

# Strong investment portfolio outperformance and interim dividend

20 February 2024  
ASX announcement  
and media release

## Highlights

### +11.6%

Investment portfolio performance in the six months to 31 December 2023\*

### +5.2%

Investment portfolio outperformance of the S&P/ASX Small Ordinaries Accumulation Index in the six months to 31 December 2023

### +3.6%

Investment portfolio outperformance of the S&P/ASX All Ordinaries Accumulation Index in the six months to 31 December 2023

### 7.75 cps

Interim dividend, 60% franked

### \$4.29 per share

Dividends paid since inception, including franking

### \$1.45 per share

Pre-tax NTA as at 31 December 2023

### 13.0 cps

Profits reserve as at 31 January 2024, before the payment of the interim dividend of 7.75 cps

The WAM Capital Limited (ASX: WAM) investment portfolio outperformed the market for the six months to 31 December 2023, increasing 11.6%\* while the S&P/ASX Small Ordinaries Accumulation Index was up 6.4% and the S&P/ASX All Ordinaries Accumulation Index rose 8.0%.

The strong investment portfolio outperformance during the period added significantly to the profits reserve and contributed to the operating profit before tax of \$148.7 million and the operating profit after tax of \$106.5 million in the Company's 2024 half-year results.

Chairman Geoff Wilson AO said, "As a result of their diligent stock picking in a volatile equity market, the WAM Capital investment team has continued to outperform the market, allowing the Board of Directors to maintain the interim dividend of 7.75 cents per share for shareholders."

The WAM Capital Board of Directors declared an interim dividend of 7.75 cents per share, partially franked at 60%, given the franking account balance of the Company at the end of the period.

As at 31 January 2024, WAM Capital had 13.0 cents per share in its profits reserves and after the payment of the 7.75 cents per share interim dividend, has 5.3 cents per share currently available for the FY2024 final dividend. In order for the Company to maintain the 7.75 cents per share final dividend, the investment portfolio would need to increase an estimated 2.9% before 30 June 2024.

At the start of the 2024 financial year, the Company had 1.6 cents per share remaining in its profits reserve, following the payment of the 7.75 cents per share FY2023 fully franked final dividend, after maintaining an extremely high fully franked dividend yield over the past four years during a challenging period for small-to-mid cap companies. The full year dividend of 15.5 cents per share is very high and in order to maintain it, at the current net asset level, the investment portfolio needs to increase approximately 16% per annum, grossed-up for expenses, fees and taxes. Obviously, there can be no certainty that such high returns can be maintained each year.

For the financial year to 31 January 2024, the investment portfolio has increased 14.0%\*, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 6.6% and the S&P/ASX All Ordinaries Accumulation Index by 4.9%.

Chairman Geoff Wilson AO said: "The WAM Capital Board understands the importance of fully franked dividends for shareholders and are paying out the remaining franking as a partially franked FY2024 interim dividend. The level of franking in FY2024 and beyond are dependent on tax paid on realised profits."

The Company also generates franking credits from the receipt of franked dividends from investee companies. Should the Company be able to maintain the final dividend of 7.75 cents per share, the WAM Capital Board of Directors also expects it to be partially franked at 60%.

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

## Q&A Webinar

Tuesday 12 March  
2024 at 2:00pm  
(Sydney time)

Register to join the investment team for our WAM Capital, WAM Microcap, WAM Research and WAM Active FY2024 Interim Results Q&A Webinar

[Register now](#)

The Board’s decision to maintain the interim dividend of 7.75 cents per share was made having consideration to the profits reserve available and the strong investment portfolio performance over the period. The return on any equity investment for shareholders can be made up of a combination of capital profit or loss and income through franked or unfranked dividends. If the dividends paid to shareholders on a pre-tax basis (including franking credits) exceeds the increase in assets then the net tangible assets (NTA) of the Company declines.

Following the coronavirus pandemic and market volatility in 2020, the Board made the decision to maintain the 15.5 cents per share fully franked dividend for shareholders rather than cutting the dividend, recognising the importance of regular income through franked dividends. Since January 2020, the investment portfolio has increased 6.8%\* per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index which was up 6.6% per annum and the S&P/ASX Small Ordinaries Accumulation Index which rose 2.3% per annum. Over this period, WAM Capital has paid shareholders an average pre-tax dividend yield (including franking credits) on the Company’s NTA of approximately 14%, which is much higher than the return on the equity market and the investment portfolio performance over this time. This was made possible by the listed investment company (LIC) structure and the historical profits reserve available. WAM Capital’s high dividend yield has resulted in a capital reduction of 8.2% per annum of the Company’s NTA as the value of the fully franked dividend of 15.5 cents per share and the tax paid to frank the dividend have been paid out each year. During this period, the Company has paid out 88.6 cents per share to shareholders, including 62 cents per share in fully franked dividends and 26.6 cents per share in franking credits, providing shareholders significant income and a reduction in capital. The fully franked dividends and tax paid exceed the decrease seen in the WAM Capital NTA and share price over this period.

The WAM Capital share price has also reduced over the past four years by the movement in the share price premium to NTA from a high of 32.4% in late 2020 to 3.5% at 31 December 2023, in addition to the payment of fully franked dividends and taxes (franking credits generated). Since inception, WAM Capital has returned over \$1.7 billion in dividends and franking credits to shareholders.

Lead Portfolio Manager Oscar Oberg said, “I am pleased the investment team was able to deliver strong investment portfolio outperformance, despite a challenging operating environment for small-cap companies and increased volatility given higher interest rates and heightened geopolitical risk. With a number of small-cap sectors trading at decade-low valuations, we believe we are about to enter a favourable period for these companies, which may also coincide with central banks globally pausing and potentially cutting interest rates. Over the past five years, the S&P/ASX Small Ordinaries Accumulation Index, which reflects the majority of companies that WAM Capital invests in, has underperformed the S&P/ASX All Ordinaries Accumulation Index by 4.6% per annum representing one of the toughest periods of underperformance for small-cap companies WAM Capital has experienced since its inception in 1999.

“We remain confident that the environment for small-cap companies will be positive over the medium-to-long-term. With our flexible cash levels, we are well positioned to take advantage of short-term mispricing in the market and see many opportunities that fit our proven investment process,” Mr Oberg said.

### Investment portfolio performance since inception

Performance as at 31 December 2023	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Aug-99)
WAM Capital Investment Portfolio*	11.6%	21.9%	6.1%	10.0%	10.6%	15.1%
S&P/ASX All Ordinaries Accumulation Index	8.0%	13.0%	8.9%	10.7%	8.2%	8.4%
<b>Outperformance</b>	<b>+3.6%</b>	<b>+8.9%</b>	<b>-2.8%</b>	<b>-0.7%</b>	<b>+2.4%</b>	<b>+6.7%</b>
S&P/ASX Small Ordinaries Accumulation Index	6.4%	7.8%	0.9%	6.4%	6.0%	5.2%
<b>Outperformance</b>	<b>+5.2%</b>	<b>+14.1%</b>	<b>+5.2%</b>	<b>+3.6%</b>	<b>+4.6%</b>	<b>+9.9%</b>

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

### Dividends since inception



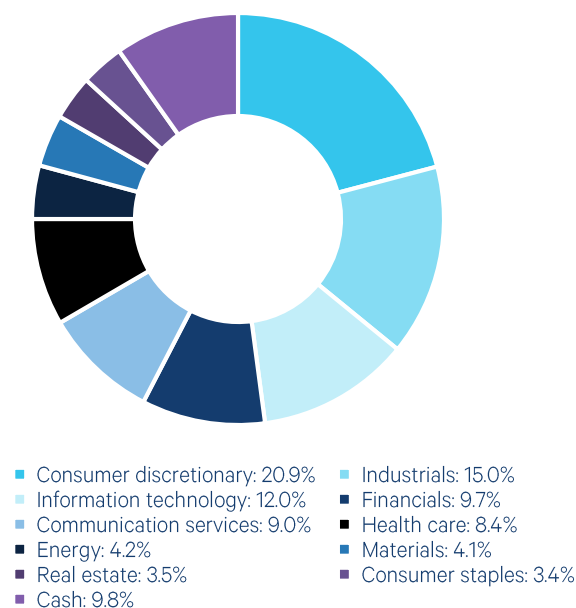
### Top holdings with portfolio weightings

As at 31 December 2023

Code	Name		Code	Name	
<b>Research driven holdings</b>			<b>Market driven holdings</b>		
TUA	Tuas Limited	3.2%	360	Life360 Inc.	3.4%
LNW	Light & Wonder Inc.	2.8%	HUB	HUB24 Limited	2.0%
SIG	Sigma Healthcare Limited	2.7%	NXT	NEXTDC Limited	1.8%
TNE	Technology One Limited	2.6%	WOR	Worley Limited	1.7%
VEA	Viva Energy Group Limited	2.3%	NCK	Nick Scali Limited	1.5%
GEM	G8 Education Limited	2.3%	CAR	CAR Group Limited	1.5%
MGH	Maas Group Holdings Limited	2.1%	NWS	News Corporation	1.4%
KLS	Kelsian Group Limited	1.8%	OML	oOh!media Limited	1.4%
MND	Monadelphous Group Limited	1.7%	SDR	SiteMinder Limited	1.4%
REG	Regis Healthcare Limited	1.7%	HVN	Harvey Norman Holdings Limited	1.3%

### Diversified investment portfolio by sector

As at 31 December 2023



### Portfolio composition by market capitalisation

As at 31 December 2023

	WAM Capital <sup>†</sup>	S&P/ASX All Ordinaries Index	S&P/ASX Small Ordinaries Index
ASX Top 20	0.0%	58.0%	0.0%
ASX 21-50	0.0%	15.1%	0.0%
ASX 51-100	12.0%	12.6%	0.0%
ASX 101-300	57.5%	11.9%	100.0%
Ex ASX 300	20.7%	2.4%	0.0%

<sup>†</sup>Investment portfolio held 9.8% cash.

### Key dividend dates

Ex-dividend date	<b>18 April 2024</b>
Dividend record date (7:00pm Sydney time)	<b>19 April 2024</b>
Last election date for DRP	<b>23 April 2024</b>
Payment date	<b>30 April 2024</b>

The Dividend Reinvestment Plan (DRP) is in operation and the recommended partially franked interim dividend of 7.75 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be calculated as the volume weighted average market price (VWAP) of shares sold on the ASX on the ex date for the relevant dividend and the three trading days following that date. The DRP will operate without a discount for the partially franked interim dividend.

## About WAM Capital

WAM Capital Limited (ASX: WAM) is a listed investment company (LIC) managed by Wilson Asset Management. Listed in August 1999, WAM Capital provides investors with exposure to an actively managed, diversified portfolio of undervalued growth companies listed on the ASX, with a focus on small-to-medium sized businesses. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth and preserve capital.

All major platforms provide access to WAM Capital, including Asgard eWRAP Investment, BT Panorama, BT Wrap, Colonial First State FirstWrap, Hub24, IOOF Pursuit Select Investment Service, Macquarie Investment Manager / Consolidator, MLC Wrap IDPS and SMS, Netwealth Wrap and North Investment.

Listed August 1999



WAM Capital receives coverage from the following independent investment research providers:



This announcement has been authorised by the Board of WAM Capital Limited.

## About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for 25 years and is the investment manager for eight LICs – WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA) – and the Wilson Asset Management Leaders Fund. Wilson Asset Management invests over \$5 billion on behalf of more than 130,000 retail investors.

Wilson Asset Management created and is the lead supporter of the first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Wilson Asset Management advocates and acts for retail investors, is a member of the global philanthropic Pledge 1% movement, is a significant funder of many Australian charities and provides all team members with \$10,000 each year to donate to charities of their choice. All philanthropic investments are made by the Investment Manager.



**\$5 billion**  
in funds under management

**>200 Years**  
combined investment experience

**+25 Years**  
making a difference for shareholders

**10**  
investment products

For more information visit [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au) or contact:

**Geoff Wilson AO**  
Chairman &  
Chief Investment Officer  
(02) 9247 6755

**Kate Thorley**  
Chief Executive Officer  
(02) 9247 6755  
0405 115 644

**Jesse Hamilton**  
Chief Financial Officer  
(02) 9247 6755  
0401 944 807

**Samantha Philp**  
Head of Corporate Affairs  
& Marketing  
(02) 9247 6755  
0410 696 730