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Annual Report

For the year ended 30 June 2018

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.

Directors

Geoff Wilson AO (Chairman)
James Chirnside
Lindsay Mann
Chris Stott
Kate Thorley
Dr. Philippa Ryan

Company Secretary

Linda Vo

Investment Manager

Wilson Asset Management
(International) Pty Limited
Level 11, 139 Macquarie Street
Sydney NSW 2000

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

Level 11, 139 Macquarie Street
Sydney NSW 2000

Contact Details

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Sydney NSW 2001
T: (02) 9247 6755
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E: info@wilsonassetmanagement.com.au
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Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: (02) 9290 9600
F: (02) 9279 0664

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)

Shareholder Presentations 2018

Annual General Meeting and Presentation Sydney

Tuesday 20 November

Presentation: 10.00am – 12.00pm

AGM: 1.45pm – 2.15pm

The Westin Sydney

1 Martin Place

Sydney NSW 2000

To be streamed live on our website wilsonassetmanagement.com.au.



Canberra

Monday 19 November

10.00am – 12.00pm

QT Hotel

1 London Circuit

Canberra ACT 2601

Brisbane

Thursday 22 November

10.00am – 12.00pm

Brisbane Convention & Exhibition

Centre, Cnr Merivale & Glenelg Streets

South Bank QLD 4101

Hobart

Friday 23 November

10.00am – 12.00pm

C3 Convention Centre

64 Anglesea Street

South Hobart TAS 7004

Adelaide

Monday 26 November

10.00am – 12.00pm

Adelaide Convention Centre

North Terrace

Adelaide SA 5000

Perth

Tuesday 27 November

10.00am – 12.00pm

Perth Convention & Exhibition Centre

21 Mounts Bay Road

Perth WA 6000

Melbourne

Thursday 29 November

10.00am – 12.00pm

Melbourne Convention & Exhibition

Centre, 1 Convention Centre Place

South Wharf VIC 3006

The Future Generation Presentations will be held from 12.15pm - 1.15pm in each city.

Access exclusive investment ideas from leading Australian and global fund managers at the

Future Generation Investment Forum which will be held from 1.45pm – 3.15pm on Thursday 29 November in Melbourne.

Key highlights FY2018

\$166.9m

Operating profit before tax

+15.0%

Investment portfolio performance

15.5c

Fully franked full year dividend

6.5%

Fully franked dividend yield

Snapshot as at 30 June 2018

Listing date	August 1999
Gross assets	\$1,358.0m
Market capitalisation	\$1,590.7m
Share price	\$2.38
Shares on issue	668,363,006
Net Tangible Assets (pre-tax)	\$2.03
Net Tangible Assets (post-tax)	\$1.98
Fully franked dividends FY2018	15.5 cents
Fully franked FY2018 dividend yield	6.5%

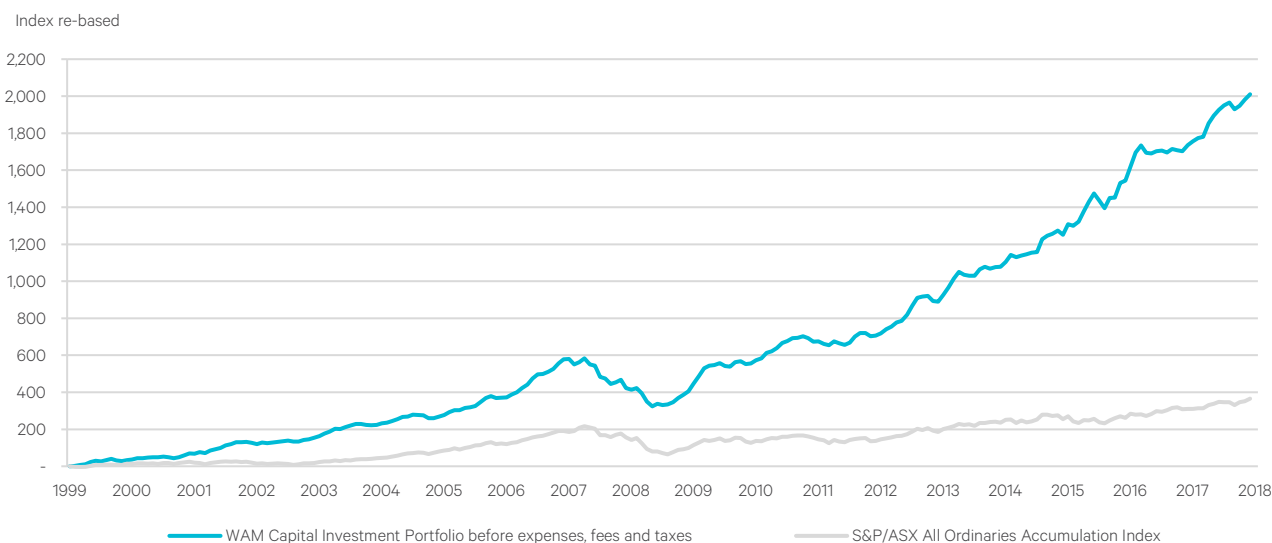
FY2018 results

WAM Capital reported an operating profit before tax of \$166.9 million for the year (FY2017: \$88.9 million), up 87.6% and an operating profit after tax of \$125.4 million (FY2017: \$68.9 million), up 82.0%.

The operating profit for 2018 is reflective of the solid investment portfolio performance over the period. The investment portfolio increased 15.0%, outperforming the S&P/ASX All Ordinaries Accumulation Index which rose 13.7%. This outperformance was achieved with an average cash weighting of 29.5%.

The Board declared a fully franked full year dividend of 15.5 cents per share, an increase of 3.3% on the previous year, with the fully franked final dividend being 7.75 cents per share.

WAM Capital's investment portfolio has returned 17.5% p.a. over 19 years outperforming the market by 9.0% p.a.



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Chairman's letter

Dear Fellow Shareholders,

I would like to thank all WAM Capital shareholders for your continued support of the Company during the 2018 financial year. I would also like to welcome each of the 3,659 new shareholders who have joined us during the year.

In 2018, the Company recorded an operating profit before tax of \$166.9 million (2017: \$88.9 million) and an operating profit after tax of \$125.4 million (2017: \$68.9 million). The operating profit for 2018 is reflective of the solid investment portfolio performance of 15.0% for the year, outperforming the S&P/ASX All Ordinaries Accumulation Index which rose 13.7%. This risk-adjusted investment portfolio performance was achieved with an average cash weighting of 29.5%, with the investment portfolio recording a standard deviation of 4.4% against the market's 7.1% for the year. The return on the equity portion of our portfolio was 20.4% and the return on the cash portion of the portfolio was 2.0% for the year.

WAM Capital has consistently applied its proven investment strategy to achieve an investment portfolio return of 17.5% per annum since inception in 1999, which is 9.0% greater than the annual average return from the S&P/ASX All Ordinaries Accumulation Index. This performance has enabled the Company to pay shareholders an average annualised dividend yield on the initial public offering price of 11.7% fully franked per year over the last 19 years. The fully franked full year dividend for the 2018 year was 15.5 cents per share, representing a 6.5% yield on the 30 June 2018 share price.

During the year, the Company raised capital through DRP shortfall placements to wholesale investors. The price the capital was raised at was a premium to the net tangible asset (NTA) at the time which provided shareholders with a \$10.7 million benefit. This benefit offset more than 70% of the Company's expenses and fees for the year to 30 June 2018.

Company performance

There are three key measures we use to evaluate the performance of a listed investment company, which are: investment portfolio performance; NTA growth; and total shareholder return (TSR). Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. A key objective of WAM Capital is to outperform the S&P/ASX All Ordinaries Accumulation Index by growing the investment portfolio at a greater rate, which is called outperformance. The S&P/ASX All Ordinaries Accumulation Index is measured before expenses, fees and taxes. NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees) and is essentially the realisable value of the Company. The NTA is announced to shareholders on the ASX each month. TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period. Importantly, TSR does not include the value of franking credits distributed to shareholders by way of fully franked dividends.

1. Investment portfolio performance

Performance at 30 June 2018	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception % pa (Aug-99)
WAM Capital Investment Portfolio*	15.0%	16.0%	16.4%	15.0%	17.5%
S&P/ASX All Ordinaries Accumulation Index	13.7%	9.5%	10.3%	6.2%	8.5%
Outperformance	+1.3%	+6.5%	+6.1%	+8.8%	+9.0%

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

WAM Capital's investment portfolio increased 15.0% in the 12 months to 30 June 2018 and was achieved while holding on average 29.5% of the investment portfolio in cash. This measure is before tax and all costs and is compared to the S&P/ASX All Ordinaries Accumulation Index, which rose by 13.7%, which is also before expenses, fees and taxes.

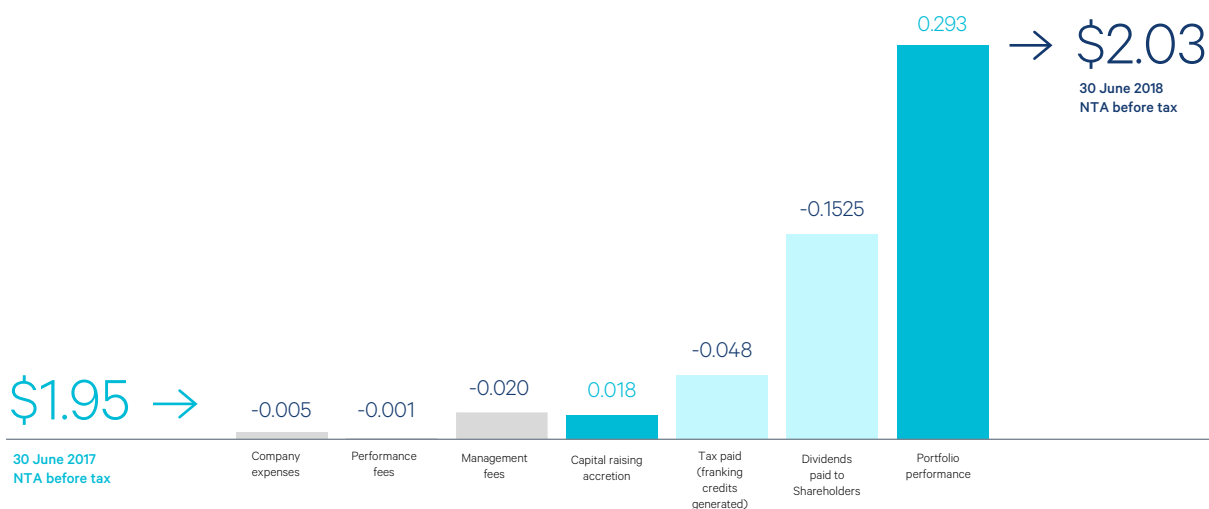
Set out below is the performance of WAM Capital since listing, on a financial year basis. The performance data excludes all expenses, fees and taxes, and is used as a guide to how the Company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index over the same period.

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%

2. NTA growth

WAM Capital's NTA before tax increased 12.0% for the 12 months to 30 June 2018, including the 15.25 cents per share of fully franked dividends paid to shareholders during the year. This increase is after corporate tax paid of 4.8 cents per share or 2.5% during the year. Corporate tax payments made throughout the period was the major item of difference between the investment portfolio performance of 15.0% and the net tangible asset performance. 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 payable of 0.1%, other company related and capital raising expenses of 0.3%, being offset by capital raising accretion of 0.9%.

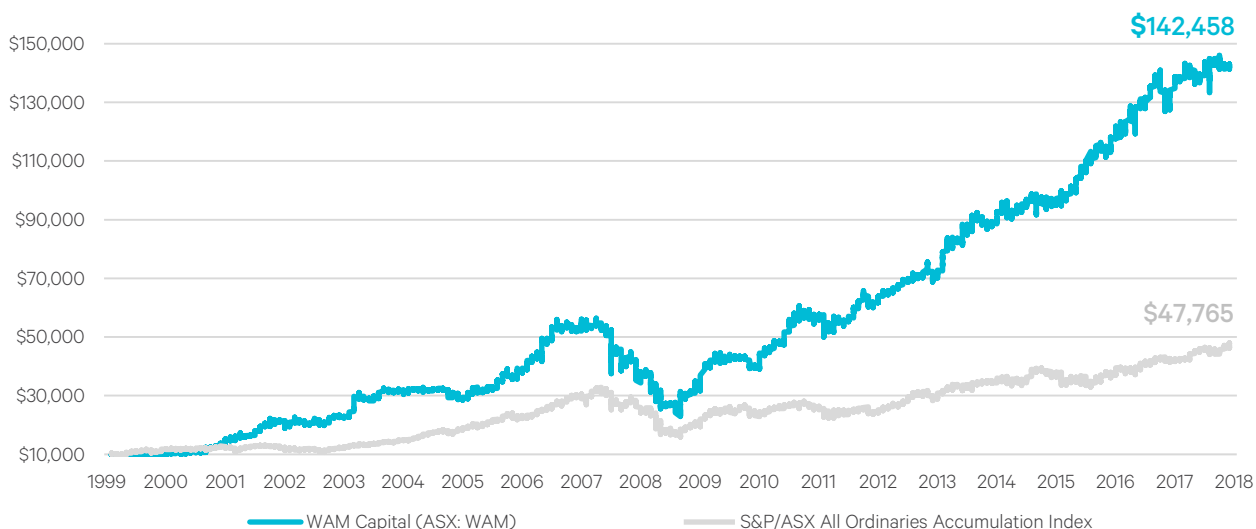
WAM Capital NTA before tax performance



3. Total shareholder return

This measure shows the tangible return to shareholders, being the change in the share price together with dividends, assuming the dividends are reinvested during the period. The TSR for WAM Capital for the year to 30 June 2018 was 6.1% (2017: 14.1%). The TSR was largely driven by WAM Capital's investment portfolio performance, being offset by the reduction in the share price's premium to NTA. As at 30 June 2018, the share price premium to NTA was 17.2% (2017: 22.6%). 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 2018.
2. WAM Capital's performance is calculated using the closing daily share price in Australian dollars 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.

Investment portfolio performance

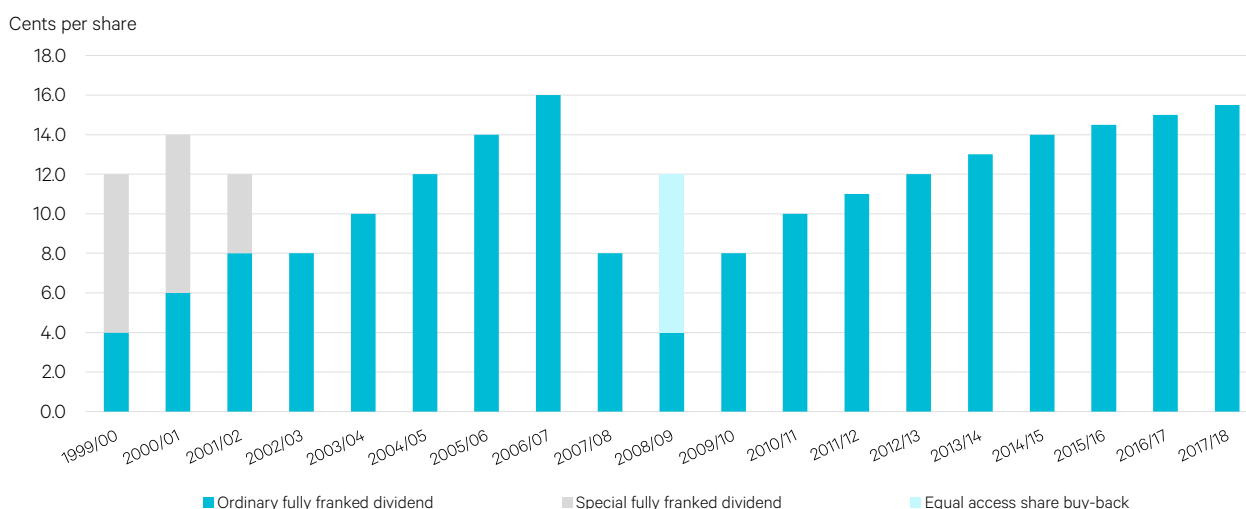
WAM Capital's investment portfolio continued to deliver strong absolute performance during the year. The investment portfolio increased 15.0% over the period, outperforming the S&P/ASX All Ordinaries Accumulation Index whilst holding on average 29.5% in cash. The driver of the investment portfolio's performance during the year was the sound stock selection from the investment team. The best five performing investments in FY2018 were Seven Group Holdings (SVW), Nine Entertainment Co. Holdings (NEC), Afterpay Touch Group (APT), Emeco Holdings (EHL) and Bravura Solutions (BVS). We believe investment opportunities will always be available, irrespective of the direction of the overall equity market.

Dividends

The Board declared a fully franked full year dividend of 15.5 cents per share, an increase of 3.3% on the previous year with the fully franked final dividend being 7.75 cents per share. Since inception, the Company has paid \$2.1525 per share in fully franked dividends to shareholders.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend. The dividend reinvestment plan will be operating at a 2.5% discount for the final dividend.

WAM Capital dividends since inception



Capital management

The Company achieved continued growth during the year increasing shareholders equity by 9.0% to \$1,323.8 million and total shareholder numbers by 13.4% to 30,998. This growth was achieved through the strong absolute performance of the investment portfolio and the capital management initiatives. During the year, WAM Capital raised an additional \$66.2 million through DRP shortfall placements to wholesale investors. The proceeds from the placements have been invested in accordance with WAM Capital's disciplined investment process.

The capital raising initiatives were undertaken at a premium to the Company's NTA and benefited all shareholders by increasing the NTA accordingly. WAM Capital's growth delivers benefits to all shareholders. As the Company's capital base increases, its on-market liquidity increases and its relevance in the market grows.

All of these factors improve the prospect of broker and research coverage and can drive additional interest from financial planners.

Equity market overview

We are approaching the end of the current cycle, which is the second-longest bull market in the United States' history. The rise in global interest rates, coupled with the potential trade wars, will increase volatility and although global economic growth continues, domestic economic growth remains sluggish. Given the lack of wage inflation and no clear catalyst to drive domestic economic growth in the short-to-medium term, we expect interest rates in Australia to remain on hold for a prolonged period.

Corporate balance sheets are presently in the best shape of the past decade. As a result, private equity firms are seeking acquisitions rather than divestments. The continued acceleration of the global macro-economic environment is generally supportive of high levels of merger and acquisition activity. This will benefit the market-driven portion of the portfolio.

Company outlook

WAM Capital enters the 2019 financial year with a conservative balance sheet, a high cash weighting, no debt and a flexible and proven investment approach with the patience and expertise of an experienced investment team. The Company will continue to seek opportunities irrespective of market conditions, having achieved outperformance through various market cycles.

Board changes

In April 2018, Matthew Kidman resigned from the Board of Directors. The Board would like to thank Matthew for his contribution to WAM Capital as a founding Director, guiding the Company from its listing in 1999. We will all miss Matthew's valued contributions to the Board.

During the year, the Board welcomed Dr Philippa Ryan as a Director. Dr Ryan is a highly experienced legal academic with exceptional experience in commercial law, corporate governance, finance and technology.

Public policy and advocacy – defending the current dividend imputation system

Wilson Asset Management continues to engage in public policy discussions and advocates on behalf of all shareholders regarding issues of importance. Early in the 2018 calendar year, the Federal Opposition proposed to remove the mechanism for the Australian Taxation Office to refund tax paid on dividend income. We believe it is unfair to change the rules on self-funded retirees, older workers and low income earners. On 11 May 2018, Wilson Asset Management launched a petition to maintain the current dividend imputation system, with over 12,000 signatures collected to date.

We will be submitting the petition, polling results and policy paper to the Commonwealth Treasurer, Minister for Finance, Leader of the Opposition and Shadow Treasurer detailing the negative economic and social impacts of this proposed policy and the positive aspects of the current franking credits

system. Over the coming months we will monitor the proposed policy changes and continue to engage in the public debate.

Shareholder engagement and communication

Shareholders are the owners of WAM Capital. Our responsibility is to manage the Company on their behalf and be available to report to them on a regular basis. We encourage all shareholders to meet with us and utilise our proactive approach to keeping them informed. We value shareholder engagement and aim to provide total transparency. We do this regularly in many ways, including:

- Weekly investor updates from our Chief Investment Officer;
- Regular investment insights and market updates;
- Regular roundtables with our shareholders and planners, advisers and their clients;
- Monthly investment updates;
- Semi-annual conference calls on our LICs;
- Semi-annual presentations and lunches across all major Australian cities; and
- Annual and semi-annual profits announcements.

WAM Capital shareholders are encouraged to use the subscription feature on the Wilson Asset Management website to receive notifications of announcements, investor updates and other important information.

We aim to provide valuable and insightful information to you and welcome all feedback on how we can improve our communication and engagement with you, the owners of the Company – please contact our Head of Corporate Affairs James McNamara on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au.

Thank you for your continued support.



Geoff Wilson AO
Chairman

Investing with Wilson Asset Management

Established in 1997 by Geoff Wilson, Wilson Asset Management is an independently owned investment manager based in Sydney, Australia. Today, Wilson Asset Management employs 30 staff. The investment team comprises 11 highly experienced professionals with more than 140 years combined investment experience and a total focus on managing money.

We take great pride in managing seven LICs and more than \$3 billion in shareholder capital on behalf of almost 80,000 retail investors. We created and continue to support Future Generation Investment Company Limited and Future Generation Global Investment Company Limited, the only companies to provide:

- Shareholders with exposure to the best Australian and global fund managers without paying management or performance fees;
- Charities with a consistent and growing stream of annual donations; and
- Fund managers with a unique opportunity to make a positive difference to Australia's future generations.

WAM Capital has an investment management agreement with Wilson Asset Management. For WAM Capital shareholders, that means an experienced team working on your behalf, to achieve your investment aims. Investing with Wilson Asset Management provides the following benefits:

Risk-adjusted returns. Wilson Asset Management is focused on delivering strong returns while taking the least risk possible to protect shareholders' capital. Our flexible mandate allows for above average cash holdings.

Deep diversification. LICs managed by Wilson Asset Management hold small positions in many companies, providing shareholders with access to highly diversified portfolios.

Experienced experts. Wilson Asset Management's investment team has a total focus on protecting and growing shareholder capital and is informed by more than 140 years combined equity market experience.

Full market access. Wilson Asset Management's investment team hold more than 2,500 company meetings each year, that coupled with their extensive network in the market, provides insight, intelligence and opportunities.

Transparency. Wilson Asset Management values shareholder engagement and its LICs adhere to strict corporate governance requirements.

Shareholder advocacy. Wilson Asset Management regularly and actively engages in public debate on behalf of self-managed superannuation funds and retail investors.

A positive impact to the community. Wilson Asset Management is passionate about making a difference to the broader community.

Objectives and investment process

Investment objectives

The investment objectives of WAM Capital are to:

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

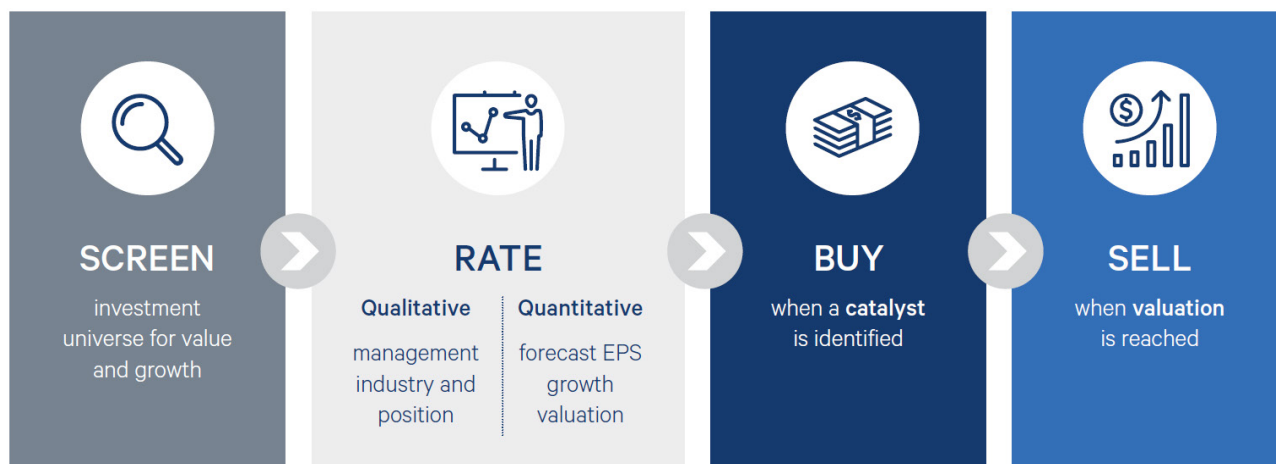
Investment process

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 2018

The Directors present their report together with the financial report of WAM Capital Limited for the financial year ended 30 June 2018.

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a rising stream of fully franked dividends, to provide capital growth and to 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 \$166,866,789 (2017: \$88,945,719) and an operating profit after tax of \$125,397,635 (2017: \$68,912,591). The operating profit for the year is reflective of the solid investment portfolio performance over the period. The investment portfolio increased 15.0% in the 12 months to 30 June 2018, outperforming the S&P/ASX All Ordinaries Accumulation Index. The investment portfolio performance was achieved with an average cash weighting of 29.5%.

The operating profit for the period includes unrealised gains or losses arising from changes in the market value of the investments held in the portfolio during the period. This movement in the market 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. Because of this treatment under the Accounting Standards, this can cause large variations in reported operating profits between periods.

The operating profit 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 2018 was \$1,323,833,214 (2017: \$1,214,898,458). 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 2018.

Dividends paid or recommended

Dividends paid or declared during the year are as follows:

	\$
Fully franked FY2017 final dividend of 7.5 cents per share paid on 27 October 2017	47,500,699
Fully franked FY2018 interim dividend of 7.75 cents per share paid on 27 April 2018	50,782,469

Since the end of the year, the Directors declared a fully franked final dividend of 7.75 cents per share to be paid on 26 November 2018.

Directors

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

- Geoff Wilson AO
- James Chirnside
- Lindsay Mann
- Chris Stott
- Kate Thorley
- Dr. Philippa Ryan (appointed 5 April 2018)
- Matthew Kidman (resigned 5 April 2018)

Information on Directors

Geoff Wilson (Chairman – non-independent)

Experience and expertise

Geoff Wilson has over 38 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. Geoff created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company and Future Generation Global Investment Company. 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 has been Chairman of the Company since March 1999.

Other current 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 the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Global Investment Company Limited (appointed May 2015) and Future Generation Investment Company Limited (appointed July 2014) and a Director of Australian Leaders Fund Limited (appointed October 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Limited (appointed September 2014), 8IP Emerging Companies Limited (appointed April 2018), Incubator Capital Limited (appointed February 2000), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation and he is a Member of the Second Bite NSW

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

Advisory Committee. He is the founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

Former directorships in the last 3 years

Geoff Wilson resigned as a director of Clime Capital Limited in March 2018.

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.

James Chirnside (Director – independent)

Experience and expertise

James Chirnside has been involved in financial markets for over 30 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 directorships

James Chirnside is a Director of Cadence Capital Limited (appointed February 2005), Mercantile Investment Company Limited (appointed November 2010), Ask Funding Limited (appointed September 2015) and Dart Mining NL (appointed June 2015).

Former directorships in the last 3 years

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

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 40 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 Australian Institute of Company Directors.

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

Other current directorships

Lindsay Mann is currently an independent non-executive director of UCA Funds Management Limited and an independent Director of WAM Leaders Limited (appointed March 2016).

Former 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.

Chris Stott (Director – non-independent)

Experience and expertise

Chris Stott has more than 15 years' experience in the funds management industry. Chris is the Chief Investment Officer and Portfolio Manager of Wilson Asset Management (International) Pty Limited, having joined the company in 2006. Chris was previously employed with Challenger Financial Services Group in various research roles specialising in Australian equities. He holds a Bachelor of Business and a Graduate Diploma in Applied Finance and Investment. He is a member of the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Chris Stott has been a Director of the Company since May 2015.

Other current directorships

Chris Stott is a Director of WAM Microcap Limited (appointed March 2017).

Former directorships in the last 3 years

Chris Stott resigned as a director of Century Australia Investments Limited in May 2018, WAM Leaders Limited and WAM Research Limited in June 2018 and WAM Active Limited in July 2018.

Chris Stott (Director – non-independent) (cont'd)

Special responsibilities

None.

Interests in shares of the Company

Details of Chris Stott's interests in shares of the Company are included later in this report.

Interests in contracts

Chris Stott has no interests in contracts of the Company.

Kate Thorley (Director – non-independent)

Experience and expertise

Kate Thorley has over 13 years' experience in the funds management industry and more than 19 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited, WAM Global Limited and Future Generation Investment Company Limited. Kate is the Company Secretary of Future Generation Global Investment Company 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 member of the Australian Institute of Company Directors.

Kate has been a Director of the Company since August 2016 and was Company Secretary from October 2008 to October 2017.

Other current directorships

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

Former 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

Kate Thorley held the position of Company Secretary from October 2008 to October 2017.

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.

Philippa Ryan (Director – independent) (appointed 5 April 2018)

Experience and expertise

Dr Philippa Ryan is a highly experienced legal academic with exceptional experience in commercial law, corporate governance, finance and technology. Dr Ryan is a lecturer at the UTS Faculty of Law, a founding member of the UTS Blockchain Cluster, a director of the Landers and Rogers Board, deputy chair of the Australian Computer Society blockchain technical committee, a member of the Standards Australia blockchain technical committee and a member of the Australian Digital Currency Association industry advisory board. Dr Ryan holds a number of legal and academic qualifications including an LLB, BA, Med and PhD.

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

Other current directorships

Philippa Ryan is a director of Landers and Rogers.

Former directorships in the last 3 years

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

Philippa Ryan has no interests in shares of the Company.

Interests in contracts

Philippa Ryan has no interests in contracts of the Company.

Company Secretary

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

Linda Vo (appointed 18 October 2017)

Linda Vo has over 15 years' experience in financial accounting including more than 11 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 the Company Secretary for six listed investment companies, WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited and WAM Global 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 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 Limited.

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.

Directors' remuneration received for the year ended 30 June 2018:

Director	Position	Short-term employee benefits	Post-employment benefits	Total
		Directors' Fees	Superannuation	
		\$	\$	\$
Geoff Wilson	Chairman	9,132	868	10,000
James Chirnside	Director	36,530	3,470	40,000
Lindsay Mann	Director	36,530	3,470	40,000
Chris Stott	Director	9,132	868	10,000
Kate Thorley	Director	9,132	868	10,000
Philippa Ryan (appointed 5 April 2018)	Director	8,707	827	9,534
Matthew Kidman (resigned 5 April 2018)	Director	27,923	2,652	30,575
		137,086	13,023	150,109

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individuals benefits for FY2018 and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

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

	2018	2017	2016	2015	2014
Operating profit after tax (\$)	125,397,635	68,912,591	97,994,040	53,988,609	68,281,401
Dividends (cents per share)	15.5	15.0	14.5	14.0	13.0
NTA after tax (\$ per share)	1.98	1.92	1.86	1.78	1.75
Total Directors' remuneration (\$)	150,109	175,589	180,000	170,000	170,000
Shareholder's equity (\$)	1,323,833,214	1,214,898,458	878,749,246	806,499,635	596,254,418

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

Remuneration Report (Audited) (cont'd)

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 Limited. Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited. In its capacity as the Manager, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a. (plus GST) of gross assets amounting to \$14,495,629 inclusive of GST (2017: \$13,091,442). As at 30 June 2018, the balance payable to the Manager was \$1,244,428 inclusive of GST (2017: \$1,135,675).

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 portfolio has decreased in value over that period. For the year ended 30 June 2018, a performance fee of \$364,295 inclusive of GST was payable to Wilson Asset Management (International) Pty Limited (2017: 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 2018, the fee for accounting services amounted to \$46,200 inclusive of GST (2017: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2017: \$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 2017	Acquisitions/balance held on appointment	Disposals	Balance at the date of this report
Geoff Wilson	259,303	-	-	259,303
James Chirnside	30,793	-	-	30,793
Lindsay Mann	93,880	-	30,000	63,880
Chris Stott	59,354	6,298	-	65,652
Kate Thorley	51,191	2,800	-	53,991
Philippa Ryan (appointed April 2018)	-	-	-	-
	494,521	9,098	30,000	473,619

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
James Chirnside	4	4
Lindsay Mann	4	4
Chris Stott	4	4
Kate Thorley	4	4
Philippa Ryan (appointed April 2018)	1	1
Matthew Kidman (resigned April 2018)	3	3

Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2018 Corporate Governance Statement.

Audit and Risk Committee member	No. eligible to attend	Attended
James Chirnside	4	4
Lindsay Mann	4	4
Philippa Ryan (appointed April 2018)	1	1
Matthew Kidman (resigned April 2018)	3	3

After balance date events

Since the end of the year, the Directors declared a fully franked final dividend of 7.75 cents per share to be paid on 26 November 2018.

No other matters or circumstances have arisen since the end of the financial year 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

Non-audit services (cont'd)

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 prior to commencement 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 set by the Accounting Professional and Ethical Standards Board.

Rounding of amounts to nearest dollar

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

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2018 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 24 of the Annual Report.

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



Geoff Wilson AO
Chairman

Dated in Sydney this 17th day of August 2018

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

In relation to the independent audit for the year ended 30 June 2018, 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 any applicable code of professional conduct in relation to the audit.

This declaration is in respect of WAM Capital Limited during the year.



C I Chandran
Partner

Pitcher Partners
Sydney

17 August 2018

Statement of comprehensive income for the year ended 30 June 2018

	Note	2018 \$	2017 \$
Net realised and unrealised gains on financial assets		144,556,373	65,529,244
Other revenue from operating activities	2	43,640,946	42,878,285
Management fees		(13,507,291)	(12,198,844)
Performance fees		(339,457)	-
Directors fees		(150,109)	(175,589)
Brokerage expense on share purchases		(5,174,373)	(4,906,503)
Expenses paid on borrowed stock		(930,945)	(981,213)
Custody fees		(98,734)	(79,359)
ASX listing and chess fees		(213,988)	(197,343)
Share registry fees		(216,965)	(315,945)
Disbursements, mailing and printing		(211,018)	(172,161)
Legal and professional fees		(112,069)	(163,177)
Other expenses from ordinary activities		(375,581)	(271,676)
Profit before income tax		166,866,789	88,945,719
Income tax expense	3(a)	(41,469,154)	(20,033,128)
Profit after income tax attributable to members of the Company		125,397,635	68,912,591
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		125,397,635	68,912,591
Basic and diluted earnings per share	15	19.30 cents	11.78 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2018

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	13	389,675,066	420,024,801
Trade and other receivables	6	33,758,932	40,035,802
Financial assets	7	973,929,383	840,804,123
Total current assets		1,397,363,381	1,300,864,726
Non-current assets			
Deferred tax assets	3(b)	2,598,344	2,498,108
Total non-current assets		2,598,344	2,498,108
Total assets		1,399,961,725	1,303,362,834
Current liabilities			
Trade and other payables	9	31,383,915	19,340,411
Financial liabilities	8	9,851,683	43,544,689
Current tax liabilities	3(c)	20,094,479	13,692,611
Total current liabilities		61,330,077	76,577,711
Non-current liabilities			
Deferred tax liabilities	3(d)	14,798,434	11,886,665
Total non-current liabilities		14,798,434	11,886,665
Total liabilities		76,128,511	88,464,376
Net assets		1,323,833,214	1,214,898,458
Equity			
Issued capital	10	1,221,306,473	1,139,486,184
Profits reserve	11	130,146,739	103,032,272
Accumulated losses	12	(27,619,998)	(27,619,998)
Total equity		1,323,833,214	1,214,898,458

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2018

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2016		784,687,748	(27,619,998)	121,681,496	878,749,246
Profit for the year		-	68,912,591	-	68,912,591
Transfer to profits reserve		-	(68,912,591)	68,912,591	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	10(b)	16,783,686	-	-	16,783,686
Shares issued via share purchase plan	10(b)	128,397,982	-	-	128,397,982
Shares issued via placement	10(b)	119,114,202	-	-	119,114,202
Shares issued via DRP shortfall placement	10(b)	59,842,569	-	-	59,842,569
Shares issued via scrip consideration for acquisition	10(b)	31,392,586	-	-	31,392,586
Share issue costs (net of tax)	10(b)	(732,589)	-	-	(732,589)
Dividends paid	4(a)	-	-	(87,561,815)	(87,561,815)
Balance at 30 June 2017		1,139,486,184	(27,619,998)	103,032,272	1,214,898,458
Profit for the year		-	125,397,635	-	125,397,635
Transfer to profits reserve		-	(125,397,635)	125,397,635	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	10(b)	16,210,218	-	-	16,210,218
Shares issued via DRP shortfall placement	10(b)	66,155,750	-	-	66,155,750
Share issue costs (net of tax)	10(b)	(545,679)	-	-	(545,679)
Dividends paid	4(a)	-	-	(98,283,168)	(98,283,168)
Balance at 30 June 2018		1,221,306,473	(27,619,998)	130,146,739	1,323,833,214

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Proceeds from sale of investments		3,206,321,323	2,860,625,970
Payments for purchase of investments		(3,209,713,092)	(2,941,992,716)
Dividends received		27,955,581	26,806,200
Interest received		7,468,206	8,475,660
Other investment income received		7,391,017	11,987,927
Management fee (GST inclusive)		(14,386,876)	(12,813,979)
Performance fee (GST inclusive)		-	(32,335,391)
Brokerage expense on share purchases (GST inclusive)		(5,552,654)	(5,261,415)
Payments for administration expenses (GST inclusive)		(2,538,859)	(2,345,130)
Income tax paid		(32,021,890)	(23,441,483)
GST on brokerage expense on share sales		(369,914)	(309,337)
Net GST received from ATO		1,794,165	4,106,673
Net cash used in operating activities	14	(13,652,993)	(106,497,021)
Cash flows from financing activities			
Proceeds from issue of shares		66,155,750	307,354,753
Dividends paid – net of reinvestment		(82,072,950)	(70,778,130)
Share issue costs		(779,542)	(1,046,555)
Net cash (used in)/provided by financing activities		(16,696,742)	235,530,068
Net (decrease)/increase in cash and cash equivalents held		(30,349,735)	129,033,047
Cash and cash equivalents at beginning of financial year		420,024,801	290,991,754
Cash and cash equivalents at end of financial year	13	389,675,066	420,024,801
Non-cash transactions:			
Shares issued via dividend reinvestment plan		16,210,218	16,783,686
Shares issued via scrip consideration for acquisition		-	31,392,586

The accompanying notes form part of these financial statements

Notes to the financial statements for the year ended 30 June 2018

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

The financial report was authorised for issue on 17 August 2018 by the Board of Directors.

WAM Capital Limited 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 IASB. Material 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, except for financial assets and certain other financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

a) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions to 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 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 instruments (cont'd)

Classification and subsequent measurement (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

The Directors have assessed the requirements of *AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities* 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 entity of the Company is not consolidated into the financial statements, but rather is accounted for as a financial asset 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 charge of 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

1. Significant accounting policies (cont'd)

b) Income tax (cont'd)

where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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 entity 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 entity.

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 four 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

At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell

1. Significant accounting policies (cont'd)

g) Impairment of assets (cont'd)

and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of comprehensive income.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net 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 part of receivables or payables in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis, 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.

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2018. 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

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company will not early adopt the new and amended pronouncements at this point in time. A new and amended pronouncement that is relevant to the Company, but applicable in future reporting periods is AASB 9: *Financial Instruments and its associated amending standards*.

1. Significant accounting policies (cont'd)

n) New standards and interpretations not yet adopted (cont'd)

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 (AASB 139) - *Financial Instruments: Recognition and Measurement*. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company has not early adopted AASB 9. This is not expected to have a significant impact on the Company's financial statements as the Company does not expect to elect any investments as not held for trading. The new standard will be adopted for the reporting period commencing 1 July 2018.

2. Other revenue

	2018 \$	2017 \$
Australian sourced dividends	27,112,931	22,190,532
Trust distributions	8,342,914	11,225,539
Interest	7,621,716	8,171,432
Foreign sourced dividends	356,226	1,083,724
Underwriting fees	207,159	171,569
Other income	-	35,489
	43,640,946	42,878,285

3. Income tax

a) Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2018 \$	2017 \$
Prima facie tax on profit before income tax at 30% (2017: 30%)	50,060,037	26,683,716
Imputation credit gross up	3,737,941	3,088,502
Foreign income tax offset gross up	5,817	24,619
Franking credit offset	(12,459,803)	(10,295,008)
Foreign income tax offset	(19,390)	(82,062)
Other non-assessable items*	144,552	613,361
	41,469,154	20,033,128
Effective tax rate	24.9%	22.5%

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income. The increase in the effective tax rate from the comparative year is reflective of the lower proportion of franked dividend income received in comparison to the net profit before tax for the period.

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

Total income tax expense results in a:

Current tax liability	38,423,758	20,555,849
Deferred tax liability	2,911,769	1,501,186
Deferred tax asset	133,627	(2,023,907)
	41,469,154	20,033,128

3. Income tax (cont'd)**b) Deferred tax assets**

	2018 \$	2017 \$
Tax losses	2,159,583	2,159,583
Accruals	10,956	9,570
Capitalised share issue costs	427,805	328,955
	2,598,344	2,498,108
Movement in deferred tax assets		
Balance at the beginning of the period	2,498,108	1,833,204
Recoupment of tax losses	-	(1,672,969)
(Charged)/credited to the statement of comprehensive income	(133,627)	2,023,907
Capitalised share issue costs	233,863	313,966
At reporting date	2,598,344	2,498,108

c) Current tax liabilities

	2018 \$	2017 \$
Balance at the beginning of the year	13,692,611	18,251,214
Current year income tax on operating profit	38,423,758	20,555,849
Recoupment of tax losses	-	(1,672,969)
Net income tax paid	(32,021,890)	(23,441,483)
At reporting date	20,094,479	13,692,611

d) Deferred tax liabilities

	2018 \$	2017 \$
Fair value adjustments	14,798,434	11,886,665
	14,798,434	11,886,665
Movement in deferred tax liabilities		
Balance at the beginning of the year	11,886,665	10,385,479
Charged to the statement of comprehensive income	2,911,769	1,501,186
At reporting date	14,798,434	11,886,665

4. Dividends

a) Ordinary dividends paid during the year

	2018 \$	2017 \$
Final dividend FY2017: 7.5 cents per share fully franked at 30% tax rate, paid 27 October 2017 (Final dividend FY2016: 7.25 cents per share fully franked)	47,500,699	42,570,166
Interim dividend FY2018: 7.75 cents per share fully franked at 30% tax rate, paid 27 April 2018 (Interim dividend FY2017: 7.5 cents per share fully franked)	50,782,469	44,991,649
	98,283,168	87,561,815

b) Dividends not recognised at year end

	2018 \$	2017 \$
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 (2017: 7.5 cents per share fully franked) which has not been recognised as a liability at the end of the financial year:	51,798,133	47,500,651

c) Dividend franking account

	2018 \$	2017 \$
Balance of franking account at year end	3,551,897	1,206,801
Adjusted for franking credits arising from: - Estimated income tax payable	20,094,479	13,692,611
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4 (b):	(22,199,200)	(20,357,422)
	1,447,176	(5,458,010)

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

The balance of the franking account does not include the tax to be paid on unrealised investment gains currently recognised as a deferred tax liability of \$14,798,434 (2017: \$11,886,665).

5. Auditor's remuneration

	2018 \$	2017 \$
Remuneration of the auditor for:		
Auditing and reviewing the financial report	47,533	57,741
Other services provided by a related practice of the auditor:		
Taxation services	11,770	12,100
Other non-assurance services	16,611	16,193
	75,914	86,034

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditors. 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

	2018 \$	2017 \$
Outstanding settlements	30,821,467	37,981,251
Investment income receivable	2,469,736	1,643,594
GST receivable	467,729	410,957
	33,758,932	40,035,802

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days of 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

	2018 \$	2017 \$
Listed investments at fair value	971,572,828	805,692,539
Unlisted investments at fair value	2,356,555	35,111,584
	973,929,383	840,804,123

The market values of individual investments held at the end of the reporting period are disclosed on pages 57 to 58 of the Annual Report.

The balance of unlisted investments held at fair value as at 30 June 2018 includes AMP Capital China Growth Fund (\$1.3m) and other unlisted investments (\$1.1m), including WAM Capital's investment in an unlisted investment company. The fair value of the unlisted investment company has been based on its net asset backing, being the underlying cash and cash equivalents at the end of the reporting period. AMP Capital China Growth Fund was delisted on 30 December 2016. The fair value of this investment was determined using its net asset backing per share at the end of the reporting period.

8. Financial liabilities

	2018 \$	2017 \$
Borrowed stock	9,851,683	43,544,689

Borrowed stock is carried at fair value. The Company provides cash collateral backing of 105% of the fair value of the borrowed stock to the stock lender. The level of borrowed stock plus other borrowings cannot exceed 50% of the net asset value of the Company, as outlined in the investment management agreement.

9. Trade and other payables

	2018 \$	2017 \$
Outstanding settlements	29,447,235	17,736,895
Management fee payable	1,244,428	1,135,675
Performance fee payable	364,295	-
Sundry payables	327,957	467,841
	31,383,915	19,340,411

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

10. Issued capital

a) Paid-up capital

	2018 \$	2017 \$
668,363,006 ordinary shares fully paid (2017: 633,342,008)	1,221,306,473	1,139,486,184

b) Ordinary shares

	2018 \$	2017 \$
Balance at the beginning of the year	1,139,486,184	784,687,748
3,480,336 ordinary shares issued on 27 October 2017 under a dividend reinvestment plan	8,189,396	-
18,434,971 ordinary shares issued on 10 November 2017 under a DRP shortfall placement	43,377,487	-
3,412,813 ordinary shares issued on 27 April 2018 under a dividend reinvestment plan	8,020,822	-
9,692,878 ordinary shares issued on 30 April 2018 under a DRP shortfall placement	22,778,263	-
Share issue costs (net of tax)	(545,679)	-
59,999,057 ordinary shares issued on 26 August 2016 under a share purchase plan	-	128,397,982
55,660,842 ordinary shares issued on 26 August 2016 under a placement	-	119,114,202
3,713,713 ordinary shares issued on 28 October 2016 under a dividend reinvestment plan	-	8,394,037
8,999,858 ordinary shares issued on 28 October 2016 under a DRP shortfall placement	-	20,342,379
13,246,376 ordinary shares issued on 19 April 2017 as scrip consideration for acquisition of an unlisted investment company	-	31,392,586
3,540,153 ordinary shares issued on 28 April 2017 under a dividend reinvestment plan	-	8,389,649
16,667,450 ordinary shares issued on 28 April 2017 under a DRP shortfall placement	-	39,500,190
Share issue costs (net of tax)	-	(732,589)
At reporting date	1,221,306,473	1,139,486,184

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, otherwise each member present at a meeting or by proxy has one vote on a show of hands. 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.

10. Issued capital (cont'd)

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, management 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, options 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.

11. Profits reserve

	2018 \$	2017 \$
Profits reserve	130,146,739	103,032,272

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

	2018 \$	2017 \$
Movement in profits reserve		
Balance at the beginning of the year	103,032,272	121,681,496
Transfer of profits during the period	125,397,635	68,912,591
Final dividend paid (refer to note 4a)	(47,500,699)	(42,570,166)
Interim dividend paid (refer to note 4a)	(50,782,469)	(44,991,649)
At reporting date	130,146,739	103,032,272

12. Accumulated losses

	2018 \$	2017 \$
Balance at the beginning of the year	(27,619,998)	(27,619,998)
Profit for the year attributable to members of the Company	125,397,635	68,912,591
Transfer to profits reserve	(125,397,635)	(68,912,591)
At reporting date	(27,619,998)	(27,619,998)

13. 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:

	2018 \$	2017 \$
Cash at bank	202,364,788	226,781,036
Term deposits	177,316,104	147,068,705
Cash collateral for borrowed stock	9,994,174	46,175,060
	389,675,066	420,024,801

The weighted average interest rate for cash and term deposits as at 30 June 2018 is 2.10% (2017: 2.03%). The term deposits have an average maturity of 66 days (2017: 75 days). All the term deposits are invested with major Australian banks and their 100% owned banking subsidiaries that have Standard & Poor's A-1+ rating.

14. Cash flow information

	2018 \$	2017 \$
Reconciliation of profit after tax to cash flow from operations:		
Profit after income tax	125,397,635	68,912,591
Fair value gains and movements in financial assets	(147,948,142)	(146,895,990)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(882,914)	6,843,792
Decrease/(increase) in deferred tax assets	133,627	(350,939)
Increase/(decrease) in payables	333,164	(31,949,058)
Increase/(decrease) in current tax liabilities	6,401,868	(4,558,603)
Increase in deferred tax liabilities	2,911,769	1,501,186
Net cash used in operating activities	(13,652,993)	(106,497,021)

15. Earnings per share

	2018 Cents per share	2017 Cents per share
Basic and diluted earnings per share	19.30	11.78
	2018 \$	2017 \$
Profit after income tax used in the calculation of basic and diluted earnings per share	125,397,635	68,912,591
	2018 No.	2017 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	649,848,477	584,844,431

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

16. 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 twice 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 provision for impairment 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.

16. Financial risk management (cont'd)

a) Credit risk (cont'd)

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 majority of all maturities for cash and term deposits are within three months.

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 respectively by the Manager and the Board.

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.

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 2018	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	31,383,915	31,383,915
Financial liabilities	-	9,851,683	9,851,683
Total	-	41,235,598	41,235,598

30 June 2017	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	19,340,411	19,340,411
Financial liabilities	-	43,544,689	43,544,689
Total	-	62,885,100	62,885,100

16. Financial risk management (cont'd)

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 the majority of its cash and term deposits mature within three months. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

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 2018	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	2.10%	389,675,066	-	389,675,066
Trade and other receivables		-	33,758,932	33,758,932
Financial assets		-	973,929,383	973,929,383
Total		389,675,066	1,007,688,315	1,397,363,381
Liabilities				
Trade and other payables		-	31,383,915	31,383,915
Financial liabilities		-	9,851,683	9,851,683
Total		-	41,235,598	41,235,598

16. Financial risk management (cont'd)**c) Market risk (cont'd)****(i) Interest rate risk (cont'd)**

30 June 2017	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	2.03%	420,024,801	-	420,024,801
Trade and other receivables		-	40,035,802	40,035,802
Financial assets		-	840,804,123	840,804,123
Total		420,024,801	880,839,925	1,300,864,726
Liabilities				
Trade and other payables		-	19,340,411	19,340,411
Financial liabilities		-	43,544,689	43,544,689
Total		-	62,885,100	62,885,100

(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.

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 and managed on a daily basis. 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.

16. Financial risk management (cont'd)**c) Market risk (cont'd)****(ii) Other price risk (cont'd)**

The Company's industry sector weighting of gross assets as at 30 June 2018 is as below:

Industry sector	2018 %	2017 %
Consumer discretionary	25.7	15.1
Financials	17.8	20.4
Industrials	8.4	7.2
Real estate	5.6	-
Materials	4.2	3.5
Health care	3.0	5.6
Consumer staples	2.5	2.1
Information technology	2.1	9.9
Telecommunication services	1.2	1.2
Energy	1.2	0.2
Utilities	-	0.6
Total	71.7	65.8

There were no securities representing over 5 per cent of gross assets of the Company at 30 June 2018 (2017: 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 to remain constant.

Investments represent 71.7% (2017: 65.8%) of gross assets at year end. A 5.0% movement in the market value of each of the investments within the investment portfolio would result in a 2.5% (2017: 2.2%) movement in the net assets after tax. This would result in the 30 June 2018 net asset backing after tax moving by 5.0 cents per share (2017: 4.3 cents per share).

16. 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 is WAM Capital's investment in an unlisted investment company and AMP Capital China Growth Fund. The fair value of the unlisted investment company has been based on its net asset backing, being cash and cash equivalents at the end of the reporting period and the fair value of AMP Capital China Growth Fund was determined using its net asset backing per share at the end of the reporting period.

The remaining balance of the investments in Level 2 of the hierarchy include unlisted investments which 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 sale price to determine fair value.

There were no transfers between Level 1 and Level 2 during the year (2017: nil).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2018				
Financial assets	971,572,828	2,356,555	-	973,929,383
Financial liabilities	(9,851,683)	-	-	(9,851,683)
Total	961,721,145	2,356,555	-	964,077,700
30 June 2017				
Financial assets	805,692,539	35,111,584	-	840,804,123
Financial liabilities	(43,544,689)	-	-	(43,544,689)
Total	762,147,850	35,111,584	-	797,259,434

17. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 8,133 (2017: 9,518). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$10,264,019 (2017: \$9,157,136).

18. Segment reporting

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

19. Capital commitments

There were no capital commitments for the Company as at 30 June 2018 (2017: \$379,352).

20. Contingent liabilities

There were no contingent liabilities for the Company as at 30 June 2018 (2017: nil).

21. 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
- James Chirnside Director
- Lindsay Mann Director
- Chris Stott Director
- Dr. Philippa Ryan Director (appointed 5 April 2018)
- Kate Thorley Director and Company Secretary (resigned as Company Secretary 18 Oct 2017)
- Matthew Kidman Director (resigned 5 April 2018)

a) Remuneration

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 22.

Information regarding individual Directors' remuneration is provided in the Remuneration Report of the Directors' Report on page 19, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

21. Key management personnel compensation (cont'd)**a) Remuneration (cont'd)**

	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2018	137,086	13,023	150,109
Total Directors remuneration paid by the Company for the year ended 30 June 2017	142,090	33,499	175,589

b) Share holdings

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 2017	Acquisitions/balance held on appointment	Disposals	Balance at 30 June 2018
Geoff Wilson	259,303	-	-	259,303
James Chirnside	30,793	-	-	30,793
Lindsay Mann	93,880	-	30,000	63,880
Chris Stott	59,354	6,298	-	65,652
Kate Thorley	51,191	2,800	-	53,991
Philippa Ryan (appointed 5 April 2018)	-	-	-	-
	494,521	9,098	30,000	473,619

Ordinary shares held Directors	Balance at 30 June 2016	Acquisitions/balance held on appointment	Disposals	Balance at 30 June 2017
Geoff Wilson	238,276	21,027	-	259,303
James Chirnside	30,793	-	-	30,793
Lindsay Mann	93,880	-	-	93,880
Chris Stott	46,718	12,636	-	59,354
Kate Thorley*	-	51,191	-	51,191
Matthew Kidman**	316,062	20,461	-	336,523
	725,729	105,315	-	831,044

*Kate Thorley was appointed Director of WAM Capital on 31 August 2016. On this date, Kate held 45,702 ordinary shares in the Company.

**Matthew Kidman resigned as a Director of WAM Capital on 5 April 2018. On resignation, Matthew held 347,249 ordinary shares in the Company.

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.

22. 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 Limited. Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited. In its capacity as the Manager, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a. (plus GST) of gross assets amounting to \$14,495,629 inclusive of GST (2017: \$13,091,442). At 30 June 2018, the balance payable to the Manager was \$1,244,428 inclusive of GST (2017: \$1,135,675).

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 portfolio has decreased in value over that period. For the year ended 30 June 2018, a performance fee of \$364,295 inclusive of GST was payable to Wilson Asset Management (International) Pty Limited (2017: 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 2018, the fee for accounting services amounted to \$46,200 inclusive of GST (2017: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2017: \$16,500).

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.

23. Events subsequent to reporting date

Since the end of the year, the Directors declared a fully franked final dividend of 7.75 cents per share to be paid on 26 November 2018.

No other matters or circumstances have arisen since the end of the financial year 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 25 to 50 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 19 to 21, 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 2018 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 in Sydney this 17th day of August 2018

**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 2018, 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 2018 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* ("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.

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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. We have communicated the key audit matters to the Audit and Risk Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit and Risk Committee. 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><i>Existence and valuation of Financial Assets and completeness of Financial Liabilities</i> <i>Refer to Note 7: Financial Assets, Note 8: Financial Liabilities</i></p>	
<p>We focused our audit effort on the completeness, valuation and existence of the Company's financial assets and financial liabilities as they are its largest asset and liability and represent the most significant driver of the Company's Net Tangible Assets and profits.</p> <p>Investments mostly consist of listed Australian securities and some unlisted Australian securities. Investments are valued by multiplying the quantity held by the respective market price, cost or estimated value per security for unlisted investments.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of the investment management process and controls; ▪ Reviewing and evaluating the independent audit report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the audit reports relate and where necessary performing additional procedures; ▪ Obtaining a confirmation of the investment holdings directly from the Custodians; ▪ Assessing the Company's valuation of individual investment holding to independent sources; ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; ▪ Assessing the adequacy of disclosures in the financial statements.

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<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><i>Accuracy of Management and Performance Fees</i> <i>Refer to Note 9: Trade and other payables, Note 22: Related party transactions</i></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 for major events such as payment of company dividends and taxes, capital raisings and capital reductions 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"> ▪ 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; ▪ Testing key inputs used in the calculation of management and performance fees and performing a recalculation in accordance with our understanding of the Investment Management Agreement; ▪ 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 2018, 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.

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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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

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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 19 to 21 of the Directors' Report for the year ended 30 June 2018. In our opinion, the Remuneration Report of WAM Capital Limited, for the year ended 30 June 2018, 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.



C I Chandran
Partner



Pitcher Partners
Sydney

17 August 2018

Investments at market value as at 30 June 2018

Company Name	Code	Market Value \$	% of Gross Assets
Consumer discretionary			
Nine Entertainment Co. Holdings Limited	NEC	42,720,887	3.1%
Flight Centre Travel Group Limited	FLT	26,979,707	1.9%
Greencross Limited	GXL	21,296,858	1.6%
Seven West Media Limited	SWM	20,090,292	1.5%
Bapcor Limited	BAP	19,345,988	1.4%
Corporate Travel Management Limited	CTD	17,932,633	1.3%
Southern Cross Media Group Limited	SXL	16,357,044	1.2%
The Star Entertainment Group Limited	SGR	15,825,537	1.2%
Noni B Limited	NBL	14,744,379	1.1%
HT&E Limited	HT1	14,386,913	1.1%
Adairs Limited	ADH	13,025,994	1.0%
ARB Corporation Limited	ARB	12,286,353	0.9%
Fairfax Media Limited	FXJ	12,276,198	0.9%
Super Retail Group Limited	SUL	12,269,532	0.9%
WPP AUNZ Limited	WPP	11,240,113	0.8%
APN Outdoor Group Limited	APO	11,234,644	0.8%
Accent Group Limited	AX1	10,767,897	0.8%
Specialty Fashion Group Limited	SFH	7,952,569	0.6%
AP Eagers Limited	APE	7,415,496	0.5%
Macquarie Media Limited	MRN	7,192,485	0.5%
GTN Limited	GTN	6,652,586	0.5%
Nick Scali Limited	NCK	6,609,338	0.5%
Webjet Limited	WEB	6,189,569	0.5%
Ardent Leisure Group	AAD	5,324,460	0.4%
Jumbo Interactive Limited	JIN	3,502,830	0.3%
3P Learning Limited	3PL	2,912,713	0.2%
oOh!Media Limited	OML	3,184,479	0.2%
Fleetwood Corporation Limited	FWD	112,479	0.0%
		349,829,973	25.7%
Financials			
Pengana International Equities Limited	PIA	30,544,140	2.3%
Templeton Global Growth Fund Limited	TGG	27,162,785	2.0%
PSC Insurance Group Limited	PSI	22,487,645	1.7%
FlexiGroup Limited	FXL	20,610,731	1.5%
Scottish Pacific Group Limited	SCO	17,993,366	1.3%
Wealth Defender Equities Limited	WDE	16,916,950	1.2%
Janus Henderson Group PLC	JHG	13,251,097	1.0%
AUB Group Limited	AUB	12,058,524	0.9%

Company Name	Code	Market Value \$	% of Gross Assets
Pacific Current Group Limited	PAC	11,589,657	0.9%
ClearView Wealth Limited	CVW	9,989,453	0.7%
Westoz Investment Company Limited	WIC	8,681,399	0.6%
Pinnacle Investment Management Group Limited	PNI	8,286,882	0.6%
Naos Small Cap Opportunities Company Limited	NSC	7,334,774	0.5%
Concentrated Leaders Fund Limited	CLF	5,317,554	0.4%
Clime Investment Management Limited	CIW	3,743,696	0.3%
Money3 Corp Limited	MNY	3,553,602	0.3%
IOOF Holdings Limited	IFL	3,224,353	0.2%
Contango Income Generator Limited	CIE	2,720,509	0.2%
Keybridge Capital Limited	KBC	2,447,523	0.2%
Evans Dixon Limited	ED1	1,793,520	0.1%
Centrepoint Alliance Limited	CAF	1,506,808	0.1%
HHY Fund	HHY	1,484,504	0.1%
BKI Investment Company Limited	BKI	1,364,875	0.1%
8IP Emerging Companies Limited	8EC	1,301,049	0.1%
AMP Capital China Growth Fund ¹	AGF	1,275,503	0.1%
Moelis Australia Limited	MOE	1,077,869	0.1%
Ozgrowth Limited	OZG	929,726	0.1%
Clime Private Limited ¹	n/a	826,800	0.1%
Argo Global Listed Infrastructure Limited	ALI	819,657	0.1%
Ironbark Capital Limited	IBC	668,294	0.0%
Credit Corp Group Limited	CCP	492,028	0.0%
Pengana International Equities Limited Options	PIAO	183,604	0.0%
Ask Funding Limited	AKF	162,986	0.0%
Perpetual Limited	PPT	102,003	0.0%
DMX Corporation Limited ¹	DMX	44,800	0.0%
		241,948,666	17.8%
Industrials			
Austal Limited	ASB	21,400,202	1.7%
Emeco Holdings Limited	EHL	20,962,211	1.6%
Seven Group Holdings Limited	SVW	18,882,460	1.4%
Reece Limited	REH	14,235,931	1.0%
Downer EDI Limited	DOW	10,155,511	0.7%
GWA Group Limited	GWA	6,842,758	0.5%
Cabcharge Australia Limited	CAB	5,940,067	0.4%
Cardno Limited	CDD	5,558,075	0.4%

Investments at market value as at 30 June 2018

Company Name	Code	Market Value \$	% of Gross Assets
Industrials (cont'd)			
Service Stream Limited	SSM	5,297,755	0.4%
Johns Lyng Group Limited	JLG	2,733,366	0.2%
Cimic Group Limited	CIM	1,811,075	0.1%
		113,819,411	8.4%
Real estate			
Aveo Group	AOG	27,208,734	2.0%
Lifestyle Communities Limited	LIC	15,921,185	1.2%
360 Capital Group Limited	TGP	14,323,303	1.1%
Peet Limited	PPC	12,569,728	0.9%
Ingenia Communities Group	INA	5,882,279	0.4%
		75,905,229	5.6%
Materials			
Imdex Limited	IMD	13,539,884	0.9%
Wagners Holding Company Limited	WGN	11,686,388	0.8%
Ausdrill Limited	ASL	8,948,187	0.7%
Boral Limited	BLD	6,849,702	0.5%
MACA Limited	MLD	6,567,698	0.5%
Nufarm Limited	NUF	6,351,238	0.5%
Aurelia Metals Limited	AMI	3,578,772	0.3%
		57,521,869	4.2%
Health care			
Mayne Pharma Group Limited	MYX	19,285,296	1.4%
Primary Health Care Limited	PRY	7,093,013	0.5%
Integral Diagnostics Limited	IDX	5,437,839	0.4%
Estia Health Limited	EHE	4,447,063	0.4%
Japara Healthcare Limited	JHC	3,130,430	0.2%
Paragon Care Limited	PGC	887,657	0.1%
		40,281,298	3.0%

Company Name	Code	Market Value \$	% of Gross Assets
Consumer staples			
Bega Cheese Limited	BGA	16,811,252	1.2%
Elders Limited	ELD	7,804,697	0.6%
Tassal Group Limited	TGR	3,590,461	0.3%
Bubs Australia Limited	BUB	2,805,151	0.2%
Costa Group Holdings Limited	CGC	2,070,404	0.1%
Webster Limited	WBA	969,636	0.1%
		34,051,601	2.5%
Information technology			
Afterpay Touch Group Limited	APT	12,191,493	0.8%
Reckon Limited	RKN	9,344,571	0.7%
Bravura Solutions Limited	BVS	6,275,653	0.5%
Infomedia Limited	IFM	691,265	0.1%
		28,502,982	2.1%
Telecommunication services			
Speedcast International Limited	SDA	15,704,032	1.2%
		15,704,032	1.2%
Energy			
Santos Limited	STO	9,294,372	0.7%
WorleyParsons Limited	WOR	6,860,498	0.5%
		16,154,870	1.2%
Total long portfolio		973,719,931	71.7%
Investment in unlisted investment company[^]		209,452	0.0%
Total short portfolio		(9,851,683)	(0.7%)
Total cash and cash equivalents, income receivable and net outstanding settlements		393,947,807	29.0%
Gross assets		1,358,025,507	

[^]Unlisted investment.

[^]The investment in an unlisted investment company primarily represents 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 112.

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 30 June 2018) - there are currently no substantial shareholders.

On-market buy back (as at 30 June 2018) - there is no current on-market buy back.

Distribution of shareholders (as at 30 June 2018)

Category	Number of shareholders
1 – 1,000	2,984
1,001 – 9,999	12,142
10,000 – 99,999	14,974
100,000 – 999,999	877
1,000,000 and over	21
	30,998

The number of shareholdings held in less than marketable parcels is 593.

Twenty largest shareholders – Ordinary shares (as at 30 June 2018)

Name	Number of ordinary shares held	% of issued capital held
HSBC Custody Nominees (Australia) Limited	5,347,555	0.8
EHJ Investments Pty Limited	4,823,188	0.7
Citicorp Nominees Pty Limited	3,133,679	0.5
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	2,939,066	0.4
Mr VJ Plummer	2,700,000	0.4
National Nominees Limited	2,578,419	0.4
Mrs F Martin-Weber	2,170,000	0.3
Karazin Holdings Limited	2,170,000	0.3
Seweta Pty Limited <Trss A/C>	1,960,000	0.3
Neale Edwards Pty Limited	1,957,864	0.3
Navigator Australia Limited <MLC Investment Sett A/C>	1,705,605	0.3
BNP Paribas Nominees Pty Limited Hub24 Custodial Serv Limited DRP	1,676,045	0.3
Alamo Holdings Limited	1,500,000	0.2
EHJ Investments Pty Limited	1,500,000	0.2
Wilmar Enterprises Pty Limited	1,487,209	0.2
The Miller Foundation Limited	1,477,967	0.2
Marbear Holdings Pty Limited	1,440,300	0.2
Trophy Assets Pty Limited (No 2)	1,400,000	0.2
Eneber Investment Company Limited	1,322,000	0.2
Netwealth Investments Limited <Wrap Services A/C>	1,226,392	0.2
	44,515,289	6.6

Stock exchange listing

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

Wilson

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