
August 2018

Investment Update

W | A | M *Capital*

W | A | M *Research*

W | A | M *Leaders*

W | A | M *Active*

W | A | M *Global*

W | A | M *Microcap*

Dear Fellow Shareholder,

Unfortunately bull markets don't last forever and we are seeing increasing evidence that the current bull market is approaching its end. In August, the US equity market officially entered the longest ever bull run, surpassing the bull market of October 1990 to March 2000. Despite trade war tensions accelerating and a recent return of share price volatility across global markets, the strengthening US economy and strong corporate earnings have delivered a rise of more than 7% to the S&P 500 Index this calendar year. The Australian market experienced a positive month buoyed by a solid company reporting season, with the S&P/ASX All Ordinaries Accumulation Index, S&P/ASX 200 Accumulation Index and S&P/ASX Small Ordinaries Accumulation Index rising 1.7%, 1.4%, and 2.5% respectively. The standout sector over the month was the technology sector, which is trading on unsustainably high valuations.

Towards the end of the month, markets reacted pessimistically at the apparent increase in the likelihood of Labor forming government following a leadership spill led by Liberal Party insurgents. On the first day of plotting \$20 billion was wiped from the Australian equity market. Following the spill, the Turnbull Government crumbled and Scott

Morrison was sworn in as the 30th Prime Minister of Australia.

The Reserve Bank of Australia (RBA) kept interest rates unchanged at 1.5% during the month while three domestic banks increased mortgage rates out of cycle. RBA Governor Philip Lowe noted the continued global economic expansion led by advanced economies growing above-trend with low levels of unemployment. The Australian Bureau of Statistics released figures showing that the domestic unemployment rate fell to 5.3% in August, the lowest level since November 2012.

In other news

The WAM Active investment portfolio increased 2.8% in August 2018, outperforming the S&P/ASX All Ordinaries Accumulation Index by 1.1% and the UBS Bank Bill Index by 2.6%. WAM Active options enable optionholders to acquire additional WAM Active shares at the price of \$1.14 per share at any time on or before 17 September 2018 without paying brokerage fees. Shares in WAM Active closed at \$1.145 on 13 September 2018. Optionholders will receive the fully franked 2.85 cents per share final dividend only if they exercise their options by 17 September 2018 and are shareholders at the dividend record date of 15 October 2018.

During the month WAM Capital announced a conditional off-market takeover bid for Wealth Defender Equities Limited (ASX: WDE). The Offer Consideration is 1 WAM Capital Share for every 2.5 WDE Shares. If the bid is successful, WAM Capital Shareholders will benefit from realising all or part of WAM Capital's holding of 16.27% of WDE shares that were purchased at a discount to their pre-tax NTA. In addition, the all scrip offer allows WAM Capital Shareholders to benefit from the issuance of shares at a premium to WAM Capital's pre-tax NTA. In making this Offer, WAM is providing all WDE Shareholders with the opportunity to exit their positions in WDE at a 15.0% premium to WDE's one-month VWAP of \$0.866 and a premium to WDE's reported pre-tax NTA. The takeover bid is now open for acceptance by WDE shareholders.

We look forward to providing an update on our listed investment companies, insights from reporting season and equity market outlook during our [investor conference call](#) on Tuesday, 25 September at 10.30am - 11.30am (Sydney time). Next week we will post your invitations to our November Shareholder Presentations.

Happy investing,



Geoff Wilson AO
Chairman

*As at the date of the Bidder's Statement, WAM Capital had a Relevant Interest in 16.27% WDE Shares and its Associates held 1.88% therefore WAM Capital and its Associates had Voting Power of 18.15% in WDE.



W | A | M Capital

Focus: small to mid-cap Australian companies
(ASX: WAM)

Portfolio update

The WAM Capital investment portfolio rose 2.7% in August.

Research-driven portion of the investment portfolio:

During the month, Seven West Media (ASX: SWM) announced its full year result, reporting underlying earnings before interest and tax (EBIT) of \$236 million, at the upper end of \$220-240 million guidance, with shares in SWM closing up 21.1% for the month. Other positive contributors to the portfolio included Specialty Fashion Group (ASX: SFH), Mayne Pharma Group (ASX: MYX), Jumbo Interactive (ASX: JIN) and Accent Group (ASX: AX1).

Market-driven portion of the investment portfolio:

Seven Group Holdings (ASX: SVW) was a strong performer during the month, with its FY18 result ahead of market expectations, reporting group EBIT of \$497 million, a 67% increase on FY17 with all core divisions reporting solid growth. Positive contributors to the portfolio also included Afterpay Touch Group (ASX: APT), Templeton Global Growth Fund (ASX: TGG) and Southern Cross Media (ASX: SXL).



Oscar Oberg
LLB BBus CFA
Lead Portfolio Manager



Martin Hickson
BBus BComp M App Fin
Lead Portfolio Manager

Net tangible asset (NTA) figures

NTA before tax **206.49c**

NTA after tax and before tax on unrealised gains **206.75c***

NTA after tax **202.78c***

*Includes 0.32 cents per share of tax assets resulting from the acquisition of an unlisted investment company in April 2017.

Key dividend dates

Ex dividend date	Record date	Last election date for DRP	Payment date
16 November	19 November	21 November	26 November

*Based on the 31 August 2018 share price of \$250 per share and the FY18 fully franked full year dividend of 15.5 cents per share.

Pre-tax net tangible assets

\$2.06

Gross assets

\$1,404.7m

Fully franked dividend yield[^]

6.2%

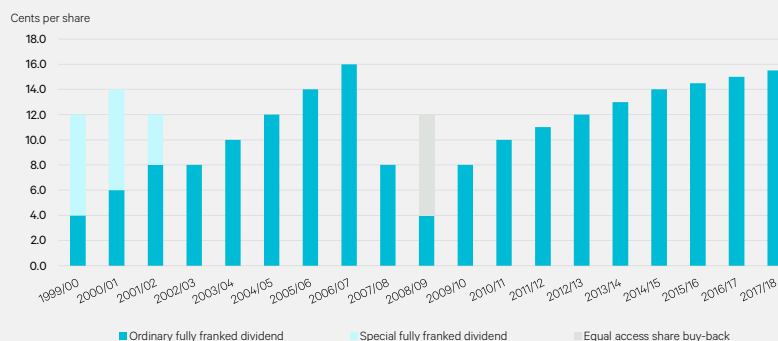
Performance (p.a. since August 1999)

17.6%

Performance at 31 August 2018	1 mth	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Aug-99)
WAM Investment Portfolio	2.7%	3.7%	16.9%	16.1%	15.5%	15.4%	17.6%
S&P/ASX All Ordinaries Accumulation Index	1.7%	3.0%	16.0%	11.8%	9.2%	6.6%	8.6%
Outperformance	+1.0%	+0.7%	+0.9%	+4.3%	+6.3%	+8.8%	+9.0%

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

Fully franked dividends since inception



Top 20 holdings in alphabetical order

Accent Group Limited	AX1
Adairs Limited	ADH
APN Outdoor Group Limited	APO
Austal Limited	ASB
Bapcor Limited	BAP
Emeco Holdings Limited	EHL
IPH Limited	IPH
Lifestyle Communities Limited	LIC
Mayne Pharma Group Limited	MYX
Noni B Limited	NBL
Pengana International Equities Limited	PIA
PSC Insurance Group Limited	PSI
Scottish Pacific Group Limited	SCO
Seven Group Holdings Limited	SVW
Seven West Media Limited	SWM
Southern Cross Media Group Limited	SXL
Super Retail Group Limited	SUL
Templeton Global Growth Fund Limited	TGG
The a2 Milk Company Limited	A2M
The Star Entertainment Group Limited	SGR

Investment type	July 2018		August 2018	
	\$m	%	\$m	%
Listed equities	1,091.9	79.7	1,038.5	73.9
Short portfolio	(0.1)	(0.0)	(0.1)	(0.0)
Fixed interest & cash	278.0	20.3	366.3	26.1
Gross assets	\$1,369.8m	100.0	\$1,404.7m	100.0
Market capitalisation	\$1,617.4m		\$1,670.9m	
Total shares on issue	668,363,006		668,363,006	

W | A | M Leaders

Focus: large-cap Australian companies
(ASX: WLE)

Portfolio update

The WAM Leaders investment portfolio decreased 0.7% in August. Notable contributors to the portfolio included The Star Entertainment Group (ASX: SGR), The a2 Milk Company (ASX: A2M), Seven West Media (ASX: SWM), Macquarie Group (ASX: MQG) and Brambles (ASX: BXB). QBE Insurance Group (ASX: QBE) was another strong performer for the month, announcing its 2018 half year results, reporting statutory net profit after tax of \$358 million, up 4% from the prior period. As QBE is currently in a consolidation phase, the market was not attributing value to the potential turnaround in the business and the result surprised on the upside. Detractors to the portfolio included Origin Energy (ASX: ORG) and Sims Metal Management (ASX: SGM), following full year results that while positive, disappointed market participants.



Matthew Haupt
BCom GradDip App Fin CFA
Lead Portfolio Manager

Net tangible asset (NTA) figures

NTA before tax	121.44c
NTA after tax and before tax on unrealised gains	120.76c
NTA after tax	119.28c

Key dividend dates

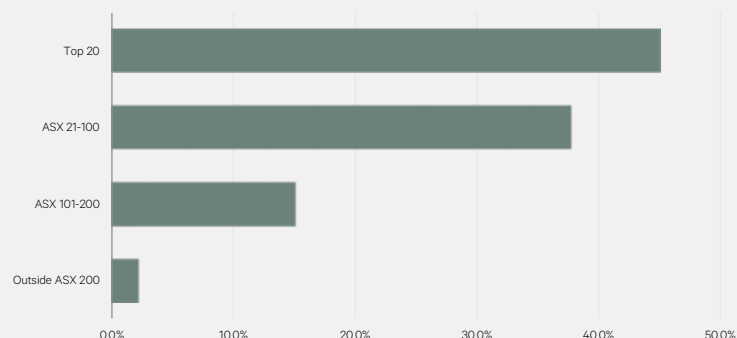
Ex dividend date	Record date	Last election date for DRP	Payment date
12 October	15 October	17 October	26 October

Pre-tax net tangible assets	Gross assets	Fully franked full year dividend	Performance (p.a. since May 2016)
\$1.21	\$863.2m	5.0c	12.7%

Performance at 31 August 2018	1 mth	Fin YTD	1 yr	Since inception %pa (May-16)
WLE Investment Portfolio	-0.7%	0.6%	17.2%	12.7%
S&P/ASX 200 Accumulation Index	1.4%	2.8%	15.4%	11.9%
Outperformance	-2.1%	-2.2%	+1.8%	+0.8%

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

Equity portfolio composition by market capitalisation



Investment type	July 2018		August 2018	
	\$m	%	\$m	%
Listed equities	777.3	88.9	768.0	89.0
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	97.2	11.1	95.2	11.0
Gross assets	\$874.5m	100.0	\$863.2m	100.0
Market capitalisation	\$84.74m		\$875.5m [†]	
Total shares on issue	703,203,693		703,203,693	

Top 20 holdings in alphabetical order

Amcors Limited	AMC
Australia & New Zealand Banking Group Limited	ANZ
APN Outdoor Group Limited	APO
BHP Billiton Limited	BHP
Brambles Limited	BXB
Commonwealth Bank of Australia	CBA
CYBG Plc	CYB
Fortescue Metals Group Limited	FMG
Insurance Australia Group Limited	IAG
James Hardie Industries Plc	JHX
Macquarie Group Limited	MQG
National Australia Bank Limited	NAB
Origin Energy Limited	ORG
QBE Insurance Group Limited	QBE
Rio Tinto Limited	RIO
The Star Entertainment Group Limited	SGR
Tabcorp Holdings Limited	TAH
Westpac Banking Corporation	WBC
Wesfarmers Limited	WES
Woodside Petroleum Limited	WPL

[†]Based on the 31 August 2018 share price of \$1245 per share.

W | A | M Global

Focus: small to mid-cap international companies
(ASX: WGB)

Portfolio update

During the month we continued to selectively deploy the capital raised through WAM Global's initial public offering into companies that meet our strict investment criteria.

Global bourses presented mixed results during August. While trade wars continued to escalate, the announcement at the end of the month that Mexico and the United States had reached a preliminary trade agreement provided some relief to global markets.

US equities performed particularly well in August, driven primarily by technology stocks, with the NASDAQ index up 5.7% in USD terms. Japan's Nikkei Index and the ASX All Ordinaries Accumulation Index also delivered solid gains.

The Chinese market remained under pressure following worse than expected economic data and ongoing concerns about the fallout from trade wars. Weak activity indicators resulted in European equities falling during the month. We capitalised on the weakness in European equity markets to selectively add to positions we believe offer strong risk reward dynamics.

On a sector basis, the MSCI World Index in August saw strength in technology, healthcare and consumer discretionary companies, with weakness in the materials and energy sectors.

We continue to utilise our flexible mandate, holding 35.6% of the investment portfolio in cash. Given the investment portfolio's exposure to US equities and cash, the investment portfolio benefitted from the strength in the USD, which increased 3.4% against the AUD during the month. While a high cash weighting can limit returns during periods of market strength, it allows opportunistic investments to be executed at attractive prices and also provides significant downside protection during a market fall.

Following the latest reporting period, the investment team is currently meeting with prospective investee companies' management teams throughout the US and Europe.



Catriona Burns
BCom M App Fin CFA
Lead Portfolio Manager

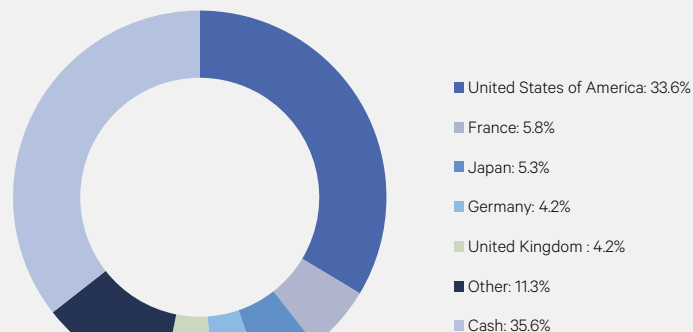
Pre-tax net
tangible assets

\$2.25

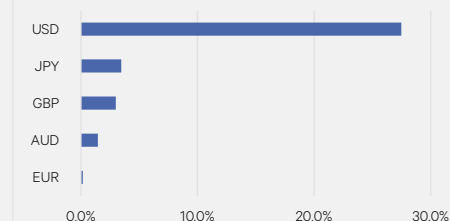
Gross assets

\$470.4m

Portfolio composition by geographical exposure



Cash currency exposure (35.6%)



Top 20 holdings in alphabetical order

American Express Company	AXP US	USA
APN Outdoor Group Limited	APO	AUS
CDW Corporation	CDW US	USA
CME Group	CME US	USA
Daikin Industries Limited	6367 JP	JPN
Elis SA	ELIS FP	FRA
Entertainment One Limited	ETO LN	UK
Finning International Inc	FTT CN	CAN
Fresenius SE & Co KGaA	FRE GY	GER
Hasbro Inc	HAS US	USA
Huntington Ingalls Industries Inc	HII US	USA
Logitech International SA	LOGN SW	SUI
Markel Corporation	MKL US	USA
Open House Co. Limited	3288 JP	JPN
Reckitt Benckiser Group Plc	RB LN	UK
SMCP SA	SMCP FP	FRA
TE Connectivity Limited	TEL US	USA
Thermo Fisher Scientific Inc	TMO US	USA
Vivendi SA	VIV FP	FRA
Waste Management Inc	WM US	USA

Investment type	July 2018		August 2018	
	\$m	%	\$m	%
Listed equities	277.9	61.6	303.2	64.4
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	173.1	38.4	167.2	35.6
Gross assets*	\$451.0m	100.0	\$470.4m	100.0
Market capitalisation	\$459.2m		\$463.4m [†]	
Total shares on issue	211,607,623		211,607,623	

*Gross assets exclude the \$7.3m Offer Costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

Net tangible asset (NTA) figures

NTA before tax	224.89c
NTA after tax and before tax on unrealised gains	224.51c
NTA after tax	223.36c

W | A | M Research

Focus: small to mid-cap Australian companies
(ASX: WAX)

Portfolio update

The WAM Research investment portfolio rose 2.9% in August. During the month, Seven West Media (ASX: SWM) announced its full year result, reporting underlying earnings before interest and tax (EBIT) of \$236 million, at the upper end of \$220-240 million guidance, with shares in SWM closing up 21.1% for the month. Other positive contributors to the portfolio included Specialty Fashion Group (ASX: SFH), Mayne Pharma Group (ASX: MYX), Jumbo Interactive (ASX: JIN) and Accent Group (ASX: AX1).



Oscar Oberg
LLB BBus CFA
Lead Portfolio Manager

Net tangible asset (NTA) figures

NTA before tax	132.10c
NTA after tax and before tax on unrealised gains	131.59c
NTA after tax	127.38c

Key dividend dates

Ex dividend date	Record date	Last election date for DRP	Payment date
12 October	15 October	17 October	26 October

Pre-tax net tangible assets

\$1.32

Gross assets

\$250.0m

Fully franked dividend yield[^]

5.7%

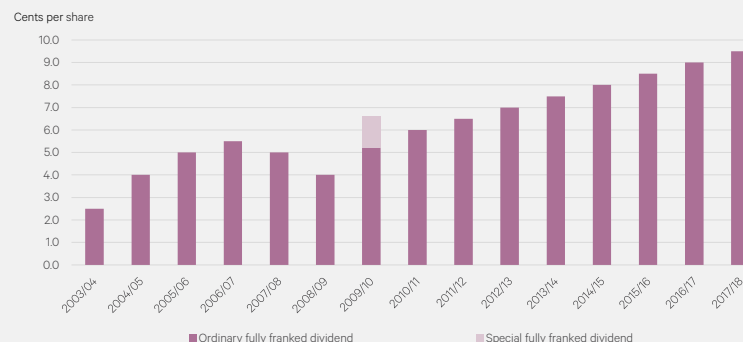
Performance (p.a. since July 2010)

18.2%

Performance at 31 August 2018	1 mth	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since change in investment strategy %pa (Jul-10)
WAX Investment Portfolio	2.9%	3.6%	16.5%	16.5%	17.4%	19.3%	18.2%
S&P/ASX All Ordinaries Accumulation Index	1.7%	3.0%	16.0%	11.8%	9.2%	10.3%	9.6%
Outperformance	+1.2%	+0.6%	+0.5%	+4.7%	+8.2%	+9.0%	+8.6%

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

Fully franked dividends since inception



Top 20 holdings in alphabetical order

Adairs Limited	ADH
APN Outdoor Group Limited	APO
AUB Group Limited	AUB
Accent Group Limited	AX1
Bapcor Limited	BAP
Corporate Travel Management Limited	CTD
Emeco Holdings Limited	EHL
FlexiGroup Limited	FXL
IPH Limited	IPH
Lifestyle Communities Limited	LIC
MACA Limited	MLD
Mayne Pharma Group Limited	MYX
Noni B Limited	NBL
Pacific Current Group Limited	PAC
Pinnacle Investment Management Group Limited	PNI
PSC Insurance Group Limited	PSI
Reece Limited	REH
Scottish Pacific Group Limited	SCO
Service Stream Limited	SSM
Seven West Media Limited	SWM

Investment type	July 2018		August 2018	
	\$m	%	\$m	%
Listed equities	189.9	78.0	191.9	76.7
Fixed interest & cash	53.5	22.0	58.1	23.3
Gross assets	\$243.4m	100.0	\$250.0m	100.0
Market capitalisation	\$295.8m		\$316.5m	
Total shares on issue	188,406,337		188,406,337	

[^]Based on the 31 August 2018 share price of \$168 per share and the FY18 fully franked full year dividend of 9.5 cents per share.

W | A | M Active

Focus: market mispricing within the Australian equity market (ASX: WAA)

Portfolio update

The WAM Active investment portfolio rose 2.8% in August. Seven Group Holdings (ASX: SVW) was a strong performer during the month, with its FY18 result ahead of market expectations, reporting group earnings before interest and tax (EBIT) of \$497 million, a 67% increase on FY17 with all core divisions reporting solid growth. Positive contributors to the portfolio also included Afterpay Touch Group (ASX: APT), Templeton Global Growth Fund (ASX: TGG) and Southern Cross Media (ASX: SXL).

WAM Active Options

Your WAM Active options enable you to acquire additional WAM Active shares (ASX: WAA) at the price of \$1.14 per share at any time on or before 17 September 2018 without paying brokerage fees. Optionholders will receive the fully franked 2.85 cents per share final dividend only if they exercise their options by 17 September 2018 and are shareholders at the dividend record date of 15 October 2018. Shares in WAM Active closed at \$1.145 on 13 September 2018. If you have any questions regarding your WAM Active options, please call Nina Dunn on (02) 9247 6755 or email info@wilsonassetmanagement.com.au.



Martin Hickson
BBus BComp M App Fin
Lead Portfolio Manager

Net tangible asset (NTA) figures

NTA before tax	111.41c*
NTA after tax and before tax on unrealised gains	110.75c
NTA after tax	110.73c

The above NTA figures are not adjusted for the 28,370,292 options on issue with an exercise price of \$1.14.

Key dividend dates

Ex dividend date	Record date	Last election date for DRP	Payment date
12 October	15 October	17 October	26 October

*Based on the 31 August 2018 share price of \$1.145 per share and the FY18 fully franked full year dividend of 5.7 cents per share.

Pre-tax net tangible assets

\$1.11

Gross assets

\$48.6m

Fully franked dividend yield[^]

5.0%

Performance (p.a. since January 2008)

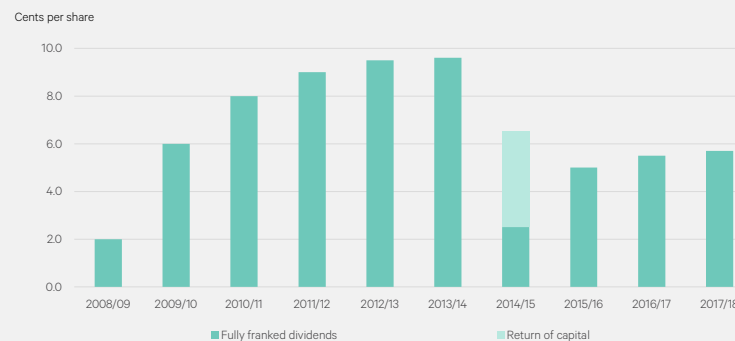
13.1%

Performance at 31 August 2018

	1 mth	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Jan-08)
WAA Investment Portfolio	2.8%	4.2%	17.8%	15.6%	13.3%	13.9%	13.1%
S&P/ASX All Ordinaries Accumulation Index	1.7%	3.0%	16.0%	11.8%	9.2%	6.6%	4.4%
Outperformance	+1.1%	+1.2%	+1.8%	+3.8%	+4.1%	+7.3%	+8.7%
UBS Bank Bill Index (Cash)	0.2%	0.4%	1.9%	2.0%	2.2%	3.2%	3.5%
Outperformance	+2.6%	3.8%	+15.9%	+13.6%	+11.1%	+10.7%	+9.6%

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

Fully franked dividends since inception



Top 20 holdings in alphabetical order

APN Outdoor Group Limited	APO
Afterpay Touch Group Limited	APT
Austal Limited	ASB
Bega Cheese Limited	BGA
Boral Limited	BLD
Downer EDI Limited	DOW
HT&E Limited	HT1
Macquarie Media Limited	MRN
Pengana International Equities Limited	PIA
QBE Insurance Group Limited	QBE
Super Retail Group Limited	SUL
Seven Group Holdings Limited	SVW
Southern Cross Media Group Limited	SXL
Templeton Global Growth Fund Limited	TGG
The a2 Milk Company Limited	A2M
The Star Entertainment Group Limited	SGR
360 Capital Group Limited	TGP
Wealth Defender Equities Limited	WDE
Wesfarmers Limited	WES
WPP AUNZ Limited	WPP

Investment type	July 2018		August 2018	
	\$m	%	\$m	%
Listed equities	38.8	81.2	34.5	71.0
Short portfolio	(0.0)	(0.0)	(0.0)	(0.0)
Fixed interest & cash	9.0	18.8	14.1	29.0
Gross assets	\$47.8m	100.0	\$48.6m	100.0
Market capitalisation	\$47.5m		\$48.7m	
Total shares on issue	41,685,981		42,517,742 [^]	

[^]During the month, 831,761 options were exercised and allotted.

W | A | M *Active* Options

Benefits of exercising your WAM Active options:



Acquire additional shares
Without incurring brokerage



Receive the fully franked 2.85 cents
per share final dividend
Representing a fully franked full year dividend
yield of 5.0% on the exercise price



Exercise price of \$1.14

To exercise your options:



Complete the form
mailed to you previously

OR



Call Boardroom
T: 1300 737 760



Before they expire
on 17 September 2018



If you have any questions about your WAM Active Options, please call: Nina Dunn, Senior Marketing Advisor (02) 9247 6755

W | A | M *Microcap*

Focus: micro-cap Australian companies
(ASX: WMI)

Portfolio update

The WAM Microcap investment portfolio increased 5.4% in August. During the month, Specialty Fashion Group (ASX: SFH) announced its full year results. Specialty Fashion Group now consists of one brand, City Chic, which is the leading plus size retailer in Australia for women. City Chic reported earnings before interest, tax, depreciation and amortisation (EBITDA) of \$19.9 million and generated 13% comparative store sales growth. Other positive contributors to the portfolio included Jumbo Interactive (ASX: JIN), Infomedia (ASX: IFM), Acrow (ASX: ACF) and QANTM Intellectual Property (ASX: QIP).



Oscar Oberg
LLB BBus CFA
Lead Portfolio Manager



Martin Hickson
BBus BComp M App Fin
Lead Portfolio Manager

Net tangible asset (NTA) figures

NTA before tax	139.18c
NTA after tax and before tax on unrealised gains	140.11c
NTA after tax	133.49c

Key dividend dates

Ex dividend date	Record date	Last election date for DRP	Payment date
12 October	15 October	17 October	26 October

Pre-tax net tangible assets

\$1.39

Gross assets

\$202.0m

Fully franked full year dividend

4.0c

Fully franked special dividend

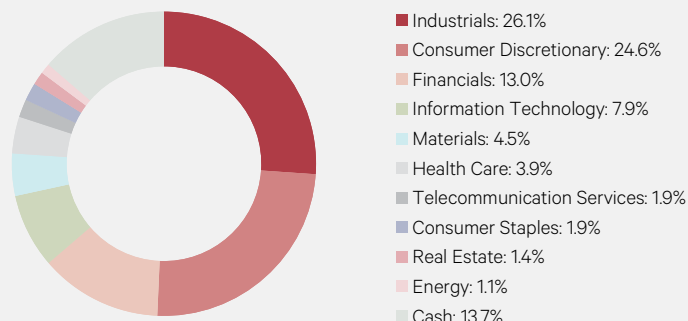
2.0c

Performance at 31 August 2018

	1 mth	Fin YTD	1 yr	Since inception %pa (Jun-17)
WMI Investment Portfolio	5.4%	6.6%	30.1%	30.8%
S&P/ASX Small Ordinaries Accumulation Index	2.5%	1.5%	22.3%	20.3%
Outperformance	+2.9%	+5.1%	+7.8%	+10.5%

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

Portfolio composition by sector



Top 20 holdings in alphabetical order

Acrow Formwork and Construction Services Limited	ACF
Adairs Limited	ADH
Baby Bunting Group Limited	BBN
Cabcharge Australia Limited	CAB
CML Group Limited	CGR
Emeco Holdings Limited	EHL
Gage Roads Brewing Co Limited	GRB
Generational Development Group Limited	GDG
HRL Holdings Limited	HRL
Infomedia Limited	IFM
Integral Diagnostics Limited	IDX
Jumbo Interactive Limited	JIN
Noni B Limited	NBL
Pacific Current Group Limited	PAC
Pinnacle Investment Management Group Limited	PNI
PSC Insurance Group Limited	PSI
QANTM Intellectual Property Limited	QIP
Specialty Fashion Group Limited	SFH
Veris Limited	VRS
360 Capital Total Return Fund	TOT

Investment type	July 2018		August 2018	
	\$m	%	\$m	%
Listed equities	168.3	86.8	174.3	86.3
Short portfolio	(0.0)	(0.0)	(0.0)	(0.0)
Fixed interest & cash	25.5	13.2	27.7	13.7
Gross assets	\$193.8m	100.0	\$202.0m	100.0
Market capitalisation	\$201.8m		\$206.0m*	
Total shares on issue	140,151,337		140,151,337	

*Based on the 31 August 2018 share price of \$1.47 per share.