

# W | A | M Capital

Focus: small to mid-cap Australian companies  
(ASX: WAM)

## Portfolio update

The WAM Capital investment portfolio decreased 7.8% in October. The broader equity market experienced heightened volatility during the month, in particular small industrial companies, which were hit harder than the overall market, with that Index falling 10.6%.

### Research-driven portion of the investment portfolio:

During the month, communications company Codan (ASX: CDA) held its annual general meeting (AGM), reporting a strong first quarter, with a first-half profit of \$20 to \$22 million. Austal (ASX: ASB) also held its AGM, reiterating a strong order book in excess of \$3.4 billion and expansion of shipyards in the Philippines and Henderson, Western Australia. Detractors to performance during the month included Seven West Media (ASX: SWM), Adairs (ASX: ADH) and WorleyParsons (ASX: WOR).

### Market-driven portion of the investment portfolio:

During the month restaurant chain operator Collins Foods (ASX: CKF) held an investor day, where it announced its intentions to roll out 50 new Taco Bell restaurants. Steadfast Group (ASX: SDF) held its AGM, upgrading FY19 net profit after tax (NPAT) guidance to \$85 to \$90 million following a better than expected first quarter. Detractors to performance during the month included Seven Group Holdings (ASX: SVW), Templeton Global Growth Fund (ASX: TGG) and The a2 Milk Company (ASX: A2M).



**Oscar Oberg**  
LLB BBus CFA  
Lead Portfolio Manager



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

## Net tangible asset (NTA) figures

The below NTA figures are **before** the fully franked final dividend of 7.75 cents per share due to be paid on 26 November 2018. The shares will trade ex dividend on 16 November 2018.

<b>NTA before tax</b>	<b>192.49c*</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>193.15c**</b>
<b>NTA after tax</b>	<b>194.40c**</b>

The above NTA figures include the benefit from the issuance of shares at a premium to WAM's pre-tax NTA following the successful takeover of WDE.

\*The NTA before tax is after the payment of \$117k (0.02 cents per share) in tax during the month.  
\*\*Includes 0.56 cents per share of tax assets resulting from the acquisition of listed and unlisted investment companies.

\*Based on the 31 October 2018 share price of \$243 per share and the FY18 fully franked full year dividend of 15.5 cents per share.

Pre-tax net  
tangible assets

**\$1.92**

Gross assets

**\$1,384.1m**

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

**6.4%**

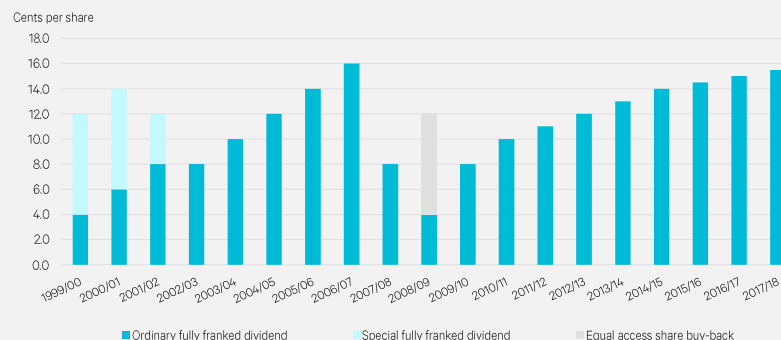
Performance  
(p.a. since August 1999)

**16.9%**

Performance at 31 October 2018	1 mth	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Aug-99)
WAM Investment Portfolio	-7.8%	-4.2%	3.5%	11.0%	11.9%	16.2%	16.9%
S&P/ASX All Ordinaries Accumulation Index	-6.5%	-4.7%	3.1%	8.3%	6.2%	8.6%	8.0%
<b>Outperformance</b>	<b>-1.3%</b>	<b>+0.5%</b>	<b>+0.4%</b>	<b>+2.7%</b>	<b>+5.7%</b>	<b>+7.6%</b>	<b>+8.9%</b>

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

## Fully franked dividends since inception



## Top 20 holdings in alphabetical order

Accent Group Limited	AX1
ALS Limited	ALQ
Austal Limited	ASB
Bapcor Limited	BAP
Cleanaway Waste Management Limited	CWY
Downer EDI Limited	DOW
Emeco Holdings Limited	EHL
Event Hospitality and Entertainment Limited	EVT
GTN Limited	GTN
IPH Limited	IPH
Macquarie Group Limited	MQG
Mayne Pharma Group Limited	MYX
NEXTDC Limited	NXT
Pengana International Equities Limited	PIA
PSC Insurance Group Limited	PSI
Seven Group Holdings Limited	SVW
Seven West Media Limited	SWM
Tabcorp Holdings Limited	TAH
Templeton Global Growth Fund Limited	TGG
Wealth Defender Equities Limited	WDE

Investment type	September 2018		October 2018	
	\$m	%	\$m	%
Listed equities	1,026.9	73.1	892.8	64.5
Short portfolio	(1.5)	(0.1)	(1.0)	(0.1)
Fixed interest & cash	380.0	27.0	492.3	35.6
<b>Gross assets</b>	<b>\$1,405.4m</b>	<b>100.0</b>	<b>\$1,384.1m</b>	<b>100.0</b>
Market capitalisation	\$1,657.5m		\$1,718.9m	
Total shares on issue	668,363,006		707,374,857 <sup>†</sup>	

<sup>†</sup>During the month, 39,011,851 shares were issued following the successful takeover of WDE.