

# Annual General Meeting Chairman's Address

29 November 2022

## Introduction and welcome

Good morning and welcome to the third WAM Alternative Assets Limited Annual General Meeting (AGM). This is a hybrid meeting, held both online and in person at the Museum of Sydney. The hybrid meeting format allows those that cannot join in person to participate.

I would like to acknowledge the Gadigal people of the Eora nation and pay my respects to Elders past and present. I also acknowledge the custodians of the lands and water on which I and our other shareholders and fellow directors currently stand to view and listen to today's AGM. Wilson Asset Management supports the Uluru Statement from the Heart. I am not there in person in Sydney due to another AGM commitment that I have here in Brisbane this afternoon.

Wunya Ngulum. Welcome to all our shareholders – thank you for joining us and for your continued support of WAM Alternative Assets.

I am Michael Cottier, Chairman of the Board of Directors. 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. We are also joined by Ophelia Lam, who is the Finance Manager at Wilson Asset Management and will act in the capacity of moderator, assisting us to address any questions submitted during this meeting.

We recently marked the two-year anniversary of Wilson Asset Management's appointment as investment manager of WAM Alternative Assets. On behalf of the Board of Directors, I would like to congratulate our WAM Alternative Assets Portfolio Manager Dania Zinurova, Junior Investment Analyst Deni Hoxha and the wider team at Wilson Asset Management for their hard work and commitment to the investment portfolio over this period.

## FY2023 update and outlook

### Company update

WAM Alternative Assets has achieved a strong start to FY2023. Through our continued focus on thematic portfolio construction using a partnership model, the investment portfolio has increased by 4.7% in the financial year to 31 October 2022. As at 31 October 2022, the Company had 19.2 cents per share available in its profits reserve, after the payment of its FY2022 fully franked final dividend of 2.0 cents per share on 28 October 2022, representing 4.8 years of dividend coverage. We look forward to deploying our investment commitments to our new investment partners; Palisade Investment Partners, Barwon Investment Partners, Intermediate Capital Group, Allegro Funds, Centennial Property Group and Adamantem Capital. As at 31 October 2022, uncalled capital commitments amounted to 26.6% of the Company's gross assets.

In September 2022, Lonsec rated WAM Alternative Assets as '**Investment Grade**', indicating the research house has conviction that WAM Alternative Assets can generate risk-adjusted returns in line with its stated objectives. In its report, Lonsec highlighted that Portfolio Manager Dania Zinurova "implements a detailed investment approach exhibiting strong research rigour" and that the listed investment company "provides investors with daily liquidity for an illiquid asset class".

I encourage you to visit the Wilson Asset Management YouTube channel to watch the WAM Alternative Assets education series to learn more about the benefits of investing in alternative asset classes, including:

- WAM Alternative Assets education series via this link [here](#);
- WAM Alternative Assets megatrend series via this link [here](#); and
- WAM Alternative Assets: meet our investment partners' series via this link [here](#).

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## Outlook

WAM Alternative Assets aims to democratise investing in alternative assets while providing retail investors with exposure to a portfolio of real assets, private equity and real estate. The team assess investment opportunities across four key megatrends, including digitalisation, growing ageing populations, increasing demand for food and climate change. The Company's investment portfolio includes commitments to new alternative asset classes such as infrastructure and private debt strategies and the Company's investment objectives are to consistently deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits to shareholders.

We remain focused on engaging with shareholders, financial planners, advisors and market participants as we work to return the share price to a premium to NTA. We are positive on the environment for alternative assets, in particular when investing across the four identified megatrends with strong tailwinds. We look forward to exploring compelling investments from this broad opportunity set for shareholders and delivering on our commitments, providing retail investors with exposure to a high quality portfolio of alternative assets.

## FY2022 in review

### Financial results

WAM Alternative Assets reported an operating profit before tax of \$23.2 million (FY2021: \$22.6 million) and an operating profit after tax of \$18.1 million (FY2021: \$18.0 million), reflective of the strong investment portfolio performance during the year.

The WAM Alternative Assets investment portfolio increased 12.2% in the 12 months to June 2022 and 14.6% per annum since Wilson Asset Management's appointment as Investment Manager in October 2020. The strong investment portfolio performance has been driven by positive revaluations of the underlying investments in the current period, with key contributors being real assets (primarily water assets) and private equity. WAM Alternative Assets' pre-tax net tangible assets (NTA) increased 9.7% in the 12 months to 30 June 2022, including the 4.0 cents per share of fully franked dividends paid to shareholders during the year.

### Total shareholder return (TSR) and a share price discount to NTA

TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period, before the value of any franking credits distributed to shareholders through fully franked dividends. The TSR for WAM Alternative Assets for the year to 30 June 2022 was driven by the strong performance of the investment portfolio, offset by the slight widening in the share price discount to NTA during the year, with TSR of 9.0%.

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.

As at 30 June 2022, the share price discount to NTA was 16.4% (FY2021: discount of 15.5%). On 28 November 2022, the share price discount to NTA was 13.0%.

### Fully franked dividends

The Board declared a fully franked final dividend of 2.0 cents per share for the financial year ended 30 June 2022. Together with the fully franked interim dividend of 2.0 cent per share paid in April 2022, bringing the FY2022 fully franked dividends to 4.0 cents per share, representing a dividend yield of 3.9% and a grossed up yield of 5.2% on the 30 June 2022 share price of \$1.035. As at 31 October 2022, the Company had 19.2 cents per share available in its profits reserve, after the payment of the fully franked final dividend of 2.0 cents per share on 28 October 2022, representing 4.8 years of dividend coverage for shareholders.

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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. In the 2022 financial year, the team continued to make a difference through various philanthropic initiatives, advocacy and shareholder engagement.

Wilson Asset Management is proud to be the Investment Manager for WAM Alternative Assets, together with seven other LICs: WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA).

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). Since listing in 2014 and 2015, the companies have invested \$65.2 million to young Australians who are at-risk or experiencing mental ill-health.

### Shareholder engagement

Shareholders are the owners of WAM Alternative Assets and it is Wilson Asset Management's responsibility to manage the Company on your behalf and report to you on a regular basis.

The next WAM Vault instalment will be released in December 2022. We encourage you to visit [wilsonassetmanagement.com.au/vault](https://wilsonassetmanagement.com.au/vault) to watch, read and listen to the engaging and insightful conversations of the Wilson Asset Management team.

### For more information

Further information on WAM Alternative Assets can be found in the [FY2022 annual report](#) and [website](#).

### Thank you

I would like to thank my fellow Board members, the Investment Committee and the team at Wilson Asset Management. I also extend my thanks to our loyal shareholders for their continued support. On behalf of the Board, thank you.