

# Investment update

As at 31 May 2018



wilsonassetmanagement.com.au  
ABN 34 086 587 395

## Snapshot

Pre-tax net tangible assets

**\$2.00**

Fully franked  
dividend yield

**6.6%**

Gross assets

**\$1,341.4m**

Performance  
(p.a. since August 1999)

**17.5%**

## WAM Capital Limited

ASX code	WAM
Date of listing	Aug 1999
Gross assets	\$1,341.4m
Market cap	\$1,577.3m
Share price	\$2.36
NTA before tax	\$2.00
Shares on issue	668,363,006
Annualised fully franked interim dividend (FY2018)	15.5c
Fully franked dividend yield	6.6%

## Investment objectives

- Deliver shareholders a rising stream of fully franked dividends
- Provide capital growth
- Preserve capital

## Wilson Asset Management investment & management team

Geoff Wilson AO	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Catriona Burns	Portfolio Manager
Martin Hickson	Portfolio Manager
Oscar Oberg	Portfolio Manager
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Cooper Rogers	Assistant Dealer

## Company overview

WAM Capital Limited (ASX: WAM) is a listed investment company managed by Wilson Asset Management. Listed in August 1999, WAM Capital provides investors with exposure to an actively managed diversified portfolio of undervalued growth companies, which are generally small-to-medium sized industrial companies listed on the Australian Securities Exchange. WAM Capital also provides exposure to relative value arbitrage and market mispricing opportunities.

## Defending the current dividend imputation system

The Federal Opposition has proposed changes to the current dividend imputation system that would impact self-funded retirees, older workers and low income earners. Wilson Asset Management firmly opposes these changes and is calling on the Commonwealth Government and Federal Opposition to maintain the status quo. It is vital to encourage your family and friends to sign our petition to maintain the momentum. Sign the petition [here](#). We are currently consulting with shareholders and industry participants and we will submit the petition and policy paper that will explain the importance of maintaining the current dividend imputation system.

## Market overview

The S&P/ASX All Ordinaries Accumulation Index closed up 1.4% in May, with strong quarterly results in the United States translating to increased investor appetite for equities domestically. During the month the federal budget was handed down by Treasurer Scott Morrison, focusing on minor adjustments rather than sweeping reforms.

Globally, US President Donald Trump announced that the US would be withdrawing from the Iran nuclear deal, potentially impacting global oil supply and pushing oil prices to near four-year highs. These highs were short lived with oil prices falling 9.9% as Saudi Arabia and Russia discussed easing production cuts to make up for potential losses from other members, most notably Venezuela and Iran. European political risks resurfaced at the end of May, with the threat of Italy's withdrawal from the eurozone and a no-confidence vote for the Spanish Prime Minister weighing on equity markets.

## Net tangible asset (NTA) figures

NTA before tax	199.54c*
NTA after tax and before tax on unrealised gains	198.57c**
NTA after tax	195.57c**

\*The NTA before tax figure is after the payment of \$202k (0.03 cents per share) in tax during the month.

\*\*This includes 0.32 cents per share of tax assets resulting from the acquisition of an unlisted investment company in April 2017.

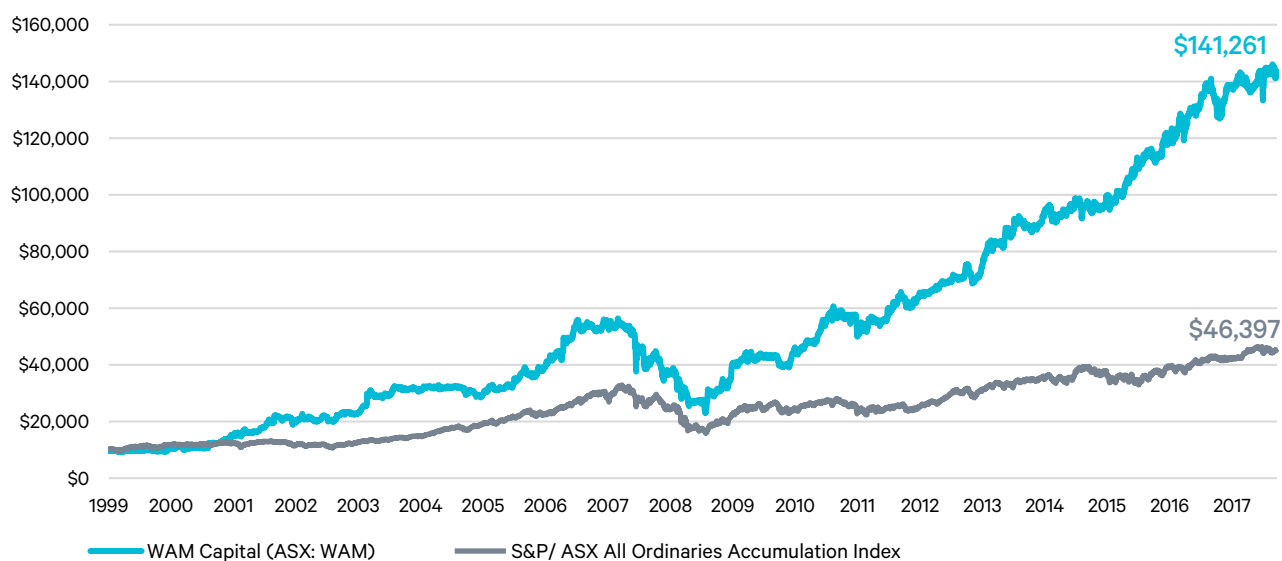
## Performance

Performance at	1	6	Fin	1	3 yrs	5 yrs	10 yrs	Since
31 May 2018	mth	mths	YTD	yr	%pa	%pa	%pa	%pa (Aug-99)
WAM Investment Portfolio*	1.7%	4.4%	13.4%	15.5%	14.9%	15.9%	13.9%	17.5%
S&P/ASX All Ordinaries Accumulation Index	1.4%	3.1%	10.5%	10.8%	6.4%	9.1%	5.1%	8.3%
<b>Outperformance</b>	<b>+0.3%</b>	<b>+1.3%</b>	<b>+2.9%</b>	<b>+4.7%</b>	<b>+8.5%</b>	<b>+6.8%</b>	<b>+8.8%</b>	<b>+9.2%</b>

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

## Growth of \$10,000 investment since inception

### WAM Capital versus the Index



#### Notes:

1. The above graph reflects the period from inception in August 1999 to 31 May 2018.
2. WAM Capital's performance is calculated using the closing daily share price in Australian dollars and assumes all dividends are reinvested.
3. The S&P/ASX All Ordinaries Accumulation Index has been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the WAM Capital portfolio.

## Diversified portfolio

Investment type	April 2018		May 2018	
	\$m	%	\$m	%
Listed equities	886.7	67.1	845.9	63.1
Short portfolio	(3.3)	(0.2)	(20.9)	(1.6)
Fixed interest & cash	437.9	33.1	516.4	38.5
<b>Gross assets</b>	<b>1,321.3m</b>	<b>100.0</b>	<b>1,341.4m*</b>	<b>100.0</b>
<b>Total shares on issue</b>	<b>668,363,006</b>		668,363,006	

\*This figure is after \$202k in tax paid during the month.

## Top 20 holdings

Code	Company	Code	Company
AOG	Aveo Group	NEC	Nine Entertainment Co Holdings Limited
APO	APN Outdoor Group Limited	PIA	Pengana International Equities Limited
ASB	Austal Limited	PSI	PSC Insurance Group Limited
ASL	Ausdrill Limited	SCO	Scottish Pacific Group Limited
BGA	Bega Cheese Limited	SDA	SpeedCast International Limited
CTD	Corporate Travel Management Limited	SVW	Seven Group Holdings Limited
EHL	Emeco Holdings Limited	SXL	Southern Cross Media Group Limited
FLT	Flight Centre Travel Group Limited	TGG	Templeton Global Growth Fund Limited
FXL	FlexiGroup Limited	TGP	360 Capital Group Limited
IMD	Imdex Limited	WDE	Wealth Defender Equities Limited

The top 20 holdings are presented in alphabetical order.

## Fully franked dividends

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Since inception, WAM Capital has paid 215.3 cents per share in fully franked dividends to shareholders.

### Fully franked dividends since inception

Cents per share



\*Annualised interim dividend