and interest rate rises continued to play on investors' minds during April. Australian consumer prices surged, leading to the largest quarterly and annual increase in inflation since the introduction of the Goods and Services Tax (GST) in 2000, triggering the Reserve Bank of Australia to raise the cash rate by 25 basis point to 0.35% this month.

Globally, the MSCI World Index (AUD) closed down 3.1% for the month, the US S&P 500 Index fell 8.8%, the CSI 300 Index down 4.9%, the Euro Stoxx 50 Index fell 2.6% and Japan's TOPIX Index down 2.4%, while the UK FTSE 100 Index closed up 0.4% in local terms.

Australian equities fell during the month, with the S&P/ASX 200 Accumulation Index falling 0.9% and the S&P/ASX All Ordinaries Accumulation Index down 0.8%.

#### WAM Vault Live: register your attendance

The Wilson Asset Management team are looking forward to meeting you once again in-person for WAM Vault Live. Join us to hear a candid Q&A session providing an update on Wilson Asset Management's eight listed investment companies, the investment team's views on the market and how we make a difference for shareholders and the community. This will be followed by a Q&A session with Future Generation featuring a pro bono fund manager and a charity partner. Please register your attendance today:

- [Launceston, 16 May](#)
- [Hobart, 17 May](#)
- [Sunshine Coast, 18 May\\*](#)
- [Brisbane, 19 May](#)
- [Adelaide, 20 May](#)
- [Canberra, 23 May](#)
- [Sydney, 26 May](#)
- [Melbourne, 27 May](#)
- [Perth, 2 June](#)

\*The Sunshine Coast event is currently sold out. Please email [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au) or call (02) 9427 6755 if you would like to be placed on the waiting list. We will be live streaming and recording the Sydney event if you are unable to join us in person.

#### In the media

WAM Capital (ASX: WAM), WAM Microcap (ASX: WMI), WAM Research (ASX: WAX) and WAM Active (ASX: WAA) Lead Portfolio Manager Oscar Oberg discussed how the current macro environment is affecting equity markets on the [ASA podcast](#).

WAM Leaders (ASX: WLE) Equity Analyst Anna Milne delved into large-cap investing and the construction of a diversified investment portfolio on [The Alpha Females Invest](#) podcast.

#### Introducing 2Fold: Investing for Impact podcast

Future Generation launched a new podcast series during the month; 2Fold: Investing for Impact. Each month, Future Generation CEO Caroline Gurney will speak to leaders about their driving purposes in life. In the first episode, Caroline spoke with Natasha Stott Despoja AO. You can [listen](#) to the episode or [read](#) a transcript.

#### WAM Strategic Value (ASX: WAR) Q&A webinar

During the month I was joined by Investment Specialist Martyn McCathie to answer shareholder questions during our WAM Strategic Value Q&A webinar. You can listen to a recording of the webinar [here](#).

#### Wilson Asset Management named Official Partner of the Wollongong 2022: UCI Road World Championships

Wilson Asset Management has been named the Official Partner of the Wollongong 2022: UCI Road World Championships, an Olympic-scale celebration of cycling in New South Wales, where more than 1,000 top international cyclists from over 70 nations will compete for a gold medal. The relationship between Wollongong 2022 and Wilson Asset Management was founded on a mutual objective of supporting people and creating a legacy for the community. After being diagnosed with osteoarthritis, I became involved in cycling and discovered the community and competition that the sport offered and I view this partnership as an excellent way to give back. Wilson Asset Management looks forward to working with Wollongong 2022 to demonstrate the long-term value of investing in financial, physical and mental wellbeing through cycling and community engagement. You can read more about Wilson Asset Management's partnership with the UCI Road World Championships in the [Australian Financial Review](#).

#### Update: WAM Capital acquires Westoz Investment Company and Ozgrowth

In our March 2022 Investment Update, and in the email we sent to shareholders during the month, we noted that we were aware that arbitrageurs have been buying both Westoz Investment Company (ASX: WIC) and Ozgrowth (ASX: OZG) shares at a discount to the implied value under the respective Schemes of Arrangement (Schemes) with WAM Capital, with a view to selling the WAM Capital shares they receive once the transaction implementation occurred on 21 April 2022.

On 21 April 2022, the anticipated shareholder rotation commenced with \$28.5 million trading, or 13 million WAM Capital shares, which was 12 times the average daily volume of the prior month. Both short-term buying and selling opportunities have presented and I have been buying back WAM Capital shares to take advantage of the short-term volatility. The last time I purchased WAM Capital shares was during the amaysim Australia Limited share price volatility in February 2021. As we have seen before, once the short-term selling has passed we anticipate that the WAM Capital share price will stabilise.

Notwithstanding, the current short-term volatility in the WAM Capital share price, the benefits to WAM Capital shareholders of the Schemes are significant. On a pre-tax basis, the value as at 31 March 2022 of WAM Capital's share consideration for Westoz and Ozgrowth under the Schemes was approximately \$285.9 million, to acquire approximately \$322.7 million of underlying assets, representing a net gain and increase in WAM Capital's NTA of approximately \$36.8 million for WAM Capital shareholders during the month.

Thank you for your continued support and please stay safe.



Geoff Wilson AO  
Chairman



# LIC snapshot



## W | A | M *Capital*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAM

|   |         |
|---|---------|
| Share price*                              | \$2.00  |
| NTA before tax                            | \$1.76  |
| Annualised fully franked interim dividend | 15.5cps |
| Profits reserve#                          | 16.5cps |

## W | A | M *Leaders*

Actively investing in the highest quality Australian companies

ASX: WLE

|   |         |
|---|---------|
| Share price*                              | \$1.48  |
| NTA before tax                            | \$1.53  |
| Annualised fully franked interim dividend | 8.0cps  |
| Profits reserve#                          | 36.3cps |

## W | A | M *Global*

The world's most compelling undervalued growth companies

ASX: WGB

|   |         |
|---|---------|
| Share price*                              | \$2.06  |
| WGBO option price*                        | \$0.001 |
| NTA before tax                            | \$2.29  |
| Annualised fully franked interim dividend | 11.0cps |
| Profits reserve#                          | 39.0cps |

## W | A | M *Microcap*

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

ASX: WMI

|   |         |
|---|---------|
| Share price*                              | \$1.74  |
| NTA before tax                            | \$1.51  |
| Annualised fully franked interim dividend | 10.0cps |
| Profits reserve#                          | 46.8cps |

## W | A | M *Alternative Assets*

Unique opportunities beyond traditional assets

ASX: WMA

|   |                 |
|---|-----------------|
| Share price*                              | \$1.06          |
| NTA before tax                            | \$1.25          |
| Annualised fully franked interim dividend | 4.0cps          |
| Commencement date                         | 14 October 2020 |
| Profits reserve#                          | 16.8cps         |

## W | A | M *Strategic Value*

Discounted asset opportunities

ASX: WAR

|  |              |
|--|--------------|
| Share price*                             | \$1.095      |
| NTA before tax                           | \$1.22       |
| Inaugural fully franked interim dividend | 1.0cps       |
| Listing date                             | 28 June 2021 |
| Profits reserve#                         | 3.6cps       |

## W | A | M *Research*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAX

|   |         |
|---|---------|
| Share price*                              | \$1.49  |
| NTA before tax                            | \$1.07  |
| Annualised fully franked interim dividend | 10.0cps |
| Profits reserve#                          | 38.7cps |

## W | A | M *Active*

Mispricing opportunities in the Australian market

ASX: WAA

|   |         |
|---|---------|
| Share price*                              | \$0.99  |
| WAAOA option price*                       | \$0.006 |
| NTA before tax                            | \$0.91  |
| Annualised fully franked interim dividend | 6.0cps  |
| Profits reserve#                          | 7.8cps  |

\*As at 12 May 2022.

#The profits reserve figures are as at 30 April 2022 in cents per share (cps).

# W | A | M Research

The most compelling undervalued growth opportunities in the Australian market.

The WAM Research (ASX: WAX) investment portfolio decreased during the month, outperforming the S&P/ASX All Ordinaries Accumulation Index. Significant contributors to the investment portfolio outperformance included consumer and industrial products company GUD Holdings (ASX: GUD) and energy firm Viva Energy Group (ASX: VEA).

GUD Holdings owns a portfolio of companies in the automotive aftermarket and water products sectors with principal markets being Australia and New Zealand. During a trading update at an investor day during the month, GUD Holdings noted that its revenue had rebounded strongly in March as the disruptions caused by the Omicron variant throughout January 2022 abated. GUD Holdings highlighted the historically high levels of dealer sales backlogs, which are expected to support revenue growth over the short-term, while new vehicle sales are expected to return to pre-coronavirus levels in the medium-term. Although the company expects inflationary pressures in freight, supply and material costs will increase prices in the first half of FY2023, it reaffirmed its previous guidance of underlying FY2022 earnings before interest, taxes and amortisation (EBITA) in the range of \$155 million to \$160 million. Our outlook for GUD Holdings remains strong and we are confident the company will deliver on its FY2022 guidance.

Viva Energy Group is one of Australia's leading energy companies which supplies approximately a quarter of the country's liquid fuel requirements. It owns and operates the Geelong Refinery in Victoria, and operates bulk fuels, aviation, bitumen, marine, chemicals and lubricants businesses. In April, Viva Energy Group provided an operational update for the three months to 31 March 2022, outlining a 9% increase in total group volumes over the prior comparative period, driven by strong diesel sales. Aviation sales volumes also increased 3% on the same quarter last year and 16% on the quarter ended 31 December 2021, following improved domestic aviation demand from leisure travel. As oil demand recovers globally, we continue to see upside for Viva Energy Group and expect refining margins to grow and beat earnings expectations.

## Market capitalisation

(ASX: WAX)

\$320.8m<sup>#</sup>

## Gross assets

\$212.8m

## Listed equities

\$184.3m

## Investment portfolio performance

(pa since change in investment strategy July 2010)

15.1%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 9.4%

## Dividends paid since inception

(per share)

129.0c

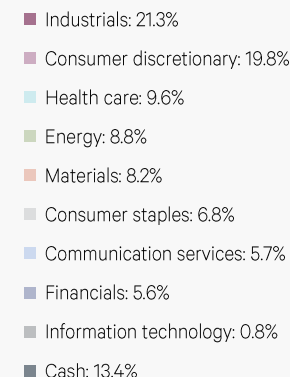
## Annualised fully franked interim dividend yield

6.2%<sup>#</sup>

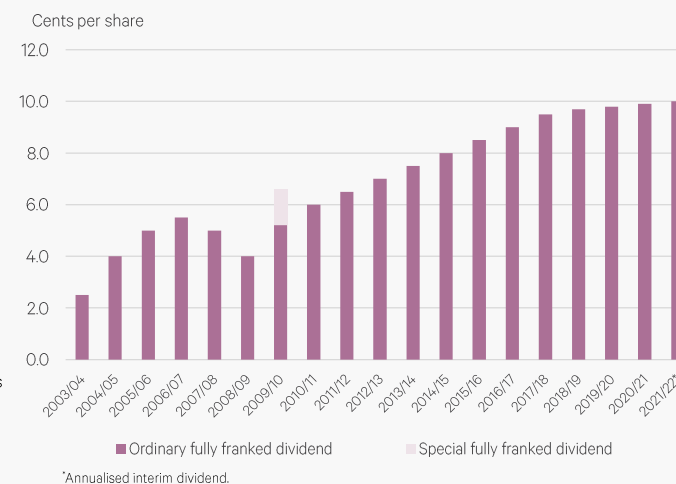
<sup>#</sup>Based on the 29 April 2022 share price of \$162 per share and the annualised FY22 fully franked interim dividend of 10.0 cents per share. WAM Research has 198,038,747 shares on issue. During the month, 1,110,895 shares were issued under the Dividend Reinvestment Plan for the interim dividend.

<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



## History of fully franked dividends



## Net Tangible Assets (NTA) per share

The below April NTA figures are **after** the fully franked interim dividend of 5.0 cents per share that was paid on 14 April 2022. The shares traded ex-dividend on 4 April 2022.

|            | NTA before tax (cum-dividend) | NTA before tax | NTA after tax and before tax on unrealised gains* | NTA after tax* |
|------------|-------------------------------|----------------|---|----------------|
| April 2022 | 112.14c                       | 107.14c        | 111.45c   | 110.19c        |
| March 2022 | 112.62c                       | 112.62c        | 116.93c   | 115.42c        |

\*Includes 5.64 cents per share of income tax losses available to the Company in future periods.

## Top 20 holdings (in alphabetical order)

|                                    |                |                           |                   |                |              |                                   |                       |                                      |                                       |
|------------------------------------|----------------|---------------------------|-------------------|----------------|--------------|-----------------------------------|-----------------------|--------------------------------------|---------------------------------------|
| AUSTRALIAN Clinicallabs            | ARDENT Leasing | BRICKWORKS Limited        | Credit Corp Group | enero          | Estia Health | EVENT Hospitality & Entertainment | GUD                   | IMDEX REAL-TIME SUBSURFACE SOLUTIONS | iph                                   |
| ACL                                | ALG            | BKW                       | CCP               | EGG            | EHE          | EVT                               | GUD                   | IMD                                  | IPH                                   |
| KELSIAN Connecting People & Places | Lovisa         | MGH MAKE IT YOUR BUSINESS | RIDLEY            | SG Fleet Group | thl          | TREASURY WINE ESTATES             | VIVA Energy Australia | VULCAN                               | Worley energy   chemicals   resources |
| KLS                                | LOV            | MGH                       | RIC               | SGF            | THL NZ       | TWE                               | VEA                   | VSL                                  | WOR                                   |

# W | A | M Capital

The most compelling undervalued growth opportunities in the Australian market.

The WAM Capital (ASX: WAM) investment portfolio decreased during the month. Automotive and consumer products company GUD Holdings (ASX: GUD) was a contributor to the investment portfolio performance, while debt buyer and collector Credit Corp Group (ASX: CCP) was a detractor. The WAM Capital NTA per share increased in April as a result of the NTA accretion from the acquisition of Westoz Investment Company (ASX: WIC) and Ozgrowth (ASX: OZG).

GUD Holdings owns a portfolio of companies in the automotive aftermarket and water products sectors with principal markets being Australia and New Zealand. During a trading update at an investor day during the month, GUD Holdings noted that its revenue had rebounded strongly in March as the disruptions caused by the Omicron variant throughout January 2022 abated. GUD Holdings highlighted the historically high levels of dealer sales backlogs, which are expected to support revenue growth over the short-term, while new vehicle sales are expected to return to pre-coronavirus levels in the medium-term. Although the company expects inflationary pressures in freight, supply and material costs will increase prices in the first half of FY2023, it reaffirmed its previous guidance of underlying FY2022 earnings before interest, taxes and amortisation (EBITA) in the range of \$155 million to \$160 million. Our outlook for GUD Holdings remains strong and we are confident the company will deliver on its FY2022 guidance.

Credit Corp Group is Australia's largest provider of sustainable financial services in the credit impaired consumer segment. During the month, Credit Corp Group's share price fell on the news that the recovery in credit card spending among Australians is taking longer than expected since the decline experienced during the coronavirus-induced lockdowns. This has consequently delayed the cyclical recovery in purchased debt ledger (PDL) volumes, a core driver of earnings growth for Credit Corp Group. Nevertheless, a resumption of typical spending patterns in the US has underpinned our confidence that credit card spending will return in the Australian market. The company continues to leverage the strength of its balance sheet to tactfully acquire a number of assets, thereby preserving earnings momentum within the business. In April, Credit Corp Group confirmed that it completed the acquisition of the New Zealand ledger book of Collection House, following the company's acquisition of Collection House's Australian ledgers in December 2020. We remain positive on the outlook for the company, with a number of medium-term growth drivers in its US PDL and global lending businesses.

## Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked interim dividend of 7.75 cents per share due to be paid on 17 June 2022. The shares will trade ex-dividend on 6 June 2022.

|            | NTA before tax | NTA after tax and before tax on unrealised gains* | NTA after tax* |
|------------|----------------|---|----------------|
| April 2022 | 176.45c        | 184.89c   | 184.05c        |
| March 2022 | 173.26c        | 182.64c   | 181.38c        |

\*Includes 0.98 cents per share of tax assets resulting from the acquisition of unlisted investment companies and 5.74 cents per share of income tax losses available to the Company in future periods.

## Market capitalisation (ASX: WAM)

\$2,283.6m<sup>#</sup>

## Gross assets

\$1,915.0m

## Listed equities

\$1,670.3m

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

15.7%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 8.6%

## Dividends paid since inception (per share)

269.5c

## Annualised fully franked interim dividend yield

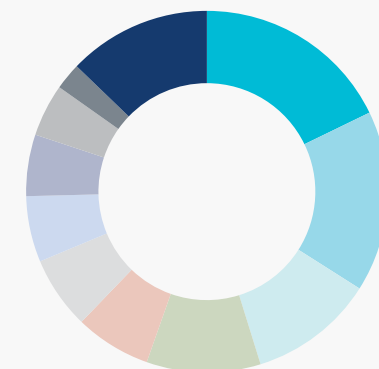
7.3%<sup>#</sup>

<sup>#</sup>Based on the 29 April 2022 share price of \$2.11 per share and the annualised FY22 fully franked interim dividend of 15.5 cents per share. WAM Capital has 1,082,260,704 shares on issue. During the month, 153,740,126 shares were issued under the Westoz and Ozgrowth Schemes of Arrangement.

<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.

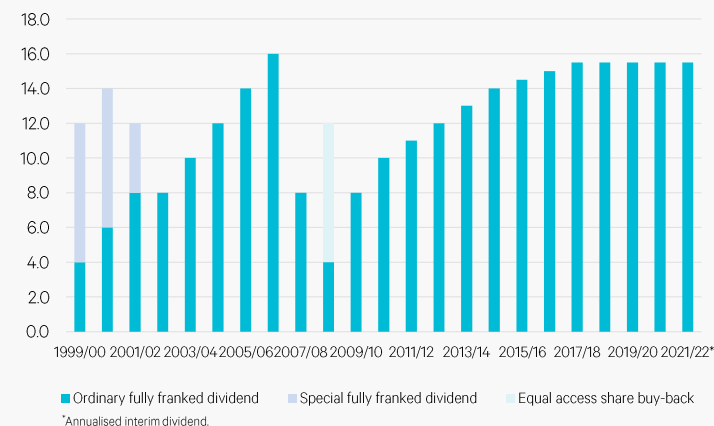
## Diversified investment portfolio by sector

- Consumer discretionary: 17.8%
- Industrials: 16.2%
- Materials: 11.2%
- Communication services: 10.2%
- Consumer staples: 6.8%
- Financials: 6.5%
- Energy: 5.9%
- Health care: 5.5%
- Information technology: 4.7%
- Real estate: 2.4%
- Cash: 12.8%



## History of fully franked dividends

Cents per share



## Top 20 holdings (in alphabetical order)

|                                    |                |     |      |                    |                 |                 |                                   |             |        |
|------------------------------------|----------------|-----|------|--------------------|-----------------|-----------------|-----------------------------------|-------------|--------|
| AUSTRALIAN Clinicallabs            | ARDENT LEISURE | ALS | AMP  | BRICKWORKS LIMITED | Breville   Sage | ctm             | EVENT HOSPITALITY & ENTERTAINMENT | GUD         | iph    |
| ACL                                | ALG            | ALQ | AMP  | BKW                | BRG             | CTD             | EVT                               | GUD         | IPH    |
| KELSIAN CONNECTING PEOPLE & PLACES | Lovisa         | MGH | Nine | oh! unmissable     | ORECORP         | SELECT HARVESTS | tpg TELECOM                       | VIVA Energy | Worley |
| KLS                                | LOV            | MGH | NEC  | OML                | ORR             | SHV             | TPG                               | VEA         | WOR    |



# W | A | M Leaders

Actively investing in the highest quality Australian companies.

The WAM Leaders (ASX: WLE) investment portfolio increased during the month, outperforming the S&P/ASX 200 Accumulation Index. Significant contributors to the investment portfolio outperformance included Qantas Airways (ASX: QAN) and Brambles (ASX: BXB).

Qantas Airways reported a strong third quarter update, with domestic travel rebounding to pre-coronavirus levels ahead of expectations and strong demand for international travel as more markets and routes continue to re-open. This further instils our confidence in Qantas Airways' earnings growth profile and medium-term profitability targets. Qantas Airways also announced the approval of Project Sunrise, whereby from late 2025 Qantas will operate the longest flights in the world, flying direct from Sydney and Melbourne to London and New York. In relation to this, Qantas Airways announced a major aircraft order to be fulfilled over the coming decade, funded through debt and free cash flow.

At its recent third quarter update, Brambles upgraded its FY2022 earnings guidance for the second time in two months. The company noted price increases reflecting more appropriate cost-to-serve dynamics and inflation surcharges, as well as pallet availability remaining tight across all key markets. Over the coming months, the key share price driver will be the decision whether or not to move ahead with its plastic pallets project with Costco, and further clarity around the return profile this investment may offer. We continue to like Brambles due to its underestimated defensive qualities, strong pricing power and return potential as a non-consensus market view.

## Market capitalisation (ASX: WLE)

\$1,613.1m\*

## Gross assets

\$1,626.8m

## Listed equities

\$1,573.8m

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

16.1%<sup>^</sup>

S&P/ASX 200 Accumulation Index: 9.8%

## Dividends paid since inception (per share)

31.15c

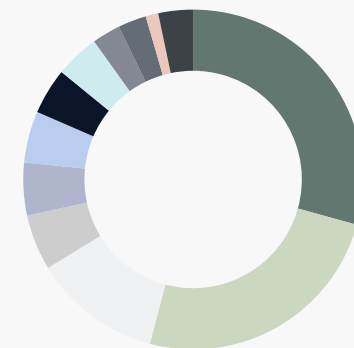
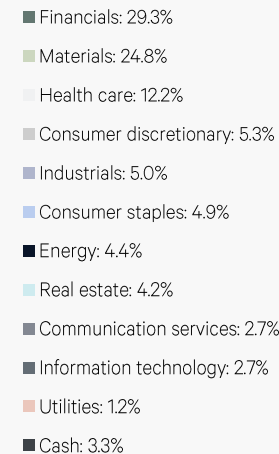
## Annualised fully franked interim dividend yield

5.1%\*

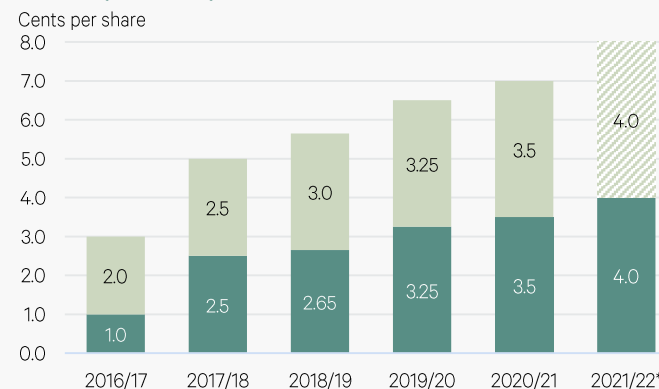
<sup>^</sup>Based on the 29 April 2022 share price of \$156 per share and the annualised FY22 fully franked interim dividend of 8.0 cents per share. WAM Leaders has 1,034,044,884 shares on issue. During the month, 2,114,005 shares were issued under the Dividend Reinvestment Plan for the interim dividend.

<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



## History of fully franked dividends



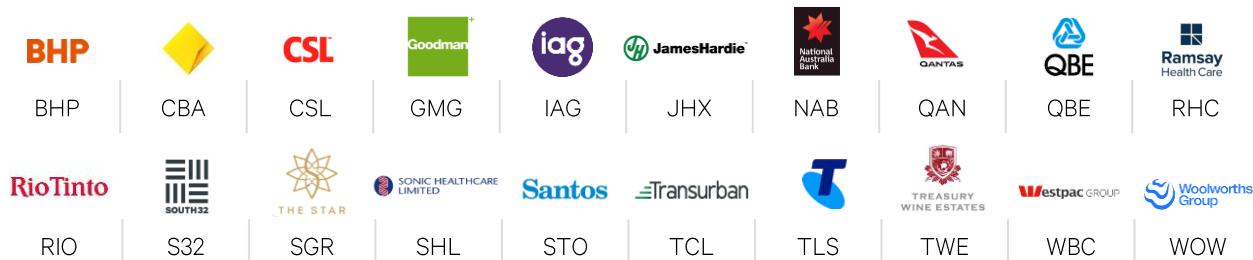
<sup>\*</sup>Annualised interim dividend. ■ Interim ■ Final

## Net Tangible Assets (NTA) per share

The below April NTA figures are **after** the fully franked interim dividend of 4.0 cents per share that was paid on 29 April 2022. The shares traded ex-dividend on 13 April 2022.

|            | NTA before tax (cum-dividend) | NTA before tax | NTA after tax and before tax on unrealised gains | NTA after tax |
|------------|-------------------------------|----------------|--|---------------|
| April 2022 | 157.24c                       | 153.24c        | 148.92c  | 146.18c       |
| March 2022 | 156.30c                       | 156.30c        | 152.75c  | 149.50c       |

## Top 20 holdings (in alphabetical order)



# W | A | M Global

The world's most compelling undervalued growth companies.

The WAM Global (ASX: WGB) investment portfolio decreased during the month. Global insurance brokerage and risk management firm Arthur J. Gallagher (Gallagher) (NYSE: AJG) was a contributor to the investment portfolio performance, while adidas (ETR: ADS) was a detractor.

Gallagher focuses on middle market clients and has strong market positions in the US, Canada, the UK, Australia and New Zealand. By leveraging scale with a large customer base across these countries, Gallagher's insurance brokerage segment negotiates a better price and more tailored insurance for its clients, while offering a source of demand to the insurance carriers, creating a win-win industry structure. These natural network effects result in attractive operating margins and returns on capital, creating a long-term investment opportunity. More recently, Gallagher has benefitted from an increasing insurance pricing market, a recovery in economic activity as economies emerge from coronavirus restrictions, and the successful acquisition and integration of Willis Towers Watson's reinsurance operation. These tailwinds were evidenced in Gallagher's recent first quarter earnings result, which exceeded market expectations and delivered 10% organic growth and a 17% increase in adjusted earnings per share (EPS) on the prior comparative quarter. Gallagher's CEO Patrick Gallagher, was positive on the outlook for the company and its ability to perform well through an inflationary environment and the company remains a key holding in the WAM Global investment portfolio.

adidas is the second largest sportswear manufacturer globally. The company was a detractor to portfolio performance in the month of April due to concerns with China's zero tolerance policy on coronavirus which impacted retail sales in the region. China represents around 22% of adidas' revenues and we expect retail sales to be temporarily impacted by the on-going lockdowns in the country. We believe this is a short-term issue and when China inevitably emerges from the lockdowns, we expect consumer spending to resume, supported by government stimulus measures. We are positive on adidas as the company is a high quality business and pricing and demand for its products (temporarily excluding China) continues to be strong. The company showcased a strong pipeline of new products at its innovation day in March this year which will improve brand momentum. adidas has an attractive business model that continues to shift a higher proportion of revenue towards its direct-to-consumer model, resulting in better operating margins and earnings power.

## Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked interim dividend of 5.5 cents per share due to be paid on 27 May 2022. The shares will trade ex-dividend on 16 May 2022.

|            | NTA before tax | NTA after tax and before tax on unrealised gains | NTA after tax |
|------------|----------------|--|---------------|
| April 2022 | 229.28c        | 232.57c  | 234.96c       |
| March 2022 | 237.59c        | 239.47c  | 240.77c       |

The above April NTA figures are not adjusted for the 278,453,160 options on issue with an exercise price of \$2.54 per option.

## Market capitalisation (ASX: WGB)

\$756.1m\*

## Gross assets

\$804.8m

## Listed equities

\$745.2m

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

6.9%<sup>^</sup>

MSCI World Index (AUD): 10.2%

## Annualised fully franked interim dividend

11.0c

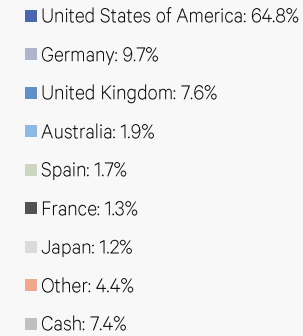
## Cash weighting

7.4%

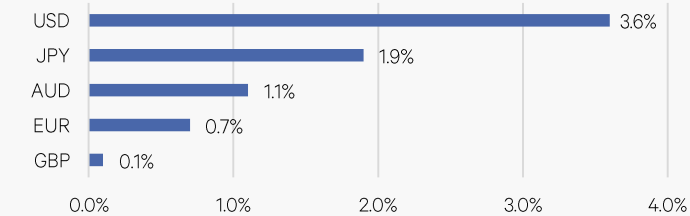
\*Based on the 29 April 2022 share price of \$2.16 per share and 350,060,913 shares on issue. During the month, 113 options were exercised and allotted under the Bonus Issue of Options. The options are trading under the ASX code WGB0 with an exercise price of \$2.54 per option and expire on 12 September 2022.

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

## Portfolio by geographical exposure

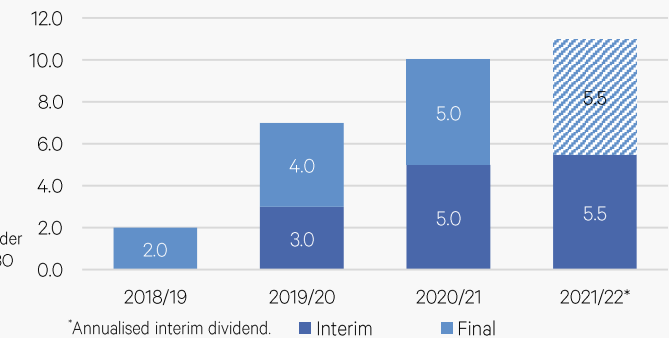


## Cash currency exposure



## History of fully franked dividends

Cents per share



## Top 20 holdings (in alphabetical order)



# W | A | M *Microcap*

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

The WAM Microcap (ASX: WMI) investment portfolio decreased during the month. Life insurance and investment bond company Generation Development Group (ASX: GDG) was a contributor to the investment portfolio performance, while discount variety retailer The Reject Shop (ASX: TRS) was a detractor.

Generation Development Group operates as a registered Pooled Development Fund (PDF) specialising in providing development capital to financial sector businesses. During April, the company posted a stronger-than-expected March 2022 quarter update, reporting a 33% increase in inflows into investment bonds, making its FY2022 year-to-date result the highest annual recorded sales result since the inception of the business. Generation Development Group also announced a 36% increase in total funds under management on the previous corresponding period supported by significant investment bond sale inflows. We believe the company's suite of new and existing products are continuing to gain market share amongst the adviser community, as evidenced by their 54% market share of quarterly inflows into investment bonds for the December 2021 quarter. This also underpins our view that the company has a long runway of growth and we remain positive on the outlook for Generation Development Group.

Established in 1981, The Reject Shop offers a range of consumer goods and merchandise at low prices. It focuses on everyday needs including homewares, kitchenware, hardware, pet care, household cleaning products, toiletries and cosmetics. In April, the company announced the resignation of its CEO Andre Reich after two years in the role, which saw the share price dropping approximately 24% on the day of the announcement. Despite the market reaction, we believe The Reject Shop will sustain the momentum Andre Reich brought to the business and maintain profitability with a lower cost base, a strong balance sheet and store network expansion. The company continues to trade in line with its earnings guidance laid out in the first half of FY2022, and we remain positive on the company's next phase of growth.

## Market capitalisation (ASX: WMI)

\$384.8m<sup>#</sup>

## Gross assets

\$317.9m

## Listed equities

\$280.9m

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

19.9%<sup>^</sup>

S&P/ASX Small Ordinaries Accumulation Index: 9.8%

## Dividends paid since inception (per share)

38.75c

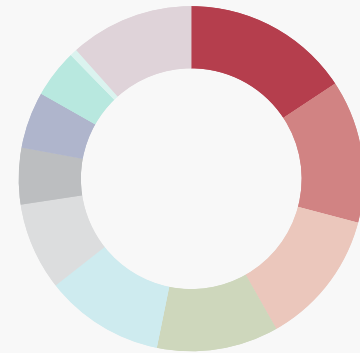
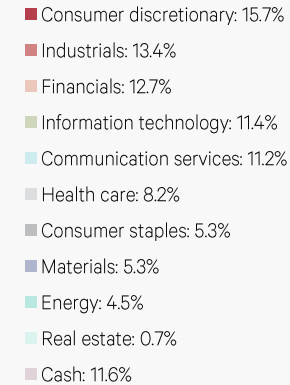
## Annualised fully franked interim dividend

10.0c

<sup>#</sup>Based on the 29 April 2022 share price of \$1.84 per share. WAM Microcap has 209,140,522 shares on issue. During the month, 852,178 shares were issued under the Dividend Reinvestment Plan for the interim dividend.

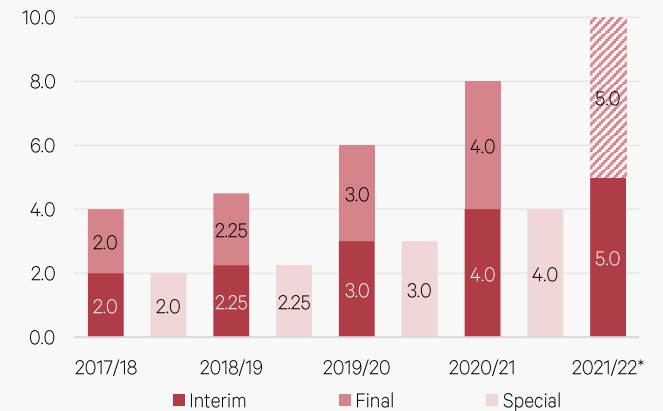
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

Cents per share



\*Annualised interim dividend.

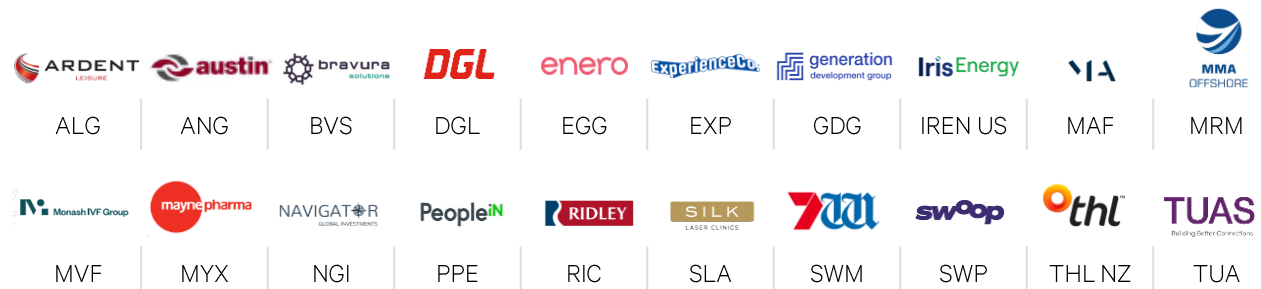
## Net Tangible Assets (NTA) per share

The below April NTA figures are **after** the fully franked interim dividend of 5.0 cents per share that was paid on 14 April 2022. The shares traded ex-dividend on 4 April 2022.

|            | NTA before tax (cum-dividend) | NTA before tax       | NTA after tax and before tax on unrealised gains | NTA after tax |
|------------|-------------------------------|----------------------|--|---------------|
| April 2022 | 156.11c <sup>^</sup>          | 151.11c <sup>^</sup> | 148.61c  | 146.79c       |
| March 2022 | 163.89c                       | 163.89c              | 159.94c  | 156.47c       |

<sup>^</sup>The NTA before tax is after the payment of \$2.0m (0.96 cents per share) in tax during the month.

## Top 20 holdings (in alphabetical order)



# W | A | M *Alternative Assets*

*Unique opportunities beyond traditional assets*

The WAM Alternative Assets (ASX: WMA) investment portfolio increased during the month, driven by the performance of its private equity investments.

In May, WAM Alternative Assets made a new capital commitment of \$10 million to invest in Allegro Fund's private equity strategy focused on special situations, turnaround and transformation deals in Australia and New Zealand, Allegro Fund IV. The strategy targets a diverse range of sectors such as manufacturing, retail, wholesale trade, accommodation and food services, transport and warehousing, IT services, health and education. The commitment will be split equally between the Allegro Fund IV and its sidecar vehicle, which would include a more concentrated exposure to co-investments into larger investments.

Allegro is a well-established fund management business with a strong reputation in the market. Allegro has been operating since 2004 and has built a sizeable team of experienced investment professionals with the core skill set needed to successfully execute on their investment strategy. The Allegro investment approach will generally target opportunities in the form of corporate carve-outs, restructuring, companies experiencing regulatory challenges, major corporate transitions and equity recapitalisations. We believe this strategy is well positioned to deliver attractive risk-adjusted returns in the current macro environment, irrespective of rising interest rates and inflationary pressures as well as structural changes in a number of sectors.

Market capitalisation (ASX: WMA)

\$216.9m\*

Share price

\$1.115

Gross assets

\$243.2m

Annualised fully franked interim dividend

4.0c

\*Based on 194,507,975 shares on issue. During the month, 340,968 shares were issued under the Dividend Reinvestment Plan for the interim dividend.

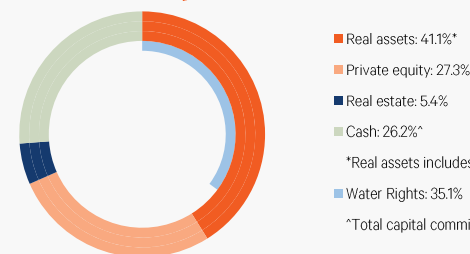
## About WAM Alternative Assets

WAM Alternative Assets provides retail investors with exposure to a portfolio of real assets, private equity, real estate and aims to expand into new asset classes such as private debt and infrastructure. The Company's investment objectives are to consistently deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits.

## Date of transition from BAF to WMA

14 October 2020

## Asset class exposure



| Portfolio structure      | Current value |              | +/- Prior month |              |
|--------------------------|---------------|--------------|-----------------|--------------|
|                          | \$m           | %            | \$m             | %            |
| Real assets              | 99.9          | 41.1         | 0.4             | 0.4          |
| Private equity           | 66.4          | 27.3         | 2.1             | 3.3          |
| Real estate <sup>†</sup> | 13.1          | 5.4          | (0.8)           | (5.8)        |
| Cash <sup>†</sup>        | 63.8          | 26.2         | (3.0)           | (4.5)        |
| <b>Grand total</b>       | <b>243.2</b>  | <b>100.0</b> | <b>(1.3)</b>    | <b>(0.5)</b> |

<sup>†</sup>Includes capital commitments to the Palisade Diversified Infrastructure Fund (\$20.0m); the Barwon Institutional Healthcare Property Fund (\$15.0m); the CEN (I&L) Partnership Fund (\$8.0m); the Adamantem Fund 2 (\$6.1m) and the Strategic Australian Agriculture Fund (\$1.3m). During the month, \$0.2m of committed capital to Adamantem Fund 2 was invested.

<sup>†</sup>During the month, \$0.4m of the exit proceeds were received from our investment in the Cove Property Group 441 Ninth Avenue Trust.

## Real assets

A diversified portfolio combining agricultural assets and investments in perpetual water entitlements which can be sold or leased to irrigators to generate income.

## Private equity

A diversified portfolio of unlisted companies with long-term and accelerated growth potential.

## Real estate

A portfolio of domestic and international industrial and office assets.

## Net Tangible Assets (NTA) per share

The below April NTA figures are **after** the fully franked interim dividend of 2.0 cents per share that was paid on 14 April 2022. The shares traded ex-dividend on 4 April 2022.

|            | NTA before tax (cum dividend) | NTA before tax | NTA after tax and before tax on unrealised gains | NTA after tax |
|------------|-------------------------------|----------------|--|---------------|
| April 2022 | 127.10c                       | 125.10c        | 123.69c  | 120.04c       |
| March 2022 | 126.06c                       | 126.06c        | 124.74c  | 121.25c       |

## Top holdings

### Real assets



### Water Fund

Pioneer and leading non-irrigator water investor in Australia

### Strategic Australian Agriculture Fund

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

### Private equity



A manufacturer of premium condiments, desserts and beverages



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



Shopper is the fastest offline media business in Australia

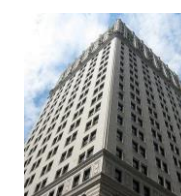


A leading developer of utility-scale battery energy storage projects in the US



Owns and operates a portfolio of hotel assets in Australia

### Real estate



2 Rector Street, Manhattan, New York

Revesby Industrial Income Fund, New South Wales

## New Investment Partners

**ADAMANTEM CAPITAL** Mid-market private equity fund manager

**PALISADE** Specialist infrastructure fund manager

**BARWON** Boutique real estate fund manager

**CENTENNIAL PROPERTY GROUP** Independent Australian property investment manager



# W | A | M Strategic Value

Discounted asset opportunities.

The WAM Strategic Value (ASX: WAR) investment portfolio decreased during the month as domestic and global markets declined, impacted by the ongoing conflict in Eastern Europe, as well as rising inflation and interest rate hikes. Westoz Investment Company (ASX: WIC) and Ozgrowth (ASX: OZG) were contributors to the investment portfolio performance, while Pengana International Equities (ASX: PIA) was a detractor.

The finalisation of the respective Scheme of Arrangement (Schemes) between WAM Capital (ASX: WAM), Westoz and Ozgrowth continued to contribute positively to the WAM Strategic Value investment portfolio during the month. WAM Strategic Value received shares in WAM Capital under the Schemes with Westoz and Ozgrowth. Once the transaction implementation occurred on 21 April 2022, in line with the investment strategy for WAM Strategic Value, the company exited its investment in WAM Capital. The exit resulted in a net return of 34.7% on the respective investments for WAM Strategic Value investors as our strategy of investing in undervalued assets and realising the intrinsic value was executed.

Pengana International Equities is a listed investment company providing shareholders with an actively managed portfolio of global companies. Pengana International Equities was a detractor to the WAM Strategic Value portfolio during the month. In its March monthly investor update, Pengana International Equities communicated its underperformance to the market due to the challenging environment experienced for quality growth companies. The performance experienced by its shareholders was disappointing as the share price decreased greater than the fall in the net tangible asset (NTA).

Market capitalisation (ASX: WAR)

\$206.2m\*

Gross assets

\$218.8m^

Inaugural fully franked interim dividend

1.0cps

Pre-tax net tangible assets

\$1.22

\*Based on the 29 April 2022 share price of \$1.145 per share and 180,125,761 shares on issue. During the month, 125,760 shares were issued under the Dividend Reinvestment Plan for the interim dividend.  
^Gross assets exclude the \$1.55m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

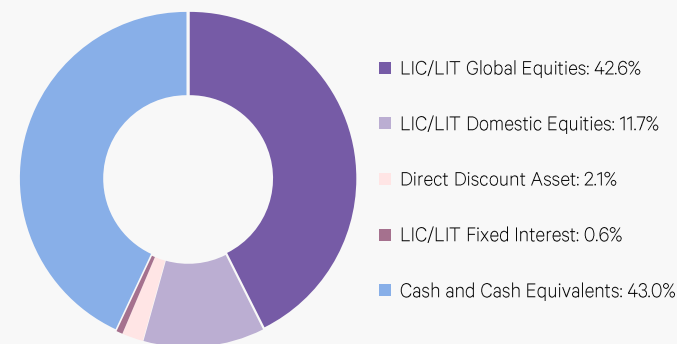
## About WAM Strategic Value

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.

## Date of listing on the ASX

28 June 2021

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



April 2022 look-through pre-tax NTA

\$1.31

## 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. 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.

## Net Tangible Assets (NTA) per share

The below April NTA figures are **after** the inaugural fully franked interim dividend of 1.0 cents per share that was paid on 14 April 2022. The shares traded ex-dividend on 4 April 2022.

|            | NTA before tax (cum dividend) | NTA before tax | NTA after tax and before tax on unrealised gains | NTA after tax |
|------------|-------------------------------|----------------|--|---------------|
| April 2022 | 123.06c                       | 122.06c        | 121.22c  | 123.36c       |
| March 2022 | 126.13c                       | 126.13c        | 126.17c  | 126.49c       |

## Top holdings (in alphabetical order)

|                            |  |                                 |                                 |  |  |                                       |                        |
|----------------------------|--|---------------------------------|---------------------------------|--|--|---------------------------------------|------------------------|
| <b>Carlton INVESTMENTS</b> | <b>ELLERSTON ASIAN INVESTMENTS LIMITED</b> | <b>GLOBAL DATA CENTRE GROUP</b> |                                 | <b>MFF CAPITAL INVESTMENTS LIMITED</b> | <b>MAGELLAN ASSET MANAGEMENT LIMITED</b> | <b>N A O S ASSET MANAGEMENT</b>       | <b>PENGANA CAPITAL</b> |
| CIN                        | EAI  | GDC                             | LSF                             | MFF                                    | MGF                                      | NSC                                   | PE1                    |
| <b>PENGANA CAPITAL</b>     | <b>QUALITAS</b>                            | <b>QV Equities Ltd.</b>         | <b>spheria ASSET MANAGEMENT</b> |  | <b>VGI PARTNERS Global Investments</b>   | <b>VGI PARTNERS Asian Investments</b> |                        |
| PIA                        | QRI  | QVE                             | SEC                             | TEK                                    | VG1                                      | VG8                                   | WGB*                   |

\*WAM Strategic Value received WAM Global shares and options as scrip consideration for TGG shares held.

# W | A | M *Active*

Market mispricing opportunities in the Australian market.

The WAM Active (ASX: WAA) investment portfolio decreased during the month. Wealth management company AMP (ASX: AMP) was a contributor to the investment portfolio performance, while electrical kitchen appliances company Breville Group (ASX: BRG) was a detractor.

AMP is a retail wealth management and banking business operating in Australia and New Zealand with more than 4,100 employees servicing approximately 1.5 million customers. In April, AMP announced it had agreed to sell its funds management arm, Collimate Capital's real estate and domestic infrastructure equity business, to Dexus Funds Management and its international infrastructure equity business to DigitalBridge Investment Holdco. The transactions value Collimate Capital's business at up to \$2 billion, significantly strengthening AMP's capital position, with plans to use the proceeds to pay down its corporate debt and return capital to shareholders. We believe the sales will allow AMP to focus on driving its core banking and retail wealth businesses, further increasing its competitiveness. In early May, AMP announced that its banking arm's total loan book increased \$500 million during the first quarter of the 2022 calendar year, showing positive signs of growth. As AMP works towards completing the transactions, we anticipate its core business will continue to perform well and unlock future growth.

Founded in 1932, Breville Group is a leading small electrical appliances provider in the consumer products industry. In April, the company saw its share price drop, in line with the broader market exposed to consumer spending, as risks of a pending recession intensified with inflation data worsening, pointing to a weaker consumer environment. Our outlook for Breville Group remains positive, underpinned by its ability to continue expanding its addressable end market and its long-term expansion goals into new geographies. At the Macquarie Investor Conference in early May, Breville Group reiterated its FY2022 earnings guidance is on track to meet market expectations, with earnings before interest and taxes (EBIT) of approximately \$156 million for FY2022. We continue to believe the company operates a high quality business and remain optimistic in the opportunities it will unlock through its global roll-out strategy.

## Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked interim dividend of 3.0 cents per share due to be paid on 27 May 2022. The shares will trade ex-dividend on 16 May 2022.

|            | NTA before tax | NTA after tax and before tax on unrealised gains* | NTA after tax* |
|------------|----------------|---|----------------|
| April 2022 | 91.28c         | 96.60c  | 96.60c         |
| March 2022 | 91.48c         | 96.72c  | 96.72c         |

\*Includes 2.63 cents per share of income tax losses available to the Company in future periods. The above April NTA figures are not adjusted for the 67,085,942 options on issue with an exercise price of \$1.10 per option.

## Market capitalisation (ASX: WAA)

\$78.2m<sup>#</sup>

## Gross assets

\$67.6m

## Listed equities

\$58.2m

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

10.9%<sup>^</sup>

Bloomberg AusBond Bank Bill Index (Cash): 2.8%

## Dividends paid since inception (per share)

80.7c

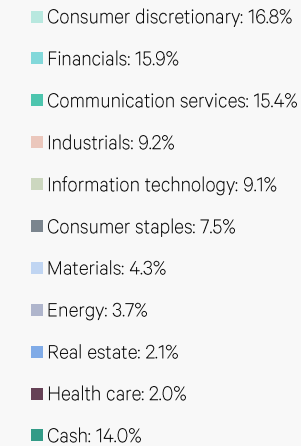
## Annualised fully franked interim dividend yield

5.7%<sup>#</sup>

<sup>#</sup>Based on the 29 April 2022 share price of \$1.06 per share and the annualised FY22 fully franked interim dividend of 6.0 cents per share. WAM Active has 73,796,641 shares on issue.

<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



## History of fully franked dividends



\*Annualised interim dividend.

## Top 20 holdings (in alphabetical order)

