

# Investment update

As at 28 February 2018



## Snapshot

Pre-tax net tangible assets

\$1.34

Gross assets

\$191.2m

## WAM Microcap Limited

ASX code	WMI
Date of listing	June 2017
Gross assets	\$191.2m
Market cap	\$215.6m
Share price	\$1.54
NTA before tax	\$1.34
Shares on issue	140,000,001
Annualised fully franked interim dividend (FY2018)	4.0c

## Investment objectives

- Deliver investors a stream of fully franked dividends
- Provide capital growth
- Preserve capital

## Wilson Asset Management investment & management team

Geoff Wilson AO	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Catriona Burns	Portfolio Manager
Martin Hickson	Portfolio Manager
Oscar Oberg	Portfolio Manager
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Cooper Rogers	Assistant Dealer

## Company overview

WAM Microcap Limited (ASX: WMI) is a listed investment company managed by Wilson Asset Management. Listed in June 2017, WAM Microcap provides investors with diversified exposure to a portfolio of undervalued growth companies with a market capitalisation of less than \$300 million at the time of acquisition.

## Save the date: Shareholder Presentations

Hobart	11 May
Launceston	11 May
Canberra	14 May
Sydney	15 May
Brisbane	16 May
Toowoomba	17 May
Perth	21 May
Adelaide	22 May
Melbourne	24 May

## Maiden interim results

WAM Microcap **announced** its FY2018 maiden interim results to the market on Tuesday 20 February. Highlights from the announcement include:

- Operating profit before tax of \$37.2 million
- Investment portfolio increased 27.2%, outperforming the index by 8.6%
- Maiden fully franked interim dividend of 2.0 cents per share.

## Market overview

The S&P/ASX Small Ordinaries Accumulation Index closed flat in February following a volatile month. Fears of rising interest rates in the US contributed to large price moves in companies held in the investment portfolio.

Broadly, micro-cap companies delivered a solid February reporting season with strong results from the mining services and technology sectors. Increased confidence around the visibility of earnings streams allowed a number of companies to point to increased investment into operations, new products and acquisitions. Many companies appeared focused on top-line organic growth in contrast with the cost saving initiatives we have seen in recent years.

Chief Investment Officer Chris Stott recently shared his thoughts on reporting season in an article in the [Australian Financial Review](#).

## Net tangible asset (NTA) figures

NTA before tax **134.27c**

NTA after tax and before tax on unrealised gains **132.44c**

NTA after tax **127.28c**

## Performance

Performance at 28 February 2018	1 mth	3 mths	6 mths	Fin YTD	Since inception (Jun-17)
WMI Investment Portfolio*	-2.5%	3.5%	18.4%	25.1%	27.4%
S&P/ASX Small Ordinaries Accumulation Index	0.0%	2.7%	14.6%	18.1%	18.0%
<b>Outperformance</b>	<b>-2.5%</b>	<b>+0.8%</b>	<b>+3.8%</b>	<b>+7.0%</b>	<b>+9.4%</b>

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

## Diversified portfolio

Investment type	January 2018		February 2018	
	\$m	%	\$m	%
Listed equities	161.8	82.4	159.8	83.6
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	34.6	17.6	31.4	16.4
<b>Gross assets</b>	<b>196.4</b>	<b>100.0</b>	<b>191.2</b>	<b>100.0</b>
Total shares on issue	140,000,001		140,000,001	

## Top 20 holdings

Code	Company	Code	Company
LHC	LifeHealthcare Group Limited	LYL	Lycopodium Limited
ACK	Austock Group Limited	TOT	360 Capital Total Return Fund
EHL	Emeco Holdings Limited	NTD	National Tyre and Wheel Limited
IDX	Integral Diagnostics Limited	MYE	Mastermyne Group Limited
JLG	Johns Lyng Group Limited	MRM	MMA Offshore Limited
RKN	Reckon Limited	SW1	Swift Networks Group Limited
PSI	PSC Insurance Group Limited	OVH	Onevue Holdings Limited
PAC	Pacific Current Group Limited	VAH	Virgin Australia Holdings Limited
CDD	Cardno Limited	HLO	Helloworld Limited
ANG	Austin Engineering Limited	JIN	Jumbo Interactive Limited

## Fully franked dividends

On 20 February 2018, the Board announced a maiden fully franked interim dividend of 2.0 cents per share. The dividend will be paid on 27 April 2018 and will trade ex on 12 April 2018. The dividend reinvestment plan (DRP) is available to shareholders for the interim dividend. The dividend reinvestment plan will operate at a 2.5% discount. The last election date for the DRP will be 17 April 2018.

### Key dividend dates

Ex dividend date	12 April 2018
Record date	13 April 2018
Last election date for DRP	17 April 2018
Payment date	27 April 2018

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.