

Strong investment portfolio outperformance, high fully franked full year dividend maintained

23 August 2024
ASX announcement
and media release

+21.6%

Investment portfolio performance in FY2024*

+12.3%

Investment portfolio outperformance of the S&P/ASX Small Ordinaries Accumulation Index in FY2024

10.5 cps

Fully franked full year dividend FY2024

7.3%

Fully franked dividend yield[†]

Grossed-up dividend yield[#]: **10.4%**

59.5 cps

Dividends paid since inception in 2017, 85.0 cps when including the value of franking credits

The WAM Microcap Limited (ASX: WMI) investment portfolio outperformed for the seventh consecutive year since inception, increasing 21.6% and outperforming the S&P/ASX Small Ordinaries Accumulation Index by 12.3% for the 12 months to 30 June 2024. The strong investment portfolio outperformance contributed to a 32.7% increase in the Company's operating profit before tax of \$46.9 million (FY2023: \$35.4 million) and an operating profit after tax of \$34.2 million (FY2023: \$26.3 million) for the financial year to 30 June 2024.

41.1 cps

Profits reserve at 30 June 2024, before the payment of the 5.25 cps fully franked final dividend

The investment portfolio performance and the profits reserve available allowed the WAM Microcap Board of Directors to maintain a high fully franked full year dividend of 10.5 cents per share, with the fully franked final dividend being 5.25 cents per share. The fully franked full year dividend represents a fully franked dividend yield of 7.3%[†], and a grossed-up dividend yield of 10.4%[#], when including the value of franking credits.

Chairman Geoff Wilson AO said: "On behalf of my fellow shareholders, I would like to congratulate the investment team for delivering another year of strong investment portfolio outperformance and outperforming WAM Microcap's benchmark for the seventh consecutive year. These results were delivered with a diligently constructed portfolio of quality micro-cap companies. This strong performance has allowed the Board of Directors to maintain a high fully franked dividend for shareholders."

3.9 years

Dividend coverage

The Board's decision to maintain the fully franked full year dividend of 10.5 cents per share was informed by the high grossed-up dividend yield of 10.9% on the Company's pre-tax net tangible assets (NTA) at 30 June 2024, the level of franking credits and the objective to provide shareholders both capital growth and income returns. The return on any equity investment for shareholders can be made up of a combination of capital (i.e. movement in the Company's share price) and income (i.e. through franked or unfranked dividends paid to shareholders on a semi-annual basis). If the dividends paid to shareholders (including franking credits) exceeds the increase in assets during the year, then the NTA of the Company declines. In order to maintain the high grossed-up dividend yield of 10.9% per annum, the investment portfolio would need to increase more than 12% per annum to ensure that the NTA of the Company does not decline and shareholders receive a combination of capital and income returns.

The Company had 3.9 years of dividend coverage, based on the profits reserve of 41.1 cents per share at 30 June 2024, before the payment of the fully franked final dividend of 5.25 cents per share payable on 29 October 2024. Since inception in June 2017, WAM Microcap has paid 59.5 cents per share in fully franked dividends to shareholders and 85.0 cents per share when including the value of franking credits. This has resulted in an average fully franked dividend yield on the initial public offering price of 8.3%, and a grossed-up dividend yield of 11.9%[#] when including the value of franking credits.

[†]Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

[†]Based on the 22 August 2024 share price of \$1.445 per share.

[#]Grossed-up dividend yield includes the benefits of franking credits and is based on a tax rate of 30.0%.

Q&A Webinar

Friday 6 September
2024 at 12:00pm
(Sydney time)

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

[Register now](#)

The WAM Microcap investment process is focused on identifying and investing in undervalued growth companies in the Australian micro-cap market, with a market capitalisation of less than \$300 million at the time of acquisition. Through the Company’s continued focus on identifying opportunities that fit this proven investment process, the investment portfolio has increased by 15.9%* per annum since inception, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 9.8% per annum.

Contributors to the investment portfolio outperformance during the year included Tuas (ASX: TUA) and Gentrack Group (ASX: GTK). Lead Portfolio Manager Oscar Oberg said: “Over the 2024 financial year, we participated in several takeovers, including MMA Offshore (ASX: MRM), Genex Power (ASX: GNX), Healthia (ASX: HLA), Symbio Holdings (ASX: SYM), Capitol Health (ASX: CAJ) and Ansarada Group (ASX: AND). This is the highest number of takeovers we have experienced in a financial year since inception in 2017, significantly contributing to the performance of the investment portfolio during the year.

“Looking ahead, we have a positive outlook for corporate activity and believe that the number of initial public offerings and capital raising opportunities will gain momentum in FY2025,” he said.

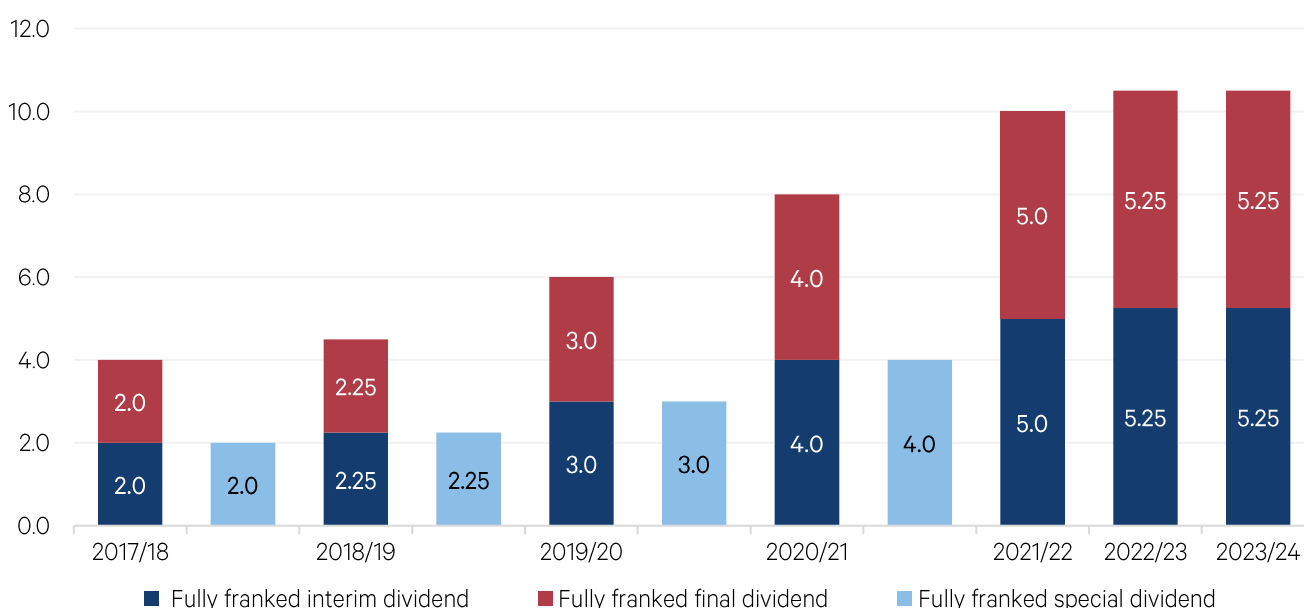
During the last quarter, WAM Microcap completed a Share Purchase Plan (SPP) and Placement, raising \$90 million which was significantly oversubscribed, providing existing WAM Microcap shareholders the opportunity to increase their holding in the Company at NTA.

“We thank all shareholders for their continued support. The investment team was pleased to receive such overwhelming demand from existing WAM Microcap shareholders. We have diligently deployed the capital raised in compelling micro-cap companies across a variety of sectors that are currently trading at decade-low valuations,” Mr Oberg said.

*Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Fully franked dividends since inception

Cents per share



Key dividend dates

Ex-dividend date	15 October 2024
Dividend record date (7:00pm Sydney time)	16 October 2024
Last election date for DRP	18 October 2024
Payment date	29 October 2024

The Dividend Reinvestment Plan (DRP) is in operation and the recommended fully franked final dividend of 5.25 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 over the four trading days commencing on the ex-dividend date for the relevant dividend. The DRP will operate without a discount for the fully franked final dividend.

Investment portfolio performance since inception

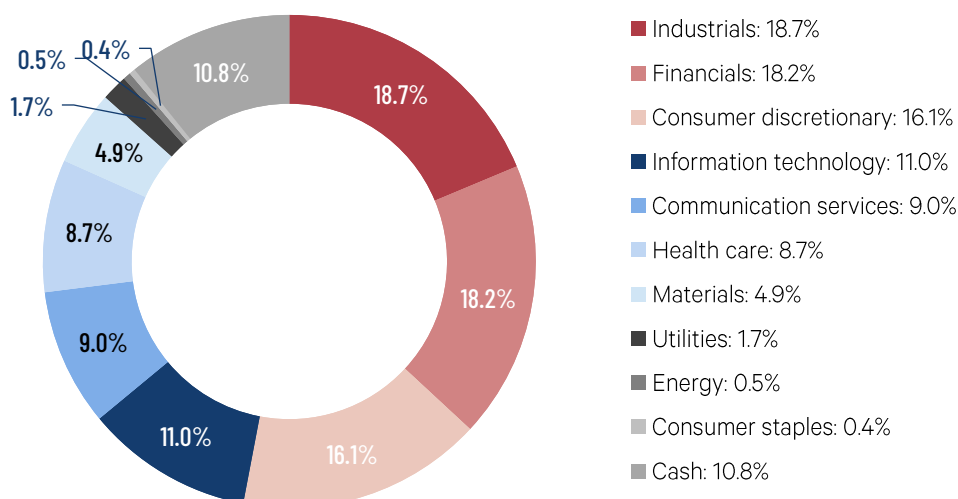
Investment portfolio performance at 30 June 2024	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Jun-17)
WAM Microcap Investment Portfolio	21.6%	5.7%	15.2%	15.9%
S&P/ASX Small Ordinaries Accumulation Index	9.3%	-1.5%	3.7%	6.1%
Outperformance	+12.3%	+7.2%	+11.5%	+9.8%

Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Top 20 holdings with portfolio weightings at 30 June 2024

Code	Company name	%	Code	Company name	%
TUA	Tuas Limited	3.5%	ANG	Austin Engineering Limited	2.0%
GDG	Generation Development Group Limited	3.2%	REG	Regis Healthcare Limited	2.0%
GTK	Gentrack Group Limited	2.9%	n/a	Xpansiv Limited	1.9%
SGF	SG Fleet Group Limited	2.7%	CLG	Close the Loop Limited	1.8%
SLC	Superloop Limited	2.3%	PGC	Paragon Care Limited	1.8%
CAJ	Capitol Health Limited	2.3%	UNI	Universal Store Holdings Limited	1.7%
SSM	Service Stream Limited	2.3%	TEA	Tasmea Limited	1.7%
NZX NZ	NZX Limited	2.2%	EOS	Electro Optic Systems Holdings Limited	1.7%
EML	EML Payments Limited	2.1%	LGI	LGI Limited	1.7%
EVO	Embark Early Education Limited	2.1%	GNP	GenusPlus Group Limited	1.7%

Diversified investment portfolio by sector at 30 June 2024



About WAM Microcap

WAM Microcap Limited (ASX: WMI) provides investors access to a portfolio of undervalued micro-cap growth companies with a market capitalisation of less than \$300 million at the time of acquisition. WAM Microcap also provides exposure to relative value arbitrage and market mispricing opportunities. WAM Microcap's investment objectives are to deliver a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital.

All major platforms provide access to WAM Microcap, 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
June 2017



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



ORD MINNETT

This announcement has been authorised by the Board of WAM Microcap 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), 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 or contact:

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