

# March 2023 Investment Update

Pre-tax  
NTA

W | A | M *Capital*

\$1.46

W | A | M *Leaders*

\$1.47

W | A | M *Global*

\$2.22

W | A | M *Microcap*

\$1.31

W | A | M *Alternative Assets*

\$1.26

W | A | M *Strategic Value*

\$1.15

W | A | M *Research*

\$0.97

W | A | M *Active*

\$0.74

Dear Fellow Shareholder,

In March, equity markets were resilient with a backdrop of the banking crisis. During the month, the S&P/ASX All Ordinaries Accumulation Index decreased 0.2% while the Dow Jones Industrial Average Index increased 1.9% in local terms and MSCI World Index (AUD) rose 3.8%.

## WAM Leaders (ASX: WLE) announces Share Purchase Plan and successful completion of Placement

The WAM Leaders Board of Directors has today [announced](#) a Share Purchase Plan (SPP) to existing shareholders<sup>1</sup>. The SPP provides the opportunity to acquire up to \$30,000 of fully paid ordinary shares in WAM Leaders. Shareholders who participate in the SPP will be entitled to receive the interim fully franked dividend<sup>2</sup> of 4.5 cents per share, which represents an annualised fully franked dividend yield of 6.1%<sup>3</sup> and a grossed-up yield of 8.7%<sup>4</sup> based on the 31 March 2023 pre-tax net tangible asset (NTA) of \$14.749 per share. The SPP provides shareholders the opportunity to purchase shares in the company without incurring brokerage fees. The SPP will be offered to existing shareholders<sup>1</sup> at the lower of \$14.749 per share<sup>5</sup>, or a 2.5% discount to the 5-day VWAP at the issue date of 12 May 2023. WAM Leaders also [announced](#) the successful completion of a \$131.0 million placement of new fully paid ordinary WAM Leaders shares to existing wholesale and sophisticated investors<sup>6</sup> at \$148 per share, a premium to the pre-tax NTA as at 31 March 2023.

## Shareholder Presentations begin next week

The team and I are looking forward to meeting with our shareholders across the country again at our Shareholder Presentations beginning next Friday, 21 April in Noosa, followed by Canberra, Sydney, Perth, Adelaide, Hobart, Melbourne and Brisbane. Places are limited, register [here](#) today.

## Update on our franking credits campaign

We have now made our [submission](#) to the Senate Inquiry. The Economics Legislation Committee will be holding hearings about this matter before it hands down its report on 26 May 2023. We will continue to keep you updated when we know more.

The Listed Investment Companies & Trusts Association (LICAT), which represents the interests of listed investment companies (LICs), listed investment trusts (LITs) and investors, also made a submission rejecting the proposed changes, which you can read [here](#).

In case you missed it, read an article in [The Australian](#) that covered our submission and listen to a recent episode on [The Mentor podcast with Mark Bouris](#) where we discuss the significant impact the proposed changes will have on Australian companies.

While this is with the Senate Inquiry, we will continue to engage with Senators and Members of Parliament to raise awareness on the unintended consequences that these changes to the franking system will have. Please register your interest to receive additional updates or visit our dedicated website page, which we will continue to update regularly: [wilsonassetmanagement.com.au/frankingcredits](http://wilsonassetmanagement.com.au/frankingcredits).

<sup>1</sup>Shareholders on the WAM Leaders register as at 7:00pm (Sydney time) on 13 April 2023 with a registered address in Australia or New Zealand.

<sup>2</sup>Assumes shareholders continue to hold shares issued under the offer at the dividend record date on 22 May 2023.

<sup>3</sup>Based on an annualised interim fully franked dividend of 9.0 cents per share and the 31 March 2023 pre-tax NTA of \$14.749 per share.

<sup>4</sup>Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

<sup>5</sup>The issue price may be adjusted if required to comply with the requirements of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 and the ASX Listing Rules.

<sup>6</sup>These terms are defined in the Corporations Act and refer to individuals with net assets greater than \$25 million or those who earn gross income of \$250,000 or a Superannuation Fund with at least \$10 million.

## Reminder | Ex-dividend dates

WAM Global, WAM Strategic Value, WAM Microcap, WAM Research and WAM Active shares are currently trading ex-dividend. FY2023 interim dividend dates are available [here](#).

To be entitled to a dividend, shareholders must have purchased the shares before the ex-dividend date. If you purchase shares on or after that date, the previous owner of the shares is entitled to the dividend. Ex-dividend describes a company that's shares are trading without the value of the next dividend payment. The share price of a company tends to fall, as the underlying NTA of the listed investment company decrease by the dividend amount, due to the physical cash of the dividend being paid out to shareholders. Sometimes the share price falls by more than the dividend value, due to the perceived value of the franking credits.

## 2fold: Investing for impact

Future Generation released a special episode of 2fold: Investing for Impact where I speak to Wim Hof, a Dutch adventurer, extreme athlete and motivational speaker. He is famous for his Wim Hof Method, a combination of frequent cold exposure, breathing techniques, and meditation. You can listen on all major podcast platforms [here](#).

## In the media

Listen to the latest episode of [Livewire Markets' Rules of Investing](#) podcast where WAM Leaders Portfolio Manager John Ayoub discussed his views on the global banking crisis and how this risk affects the Australian market.

WAM Capital (ASX: WAM), WAM Microcap (ASX: WMI), WAM Research (ASX: WAX) and WAM Active (ASX: WAA) Lead Portfolio Manager Oscar Oberg shared his concerns regarding private equity group Bain Capital's takeover bid for Estia Health, a core holding of WAM Capital and WAM Research. Read more in an article in [The Australian](#).

WAM Alternative Assets (ASX: WMA) Portfolio Manager Dania Zinurova shared her views on the long-term investment themes that she believes are currently being overlooked and explained why she is seeing greater demand for alternative assets in Australia. Read more in an article in [The Sydney Morning Herald](#).

## WAM Leaders appoints Director Dr Ian Langford

On 6 April, WAM Leaders [announced](#) the appointment of Dr Ian Langford to the Board of Directors and the retirement of Ross Finley. Ian is a highly skilled individual with extensive experience working with large corporate and government organisations specialising in technology and strategic advisory projects. Ian joins the Board with 30 years of experience and as a senior officer in the Australian Defence Force. We welcome Ian to the Board and thank Ross for his contribution to WAM Leaders since his appointment in 2019.

Stay safe and 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*	\$1.69
NTA before tax	\$1.46
Annualised fully franked interim dividend	15.5cps
Profits reserve#	14.7cps

## W | A | M *Leaders*

Actively investing in the highest quality Australian companies

ASX: WLE

Share price*	\$1.59
NTA before tax	\$1.47
Annualised fully franked interim dividend	9.0cps
Profits reserve before the issue of SPP shares**	40.6cps

## W | A | M *Global*

The world's most compelling undervalued growth companies

ASX: WGB

Share price*	\$1.81
NTA before tax	\$2.22
Annualised fully franked interim dividend	11.5cps
Profits reserve#	43.4cps

## W | A | M *Microcap*

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

ASX: WMI

Share price*	\$1.54
NTA before tax	\$1.31
Annualised fully franked interim dividend	10.5cps
Profits reserve#	55.3cps

## W | A | M *Alternative Assets*

Unique opportunities beyond traditional assets

ASX: WMA

Share price*	\$1.08
NTA before tax	\$1.26
Annualised fully franked interim dividend	5.0cps
Profits reserve#	20.8cps

## W | A | M *Strategic Value*

Discounted asset opportunities

ASX: WAR

Share price*	\$0.955
NTA before tax	\$1.15
Estimated fully franked full-year dividend*	3.5cps
Profits reserve#	7.5cps

## W | A | M *Research*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAX

Share price*	\$1.235
NTA before tax	\$0.97
Annualised fully franked interim dividend	10.0cps
Profits reserve#	42.0cps

## W | A | M *Active*

Mispricing opportunities in the Australian market

ASX: WAA

Share price*	\$0.76
NTA before tax	\$0.74
Annualised fully franked interim dividend	6.0cps
Profits reserve#	8.0cps

\*As at 13 April 2023.

#The profits reserve figures are as at 31 March 2023 in cents per share (cps).

\*\*The WAM Leaders profits reserve is as at 31 March 2023 in cents per share (cps) and is after the issue of new WAM Leaders shares under the placement and before the issue of new WAM Leaders shares under the SPP.

†The estimated fully franked full-year dividend for WAM Strategic Value of 3.5 cents per share comprises the FY2023 fully franked interim dividend of 1.5 cents per share and the FY2022 fully franked final dividend of 2.0 cents per share.

# W | A | M Strategic Value

Discounted asset opportunities.

The WAM Strategic Value (ASX: WAR) investment portfolio increased in March, demonstrating the portfolio's defensive qualities, diversification and the benefit of the cash holding during what was a mixed month for domestic equities. Both the S&P/ASX All Ordinaries Accumulation Index and the S&P/ASX 200 Accumulation Index decreased 0.2% during the month. Global listed investment companies (LICs) and listed investment trusts (LITs) VGI Partners Global Investments (ASX: VG1) and Magellan Global Fund (ASX: MGF) were contributors to the investment portfolio performance.

In March, global LICs and LITs provided positive returns for investors following strong performance offshore. During the period, the MSCI AC World Index (AUD) increased 3.6% and S&P 500 Index increased 4.3% in AUD terms. LICs and LITs invested in international companies accounted for 47.8% of WAM Strategic Value's investment portfolio as at 31 March 2023. Despite positive share price performance in the global LIC and LIT sector, the average net tangible asset (NTA) growth exceeded share price performance in March, prompting the share price discounts to NTA to expand for many global LICs and LITs. During the month, VGI Partners Global Fund's NTA increased 5.7%, while its share price rose 3.3%, resulting in an expansion of the share price discount to NTA to 17.9%. Similarly, the Magellan Global Fund's share price increased 2.7% while its NTA increased 6.1%, resulting in the share price discount to NTA expanding to 18.1%.

Pengana International Equities (ASX: PIA) however saw its share price decline 5.3% during the month following an announcement by the company affirming a circa 2% holding in Silicon Valley Bank (SVB). Despite the impact associated with SVB's collapse, the pre-tax NTA increased 3.9%, resulting in a widening of the share price discount to NTA from 15.7% to 23.1%. The company's buy-back also recommenced during late March, providing some liquidity for exiting shareholders.

With the widening discounts to NTA, we believe the LICs and LITs provide investors with attractive entry points to a diversified portfolio of global equities as international markets take a long-term view.

Market capitalisation (ASX: WAR)

\$175.6m\*

Fully franked interim dividend

1.5cps

Gross assets

\$207.1m<sup>^</sup>

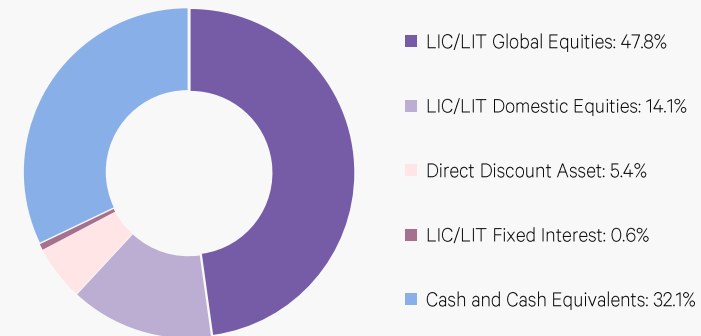
Pre-tax net tangible assets

\$1.15

\*Based on the 31 March 2023 share price of \$0.975 per share and 180,125,761 shares on issue.

<sup>^</sup>Gross assets exclude the \$699k offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

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



March 2023 look-through pre-tax NTA

\$1.32

## 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.

## 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 where available. 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 NTA figures are **before** the fully franked interim dividend of 1.5 cents per share due to be paid on 28 April 2023. The shares traded ex-dividend on 3 April 2023.

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
March 2023	115.10c	115.06c	119.63c
February 2023	114.29c	114.25c	118.96c

## Top holdings (in alphabetical order)



WAM Strategic Value received WAM Global shares as scrip consideration for Templeton Global Growth Fund shares previously held.

# 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. Contributors to the investment portfolio outperformance included Australian aged care provider Estia Health (ASX: EHE) and biopharmaceutical company Neuren Pharmaceuticals (ASX: NEU).

Estia Health is a leading residential aged care provider in Australia operating in New South Wales, Queensland, South Australia and Victoria. During the month, Estia Health received a \$775 million takeover offer from private equity firm Bain Capital. Under the proposal, shareholders would receive \$3.00 per share, representing a 28.2% premium to the closing share price of \$2.34 per share on 23 March 2023. Interestingly, the takeover proposal came before the industry is due to receive crucial regulatory clarity around the national aged care reforms that is expected later this year. We expect that quality aged care operators with scale, like Estia Health, will attract further interest from strategic and financial investors, given the prohibitive cost to build new centres and a more favourable government funding environment.

Neuren Pharmaceuticals is developing new therapies for highly debilitating neurodevelopmental disorders that emerge in early childhood, which currently do not have approved medicine to treat the conditions. In March, Neuren Pharmaceuticals announced that its North American partner Acadia Pharmaceuticals (NASDAQ: ACAD) received the US Food and Drug Administration's (FDA) approval for its compound trofinetide, after it showed positive results for the treatment of Rett syndrome. As it is the first and only approved treatment for this genetic condition, Neuren Pharmaceuticals is set to receive USD40 million from Acadia Pharmaceuticals after the first commercial sale of trofinetide in the United States and ongoing royalties on annual sales. We believe the company's deep expertise in new drug development and strong forecasted earnings growth will allow the business to maintain its positive momentum.

## Market capitalisation (ASX: WAM)

\$1,777.9m<sup>#</sup>

## Gross assets

\$1,598.5m

## Listed equities

\$1,431.9m

## Investment portfolio performance (pa since inception Aug 1999)

14.9%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 8.3%

## Dividends paid since inception (per share)

285.0c

## Annualised fully franked interim dividend yield

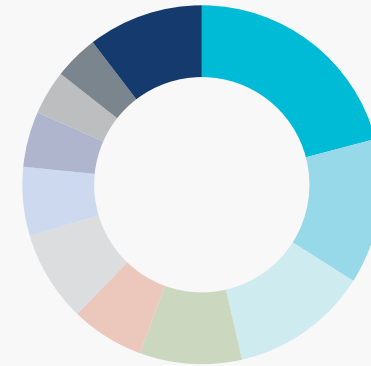
9.5%<sup>#</sup>

<sup>#</sup>Based on the 31 March 2023 share price of \$1.625 per share and the annualised FY23 fully franked interim dividend of 15.5 cents per share. WAM Capital has 1,094,094,184 shares on issue.

<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

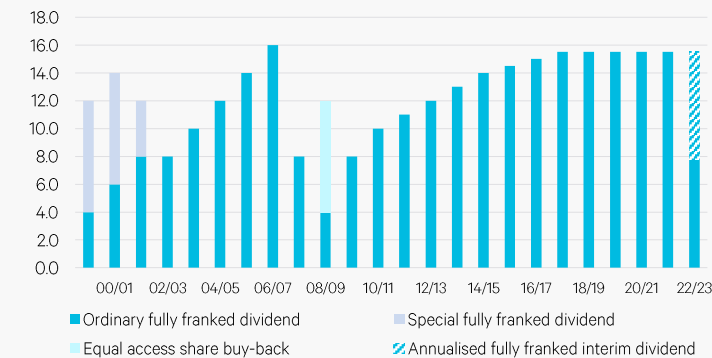
- Consumer discretionary: 20.9%
- Industrials: 13.1%
- Health care: 12.4%
- Financials: 9.2%
- Communication services: 8.2%
- Materials: 6.6%
- Real estate: 6.2%
- Information technology: 5.0%
- Consumer staples: 4.0%
- Energy: 4.0%
- Cash: 10.4%



## History of fully franked dividends

The Board declared a fully franked interim dividend of 7.75 cents per share payable on 26 May 2023. The Company's ability to continue paying fully franked dividends is dependent on generating additional profits reserves, through positive investment portfolio performance, and franking credits. The ability to generate additional franking credits is reliant on the receipt of franked dividends from investee companies and the payment of tax on profits.

Cents per share



## Top 20 holdings (in alphabetical order)

Life360	AMP	BORAL	carsales.com ltd	Estia Health	FLIGHT CENTRE TRAVEL GROUP	Fisher & Paykel HEALTHCARE	G8 Education <sup>™</sup>	idp	JOHNS LYND GROUP
360	AMP	BLD	CAR	EHE	FLT	FPH	GEM	IEL	JLG
Lifestyle COMMUNITIES	NRW Holdings	NEXTDC	ooh!	pro:medicus	SAH   Industrial Services, Media, Energy and Environment	Tabcorp	thl <sup>™</sup>	Webjet Limited	Worley
LIC	NWH	NXT	OML	PME	SVW	TAH	THL	WEB	WOR

## Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked interim dividend of 7.75 cents per share due to be paid on 26 May 2023. The shares will trade ex-dividend on 15 May 2023.

	NTA before tax	NTA after tax and before tax on unrealised gains <sup>*</sup>	NTA after tax <sup>*</sup>
March 2023	146.02c <sup>^</sup>	163.43c	161.85c
February 2023	144.62c	160.80c	160.12c

<sup>\*</sup>Includes 1.66 cents per share of tax assets resulting from the acquisition of investment companies and 15.58 cents per share of income tax losses available to the Company in future periods.

<sup>^</sup>The NTA before tax is after the payment of \$4.3m (0.39 cents per share) in tax during the month.

# W | A | M Leaders

Actively investing in the highest quality Australian companies.

The WAM Leaders (ASX: WLE) investment portfolio decreased during the month. Contributors to the investment portfolio performance included Newcrest Mining (ASX: NCM) and Iluka Resources (ASX: ILU).

The price of gold has rallied over 20% in USD terms since October 2022, driven by a multitude of inter-related factors including a weakening US dollar, weak economic data, China's reopening and outsized central bank purchasing. As the largest gold miner on the ASX, this has buoyed Newcrest Mining's share price, which has been further boosted by an indicative takeover offer from Newmont Corporation (NYSE: NEM) in February. The Newcrest Mining board rejected the initial offer as not representing sufficient value for Newcrest Mining shareholders, however Newmont Corporation has since returned with more attractive terms and Newcrest Mining has agreed to grant Newmont Corporation the opportunity to conduct the due diligence required for a binding proposal.

Iluka Resources is primarily engaged in the exploration, production, and marketing of mineral sands, which are used in a variety of industrial applications, including the production of electric vehicles. The company's core products include zircon and rutile, where the company is among the largest players globally. With the Australian government's support, Iluka Resources is also embarking on a move into rare earths production with first production at their Eneabba Rare Earths Refinery expected in 2025. We continue to hold Iluka Resources in our top 20 holdings as we believe there is significant strategic value in their assets and it is trading relatively inexpensively given its unique market position and growth opportunities.

## Market capitalisation (ASX: WLE)

\$1,746.4m\*

## Gross assets

\$1,624.6m

## Listed equities

\$1,531.1m

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

14.4%<sup>^</sup>

S&P/ASX 200 Accumulation Index: 8.6%

## Dividends paid since inception (per share)

35.15c

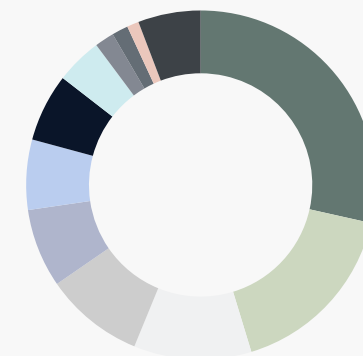
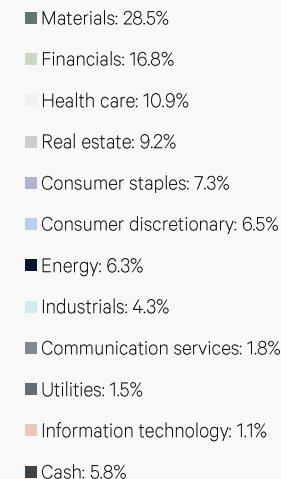
## Annualised fully franked interim dividend yield

5.7%\*

<sup>\*</sup>Based on the 31 March 2023 share price of \$1.59 per share and the annualised FY23 fully franked interim dividend of 9.0 cents per share. WAM Leaders has 1,098,355,168 shares on issue.

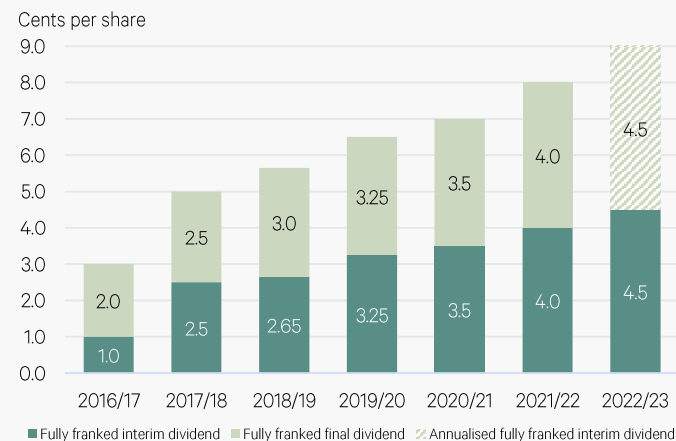
<sup>^</sup>Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant index which is before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

The Board declared a fully franked interim dividend of 4.5 cents per share payable on 31 May 2023.

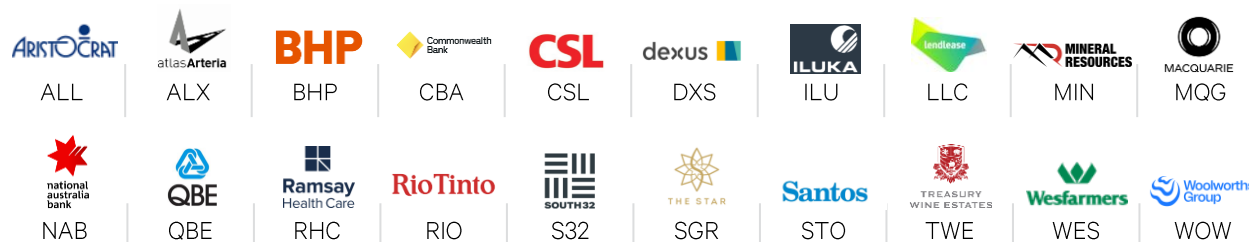


## Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked interim dividend of 4.5 cents per share due to be paid on 31 May 2023. The shares will trade ex-dividend on 19 May 2023.

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
March 2023	147.49c	145.60c	145.42c
February 2023	147.87c	145.96c	145.34c

## 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. Significant contributors to the investment portfolio performance included TradeWeb (NASDAQ: TW) and Pernod Ricard (EPA: RI).

TradeWeb is a leading builder and operator of electronic marketplaces. TradeWeb has trusted relationships with its client network and its technology is heavily integrated into customer workflows, offering deep pools of liquidity for efficient and transparent trading across rates, credit, equity and money markets. TradeWeb is poised to benefit from secular tailwinds in fixed income markets including market volume growth, increased electrification of trading volumes and the rising value of trading data. During the month, TradeWeb released its February monthly activity report that highlighted average daily volumes were up 21.5% year-on-year, driven by strong rates and money markets activity. The company also gained 43 basis points year-on-year in US Investment Grade Credit market share and 13 basis points year-on-year in US High-Yield Credit, which was received favourably by the market. Looking forward, the macroeconomic environment should be supportive for volumes and we expect TradeWeb to benefit from normalisation of extreme volatility, moderating inflation and a higher interest rate environment. TradeWeb has a net cash balance sheet, is trading at a discount to its peers and we believe it is poised to deliver double digit earnings growth for the 2023 financial year.

Pernod Ricard is a leading global wine and spirits group based in France. We are attracted to Pernod's comprehensive premium spirits portfolio and strong track record of taking market share through leveraging its global scale, marketing and distribution capability. In March, Pernod hosted an investor call on its North American Division with the CEO of the region Ann Mukherjee. The tone of the call was encouraging, with positive comments on pricing, being assertive on protecting margins and strong trading for St Patrick's day in the US. Pernod indicated the US beverages industry is normalising to 4%-5% growth per annum and that the spirits category is now number one in market share and continues to take share from the beer and wine categories. Pernod is trading at an attractive valuation multiple and is on track to achieve the upper end of its 4%-7% annual organic revenue growth framework set out at its Capital Markets Day. Further, the market is underappreciating the company's exposure to China, where the economic re-opening could lead to upside earnings surprises.

## Market capitalisation (ASX: WGB)

\$655.1m\*

## Gross assets

\$782.9m

## Listed equities

\$730.2m

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

6.5%<sup>^</sup>

MSCI World Index (AUD): 9.9%

## Dividends paid since inception (per share)

30.0c

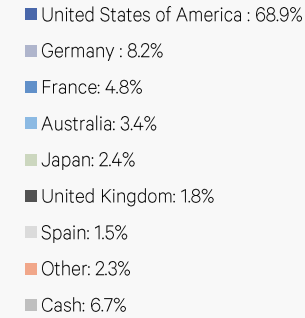
## Annualised fully franked interim dividend yield

6.2%\*

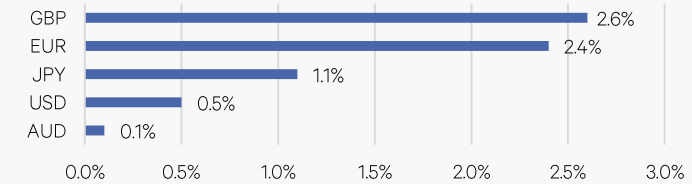
\*Based on the 31 March 2023 share price of \$1.86 per share and the annualised FY23 fully franked interim dividend of 11.5 cents per share. WAM Global has 352,185,340 shares on issue.

<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

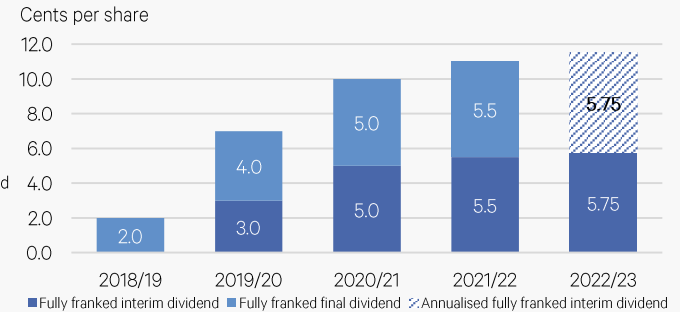


## Cash currency exposure



## History of fully franked dividends

The Board declared a fully franked interim dividend of 5.75 cents per share payable on 24 April 2023. The Company's ability to continue paying fully franked dividends is dependent on generating additional franking credits through the payment of tax on profits. Currently, the franking account balance of the Company is able to frank the interim dividend and partially frank the final dividend, assuming the final dividend is also 5.75 cents per share. If no additional franking is generated, there is a possibility of future dividends being partially franked or unfranked.



## Top 20 holdings (in alphabetical order)



## Net Tangible Assets (NTA) per share

The below NTA figures are before the fully franked interim dividend of 5.75 cents per share due to be paid on 24 April 2023. The shares traded ex-dividend on 12 April 2023.

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
March 2023	222.36c <sup>^</sup>	224.01c	227.69c
February 2023	216.47c	216.28c	223.38c

<sup>^</sup>The NTA before tax is after the payment of \$950k (0.27 cents per share) in tax during the month.

# W | A | M *Microcap*

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

The WAM Microcap (ASX: WMI) investment portfolio decreased during the month. Telecommunications provider Tuas (ASX: TUA) was a contributor, while New Zealand based milk and dairy products manufacturer Synlait Milk (ASX: SM1) was a detractor to the investment portfolio performance.

Tuas is a disruptive mobile service provider in Singapore that was spun out of the TPG Telecom group of companies following the merger between TPG Telecom and Vodafone in June 2020. In its FY2023 half year results presentation, Tuas reported a strong improvement in key financial metrics, signalling to investors that increased subscribers and operating leverage was continuing to drive revenue growth. We expect that this founder-led business run by David Teoh will continue to rapidly gain market share from its market incumbents and expand into new areas such as broadband and corporate. We believe the market is underestimating the potential cash generation of Tuas following a heavy period of investment into its 5G network in Singapore over the past two years.

Synlait Milk is New Zealand's fourth largest milk processor and a business-to-business supplier of dairy ingredients, infant formula products and Lactoferrin. In March, the company released an update to its FY2023 net profit after tax (NPAT) guidance range and signalled that it will take an additional year to complete its financial recovery plan. This was largely due to supply chain disruptions, operational challenges and inflationary cost pressures and prompted a material share price de-rating. Despite these setbacks, we are confident that Synlait Milk can deliver on their revised earnings forecast with signs that exports are returning to normal and the operating environment and systems are improving.

## Market capitalisation (ASX: WMI)

\$332.4m\*

## Gross assets

\$277.4m

## Listed equities

\$258.0m

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

14.9%<sup>^</sup>

S&P/ASX Small Ordinaries Accumulation Index: 5.9%

## Dividends paid since inception (per share)

43.75c

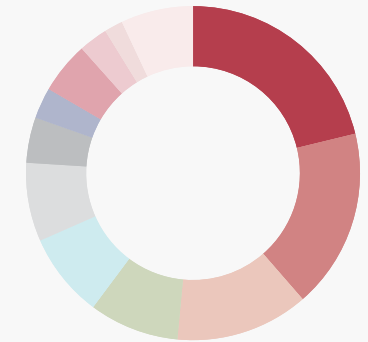
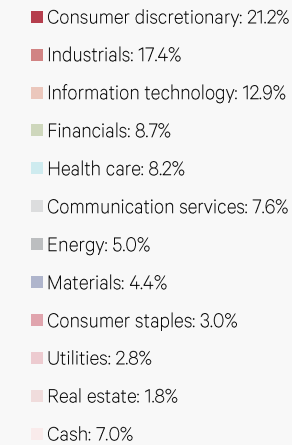
## Annualised fully franked interim dividend yield

6.6%\*

\*Based on the 31 March 2023 share price of \$15825 per share and the annualised FY23 fully franked interim dividend of 10.5 cents per share. WAM Microcap has 210,045,039 shares on issue.

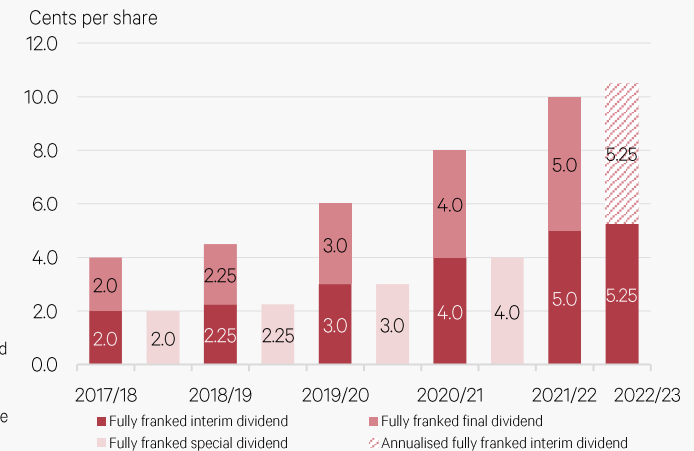
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

The Board declared a fully franked interim dividend of 5.25 cents per share payable on 24 April 2023.

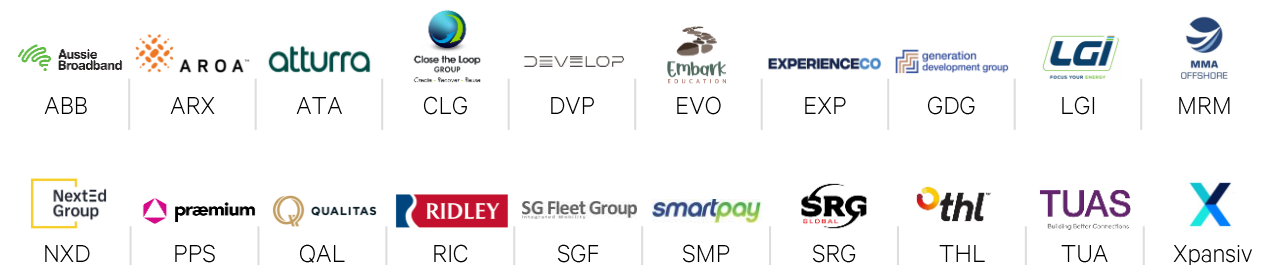


## Net Tangible Assets (NTA) per share

The below NTA figures are before the fully franked interim dividend of 5.25 cents per share due to be paid on 24 April 2023. The shares traded ex-dividend on 12 April 2023.

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
March 2023	131.15c	133.87c	132.73c
February 2023	133.12c	135.68c	133.89c

## 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. This was primarily driven by the underlying performance of its private equity investments.

In March, WAM Alternative Assets' investment partner Adamantem Capital successfully completed the acquisition of Retail Zoo. Retail Zoo is an Australian market leader in the fast refreshment and casual dining categories. The company was founded in 2000 and has more than 750 stores in Australia and overseas including iconic Australian brands Boost Juice and Betty's Burgers. Boost Juice has over 350 stores in Australia which are predominantly franchised and its brand strength is evidenced by strong franchisee satisfaction metrics and almost two million loyalty members. Betty's Burgers has transformed into the fastest growing casual dining burger chain in Australia, expanding from eight to 55 stores over the last five years. The investment thesis is to continue leveraging the scale, capability and expertise of the Retail Zoo platform to grow its existing and new brand concepts. The strategy will also focus on optimising the group's operations and driving environmental, social and corporate governance (ESG) initiatives across the group. This investment is in line with WAM Alternative Assets long-term investment theme, growing demand for food.

Recently, WAM Alternative Assets commitment to the Intermediate Capital Group (ICG) Australian Senior Loan Fund (ASLF) was partly drawn down. The ASLF's strategy targets investments in senior secured loans to established Australian and New Zealand-based businesses, with leading market positions and strong management teams. The underlying loans in the ASLF portfolio are variable rate loans, providing a protection against rising interest rates, and are approximately \$35 to \$70 million in size, with average maturities of two-to-five years. The ASLF currently consists of a mature portfolio of 32 investments and approximately \$1.4 billion in assets under management, and is well diversified across sectors and borrowers.

## Market capitalisation (ASX: WMA)

\$210.5m\*

## Gross assets

\$247.2m

## Investment portfolio performance

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

13.1%<sup>^</sup>

## Profits reserve (per share)

20.8c

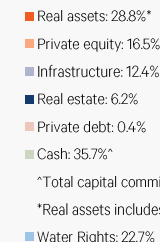
## Annualised fully franked interim dividend (per share)

5.0c

\*Based on the 31 March 2023 share price of \$1.08 per share. WAM Alternative Assets has 194,887,687 shares on issue.

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

## Asset class exposure



<sup>^</sup>Total capital commitments are 22.6%.

\*Real assets includes:

Portfolio structure	Current value		+/- Prior month	
	\$m	%	\$m	%
Real assets	71.1	28.8	-	-
Private equity	40.7	16.5	2.6	6.8
Infrastructure	30.6	12.4	0.5	1.7
Real estate	15.4	6.2	2.6	20.3
Private Debt	1.1	0.4	1.1	-
Cash <sup>^</sup>	88.3	35.7	(4.4)	(4.7)
<b>Grand total</b>	<b>247.2</b>	<b>100.0</b>	<b>2.4</b>	<b>1.0</b>

<sup>^</sup>Includes undrawn capital commitments to the Crescent Capital Partners VII Fund (\$15.0m); the Barwon Institutional Healthcare Property Fund (\$9.7m); the Intermediate Capital Group Australian Senior Loan Fund (\$8.9m); the Allegro Fund IV (\$8.8m); the CEN (I&L) Partnership Fund (\$6.5m); the Adamantem Capital Fund II (\$5.8m) and the Strategic Australian Agriculture Fund (\$1.3m). During the month, \$2.7m of capital commitments to the Barwon Institutional Healthcare Property Fund, \$1.1m of capital commitments to the Intermediate Capital Group Australian Senior Loan Fund and \$1.0m of capital commitments to the Allegro Fund IV was drawn down.

## 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 NTA figures are **before** the fully franked interim dividend of 2.5 cents per share due to be paid on 28 April 2023. The shares will trade ex-dividend on 17 April 2023.

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
March 2023	126.45c	124.53c	123.03c
February 2023	125.39c	123.48c	122.23c

## Top holdings

### Real assets



### Water Fund

Pioneer and leading non-irrigator water investor in Australia

### Strategic Australian Agriculture Fund

Investing across Australian water entitlements, farmland and associated businesses and agricultural infrastructure

### Private equity



A provider of outsourced e-commerce solutions in South-East Asia



A manufacturer of premium condiments, desserts and beverages

### Infrastructure



Palisade's Diversified Infrastructure Fund

Palisade's Renewable Energy Fund

### Private Debt



Australian Senior Loan Fund

### 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 buy-out strategy



Australian senior secured loan strategy



Last-mile logistics real estate strategy



Australian healthcare real estate strategy



Mid-market infrastructure strategy



Mid-market private equity strategy with a focus on healthcare



Turnaround, special situations and transformation private equity strategy



# W | A | M Research

The most compelling undervalued growth opportunities in the Australian market.

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 Australian aged care provider Estia Health (ASX: EHE) and leading global maltster United Malt Group (ASX: UMG).

Estia Health is a leading residential aged care provider in Australia operating in New South Wales, Queensland, South Australia and Victoria. During the month, Estia Health received a \$775 million takeover offer from private equity firm Bain Capital. Under the proposal, shareholders would receive \$3.00 per share, representing a 28.2% premium to the closing share price of \$2.34 per share on 23 March 2023. Interestingly, the takeover proposal came before the industry is due to receive crucial regulatory clarity around the national aged care reforms that is expected later this year. We expect that quality aged care operators with scale, like Estia Health, will attract further interest from strategic and financial investors, given the prohibitive cost to build new centres and a more favourable government funding environment.

United Malt Group is one of the world's leading malt producers, with a network of companies spanning Canada, the United States, the United Kingdom and Australia. Despite a strong position within the global malting industry, the company has suffered from the lingering impacts of the pandemic, with spiking commodity prices and an erratic supply chain which has placed pressure on earnings. During the month a bid emerged from Malteries Soufflet, a French malt company that is part of InVivo Group (one of Europe's leading agricultural companies), a group with intimate knowledge of the ongoing headwinds from the pandemic and its impact on the United Malt Group's earnings profile. Following the news of this deal that would join two leading industry players, United Malt Group's share price increased 38% during March.

## Market capitalisation (ASX: WAX)

\$259.3m<sup>#</sup>

## Gross assets

\$193.8m

## Listed equities

\$177.2m

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

13.7%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 8.7%

## Dividends paid since inception (per share)

134.0c

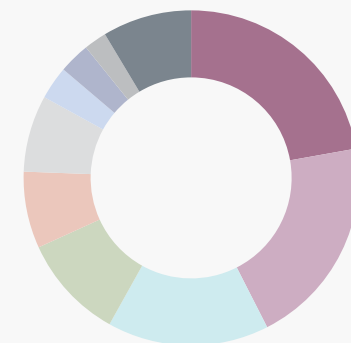
## Annualised fully franked interim dividend yield

7.7%<sup>#</sup>

<sup>#</sup>Based on the 31 March 2023 share price of \$1.30 per share and the annualised FY23 fully franked interim dividend of 10.0 cents per share. WAM Research has 199,431,782 shares on issue.

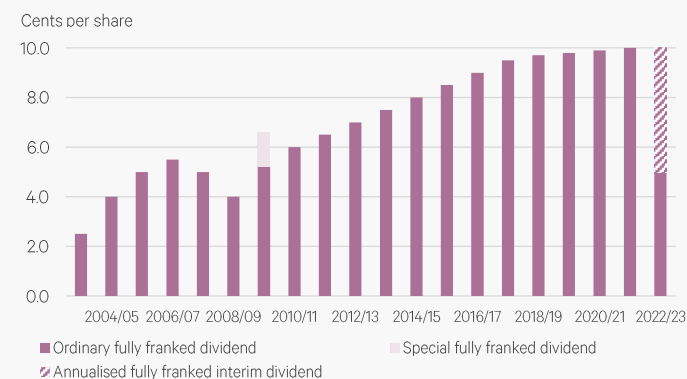
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

The Board declared a fully franked interim dividend of 5.0 cents per share payable on 21 April 2023. The Company's ability to generate franking credits is dependent upon the payment of tax on profits and the quantum of fully franked dividends received from investee companies. Currently, the franking account balance of WAM Research is able to frank the interim dividend and a portion of the final dividend, assuming the final dividend is also 5.0 cents per share. If no additional franking is generated, there is a possibility of future dividends being partially franked or unfranked.



## Net Tangible Assets (NTA) per share

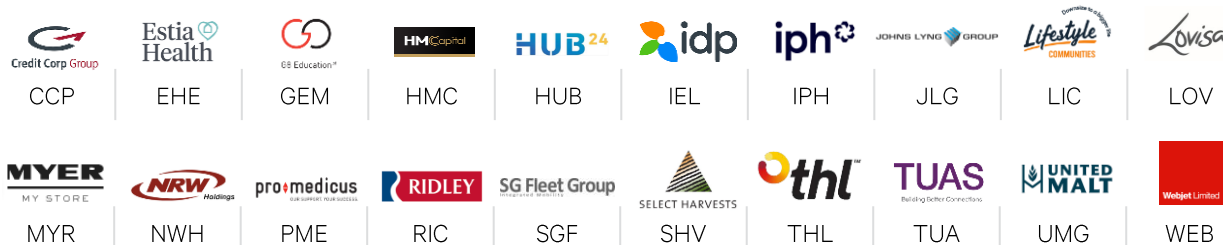
The below NTA figures are **before** the fully franked interim dividend of 5.0 cents per share due to be paid on 21 April 2023. The shares traded ex-dividend on 11 April 2023.

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
March 2023	96.90c <sup>^</sup>	102.58c	103.02c
February 2023	95.42c	100.59c	101.66c

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

<sup>^</sup>The NTA before tax is after the payment of \$450k (0.23 cents per share) in tax during the month.

## Top 20 holdings (in alphabetical order)



# 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 biopharmaceutical company Neuren Pharmaceuticals (ASX: NEU) and financial services provider AMP (ASX: AMP).

Neuren Pharmaceuticals is developing new therapies for highly debilitating neurodevelopmental disorders that emerge in early childhood, which currently do not have approved medicine to treat the conditions. In March, Neuren Pharmaceuticals announced that its North American partner Acadia Pharmaceuticals (NASDAQ: ACAD) received the US Food and Drug Administration's (FDA) approval for its compound trofinetide, after it showed positive results for the treatment of Rett syndrome. As it is the first and only approved treatment for this genetic condition, Neuren Pharmaceuticals is set to receive USD40 million from Acadia Pharmaceuticals after the first commercial sale of trofinetide in the United States and ongoing royalties on annual sales. We believe the company's deep expertise in new drug development and strong forecasted earnings growth will allow the business to maintain its positive momentum.

AMP is a well-known provider of superannuation and investment products, financial advice and banking products in Australia and New Zealand. The share price increased after AMP announced the final stage completion of the sale and transfer of the AMP Capital real estate and domestic infrastructure equity business to Dexu Funds Management. The announcement is a key milestone in the delivery of AMP's simplification strategy as it looks to return excess liquidity to shareholders. We continue to believe the company is undervalued as it remains at an attractive discount to its net tangible assets.

## Market capitalisation (ASX: WAA)

\$58.6m<sup>#</sup>

## Gross assets

\$55.4m

## Listed equities

\$51.8m

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

9.7%<sup>^</sup>

Bloomberg AusBond Bank Bill Index (Cash): 2.8%

## Dividends paid since inception (per share)

86.7c

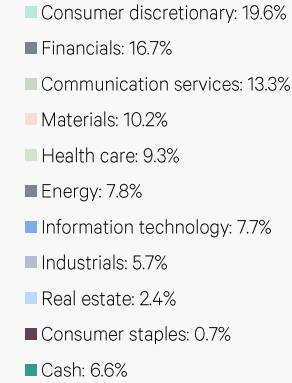
## Annualised fully franked interim dividend yield

7.6%<sup>#</sup>

<sup>#</sup>Based on the 31 March 2023 share price of \$0.785 per share and the annualised FY23 fully franked interim dividend of 6.0 cents per share. WAM Active has 74,619,042 shares on issue.

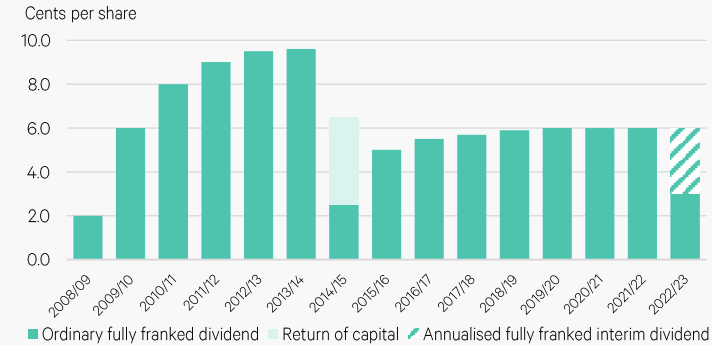
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

The Board declared a fully franked interim dividend of 3.0 cents per share payable on 21 April 2023. The Company's ability to continue paying fully franked dividends is dependent on generating additional profits reserves and franking credits. The ability to generate franking credits is reliant on the receipt of franked dividends from investee companies and the payment of tax on profits.



## Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked interim dividend of 3.0 cents per share due to be paid on 21 April 2023. The shares traded ex-dividend on 11 April 2023.

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
March 2023	74.02c	83.62c	84.67c
February 2023	74.06c	83.67c	84.60c

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

## Top 20 holdings (in alphabetical order)

