

# Investment update

As at 31 July 2017



wilsonassetmanagement.com.au  
ABN 34 086 587 395

## Snapshot

Pre-tax net tangible assets

**\$1.95**

Fully franked  
dividend yield

**6.1%**

Gross assets

**\$1,251.6m**

Performance  
(p.a. since August 1999)

**17.6%**

## WAM Capital Limited

ASX code	WAM
Date of listing	Aug 1999
Gross assets	\$1,251.6m
Market cap	\$1,564.4m
Share price	\$2.47
NTA before tax	\$1.95
Shares on issue	633,342,008
Fully franked dividends (FY2017)	15.0c
Fully franked dividend yield	6.1%

## 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.

## Shareholder Presentations 2017

Adelaide	20 November
Perth	21 November
Toowoomba	23 November
Brisbane	24 November
Hobart	27 November
Canberra	28 November
Sydney (AGM)	29 November
Melbourne	30 November

SAVE THE DATE

## FY2017 full year results and increased fully franked dividend

On 31 July 2017, WAM Capital reported an operating profit before tax of \$88.9 million and operating profit after tax of \$68.9 million for the full year to 30 June 2017. The company announced a fully franked final dividend of 7.5 cents per share, bringing the full year fully franked dividend to 15.0 cents per share. The total shareholder return for the 2017 financial year was 14.1%.

### Key dividend dates

Dividend ex-date	17 October 2017
Record date	18 October 2017
Last election date for DRP	20 October 2017
Payment date	27 October 2017

## Market overview

The S&P/ASX All Ordinaries Accumulation Index closed up 0.2% for the month. As expected, the Reserve Bank of Australia (RBA) announced its decision to keep the cash rate on hold at 1.5% for the 12<sup>th</sup> consecutive month. The Australian Bureau of Statistics released its anticipated inflation numbers with the consumer price index over the June quarter coming in below expectations, lowering the probability of the RBA increasing its cash rate in the near term. Consumer sentiment figures released by the Westpac-Melbourne Institute showed a decline of 2.5% over the last 12 months.

Global equity markets rallied after US Federal Reserve chair Janet Yellen indicated further US interest rate increases may be more gradual than previously anticipated, with the Australian dollar hitting a peak of US 80.14 cents, its highest level since May 2015, following the announcement.

## Net tangible asset (NTA) figures

NTA before tax **194.66c\***

NTA after tax and before tax on unrealised gains **195.84c\*\***

NTA after tax **192.67c\*\***

\*The NTA before tax is after the payment and provision for tax of \$13.7m (2.2cps) for the 2017 financial year.

\*\*This includes 0.34cps of tax assets resulting from the acquisition of an unlisted investment company in April 2017.

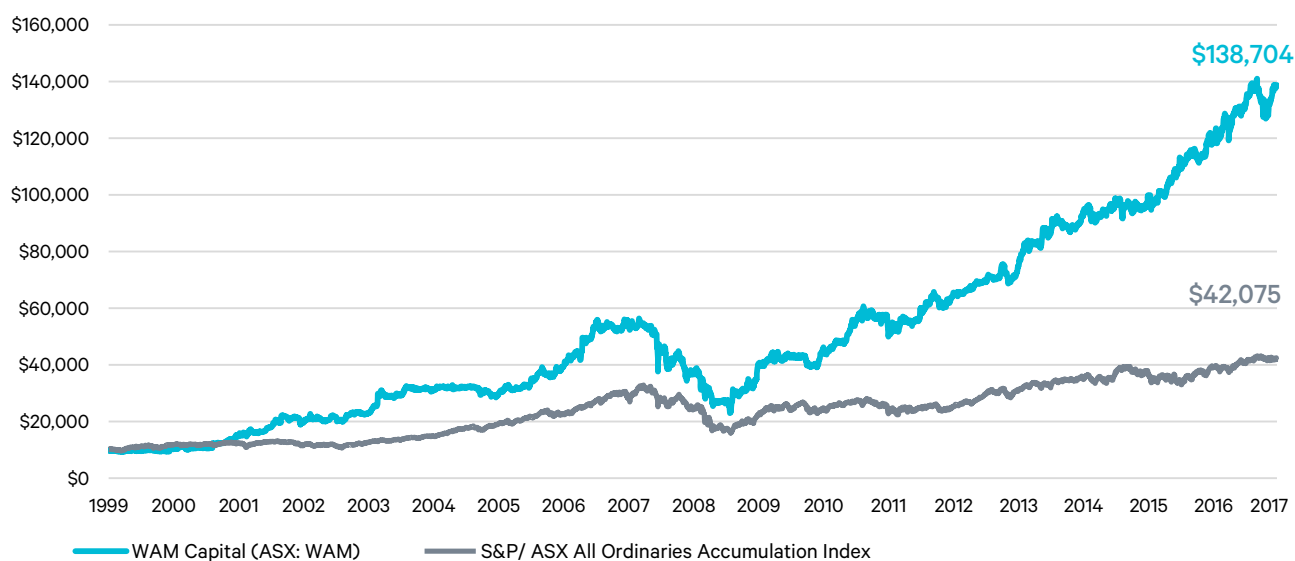
## Performance

Performance at 31 July 2017	1 Mth	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	1.2%	2.8%	8.0%	15.5%	17.8%	10.6%	17.6%
S&P/ASX All Ordinaries Accumulation Index	0.2%	3.9%	6.6%	5.3%	10.8%	3.7%	8.2%
<b>Outperformance</b>	<b>+1.0%</b>	<b>-1.1%</b>	<b>+1.4%</b>	<b>+10.2%</b>	<b>+7.0%</b>	<b>+6.9%</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 31 July 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	June 2017		July 2017	
	\$m	%	\$m	%
Listed equities	811.3	65.5	951.5	76.0
Short portfolio	(39.7)	(3.2)	(48.6)	(3.9)
Fixed interest & cash	467.7	37.7	348.7	27.9
<b>Gross assets</b>	<b>1,239.3m</b>	<b>100.0</b>	<b>1,251.6m</b>	<b>100.0</b>
Total shares on issue	633,342,008		633,342,008	

## Investor conference call

Shareholders have the opportunity to take part in an investor conference call in which the investment team will provide an update on the WAM Capital investment portfolio, insights from the current reporting season and our equity market outlook. The call will also cover WAM Leaders, WAM Microcap, WAM Research, WAM Active and Century Australia.

**Date:** Wednesday 6 September 2017

**Time:** 4:30pm – 5:30pm (AEST)

To register, please visit [www.waminvestorcall.eventbrite.com.au](http://www.waminvestorcall.eventbrite.com.au)

## Top 20 holdings

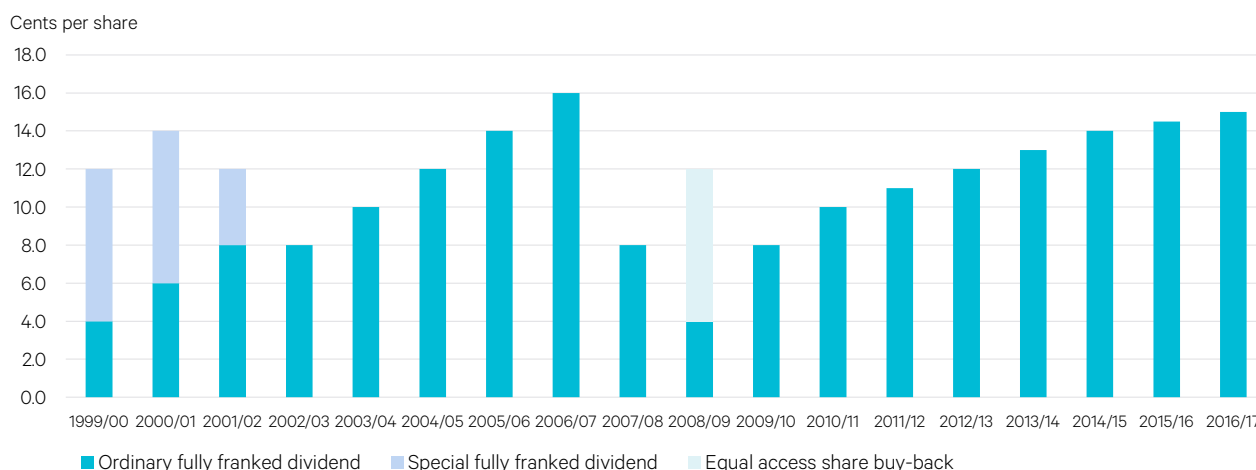
Code	Company	Code	Company
HHV	Hunter Hall Global Value Limited	ISU	iSelect Limited
APT	Afterpay Touch Group Limited	EHE	Estia Health Limited
FXJ	Fairfax Media Limited	PNI	Pinnacle Investment Management Group Limited
TGG	Templeton Global Growth Fund Limited	NCK	Nick Scali Limited
NEC	Nine Entertainment Co Holdings Limited	SLC	Superloop Limited
HT1	HT&E Limited	CL1	Class Limited
SXL	Southern Cross Media Group Limited	WOW	Woolworths Limited
CPU	Computershare Limited	SVW	Seven Group Holdings Limited
JHG	Janus Henderson Group PLC	JBH	JB Hi-Fi Limited
CGF	Challenger Limited	MND	Monadelphous Group Limited

## Fully franked dividends

On 31 July 2017, the Company announced a fully franked final dividend of 7.5 cents per share, bringing the fully franked full year dividend to 15.0 cents per share. The final dividend will be paid on 27 October 2017 and will trade ex on 17 October 2017.

The dividend reinvestment plan (DRP) will operate at a 2.5% discount for the final dividend. To participate in the DRP, shareholders should send their DRP Election Form to the Company's share registrar (Boardroom) no later than 20 October 2017.

### Fully franked dividends since inception



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.