

# June 2021 Investment Update

Pre-tax  
NTA

W | A | M *Capital*

\$1.89

W | A | M *Leaders*

\$1.44

W | A | M *Global*

\$2.73

W | A | M *Microcap*

\$1.69

W | A | M *Alternative Assets*

\$1.17

W | A | M *Strategic Value*

\$1.27

W | A | M *Research*

\$1.22

W | A | M *Active*

\$1.02

## Dear Fellow Shareholders,

The 2021 financial year will be remembered for exceptional performance in equity markets, with global indices rising strongly from the pandemic-induced losses of early 2020. Growth stocks initially led gains, underpinned by record levels of fiscal and monetary stimulus, while the return of economic growth saw value stocks drive performance for the remainder of the year. The reopening of advanced economies coupled with ongoing fiscal stimulus has also spurred growing consumer confidence and investor optimism.

As we look towards FY2022, the pandemic's grip on economies has loosened, and while variants and snap lockdowns pose challenges, we believe the near-term outlook for global economic growth is strong. We are optimistic on the continued recovery in the domestic economy and expect monetary policy to drive markets in the coming months. The investment team at Wilson Asset Management will use our diligent investment process to adjust our portfolios accordingly.

The MSCI World Index (AUD) closed up 27.5% for the financial year, and in local terms, the US S&P 500 Index up 38.6%, NASDAQ Composite Index 44.2%, China's CSI 300 Index 25.5%, Japan's TOPIX Index 24.7%, UK's FTSE 100 Index 14.1% and the Euro Stoxx 50 Index 25.7%. The S&P/ASX All Ordinaries Accumulation Index rose 30.2%.

### WAM Strategic Value lists on the ASX

WAM Strategic Value (ASX: WAR) officially listed on the ASX on 28 June 2021 following an oversubscribed \$225 million initial public offering. We have been overwhelmed by the support from our shareholders, the joint lead managers and co-managers. I would like to thank everyone for their participation in the capital raising. I recently spoke to the [Australian Financial Review](#) about WAM Strategic Value, and my philosophy of buying "\$1 worth of assets for 80c" for shareholders.

### WAM Global and Templeton Global Growth Fund set to merge

In June, WAM Global Limited (ASX: WGB) and Templeton Global Growth Fund Limited (ASX: TGG) announced that they have entered into a [Scheme Implementation Agreement](#) to merge the two entities (**Proposed Transaction**). The WAM Global Board of Directors believe that the Scheme of Arrangement (**Scheme**) will be beneficial to both companies and will result in a superior merged entity leveraging Wilson Asset Management's proven investment strategy.

The Proposed Transaction will make WAM Global one of the largest global listed investment companies on the ASX. We look forward to welcoming TGG shareholders to the Wilson Asset Management family as we continue to grow WAM Global.

### WAM Leaders outperformance drives increased fully franked final dividend and record profit

WAM Leaders Limited (ASX: WLE) [achieved](#) a record operating profit before tax of \$318.1 million (FY2020: operating loss before tax of \$1.2 million) and a record operating profit after tax of \$228.9 million (FY2020: \$5.3 million) in its FY2021 full year result. On 13 July, the Board declared a fully franked final dividend of 3.5 cents per share, bringing the fully franked full year dividend to 7.0 cents per share, and providing shareholders with a fully franked dividend yield of 4.5% and a grossed-up yield of 6.4% on the 12 July 2021 closing share price of \$1.565 per share. We held a WAM Leaders [Investor Update and Q&A webinar](#) to discuss the result and I recently spoke to [The Australian](#) about the growth of the listed investment company sector.

During the year, the WAM Leaders investment portfolio increased a record 37.0%, outperforming the S&P/ASX 200 Accumulation Index by 9.2%. Since inception in May 2016, the WAM Leaders investment portfolio has increased 14.9% per annum, outperforming the Index by 4.5% per annum.

### Entitlement Offer for WAM Leaders shareholders

The WAM Leaders Board of Directors is pleased to offer shareholders the opportunity to increase their interest in the Company with the announcement of a pro-rata 1 for 5 non-renounceable [Entitlement Offer](#) at an issue price equal to the Company's pre-tax net tangible asset backing of \$1.44 per share as at 30 June 2021. The record date to be entitled for the offer is Monday 19 July 2021 and you can read coverage in the [Australian Financial Review](#).

Thank you for your support.

As always, please call or email us if you have any questions.



**Geoff Wilson AO**  
Chairman & Chief  
Investment Officer

# LIC snapshot



## W | A | M *Capital*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAM

Share price*	\$2.23
NTA before tax	\$1.89
Annualised fully franked interim dividend	15.5cps
Profits reserve#	21.0cps

## W | A | M *Leaders*

Actively investing in the highest quality Australian companies

ASX: WLE

Share price*	\$1.585
NTA before tax	\$1.44
Fully franked full year dividend	7.0cps
Profits reserve#	35.3cps

## W | A | M *Global*

The world's most compelling undervalued growth companies

ASX: WGB

Share price*	\$2.64
WGBO option price*	\$0.11
NTA before tax	\$2.73
Annualised fully franked interim dividend	10.0cps
Profits reserve#	53.6cps

## W | A | M *Microcap*

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

ASX: WMI

Share price*	\$1.87
NTA before tax	\$1.69
Annualised fully franked interim dividend	8.0cps
Profits reserve#	46.4cps

## W | A | M *Alternative Assets*

Unique opportunities beyond traditional assets

ASX: WMA

Share price*	\$0.995
NTA before tax	\$1.17
Commencement date	14 October 2020
Profits reserve#	10.5cps

## W | A | M *Strategic Value*

Discounted asset opportunities

ASX: WAR

Share price*	\$1.32
NTA before tax	\$1.27
Listing date	28 June 2021
Profits reserve#	1.9cps

## W | A | M *Research*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAX

Share price*	\$1.64
NTA before tax	\$1.22
Annualised fully franked interim dividend	9.9cps
Profits reserve#	42.8cps

## W | A | M *Active*

Mispricing opportunities in the Australian market

ASX: WAA

Share price*	\$1.08
WAA option price*	\$0.021
NTA before tax	\$1.02
Annualised fully franked interim dividend	6.0cps
Profits reserve#	8.1cps

\*As at 13 July 2021.

#The profits reserve figures are as at 30 June 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 significant contributors to the investment portfolio performance including media company Seven West Media (ASX: SWM) and pizza company Domino's Pizza (ASX: DMP).

Seven West Media is Australia's largest diversified media business, producing content across broadcast television, publishing and digital networks. The company comprises the Seven Network and its affiliate channels, as well as The West Australian, The Sunday Times and Seven Studios. In June, Seven West Media announced a positive fourth quarter trading update, reporting advertising revenue growth of more than 45%, with momentum expected to continue into the September quarter. 7plus has seen a 62% growth in registered users in the year to date, above market growth of 50.7%. Digital revenue is up 130% for FY2021, with earnings before interest, tax, depreciation and amortisation (EBITDA) of \$60 million. We remain positive on Seven West Media, with the company expecting to more than double its Digital EBITDA in FY2022 and ongoing cost control, with strong free cash flow generation contributing to further de-leveraging of the balance sheet which we believe is being undervalued by the market.

Domino's Pizza is a multinational pizza restaurant chain, with the Australian business representing the largest franchisee outside of the US. In June, Domino's Pizza entered its 10th market, announcing a binding agreement with Formosa International Hotels Corporation to acquire the corporate stores and franchise rights of Domino's Taiwan for \$79 million on a cash and debt free basis. Domino's Pizza is the second largest operator in Taiwan with 157 stores and long-term market potential of more than 400 stores. The deal expands Domino's Pizza's Asian market by more than 18%, and as a result of the acquisition, the company has increased its store count outlook in Asia to 1,900 by 2030-2032. We remain positive on Domino's Pizza, with key growth markets such as Japan and Germany reaching an inflection point underpinning a robust organic growth profile, while latent capacity remains for further earnings accretive acquisitions.

## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
June 2021	101.84c	104.43c	104.42c
May 2021	101.65c	104.25c	104.25c

\*Includes 2.65 cents per share of income tax losses available to the Company in future periods. The above June NTA figures are not adjusted for the 67,407,220 options on issue with an exercise price of \$1.10 per option.

## Market capitalisation (ASX: WAA)

\$80.1m<sup>#</sup>

## Gross assets

\$76.8m

## Listed equities

\$63.5m

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

12.1%<sup>^</sup>

Bloomberg AusBond Bank Bill Index (Cash): 3.0%

## Dividends paid since inception (per share)

77.7c

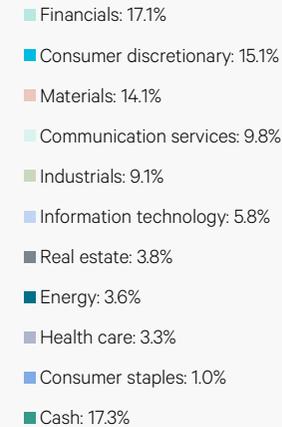
## Annualised fully franked interim dividend yield

5.5%<sup>#</sup>

<sup>#</sup>Based on the 30 June 2021 share price of \$1.095 per share and the annualised FY21 fully franked interim dividend of 6.0 cents per share. WAM Active has 73,173,266 shares on issue. During the month, 20,125 options were exercised and allotted under the Bonus Issue of Options announced on 24 February 2021.

<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.

## Portfolio by sector



## History of fully franked dividends



## Top 20 holdings (in alphabetical order)

ADBRI	ALS	BRICKWORKS	Breville	CAPITOLHEALTH LIMITED	carsales.com ltd	CIMIC	ctm	Downer	Data#3
ABC	ALQ	BKW	BRG	CAJ	CAR	CIM	CTD	DOW	DTL
Genworth	KEYBRIDGE	News Corp	PACT	PREMIER INVESTMENTS	PEXA	RWC	THE STAR	7M	VIRGIN MONEY UK
GMA	KBC	NWS	PGH	PMV	PXA	RWC	SGR	SWM	VUK

# W | A | M Capital

The most compelling undervalued growth opportunities in the Australian market.

The WAM Capital investment portfolio increased during the month, with significant contributors to the investment portfolio performance including construction services company Johns Lyng Group (ASX: JLG) and media company Seven West Media (ASX: SWM).

Johns Lyng Group provides building and restoration services across Australia for properties and contents damaged by insurable events, including impact, weather and fire events. Johns Lyng Group has approximately 500 employees across Australia and operates in all major metropolitan areas and in high risk regional areas, such as Far North Queensland. In June, the company announced an earnings forecast upgrade of 10% bringing earnings before interest, tax, depreciation and amortisation (EBITDA) to \$521 million from prior guidance provided in February. The increase was driven by strong demand for core services and catastrophe recovery services in northern New South Wales and southern Queensland. We remain positive on the outlook, underpinned by a strong pipeline of work and balance sheet capacity to execute on additional earnings accretive acquisitions, with three businesses acquired in the Strata and Building Management sector subsequent to year end.

Seven West Media is Australia's largest diversified media business, producing content across broadcast television, publishing and digital networks. The company comprises the Seven Network and its affiliate channels, as well as The West Australian, The Sunday Times and Seven Studios. In June, Seven West Media announced a positive fourth quarter trading update, reporting advertising revenue growth of more than 45%, with momentum expected to continue into the September quarter. 7plus has seen a 62% growth in registered users in the year to date, above market growth of 50.7%. Digital revenue is up 130% for FY2021, with EBITDA of \$60 million. We remain positive on Seven West Media, with the company expecting to more than double its Digital EBITDA in FY2022 and ongoing cost control, with strong free cash flow generation contributing to further de-leveraging of the balance sheet which we believe is being undervalued by the market.

## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
June 2021	189.25c	191.76c	192.88c
May 2021	186.55c	190.10c	191.32c

\*Includes 1.12 cents per share of tax assets resulting from the acquisition of unlisted investment companies and 7.07 cents per share of income tax losses available to the Company in future periods.

## Market capitalisation (ASX: WAM)

\$1,923.5m<sup>#</sup>

## Gross assets

\$1,682.2m

## Listed equities

\$1,558.3m

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

16.6%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 8.7%

## Dividends paid since inception (per share)

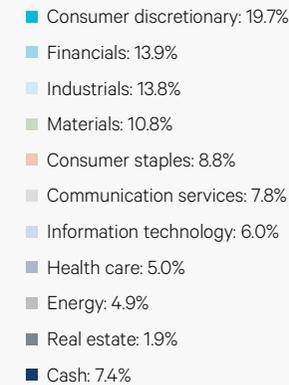
261.75c

## Annualised fully franked interim dividend yield

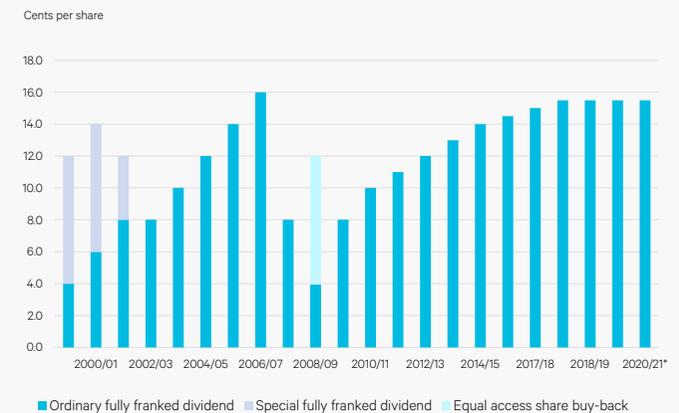
7.1%<sup>#</sup>

<sup>#</sup>Based on the 30 June 2021 share price of \$2.19 per share and the annualised FY21 fully franked interim dividend of 15.5 cents per share. WAM Capital has 878,319,194 shares on issue. During the month, 4,147,228 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 also before expenses, fees and taxes.

## Portfolio by sector



## History of fully franked dividends



\*Annualised interim dividend.

## Top 20 holdings (in alphabetical order)

ARISTOCRAT	Bega	BWX	CODAN	Contango	EVT	Fletcher Building	IMDEX	JOHNS LYNG GROUP	LOVISA
ALL	BGA	BWX	CDA	CIE	EVT	FBU	IMD	JLG	LOV
MGH	News Corp	PENTAL	PACT	PEXA	SEALINK	SGH	UNITED MALT	VIVA Energy Australia	VIRGIN MONEY UK
MGH	NWS	PDL	PGH	PXA	SLK	SVW	UMG	VEA	VUK

# W | A | M Leaders

Actively investing in the highest quality Australian companies.

The WAM Leaders investment portfolio increased during the month, with strong contribution to the investment portfolio performance from the healthcare sector, including respiratory device manufacturer ResMed (ASX: RMD) and implantable hearing device manufacturer Cochlear (ASX: COH).

ResMed is a respiratory device manufacturer and medical software-as-a-service (SaaS) provider. The company saw significant outperformance during the month, largely a result of Philips, a key competitor in the Obstructive Sleep Apnea (OSA) industry, announcing a recall of 3 million to 4 million CPAP devices manufactured between 2009 and 2021 due to foam degradation issues. We expect ResMed to experience an increase in demand for devices as a result of this, which should aid in offsetting the channel destocking event that would usually occur ahead of the launch of a new device. Despite the recent share price momentum, we continue to be positive on the long-term outlook for ResMed as we expect permanent market share gains to arise from Philips' reputational damage and the upcoming 'AirSense 11' launch later this calendar year to drive further top-line growth. Additionally, we believe the valuation versus earnings growth profile remains attractive against large healthcare peers.

Cochlear manufactures cochlear implant devices for hearing impaired children and adults. In the later stages of a similar event to ResMed, recent data points suggest Cochlear continues to benefit from market share gains as a result of competitor Advanced Bionics, part of Sonova (SW: SOON), announcing a recall of some of its cochlear implant devices in February 2020. The reputational damage of a recall is significant, as the faulty devices require surgical explanting, and in the case of paediatrics, can significantly impede speech development. Additionally, Cochlear remains a clear winner of the reopening trade and recent feedback from US audiologists suggest cochlear implant patient numbers are strongly above pre-coronavirus levels, and well above calendar year 2020 levels in the June 2021 quarter.

## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
June 2021	144.01c <sup>^</sup>	140.17c	137.27c
May 2021	143.35c	135.85c	135.89c

<sup>^</sup>The NTA before tax is after the payment of \$11.0m (132 cents per share) in tax during the month.

## Market capitalisation (ASX: WLE)

\$1,331.7m\*

## Gross assets

\$1,225.8m

## Listed equities

\$1,188.2m

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

14.9%<sup>^</sup>

S&P/ASX 200 Accumulation Index: 10.4%

## Dividends paid since inception (per share)

23.65c

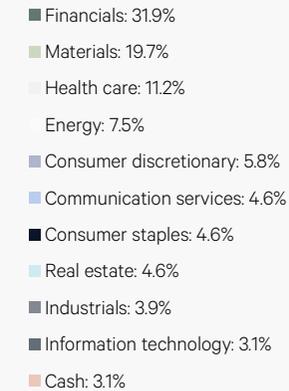
## Fully franked dividend yield

4.4%\*

\*Based on the 30 June 2021 share price of \$159 per share and the FY21 fully franked full year dividend of 7.0 cents per share. WAM Leaders has 837,543,215 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.

## 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 life-science tools and services provider Avantor (NYSE: AVTR) and discount supermarket chain Kobe Bussan (TYO: 3038).

Avantor is a leading global provider of mission-critical products and services to customers in the life sciences, advanced technologies and applied materials industries. The company serves more than 225,000 customer locations and has extensive access to research laboratories and scientists in more than 180 countries. In June, the company announced the acquisition of RIM Bio and completed its takeover of Ritter GmbH and its affiliates, allowing Avantor to gain exposure to new end markets and geographies. RIM Bio is a leading China-based manufacturer of single-use bioprocess bags and assemblies for biopharmaceutical and manufacturing applications, expanding Avantor's footprint in China. Ritter is a German manufacturer of high-quality robotic and liquid handling consumables, increasing Avantor's exposure to diagnostic and drug discovery applications. We expect Avantor to continue to acquire bolt-on life sciences consumables companies and, by leveraging their global distribution and marketing network, create synergies and unlock value. Combined with multi-year tailwinds in the biopharma space, Avantor is well placed to perform strongly going forward.

Kobe Bussan is the operator of Japanese discount supermarket store franchise, Gyomu Super. The store base benefits from the company's vertical integration, operating 23 food processing plants across Japan. On 11 June, Kobe Bussan released its first half FY2021 results, reporting operating profit up 16.1% to ¥14.4 billion, and revised up its earnings guidance for full year FY2021 results. Private label product share rose faster than anticipated and the store rollout guidance was upgraded, driving the share price up 11.1% on the day. On 24 June, Kobe Bussan reported preliminary May 2021 sales were up 2.8%, operating profit up 6.3% and gross profit up 12.8% year on year, ahead of analyst expectations. We believe there remains upside to company guidance and the medium term growth potential for the business remains strong. With a clear value proposition and relatively low market share, Kobe Bussan has the potential to grow stores from the current 927 to over 1,500 over time. Kobe Bussan is well positioned for higher margins stemming from additional private label penetration, further vertical integration of the supply chain and leveraging the larger Gyomu Super store base.

## Market capitalisation (ASX: WGB)

\$619.2m\*

## Gross assets

\$646.4m

## Listed equities

\$620.6m

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

12.6%^

MSCI World Index (AUD): 13.6%

## Annualised fully franked interim dividend

10.0c

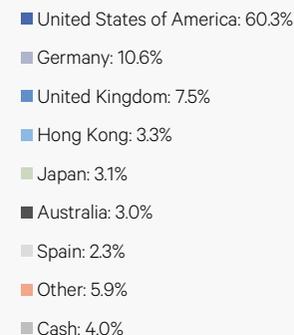
## Cash weighting

4.0%

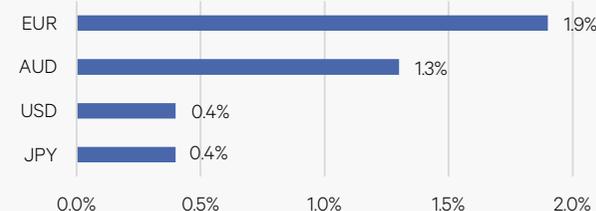
\*Based on the 30 June 2021 share price of \$262 per share and 236,334,452 shares on issue. During the month, 427,610 options were exercised and allotted under the Bonus Issue of Options announced on 10 February 2021 and 538,552 shares were issued under the Dividend Reinvestment Plan for the interim dividend.

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

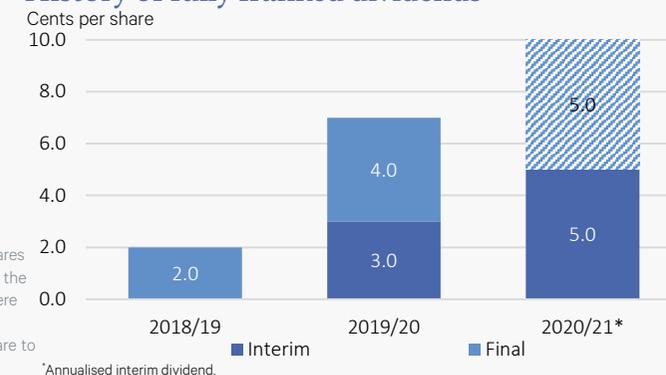
## Portfolio by geographical exposure



## Cash currency exposure



## History of fully franked dividends

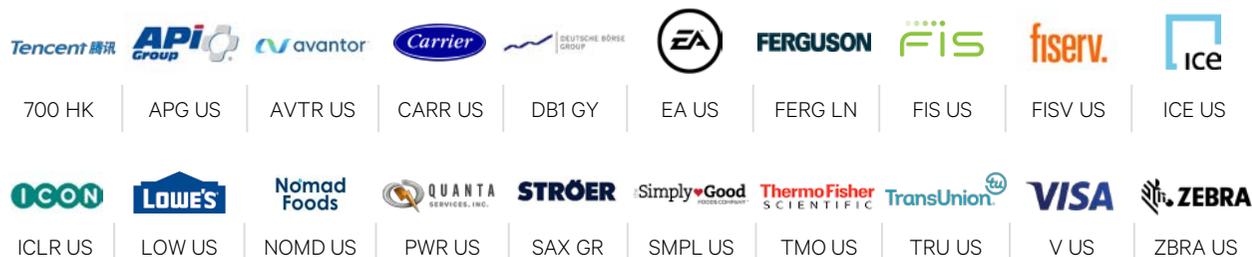


## Net Tangible Assets (NTA) per share - updated

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
June 2021	272.76c <sup>^</sup>	267.05c	259.90c
May 2021	267.51c	262.40c	255.67c

<sup>^</sup>The NTA before tax is after the payment of \$1.8m (0.77 cents per share) in tax during the month. The above June NTA figures are not adjusted for the 189,409,888 options on issue with an exercise price of \$2.54 per option.

## Top 20 holdings (in alphabetical order)



# 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, with significant contributors to the investment portfolio performance including beauty services company Silk Laser Australia (ASX: SLA) and Atomos (ASX: AMS).

Silk Laser Clinics operates a network of specialist clinics offering non-surgical aesthetic services and products. In June, the company reached a milestone of 60 clinics, including ten new clinics opened during FY2021. Subsequently, Silk announced a \$52 million strategic acquisition of Australian Skin Clinics and The Cosmetic Clinic in New Zealand, almost doubling its clinic footprint to 117 and progressing its medium-term network plan of 150 clinics. Silk announced a \$20 million placement to partially fund the acquisition, with management expecting the deal to deliver greater than 20% earnings per share accretion before synergies. We remain positive on Silk, underpinned by a strong organic growth profile, upside in synergies and capacity for further accretive acquisitions.

Atomos is a global provider of digital imaging creation hardware and software tools for video professionals. Headquartered in Melbourne, Atomos creates market leading 4K and HD Apple ProRes monitor-recorders, used by video professionals for content creation, increasing video quality and reducing production costs. In June, Atomos strengthened its senior team with the appointment of Chief Product Officer Estelle McGeachie, who previously worked as a product manager at Apple in video applications. The company also reported a record 73% increase in FY2021 sales to greater than \$77 million. Momentum continued to build through the second half of the year with sales totalling \$44.2 million, a 275% increase on the prior corresponding six month period. We remain positive on Atomos, underpinned by additional product releases into the professional and general consumer categories, while additional upside in operating leverage is compelling given a relatively stable fixed cost base.

## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
June 2021	169.26c	164.96c	157.78c
May 2021	167.72c	163.60c	156.70c

## Market capitalisation (ASX: WMI)

\$378.2m<sup>#</sup>

## Gross assets

\$360.3m

## Listed equities

\$320.9m

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

24.1%<sup>^</sup>

S&P/ASX Small Ordinaries Accumulation Index: 12.0%<sup>^</sup>

## Dividends paid since inception (per share)

25.75c

## Annualised fully franked interim dividend

8.0c

<sup>#</sup>Based on the 30 June 2021 share price of \$1,825 per share. WAM Microcap has 207,247,850 shares on issue.

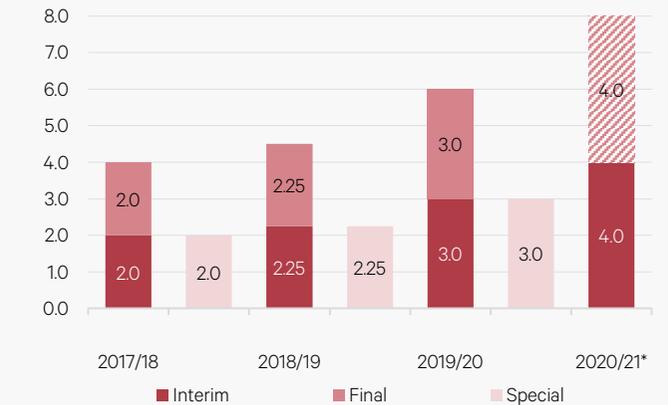
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Portfolio by sector



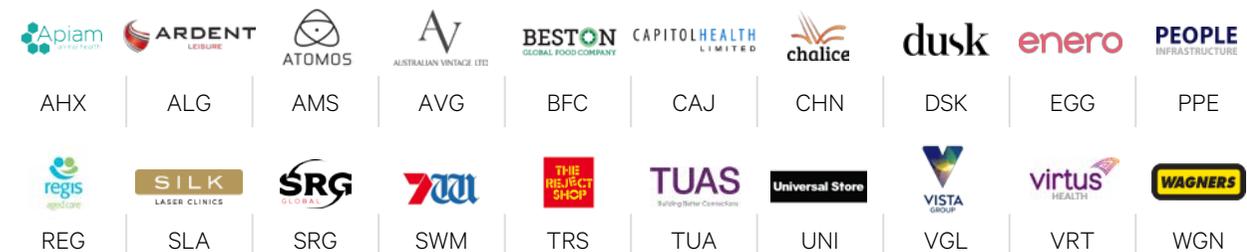
## History of fully franked dividends

Cents per share



\*Annualised interim dividend

## Top 20 holdings (in alphabetical order)



# W | A | M *Alternative Assets*

## Unique opportunities beyond traditional assets

Bell Potter recently named WAM Alternative Assets (ASX: WMA) as a top stock pick for FY2022 in a report which details 39 top picks across a range of sectors, including the listed investment companies (LIC) space. The stockbroker noted that WAM Alternative Assets investment portfolio is leveraged to Australia's comparative advantage, with the portfolio's substantial allocation to agricultural assets and water entitlements being a potential driver of future returns amid supply chain disruptions and price increases. In June, the real assets portion of the portfolio, which includes agricultural and water entitlements, contributed positively to the investment portfolio performance. Real assets provide strong diversification in an investment portfolio by delivering investment returns which are more sustainable and resilient to economic shocks.

During the month, we began deploying capital to Adamantem Fund II. This Fund is managed by Adamantem Capital, a private equity firm specialising in mid-market buy-out transactions in Australia and New Zealand Fund. With funds committed by WAM Alternative Assets and other investors, Adamantem Capital Fund II successfully invested in two businesses, Climate Friendly and Linen Services Australia. Climate Friendly is a leading developer of land-based carbon offsets in Australia, a business that works with land holders, farmers and Traditional Custodians to adopt land management practices to reduce emissions and increase the level of carbon stored in the land. Linen Services Australia is a leading commercial laundry operator in Australia and New Zealand, which provides critical linen and garment laundry services to over 3,000 customers. The business specialises in healthcare linen and has longstanding relationships with Tier 1 public and private hospitals.

### Market capitalisation (ASX: WMA)

\$191.0m\*

### Share Price

\$0.985

### Gross assets

\$225.8m

### Pre-tax net tangible assets

\$1.17

\*Based on 193,932,860 shares on issue.

### Asset class exposure



\*Total water entitlements exposure is 33.0%.  
#Total capital commitments are 16.7%.

Portfolio structure	Current value (\$m)		+/- Prior month	
	\$m	%	\$m	%
Real assets	95.8	42.4	1.5	1.6
Private equity	63.1	27.9	4.4	7.5
Real estate	14.3	6.4	0.4	2.9
Cash*	52.6	23.3	(1.8)	(3.3)
<b>Grand total</b>	<b>225.8</b>	<b>100.0</b>	<b>4.5</b>	<b>2.0</b>

\*Includes capital commitments to the Palisade Diversified Infrastructure Fund (\$15.0m); the Barwon Institutional Healthcare Property Fund (\$15.0m); the Adamantem Fund 2 (\$6.3m) and the Strategic Australian Agriculture Fund (\$1.3m). During the month, \$1.7m of committed capital to Adamantem Fund 2 was invested.

### 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.

## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
June 2021	116.62c	116.25c	113.96c
May 2021	114.28c	113.83c	112.11c

## 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



Food services distributor

### Real estate



2 Rector Street, Manhattan, New York

Revesby Industrial Income Fund, New South Wales

## New Investment Partners



Mid-market private equity firm



Specialist infrastructure fund manager



Boutique real estate fund manager

# W | A | M Strategic Value

Discounted asset opportunities.

WAM Strategic Value Limited became Wilson Asset Management's eighth listed investment company (LIC) in June 2021 following an oversubscribed \$225 million initial public offering (IPO). The Company's Investment Strategy will provide shareholders with exposure to a diversified equities portfolio purchased at a discount to their underlying asset values that we believe will close over time. 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.

Our experience and expertise in managing closed-end vehicles provides us with a unique methodology to identify and benefit from market mispricing opportunities and engage proactively with boards, management teams, investors and other stakeholders. This primary focus will be complemented by other market mispricing opportunities arising within the corporate sector, such as takeovers or capital raisings, where we are able to utilise our position as an institutional investor responsible for more than \$4.7 billion of shareholder capital.

The WAM Strategic Value investment portfolio increased following the IPO, with Templeton Global Growth Fund Limited (ASX: TGG) a positive contributor. TGG announced they have entered into a [Scheme Implementation Agreement](#) to merge with WAM Global Limited (ASX: WGB) on 29 June (**Proposed Transaction**). It is proposed that WAM Global will acquire 100% of the shares in TGG that it does not currently own through a Scheme of Arrangement (**Scheme**). As part of the Scheme, TGG shareholders will have the option to either receive the scrip consideration, being new WAM Global shares and options in exchange for their TGG shares or the cash consideration, whereby TGG shareholders will receive cash equal to the NTA per share of TGG after tax and transaction costs. The Proposed Transaction follows the TGG board's announcement in October 2020 of a structural strategic review of TGG's current structure and operations with a view to maximising value for all shareholders as a result of concerns around the company's performance and persistent share price discount to NTA.

## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
June 2021	127.47c	128.08c	126.67c
IPO price	125.00c	-	-

Market capitalisation (ASX: WAR)

\$229.5m\*

Gross Assets

\$229.3m^

Share price

\$1.275

Pre-tax net tangible assets

\$1.27

Cash weighting

28.7%

IPO price

\$1.25

\*Based on 180,000,001 shares on issue.

^Gross assets exclude the \$2.4m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

## 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

## Top holdings



NAOS  
ASSET MANAGEMENT



VGI PARTNERS  
Global Investments



Antipodes



Milton  
CORPORATION LIMITED



THORNEY OPPORTUNITIES LTD

WESTOZ

Spheria  
ASSET MANAGEMENT

PM Capital



# W | A | M Research

The most compelling undervalued growth opportunities in the Australian market.

The WAM Research investment portfolio increased during the month, with significant contributors to the investment portfolio performance including construction services company Johns Lyng Group (ASX: JLG) and diversified industrial group Maas Group Holdings (ASX: MGH).

Johns Lyng Group provides building and restoration services across Australia for properties and contents damaged by insurable events, including impact, weather and fire events. JLG has approximately 500 employees across Australia and operates in all major metropolitan areas and in high risk regional areas, such as Far North Queensland. In June, the company announced an earnings forecast upgrade of 10% bringing earnings before interest, tax, depreciation and amortisation (EBITDA) to \$52.1 million compared to prior guidance provided in February. The increase was driven by strong demand for core services and catastrophe recovery services in northern New South Wales and southern Queensland. We remain positive on the outlook, underpinned by a strong pipeline of work and balance sheet capacity to execute on additional earnings accretive acquisitions, with three businesses acquired in the Strata and Building Management sector subsequent to year end.

Founded in 2002 and listed in December 2020, Maas Group is a founder-led, vertically integrated construction materials, equipment and services business, operating across the civil, infrastructure, mining and real estate markets. Led by founder and significant shareholder, Wes Maas, the company operates a fleet of more than 400 machines with over 850 employees. In a June business update, Maas Group confirmed earnings guidance for FY2021 with EBITDA of between \$70 million and \$77 million and announced an increase in debt facilities which were partially drawn upon to deploy into earnings accretive acquisitions of businesses and property assets to support long term growth. In early July, Maas Group announced a capital raising of up to \$79 million to provide capacity to fund further growth and acquisition initiatives, including near-term opportunities in residential property and construction materials. We are positive on Maas Group for the competitive advantages offered by its vertical integration and exposure to growing end markets, supported by further accretive acquisitions.

## Market capitalisation

(ASX: WAX)

\$322.1m<sup>#</sup>

## Gross assets

\$245.3m

## Listed equities

\$241.2m

## Investment portfolio performance

(pa since change in investment strategy July 2010)

16.4%<sup>^</sup>

S&P/ASX All Ordinaries Accumulation Index: 9.6%

## Dividends paid since inception

(per share)

119.05c

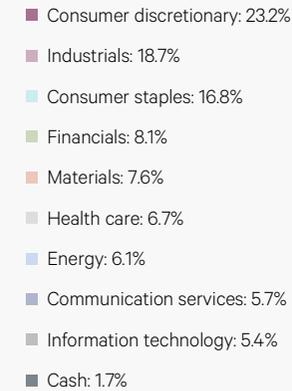
## Annualised fully franked interim dividend yield

6.0%<sup>#</sup>

<sup>#</sup>Based on the 30 June 2021 share price of \$1645 per share and the annualised FY21 fully franked interim dividend of 9.9 cents per share. WAM Research has 195,818,039 shares on issue.

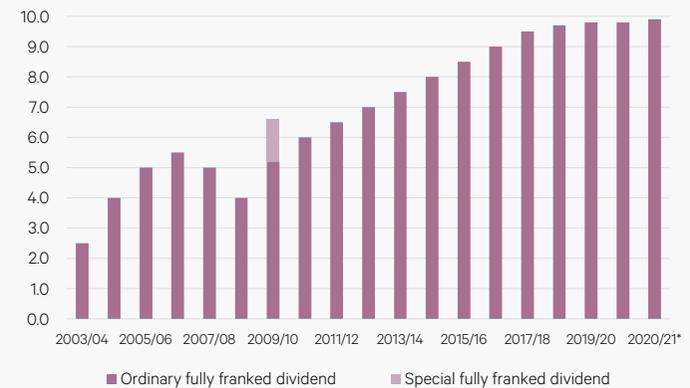
<sup>^</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

## Portfolio by sector



## History of fully franked dividends

Cents per share



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

## Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
June 2021	121.96c <sup>^</sup>	121.39c	120.09c
May 2021	120.74c	119.41c	118.38c

<sup>^</sup>The NTA before tax is after the payment of \$2.4m (1.23 cents per share) in tax during the month.

<sup>\*</sup>Includes 5.70 cents per share of income tax losses available to the Company in future periods.

## Top 20 holdings (in alphabetical order)

