

2021 September Quarter

Geoff Wilson AO
Chairman, Chief
Investment Officer and
Lead Portfolio Manager



Portfolio update

WAM Strategic Value successfully listed on the ASX on 28 June 2021 following an oversubscribed \$225 million initial public offering.

We continue to see opportunities in the Australian listed closed-ended investment universe. The sector has grown considerably since 2012, with the market capitalisation more than doubling to \$59 billion. After a period of strong growth, the last 12 months has resulted in a period of consolidation for the sector. Since mid 2021, we have begun to see some early signs of growth.

We are pleased to see the gradual growth of WAM Strategic Value's net tangible assets (NTA) and the progress that has been made in the investment portfolio over the past three months. Notable contributors to WAM Strategic Value's investment portfolio since listing include Magellan High Conviction Trust (ASX: MHHT), Antipodes Global Investment Company (ASX: APL) and L1 Long Short Fund (ASX: LSF).

During the quarter, we realised a strong return on our investment in Magellan High Conviction Trust. We exited our position in August, recording a weighted average annualised return on our investment of 117.6%.

The Magellan High Conviction Trust was formerly a listed investment trust (LIT) comprising a concentrated portfolio invested in eight to 12 global stocks. We began investing in the Magellan High Conviction Trust at an approximate 12% share price discount to its underlying NTA value. Through this investment, the investment portfolio gained access to Magellan as a high quality investment manager with significant brand recognition, a strong organisational structure and a loyal investor base.

In July, Magellan announced the intention to transition the structure of the High Conviction Trust from a closed-ended LIT to an open-ended Active Exchange Traded Fund (ETF), and successfully completed this transition in August.

Unitholders are now able to trade units on the ASX at a value that more closely reflects its NTA, with additional flexibility in entering and exiting the Trust via applications and redemptions directly with Magellan through its unit registry.

Magellan CEO Brett Cairns stated that he believes the benefits to unitholders of reducing the share price discount to NTA outweigh the value of the vehicle remaining a closed-ended structure.

While we are supportive of Magellan's initiatives to close the share price discount to NTA, the move away from a closed-ended structure is contrary to our view and experience as an investment manager, and we continue to prefer the listed investment company (LIC) and LIT structures for investors and the industry. Nevertheless, it was pleasing to be able to realise an attractive return on this investment so soon after WAM Strategic Value's launch.

Antipodes Global Investment Company is a LIC that has recently proposed a scheme of arrangement where Antipodes shareholders can exchange their shares in the company for units in AGX1, an existing open-ended active ETF. While we support Antipodes' initiative to close its persistent discount to NTA, we prefer the LIC and LIT structures across the industry and believe they deliver greater benefits for shareholders.

L1 Long Short Fund is a LIC which invests in Australian and international shares, index futures and equity derivatives. L1 Long Short Fund was named by the Preqin Honor Roll as the 4th Top Performing Asia-Pacific-Based Hedge Fund for the first six months of 2021. The L1 Long Short Fund increased 12.1% in the September quarter, in what was a volatile period for equity markets, after increasing 18.3% in the six months to 30 June 2021.

WAM Strategic Value's investment in Templeton Global Growth Fund Limited (ASX: TGG) has contributed to the investment portfolio performance as the share price increased on the announcement of WAM Global and TGG's merger. In September, the TGG held a **Scheme Meeting** where an overwhelming 98.8% of TGG shareholders voted in favour of the **merger** with WAM Global.

Independent Research Coverage

Independent Investment Research has acknowledged Wilson Asset Management's significant experience and expertise in the LIC and LIT sector by rating WAM Strategic Value as "Recommended".

We look forward to providing our shareholders with a pure-play exposure to our proven process of investing in discounted assets, and providing further updates on WAM Strategic Value.

About WAM Strategic Value

WAM Strategic Value takes advantage of market mispricing opportunities, including securities trading at discounts to assets or net tangible assets, corporate transactions and dividend yield arbitrages. WAM Strategic Value aims to deliver strong risk-adjusted returns derived from a portfolio primarily composed of discounted asset opportunities selected using the proven market-driven investment process we have developed over more than two decades.

Market Capitalisation

\$224.1m*

Gross assets

\$232.6m^

Date of listing

28 June 2021

Pre-tax net tangible assets

\$1.29

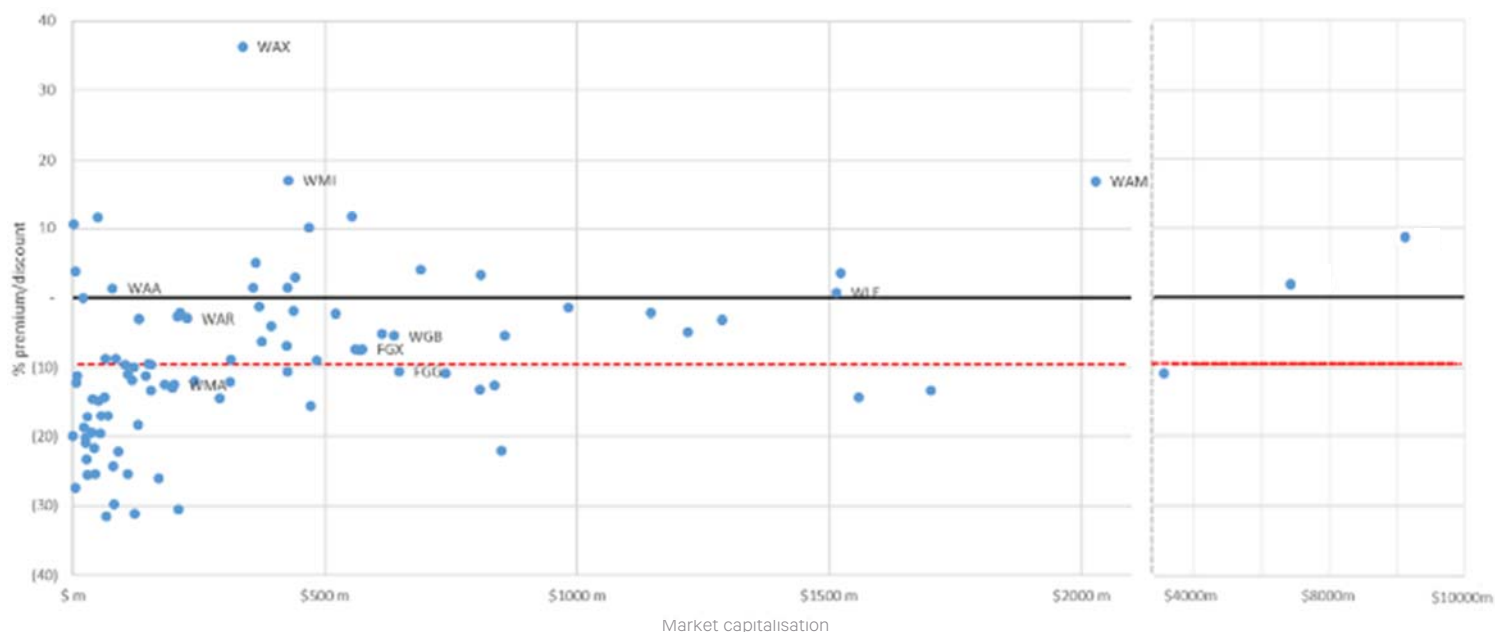
Share Price

\$1.245

*Based on 180,000,001 shares on issue.

^Gross assets exclude the \$2.1m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

LIC investment universe as at 31 August 2021



Top holdings (in alphabetical order)

 APL	 AUI	 CIN	 EAI	 GDC	 IBC	 LSF	 NSC
 OZG	 PIA	 QVE	 SEC	 TEK	 TGG	 VG1	 WIC

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