

# Investment update

As at 30 June 2017



wilsonassetmanagement.com.au  
ABN 34 086 587 395

## Snapshot

Pre-tax net tangible assets

**\$1.95**

Fully franked  
dividend yield

**6.3%**

Gross assets

**\$1,239.3m**

Performance  
(p.a. since August 1999)

**17.6%**

## WAM Capital Limited

ASX code	WAM
Date of listing	Aug 1999
Gross assets	\$1,239.3m
Market cap	\$1,513.7m
Share price	\$2.39
NTA before tax	\$1.95
Shares on issue	633,342,008
Annualised fully franked interim dividend (FY2017)	15.0c
Fully franked dividend yield	6.3%

## Investment objectives

- Deliver shareholders a rising stream of fully franked dividends
- Provide capital growth
- Preserve capital

## Wilson Asset Management investment & management team

Geoff Wilson	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Martin Hickson	Portfolio Manager
Oscar Oberg	Portfolio Manager
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Cooper Rogers	Assistant Dealer

## Company overview

WAM Capital Limited (ASX: WAM) is a listed investment company managed by Wilson Asset Management. Listed in August 1999, WAM Capital provides investors with exposure to an actively managed diversified portfolio of undervalued growth companies, which are generally small-to-medium sized industrial companies listed on the Australian Securities Exchange. WAM Capital also provides exposure to relative value arbitrages and market mispricing opportunities.

## Market overview

The S&P/ASX All Ordinaries Accumulation Index closed up 0.3% for the month, to finish the financial year up 13.1%, the best year for the market since 2014. Meanwhile, the S&P/ASX Small Ordinaries Accumulation Index closed up 7.0% for FY2017. The sectors that drove the advance during FY2017 were materials (+20.6%), utilities (+14.7%), banks (+11.9%) and healthcare (+11.8%).

Global equity markets ended the month down as central banks foreshadowed the end of easy monetary policy. The US Federal Reserve raised interest rates for the third consecutive time to between 1% to 1.25% in response to improving confidence in the US economy.

In Australia, the unemployment rate fell to a lower than expected 5.5% from 5.7% the previous month, the lowest level since February 2013. The political attack on banks continued with the South Australian Government announcing it would introduce a bank tax in addition to the Federal Government's levy. The policy was met by widespread criticism across the industry. In July, the SA opposition announced it would block the tax in parliament.

## Stock news

During the month, Capitol Health Limited (ASX: CAJ) announced the sale of its NSW assets to I-Med Radiology Network for \$81.5 million which is more than 8.5 times expected FY17 earnings before interest, tax, depreciation and amortisation (EBITDA). We believe Capitol Health's strong balance sheet and high cash levels will provide opportunities for the company. Capitol Health makes up 1.0% of the investment portfolio.

## Net tangible asset (NTA) figures

NTA before tax	195.20c
NTA after tax and before tax on unrealised gains	194.24c*
NTA after tax	191.55c*

\*Includes 0.34 cents of tax assets resulting from the acquisition of an unlisted Investment Company in April 2017.

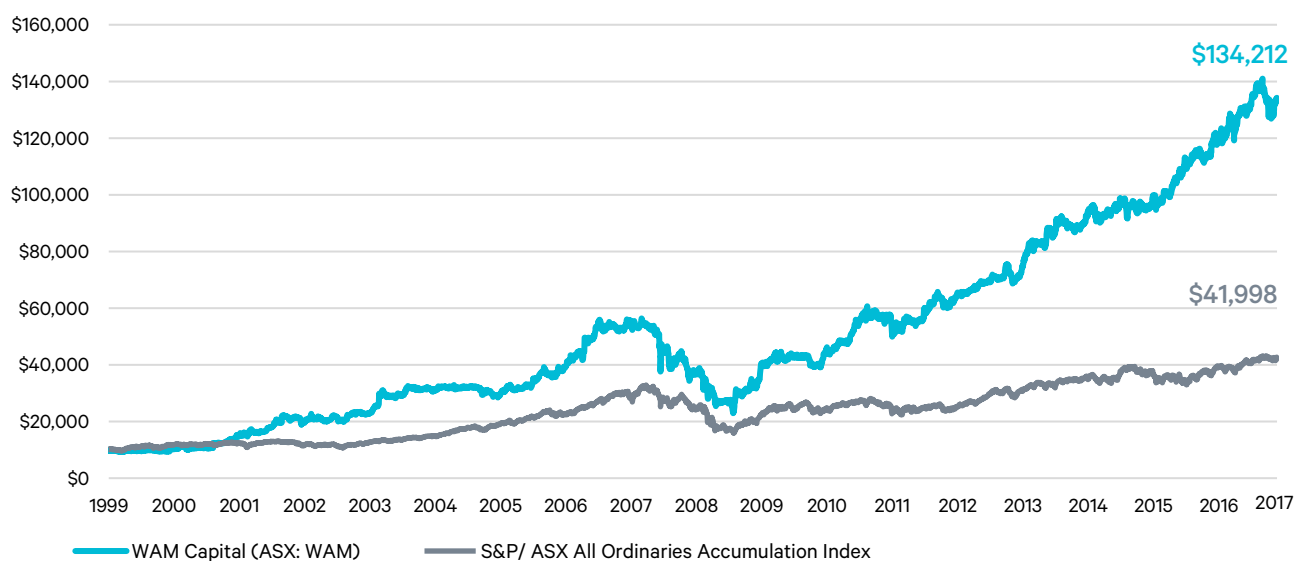
## Performance

Performance at 30 June 2017	1 Mth	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	1.9%	1.8%	11.7%	15.9%	17.9%	10.5%	17.6%
S&P/ASX All Ordinaries Accumulation Index	0.3%	2.9%	13.1%	6.8%	11.6%	3.5%	8.2%
<b>Outperformance</b>	<b>+1.6%</b>	<b>-1.1%</b>	<b>-1.4%</b>	<b>+9.1%</b>	<b>+6.3%</b>	<b>+7.0%</b>	<b>+9.4%</b>

\*Investment performance and Index returns are before expenses, fees and taxes.

## Growth of \$10,000 investment since inception

### WAM Capital versus the Index



#### Notes:

1. The above graph reflects the period from inception in August 1999 to 30 June 2017.
2. WAM Capital's performance is calculated using the closing daily share price in Australian dollars and assumes all dividends are reinvested.
3. The S&P/ASX All Ordinaries Accumulation Index has been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the WAM Capital portfolio.

## Diversified portfolio

Investment type	May 2017		June 2017	
	\$m	%	\$m	%
Listed equities	715.6	58.7	811.3	65.5
Short portfolio	(18.5)	(1.5)	(39.7)	(3.2)
Fixed interest & cash	520.8	42.8	467.7	37.7
<b>Gross assets</b>	<b>1,217.9m</b>	<b>100.0</b>	<b>1,239.3m</b>	<b>100.0</b>
Total shares on issue	633,342,008		633,342,008	

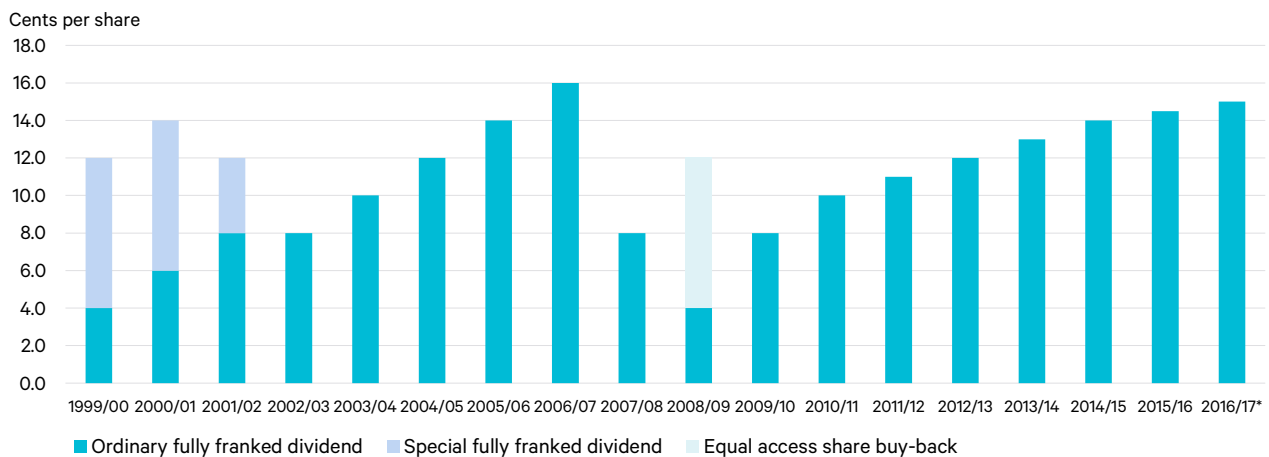
## Top 20 holdings

Code	Company	Code	Company
HHV	Hunter Hall Global Value Limited	ISU	iSelect Limited
FLT	Flight Centre Travel Group Limited	WOW	Woolworths Limited
TGG	Templeton Global Growth Fund Limited	AUB	AUB Group Limited
APT	Afterpay Touch Group Limited	NCK	Nick Scali Limited
JHG	Janus Henderson Group PLC	CL1	Class Limited
ALQ	ALS Limited	PNI	Pinnacle Investment Management Group Limited
CPU	Computershare Limited	SLC	Superloop Limited
CGF	Challenger Limited	NEC	Nine Entertainment Co Holdings Limited
EHE	Estia Health Limited	SGM	Sims Metal Management Limited
SXL	Southern Cross Media Group Limited	HT1	HT&E Limited

## Fully franked dividends

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. Dividends are usually paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

### Fully franked dividends since inception



\*Annualised interim dividend