

February 2021 Investment Update

Pre-tax NTA

W A M <i>Capital</i>	\$1.86
W A M <i>Leaders</i>	\$1.37
W A M <i>Global</i>	\$2.51
W A M <i>Microcap</i>	\$1.67
W A M <i>Alternative Assets</i>	\$1.10
W A M <i>Research</i>	\$1.19
W A M <i>Active</i>	\$1.02

Dear Fellow Shareholders,

Global equities rose in February on an improving economic outlook, the progression of vaccinations and positive earnings results. Towards the end of the month, a swift rise in the US 10-year bond highlighted investors' inflation concerns, while the US Federal Reserve remains focused on providing stimulus, keeping interest rates low and stabilising unemployment. In local terms, the S&P 500 Index rose 2.6% in February, the UK FTSE 100 Index 1.2%, the Euro Stoxx 600 Index 2.3%, Japan's TOPIX Index 3.1% and the MSCI World Index (AUD) 1.6%, while China's CSI 300 Index fell 0.3%. Australian companies saw the strongest reporting season in 20 years and the S&P/ASX All Ordinaries Accumulation Index rose 1.4% for the month.

WAM Active Share Purchase Plan and Bonus Issue of Options

The WAM Active (ASX: WAA) Board of Directors was pleased to [announce](#) a Share Purchase Plan (SPP) and one-for-one Bonus Issue of Options to shareholders on 24 February 2021. I have already applied for my \$30,000 allocation in the SPP at the Issue Price of \$1.08 per share, a discount to the 11 March 2021 share price of \$1.11 per share. All shares issued under the SPP will be entitled to the fully franked interim dividend of 3.0 cents per share and the Bonus Issue of Options. Shareholders who wish to apply can visit www.wamactivespp.com.au. The SPP closes on **Wednesday 17 March 2021**.

Each WAM Active Option provides holders with the opportunity, but not the requirement, to purchase one additional WAM Active share for \$1.10 per Option, without incurring any brokerage fees. All existing investors and investors who purchase WAM Active shares on the ASX until 23 March 2021 will be entitled to receive Bonus Options at no additional cost. Shares issued on Options exercised on or before 13 May 2021 will also receive the fully franked interim dividend, which represents an annualised fully franked dividend yield of 5.5% and a grossed-up fully franked dividend yield of 7.8% on the exercise price of \$1.10 per Option.

WAM Active Options will begin trading on the ASX on 29 March 2021 under the code WAAOA.

Yesterday I spoke with Lead Portfolio Manager Oscar Oberg and Portfolio Manager Tobias Yao about their market outlook, the capital raisings and answered shareholders' questions. You can listen to the recording [here](#).

WAM Global Bonus Issue of Options

Today, the WAM Global Options were allotted and will begin trading on the ASX on 15 March 2021 under the code WGBO.

The WAM Global (ASX: WGB) Board of Directors believes the one-for-one [Bonus Issue of Options](#) is an exciting opportunity to significantly grow WAM Global's assets to the benefit of all shareholders. Options exercised on or before 26 May 2021 will also receive the fully franked interim dividend of 5.0 cents per share, which represents an annualised fully franked dividend yield of 3.9% and a grossed-up yield of 5.6% on the exercise price of \$2.54 per Option.

International Women's Day

This International Women's Day, Wilson Asset Management Chief Executive Officer Kate Thorley sat down with Lead Portfolio Manager Catriona Burns and Portfolio Manager Dania Zinurova to discuss their career paths in funds management. You can watch the interview [here](#).

Thank you for your support.



Geoff Wilson AO
Chairman &
Chief Investment Officer





Wilson Asset Management

LIC snapshot

W | A | M *Capital*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAM

Share price*	\$2.13
NTA before tax	\$1.86
Cash weighting*	12.4%
Annualised fully franked interim dividend	15.5cps
Profits reserve#	20.0cps

W | A | M *Leaders*

Actively investing in the highest quality Australian companies

ASX: WLE

Share price*	\$1.46
NTA before tax	\$1.37
Cash weighting*	1.7%
Annualised fully franked interim dividend	7.0cps
Profits reserve#	29.6cps

W | A | M *Global*

The world's most compelling undervalued growth companies

ASX: WGB

Share price*	\$2.54
WGB Option price*	\$0.15
NTA before tax	\$2.51
Cash weighting*	4.3%
Annualised fully franked interim dividend	10.0cps
Profits reserve#	43.4cps

W | A | M *Microcap*

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

ASX: WMI

Share price*	\$1.945
NTA before tax	\$1.67
Cash weighting*	15.3%
Annualised fully franked interim dividend	8.0cps
Profits reserve#	43.5cps

W | A | M *Alternative Assets*

Access to unique opportunities beyond traditional assets

ASX: WMA

Share price*	\$0.98
NTA before tax	\$1.10
Cash weighting*	26.2%
Commencement date	14 October 2020
Profits reserve#	6.2cps

W | A | M *Research*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAX

Share price*	\$1.64
NTA before tax	\$1.19
Cash weighting*	18.4%
Annualised fully franked interim dividend	9.9cps
Profits reserve#	41.1cps

W | A | M *Active*

Mispricing opportunities in the Australian market

ASX: WAA

Share price*	\$1.11
NTA before tax	\$1.02
Cash weighting*	8.5%
Annualised fully franked interim dividend	6.0cps
Profits reserve#	13.3cps

*As at 11 March 2021.

#The profits reserve figures are as at 28 February 2021 in cents per share (cps).

W | A | M Active

Market mispricing opportunities in the Australian market.

The WAM Active investment portfolio increased during the month, with financial services company Virgin Money UK (ASX: VUK) and diagnostic imaging service provider Capitol Health (ASX: CAJ) contributing to the investment portfolio performance.

Based in the United Kingdom, Virgin Money UK has operations in England and Wales and is registered as a foreign company on the Australian Securities Exchange. The company serves 6.4 million customers through digital and online personal, mortgage and business banking services. In February, Virgin Money UK reported a solid start to the year with continued roll-out of its rebranding programme, a return to statutory profit and strong levels of customer deposits, with 0.9% growth in the December quarter. The company has also seen its stock of active 'payment holidays' decline across the portfolio, which were offered to support mortgage and personal banking customers through the coronavirus pandemic. We are positive about Virgin Money UK's outlook as we believe the UK's accelerating vaccination program and accommodative fiscal and monetary policies will support the company's rebound from the coronavirus pandemic.

Capitol Health operates 63 community-based diagnostic imaging clinics, employing more than 800 staff and delivering more than 1.2 million procedures every year. In its FY2021 interim result, Capitol Health surpassed market expectations, reporting a 5.9% increase in revenue to \$85.3 million compared to the prior corresponding period. Operating earnings before interest, tax, depreciation and amortisation increased 50.1% on the prior corresponding period to \$26.6 million. Capitol Health delivered robust organic revenue growth despite having the majority of its business closed during the Melbourne lockdowns, with earnings benefiting from tight cost control measures. A broader rebound in industry demand is a catalyst for future earnings growth, while a strong balance sheet allows Capitol Health to execute earnings accretive acquisitions.

In February, the WAM Active Board of Directors announced a Share Purchase Plan (SPP) and Bonus Issue of Options. Shareholders wishing to participate in the SPP can visit www.wamactivespp.com.au before it closes on **Wednesday 17 March 2021**.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
Feb 2021	102.21c	104.32c	104.31c
Jan 2021	100.22c	102.84c	102.84c

*Includes 4.14 cents per share of income tax losses available to the Company in future periods.

Market capitalisation (ASX: WAA)

\$51.7m[#]

Gross assets

\$49.4m

Listed equities

\$46.6m

Investment portfolio performance (pa since inception Jan 2008)

12.1%[^]

Bloomberg AusBond Bank Bill Index (Cash): 3.0%

Dividends paid since inception (per share)

74.7c

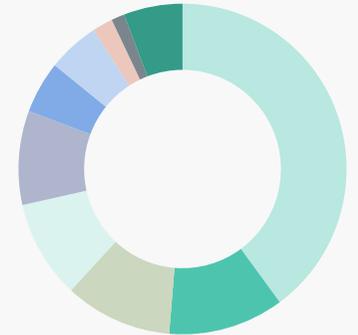
Annualised fully franked interim dividend yield

5.4%[#]

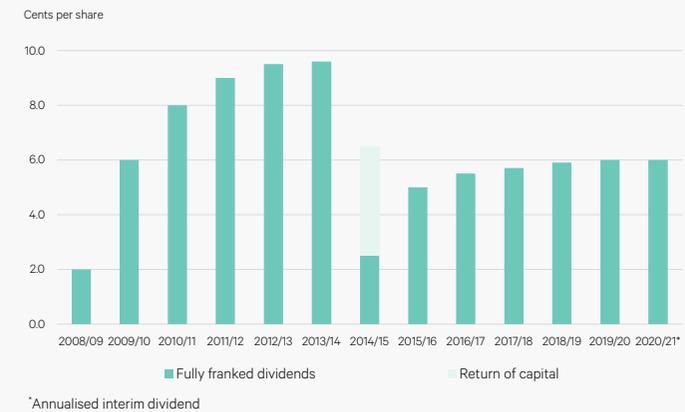
[#]Based on the 26 February 2021 share price of \$1.105 per share and the annualised FY21 fully franked interim dividend of 6.0 cents per share. WAM Active has 46,806,096 shares on issue.

[^]Investment portfolio performance is before expenses, fees and taxes.

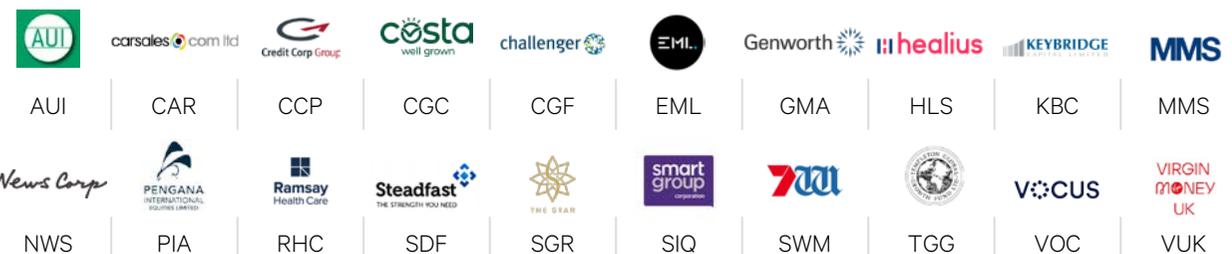
Portfolio by sector



History of fully franked dividends



Top 20 holdings (in alphabetical order)



W | A | M Capital

The most compelling undervalued growth opportunities in the Australian market.

The WAM Capital investment portfolio increased during the month, outperforming the S&P/ASX All Ordinaries Accumulation Index. Significant contributors to the investment portfolio outperformance included financial services company Virgin Money UK (ASX: VUK) and metal detection and mining technology manufacturer Codan (ASX: CDA).

Based in the United Kingdom, Virgin Money UK has operations in England and Wales and is registered as a foreign company on the Australian Securities Exchange. The company serves 6.4 million customers through digital and online personal, mortgage and business banking services. In February, Virgin Money UK reported a solid start to the year with continued roll-out of its rebranding programme, a return to statutory profit and strong levels of customer deposits, with 0.9% growth in the December quarter. The company has also seen its stock of active 'payment holidays' decline across the portfolio, which were offered to support mortgage and personal banking customers through the coronavirus pandemic. We are positive about Virgin Money UK's outlook as we believe the UK's accelerating vaccination program and accommodative fiscal and monetary policies will support the company's rebound from the coronavirus pandemic.

Headquartered in South Australia, Codan is a manufacturer and supplier of communications, metal detection, and mining technology for use in harsh environments by humanitarian organisations, security and military groups, mining companies and governments. In February, the company announced it will acquire 100% of the shares in US-based Domo Tactical Communications for \$114 million, a wireless communications technology provider that supplies more than 20 US government agencies, as well as the Five Eyes intelligence communities. Codan stated the acquisition will be earnings accretive - in the first year of ownership it is expected to deliver approximately \$90 million in sales, \$14 million in earnings before interest, tax, depreciation and amortisation and \$9 million in profit before tax. February saw the Codan share price rally off the back of this announcement and the company's FY2021 interim result, where it reported its highest half yearly profit in its history, assisted by a 14% increase in sales to a record \$194 million. The strong performance of the business was represented by a 40% increase in the interim dividend to 10.5 cents per share announced on 18 February 2021.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
Feb 2021	185.94c	187.42c	189.97c
Jan 2021	180.73c	184.16c	185.84c

*Includes 0.77 cents per share of tax assets resulting from the acquisition of unlisted investment companies and 7.36 cents per share of income tax losses available to the Company in future periods.

Market capitalisation (ASX: WAM)

\$1,789.5m[#]

Gross assets

\$1,593.6m

Listed equities

\$1,438.2m

Investment portfolio performance (pa since inception Aug 1999)

16.4%[^]

S&P/ASX All Ordinaries Accumulation Index: 8.3%

Dividends paid since inception (per share)

254.0c

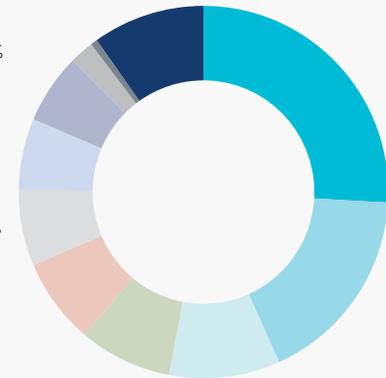
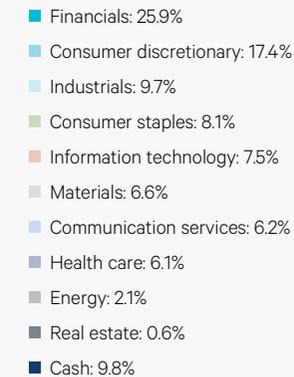
Annualised fully franked interim dividend yield

7.3%[#]

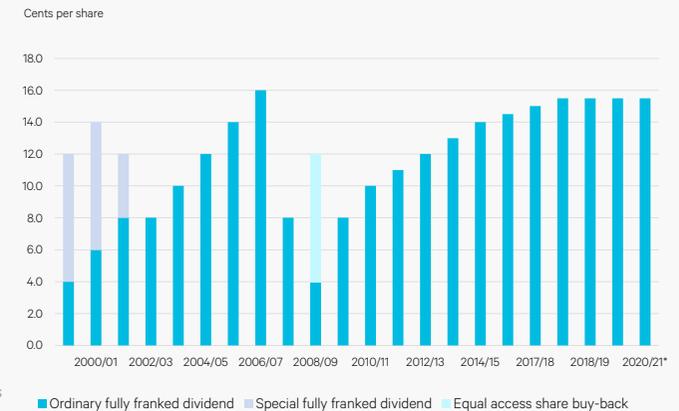
[#]Based on the 26 February 2021 share price of \$2.12 per share and the annualised FY21 fully franked interim dividend of 15.5 cents per share. WAM Capital has 844,100,716 shares on issue. During the month, 70,549,717 shares were issued as part of the CLF and AYS takeover offers.

[^]Investment portfolio performance and index returns are before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends



*Annualised interim dividend.

Top 20 holdings (in alphabetical order)

AUI	BRG	BWX	CDA	CGF	CIE	CLF	FBU	HLS	IFM
ING	LNK	MMS	PIA	SGR	SLK	SVW	TGG	VEA	VUK

W | A | M Leaders

Actively investing in the highest quality Australian companies.

The WAM Leaders investment portfolio increased during the month, outperforming the S&P/ASX 200 Accumulation Index. Significant contributors to the investment portfolio outperformance included financial institution Bank of Queensland (ASX: BOQ) and production and exploration company Oil Search (ASX: OSH).

We have been positive on Bank of Queensland given industry-wide tailwinds such as lower funding costs and potential for loan growth surprise, coupled with an undemanding valuation versus the majors. During the month, Bank of Queensland announced the acquisition of ME bank for around \$1.3 billion, funded by an equity raising. This transformative acquisition increases the number of Bank of Queensland retail customers by approximately 50%, and positions it as the sixth largest lender in Australia, behind the four major banks and Macquarie Bank. We expect Bank of Queensland will realise scale benefits from lower wholesale funding costs in addition to significant cost synergy benefits.

Oil supply and demand imbalances intensified in February, with OPEC+ maintaining discipline while demand continues to ramp towards pre-coronavirus levels. We expect the oil price rally will be supported by investors repositioning for a reflationary environment, with oil offering the desirable characteristics of a real asset, benefiting from a stimulus-driven recovery and demonstrating a powerful hedge against inflation shocks. As a pure-play oil and liquid natural gas exploration company, Oil Search has the highest leverage to changes in the oil price across our investable universe. Other upcoming catalysts for Oil Search include progressing key growth projects in Alaska and Papua New Guinea towards a financial investment decision, and the sell down of equity in Alaska over 2021.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Feb 2021	137.35c [^]	131.42c	131.48c
Jan 2021	131.21c	126.72c	126.92c

[^]The NTA before tax is after the payment of \$2.0m (0.24 cents per share) in tax during the month.

Market capitalisation (ASX: WLE)

\$1,195.6m*

Gross assets

\$1,169.4m

Listed equities

\$1,136.2m

Investment portfolio performance (pa since inception May 2016)

14.1%[^]

S&P/ASX 200 Accumulation Index: 8.9%

Dividends paid since inception (per share)

20.15c

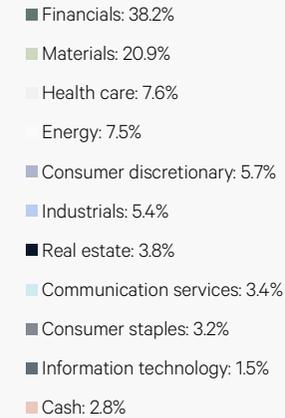
Annualised fully franked interim dividend yield

4.9%*

*Based on the 26 February 2021 share price of \$1.43 per share and the annualised FY21 fully franked interim dividend of 7.0 cents per share. WAM Leaders has 836,115,185 shares on issue.

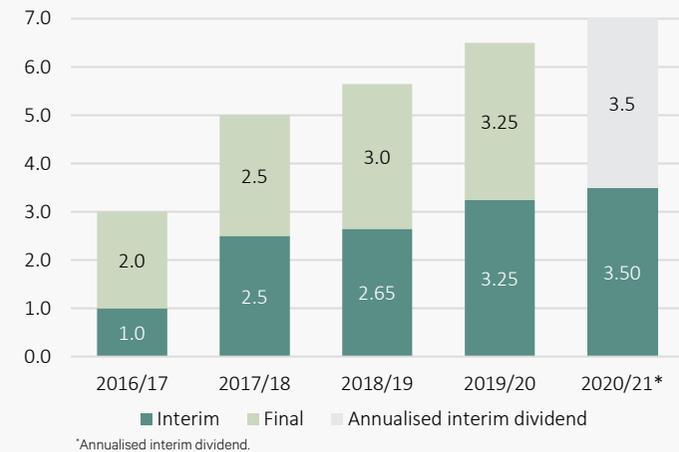
*Investment portfolio performance and index returns are before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends

Cents per share



Top 20 holdings (in alphabetical order)



W | A | M Global

The world's most compelling undervalued growth companies.

The WAM Global investment portfolio increased during the month, with significant contributors to the investment portfolio performance including retail and business technology solutions provider Zebra Technologies (NASDAQ: ZBRA) and financial services technology company Fiserv (NASDAQ: FISV).

Zebra Technologies designs, manufactures and sells automatic identification and data capture products such as mobile computers, barcode scanners, specialty printers and software utilities. The company also provides maintenance, support and professional services, including cloud-based subscriptions. In February, Zebra reported a 9.7% year-on-year increase in net sales to USD1.3 billion and a 17.8% year-on-year increase in net income to USD199 million. Zebra noted a strong order backlog at the beginning of 2021, with small business demand recovering and large customer demand remaining robust. The company's 2020 acquisition of Reflexis Systems has underpinned recent growth and has allowed actionable intelligence to input directly into workflows, positioning Zebra as a strategic supplier to its end customers in workflow orchestration and digitisation. We expect pent up demand for the company's offerings and a shift in the revenue mix to additional software sales to drive strong earnings growth.

Fiserv is a global provider of financial technology, delivering accounting processing and digital banking solutions, card issuer processing and network services, payments, e-commerce, merchant acquiring and processing and a cloud-based point-of-sale solution. In February, Fiserv reported fourth quarter adjusted revenue of USD3.6 billion and adjusted earnings per share of USD1.30, a 16% increase on the prior year period, demonstrating the company's dependable earnings per share growth. Sales increased 19% in the fourth quarter on the prior corresponding period, and the company was also named one of the World's Most Admired Companies by FORTUNE for the eighth consecutive year. We believe Fiserv's recent performance has been underappreciated by the market and are positive on the company's ability to maintain solid growth rates while improving cost discipline and generating robust free cash flows.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Feb 2021	251.14c	248.33c	244.67c
Jan 2021	248.73c	246.45c	242.98c

Market capitalisation (ASX: WGB)

\$559.4m[#]

Gross assets

\$535.7m^{*}

Listed equities

\$511.6m

Investment portfolio performance (pa since inception June 2018)

9.4%[^]

MSCI World Index (AUD): 9.7%

Annualised fully franked interim dividend

10.0c

Cash weighting

4.5%

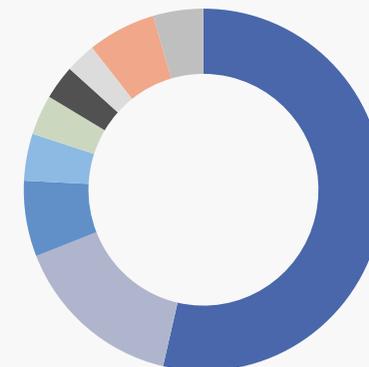
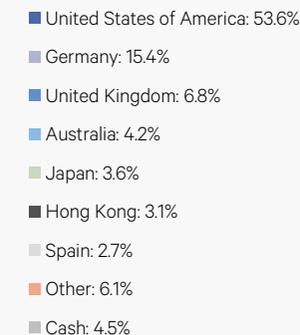
[#]Based on the 26 February 2021 share price of \$2.63 per share and 212,714,212 shares on issue.

^{*}Investment portfolio performance and index returns are before expenses, fees and taxes.

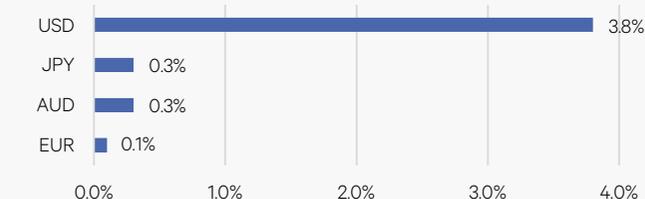
Top 20 holdings (in alphabetical order)

KOMATSU	Tencent 腾讯	AON	API Group	avantor	aspentech	Carrier	DEUTSCHE BORSE GROUP	EA	FERGUSON
6301 JP	700 HK	AON US	APG US	AVTR US	AZPN US	CARR US	DB1 GY	EA US	FERG LN
FIS	fiserv.	home24	ICE	LOWE'S	Nomad Foods	STRÖER	Simply Good	ThermoFisher SCIENTIFIC	VISA
FIS US	FISV US	H24 GR	ICE US	LOW US	NOMD US	SAX GR	SMPL US	TMO US	V US

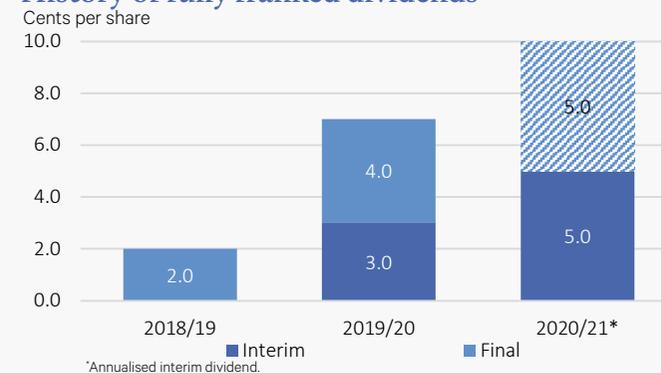
Portfolio by geographical exposure



Cash currency exposure



History of fully franked dividends



© 2021 WAM Global. All rights reserved.

W | A | M *Microcap*

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

The WAM Microcap investment portfolio increased during the month, outperforming the S&P/ASX Small Ordinaries Accumulation Index. Significant contributors to the investment portfolio outperformance included video technology company Atomos (ASX: AMS) and retailer Universal Store Holdings (ASX: UNI).

Since 2010, Atomos has provided digital imaging creation tools for video professionals. Headquartered in Melbourne, Atomos now creates 4K and HD Apple ProRes monitor-recorders, used by video professionals for content creation with lower production costs. In its FY2021 interim result, Atomos recorded its strongest six months in history, with \$32.8 million in sales and \$3.0 million in earnings before interest, tax, depreciation and amortisation, a 210% increase on the prior corresponding period. The company also reported a significant cash flow improvement of 133% to \$4.3 million. Atomos has benefitted from the global surge in video usage and production during the coronavirus pandemic, and is well positioned to scale with \$23.3 million in cash on its balance sheet and access to an undrawn \$5 million working capital facility.

Listed in November 2020, Universal Store operates 65 casual apparel stores across Australia and New Zealand, targeting the 16 to 35 year-old demographic. Universal Store retails a curated range of third party branded products (approximately 70% of FY20 revenue), supported by a range of private label products. The company reported a record six months in its FY2021 interim result, with underlying earnings before interest and tax growing 69% to \$31.5 million, surpassing guidance given in January 2021 of \$30 million to \$31 million. Online sales grew 128%, representing 12% of total sales, due to the introduction of ship-from-store and click-and-collect. The record result saw Universal Store repay its JobKeeper benefit payments of \$3 million to the Federal Government. Universal Store expects to open three new stores in the second half of the financial year, with the ultimate goal to operate more than 100 stores. We are positive on the outlook for growth, as the company has a net cash balance sheet of \$22.5 million, the expansion of its private label brands and a disciplined pricing and promotional strategy.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
Feb 2021	166.99c	162.52c	154.62c
Jan 2021	160.82c	157.55c	150.23c

Market capitalisation (ASX: WMI)

\$403.1m[#]

Gross assets

\$356.1m

Listed equities

\$306.4m

Investment portfolio performance (pa since inception June 2017)

24.7%[^]

S&P/ASX Small Ordinaries Accumulation Index: 10.5%

Dividends paid since inception (per share)

21.75c

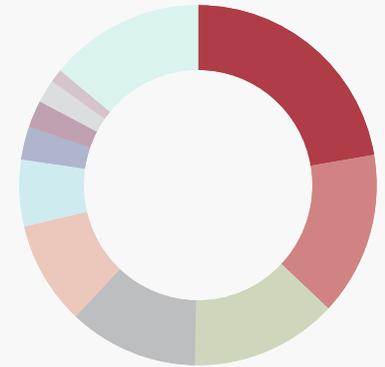
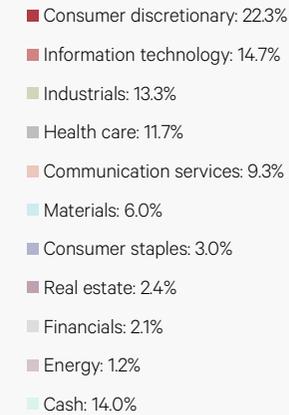
Annualised fully franked interim dividend

8.0c

[#]Based on the 26 February 2021 share price of \$1.95 per share. WAM Microcap has 206,697,507 shares on issue.

[^]Investment portfolio performance and index returns are before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends

Cents per share



*Annualised interim dividend

Top 20 holdings (in alphabetical order)



W | A | M *Alternative Assets*

Access to unique opportunities beyond traditional assets

The rebound in the Australian economy supports most alternative asset classes and the strategies that underpin the WAM Alternative Assets investment portfolio. Improving consumer confidence and increasing discretionary spending contribute to the positive story for private equity investments in the consumer sector. The healthcare services industry is reporting a gradual recovery in numbers of elective surgeries as well as growing demand in mental health services, which supports the healthcare real estate thematic. The broader infrastructure market is also benefiting from the recovery with increased domestic passenger numbers as State borders reopen and people feel safer traveling as the coronavirus vaccine is rolled out.

WAM Alternative Assets' investment in the Argyle Water Fund is managed by Argyle Capital. The Water Fund's operations consists of the ownership and management of a diverse portfolio of water entitlements (perpetual water rights) across several river systems and aquifers. The Water Fund's unit price has remained stable despite the long forecast Pacific La Niña event which delivered above average rainfall throughout the summer for many parts of the southern Murray Darling Basin (sMDB). The increased water supply in the sMDB has resulted in lower spot prices, however the water entitlement values have remained strong. The Water Fund is well placed having already sold the vast majority of its water allocation position for the 2020/21 season prior to the summer. Permanent crop irrigators in the sMDB are presently focused on carrying over surplus water allocation volumes into next financial year. Argyle Capital has been active with contracting that surplus capacity in the Water Fund which led to growing revenues for the season.

New investment partners

We were pleased to finalise commitments with Palisade Investment Partners for \$15 million and Barwon Property Funds Management for \$15 million in early March.



Specialist infrastructure fund manager



Boutique real estate fund manager

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
--	----------------	--	---------------

Feb 2021	110.46c	110.58c	109.44c
----------	---------	---------	---------

Jan 2021	109.61c	109.76c	108.82c
----------	---------	---------	---------

Market capitalisation (ASX: WMA)

\$192.9m*

Share Price

\$0.995

Gross assets

\$213.7m

Pre-tax net tangible assets

\$1.10

*Based on 193,829,724 shares on issue.

About WAM Alternative Assets

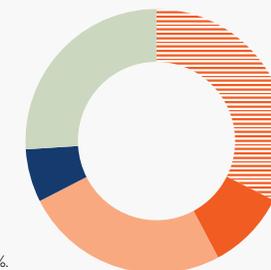
WAM Alternative Assets provides retail investors with exposure to a portfolio of real assets, private equity, real estate and aims to expand into new asset classes such as private debt and infrastructure. The Company's investment objectives are to consistently deliver absolute returns through a combination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

Date of transition from BAF to WMA

14 October 2020

Asset class exposure

- Real assets 42.2%*
- Private equity 25.3%
- Real estate 6.5%
- Cash 26.0%



*Total water entitlements exposure is 32.4%.

Portfolio structure	Current value (\$m)		+/- Prior month	
	\$m	%	\$m	%
Real assets	90.2	42.2	(0.1)	(0.1)
Private equity	54.1	25.3	1.7	3.2
Real estate	13.9	6.5	-	-
Cash*	55.5	26.0	0.1	0.2
Grand total	213.7	100.0	1.7	0.8

*Includes a \$30.0m capital commitment to Palisade Diversified Infrastructure Fund and Barwon Institutional Healthcare Property Fund and a \$1.3m capital commitment to the Strategic Australian Agriculture Fund.

Real assets

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

Private equity

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

Real estate

A portfolio of domestic and international industrial and office assets.

Top holdings

Real assets



Water Fund

Pioneer and leading non-irrigator water investor in Australia.

Strategic Australian Agriculture Fund

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

Private equity



A manufacturer of premium condiments, desserts and beverages



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



Shopping centre advertising campaigns



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



Owns and operates a portfolio of hotels in Australia



An Australian online wine retailer



Food services distributor

Real estate



2 Rector Street, Manhattan, New York

Revesby Industrial Income Fund, New South Wales



441 Ninth Avenue, Manhattan, New York

Darra Industrial Income Fund, Queensland

W | A | M Research

The most compelling undervalued growth opportunities in the Australian market.

The WAM Research investment portfolio increased during the month, outperforming the S&P/ASX All Ordinaries Accumulation Index. Significant contributors to the investment portfolio outperformance included technology company Codan (ASX: CDA) and natural skin and hair products company BWX (ASX: BWX).

Headquartered in South Australia, Codan is a manufacturer and supplier of communications, metal detection, and mining technology for use in harsh environments by humanitarian organisations, security and military groups, mining companies and governments. In February, the company announced it will acquire 100% of the shares in US-based Domo Tactical Communications for \$114 million, a wireless communications technology provider that supplies more than 20 US government agencies, as well as the Five Eyes intelligence communities. Codan stated the acquisition will be earnings accretive - in the first year of ownership it is expected to deliver approximately \$90 million in sales, \$14 million in earnings before interest, tax, depreciation and amortisation and \$9 million in profit before tax. February saw the Codan share price rally off the back of this announcement and the company's FY2021 interim result, where it reported its highest half yearly profit in its history, assisted by a 14% increase in sales to a record \$194 million. The strong performance of the business was represented by a 40% increase in the interim dividend to 10.5 cents per share announced on 18 February 2021.

BWX is a leading wellness company selling natural beauty products throughout Australia, the US, Canada and the UK. The company is known for brands such as Sukin, Andalou Naturals and Nourished Life. In February, BWX announced it signed a five-year equity-linked strategic partnership with Chemist Warehouse, with the entire product range available online and an increased store presence in Australia, New Zealand and Ireland. The partnership will see BWX as a platinum supplier to Chemist Warehouse in exchange for the issuance of 881,613 shares, representing 0.6% of BWX's share capital base, with further possible increases based on performance targets. The partnership is expected to result in positive earnings-per-share accretion within 12 months and is indicative of BWX's opportunities for growth. We are positive on management's 'Go Global, Go Mainstream' strategy, as the company now has 1.4 million total distribution points for all core brands globally and has forecasted this to grow to over 2.0 million in FY2022.

Market capitalisation (ASX: WAX)

\$321.3m[#]

Gross assets

\$238.4m

Listed equities

\$201.6m

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

16.1%[^]

S&P/ASX All Ordinaries Accumulation Index: 8.9%

Dividends paid since inception (per share)

114.1c

Annualised fully franked interim dividend yield

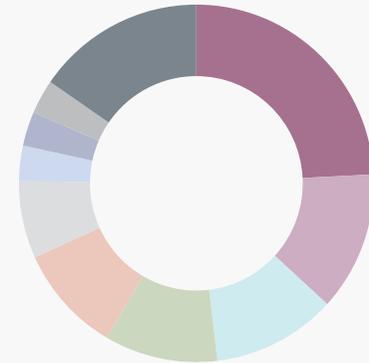
6.0%[#]

[#]Based on the 26 February 2021 share price of \$1.65 per share and the annualised FY21 fully franked interim dividend of 9.9 cents per share. WAM Research has 194,743,490 shares on issue.

[^]Investment portfolio performance and index returns are before expenses, fees and taxes.

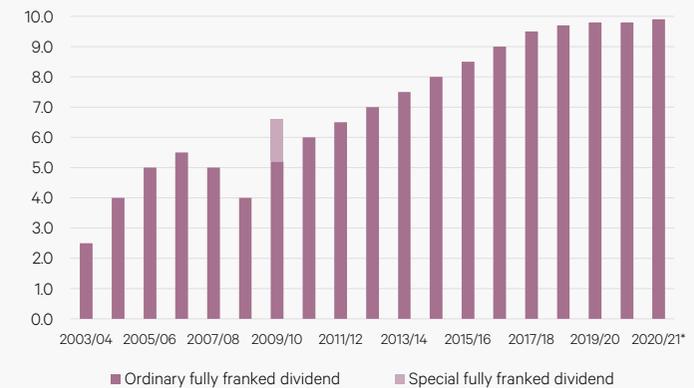
Portfolio by sector

- Consumer discretionary: 24.2%
- Materials: 12.6%
- Consumer staples: 11.3%
- Information technology: 10.3%
- Industrials: 9.8%
- Financials: 7.0%
- Health care: 3.2%
- Communication services: 3.1%
- Energy: 3.1%
- Cash: 15.4%



History of fully franked dividends

Cents per share



^{*}Annualised interim dividend.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
Feb 2021	118.95c	118.94c	117.84c
Jan 2021	114.32c	115.27c	114.56c

^{*}Includes 5.73 cents per share of income tax losses available to the Company in future periods.

Top 20 holdings (in alphabetical order)

AFG	BGA	BKW	BRG	BWX	CCX	CDA	CTD	FBU	FLT
IEL	IFM	IMD	ING	LNK	MGH	PDL	SLK	SWW	VEA