

W | A | M Capital

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

Portfolio update

The WAM Capital investment portfolio decreased 3.7% in December while the S&P/ASX Small Ordinaries Accumulation Index fell 4.2% and the S&P/ASX All Ordinaries Accumulation Index declined 0.4%.

Research-driven portion of the investment portfolio:

GTN (ASX: GTN) and Emeco Holdings (ASX: EHL) were detractors during the month. GTN provided a disappointing earnings downgrade following weakness in the business' most significant geographic segment, Australia. The company stated that its adjusted earnings before interest, tax, depreciation, tax and amortisation for the six months to 31 December 2018 would be between 10 and 15% lower than the previous half year period. GTN is the largest supplier of traffic information reports to radio stations in Australia, the United Kingdom, Canada and Brazil. EHL is an equipment hire company that services the mining industry. Market participants' concerns about the outlook for global economic growth has led to investors reducing their risk appetite, impacting EHL's share price during the month.

Market-driven portion of the investment portfolio:

Seven Group Holdings (ASX: SVW) and Smartgroup Corporation (ASX: SIQ) were detractors during the month. SVW operates Coates Hire, Caterpillar dealerships and holds investments in Seven West Media (ASX: SWM) and Beach Energy (ASX: BPT). Negative sentiment about the Chinese economy and falling oil prices impacted SVW's share price during the month. SIQ provides salary packaging, fleet management and a range of other employee management services for Australian companies. The continued weakness in Australian new car sales negatively impacted the company's share price in December. The Federal Chamber of Automotive Industries reported that national vehicle sales for December fell by 14.9% compared to the corresponding month in 2017.



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Net tangible asset (NTA) figures

NTA before tax	174.55c*
NTA after tax and before tax on unrealised gains	177.34c**
NTA after tax	179.67c**

*The NTA before tax is after the payment of \$11k (0.002 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 December 2018 share price of \$2.16 per share and the FY18 fully franked full year dividend of 15.5 cents per share.

Pre-tax net tangible assets

\$1.75

Gross assets

\$1,248.5m

FY18 fully franked dividend yield[^]

7.2%

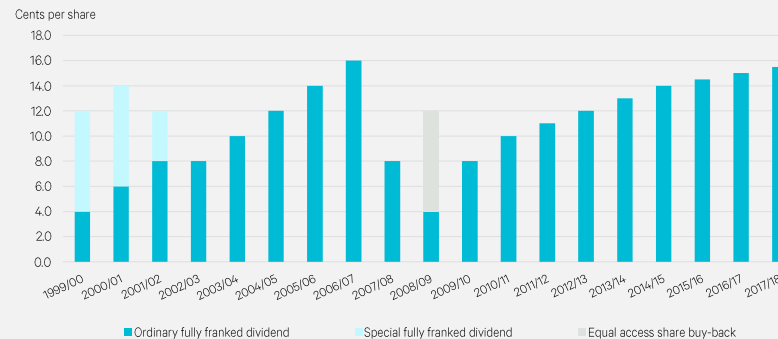
Performance (p.a. since August 1999)

16.4%

Performance at 31 December 2018	1 mth	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %p.a. (Aug-99)
WAM Investment Portfolio	-3.7%	-9.3%	-5.5%	6.7%	11.1%	15.9%	16.4%
S&P/ASX All Ordinaries Accumulation Index	-0.4%	-7.3%	-3.5%	6.6%	5.7%	9.1%	7.8%
Outperformance	-3.3%	-2.0%	-2.0%	+0.1%	+5.4%	+6.8%	+8.6%

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

Fully franked dividends since inception



Top 20 holdings in alphabetical order

Austal Limited	ASB
Cimic Group Limited	CIM
Cleanaway Waste Management Limited	CWY
Credit Corp Group Limited	CCP
Challenger Limited	CGF
CSL Limited	CSL
Downer EDI Limited	DOW
Emeco Holdings Limited	EHL
IDP Education Limited	IEL
IPH Limited	IPH
Macquarie Group Limited	MQG
Mayne Pharma Group Limited	MYX
Noni B Limited	NBL
Pengana International Equities Limited	PIA
PSC Insurance Group Limited	PSI
Steadfast Group Limited	SDF
Tabcorp Holdings Limited	TAH
Templeton Global Growth Fund Limited	TGG
Vocus Group Limited	VOC
Woolworths Group Limited	WOW

Investment type	November 2018		December 2018	
	\$m	%	\$m	%
Listed equities	857.1	65.3	703.9	56.4
Short portfolio	(0.1)	(0.0)	(3.7)	(0.3)
Fixed interest & cash	454.9	34.7	548.3	43.9
Gross assets	\$1,311.9m	100.0	\$1,248.5m*	100.0
Market capitalisation	\$1,579.0m		\$1,541.4m	
Total shares on issue	711,265,952		713,608,947#	

#During the month, 2,342,995 shares were issued as part of the successful takeover of WDE, completing the compulsory acquisition.
*This figure is after the payment of \$11k in tax for FY19 and \$19.5m in tax for FY18 during the month.