

W | A | M *Microcap*

Focus: micro-cap Australian companies
(ASX: WMI)

Portfolio update

The WAM Microcap investment portfolio increased 4.5% in February as core holdings reported solid results during a volatile reporting season. During February, we deployed cash in 28 new companies, reducing the investment portfolio's cash level from 39.6% in January to 29.0% at the end of the month.

Contributors to the portfolio performance included Infomedia (ASX: IFM) and Ruralco (ASX: RHL). IFM is a software provider supporting the automotive industry. We invested in IFM during April 2018 as we saw evidence that IFM's new management team was delivering a more refined sales strategy. IFM has 95% recurring revenue and a strong balance sheet that will allow for acquisitions. Over 80% of IFM's revenue is generated overseas, providing a resilient and diverse income base. During the month, IFM released its half year results to 31 December 2018 with earnings before interest, tax, depreciation and amortisation of \$17 million, a 36% increase on the prior corresponding period. The company indicated a strong outlook for the remainder of the year and is continuing to explore growth opportunities for its current parts and service offering. IFM shares closed up 24.8% for the month.

RHL is a leading agricultural business focussed on water services, live export, financial services and rural supplies. We first invested in RHL during December 2018 due to our belief that that the current drought on the Eastern seaboard of Australia would provide RHL with opportunities to make earnings accretive acquisitions. RHL announced in February the company had entered into a merger agreement with Canadian company Nutrien (TSE: NTR), under which NTR would acquire 100% of RHL for \$4.40 per share in cash, representing a 44.0% premium to the one-month volume weighted average price per share. The company also announced that it expects to pay a fully franked special dividend of up to 90.0 cents per share on or shortly before the merger. RHL closed up 4.75% for the month.



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Net tangible asset (NTA) figures

NTA before tax	126.33c
NTA after tax and before tax on unrealised gains	126.13c
NTA after tax	123.70c

Based on the 28 February 2019 share price of \$1.255 per share.

Pre-tax net tangible assets

\$1.26

Gross assets

\$182.5m

Annualised fully franked interim dividend

4.5c

Performance (p.a. since June 2017)

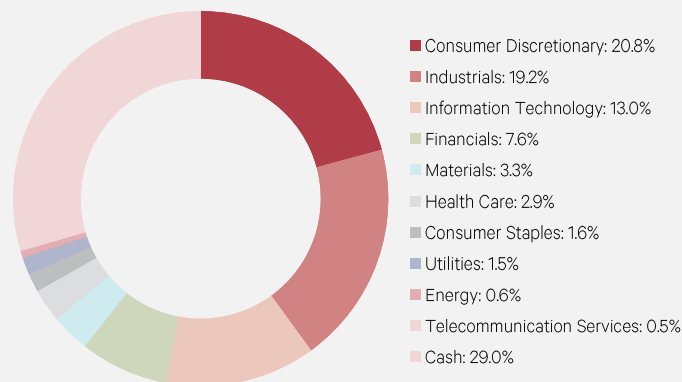
16.6%

Performance at 28 February 2019

	1 mth	Fin YTD	1 yr	Since inception %p.a. (Jun-17)
WMI Investment Portfolio	4.5%	-0.3%	2.7%	16.6%
S&P/ASX Small Ordinaries Accumulation Index	6.8%	-1.6%	3.5%	12.1%
Outperformance	-2.3%	+1.3%	-0.8%	+4.5%

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

Portfolio composition by sector



Top 20 holdings in alphabetical order

A2B Australia Limited	A2B
Alliance Aviation Services Limited	AQZ
Australian Vintage Limited	AVG
City Chic Collective Limited	CCX
Generation Development Group Limited	GDG
Infomedia Limited	IFM
Johns Lyng Group Limited	JLG
Macquarie Media Limited	MRN
Noni B Limited	NBL
Over The Wire Holdings Limited	OTW
People Infrastructure Limited	PPE
PSC Insurance Group Limited	PSI
PWR Holdings Limited	PWH
QANTM Intellectual Property Limited	QIP
Ruralco Holdings Limited	RHL
Rhipe Limited	RHP
Reckon Limited	RKN
Spicers Limited	SRS
360 Capital Total Return Fund	TOT
Village Roadshow Limited	VRL

Investment type	January 2019		February 2019	
	\$m	%	\$m	%
Listed equities	106.0	60.6	129.6	71.0
Short portfolio	(0.4)	(0.2)	(0.0)	(0.0)
Fixed interest & cash	69.3	39.6	52.9	29.0
Gross assets	\$174.9m	100.0	\$182.5m	100.0
Market capitalisation	\$174.3m		\$176.4m*	
Total shares on issue	140,530,698		140,530,698	