

September 2020 Investment Update

	Pre-tax NTA
W A M <i>Capital</i>	\$1.68
W A M <i>Leaders</i>	\$1.16
W A M <i>Global</i>	\$2.43
W A M <i>Microcap</i>	\$1.47
W A M <i>Research</i>	\$1.07
W A M <i>Active</i>	\$0.98

Dear Fellow Shareholders,

Global equities ended their positive run in September, with most major indexes falling for the first time since March. We were pleased all six listed investment companies' portfolios outperformed^{*} their respective benchmark indexes for the month and quarter ended 30 September 2020. The S&P 500 Index fell 3.9%, the NASDAQ Composite Index 5.2%, China's CSI 300 Index 4.8%, the UK FTSE 100 Index 1.6% and the Euro Stoxx 600 Index 1.5% in local terms and MSCI World Index (AUD) 0.4%, while Japan's TOPIX Index increased 0.5% in local terms. The WAM Global investment portfolio increased 2.7% in September, outperforming the MSCI World Index (AUD) by 3.1%.

US equities rallied to the end of the September quarter despite deepening political tensions, including a stalled coronavirus stimulus package and the underwhelming presidential debate. The S&P 500 Index closed up 8.5% and the NASDAQ Composite Index 11.0% for the September quarter in local terms. The United Kingdom renewed social distancing restrictions in September and extended support to businesses for six months, following the lead from other European countries. China has continued its steady economic recovery from the coronavirus with an increase in manufacturing activity during the month.

The Australian Government previewed its stimulatory measures ahead of the 6 October 2020 Federal Budget, including tax cuts, infrastructure funding, new insolvency measures for businesses and regulatory relief. The \$98 billion in stimulus measures with nearly \$50 billion in tax relief announced in the federal budget in early October signified the extent to which governments will borrow and spend to underpin recovery and job creation. The Morrison Government also announced its intention to ease responsible lending obligations in March 2021 as part of the economic recovery effort required by the coronavirus induced recession. Coronavirus case numbers continue to fall in Australia, resulting in an easing of social distancing restrictions alongside interstate reopening announcements. The S&P/ASX All Ordinaries Accumulation Index fell 3.4% in September, marking the first negative monthly return since March.

Welcome Dania!

We are pleased to [welcome](#) Dania Zinurova to the Wilson Asset Management investment team as the Portfolio Manager for WAM Alternative Assets Limited. Dania is a highly respected, credentialled and experienced alternative asset specialist with experience gained in the US, UK, Europe and Australia. This week, the official name and ASX listing will change from Blue Sky Alternatives Access Fund (ASX: BAF) to WAM Alternative Assets (ASX: WMA), and from October WMA's NTA will feature in our investment update.

Future Generation Virtual Investment Forum

Future Generation will launch its second Virtual Investment Forum this Thursday, 15 October 2020 at 4:00pm (Sydney time) with a live discussion between Future Generation Global Chairman Belinda Hutchinson AC and former Macquarie Group CEO Nicholas Moore. As part of the forum I will be joined for a discussion by Eley Griffiths' Ben Griffiths and Antipodes' Jacob Mitchell, moderated by the Australian Financial Review's James Thomson. You can [register](#) to access the forum.

WAM Leaders Share Purchase Plan

WAM Leaders Limited's (ASX: WLE) Share Purchase Plan (SPP), announced on 20 August 2020, raised more than \$55 million from over 3,600 shareholders in September. We were pleased to announce the FY2021 interim dividend guidance of 3.5 cents per share, representing an annualised fully franked dividend yield of 5.6% on the 12 October share price of \$1.24 per share, and see the share price reach a premium to the Company's net tangible assets (NTA). We greatly appreciate your trust, loyalty and support.

WAM Capital: CIE and CLF update

WAM Capital Limited (ASX: WAM) [announced](#) a conditional off-market takeover bid for Contango Income Generator Limited (ASX: CIE) on 28 September 2020. The Offer Consideration is 1 WAM Share for every 3 CIE Shares. This represents a premium of 17.6% to CIE's 25 September 2020 share price, 18.1% to CIE's one-month volume-weighted average price and a premium to CIE's reported pre-tax NTA as at 31 August 2020.

WAM Capital [announced](#) the Concentrated Leaders Fund Limited (ASX: CLF) conditional off-market takeover bid has been extended until 7:00pm (Sydney time) on 26 October 2020 (unless otherwise extended or withdrawn). The Offer Consideration is 2 WAM Shares for every 3.7 CLF Shares. This represents a premium of 25.6% to CLF's 2 September 2020 share price and 18.4% to CLF's 30 September 2020 pre-tax NTA.

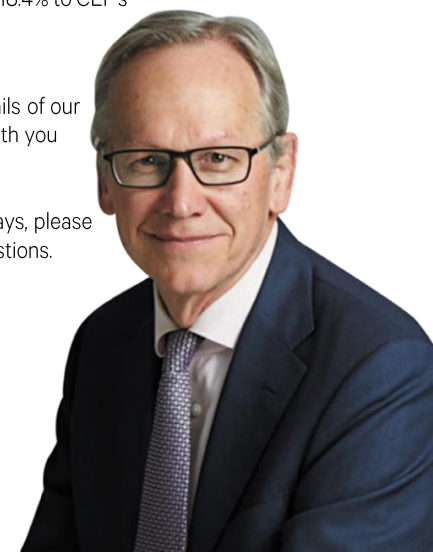
WAM Vault coming soon

We look forward to sharing the details of our second instalment of WAM Vault with you in the coming days.

Thank you for your support. As always, please call or email us if you have any questions.

Geoff Wilson AO
Chairman &
Chief Investment Officer

^{*}Investment portfolio performance and index returns are before expenses, fees and taxes.



LIC snapshot

LIC	Focus	Share price*	NTA before tax Sep-20	Cash weighting*	Fully franked full year dividend	Profits reserve#
W A M <i>Capital</i>	The most compelling undervalued growth opportunities in the Australian market	\$2.30	\$1.68	13.7%	15.5cps	17.5cps
W A M <i>Leaders</i>	Actively investing in the highest quality Australian companies	\$1.24	\$1.16	2.3%	6.5cps	17.3cps
W A M <i>Global</i>	The world's most compelling undervalued growth companies	\$2.18	\$2.43	5.1%	7.0cps	37.2cps
W A M <i>Microcap</i>	The most exciting undervalued growth opportunities in the Australian micro-cap market	\$1.595	\$1.47	13.3%	9.0cps**	31.0cps
W A M <i>Research</i>	The most compelling undervalued growth opportunities in the Australian market	\$1.45	\$1.07	18.3%	9.8cps	34.9cps
W A M <i>Active</i>	Market mispricing opportunities in the Australian market	\$1.17	\$0.98	1.6%	6.0cps	10.8cps

*As at 12 October 2020.

**Includes the fully franked special dividend of 3.0 cents per share.

#The profits reserve figures are as at 30 September 2020.

Portfolio update

The WAM Capital investment portfolio declined in September while outperforming the S&P/ASX All Ordinaries Accumulation Index. Contributors to the investment portfolio's outperformance during the month included leading Australian healthcare and diagnostic services provider Healius (ASX: HLS) and information technology services company The Citadel Group (ASX: CGL).

Healius is the second largest pathology and third largest radiology provider in Australia. In September, the Australian Government announced an extension of the coronavirus testing reimbursement and Medicare-subsidised telehealth and pathology services through to March 2021. We expect the extension to support Healius' earnings particularly as it operates drive-through testing for coronavirus. We continue to see cost reduction opportunities and efficiency savings to improve margins over the long term and see the potential for earnings accretive acquisitions following the successful divestment of its medical centres division in June.

The Citadel Group is an enterprise software and services company operating in the health, national security, defence, education, government and financial services industries. In September, Citadel entered a scheme of arrangement under which Pacific Equity Partners (PEP) will acquire 100% of shares in Citadel at \$5.70 per share, a 43.2% premium to the company's share price prior to the announcement. The all-cash consideration values Citadel's equity at \$448.6 million. We had initially increased our holding during Citadel's capital raising in February in support of its accretive acquisition of Wellbeing Software Group and have reduced our holding following the proposed takeover bid.

Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked final dividend of 7.75 cents per share due to be paid on 27 November 2020. The shares will trade ex-dividend on 19 November 2020.

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
Sep 2020	168.37c [^]	176.30c	178.50c
Aug 2020	173.50c	177.39c	179.43c

[^]The NTA before tax is after the payment of \$25.5m (3.51 cents per share) in tax during the month.

*Includes 0.90 cents per share of tax assets resulting from the acquisition of unlisted investment companies and 8.52 cents per share of income tax losses available to the Company in future periods.

Market capitalisation (ASX: WAM)

\$1,617.8m[#]

Gross assets

\$1,226.0m

Listed equities

\$1,064.2m

Investment portfolio performance (pa since inception Aug 1999)

16.0%[^]

S&P/ASX All Ordinaries Accumulation Index: 7.7%

Dividends paid since inception (per share)

246.25c

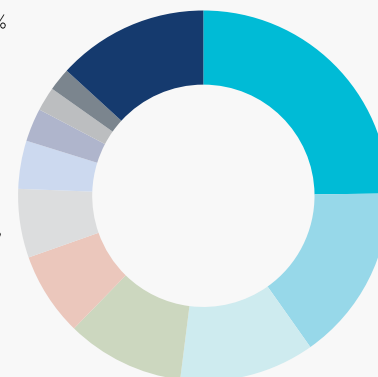
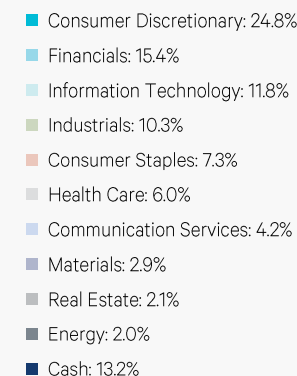
Fully franked dividend yield

7.0%[#]

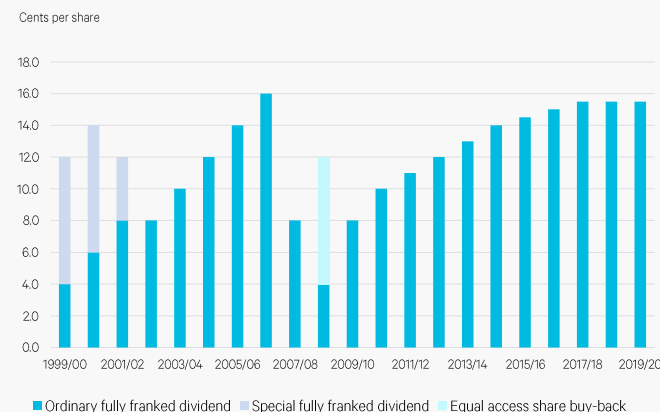
[#]Based on the 30 September 2020 share price of \$2.23 per share and the FY20 fully franked full year dividend of 15.5 cents per share. WAM Capital has 725,465,456 shares on issue.

[^]Investment portfolio performance and index returns are before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends



Top 20 holdings (in alphabetical order)

adairs	AUI	Bapcor	BWX	CODAN	CFL	Downer	Elders	Fisher & Paykel Healthcare	healius
ADH	AUI	BAP	BWX	CDA	CKF	DOW	ELD	FPH	HLS
idp	INFOMEDIA	Ingenia	JOHNS LYNG GROUP	Nine	PENGANA INTERNATIONAL	Pushpay	SEALINK Travel Group	TGG	VIVA Energy Australia
IEL	IFM	INA	JLG	NEC	PIA	PPH	SLK	TGG	VEA

W | A | M Leaders

Actively investing in the highest quality Australian companies.

Portfolio update

The WAM Leaders investment portfolio declined in September while outperforming the S&P/ASX 200 Accumulation Index. Contributors to the investment portfolio's outperformance during the month included road operator company Transurban Group (ASX: TCL) and Australian airline Qantas Airways (ASX: QAN).

Transurban is the world's largest operator of toll road networks with operations in Australia, Canada and the US. The company is a beneficiary of record low interest rates, improvement in economic activity as coronavirus restrictions ease and the growing preference for private over public transport. Shares in Transurban rose in September as rates drifted lower off RBA expectations and ahead of the stimulatory Federal Budget, announced on 6 October 2020, which proposed increased infrastructure investment.

Shares in Australia's largest airline, Qantas, rallied following the September announcements of declining coronavirus case numbers, the scheduled reopening of interstate borders and renewed discussions regarding a trans-Tasman travel bubble. Qantas has restructured effectively and negotiated with trade unions to drive costs down over the past six months, mitigating the 82% fall in total revenue in the June 2020 quarter. We believe the company will be able to deliver domestic profits at much lower capacity levels and an increase in domestic tourism over the next 12 months will offset weakness in corporate and international travel on the path to gradual normalisation.

Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked final dividend of 3.25 cents per share due to be paid on 30 October 2020. The shares will trade ex-dividend on 19 October 2020.

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Sep 2020	115.55c [^]	115.96c	116.60c
Aug 2020	120.01c	119.15c	119.41c

[^]The NTA before tax is after the payment of \$3.0m (0.36 cents per share) in tax during the month.

Market capitalisation (ASX: WLE)

\$1,026.5m*

Gross assets

\$975.1m

Listed equities

\$921.3m

Investment portfolio performance (pa since inception May 2016)

9.6%[^]

S&P/ASX 200 Accumulation Index: 6.1%

Dividends paid since inception (per share)

16.9c

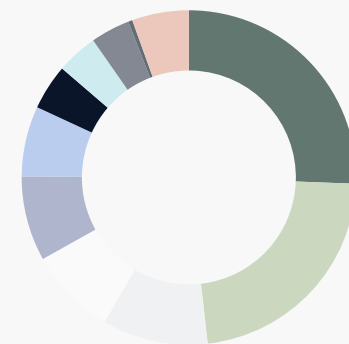
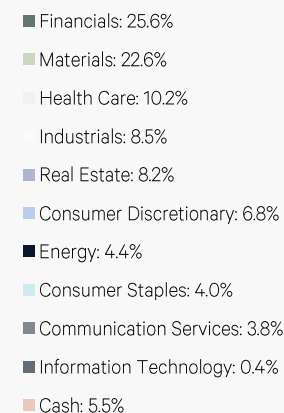
Fully franked dividend yield

5.3%*

*Based on the 30 September 2020 share price of \$1.23 per share and the FY20 fully franked full year dividend of 6.5 cents per share. WAM Leaders has 834,519,683 shares on issue. During the month, 47,788,106 shares were issued under the Share Purchase Plan.

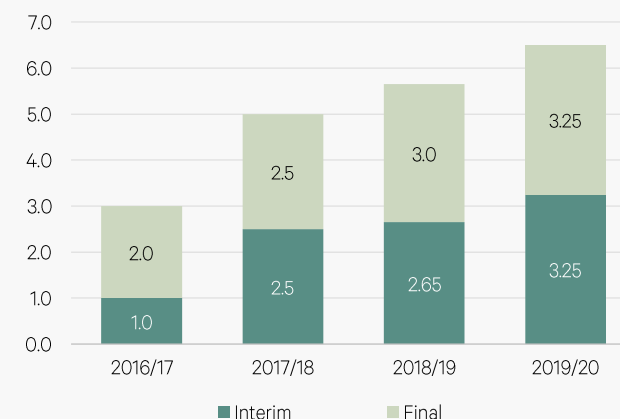
*Investment portfolio performance and index returns are before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends

Cents per share



Top 20 holdings (in alphabetical order)

ANZ	BHP	CBA	CGF	CSL	DOW	FMG	GMG	IAG	MQG
NAB	OZ	RHC	RIO	SCG	SGR	STO	TCL	WBC	WOW

W | A | M Global

The world's most compelling undervalued growth companies.

Portfolio update

The WAM Global investment portfolio increased during the month, outperforming the MSCI World Index (AUD). Contributors to the investment portfolio's solid outperformance during the month included medical equipment business Thermo Fisher Scientific (NYSE: TMO), low-cost variety retailer Dollar General (NYSE: DG) and fast-moving consumer goods producer Nomad Foods (NYSE: NOMD).

A global leader in medical technology and equipment, Thermo Fisher hosted its 2020 Analyst Day in September, which highlighted the impressive track record of this long tenured management team. The business has generated a revenue compound annual growth rate (CAGR) of 11%, adjusted earnings per share CAGR of 15%, and free cash flow CAGR of 14% over the past decade. Thermo Fisher responded with speed and scale to the coronavirus pandemic, announcing it is on track to deliver over USD4 billion in 2020 coronavirus response revenue with anticipated second-half revenue of USD3 billion. Thermo Fisher expects full-year organic growth of 13-16%, with 24% organic growth in Q3, far exceeding consensus estimates of 15% growth. The company expects additional revenues from coronavirus vaccines and therapeutics over time of more than USD1 billion, but in our view this may prove conservative given it does not include unsigned deals and potential volume scale-up upon US Food and Drug Administration approvals in its forecasts.

Dollar General operates more than 16,000 stores across the US, offering goods at an average discount of 20% to grocery stores and 40-44% to drug stores. In September, the company presented at broker conferences, reiterating business evolution, the addressable market and various growth initiatives. Prior to the onset of coronavirus, Dollar General's fastest growing segment on a percentage basis was increased sales from higher-income consumers opting to save, a trend that has accelerated given current consumer uncertainty. The company continues to execute exceptionally well, rolling out their DG Fresh strategy, offering frozen and refrigerated foods, and implementing digital programs to expand their customer base.

Nomad Foods is Europe's largest frozen foods company. In September, Nomad announced the preliminary results for its share repurchase tender offer, repurchasing approximately 19 million shares, 9.6% of shares on issue, at USD25.50 per share for a total cost of USD482.9 million, excluding fees and expenses. Nomad has decided to pursue a strategy of smaller, less capital-intensive mergers and acquisitions, returning excess cash on the balance sheet to the benefit of shareholders. We are supportive of this strategy, particularly given the attractive valuation of its own stock.

Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked final dividend of 4.0 cents per share due to be paid on 30 October 2020. The shares will trade ex-dividend on 19 October 2020.

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Sep 2020	243.06c	246.77c	238.43c
Aug 2020	236.96c	241.21c	234.15c

Market capitalisation (ASX: WGB)

\$445.7m[#]

Gross assets

\$523.7m^{*}

Listed equities

\$486.3m

Investment portfolio performance (pa since inception June 2018)

8.1%[^]

MSCI World Index (AUD): 8.2%

Fully franked full year dividend

7.0c

Cash weighting

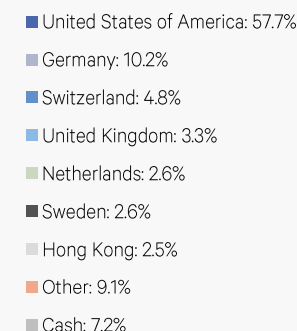
7.2%

[#]Based on the 30 September 2020 share price of \$2.10 per share and 212,249,854 shares on issue.

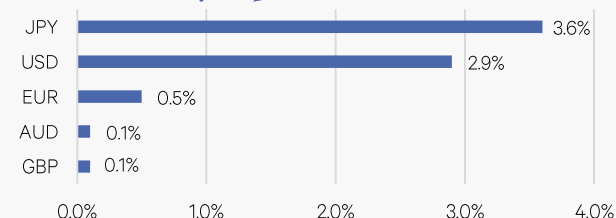
^{*}Gross assets exclude the \$0.8m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

[^]Investment portfolio performance and index returns are before expenses, fees and taxes.

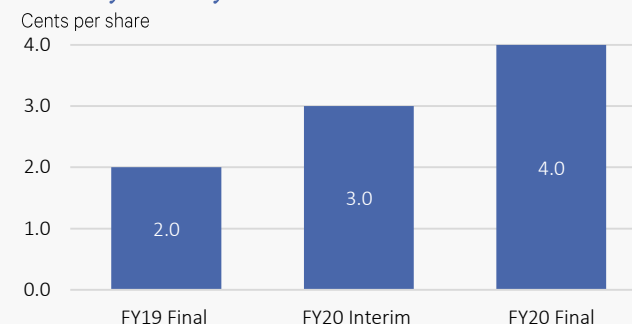
Portfolio by geographical exposure



Cash currency exposure



History of fully franked dividends



Top 20 holdings (in alphabetical order)

 3038 JP	 700 HK	 AON US	 AVTR US	 AZO US	 CME US	 DG US	 EA US	 FIS US	 FISV US
 H24 GR	 HAS US	 ICE US	 LOW US	 MSFT US	 NOMD US	 PWR US	 SAX GR	 SWON SW	 TMO US

W | A | M Microcap

The most exciting undervalued growth opportunities in the Australian micro-cap market.

Portfolio update

The WAM Microcap investment portfolio increased in September, outperforming the S&P/ASX Small Ordinaries Accumulation Index. Contributors to the investment portfolio's outperformance during the month included hospitality group Redcape Hotel Group (ASX: RDC) and junior gold mining and mineral exploration company Chalice Gold Mines (ASX: CHN).

Redcape operates 32 venues, including pubs and hotels, across New South Wales and Queensland. The company's venues have all reopened since the initial coronavirus restrictions were put in place in March. In September, Redcape announced a record first quarter, with earnings before interest, tax, depreciation and amortisation of \$24.0 million, up from \$19.5 million in the comparative quarter. The company also reinstated its distribution of 1.83 cents per stapled security. We continue to expect visitation in pubs and hotels to increase as coronavirus restrictions continue to ease, which will benefit Redcape's portfolio of venues.

Chalice is a junior gold mining and mineral exploration company. In September, Chalice reported strong preliminary exploration findings at its Julimar nickel-copper-PGE project (Julimar) in Western Australia with three new large electromagnetic anomalies, including a 6.5 kilometre long anomaly. The anomalies indicate a potentially conductive body for sulphide mineralisation. The discovery represents a growth opportunity for Chalice as it continues with resource drilling and geochemistry analysis in Julimar.

Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked final dividend of 3.0 cents per share and fully franked special dividend of 3.0 cents per share due to be paid on 23 October 2020. The shares traded ex-dividend on 12 October 2020.

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Sep 2020	147.48c [^]	146.64c	141.84c
Aug 2020	148.73c	147.41c	142.01c

[^]The NTA before tax is after the payment of \$1.7m (0.81 cents per share) in tax during the month.

Market capitalisation (ASX: WMI)

\$324.0m[#]

Gross assets

\$311.0m

Listed equities

\$266.0m

Investment portfolio performance (pa since inception June 2017)

21.2%[^]

S&P/ASX Small Ordinaries Accumulation Index: 7.2%

Dividends paid since inception (per share)

15.75c

Fully franked full year dividend

6.0c

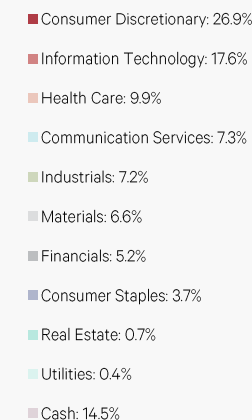
Fully franked special dividend

3.0c

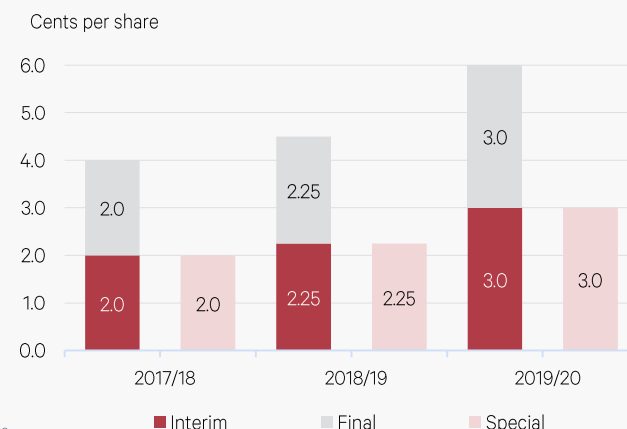
[#]Based on the 30 September 2020 share price of \$1.575 per share and 205,688,357 shares on issue.

[^]Investment portfolio performance and index returns are before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends



Top 20 holdings (in alphabetical order)

Alliance	autosports group [®]	babybunting	CAPITOLHEALTH LIMITED	city chic	emero	FINEOS	generation development group	INFO MEDIA [®]	JOHNS LYNG GROUP
AQZ	ASG	BBN	CAJ	CCX	EGG	FCL	GDG	IFM	JLG
MACH7 TECHNOLOGIES	MACMAHON	macquarie TELECOM GROUP	MCP	Objective	PEOPLE INFRASTRUCTURE	REDBUBBLE	SHOWER SHOP	TEMPLE WEBSTER	virtus HEALTH
M7T	MAH	MAQ	MCP	OCL	PPE	RBL	SSG	TPW	VRT

Portfolio update

The WAM Research investment portfolio declined in September while outperforming the S&P/ASX All Ordinaries Accumulation Index. Contributors to the investment portfolio's outperformance during the month included travel services company SeaLink Travel Group (ASX: SLK) and information technology services company The Citadel Group (ASX: CGL).

SeaLink is Australia's largest tourism and public transport provider across ferry, bus and light rail networks with established operations in London and Singapore. The company completed the acquisition of bus operator Transit Systems Group earlier this year and in September announced it was awarded a S\$1 billion contract to operate public bus services in Singapore following a competitive tender process. The company has benefitted from state borders reopening during the month, and we see the potential for earnings upgrades and further acquisitions as catalysts for the company in the future.

The Citadel Group is an enterprise software and services company operating in the health, national security, defence, education, government and financial services industries. In September, Citadel entered a scheme of arrangement under which Pacific Equity Partners (PEP) will acquire 100% of shares in Citadel at \$5.70 per share, a 43.2% premium to the company's share price prior to the announcement. The all-cash consideration values Citadel's equity at \$448.6 million. We had initially increased our holding during Citadel's capital raising in February in support of its accretive acquisition of Wellbeing Software Group and have reduced our holding following the proposed takeover bid.

Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked final dividend of 4.9 cents per share due to be paid on 23 October 2020. The shares traded ex-dividend on 12 October 2020.

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
Sep 2020	107.11c [^]	111.03c	110.70c
Aug 2020	109.36c	112.29c	111.28c

[^]The NTA before tax is after the payment of \$2.4m (1.26 cents per share) in tax during the month.

*Includes 5.78 cents per share of income tax losses available to the Company in future periods.

Market capitalisation (ASX: WAX)

\$293.2m[#]

Gross assets

\$211.9m

Listed equities

\$180.7m

Investment portfolio performance (pa since change in investment strategy July 2010)

15.0%[^]

S&P/ASX All Ordinaries Accumulation Index: 7.7%

Dividends paid since inception (per share)

109.2c

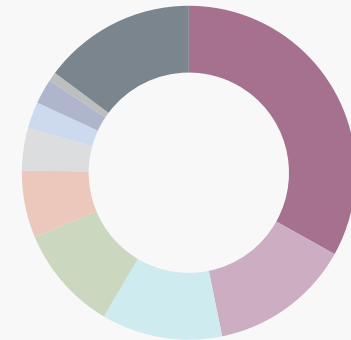
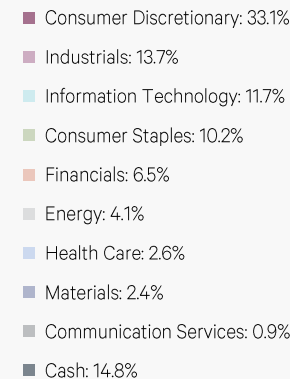
Fully franked dividend yield

6.5%[#]

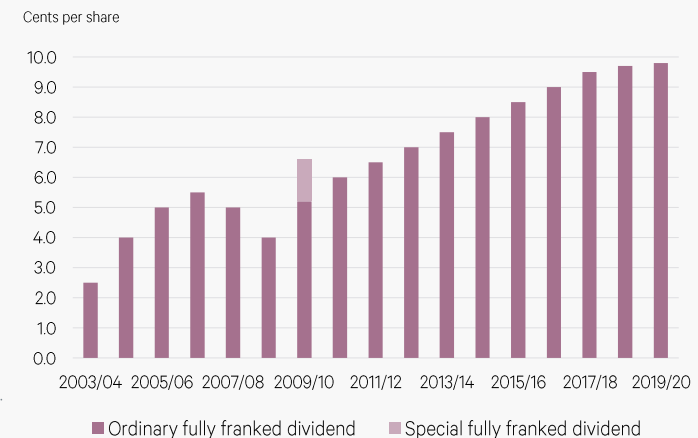
[#]Based on the 30 September 2020 share price of \$1.515 per share and the FY20 fully franked full year dividend of 9.8 cents per share. WAM Research has 193,532,143 shares on issue.

[^]Investment portfolio performance and index returns are before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends



Top 20 holdings (in alphabetical order)

ADH	ALQ	BAP	BKW	BRG	BWX	CCX	CDA	ELD	FLT
IDX	IEL	IFM	JLG	KGN	RBL	SLK	SVW	UMG	VEA

W | A | M Active

Market mispricing opportunities in the Australian market.

Portfolio update

The WAM Active investment portfolio declined during the month. Despite the market volatility, contributors to the investment portfolio performance during the month included telecommunications company OptiComm (ASX: OPC) and leading Australian healthcare and diagnostic services provider Healius (ASX: HLS).

OptiComm designs, builds, operates and maintains fibre-based telecommunications networks, servicing residential housing, commercial and retail developments. OptiComm is undergoing an acquisition from Uniti Group (ASX: UWL), and in September announced it agrees to and supports Uniti's increased offer of \$5.85 per share. Uniti increased its offer from \$5.20 per share after First State Superannuation proposed a competing bid of \$5.85 per share. The \$5.85 per share offer values OptiComm at over \$600 million, and represents a synergistic acquisition that would create the largest competitor to the National Broadband Network.

Healius is the second largest pathology and third largest radiology provider in Australia. In September, the Australian Government announced an extension of the coronavirus testing reimbursement and Medicare-subsidised telehealth and pathology services through to March 2021. We expect the extension to support Healius' earnings particularly as it operates drive-through testing for coronavirus. We continue to see cost reduction opportunities and efficiency savings to improve margins over the long term and see the potential for earnings accretive acquisitions following the successful divestment of its medical centres division in June.

Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked final dividend of 3.0 cents per share due to be paid on 30 October 2020. The shares will trade ex-dividend on 19 October 2020.

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
Sep 2020	97.84c [^]	101.63c	101.63c
Aug 2020	99.05c	101.70c	101.69c

[^]The NTA before tax is after the payment of \$400k (0.86 cents per share) in tax during the month.

*Includes 4.16 cents per share of income tax losses available to the Company in future periods.

Market capitalisation (ASX: WAA)

\$49.0m[#]

Gross assets

\$45.5m

Listed equities

\$43.5m

Investment portfolio performance (pa since inception Jan 2008)

11.5%[^]

Bloomberg AusBond Bank Bill Index (Cash): 3.1%

Dividends paid since inception (per share)

71.7c

Fully franked dividend yield

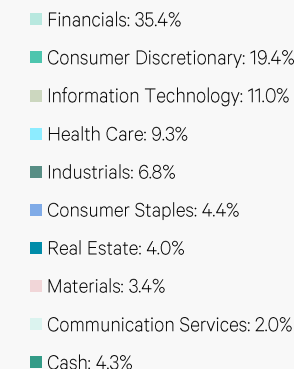
5.7%[#]

[#]Based on the 30 September 2020 share price of \$1.05 per share and the FY20 fully franked full year dividend of 6.0 cents per share.

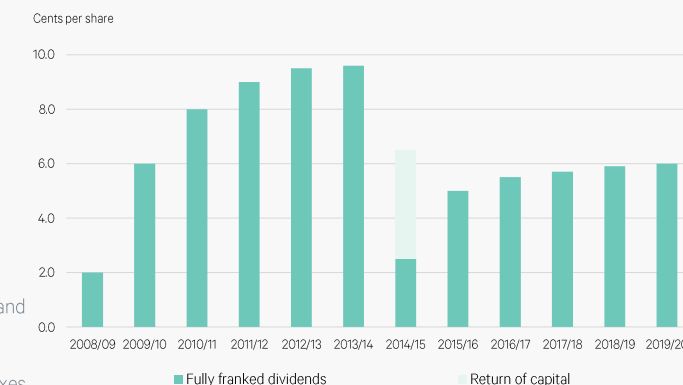
WAM Active has 46,620,288 shares on issue.

^{*}Investment portfolio performance is before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends



Top 20 holdings (in alphabetical order)

AUI	CAR	CKF	CSR	DOW	FPH	GNC	HLS	INA	KBC
NEC	NWH	NXT	PIA	PPH	SDF	SGR	TGG	TPW	TYR