

# Annual General Meeting Chairman's Address

30 November 2020

## Introduction and welcome

Good afternoon and welcome to the inaugural WAM Alternative Assets Limited (ASX: WMA) Annual General Meeting (AGM). I am Michael Cottier, Chairman of the Board of Directors. Due to social distancing measures as a result of coronavirus, this meeting is being held virtually.

I would firstly like to acknowledge the traditional owners of this land, the Turrbal and Jagera people and pay my respects to their Elders past and present. As we are unable to meet together, I also acknowledge the custodians of the land on which our shareholders and my fellow directors currently stand to view and listen to today's AGM. I would also like to welcome all our shareholders.

I am joined today by my fellow Board members, Geoff Wilson AO, Adrian Siew, John Baillie and Kym Evans. Scott Whiddett, a representative from WAM Alternative Assets' auditor Pitcher Partners, will be available to address any questions relating to the Company's financial statements.

## Manager transition

In September, shareholders of Blue Sky Alternatives Access Fund Limited voted overwhelmingly to approve the proposal at the Extraordinary General Meeting (EGM) to enter into a new management agreement with Wilson Asset Management (International) Pty Limited (Wilson Asset Management), and change the company name and constitution. I would like to thank shareholders for their support and my fellow directors for their work towards this outcome. We are delighted to see these changes taking shape.

## FY2020 in review

### Company overview

The Company's portfolio delivered a pre-tax fund performance of 2.51% (2019: 4.75%) (including movement in net tangible assets (NTA), dividends, franking credits and the impact of the share buy-back program) for FY2020. Pre-tax NTA decreased by \$0.0345 from \$1.1199 per share at 30 June 2019 to \$1.0854 per share at 30 June 2020, after paying dividends of 4.0 cents per share (franked to 65%) in September 2019 and 1.0 cent per share (fully franked) in March 2020.

Investment performance was 6.24% on pre-tax NTA for the first seven months of the financial year. After February 2020, the impact of the coronavirus was felt across a range of investments which resulted in significant write downs on several assets from February through to June decreasing the full year pre-tax NTA return to 2.51%.

### Financial results

The Company recorded a profit after tax of \$5.1 million, or 2.59 cents earnings per share for the year ended 30 June 2020 (2019: \$6.7 million or 3.27 cents earnings per share). The reduction in profit after tax was driven by a reduction in net gains on the Company's financial assets, as well as reduced dividend and trust distribution income, partly due to the impacts of the coronavirus on the underlying investments within the portfolio.

### A share price premium to NTA

Wilson Asset Management is focused on achieving a share price premium to NTA and have agreed to deliver on the Premium Target, the first of its kind in the Australian market. The principle of the Premium Target is that WAM Alternative Assets' volume weighted average share price, over the relevant trading days during a month, needs to exceed the pre-tax NTA of the Company. If this does not occur at least three times during the five year term, shareholders will automatically have the right to vote to terminate the arrangements with Wilson Asset Management, and to liquidate the Company. We are pleased that the discount to NTA has narrowed from 38.9% as at 28 February 2020 to 9.3% as at 27 November with total shareholder return of 20.7%.

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### Fully franked dividends

The Company announced a fully franked final dividend 3.0 cents per share for the financial year ended 30 June 2020. Together with the fully franked interim dividend of 1.0 cent per share paid in March 2020, bringing the FY2020 fully franked dividends to 4.0 cents per share.

### Board composition

The Board was delighted to announce the appointment of Mr Geoff Wilson AO and Mr Adrian Siew as Directors of the Company. It is not intended that either of the appointees will receive directors' fees initially due to the existing director fee cap in place, which shareholders are invited to vote upon at today's meeting.

## FY2021 update and outlook

### Introducing Dania Zinurova

The WAM Alternative Assets Board of Directors was pleased to welcome the appointment of Dania Zinurova as Portfolio Manager. Dania is a highly respected, credentialed and experienced alternative asset specialist. She has held senior roles in Australia, the US, Europe and the UK throughout her alternative asset focused career of almost 20 years.

Dania has undertaken a thorough review and assessment of the investment portfolio, commenced engaging with shareholders and met with the Investment Committee, comprising Geoff Wilson AO, John Roberts, Adrian Siew and Sally Box, to explore new opportunities for future investments. The investment portfolio currently comprises real assets, private equity, real estate and cash, and we are exploring new opportunities in private debt, infrastructure and some real estate sectors.

In an era of heightened uncertainty, alternative assets represent a unique opportunity for retail investors to gain diversification benefits, reduced volatility and exposure to the megatrends shaping our lives. Dania recently discussed the case for alternative investments in Wilson Asset Management's virtual alternative to Shareholder Presentations, WAM Vault. The second instalment, *The Case for Optimism*, was released on 20 November 2020. If you have not yet done so, I encourage you to visit [wilsonassetmanagement.com.au/vault](http://wilsonassetmanagement.com.au/vault) to watch, read and listen to the engaging and insightful conversations between Dania Zinurova, Oscar Oberg and Tobias Yao, Catriona Burns and Nick Healy, Matthew Haupt and John Ayoub, Kate Thorley and Geoff Wilson AO of Wilson Asset Management.

Dania most recently held the position of Director of Manager Research in Australia, Head of Real Assets Australia at Willis Towers Watson where she advised institutional asset owners on alternative assets portfolio strategy, portfolio construction including underwriting investment strategies and direct deals and asset allocation. Prior to this, Dania held various real assets investment roles with Willis Towers Watson in London and New York. Dania commenced her investment career as a foreign currency trader working for a bank in Russia before joining Russell Investments in the UK as a real estate investment analyst. Dania serves as an investment committee member of Crescent Wealth Superannuation Investment and is a committee member of Women in Super NSW. Dania holds a Master of Science in Real Estate Investment from the Cass Business School, University of London, a Master of European Business from the ESCP-EAP European School of Management and a State Diploma in Finance and Banking from the University of Chelyabinsk.

We are delighted to welcome Dania on behalf of all WAM Alternative Assets shareholders and look forward to her contribution to the bright future of the Company.

### Company outlook

WAM Alternative Assets provides retail investors with exposure to a portfolio of real assets, private equity, real estate, private debt and infrastructure. The Company's investment objectives are to consistently deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits. Dania will provide an update on the portfolio to shareholders during a designated WAM Alternative Assets Investor Q&A Call with Geoff at 11:00am (Sydney time) on 15 December 2020.

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## About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 20 years. As the investment manager for seven leading LICs: WAM Capital, WAM Leaders, WAM Global, WAM Microcap, WAM Alternative Assets, WAM Research and WAM Active, Wilson Asset Management invests over \$3.5 billion on behalf of more than 90,000 retail investors.

Wilson Asset Management created and is the lead supporter of the first listed investment companies 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.

We encourage all shareholders to utilise the proactive approach of Wilson Asset Management to stay informed, through:

- Updates from our Lead Portfolio Managers;
- Investment team insights at WAM Vault: [wilsonassetmanagement.com.au/vault](http://wilsonassetmanagement.com.au/vault);
- Regular roundtables with our shareholders and planners, advisers and their clients;
- NTA reports and investment updates;
- Shareholder Q&A calls;
- Presentations and lunches across Australia; and
- Annual and interim results announcements.

WAM Alternative Assets 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 and welcome all feedback on how we can improve our communication and engagement. Please contact Head of Corporate Affairs James McNamara on (02) 9247 6755 or email [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au) with any questions or feedback.

### Thank you

I would like to thank my fellow Board members, and recently retired past director Miles Staude, the Investment Committee and the team at Wilson Asset Management. I also extend my thanks to our loyal shareholders for their support during the transition of the Company. On behalf of the Board, thank you.