

# October 2022 Investment Update

	Pre-tax NTA (cum-dividend)	Pre-tax NTA
<b>W   A   M</b> <i>Capital</i>	\$1.49	\$1.41
<b>W   A   M</b> <i>Leaders</i>	-	\$1.44
<b>W   A   M</b> <i>Global</i>	\$2.17	\$2.11
<b>W   A   M</b> <i>Microcap</i>	\$1.37	\$1.32
<b>W   A   M</b> <i>Alternative Assets</i>	\$1.27	\$1.25
<b>W   A   M</b> <i>Strategic Value</i>	\$1.15	\$1.13
<b>W   A   M</b> <i>Research</i>	\$1.00	\$0.95
<b>W   A   M</b> <i>Active</i>	\$0.76	\$0.73

Dear Fellow Shareholder,

In an attempt to curb soaring inflation levels, the US Federal Reserve passed a historic fourth-straight 75-basis-point rate hike during the month, while the Reserve Bank of Australia (RBA) also lifted its cash rate target for a sixth consecutive month. Speculation that central banks are nearing the peak of monetary policy tightening lifted market sentiment in October. The S&P/ASX 200 Accumulation Index rose 6.0%, while the S&P/ASX All Ordinaries Accumulation Index was up 5.7% and the MSCI World Index (AUD) increased 7.8% for the month.

#### Proposed legislation change to franking credits

We sent a letter to shareholders and supporters during the month following the announcement of the draft legislation relating to Franked Distributions and Capital Raising by the Federal Government, which would negatively impact Australian companies and their ability to pay fully franked dividends to their shareholders. You can view our submission on the draft legislation relating to Franked Distributions and Capital Raising [here](#). In addition to this draft legislation, Labor introduced a surprise proposal in the recent Federal Budget on 18 October that looks to eliminate the payment of franked dividends to investors as part of off-market share buybacks.

The proposed changes appear to be an attempt to dismantle the franking system, created by Former Labor Prime Minister Paul Keating. The dividend imputation system was a key pillar of the Hawke-Keating economic reforms that have helped underpin three decades of recession-free economic growth in this country. Keating pointed out that his dividend imputation system had revolutionised capital formation in Australia and he urged us to remain vigilant in protecting that system.

If you would like to share your concerns about the recent changes, you can write to your local member of parliament. We have drafted a template letter with key points to raise which you can download by clicking [here](#), and selecting 'download'.

I would like to thank all who have shared their support and I assure you that we will continue to advocate for those who will be impacted by the changes put forward. You can read and listen to my comments in the [Australian Financial Review](#), [The Australian](#), [The Sydney Morning Herald](#), [Money News](#), [Fear and Greed](#), [JOY FM](#) and [Australian Financial Review](#). I also posed a question to Assistant Treasurer and Minister for Financial Services, Stephen Jones, at the Australian Financial Review Super and Wealth Summit. My question to Mr. Jones was around why the current government is proposing changes to dismantle the franking system, breaking a key election promise. Read more in the [Australian Financial Review](#).

#### WAM Vault

In the coming weeks we will launch the latest instalment of WAM Vault. The investment team will share an update on our eight listed investment companies (LIC) and discuss how they have navigated equity market volatility during 2022 and positioned the investment portfolios to capitalise on new opportunities in 2023. Register your interest [here](#).

#### FinFest

Wilson Asset Management was a supporting partner of Equity Mates' investing festival, FinFest. Designed to encourage financial education and make investing accessible to the masses, the investment team discussed how to identify opportunities in the current environment. Watch the recordings of their sessions:

[The Information Game](#) with Sam Koch, Anna Milne, William Liu and Deni Hoxha.

[How to Search for a Generational Business](#) with Anna Milne.

[Opportunities beyond traditional assets](#) with Dania Zinurova.

#### The Australian Financial Review CFO Live Summit and National Infrastructure Summit

Chief Financial Officer Jesse Hamilton will be presenting at The Australian Financial Review CFO Live Summit on Monday 28 November 2022. The summit will gather the nation's top finance chiefs to discuss how they will continue to help chart the future of their companies and seize opportunities which will deliver stronger returns. WAM Alternative Assets (ASX: WMA) Portfolio Manager Dania Zinurova is also presenting at the Australian Financial Review National Infrastructure Summit, to discuss how inflation will impact infrastructure and what is next for investors in a slowing global economy.

#### In the media

I spoke at the Australian Shareholders' Association (ASA) Virtual Investor Summit 2022 on the superiority of the LIC structure and my lessons from past cycles of market volatility, as well as the Government's announcement of a measure designed to undermine the Australian franking system. You can watch a [recording](#) or [read](#) my ASA speech.

Thank you for your continued support.



Geoff Wilson AO  
Chairman



# LIC snapshot



## W | A | M *Capital*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAM

Share price*	\$1.725
NTA before tax	\$1.41
Fully franked full year dividend	15.5cps
Profits reserve#	10.3cps

## W | A | M *Leaders*

Actively investing in the highest quality Australian companies

ASX: WLE

Share price*	\$1.545
NTA before tax	\$1.44
Fully franked full year dividend	8.0cps
Profits reserve#	40.8cps

## W | A | M *Global*

The world's most compelling undervalued growth companies

ASX: WGB

Share price*	\$1.89
NTA before tax	\$2.11
Fully franked full year dividend	11.0cps
Profits reserve#	34.9cps

## W | A | M *Microcap*

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

ASX: WMI

Share price*	\$1.51
NTA before tax	\$1.32
Fully franked full year dividend	10.0cps
Profits reserve#	52.6ps

## W | A | M *Alternative Assets*

Unique opportunities beyond traditional assets

ASX: WMA

Share price*	\$1.075
NTA before tax	\$1.25
Fully franked full year dividend	4.0cps
Profits reserve#	19.2cps

## W | A | M *Strategic Value*

Discounted asset opportunities

ASX: WAR

Share price*	\$1.005
NTA before tax	\$1.13
Fully franked full year dividend	3.0cps
Profits reserve#	6.7cps

## W | A | M *Research*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAX

Share price*	\$1.295
NTA before tax	\$0.95
Fully franked full year dividend	10.0cps
Profits reserve#	39.8cps

## W | A | M *Active*

Mispricing opportunities in the Australian market

ASX: WAA

Share price*	\$0.78
NTA before tax	\$0.73
Fully franked full year dividend	6.0cps
Profits reserve#	6.3cps

\*As at 11 November 2022.

#The profits reserve figures are as at 31 October 2022 in cents per share (cps).

The WAM Research (ASX: WAX) investment portfolio increased during the month, outperforming the S&P/ASX All Ordinaries Accumulation Index. Significant contributors to the investment portfolio outperformance included New Zealand tourism company Tourism Holdings (NZX: THL) and Australian IT services and solutions provider Data#3 (ASX: DTL).

Tourism Holdings is a leading provider of holiday vehicles for rent and sale globally. During the month, the company lifted its FY2023 profit guidance to above NZD30.0 million from its original range of NZD17.0 million to NZD30.2 million, driven by a strong first-quarter performance. The company also attributed the improved outlook to greater certainty on forward rental revenue in Australia and New Zealand. While Tourism Holdings expects supply chain issues will persist into 2023, the company is well-positioned to benefit as borders reopen and supply chain issues ease. We believe that the market still underappreciates the value that the company's merger with Apollo Tourism & Leisure (ASX: ATL) will generate, which was announced in December 2021.

Headquartered in Brisbane, Data#3 delivers information technology solutions spanning cloud, modern workplace, security, data and analytics and connectivity. At its 2022 Annual General Meeting in October, Data#3 noted its strong start to FY2023 with solid first-quarter performance driven by an order backlog from FY2022 and new contracts and projects. Although Data#3 expects the global supply constraints to persist throughout the remainder of FY2023, the prediction is that the constraints will ease in the coming months. Data#3 expects its FY2023 first half-year pre-tax profit to be between \$21.0 and \$25.0 million, an improvement on last year's \$18.5 million, with the expectation that the backlog of orders will not be materially different to the backlog at the start of FY2023. As a leading provider of digital transformation products and services, Data#3 is well-positioned to outperform market expectations over the medium term.

## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the fully franked final dividend of 5.0 cents per share that was paid on 17 October 2022. The shares traded ex-dividend on 4 October 2022.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
October 2022	100.10c	95.10c	102.24c	101.33c
September 2022	94.50c	94.50c	101.63c	102.36c

\*Includes 5.60 cents per share of income tax losses available to the Company in future periods.

## Market capitalisation (ASX: WAX)

\$253.3m<sup>#</sup>

## Gross assets

\$193.8m

## Listed equities

\$178.4m

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

14.0%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 8.4%

## Dividends paid since inception (per share)

134.0c

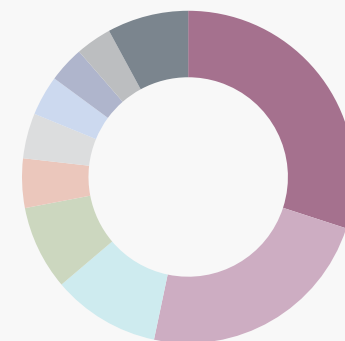
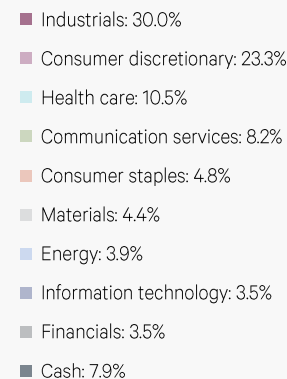
## Fully franked dividend yield

7.9%<sup>#</sup>

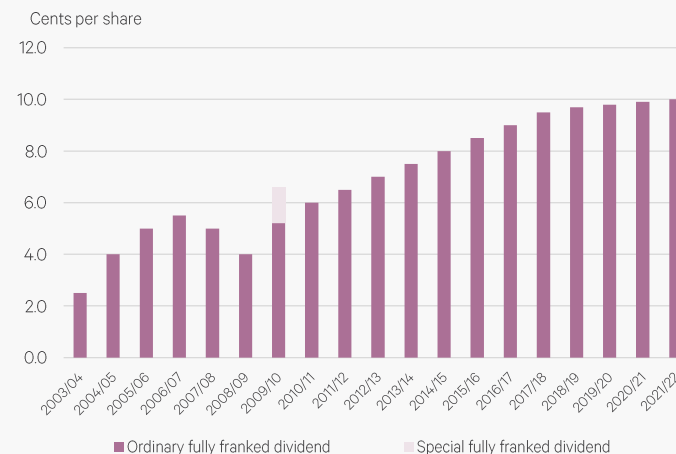
<sup>#</sup>Based on the 31 October 2022 share price of \$1.27 per share and the FY22 fully franked full year dividend of 10.0 cents per share. WAM Research has 199,431,782 shares on issue. During the month, 1,393,035 shares were issued under the Dividend Reinvestment Plan for the final dividend.

<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



## Top 20 holdings (in alphabetical order)

APM	DTL	EGG	EHE	EVT	IEL	IPH	JLG	LOV	MGH
NWH	PME	PRN	SGF	SHV	SKC	THL NZ	VSL	WEB	WOR

# W | A | M Capital

The most compelling undervalued growth opportunities in the Australian market.

The WAM Capital (ASX: WAM) investment portfolio increased during the month, outperforming the S&P/ASX All Ordinaries Accumulation Index. Significant contributors to the investment portfolio included financial services company HUB24 (ASX: HUB) and New Zealand tourism company Tourism Holdings (NZX: THL).

HUB24 is a financial services company focused on investment and superannuation portfolio administration services which also provides integrated platform, technology and data solutions. For the first quarter of FY2023, HUB24 recorded \$3.0 billion of net inflows from its platform, ahead of market expectations. This was a pleasing result given the broader equity market volatility. The result was primarily driven by growth in its existing client base, in addition to a 13.0% increase versus the prior comparative quarter in the number of advisers using its platform. During the quarter, HUB24 was also awarded Best SMSF Investment Platform in the recent CoreData SMSF Service Provider Awards which ranks platforms for service quality and adviser preference. We believe the company is well-positioned to continue building on this strong performance.

Tourism Holdings is a leading provider of holiday vehicles for rent and sale globally. During the month, the company lifted its FY2023 profit guidance to above NZD30.0 million from its original range of NZD17.0 million to NZD30.2 million, driven by a strong first-quarter performance. The company also attributed the improved outlook to greater certainty on forward rental revenue in Australia and New Zealand. While Tourism Holdings expects supply chain issues will persist into 2023, the company is well-positioned to benefit as borders reopen and supply chain issues ease. We believe that the market still underappreciates the value that the company's merger with Apollo Tourism & Leisure (ASX: ATL) will generate, which was announced in December 2021.

## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the fully franked final dividend of 7.75 cents per share that was paid on 28 October 2022. The shares traded ex-dividend on 17 October 2022.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
October 2022	148.82c	141.07c	157.01c	156.79c
September 2022	140.53c	140.53c	156.33c	158.70c

\*The NTA before tax is after the payment of \$377.2k (0.03 cents per share) in tax during the month.

\*Includes 150 cents per share of tax assets resulting from the acquisition of investment companies and 15.53 cents per share of income tax losses available to the Company in future periods.

## Market capitalisation

(ASX: WAM)

\$1,843.5m<sup>#</sup>

## Gross assets

\$1,560.6m

## Listed equities

\$1,402.8m

## Investment portfolio performance

(pa since inception Aug 1999)

14.9%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 8.1%

## Dividends paid since inception

(per share)

285.0c

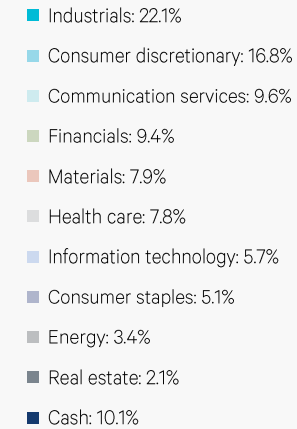
## Fully franked dividend yield

9.2%<sup>#</sup>

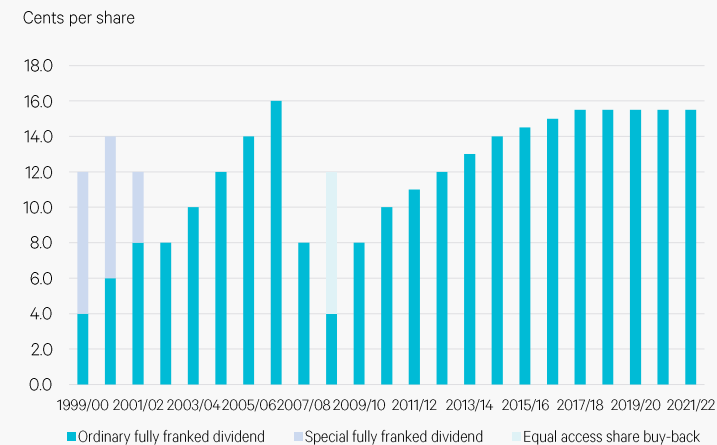
<sup>#</sup>Based on the 31 October 2022 share price of \$1.685 per share and the FY22 fully franked full year dividend of 15.5 cents per share. WAM Capital has 1,094,094,184 shares on issue. During the month, 6,299,028 shares were issued under the Dividend Reinvestment Plan for the final dividend.

<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



## History of fully franked dividends



## Top 20 holdings (in alphabetical order)

AMP	APM	EHE	EVT	HUB	IEL	IPH	JLG	NWH	OML
PME	SDF	SHV	SKC	SVW	TAH	THL NZ	TPW	WEB	WOR

# W | A | M Leaders

Actively investing in the highest quality Australian companies.

The WAM Leaders (ASX: WLE) investment portfolio increased during the month. Significant contributors to the investment portfolio performance included Insurance Australia Group (ASX: IAG) and The Star Entertainment Group (ASX: SGR).

Insurance Australia Group has been a core holding in the portfolio, as it is a high-quality company that has been impacted by multiple significant one-offs; business interruption lawsuits, elevated natural disasters and management turnover. We estimate that this downside has been more than captured in the share price and held the position for the continued strength in the premium rate cycle, leverage to higher bond yields, the internal turnaround program and the potential for a capital return. The latter catalyst came to fruition in mid-October 2022, with the business interruption test case appeal being dismissed by the High Court, and Insurance Australia Group announcing a \$350 million on-market share buyback.

The Star Entertainment Group has been a position in the investment portfolio despite negative press, as sentiment turned so negative that the market valued the entire company at less than the land value of its properties alone. The conclusion of The Star Entertainment Group's Bell Review was announced in September, with the final outcome announced in October. We saw this as an attractive risk to return opportunity given the precedent set by the Crown Resorts' Royal Commission finding last year. The outcome was that a manager has been appointed to control operations of The Star Sydney casino, while The Star Entertainment Group retains the profits earned during this period, as well as payment of a fine. The Star Entertainment Group's share price rallied on the back of this news, as it removed a key factor of uncertainty for investors. With regulatory and compliance spending only increasing, we believe a natural owner for The Star Entertainment Group could be an unlisted investor who could reap synergies with existing gaming assets, making The Star Entertainment Group an attractive takeover candidate.

## Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked final dividend of 4.0 cents per share due to be paid on 30 November 2022. The shares will trade ex-dividend on 17 November 2022.

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
October 2022	143.60c	143.75c	143.19c
September 2022	136.63c	136.63c	138.27c

## Market capitalisation (ASX: WLE)

\$1,666.1m\*

## Gross assets

\$1,609.4m

## Listed equities

\$1,496.3m

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

14.3%<sup>^</sup>

S&P/ASX 200 Accumulation Index: 8.1%

## Dividends paid since inception (per share)

31.15c

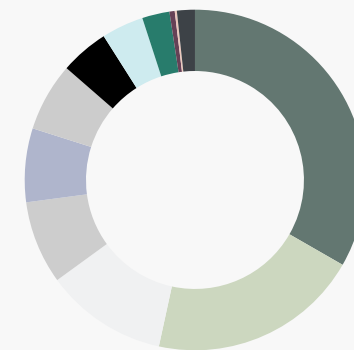
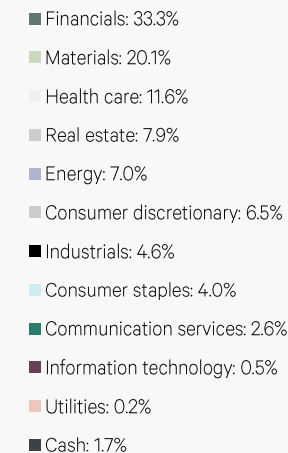
## Fully franked dividend yield

5.3%\*

\*Based on the 31 October 2022 share price of \$152 per share and the FY22 fully franked full year dividend of 8.0 cents per share. WAM Leaders has 1,096,118,286 shares on issue. During the month, 62,073,402 shares were issued under the Scheme of Arrangement with Absolute Equity Performance Fund Limited.

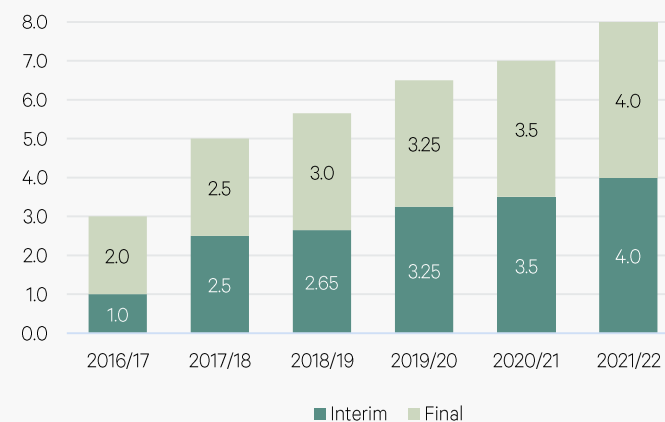
<sup>^</sup>Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant index which is before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

Cents per share



## 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 increased during the month. Contributors to the investment portfolio performance included software company SAP (ETR: SAP) and consulting firm AJ Gallagher (NYSE: AJG).

SAP is a global leader in enterprise application software, utilised by many of the world's largest corporations. The company is transitioning away from its traditional on-premise, license-based business model. The transition process is complex and requires investors to take a longer-term view beyond 2023. Our view is that SAP is a high-quality software business and its core Enterprise Resource Planning platform is highly mission critical. As the company continues its transition to the cloud, there is a significant opportunity to upsell its broader product offering. In October, SAP delivered quarterly earnings results that showed strong cloud momentum, with its current cloud backlog growth accelerating 38% on the prior comparative quarter, to 11.3 billion euros. Furthermore, the company reaffirmed its full-year 2022 guidance. While we expect 2022 to be a tough year for earnings, SAP is on track to deliver double-digit operating profit growth from 2023 onward which we believe the market is underappreciating.

Arthur J. Gallagher is a mid-market insurance broker. In October, the company reported strong results with organic growth of 8.4% over the prior comparable quarter. The company has done well in managing costs, driving healthy margins and earnings performance. Earnings guidance for the fourth quarter, and the 2023 calendar year, suggest that the strong performance is expected to continue. Similar to other firms in the industry, Arthur J. Gallagher spoke to continued accelerating firmness in insurance pricing, an ongoing tailwind to the company's operations. The recently acquired Willis Towers' reinsurance business is performing well and management have been able to integrate the business and retain talent through the transition. Management also highlighted strength in their acquisition pipeline and we expect continued accretive acquisitions to act as a positive catalyst for the company.

## Market capitalisation (ASX: WGB)

\$628.7m\*

## Gross assets

\$743.4m

## Listed equities

\$700.1m

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

5.5%<sup>^</sup>

MSCI World Index (AUD): 9.6%

## Dividends paid since inception (per share)

30.0c

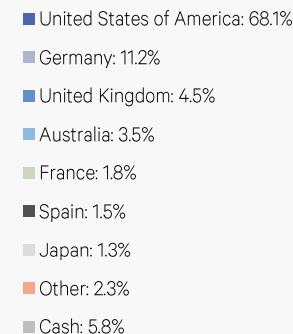
## Fully franked dividend yield

6.2%\*

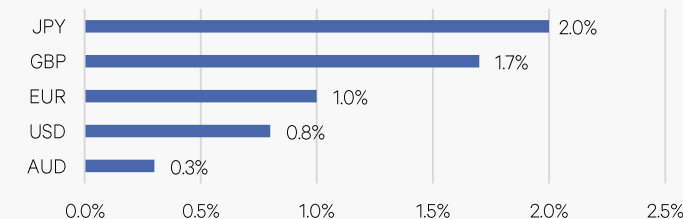
\*Based on the 31 October 2022 share price of \$1.785 per share and the FY22 fully franked full year dividend of 11.0 cents per share. WAM Global has 352,185,340 shares on issue. During the month, 1,123,772 shares were issued under the Dividend Reinvestment Plan for the final dividend.

<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.

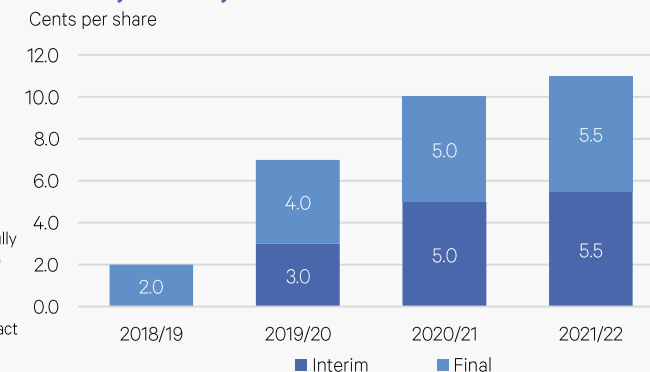
## Portfolio by geographical exposure



## Cash currency exposure



## History of fully franked dividends

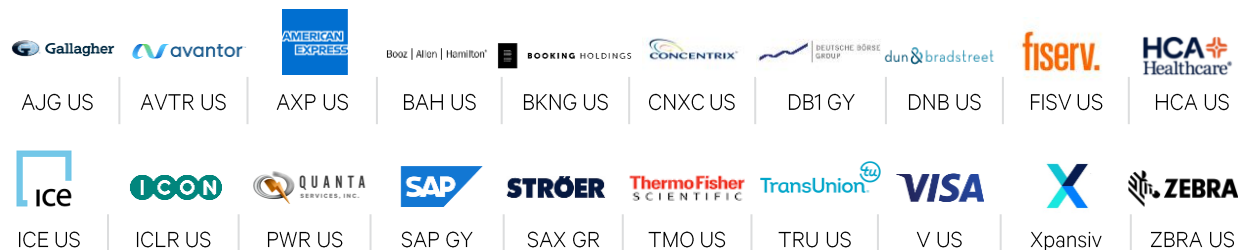


## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the fully franked final dividend of 5.5 cents per share that was paid on 25 October 2022. The shares traded ex-dividend on 12 October 2022.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
October 2022	216.67c	211.17c	210.41c	219.07c
September 2022	203.55c	203.55c	204.40c	215.45c

## 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 increased during the month. Contributors to the investment portfolio performance included cloud-based solutions provider ELMO Software (ASX: ELO) and payment solutions provider Tyro Payments (ASX: TYR).

ELMO Software offers a comprehensive suite of cloud-based software solutions for small businesses in the human resources, payroll and rostering sectors. After confirming media speculation that it had received interest from third parties in acquiring the business, ELMO Software announced on 26 October that it had entered into a Scheme Implementation Deed with K1 Investment Management. Under the proposed Scheme of Arrangement (Scheme), ELMO Software shareholders will receive \$4.85 cash per share, a 100.4% premium to ELMO Software's share price as at 12 October 2022. In the current macroeconomic environment, we believe the Scheme provides compelling value and an opportunity to realise a strong return on our investment.

Tyro Payments provides tailored payment and banking solutions to small-to-medium enterprises. During the month, the company raised its FY2023 earnings guidance, noting earnings before interest, taxes, depreciation and amortisation (EBITDA) and before share-based payments expense, in the range of \$28 million to \$34 million, an increase from the previous guidance of \$23 million to \$29 million. The uplift in its earnings guidance was driven by further cost-out measures and a strong start to the financial year, where the first quarter of FY2023 saw a 59% increase in total transaction value processed. In October, Tyro Payments confirmed media speculation that it has been approached by several parties expressing interest in a potential change of control transaction, including from Westpac Banking Corporation (ASX: WBC). While discussions remain preliminary, we look forward to hearing further updates regarding corporate interest in the business over the coming months.

## Market capitalisation (ASX: WMI)

\$318.2m\*

## Gross assets

\$283.4m

## Listed equities

\$260.7m

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

16.3%<sup>^</sup>

S&P/ASX Small Ordinaries Accumulation Index: 5.8%

## Dividends paid since inception (per share)

43.75c

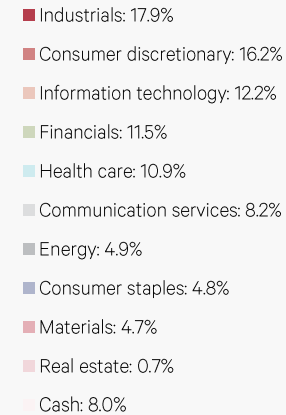
## Fully franked dividend yield

6.6%\*

\*Based on the 31 October 2022 share price of \$1515 per share and the FY22 fully franked full year dividend of 10.0 cents per share. WAM Microcap has 210,045,039 shares on issue. During the month, 904,517 shares were issued under the Dividend Reinvestment Plan for the final dividend.

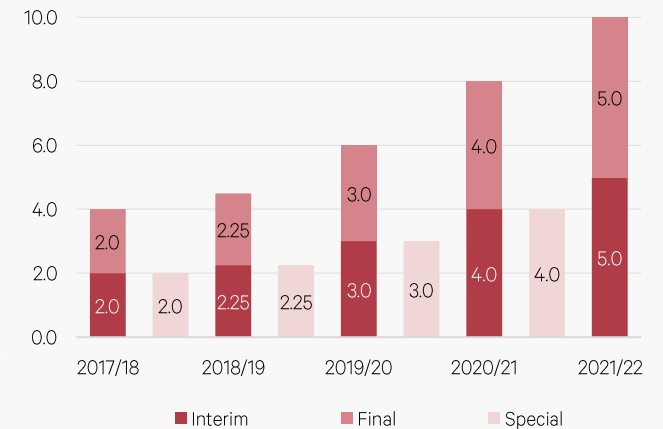
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

Cents per share

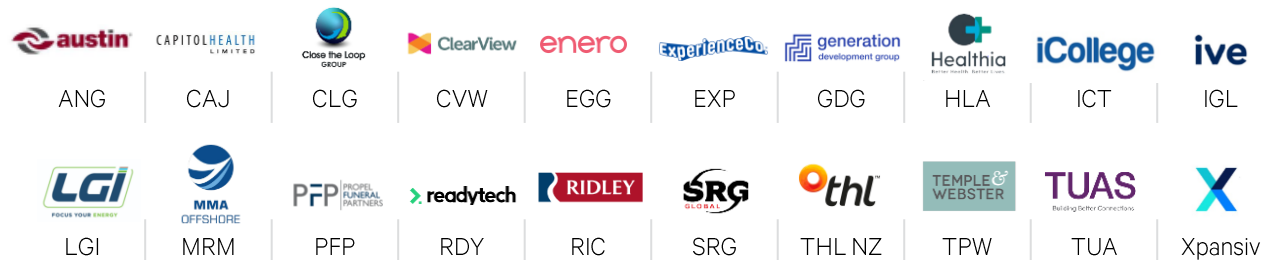


## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the fully franked final dividend of 5.0 cents per share that was paid on 17 October 2022. The shares traded ex-dividend on 4 October 2022.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
October 2022	136.94c	131.94c	134.36c	132.88c
September 2022	130.57c	130.57c	132.88c	133.39c

## 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 the Company's real estate and private equity investments.

Since WAM Alternative Assets announced its plans to reduce its exposure to the Argyle Water Fund, as part of the portfolios revitalisation strategy, we have been gradually re-positioning our exposure to the Argyle Water Fund towards a target of between 15% and 20%. This re-positioning will enable the Company to enter into new investment opportunities in other asset classes. Since the announcement, WAM Alternative Assets has reduced its exposure to 26.7% (down from 35.1% as at 30 April 2022). Further reduction is expected over FY2023.

As a result of the value of water entitlements remaining strong, WAM Alternative Assets investment in the Argyle Water Fund has continued to perform positively in FY2023. Australia has been experiencing increased rainfall and flooding due to La Niña weather events, which typically increase the likelihood of above-average rainfall for Northern and Eastern Australia during Spring and Summer seasons. The increased water supply in the Murray Darling Basin has resulted in lower spot prices for water this season, while water entitlement values have remained strong. Spot water allocation prices are influenced by current and anticipated seasonal water supply and demand in each river region. The value of water entitlements, which are the legal titles to receive annual allocations of water from specific water resources in perpetuity, are driven by the limited supply and high demand for water entitlements. Several factors have meant holders of water entitlements are not currently willing sellers, these include farmers with strong balance sheets, increased capital availability for the agricultural sector and positive production outlooks.

Climate change is one of the megatrends that the WAM Alternative Assets investment portfolio follows as part of its investment process. Australia's climate has warmed by around 1.47C over the 1910-2020 period and according to the Australian Bureau of Meteorology, climate change will continue to affect weather patterns in Australia and globally. Access to reliable irrigation water allows high value food and fibre production enterprises to mitigate the impacts of variations in annual rainfall.

## Market capitalisation (ASX: WMA)

\$211.5m\*

## Gross assets

\$247.2m

## Investment portfolio performance

(pa since appointment of Wilson Asset Management as Investment Manager October 2020)

14.7%<sup>^</sup>

## Profits reserve (per share)

19.2c

## Fully franked full year dividend (per share)

4.0c

\*Based on the 31 October 2022 share price of \$10.85 per share. WAM Alternative Assets has 194,887,687 shares on issue. During the month, 379,712 shares were issued under the Dividend Reinvestment Plan for the final dividend.

<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes.

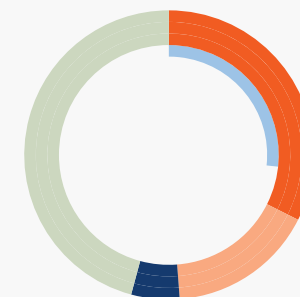
## Asset class exposure

- Real assets: 32.4%\*
- Private equity: 16.4%
- Real estate: 5.4%
- Cash: 45.8%\*

\*Total capital commitments are 26.6%.

\*Real assets includes:

- Water Rights: 26.7%



Portfolio structure	Current value		+/- Prior month	
	\$m	%	\$m	%
Real assets*	80.2	32.4	(10.5)	(11.6)
Private equity*	40.5	16.4	(2.6)	(6.0)
Real estate	13.3	5.4	0.2	1.5
Cash <sup>^</sup>	113.2	45.8	9.4	9.1
<b>Grand total</b>	<b>247.2</b>	<b>100.0</b>	<b>(3.5)</b>	<b>(1.4)</b>

\*Includes undrawn capital commitments to the Palisade Diversified Infrastructure Fund (\$20.0m); the Barwon Institutional Healthcare Property Fund (\$12.4m); the Intermediate Capital Group Australian Senior Loan Fund (\$10.0m); the Allegro Fund IV (\$9.8m); the CEN (I&L) Partnership Fund (\$6.5m); the Adamantem Capital Fund II (\$5.8m) and the Strategic Australian Agriculture Fund (\$1.3m).

<sup>^</sup>During the month, \$10.0m of redemption proceeds were received from our investment in the Argyle Water Fund and \$2.7m of exit proceeds were received from our investment in the Energy Storage Infrastructure Fund.

## Asset Classes

### Real assets

Agricultural assets and investments in perpetual water entitlements which can be sold or leased to irrigators to generate income.

### Private equity

Unlisted companies with long-term and accelerated growth potential.

### Real estate

Domestic and international industrial, healthcare and office assets.

### Infrastructure

Mid-market infrastructure assets across a range of essential services and facilities including air and sea transport, renewable energy and utilities.

### Private debt

Senior secured loans to established Australian and New Zealand-based businesses.

## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the fully franked final dividend of 2.0 cents per share that was paid on 28 October 2022. The shares traded ex-dividend on 17 October 2022.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
October 2022	127.24c	125.24c	122.73c	121.49c
September 2022	127.30c	127.30c	124.86c	123.16c

## 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



Owns and operates a portfolio of hotel assets in Australia

### Real estate

2 Rector Street, Manhattan, New York

Centennial CEN (I&L) Partnership Fund

Barwon Institutional Healthcare Property Fund

## New Investment Partners



Mid-market private equity fund manager



Boutique real estate fund manager



Independent Australian property investment manager



Turnaround, special situations and transformation private equity fund manager



Specialist infrastructure fund manager



Global alternatives assets manager



# W | A | M Strategic Value

Discounted asset opportunities.

The WAM Strategic Value (ASX: WAR) investment portfolio increased in October, with contributors to the investment portfolio performance including AMP (ASX: AMP) and QV Equities (ASX: QVE).

AMP provides superannuation and investment products as well as financial advice and banking products in Australia and New Zealand. AMP's share price increased 15.1% during the month as the company continued to actively buy back shares on market. AMP previously announced that it would return \$1.1 billion to shareholders in the form of buybacks, capital returns or special dividends, driven by further cost-cutting and potential asset sales. We continue to view AMP as an attractive investment and believe the company remains undervalued as it continues to trade at a discount to net tangible assets (NTA). As the company progresses its capital management initiatives and divestment of non-core divisions, we see a clear catalyst to close AMP's current share price discount to NTA.

In October, QV Equities' share price increased 5.0%, in excess of the company's pre-tax NTA performance, resulting in a narrowing of its share price discount to NTA. The growth in pre-tax NTA was driven by positive results in core holdings such as Orica (ASX: ORI) and SkyCity (ASX: SKC), which performed well following positive Annual General Meetings in October. During the month, QV Equities' Board of Directors declared an increased fully franked quarterly dividend of 1.3 cents per share and announced dividend guidance of 5.2 cents per share for FY2023, representing an increase of 8.3% compared to FY2022 and a 5.5% fully franked dividend yield based on the 31 October 2022 share price of \$0.95 per share.

Market capitalisation (ASX: WAR)

\$180.1m\*

Inaugural fully franked full year dividend

3.0cps

Gross assets

\$204.2m^

Pre-tax net tangible assets

\$1.13

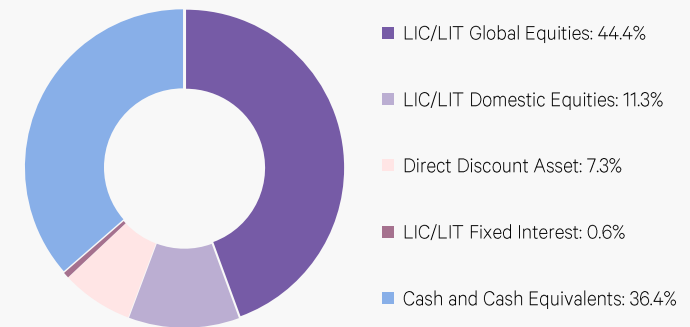
\*Based on the 31 October 2022 share price of \$1.00 per share and 180,125,761 shares on issue. During the month, 309,112 shares were purchased on-market and transferred to participating shareholders in the Dividend Reinvestment Plan for the final dividend.

^Gross assets exclude the \$1.09m 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.

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



## October 2022 look-through pre-tax NTA

\$1.27

## 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 October NTA figures are **after** the fully franked final dividend of 2.0 cents per share that was paid on 28 October 2022. The shares traded ex-dividend on 3 October 2022.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
October 2022	114.59c	112.59c	112.82c	117.54c
September 2022	111.78c	111.78c	112.02c	117.39c

## Top holdings (in alphabetical order)

AMP	CIN	EAI	GDC	LSF	MFF	MGF	NSC
PE1	PIA	QRI	QVE	SEC	VG1	VG8	WGB*

WAM Strategic Value received WAM Global shares and options as scrip consideration for TGG shares held. The WAM Global options lapsed on 12 September 2022.

# W | A | M *Active*

Market mispricing opportunities in the Australian market.

The WAM Active (ASX: WAA) investment portfolio increased during the month, with significant contributors to the investment portfolio performance including financial services company HUB24 (ASX: HUB) and logistics and transport firm Mainfreight (NZX: MFT).

HUB24 is a financial services company focused on investment and superannuation portfolio administration services which also provides integrated platform, technology and data solutions. For the first quarter of FY2023, HUB24 recorded \$3.0 billion of net inflows from their platform, ahead of market expectations. This was a pleasing result given the broader equity market volatility. The result was primarily driven by growth in their existing client base, in addition to a 13.0% increase versus the prior comparative quarter in the number of advisers using their platform. During the quarter, HUB24 was also awarded Best SMSF Investment Platform in the recent CoreData SMSF Service Provider Awards which ranks platforms for service quality and adviser preference. We believe the company is well-positioned to continue building on this strong performance.

Mainfreight is a global supply chain logistics provider that offers managed warehousing, domestic and cross-border transport and international freight. During the month, Mainfreight announced a preliminary estimate of its FY2023 half-year results, with revenue of NZD3.01 billion, a 32.5% increase on the prior half-year, as well as a pre-tax profit of NZD301.7 million, up 65.8% on the prior half-year. The company noted that trading through to September has shown strong momentum in New Zealand, Europe, the Americas, Australia and Asia, and its suite of services has shown resilience in the recent volatile economic environment. At the heart of Mainfreight's success is the strength of their customer proposition and business model, which we believe will assist them in navigating the current economic volatility and build on the success they have achieved to date.

## Market capitalisation (ASX: WAA)

\$58.9m<sup>#</sup>

## Gross assets

\$54.5m

## Listed equities

\$49.5m

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

9.6%<sup>^</sup>

Bloomberg AusBond Bank Bill Index (Cash): 2.7%

## Dividends paid since inception (per share)

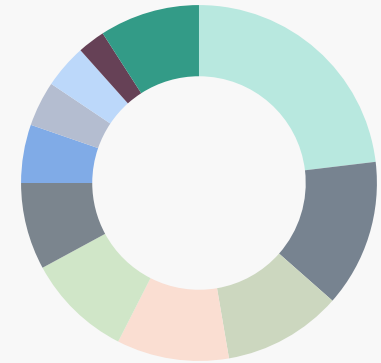
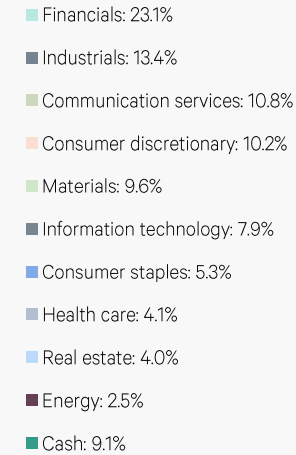
86.7c

## Fully franked dividend yield

7.6%<sup>#</sup>

<sup>#</sup>Based on the 31 October 2022 share price of \$0.79 per share and the FY22 fully franked full year dividend of 6.0 cents per share. WAM Active has 74,619,042 shares on issue. During the month, 441,062 shares were issued under the Dividend Reinvestment Plan for the final dividend. On 31 October 2022, the WAM Active options on issue lapsed. <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



## Net Tangible Assets (NTA) per share

The below October NTA figures are **after** the fully franked final dividend of 3.0 cents per share that was paid on 28 October 2022. The shares traded ex-dividend on 17 October 2022.

	NTA before tax (cum-dividend)	NTA before tax	NTA after tax and before tax on unrealised gains <sup>*</sup>	NTA after tax <sup>*</sup>
October 2022	75.91c	72.91c	81.93c	82.71c
September 2022	71.64c	71.64c	80.99c	82.75c

<sup>\*</sup>Includes 10.08 cents per share of income tax losses available to the Company in future periods.

## Top 20 holdings (in alphabetical order)

