

# June 2022 Investment Update

|                                     | Pre-tax NTA<br>(cum-dividend) | Pre-tax<br>NTA |
|-------------------------------------|-------------------------------|----------------|
| W   A   M <i>Capital</i>            | \$1.49                        | \$1.41         |
| W   A   M <i>Leaders</i>            | -                             | \$1.39         |
| W   A   M <i>Global</i>             | -                             | \$2.07         |
| W   A   M <i>Microcap</i>           | -                             | \$1.24         |
| W   A   M <i>Alternative Assets</i> | -                             | \$1.25         |
| W   A   M <i>Strategic Value</i>    | -                             | \$1.11         |
| W   A   M <i>Research</i>           | -                             | \$0.93         |
| W   A   M <i>Active</i>             | -                             | \$0.72         |

Dear Fellow Shareholders,

The 2022 financial year was a volatile and challenging period for equity markets. It was impacted by coronavirus lockdowns and restrictions, geopolitical tensions in Eastern Europe, along with concerns with rising inflation and interest rates. The S&P/ASX Small Ordinaries Accumulation Index fell 19.5%, the S&P/ASX All Ordinaries Accumulation Index fell 7.4%, the S&P/ASX 200 Accumulation Index was down 6.5% and the MSCI World Index (AUD) decreased 6.5%. We experienced a period of high volatility in equity markets during the year, with the volatility of the S&P/ASX All Ordinaries Accumulation Index increasing 38.9%, as measured by standard deviation. The S&P/ASX All Ordinaries Accumulation Index's standard deviation was 15.0% in FY22 versus 10.8% in the prior year.

The calendar year began with elevated company valuations, liquidity and strong earnings, even though the recent market volatility, inflation and interest rate rises have driven valuations lower and has seen liquidity tighten. However, company earnings still remain high. As we enter FY23, we are in the early stages of equity markets lowering embedded earnings expectations, with central banks continuing to use their limited tools to target rising inflation by aggressively increasing interest rates. They acknowledge the only way to reduce a largely supply side driven inflation problem is to lower consumer demand, which could be a challenging journey and damaging for economies.

In times of market volatility it is important to maintain a long-term view. We are taking a cautious outlook and have steadily increased our listed investment companies' (LIC) cash weightings to withstand increasing volatility and ensure necessary liquidity in our investment portfolios, which will not make us immune to the effects of an equity bear market. We remain focused on our proven investment process and continue to identify undervalued opportunities in the market.

## Zenith Report

During the month, investment research provider Zenith Investment Partners released their 2022 Australian Shares – Long/Short Sector Report. WAM Leaders and Future Generation Australia received a 'Recommended' rating and WAM Capital, WAM Microcap, WAM Research and WAM Active maintained an 'Approved' rating. The report highlights that professional active managers, who have substantial experience in a variety of market movements, are best placed to achieve strong, risk-adjusted returns over the long-term.

## Women's Investor Event

The Wilson Asset Management team and I would like to thank our female shareholders and supporters for attending our Women's Investor Event in Perth. We hope you found the evening valuable and enjoyed the panel discussion with Chief Executive Officer Kate Thorley, WAM Alternative Assets (ASX: WMA) Portfolio Manager Dania Zinurova, WAM Leaders (ASX: WLE) Equity Analyst Anna Milne, Future Generation Chief Executive Officer Caroline Gurney and Jun Bei Liu from Tribeca Investment Partners.

## Bondi2Berry

We are excited to announce a five-year renewal of Wilson Asset Management's long-standing platinum partnership with charity bike ride event Bondi2Berry. Wilson Asset Management is a key supporter of the event, which raises awareness of dementia, a disease that is the

leading cause of death among Australian women, and the third leading cause of death for Australian men. I am delighted to continue this alliance with Bondi2Berry which aligns strongly with our goal of making a difference for shareholders and the community.

## In the media

WAM Global (ASX: WGB) Lead Portfolio Manager Catriona Burns featured on [Fear and Greed](#) to discuss key sectors and stocks she believes will perform well in any operating environment including Avantor (NYSE: AVTR), Zebra Technologies (NASDAQ: ZBRA) and Deutsche Boerse (ETR: DB1). Equity Analyst Will Liu spoke to [Ausbiz](#) on the investment process the WAM Global team employs to find undervalued growth companies during periods of heightened uncertainty.

On a [Livewire](#) Podcast, WAM Capital (ASX: WAM), WAM Microcap (ASX: WMI), WAM Research (ASX: WAX) and WAM Active (ASX: WAA) Lead Portfolio Manager Oscar Oberg discussed the small-to-mid cap companies and the compelling founder-led businesses he is looking at right now. Oscar was also quoted in the [Sydney Morning Herald](#) on the outlook for ASX-listed retail sector investment company Premier Investments (ASX: PMV), noting that he is optimistic about the growth avenues and expansion plans for the company. Small-to-mid cap Senior Equity Analyst Sam Koch featured on [Money News](#) with Brooke Corte to discuss where the investment team is seeing exciting long-term investment opportunities.

WAM Leaders (ASX: WLE) Portfolio Manager John Ayoub spoke to the [Australian Financial Review](#) on the potential impact of PEXA Group's (ASX: PXA) share price drop in relation to the Link (ASX: LNK) takeover bid. He notes that PEXA Group shares had come off significantly since the start of January, ahead of a compression in valuations of growth stocks. John also discussed biotechnology giant CSL's (ASX: CSL) avenue for growth, supported by its new plasma collection technology, in the [Sydney Morning Herald](#).

WAM Alternative Assets (ASX: WMA) Portfolio Manager Dania Zinurova joined the [Ausbiz](#) desk live to explain how investing in alternative assets can add significant downside protection and diversification benefits to an investment portfolio. Dania also discussed the five factors investors should be considering right now to protect their investment portfolios against rising interest rates and market volatility in an article for [Equity Mates](#).

Thank you for your support and please stay safe.



Geoff Wilson AO  
Chairman



# LIC snapshot



## W | A | M *Capital*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAM

|                                           |         |
|-------------------------------------------|---------|
| Share price*                              | \$1.875 |
| NTA before tax                            | \$1.41  |
| Annualised fully franked interim dividend | 15.5cps |
| Profits reserve#                          | 8.7cps  |

## W | A | M *Leaders*

Actively investing in the highest quality Australian companies

ASX: WLE

|                                           |         |
|-------------------------------------------|---------|
| Share price*                              | \$1.48  |
| NTA before tax                            | \$1.39  |
| Annualised fully franked interim dividend | 8.0cps  |
| Profits reserve#                          | 36.3cps |

## W | A | M *Global*

The world's most compelling undervalued growth companies

ASX: WGB

|                                           |         |
|-------------------------------------------|---------|
| Share price*                              | \$1.825 |
| WGBO option price*                        | \$0.001 |
| NTA before tax                            | \$2.07  |
| Annualised fully franked interim dividend | 11.0cps |
| Profits reserve#                          | 33.4cps |

## W | A | M *Microcap*

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

ASX: WMI

|                                           |         |
|-------------------------------------------|---------|
| Share price*                              | \$1.645 |
| NTA before tax                            | \$1.24  |
| Annualised fully franked interim dividend | 10.0cps |
| Profits reserve#                          | 46.8cps |

## W | A | M *Alternative Assets*

Unique opportunities beyond traditional assets

ASX: WMA

|                                           |                 |
|-------------------------------------------|-----------------|
| Share price*                              | \$1.05          |
| NTA before tax                            | \$1.25          |
| Annualised fully franked interim dividend | 4.0cps          |
| Commencement date                         | 14 October 2020 |
| Profits reserve#                          | 17.1cps         |

## W | A | M *Strategic Value*

Discounted asset opportunities

ASX: WAR

|                                          |              |
|------------------------------------------|--------------|
| Share price*                             | \$1.00       |
| NTA before tax                           | \$1.11       |
| Inaugural fully franked interim dividend | 1.0cps       |
| Listing date                             | 28 June 2021 |
| Profits reserve#                         | 3.6cps       |

## W | A | M *Research*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAX

|                                           |         |
|-------------------------------------------|---------|
| Share price*                              | \$1.32  |
| NTA before tax                            | \$0.93  |
| Annualised fully franked interim dividend | 10.0cps |
| Profits reserve#                          | 38.7cps |

## W | A | M *Active*

Mispricing opportunities in the Australian market

ASX: WAA

|                                           |         |
|-------------------------------------------|---------|
| Share price*                              | \$0.775 |
| WAAOA option price*                       | \$0.001 |
| NTA before tax                            | \$0.72  |
| Annualised fully franked interim dividend | 6.0cps  |
| Profits reserve#                          | 4.8cps  |

\*As at 13 July 2022.

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

# W | A | M *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 included sustainability solutions business Close The Loop (ASX: CLG) and Ridley Corporation (ASX: RIC).

Close The Loop is an end-to-end solutions provider from design and manufacturing, through to the collection and recycling of waste products across a variety of markets. In June, the company provided a trading update ahead of its inaugural Investor Day, upgrading its FY2022 revenue to \$82 million and increasing its earnings before interest, taxes, depreciation and amortisation (EBITDA) prospectus forecasts by 10.5% to \$13.6 million. The upgrade was driven by strong organic growth across all divisions, particularly in the US and Europe packaging and recycling segment. The company noted a strong outlook, with an annual revenue run-rate of over \$100 million. Growth is expected to be further augmented via bolt-on acquisitions, with term sheets signed on three potential deals. Close The Loop is under-researched with no broker coverage and over time, this provides a catalyst to drive a further share price re-rating.

Ridley Corporation is Australia's largest commercial provider of high performance animal nutrition solutions. In June, Ridley Corporation attracted attention from other companies seeking to purchase its shares following speculation that AGR Partners, a substantial shareholder of the business, is looking to exit. At the end of May, Ridley Corporation announced its FY2023 to FY2025 growth plan which supports the ongoing earnings momentum of the business. The framework for Ridley Corporation's capital allocation under its growth plan is expected to allow the company to deliver a total shareholder return of over 15% per annum and an increase in indicative dividend payment ratio of 40-60% to 50-70% of net profit after tax. We remain confident in the outlook for Ridley Corporation and its Chief Executive Officer Quinton Hildebrand who, in our view, has executed strongly to date via divesting unprofitable business units and structurally lowering costs, thus underpinning organic growth.

## Net Tangible Assets (NTA) per share

|           | NTA before tax | NTA after tax and before tax on unrealised gains | NTA after tax |
|-----------|----------------|--------------------------------------------------|---------------|
| June 2022 | 124.29c        | 123.39c                                          | 128.03c       |
| May 2022  | 139.46c        | 138.07c                                          | 138.64c       |

## Market capitalisation (ASX: WMI)

\$339.9m<sup>#</sup>

## Gross assets

\$260.8m

## Listed equities

\$225.5m

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

14.7%<sup>^</sup>

S&P/ASX Small Ordinaries Accumulation Index: 5.0%

## Dividends paid since inception (per share)

38.75c

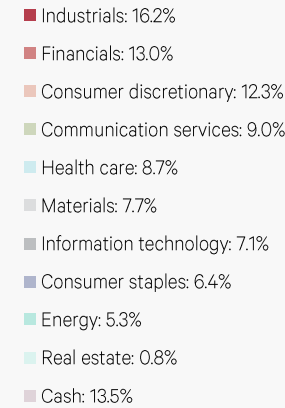
## Annualised fully franked interim dividend

10.0c

<sup>#</sup>Based on the 30 June 2022 share price of \$1.625 per share. WAM Microcap has 209,140,522 shares on issue.

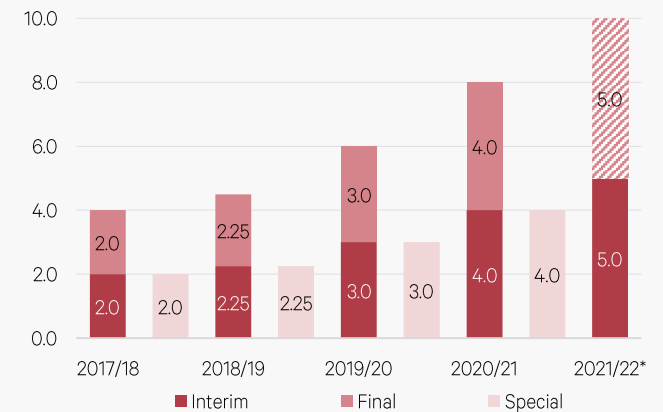
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

Cents per share



\*Annualised interim dividend.

## Top 20 holdings (in alphabetical order)

|     |     |     |     |     |     |     |     |        |     |
|-----|-----|-----|-----|-----|-----|-----|-----|--------|-----|
| AFG | AHX | ANG | CAJ | CLG | CVW | DGL | DSK | EGG    | EXP |
| GDG | MRM | MYS | NGI | PFP | PPE | RIC | SLH | THL NZ | TUA |

# 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. Australian-based leisure company Ardent Leisure Group (ASX: ALG) was a contributor to the investment portfolio performance, while specialist management solutions company Smartgroup Corporation (ASX: SIQ) was a detractor.

Ardent Leisure Group owns and operates leisure and entertainment businesses in Australia including theme parks such as Dreamworld, WhiteWater World and SkyPoint. During the month, Ardent Leisure Group announced the completion of the sale of its US business, Main Event Entertainment, to Dave & Buster's Entertainment (NASDAQ: PLAY). Ardent Leisure Group traded ex-return of capital and ex-dividend on 5 July 2022, with shareholders receiving 95 cents per share from the proceeds of the sale. With Ardent Leisure Group's theme parks being materially impacted throughout the coronavirus pandemic, we believe the business is in a strong position to capitalise on a recovering domestic and international tourism sector. The company's operating cost base has been structurally lowered, with reinvestment in the rides and attractions, and improving public perception, which we expect to underpin a strong recovery in its profitability in FY2023. We believe Ardent Leisure Group's current share price materially undervalues the company relative to global peers, while opportunity exists to unlock further value via development of excess land assets.

Smartgroup Corporation provides salary packaging, fleet management and a range of other employee benefit services for organisations across Australia. In June, Smartgroup Corporation's share price came under pressure after it announced that the Department of Education and Training Victoria will not renew its contract with the company. This is a rare occasion where Smartgroup Corporation has been unsuccessful against its competitors. The arrangement is expected to come to an end in the coming months with an estimated earnings impact of less than 5% in the 2023 calendar year. While the announcement will impact Smartgroup Corporation's short-term earnings and market sentiment, a recovery in new vehicle supply, a robust pipeline of novated leases and a cost-out targeted under the company's smart future program are expected to underpin its earnings growth over the medium-term.

## Net Tangible Assets (NTA) per share

The below June NTA figures are **after** the fully franked interim dividend of 7.75 cents per share that was paid on 17 June 2022. The shares traded ex-dividend on 6 June 2022.

|           | NTA before tax (cum-dividend) | NTA before tax | NTA after tax and before tax on unrealised gains* | NTA after tax* |
|-----------|-------------------------------|----------------|---------------------------------------------------|----------------|
| June 2022 | 148.60c                       | 140.85c        | 151.97c                                           | 156.66c        |
| May 2022  | 166.07c                       | 166.07c        | 176.09c                                           | 176.82c        |

\*Includes 1.51 cents per share of tax assets resulting from the acquisition of investment companies and 10.16 cents per share of income tax losses available to the Company in future periods.

## Market capitalisation (ASX: WAM)

\$1,871.0m<sup>#</sup>

## Gross assets

\$1,536.7m

## Listed equities

\$1,301.5m

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

14.7%<sup>^</sup>

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

## Dividends paid since inception (per share)

277.25c

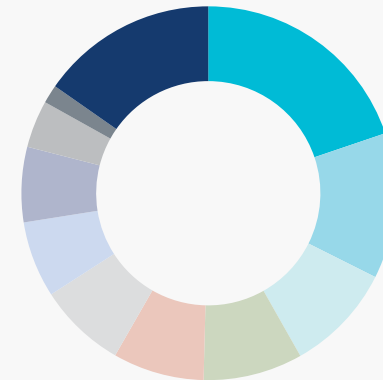
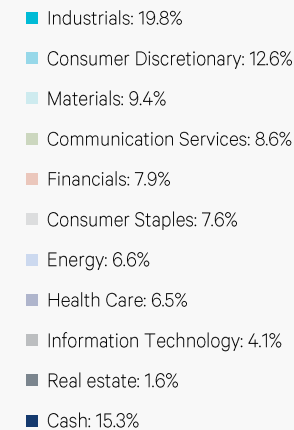
## Annualised fully franked interim dividend yield

9.0%<sup>#</sup>

<sup>#</sup>Based on the 30 June 2022 share price of \$1.72 per share and the annualised FY22 fully franked interim dividend of 15.5 cents per share. WAM Capital has 1,087,795,156 shares on issue. During the month, 5,534,452 shares were issued under the Dividend Reinvestment Plan for the interim dividend.

<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)

|                                                                                      |                                                                                       |                                                                                       |                                                                                       |                                                                                       |                                                                                       |                                                                                       |                                                                                       |                                                                                       |                                                                                       |
|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|  |  |  |  |  |  |  |  |  |  |
| ALQ                                                                                  | AMP                                                                                   | CDA                                                                                   | CGC                                                                                   | EHE                                                                                   | EVT                                                                                   | IPH                                                                                   | JLG                                                                                   | KLS                                                                                   | LOV                                                                                   |
|  |  |  |  |  |  |  |  |  |  |
| MGH                                                                                  | NWH                                                                                   | OML                                                                                   | RIC                                                                                   | SDF                                                                                   | SHV                                                                                   | SVW                                                                                   | VEA                                                                                   | WEB                                                                                   | 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/ASX200 Accumulation Index. As global markets moved lower in June, we took the opportunity to increase our holdings in Telstra Corporation (ASX: TLS) and Lendlease Group (ASX: LLC).

Telstra Corporation is Australia's leading telecommunications service provider to consumers, businesses and government. While WAM Leaders has held Telstra Corporation over an extended period of time, given the defensiveness of its existing earnings, improving subscriber growth trends, mobile price increases and the roaming revenue recovery well under way, we view this as a more compelling investment in the current market. Telstra Corporation and TPG Telecom (ASX: TPG) recently announced a landmark network sharing agreement with payments to Telstra Corporation of over \$1.6 billion over the next decade, which we view as a further positive indicator for industry rationality and returns.

Lendlease Group is a global real estate company with development, construction and investment operations. We opportunistically increased our holding in Lendlease Group given its recent share price declines. We believe the recent sell-off in Lendlease Group's shares is overdone, as it now trades below its March 2020 coronavirus trough. The ASX real estate sector has been trumped only by the technology sector in terms of underperformance over the last six months. This is unsurprising given the impact of bond yields on asset values and the cyclical nature of development pipelines and office and retail rents. However, we believe the intrinsic valuation of Lendlease Group is higher than what it currently trades at. This is due to the company being 90% hedged to interest rate increases, its continued execution of its restructure program, and its robust growth profile over the coming years, targeting \$8.0 billion in annual production by FY2024. The biggest risk for Lendlease Group is its margin profile, with construction costs remaining elevated. We believe its dominant market position will stand the company in good stead compared against its smaller peers and risks associated with the company's margin profile are already priced into current expectations.

## Market capitalisation (ASX: WLE)

\$1,509.7m\*

## Gross assets

\$1,490.3m

## Listed equities

\$1,446.8m

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

14.0%<sup>^</sup>

S&P/ASX 200 Accumulation Index: 7.4%

## Dividends paid since inception (per share)

31.15c

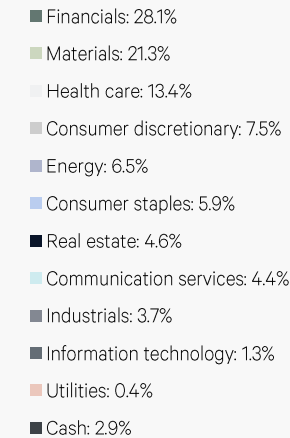
## Annualised fully franked interim dividend yield

5.5%\*

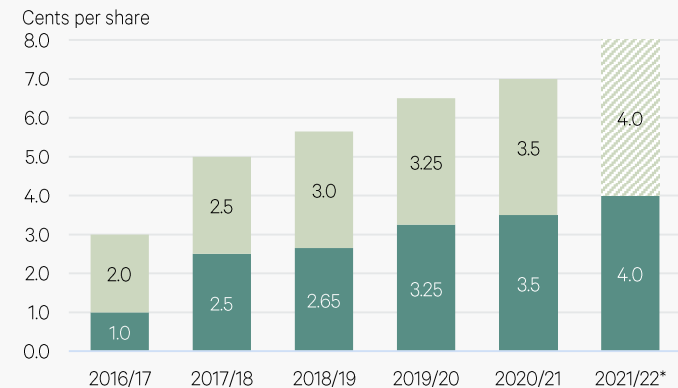
\*Based on the 30 June 2022 share price of \$146 per share and the annualised FY22 fully franked interim dividend of 8.0 cents per share. WAM Leaders has 1,034,044,884 shares on issue.

<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



\*Annualised interim dividend.

■ Interim ■ Final

## Net Tangible Assets (NTA) per share

|           | NTA<br>before tax | NTA after tax<br>and before tax on<br>unrealised gains | NTA<br>after tax |
|-----------|-------------------|--------------------------------------------------------|------------------|
| June 2022 | 139.24c           | 136.30c                                                | 137.33c          |
| May 2022  | 150.03c           | 146.54c                                                | 145.11c          |

## Top 20 holdings (in alphabetical order)

|     |     |     |     |     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| ALL | BHP | CBA | CSL | GMG | IAG | JHX | MQG | NAB | QAN |
| QBE | RHC | RIO | S32 | SCG | SGR | STO | TLS | TWE | WOW |

# 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). Significant contributors to the investment portfolio outperformance included specialty contractor and infrastructure solutions provider Quanta Services (NYSE: PWR) and global mission-critical products provider Avantor (NYSE: AVTR).

Quanta Services is a leading specialty contractor that provides fully integrated infrastructure solutions for the electric power, underground utility and communication industries. Quanta Services is a key enabler to the energy transition toward renewables with the largest workforce in North America. Trends that will drive the company's long-term growth include utility grid modernisation, renewable generation, expansion and integration, electric vehicles, communications and 5G, and outsourcing. In June, US President Joe Biden announced a two-year pause on imposing any new tariffs on imported solar panels. This followed an investigation into foreign manufacturers circumventing solar tariffs, which had stalled solar development projects in the US. The announcement provided a positive catalyst for the company as it cleared uncertainty surrounding delays on its solar projects. We continue to be positive on Quanta Services and believe the company can outperform its targets of 5% to 8% organic revenue growth, improve its profits margins and deliver double-digit earnings per share (EPS) growth.

Avantor provides mission-critical products and services to customers in the biopharma, healthcare, education, government, advanced technologies and applied materials industries. The company's portfolio of products are embedded in almost every stage of the most important functions of the industries it serves including research, scale-up and manufacturing. Leveraging their global third party product distribution platform, Avantor is able to scale both internally developed and acquired proprietary products, a core driver of their value creation strategy. Avantor's business model is driven by consumables, which require regular replacement. Over 85% of their revenue is recurring which creates a resilient earnings profile. At an investor conference during the month, CEO Michael Stubblefield reiterated their recently increased full year guidance of 4% to 6% organic growth and 5% to 9% adjusted EPS growth, and reaffirmed that business momentum remains strong. We believe the company is well positioned to defensibly grow earnings through time whilst being attractively priced.

## Net Tangible Assets (NTA) per share

|           | NTA<br>before tax | NTA after tax<br>and before tax<br>on unrealised gains | NTA<br>after tax |
|-----------|-------------------|--------------------------------------------------------|------------------|
| June 2022 | 207.05c           | 211.48c                                                | 217.72c          |
| May 2022  | 217.22c           | 220.62c                                                | 224.83c          |

The above June NTA figures are not adjusted for the 278,453,160 options on issue which are trading under the ASX code WGB0 with an exercise price of \$2.54 per option and expire on 12 September 2022.

## Market capitalisation (ASX: WGB)

\$593.3m\*

## Gross assets

\$729.0m

## Listed equities

\$678.1m

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

4.7%<sup>^</sup>

MSCI World Index (AUD): 8.3%

## Dividends paid since inception (per share)

24.5c

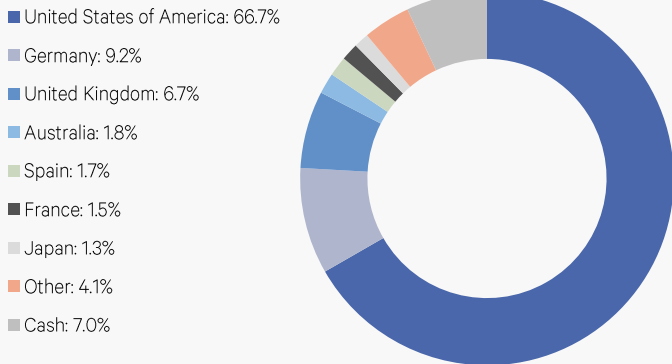
## Annualised fully franked interim dividend

11.0c

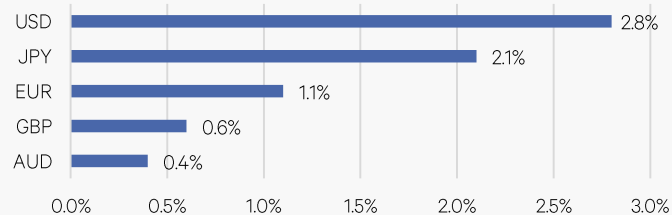
<sup>\*</sup>Based on the 30 June 2022 share price of \$1.69 per share and 351,058,562 shares on issue.

<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.

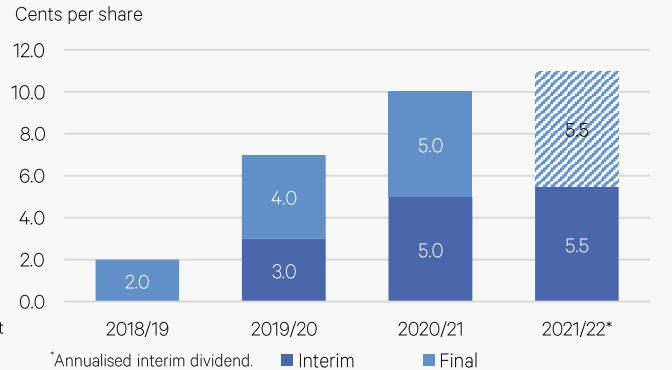
## Portfolio by geographical exposure



## Cash currency exposure



## History of fully franked dividends



## Top 20 holdings (in alphabetical order)

|                             |         |                  |                                      |                       |                         |                         |                         |          |         |
|-----------------------------|---------|------------------|--------------------------------------|-----------------------|-------------------------|-------------------------|-------------------------|----------|---------|
| Gallagher                   | Avantor | AMERICAN EXPRESS | Booz   Allen   Hamilton <sup>*</sup> | BOOKING HOLDINGS      | CONCENTRIX <sup>®</sup> | DEUTSCHE BÖRSE GROUP    | dun&bradstreet          | FERGUSON | fiserv. |
| AJG US                      | AVTR US | AXP US           | BAH US                               | BKNG US               | CNXC US                 | DB1 GY                  | DNB US                  | FERG LN  | FISV US |
| HCA Healthcare <sup>®</sup> | ICE     | ICON             | LOWE'S                               | QUANTA SERVICES, INC. | STRÖER                  | ThermoFisher SCIENTIFIC | TransUnion <sup>®</sup> | VISA     | ZEBRA   |
| HCA US                      | ICE US  | ICLR US          | LOW US                               | PWR US                | SAX GR                  | TMO US                  | TRU US                  | V US     | ZBRA US |

# 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 real assets investments. Since the end of June, WAM Alternative Assets began deploying capital to its investment partner, Barwon Investment Partners, in the Barwon Institutional Healthcare Property Fund (BIHPF).

Barwon Investment Partners is a boutique fund manager focused on Australian real estate. Healthcare real estate has attractive fundamentals, supported by the growing demand for healthcare services driven by a growing ageing population, which is one of the long-term megatrends WAM Alternative Assets invests in. In Australia there is a restricted supply of assets in healthcare real estate and investing and managing those assets requires specialist skills. Since inception of the fund in 2016, Barwon has built a strong track record, delivering investment returns of approximately 15% per annum to its investors, including an income return of approximately 5% per annum.

The healthcare real estate sector differentiates itself by long lease contracts, of often over 10 years, fixed or consumer price index (CPI) linked rental increases, and the potential for further capital appreciation. BIHPF is a growing portfolio with over \$1 billion of assets under management which includes 22 high quality healthcare real estate assets with quality tenants, including Healthe Care Australia, various State Governments and Calvary. Over 60% of the portfolio's operating income is linked to CPI, including leases with annual increases greater than CPI. In the current economic environment with rising inflation and increasing uncertainty in the investment markets, this exposure provides downside protection as well as a natural inflation hedge. WAM Alternative Assets committed \$15 million to BIHPF in FY2021 and looks forward to deploying the residual commitment of \$12.4 million in the fund in FY2023 based on Barwon's robust pipeline of new deals.

## Net Tangible Assets (NTA) per share

|           | NTA<br>before tax | NTA after tax<br>and before tax<br>on unrealised gains | NTA<br>after tax |
|-----------|-------------------|--------------------------------------------------------|------------------|
| June 2022 | 125.19c           | 123.51c                                                | 120.29c          |
| May 2022  | 124.98c           | 123.55c                                                | 120.20c          |

### Market capitalisation (ASX: WMA)

\$201.3m\*

### Share price

\$1.035

\*Based on the 30 June 2022 share price of \$1.035 per share and 194,507,975 shares on issue.

### Gross assets

\$243.4m

### Annualised fully franked interim dividend

4.0c

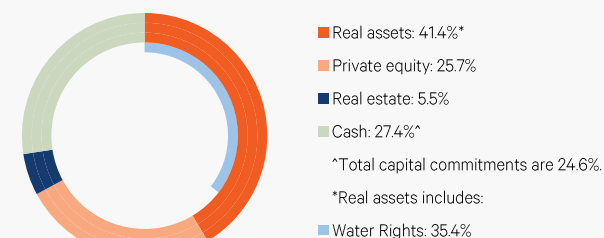
## About WAM Alternative Assets

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         | 100.7         | 41.4         | 0.3             | 0.3        |
| Private equity      | 62.6          | 25.7         | (1.6)           | (2.5)      |
| Real estate         | 13.3          | 5.5          | 0.4             | 3.1        |
| Cash*               | 66.8          | 27.4         | 1.3             | 2.0        |
| <b>Grand total</b>  | <b>243.4</b>  | <b>100.0</b> | <b>0.5</b>      | <b>0.2</b> |

\*Includes undrawn capital commitments to the Palisade Diversified Infrastructure Fund (\$20.0m); the Barwon Institutional Healthcare Property Fund (\$15.0m); the Allegro Fund IV (\$9.9m); the CEN (I&L) Partnership Fund (\$8.0m); the Adamantem Capital Fund II (\$5.8m) and the Strategic Australian Agriculture Fund (\$1.3m). During the month, WMA deployed \$0.5m of our undrawn capital commitment to the Adamantem Capital Fund II and \$0.1m of our undrawn capital commitment to the Allegro Fund IV.

## 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



Shopper is the fastest offline media business in Australia



A leading developer of utility-scale battery energy storage projects in the US



Owens and operates a portfolio of hotel assets in Australia

### Real estate



2 Rector Street, Manhattan, New York

Revesby Industrial Income Fund, New South Wales

## New Investment Partners



Mid-market private equity fund manager



Specialist infrastructure fund manager



Boutique real estate fund manager



Independent Australian property investment manager



Turnaround, special situations and transformation private equity fund manager

# W | A | M Strategic Value

Discounted asset opportunities.

The WAM Strategic Value (ASX: WAR) investment portfolio decreased in June. During the month WAM Strategic Value's holding, Absolute Equity Performance Fund (ASX: AEG), announced it has entered into a Scheme Implementation Agreement to merge with WAM Leaders (ASX: WLE). AEG is a listed investment company with an investment portfolio of Australian listed securities, with the aim of achieving absolute returns regardless of market conditions. Under the proposal, WAM Leaders will acquire 100% of AEG through a Scheme of Arrangement (Scheme) and AEG shareholders will receive new WAM Leaders shares as consideration for their AEG shares. The proposed merger follows AEG's consultation process announced on 16 February 2022, under which the AEG Board and its advisors evaluated a range of alternatives with a view to maximise value for all AEG shareholders. The Scheme allows WAM Strategic Value to exit its position in AEG at a premium to AEG's pre-tax net tangible assets and a premium to the share price of AEG, after acquiring its position in AEG at a weighted average discount to NTA of 12.6%.

In June, volatility in equity markets continued with the S&P/ASX All Ordinaries Accumulation Index decreasing 9.4%, underperforming the MSCI World Index (AUD) which fell 4.7% during the month. Despite the outperformance of global equity markets, listed investment companies with global equity market exposure were impacted during the month by the share market volatility more broadly, with their average discount to NTA widening in June. This was apparent in WAM Strategic Value's holding in VGI Partners Global Investments (ASX: VG1). VG1's share price fell 6.1% in June, despite its June 2022 NTA decreasing 1.6%, with the underlying share price discount to NTA widening to 20.5% as a result. During the month, VG1's investment manager VGI Partners successfully completed its merger with Regal Funds Management on 3 June 2022, following shareholder approval. The merged entity has been renamed Regal Partners (ASX: RPL) and VGI Partners Executive Chairman and Chief Investment Officer Robert Luciano has resigned as a director of VG1, allowing him to focus on managing the investment portfolio.

Market capitalisation (ASX: WAR)

\$174.7m\*

Inaugural fully franked interim dividend

1.0cps

\*Based on the 30 June 2022 share price of \$0.97 per share and 180,125,761 shares on issue.

\*Gross assets exclude the \$1.40m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

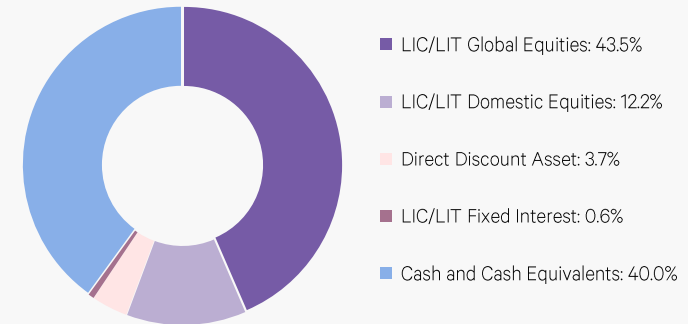
Gross assets

\$199.0m^

Pre-tax net tangible assets

\$1.11

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



June 2022 look-through pre-tax NTA

\$1.26

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.

## About WAM Strategic Value

WAM Strategic Value will take advantage of market mispricing opportunities, including securities trading at discounts to assets or net tangible assets, corporate transactions and dividend yield arbitrages. WAM Strategic Value aims to deliver strong risk-adjusted returns derived from a portfolio primarily composed of discounted asset opportunities selected using the proven market-driven investment process we have developed over more than two decades.

## Date of listing on the ASX

28 June 2021

## Net Tangible Assets (NTA) per share

|           | NTA before tax | NTA after tax and before tax on unrealised gains | NTA after tax |
|-----------|----------------|--------------------------------------------------|---------------|
| June 2022 | 110.95c        | 110.12c                                          | 115.82c       |
| May 2022  | 118.35c        | 117.52c                                          | 121.00c       |

## Top holdings (in alphabetical order)



AMP



CIN



EAI



GDC



LSF



MFF



MGF



NSC



PE1



PIA



QVE



SEC



TEK



VG1



VG8



WGB\*

\*WAM Strategic Value received WAM Global shares and options as scrip consideration for TGG shares held.

# W | A | M Research

The most compelling undervalued growth opportunities in the Australian market.

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 included Australian-based leisure company Ardent Leisure Group (ASX: ALG) and IPH Limited (ASX: IPH).

Ardent Leisure Group owns and operates leisure and entertainment businesses in Australia including theme parks such as Dreamworld, WhiteWater World and SkyPoint. During the month, Ardent Leisure Group announced the completion of the sale of its US business, Main Event Entertainment, to Dave & Buster's Entertainment (NASDAQ: PLAY). Ardent Leisure Group traded ex-return of capital and ex-dividend on 5 July 2022, with shareholders receiving 95 cents per share from the proceeds of the sale. With Ardent Leisure Group's theme parks being materially impacted throughout the coronavirus pandemic, we believe the business is in a strong position to capitalise on a recovering domestic and international tourism sector. The company's operating cost base has been structurally lowered, with reinvestment in the rides and attractions, and improving public perception, which we expect to underpin a strong recovery in its profitability in FY2023. We believe Ardent Leisure Group's current share price materially undervalues the company relative to global peers, while opportunity exists to unlock further value via development of excess land assets.

IPH is Asia Pacific's leading intellectual property services group, comprising a network of member firms, servicing more than 25 countries. While no fundamental news was announced, the shares rebounded strongly in June which we believe was a result of currency tailwinds, with IPH invoicing the vast majority of their clients in USD. Global markets moved lower in June, following news of continued interest rate rises and rising inflation, and sentiment gravitated towards businesses with more resilient earnings profiles that have historically proven themselves capable of delivering organic growth in tougher economic environments.

## Net Tangible Assets (NTA) per share

|           | NTA before tax | NTA after tax and before tax on unrealised gains* | NTA after tax* |
|-----------|----------------|---------------------------------------------------|----------------|
| June 2022 | 92.92c         | 98.26c                                            | 100.25c        |
| May 2022  | 102.48c        | 107.41c                                           | 106.94c        |

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

## Market capitalisation (ASX: WAX)

\$256.5m<sup>#</sup>

## Gross assets

\$184.6m

## Listed equities

\$146.7m

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

13.5%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 8.1%

## Dividends paid since inception (per share)

129.0c

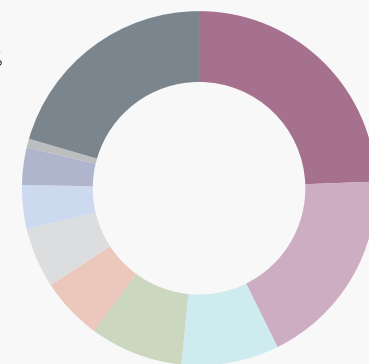
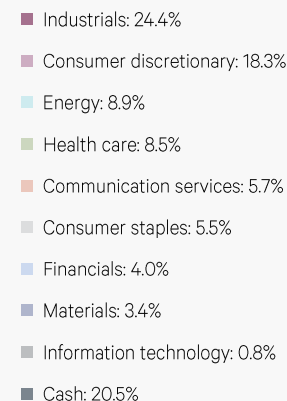
## Annualised fully franked interim dividend yield

7.7%<sup>#</sup>

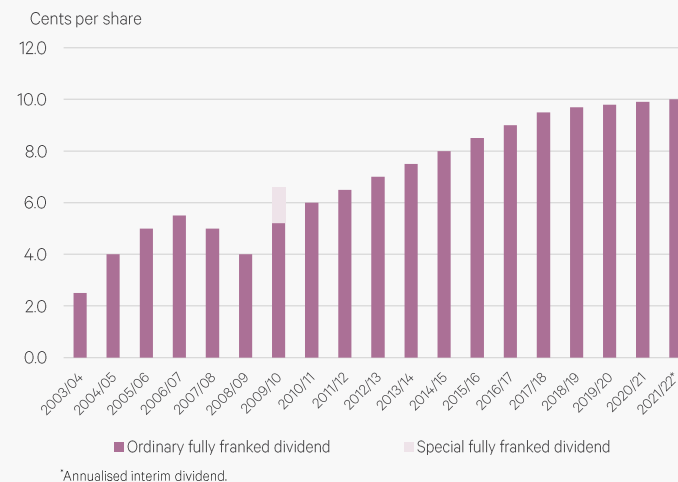
<sup>#</sup>Based on the 30 June 2022 share price of \$1295 per share and the annualised FY22 fully franked interim dividend of 10.0 cents per share. WAM Research has 198,038,747 shares on issue.

<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)

|                                                                                                              |                                                                                                    |                                                                                                                                    |                                                                                                                         |                                                                                                                               |                                                                                           |                                                                                                             |                                                                                                        |                                                                                                                             |                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
|  ARDENT<br>LEISURE GROUP |  enero        |  Estia<br>Health                              |  EVENT<br>HOSPITALITY & RECREATION |  G8 Education™                           |  GUD |  iph                   |  JOHNS LYNG GROUP |  KELSIAN<br>CONNECTING PEOPLE & PLACES |  Lovisa                                   |
| ALG                                                                                                          | EGG                                                                                                | EHE                                                                                                                                | EVT                                                                                                                     | GEM                                                                                                                           | GUD                                                                                       | IPH                                                                                                         | JLG                                                                                                    | KLS                                                                                                                         | LOV                                                                                                                            |
|  MAAS                    |  NRW Holdings |  pro:medicus<br>PROFESSIONAL MEDICAL SERVICES |  RIDLEY                            |  SG Fleet Group<br>TRANSPORT & LOGISTICS |  thl |  VIVA Energy Australia |  VULCAN           |  Webjet Limited                        |  Worley<br>energy   chemicals   resources |
| MGH                                                                                                          | NWH                                                                                                | PME                                                                                                                                | RIC                                                                                                                     | SGF                                                                                                                           | THL NZ                                                                                    | VEA                                                                                                         | 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. Specialist management solutions company Smartgroup Corporation (ASX: SIQ) was a detractor, while online marketplace for cars carsales.com (ASX: CAR) announced positive news with its plans to buy 100% of US-based RV and powersports marketplace platform Trader Interactive.

Smartgroup Corporation provides salary packaging, fleet management and a range of other employee benefit services for organisations across Australia. In June, Smartgroup Corporation's share price came under pressure after it announced that the Department of Education and Training Victoria will not renew its contract with the company. This is a rare occasion where Smartgroup Corporation has been unsuccessful against its competitors. The arrangement is expected to come to an end in the coming months with an estimated earnings impact of less than 5% in the 2023 calendar year. While the announcement will impact Smartgroup Corporation's short-term earnings and market sentiment, a recovery in new vehicle supply, a robust pipeline of novated leases and a cost-out targeted under the company's smart future program are expected to underpin its earnings growth over the medium-term.

carsales.com operates the largest online automotive, motorcycle and marine classified business in Australia, along with Trader Interactive (TI), a US-based marketplace business that has a leading position in the recreational vehicle, powersports, commercial truck and equipment markets. In June, the company announced it would exercise its call option to acquire the remaining 51% interest in TI it does not already own for \$1.2 billion, funded via an equity raise. The transaction is expected to be completed in the first quarter of FY2023 with the acquisition providing immediate low, double digit earnings per share accretion, including tax and interest benefits. We are positive on this strategic transaction for the company, with the move to 100% ownership in TI expected to unlock a range of additional growth opportunities for the business. carsales.com also provided a trading update during the month, with FY2022 earnings guidance in-line with consensus analyst expectations. Despite broader macroeconomic uncertainty, the company noted strong momentum across all markets into FY2023 and we believe earnings will prove more resilient versus market expectations.

## Net Tangible Assets (NTA) per share

|           | NTA before tax | NTA after tax and before tax on unrealised gains* | NTA after tax* |
|-----------|----------------|---------------------------------------------------|----------------|
| June 2022 | 72.24c         | 82.39c                                            | 82.37c         |
| May 2022  | 82.54c         | 89.58c                                            | 89.57c         |

\*Includes 9.97 cents per share of income tax losses available to the Company in future periods.  
The above June 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)

\$54.5m<sup>#</sup>

## Gross assets

\$53.9m

## Listed equities

\$48.5m

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

9.3%<sup>^</sup>

Bloomberg AusBond Bank Bill Index (Cash): 2.8%

## Dividends paid since inception (per share)

83.7c

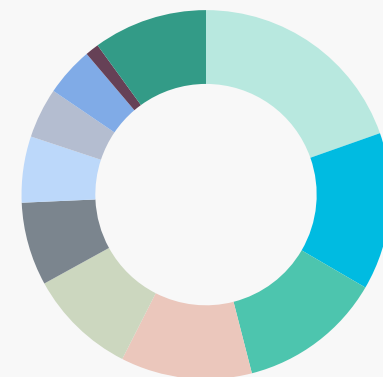
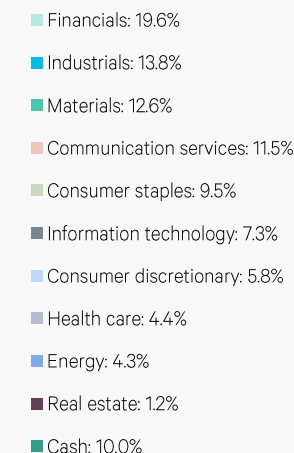
## Annualised fully franked interim dividend yield

8.2%<sup>#</sup>

<sup>#</sup>Based on the 30 June 2022 share price of \$0.735 per share and the annualised FY22 fully franked interim dividend of 6.0 cents per share. WAM Active has 74,177,980 shares on issue.

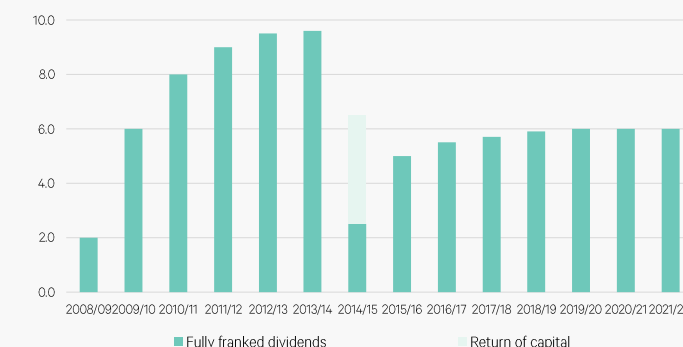
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Diversified investment portfolio by sector



## History of fully franked dividends

Cents per share



<sup>\*</sup>Annualised interim dividend.

## Top 20 holdings (in alphabetical order)

