Wilson Asset Management

November 2016 Shareholder Presentation

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Agenda

1. Wilson Asset Management and our listed investment companies

2. Market and investment insights
   – Market overview and outlook
   – Investment themes and trends

3. Investment portfolio
   – What worked
   – What didn’t work
   – What we like

4. Questions

About us

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About us

Investing in opportunities. For you. For good.

1

Our team

Geoff Wilson
Chairman
& Portfolio Manager

Kate Thorley
Chief Executive Officer

Chris Stott
Chief Investment Officer
& Portfolio Manager

Matthew Haupt
Portfolio Manager

Martin Hickson
Senior Equity Analyst
& Dealer

Tobias Yao
Senior Equity Analyst

John Ayoub
Senior Equity Analyst

Oscar Oberg
Equity Analyst

How we invest

Research-driven

Identifying undervalued growth companies

Integrated

Exposure to both research and market driven strategies

Market-driven

Exploiting short term market mispricing opportunities

Investment focus			
ASX listed companies	W | A | M *Research*	W | A | M *Capital*	W | A | M *Active*
ASX top 200 listed companies		W | A | M *Leaders*	

W | A | M *Capital*

Pre-tax net tangible assets

197.56c

One-year total shareholder return

23.6%

Fully franked dividend yield*

6.4%

Performance (p.a. since August 1999)

18.2%

As at 31 October 2016
*As at 14 November 2016

Pre-tax net tangible assets

107.77c

Gross assets

$388.6m

Share price*

$1.115

Option price*

$0.039

As at 31 October 2016
*As at 14 November 2016

Pre-tax net tangible assets

129.17c

One-year total shareholder return

28.4%

Fully franked dividend yield*

5.4%

Performance (p.a. since July 2010)

21.0%

As at 31 October 2016
*As at 14 November 2016

Pre-tax net tangible assets

105.14c

One-year total shareholder return

26.5%

Fully franked dividend yield*

4.4%

Performance (p.a. since January 2008)

12.9%

As at 31 October 2016
*As at 14 November 2016

Market and investment insights

2

Market and investment insights

2

Market outlook

The Australian equity market

Is a correction coming?

The Australian equity market

Is a correction coming?

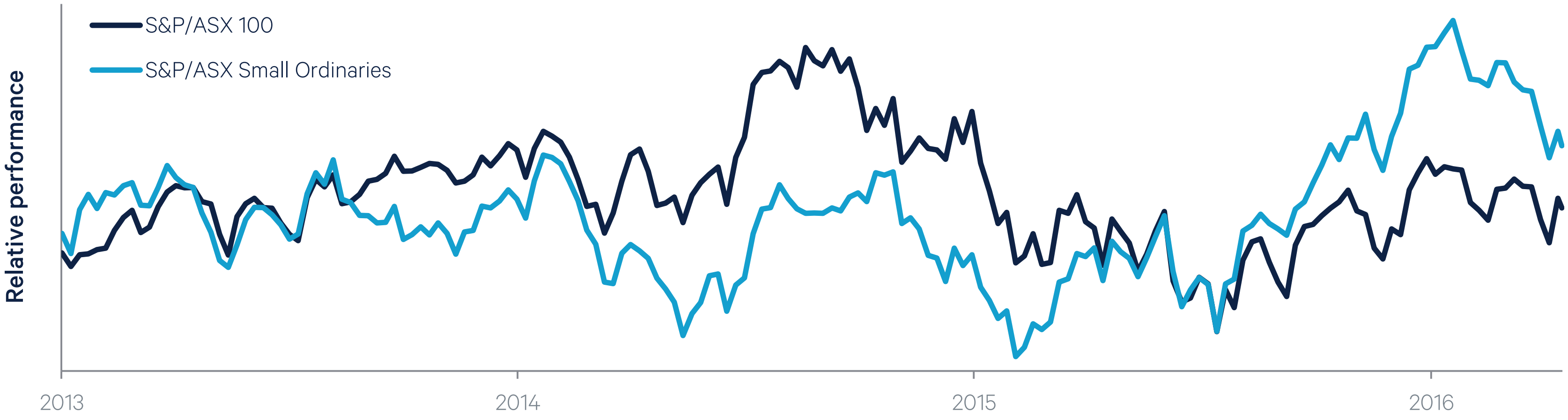
- Signs of economic strength are **returning**…
- … but are not strong enough for the RBA to **raise** rates – yet
- … when it does, equities could come **under pressure**
- Valuations remain **elevated** given the growth outlook

The Australian equity market

Will small caps continue to outperform?

The Australian equity market

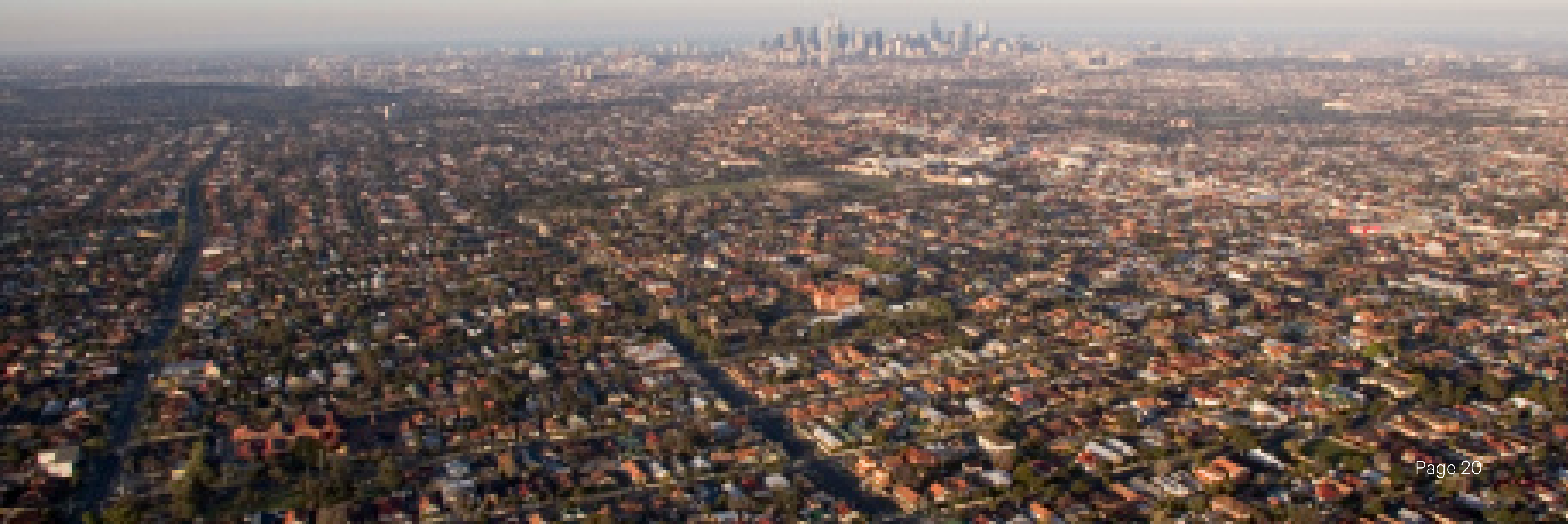
Will small caps continue to outperform?



Source: Goldman Sachs

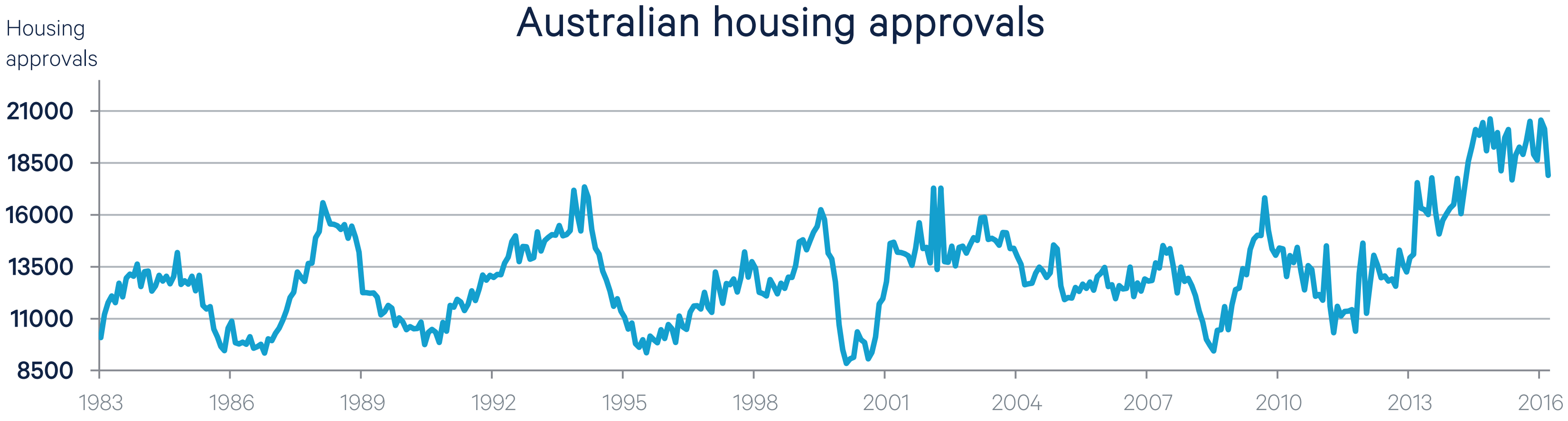
The Australian economy

Australian housing has peaked



The Australian economy

Australian housing has peaked



Source: Australian Bureau of Statistics

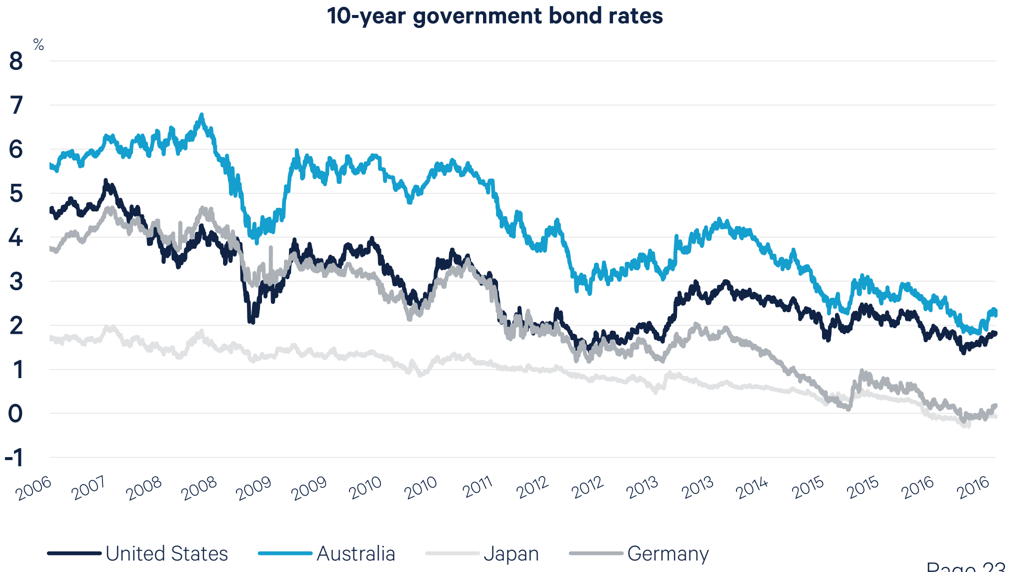
The global economy

The era of cheap money is ending

The global economy

The era of cheap money is ending

- **Centrals banks** have attempted to stimulate the economy post GFC with **monetary policy**
- **Printing money** to provide liquidity
- **Lowering** interest rates
- Causing significant **overvaluation** in equity prices



Source: UBS

The global economy

Outcome of the US election

The global economy

Outcome of the US election

- **Uncertainty** on policy decisions and execution; slim Republican majority
- **Tax reform** and infrastructure building could create **fiscal stimulus**
- **Trade protectionism** would have negative impacts
- US economic indicators and company earnings are **positive overall**

Investment themes and trends

01

The rise of self managed super funds

01

The rise of self managed super funds

- **1/3** of all superannuation assets are held in SMSFs
- **$622bn** of assets under management
- **16%** of the market cap of the ASX is owned by SMSFs

Investment exposure:

Source: Credit Suisse

02

Cashless society and online shopping

02

Cashless society and online shopping

- **Integrated** the best retailers neither exclusively online or offline
- **Decelerated** rate of growth in online shopping
- **Transition** from bricks-and-mortar to clicks-and-mortar
- **Payments technology** bring convenience and efficiency to electronic transactions

Investment exposure:

Top holdings

W|A|M Capital W|A|M Leaders W|A|M Research W|A|M Active

Company	ASX Code	Owned by
Eclipx Group Limited	ECX	WAM, WLE, WAX
Nick Scali Limited	NCK	WAM, WAX
Orora Limited	ORA	WLE
Reliance Worldwide Corporation (Aust) Limited	RWC	WLE
Ardent Leisure Group	AAD	WAM, WLE, WAX
Aristocrat Leisure Limited	ALL	WAM, WLE, WAA
Helloworld Limited	HLO	WAM, WAX
ALS Limited	ALQ	WAM, WAA
Hunter Hall Global Value Limited	HHV	WAM, WAA
Century Australia Investment Limited	CYA	WAM, WAA

Investment portfolio

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mayne pharma

What worked

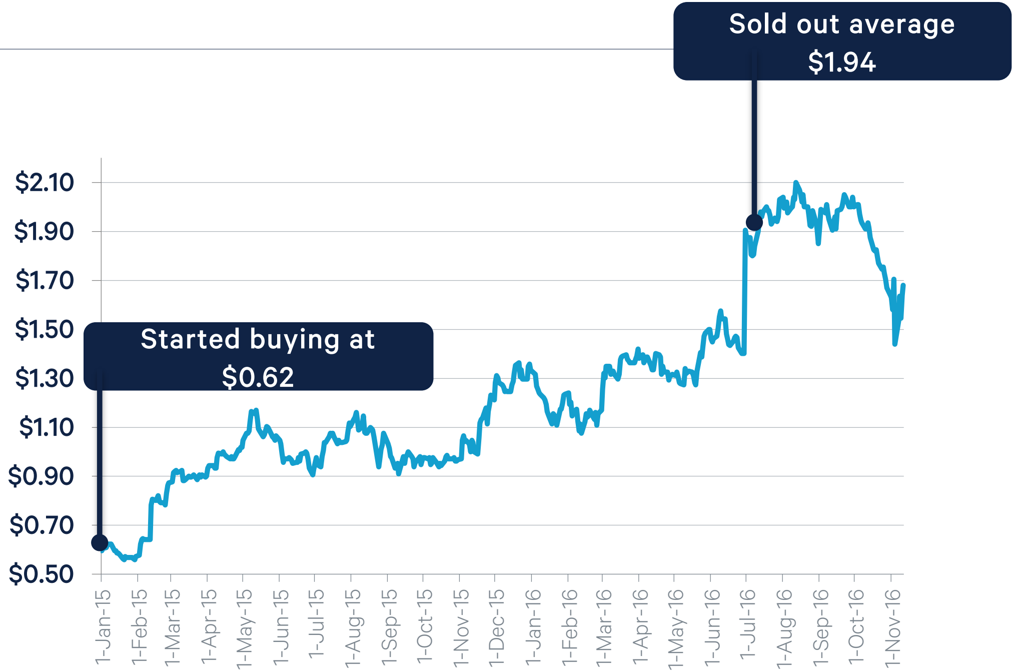
Mayne Pharma (ASX: MYX)

Why it rated

- Highly accretive acquisition
- Growth potential
- Pipeline of drugs awaiting FDA approval

Why it worked

- Successful execution on acquisition
- New drugs approved by the FDA
- Acquisition of large portfolio



Source: IRESS

What didn’t work

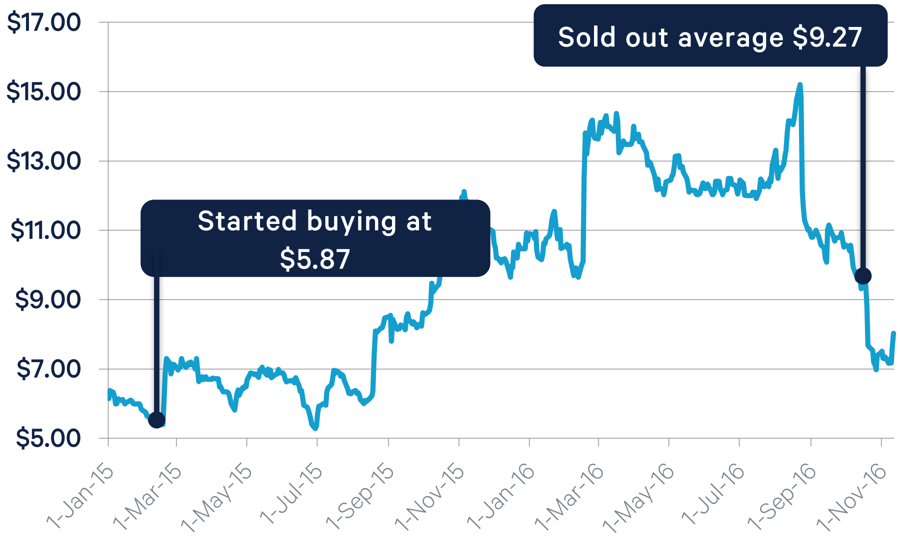
The Reject Shop (ASX: TRS)

Why it rated

- Appointment of CEO Ross Sudano
- Cost reducing strategies

Why it didn’t work

- Impacted by price competition
- Sales growth disappointing
- Share price has continued to fall
- We were late to sell



Source: IRESS

What we like

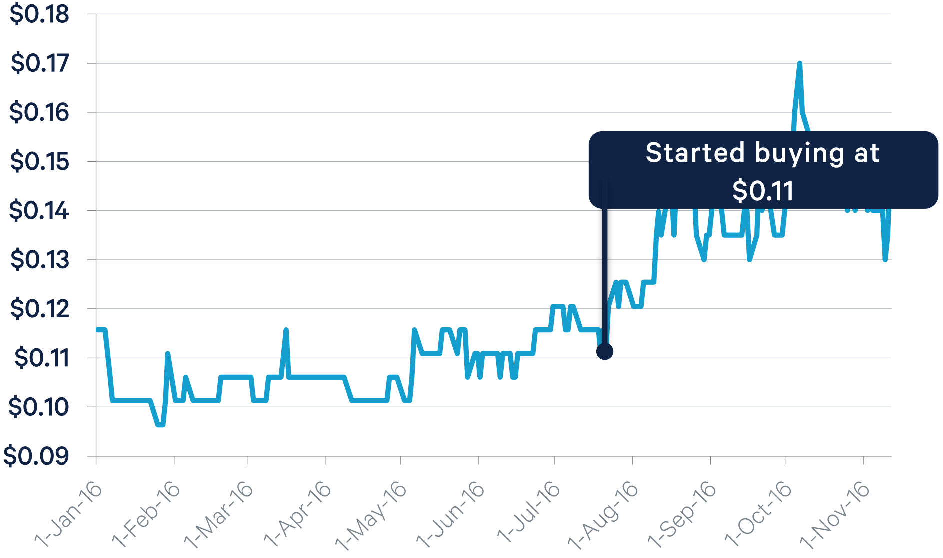
Armidale Investment Corporation (ASX:AIK)

Background

- Integrated commercial finance company
- $42 billion industry

Catalysts

- Simplifying corporate structure to a tax consolidated group
- Transition to operating company
- Earnings accretive acquisitions



Source: IRESS

nickscali FURNITURE

What we like

Nick Scali (ASX: NCK)

Background

- Furniture retailer with 42 stores
- Market cap $450 million
- Block line purchased at a discount

Catalysts

- Acquisitions overseas
- Earning upgrades
- Continued Australian market share gains

Source: IRESS

Questions

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Wilson Asset Management

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