

# September 2022 Investment Update

|                                     | Pre-tax<br>NTA |
|-------------------------------------|----------------|
| W   A   M <i>Capital</i>            | \$1.41         |
| W   A   M <i>Leaders</i>            | \$1.37         |
| W   A   M <i>Global</i>             | \$2.04         |
| W   A   M <i>Microcap</i>           | \$1.31         |
| W   A   M <i>Alternative Assets</i> | \$1.27         |
| W   A   M <i>Strategic Value</i>    | \$1.12         |
| W   A   M <i>Research</i>           | \$0.94         |
| W   A   M <i>Active</i>             | \$0.72         |

Dear Fellow Shareholder,

In September, world markets continued to react to rising interest rates as the US Federal Reserve announced it would be raising interest rates by 0.75%, with the Reserve Bank of Australia (RBA) also lifting its cash rate target for a sixth consecutive month by 0.25% from 2.35% to 2.60%, prolonging fears of a recession. Oil, metal and iron ore prices fell along with Australian shares, with the S&P/ASX 200 Accumulation Index down 6.2% in September 2022. The S&P/ASX All Ordinaries Accumulation Index was down 6.4% and the MSCI World Index (AUD) fell 3.3% for the month.

## Proposed legislation change to franking credits

Last month we sent a letter to shareholders and supporters regarding the Federal Government's proposed legislation, which would negatively impact Australian companies and their ability to pay fully franked dividends to their shareholders.

We disagree with the proposed fundamental change to former Prime Minister Paul Keating's legislation, originally introduced to eliminate double taxation of company earnings and believe the draft legislation is inequitable to Australian companies and shareholders and Treasury has grossly understated the impact it will have.

As drafted, it would appear to inadvertently impact situations of legitimate company operations and could accordingly delay or discourage the normal processes of capital raising, investment and economic growth in Australia and interfere with the operation and the efficiency of the Australian capital markets. The legislation does not sufficiently distinguish between acceptable activities and the tax avoidance situations it intends to address. We have put forward a submission objecting to the proposed changes which you can read [here](#).

I would like to thank all shareholders and supporters who have shared their support and assure you that we will continue to advocate for those who will be impacted by the changes put forward. You can read our comments and concerns on the proposed policy in [The Australian Financial Review](#), [The Australian](#) and [Sydney Morning Herald](#) and from others in [The Australian Financial Review](#).

## In the media

Read about some of the lessons I have learnt from over 40 years investing in [The Australian](#).

WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE) and WAM Research (ASX: WAX) were selected within the top 10 income funds for 2022 in an article for [Livewire Markets](#).

As the Lead Portfolio Manager focused on identifying large-cap opportunities for WAM Leaders, Matthew Haupt shares his view on the big four banks ahead of their earnings results with [The Australian](#).

## Buy, Hold, Sell Analyst Forum

We shared the next instalment of our [Buy, Hold, Sell Analyst Forum](#) focusing on the small-to-mid cap sector. [Watch](#) Sam Koch, Shaun Weick and Will Thompson, hosted by Camilla Cox, as they provide their buy, hold or sell call on some of the companies they are watching within the resources, retail, technology, housing sectors and more.

## Go Foundation at Wilson Asset Management

The Wilson Asset Management team was fortunate to be joined by Sydney Swans legend and co-founder of the GO Foundation Adam Goodes and CEO Charlene Davison to speak about the incredible work the organisation is doing to support Indigenous Australian youth. Wilson Asset Management is a proud supporter of the GO Foundation - learn more about the foundation by visiting their [website](#). All philanthropic investments are made by the Investment Manager.

## Future Generation Investor Webinar

In case you missed it, Future Generation held an [Investor Webinar](#) where CEO Caroline Gurney was joined by David Paradise AO and Steve Anthony OAM to discuss recent market movements, investment styles and top stock picks. You can listen to a recording of the webinar [here](#). Wilson Asset Management is the creator and lead supporter of the Future Generation companies.

## WAM Leaders selected as Independent Investment Research's best performing Listed Investment Company (LIC)

WAM Leaders was selected as the best performing LIC in the Independent Investment Research's [FY2022 LIC & LIT Review](#). The investment research house noted that 'the flexible and actively managed nature of WAM Leaders' investment mandate allowed the company to benefit from the repositioning of the portfolio over the period to generate the positive performance'.

## WAM Leaders to acquire 100% of AEG shares

Absolute Equity Performance Fund Limited (AEG) shareholders voted overwhelmingly in favour of the Scheme of Arrangement (Scheme) with WAM Leaders during the month. The Scheme ratio was announced on 30 September 2022 and AEG shareholders received their new WAM Leaders shares on 4 October 2022. On behalf of the WAM Leaders Board of Directors and the team at Wilson Asset Management, we would like to warmly welcome all AEG shareholders to WAM Leaders and to the Wilson Asset Management family.

Thank you for your continued support.

Geoff Wilson AO  
Chairman



# LIC snapshot



## W | A | M *Capital*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAM

|                                  |         |
|----------------------------------|---------|
| Share price*                     | \$1.865 |
| NTA before tax                   | \$1.41  |
| Fully franked full year dividend | 15.5cps |
| Profits reserve#                 | 18.1cps |

## W | A | M *Leaders*

Actively investing in the highest quality Australian companies

ASX: WLE

|                                  |         |
|----------------------------------|---------|
| Share price*                     | \$1.445 |
| NTA before tax                   | \$1.37  |
| Fully franked full year dividend | 8.0cps  |
| Profits reserve#                 | 43.2cps |

## W | A | M *Global*

The world's most compelling undervalued growth companies

ASX: WGB

|                                  |         |
|----------------------------------|---------|
| Share price*                     | \$1.775 |
| NTA before tax                   | \$2.04  |
| Fully franked full year dividend | 11.0cps |
| Profits reserve#                 | 40.5cps |

## W | A | M *Microcap*

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

ASX: WMI

|                                  |         |
|----------------------------------|---------|
| Share price*                     | \$1.485 |
| NTA before tax                   | \$1.31  |
| Fully franked full year dividend | 10.0cps |
| Profits reserve#                 | 57.8ps  |

## W | A | M *Alternative Assets*

Unique opportunities beyond traditional assets

ASX: WMA

|                                  |         |
|----------------------------------|---------|
| Share price*                     | \$1.07  |
| NTA before tax                   | \$1.27  |
| Fully franked full year dividend | 4.0cps  |
| Profits reserve#                 | 20.9cps |

## W | A | M *Strategic Value*

Discounted asset opportunities

ASX: WAR

|                                  |        |
|----------------------------------|--------|
| Share price*                     | \$0.99 |
| NTA before tax                   | \$1.12 |
| Fully franked full year dividend | 3.0cps |
| Profits reserve#                 | 8.7cps |

## W | A | M *Research*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAX

|                                  |         |
|----------------------------------|---------|
| Share price*                     | \$1.30  |
| NTA before tax                   | \$0.94  |
| Fully franked full year dividend | 10.0cps |
| Profits reserve#                 | 45.1cps |

## W | A | M *Active*

Mispricing opportunities in the Australian market

ASX: WAA

|                                  |         |
|----------------------------------|---------|
| Share price*                     | \$0.845 |
| WAAOA option price*              | \$0.001 |
| NTA before tax                   | \$0.72  |
| Fully franked full year dividend | 6.0cps  |
| Profits reserve#                 | 9.4cps  |

\*As at 13 October 2022.

#The profits reserve figures are as at 30 September 2022 in cents per share (cps).

# W | A | M Global

The world's most compelling undervalued growth companies.

The WAM Global (ASX: WGB) investment portfolio decreased during the month, outperforming the MSCI World Index (AUD). Contributors to the investment portfolio performance included management and information technology consulting firm Booz Allen Hamilton (NYSE: BAH) and international exchange organisation and market infrastructure provider Deutsche Börse (ETR: DB1).

Founded in 1914, Booz Allen Hamilton (Booz Allen) is the leading provider of consulting and technology solutions to the US government, including to the Department of Defence, the intelligence community and civilian agencies. As a best-in-class employer, Booz Allen's competitive advantage is maintained through hiring and retaining the best talent. We believe that a softening of US employment will provide a tailwind to Booz Allen, allowing the company to hire the labour required to meet a high-demand environment and serve as a catalyst for its performance over the medium term. Another key pillar for Booz Allen's performance is maintaining a close relationship with customers at the leading edge of technology. Booz Allen's quarterly results in August were strong, with 8% year-on-year organic revenue growth and 6% year-on-year earnings growth both exceeding expectations. Given the increasingly uncertain geopolitical environment, we believe Booz Allen is well-positioned as a holding in the investment portfolio going forward.

Deutsche Börse is a leading European exchange offering trading in commodities, foreign exchange, derivatives and equities. The company also provides indices and analytics, environmental, social and governance (ESG) products, fund, custody and settlement services. Deutsche Börse's operations tend to perform well through a range of market environments, with trading activity increasing in times of uncertainty, while services perform well through both stronger and softer market environments. The team recently met with Deutsche Börse in Munich, Germany and believe the company continues to operate well through the current uncertainty, managing its cost structure prudently, and investing where required for growth. This was evidenced in its solid second-quarter results and capital market day, where the company increased 2023 growth expectations. While Deutsche Börse has performed well this year, the company remains reasonably valued and is well-positioned to grow.

## Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked final dividend of 5.5 cents per share due to be paid on 25 October 2022. The shares traded ex-dividend on 12 October 2022.

|                | NTA<br>before tax | NTA after tax<br>and before tax<br>on unrealised gains | NTA<br>after tax |
|----------------|-------------------|--------------------------------------------------------|------------------|
| September 2022 | 203.55c           | 204.40c                                                | 215.45c          |
| August 2022    | 210.22c           | 210.91c                                                | 220.11c          |

## Market capitalisation (ASX: WGB)

\$630.2m\*

## Gross assets

\$714.2m

## Listed equities

\$660.2m

## Investment portfolio performance (pa since inception June 2018)

4.1%<sup>^</sup>

MSCI World Index (AUD): 7.9%

## Dividends paid since inception (per share)

24.5c

## Fully franked dividend yield

6.1%\*

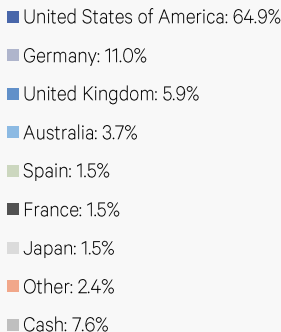
\*Based on the 30 September 2022 share price of \$1.795 per share and the FY22 fully franked full year dividend of 11.0 cents per share. WAM Global has 351,061,568 shares on issue. During the month, 3,006 options were exercised and allotted under the Bonus Issue of Options. On 12 September 2022, the WAM Global options lapsed.

<sup>^</sup>Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant index which is before expenses, fees and taxes.

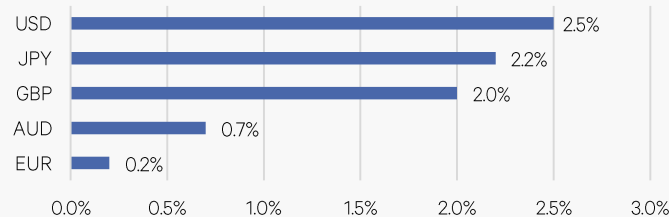
## Top 20 holdings (in alphabetical order)

|                                                                                                |                                                                                               |                                                                                                             |                                                                                           |                                                                                                        |                                                                                                               |                                                                                                            |                                                                                                        |                                                                                               |                                                                                                      |
|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
|  Gallagher |  Avantor |  AMERICAN EXPRESS      | Booz   Allen   Hamilton                                                                   |  BOOKING HOLDINGS |  CONCENTRIX              |  DEUTSCHE BÖRSE GROUP |  dun & bradstreet |  fiserv. |  HCA Healthcare |
| AJG US                                                                                         | AVTR US                                                                                       | AXP US                                                                                                      | BAH US                                                                                    | BKNG US                                                                                                | CNXC US                                                                                                       | DB1 GY                                                                                                     | DNB US                                                                                                 | FISV US                                                                                       | HCA US                                                                                               |
|  ICE       |  ICON    |  QUANTA SERVICES, INC. |  SAP |  STRÖER           |  ThermoFisher SCIENTIFIC |  TransUnion           |  VISA             |  X       |  ZEBRA          |
| ICE US                                                                                         | ICLR US                                                                                       | PWR US                                                                                                      | SAP GY                                                                                    | SAX GR                                                                                                 | TMO US                                                                                                        | TRU US                                                                                                     | V US                                                                                                   | Xpansiv                                                                                       | ZBRA US                                                                                              |

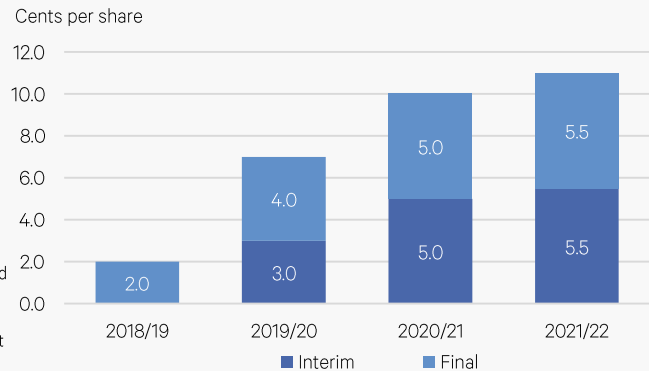
## Portfolio by geographical exposure



## Cash currency exposure



## History of fully franked dividends



# W | A | M Capital

The most compelling undervalued growth opportunities in the Australian market.

The WAM Capital (ASX: WAM) investment portfolio decreased during the month. Retail fashion chain operator Premier Investments (ASX: PMV) was a contributor to the investment portfolio performance, while entertainment, hospitality and leisure services provider EVENT Hospitality & Entertainment (ASX: EVT) was a detractor.

Premier Investments owns and operates a selection of retail, consumer products and wholesale businesses. During September the company announced its FY2022 results, highlighting a 4.9% year-on-year increase in its statutory net profit after tax (NPAT) of \$285.2 million, a fully franked final dividend of 54 cents per share as well as a fully franked special dividend of 25 cents per share. Premier Investments noted record retail sales of \$1.5 billion and record retail earnings before interests and taxes (EBIT) of \$352.5 million despite experiencing significant operational challenges including coronavirus lockdowns, global supply chain complexities and Omicron variant disruption. During the month, the company also announced a 12 month on-market share buyback of up to \$50 million which will allow Premier Investments to deliver earnings per share (EPS) accretion and increase total shareholder returns. While we expect some volatility in the performance of the retail sector in the face of rising interest rates and declining wealth effects in the short term, we believe Premier Investments is well-positioned given the opportunity for ongoing global expansion of Smiggle and potentially Peter Alexander – market leading domestic brands with leverage to the re-opening theme along with a very strong balance sheet and management team that is positioned to capitalise on any opportunities that may present.

EVENT Hospitality & Entertainment owns and operates cinema circuits, hotels, leisure assets and property. During the month, the share price of the company decreased in-line with the market. We continue to see EVENT Hospitality & Entertainment as well-positioned to benefit from the shift in consumer spend from goods to experiences in the near term, underpinned by an improving theatrical content slate for cinemas, progressive recovery in international tourism for the hotels business and a solid winter 2022 result at Thredbo. We believe EVENT Hospitality & Entertainment's property assets remains undervalued and we estimate that the operating businesses are trading on approximately four times enterprise value to earnings before interest, taxes, depreciation and amortisation (EBITDA) at current share price levels, a significant discount to our intrinsic valuation.

## 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 28 October 2022. The shares will trade ex-dividend on 17 October 2022.

|                | NTA<br>before tax   | NTA after tax<br>and before tax on<br>unrealised gains* | NTA<br>after tax* |
|----------------|---------------------|---------------------------------------------------------|-------------------|
| September 2022 | 140.53 <sup>^</sup> | 156.33c                                                 | 158.70c           |
| August 2022    | 152.35c             | 166.30c                                                 | 166.02c           |

\*The NTA before tax is after the payment of \$12.5m (1.15 cents per share) in tax during the month.

\*Includes 1.51 cents per share of tax assets resulting from the acquisition of investment companies and 15.62 cents per share of income tax losses available to the Company in future periods.

## Market capitalisation (ASX: WAM)

\$1,947.2m<sup>#</sup>

## Gross assets

\$1,544.5m

## Listed equities

\$1,382.1m

## Investment portfolio performance (pa since inception Aug 1999)

14.7%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 7.9%

## Dividends paid since inception (per share)

277.25c

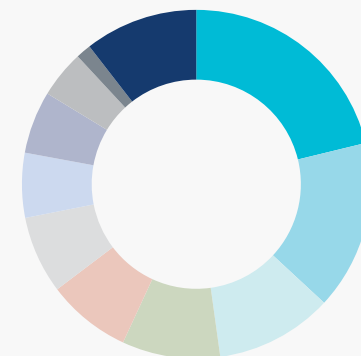
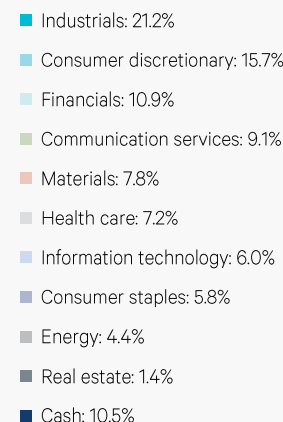
## Fully franked dividend yield

8.7%<sup>#</sup>

<sup>#</sup>Based on the 30 September 2022 share price of \$1.79 per share and the FY22 fully franked full year dividend of 15.5 cents per share. WAM Capital has 1,087,795,156 shares on issue.

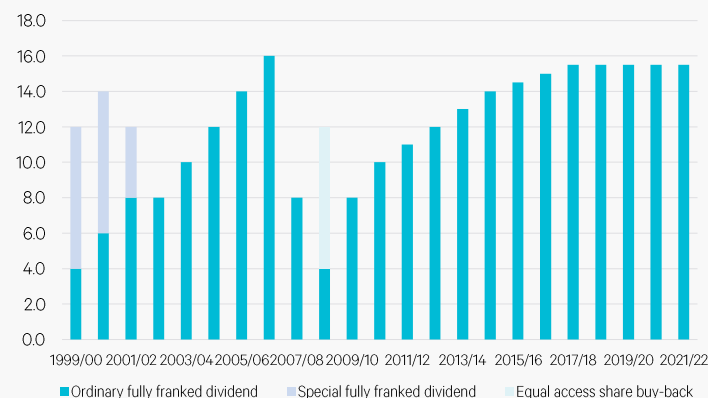
<sup>^</sup>Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant index which is before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

Cents per share



## Top 20 holdings (in alphabetical order)

|                                                                                             |                                                                                              |                                                                                              |                                                                                              |                                                                                              |                                                                                              |                                                                                              |                                                                                              |                                                                                              |                                                                                              |
|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| <br>A2M | <br>AMP | <br>APM | <br>CAR | <br>DOW | <br>EHE | <br>EVT | <br>HUB | <br>IEL | <br>IPH |
| <br>JLG | <br>MGH | <br>NWH | <br>OML | <br>PMV | <br>SDF | <br>SKC | <br>SVW | <br>WEB | <br>WOR |



# W | A | M Leaders

Actively investing in the highest quality Australian companies.

The WAM Leaders (ASX: WLE) investment portfolio decreased during the month, outperforming the S&P/ASX 200 Accumulation Index. Significant contributors to the investment portfolio outperformance included mining companies BHP Group (ASX: BHP), Mineral Resources (ASX: MIN), IGO (ASX: IGO), Allkem (ASX: AKE) and OZ Minerals (ASX: OZL).

In September, the team visited Perth to meet with various mining company management teams and attended site tours in the Pilbara region, concluding that earnings outlooks vary dramatically by commodity. Lithium producers expect pricing to hold at elevated levels given the demand profile continues to accelerate beyond expectations, while impending additional supply continues to be delayed. Anecdotal feedback was that supply is so tight that car manufacturers may soon be paying lump sums for the right to have offtake agreements. Conversely, gold, aluminium and iron ore producers were relatively downbeat on pricing, given price declines over the last few months. Pricing aside, operationally these companies are performing well; labour challenges have eased, diesel costs have reduced from their recent highs and balance sheets are strong.

We see opportunities across the mining sector when considering relative valuations. While fundamentals for lithium stocks are undoubtedly strong, valuations appear full. We see upside to both the fundamentals and valuations of base metals such as copper and aluminium, and bulks such as iron ore into calendar year end. Our largest positions in the sector are BHP Group, Rio Tinto (ASX: RIO), South32 (ASX: S32), OZ Minerals and Newcrest Mining (ASX: NCM).

We would like to warmly welcome all Absolute Equity Performance Fund (AEG) shareholders to WAM Leaders and to the Wilson Asset Management family. AEG shareholders voted overwhelmingly in favour of the Scheme of Arrangement with WAM Leaders during the month and received their new WAM Leaders shares on 4 October 2022.

## Market capitalisation (ASX: WLE)

\$1,509.7m\*

## Gross assets

\$1,447.9m

## Listed equities

\$1,427.6m

## Investment portfolio performance (pa since inception May 2016)

13.6%<sup>^</sup>

S&P/ASX 200 Accumulation Index: 7.2%

## Dividends paid since inception (per share)

31.15c

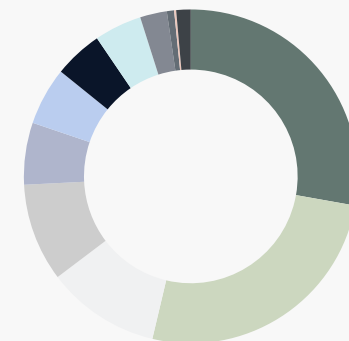
## Fully franked dividend yield

5.5%\*

\*Based on the 30 September 2022 share price of \$1.46 per share and the FY22 fully franked full year dividend of 8.0 cents per share. WAM Leaders has 1,034,044,884 shares on issue.

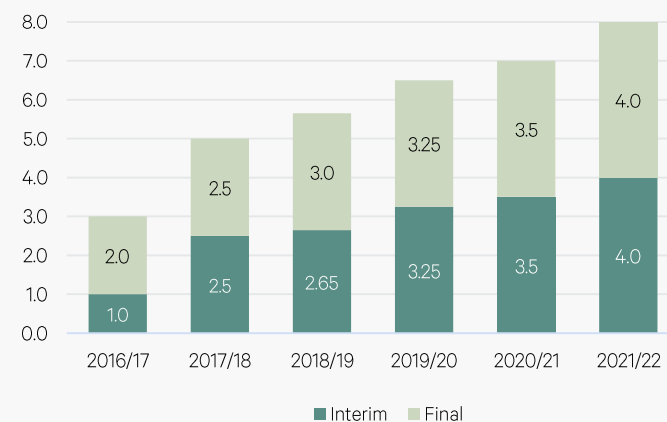
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

Cents per share



## 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 November 2022. The shares will trade ex-dividend on 17 November 2022.

|                | NTA<br>before tax | NTA after tax<br>and before tax<br>on unrealised gains | NTA<br>after tax |
|----------------|-------------------|--------------------------------------------------------|------------------|
| September 2022 | 136.63c           | 136.63c                                                | 138.27c          |
| August 2022    | 145.79c           | 145.42c                                                | 144.21c          |

## Top 20 holdings (in alphabetical order)



# WAM Microcap

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

The WAM Microcap (ASX: WMI) investment portfolio decreased during the month, outperforming the S&P/ASX Small Ordinaries Accumulation Index. Significant contributors to the investment portfolio performance included vocational education and higher education provider iCollege (ASX: ICT) and neuroscience technology company Cogstate (ASX: CGS).

iCollege delivers accredited and non-accredited courses and services across Australia, and operates an international student recruitment agency. After two challenging years due to the coronavirus pandemic, the re-opening of Australian borders and a range of government initiatives aimed at encouraging international students to return, iCollege has seen a surge in demand from overseas students. iCollege is strongly positioned to benefit from this trend with the company noting in its FY2022 results that the number of English language students has exceeded pre-coronavirus levels, while new student offers and enrolments at the Go Study are increasing on a month-on-month basis. The intake of international bachelor degrees is rising steeply, and will contribute to strong revenue growth into FY2024 and onwards. Furthermore, we believe the market is underestimating the company's operating leverage associated with filling incremental classroom capacity, underpinning earnings upgrades. The strong balance sheet also provides opportunity to deploy capital into earnings accretive acquisitions over the medium term.

Cogstate is a leading neuroscience technology company optimising brain health assessments to advance medicine development and enable earlier clinical insights in healthcare. During the month, the company's global commercial partner Eisai reported successful phase three trial results for its new Alzheimer's disease drug, lecanemab, meeting both its primary and secondary endpoints. The drug reduced clinical cognitive decline by 27% compared to a placebo in a study involving 1,795 participants with early Alzheimer's disease. Eisai will continue to seek drug approval for lecanemab in the US, Japan and Europe. The adoption of Cogstate's technologies at scale has been predicated on a commercialised drug in the market to screen for potential patients suitable for treatment. Assuming successful lecanemab approval, we anticipate this to materialise in the 2023 calendar year, driving upgrades to revenue and earnings. Additional opportunities exist with highly-anticipated read-outs from two other pivotal phase three Alzheimer's drugs, providing near-term catalysts for the company.

## Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked final dividend of 5.0 cents per share due to be paid on 17 October 2022. The shares traded ex-dividend on 4 October 2022.

|                | NTA before tax | NTA after tax and before tax on unrealised gains | NTA after tax |
|----------------|----------------|--------------------------------------------------|---------------|
| September 2022 | 130.57c        | 132.88c                                          | 133.39c       |
| August 2022    | 138.93c        | 139.96c                                          | 138.98c       |

## Market capitalisation (ASX: WMI)

\$317.9m\*

## Gross assets

\$279.7m

## Listed equities

\$254.6m

## Investment portfolio performance (pa since inception June 2017)

15.5%<sup>^</sup>

S&P/ASX Small Ordinaries Accumulation Index: 4.6%

## Dividends paid since inception (per share)

38.75c

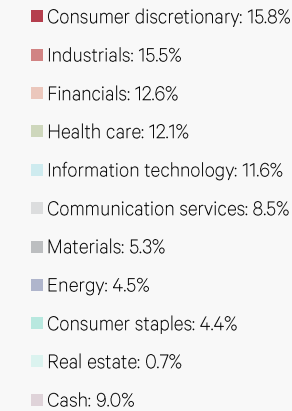
## Fully franked dividend yield

6.6%\*

\*Based on the 30 September 2022 share price of \$1.52 per share and the FY22 fully franked full year dividend of 10.0 cents per share. WAM Microcap has 209,140,522 shares on issue.

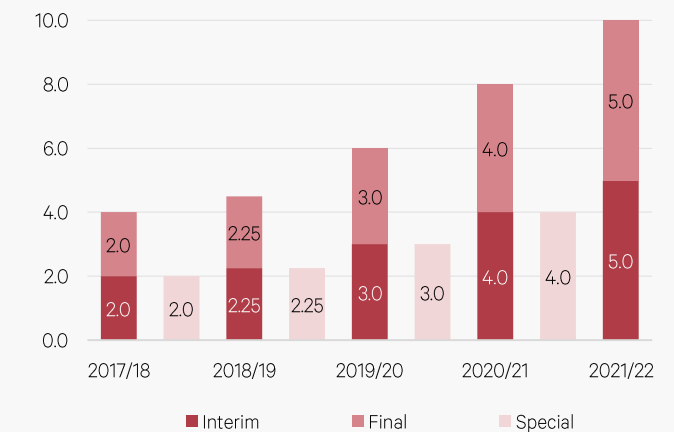
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

Cents per share



## Top 20 holdings (in alphabetical order)



# W | A | M *Alternative Assets*

*Unique opportunities beyond traditional assets*

The WAM Alternative Assets (ASX: WMA) investment portfolio increased during the month, driven by the performance of its private equity and real estate investments.

In September 2022, Fortitude Investment Partners (FIP), one of WAM Alternative Assets' investment partners, successfully completed the sale of the underlying business in the Shopper Media Group Funds, Shopper, at a substantial premium to the investment's carrying value and initial equity invested. Shopper is the fastest growing offline media business in Australia, which operates its 'Smartlite' digital advertising displays across shopping centres in Australia. Shopper sells screen-time on its digital advertising displays to media agencies and brands through Shopper's in-house sales team. Shopper also offers Wi-Fi services, Bluetooth technology and data analytics to these shopping centres as part of their license agreements. FIP invested growth equity in the business in 2017 and has since supported the growth of Shopper by working closely with its management team. After running a competitive sales process, FIP and the Shopper shareholders agreed to sell the business to Cartology, Woolworths Group's retail media business. Cartology Managing Director Mike Tyquin said Smartlite 'offers advertisers outstanding retail context and proximity'. This is a strong result for the WAM Alternative Assets investment portfolio and showcases one of the megatrends, digitalisation, that provides significant investment opportunity.

During the month, WAM Alternative Assets received exit proceeds from the sale of the underlying industrial asset in the Revesby Industrial Income Fund, managed by our investment partner Centennial Property Group. The exit proceeds received were at a premium to the investment's carrying value and initial equity invested. The industrial asset is located in a strategic, inner ring distribution area in Sydney and is fully leased to a high-quality tenant. Centennial Property Group's investment in Revesby was made in 2018 and has delivered a strong return over the period, producing an attractive regular income yield as well as capital appreciation. The thesis of the initial investment was to restructure the lease, which was achieved, and exit the asset after a five-year holding period. The industrial and logistics sector in Australia has experienced one of the strongest periods of growth over the past two years. The demand shifted towards modern last mile logistics to meet the increasing needs of online retailers. Observing this shift and assessing the opportunity to exit the asset was critical in achieving a strong investment return on the asset. The market segment for those more mature traditional industrial real estate assets has started to soften with capitalisation rates expanding. We were pleased to see Centennial Property Group's proactive approach towards capital recycling and staying true to the original investment thesis.

As reported in July 2022 NTA, WAM Alternative Assets exited its investment in esVolta, a leading energy storage company focused on development, construction, and operations of large-scale projects in North America. WAM Alternative Assets has since received the second tranche of exit proceeds, which included amounts attributable to earnouts that were subject to various conditions. The additional value received from the earnouts contributed to the increase in the WAM Alternative Assets investment portfolio during the month.

## Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked final dividend of 2.0 cents per share due to be paid on 28 October 2022. The shares will trade ex-dividend on 17 October 2022.

|                       | NTA<br>before tax | NTA after tax<br>and before tax<br>on unrealised gains | NTA<br>after tax |
|-----------------------|-------------------|--------------------------------------------------------|------------------|
| <b>September 2022</b> | 127.30c           | 124.86c                                                | 123.16c          |
| <b>August 2022</b>    | 122.62c           | 122.45c                                                | 119.65c          |

Market  
capitalisation  
(ASX: WMA)

\$211.0m\*

Share price

\$1.085

\*Based on the 30 September 2022 share price of \$1.085 per share and 194,507,975 shares on issue.

Gross assets

\$250.7m

Fully franked full  
year dividend

4.0c

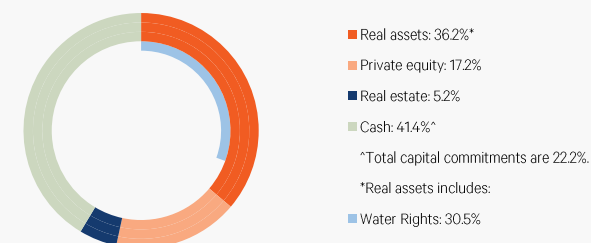
## About WAM Alternative Assets

WAM Alternative Assets provides retail investors with exposure to a portfolio of real assets, private equity, real estate and aims to expand into new asset classes such as private debt and infrastructure. The Company's investment objectives are to consistently deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits.

**Date of transition from BAF to WMA**

14 October 2020

Asset class exposure



|                     | Current value |              | +/- Prior month |            |
|---------------------|---------------|--------------|-----------------|------------|
| Portfolio structure | \$m           | %            | \$m             | %          |
| Real assets         | 90.7          | 36.2         | (0.7)           | (0.8)      |
| Private equity*     | 43.1          | 17.2         | (10.4)          | (19.4)     |
| Real estate*        | 13.1          | 5.2          | (3.0)           | (18.6)     |
| Cash*               | 103.8         | 41.4         | 23.0            | 28.5       |
| <b>Grand total</b>  | <b>250.7</b>  | <b>100.0</b> | <b>8.9</b>      | <b>3.7</b> |

\*Includes undrawn capital commitments to the Palisade Diversified Infrastructure Fund (\$20.0m), the Barwon Institutional Healthcare Property Fund (\$12.4m), the Allegro Fund IV (\$9.8m), the CEN (ISL) Partnership Fund (\$6.5m), the Adamantem Capital Fund II (\$5.8m) and the Strategic Australian Agriculture Fund (\$1.3m). During the month, WMA deployed \$1.5m of our undrawn capital commitment to the CEN (ISL) Partnership Fund and \$24k of our undrawn capital commitment to the Allegro Fund IV.

\*During the month, \$17.2m of exit proceeds were declared and receivable from our investment in the Shopper Media Group Funds and \$4.8m of exit proceeds were received from our investment in the CIL Revesby Income Fund.

## Real assets

A diversified portfolio combining agricultural assets and investments in perpetual water entitlements which can be sold or leased to irrigators to generate income.

## Private equity

A diversified portfolio of unlisted companies with long-term and accelerated growth potential.

## Real estate

A portfolio of domestic and international industrial and office assets.

## Top holdings

### Real assets



#### Water Fund

Pioneer and leading non-irrigator water investor in Australia

#### Strategic Australian Agriculture Fund

Investing across Australian water entitlements, Australian farmland and associated businesses and Australian agricultural infrastructure

### Private equity



A manufacturer of premium condiments, desserts and beverages



A provider of outsourced e-commerce solutions in South-East Asia



Owens and operates a portfolio of hotel assets in Australia

### Real estate



2 Rector Street, Manhattan, New York

## New Investment Partners



Mid-market private equity fund manager



Boutique real estate fund manager



Independent Australian property investment manager



Turnaround, special situations and transformation private equity fund manager



Specialist infrastructure fund manager



Global alternatives assets manager

# W | A | M Strategic Value

Discounted asset opportunities.

The WAM Strategic Value (ASX: WAR) investment portfolio decreased during the month as Australian and global equity markets fell sharply, impacting the positive share price performance seen across the listed investment company (LIC) and listed investment trust (LIT) sector in July and August. Thorney Technologies (ASX: TEK) was a contributor to performance during the month while NAOS Small Cap Opportunities Company (ASX: NSC) was a detractor.

As reported during our August 2022 Investment Update, the share price discount to net tangible assets (NTA) for Thorney Technologies had widened significantly during the financial year to date with the share price falling sharply and the underlying investment portfolio performance being flat. During September, entities controlled by Thorney Technologies Chairman Alex Waislitz acquired almost 5.7 million shares (1.3% of issued capital), increasing his relevant interest to 22.3% of issued capital. The on-market acquisition of shares by entities associated by Mr Waislitz accounted for over 30% of the volume traded during the month and contributed to the share price increasing, with volume traded being up 136% on the prior quarter. This positive share price performance during September resulted in the discount narrowing from 35.9% to 28.6% as at 30 September 2022. We believe the remaining discount provides value for long-term investors seeking exposure to emerging digitalisation and innovation companies and are positive on the increased holding from Mr Waislitz as the Chairman of the company and founder of the investment manager.

The NAOS Small Cap Opportunities Company provides investors with exposure to a concentrated portfolio of small-cap industrial companies while seeking to provide a sustainable, growing stream of fully franked dividends and long-term investment performance. During the month, the NAOS Small Cap Opportunities Company share price fell 8.8%, in excess of the company's investment portfolio performance of -6.1% and the pre-tax NTA return of -7.7%, resulting in an expansion of the company's discount to NTA to 20.2%. The company provides shareholders with a quarterly fully franked dividend and a 9.0% annualised fully franked dividend yield based on the 30 September 2022 share price of \$0.67. We believe that the NAOS Small Cap Opportunities Company continues to provide shareholders with access to a team with a proven track record of outperformance at an attractive entry point, whilst providing a consistent quarterly fully franked dividend income stream.

## Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked final dividend of 2.0 cents per share due to be paid on 28 October 2022. The shares traded ex-dividend on 3 October 2022.

|                | NTA<br>before tax | NTA after tax<br>and before tax<br>on unrealised gains | NTA<br>after tax |
|----------------|-------------------|--------------------------------------------------------|------------------|
| September 2022 | 111.78c           | 112.02c                                                | 117.39c          |
| August 2022    | 116.73c           | 117.02c                                                | 120.84c          |

Market  
capitalisation  
(ASX: WAR)

\$176.5m\*

Inaugural fully  
franked full year  
dividend

3.0cps

\*Based on the 30 September 2022 share price of \$0.98 per share and 180,125,761 shares on issue.

\*Gross assets exclude the \$1.17m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

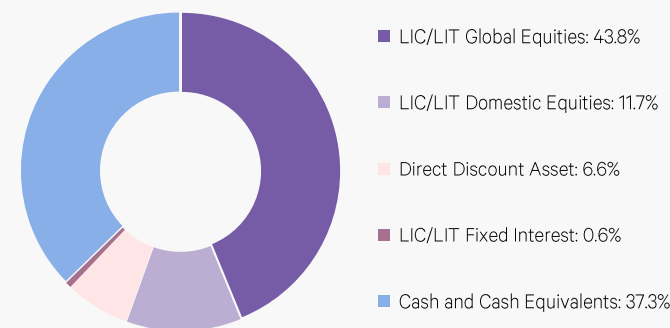
Gross assets

\$202.6m^

Pre-tax net  
tangible assets

\$1.12

Diversified investment portfolio by listed  
investment company/trust (LIC/LIT) sector



September 2022  
look-through pre-  
tax NTA

\$1.25

## Look-through NTA before tax

The Australian Accounting standards require the Company's pre-tax NTA to be calculated based on the market price (or share price) of the underlying investment portfolio. The Company's look-through pre-tax NTA is an estimation of the Company's pre-tax NTA calculated using the estimated or most recently available pre-tax NTA of the underlying investment portfolio as at the end of the month. The look-through pre-tax NTA of the Company is indicative only and provides an estimate for investors of the value of the underlying investment portfolio, assuming the share price discount to NTA of the underlying discounted asset opportunities are closed.

## Top holdings (in alphabetical order)

|                                                                                                                        |                                                                                                             |                                                                                                                 |                                                                                                                                 |                                                                                                                      |                                                                                                                                |                                                                                                                               |                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| <br>Absolute Equity<br>Performance | <br>AMP                | <br>Carlton<br>Investments | <br>ELLERSTON ASIAN<br>INVESTMENTS LIMITED | <br>GLOBAL DATA<br>CENTRE GROUP | <br>MFF<br>CAPITAL INVESTMENTS LIMITED    | <br>MAGELLAN<br>ASSET MANAGEMENT LIMITED | <br>NAOS<br>ASSET MANAGEMENT |
| AEG                                                                                                                    | AMP                                                                                                         | CIN                                                                                                             | EAI                                                                                                                             | GDC                                                                                                                  | MFF                                                                                                                            | MGF                                                                                                                           | NSC                                                                                                               |
| <br>PENGANA<br>CAPITAL             | <br>PENGANA<br>CAPITAL | <br>QV<br>Equities Ltd.    | <br>Spheria<br>ASSET MANAGEMENT            | <br>T                           | <br>VGI<br>PARTNERS<br>Global Investments | <br>VG8<br>ASIAN INVESTMENTS             | <br>W                        |
| PE1                                                                                                                    | PIA                                                                                                         | QVE                                                                                                             | SEC                                                                                                                             | TEK                                                                                                                  | VG1                                                                                                                            | VG8                                                                                                                           | WGB*                                                                                                              |

\*WAM Strategic Value received WAM Global shares and options as scrip consideration for TGG shares held. The WAM Global options lapsed on 12 September 2022.



The WAM Research (ASX: WAX) investment portfolio decreased during the month, outperforming the S&P/ASX All Ordinaries Accumulation Index. Significant contributors to the investment portfolio performance included Australian department store group Myer Holdings (ASX: MYR) and human services provider APM Human Services International (ASX: APM).

Myer operates 58 department stores across Australia and also operates online. During September, Myer announced its FY2022 full-year results, declaring year-on-year total sales growth of 12.5% to almost \$3 billion. The group highlighted a year-on-year net profit after tax increase of 103.8% to \$60.2 million (after JobKeeper support is excluded) as well as a \$74 million increase in net cash to \$186 million. The results demonstrated Myer's best second-half profit in nearly 10 years, underpinned by strong multi-channel execution with the eCommerce business materially outperforming expectations. The company also noted a strong start to the FY2023 year and we remain positive on the outlook, as management continue to execute on their vision and deliver the turnaround.

APM Human Services International (APM) is an international human services provider with more than 1,000 locations across Australia, New Zealand, the UK, Europe, North America and Asia. During the month, the company announced its strategic acquisition of Equus Workforce Solutions, an employment services provider in the US, which will allow APM to materially expand its existing footprint in the North American market. The acquisition will take place with a cash consideration of \$225 million and contribute underlying FY2022 earnings before interest, taxes, depreciation and amortisation (EBITDA) of \$47 million, implying low double-digit earnings accretion. The US is an attractive market for APM with funding increasing across most major government programs and the acquisition accelerating growth opportunities.

## Net Tangible Assets (NTA) per share

The below NTA figures are **before** the fully franked final dividend of 5.0 cents per share due to be paid on 17 October 2022. The shares traded ex-dividend on 4 October 2022.

|                | NTA before tax | NTA after tax and before tax on unrealised gains* | NTA after tax* |
|----------------|----------------|---------------------------------------------------|----------------|
| September 2022 | 94.50c         | 101.63c                                           | 102.36c        |
| August 2022    | 100.72c        | 107.64c                                           | 106.57c        |

\*Includes 5.64 cents per share of income tax losses available to the Company in future periods.

## Market capitalisation (ASX: WAX)

\$277.3m<sup>#</sup>

## Gross assets

\$191.1m

## Listed equities

\$171.8m

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

13.6%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 8.0%

## Dividends paid since inception (per share)

129.0c

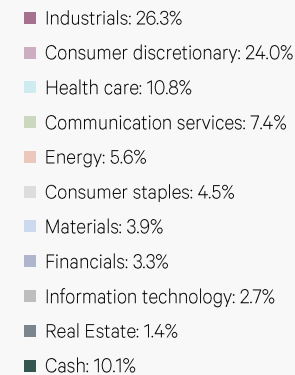
## Fully franked dividend yield

7.1%<sup>#</sup>

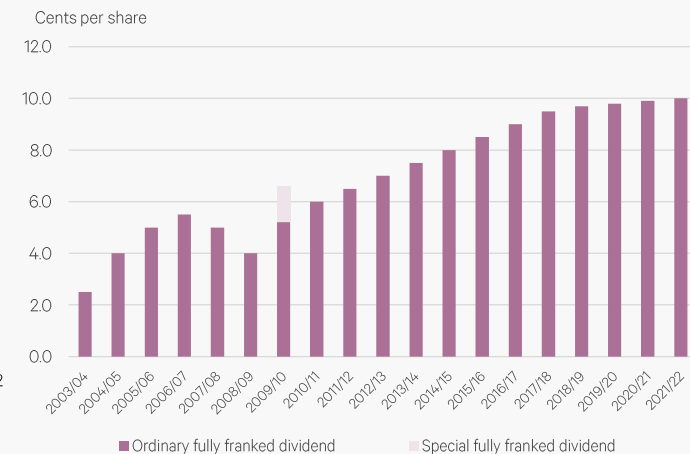
<sup>#</sup>Based on the 30 September 2022 share price of \$1.40 per share and the FY22 fully franked full year dividend of 10.0 cents per share. WAM Research has 198,038,747 shares on issue.

<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends



## Top 20 holdings (in alphabetical order)

|     |     |     |     |     |     |        |     |     |     |
|-----|-----|-----|-----|-----|-----|--------|-----|-----|-----|
| APM | DTL | EGG | EHE | EVT | IEL | IPH    | JLG | LOV | MGH |
| NWH | PME | SGF | SHV | SIG | SKC | THL NZ | VSL | WEB | WOR |

# W | A | M *Active*

## Market mispricing opportunities in the Australian market.

The WAM Active (ASX: WAA) investment portfolio decreased during the month. Mining services company Mineral Resources (ASX: MIN) was a contributor to the investment portfolio performance, while diversified operating and investment group Seven Group Holdings (ASX: SVW) was a detractor.

Mineral Resources is a Perth-based leading mining services provider focused on iron ore and hard rock lithium. In September, Mineral Resources announced that it had identified the presence of lithium at the Buldania Lithium Project after initial drillings, confirming the project will continue. We believe the project is crucial to address the increasing demand for lithium products which are underpinned by advancements in the battery technology and electronic vehicle markets. During the month, media also reported that the company was exploring the demerger and separate listing of its lithium business which, in our view, highlights the valuation gap that existed relative to peers. The company has since confirmed that it is exploring various alternatives including a demerger.

Seven Group Holdings is a diversified operating and investment group involved in industrial services, media and energy. There was no stock specific news on the company during the month with the shares trading lower on broader macroeconomic concerns. The company delivered an 8% increase in earnings before interest and tax (EBIT) in FY2022, despite the challenging conditions facing Boral, a construction materials company majority owned by Seven Group Holdings, throughout the period given significant impact from weather and energy costs. Both WesTrac and Coates, which are industrial equipment companies that Seven Group Holdings hold, materially outperformed market expectations and we believe momentum can sustain into FY2023, underpinned by strong second half FY2022 exit run-rates, full order books and scope for further price increases. Given this backdrop, FY2023 guidance of high single to low double-digit EBIT growth appears conservative in our view, implying Boral will only re-capture approximately 50% of the \$136 million EBIT impacts flagged in relation to coronavirus, weather and energy cost inflation in FY2023. Newly appointed Boral CEO Vik Bansal commences in October 2022 and we believe there are strong opportunities to drive operational improvement over the medium term. Seven Group Holdings' valuation is compelling at 9.1 times its FY2024 earnings, given a double-digit growth outlook and catalysts for further deleveraging, including the potential sale of Seven Group Holdings' interest in the Crux Gas Project which we estimate could realise up to \$300 million in proceeds.

## 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 28 October 2022. The shares will trade ex-dividend on 17 October 2022.

|                | NTA before tax      | NTA after tax and before tax on unrealised gains* | NTA after tax* |
|----------------|---------------------|---------------------------------------------------|----------------|
| September 2022 | 71.64c <sup>^</sup> | 80.99c                                            | 82.75c         |
| August 2022    | 78.37c              | 86.07c                                            | 86.94c         |

\*The NTA before tax is after the payment of \$508.6k (0.69 cents per share) in tax during the month.

<sup>^</sup>Includes 10.14 cents per share of income tax losses available to the Company in future periods.

The above September NTA figures are not adjusted for the 67,068,824 options on issue with an exercise price of \$1.10 per option.

## Market capitalisation (ASX: WAA)

\$64.5m<sup>#</sup>

## Gross assets

\$53.2m

## Listed equities

\$50.8m

## Investment portfolio performance (pa since inception Jan 2008)

9.2%<sup>^</sup>

Bloomberg AusBond Bank Bill Index (Cash): 2.7%

## Dividends paid since inception (per share)

83.7c

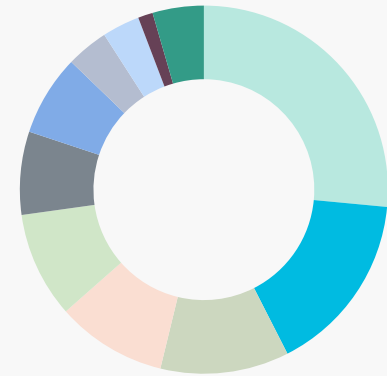
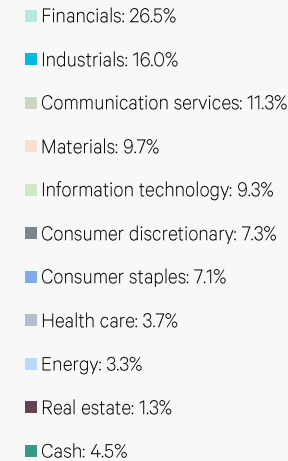
## Fully franked dividend yield

6.9%<sup>#</sup>

<sup>#</sup>Based on the 30 September 2022 share price of \$0.87 per share and the FY22 fully franked full year dividend of 6.0 cents per share. WAM Active has 74,177,980 shares on issue.

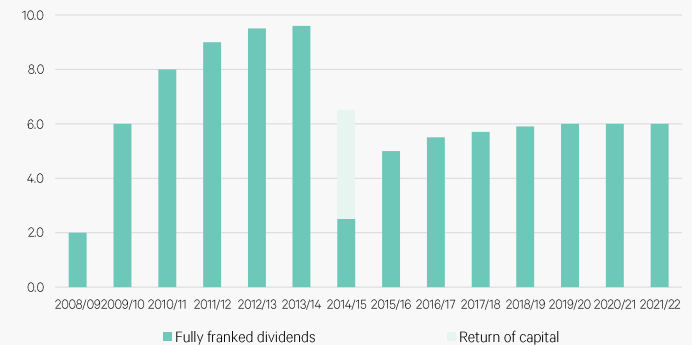
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

Cents per share



## Top 20 holdings (in alphabetical order)



A2M



ALQ



AMP



CAJ



CAR



CSR



DOW



EMR



HUB



KBC



MMS



OML



PMV



PNI



SDF



SVW



TUA



TYR



Xpansiv



XRO