
W | A | M Capital

ABN 34 086 587 395

2023
Annual Report

Wilson
Asset Management
Making a difference



WAM Capital Limited

WAM Capital Limited (WAM Capital or the Company) is a listed investment company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

WAM Capital

Directors

Geoff Wilson AO (Chairman)
Kate Thorley
Dr. Philippa Ryan
James Chirnside
Lindsay Mann
Matthew Pancino
Angus Barker

Joint Company Secretaries

Jesse Hamilton
Linda Kiriczenko

Investment Manager

Wilson Asset Management
(International) Pty Limited
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Sydney NSW 2000

Country of Incorporation

Australia

Registered Office

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Share Registry

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For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

Australian Securities Exchange

WAM Capital Limited
Ordinary Shares (WAM)

Auditor

Pitcher Partners

Regional Shareholder Presentations

The Wilson Asset Management and Future Generation teams look forward to meeting with our shareholders across the country.

Newcastle Monday 9 October

Toowoomba Monday 30 October

Gold Coast Tuesday 31 October

Noosa Wednesday 1 November

Launceston Thursday 9 November

Join our hybrid Annual General Meeting

Wednesday, 25 October 2023

Museum of Sydney (Warrane Theatre)
Cnr Bridge St and Phillip St
Sydney NSW 2000

Further details to be provided.



FY2023 highlights

\$233.2m

operating profit before tax

+18.2%

investment portfolio performance

15.5 cps

full year fully franked dividend

30 June 2023 snapshot

Listing date	August 1999
Gross assets	\$1,574.4m
Market capitalisation	\$1,645.4m
Share price	\$1.495
Shares on issue	1,100,603,773
Net tangible assets (pre-tax)	\$1.42
Net tangible assets (post-tax)	\$1.57
FY2023 fully franked dividends	15.5 cents
FY2023 fully franked dividend yield*	10.4%
FY2023 fully franked grossed-up dividend yield [^]	14.9%

*Based on the 30 June 2023 share price of \$1.495 per share.

[^]Grossed-up dividend yield includes the benefits of franking credits and is based on a tax rate of 30.0%.

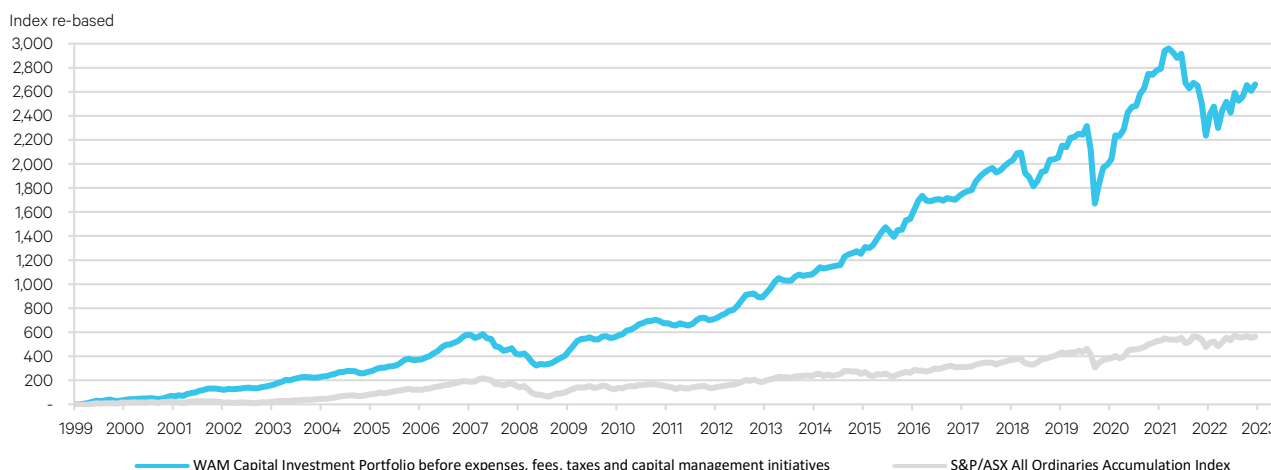
FY2023 results

WAM Capital reported an operating profit before tax of \$233.2 million for the year (FY2022: operating loss before tax of \$425.9 million) and an operating profit after tax of \$173.3 million (FY2022: operating loss after tax of \$293.7 million), reflective of the strong performance of the investment portfolio over the year.

The investment portfolio increased 18.2% during the 12-month period to 30 June 2023, outperforming the S&P/ASX All Ordinaries Accumulation Index and the S&P/ASX Small Ordinaries Accumulation Index by 3.4% and 9.8% respectively. This investment portfolio outperformance was achieved with an average cash weighting of 10.6%.

The Board declared a full year fully franked dividend of 15.5 cents per share, with the final fully franked dividend being 7.75 cents per share. The Company's ability to continue paying fully franked dividends at the current level is dependent on generating additional profits reserve, through positive investment portfolio performance, 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. Since inception, the Company has paid 292.75 cents per share in fully franked dividends to shareholders.

Since inception, the WAM Capital's investment portfolio has returned 14.9% per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index by 6.7% per annum.



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Letter from the Chairman *Geoff Wilson AO*



Dear Fellow Shareholders,

The 2023 financial year was a challenging period for equity markets, dominated by economic headwinds, interest rate hikes, inflation and investor concerns surrounding an impending recession. Heading into FY2024, the investment team expect a strong period for undervalued growth companies and believe earnings estimates and share prices have already factored in the negativity anticipated from difficult macroeconomic conditions.

As fellow shareholders, we share your disappointment as we witnessed market volatility and sentiment negatively impacting the WAM Capital share price and the share price premium to net tangible assets (NTA) during the 2023 financial year. During the 12-month period to 30 June 2023, the WAM Capital share price premium to NTA changed from 22.1% at 30 June 2022 to 5.1% at 30 June 2023, impacting total shareholder return for shareholders over the period.

As we have spoken about throughout the year, we acknowledge many of you are concerned about the future of WAM Capital's stream of fully franked dividends, which I will address in detail later in this letter. We continue to manage the Company's capital on your behalf in a way that strives to deliver superior risk-adjusted returns over the medium-to-long term, and where possible, pay these returns to you as fully franked dividends. You have entrusted us with your capital, and we will continue to deploy Wilson Asset Management's proven investment process to navigate through these difficult times.

In the 12 months to 30 June 2023, the WAM Capital investment portfolio increased 18.2%, outperforming the S&P/ASX All Ordinaries Accumulation Index by 3.4% and the S&P/ASX Small Ordinaries Accumulation Index by 9.8%, with an average cash weighting of 10.6% over the year. WAM Capital reported an operating profit before tax of \$233.2 million (FY2022: operating loss before tax of \$425.9 million) and an operating profit after tax of \$173.3 million (FY2022: operating loss after tax of \$293.7 million).

+18.2%

investment portfolio
performance for the 12-
month period to 30
June 2023

**15.5 cents
per share**

FY2023 full year fully
franked dividend

10.4%

fully franked dividend
yield on the 30 June
2023 share price

Since inception in 1999, WAM Capital has achieved an investment portfolio return of 14.9% per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index by 6.7% per annum, while having an average cash weighting of 30.4% over this period. This long-term investment portfolio performance has been achieved with WAM Capital's diligent and proven investment approach which has provided solid returns. Over this time I have seen many challenging periods in equity markets. These cycles are common, and while it has been a difficult period for investing in small-cap companies, we believe the current cycle is coming to an end and remain committed to our investment process of identifying undervalued growth companies with a catalyst. This process will continue to deliver solid returns to our shareholders over time.

The ongoing narrowing of the Company's share price premium to NTA has occurred during the year across the entire listed investment company (LIC) and listed investment trust (LIT) sector as investors seek the perceived safe haven of term deposits and cash, amid a volatile equity market. The yield on fixed interest and bonds has approached close to the average dividend yield for the Australian equity market for the first time in nearly 12 years, causing share price premiums to NTA to contract and discounts to widen. WAM Capital's share price premium to NTA as at 30 June 2023 of 5.1% compares to the average premium during FY2023 of 15.3% and 21.9% in FY2022.

The long-term investment portfolio performance has enabled WAM Capital to pay shareholders an average annualised fully franked dividend yield on the initial public offering price of 12.5% per year over the last 24 years. Over the last five financial years, the historical profits reserve has enabled WAM Capital to maintain its full year fully franked dividend at 15.5 cents per share.

Following coronavirus pandemic and market volatility in 2020, the Board made the decision to maintain the 15.5 cents per share fully franked dividend for shareholders rather than cutting the dividend. Since 2020, WAM Capital has paid an average grossed-up fully franked dividend yield on NTA of approximately 15.0%, while the S&P/ASX All Ordinaries Accumulation Index average dividend yield was 3.7% with an average franking level of 57.9%. With such a high fully franked dividend yield on the Company's assets, the NTA of the Company has fallen by an average of 13.1% per annum over the last four financial years as it has been reduced by the value of the fully franked dividend of 15.5 cents per share and the tax paid to frank the dividend each year.

The WAM Capital share price has also reduced by the movement in the share price premium to NTA from a high of 32.4% in late 2020 to 5.1% at 30 June 2023, as well as from the payment of fully franked dividends and taxes (franking credits generated) over this period. The Company has provided shareholders significantly more in terms of income rather than capital returns, with the fully franked dividends and tax paid exceeding the decrease seen in the WAM Capital NTA and share price over this period.

The Board declared a final fully franked dividend of 7.75 cents per share, bringing the FY2023 full year fully franked dividend to 15.5 cents per share. The Company is able to pay a final fully franked dividend in FY2023 as a result of the profits reserve available and the performance of the investment portfolio during the year. Since inception, WAM Capital has returned over \$1.6 billion in dividends and franking credits to shareholders.

In order to sustain a full year fully franked dividend of 15.5 cents per share, at the current net asset level, the investment portfolio performance would need to be approximately 16% per annum, grossed up for expenses and fees, and there can be no certainty that such high returns can be maintained each year. This fully franked dividend is extremely high and provides shareholders with a yield on the Company's

Chairman's letter

30 June 2023 share price of 10.4% and a grossed-up yield of 14.9% when including the value of franking credits. When calculating the yield on net assets, the fully franked dividend yield of WAM Capital is 10.9%, with a grossed-up yield of 15.6%.

As at 31 July 2023, the Company had 12.8 cents per share available in its profits reserve representing 0.8 years of annual dividend coverage before the payment of the final fully franked dividend of 7.75 cents per share, payable on 31 October 2023.

In FY2024, the Company's ability to continue paying fully franked dividends at the current level is dependent on generating additional profits reserves, through positive investment portfolio performance, 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, which is uncertain.

Company performance

Over four decades of investing, I have found three key measures crucial to the evaluation of a listed investment company's (LIC) performance: investment portfolio performance, net tangible asset growth and total shareholder return.

1) Investment portfolio performance

Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees, taxes and capital management initiatives. A key objective of WAM Capital is long-term outperformance against the S&P/ASX All Ordinaries Accumulation Index, which is achieved by growing the investment portfolio at a greater rate. The S&P/ASX All Ordinaries Accumulation Index is measured before expenses, fees and taxes and is a like-for-like measure and reflects the portfolio manager's ability to manage the portfolio, regardless of capital management decisions made by the Board.

Performance at 30 June 2023	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Aug-99)
WAM Capital Investment Portfolio	18.2%	9.7%	5.5%	10.8%	14.9%
S&P/ASX All Ordinaries Accumulation Index	14.8%	11.4%	7.3%	8.8%	8.2%
Outperformance	+3.4%	-1.7%	-1.8%	+2.0%	+6.7%
S&P/ASX Small Ordinaries Accumulation Index	8.4%	5.2%	2.3%	6.8%	5.0%
Outperformance	+9.8%	+4.5%	+3.2%	+4.0%	+9.9%

Investment portfolio performance is before expenses, fees, taxes and capital management initiatives to compare to the relevant indexes which are before expenses, fees and taxes.

WAM Capital's investment portfolio increased 18.2% in the year to 30 June 2023, while holding on average 10.6% of the investment portfolio in cash. Since inception, WAM Capital has achieved an investment portfolio return of 14.9% per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index by 6.7% per annum.

Chairman's letter

Set out below is the performance of WAM Capital since listing, on a financial year basis. The performance data excludes all expenses, fees, taxes and capital management initiatives, and is used as a guide to show how the Company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index over the same period.

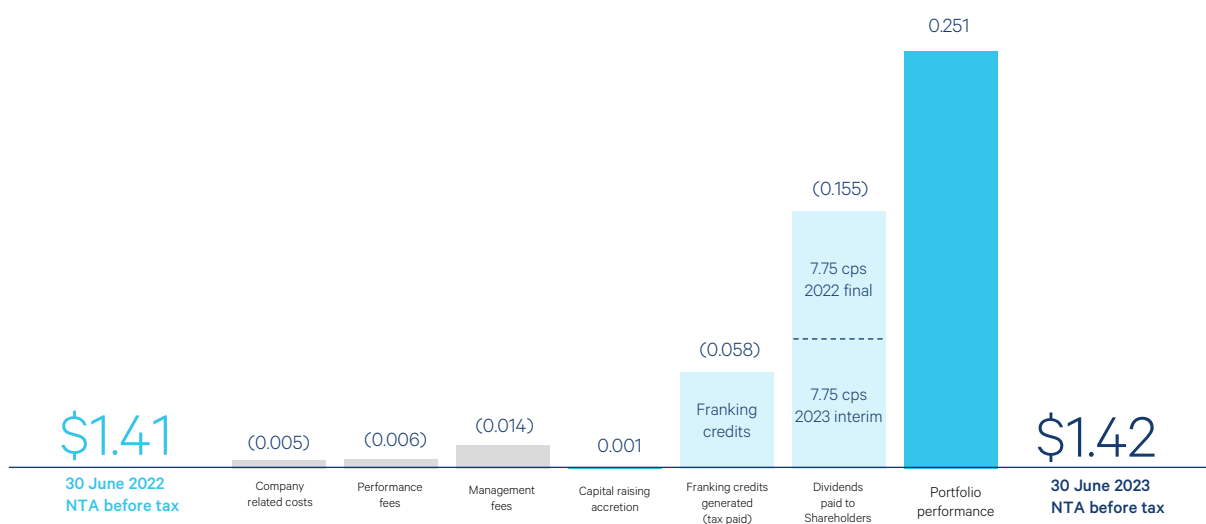
Financial year	WAM Capital Investment Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
1999/2000	33.3%	11.3%	+22.0%
2000/2001	30.2%	8.9%	+21.3%
2001/2002	32.7%	-4.5%	+37.2%
2002/2003	12.3%	-1.1%	+13.4%
2003/2004	27.3%	22.4%	+4.9%
2004/2005	13.9%	24.8%	-10.9%
2005/2006	27.4%	24.2%	+3.2%
2006/2007	44.1%	30.3%	+13.8%
2007/2008	-23.0%	-12.1%	-10.9%
2008/2009	-3.2%	-22.1%	+18.9%
2009/2010	29.8%	13.8%	+16.0%
2010/2011	17.9%	12.2%	+5.7%
2011/2012	4.2%	-7.0%	+11.2%
2012/2013	22.7%	20.7%	+2.0%
2013/2014	19.2%	17.6%	+1.6%
2014/2015	14.7%	5.7%	+9.0%
2015/2016	21.6%	2.0%	+19.6%
2016/2017	11.7%	13.1%	-1.4%
2017/2018	15.0%	13.7%	+1.3%
2018/2019	2.0%	11.0%	-9.0%
2019/2020	-2.8%	-7.2%	+4.4%
2020/2021	37.5%	30.2%	+7.3%
2021/2022	-18.8%	-7.4%	-11.4%
2022/2023	18.2%	14.8%	+3.4%

2) Net tangible asset (NTA) growth

NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees). The NTA represents the realisable value of the Company and is provided to shareholders and announced on the ASX each month.

WAM Capital's pre-tax NTA increased 12.5% in the 12 months to 30 June 2023, including the 15.5 cents per share of fully franked dividends paid to shareholders during the year. This increase is after 5.8 cents per share or 4.1% of corporate tax paid during the year. The corporate tax payments made throughout the year was the major item of difference between the investment portfolio performance increase of 18.2% and the NTA performance of 12.5%. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in the value of the assets during the year were management fees of 1.0%, performance fee of 0.4%, other company related expenses of 0.3% being offset by capital management accretion of 0.1%.

WAM Capital pre-tax NTA performance

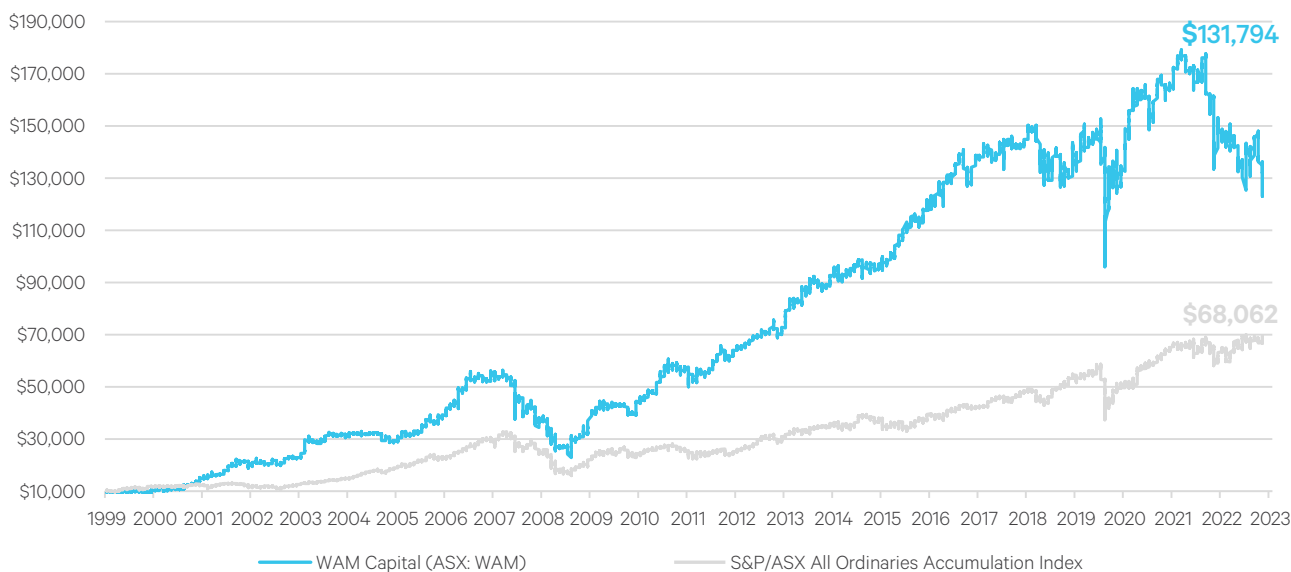


3) Total shareholder return (TSR)

TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period, before the value of any franking credits distributed to shareholders through fully franked dividends.

The TSR for WAM Capital was -4.5% for the year to 30 June 2023 and was impacted by the significant decline in the share price premium to NTA, which fell from 22.1% as at 30 June 2022 to 5.1% as at 30 June 2023. This was partially offset by the investment portfolio performance of 18.2%. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

Growth of a \$10,000 investment since inception



Notes:

1. The above graph reflects the period from inception in August 1999 to 30 June 2023.
2. WAM Capital's share price performance is calculated using the closing daily share price from IRESS, in Australian dollar terms, and assumes all dividends are reinvested.
3. The S&P/ASX All Ordinaries Accumulation Index has been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the WAM Capital portfolio.

Dividends

The Board declared a final fully franked dividend of 7.75 cents per share, bringing the full year fully franked dividend to 15.5 cents per share. Since inception, the Company has paid 292.75 cents per share in fully franked dividends to shareholders.

The LIC structure provides a permanent and stable closed-end pool of capital. An investment team that manages capital on behalf of a LIC can therefore make rational investment decisions based on sound investment strategies, undisturbed by fund inflows and outflows (investors' capital allocations and redemptions). Investors in LICs may also benefit from fully franked dividends paid over time.

Since inception, WAM Capital has returned over \$1.6 billion in dividends and franking credits to shareholders. The long-term investment portfolio performance has enabled WAM Capital to pay shareholders an average annualised fully franked dividend yield on the initial public offering price of 12.5% per annum over the last 24 years. Over the last five financial years, the historical profits reserve has enabled WAM Capital to maintain its full year fully franked dividend at 15.5 cents per share.

Following the coronavirus pandemic and market volatility in 2020, the Board made the decision to maintain the 15.5 cents per share fully franked dividend for shareholders rather than cutting the dividend. Since 2020, WAM Capital has paid an average grossed-up fully franked dividend yield on net tangible assets (NTA) of approximately 15.0%, while the S&P/ASX All Ordinaries Accumulation Index average dividend yield was 3.7% with an average franking level of 57.9%. With such a high fully franked dividend yield on the Company's assets, the NTA of the Company has fallen by an average of 9.2% per annum as it has been reduced by the value of the fully franked dividend of 15.5 cents per share and the resulting tax paid each year.

Chairman's letter

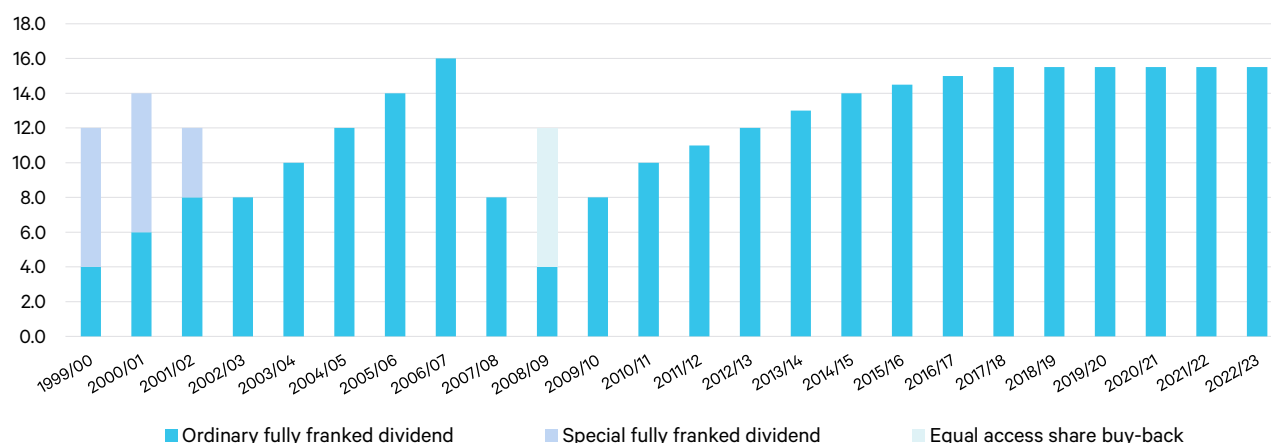
The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits and it is within prudent business practices. The Board declared a final fully franked dividend of 7.75 cents per share, bringing the FY2023 full year fully franked dividend to 15.5 cents per share, representing a 10.4% dividend yield on the 30 June 2023 share price.

In FY2024, the Company's ability to continue paying fully franked dividends at the current level is dependent on generating additional profits reserves, through positive investment portfolio performance, 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. As at 30 June 2023, the Company had 9.3 cents per share available in its profits reserve before the payment of the final fully franked dividend of 7.75 cents per share, and 1.55 cents per share after the payment of the final fully franked dividend. Pleasingly, the investment portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index in July 2023, bringing the profits reserve to 12.8 cents per share, representing 0.8 years of dividend coverage after the payment of the final fully franked dividend of 7.75 cents per share, payable on 31 October 2023.

Dividends are usually paid on a six-monthly basis and the dividend reinvestment plan will operate without a discount for the final dividend.

WAM Capital dividends since inception

Cents per share



We encourage you to visit our website, subscribe to receive our updates and to call or email us with any questions or suggestions you have regarding WAM Capital or Wilson Asset Management. Please contact myself or the team on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au.

Thank you for your continued support and keep safe.

Geoff Wilson AO
Chairman

Update from the Lead Portfolio Manager

Oscar Oberg CFA



Investment process

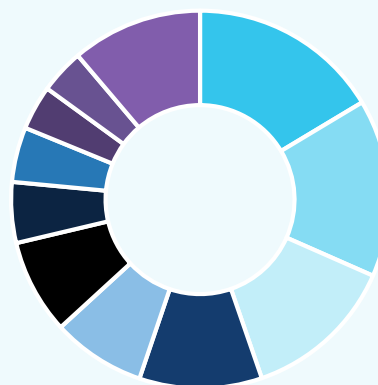
Using Wilson Asset Management’s proven investment process, the WAM Capital investment team identify and invest in undervalued growth companies with a catalyst and attractive qualities. The vast majority of companies that we find with these qualities, including low price-to-earnings (P/E) and price/earnings-to-growth (PEG) multiples, are within the small industrials sector of the market. The investment team had over 4,000 meetings with management during the year to help identify companies with these qualities, which led us to be more exposed to the small-cap end of the market. As at 30 June 2023, the WAM Capital investment portfolio was not exposed to large-cap companies, compared to the S&P/ASX All Ordinaries Accumulation Index, where the 50 largest companies represent 72.8% of the Index.

Portfolio composition by market capitalisation

	WAM Capital*	S&P/ASX All Ordinaries Index	S&P/ASX Small Ordinaries Index
ASX Top 20	0.0%	57.3%	0.0%
ASX 21-50	0.0%	15.5%	0.0%
ASX 51-100	17.6%	12.9%	9.7%
ASX 101-300	50.0%	11.7%	85.6%
Ex ASX 300	21.2%	2.6%	4.7%

*Investment portfolio held 11.2% cash.

Diversified investment portfolio by sector



- Consumer discretionary: 16.4%
- Industrials: 13.1%
- Communication services: 8.1%
- Materials: 5.2%
- Real estate: 3.8%
- Cash: 11.2%
- Health care: 15.2%
- Financials: 10.5%
- Information technology: 8.0%
- Energy: 4.7%
- Consumer staples: 3.8%

The year in review

The 2023 financial year was dominated by the largest interest rate hiking cycle in over 30 years and the increasing probability of a global recession. Despite macroeconomic headwinds, the WAM Capital investment portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index and the S&P/ASX Small Ordinaries Accumulation Index with the team applying Wilson Asset Management’s proven

Lead Portfolio Manager update

investment process which has delivered consistent long-term returns across a range of investment cycles over the last 25 years.

For the 12 months to 30 June 2023, the WAM Capital investment portfolio increased 18.2%, outperforming the S&P/ASX All Ordinaries Accumulation Index by 3.4%. The team was pleased with this outcome in what could be considered as one of the toughest markets experienced for some time. The strength of our investment process and the team's stock selection is highlighted by the investment portfolio outperforming the S&P/ASX Small Ordinaries Accumulation Index by 9.8% over the period.

Since September 2021 we have witnessed the underperformance of small-cap companies in comparison to the broader market, as the uncertain macroeconomic environment saw a sell-off in small-cap companies with large-cap companies being favoured by investors. During this period, the WAM Capital investment portfolio has outperformed the S&P/ASX Small Ordinaries Accumulation Index by 8.1% but underperformed the S&P/ASX All Ordinaries Accumulation Index by 11.7% driven by the performance of large-cap companies which do not fit our investment process.

S&P/ASX All Ordinaries Index vs S&P/ASX Small Ordinaries Index from 2021 to 2023



Contributors to the investment portfolio outperformance over the financial year included aged care provider Estia Health (ASX: EHE) and offshore vessel operator MMA Offshore (ASX: MRM).

We first invested in Estia Health as we believed the aged care sector would experience an earnings recovery following the negative impact on occupancy levels from the coronavirus pandemic in addition to the outcomes from the Royal Commission which completed in February 2021. Pleasingly, throughout the 2023 financial year the company saw occupancy levels return to pre-coronavirus pandemic levels faster than analyst expectations, improved levels of government funding, accretive acquisitions and a takeover offer in March 2023 from Bain Capital.

Lead Portfolio Manager update

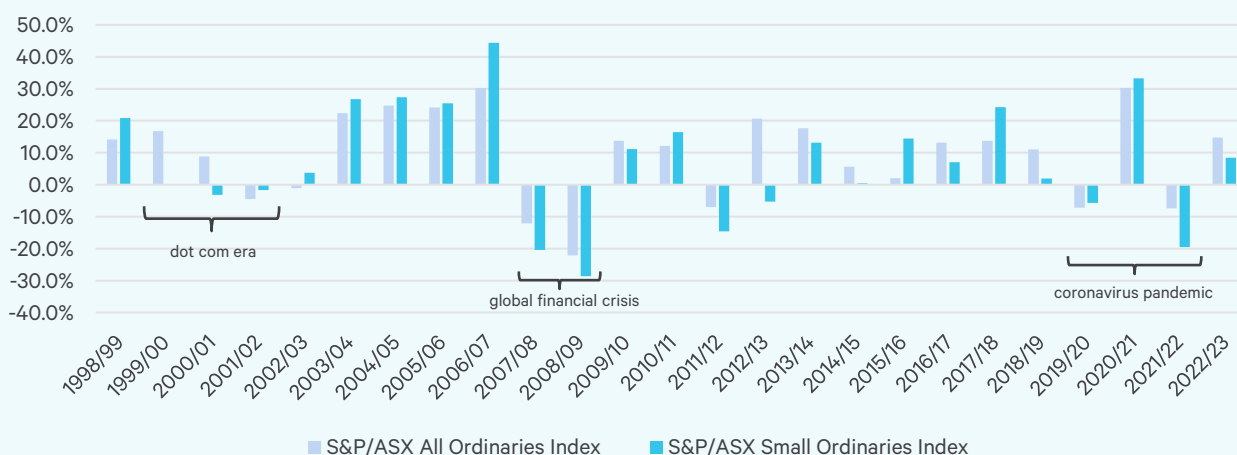
We invested in MMA Offshore in May 2022 due to our favourable view on oil and gas markets and the likelihood that exploration and production drilling would increase faster than expected. The company was also trading at a discount to its net tangible asset value. Pleasingly, MMA Offshore upgraded earnings twice over the 2023 financial year and the net debt on its balance sheet reduced significantly. While oil and gas markets have been buoyant, a new market in offshore renewable projects has emerged which we believe will provide tailwinds for the company over the medium term.

As is common with a balanced investment portfolio, WAM Capital held companies that detracted from the investment portfolio performance, with two of those being engineering and construction company Maas Group Holdings (ASX: MGH) and chemicals company DGL Group (ASX: DGL). Poor weather and an over-leveraged balance sheet impacted Maas Group Holdings over the 2023 financial year with the company disappointingly downgrading earnings expectations three times. Despite reducing the size of our shareholding in the company as a result, we remain optimistic over the prospects of the company as we believe the current share price materially undervalues the property that is held on Maas Group Holdings' balance sheet. We see upcoming catalysts of asset sales to support our thesis and look forward to a normalised period in terms of the weather to highlight the true run rate of earnings within the business which we believe can beat earnings expectations. In August 2022, DGL Group missed market earnings expectations and saw a significant drop in its share price due to rising costs. Given the unexpected earnings decline, we chose to exit the company.

The year ahead

Over the last 25 years we have seen many periods where small-cap companies have underperformed the broader equity market. Examples of this include the dot com era from 2000 to 2002 and the global financial crisis from 2008 to 2009. These cycles are common, and while it has been a tough period for investing in small-cap companies, we believe the current cycle is coming to an end and the headwinds that we have witnessed can turn into tailwinds over the coming year.

S&P/ASX All Ordinaries Index and S&P/ASX Small Ordinaries Index
yearly performance over the last 25 years



Lead Portfolio Manager update

The period from September 2021 to June 2023 has seen the S&P/ASX Small Ordinaries Accumulation Index underperform the S&P/ASX All Ordinaries Accumulation Index by 19.8%, representing one of the largest periods of divergence between the two indexes in recent times. In the United States, valuations of small-cap companies versus large-cap companies are trading at multi-decade lows, highlighting that this phenomenon is not limited to Australia and is something we are seeing across the world.

Pleasingly, there are signs that this period of underperformance is coming to an end and we are seeing many exciting opportunities from companies across an array of sectors that have been significantly impacted by the prevailing uncertain macroeconomic environment. The June 2023 quarter represented the first quarter since September 2021 where the S&P/ASX Small Industrials Accumulation Index outperformed the S&P/ASX All Ordinaries Accumulation Index. We believe we are approaching the end of the tightening cycle by global central banks and will soon enter an earnings downgrade cycle due to the prospects of a recession. While this may seem contradictory to earlier comments, we note that equity markets traditionally move 12 to 18 months in advance of earnings rebounding.

Heading into the 2024 financial year, the investment team is particularly excited about the retail sector. The retail sector was one of the hardest hit over the last two years. While we acknowledge the difficult macroeconomic conditions, we believe earnings estimates and share prices have already factored in this negativity. An example of this is Harvey Norman Holdings (ASX: HVN). The company's market capitalisation is now trading below the value of its property for only the third time in the last 15 years. This occurred with the onset of online shopping in 2012 and the early months of the coronavirus pandemic in 2020. Petrol station operator Viva Energy Group (ASX: VEA) is also set to conduct its largest store rollout in Australia over the next five years by converting its 700 Coles Express stores into the successful On The Run offering which dominates the South Australian market. We see a potential re-rating of Viva Energy Group's share price in the medium term as the business diversifies away from its highly cyclical division, with a greater exposure to more defensive convenience retail earnings.

After two challenging years, we see a very strong period ahead for undervalued growth companies with a catalyst. We continue to maintain a flexible cash position to ensure we can benefit from share price volatility and take advantage of valuation anomalies.

Thank you for your continued support.



Oscar Oberg CFA
Lead Portfolio Manager

WAM Capital top holdings

as at 30 June 2023

Code	Company	Portfolio weightings
Research driven holdings		
EHE	Estia Health Limited	3.4%
WEB	Webjet Limited	2.9%
VEA	Viva Energy Group Limited	2.6%
HLS	Healius Limited	2.5%
TUA	Tuas Limited	2.0%
TNE	Technology One Limited	1.8%
VUK	Virgin Money UK PLC	1.8%
MGH	Maas Group Holdings Limited	1.7%
RIC	Ridley Corporation Limited	1.7%
SHV	Select Harvests Limited	1.6%
Market driven holdings		
FLT	Flight Centre Travel Group Limited	2.9%
CAR	carsales.com Limited	2.4%
FPH	Fisher & Paykel Healthcare Corporation Limited	2.4%
NEU	Neuren Pharmaceuticals Limited	2.0%
NXT	NEXTDC Limited	1.9%
BGL	Bellevue Gold Limited	1.8%
MRM	MMA Offshore Limited	1.7%
WOR	Worley Limited	1.7%
360	Life360 Inc.	1.6%
MP1	Megaport Limited	1.3%

The fair value of individual investments held at the end of the reporting period are disclosed on pages 63 to 64.

About Wilson Asset Management

Wilson Asset Management is passionate about making a difference for shareholders and the community for more than 25 years. As an investment manager, Wilson Asset Management invests over \$5 billion on behalf of more than 130,000 retail investors.

Wilson Asset Management is proud to be the Investment Manager for WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA).

Philanthropy

Geoff Wilson founded Future Generation Australia (ASX: FGX) in 2014 and Future Generation Global (ASX: FGG) in 2015. The Future Generation companies are Australia's first listed investment companies to provide both investment and social returns: the companies provide shareholders with exposure to leading Australian and global fund managers who deliver a stream of fully franked dividends and capital growth to investors. This group of leading fund managers manages more than \$1 billion in assets on a pro bono basis, waiving their performance and management fees. Their generosity allows the Future Generation companies to invest 1% of net tangible assets each year in not-for-profit organisations. Shareholders are able to decide which not-for-profits will receive the donation, whether it's supporting children and youth at risk (FGX) or investing in the promotion of wellbeing and preventing mental ill-health in young Australians (FGG). By 2030, Future Generation aims to have donated over \$100 million, with \$65.2 million donated since inception so far. The team at Wilson Asset Management continue to support both companies.

Wilson Asset Management is a member of the global philanthropic Pledge 1% movement, is a significant funder of many Australian charities and provides all team members with \$10,000 each year to donate to charities of their choice. During the year, Wilson Asset Management and Future Generation team members were proud to support over 90 charities across several cause areas such as cancer research, homelessness and mental health. All philanthropic investments are made by the Investment Manager.

We are honoured to provide continued support to Olympic athletes, through managing over \$8 million for the Australian Olympic Committee (AOC) on a pro bono basis. The AOC provides crucial financial and institutional support to Australian athletes to compete at an Olympic level. All fees are foregone by the Investment Manager.

We also support a number of organisations through sponsorships and partnerships across a range of initiatives including; the 2022 Wollongong UCI Road World Cycling Championship, The Australian Shareholder's Association, Sporting Chance Cancer Foundation, Women in Super and many more. All sponsorships and partnerships are made by the Investment Manager.

Advocacy and Education

As part of our focus on making a difference to shareholders and the community, our advocacy work for fair and equitable treatment of retail shareholders continues to be a priority. We firmly believe all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market.

Together we have been publicly fighting for the preservation of Paul Keating's franking system since the Labor party first proposed changes in 2018, a proposal that was going to deny cash refunds of franking credits to certain investors. In September 2021, the Australian Government announced proposed legislation changes to the Australian franking system, this time limiting the ability of Australian companies to pay fully franked dividends to their shareholders. Of the two pieces of legislation proposed, the one that concerns us the most relates to the Government's plan to stop companies paying fully franked dividends that in Treasury's view are directly or indirectly funded by capital raisings. This legislation will stop small growth companies from raising capital and paying fully franked dividends and encourage large companies to focus

About Wilson Asset Management

on minimising tax paid in Australia. The second piece of legislation regarding the off-market buy-backs will restrict a company's ability to equitably manage its capital.

Following a public consultation period and our extensive engagement with Federal MPs and Senators, a Senate Inquiry was held to take a deeper look into the details of the proposed changes. This has now taken place and the committee acknowledged Schedule 5 of the Bill: Franked distributions funded by capital raisings needs clarification, an important victory for us all including industry and taxation experts, lawyers and academics who agree that this legislation is flawed. Unfortunately, they did not grasp that Schedule 4 of the Bill: Off-market share buy-backs also has significant unintended consequences and needs redrafting.

The Australian franking system has been part of the reason Australia has seen more than three decades of economic stability and growth. It has encouraged Australian companies and shareholders to invest in Australia, employ Australians, pay tax in Australia and in turn create more local jobs and ownership of Australian companies by Australians. We will continue to engage with Federal members of parliament, raising awareness about the long term unintended consequences of the proposed legislation.

We also remain committed to education initiatives which advocate for change and progress in corporate Australia. We support the University of New South Wales' School of Mathematics and Statistics' Do The Maths program, which aims to inspire girls in high school to consider tertiary studies and careers in mathematics and statistics. We believe in the importance of gender diversity in the financial services industry, in particular funds management, which provides rewarding career paths. We regularly host Women's Investor Events which give likeminded women a platform to network and enhance financial literacy, while our Young Investor Events aim to inspire the next generation to begin their investment journey early.

Shareholder engagement and communication

Shareholders are the owners of WAM Capital; Wilson Asset Management's responsibility is to manage the Company on your behalf and be available to report to you on a regular basis. We encourage all shareholders to communicate with us and share their feedback. We have a variety of options to keep you informed, including:

-
- ✔ Email updates from our Lead Portfolio Managers

 - ✔ Shareholder Presentations and events

 - ✔ Investment team insights including 'Buy Hold Sell' videos

 - ✔ Shareholder Q&A webinars

 - ✔ Monthly net tangible asset reports and investment updates

 - ✔ Roundtables with planners, advisers and their clients

 - ✔ Social media engagement

 - ✔ Investor education material

 - ✔ Annual and interim results announcements

As always, please contact us by phone on (02) 9247 6755 or by email at info@wilsonassetmanagement.com.au if you ever have any questions or feedback.

Objectives and investment process

Investment objectives

The investment objectives of WAM Capital are to:

- deliver investors a stream of fully franked dividends;
- provide capital growth; and
- preserve capital of the Company.

Investment process – the most compelling undervalued growth companies in the Australian market

WAM Capital provides investors with access to Wilson Asset Management’s two distinctive processes:

- a research-driven process focused on identifying undervalued growth companies; and
- a market-driven process that takes advantage of mispricing opportunities.

Research-driven investing

The research-driven investment process identifies undervalued growth companies through diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this proprietary process, the investment team will only ever invest in a security once it can identify a catalyst or event that it expects will change the market’s valuation of the company.



Market-driven investing

This investment process takes advantage of short-term mispricing opportunities in the Australian equity market. Opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spinoffs and restructures), arbitrage opportunities, LIC discount arbitrages, short selling and trading market themes and trends.

Directors' Report to shareholders for the year ended 30 June 2023

The Directors present their report together with the financial report of WAM Capital for the financial year ended 30 June 2023.

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth and preserve capital. No change in this activity took place during the year or is likely to in the future.

Operating and financial review

Investment operations over the year resulted in an operating profit before tax of \$233,183,754 (FY2022: operating loss before tax of \$425,937,221) and an operating profit after tax of \$173,297,145 (FY2022: operating loss after tax of \$293,696,431). The operating profit for 2023 was reflective of the strong performance of the investment portfolio over the period. The investment portfolio increased 18.2%, outperforming the S&P/ASX All Ordinaries Accumulation Index and the S&P/ASX Small Ordinaries Accumulation Index by 3.4% and 9.8% respectively. This investment portfolio outperformance was achieved with an average cash weighting of 10.6%.

The operating profit for the year includes unrealised gains or losses arising from changes in the fair value of the investments held in the portfolio during the period. This movement in the fair value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. This treatment under the Accounting Standards can cause large variations in reported operating profits between periods.

The operating profit or loss for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

Further information on the three key listed investment company performance measures and the operating and financial review of the Company is contained in the Chairman's Letter.

Financial position

The net asset value of the Company as at 30 June 2023 was \$1,731,978,811 (2022: \$1,706,710,575). Further information on the financial position of the Company is contained in the Chairman's Letter.

Significant changes in state of affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2023.

Dividends paid or recommended

Dividends paid or declared during the year are as follows:

	\$
Final fully franked FY2022 dividend of 7.75 cents per share paid on 28 October 2022	84,304,168
Interim fully franked FY2023 dividend of 7.75 cents per share paid on 26 May 2023	84,792,341

Since the end of the year, the Directors declared a final fully franked dividend of 7.75 cents per share to be paid on 31 October 2023.

Since inception, WAM Capital has returned over \$1.6 billion in dividends and franking credits to shareholders. The long-term investment portfolio performance has enabled WAM Capital to pay shareholders an average annualised fully franked dividend yield on the initial public offering price of 12.5% per year over the last 24 years.

The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits, and it is within prudent business practices. In FY2024, the Company's ability to continue paying fully franked dividends at the current level 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. As at 31 July 2023, the Company had 12.8 cents per share available in its profits reserve, representing 0.3 years of dividend coverage after the payment of the final fully franked dividend of 7.75 cents per share payable on 31 October 2023.

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

- Geoff Wilson AO
- Kate Thorley
- Dr. Philippa Ryan
- James Chirnside
- Lindsay Mann
- Matthew Pancino
- Angus Barker (appointed 3 January 2023)

Information on Directors

Geoff Wilson AO (Chairman – non-independent)

Experience and expertise

Geoff Wilson has over 43 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, Future Generation Australia Limited and Future Generation Global Limited. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Geoff Wilson has been Chairman of the Company since March 1999.

Other current listed company directorships

Geoff Wilson is currently Chairman of WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018) and WAM Strategic Value Limited (appointed March 2021). He is the founder and a Director of Future Generation Australia Limited (appointed July 2014) and Future Generation Global Limited (appointed May 2015) and a Director of WAM Alternative Assets Limited (appointed September 2020), Global Value Fund Limited (appointed April 2014) and Hearts and Minds Investments Limited (appointed September 2018).

Geoff Wilson AO (Chairman – non-independent) (cont'd)

Former listed company directorships in the last 3 years

Geoff Wilson resigned as a director of 8IP Emerging Companies Limited in September 2020 and Australian Leaders Fund Limited in March 2021.

Special responsibilities

Chairman of the Board.

Interests in shares of the Company

Details of Geoff Wilson's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Geoff Wilson's interests in contracts of the Company are included later in this report.

Kate Thorley (Director – non-independent)

Experience and expertise

Kate Thorley has over 18 years' experience in the funds management industry and more than 24 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Active Limited, WAM Research Limited, WAM Leaders Limited, WAM Microcap Limited, WAM Global Limited, WAM Strategic Value Limited, Future Generation Australia Limited and Future Generation Global Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a Graduate member of the AICD (GAICD).

Kate Thorley has been a Director of the Company since August 2016.

Other current listed company directorships

Kate Thorley is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), Future Generation Australia Limited (appointed April 2015), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), Future Generation Global Limited (appointed March 2021) and WAM Strategic Value Limited (appointed March 2021).

Former listed company directorships in the last 3 years

Kate Thorley has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

None.

Interests in shares of the Company

Details of Kate Thorley's interests in shares of the Company are included later in this report.

Interests in contracts

Kate Thorley has no interests in contracts of the Company.

Dr. Philippa Ryan (Director – independent)

[Experience and expertise](#)

Dr. Philippa Ryan is an experienced legal academic with experience in commercial law, corporate governance, finance and technology. Dr Ryan is an honorary associate professor in the Australian National University's (ANU) College of Law and program director of the ANU Master of Laws. She has authored books and articles on blockchain technology, digital economies, and crypto currencies. She is a member of the Standards Australia blockchain technical committee and a member of ASIC's Fintech Advisory Committee. She was lead author of the ISO technical specification for smart contracts, and a non-executive director on the Board of Lander and Rogers until February 2023. Dr. Ryan holds a number of legal and academic qualifications including BA, LLB (Hons), Master of Education, and PhD (Law).

Dr. Ryan has been a Director of the Company since April 2018.

[Other current listed company directorships](#)

Dr. Philippa Ryan has no other current listed company directorships.

[Former listed company directorships in the last 3 years](#)

Dr. Philippa Ryan has not resigned as a Director from any other listed companies within the last three years.

[Special responsibilities](#)

Member of the Audit and Risk Committee.

[Interests in shares of the Company](#)

Dr. Philippa Ryan has no interests in shares of the Company.

[Interests in contracts](#)

Dr. Philippa Ryan has no interests in contracts of the Company.

James Chirnside (Director – independent)

[Experience and expertise](#)

James Chirnside has been involved in financial markets for over 32 years mainly as an equities fund manager across a broad range of sectors. James is currently Chairman and Managing Director of Dart Mining NL. Prior to this, James worked as a fund manager and proprietary metals trader in Sydney, Hong Kong, London, and Melbourne. Between 2002 and 2012, James ran equities fund manager Asia Pacific Asset Management. From 2000-2001, James worked for Challenger Financial Group in Sydney as a product manager responsible for hedge fund investments. During the 1990s, James managed frontier and emerging market hedge funds in Hong Kong and London for Regent Fund Management (now London AIM listed Charlemagne Capital). Between 1988 and 1992, James ran a proprietary trading book for County NatWest Investment Bank, based in London.

James Chirnside has been a Director of the Company since February 2003.

[Other current listed company directorships](#)

James Chirnside is a Director of Cadence Capital Limited (appointed February 2005), Dart Mining NL (appointed June 2015) and IPE Limited (appointed August 2018).

[Former listed company directorships in the last 3 years](#)

James Chirnside resigned as a Director of Ask Funding Limited in April 2023.

James Chirnside (Director – independent) (cont'd)

Special responsibilities

Chairman of the Audit and Risk Committee.

Interests in shares of the Company

Details of James Chirnside's interests in shares of the Company are included later in the report.

Interests in contracts

James Chirnside has no interests in contracts of the Company.

Lindsay Mann (Director – independent)

Experience and expertise

Lindsay Mann has more than 49 years' financial services experience. He was formerly Chairman of Premium Investors Pty Limited (formerly Premium Investors Limited). Prior to that Lindsay was CEO (Singapore) and Regional Head Asia for First State Investments, the Asian business of Colonial First State Global Asset Management. Prior to this, Lindsay was CEO of AXA Investment Managers in Hong Kong. He is a Fellow of the Institute of Actuaries of Australia and a Graduate member of the AICD.

Lindsay Mann has been a Director of the Company since December 2012.

Other current listed company directorships

Lindsay Mann is currently an independent non-executive director and Chair of Uniting Ethical Investors Limited and an independent Director of WAM Leaders Limited (appointed March 2016).

Former listed company directorships in the last 3 years

Lindsay Mann has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Details of Lindsay Mann's interests in shares of the Company are included later in this report.

Interests in contracts

Lindsay Mann has no interests in contracts of the Company.

Matthew Pancino (Director – independent)

Experience and expertise

Matthew is a noted technology, operations and transformation expert with 32 years' experience gained in leading organisations within the communications, banking and funds management sectors. Matthew is currently a Director, Industry Solutions Practice Lead, Asia Pacific at Google LLC. Matthew has previously served as Chief Technology Officer for the Commonwealth Bank of Australia Group, Chief Executive Officer for Suncorp Business Services, Group Executive – Operations and Chief Information Officer for Perpetual Limited and Head of Transformation at Telstra Corporation Limited. He holds a Bachelor of Science (Computer Science), is a member of the Australian Institute of Company Directors and has completed executive education at INSEAD and Stanford University School of Business.

Matthew Pancino has been a Director of the Company since September 2020.

Matthew Pancino (Director – independent) (cont'd)

[Other current listed company directorships](#)

Matthew Pancino has no other current listed company directorships.

[Former listed company directorships in the last 3 years](#)

Matthew Pancino has not resigned as a Director from any other listed companies within the last three years.

[Special responsibilities](#)

Member of the Audit and Risk Committee.

[Interests in shares of the Company](#)

Matthew Pancino has no interests in shares of the Company.

[Interests in contracts](#)

Matthew Pancino has no interests in contracts of the Company.

Angus Barker (Director – independent)

[Experience and expertise](#)

Angus has been a trusted adviser to corporations and governments for decades. Angus is an investment banker by training, with over 20 years' experience as a mergers and acquisitions and capital markets adviser in Hong Kong, Australia and the United Kingdom. Most recently, Angus has served eight years as Chief of Staff or Senior Adviser to Australian Government Ministers in two of the key economic portfolios, in relation to policy matters including superannuation, financial services, the digital economy, and foreign investment. Angus has a Master of Philosophy degree from the University of Cambridge and a Bachelor of Commerce (Honours) degree from the University of Melbourne. Angus is currently an independent Non-Executive Director of Australian Rare Earths (appointed March 2023).

Angus Barker has been a Director of the Company since January 2023.

[Other current listed company directorships](#)

Angus Barker is a Director of Australian Rare Earths Limited (appointed March 2023).

[Former listed company directorships in the last 3 years](#)

Angus Barker has not resigned as a Director from any other listed companies within the last three years.

[Special responsibilities](#)

None.

[Interests in shares of the Company](#)

Details of Angus Barker's interests in shares of the Company are included later in this report.

[Interests in contracts](#)

Angus Barker has no interests in contracts of the Company.

Joint Company Secretaries

The following persons held the position of Joint Company Secretary at the end of the financial year:

Jesse Hamilton

Jesse Hamilton is a Chartered Accountant with more than 15 years' experience working in advisory and assurance services, specialising in funds management. As the Chief Financial Officer, Jesse oversees all finance and accounting of Wilson Asset Management (International) Pty Limited. He is Company Secretary for WAM Alternative Assets Limited and WAM Strategic Value Limited and Joint Company Secretary for WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited, in addition to Future Generation Australia Limited and Future Generation Global Limited. Prior to joining Wilson Asset Management, Jesse worked as Chief Financial Officer of an ASX listed company and also worked as an advisor specialising in assurance services, valuations, mergers and acquisitions, financial due diligence and capital raising activities for listed investment companies.

Jesse Hamilton was appointed Company Secretary of WAM Capital in November 2020.

Linda Kiriczenko

Linda Kiriczenko has over 19 years' experience in financial accounting including more than 15 years in the funds management industry. As the Finance Manager of Wilson Asset Management (International) Pty Limited, Linda oversees finance and accounting and is also Joint Company Secretary for six listed investment companies, WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited. Linda holds a Bachelor of Commerce and is a fully qualified CPA. She is a certified member of the Governance Institute of Australia.

Linda Kiriczenko was appointed Company Secretary of WAM Capital Limited in October 2017.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Capital.

a) Remuneration of Directors

All Directors of WAM Capital are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$190,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Remuneration Report (Audited) (cont'd)

a) Remuneration of Directors (cont'd)

Directors' remuneration received for the year ended 30 June 2023:

Director	Position	Short-term employee benefits	Post-employment benefits	Total
		Directors' fees	Superannuation	
		\$	\$	\$
Geoff Wilson*	Chairman	4,525	475	5,000
Kate Thorley*	Director	4,525	475	5,000
Dr. Philippa Ryan	Director	36,199	3,801	40,000
James Chirnside	Director	36,199	3,801	40,000
Lindsay Mann	Director	36,199	3,801	40,000
Matthew Pancino	Director	36,199	3,801	40,000
Angus Barker (appointed 3 January 2023)	Director	18,100	1,900	20,000
		171,946	18,054	190,000

*Directors fee have been set at \$190,000 per annum. When Angus Barker joined the Board of Directors in January 2023, Geoff Wilson and Kate Thorley agreed to forgo a portion of their director fees in order to allow Angus Barker to receive this fee as an independent director of the Company for the period.

Directors receive a superannuation guarantee contribution required by the government, which was 10.5% of individuals benefits for FY2023 (FY2022: 10%) and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

Directors' remuneration received for the year ended 30 June 2022:

Director	Position	Short-term employee benefits	Post-employment benefits	Total
		Directors' fees	Superannuation	
		\$	\$	\$
Geoff Wilson	Chairman	9,091	909	10,000
Kate Thorley	Director	9,091	909	10,000
Dr. Philippa Ryan	Director	36,364	3,636	40,000
James Chirnside	Director	36,364	3,636	40,000
Lindsay Mann	Director	36,364	3,636	40,000
Matthew Pancino	Director	36,364	3,636	40,000
		163,638	16,362	180,000

The following table reflects the Company's performance and Directors' remuneration over five years:

	2023	2022	2021	2020	2019
Operating profit/(loss) after tax (\$)	\$173,297,145	(\$293,696,431)	\$266,615,114	(\$26,706,967)	\$14,533,222
Dividends (cents per share)	15.5	15.5	15.5	15.5	15.5
Share price (\$ per share)	\$1.495	\$1.72	\$2.19	\$1.82	\$2.02
NTA after tax (\$ per share)	\$1.57	\$1.57	\$1.93	\$1.68	\$1.87
Total Directors' remuneration (\$)	\$190,000	\$180,000	\$173,333	\$140,710	\$150,000
Shareholder's equity (\$)	\$1,731,978,811	\$1,706,710,575	\$1,697,218,031	\$1,221,680,985	\$1,344,417,111

Remuneration Report (Audited) (cont'd)

a) Remuneration of Directors (cont'd)

As outlined above, Directors' fees are not directly linked to the Company's performance.

b) Director related entities remuneration

All transactions with related entities during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with Wilson Asset Management (International) Pty Limited (the Investment Manager or the Manager). Geoff Wilson is the director of Wilson Asset Management (International) Pty Limited, the entity appointed to manage the investment portfolio of WAM Capital. Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$17,528,592 inclusive of GST (2022: \$18,703,002). As at 30 June 2023, the balance payable to the Manager was \$1,442,236 inclusive of GST (2022: \$1,408,190).

In addition, Wilson Asset Management (International) Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of:

- where the level of the S&P/ASX All Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the S&P/ASX All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period. For the year ended 30 June 2023, a performance fee of \$6,902,108 inclusive of GST was payable to Wilson Asset Management (International) Pty Limited (2022: nil).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Capital to provide accounting and company secretarial services on commercial terms. For the year ended 30 June 2023, the fee for accounting services amounted to \$46,200 inclusive of GST (2022: \$46,200) and the fee for company secretarial services amounted to \$16,500 inclusive of GST (2022: \$16,500).

These amounts are in addition to the Directors' remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

c) Remuneration of executives

There are no executives that are paid by the Company. Wilson Asset Management (International) Pty Limited, the Investment Manager of the Company, provides the day-to-day management of the Company and is remunerated for these services as outlined above.

Remuneration Report (Audited) (cont'd)

d) Equity instruments disclosures of Directors and related parties

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2022/ balance held on appointment	Acquisitions	Disposal	Balance at 30 June 2023
Geoff Wilson	485,232	455,911	-	941,143
Kate Thorley	57,491	-	-	57,491
Dr. Philippa Ryan	-	-	-	-
James Chirnside	41,360	3,990	-	45,350
Lindsay Mann	63,880	-	-	63,880
Matthew Pancino	-	-	-	-
Angus Barker (appointed 3 January 2023)	-	70,000	-	70,000
	647,963	529,901	-	1,177,864

There have been no changes in shareholdings disclosed above between 30 June 2023 and the date of the report.

Directors and director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

- End of Remuneration Report -

Directors' meetings

Director	No. eligible to attend	Attended
Geoff Wilson	4	4
Kate Thorley	4	4
Dr. Philippa Ryan	4	3
James Chirnside	4	4
Lindsay Mann	4	4
Matthew Pancino	4	4
Angus Barker (appointed 3 January 2023)	2	2

Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2023 Corporate Governance Statement.

Audit and Risk Committee member	No. eligible to attend	Attended
James Chirnside	4	4
Dr. Philippa Ryan	4	3
Lindsay Mann	4	4
Matthew Pancino	4	4

After balance date events

Since the end of the year, the Directors declared a final fully franked dividend of 7.75 cents per share to be paid on 31 October 2023.

No other matters or circumstances have arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Future developments

The Company will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

Environmental regulation

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and insurance of Officers or Auditors

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation and other services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2023 is provided on the Company's website at wilsonassetmanagement.com.au.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 32 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated this 21st day of August 2023

Pitcher Partners Sydney Partnership

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Sydney NSW 2000

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e. sydneypartners@pitcher.com.au

**Auditor's Independence Declaration
To the Directors of WAM Capital Limited
ABN 34 086 587 395**

In relation to the independent audit of WAM Capital Limited for the year ended 30 June 2023,
I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



S M Whiddett
Partner

Pitcher Partners
Sydney

21 August 2023

Statement of comprehensive income for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Net realised and unrealised gains/(losses) on financial investments and foreign currency		222,102,281	(427,489,731)
Other revenue from operating activities	2	4,615,167	26,630,873
Management fees		(16,333,461)	(17,427,798)
Performance fees		(6,431,510)	-
Directors fees		(190,000)	(180,000)
Brokerage expense on share purchases		(5,691,308)	(5,077,813)
Custody fees		(128,380)	(129,305)
ASX listing and chess fees		(300,359)	(271,040)
Share registry fees		(374,944)	(599,339)
Disbursements, mailing and printing		(265,372)	(339,667)
Legal and professional fees		(44,278)	(492,519)
ASIC industry funding levy		(49,250)	(42,239)
Other expenses from ordinary activities		(724,832)	(518,643)
Profit/(Loss) before income tax		233,183,754	(425,937,221)
Income tax (expense)/benefit	3(a)	(59,886,609)	132,240,790
Profit/(Loss) after income tax attributable to members of the Company		173,297,145	(293,696,431)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		173,297,145	(293,696,431)
Basic and diluted earnings/(loss) per share	14	15.85 cents	(31.35 cents)

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2023

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	12	133,691,118	230,177,941
Trade and other receivables	6	56,342,329	40,164,800
Financial assets	7	1,400,871,818	1,309,118,245
Total current assets		1,590,905,265	1,579,460,986
Non-current assets			
Deferred tax assets	3(b)	189,140,217	186,749,962
Total non-current assets		189,140,217	186,749,962
Total assets		1,780,045,482	1,766,210,948
Current liabilities			
Trade and other payables	8	25,453,942	44,681,406
Current tax liabilities	3(c)	16,353,225	6,380,163
Total current liabilities		41,807,167	51,061,569
Non-current liabilities			
Deferred tax liabilities	3(d)	6,259,504	8,438,804
Total non-current liabilities		6,259,504	8,438,804
Total liabilities		48,066,671	59,500,373
Net assets		1,731,978,811	1,706,710,575
Equity			
Issued capital	9	2,165,837,061	2,144,769,461
Profits reserve	10	102,460,369	94,761,650
Accumulated losses	11	(536,318,619)	(532,820,536)
Total equity		1,731,978,811	1,706,710,575

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2023

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2021		1,688,342,901	(175,883,227)	184,758,357	1,697,218,031
Loss for the year		-	(293,696,431)	-	(293,696,431)
Transfer to profits reserve		-	(63,240,878)	63,240,878	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	9(b)	19,743,056	-	-	19,743,056
Shares issued via scrip consideration for the acquisition of an unlisted investment company	9(b)	39,690,487	-	-	39,690,487
Shares issued via scrip consideration for the acquisition of PM Capital Asian Opportunities Fund	9(b)	65,335,080	-	-	65,335,080
Shares issued via scheme of arrangement for the acquisition of Westoz Investment Company	9(b)	198,090,629	-	-	198,090,629
Shares issued via scheme of arrangement for the acquisition of Ozgrowth	9(b)	133,988,044	-	-	133,988,044
Share issue costs (net of tax)	9(b)	(420,736)	-	-	(420,736)
Dividends paid	4(a)	-	-	(153,237,585)	(153,237,585)
Balance at 30 June 2022		2,144,769,461	(532,820,536)	94,761,650	1,706,710,575
Profit for the year		-	173,297,145	-	173,297,145
Transfer to profits reserve		-	(176,795,228)	176,795,228	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	9(b)	21,067,600	-	-	21,067,600
Dividends paid	4(a)	-	-	(169,096,509)	(169,096,509)
Balance at 30 June 2023		2,165,837,061	(536,318,619)	102,460,369	1,731,978,811

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Proceeds from sale of investments		4,199,445,409	3,824,746,519
Payments for purchase of investments		(4,111,458,090)	(3,580,141,633)
Dividends received		35,521,564	25,433,075
Interest received		6,136,058	979,908
Other investment income received		270,959	89,982
Management fee (GST inclusive)		(17,494,546)	(18,835,421)
Performance fee (GST inclusive)		-	(15,041,140)
Brokerage expense on share purchases (GST inclusive)		(6,096,926)	(5,442,816)
Payments for administration expenses (GST inclusive)		(2,109,638)	(2,415,161)
Income tax paid		(54,309,401)	(17,462,268)
GST on brokerage expense on share sales		(421,258)	(380,426)
Net GST received from ATO		2,057,955	3,128,433
Net cash provided by operating activities	13	51,542,086	214,659,052
Cash flows from financing activities			
Dividends paid – net of reinvestment		(148,028,909)	(133,494,529)
Share issue costs		-	(601,053)
Net cash used in financing activities		(148,028,909)	(134,095,582)
Net (decrease)/increase in cash and cash equivalents held		(96,486,823)	80,563,470
Cash and cash equivalents at beginning of the year		230,177,941	149,614,471
Cash and cash equivalents at the end of the year	12	133,691,118	230,177,941

Statement of cash flows for the year ended 30 June 2023 (cont'd)

	Note	2023 \$	2022 \$
Non-cash transactions:			
Shares issued via dividend reinvestment plan	9(b)	21,067,600	19,743,056
Shares issued via scrip consideration for the acquisition of an unlisted investment company	9(b)	-	39,690,487
Shares issued via scrip consideration for the acquisition of PM Capital Asian Opportunities Fund	9(b)	-	65,335,080
Shares issued via scheme of arrangement for the acquisition of Westoz Investment Company	9(b)	-	198,090,629
Shares issued via scheme of arrangement for the acquisition of Ozgrowth	9(b)	-	133,988,044

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2023

1. Significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

WAM Capital is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 21 August 2023 by the Board of Directors.

WAM Capital is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the Company's financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Significant accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, with the exception of certain financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Financial Report have been rounded to the nearest dollar, unless otherwise indicated.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. There was no material impact to the financial statements.

a) Financial assets and financial liabilities

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of comprehensive income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all listed or unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

1. Significant accounting policies (cont'd)

a) Financial assets and financial liabilities (cont'd)

The Company classifies its financial instruments into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities such as borrowed stock are classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

(iii) Investment entity

WAM Capital owns 100% of the shares on issue in the following Australian entities: Concentrated Leaders Fund, Wealth Defender Equities, PM Capital Asian Opportunities Fund, Westoz Investment Company (now known as A.C.N. 113 332 942), Ozgrowth (now known as A.C.N. 126 450 271) and two unlisted investment entities. The Directors have assessed the requirements of *AASB 10 Consolidated Financial Statements* and have applied the criteria set out in that standard to the operations of the Company. WAM Capital is therefore considered to be an investment entity and as a result, the wholly owned entities of the Company are not consolidated into the financial statements, but rather are accounted for as financial assets at fair value through profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of comprehensive income.

b) Income tax

The current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

1. Significant accounting policies (cont'd)

b) Income tax (cont'd)

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The Company and its wholly owned entities have formed an income tax consolidated group under the Tax Consolidation Regime. Under this arrangement, each entity in the tax consolidated group recognises its own current tax amounts, except for any deferred tax assets arising from unused tax losses and unused tax credits, which are immediately assumed by the Company. The current tax liability of each entity in the tax consolidated group is subsequently assumed by the Company. There is currently no tax funding agreement between the Company and its wholly owned entities.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within six months or less.

d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment. Refer to Note 1 (g) for further detail.

f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at amortised cost.

g) Impairment of assets

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. All the trade receivables of the Company share the same credit risk characteristics. Indicators that there is no reasonable expectation of recovery include, amongst others, the Standard & Poor's credit risk rating of a debtor, and a failure to make contractual payments for a period of greater than 30 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the Statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 30 June 2023, there are no expected credit losses recognised (2022: nil).

1. Significant accounting policies (cont'd)

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis (inclusive of GST), except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

j) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

k) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

l) Dividends

Dividends are recognised when declared during the financial year.

m) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

In accordance with AASB 112 Income Taxes, deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be used. The assumptions about future taxable profits require the use of judgment. Future taxable profits are determined based on the historical performance of the Company and the ability of the Company to generate positive performance even when market conditions are uncertain. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Refer to Note 3(b) for further detail.

There are no other estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2023. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation.

n) New standards and interpretations not yet adopted

There are no new standards or interpretations not yet adopted that would have a material impact for the Company this financial period.

2. Other revenue

	2023 \$	2022 \$
Australian sourced dividends	32,710,473	23,298,103
Interest	5,882,838	1,444,811
Foreign sourced dividends	2,750,897	1,797,977
Other income	155,111	18,884
Underwriting fees	115,848	71,098
	41,615,167	26,630,873

3. Income tax

a) Income tax expense/(benefit)

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense/(benefit) as follows:

	2023 \$	2022 \$
Prima facie tax on profit/(loss) before income tax at 30% (2022: 30%)	69,955,126	(127,781,166)
Imputation credit gross up	3,178,072	2,434,785
Franking credit offset	(10,593,574)	(8,115,949)
Foreign income tax gross up	96,242	-
Foreign income tax offset	(320,807)	-
Other non-assessable items*	(2,428,450)	1,221,540
	59,886,609	(132,240,790)
Effective tax rate	25.7%	(31.0%)

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year. The increase in the effective tax rate from the comparative year is reflective of the profit before income tax in comparison to the loss before income tax in the prior period, in addition to the higher proportion of franked dividends compared to the operating profit before tax received for the year.

*Other non-assessable items primarily relate to timing differences on franked dividends receivable and investments.

	2023 \$	2022 \$
Total income tax expense/(benefit) results in a:		
Current tax liability	64,004,638	(107,020,734)
Deferred tax liability	(2,179,300)	(18,740,317)
Deferred tax asset	(1,938,729)	(6,479,739)
	59,886,609	(132,240,790)

3. Income tax (cont'd)

b) Deferred tax assets

	2023 \$	2022 \$
Tax losses	188,589,943	186,438,544
Accruals	15,873	14,652
Share issue costs	534,401	296,766
	189,140,217	186,749,962
Movement in deferred tax assets		
Balance at the beginning of the year	186,749,962	72,200,056
Tax losses transferred	-	107,889,850
Credited to the statement of comprehensive income	1,938,729	6,479,739
Share issue costs*	451,526	180,317
At reporting date	189,140,217	186,749,962

The Directors continue to consider it probable that future taxable profits will be available against which the \$188,589,943 (2022: \$186,438,544) of income tax losses can be recovered and therefore, the deferred tax asset recognised will be able to be utilised against future income tax payable. Refer to Note 1(m) for details regarding the assumptions about future taxable profits.

*Share issue costs in FY2023 relate to the acquisitions of controlled entities in FY2022.

c) Current tax liabilities

	2023 \$	2022 \$
Balance at the beginning of the year	6,380,163	13,128,785
Current year income tax on operating profit/(loss)	64,004,638	(107,020,734)
Net income tax paid	(54,309,401)	(17,462,268)
Tax liability transferred from acquisition of controlled entity	277,825	9,844,530
Transfer tax losses to deferred tax asset	-	107,889,850
At reporting date	16,353,225	6,380,163

3. Income tax (cont'd)

d) Deferred tax liabilities

	2023 \$	2022 \$
Fair value adjustments and timing differences on receivable	6,259,504	8,438,804
	6,259,504	8,438,804
Movement in deferred tax liabilities		
Balance at the beginning of the year	8,438,804	27,179,121
Credited to the statement of comprehensive income	(2,179,300)	(18,740,317)
At reporting date	6,259,504	8,438,804

4. Dividends

a) Ordinary dividends paid during the year

	2023 \$	2022 \$
Final dividend FY2022: 7.75 cents per share fully franked at 30% tax rate, paid 28 October 2022 (Final dividend FY2021: 7.75 cents per share fully franked)	84,304,168	69,362,337
Interim dividend FY2023: 7.75 cents per share fully franked at 30% tax rate, paid 26 May 2023 (Interim dividend FY2022: 7.75 cents per share fully franked)	84,792,341	83,875,248
	169,096,509	153,237,585

b) Dividends not recognised at year end

	2023 \$	2022 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 7.75 cents per share fully franked dividend (2022: 7.75 cents per share fully franked) which has not been recognised as a liability at the end of the financial year	85,296,792	84,304,125

c) Dividend franking account

	2023 \$	2022 \$
Balance of franking account at year end	12,253,996	19,794,161
Adjusted for franking credits arising from: - Estimated income tax payable	16,353,225	6,380,163
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(36,555,768)	(36,130,339)
	(7,948,547)	(9,956,015)

The Company's ability to continue paying fully franked dividends at the current level 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.

The balance of the franking account does not include tax to be paid on unrealised investment gains currently recognised as a deferred tax liability of \$6,119,341 (2022: \$8,295,156).

5. Auditor's remuneration

	2023 \$	2022 \$
Remuneration of the auditor for:		
Auditing and reviewing the financial report	77,879	61,444
Other services provided by a related practice of the auditor:		
Taxation services	11,165	9,790
Acquisition of controlled entities	2,750	4,400
	91,794	75,634

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditor. The Audit and Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

6. Trade and other receivables

	2023 \$	2022 \$
Outstanding settlements	54,407,955	38,670,768
Investment income receivable	1,013,651	980,920
GST receivable	920,723	513,112
	56,342,329	40,164,800

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Investment income receivable relates to interest, dividends and trust distributions receivable at the end of the reporting period.

7. Financial assets

	2023 \$	2022 \$
Listed investments at fair value	1,373,756,615	1,289,209,708
Unlisted investments at fair value	27,115,203	19,908,537
	1,400,871,818	1,309,118,245

The fair values of individual investments held at the end of the reporting period are disclosed on pages 63 to 64 of the Annual Report.

The balance of unlisted investments held at fair value as at 30 June 2023 includes WAM Capital's investments in unlisted investment companies. The fair value of these unlisted investment companies have been based on their respective net asset backing, being the underlying residual cash and cash equivalents at the end of the reporting period.

8. Trade and other payables

	2023 \$	2022 \$
Outstanding settlements	16,542,828	42,740,109
Performance fee payable	6,902,108	-
Management fee payable	1,442,236	1,408,190
Sundry payables	566,770	533,107
	25,453,942	44,681,406

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

9. Issued capital

a) Paid-up capital

	2023 \$	2022 \$
1,100,603,773 ordinary shares fully paid (2022: 1,087,795,156)	2,165,837,061	2,144,769,461

b) Ordinary shares

	2023 \$	2022 \$
Balance at the beginning of the year 1,087,795,156 ordinary shares fully paid (2022: 878,319,194)	2,144,769,461	1,688,342,901
6,299,028 ordinary shares issued on 28 October 2022 under a dividend reinvestment plan	10,627,734	-
6,509,589 ordinary shares issued on 26 May 2023 under a dividend reinvestment plan	10,439,866	-
4,123,169 ordinary shares issued on 29 October 2021 under a dividend reinvestment plan	-	9,228,187
16,678,217 ordinary shares issued as scrip consideration for the acquisition of an unlisted investment company	-	39,690,487
29,399,998 ordinary shares issued as scrip consideration for the acquisition of PM Capital Asian Opportunities Fund	-	65,335,080
91,708,624 ordinary shares issued as scrip consideration for the acquisition of Westoz Investment Company	-	198,090,629
62,031,502 ordinary shares issued as scrip consideration for the acquisition of Ozgrowth	-	133,988,044
5,534,452 ordinary shares issued on 17 June 2022 under a dividend reinvestment plan	-	10,514,869
Share issue costs (net of tax)	-	(420,736)
At reporting date	2,165,837,061	2,144,769,461

9. Issued capital

b) Ordinary shares (cont'd)

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, with all substantive resolutions conducted by a poll. In the event of winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, the Board is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, option issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

10. Profits reserve

	2023 \$	2022 \$
Profits reserve	102,460,369	94,761,650

The profits reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments.

	2023 \$	2022 \$
Movement in profits reserve		
Balance at the beginning of the year	94,761,650	184,758,357
Transfer of profits during the year	176,795,228	63,240,878
Final dividend paid (refer to Note 4(a))	(84,304,168)	(69,362,337)
Interim dividend paid (refer to Note 4(a))	(84,792,341)	(83,875,248)
At reporting date	102,460,369	94,761,650

11. Accumulated losses

	2023 \$	2022 \$
Balance at the beginning of the year	(532,820,536)	(175,883,227)
Profit/(loss) for the year attributable to members of the Company	173,297,145	(293,696,431)
Transfer to profits reserve	(176,795,228)	(63,240,878)
At reporting date	(536,318,619)	(532,820,536)

12. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2023 \$	2022 \$
Cash at bank	133,691,118	230,177,941
	133,691,118	230,177,941

The weighted average interest rate for cash as at 30 June 2023 is 4.26% (2022: 1.01%). There were no term deposits held at 30 June 2023 (2022: nil).

13. Cash flow information

	2023 \$	2022 \$
Reconciliation of profit/(loss) after tax to cash flow from operations:		
Profit/(loss) after income tax	173,297,145	(293,696,431)
Fair value gains and movements in financial assets	(133,861,741)	671,629,714
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(440,342)	1,384,760
Increase in deferred tax assets	(1,938,730)	(124,214,118)
Increase/(decrease) in payables	6,969,817	(14,955,934)
Increase/(decrease) in current tax liabilities	9,695,237	(6,748,622)
Decrease in deferred tax liabilities	(2,179,300)	(18,740,317)
Net cash provided by operating activities	51,542,086	214,659,052

14. Earnings per share

	2023 Cents per share	2022 Cents per share
Basic and diluted earnings/(loss) per share	15.85	(31.35)
	2023 \$	2022 \$
Profit/(loss) after income tax used in the calculation of basic and diluted earnings/(loss) per share	173,297,145	(293,696,431)
	2023 No.	2022 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings/(loss) per share	1,093,118,512	936,724,505

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

15. Financial risk management

The Company's financial instruments consist of listed and unlisted investments, trade receivables, trade payables and borrowed stock. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk, consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks during the period.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis, the investment team meet weekly to monitor and manage the below risks as appropriate.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging with them.

The maximum exposure to credit risk on financial assets, excluding investments of the Company which have been recognised in the Statement of financial position, is the carrying amount net of any expected credit losses of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk on an ongoing basis.

Credit risk is not considered to be a major risk to the Company as the majority of cash and term deposits held by the Company or in its portfolios are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short-term rating of A-1+ and long-term rating of AA-. The Company also holds cash with its custodian that has a Standard and Poor's short-term rating of A-1 and long-term rating of A+. The majority of all maturities for cash and term deposits are within three months, and there were no term deposits held at 30 June 2023.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Manager.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received, the exercise of options or other capital management initiatives that may be implemented by the Board from time to time.

15. Financial risk management (cont'd)

b) Liquidity risk (cont'd)

The Manager monitors the Company's cash flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount, the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Furthermore, the assets of the Company are largely in the form of tradable securities which, where liquidity is available, can be sold on market when, and if required.

The table below reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2023	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	25,453,942	25,453,942
Total	-	25,453,942	25,453,942
<hr/>			
30 June 2022	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	44,681,406	44,681,406
Total	-	44,681,406	44,681,406

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

(i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as it did not hold any term deposits at the end of the period. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

15. Financial risk management (cont'd)

c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

30 June 2023	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	4.26%	133,691,118	-	133,691,118
Trade and other receivables		-	56,342,329	56,342,329
Financial assets		-	1,400,871,818	1,400,871,818
Total		133,691,118	1,457,214,147	1,590,905,265
Liabilities				
Trade and other payables		-	25,453,942	25,453,942
Total		-	25,453,942	25,453,942
30 June 2022	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	1.01%	230,177,941	-	230,177,941
Trade and other receivables		-	40,164,800	40,164,800
Financial assets		-	1,309,118,245	1,309,118,245
Total		230,177,941	1,349,283,045	1,579,460,986
Liabilities				
Trade and other payables		-	44,681,406	44,681,406
Total		-	44,681,406	44,681,406

(ii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect net investment income. Due to the short-term nature of receivables and payables, the carrying amounts of these financial assets and financial liabilities approximate their fair values.

15. Financial risk management (cont'd)

c) Market risk (cont'd)

(ii) Other price risk (cont'd)

The Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The risks and relative weightings of the individual securities and market sectors are reviewed daily in order to manage risk. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's industry sector weighting of gross assets as at 30 June 2023 is as below:

Industry sector	2023 %	2022 %
Consumer Discretionary	16.4	12.6
Health Care	15.2	6.5
Industrials	13.1	19.8
Financials	10.5	7.9
Communication Services	8.1	8.6
Information Technology	8.0	4.1
Materials	5.2	9.4
Energy	4.7	6.6
Real Estate	3.8	1.6
Consumer Staples	3.8	7.6
Total	88.8	84.7

There were no securities representing over 5 per cent of gross assets of the Company as at 30 June 2023 (2022: nil).

Sensitivity analysis

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to other price risk. This analysis demonstrates the effect on current year net assets after tax as a result from a reasonably possible change in the risk variable. The sensitivity assumes all other variables remain constant.

Investments represent 88.8% (2022: 84.7%) of gross assets at year end. At reporting date, if the fair value of each of the investments within the portfolio changed by 5%, the impact on the Company's profit or loss after tax would have been an increase/decrease by \$49,030,514 (2022: \$45,819,139). This would result in the 30 June 2023 net asset backing after tax moving by 4.5 cents per share (2022: 4.2 cents per share).

15. Financial risk management (cont'd)

d) Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

Included within Level 2 of the hierarchy are WAM Capital's investments in wholly owned unlisted investment companies. The fair value of these investments have been based on their respective net asset backing, being the underlying value of their residual cash and cash equivalents at the end of the reporting period.

Also included within Level 2 of the hierarchy is WAM Capital's investment in convertible notes and unlisted investments. The fair value of the investments in the convertible notes have been recognised using the effective interest rate method inherent in the instrument or by assessing the movement in observable inputs, such as the price of the most recent arm's length transaction. The unlisted investments have been valued using valuation techniques such as comparisons to similar investments for which market observable prices are available, the net asset backing per share or the last price to determine fair value.

During the year, HHY Fund and Lanyon Investment Company Limited were transferred from Level 1 to Level 2 in the fair value hierarchy following the securities' removal from the ASX. There were no other transfers between Level 1 and Level 2 during the year (June 2022: investments in Iris Energy Limited's convertible note and PEXA Group Limited were transferred from Level 2 to Level 1 in the fair value hierarchy).

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 30 June 2023:

30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	1,373,756,615	27,115,203	-	1,400,871,818
Total	1,373,756,615	27,115,203	-	1,400,871,818

30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	1,289,209,708	19,908,537	-	1,309,118,245
Total	1,289,209,708	19,908,537	-	1,309,118,245

16. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 9,224 (2022: 8,425). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$12,372,286 (2022: \$11,100,975).

17. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable operating segments.

18. Capital commitments

There were no capital commitments for the Company as at 30 June 2023 (2022: nil).

19. Contingent liabilities

There were no contingent liabilities for the Company as at 30 June 2023 (2022: nil).

20. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Geoff Wilson AO Chairman
- Kate Thorley Director
- Dr. Philippa Ryan Director
- James Chirnside Director
- Lindsay Mann Director
- Matthew Pancino Director
- Angus Barker Director (appointed 3 January 2023)

There are no executives that are paid by the Company. Wilson Asset Management (International) Pty Limited, the Investment Manager of the Company, provides the day-to-day management of the Company and is remunerated for these services as outlined in Note 21.

a) Remuneration

Information regarding individual Directors' remuneration is provided in the Remuneration Report of the Directors' Report on pages 26 to 29, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2023	171,946	18,054	190,000
Total Directors remuneration paid by the Company for the year ended 30 June 2022	163,638	16,362	180,000

20. Key management personnel compensation (cont'd)

b) Shareholdings

The number of ordinary shares held in the Company during the financial year by each key management personnel of the Company and their related parties are set out below:

Ordinary shares held Directors	Balance at 30 June 2022/ balance held on appointment	Acquisitions	Disposal	Balance at 30 June 2023
Geoff Wilson	485,232	455,911	-	941,143
Kate Thorley	57,491	-	-	57,491
Dr. Philippa Ryan	-	-	-	-
James Chirnside	41,360	3,990	-	45,350
Lindsay Mann	63,880	-	-	63,880
Matthew Pancino	-	-	-	-
Angus Barker (appointed 3 January 2023)	-	70,000	-	70,000
	647,963	529,901	-	1,177,864

Ordinary shares held Directors	Balance at 30 June 2021	Acquisitions	Disposals	Balance at 30 June 2022
Geoff Wilson	514,321	342,524	371,613	485,232
Kate Thorley	57,491	-	-	57,491
Dr. Philippa Ryan	-	-	-	-
James Chirnside	38,409	2,951	-	41,360
Lindsay Mann	63,880	-	-	63,880
Matthew Pancino	-	-	-	-
	674,101	345,475	371,613	647,963

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

21. Related party transactions

All transactions with related parties during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with Wilson Asset Management (International) Pty Limited. Geoff Wilson is the director of Wilson Asset Management (International) Pty Limited, the entity appointed to manage the investment portfolio of WAM Capital. Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$17,528,592 inclusive of GST (2022: \$18,703,002). At 30 June 2023, the balance payable to the Manager was \$1,442,236 inclusive of GST (2022: \$1,408,190).

In addition, Wilson Asset Management (International) Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of:

- where the level of the S&P/ASX All Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the S&P/ASX All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in value of the portfolio.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period. For the year ended 30 June 2023, a performance fee of \$6,902,108 inclusive of GST was payable to Wilson Asset Management (International) Pty Limited (2022: nil).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Capital to provide accounting and company secretarial services on commercial terms. For the year ended 30 June 2023, the fee for accounting services amounted to \$46,200 inclusive of GST (2022: \$46,200) and the fee for company secretarial services amounted to \$16,500 inclusive of GST (2022: \$16,500).

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

22. Events subsequent to reporting date

Since the end of the year, the Directors declared a final fully franked dividend of 7.75 cents per share to be paid on 31 October 2023.

No other matters or circumstances have arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Directors' Declaration

The Directors of WAM Capital Limited declare that:

- 1) The financial statements as set out in pages 33 to 56 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 26 to 29, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2023 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and
- 2) The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Manager, Wilson Asset Management (International) Pty Limited declaring that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
 - b) the Company's financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the Company's financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated this 21st day of August 2023

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**Independent Auditor's Report
To the Members of WAM Capital Limited
ABN 34 086 587 395****Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of WAM Capital Limited ("the Company"), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of WAM Capital Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p>Existence and Valuation of Financial Assets Refer to Note 7: Financial Assets</p>	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets as they represent the most significant driver of the Company's Net Tangible Assets and Profit.</p> <p>The Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as either "Level 1" (i.e. where the valuation is based on quoted prices in active markets) or "Level 2" (i.e. where key inputs to valuation are based on other observable inputs).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the design and implementation of the investment management processes and controls; ▪ Reviewing and evaluating the independent auditor's report on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodian; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the auditor's report relate to; ▪ Obtaining confirmation of the investment holdings directly from the Custodian; ▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent observable pricing sources and inputs; ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p>Accuracy of Management and Performance Fees Refer to Note 8: Trade and other payables and Note 21: Related party transactions</p>	
<p>We focused our audit effort on the accuracy of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments and key inputs. Adjustments include company dividends, tax payments, capital raisings, capital reductions and other relevant expenses. Key inputs include the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the design and implementation of the processes and controls for calculating the management and performance fees; ▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes; ▪ Testing of adjustments such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees; ▪ Testing of key inputs including the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with our understanding of the Investment Management Agreement; and ▪ Assessing the adequacy of disclosures made in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 29 of the Directors' Report for the year ended 30 June 2023. In our opinion, the Remuneration Report of WAM Capital Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



S M Whiddett
Partner



Pitcher Partners
Sydney

21 August 2023

Investments at fair value as at 30 June 2023

Company Name	Code	Fair Value \$	% of Gross Assets
Consumer Discretionary			
Webjet Limited	WEB	45,116,807	2.9%
Flight Centre Travel Group Limited	FLT	45,099,618	2.9%
NextEd Group Limited	NXD	19,601,343	1.2%
Temple & Webster Group Limited	TPW	18,242,882	1.1%
Tabcorp Holdings Limited	TAH	16,049,921	1.0%
PWR Holdings Limited	PWH	15,267,098	1.0%
Jumbo Interactive Limited	JIN	13,411,915	0.8%
G8 Education Limited	GEM	12,596,325	0.8%
GUD Holdings Limited	GUD	11,624,143	0.7%
Collins Foods Limited	CKF	10,850,610	0.7%
Myer Holdings Limited	MYR	10,484,905	0.7%
Premier Investments Limited	PMV	7,788,572	0.5%
Eagers Automotive Limited	APE	6,687,195	0.4%
Lovisa Holdings Limited	LOV	6,305,754	0.4%
Nick Scali Limited	NCK	5,707,315	0.4%
The Reject Shop Limited	TRS	4,931,272	0.3%
IDP Education Limited	IEL	3,411,356	0.2%
Experience Co Limited	EXP	2,734,311	0.2%
Harvey Norman Holdings Limited	HVN	2,677,626	0.2%
		258,588,968	16.4%
Health Care			
Estia Health Limited	EHE	52,801,131	3.4%
Healius Limited	HLS	39,826,708	2.5%
Fisher & Paykel Healthcare Corporation Limited	FPH	37,704,349	2.4%
Neuren Pharmaceuticals Limited	NEU	30,977,776	2.0%
Sigma Healthcare Limited	SIG	23,472,980	1.5%
Pro Medicus Limited	PME	19,472,959	1.2%
Capitol Health Limited	CAJ	17,321,643	1.1%
Aroa Biosurgery Limited	ARX	10,051,069	0.6%
Healthia Limited	HLA	8,438,418	0.5%
		240,067,033	15.2%
Industrials			
Maas Group Holdings Limited	MGH	26,988,239	1.7%
Worley Limited	WOR	26,834,489	1.7%
SG Fleet Group Limited	SGF	22,837,151	1.5%
Reece Limited	REH	21,506,158	1.4%
Tourism Holdings Limited	THL	21,253,137	1.3%
Kelsian Group Limited	KLS	16,279,969	1.0%
Close the Loop Limited	CLG	14,376,576	0.9%
Mainfreight Limited	MFT NZX	12,371,517	0.8%

Company Name	Code	Fair Value \$	% of Gross Assets
Industrials (cont'd)			
Seven Group Holdings Limited	SVW	11,883,297	0.8%
IPH Limited	IPH	10,937,382	0.7%
Smartgroup Corporation Limited	SIQ	8,104,718	0.5%
APM Human Services International Limited	APM	6,775,734	0.4%
Austin Engineering Limited	ANG	4,173,149	0.3%
Skellerup Holdings Limited	SKL NZX	1,365,977	0.1%
		205,687,493	13.1%
Financials			
Virgin Money UK PLC	VUK	27,509,027	1.8%
Credit Corp Group Limited	CCP	20,754,202	1.3%
Smartpay Holdings Limited	SMP	20,376,191	1.3%
Xpansiv Limited [†]	n/a	17,131,222	1.1%
AMP Limited	AMP	15,487,983	1.0%
Steadfast Group Limited	SDF	14,267,910	0.9%
Regal Partners Limited	RPL	11,026,907	0.7%
NIB Holdings Limited	NHF	10,071,361	0.6%
Generation Development Group Limited	GDG	6,930,631	0.4%
MyState Limited	MYS	4,666,199	0.3%
HUB24 Limited	HUB	3,990,967	0.3%
Clime Investment Management Limited	CIW	3,310,893	0.2%
Metals Acquisition Limited	MTAL NYSE	2,079,543	0.1%
PSC Insurance Group Limited	PSI	1,835,185	0.1%
HHY Fund [†]	n/a	1,587,299	0.1%
Judo Capital Holdings Limited	JDO	1,379,154	0.1%
Keybridge Capital Limited	KBC	1,369,600	0.1%
Clime Private Limited [†]	n/a	790,853	0.1%
DMX Corporation Pty Limited [†]	n/a	84,093	0.0%
Lanyon Investment Company Limited [†]	n/a	178	0.0%
		164,649,398	10.5%
Communication Services			
carsales.com Limited	CAR	38,146,253	2.4%
Tuas Limited	TUA	31,772,372	2.0%
TPG Telecom Limited	TPG	20,606,144	1.3%
REA Group Limited	REA	12,143,247	0.8%
oOh!media Limited	OML	11,411,071	0.8%
IVE Group Limited	IGL	7,956,500	0.5%

Investments at fair value as at 30 June 2023

Company Name	Code	Fair Value \$	% of Gross Assets
Communication Services (cont'd)			
EVT Limited	EVT	4,936,517	0.3%
		126,972,104	8.1%
Information Technology			
NEXTDC Limited	NXT	29,114,661	1.9%
Technology One Limited	TNE	27,692,769	1.8%
Life360 Inc.	360	25,594,581	1.6%
Megaport Limited	MP1	20,916,080	1.3%
Codan Limited	CDA	19,010,399	1.2%
Packform Pty Limited [*]	n/a	3,303,435	0.2%
		125,631,925	8.0%
Materials			
Bellevue Gold Limited	BGL	27,713,490	1.8%
Boral Limited	BLD	17,718,894	1.1%
Perenti Limited	PRN	11,915,991	0.8%
Emerald Resources NL	EMR	8,447,802	0.5%
Burgundy Diamond Mines Limited	BDM	4,279,032	0.3%
Vulcan Steel Limited	VSL	4,054,926	0.2%
Develop Global Limited	DVP	3,899,998	0.2%
Centaurus Metals Limited	CTM	3,478,689	0.2%
Genesis Minerals Limited	GMD	1,024,270	0.1%
		82,533,092	5.2%
Energy			
Viva Energy Group Limited	VEA	41,484,317	2.6%
MMA Offshore Limited	MRM	27,424,565	1.7%
Paladin Energy Limited	PDN	4,003,732	0.3%

Company Name	Code	Fair Value \$	% of Gross Assets
Energy (cont'd)			
Starling Energy Group Pty Limited [*]	n/a	900,000	0.1%
		73,812,614	4.7%
Real Estate			
HMC Capital Limited	HMC	17,990,349	1.1%
Qualitas Limited	QAL	17,803,448	1.1%
Lifestyle Communities Limited	LIC	12,070,415	0.8%
PEXA Group Limited	PXA	11,571,045	0.7%
Sunland Group Limited	SDG	765,577	0.1%
		60,200,834	3.8%
Consumer Staples			
Ridley Corporation Limited	RIC	25,857,158	1.7%
Select Harvests Limited	SHV	25,249,978	1.6%
Elders Limited	ELD	8,303,098	0.5%
		59,410,234	3.8%
Total long portfolio		1,397,553,695	88.8%
Investment in unlisted investment companies[^]		3,318,123	0.2%
Total short portfolio		-	-
Total cash and cash equivalents, income receivable and net outstanding settlements		173,490,619	11.0%
Gross assets		1,574,362,437	

^{*}Unlisted investments.

[^]The investment in seven unlisted investment companies primarily represents their residual cash and cash equivalents at the end of the reporting period.

The total number of stocks held at the end of the financial year was 97.

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

Substantial shareholders (as at 31 July 2023) - there are currently no substantial shareholders.

On-market buy back (as at 31 July 2023) - there is no current on-market buy back.

Distribution of shareholders (as at 31 July 2023)

Category	Number of shareholders	Percentage of issued capital held
1 – 1,000	5,508	0.3%
1,001 – 5,000	11,422	3.0%
5,001 – 10,000	8,060	5.6%
10,001 – 100,000	19,522	54.0%
100,001 and over	1,617	37.1%
	46,129	100.0%

The number of shareholders holding less than a marketable parcel is 1,614.

Twenty largest shareholders – Ordinary shares (as at 31 July 2023)

Name	Number of ordinary shares held	% of issued capital held
Mr J N Bishop & Mr N C Anderson	16,678,217	1.5%
HSBC Custody Nominees (Australia) Limited	12,112,977	1.1%
Netwealth Investments Limited	8,865,235	0.8%
BNP Paribas Nominees Pty Limited	7,678,555	0.7%
Ehj Investments Pty Limited	5,823,188	0.5%
Gold Tiger Investments Pty Limited	4,478,000	0.4%
Citicorp Nominees Pty Limited	2,537,545	0.2%
Redbrook Nominees Pty Limited	2,120,208	0.2%
Acres Holdings Pty Limited	2,069,263	0.2%
R & R Corbett Pty Limited	1,959,862	0.2%
Seweta Pty Limited	1,900,000	0.2%
Mr J C Plummer	1,886,500	0.2%
Gasweld Pty Limited	1,760,158	0.2%
Wilmar Enterprises Pty Limited	1,487,209	0.1%
Marbear Holdings Pty Limited	1,440,300	0.1%
Cooltrac Pty Limited	1,427,975	0.1%
Heys Family Holdings Pty Limited	1,392,309	0.1%
Eneber Investment Company Limited	1,322,000	0.1%
Mr L P Ledger	1,195,000	0.1%
I & R Simpson Super Pty Limited	1,150,000	0.1%
	79,284,501	7.1%

Stock exchange listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.



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