

December 2019 Investment Update

Pre-tax NTA

W | A | M *Capital* \$1.87

W | A | M *Leaders* \$1.28

W | A | M *Global* \$2.46

W | A | M *Microcap* \$1.43

W | A | M *Research* \$1.18

W | A | M *Active* \$1.07

Dear Fellow Shareholders,

Global markets hit all time highs in December, driven by the S&P 500 Index which rose 3.0% in local terms. A phase one US-China trade deal removed the threat of additional tariffs while the US dollar weakened against major currencies and US Congress began the impeachment process of President Donald Trump. The UK FTSE 100 Index rose 2.8% for the month in local terms following the election of Prime Minister Boris Johnson and a large Conservative Party majority, clearing the way for Brexit. Even with this backdrop, the S&P/ASX All Ordinaries Accumulation Index fell 1.9% in December as the Australian dollar rose to \$0.70 against the greenback and the Reserve Bank of Australia again left the cash rate unchanged at 0.75% after three rate cuts in 2019.

Invest with caution in 2020

After a year of highly accommodative monetary policy, global central banks are expected to continue to pump money into financial markets and economies in 2020. Record low interest rates and 'easy money' policies have inflated asset values and supported the longest equity bull market in US history. We expect global monetary authorities to continue expanding their balance sheets for at least the first half of 2020 and are positive about the outlook for equity markets during this period.

The core behavioural impact of low interest rates is twofold – investors demonstrate greater demand for yield and an increased appetite for risk. Across major markets the “search for yield” has led to a mispricing of assets and low rates have pushed investors up the risk curve into less liquid securities. The combined effect could amplify the impact of any unexpected shock.

In 2019, the S&P/ASX All Ordinaries Accumulation Index recorded the greatest annual performance since the period of the global financial crisis. Company valuations have expanded significantly despite little-to-no earnings growth and we believe we are in the later stages of this bull market.

Investors should be particularly vigilant when investing in this environment and remain focused on the risks inherent in the supportive conditions that have driven asset prices higher.

We continue to identify individual investment opportunities in accordance with our rigorous investment process.

Our listed investment companies' 2019 performance

Against this investment landscape and given our focus on preserving shareholder capital, we were pleased that each of our listed investment companies delivered strong investment portfolio performance in the 2019 calendar year while maintaining cash levels:

- WAM Capital increased 22.4% with an average cash level of 23.9%;
- WAM Leaders increased 27.3% with an average cash level of 9.4%;
- WAM Global increased 28.2% with an average cash level of 12.3%;
- WAM Microcap increased 35.6% with an average cash level of 21.4%;
- WAM Research increased 23.7% with an average cash level of 25.4%; and
- WAM Active increased 21.7% with an average cash level of 23.0%.

\$1 million for Australians affected by bushfires and drought

Thanks to the generosity of our shareholders and supporters, we have raised \$1 million for Australians affected by the devastating bushfires and drought. Please continue to support the appeal in whatever way you can.

Noosa Shareholder Event

If you are in Noosa on 28 February, I will be talking to shareholders about my views on the market at The J Noosa, 60 Noosa Drive at 10am. I will be joined by Future Generation CEO Louise Walsh. Please [register](#) to come along and feel free to bring guests. We hope to see you for a cup of tea.

Good luck investing,



Geoff Wilson AO
Chairman &
Chief Investment Officer



The world's most compelling undervalued growth companies.

Portfolio update

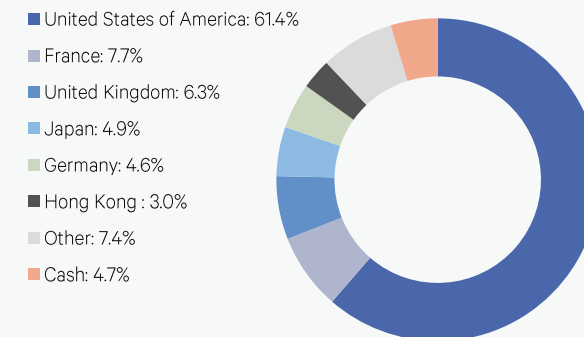
The WAM Global investment portfolio fell 0.1% in December. The MSCI World Index (AUD) fell 0.9% and the MSCI World SMID Cap Index fell 1.0% in AUD terms for the month. Major equity markets rose in local terms during December: the US S&P 500 Index by 3.0%; UK FTSE 100 Index by 2.8%; Japan's TOPIX by 1.4%; and Euro Stoxx 50 Index by 1.3%. China's CSI 300 Index rallied by 6.6%. The AUD strengthened against the USD during the month by almost 4%.

Contributors to the portfolio performance included Ubisoft (EPA: UBI) and Kobe Bussan (TYO: 3038). Headquartered near Paris, UBI is a leading global video game publisher for consoles, PC and mobile platforms. The company owns a portfolio of large and established franchises including Assassin's Creed, Watch Dogs, Far Cry and Just Dance. In December, UBI saw its share price recover from an October announcement which flagged the delayed release of some titles following poor reception to the release of the video game Ghost Recon Breakpoint. Despite the disappointment of this announcement, we believe the decision was right for the business in the long term. UBI is differentiated by its in-house development capability and intellectual property ownership. We believe UBI has significant opportunity to grow its audience and monetise its games to a level closer to its peers. We also see a significant opportunity for the business to grow in China and leverage its existing intellectual property further into mobile devices. Shares in UBI closed up 11.8% for the month in local terms.

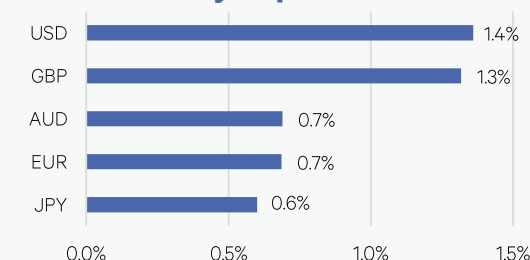
Kobe Bussan reported its full year results (year-end October) which showed operating profit at ¥19.2bn, up 22% year on year, and 4.9% above the official company forecast of ¥16.5bn. The company has achieved its goal of hitting ¥17bn in operating profit by FY20 ahead of schedule and has set a new medium term business plan to achieve operating profit of ¥23bn by FY22, with return on equity above 20% each year. Guidance issued by Kobe Bussan for FY20 looks conservative. We expect the company to continue to grow strongly with growing recognition of the Gyomu Super brand, repeat sales increasing and increased production of products previously often in short supply. The company also announced an increase in dividends declared and its payout ratio. Shares in Kobe Bussan closed up 10.5% for the month in local terms.

NTA before tax	Gross assets	Performance (pa since June 2018)
245.86c	\$523.1m*	10.2%
NTA after tax and before tax on unrealised gains	Listed equities	Cash weighting
244.82c	\$498.4m	4.7%
NTA after tax	Market capitalisation	Inaugural fully franked dividend
238.76c	\$493.6m [^]	2.0c

Portfolio by geographical exposure



Cash currency exposure



*Gross assets exclude the \$3.1m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).
[^]Based on the 31 December 2019 share price of \$2.33 per share and 211,848,149 shares on issue.

Top 20 holdings (in alphabetical order)

3038 JP	AIR FP	AON US	AXP US	CDW US	CME US	CRL US	DGE LN	HAS US	HCA US
INFO US	LHX US	LOGN SW	MC FP	NOMD US	SPGI US	TMO US	UBI FP	ULTA US	UTX US

Performance at 31 December 2019

	1 mth	3 mths	Fin YTD	1 yr	Since inception %pa (June-18)
WGB Investment Portfolio	-0.1%	3.5%	8.8%	28.2%	10.2%
MSCI World Index (AUD)	-0.9%	4.2%	9.0%	27.9%	12.6%
Outperformance	+0.8	-0.7%	-0.2%	+0.3%	-2.4%
MSCI World SMID Cap Index in AUD terms	-1.0%	4.3%	8.1%	27.0%	7.5%
Outperformance	+0.9%	-0.8%	+0.7%	+1.2%	+2.7%

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

W | A | M Capital

The most exciting undervalued growth opportunities in the Australian market.

Portfolio update

The WAM Capital investment portfolio decreased 0.3%. The S&P/ASX All Ordinaries Accumulation Index fell 1.9% in December.

Research-driven portion of the investment portfolio:

A contributor to the portfolio in December was metal detection and mining technology manufacturer Codan (ASX: CDA). We first invested in CDA based on our positive outlook for the company's metal detection and radio communication products. In December, CDA upgraded its half-year profit from \$26 million to \$30 million with metal detection and communications sales exceeding expectations. The company also announced that it delivered a \$15 million communications contract in Kenya during the period. CDA has a strong balance sheet with a \$44 million net cash position. Shares in CDA closed up 13.2% for the month.

Market-driven portion of the investment portfolio:

A contributor to the portfolio in December was outdoor advertising business Ooh!Media (ASX: OML). OML is a leading advertising company with more than 37,000 locations across Australia and New Zealand. OML recently upgraded its earnings guidance for the year ended 31 December 2019 with underlying earnings before interest, tax, depreciation and amortisation (EBITDA) expected to be between \$138-143 million, up from \$125-135 million. OML saw improved bookings through the fourth quarter following a downgrade to earnings guidance in August 2019. We continue to hold OML as we are positive about the out-of-home media sector over the long term. Shares in OML closed up 16.3% for the month.

ASX: WAM

NTA before tax Gross assets Performance
(pa since Aug 1999)

187.10c* \$1,366.3m 16.7%

NTA after tax and before tax on unrealised gains Listed equities Fully franked dividend yield

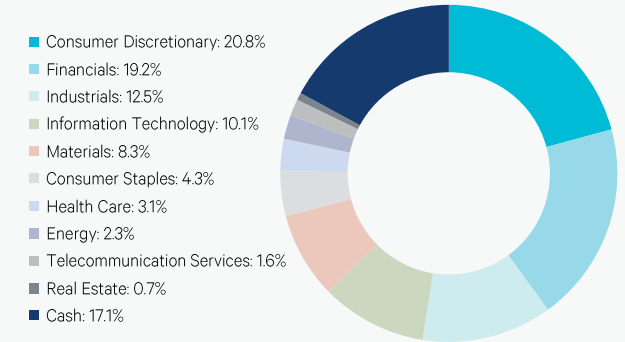
187.75c** \$1,132.2m 6.9%#

NTA after tax Market capitalisation Dividends paid since inception (per share)

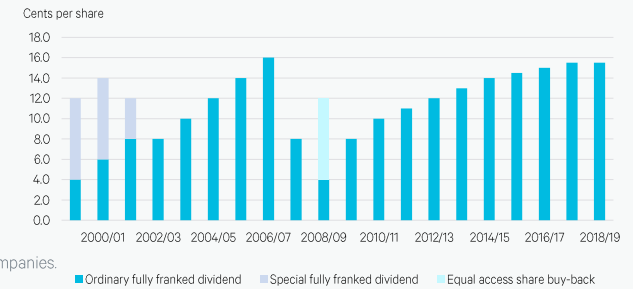
189.23c** \$1,622.8m^ 238.50c

*The NTA before tax is after the payment of \$16m (0.22 cents per share) in tax during the month.
**Includes 0.83 cents per share of tax assets resulting from the acquisition of unlisted investment companies.
^Based on the 31 December 2019 share price of \$2.25 per share and 721,264,927 shares on issue.
#Based on the FY19 fully franked full year dividend of 15.5 cents per share.

Portfolio by sector



History of fully franked dividends



Top 20 holdings (in alphabetical order)

AFG	amcor	appen	AUSTAL LIMITED	BRICKWORKS	Breville	BWX	Credit Corp Group	CFL	CSR
AFG	AMC	APX	ASB	BKW	BRG	BWX	CCP	CKF	CSR
CALTEX	Domain	Genworth	kogan.com	Kathmandu	MYER MY STORE	PENGANA INTERNATIONAL SERVICES (ASIA) PTY LTD	servicestream	SGH Industrial Services, Media, Energy and Investments	TGG
CTX	DHG	GMA	KGN	KMD	MYR	PIA	SSM	SVW	TGG

Performance at 31 December 2019

	1 mth	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Aug-99)
WAM Investment Portfolio	-0.3%	8.9%	22.4%	9.2%	13.3%	13.6%	16.7%
S&P/ASX All Ordinaries Accumulation Index	-1.9%	3.6%	24.1%	10.4%	9.3%	7.9%	8.6%
Outperformance	+1.6%	+5.3%	-1.7%	-1.2%	+4.0%	+5.7%	+8.1%
S&P/ASX Small Ordinaries Accumulation Index	-0.3%	3.9%	21.4%	10.0%	10.6%	4.1%	5.6%
Outperformance	0.0%	+5.0%	+1.0%	-0.8%	+2.7%	+9.5%	+11.1%

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

W | A | M Leaders

Actively investing in the highest quality Australian companies.

Portfolio update

The WAM Leaders investment portfolio decreased 1.3% in December. The S&P/ASX 200 Accumulation Index fell 2.2% during the month.

Contributors to the portfolio performance included gold producer Northern Star (ASX: NST) and toll road developer and operator Atlas Arteria (ASX: ALX). NST is a global-scale Australian gold producer with low-cost, high-grade underground gold mines in Australia and North America. During the month, the company announced an equity raising of \$765 million through an institutional placement, \$50 million through a share purchase plan and \$5 million through a placement to its directors. We invested in NST following the positive update for its North American assets and the announcement of the acquisition of Newmont Goldcorp's 50% interest in Kalgoorlie Consolidated Gold Mines super pit and additional associated assets. The transaction will deliver NST a share in one of the most significant gold systems in the world. NST shares closed up 17.9% for the month.

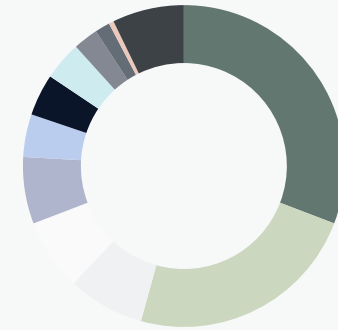
ALX is a global owner, operator and developer of toll roads, with a portfolio of four toll roads in France, Germany and the US. In December, ALX successfully completed its \$1.35 billion equity raising, including an entitlement offer raising \$898 million, with existing shareholders taking up 88% of their entitlements. We continue to hold ALX as we are positive about the new streamlined management agreement following the acquisition of an additional 6.1% interest in French toll road group APRR in late November. ALX shares closed up 2.4% for the month.

NTA before tax	Gross assets	Performance (pa since May 2016)
128.19c	\$1,012.2m	12.8%
NTA after tax and before tax on unrealised gains	Listed equities	Record fully franked full year dividend
127.35c	\$939.8m	5.65c
NTA after tax	Market capitalisation	Dividends paid since inception (per share)
124.77c	\$961.8m [†]	13.65c

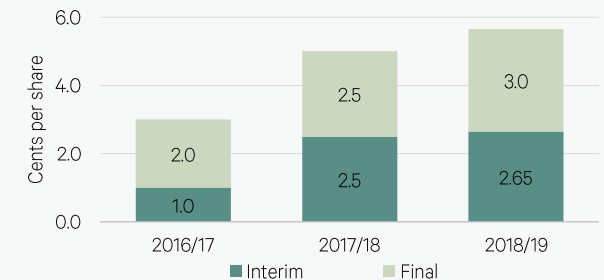
[†]Based on the 31 December 2019 share price of \$1.225 per share and 785,142,815 shares on issue.

Portfolio by sector

- Materials: 30.8%
- Financials: 23.5%
- Health Care: 7.7%
- Energy: 7.2%
- Industrials: 6.7%
- Consumer Staples: 4.3%
- Real Estate: 4.2%
- Consumer Discretionary: 3.9%
- Telecommunication Services: 2.5%
- Information Technology: 1.5%
- Utilities: 0.5%
- Cash: 7.2%



History of fully franked dividends



Top 20 holdings (in alphabetical order)

amcor	BHP	Brambles	CBA	challenger	CSL	FMG Fortescue	Incitec Pivot Limited	MACQUARIE	nab
AMC	BHP	BXB	CBA	CGF	CSL	FMG	IPL	MQG	NAB
OZ	QBE	RAMSAY HEALTH CARE	RioTinto	SOUTH32	Santos	TLS	westpac	woolworths	Woodside
OZL	QBE	RHC	RIO	S32	STO	TLS	WBC	WOW	WPL

Performance at 31 December 2019

	1 mth	3 mths	Fin YTD	1 yr	3 yrs %pa	Since inception %pa (May-16)
WLE Investment Portfolio	-1.3%	3.3%	6.6%	27.3%	13.2%	12.8%
S&P/ASX 200 Accumulation Index	-2.2%	0.7%	3.1%	23.4%	10.3%	10.7%
Outperformance	+0.9%	+2.6%	+3.5%	+3.9%	+2.9%	+2.1%

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

W | A | M *Microcap*

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

Portfolio update

The WAM Microcap investment portfolio increased 0.6% in December, outperforming the S&P/ASX Small Ordinaries Accumulation Index which fell 0.3%.

Significant contributors to the portfolio performance included digital marketing company Salmat (ASX: SLM) and veterinary services provider National Veterinary Care (ASX: NVL). SLM is a marketing services business that helps clients with customer acquisition through targeted, data-driven communications. In December, SLM announced it entered into an agreement to sell its managed services business, 'MicroSourcing' for \$100 million to Probe BPO Holdings through a share sale, subject to shareholder and Philippines regulatory approval. MicroSourcing has been a strong performer since SLM acquired the first 50% of the business in 2013, achieving revenue and earnings growth year on year. Shares in SLM closed up 19.0% for the month.

NVL aims to be a leading provider of veterinary services in Australia and New Zealand. NVL announced in December that it will be acquired by the Australian Veterinary Owners League (VetPartners) through a scheme of arrangement at a cash price of \$3.70 per share. The scheme consideration represents a 56.8% premium to NVL's pre-announcement share price of \$2.36 per share on 13 December and an indicative market capitalisation of \$251.5 million. VetPartners owns and operates more than 140 clinics and will add another 103 clinics with the acquisition of NVL. Shares in NVL closed up 54.0% for the month.

ASX: WMI

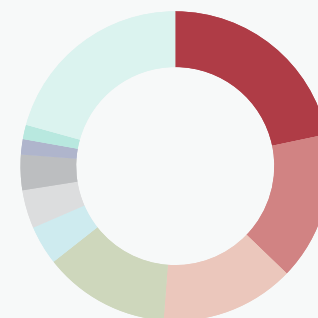
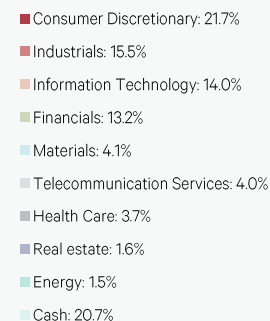
NTA before tax	Gross assets	Performance (pa since June 2017)
143.14c	\$208.4m	21.9%

NTA after tax and before tax on unrealised gains	Listed equities	Fully franked full year dividend
141.21c	\$165.2m	4.5c

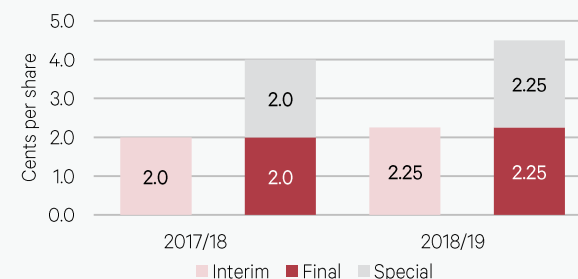
NTA after tax	Market capitalisation	Fully franked special dividend
136.64c	\$205.1m [^]	2.25c

[^]Based on the 31 December 2019 share price of \$1.45 per share and 141,434,234 shares on issue.

Portfolio by sector



History of fully franked dividends



Top 20 holdings (in alphabetical order)

AFG	autosports group [®]	bsa ^{ci}	city chic	Class	cirrus	enero	evolve education group	HILLS.	INFO MEDIA
AFG	ASG	BSA	CCX	CL1	CNW	EGG	EVO	HIL	IFM
JOHNS LYNG GROUP	Mitchell SERVICES	MYER MY STORE	OptiComm More connected communities	premium	PSC INSURANCE GROUP	PACIFIC SMILES GROUP	THINK Childcare Limited	TEMPLE & WEBSTER	WAGNERS
JLG	MSV	MYR	OPC	PPS	PSI	PSQ	TNK	TPW	WGN

Performance at 31 December 2019

	1 mth	3 mths	Fin YTD	1 yr	Since inception %pa (Jun-17)
WMI Investment Portfolio	0.6%	4.5%	18.5%	35.6%	21.9%
S&P/ASX Small Ordinaries Accumulation Index	-0.3%	0.8%	3.9%	21.4%	11.2%
Outperformance	+0.9%	+3.7%	+14.6%	+14.2%	+10.7%

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

W | A | M Research

The most exciting undervalued growth opportunities in the Australian market.

Portfolio update

The WAM Research investment portfolio decreased 1.1% in December. The S&P/ASX All Ordinaries Accumulation Index fell 1.9% during the month.

Contributors to the portfolio performance included metal detection and mining technology manufacturer Codan (ASX: CDA) and essential network services company Service Stream (ASX: SSM). We first invested in CDA based on our positive outlook for the company's metal detection and radio communication products. In December, CDA upgraded its half-year profit from \$26 million to \$30 million with metal detection and communications sales exceeding expectations. The company also announced that it delivered a \$15 million communications contract in Kenya during the period. CDA has a strong balance sheet with a \$44 million net cash position. Shares in CDA closed up 13.2% for the month.

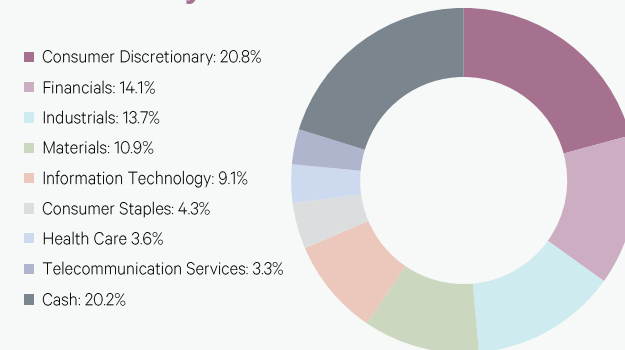
SSM is a provider of essential network services to the telecommunications and utility sectors across Australia. Through a joint venture consortium known as D4C, SSM will have a 30% participating interest in a newly awarded ten-year agreement with Sydney Water Corporation to provide an asset management service covering the design, construction, maintenance and facility management of all treatment and network assets in its southern region. The contract is expected to deliver \$200 million in revenue per annum to D4C. We continue to hold SSM as we expect future growth for the company to be underpinned by a strong pipeline of utility work and eventual rollout of 5G network. Shares in SSM closed up 7.7% for the month.

NTA before tax	Gross assets	Performance (pa since July 2010)
117.88c	\$229.0m	16.2%
NTA after tax and before tax on unrealised gains	Listed equities	Fully franked dividend yield
117.61c	\$182.9m	6.6% [#]
NTA after tax	Market capitalisation	Dividends paid since inception (per share)
117.20c	\$283.4m [^]	104.30c

[^]Based on the 31 December 2019 share price of \$1.475 per share and 192,128,647 shares on issue.
[#]Based on the FY19 fully franked full year dividend of 9.7 cents per share.

ASX: WAX

Portfolio by sector



History of fully franked dividends



Top 20 holdings (in alphabetical order)

AFG	AMA GROUP	AUSTAL LIMITED	BRICKWORKS	Breville	BWX	Credit Corp Group	city chic	CODAN	CSR
AFG	AMA	ASB	BKW	BRG	BWX	CCP	CCX	CDA	CSR
Domain	INFO MEDIA	IMDEX	JOHNS LYNG GROUP	Kathmandu	MYER MY STORE	Perpetual	PSC INSURANCE GROUP	Sigma Healthcare	servicestream
DHG	IFM	IMD	JLG	KMD	MYR	PPT	PSI	SIG	SSM

Performance at 31 December 2019

	1 mth	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since change in investment strategy %pa (Jul-10)
WAX Investment Portfolio	-1.1%	8.0%	23.7%	7.9%	14.0%	16.2%	16.2%
S&P/ASX All Ordinaries Accumulation Index	-1.9%	3.6%	24.1%	10.4%	9.3%	10.1%	9.5%
Outperformance	+0.8%	+4.4%	-0.4%	-2.5%	+4.7%	+6.1%	+6.7%

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

W | A | M Active

Market mispricing opportunities in the Australian market.

Portfolio update

The WAM Active investment portfolio increased 0.5% in December.

Significant contributors to the portfolio performance included outdoor advertising business Ooh!Media (ASX: OML) and contract services provider NRW Holdings (ASX: NWH). OML is a leading advertising company with more than 37,000 locations across Australia and New Zealand. OML recently upgraded its earnings guidance for the year ended 31 December 2019 with underlying earnings before interest, tax, depreciation and amortisation (EBITDA) expected to be between \$138-143 million, up from \$125-135 million. OML saw improved bookings through the fourth quarter following a downgrade to earnings guidance in August 2019. We continue to hold OML as we are positive about the out-of-home media sector over the long term. Shares in OML closed up 16.3% for the month.

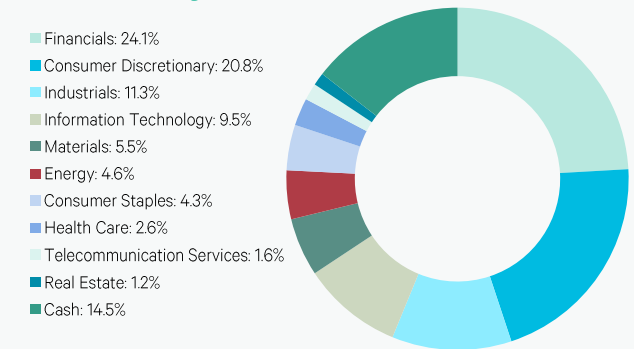
NWH is a diversified provider of contract services to the resources and infrastructure sectors in Australia. In December, NWH completed the acquisition of construction company BGC Contracting. The acquisition is expected to deliver an enhanced platform and a diverse range of client services and project solutions. During the month, BGC Contracting was awarded an infrastructure contract with Fortescue Metals Group at the Eliwana mine and rail project located in the Pilbara region of Western Australia. The \$138 million contract is scheduled to be completed in late 2020. Shares in NWH closed up 8.4% for the month.

NTA before tax	Gross assets	Performance (pa since Jan 2008)
106.80c*	\$50.6m	12.4%
NTA after tax and before tax on unrealised gains	Listed equities	Fully franked dividend yield
106.75c	\$43.3m	5.4% [#]
NTA after tax	Market capitalisation	Dividends paid since inception (per share)
106.75c	\$50.6m [^]	68.70c

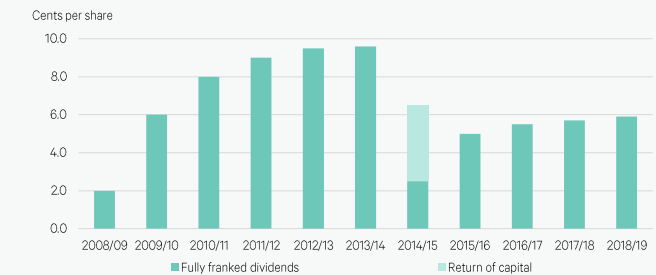
*The NTA before tax is after the payment of \$253k (0.54 cents per share) in tax during the month.
[^]Based on the 31 December 2019 share price of \$1.09 per share and 46,400,066 shares on issue.
[#]Based on the FY19 fully franked full year dividend of 5.9 cents per share.

ASX: WAA

Portfolio by sector



History of fully franked dividends



Top 20 holdings (in alphabetical order)

A2M	ALL	AMC	APT	APX	CKF	CTX	EQT	GMA	IEL
KGN	MND	NWH	PIA	SDF	SHV	SVW	TGG	TYR	UWL

Performance at 31 December 2019

	1 mth	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Jan-08)
WAA Investment Portfolio	0.5%	9.8%	21.7%	11.0%	12.6%	10.9%	12.4%
S&P/ASX All Ordinaries Accumulation Index	-1.9%	3.6%	24.1%	10.4%	9.3%	7.9%	4.9%
Outperformance	+2.4%	+6.2%	-2.4%	+0.6%	+3.3%	+3.0%	+7.5%
Bloomberg AusBond Bank Bill Index (Cash)	0.1%	0.5%	1.5%	1.7%	1.9%	2.9%	3.3%
Outperformance	+0.4%	+9.3%	+20.2%	+9.3%	+10.7%	+8.0%	+9.1%

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