

# WAM STRATEGIC VALUE LIMITED

ABN 24 649 096 220

## Appendix 4D Half Year Report

for the period from 30 March 2021 (date of incorporation) to 31 December 2021

### Results for Announcement to the Market

\$

Revenue from ordinary activities	13,648,439
Profit from ordinary activities before income tax expense	9,530,075
Net profit from ordinary activities after income tax expense	7,642,469

The amount and percentage change up or down from the previous period are not disclosed as this is the first reporting period.

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2022 Interim dividend cents per share	1.0c	1.0c	30%

#### Interim dividend dates

Ex dividend date	4 April 2022
Record date	5 April 2022
Last election date for the DRP	7 April 2022
Payment date	14 April 2022

#### Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked interim dividend of 1.0 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be calculated as the VWAP (volume weighted average market price) of shares sold on the ASX on the ex date for the relevant dividend and the three trading days following that date. The DRP will operate without a discount for the interim dividend.

31 Dec 21

Net tangible asset backing (after tax) per share	\$1.29
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This report is based on the Financial Report which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A.

# W | A | M *Strategic Value*

## Financial Report

For the period from 30 March 2021 (date of incorporation)  
to 31 December 2021

**W** Wilson  
Asset Management

OVER **20** YEARS Making a  
difference

# WAM Strategic Value Limited

WAM Strategic Value Limited (WAM Strategic Value or the Company) is a listed investment company and is a reporting entity. It primarily invests in discounted asset opportunities, particularly in listed investment companies (LICs) and listed investment trusts (LITs) (commonly referred to as closed-end funds).

## Directors

Geoff Wilson AO (Chairman)  
Kate Thorley  
Glenn Burge

## Company Secretary

Jesse Hamilton

## Investment Manager

Wilson Asset Management  
(International) Pty Limited  
Level 26, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

## Auditor

Pitcher Partners

## Country of Incorporation

Australia

## Registered Office

Level 26, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

## Contact Details

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Sydney NSW 2001  
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E: [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au)  
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## Share Registry

Automic Pty Limited  
Level 5, 126 Phillip Street  
Sydney NSW 2000  
T: 1300 408 788 (in Australia)  
+61 2 8072 1490 (International)  
E: [wilsonam@automic.com.au](mailto:wilsonam@automic.com.au)

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

## Australian Securities Exchange

WAM Strategic Value Limited  
Ordinary Shares (WAR)

## Contents

Directors' Report to shareholders	4
Auditor's Independence Declaration	7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Directors' Declaration	20
Independent Auditor's Review Report	21

## Directors' Report to shareholders for the period ended 31 December 2021

The Directors present their report together with the financial report of WAM Strategic Value Limited for the period from 30 March 2021 (date of incorporation) to 31 December 2021.

### Directors

The following persons were Directors of the Company during the financial period and up to the date of this report:

Geoff Wilson AO, Chairman – Non-independent (appointed 30 March 2021)

Kate Thorley, Director – Non-independent (appointed 30 March 2021)

Glenn Burge, Director – Independent (appointed 30 March 2021)

### Principal activity

The principal activity of the Company is making investments in discounted assets. The Company's investment objectives are to provide capital growth over the medium to long term, deliver a stream of fully franked dividends and preserve capital. No change in this activity took place during the period or is likely to in the future.

### Initial Public Offering

The Company successfully raised \$225 million through an Initial Public Offering (IPO) in accordance with the Replacement Prospectus dated 17 May 2021, by the issue of 180,000,000 ordinary fully paid shares at an issue price of \$1.25 per share. The shares were allotted to shareholders on 22 June 2021 and began trading under the ASX code WAR on 28 June 2021. Since the IPO in June 2021, the Company has selectively invested shareholders' capital in companies that meet our rigorous investment process.

The Investment Manager has agreed to be responsible for the payment of the offer costs that the Company would normally be liable for. These costs were paid upfront by the Company however, the Investment Manager will repay the offer costs to the Company in 30 equal monthly repayments. The Company's ongoing operating costs, including ASX and ASIC fees, audit costs, legal and tax advisory fees will be paid by the Company.

The Company was registered with the Australian Securities and Investments Commission (ASIC) on 30 March 2021 and commenced operations on 21 June 2021.

### Operating and financial review

Investment operations during the period to 31 December 2021 resulted in an operating profit before tax of \$9,530,075 and an operating profit after tax of \$7,642,469. The profit for the period is reflective of the solid performance of the investment portfolio in the period to 31 December 2021. The investment portfolio increased 6.2% since inception, achieved with an average cash weighting of 28.9%.

WAM Strategic Value takes advantage of market mispricing opportunities, including securities trading at discounts to assets or net tangible assets, corporate transactions and dividend yield arbitrages, and continues to see opportunities in the Australian listed closed-ended investment universe. During the period, we realised a strong return on our investment in Magellan High Conviction Trust (ASX: MHH). Following WAM Strategic Value's initial public offering we began investing in MHH at an approximate 12% share price discount to its underlying net tangible asset (NTA) value. In August, MHH moved from a

closed-end listed investment trust (LIT) to an exchange traded fund (ETF). We exited our position during the period at its underlying asset backing, recording a weighted average annualised return on our investment of 117.6%.

Other notable contributors to WAM Strategic Value's investment portfolio since listing include Pengana International Equities Limited (ASX: PIA) and Westoz Investment Company Limited (ASX: WIC). PIA's share price discount to NTA widened in the calendar year following the announcement of departures from its investment team in March 2021 and the appointment of New Jersey-based Harding Loevner LP as the new investment team for the company in May 2021. During the period, PIA received favourable ratings from independent research providers Zenith and Independent Investment Research (IIR), and announced an increased fully franked quarterly dividend of 1.35 cents per share, an 8% increase on the previous quarter. The PIA Board of Directors also announced its intention to target future quarterly dividends of 1.35 cents per share, franked to the maximum possible extent. The positive capital management updates and favourable recommendations contributed to an 11.4% increase in the company's share price in the six months to 31 December 2021 and the narrowing of the company's share price discount to NTA.

In December, Westoz, Ozgrowth (ASX: OZG) and WAM Capital (ASX: WAM) announced Scheme Implementation Agreements to merge the three entities under separate transactions. Under the agreements, WAM Capital will acquire 100% of the shares in Westoz and Ozgrowth while Westoz and Ozgrowth shareholders will receive new WAM Capital shares as consideration for their respective shares. The proposed transactions offer Westoz and Ozgrowth shareholders the ability to exit their investments at a premium to the pre-tax NTAs of both entities, and a premium to the Westoz and Ozgrowth share prices. Following the announcement, Westoz and Ozgrowth saw an uplift in their respective share prices which were trading at significant discounts to their underlying net asset backings. We expect to realise further upside in our investment in the companies if the schemes are approved by Westoz and Ozgrowth shareholders in March 2022.

The operating profit for the period includes unrealised gains or losses arising from changes in the fair value of the investments held in the investment portfolio during the period. This movement in the fair value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. This treatment under the Accounting Standards can cause large variations in reported operating profits between periods.

The operating profit or loss for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in NTA and fully franked dividends, together with total shareholder return.

WAM Strategic Value's before tax NTA increased 4.1% for the period to 31 December 2021. There were no dividends paid during the Company's initial operating period. The significant items of difference between the investment portfolio increase of 6.2% and the net tangible asset performance were performance fees accrued of 1.3%, management fees of 0.5% and other company related expenses and estimated selling costs on the investment portfolio of 0.3%. Estimated selling costs on the investment portfolio are adjusted for in the NTA calculation in line with the requirements of the ASX Listing Rules

and only impact the NTA performance in the first reporting period upon their initial recognition. The after tax NTA increased 3.3% for the period to 31 December 2021, with the corporate tax expense for the period being the difference between the before and after tax NTA performance.

The NTA before tax as at 31 December 2021 amounted to \$1.30 per share. The NTA after tax was \$1.29 per share. There were no dividends paid during the Company's initial operating period.

The total shareholder return for the Company for the period to 31 December 2021 was impacted by the share price discount to NTA, offset by the investment portfolio performance, with total shareholder return decreasing 0.8%. As at 31 December 2021, the share price discount to NTA was 4.7%.

### **Dividends**

There were no dividends paid during the period. The Board declared an inaugural fully franked interim dividend of 1.0 cents per share which will be paid on 14 April 2022.

The Board is committed to paying a stream of fully franked dividends to Shareholders, provided the Company has sufficient profits reserves and franking credits and it is within prudent business practices. As at 31 December 2021, the Company had 4.6 cents per share available in its profit reserves, before the payment of the inaugural fully franked interim dividend of 1.0 cents per share. The Company's ability to generate franking credits is dependent upon the payment of tax on profits and the quantum of fully franked dividends received from investee companies.

### **Rounding of amounts to nearest dollar**

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

### **Auditor's independence declaration**

A copy of the Auditors' Independence Declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the period is set out on page 7 of this Financial Report.

Signed in accordance with a resolution of the Board of Directors.



**Geoff Wilson AO**  
**Chairman**

Dated this 24<sup>th</sup> day of February 2022

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Sydney NSW 2000

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**Auditor's Independence Declaration  
To the Directors of WAM Strategic Value Limited  
ABN 24 649 096 220**

In relation to the independent auditor's review of WAM Strategic Value Limited for the period ended 31 December 2021, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



**S M Whiddett**  
Partner

**Pitcher Partners**  
Sydney

24 February 2022

## Statement of comprehensive income for the period ended 31 December 2021

	Note	For the period 30 March 2021 to 31 December 2021 \$
Net realised and unrealised gains on financial assets		10,190,775
Other revenue from operating activities	<b>2</b>	3,457,664
Management fees		(1,138,164)
Performance fees		(2,602,899)
Directors fees		(25,411)
Brokerage expense on share purchases		(80,788)
Custody fees		(7,150)
ASX listing and CHESS fees		(66,543)
Share registry fees		(48,188)
ASIC industry funding levy		(5,709)
Accounting fees		(33,542)
Audit fees		(24,200)
Company Secretary fees		(13,976)
Other expenses from ordinary activities		(71,794)
<b>Profit before income tax</b>		<b>9,530,075</b>
Income tax expense		(1,887,606)
<b>Profit after income tax attributable to members of the Company</b>	<b>6</b>	<b>7,642,469</b>
<b>Other comprehensive income</b>		
Other comprehensive income for the period, net of tax		-
<b>Total comprehensive income for the period</b>		<b>7,642,469</b>
<b>Basic and diluted earnings per share<sup>*</sup></b>	<b>7</b>	<b>6.13 cents</b>

\*The basic and diluted earnings per share would have been **4.25 cents** if calculated from 22 June 2021 (allotment date), as the Company only had one share on issue and no earnings up to this date.

The accompanying notes form part of these financial statements.

## Statement of financial position as at 31 December 2021

	Note	December 2021 \$
<b>Current assets</b>		
Cash and cash equivalents		73,664,818
Trade and other receivables	4(d)	1,102,918
Financial assets	8	161,833,696
<b>Total current assets</b>		<b>236,601,432</b>
<b>Non-current assets</b>		
Trade and other receivables	4(d)	946,438
Deferred tax assets		668,064
<b>Total non-current assets</b>		<b>1,614,502</b>
<b>Total assets</b>		<b>238,215,934</b>
<b>Current liabilities</b>		
Trade and other payables		3,017,794
Current tax liabilities		31,472
<b>Total current liabilities</b>		<b>3,049,266</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities		2,524,198
<b>Total non-current liabilities</b>		<b>2,524,198</b>
<b>Total liabilities</b>		<b>5,573,464</b>
<b>Net assets</b>		<b>232,642,470</b>
<b>Equity</b>		
Issued capital	4	225,000,001
Profits reserve	5	8,340,428
Accumulated losses	6	(697,959)
<b>Total equity</b>		<b>232,642,470</b>

The accompanying notes form part of these financial statements.

## Statement of changes in equity for the period ended 31 December 2021

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
<b>Balance at 30 March 2021</b>		-	-	-	-
Profit for the period		-	7,642,469	-	7,642,469
Transfer to profits reserve	<b>5</b>	-	(8,340,428)	8,340,428	-
Other comprehensive income for the period		-	-	-	-
<b>Transaction with owners:</b>					
Share issued on incorporation	<b>4(b)</b>	1	-	-	1
Shares issued via initial public offering	<b>4(b)</b>	225,000,000	-	-	225,000,000
<b>Balance at 31 December 2021</b>		<b>225,000,001</b>	<b>(697,959)</b>	<b>8,340,428</b>	<b>232,642,470</b>

The accompanying notes form part of these financial statements.

## Statement of cash flows for the period ended 31 December 2021

For the period  
30 March 2021 to  
31 December 2021  
\$

<b>Cash flows from operating activities</b>	
Proceeds from sale of investments	81,196,657
Payments for purchase of investments	(232,752,327)
Dividends received	3,256,228
Trust distributions, underwriting fees and other income received	77,530
Interest received	87,592
Management fees (GST inclusive)	(1,046,701)
Payments for administration expenses (GST inclusive)	(361,537)
Brokerage expense on share purchases (GST inclusive)	(86,699)
GST on brokerage expense on share sales	(5,454)
Net GST received from the ATO	192,405
<b>Net cash used in operating activities</b>	<b>(149,442,306)</b>
<b>Cash flows from financing activities</b>	
Shares issued via initial public offering and on incorporation	225,000,001
Share issue costs	(2,365,780)
Repayment of offer costs	472,903
<b>Net cash provided by financing activities</b>	<b>223,107,124</b>
<b>Net increase in cash and cash equivalents held</b>	<b>73,664,818</b>
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b>	<b>73,664,818</b>

The accompanying notes form part of these financial statements

# Notes to the financial statements for the period ended 31 December 2021

## 1. Summary of significant accounting policies

WAM Strategic Value Limited was incorporated in Australia on 30 March 2021.

The registered office of the Company is located at Level 26, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000.

The financial report for the period 30 March 2021 to 31 December 2021 was authorised for issue on 24 February 2022 by the Board of Directors.

The Company was registered with the Australian Securities and Investments Commission (ASIC) on 30 March 2021 and commenced operations on 21 June 2021. In accordance with section 323D(5) of the *Corporations Act 2001* ('Act'), a half year for a company is the first six months of a financial year and there are related reporting requirements imposed under the Act. Therefore under the Act the Company's first half year ended on 30 September 2021 and the Company is required to prepare auditor reviewed accounts for the period. The requirements with respect to the Company's first half year create the need for two sets of half year reports; one for the period from 30 March 2021 to 30 September 2021 and another for the period from 30 March 2021 to 31 December 2021. The Company's view is that two sets of accounts partially overlapping the same periods could cause confusion with regard to the Company's financial position and performance. On 17 May 2021, ASIC granted the Company's application requesting relief from the reporting requirements under the Act for the period ending 30 September 2021. As a result of the ASIC relief, the Company has prepared and will lodge one financial report for the period 30 March 2021 to 31 December 2021 and the Company's first annual report will be issued in respect of the period commencing 30 March 2021 and ending on 30 June 2022.

### Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

WAM Strategic Value Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The report for the financial period does not include full disclosures of the type normally included in an annual financial report. It is recommended that the financial report be read in conjunction with any public announcements made by the Company during the interim reporting period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensure that the Company's financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

## 1. Summary of significant accounting policies (cont'd)

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs except for certain financial assets and liabilities that have been measured at fair value. All amounts are presented in Australian dollars.

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Financial Report have been rounded to the nearest dollar, unless otherwise indicated.

### a) Financial assets and financial liabilities

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of comprehensive income immediately.

#### Classification and subsequent measurement

Financial assets and financial liabilities are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all listed and unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

The Company classifies its financial assets and financial liabilities into the following categories:

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

#### (ii) Financial liabilities at fair value through profit or loss

Financial liabilities such as borrowed stock are classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of comprehensive income.

## 1. Summary of significant accounting policies (cont'd)

### b) Income tax

The charge of current income tax expense is based on profit for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within six months or less.

### d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

### e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment. Refer to Note 1 (h) for further detail.

## 1. Summary of significant accounting policies (cont'd)

### f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at amortised cost.

### g) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets. Loans and receivables are included in trade and other receivables within the Statement of financial position.

### h) Impairment of assets

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. All the trade receivables of the Company share the same credit risk characteristics. Indicators that there is no reasonable expectation of recovery include, amongst others, the Standard & Poor's credit risk rating of a debtor, and a failure to make contractual payments for a period of greater than 30 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the Statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 31 December 2021, there are no expected credit losses recognised.

### i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis (inclusive of GST), except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### j) Comparative figures

As this is the Company's first period of operations, there are no comparatives.

### k) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

### l) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### m) Dividends

Dividends are recognised when declared during the financial period.

## 1. Summary of significant accounting policies (cont'd)

### n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgements that have a material impact on the Company's financial results for the period ended 31 December 2021. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect to their valuation.

### o) New standards and interpretations not yet adopted

There are no new and revised accounting requirements significantly affecting the period's financial statements. The accounting policies have been consistently applied by the Company throughout the period and are consistent with those disclosed in the Replacement Prospectus dated 17 May 2021.

## 2. Other revenue

	December 2021 \$
Australian sourced dividends	3,292,543
Interest	87,592
Underwriting fees and other income	44,654
Trust distributions	32,875
	<b>3,457,664</b>

## 3. Dividends

### a) Dividends not recognised at period end

	December 2021 \$
Since the end of the period, the Directors have declared an inaugural fully franked interim dividend of 1.0 cents per share, payable on 14 April 2022, which has not been recognised as a liability at the end of the financial period	<b>1,800,000</b>

## 4. Issued capital

### a) Paid-up capital

	December 2021 \$
180,000,001 ordinary shares fully paid	<b>225,000,001</b>

#### 4. Issued capital (cont'd)

##### b) Movement in issued capital

	December 2021 \$
1 ordinary share issued on 30 March 2021 (incorporation date)	1
180,000,000 ordinary shares issued on 22 June 2021 under the initial public offering	225,000,000
<b>At reporting date</b>	<b>225,000,001</b>

##### c) Share issue

During the period ended 31 December 2021, the Company successfully concluded its IPO in accordance with the Replacement Prospectus dated 17 May 2021 that sought to raise up to \$225 million. The IPO was oversubscribed and the Company raised \$225 million pursuant to the offer by the issue of 180,000,000 ordinary fully paid shares at an issue price of \$1.25 per share. The shares were allotted to shareholders on 22 June 2021 and began trading on 28 June 2021.

##### d) Offer costs

The Investment Manager has agreed to be responsible for the payment of the offer costs that the Company would normally be liable for. These costs were paid upfront by the Company however, the Investment Manager will repay the offer costs to the Company in 30 equal monthly repayments. The total offer costs in relation to the initial public offering were \$2,365,780 (\$1,656,046 net of tax) with \$472,903 being repaid during the period to 31 December 2021 by the Investment Manager. The remaining balance to be repaid by the Investment Manager is included in trade and other receivables as at the end of the period (current trade and other receivables: \$946,439, non-current trade and other receivables: \$946,438).

#### 5. Profits reserve

	December 2021 \$
Profits reserve	<b>8,340,428</b>

The profits reserve is made up of amounts transferred from current period profits which are preserved for future dividend payments.

	December 2021 \$
<b>Movement in profits reserve</b>	
Balance at the beginning of the reporting period	-
Transfer of profits during the period	8,340,428
<b>At reporting date</b>	<b>8,340,428</b>

## 6. Accumulated losses

December 2021  
\$

Balance at the beginning of the reporting period	-
Profit for the period attributable to members of the Company	7,642,469
Transfer to profits reserve	(8,340,428)
<b>At reporting date</b>	<b>(697,959)</b>

## 7. Earnings per share

December 2021  
Cents per share

Basic and diluted earnings per share	6.13
--------------------------------------	------

December 2021  
\$

Profit after income tax used in the calculation of basic and diluted earnings per share	7,642,469
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December 2021  
No.

Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted earnings per share	124,765,344
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The weighted average number of shares used as the denominator in calculating basic earnings per share is based on the average number of shares from 30 March 2021, being the date of incorporation, to 31 December 2021. The basic and diluted loss per share would have been 4.25 cents if calculated from 22 June 2021 as the Company only had one share on issue and no earnings up to this date.

## 8. Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

**Level 1:** Quoted prices in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

**Level 3:** Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

There were no transfers between Level 1 and Level 2 during the period.

## 8. Financial instruments measured at fair value (cont'd)

The following table presents the Company's financial assets measured and recognised at fair value at 31 December 2021:

31 December 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	161,833,696	-	-	161,833,696
<b>Total</b>	<b>161,833,696</b>	<b>-</b>	<b>-</b>	<b>161,833,696</b>

The carrying amount of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

## 9. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable operating segments.

## 10. Capital commitments

There were no capital commitments entered into by the Company before period end which settle after period end.

## 11. Contingent liabilities

There were no contingent liabilities for the Company as at 31 December 2021.

## 12. Events subsequent to reporting date

Since the end of the period, the Directors declared an inaugural fully franked interim dividend of 1.0 cents per share to be paid on 14 April 2022.

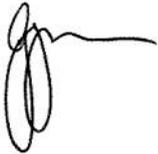
No other matter or circumstance has arisen since the end of the period, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

## Directors' Declaration

The Directors of WAM Strategic Value Limited declare that:

- 1) The financial statements and notes as set out in pages 8 to 19, are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the financial position of the Company as at 31 December 2021 and of its performance for the period ended on that date.
- 2) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



**Geoff Wilson AO**  
**Chairman**

Dated this 24<sup>th</sup> day of February 2022

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**Independent Auditor's Review Report  
To the Members of WAM Strategic Value Limited  
ABN 24 649 096 220**

**Report on the Half-Year Financial Report**

**Conclusion**

We have reviewed the half-year financial report of WAM Strategic Value Limited ("the Company") which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of WAM Strategic Value Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the period ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

**Responsibility of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Scott Whiddett**  
Partner



**Pitcher Partners**  
Sydney

24 February 2022

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