

## 2018 Full Year Results

From the  
Chairman

**WAM Capital reported a record operating profit before tax of \$166.9 million for the year to 30 June 2018, a 87.6% increase on the previous year (2017: \$88.9 million) and a record operating profit after tax of \$125.4 million (2017: \$68.9 million).**

The record operating profit for 2018 is reflective of the solid performance of the investment portfolio. We are pleased that during the year the investment portfolio increased 15.0%, outperforming the S&P/ASX All Ordinaries Accumulation Index, which rose 13.7%. This risk-adjusted investment performance was achieved with an average 29.5% invested in cash, with the investment portfolio recording a standard deviation of 4.4% against the market's 7.1% for the year.

The Board is delighted to deliver shareholders 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, WAM Capital has paid \$2.1525 per share in fully franked dividends to shareholders.

The driver of the investment portfolio's performance during the year was the sound stock selection from the investment team, led by Chief Investment Officer Chris Stott and

Lead Portfolio Managers Oscar Oberg and Martin Hickson.

During the period we invested in 297 individual companies and at 30 June we had investments in 112 companies. The largest contributors to the investment portfolio's outperformance during the period included: Seven Group Holdings (ASX: SVW), Nine Entertainment (ASX: NEC), Afterpay Touch Group (ASX: APT), Emeco Holdings (ASX: EHL) and Bravura Solutions (ASX: BVS).

These quality investment decisions were made against a background of heightened volatility across global equity markets. 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 for 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.

**"The Board is delighted to deliver shareholders an increased fully franked full year dividend of 15.5 cents per share"**

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.

During the 2018 financial year, the Company raised \$66.2 million through dividend reinvestment plan (DRP) shortfall placements to wholesale investors. The price the capital was raised at was a premium to the net tangible asset (NTA) backing 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.

We look forward to providing an update to our WAM Capital shareholders at our Investor Conference Call on 25 September 2018 and meeting you at our next Shareholder Presentations in November 2018. Thank you for your support of WAM Capital.

Happy investing,

**Geoff Wilson AO**  
Chairman



## Highlights

Operating profit before tax

\$166.9m

Investment portfolio performance

+15.0%

Fully franked full year dividend

15.5c

Fully franked dividend yield

6.5%

## Fully franked final dividend

The Board declared a fully franked final dividend of 7.75 cents per share. This brings the fully franked full year dividend to 15.5 cents per share. The DRP will be operating at a 2.5% discount for the final dividend.

### Key dividend dates

Dividend ex-date	16 November 2018
Record date	19 November 2018
Last election date for DRP	21 November 2018
Payment date	26 November 2018

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices.

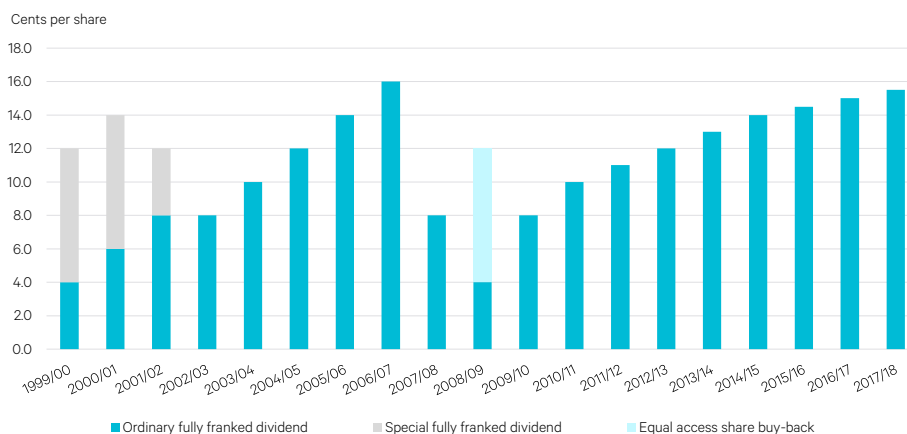
The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Since inception in August 1999, WAM Capital has paid \$2.1525 per share in fully franked dividends to shareholders.

## Performance as at 30 June 2018

	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Aug-99)
WAM 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%
<b>Outperformance</b>	<b>+1.3%</b>	<b>+6.5%</b>	<b>+6.1%</b>	<b>+8.8%</b>	<b>+9.0%</b>

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

## Fully franked dividends since inception



## Top 20 holdings

Code	Company	% of gross assets	Code	Company	% of gross assets
NEC	Nine Entertainment Co. Holdings Limited	3.1%	SWM	Seven West Media Limited	1.5%
PIA	Pengana International Equities Limited	2.3%	BAP	Bapcor Limited	1.4%
AOG	Aveo Group	2.0%	MYX	Mayne Pharma Group Limited	1.4%
TGG	Templeton Global Growth Fund Limited	2.0%	SVW	Seven Group Holdings Limited	1.4%
FLT	Flight Centre Travel Group Limited	1.9%	SCO	Scottish Pacific Group Limited	1.3%
PSI	PSC Insurance Group Limited	1.7%	CTD	Corporate Travel Management Limited	1.3%
ASB	Austal Limited	1.7%	WDE	Wealth Defender Equities Limited	1.2%
GXL	Greencross Limited	1.6%	BGA	Bega Cheese Limited	1.2%
EHL	Emeco Holdings Limited	1.6%	SXL	Southern Cross Media Group Limited	1.2%
FXL	FlexiGroup Limited	1.5%	LIC	Lifestyle Communities Limited	1.2%