

Annual General Meeting Chairman's Address

21 November 2024
ASX announcement

Introduction and welcome

Good afternoon and welcome to the seventh WAM Microcap Limited (ASX: WMI) Annual General Meeting (AGM). My name is Geoff Wilson, Chairman of the Board of Directors.

This is a hybrid meeting, held both online and in person here at the Museum of Sydney. The hybrid meeting format allows those that cannot join us in person to ask questions and actively participate. This is very important to us at Wilson Asset Management.

I acknowledge the Gadigal people of the Eora nation and pay my respects to Elders past and present.

Thank you for joining us and for your continued support of WAM Microcap. I am joined today by my fellow Board members, Kate Thorley, Jacqueline Sullivan and Adrian Siew. Richard King, a representative from WAM Microcap's auditor, Pitcher Partners, will be available to address any questions relating to the Company's financial statements.

We are also joined by Wilson Asset Management Head of Finance Ophelia Lam, who will moderate today's meeting, and assist in addressing any questions received online or in person during the meeting.

FY2024 in review

Financial results

The WAM Microcap investment portfolio increased 21.6% during the 12-month period to 30 June 2024, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 12.3%. This was achieved with an average cash weighting of 8.4%. Since inception, WAM Microcap has achieved an investment portfolio return of 15.9% per annum, outperforming the Index by 9.8% per annum. This investment portfolio outperformance has been achieved with WAM Microcap's diligent and proven investment approach, which focuses on identifying undervalued micro-cap growth companies with a catalyst.

WAM Microcap reported an operating profit before tax of \$46.9 million for the year (FY2023: \$35.4 million) and an operating profit after tax of \$34.2 million (FY2023: \$26.3 million).

WAM Microcap raised \$90 million in a Share Purchase Plan (SPP) and Placement in April and May 2024. Oscar and the investment team have diligently deployed the capital raised in undervalued growth companies in the Australian micro-cap market. We thank all shareholders who showed their confidence in the Company by applying for additional shares in the SPP.

As at 31 October 2024, the share price premium to net tangible assets (NTA) was 5.2%. Throughout its 7-year history, the Company's share price has traded at both premiums and discounts to its NTA.

The Board declared a FY2024 fully franked full year dividend of 10.5 cents per share, which represented a 7.1% fully franked dividend yield on the Company's 31 October 2024 share price of \$1.48 per share and a grossed-up dividend yield of 10.1%*. At 31 October 2024, the Company had 43.8 cents per share available in its profits reserve, after the payment of the fully franked final dividend of 5.25 cents per share on 29 October 2024, representing 4.2 years of dividend coverage.

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

FY2025 outlook

Company update

Through our continued focus on undervalued micro-cap growth companies with a catalyst, the investment portfolio increased 8.8% in the four months to 31 October 2024, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 1.4%.

Market outlook

The WAM Microcap investment portfolio has outperformed over the last seven years in varying macroeconomic conditions. The investment team believe, however, that the current environment for micro-cap investing is the most challenging they have seen. This reflects investor preference for larger and more liquid companies and the lack of capital markets activity. As an example of this, the team entered into a single initial public offering (IPO) and participated in only 26 deals in the 2024 financial year, compared to 80 deals in 2020.

The investment team believes that a declining interest rate environment should provide a strong tailwind for the portfolio as it encourages investor confidence in micro-cap companies and supports the capital markets activity that allows these businesses to grow. Lower interest rates should see increased takeover activity in the micro-cap sector, with valuations of some companies that are sensitive to interest rates trading at decade lows.

The investment team is excited for the period ahead for micro-cap companies and continues to maintain a flexible cash position to ensure the investment portfolio can benefit from share price volatility and take advantage of valuation anomalies.

Shareholder advocacy

Shareholder advocacy on behalf of retail investors remains a priority for Wilson Asset Management. We continue to consult shareholders on important issues in an attempt to allow Australian investors to be treated equitably. Current issues include the 'sophisticated investor test', the government's proposal to tax unrealised gains on super balances over \$3 million and the Australian Prudential Regulation Authority's proposal to phase out Bank Hybrids.

For more information

Further information on WAM Microcap can be found in the FY2024 [Annual Report](#) and on our [website](#).

Thank you

Thank you for your support and for entrusting us with your capital.

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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