



About the Investment Manager

WAM Alternative Assets (ASX: WMA) has an investment management agreement with Wilson Asset Management (International) Pty Limited (**Wilson Asset Management**). Wilson Asset Management invests over \$5.9 billion on behalf of more than 130,000 retail investors and has a track record of making a difference for shareholders and the community for more than 27 years. Wilson Asset Management is the investment manager for eight listed investment companies (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 two unlisted funds: Wilson Asset Management Leaders Fund and Wilson Asset Management Founders Fund. They invest on behalf of investors in Australian equities, international equities and in the case of WAM Alternative Assets, alternative assets. Wilson Asset Management is also the founder and lead supporter of Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG), Australia's first listed investment companies to provide both investment and social returns. Future Generation Women is the first all-female managed fund in Australia, delivering investment returns and advancing economic equality and opportunities for women and their children in Australia.

WAM Alternative Assets investment strategy and process

WAM Alternative Assets is the only **LIC** on the ASX that offers investors access to a diversified portfolio of alternative assets, typically accessible only by institutional investors. The Company provides investors a unique investment solution, complementary to their traditional investment portfolios by investing in alternative assets. The alternative assets that the company invests in include private equity, real estate, infrastructure, real assets and private debt. The Company's investment objectives are to consistently deliver absolute returns through a combination of dividend yield and capital growth while providing diversification benefits.

The underlying asset classes within the investment portfolio have a number of complementary investment benefits such as diversification, potential inflation hedge and access to a broad range of strategies and investments within alternative asset classes. The portfolio construction focuses on building a portfolio with balanced risk-return characteristics.

WAM Alternative Assets provides investors with access to:

- A partnership model focused on developing close relationships with investment partners. The WAM Alternative Assets investment team aims to source investment opportunities from leading investment partners with strong track records, governance and investment processes with ESG considerations embedded throughout their investment process.
- A thematic portfolio construction approach that is built around the principles of long-term investing and focuses on macroeconomic fundamentals with strong tailwinds.

In October 2020, Wilson Asset Management took over the management of WAM Alternative Assets (formerly known as Blue Sky Alternative Access Fund Limited (ASX: BAF)). Wilson Asset Management conducted a thorough review of the existing assets that were part of the investment portfolio under the previous management and has engaged in a portfolio revitalisation strategy. This revitalisation strategy consists of exiting maturing investments and investments that do not fit WAM Alternative Assets' stated investment strategy.

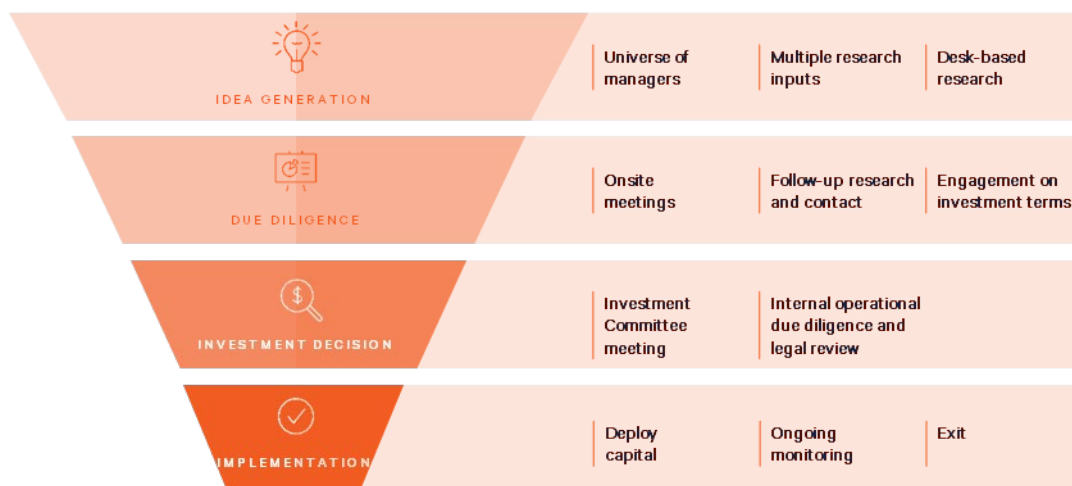
This investment strategy and process applies to the new investments made by Wilson Asset Management following its appointment as investment manager. As we continue exiting legacy assets in the investment portfolio, we endeavour to work with our partners to implement a more consistent approach to the investment strategy, process and portfolio construction across the entire investment portfolio.

Investment strategy

- WAM Alternative Assets invests alongside investment partners using a partnership model. WAM Alternative Assets invests in alternative assets via newly established pooled funds, purchases of secondary units in existing pooled funds and co-investments within separate mandates.
- WAM Alternative Assets utilises a thematic portfolio construction approach which is built on key investment themes with strong long-term tailwinds. Those are:
 - Ageing population which translates into increasing demand for healthcare services and businesses and creates investment opportunities in real estate, infrastructure and private equity.
 - Digitalisation which affects various sectors and industries and creates new investment opportunities in infrastructure and private equity.
 - Energy transition which drives further capital investments into the sectors such as renewable infrastructure and technology.
 - Food scarcity which creates investment opportunities in real assets (e.g. agriculture, water rights etc) and private equity.
- These investment themes form the core of the investment portfolio composition. WAM Alternative Assets may consider investing outside these investment themes on an opportunistic basis. Other factors that are considered as part of the investment strategy are the risk and return profile, investment time horizon and the current opportunity set (e.g. market fundamentals, relative valuations, competition).
- WAM Alternative Assets considers governance and sustainability, including environmental, and social factors, as part of its investment strategy and process. Those factors are assessed, together with financial and operating performance considerations with each new investment. WAM Alternative Assets believes that without the consideration of these factors, an investment manager cannot take a holistic long-term view on alternative assets.
 - Governance considerations focus on quality of the management and investment teams, reputation, risk management, organisational design, governance framework and structure, processes and policies.
 - Sustainability considerations involve assessment of factors such as history of a business, its financial stability, projections of growth in the future and the assessment of how sustainable a business is over a long-term period. It also includes environmental considerations such as climate change and energy transition from both a risk and growth perspective.
 - Social considerations involve assessment of any positive social and economic opportunities provided to all stakeholders, including employees, customers and the community.

Investment process

Every investment opportunity considered by WAM Alternative Assets undergoes thorough due diligence which includes the review of six key factors: investment strategy, portfolio management, track record, quality of management teams and business, market fundamentals and alignment. We integrate the review of the governance, environmental and sustainability, and social factors into the investment process. The review incorporates an assessment of how those factors are integrated into investment processes, portfolio construction principles and policies adopted by an investment partner, potential financial and operational risks of the underlying investments or strategy, and the monitoring and reporting standards in place. The results of the investment due diligence forms an objective basis for the final investment decision. An outline of the investment process is presented in the chart below:



Our evaluation of governance, sustainability, and social factors as part of investment due diligence encompasses, but is not limited to, dedicated resources at both the strategy and firm levels, relevant policies and procedures, their integration into investment processes, and their impact on performance targets. Several of WAM Alternative Assets' investment partners are members of organisations such as the UN PRI, UN Global Compact, NAPF Stewardship Disclosure Framework, International Corporate Governance Network, Responsible Investment Association Australasia, and the Global Reporting Initiative Standards. The assessment of an investment partner's corporate governance framework helps us form a view on the quality of investment and reporting policies and procedures, valuation policies adopted and organisational/governance structure (Boards, Investment Committees, Investor Representation Committees, independent Investment Committees/Board members).

WAM Alternative Assets will not knowingly invest into assets or businesses that do not comply with the relevant legal system governing their local activities. WAM Alternative Assets will not actively or knowingly invest in investments that benefit from, or engage in:

- Child labour, forced labour, sex trade, human-trafficking.
- Controversial weapons and reputational risks (including corruption and bribery).
- Controversial activities including but not limited to deforestation, firearms/weapons manufacturers or business models that can be construed as preying on vulnerable populations.



Portfolio monitoring and reporting

Wilson Asset Management monitors the WAM Alternative Asset investment portfolio on an ongoing basis. Wilson Asset Management meets with its investment partners regularly to discuss the progress on each asset and reviews the regular reporting. These meetings are held every month or quarterly depending on the nature of the underlying assets.

WAM Alternative Assets provides investors with regular reporting, which includes:

- Monthly Net Tangible Asset reports and investment updates,
- Annual and interim results announcements,
- Engagement with WAMI shareholders and other market participants across Australia, and
- Email updates from the investment team.

Disclaimer:

Wilson Asset Management and their related entities and each of their respective directors, officers and agents (together the Disclosers) have prepared the information contained in these materials in good faith.

However, no warranty (express or implied) is made as to the accuracy, completeness or reliability of any statements, estimates or opinions or other information contained in these materials (any of which may change without notice) and to the maximum extent permitted by law, the Disclosers disclaim all liability and responsibility (including, without limitation, any liability arising from fault or negligence on the part of any or all of the Disclosers) for any direct or indirect loss or damage which may be suffered by any recipient through relying on anything contained in or omitted from these materials.

This information has been prepared and provided by Wilson Asset Management. To the extent that it includes any financial product advice, the advice is of a general nature only and does not take into account any individual's objectives, financial situation or particular needs. Before making an investment decision an individual should assess whether it meets their own needs and consult a financial advisor.